

- BWC Rehabilitation Center closed
- BWC continues development of the Dolphin Project

Bureau of Workers' Compensation

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ROLE

The Ohio Bureau of Workers' Compensation (BWC) administers the largest exclusive workers' compensation system in the United States, with assets of some \$25.2 billion. 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.

The State Insurance Fund balance for FY 2000 was \$6.4 billion, up from \$5.2 billion in FY 1999. Current annual premium and assessment income from private and public employers throughout the state amounts to \$2.1 billion. Premium payments cover the cost of workers' compensation insurance, while the additional Administrative Cost Fund (ACF) assessments charged to employers support BWC and OIC operations. As of early 2001, BWC maintained a claims reserve of \$13.6 billion to cover future wage loss and medical benefits to injured workers. About two-thirds of Ohio's work force (private, state and local government employers) receives their workers' compensation coverage from BWC. Ohio's remaining workers are insured by employers that qualify to self-insure for workers' compensation; self-insured employers pay into the self-insuring employers' guaranty fund to guarantee against losses.

The Governor appoints the administrator, who in turn is assisted by a nine-member Workers' Compensation Oversight Commission, comprised of representatives from business and labor, as well as legislators. Currently, BWC employs approximately 3,000 people. BWC is organized into six programs consisting of ten functional divisions. There are 21 BWC service offices statewide, in addition to the Columbus headquarters.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
3,037	\$303.6 million	\$316.6 million	\$0	\$0	Sub. H.B. 75

OVERVIEW

Most of the operating expenses of the state's workers' compensation system are covered by appropriations to the Administrative Cost Fund (ACF). There is, however, a separate fund dedicated to Safety and Hygiene. These appropriations are separate from moneys in the State Insurance Fund (SIF),

which comprises income from employers' workers' compensation premiums, and is used to pay awards of benefits, compensation, and administrative costs.

FY 2002 appropriations of \$303.6 million are 2.9 percent more than FY 2001 spending of \$295.1 million. The FY 2003 appropriations of \$316.6 million are 4.3 percent more than FY 2002 appropriations.

BUDGET ISSUES

BWC REHABILITATION CENTER CLOSING

Due to the closure of the BWC Rehabilitation Center, appropriation item 855-611, J.L. Camera Center Rent is not funded. It was used to pay rent for the rehabilitation center in Columbus. In the past, appropriation item 855-612, J.L. Camera Center Operating was used for all other expenses for the rehabilitation center. Now, it will be used for expenses related to the closing of the center. Furthermore, the Director of Budget and Management is to transfer, on January 1, 2002, or as soon thereafter as possible, the cash balance in the Camera Center Fund (Fund 4Y6) to the Administrative Cost Fund (Fund 023). Any encumbrances against appropriation items 865-611 and 855-612, relating to the Camera Center shall be cancelled and reestablished against appropriation item 855-409, Administrative Services.

OCCUPATIONAL SAFETY LOAN FUND

Previously, BWC operated an occupational safety loan program. Money received from penalties collected for violations within 24 months of an employer's last violation were deposited into the occupational safety loan fund. The fines could be up to \$50,000. Before passage of Sub. H.B. 75, the law also granted authority to the administrator of BWC, with the advice and consent of the oversight commission, to transfer funds from the safety and hygiene fund to the occupational safety loan fund. The bill eliminated the occupational safety loan program and the occupational safety loan fund. The bill directs the administrator of BWC, by no later than January 1, 2002, to transfer the cash balance remaining in the occupational safety loan fund to the safety and hygiene fund. The transfer will be approximately \$1.3 million. BWC will operate a safety grants program that will be funded on an as-needed basis through Controlling Board approval.

SAFETY AND HYGIENE OPERATING

In addition to the provision mentioned above requiring the administrator of BWC to transfer the cash balance of the occupational safety loan fund to the safety and hygiene fund, Sub. H.B. 75 contains a provision requiring the administrator of BWC to transfer moneys from the State Insurance Fund to guarantee the proper funding of appropriation item 855-609, Safety and Hygiene Operating, during the biennium. BWC projects that the current one percent assessment attached to employer premiums for the purpose of funding this appropriation item will not be sufficient to sustain adequate service levels. BWC is in the process of developing a permanent solution to this funding problem.

