



How to re-vest Workers' Compensation Savings into Employee Health Benefits:

Many industrial employers offer safety incentives as a motivational tool to reduce work related accidents, injuries and ultimately Workers' Compensation insurance costs. Safety incentives are usually product driven through some type of game to win caps, cups, jackets and other merchandise. However, the more productive approach is a program driven incentive that builds employee loyalty and commitment to a positive bottom line for the company.

With the 2014 Affordable Care Act (ACA) mandate for individual health insurance coverage employers have a new "program driven" safety incentive to integrate a total employee health program. If the company is successful in reducing work related accidents and Workers' Compensation costs the company will invest the savings into employee health benefit plan to make it more "affordable" for all employees.

To implement this program the employer must define an annual Workers' Compensation budget and risk management goals to achieve savings and maintain quality outcomes.

In Ohio every individual employer has an "allowed loss" cost value for Workers' Compensation claims based on the type of business and amount of payroll. The BWC then monitors your "actual" claim costs and compares "actual verses allowed" to determine your "experience mode" and premium cost. In understanding this ratio every employer has a Workers' Compensation budget equal to 100% of your allowed losses. If you exceed your budget (more losses than allowed) you pay more in premium. If you are under budget (less losses than allowed) you pay less and premium and qualify for additional Group Rating discounts.

Employers can calculate their annual Workers' Compensation savings from this formula and contribute individual, group and/or retro group savings into the employee health plan. This incentive can be used to increase the employer contribution of the health benefits plan or adding additional funding to the employees HSA account along with other strategies yet to be defined in the Affordable Care Act.

### **Occupational Risk Management:**

The Ohio BWC recently announced a 56% 2011 Workers' Compensation premium refund for all state-funded employers in addition to new risk management programs and incentives. The objective of this announcement was to encourage employers to invest this refund to improve workplace safety and employee health. Employers should consider developing a comprehensive risk management program prior to banking or re-investing 100% of this refund.

1. 15K Deductible: The Ohio BWC allows employers to "self-pay" up to a \$15,000 deductible on any certified Workers' Compensation claim. By self paying these costs are not calculated in the companies "actual losses" which will improve your experience ratio and lower your premium.

Many employers do not understand that they control which claim and the amount paid in this deductible program. You are not required to pay \$15,000 on every claim, you choose how much to pay on a claim by claim basis. This refund allows employers to set aside a “deductible fund” to use in this 15K program.

2. Transitional Work Grant and Bonus: The BWC provides Grant Money for employers to develop a certified transitional work program. Once established the BWC will provide up to a 10% discount in annual premiums to use the program.
3. Wellness Grants: The BWC is offering up to \$15,000 in grant money to develop a wellness program to improve employee health and reduce work related accidents and disability.

Employers interested in these concepts and programs can contact the RHK Group at [dbugay@rhkgroup.com](mailto:dbugay@rhkgroup.com).