

## 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 of Workers' Compensation is governed by an administrator appointed by the Governor. The Workers' Compensation Oversight Commission advises the administrator. The Oversight Commission has nine members: five appointed by the Governor to represent industry (two members), labor (two members), and the public (one member); and four who are members of the legislature. The legislators on the Oversight Commission are the chairs and ranking minority members of the House and Senate committees that handle labor and industry issues.

The administrator oversees BWC's annual budget of approximately \$320 million, supporting 2,800 employees. BWC operates 18 statewide customer service offices which house claims, medical, risk, fraud, legal, safety education, accident prevention, and information technology personnel.

### Executive Priorities for the Bureau of Workers' Compensation

- Provide high-quality customer service to all customers and stakeholders.
- Maintain the financial integrity of Ohio's workers' compensation system.
- Employ the best available, effective business-oriented technologies.
- Refine the claims and medical management processes.
- Deliver innovative risk and safety services.

### Summary of Budget History and Recommendations

| (In thousands)                   |                |                |                | ESTIMATE<br>FY 2005 | %<br>CHANGE<br>FY 04-05 | RECOMMENDED    |             |                |             |
|----------------------------------|----------------|----------------|----------------|---------------------|-------------------------|----------------|-------------|----------------|-------------|
|                                  | BUDGET         | ACTUAL         | FY 2004        |                     |                         | FY 2006        | %<br>CHANGE | FY 2007        | %<br>CHANGE |
| Workers' Compensation Fund Group | 289,350        | 295,630        | 277,998        | 319,537             | 14.9                    | 320,034        | .2          | 320,423        | .1          |
| Fed Special Revenue Fund Group   | 0              | 0              | 0              | 0                   | .0                      | 1,528          | .0          | 1,604          | 5.0         |
| <b>TOTAL</b>                     | <b>289,350</b> | <b>295,630</b> | <b>277,998</b> | <b>319,537</b>      | <b>14.9</b>             | <b>321,562</b> | <b>.6</b>   | <b>322,028</b> | <b>.1</b>   |

| (In thousands)     |                   |                |                   | ESTIMATE<br>FY 2005 | %<br>CHANGE<br>FY 04-05 | RECOMMENDED    |           |                |           |
|--------------------|-------------------|----------------|-------------------|---------------------|-------------------------|----------------|-----------|----------------|-----------|
|                    | OBJECT OF EXPENSE | FY 2002        | ACTUAL<br>FY 2003 |                     |                         | FY 2004        | FY 2006   | %<br>CHANGE    | FY 2007   |
| Personal Services  | 184,635           | 187,401        | 189,451           | 196,339             | 3.6                     | 205,055        | 4.4       | 209,157        | 2.0       |
| Purchased Services | 26,187            | 28,575         | 19,088            | 27,358              | 43.3                    | 20,804         | (24.0)    | 18,338         | (11.9)    |
| Maintenance        | 39,959            | 43,698         | 48,243            | 74,330              | 54.1                    | 76,202         | 2.5       | 75,970         | (.3)      |
| Equipment          | 12,491            | 10,407         | 9,190             | 17,043              | 85.4                    | 15,501         | (9.0)     | 14,563         | (6.0)     |
| Subsidy            | 4,780             | 3,467          | 3,873             | 4,468               | 15.4                    | 4,000          | (10.5)    | 4,000          | .0        |
| Transfer & Other   | 21,299            | 22,083         | 8,153             | 0                   | (100.0)                 | 0              | .0        | 0              | .0        |
| <b>TOTAL</b>       | <b>289,350</b>    | <b>295,630</b> | <b>277,998</b>    | <b>319,537</b>      | <b>14.9</b>             | <b>321,562</b> | <b>.6</b> | <b>322,028</b> | <b>.1</b> |

# Bureau of Workers' Compensation

## PROGRAM SERIES 01: Injury Management Services

The injury management program series is a group of departments and initiatives designed to ensure the appropriate management of workers' compensation claims, availability of appropriate, cost-effective medical care, and development and credentialing of a strong provider network.

### Program 01.01: Field Operations

This program focuses on claims management from the first report of injury to the resolution of the claim. The goal is to achieve efficient and effective resolution of claims at the lowest possible cost.

