

# Workers' Compensation and Unemployment Compensation

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**WHAT YOU NEED  
TO KNOW TO HELP  
YOUR CLIENTS**

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CareWorks  
Consultants Inc.

# Introduction

## The CareWorks Family of Companies



More than 900 Ohio-based associates delivering customer-focused cost control services to more than 180,000 business customers.

# Introduction

## CareWorks Consultants, Inc.

CareWorks Consultants, Inc. (CCI) is currently the largest third party administrator (TPA) in Ohio. Our best-in-class service and Ohio-focused solutions have allowed us to maintain one of the highest client retention rates in the industry.

- Claims administration and cost control strategies.
- Hearing representation.
- Risk management services.
- Rating analyses.

# Workers' Compensation and Unemployment Compensation

## Today's Program

- The purpose is to provide you with an overview of Ohio's Workers' Compensation and Unemployment Compensation Systems so your clients can turn to you as a resource for helping them with making the best decisions.

# Workers' Compensation and Unemployment Compensation

## Workers' Compensation

- Every employer doing business in Ohio must purchase and maintain insurance coverage through the Ohio Bureau of Workers' Compensation (BWC).
- BWC manages the insurance fund, determines rates, makes the rules and pays the claims.
- Covers injury and illness incurred as the result of work.

# Workers' Compensation and Unemployment Compensation

## Workers' Compensation (continued)

- Employers' rates are determined by the type of work they do.
- Rates are adjusted based on an employer's claim experience (EMR).
- Rates are adjusted annually in July.
- Rate year is July 1 through June 30.
- Employers pay 100% of premium.
- Claimant pays no deductible or co-insurance.

# Workers' Compensation and Unemployment Compensation

## Workers' Compensation (continued)

- Employers must make crucial decisions that can be very complex that involve claim management, BWC audits, risk management and determining their best options for discount and rebate programs that can help lower their premiums. Most employers do not have the time or expertise to make these decisions. Their best option is hiring a Third Party Administrator (TPA).
- TPAs help employers manage claims and claim costs and assist employers with choosing the best program options to achieve their highest premium savings.

# Workers' Compensation and Unemployment Compensation

## Workers' Compensation (continued)

- TPA claim management services include:
  - ✓ Wage continuation;
  - ✓ Lump sum settlements/negotiations;
  - ✓ Handicap reimbursement;
  - ✓ Hearing representation; and,
  - ✓ Individual service calls to review account.

# Workers' Compensation and Unemployment Compensation

## Workers' Compensation (continued)

- TPAs provide consultation to help employers determine their most cost effective discount and rebate program options:
  - ✓ Traditional Group Rating - rate discounts.
  - ✓ Retrospective Group Rating - performance based premium rebates.
  - ✓ Destination Excellence - rate discounts and premium rebates.
  - ✓ Deductible Program - rate reduction for assuming a deductible.
  - ✓ Safety Council Discount Program - premium rebate.
  - ✓ One Claim Program - rate discount.
  - ✓ 100% EM Cap Program - limit on premium increase from one year to the next.

# Workers' Compensation and Unemployment Compensation

## Unemployment Services

- The Unemployment Full Service Program provided by CareWorks Consultants includes the following:
  - ✓ Claims Management;
  - ✓ Appeals Review and Processing;
  - ✓ Benefit Charge Auditing;
  - ✓ Hearing Preparation and Representation;
  - ✓ Tax Rate Analysis and Voluntary Contribution; and,
  - ✓ Customized Management Reports.

# Workers' Compensation and Unemployment Compensation

## Ohio Unemployment Tax Rates

- Unemployment tax rates for 2012 range from:
  - ✓ Lowest Experience Rate - 0.7%.
  - ✓ Highest Experience Rate - 9.1%.
  - ✓ Mutualized Rate - 0.4%.
  - ✓ New Employer Rate (except construction) - 2.7%.
  - ✓ New Employer Rate for Construction Industry - 7.0%.

# Workers' Compensation and Unemployment Compensation

## Ohio Unemployment Tax Rates (continued)

- Unemployment taxes (at the assigned rate) must be paid on the first \$9,000 of each employee's wage per year.
- The taxable wage base may change from year to year in addition to the assigned tax rate.
- Failure to file quarterly tax returns timely can result in penalties and interest (2012 delinquency rate is 11.4%).

