

Bureau of Workers' Compensation

Brian Hoffmeister, Budget Analyst

OVERVIEW

Duties and Responsibilities

The Ohio Bureau of Workers' Compensation (BWC) administers the largest exclusive workers' compensation system in the United States with assets of over \$18 billion as of the end of calendar year 2006. An exclusive system is one in which only the state, not private insurers, provides workers' compensation coverage to business and industry. Ohio's workers' compensation system comprises two agencies: BWC as the insurance provider, and the Ohio Industrial Commission (OIC), which adjudicates disputed claims. BWC provides coverage to about two-thirds of Ohio's workforce (private, state, and local government employees). Other workers may be insured by employers that are large and financially secure enough to qualify to self-insure.

The Governor appoints the BWC administrator, who in turn is assisted by the 11-member Workers' Compensation Board of Directors comprising representatives from business, labor, and the public. The agency is organized into 7 program series across 12 functional divisions. BWC has 17 field service offices and one customer focus center in various locations statewide, and additional regional offices that provide safety education and accident prevention services to Ohio employers.

Agency in Brief

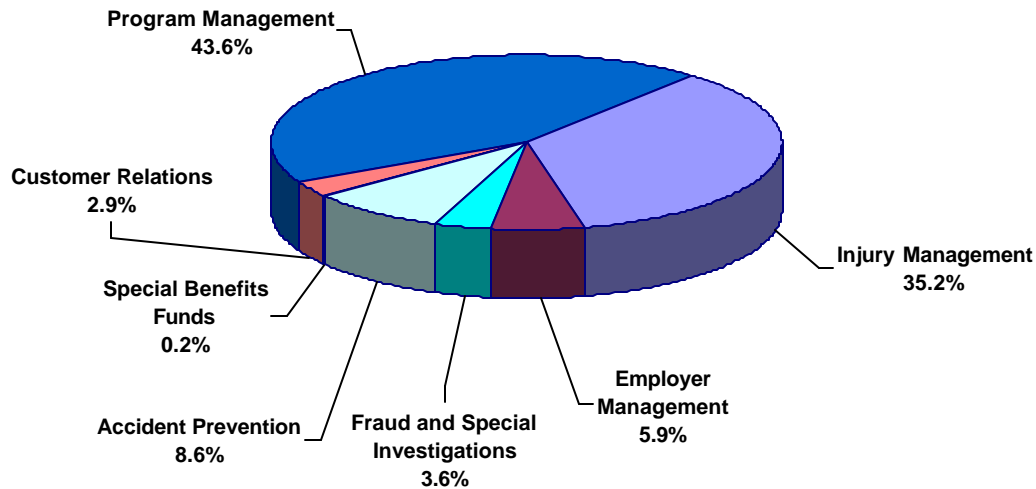
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
2,568	\$328.96 million	\$329.21 million	\$0	\$0	Am. Sub. H.B. 100

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007. This total does not include employees identified as "fixed term per diem" by DAS.

- Total appropriations are \$328.96 million in FY 2008 and \$329.21 million in FY 2009
- Creation of new BWC Board of Directors in place of the Workers' Compensation Oversight Commission

Total funding for the biennium is \$328,956,361 in FY 2008 and \$329,210,479 in FY 2009. The chart below shows how the proposed funding is to be allocated by program series.

Total Budget by Program Series



Summary of FYs 2008 - 2009 Budget Issues

Improving Financial Performance, Customer Value, and Productivity

The Bureau of Workers' Compensation has spent much of the last year experiencing questions about its accountability and performance. In order to address these concerns, BWC has focused on improving its financial performance, customer service, and enhancing productivity. The major areas of concern for the 2008 - 2009 fiscal biennium are:

- Investments.** Goals for modifying investment practices include establishing a more appropriate asset allocation for the portfolio that focuses more on fixed-income assets with stable returns and reduced investment expenses. Improved investment income is also expected to result directly in greater cash flow. At the end of 2006, BWC hired State Street Global Advisors to handle \$2.5 billion of its approximately \$4.4 billion passive long duration fixed income portfolio. In January 2007, BWC selected Barclays Global Advisors to manage the remaining \$1.5 billion. Also in 2006, the Investments Department was moved out of the Finance Division to become an independent Investments Division, reporting directly to the Administrator.
- Finance.** By improving premium development practices and premium audit strategies and pursuing outstanding collectibles, BWC believes it can attain increases in revenue and enhance the equitability of the system for Ohio employers. In addition, in 2006 the Internal Audit, MCO Audit, and Quality Assurance departments combined to form one single Audit Division, reporting directly to the Administrator.