#### What the Budget Buys:

- Investigates 207,000 worker injury claims;
- Manages over 189,000 injury claims that have been approved via the investigative process; and
- Pays over \$2 billion in benefits to injured workers for health care and lost wages.

| FUND GROUP               | FUND | ALI     | ALI NAME                           | RECOMMENDED       |                   |
|--------------------------|------|---------|------------------------------------|-------------------|-------------------|
|                          |      |         |                                    | FY 2006           | FY 2007           |
| WCF                      | 023  | 855-407 | Claims, Risk, & Medical Management | 93,034,094        | 93,825,297        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                    | <b>93,034,094</b> | <b>93,825,297</b> |

### Program 01.02: Injury Management Services

This program ensures that cost-effective, quality health care is provided to injured workers to facilitate an early return to work or return to a functional lifestyle. BWC administers the Health Partnership Program, acts as a liaison, provides development assistance to the healthcare community, coordinates the managed care organization activities, and ensures injured workers receive the best healthcare available.

#### What the Budget Buys:

- Processes more than 18,000 disputes regarding medical treatment provided to injured workers; and
- Distributes over \$5 million in GRANTS that enable injured workers to safely return to work prior to full recovery from their injury.

| FUND GROUP               | FUND | ALI     | ALI NAME                           | RECOMMENDED       |                   |
|--------------------------|------|---------|------------------------------------|-------------------|-------------------|
|                          |      |         |                                    | FY 2006           | FY 2007           |
| WCF                      | 023  | 855-407 | Claims, Risk, & Medical Management | 16,752,205        | 16,100,730        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                    | <b>16,752,205</b> | <b>16,100,730</b> |

### Program 01.03: Quality Assurance/Performance Review

This program was established in fiscal year 2004 as BWC began to implement its new business model. The program provides monitoring and reporting to ensure that claims and medical policies operate efficiently and appropriately.

#### What the Budget Buys:

- Performs quarterly audits to ensure data integrity and program compliance.

| FUND GROUP               | FUND | ALI     | ALI NAME                           | RECOMMENDED      |                  |
|--------------------------|------|---------|------------------------------------|------------------|------------------|
|                          |      |         |                                    | FY 2006          | FY 2007          |
| WCF                      | 023  | 855-407 | Claims, Risk, & Medical Management | 1,201,070        | 1,224,297        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                    | <b>1,201,070</b> | <b>1,224,297</b> |

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## PROGRAM SERIES 02: Employer Management

This program series is responsible for providing a link between Ohio's employers and BWC. This series also includes a program directed toward large, financially stable employers who retain the financial risk for their companies' workers' compensation claims (self-insured employer services) and the investigation of potential safety violations.

### Program 02.01: Employer Services

This program provides underwriting and technical support to help employers reduce their workers' compensation costs through accident/illness prevention and various risk management programs. The goals are to ensure employers are paying the appropriate premium, risk classifications are properly assigned, and employers are provided the appropriate services. These goals are monitored through the measurement of number, severity, and frequency of claims.

#### What the Budget Buys:

- Provides funding for 167 employees who provide underwriting and technical support to help employers lower employee accidents and illness.

| FUND GROUP               | FUND | ALI     | ALI NAME                           | RECOMMENDED       |                   |
|--------------------------|------|---------|------------------------------------|-------------------|-------------------|
|                          |      |         |                                    | FY 2006           | FY 2007           |
| WCF                      | 023  | 855-407 | Claims, Risk, & Medical Management | 12,185,226        | 12,148,305        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                    | <b>12,185,226</b> | <b>12,148,305</b> |

### Program 02.02: Self-Insured Services

Employers who are self-insured employ approximately one-third of Ohio's workforce. This program is responsible for investigating all inquiries/complaints, providing underwriting activities, and auditing self-insuring employers for compliance with the Workers' Compensation Act and the rules of BWC and/or the Industrial Commission.

#### What the Budget Buys:

- Provides for the audit of 1,100 employer self-insured programs to ensure compliance with appropriate rules and laws.

| FUND GROUP               | FUND | ALI     | ALI NAME                           | RECOMMENDED      |                  |
|--------------------------|------|---------|------------------------------------|------------------|------------------|
|                          |      |         |                                    | FY 2006          | FY 2007          |
| WCF                      | 023  | 855-407 | Claims, Risk, & Medical Management | 3,973,161        | 4,005,197        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                    | <b>3,973,161</b> | <b>4,005,197</b> |

### Program 02.03: Safety Violations Investigation

This program is responsible for investigating and preparing impartial, fact-finding summary reports for the Industrial Commission for all safety violation allegations in Ohio concerning workers' compensation.

