

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 BWC's annual budget of approximately \$324 million, supporting 2,800 employees. BWC operates 16 statewide customer service offices which house claims, medical, risk, fraud, legal, safety education, accident prevention, and information technology personnel.

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



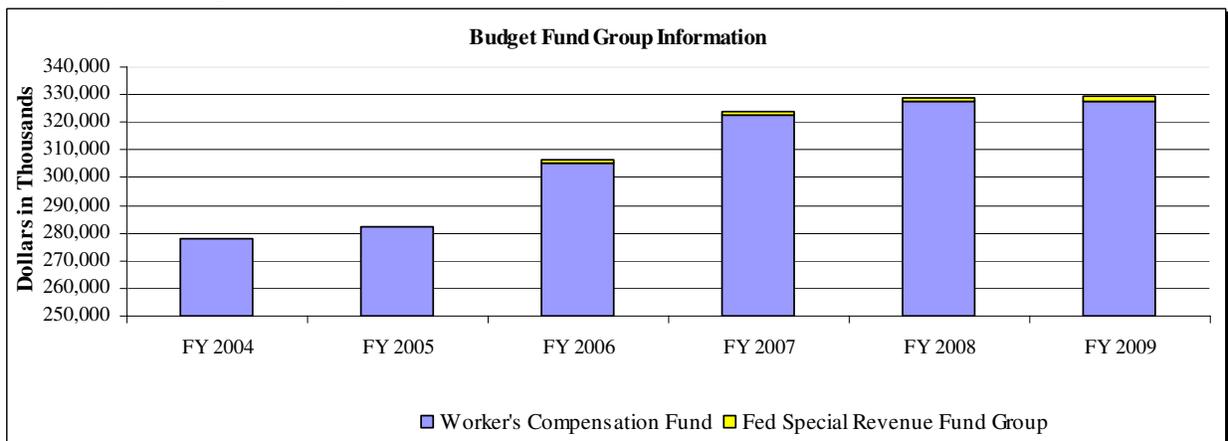
Turnaround Ohio Initiatives

- Restore transparency and accountability to the workers' compensation system.
- Assure the highest possible returns on investments through strong fiscal management.
- Increase integrity of the BWC operations by implementing rate-setting decisions based upon strong actuarial principles.

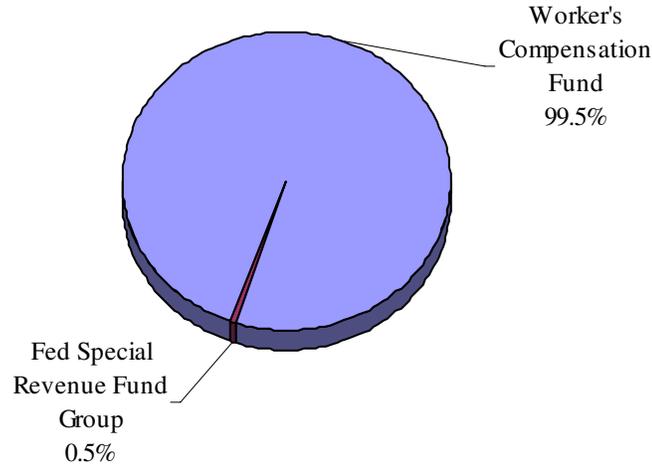
Agency Priorities

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

Summary of Budget History and Recommendations

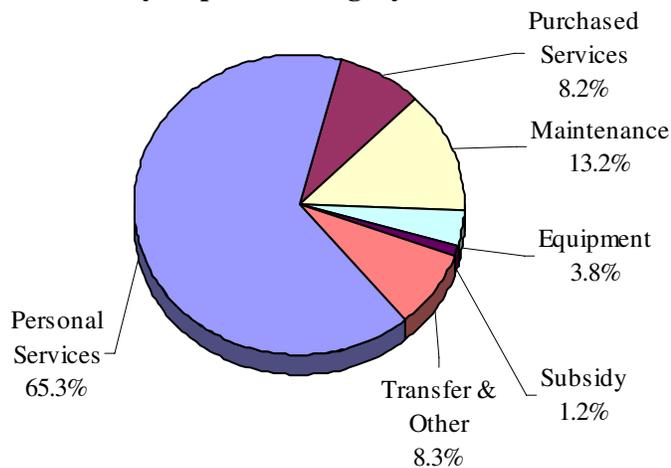


**FY 2008-09 Biennial Appropriation
by Budget Fund Group**



(In thousands) BUDGET FUND GROUP	ACTUAL			ESTIMATE FY 2007	% CHANGE FY 06-07	RECOMMENDED			
	FY 2004	FY 2005	FY 2006			FY 2008	% CHANGE	FY 2009	% CHANGE
Workers' Compensation Fund Group	277,998	282,392	305,113	322,423	5.7	327,352	1.5	327,606	.1
Fed Special Revenue Fund Group	0	0	1,295	1,604	23.9	1,604	.0	1,604	.0
TOTAL	277,998	282,392	306,408	324,028	5.8	328,956	1.5	329,210	.1