- **Legal.** BWC expects to realize reduced, more predictable expenses through a reduction in adverse legal action and an active pursuit of settlements rather than more costly trials. In addition, imposing harsher penalties for workers' compensation fraud has the goal of improving the likelihood of prosecution and making the State Insurance Fund more equitable.
- **Medical.** The medical goals of BWC include reducing health-care costs for injured workers through more competitive fee schedules and drug reimbursement schedules that provide comparable or better care. The areas of medical equipment and drug utilization are also areas of opportunity in which BWC is interested. BWC is also seeking to eliminate duplication of medical services and costs by streamlining its claims management program through contracted managed care organizations (MCOs).
- **Safety.** BWC is seeking to focus risk and safety interventions in the areas where they will have the most impact in order to prevent accidents and control workers' compensation costs. In the last BWC appropriations bill, the Public Employment Risk Reduction Program (PERRP) was shifted from the Department of Commerce to BWC. The program provides services to employers to identify actual and potential hazardous conditions and to review required written programs, then prepare a detailed report for the employer to assist in the development of specific programs and abatement methods.

BWC Board of Directors

Am. Sub. H.B. 100 replaced the Workers' Compensation Oversight Commission with a new Board of Directors, to consist of 11 members, to be appointed by the Governor with Senate approval. The bill also codifies standing audit, actuarial, and investment committees on the Board. Under the bill, each member of the Board of Directors will earn compensation of \$2,500 per month for each month in which they attend a meeting of the Board, plus \$2,500 for each month in which members who also sit on one of the standing committees attend a committee meeting, for a salary not to exceed \$60,000 per year. The funding source for the Board of Directors does not change from that for the Oversight Commission. Funds are still paid out of line item 855-409, Administrative Services. For additional information on other governance changes made to BWC, see the LSC bill analysis.

Long Term Care Loan Fund Program

The FY 2006 - 2007 biennial BWC budget bill directed the Bureau of Workers' Compensation to operate a Long Term Care Loan Fund Program under section 4121.48 of the Revised Code. The purpose of the program is to make loans, without interest, to nursing homes to assist them in purchasing "no-lift" equipment that will allow employees of the nursing home to move patients without having to lift the patients manually. The budget expands eligibility to include hospitals among loan recipients, and provides for this program through line item 855-604, Long Term Care Loan Program (Fund 829) and appropriates \$2,000,000 in each fiscal year for this purpose.

ANALYSIS OF THE BUDGET

Program Series

1: Injury Management

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

The following table shows the line items that are used to fund the Injury Management program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-407	Claims, Risk, and Medical Management	\$115,963,461*	\$115,963,461*
Workers' Compensation Fund Subtotal			\$115,963,461	\$115,963,461
Total Funding: Injury Management			\$115,963,461	\$115,963,461

* Amount does not reflect total funding because line item is used to fund programs in other program series.

The following programs are within the Injury Management program series:

- **Program 01.01: Field Office Service Operations**
- **Program 01.02: Injury Management Services**

Program 01.01: Field Office Service Operations

Program Description: Field Office Service Operations focuses on claims management from the first report of injury to the ultimate resolution of the claim. There are 17 service offices located in three regions throughout the state, which process all claims filed within the workers' compensation system, and one Customer Focus Center located in Bridgeport. The dividing of field offices into regions took place during the FY 2006 - 2007 biennium. The three current field office regions are West/Southwest, North/Northeast, and Central/Southeast.

A priority for BWC under this program is the continuing implementation of performance measures to assess filing time, administrative cost per claim, and other measures in order to ensure efficient and effective claim resolution at the lowest possible cost. In particular, the Medical Claims Unit has implemented new performance measurement in the areas of initial claim determinations, auto adjudication, customer satisfaction, work list assessment, claim benefit type changeovers, equitable caseload distribution, and employee performance and feedback.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The program funds 1,274 employees who investigate some 185,000 new injury claims per year, manage over 570,000 total injury claims, settle 18,000 injury claims, and pay over \$1.6 billion to injured workers for health care and lost wages.