#### What the Budget Buys:

- Funds ten investigators who investigate and prepare reports for the Industrial Commission (OIC) on all safety violation allegations concerning workers' compensation.

| FUND GROUP               | FUND | ALI     | ALI NAME                | RECOMMENDED    |                |
|--------------------------|------|---------|-------------------------|----------------|----------------|
|                          |      |         |                         | FY 2006        | FY 2007        |
| WCF                      | 023  | 855-409 | Administrative Services | 593,982        | 605,861        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                         | <b>593,982</b> | <b>605,861</b> |

## Bureau of Workers' Compensation

### Program 02.04: Employer Management – Program Support Departments

This program encompasses several departments that provide employers with the best employer management services. The Customer Trend Analysis Department is responsible for tracking customer feedback from injured workers, employers, and medical providers. The Research and Analysis Department provides analytical, statistical, and reporting services to both internal and external customers.

#### What the Budget Buys:

- Funds 46 employees who improve service and reduce costs by tracking, monitoring, and reporting program results.

| FUND GROUP               | FUND | ALI     | ALI NAME                           | RECOMMENDED      |                  |
|--------------------------|------|---------|------------------------------------|------------------|------------------|
|                          |      |         |                                    | FY 2006          | FY 2007          |
| WCF                      | 023  | 855-407 | Claims, Risk, & Medical Management | 3,955,640        | 4,007,023        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                    | <b>3,955,640</b> | <b>4,007,023</b> |

### PROGRAM SERIES 03: Fraud Investigations

The fraud investigations program series is the proactive prevention of loss through fraud, whether from an operational or resource standpoint, for external and internal customers.

#### Program 03.01: Special Investigations

This program's mission is to prevent, detect, investigate, and prosecute fraudulent behavior affecting the workers' compensation system. The goal is to ensure that only those who deserve and receive workers' compensation benefits receive them and employers who are required to contribute to the system are doing so.

#### What the Budget Buys:

- Funds 139 employees who prevent more than \$102 million in fraudulent claims.

| FUND GROUP               | FUND | ALI     | ALI NAME         | RECOMMENDED       |                   |
|--------------------------|------|---------|------------------|-------------------|-------------------|
|                          |      |         |                  | FY 2006           | FY 2007           |
| WCF                      | 023  | 855-408 | Fraud Prevention | 11,308,431        | 11,309,781        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                  | <b>11,308,431</b> | <b>11,309,781</b> |

#### Program 03.02: Internal Affairs

The Internal Affairs Department services both the Bureau of Workers' Compensation and the Industrial Commission by investigating all allegations of criminal violation, abuse of office, or misconduct on the part of the BWC or OIC employees.

#### What the Budget Buys:

- Supports five investigators who investigate allegations of criminal abuse or misconduct by BWC or OIC employees.

| FUND GROUP               | FUND | ALI     | ALI NAME         | RECOMMENDED    |                |
|--------------------------|------|---------|------------------|----------------|----------------|
|                          |      |         |                  | FY 2006        | FY 2007        |
| WCF                      | 023  | 855-408 | Fraud Prevention | 405,366        | 404,016        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                  | <b>405,366</b> | <b>404,016</b> |

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## PROGRAM SERIES 04: Accident Prevention

The Division of Safety and Hygiene is committed to the creation of safe work environments in Ohio through the investigation and prevention of industrial accidents and disease.

### Program 04.01: Safety and Hygiene

This program provides workplace consultation, training, seminars, and materials to create a safe work environment throughout the state. The program ensures Ohio's employees have a safe work environment through the investigation and prevention of industrial accidents and disease.

#### What the Budget Buys:

- Funds 180 employees who investigate and help prevent industrial accidents and disease; and
- Provides \$4 million per year for the GEAR program, which provides grants to help businesses implement safety programs.

| FUND GROUP               | FUND | ALI     | ALI NAME                   | RECOMMENDED       |                   |
|--------------------------|------|---------|----------------------------|-------------------|-------------------|
|                          |      |         |                            | FY 2006           | FY 2007           |
| WCF                      | 826  | 855-609 | Safety & Hygiene Operating | 20,130,820        | 20,130,820        |
| WCF                      | 826  | 855-610 | GEAR Program               | 4,000,000         | 4,000,000         |
| FED                      | 349  | 855-601 | OSHA Enforcement           | 1,527,750         | 1,604,140         |
| <b>TOTAL FOR PROGRAM</b> |      |         |                            | <b>25,658,570</b> | <b>25,734,960</b> |

## PROGRAM SERIES 05: Special Benefits Funds

This program series includes the administration of the Disabled Workers' Relief Fund (DWRF), the Coal Workers' Pneumoconiosis Fund, and the Marine Industry Fund.

