

Bureau of Workers' Compensation

House Insurance Committee

*Brian D. Hoffmeister, Budget Analyst
Legislative Service Commission*

March 13, 2007

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LSC Redbook

for the

Bureau of Workers' Compensation

House Insurance Committee

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Legislative Service Commission

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ATTACHMENTS:

- Catalog of Budget Line Items
- LSC Budget Spreadsheet By Line Item

March 13, 2007

Bureau of Workers' Compensation

- Creation of new BWC Board of Directors in place of the Workers' Compensation Oversight Commission
- Long Term Care Loan Fund Program
- Continuation of PERRP and OSHA On-Site Consultations

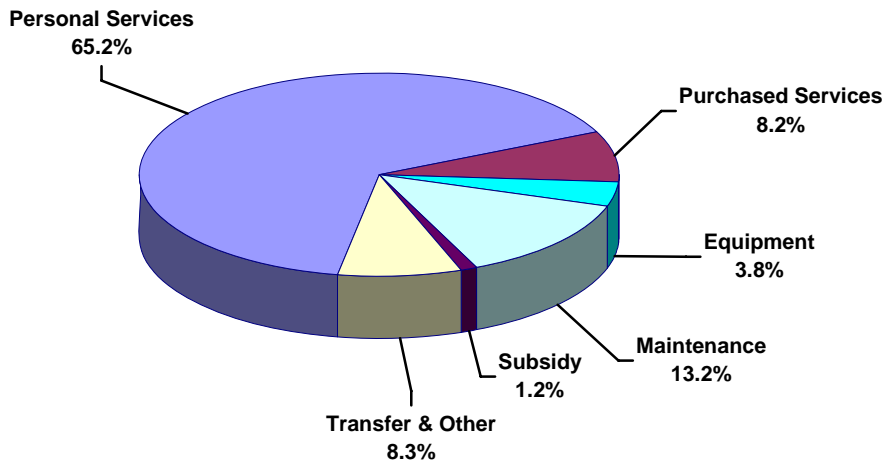
OVERVIEW

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.

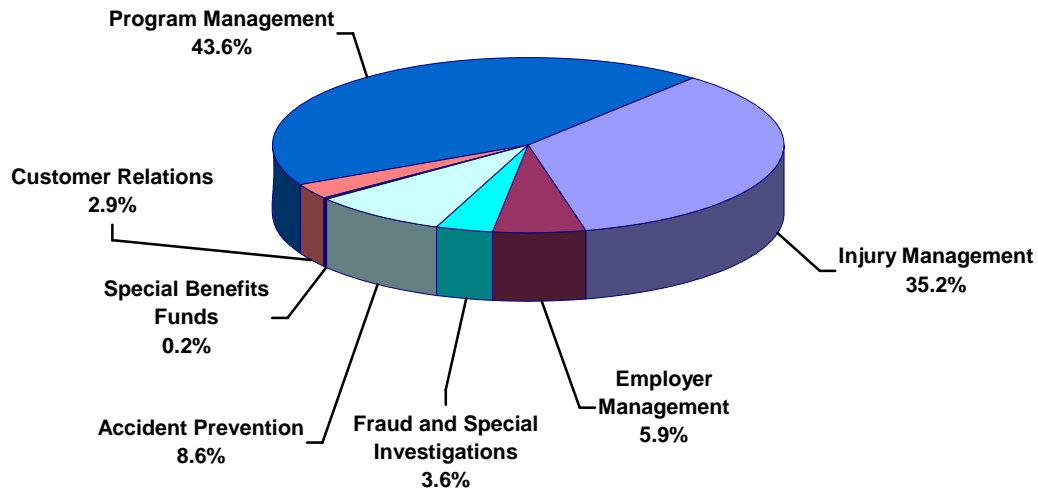
The Governor appoints the BWC administrator, who in turn is assisted by the nine-member Workers' Compensation Oversight Commission comprising representatives from business and labor, as well as legislators. Currently, the BWC's staffing level is approximately 2,628 full-time equivalents (FTEs). The agency 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.

The executive funding recommendation for the biennium is \$328,956,361 in FY 2008 and \$329,210,479 in FY 2009. The charts below show how the proposed funding is to be allocated by object of expense, then by program series.