**FY 2008-09 Biennial Appropriation
by Expense Category**



State of Ohio
Bureau of Workers' Compensation

(In thousands) OBJECT OF EXPENSE	ACTUAL			ESTIMATE	%	RECOMMENDED			
	FY 2004	FY 2005	FY 2006	FY 2007	FY 06-07	FY 2008	% CHANGE	FY 2009	% CHANGE
Personal Services	189,451	186,128	194,171	203,256	4.7	210,065	3.3	219,971	4.7
Purchased Services	19,088	19,663	24,501	25,456	3.9	27,964	9.9	26,189	(6.3)
Maintenance	48,243	44,791	47,357	50,568	6.8	44,019	(12.9)	42,660	(3.1)
Equipment	9,190	11,488	11,827	12,713	7.5	15,872	24.8	9,104	(42.6)
Subsidy	3,873	4,410	4,566	5,430	18.9	4,000	(26.3)	4,000	.0
Transfer & Other	8,153	15,911	23,986	26,605	10.9	27,036	1.6	27,288	.9
TOTAL	277,998	282,392	306,408	324,028	5.8	328,956	1.5	329,210	.1

PROGRAM SERIES 01: Injury Management

This 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 Office Service 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.

The Executive Recommendation will:

- Investigate 185,000 new injury claims;
- Manage over 570,000 injury claims;
- Pay over \$1.6 billion in benefits to injured workers for health care and lost wages; and
- Settle 18,000 injury claims.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-407	Claims, Risk, & Medical Management	96,640,056	96,640,056
TOTAL FOR PROGRAM				96,640,056	96,640,056

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 and provides development assistance to the healthcare community, develops and provides internal and external training on issues impacting medical policy, and ensures injured workers have access to quality, cost-effective healthcare.

The Executive Recommendation will:

- Develop and implement payment methodologies that result in medical costs savings; and
- Hear 12,000 disputes.

State of Ohio
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FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-407	Claims, Risk, & Medical Management	19,313,405	19,313,405
TOTAL FOR PROGRAM				19,313,405	19,313,405

PROGRAM SERIES 02: Employer Management

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

The Executive Recommendation will:

- Provide funding for 178 employees who provide underwriting and technical support to help employers lower workplace accidents and illnesses.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-407	Claims, Risk, & Medical Management	14,572,758	14,572,758
TOTAL FOR PROGRAM				14,572,758	14,572,758

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, managing claims for bankrupt self-insuring employers, and auditing self-insuring employers for compliance with state and federal rules and laws.

The Executive Recommendation will:

- Provide for the audit of 1,130 employer self insured programs to ensure compliance with state and federal rules and laws.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-407	Claims, Risk, & Medical Management	4,125,350	4,125,350
TOTAL FOR PROGRAM				4,125,350	4,125,350

Program 02.03: Safety Violations Investigative Staff

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.

The Executive Recommendation will:

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

State of Ohio
Bureau of Workers' Compensation

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-409	Administrative Services	680,861	680,861
TOTAL FOR PROGRAM				680,861	680,861

PROGRAM SERIES 03: Fraud and Special Investigations

This program series proactively prevents 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 financial losses to the workers' compensation system by deterring, detecting, investigating, and prosecuting fraudulent behavior. The goal is to ensure that only those who are entitled to workers' compensation benefits receive them and employers who are required to contribute to the system are doing so.

The Executive Recommendation will:

- Fund 137 employees who prevent more than \$90 million in fraudulent claims; and
- Generate \$7.80 in fraud savings per every \$1 invested.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-408	Fraud Prevention	11,356,411	11,356,411
TOTAL FOR PROGRAM				11,356,411	11,356,411

Program 03.02: Internal Affairs

This program series serves both the BWC and the Industrial Commission (OIC) by investigating all allegations of criminal violation, abuse of office, or misconduct on the part of the BWC or OIC employees.

The Executive Recommendation will:

- Fund four investigators who investigate allegations of criminal abuse or misconduct by BWC or OIC employees.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-408	Fraud Prevention	416,140	416,140
TOTAL FOR PROGRAM				416,140	416,140

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 helps ensure Ohio's employees have a safe work environment through the investigation and prevention of industrial accidents and disease.

State of Ohio
Bureau of Workers' Compensation

The Executive Recommendation will:

- Fund 206 employees who investigate and help prevent industrial accidents and disease;
- Provide \$4 million per year for the Safety Grant Program, which provides grants to help businesses implement safety programs; and
- Fund the Long-Term Care Loan Fund Program which provides interest-free loans to nursing homes to assist in purchasing no-lift equipment.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	826	855-609	Safety & Hygiene Operating	20,734,750	20,734,750
WCF	826	855-610	Safety Grants Program	4,000,000	4,000,000
WCF	829	855-604	Long Term Care Loan Program	2,000,000	2,000,000
FED	349	855-601	OSHA Enforcement	1,604,140	1,604,140
TOTAL FOR PROGRAM				28,338,890	28,338,890

PROGRAM SERIES 05: Special Benefits Funds

This program series includes the administration of the Disabled Workers' Relief Fund (DWRP), the Coal Workers' Pneumoconiosis Fund, and the Marine Industry Fund. These funds provide cash benefits to workers who are permanently and totally disabled.