### Program 05.01: Special Benefits Funds

BWC administers the programs associated with providing supplemental cost-of-living benefits to over 27,000 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 Longshoreman's and Harbor Workers' Compensation Act Amendments of 1972.

#### What the Budget Buys:

- Funds the administration of this program, which provides benefits to more than 27,000 permanently and totally disabled persons.

| FUND GROUP               | FUND | ALI     | ALI NAME                     | RECOMMENDED    |                |
|--------------------------|------|---------|------------------------------|----------------|----------------|
|                          |      |         |                              | FY 2006        | FY 2007        |
| WCF                      | 822  | 855-606 | Coal Workers Fund            | 91,894         | 91,894         |
| WCF                      | 823  | 855-608 | Marine Industry              | 53,952         | 53,952         |
| WCF                      | 825  | 855-605 | Disabled Workers Relief Fund | 693,764        | 693,764        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                              | <b>839,610</b> | <b>839,610</b> |

# Bureau of Workers' Compensation

## PROGRAM SERIES 06: Customer Relations

This program series addresses the needs and concerns of Ohio's employers, injured workers, and other interested parties.

### Program 06.01: Customer Contact Center

This program handles customer contacts via phone, e-mail, walk-in, and written correspondence to educate, provide forms, provide clear, timely, and accurate information, and to assist customers with BWC processes, law, policies, and procedures. This department also assists new employers in obtaining BWC coverage, issuing certificates of coverage as needed, and helping established employers with policy account information.

#### What the Budget Buys:

- Funds 76 employees who handle information inquiries from the public.

| FUND GROUP               | FUND | ALI     | ALI NAME                           | RECOMMENDED      |                  |
|--------------------------|------|---------|------------------------------------|------------------|------------------|
|                          |      |         |                                    | FY 2006          | FY 2007          |
| WCF                      | 023  | 855-407 | Claims, Risk, & Medical Management | 4,280,402        | 4,276,068        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                    | <b>4,280,402</b> | <b>4,276,068</b> |

### Program 06.02: Corporate Affairs, Government, and Media Relations

This program ensures that internal and external customers receive appropriate, timely, and accurate information about BWC programs, services, initiatives, and progress.

#### What the Budget Buys:

- Funds Workers' Compensation University, public employer summits, and other special events.

| FUND GROUP               | FUND | ALI     | ALI NAME                           | RECOMMENDED      |                  |
|--------------------------|------|---------|------------------------------------|------------------|------------------|
|                          |      |         |                                    | FY 2006          | FY 2007          |
| WCF                      | 023  | 855-407 | Claims, Risk, & Medical Management | 4,156,913        | 3,941,527        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                    | <b>4,156,913</b> | <b>3,941,527</b> |

### Program 06.03: Ombudsperson

The Ombudsperson program assists injured workers and employers in 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.

#### What the Budget Buys:

- Provides funding for seven employees who handle more than 7,000 general inquiries and process over 2,400 complaints.

| FUND GROUP               | FUND | ALI     | ALI NAME                           | RECOMMENDED    |                |
|--------------------------|------|---------|------------------------------------|----------------|----------------|
|                          |      |         |                                    | FY 2006        | FY 2007        |
| WCF                      | 023  | 855-407 | Claims, Risk, & Medical Management | 513,326        | 523,593        |
| <b>TOTAL FOR PROGRAM</b> |      |         |                                    | <b>513,326</b> | <b>523,593</b> |

# Bureau of Workers' Compensation

## PROGRAM SERIES 07: Program Management

This program series represents the various administrative support services necessary to support the workers' compensation program. These include finance, human resources, legal, information technology, and internal audit. The goal is to provide operational areas within the agency with the necessary support services to accomplish agency goals.

### Program 07.01: Program Management

The goals of the Finance Division are to increase customer satisfaction and pursue cost reductions without impairing quality or productivity. Human Resources provide leadership and guidance for BWC management and staff. The Legal Division provides advice and assistance to management regarding claims procedures, policies, appeals lodged on behalf of the State Insurance Fund, and other legal issues as may be posed. Internal Audit is responsible for monitoring and evaluating the internal control structure of BWC. The Information Technology Division is responsible for all computer equipment and software in use at BWC.

