

Bureau of Workers' Compensation

Role and Overview

The Bureau of Workers' Compensation (BWC) underwrites insurance coverage for work-related injuries and illnesses for public and private sector employers conducting business in Ohio and oversees the workers' compensation programs for self-insured employers (primarily Ohio's largest companies). BWC also assists employers and employees in creating and maintaining a safe work environment. The bureau manages all medical and lost-time claims, initiates coverage and determines premium rates and manual classifications. BWC also collects premiums from employers, determines the initial allowance or denial on claim applications, disburses money to pay compensation, and manages the state insurance fund. The administrator oversees the Commission's annual budget supporting 2,016 employees. BWC operates 14 statewide customer service offices which house claims, medical, risk, fraud, legal, accident prevention, and information technology personnel.

More information regarding the Bureau of Workers' Compensation is available at <http://www.ohiobwc.com/>.

Agency Priorities

- Evaluate and recommend enhancements to the current employer discount programs and determine if any new rate-related programs are needed for Ohio's employers. On-going work will continue to improve the rate-making methodology and rating plans, reflecting National Council on Compensation Insurance (NCCI) standards where feasible with the overall goal to improve equity in the rating calculation.
- Streamline and reduce processing time for BWC claims administration through multiple pilot programs. At the heart of these pilots is the concept of Claims Triage which assigns specific resources at different points in the claim life cycle.
- Provide \$1.0 million annually to financially assist eligible employers in the creation and implementation of a wellness program with the goal of limiting and controlling the escalating cost of workers' compensation claims by addressing health risk factors.

Funding Recommendation for 2014 and 2015

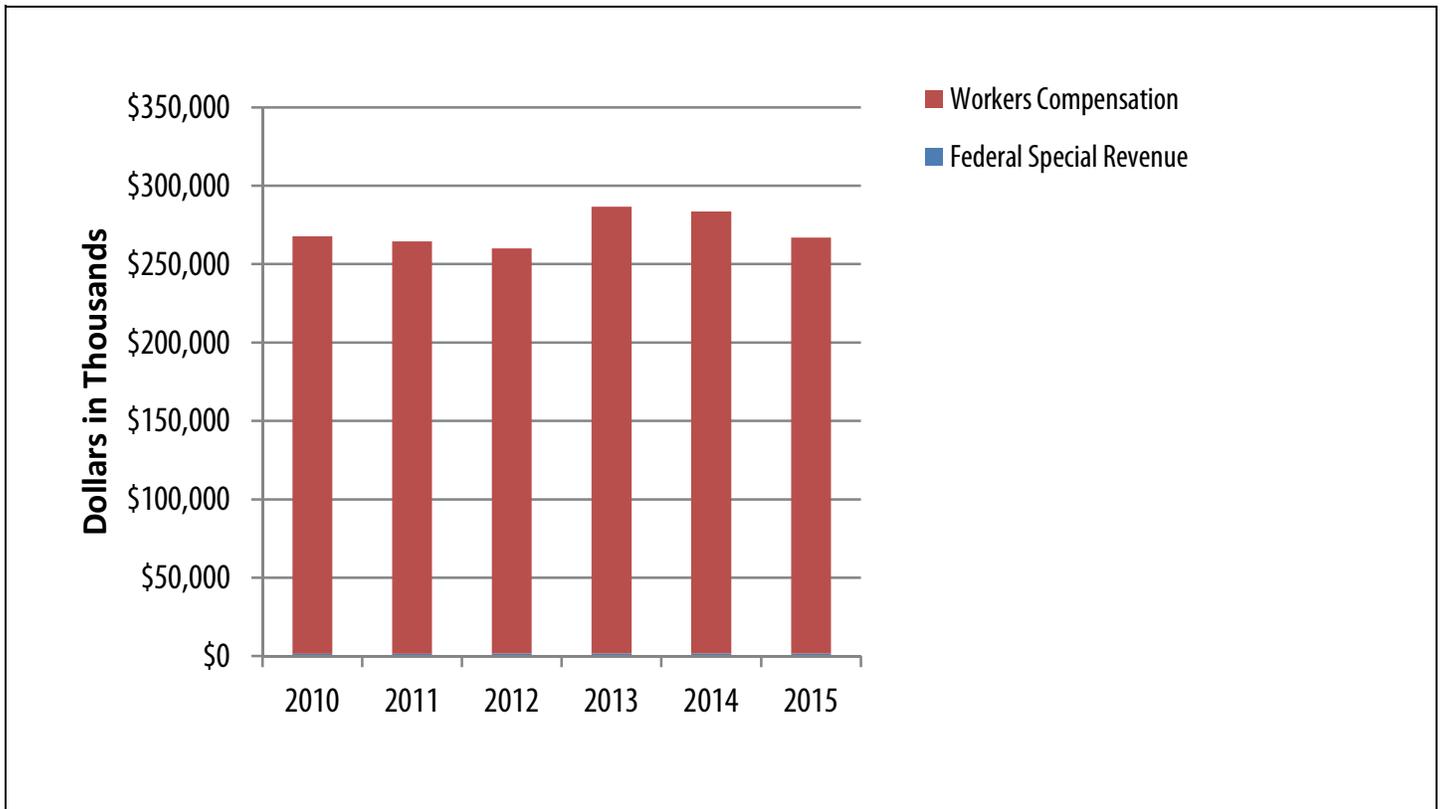
- All Funds: Funding for fiscal year 2014 is \$283.5 million (or a 1.1% decrease from fiscal year 2013). Funding for fiscal year 2015 is \$267.0 million (or a 5.8% decrease from fiscal year 2014).