Total Budget by Object of Expense



Total Budget by Program Series

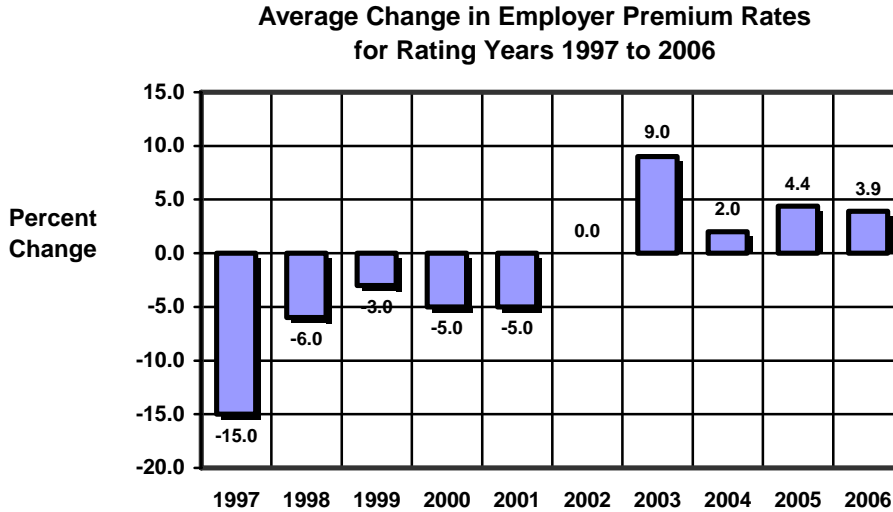


State Insurance Fund and Administrative Cost Fund

Current annual premium and assessment income from private and public employers throughout the state is approximately \$2.1 billion. Premium payments cover the cost of workers' compensation insurance and are deposited in the State Insurance Fund. In addition, Administrative Cost Fund (ACF) assessments are charged to employers to support Bureau and Commission operations. Neither BWC nor OIC receive general revenue funds.

The unaudited balance of the State Insurance Fund as of December 31, 2006 totaled \$17.9 billion. This figure represents total assets of the fund, which include not only cash and cash equivalents, but also fixed maturities, moneys invested in domestic and international securities and other investments, capital assets, and other assets. BWC's surplus as of December 31, 2006 was \$1.8 billion. This figure represents the total premium collected above what the Bureau projects will be necessary to pay all of its existing claims (for the life of those claims).

In the past, BWC has returned surplus funds to private and public employers in the form of one-time dividends that amounted to as much as 75% of normal premium rates. From July 1996 to June 2003, BWC returned some \$9.3 billion in surplus funds to private and public employers in this fashion. In July 2003, citing a lackluster economy and soaring medical costs, BWC approved a 9% premium rate increase for policy year 2003 and did not grant employers a one-time dividend (requiring instead that employers pay 100% of their premiums). By January 2004, however, better-than-expected investment growth prompted BWC to grant employers another one-time dividend, this time reducing premium rates by 20%. The 20% dividend was granted again for the six-month periods beginning July 2004 and January 2005. BWC has not issued any dividends since the second half of FY 2005. An 8% dividend was recommended in June 2005 but was not approved by the Workers' Compensation Oversight Commission (WCOC), citing the need for further review of the State Insurance Fund before such a decision should be made. Premium rates have also experienced an average increase each year since 2003, rising 2% in 2004, 4.4% in 2005, and 3.9% in 2006. The WCOC held discussions about the possibility of issuing another dividend due to the health of the State Insurance Fund in late 2006, but did not make a recommendation.



Summary of FYs 2008-2009 Budget Issues

Improving Finance 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. Four major goals for the 2008-2009 fiscal biennium are:

- Improving investment management;
- Increase revenue and collections;
- Reducing expenses; and
- Giving customers the right service at the right time.

As part of its efforts to this end, BWC established "Agenda 06," a strategic plan for calendar year 2006 that the agency used as a basis to begin acting on its priorities. Agenda 06 contained strategies for the areas of investments, finance, legal, medical, and safety that were designed to work cross-functionally toward meeting the four goals listed above. These strategies include:

- **Investments.** Investments are a priority area for BWC because of the damage caused to the agency's reputation by the coin-investment scandal. BWC's 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

The BWC budget bill replaces the Workers' Compensation Oversight Commission with a new Board of Directors, to consist of 15 members, 11 appointed by the Governor with Senate approval and 4 legislative members. The bill also codifies standing audit, actuarial, and investment committees on the Board. Currently, members of the Oversight Commission are paid a salary of \$18,000 per year for carrying out their duties. Under the changes made by the bill, each member of the Board of Directors, with the exception of the four legislative members, would earn compensation of \$2,500 per month for each month in which they attend a meeting of the Board, for a salary not to exceed \$30,000 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.