### What the Budget Buys:

- Funds 558 employees who provide administrative support for BWC's programs.

| FUND GROUP               | FUND | ALI     | ALI NAME                      | RECOMMENDED        |                    |
|--------------------------|------|---------|-------------------------------|--------------------|--------------------|
|                          |      |         |                               | FY 2006            | FY 2007            |
| WCF                      | 023  | 855-401 | William Greene Lease Payments | 19,736,600         | 20,125,900         |
| WCF                      | 023  | 855-409 | Administrative Services       | 118,652,571        | 118,640,692        |
| WCF                      | 023  | 855-410 | Attorney General Payments     | 4,314,644          | 4,314,644          |
| <b>TOTAL FOR PROGRAM</b> |      |         |                               | <b>142,703,815</b> | <b>143,081,236</b> |

## LINE ITEM SUMMARY - Workers' Compensation

| FUND  | ALI     | ALI TITLE                     | FY 2002<br>ACTUAL  | FY 2003<br>ACTUAL  | FY 2004<br>ACTUAL  | FY 2005<br>ESTIMATE | FY 2006<br>RECOMMENDED | % CHANGE  | FY 2007<br>RECOMMENDED | % CHANGE   |
|---|---------|-------------------------------|--------------------|--------------------|--------------------|---------------------|------------------------|-----------|------------------------|------------|
| R46   | 855-602 | Camera Center Services        | 11,543             | 0                  | 0                  | 0                   | 0                      | .0        | 0                      | .0         |
| 023   | 855-401 | William Greene Lease Payments | 16,974,631         | 17,882,537         | 6,160,704          | 19,239,613          | 19,736,600             | 2.6       | 20,125,900             | 2.0        |
| 023   | 855-407 | Claims, Risk, & Medical Mgt.  | 130,722,888        | 127,877,043        | 128,601,926        | 140,052,037         | 140,052,037            | .0        | 140,052,037            | .0         |
| 023   | 855-408 | Fraud Prevention              | 10,035,422         | 10,207,333         | 10,095,250         | 11,713,797          | 11,713,797             | .0        | 11,713,797             | .0         |
| 023   | 855-409 | Administrative Services       | 104,630,150        | 114,590,969        | 107,523,483        | 119,246,552         | 119,246,553            | .0        | 119,246,553            | .0         |
| 023   | 855-410 | Attorney General Payments     | 3,874,918          | 4,064,865          | 3,872,666          | 4,314,644           | 4,314,644              | .0        | 4,314,644              | .0         |
| 4Y6   | 855-612 | J.L. Camera Center-Operating  | 342,799            | 0                  | 0                  | 0                   | 0                      | .0        | 0                      | .0         |
| 822   | 855-606 | Coal Workers Fund             | 38,260             | 66,463             | 81,251             | 91,894              | 91,894                 | .0        | 91,894                 | .0         |
| 823   | 855-608 | Marine Industry               | 49,089             | 51,092             | 51,456             | 53,952              | 53,952                 | .0        | 53,952                 | .0         |
| 825   | 855-605 | Disabled Workers Relief Fund  | 691,650            | 660,012            | 547,459            | 693,764             | 693,764                | .0        | 693,764                | .0         |
| 826   | 855-609 | Safety & Hygiene Operating    | 17,593,088         | 17,187,493         | 17,600,253         | 20,130,820          | 20,130,820             | .0        | 20,130,820             | .0         |
| 826   | 855-610 | Gear Program                  | 4,385,870          | 3,042,378          | 3,463,855          | 4,000,000           | 4,000,000              | .0        | 4,000,000              | .0         |
| <b>TOTAL Workers' Compensation Fund Group</b> |         |                               | <b>289,350,308</b> | <b>295,630,185</b> | <b>277,998,303</b> | <b>319,537,073</b>  | <b>320,034,061</b>     | <b>.2</b> | <b>320,423,361</b>     | <b>.1</b>  |
| 349   | 855-601 | OSHA Enforcement              | 0                  | 0                  | 0                  | 0                   | 1,527,750              | .0        | 1,604,140              | 5.0        |
| <b>TOTAL Fed Special Revenue Fund Group</b>   |         |                               | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>            | <b>1,527,750</b>       | <b>.0</b> | <b>1,604,140</b>       | <b>5.0</b> |
| <b>TOTAL Bureau of Workers' Comp</b>          |         |                               | <b>289,350,308</b> | <b>295,630,185</b> | <b>277,998,303</b> | <b>319,537,073</b>  | <b>321,561,811</b>     | <b>.6</b> | <b>322,027,501</b>     | <b>.1</b>  |