Safety and Hygiene has been successful in its goal of improving workplace safety. However, when workplace safety is improved, employer premiums will drop, resulting in less employer premium revenue to BWC. As a result of reduced employer premium revenue, Safety and Hygiene receives less money through the assessment attached to employer premiums.

DOLPHIN PROJECT

Funds of \$5.4 million in FY 2002 and \$3.7 million in FY 2003 will support the bureau's continued implementation of the Dolphin Project. The Dolphin initiative is the bureau's effort to provide better service to its users through the Internet. Previous implementations of the project were aimed at injured workers and employers. With this funding, BWC hopes to provide better service to third-party administrators, legal representatives, medical providers, and managed care organizations through better technology. One goal is to allow collaboration between these various organizations and the bureau. 

FY 2002 - 2003 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency			FY 1999.	FY 2000.	FY 2001.	FY 2002 Appropriations:	% Change 2001 to 2002:	FY 2003 Appropriations:	% Change 2002 to 2003:
Report For: BWC Budget			Version: Enacted						
BWC Bureau of Workers' Compensation									
023	855-100	Personal Services	\$ 0	\$ 0		\$ 0	N/A	\$ 0	N/A
023	855-200	Maintenance	\$ 0	\$ 0		\$ 0	N/A	\$ 0	N/A
023	855-300	Equipment	\$ 0	\$ 0		\$ 0	N/A	\$ 0	N/A
023	855-401	William Green Lease Payments to OBA	\$ 14,802,729	\$ 15,658,929	\$16,334,646	\$ 17,570,700	7.57%	\$ 18,174,700	3.44%
023	855-407	Claims, Risk & Medical Management	\$ 108,794,081	\$ 121,609,029	\$124,897,904	\$ 133,919,528	7.22%	\$ 141,539,537	5.69%
023	855-408	Fraud Prevention	\$ 8,681,536	\$ 9,980,587	\$9,960,233	\$ 10,698,376	7.41%	\$ 11,713,797	9.49%
023	855-409	Administrative Services	\$ 111,875,204	\$ 111,226,257	\$109,103,221	\$ 117,121,527	7.35%	\$ 119,884,053	2.36%
023	855-410	Attorney General Payments	\$ 3,227,422	\$ 3,690,907	\$3,774,563	\$ 4,078,273	8.05%	\$ 4,314,644	5.80%
825	855-605	Disabled Workers Relief Fund	\$ 572,353	\$ 582,256	\$629,057	\$ 668,280	6.24%	\$ 693,764	3.81%
822	855-606	Coal Workers' Fund	\$ 64,533	\$ 74,251	\$78,185	\$ 86,465	10.59%	\$ 91,894	6.28%
823	855-608	Marine Industry	\$ 41,641	\$ 45,757	\$45,811	\$ 50,755	10.79%	\$ 53,952	6.30%
826	855-609	Safety & Hygiene Operating	\$ 16,082,126	\$ 17,720,519	\$17,076,212	\$ 18,888,294	10.61%	\$ 20,130,820	6.58%
826	855-610	Safety Grants Program	\$ 0	\$ 7,471,989	\$10,339,284	\$ 0	-100.00%	\$ 0	N/A
4Y6	855-611	J.L. Camera Center-Rent	\$ 494,028	\$ 247,014		\$ 0	N/A	\$ 0	N/A
4Y6	855-612	J.L. Camera Center Operating	\$ 8,114,661	\$ 7,392,735	\$2,725,970	\$ 500,000	-81.66%	\$ 0	-100.00%
Workers' Compensation Fund Group Total			\$ 272,750,314	\$ 295,700,230	\$ 294,965,086	\$ 303,582,198	2.92%	\$ 316,597,161	4.29%
R46	855-602	Camera Center Services	\$ 101,776	\$ 259,620	\$164,184	\$ 0	-100.00%	\$ 0	N/A
Holding Account Redistribution Fund Group Total			\$ 101,776	\$ 259,620	\$ 164,184	\$ 0	-100.00%	\$ 0	N/A
Bureau of Workers' Compensation Total			\$ 272,852,090	\$ 295,959,850	\$ 295,129,271	\$ 303,582,198	2.86%	\$ 316,597,161	4.29%