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. In FY 2007, at the request of the Administrator, the initial deposit was made to the Long Term Care Loan Fund via a transfer by the Director of Budget and Management from the Safety and Hygiene Fund. The FY 2008-2009 biennial BWC budget bill 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.

PERRP and OSHA On-Site Consultation Program

Under the provisions of the FY 2006-2007 biennial BWC appropriations bill, the Public Employment Risk Reduction Program (PERRP) was transferred from the Department of Commerce to BWC. Public employers may voluntarily request to participate in the program, which provides free on-site safety inspections, safety training, and hazard recognition for all public employees except firefighters, peace officers, EMTs, paramedics, and corrections officers in county and municipal facilities.

In conjunction with PERRP, the federal Occupational Safety and Health Administration's (OSHA) on-site consultation program assists smaller, private employers in providing employees with safe and healthy work environments by conducting free safety and health consultations. Services are provided to those employers with fewer than 250 employees at fixed sites and no more than 500 employees corporate-wide. Employers can find out about potential hazards at their workplaces, improve their safety and health management systems, and may even qualify for an exemption from routine OSHA inspections. This program is currently funded through OSHA grant moneys deposited in Fund 349, OSHA Enforcement, and state match General Revenue Fund dollars.

According to BWC, implementation of both of these programs since their transfer from the Department of Commerce has taken some time, however through the collaboration of BWC, MCOs, and safety staff, the programs have been integrated into the workers' compensation system.

Auto Adjudication

During the current biennium BWC's Medical Claims Service Office implemented and refined processes for the auto adjudication of claims, allowing claims to be determined with minimal human intervention. Currently, an average of 1,024 claims are auto adjudicated every week. An average of 688 claims per week require no human intervention for the initial claim determination, while an average of 336 claims per week are adjudicated with minimal human intervention. BWC indicates that auto adjudication frees up staff to focus on medical-only claims that warrant investigation. Auto adjudication currently determines 31% of the medical-only claims filed.

Calendar Year (CY) 2006-2007 Actual Staffing Levels

Staffing Levels by Division		
Division	July 2, 2006	February 3, 2007
Audit	32	21
CEO/Administration	17	15
Finance	72	80
Human Resources	44	49
Infrastructure & Technology	310	310
Investments	6	8
Legal	218	225
Marketing	38	40
Medical Services	136	150
Total Operations	1,697	1,730
Operations	266	282
Employer Management Services	223	230
Field Operations (Central/SE Region)	372	377
Field Operations (N/NE Region)	458	466
Field Operations (W/SW Region)	378	375
Totals	2,570	2,628

Source: BWC

Note 1: As a result of reorganization, the Internal Audit Division was taken out from under the Chief of Staff and placed under a new Chief of Internal Audit, reporting directly to the Administrator.

Note 2: As a result of reorganization, Regions were created in Field Operations to cater to specific areas of the state.

Note 3: As a result of reorganization, Communications was placed under the Marketing Division.

MASTER TABLE: EXECUTIVE'S RECOMMENDATIONS FOR FY 2008 AND FY 2009

The following table provides a comprehensive presentation of the Executive's recommendations for each of the agency's line items and the programs each line item supports. Please note that some line items may provide funding for multiple program series and/or programs. See the Analysis of Executive Proposal section for more information on specific program funding.

