

LSC Greenbook

**Analysis of the Enacted Budget
for the FY 2016-FY 2017 Biennium**

H.B. 51 and H.B. 52 of the 131st General Assembly

**Bureau of Workers' Compensation
Ohio Industrial Commission**

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ATTACHMENT FOR EACH AGENCY:

Budget Spreadsheet By Line Item

Funding for the Workers' Compensation System

Bureau of Workers' Compensation

- Appropriations of \$276.2 million in both FY 2016 and FY 2017

Ohio Industrial Commission

- Appropriations of \$50.7 million in FY 2016 and \$51.7 million in FY 2017

OVERVIEW

This Greenbook provides a detailed analysis of the FY 2016-FY 2017 budgets for the Bureau of Workers' Compensation (BWC) contained in H.B. 52 and the Ohio Industrial Commission (OIC) contained in H.B. 51. These acts provide the funding necessary for the administration, oversight, and adjudication of claims within Ohio's workers' compensation system for the FY 2016-FY 2017 biennium. For both of the agencies discussed in this Greenbook, the analysis includes an overview of agency operations and detail concerning funding for each appropriation item. In addition, the Greenbook includes LSC budget spreadsheet reflecting FY 2016-FY 2017 appropriations for BWC and OIC.

Workers' Compensation System Appropriations for FY 2016-FY 2017

As the table below shows, total appropriations for the state's workers' compensation system are \$326.9 million in FY 2016, an \$18.1 million (5.9%) increase over FY 2015 spending of \$308.8 million, and nearly \$328.0 million in FY 2017, just over \$1.0 million (0.3%) higher than the amount appropriated for the two agencies in FY 2017. The appropriations for BWC account for approximately 84.5% of the total amount budgeted in each fiscal year. The amount budgeted for claims adjudication functions handled by OIC account for nearly 15.5% of the total workers' compensation system funding in each fiscal year.

Agency	FY 2015 Spending	FY 2016	FY 2017
Bureau of Workers' Compensation	\$263,437,654	\$276,242,967	\$276,242,967
Industrial Commission	\$45,385,950	\$50,687,479	\$51,753,389
TOTAL	\$308,823,604	\$326,930,446	\$327,996,356

Bureau of Workers' Compensation

- Appropriations of \$276.2 million in both FY 2016 and FY 2017
- Transition to prospective billing commencing on July 1, 2015 for private employers and January 1, 2016 for public employers
- Just over \$1.7 billion in medical and lost-time benefits paid in FY 2014

OVERVIEW

The Ohio Bureau of Workers' Compensation (BWC) administers the largest exclusive workers' compensation system in the United States. An exclusive system is one in which the state, not private insurers, provides workers' compensation insurance to all public and private employers except those that qualify for self-insurance. However, certain companies, provided that they have sufficient financial and administrative resources, qualify for self-insurance under BWC oversight. BWC-issued policies cover approximately two-thirds of Ohio's workforce, including private, state, and local government employees. In FY 2015, approximately 255,000 employers maintained policies with the Bureau, while nearly 1,200 employers qualified for self-insurance. According to the Department of Administrative Services' monthly employee report, as of June 2015, BWC had 1,869 employees, of which 1,781 were full-time permanent staff.

An 11-member Board of Directors is responsible for the governance of BWC. The members of the Board are appointed by the Governor and represent entities that have an interest in workers' compensation in Ohio, such as employers, employees, labor unions, and so forth. There are five Board subcommittees devoted to oversight of BWC's actuarial, audit, governance, investment, and medical services and safety policies.

FY 2016-FY 2017 Appropriations

H.B. 52 provides BWC with appropriations of \$276.2 million in both FY 2016 and FY 2017. Except for approximately \$1.9 million in federal funding, BWC operations are entirely supported by assessments paid by employers in conjunction with their premium payments. These assessments are deposited into the Workers' Compensation Fund (Fund 7023). A separate assessment is collected for BWC's Safety and Hygiene Division, and is calculated as a percentage of the employer's premium. These amounts are deposited into the Safety and Hygiene Fund (Fund 8260) for workplace safety programming. Employers in the coal and marine industries pay amounts that are deposited into specific funds to cover benefits to injured workers as prescribed by federal law. Insurance premiums paid by state fund employers are deposited into the

State Insurance Fund and are not subject to appropriation by the General Assembly. The appropriations provided to BWC in H.B. 52 operations are shown in Table 2 below.