Program 05.01: Special Benefits Funds

BWC administers the programs associated with providing supplemental cost-of-living benefits to over 20,000 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.

The Executive Recommendation will:

- Provide benefits to over 27,000 permanently and totally disabled persons.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
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	488,282	492,500
TOTAL FOR PROGRAM				634,128	638,346

PROGRAM SERIES 06: Customer Service

This program series serves the customer service needs 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, and benefit option 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 Executive Recommendation will:

- Fund 87 employees who handle over 56,500 information inquiries from the public.

State of Ohio
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FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-407	Claims, Risk, & Medical Management	5,176,850	5,176,850
TOTAL FOR PROGRAM				5,176,850	5,176,850

Program 06.02: Corporate Affairs, Government, Media Relations

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

The Executive Recommendation will:

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

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-409	Administrative Services	3,941,527	3,941,527
TOTAL FOR PROGRAM				3,941,527	3,941,527

Program 06.03: Ombudsman

The Ombudsman Program 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.

The Executive Recommendation will:

- Provide funding for seven employees will handle more than 9,600 general inquiries and process over 2,900 complaints.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-407	Claims, Risk, & Medical Management	539,300	539,300
TOTAL FOR PROGRAM				539,300	539,300

PROGRAM SERIES 07: Program Management

This program series contains the various administrative support services necessary to support the workers' compensation program. Support services needed include finance, human resources, legal, information technology, internal audit, and investment.

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 in the areas of equal employment opportunity, employee/labor relations, payroll benefits and personnel. The Legal Division provides advice and assistance to BWC management regarding claims procedures, policies, and appeals lodged on behalf of the State Insurance Fund. 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. Investment develops and executes investment management strategies consistent with the bureau's investment policy.

State of Ohio
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The Executive Recommendation will:

- Fund 581 employees who provide administrative support for BWC's programs;
- Fund William Green debt payments; and
- Fund payments made to the Attorney General's office for legal services.

FUND				RECOMMENDED	
GROUP	FUND	ALI	ALI NAME	FY 2008	FY 2009
WCF	023	855-401	William Greene Lease Payments	20,436,600	20,686,500
WCF	023	855-409	Administrative Services	118,340,000	118,340,000
WCF	023	855-410	Attorney General Payments	4,444,085	4,444,085
TOTAL FOR PROGRAM				143,220,685	143,470,585

LINE ITEM SUMMARY - Workers' Compensation

FUND	ALI	ALI TITLE	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 RECOMMENDED	% CHANGE	FY 2009 RECOMMENDED	% CHANGE
023	855-401	William Greene Lease Payments	6,160,704	11,835,185	19,552,046	20,125,900	20,436,600	1.5	20,686,500	1.2
023	855-407	Claims, Risk, & Medical Mgt.	128,601,926	126,856,521	130,447,314	140,052,103	140,367,719	.2	140,367,719	.0
023	855-408	Fraud Prevention	10,095,250	10,471,627	10,918,394	11,713,797	11,772,551	.5	11,772,551	.0
023	855-409	Administrative Services	107,523,483	107,687,346	115,941,444	119,246,554	122,962,388	3.1	122,962,388	.0
023	855-410	Attorney General Payments	3,872,666	3,985,666	4,058,101	4,314,644	4,444,085	3.0	4,444,085	.0
822	855-606	Coal Workers Fund	81,251	83,157	84,838	91,894	91,894	.0	91,894	.0
823	855-608	Marine Industry	51,456	52,476	53,186	53,952	53,952	.0	53,952	.0
825	855-605	Disabled Workers Relief Fund	547,459	478,695	514,993	693,764	488,282	(29.6)	492,500	.9
826	855-609	Safety & Hygiene Operating	17,600,253	17,012,152	19,818,015	20,130,820	20,734,750	3.0	20,734,750	.0
826	855-610	Safety Grants Program	3,463,855	3,928,941	3,724,967	4,000,000	4,000,000	.0	4,000,000	.0
829	855-604	Long Term Care Loan Program	0	0	0	2,000,000	2,000,000	.0	2,000,000	.0
TOTAL Workers' Compensation Fund Group			277,998,303	282,391,766	305,113,298	322,423,428	327,352,221	1.5	327,606,339	.1
349	855-601	OSHA Enforcement	0	0	1,294,708	1,604,140	1,604,140	.0	1,604,140	.0
TOTAL Fed Special Revenue Fund Group			0	0	1,294,708	1,604,140	1,604,140	.0	1,604,140	.0
TOTAL Bureau of Workers' Comp			277,998,303	282,391,766	306,408,006	324,027,568	328,956,361	1.5	329,210,479	.1