Executive Recommendations for FY 2008 and FY 2009, By Line Item and Program				
Fund	ALI	Title	FY 2008	FY 2009
Workers' Compensation Fund				
Fund 023	855-401	William Green Lease Payments	\$20,436,600	\$20,686,500
		<u>Program Series 7: Program Management</u>	\$20,436,600	\$20,686,500
		Program: Program Management	\$20,436,600	\$20,686,500
Fund 023	855-407	Claims, Risk, and Medical Management	\$140,367,719	\$140,367,719
		<u>Program Series 1: Injury Management Services</u>	\$115,953,461	\$115,953,461
		Program: Field Office Service Operations	\$96,640,056	\$96,640,056
		Program: Injury Management Services	\$19,313,405	\$19,313,405
		<u>Program Series 2: Employer Management</u>	\$18,698,108	\$18,698,108
		Program: Employer Services	\$14,572,758	\$14,572,758
		Program: Self-Insured Services	\$4,125,350	\$4,125,350
		<u>Program Series 6: Customer Relations</u>	\$5,716,150	\$5,716,150
		Program: Customer Contact Center	\$5,176,850	\$5,176,850
		Program: Ombudsperson	\$539,300	\$539,300
Fund 023	855-408	Fraud Prevention	\$11,772,551	\$11,772,551
		<u>Program Series 3: Fraud Investigations</u>	\$11,772,551	\$11,772,551
		Program: Special Investigations	\$11,356,411	\$11,356,411
		Program: Internal Affairs	\$416,140	\$416,140
Fund 023	855-409	Administrative Services	\$122,962,388	\$122,962,388
		<u>Program Series 2: Employer Management</u>	\$680,861	\$680,861
		Program: Safety Violations Investigative Staff	\$680,861	\$680,861
		<u>Program Series 6: Customer Relations</u>	\$3,941,527	\$3,941,527
		Program: Corporate Affairs/Government/Media Relations	\$3,941,527	\$3,941,527
		<u>Program Series 7: Program Management</u>	\$118,340,000	\$118,340,000
		Program: Program Management	\$118,340,000	\$118,340,000
Fund 023	855-410	Attorney General Payments	\$4,444,085	\$4,444,085
		<u>Program Series 7: Program Management</u>	\$4,444,085	\$4,444,085
		Program: Program Management	\$4,444,085	\$4,444,085
Fund 822	855-606	Coal Workers' Fund	\$91,894	\$91,894
		<u>Program Series 5: Special Benefits Funds</u>	\$91,894	\$91,894
		Program: Special Benefits Funds	\$91,894	\$91,894

Executive Recommendations for FY 2008 and FY 2009, By Line Item and Program				
Fund	ALI	Title	FY 2008	FY 2009
Fund 823	855-608	Marine Industry Fund	\$53,952	\$53,952
		<u>Program Series 5: Special Benefits Funds</u>	\$53,952	\$53,952
		Program: Special Benefits Funds	\$53,952	\$53,952
Fund 825	855-605	Disabled Workers' Relief Fund	\$488,282	\$492,500
		<u>Program Series 5: Special Benefits Funds</u>	\$488,282	\$492,500
		Program: Special Benefits Funds	\$488,282	\$492,500
Fund 826	855-609	Safety and Hygiene Operating	\$20,734,750	\$20,734,750
		<u>Program Series 4: Accident Prevention</u>	\$20,734,750	\$20,734,750
		Program: Safety and Hygiene	\$20,734,750	\$20,734,750
Fund 826	855-610	Safety Grants Program	\$4,000,000	\$4,000,000
		<u>Program Series 4: Accident Prevention</u>	\$4,000,000	\$4,000,000
		Program: Safety and Hygiene	\$4,000,000	\$4,000,000
Fund 829	855-604	Long Term Care Loan Program	\$2,000,000	\$2,000,000
		<u>Program Series 4: Accident Prevention</u>	\$2,000,000	\$2,000,000
		Program: Safety and Hygiene	\$2,000,000	\$2,000,000
Workers' Compensation Fund Subtotal			\$327,352,221	\$327,606,339
Federal Fund Group				
Fund 349	855-601	OSHA Enforcement	\$1,604,140	\$1,604,140
		<u>Program Series 4: Accident Prevention</u>	\$1,604,140	\$1,604,140
		Program: Safety and Hygiene	\$1,604,140	\$1,604,140
Federal Fund Subtotal			\$1,604,140	\$1,604,140
Agency Total Funding			\$328,956,361	\$329,210,479

ANALYSIS OF EXECUTIVE PROPOSAL

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 Governor's recommended funding levels.

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 current biennium. The 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

Line Items: 855-407, Claims, Risk, and Medical Management

Implication of Executive Recommendation: The BWC request for Field Operation is fully funded. 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

Line Items: 855-407, Claims, Risk, and Medical Management

Implication of Executive Recommendation: The BWC request for Injury Management Services is fully funded. 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 Governor's recommended funding levels.

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

Line Items: 855-407, Claims, Risk, and Medical Management

Implication of Executive Recommendation: The BWC request for Employer Services 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

Line Items: 855-407, Claims, Risk, and Medical Management

Implication of Executive Recommendation: The BWC request for Self-Insured Services 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

Line Items: 855-409, Administrative Services

Implication of Executive Recommendation: The BWC request for 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 Governor's recommended funding levels.

