

# Ohio Industrial Commission

**House Finance Committee**

*Kerry Sullivan, Budget Analyst  
Legislative Service Commission*

*February 15, 2005*

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# **LSC Redbook for the Ohio Industrial Commission**

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# Ohio Industrial Commission

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- The agency's budget request is fully funded under the Executive recommendation
- Technological advances at the Industrial Commission are making the hearing process more efficient and allowing greater access to online services

## OVERVIEW

The Ohio Industrial Commission (OIC) hears worker and employer appeals of workers' compensation claims decisions made by the Bureau of Workers' Compensation (BWC). Disputed claims typically involve conflicts over medical decisions or lost time benefits. Ohio Industrial Commission operations, as well as those of the BWC, are funded through an Administrative Cost Fund (ACF) assessment that is added to employer workers' compensation premiums. Neither the OIC nor the BWC receives general revenue funds.

The Governor appoints the three commissioners who lead the Industrial Commission. Each commissioner must have at least six years experience in workers' compensation and at least one member must be licensed to practice law in Ohio. By reason of previous vocation, employment, or affiliation, one member must represent employees, one must represent employers, and one must represent the public. Each commissioner serves a six-year term.

The executive funding recommendation for the upcoming biennium is \$59,999,383 in each of FYs 2006 and 2007.

### Summary of FYs 2006-2007 Budget Issues

#### **Technology at the Ohio Industrial Commission**

During the current biennium, the OIC implemented several technological enhancements in order to provide customers with better service and more online options. The Commission's enhanced website was launched in 2001. A feature of the website, called ICON (Industrial Commission Online Network), allows customers to file most appeals online, track the progress of their claims, and view their specific claims information. Currently, an average of more than 1,900 online appeals and motions are filed every week through ICON. This represents an increase of approximately 70% above the number of claims filed online two years ago, and the OIC expects the use of this feature to continue to increase.

In addition, the OIC and the BWC continue to work together to ensure seamless processing of workers' compensation claims. Since July 2001, the OIC and the BWC have been sending and receiving imaged documents electronically and have been working to expand the number of forms and data that can be transferred in this way. As a result, approximately 84% of the OIC's workload is now being received electronically.

In another area of technological development, the OIC has continued to phase in its Enterprise Content Management (ECM) system. The ultimate goal of the ECM system is to make electronic hearings possible. Full implementation of the system will allow customers to fax documents directly into the new system, permit multiple customers to access documents simultaneously, and permit customers to electronically identify documents for the electronic hearing folder. In addition to these benefits, the new system is expected to result in decreased travel expenses to review files at separate locations, lower paper and related printing costs, and better file integrity.

### **Telecommunications and Computer Services Contracts**

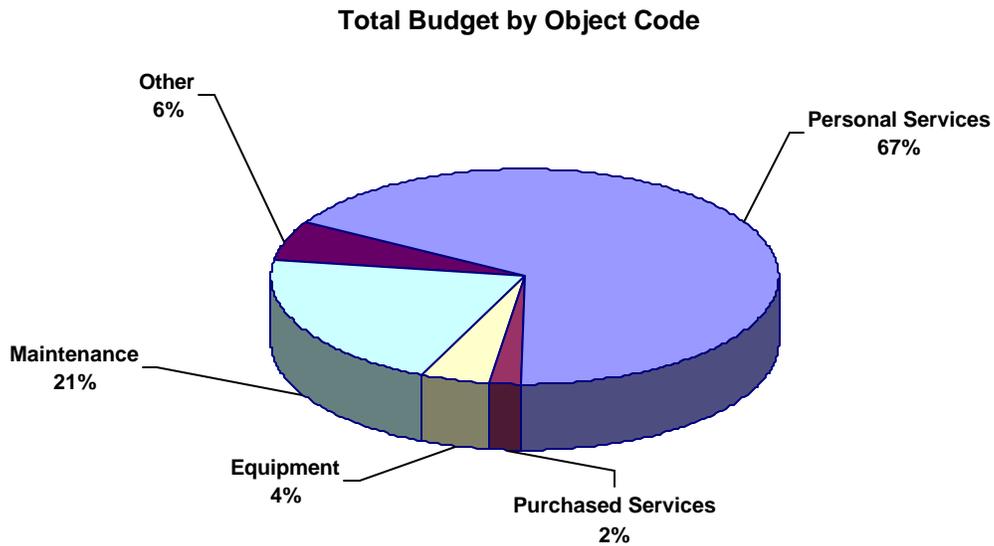
Under section 125.021 of the Revised Code, the Department of Administrative Services is precluded from operating, superintending, or making contracts on behalf of the Industrial Commission for telephone, other telecommunication, or computer services. The Industrial Commission is therefore permitted discretion with respect to contracting for these services itself, or opting to have the Department of Administrative Services contract on its behalf. Other agencies that have this authority under existing law are the military department, the General Assembly, the Bureau of Workers' Compensation, and institutions administered by boards of trustees.