# Workers' Compensation and Unemployment Compensation

## Ohio Unemployment Tax Rates (continued)

- Paying unemployment benefits will generally result in higher taxes.
  - ✓ Reduction of employer's unemployment accounts through paying benefits often results in increased tax rates.
  - ✓ One claim can lower an employer's account by \$14,014 annually if maximum benefits are drawn (\$539 for 26 weeks).
  - ✓ Employers can be liable up to two years for one claim.
  - ✓ Extended benefits are not charged to the employer's state account fund.

# Workers' Compensation and Unemployment Compensation

## Ohio Unemployment Tax Rates (continued)

- Ohio Department of Job and Family Services (ODJFS) completes a tax computation after the end of each fiscal year (06/30) to determine tax rates for the next year.
- This review consists of:
  - ✓ Adding to the current account balance, the amount of unemployment tax dollars the employer paid from 07/01 through 06/30.
  - ✓ Subtracting the amount of unemployment charges that were drawn from the account during 07/01 - 06/30.
  - ✓ The remaining balance in comparison to the employer's average annual taxable payroll is the determining factor for the following year's tax rate.

# Workers' Compensation and Unemployment Compensation

## Controlling Tax Rates

- Building the employer account balance up through quarterly taxes with limited or no claim costs being pulled from the account keeps the unemployment rate as low as possible.
- Avoid paying on unwarranted claims, monitor charges on justified claims and confirm all credits applicable are applied back to the account.
- Submit timely appeals on contestable issues up to and including hearings to prevent unwarranted charges. An unemployment hearing could be necessary to obtain a good decision.

# Workers' Compensation and Unemployment Compensation

## Who can be charged with a claim?

- ODJFS applies a “base period” charging method to determine chargeable employers and their potential liability in a claim.
- The base period is the first four of the last five completed calendar quarters. All employer wages reported during this time are used to determine potential unemployment liability.
- Potential liability (charges) is divided out between all base period employers according to the percentage of pay.
- The current base period is 04/1/11 - 03/31/12.

# Workers' Compensation and Unemployment Compensation

## Who can be charged with a claim? (continued)

- All base period employers become involved in a claim even if the claimant is not filing against them.
- Only base period employers can be charged with a claim.
- Base period employers have protest rights if they are a tax contributing employer.
- If a tax contributing base period employer submits a timely protest on their liability, they may be relieved of their charges but the claimant may still collect benefits.
- The decision to allow or deny benefits is based on separation facts from the separating last employer.

# Workers' Compensation and Unemployment Compensation

## Who can be charged with a claim? (continued)

- If allowed, the claimant's benefits are drawn from the ODJFS mutualized account if relief of charges is granted to a base period employer.
- For unemployment cost control, employers should retain employee records up to three years from the separation date.

# Workers' Compensation and Unemployment Compensation

## Improper Payment Rate

- Based on data published by the Department of Labor, Ohio has a 16.37% improper payment rate.
- Currently 13 states have an improper rate over 14%.
- Keeping a close watch on unemployment charges, filing timely protests, reporting work refusals are a few ways employer can help avoid improper charging.

# Workers' Compensation and Unemployment Compensation

## What does ODJFS look for when ruling on a claim?

- Primarily there are three separation types:
  - ✓ Lack of work - generally results in an allowed claim.
  - ✓ Quit - burden of proof placed on the claimant.
  - ✓ Discharged - burden of proof placed on the employer.

# Workers' Compensation and Unemployment Compensation

## Lack of Work

- ODJFS requirements still need to be met.
  - ✓ Able, Available and Actively seeking work.
  - ✓ Monetary qualifications (claimant must have 20 weeks of qualifying wages in the base period with an average weekly wage of \$222).
- Part time employees may collect partial benefits if their current wages fall below their average weekly wage found in the base period.
- Claimants are allowed when a temporary job ends even though they knew the temporary terms of hire.

# Workers' Compensation and Unemployment Compensation

## Voluntary Quit

- Majority of quit issues are denied claims, but the employer should never assume this. They should still provide separation details to ODJFS upon receipt of a claim.
- Request a resignation letter if possible.
- Always allow the employee to work out their notice or pay them out the duration of the notice. If not, this will be treated like a discharge by ODJFS.
- Quit issues that may be considered “just cause” are medical problems, terms of hire changed or quit in lieu of discharge.

# Workers' Compensation and Unemployment Compensation

## Discharged

- ODJFS is primarily looking for the following information:
  - ✓ A strong final incident.
  - ✓ Prompt termination after a final incident.
  - ✓ Prior documentation, i.e. warning(s).
  - ✓ Company policy that was violated.
  - ✓ Employer followed their policy.
  - ✓ Witness statements, if applicable.

# Workers' Compensation and Unemployment Compensation

**Questions?**

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# THANK YOU

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