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

Line Items: 855-408, Fraud Prevention

Implication of Executive Recommendation: The BWC request for Special Investigations 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

Line Items: 855-408, Fraud Prevention

Implication of Executive Recommendation: The BWC request for Internal Affairs 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 Governor's recommended funding levels.

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 current 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 current 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 current 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.

Line Items: 855-609, Safety and Hygiene Operating; 855-610, Safety Grants; 855-604, Long Term Care Loan Program; 855-601, OSHA Enforcement

Implication of Executive Recommendation: The BWC request for Safety and Hygiene is fully funded. The program funds 206 employees who investigate and help prevent industrial accidents and disease.

Temporary Law Provisions

Safety and Hygiene. The provision requires transfers, if needed, from the State Insurance Fund to the Safety and Hygiene Operating Fund (Fund 826) to assure funding of \$20,734,750 in each fiscal year.

OSHA On-Site Consultation Program. The provision allows the administrator to designate a portion of line item 855-609, Safety and Hygiene Operating, as a match for federal funding for the OSHA On-Site Consultation Program.

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 Governor's recommended funding levels.

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

Line Items: 855-606, Coal Workers' Fund

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

Line Items: 855-608, Marine Industry Fund

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

Line Items: 855-605, Disabled Workers' Relief Fund

Implication of Executive Recommendation

BWC requests for 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 Governor's recommended funding levels.

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

Line Items: 855-407, Claims, Risk, and Medical Management

Implication of Executive Recommendation: The BWC request for 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

Line Items: 855-409, Administrative Services

Implication of Executive Recommendation: The BWC request for Corporate Affairs, Government, and Media Relations 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

Line Items: 855-407, Claims, Risk, and Medical Management

Implication of Executive Recommendation: The BWC request for 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 Governor's recommended funding levels.

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 current Workers' Compensation Oversight Commission. In the FY 2008-2009 biennial BWC budget bill, the Commission is replaced by a new Board of Directors, whose salaries and administrative costs will also be paid from this program series.

Program Management also encompasses most of the administrative functions of the Bureau, which have been significantly reorganized in the current 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

Line Items: 855-401, William Green Lease Payments; 855-409, Administrative Services; 855-410, Attorney General Payments

Implication of Executive Recommendation: 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 bill, by amending section 4121.12 of the Revised Code, abolishes the Workers' Compensation Oversight Commission in favor of a new Board of Directors, to be appointed by the Governor. The bill also codifies standing actuarial, audit, and investment committees to oversee those aspects of BWC operations. Under the changes made by the bill, each member of the Board of Directors, with the exception of the four legislative members, would earn compensation of \$2,500 per month for each month in which they attend a meeting of the Board, for a salary not to exceed \$30,000 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.

Temporary Law Provisions

William Green Lease Payments. The provision is for the continuation of payments to the Ohio Building Authority for lease of the William Green Building.

Workers' Compensation Fraud Unit. This earmarks \$796,346 of line item 855-410, Attorney General Payments, in each fiscal year to fund expenses of the Workers' Compensation Fraud Unit of the Attorney General's Office.

Fund Balance. The provision requires any unencumbered cash balance in excess of \$45 million in the Workers' Compensation Fund (Fund 023) as of June 30 of each fiscal year to be used to reduce the administrative cost rate charged to employers for BWC operations.

Holding Account. This abolishes the Camera Center Fund (Fund R46) and requires the remaining cash balance to be transferred to Fund 023.

Vocational Rehabilitation. The provision earmarks \$605,407 in each fiscal year from the State Insurance Fund to be used for vocational rehabilitation services in accordance with an interagency agreement between BWC and the Rehabilitation Services Commission.

Reimbursement Rate for Managed Care Organizations and Group Rating Audit and Assessment. The bill also requires the Administrator to carry out assessments on both the Health Partnership Program and the Bureau's group rating program and permits the use of outside consultants for both. The assessment for the Health Partnership Program is to address the adequacy and appropriateness of BWC's relationships with MCOs, the scope and quality of service provided by MCOs, and the effectiveness of the program at reducing claim costs and returning employees to work. The group rating assessment is to address the actuarial soundness of the group rating program, its impact on business and base rates, and its effectiveness at treating employers equitably.