Program 01.02: Injury Management Services

Program Description: Injury Management Services ensures that cost-effective, quality health care is provided to injured workers in order to facilitate an early return to work or a return to a functional lifestyle. BWC's Health Partnership Program, launched in 1997, is a major component of Injury Management Services. Under the program, BWC and approximately 25 certified private sector managed care organizations (MCOs) work together to provide comprehensive claims management and medical-management services. MCOs are chosen by employers to handle the medical management of workers' compensation claims. BWC also administers a Qualified Health Plan, which allows self-insuring employers to form their own health plans to deliver medical services to their employees.

Additionally, Injury Management Services is responsible for acting as a liaison to health care provider community and professional associations, assisting in the development of these associations, and developing and providing internal and external training on issues that affect the Health Partnership Program and general medical policy.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The program funds 215 employees who process some 12,000 disputes regarding medical treatment provided to injured workers and distribute grants to employers that enable injured workers to return to work safely prior to their full recovery from injury.

Program Series**2: Employer Management**

Purpose: The Employer Management program series is responsible for providing a link between Ohio's employers and BWC. This series also includes the Self-Insured Services program directed toward large, financially stable employers who retain the financial risk for their companies' workers' compensation claims, as well as BWC's Safety Violations Investigations Unit (SVIU).

The following table shows the line items that are used to fund the Employer Management program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-407	Claims, Risk, and Medical Management	\$18,698,108*	\$18,698,108*
023	855-409	Administrative Services	\$680,861*	\$680,861*
Workers' Compensation Fund Subtotal			\$19,378,969	\$19,378,969
Total Funding: Employer Management			\$19,378,969	\$19,378,969

* Amounts do not reflect total funding because line items are used to fund programs in other program series.

The following programs are within the Employer Management program series:

- **Program 02.01: Employer Services**
- **Program 02.02: Self-Insured Services**
- **Program 02.03: Safety Violations Investigative Staff**

Program 02.01: Employer Services

Program Description: This program provides underwriting and technical support to help employers reduce their workers' compensation costs through accident/illness prevention and various risk management programs. Audits are performed on state fund and public employer programs to ensure compliance with the Workers' Compensation Act and the rules of BWC and/or the Industrial Commission. The program also processes new business applications, assigns manual classifications, processes changes in employer coverage status, and processes semi-annual payroll reports for employers.

Employer Services will continue to partner with the Division of Safety and Hygiene to help customers implement safe work practices and control the risk of harm to employees at no additional cost to premium-paying employers. The program will also continue to oversee the development and oversight of alternative rating plans, such as group rating and retrospective rating plans, as well as the premium discount program for penalty-rated employers who elect to participate in a ten-step plan to create safer work environments, and the Drug-Free Workplace program providing discounts to employers committed to establishing substance-free work environments.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Employer Services program is fully funded. The program funds 178 employees who provide underwriting and technical support to help employers lower employee accidents and illness.

Program 02.02: Self-Insured Services

Program Description: The Self-Insured Services 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 the Industrial Commission. Approximately one-third of Ohio's workforce is employed by self-insuring employers. The goals of the program are to ensure that self-insuring employers meet the necessary criteria to remain self-insured and that they comply with necessary legal requirements associated with a self-insured program.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Self-Insured Services program is fully funded. The program funds 56 employees who provide for the audit of 1,130 employer self-insured programs, covering approximately 33% of all workers in Ohio, to ensure compliance with appropriate rules and laws.

Program 02.03: Safety Violations Investigative Staff

Program Description: This program, encompassing the Safety Violations Investigations Unit, is responsible for investigations and preparing impartial, fact-finding summary reports for the Industrial Commission for all safety violation allegations in Ohio concerning workers' compensation. Staff are required to be technical specialists in the research and interpretation of Ohio Safety Codes and OSHA Standards, and all types of machinery, equipment, and environmental concerns.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Safety Violations Investigations Unit is fully funded. The program funds ten employees who investigate and prepare reports for the Industrial Commission on all safety violation allegations concerning workers' compensation.

Program Series**3: Fraud Investigations**

Purpose: The role of the Fraud Investigations program series is the proactive prevention of loss through fraud, from both operational and resource standpoints, for external and internal customers. These programs are designed to investigate, detect, and deter fraud, and also work closely with local and state prosecutors to prosecute persons suspected of committing workers' compensation fraud.

