



COMPENSATION CONSULTANTS INC.

PRESS RELEASE

CONTACT:

Jessie Marotte, Marketing Assistant
Compensation Consultants, Inc.
614. 526.7206 / 800.837.3200, ext. 7206

FOR IMMEDIATE RELEASE

BWC Implementing New MIRA II Reserve System

Effective July 1, 2008, the Ohio Bureau of Workers' Compensation (BWC) is transitioning to the MIRA II reserving system. MIRA II is intended to create more accurate individual claim level reserves, resulting in more equitable experience rating for Ohio employers.

Private employers' July 1, 2009 premium rates will be based on 2004 – 2007 claim costs, including MIRA II reserves, valued through December 31, 2008. The new MIRA II claim reserve costs will be used by BWC for the public employer taxing districts' premium rates effective January 1, 2010. The MIRA II reserves will be established on public taxing districts' claims for injuries from January 1, 2005 through December 31, 2008 with claim costs (including MIRA reserves) valued through June 30, 2009.

MIRA II models were established using 5.9 million Ohio workers' compensation claims, evaluating over 240 data elements in each claim. The predictive models were established with a focus on claim payment trends from Ohio claims since January 1, 2000.

According to BWC, MIRA II is designed to be more transaction-based, reacting more to changes in types of payments and cost patterns. It distinguishes inconsequential claim data from true cost drivers. MIRA II will react to payments over time and can distinguish differences in claim cost based on payment patterns. When a payment is made, as well as the amount of the payment, will impact the claim's reserve cost.

MIRA II reserve costs will be calculated as follows:

- Total MIRA II Reserve Cost = MIRA II Comp Reserve Cost + MIRA II Medical Reserve Cost.
- MIRA II will show \$0 reserve for medical only claims.
- MIRA II will show a \$0 reserve assigned to lost time claims where the employer has continued wages in lieu of BWC Temporary Total compensation.
- MIRA II will not assign costs to disallowed claims.
- MIRA II will adjust the "Compensation Reserve" calculation to \$0 when the claim remains inactive for lost time compensation during a 90 day period after a full return to work.
- MIRA II will adjust "Medical Reserve" to \$0 when the claim remains inactive for medical services during a 180 day period after last date of medical services.

- According to BWC, MIRA II reserves by claim will be reviewable on BWC's website beginning September 5, 2008. Detailed reserve calculations will be displayed. MIRA II reserve costs will be updated on a weekly basis with updated data appearing each Monday morning.

CCI will monitor the impact of the new system on the private sector's 2009 rates to better inform public sector clients on the impact of the new system and will communicate updates to clients as they become available.

For more information or to address any questions, please contact CCI's Rates department at 800.837.3200.