Table 2. Appropriations by Fund Group, FY 2016-FY 2017					
Fund Group	FY 2015	FY 2016	% Change, FY 2015-FY 2016	FY 2017	% Change, FY 2016-FY 2017
Workers' Compensation	\$261,948,515	\$274,370,967	4.7%	\$274,370,967	0.0%
Federal Special Revenue	\$1,489,139	\$1,872,000	25.7%	\$1,872,000	0.0%
TOTAL	\$263,437,654	\$276,242,967	4.9%	\$276,242,967	0.0%

Provisions of H.B. 52 that Affect BWC Operations

Study of BWC Appropriations

H.B. 52 requires the Administrator of Workers' Compensation to study BWC operations and create a report detailing how the agency's overall appropriations in FY 2016 and FY 2017 could be reduced by 5%. The findings are to be reported to House and Senate leadership within 90 days after the effective date of the budget act.

Programmatic Changes

H.B. 52 contains various statutory changes that affect certain programs and administrative functions within BWC. The programmatic changes include: (1) eliminating the Long Term Care Loan Program for nursing homes and hospitals, (2) eliminating the Rehabilitation Services and Handicapped Reimbursement programs currently available to self-insured employers, and (3) modifying language pertaining to Disabled Workers Relief Fund (DWRF) assessments which were reduced in H.B. 493 of the 130th General Assembly. None of the programs proposed for elimination under the bill have been used in several years. The number of eligible claims being filed for benefits under DWRF is quite small. Taken together, none of these provisions appear to have any significant fiscal impact on BWC operations or the State Insurance Fund.

Administrative Procedures

There are several other provisions under the Governor's proposal that pertain to administrative hearing procedures, unclassified employee staffing limits in the Division of Safety and Hygiene, decertification procedures that apply to medical services providers participating in the Health Partnership Program (BWC's managed care system), and the duties of the BWC audit committee. These do not appear to have major budget implications for BWC or the State Insurance Fund.

Other Issues of Interest

Prospective Billing System

H.B. 493 of the 130th General Assembly required BWC, beginning in policy year 2015, to calculate and bill workers' compensation premiums on a prospective basis for all employers other than professional employer organizations (PEOs) and state employers. Until this point, payments of premiums were considered to be "retrospective" payments, or payments in arrears. This transition will begin on July 1, 2015 for private employers and January 1, 2016 for public employers. Because employers will have premiums due for coverage they already received during their policy year, to facilitate the transition to a prospective billing system, and to avoid double billing of premiums to employers, BWC will issue a \$1.2 billion credit in July 2015 to both private and public employers to pay the initial premium costs during the transition to prospective billing. BWC estimates that the transition to a prospective billing system could result in an overall base rate reduction of approximately 2.0% for private employers and 4.0% for public employers.

Base Rate Reductions and Rebates Granted

During the FY 2014-FY 2015 biennium BWC issued several rate reductions and rebates to both private and public employers. Specifically, BWC issued over \$2.0 billion in rebates to eligible private and taxing district employers so far this biennium. BWC approved a rebate of approximately \$1.0 billion in FY 2014, which resulted in an issuance of rebate checks equaling 56.0% of annual premiums to approximately 180,000 eligible employers. BWC approved and issued a subsequent rebate of \$1.1 billion in FY 2015, which resulted in an issuance of rebate checks equaling 60.0% of annual premiums to approximately 170,000 eligible employers.

In addition to the rebates discussed above, BWC approved several base rate reductions during the FY 2014-FY 2015 biennium. BWC approved a base rate reduction of 2.1% for private employers that took effect in FY 2014, and a further base rate reduction of 6.3% that took effect in FY 2015. Local government employers received a base rate reduction of 1.6% for policy year 2014 and will be receiving a base rate reduction of 9.1% for policy year 2015. In total, these base rate reductions have resulted in a total reduction of approximately \$409.0 million in premiums collected since FY 2011. BWC also approved an additional base rate reduction of 10.8% for private employers, which became effective on July 1, 2015, and is expected to result in a reduction of \$153.0 million in premiums collected.

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of the 11 line items in BWC's budget. The analysis groups BWC's line items into four major categories corresponding to agency operations. For each category a table is provided listing the enacted appropriation in each fiscal year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriations that are contained in the budget bill. The four categories used in this analysis are as follows:

1. Claims Management;
2. Administration;
3. Safety and Hygiene Programs; and
4. Special Benefits.

To aid the reader in finding each item in the analysis, the following table shows the category in which each appropriation has been placed, listing the line items in order within their respective fund groups and funds. This is the same order the line items appear in the budget bill.