The following table shows the line items that are used to fund the Fraud Investigations program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-408	Fraud Prevention	\$11,772,551	\$11,772,551
Workers' Compensation Fund Subtotal			\$11,772,551	\$11,772,551
Total Funding: Fraud Prevention			\$11,772,551	\$11,772,551

The Fraud Investigations program series includes:

- **Program 03.01: Special Investigations**
- **Program 03.02: Internal Affairs**

Program 03.01: Special Investigations

Program Description: The mission of Special Investigations is to prevent, detect, investigate, and prosecute fraudulent behavior affecting the workers' compensation system. *Special Investigations Units* have focused on employer fraud, health care provider fraud, efficiency, and training. The *Health Care Provider Team* concentrates solely on identifying fraudulent activities of various health care providers that provide medical and/or pharmaceutical services to injured workers. The *Cyber Crime Investigations Team* is responsible for analyzing computer data and the Internet to secure evidence of fraud committed against the Bureau.

In FY 2006, the Special Investigations programs closed 3,482 cases, identifying over \$90 million in total savings during FY 2006, including \$30 million pertaining to drug-related fraud. During FYs 2008 and 2009, the department will implement a central allegation intake team to reduce costs of processing new allegations, as well as expand teleworking by field investigators to reduce operating costs.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Special Investigations program is fully funded. The program funds 137 employees who work to ensure that employees and employers do not take fraudulent advantage of the workers' compensation system.

Program 03.02: Internal Affairs

Program Description: Internal Affairs is responsible for investigating all allegations of criminal violation, abuse of office, or misconduct on the part of BWC or Industrial Commission employees. Department staff are trained in interviewing and interrogation, in conducting internal investigations, scientific interrogation, and preventing workplace violence.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Internal Affairs program is fully funded. The program funds four employees who investigate allegations of criminal abuse or misconduct by BWC or Industrial Commission employees.

Program Series

4: Accident Prevention

Purpose: The Accident Prevention program series is directed toward making Ohio's workplaces safe through training and consulting services.

The following table shows the line items that are used to fund the Accident Prevention program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
826	855-609	Safety and Hygiene Operating	\$20,734,750	\$20,734,750
826	855-610	Safety Grants Program	\$4,000,000	\$4,000,000
829	855-604	Long Term Care Loan Program	\$2,000,000	\$2,000,000
Workers' Compensation Fund Subtotal			\$26,734,750	\$26,734,750
Federal Special Revenue Fund				
349	855-601	OSHA Enforcement	\$1,604,140	\$1,604,140
Federal Special Revenue Fund Subtotal			\$1,604,140	\$1,604,140
Total Funding: Accident Prevention			\$28,338,890	\$28,338,890

There is one program funded within the Accident Prevention program series:

■ **Program 04.01: Safety and Hygiene**

Program 04.01: Safety and Hygiene

Program Description: This program encompasses several different programs geared toward improving workplace safety, preventing accidents, and reducing workers' compensation costs. A portion of employer premiums pays for these safety and health services, which are available to employers at no additional fee. Services offered by the Division of Safety and Hygiene include on-site consultants, a training center, library services, and the annual Ohio Safety Congress and Expo.

Examples of the Division's work include: targeted visits to employers with poor safety records and those with penalty-ratings to assist and educate them in risk, claims, and safety strategies; efforts to promote BWC's Drug Free Workplace program; continuation of the Safety Grants program; and holding classes, seminars, and workshops specializing in occupational safety and health. The Division also oversees the federally funded OSHA Enforcement activities and the Public Employee Risk Reduction Program (PERRP), both transferred from the Department of Commerce during the FY 2006 - 2007 biennium. Additionally, the Division is working on creating an Industrial Hygiene Database to track the causation of accidents and gain access to other safety-related information libraries so that Safety and Hygiene can better service employers.

Safety Grants

Under the Safety Grants program, the Safety and Hygiene Division has provided focused grants to Ohio employers for the research and prevention of cumulative trauma disorders (CTDs) and to defray the cost of educational training and materials for instituting BWC's Drug-Free Workplace Program (or a comparable program). Safety grants have also been given out in the past year in the form of an automotive safety intervention grant program as part of former Governor Taft's Ohio Automotive Revitalization Initiative.

Long Term Care Loan Program

The BWC budget bill for the FY 2006 - 2007 biennium directed the Bureau to operate a Long Term Care Loan Fund Program to make no-interest loans to nursing homes for the purchase of "no-lift" equipment that will allow employees of the nursing home to move patients without having to lift the patients themselves. The goal is to encourage Ohio nursing homes to adopt policies that prohibit employees from lifting patients manually.