The Executive Recommendation will fund the following objectives:

- Investigate 100,000 new injury claims each year and manage approximately 350,000 claims to allow approximately \$1.8 billion in benefits to be paid to injured workers for healthcare and lost wages annually.
- Work with 17 Managed Care Organizations to provide medical care to injured workers.
- Manage and monitor approximately 250,000 private employer and 1,200 self-insured policies.
- Process of 4,200 new fraud allegations annually, and refer over 200 subjects for criminal prosecution.
- Support employer safety goals by processing over 900 industrial hygiene air sampling surveys and over 800 noise surveys, by granting \$4 million annually to Ohio employers through the safety intervention grant program and reaching over 8,000 students with educational sessions. BWC will support 80 Safety Councils which serve 9,000 employers.
- Respond to approximately 850,000 customer inquiries via phone, email, web chats, walk-in and written correspondences.
- Collect approximately \$21 million annually through the subrogation process.

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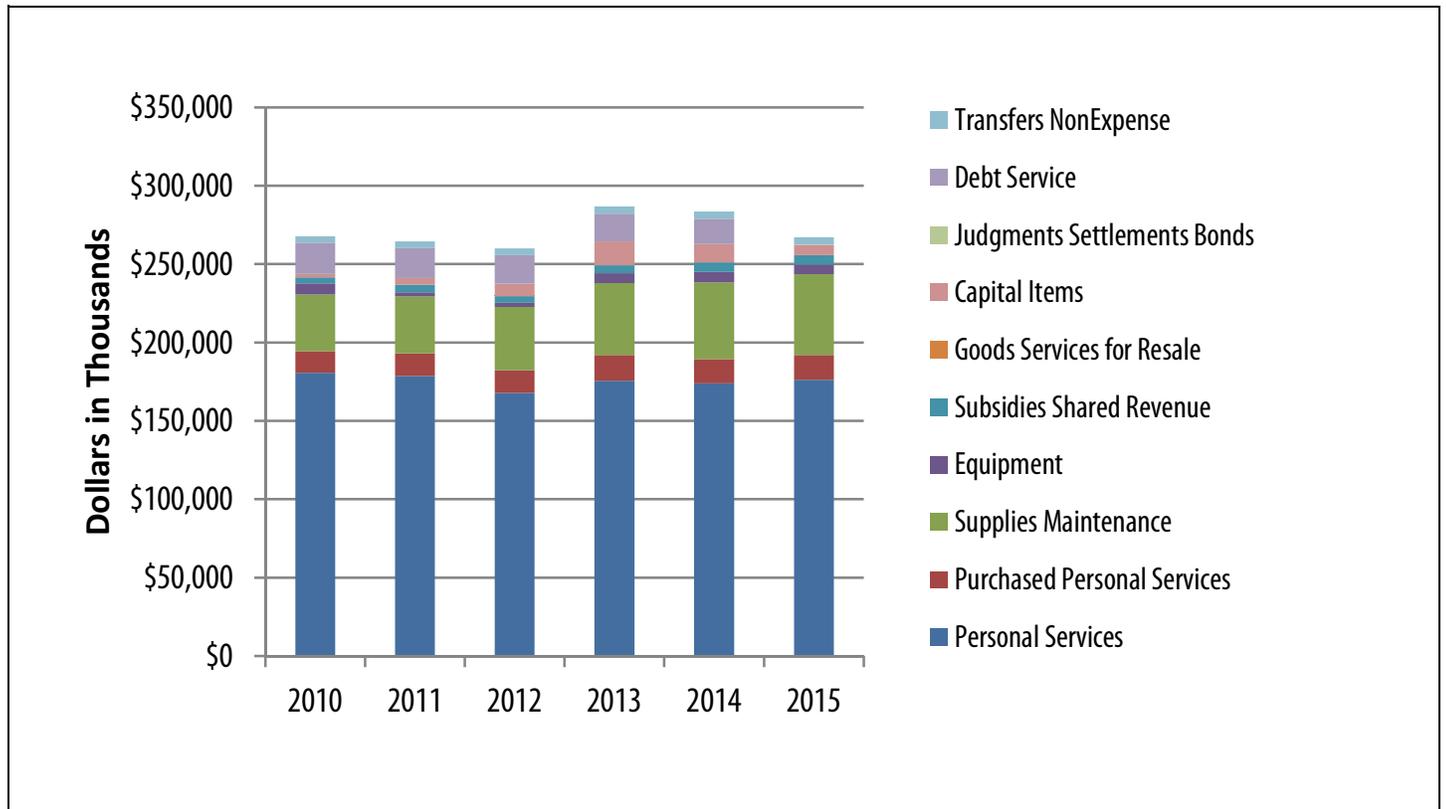
Budget Fund Group Information