Categorization of BWC's Appropriation Items			
Fund	ALI and Name		Category
Dedicated Purpose Fund Group			
7023	855407	Claims, Risk, and Medical Management	1: Claims Management
7023	855408	Fraud Prevention	1: Claims Management
7023	855409	Administrative Services	2: Administration
7023	855410	Attorney General Payments	2: Administration
8220	855606	Coal Workers' Fund	4: Special Benefit Funds
8230	855608	Marine Industry	4: Special Benefit Funds
8250	855605	Disabled Workers' Relief Fund	4: Special Benefit Funds
8260	855609	Safety and Hygiene Operating	3: Safety and Hygiene Programs
8260	855610	Safety Grants	3: Safety and Hygiene Programs
Federal Special Revenue Fund Group			
3490	855601	OSHA Enforcement	3: Safety and Hygiene Programs
3FW0	855614	BLS SOII Grant	3: Safety and Hygiene Programs

Category 1: Claims Management

This grouping of line items funds BWC's claims management functions. These items also fund oversight and communications related to the Bureau's managed care system under which medical claims are handled. In addition, this category includes funding for BWC's claimant and medical provider fraud prevention and detection efforts.

Appropriation Amounts for Claims Management				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
7023	855407	Claims, Risk, and Medical Management	\$110,445,000	\$110,445,000
7023	855408	Fraud Prevention	\$11,909,400	\$11,909,400
Total Funding: Claims Management			\$122,354,400	\$122,354,400

Claims, Risk, and Medical Management (855407)

The appropriation for this line item is \$110.4 million in both FY 2016 and FY 2017, a 1.3% decrease from FY 2015 spending of \$111.9 million among all the areas covered by this appropriation. The various functions funded by the appropriation and the amounts corresponding to each function are outlined in the table below.

Table 3. Uses of Appropriation 855407, Claims, Risk, and Medical Management				
Function	FY 2016	% of Total	FY 2017	% of Total
Field Operations	\$73,483,274	66.5%	\$74,502,357	67.4%
Injury Management Services	\$15,324,063	13.9%	\$14,789,303	13.4%
Employer Services	\$13,499,567	12.2%	\$12,783,630	11.6%
Customer Contact Center	\$4,181,249	3.8%	\$4,318,198	3.9%
Self-Insured Services	\$2,187,450	2.0%	\$2,243,164	2.0%
Safety Violations Investigations	\$814,987	0.7%	\$832,283	0.8%
Ombudsperson	\$610,393	0.6%	\$625,522	0.6%
Special Investigations*	\$344,017	0.3%	\$350,543	0.3%
TOTAL	\$110,445,000	100.0%	\$110,445,000	100.0%

*Additional funding for the Special Investigations unit is under line item 855408, Fraud Prevention.

Fraud Prevention (855408)

The appropriation for this line item is \$11.9 million for both FY 2016 and FY 2017, an increase of nearly 2.6% from FY 2015 spending levels. This line item supports the Special Investigations Department, the mission of which is to detect, investigate, and deter fraud committed by employers, injured workers, or medical service providers. The Special Investigations staff works closely with local and state prosecutors,

including the Ohio Attorney General. The line item also provides for security services at BWC's 15 offices throughout the state.

Specifically, there are three regional claimant fraud investigative units working out of service offices across the state. There are also separate health care provider and employer fraud units, as well as a unit that investigates safety violations. Finally, the intelligence and digital forensics units, the latter of which has been expanded, operate from BWC's central office in Columbus. According to information provided in BWC's Annual Report for FY 2014, drug cases, working while improperly receiving benefits, and complaints against employers continue to be the three most investigated types of complaints. In FY 2014, 2,055 fraud cases were closed. Of those closed cases, 924 (45.0%) were classified as "closed founded," which means the original allegation of the case was proven. Ultimately, of those 924 cases, 267 (28.9%) of them were referred to the Attorney General for prosecution, with 149 resulting indictments and 132 convictions as of this writing.

Category 2: Administration

Line items in this category cover the administrative functions related to overseeing sound actuarial and investment strategies to ensure the integrity of the State Insurance Fund and other funds that support injured workers. These appropriations chiefly cover six areas: finance, actuarial, investments, human resources, legal, and infrastructure and technology. This category also includes appropriations for payments that BWC makes to cover the operating expenses of the Workers' Compensation Section within the Attorney General's Office.

Appropriations for Administration				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
7023	855409	Administrative Services	\$110,360,919	\$110,360,919
7023	855410	Attorney General Payments	\$4,621,850	\$4,621,850
Total Funding: Administration			\$114,982,769	\$114,982,769

Administrative Services (855409)

The appropriation for this line item is \$110.4 million in FY 2016, a nearly 12.4% increase over FY 2015 spending of \$98.2 million in this area. The amount appropriated for FY 2017 matches FY 2016 appropriations. Overall, this line item accounts for approximately 40.0% of BWC's total budget in each fiscal year.