OSHA Enforcement

Federal funds are used to administer OSHA's on-site consultation program, which was transferred to BWC from the Department of Commerce during the FY 2006 - 2007 biennium. The program assists smaller, private employers in providing employees with safe and healthy work environments by conducting free safety and health consultations. BWC has incurred additional costs with the transfer of this program, mostly personnel costs and costs associated with travel to and from consultation sites.

Funding Source: Workers' Compensation Fund programs are funded by Safety and Hygiene assessments paid by State Insurance Fund employers together with their overall premium payments. OSHA Enforcement is funded by federal grant moneys and Safety and Hygiene operating dollars.

Implication of the Budget: The Safety and Hygiene program is fully funded. The program funds 206 employees who investigate and help prevent industrial accidents and disease.

Program Series**5: Special Benefits Funds**

Purpose: The Special Benefits Funds program series consists of three separate funds, all of which are devoted to providing cost-of-living adjustments or supplemental benefits to certain injured workers.

The following table shows the line items that are used to fund the Special Benefits Funds program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
822	855-606	Coal Workers' Fund	\$91,894	\$91,894
823	855-608	Marine Industry Fund	\$53,952	\$53,952
825	855-605	Disabled Workers' Relief Fund	\$488,282	\$492,500
Workers' Compensation Fund Subtotal			\$634,128	\$634,128
Total Funding: Special Benefits Funds			\$634,128	\$634,128

The program series houses the Special Benefits Funds. Specifically, these are the Disabled Workers' Relief Fund, the Coal Workers' Pneumoconiosis Fund, and the Marine Industry Fund. Each of these is described below:

■ **Program 05.01: Special Benefits Funds**

Program 05.01: Special Benefits Funds

Coal Workers' Fund

Program Description: The Coal Workers' Pneumoconiosis Fund was established to provide benefits for injured workers who are entitled to receive benefits under the federal Coal Mine Health and Safety Act of 1969. The fund is maintained through premiums and other payments of employers who elect to participate in the fund to insure payment of benefits required by this act.

Funding Source: An additional premium charge attached to State Insurance Fund premiums owed by coal operators

Marine Industry Fund

Program Description: This fund was established to provide benefits for injured workers who are entitled to receive benefits under the federal Longshoremen's and Harbor Workers' Act, as amended in 1972. The fund is maintained through premiums and other payments of marine industry employers who apply to BWC for permission to subscribe to the fund to insure the payment of benefits required by the federal act.

Funding Source: An additional premium charge attached to State Insurance Fund premiums owed by marine industry employers

Disabled Workers' Relief Fund

Program Description: The fund provides supplemental cost-of-living benefits to injured workers receiving Permanent Total Disability (PTD) benefits who receive less than a prescribed amount in monthly compensation.

Funding Source: An additional charge of \$0.10 per \$100 of payroll and 0.1% of State Insurance Fund employer premiums

Implication of the Budget: The Coal Workers' Fund and the Marine Industry Fund are fully funded. The Disabled Workers' Relief Fund is not fully funded. BWC requested an additional \$205,482 in FY 2008 and \$201,264 in FY 2009 that were not appropriated. The programs fund eight employees, who provide benefits to more than 27,000 permanently and totally disabled persons annually.

Program Series

6: Customer Relations

Purpose: The Customer Relations program series addresses the needs and concerns of Ohio's employers, injured workers, and other interested parties. This is accomplished by resolving customer concerns; providing clear, accurate, and timely information; and assisting injured workers and employers in matters dealing with BWC and the Industrial Commission.

The following table shows the line items that are used to fund the Customer Relations program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-407	Claims, Risk, and Medical Management	\$5,716,150*	\$5,716,150*
023	855-409	Administrative Services	\$3,941,527*	\$3,941,527*
Workers' Compensation Fund Subtotal			\$9,657,677	\$9,657,677
Total Funding: Customer Relations			\$9,657,677	\$9,657,677

* Amount does not reflect total funding because line item is used to fund programs in other program series.