REQUESTS NOT FUNDED

With the exception of the Disabled Workers' Relief Fund and the extended program requests submitted with BWC's proposal, the Governor's recommendations fully fund all of BWC's line items for FYs 2008 and 2009. These exceptions are listed in the table below.

The original base request for the Disabled Workers' Relief Fund (Fund 825), supported by appropriation item 855-605, was for \$693,764 in each of FYs 2008 and 2009. The Governor's recommendation for this line item is \$488,282 in FY 2008 and \$492,500 in FY 2009. The amount appropriated does not include the Bureau's extended request for \$20,816 per fiscal year to cover additional overhead costs, nor an additional \$205,482 requested for this fund in FY 2008 and \$201,264 requested for FY 2009.

The table below shows the extended amounts not funded and their proposed uses.

ALI/Title	Extended Amount Requested	Detail
855-408, Fraud Prevention (Fund 023)	\$351,229 per fiscal year	Would have funded FTE payroll and strategic initiatives to support ongoing Special Investigations operations.
855-409, Administrative Services (Fund 023)	\$3,688,877 per fiscal year	<ul style="list-style-type: none"> • \$20,429 in each FY for Safety Violations Investigations Unit service expansion • \$118,248 in each FY for three strategic marketing initiatives • \$3,550,200 in each FY for IT software, Human Resources, and accounting system changes
855-605, Disabled Workers' Relief Fund (Fund 825)	\$20,816 per fiscal year	3% increase for variable costs (employee health care, supplies, office space, travel)
855-606, Coal Workers' Fund (Fund 822)	\$2,756 per fiscal year	3% increase for variable costs (employee health care, supplies, office space, travel)
855-608, Marine Industry Fund (Fund 823)	\$1,618 per fiscal year	3% increase for variable costs (employee health care, supplies, office space, travel)

Federal Special Revenue Fund Group

349 855-601 OSHA Enforcement

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$1,294,709	\$1,604,140	\$1,604,140	\$1,604,140
	N/A	N/A	23.9%	0.0%	0.0%

Source: FED: Occupational Safety and Health Administration; CFDA 17.504, OSHA Consultation Agreements

Legal Basis: Section 3 of Am. H.B. 67 of the 126th G.A.

Purpose: These funds are used to support OSHA's on-site consultation program, which provides small, private employers with services relating to work place safety and health. Services are provided to employers with fewer than 250 employees at fixed sites and with no more than 500 employees corporate-wide. Under the program, employers can learn about potential hazards at their workplaces, improve their safety and health management systems, and may qualify for an exemption from routine OSHA inspections. The program was transferred to the BWC from the Department of Commerce beginning in FY 2006.

Workers' Compensation Fund Group

023 855-401 William Green Lease Payments to OBA

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$6,160,704	\$11,835,185	\$19,552,046	\$20,125,900	\$20,436,600	\$20,686,500
	92.1%	65.2%	2.9%	1.5%	1.2%

Source: WCF: Assessments paid by employers and deposited to the Administrative Cost Fund

Legal Basis: ORC 4123.443; Section 3 of Am. H.B. 67 of the 126th G.A. (originally established by Sub. S.B. 218 of the 119th G.A.)

Purpose: This line item is used to pay debt service on bonds the Ohio Building Authority issued to purchase the William Green Building for the BWC. Appropriations are also used to make lease payments to the Ohio Building Authority.

023 855-407 Claims, Risk & Medical Management

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$128,601,926	\$126,856,522	\$130,447,315	\$140,052,103	\$140,367,719	\$140,367,719
	-1.4%	2.8%	7.4%	0.2%	0.0%

Source: WCF: Assessments paid by employers and deposited to the Administrative Cost Fund

Legal Basis: Section 3 of Am. H.B. 67 of the 126th G.A. (originally established by Am. Sub. H.B. 363 of the 122nd G.A.)

Purpose: The line item funds personnel, maintenance, and equipment costs associated with the BWC's claims, risk, and medical management programs. Programs under the Injury Management, Employer Management, and Customer Service program series are included within this line item.

023 855-408 Fraud Prevention

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$10,095,250	\$10,471,626	\$10,918,394	\$11,713,797	\$11,772,551	\$11,772,551
	3.7%	4.3%	7.3%	0.5%	0.0%

Source: WCF: Assessments paid by employers and deposited to the Administrative Cost Fund

Legal Basis: Section 3 of Am. H.B. 67 of the 126th G.A. (originally established by Am. Sub. H.B. 363 of the 122nd G.A.)