General administrative duties within the Bureau are broken down into seven separate divisions: (1) Fiscal and Planning, (2) Actuarial, (3) Investments, (4) Human Resources, (5) Legal, (6) Infrastructure and Technology, and (7) Internal Audit. The Fiscal and Planning Division provides fiscal management, general accounting, payroll, and other fiscal functions for BWC. It is also responsible for receipt and distribution of agency funds including benefits payable to injured workers. The Actuarial Division maintains the stability of the State Insurance Fund by setting premium rates and claims reserves and assists Employer Services in the creation of ratings plans. The Investments Division is responsible for investing the assets of the State Insurance Fund according to investment policy established by BWC's Board of Directors. The Human Resources Division provides leadership and guidance to BWC management and staff in areas of equal employment opportunity, employee and labor relations, payroll and benefits, and quality services. The Legal Division provides legal advice to BWC on claims procedures and policy, and represents the State Insurance Fund in administrative appeals. The Infrastructure and Technology Division is responsible for all computer equipment and software maintenance. Internal Audit evaluates the effectiveness of BWC's internal controls, validates agency compliance with policies, applicable laws, and regulations,

and evaluates business processes to ensure that risks are mitigated and agency objectives can be met.

Attorney General Payments (855410)

The appropriation for this line item is \$4.6 million in both fiscal years, which is approximately 1.0% higher than FY 2015 spending in this area. This line item funds half of the cost related to the legal services of the Attorney General's Workers' Compensation Section. The remaining half is paid by the Ohio Industrial Commission. The Workers' Compensation Section provides legal counsel to BWC and OIC. Most cases are appeals of workers' compensation claims filed in county common pleas courts. In addition, temporary law included within H.B. 52 requires that up to \$828,200 be used specifically to pay the expenses of the Workers' Compensation Fraud Unit of the Attorney General's Office. In contrast to other costs split with OIC, the Bureau pays all costs associated with the Fraud Unit.

Category 3: Safety and Hygiene Programs

The line items within this area provide funding that allows BWC to ensure that employers meet applicable safety standards and laws. The funding is also used to provide safety training to employers. These programs are overseen by the Division of Safety and Hygiene. The bulk of operating revenue for the Division of Safety and Hygiene, which oversees the various programs within this category of appropriations, comes from an assessment charged to employers that is calculated as a percentage of paid premiums. Those amounts are 1.0% of paid premiums for private employers and .75% of paid premiums for public employers. The Division also operates with a small portion of federal funding.

Appropriation Amounts for Safety and Hygiene Programs				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
8260	855609	Safety and Hygiene Operating	\$21,661,132	\$21,661,132
8260	855610	Safety Grants	\$15,000,000	\$15,000,000
Workers' Compensation Fund Group Subtotal			\$36,661,132	\$36,661,132
Federal Special Revenue				
3490	855601	OSHA Enforcement	\$1,731,000	\$1,731,000
3FW0	855614	BLS SOII Grant	\$141,000	\$141,000
Federal Special Revenue Fund Group Subtotal			\$1,872,000	\$1,872,000
Total Funding: Safety and Hygiene Programs			\$38,533,132	\$38,533,132

Safety and Hygiene Operating and OSHA Enforcement (855609 and 855601)

Both of these line items fund the operations of the Division of Safety and Hygiene. The funding for appropriation item 855609, Safety and Hygiene Operating, is \$21.6 million in each year of the FY 2016-FY 2017 biennium, which is an increase of nearly 10.6% from FY 2015 spending of \$19.6 million in this area. A portion of the Division of Safety and Hygiene's budget is funded by the federal government under an agreement with the Occupational Safety and Health Administration. The appropriation for line item 855601, OSHA Enforcement, is \$1.7 million in each fiscal year, an increase of 24.3% from FY 2015 spending of \$1.4 million for this purpose.

The Division is responsible for ensuring that employers offer safe work environments through the investigation of industrial accidents and occupational disease and through programs designed to prevent these problems. The Division's responsibilities include: (1) making targeted visits to employers with high frequency of accidents to educate them in risk and safety management, (2) providing safety and health consultative services to Ohio's public employers, (3) administering the Safety Grants Program (see line item 855610, Safety Grants, below) that assists employers with

the cost of implementing programs designed to reduce cumulative stress disorder and other injuries, and (4) supporting local safety councils, which offer educational resources for safety and health in the workplace.