(in Thousands) Budget Fund Group	Actual			Est.	% Change	Recommended		FY 2015	%Change
	FY 2010	FY 2011	FY 2012	FY 2013	FY 12-13	FY 2014	% Change		
Federal Special Revenue	1,532	1,468	1,566	1,731	10.5%	1,731	0.0%	1,731	0.0%
Workers' Compensation	266,309	263,049	258,521	284,912	10.2%	281,762	-1.1%	265,236	-5.9%
Total	267,841	264,517	260,087	286,643	10.2%	283,493	-1.1%	266,967	-5.8%

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Expense Account Category Information



(in Thousands) Expense Account Category	Actual			Est.	% Change	Recommended			
	FY 2010	FY 2011	FY 2012	FY 2013	FY 12-13	FY 2014	% Change	FY 2015	%Change
Personal Services	180,760	178,742	167,947	175,537	4.5%	173,876	-0.9%	176,200	1.3%
Purchased Personal Services	13,757	14,273	14,424	16,516	14.5%	15,550	-5.8%	15,899	2.2%
Supplies & Maintenance	36,134	36,302	40,239	45,847	13.9%	48,913	6.7%	51,500	5.3%
Equipment	7,044	2,798	2,726	6,374	133.8%	6,613	3.8%	6,048	-8.5%
Subsidies & Shared Revenue	3,856	4,686	4,285	4,935	15.2%	6,154	24.7%	6,123	-0.5%
Goods & Services for Resale	0	0	63	0	-100.0%	0	0.0%	0	0.0%
Capital Items	2,205	4,311	7,579	15,368	102.8%	11,638	-24.3%	6,500	-44.1%
Judgments, Settlements, & Bonds	59	105	194	0	-100.0%	190	0.0%	192	1.1%
Debt Service	19,825	19,014	18,291	17,561	-4.0%	16,054	-8.6%	0	-100.0%
Transfers & Non-Expense	4,202	4,286	4,339	4,622	6.5%	4,622	0.0%	4,622	0.0%
Total	267,841	264,517	260,087	286,760	10.3%	283,610	-1.1%	267,084	-5.8%

Program Series 1: Injury Management Services (3200A)

This program series ensures the appropriate management of workers' compensation claims, availability of appropriate and cost-effective medical care, and development and credentialing of a strong provider network. Field Operations (3200B) focuses on providing injury management and employer management services to Ohio's injured workers and employers. The program goal is to evaluate Service Office operations and establish plans for streamlining operations, reducing inefficiencies, and enhancing quality and consistency. Injury Management Services (3201B) ensures that prompt, quality, and cost-effective healthcare is provided to injured workers to facilitate their early and safe return to work and restored quality of life. This program also administers the Health Partnership Program, which maintains a quality pool of medical, pharmaceutical and vocational service providers to ensure injured workers have access to quality, cost-effective, timely delivery of care.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
7023	855407	Claims, Risk and Medical Management	102,479,540	96,348,959	-6.0%	95,092,193	-1.3%
Total for Injury Management Services			102,479,540	96,348,959	-6.0%	95,092,193	-1.3%