Purpose: This line item funds personnel, maintenance, and equipment costs associated with the BWC's Fraud Investigation program series. Fraud investigation is geared toward detecting and preventing fraudulent claims on the part of employees (claimants), employers, and health care providers.

023 855-409 Administrative Services

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$107,523,483	\$107,687,344	\$115,941,445	\$119,246,554	\$122,962,388	\$122,962,388
	0.2%	7.7%	2.9%	3.1%	0.0%

Source: WCF: Assessments paid by employers and deposited to the Administrative Cost Fund

Legal Basis: Section 3 of Am. H.B. 67 of the 126th G.A. (originally established by Am. Sub. H.B. 363 of the 122nd G.A.)

Purpose: This line item funds personnel, maintenance, and equipment costs associated with three programs: the Safety Violations Investigations Unit; Corporate Affairs, Government, and Media Relations; and Program Management. Corporate Affairs, Government, and Media Relations is responsible for disseminating appropriate, timely, and accurate information about BWC programs, services, and initiatives. Program Management program series. Program Management includes Finance, Human Resources, Legal, Internal Audit, and Information Technology.

023 855-410 Attorney General Payments

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$3,872,666	\$3,985,666	\$4,058,101	\$4,314,644	\$4,444,085	\$4,444,085
	2.9%	1.8%	6.3%	3.0%	0.0%

Source: WCF: Assessments paid by employers and deposited to the Administrative Cost Fund

Legal Basis: Section 3 of Am. H.B. 67 of the 126th G.A. (originally established by Am. Sub. H.B. 363 of the 122nd G.A.)

Purpose: This line item funds 50% of the costs related to the legal services of the Attorney General's Workers' Compensation Unit, which includes expenses related to workers' compensation fraud investigation. The Ohio Industrial Commission pays the remaining portion. Both agencies make alternating quarterly payments during the fiscal year.

822 855-606 Coal Workers' Fund

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$81,251	\$83,156	\$84,837	\$91,894	\$91,894	\$91,894
	2.3%	2.0%	8.3%	0.0%	0.0%

Source: WCF: Additional premium charges attached to State Insurance Fund premiums owed by coal mine operators

Legal Basis: ORC 4131.03; Section 3 of Am. H.B. 67 of the 126th G.A.

Purpose: This line item funds the administrative costs of the Coal Workers' Pneumoconiosis Fund, which is in the custody of the Treasurer of State. The fund provides benefits as directed by the Federal Coal Mine Health and Safety Act of 1969.

823 855-608 Marine Industry

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$51,456	\$52,476	\$53,186	\$53,952	\$53,952	\$53,952
	2.0%	1.4%	1.4%	0.0%	0.0%

Source: WCF: Additional premium charges attached to State Insurance Fund premiums owed by marine industry employers

Legal Basis: ORC 4131.13; Section 3 of Am. H.B. 67 of the 126th G.A.

Purpose: This line item funds the administrative costs of the Marine Industry Fund, which is in the custody of the Treasurer of State. The fund provides benefits as prescribed by the Longshoremen's and Harbor Workers' Compensation Act, as amended in 1972.

825 855-605 Disabled Workers' Relief Fund

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$547,459	\$478,696	\$514,992	\$693,764	\$488,282	\$492,500
	-12.6%	7.6%	34.7%	-29.6%	0.9%

Source: WCF: Assessments paid by employers and deposited to the Disabled Workers' Relief Fund

Legal Basis: ORC 4123.412; Section 3 of Am. H.B. 67 of the 126th G.A.

Purpose: This line item is used to pay payroll and operating expenses of the Disabled Workers' Relief Fund (DWRF), as well as costs related to providing benefits from the fund. The fund is in the custody of the Treasurer of State. DWRF assessments are calculated at \$0.10 per \$100 of payroll and 0.01% of the basic premium rate. DWRF benefits are cost-of-living adjustments granted to permanently and totally disabled workers.