This analysis focuses on the following specific programs within the Customer Relations program series:

- **Program 06.01: Customer Contact Center**
- **Program 06.02: Corporate Affairs, Government, and Media Relations**
- **Program 06.03: Ombudsperson**

Program 06.01: Customer Contact Center

Program Description: This multi-site program handles customer (employer, injured worker, provider, MCO) contacts via phone, e-mail, walk-in, and written correspondence, and provides forms and benefit option information regarding BWC processes, law, policies, and procedures. This department also assists new employers in obtaining BWC coverage, issuing certificates of coverage, and helping established employers with policy account information. BWC has instituted new performance benchmarks for the Customer Contact Center in the last fiscal year, including measures for the

productivity of customer service representatives, calls handled, web site e-mail responses, web chats handled, average speed of answers, and the percentage of calls answered within 20 seconds.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Customer Contact Center is fully funded. The program funds 87 employees who handle an average of 56,500 information inquiries from the public every month.

Program 06.02: Corporate Affairs, Government, and Media Relations

Program Description: Through research, planning, implementation, and evaluation, this program ensures that internal and external customers receive appropriate, timely, and accurate information about Bureau programs, services, initiatives, and progress. Services include writing and design support for every department within the agency, research and statistical analysis, internal and external customer surveys, and employer and stakeholder outreach. The program supports the Marketing division, created in FY 2006, to handle several of these duties as well as coordinating special events such as the Workers' Comp University, Public Employer Summits, MCO Summits, Open Enrollment, and Governor's Excellence Awards.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Corporate Affairs, Government, and Media Relations program is fully funded. The program funds 43 employees who administer special events and provide information about Bureau programs, services, initiatives, and progress, and funds special events such as Workers' Compensation University and public employer summits.

Program 06.03: Ombudsperson

Program Description: The function of the Ombudsperson is to assist injured workers and employers in matters dealing with BWC and the Industrial Commission. This Ombudsperson Office answers inquiries and investigates complaints made by employers or injured workers as they relate to the processing of a claim for workers' compensation benefits. The Chief Ombudsperson must annually assemble a report on the activities of the Office, along with recommendations for change or improvement in the operation of the workers' compensation system.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The Ombudsperson is fully funded. The program funds seven employees who handle more than 9,600 general inquiries and process over 2,900 complaints annually.

Program Series**7: Program Management**

Purpose: Within the Program Management program series, a continued effort is in place to ensure internal support functions are efficient and cost-effective. Ongoing evaluation of department activities, via quality team analysis, internal functional analysis, and budgetary review, occurs throughout the biennium.

The following table shows the line items that are used to fund the Program Management program series, as well as the funding levels enacted in Am. Sub. H.B. 100.

Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
023	855-401	William Green Lease Payments	\$20,436,600	\$20,686,500
023	855-409	Administrative Services	\$118,340,000*	\$118,340,000*
023	855-410	Attorney General Payments	\$4,444,085	\$4,444,085
Workers' Compensation Fund Subtotal			\$143,220,685	\$143,470,585
Total Funding: Program Management			\$143,220,685	\$143,470,585

* Amount does not reflect total funding because line item is used to fund programs in other program series.

The Program Management program series houses a single program:

■ **Program 07.01: Program Management**

Program 07.01: Program Management

Program Description: Under Program Management exist a number of operational programs, including the expenses of the Workers' Compensation Board of Directors, whose salaries and administrative costs will be paid from this program series.

Program Management also encompasses most of the administrative functions of the Bureau, which were significantly reorganized in the last biennium. There are several main divisions that handle the overall management of BWC:

- **Finance.** The Finance Department provides fiscal management, general accounting, and internal risk management services for BWC.
- **Actuarial.** The Actuarial Division is responsible for calculating and promulgating premium rates for all employer groups and for all funds for all rating plans, as well as calculating fund reserves for the State Insurance Fund and other related funds.
- **Investments.** The Investments Division is responsible for managing the investment of State Insurance Fund moneys in fixed-income securities and equities markets in order to ensure the growth and continued solvency of the fund. The Division was formed in its own right as a response to the recent investment scandal, and works with competitively selected outside investment managers to handle the Bureau's portfolio. The long-term goal with respect to the State Insurance Fund is to generate investment returns that meet or exceed BWC's actuarial investment return assumption over appropriate periods of time.
- **Human Resources.** Human Resources provides leadership and guidance to BWC management and staff in areas of Equal Employment Opportunity, Employee/Labor Relations, Payroll/Benefits and Personnel, and Quality Services.