**Staffing Levels**

The following chart illustrates the OIC’s total staffing levels between FY 2002 and FY 2007, with the numbers for FY 2006 and FY 2007 being estimates.

Industrial Commission Staffing Levels						
Program	2002	2003	2004	2005	Estimated	
					2006	2007
Adjudication of Workers' Compensation Claims	545	537	554	554	554	554

Source: Ohio Industrial Commission



## ANALYSIS OF EXECUTIVE PROPOSAL

### Program Series 1

### Adjudication of Workers' Compensation Claims

**Purpose:** The purpose of the OIC's adjudication process is to provide fair and impartial resolutions to disputes in workers' compensation claims through an easily accessible hearing process that is completed within specified time frames, established by the legislature.

The following table shows the line items that are used to fund the Adjudication of Workers' Compensation Claims program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>Workers' Compensation Fund</b>				
5W3	845-321	Operating Expenses	\$50,270,800	\$50,270,800
5W3	845-402	Rent – William Green Building	\$6,116,466	\$6,116,466
5W3	845-410	Attorney General Payments	\$3,454,984	\$3,454,984
821	845-605	Services Account	\$157,133	\$157,133
<b>Workers' Compensation Fund Subtotal</b>			<b>\$59,999,383</b>	<b>\$59,999,383</b>
<b>Total Funding: Adjudication of Workers' Compensation Claims</b>			<b>\$59,999,383</b>	<b>\$59,999,383</b>

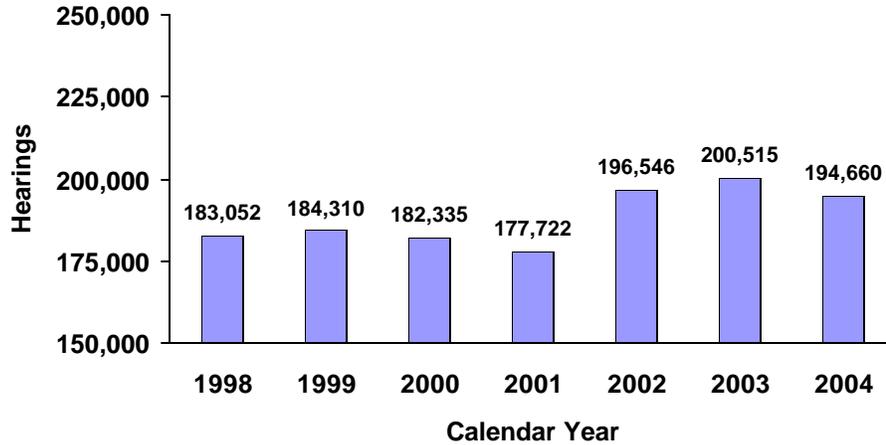
### Adjudication of Workers' Compensation Claims

**Program Description:** The Commission's proceedings are quasi-judicial in nature and provide an opportunity for all parties to be heard before a decision is made. The hearing process begins when the Commission assumes jurisdiction of an issue after an appeal of a BWC order. The hearing process consists of three levels of adjudication. Claimants or employers make first-level appeals before District Hearing Officers. Second-level appeals are conducted by Staff Hearing Officers. District and staff-level hearings take place at Commission offices located throughout the state, and must occur within 45 days of a claimant or employer filing an appeal. Third-level appeals are held in Columbus with the three-member panel of commissioners. A Commission level hearing is conducted on a discretionary basis. Typically, commissioners hear unresolved cases that deal with an issue of policy or special circumstance that they believe warrants further consideration. If an injured worker or employer disagrees with the Commission's decision, the issue can be further adjudicated in the court system.

### Hearing Caseloads

The following chart provides information relative to the total number of cases (at all hearing levels) heard annually by the Industrial Commission from 1998 to 2004. The Commission is required to hear claims and issue orders at the District level within 52 days (45 days to hear the claim, and 7 days to issue the order). If a decision is appealed, the OIC has another 52 days to conduct a second-level hearing and issue an order. In 2003, the OIC met this requirement 83% of the time at the District Hearing level, and 93% of the time at the Staff Hearing level. In 2004, the agency met the requirement 84% of the time at the District Hearing level and 94% of the time at the Staff Hearing level.

Hearing Caseloads (all levels)



**Funding Source:** Line items within Fund 5W3 are supported by administrative assessments paid by State Insurance Fund employers together with their overall premium payments. Fund 821 is supported by conference income, income received from coin copiers, and the sale of publications.

**Line Items:** 845-321, Operating Expenses; 845-402, Rent – William Green Building; 845-410, Attorney General Payments; 845-605, Service Account

**Implication of Executive Recommendation:** The OIC request for Adjudication of Workers' Compensation Claims is fully funded. The program funds 554 employees whose goal is to provide fair and impartial resolutions to disputes in workers' compensation claims.