826 855-609 Safety & Hygiene Operating

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$17,600,253	\$17,012,153	\$19,818,014	\$20,130,820	\$20,734,750	\$20,734,750
	-3.3%	16.5%	1.6%	3.0%	0.0%

Source: WCF: Safety and Hygiene Fund assessments charged to employers; transfers of moneys from the State Insurance Fund when necessary

Legal Basis: ORC 4121.37

Purpose: This line item provides all operating funds for the Division of Safety and Hygiene. The Safety and Hygiene Fund assessment, which is charged in addition to employers' premium assessments, was once statutorily limited to an additional 0.5% of total premiums for private employers and 0.75% of total premiums for state and local government employers. Am. Sub. H.B. 180 of the 123rd G.A increased the private employer assessment rate to 1% of paid premiums.

826 855-610 Safety Grants Program

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$3,463,855	\$3,928,941	\$3,724,967	\$4,000,000	\$4,000,000	\$4,000,000
	13.4%	-5.2%	7.4%	0.0%	0.0%

Source: WCF: Transfers from the State Insurance Fund

Legal Basis: As needed line item (originally established by Am. Sub. H.B. 107 of the 120th G.A.)

Purpose: Under the Safety Grants program, the Division of Safety and Hygiene provides grants to Ohio employers for the research and prevention of cumulative trauma disorders and to defray the cost of educational training and materials for instituting the BWC's Drug-Free Workplace Program.

829 855-604 Long Term Care Loan Program

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$0	\$0	\$0	\$2,000,000	\$2,000,000	\$2,000,000
	N/A	N/A	N/A	0.0%	0.0%

Source: WCF: Transfer from the Safety and Hygiene Operating Fund

Legal Basis: ORC Section 4121.48; Section 3 of H.B. XX of the 127th G.A. (originally established by Am. Sub. H.B. 67 of the 126th G.A.)

Purpose: The Long Term Care Loan Fund is used to make no-interest loans to nursing homes for the purchase and installation of "no-lift" equipment such as sit-to-stand floor lifts, ceiling lifts, other lifts, and fast electric beds, in addition to providing education and training for nursing home employees for the purpose of implementing a facility-wide policy of not manually lifting residents.

LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

Fund	ALI	ALI Title	2006	Estimated 2007	Executive 2008	% Change 2007 to 2008	Executive 2009	% Change 2008 to 2009
BWC Workers' Compensation, Bureau of								
349	855-601	OSHA Enforcement	\$ 1,294,709	\$1,604,140	\$ 1,604,140	0.0%	\$ 1,604,140	0.0%
Federal Special Revenue Fund Group Total			\$ 1,294,709	\$ 1,604,140	\$ 1,604,140	0.0%	\$ 1,604,140	0.0%
023	855-401	William Green Lease Payments to OBA	\$ 19,552,046	\$20,125,900	\$ 20,436,600	1.5%	\$ 20,686,500	1.2%
023	855-407	Claims, Risk & Medical Management	\$ 130,447,315	\$140,052,103	\$ 140,367,719	0.2%	\$ 140,367,719	0.0%
023	855-408	Fraud Prevention	\$ 10,918,394	\$11,713,797	\$ 11,772,551	0.5%	\$ 11,772,551	0.0%
023	855-409	Administrative Services	\$ 115,941,445	\$119,246,554	\$ 122,962,388	3.1%	\$ 122,962,388	0.0%
023	855-410	Attorney General Payments	\$ 4,058,101	\$4,314,644	\$ 4,444,085	3.0%	\$ 4,444,085	0.0%
822	855-606	Coal Workers' Fund	\$ 84,837	\$91,894	\$ 91,894	0.0%	\$ 91,894	0.0%
823	855-608	Marine Industry	\$ 53,186	\$53,952	\$ 53,952	0.0%	\$ 53,952	0.0%
825	855-605	Disabled Workers' Relief Fund	\$ 514,992	\$693,764	\$ 488,282	-29.6%	\$ 492,500	0.9%
826	855-609	Safety & Hygiene Operating	\$ 19,818,014	\$20,130,820	\$ 20,734,750	3.0%	\$ 20,734,750	0.0%
826	855-610	Safety Grants Program	\$ 3,724,967	\$4,000,000	\$ 4,000,000	0.0%	\$ 4,000,000	0.0%
829	855-604	Long Term Care Loan Program	---	\$2,000,000	\$ 2,000,000	0.0%	\$ 2,000,000	0.0%
Workers' Compensation Fund Group Total			\$ 305,113,298	\$ 322,423,428	\$ 327,352,221	1.5%	\$ 327,606,339	0.1%
Total All Budget Fund Groups			\$ 306,408,007	\$ 324,027,568	\$ 328,956,361	1.5%	\$ 329,210,479	0.1%