- **Legal.** The Legal Division provides advice and assistance to BWC management regarding matters related to claims procedures, policies, appeals lodged on behalf of the State Insurance Fund, bankruptcy and foreclosure matters, and other issues such as ethics and legislation.
- **Internal Audit.** The Internal Audit Division is responsible for monitoring and evaluating the internal control structure of BWC. The Division provides independent assessments of the efficiency of departmental operations, the accuracy of financial and managerial reports, and the level of compliance with internal policies and procedures.
- **Infrastructure and Technology.** The Infrastructure and Technology Division is responsible for all computer equipment and software in use at BWC, as well as facilities and office management. This includes mainframe computers, workstations, printers, various other peripheral equipment, a statewide communications network, and software both developed by BWC and purchased through outside vendors.

Funding Source: Administrative assessments paid by State Insurance Fund employers together with their overall premium payments

Implication of the Budget: The BWC request for Program Management is fully funded. The program funds 580 employees who provide administrative support for the BWC's programs.

Permanent Law Provisions

BWC Board of Directors (R.C. 4121.12). The budget abolishes the Workers' Compensation Oversight Commission in favor of a new Board of Directors, to be appointed by the Governor. It also codified standing actuarial, audit, and investment committees to oversee those aspects of BWC operations.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

FY 2007 Adj. **FY 2008** **% Change** **FY 2009** **% Change**
FY 2005: **FY 2006: Appropriations:** **Appropriations:** **2007 to 2008:** **Appropriations:** **2008 to 2009:**

Report For: BWC and OIC Budget

Version: Enacted

BWC Workers' Compensation, Bureau of

Line Item	Agency	Description	FY 2005	FY 2006	FY 2007	FY 2008	% Change	FY 2009	% Change
349	855-601	OSHA Enforcement	----	\$ 1,294,709	\$ 1,604,140	\$ 1,604,140	0.00%	\$ 1,604,140	0.00%
Federal Special Revenue Fund Group Total			----	\$ 1,294,709	\$ 1,604,140	\$ 1,604,140	0.00%	\$ 1,604,140	0.00%
023	855-401	William Green Lease Payments to OBA	\$ 11,835,185	\$ 19,552,046	\$ 20,125,900	\$ 20,436,600	1.54%	\$ 20,686,500	1.22%
023	855-407	Claims, Risk & Medical Management	\$ 126,856,522	\$ 130,447,315	\$ 140,052,103	\$ 140,367,719	0.23%	\$ 140,367,719	0.00%
023	855-408	Fraud Prevention	\$ 10,471,626	\$ 10,918,394	\$ 11,713,797	\$ 11,772,551	0.50%	\$ 11,772,551	0.00%
023	855-409	Administrative Services	\$ 107,687,344	\$ 115,941,445	\$ 119,246,554	\$ 122,962,388	3.12%	\$ 122,962,388	0.00%
023	855-410	Attorney General Payments	\$ 3,985,666	\$ 4,058,101	\$ 4,314,644	\$ 4,444,085	3.00%	\$ 4,444,085	0.00%
822	855-606	Coal Workers' Fund	\$ 83,156	\$ 84,837	\$ 91,894	\$ 91,894	0.00%	\$ 91,894	0.00%
823	855-608	Marine Industry	\$ 52,476	\$ 53,186	\$ 53,952	\$ 53,952	0.00%	\$ 53,952	0.00%
825	855-605	Disabled Workers' Relief Fund	\$ 478,696	\$ 514,992	\$ 693,764	\$ 488,282	-29.62%	\$ 492,500	0.86%
826	855-609	Safety & Hygiene Operating	\$ 17,012,153	\$ 19,818,014	\$ 20,130,820	\$ 20,734,750	3.00%	\$ 20,734,750	0.00%
826	855-610	Safety Grants Program	\$ 3,928,941	\$ 3,724,967	\$ 4,000,000	\$ 4,000,000	0.00%	\$ 4,000,000	0.00%
829	855-604	Long Term Care Loan Program	----	----	\$ 2,000,000	\$ 2,000,000	0.00%	\$ 2,000,000	0.00%
Workers' Compensation Fund Group Total			\$ 282,391,765	\$ 305,113,298	\$ 322,423,428	\$ 327,352,221	1.53%	\$ 327,606,339	0.08%
Workers' Compensation, Bureau of Total			\$ 282,391,765	\$ 306,408,007	\$ 324,027,568	\$ 328,956,361	1.52%	\$ 329,210,479	0.08%