



Dear ESAO Member:

Regretfully, I need to inform you that on June 27, 2008, the Board of Directors of the Ohio Bureau of Workers' Compensation (BWC) voted to approve additional increases in premium for participants in Ohio's group-rating program. This will mean substantially higher costs for all group-rated employers as well as some non-group employers – regardless of a company's safety record or claims experience.

The Board's decision will reduce the maximum group-rating discount from 85% to 77%, beginning July 1, 2009. This means that if you are currently receiving the maximum group discount, in addition to the 50% increase in premium you will be hit with this month, you will be facing an additional 20% increase next summer and further annual increases for the next several years. (See attached fact sheet for more details.)

We are going to need your help in communicating to state leaders that the Bureau's latest action will have a negative impact on the state's business climate at a time that could hardly be worse. As well-intentioned as the recent BWC policy "reforms" may be, they have not taken into account the reality of the deteriorating business climate in which Ohio employers are struggling to survive. An increase in workers' compensation premiums is just the latest evidence of the "perfect storm" businesses across Ohio are facing. For example:

- In 2006, Ohio voters approved a constitutional amendment mandating annual increases to the minimum wage.
- Energy costs continue to skyrocket, with large increases in natural gas and gasoline prices already hitting hard and major increases in electricity rates expected in 2009.
- The state's unemployment compensation fund is drying up, which will trigger an increase in employers' unemployment compensation tax.
- The November election likely will include a statewide ballot initiative containing a mandatory sick leave proposal that would impose huge new costs on employers.

In the face of these cost increases, Ohio employers simply cannot afford another increase in their workers' compensation costs.

A coalition of trade associations and third-party administrators has been communicating directly with the Administration and BWC leadership on this issue. (In fact, the group played an instrumental role in securing a cap on the size of annual premium increases.) The coalition also has commissioned an independent actuarial review of the BWC policy reforms and Ohio's group-rating plan. To their credit, the BWC board and administrator have expressed a willingness to incorporate input from the actuary's report, which will be completed within the next two months.

In the meantime, ***you can help now by writing a letter to Governor Strickland and your elected state representatives*** and explaining how the BWC Board's decision to increase premiums is going to affect your business, and how yet another increase in the cost of doing businesses may affect your ability to stay competitive and your thinking about future investment and growth in Ohio. (See enclosed contact information.)

If our elected representatives don't hear from you, they will assume any talk of hardship or danger from our coalition is exaggerated. Please take a few minutes this week to communicate your company's views on this important matter to our state leaders.

Sincerely,

Employer Services Association of Ohio

BWC Board Decision to Further Reduce Workers' Comp Group-Rating Maximum Discount

FACT SHEET

- On June 27, 2008, the BWC Board approved a reduction in the maximum group-rating discount **from 85 percent to 77 percent**, beginning July 1, 2009.
- To soften the blow, the Board also approved a **20 percent cap** on premium increases in any single year.
- That still means that beginning July 1, 2009, most group-rated employers will be paying **20 percent higher** premiums than they are paying today.
 - Employers currently receiving the maximum 85 percent discount will see a 20 percent increase in premium costs beginning July 1, 2009.
 - Employers currently receiving smaller discounts will see slightly lower increases because they already have been paying higher premiums.
- These increases are **in addition to the 50 percent increase** in premium most group-rated employers will be hit with this month (July 2008) – the result of an earlier BWC decision to reduce the maximum group discount from 90 percent to 85 percent.
- As a result, beginning July 1, 2009, most group-rated employers will be paying **70 percent more** in workers' compensation premiums than they were paying on July 1, 2007.
- The Bureau's long-term plan calls reducing the maximum group-rating discount even further – **to 65 percent by 2010**. For many employers, that would mean a premium rate hike **in excess of 100 percent** over a three-year period.
- While annual increases are capped at 20 percent this year, most group-rated employers can expect **further annual increases** to continue for the next several years.

How to Contact Elected State Officials

Written contact generally has more impact than telephone contact, so please take the time to write a brief letter to each of the following elected officials.

- **Governor Strickland**

Contact the Governor by writing to him at the following address:

Gov. Ted Strickland
Governor's Office
77 South High Street
Columbus, OH 43215

Or, to send the Governor an e-mail message, go to <http://governor.ohio.gov> , click on "Contact," and then follow the instructions for contacting the Governor online.

- **Your State Senator**

Contact your state senator by writing to him or her at the following address:

Sen. [NAME]
Senate Office Building
Statehouse
Columbus, OH 43215

To identify your state senator, go to <http://www.senate.state.oh.us> , click on "Your Senators," then on "ZIP Code," and then enter your ZIP code.

- **Your State Representative**

Contact your state senator by writing to him or her at the following address:

State Rep. [NAME]
Ohio House of Representatives
77 South High Street
Columbus, OH 43215

To identify your state representative, go to <http://www.house.state.oh.us> , click on "Your Representatives," and then enter your ZIP code.

In all cases, be sure to include your name, company name, address and phone number, as well as one or two sentences describing your company and the number of employees you have in Ohio.