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Program Series 2: Employer Management (3210A)

This program series provides a link between Ohio employers and BWC. This series includes services directed toward large, financially stable employers who retain the financial risk for their companies' workers' compensation claims, generally referred to as self-insured employers. This series also includes the investigation of potential safety violations. The Employer Services program (3210B) delivers high quality workers' compensation insurance products and services at the lowest cost to Ohio employers. Underwriting and technical support is provided to help employers reduce their workers' compensation costs through accident/illness prevention along with various risk management and premium reduction programs. The Self Insured Services program (3211B) is responsible for investigating all inquiries/complaints, providing underwriting activities, managing claims for bankrupt self-insuring employers, and auditing self-insuring employers for compliance with state and federal rules and laws. The Safety Violations Investigation program (3212B) is responsible for investigating and preparing impartial, fact-finding summary reports for the Industrial Commission for all workers' compensation related safety violation allegations in Ohio.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
7023	855407	Claims, Risk and Medical Management	15,088,502	16,656,495	10.4%	17,323,902	4.0%
Total for Employer Management			15,088,502	16,656,495	10.4%	17,323,902	4.0%

Program Series 3: Fraud Investigations (3220A)

This program series consists of a single program, Special Investigations (3220B) and is responsible for proactively preventing loss through fraud by deterring, detecting, investigating, and prosecuting fraudulent behavior for both external and internal customers.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
7023	855407	Claims, Risk and Medical Management	446,125	353,928	-20.7%	382,962	8.2%
7023	855408	Fraud Prevention	12,114,226	12,114,226	0.0%	12,114,226	0.0%
Total for Fraud Investigations			12,560,351	12,468,154	-0.7%	12,497,188	0.2%

Program Series 4: Accident Prevention (3230A)

This program series houses the Division of Safety and Hygiene which is tasked with helping Ohio workers and employers in the prevention of occupational accidents and injuries at the workplace. The Safety and Hygiene program (3230B) sponsors a wide range of occupational safety and health activities and programs. Activities and programs include Safety Intervention Grant, Long Term Care Loan program; Workplace Wellness Grant Program; adult continuing education specializing in occupational safety and health courses; Ohio Safety Council program; the Ohio Safety Congress and Expo; and the Public Employers Risk Reduction Program (PERRP).

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
3490	855601	OSHA Enforcement	1,731,000	1,731,000	0.0%	1,731,000	0.0%
8260	855609	Safety and Hygiene Operating	20,161,132	19,161,132	-5.0%	19,161,132	0.0%
8260	855610	Gear Program	4,000,000	5,000,000	25.0%	5,000,000	0.0%
8290	855604	Long Term Care Loan Program	100,000	100,000	0.0%	100,000	0.0%
Total for Accident Prevention			25,992,132	25,992,132	0.0%	25,992,132	0.0%

Program Series 5: Special Benefits Funds (3240A)

The Special Benefits Funds program series includes the administration of the Disabled Workers' Relief Fund (DWRP), the Coal Workers' Pneumoconiosis Fund, and the Marine Industry Fund. The Special Benefits Funds program (3240B) BWC administers the programs associated with providing supplemental cost-of-living benefits to approximately 13,700 persons permanently and totally disabled, provides benefits to injured workers covered under Title 4 of the Federal Coal Mine Health and Safety Act of 1969, and provides benefits to injured workers covered under the Longshore and Harbor Workers' Compensation Act Amendments of 1972.