## **REQUESTS NOT FUNDED**

The executive budget recommendation fully funds the OIC budget request for FYs 2006-2007 budget request. Total recommended appropriations are \$59,999,383 in each of FYs 2006 and 2007.

## Workers' Compensation Fund Group

### 5W3 845-321 Operating Expenses

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$42,589,470	\$42,783,719	\$43,593,839	\$50,370,800	<b>\$50,270,800</b>	<b>\$50,270,800</b>
	0.5%	1.9%	15.5%	<b>-0.2%</b>	<b>0.0%</b>

**Source:** WCF: Assessments paid by employers and transferred to the Industrial Commission Operating Fund

**Legal Basis:** ORC 4121.021 and 4123.342 (originally established by Sub. H.B. 91 of the 125th G.A.)

**Purpose:** Funds in this line item support the operating expenses of the Industrial Commission. The Commission hears worker and employer appeals of workers' compensation claims decisions made by the Bureau of Workers' Compensation (BWC). Prior to FY 2004, the Industrial Commission and the BWC received funding through one assessment added to employer workers' compensation premiums and deposited to the Administrative Cost Fund. Assessment revenue was shared proportionately between the Commission and BWC. Sub. H.B. 91 of the 125th G.A. created the Industrial Commission Operating Fund (Fund 5W3) and specified that moneys in the fund were to be used for costs that are solely attributable to the activities of the Commission.

### 5W3 845-402 Rent-William Green Building

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$4,858,461	\$5,058,583	\$2,910,423	\$6,016,466	<b>\$6,116,466</b>	<b>\$6,116,466</b>
	4.1%	-42.5%	106.7%	<b>1.7%</b>	<b>0.0%</b>

**Source:** WCF: Assessments paid by employers and transferred to the Industrial Commission Operating Fund

**Legal Basis:** ORC 4123.443; Section 1 of Am. H.B. 92 of the 125th G.A.

**Purpose:** This account is used to pay rent and miscellaneous maintenance costs for the Commission's offices, located in the William Green Building.

### 5W3 845-410 Attorney General Payments

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,264,855	\$3,152,382	\$3,454,984	\$3,454,984	<b>\$3,454,984</b>	<b>\$3,454,984</b>
	-3.4%	9.6%	0.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** WCF: Assessments paid by employers and transferred to the Industrial Commission Operating Fund

**Legal Basis:** ORC 4123.92; Section 1 of Am. H.B. 92 of the 125th G.A.

**Purpose:** This line item funds 50% of the costs related to legal services provided by the Attorney General's Workers' Compensation Unit. The Bureau of Workers' Compensation pays the remaining portion. Both agencies make alternating quarterly payments during the fiscal year.

**Ohio Industrial Commission - Catalog of Budget Line Items**

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**821 845-605 Service Account**

<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005 Estimate</b>	<b>2006 Executive Proposal</b>	<b>2007 Executive Proposal</b>
\$4,833	\$105,140	\$127,367	\$157,133	<b>\$157,133</b>	<b>\$157,133</b>
	2075.5%	21.1%	23.4%	<b>0.0%</b>	<b>0.0%</b>

**Source:** WCF: Revenues from sources such as coin copiers, pay telephones, publications, and income from conferences

**Legal Basis:** ORC 4121.03; Section 1 of Am. H.B. 92 of the 125th G.A.

**Purpose:** This line item pays for expenses related to photocopiers, replacement of office equipment and furniture, and conferences sponsored by the Commission.

## LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2004</i>	<i>Estimated 2005</i>	<i>Executive 2006</i>	<i>% Change 2005 to 2006</i>	<i>Executive 2007</i>	<i>% Change 2006 to 2007</i>
<b><i>OIC Ohio Industrial Commission</i></b>								
5W3	845-321	Operating Expenses	\$ 43,593,839	\$50,370,800	\$ 50,270,800	-0.2%	\$ 50,270,800	0.0%
5W3	845-402	Rent-William Green Building	\$ 2,910,423	\$6,016,466	\$ 6,116,466	1.7%	\$ 6,116,466	0.0%
5W3	845-410	Attorney General Payments	\$ 3,454,984	\$3,454,984	\$ 3,454,984	0.0%	\$ 3,454,984	0.0%
821	845-605	Service Account	\$ 127,367	\$157,133	\$ 157,133	0.0%	\$ 157,133	0.0%
<b>Workers' Compensation Fund Group Total</b>			<b>\$ 50,086,613</b>	<b>\$ 59,999,383</b>	<b>\$ 59,999,383</b>	<b>0.0%</b>	<b>\$ 59,999,383</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 50,086,613</b>	<b>\$ 59,999,383</b>	<b>\$ 59,999,383</b>	<b>0.0%</b>	<b>\$ 59,999,383</b>	<b>0.0%</b>