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Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
8220	855606	Coal Workers' Fund	147,666	147,666	0.0%	147,666	0.0%
8230	855608	Marine Industry	75,527	75,527	0.0%	75,527	0.0%
8250	855605	Disabled Workers Relief Fund	319,718	319,718	0.0%	319,718	0.0%
Total for Special Benefits Funds			542,911	542,911	0.0%	542,911	0.0%

Program Series 6: Customer Relations (3250A)

The Customer Relations program series addresses the needs and concerns of Ohio's employers, injured workers, and other interested parties. The Customer Contact Center (3250B) receives customer contacts via phone, e-mail, walk-in, and written correspondence and educates, provides forms, and benefit options information to customers on BWC processes, law, policies, and procedures. This program also helps new employers obtain BWC coverage, issues certificates of coverage, and helps established employers with policy account information. The Communications Program (3251B) develops, reviews, edits and brands all BWC publications and letters distributed to external customers. It manages both the external and internal websites as well as media releases, inquiries, and social media. The Ombudsman program (3252B) assists injured workers and employers in matters dealing with the Bureau of Workers' Compensation and Industrial Commission. The goal is to ensure customers receive appropriate, timely, and accurate resolution to workers' compensation system issues in a fair and objective manner.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
7023	855407	Claims, Risk and Medical Management	4,478,792	4,979,204	11.2%	5,539,529	11.3%
7023	855409	Administrative Services	1,813,548	1,876,057	3.4%	1,929,825	2.9%
Total for Customer Relations			6,292,340	6,855,261	8.9%	7,469,354	9.0%

Program Series 7: Program Management (3260A)

The Program Management program series consists of a single program, Program Management (3260B) which houses ten divisions to provide administrative support and leadership for the agency including fiscal and planning, actuarial, human resources, legal, information technology, internal audit, and investment functions.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
7023	855401	William Green Lease Payment to OBA	17,533,370	16,026,100	-8.6%	0	-100.0%
7023	855409	Administrative Services	101,532,489	103,981,219	2.4%	103,427,451	-0.5%
7023	855410	Attorney General Payments	4,621,850	4,621,850	0.0%	4,621,850	0.0%
Total for Program Management			123,687,709	124,629,169	0.8%	108,049,301	-13.3%

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Appropriation Line Item Analysis for Fiscal Years 2014 and 2015

Line Item Notes

885401, William Green Lease Payments to OBA – No appropriation is requested in fiscal year 2015 as all debt service associated with the purchase of the William Green building will be retired in fiscal year 2014.

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Fund	ALI	ALI Name	Actual			Estimated	Recommended			
			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	% Change	FY 2015	% Change
3490	855601	OSHA Enforcement	1,532,047	1,467,673	1,566,360	1,731,000	1,731,000	0.0%	1,731,000	0.0%
Total Federal Special Revenue			1,532,047	1,467,673	1,566,360	1,731,000	1,731,000	0.0%	1,731,000	0.0%
7023	855401	William Green Lease Payment to OBA	19,795,610	18,984,377	18,262,614	17,533,370	16,026,100	-8.6%	0	-100.0%
7023	855407	Claims, Risk and Medical Management	119,120,256	113,745,581	115,514,087	122,492,959	118,338,586	-3.4%	118,338,586	0.0%
7023	855408	Fraud Prevention	10,229,628	10,444,741	10,353,085	12,114,226	12,114,226	0.0%	12,114,226	0.0%
7023	855409	Administrative Services	91,652,256	93,443,334	88,638,343	103,346,037	105,857,276	2.4%	105,357,276	-0.5%
7023	855410	Attorney General Payments	4,201,572	4,285,942	4,338,826	4,621,850	4,621,850	0.0%	4,621,850	0.0%
8220	855606	Coal Workers' Fund	78,842	83,981	135,268	147,666	147,666	0.0%	147,666	0.0%
8230	855608	Marine Industry	48,301	53,214	42,479	75,527	75,527	0.0%	75,527	0.0%
8250	855605	Disabled Workers Relief Fund	275,292	262,346	153,721	319,718	319,718	0.0%	319,718	0.0%
8260	855609	Safety and Hygiene Operating	18,098,331	18,062,502	17,735,237	20,161,132	19,161,132	-5.0%	19,161,132	0.0%
8260	855610	Gear Program	2,795,718	3,675,057	3,343,584	4,000,000	5,000,000	25.0%	5,000,000	0.0%
8290	855604	Long Term Care Loan Program	13,568	8,022	3,725	100,000	100,000	0.0%	100,000	0.0%
Total Workers' Compensation			266,309,374	263,049,097	258,520,969	284,912,485	281,762,081	-1.1%	265,235,981	-5.9%
Grand Total Bureau of Workers' Compensation			267,841,421	264,516,770	260,087,329	286,643,485	283,493,081	-1.1%	266,966,981	-5.8%