In regard to public employers, the Public Employment Risk Reduction Program (PERRP) ensures that public employers in Ohio are operating safe workplaces pursuant to state and federal law. Requirements include reporting hospitalizations and deaths from serious workplace injuries to BWC. PERRP also has the authority to investigate complaints about unsafe work conditions and issue citations when needed. In addition to this enforcement element, the Safety and Hygiene Division also offers public employers consultation and training designed to reduce workplace hazards and eliminate unsafe conditions.

The Division also operates OSHA's On-Site Consultation Program. The primary focus of this program is small, high-hazard, private-sector employers. The types of services offered to qualifying employers include safety and health surveys, air and noise monitoring, and safety and health consultations. These services are provided by BWC safety and health consultants and industrial hygienists at no charge to the employer. The program operates under a cooperative agreement that is established yearly between the state of Ohio and the U.S. Department of Labor. Ninety percent of the program's operating costs are paid for through a federal grant. The state match for this program is approximately \$190,000 each year. This amount is paid from line item 855609, Safety and Hygiene Operating.

Safety Grants and BLS SOII Grant (855610 and 855614)

Combined, the appropriation for these line items is \$15.1 million in both FY 2016 and FY 2017. These appropriation items support the Safety Grants Program, which includes BWC's Safety Intervention Grant Program, the Drug-Free Safety Program Grant, and the Workplace Wellness Grant Program. The Safety Grants Program offers private and public State Insurance Fund employers funding for training, wellness programs, and equipment intended to reduce workplace injuries and illnesses. A portion of the funding for the program, \$141,000 in each fiscal year, is provided through a federal Bureau of Labor Statistics Survey on Occupational Injury and Illness (SOII) Grant.

Category 4: Special Benefit Funds

Appropriations in this category are used to provide benefits to employers with additional workers' compensation coverage required by federal law, particularly coal workers and maritime workers. In addition, the Disabled Workers Relief Fund provides cost-of-living supplements for permanently and totally disabled workers.

Appropriations for Special Benefit Funds				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
8220	855606	Coal Workers' Fund	\$147,666	\$147,666
8230	855608	Marine Industry	\$55,000	\$55,000
8250	855605	Disabled Workers Relief Fund	\$170,000	\$170,000
Total Funding: Special Benefit Funds			\$372,666	\$372,666

Coal Workers' Fund (855606)

The appropriation for this line item is \$147,666 for FY 2016 and FY 2017. This line item is used to pay operating costs associated with the Coal Workers' Pneumoconiosis Fund (Fund 8220), which provides benefits for workers who are disabled due to pneumoconiosis, or "black lung" disease, as dictated by the federal Coal Mine Health and Safety Act of 1969. The fund is maintained through a premium charge, in addition to regular State Insurance Fund premiums, that is paid by coal operators who elect to insure payment of benefits required by the federal Act. Total revenues to the fund for FY 2015 were \$128,415; disbursements from the fund were \$138,952.

Marine Industry (855608)

The appropriation for this line item is \$55,000 for both FY 2016 and FY 2017. This line item is used to pay operating costs associated with the Marine Industry Fund (Fund 8230), which provides benefits to injured dock workers and other maritime employees that are not seamen, as required by the Longshoreman's and Harbor Workers' Compensation Act Amendments of 1972. The fund is maintained through a premium charge, in addition to regular State Insurance Fund premiums, that is paid by marine industry employers who elect to insure payment of benefits required by the 1972 Act. During FY 2015, total revenues to the fund were \$37,207; disbursements from the fund were \$43,684.

Disabled Workers Relief Fund (855605)

The appropriation for this line item is \$170,000 in both FY 2016 and FY 2017. This line item pays operating costs associated with the Disabled Workers Relief Fund (DWRF). The DWRF provides supplemental cost-of-living benefits to permanently and

totally disabled workers. During FY 2015, total revenues to the fund were \$122,200; disbursements from the fund were \$135,429.

H.B. 493 of the 130th General Assembly changed the way these funds were collected. The bill eliminated the minimum amount that can be assessed to employers' payrolls to fund DWRF claims before January 1, 1987, commonly known as DWRF I claims. This provision could potentially reduce revenues collected by this fund; however, with the low number of claims being filed, the potential fiscal impact is not likely to be significant.

Ohio Industrial Commission

- Appropriations of \$50.7 million in FY 2016 and \$51.7 million in FY 2017
- The number of claims has been trending down, from 163,574 in CY 2010 to 136,204 in CY 2014

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 the extent of medical services provided or lost-time (otherwise known as indemnity) benefits. OIC operations are funded through an administrative assessment that is added to employers' workers' compensation premium billings. The Commission is led by a panel of three commissioners, all of whom are appointed by the Governor. Each commissioner must have at least six years of experience in workers' compensation and at least one member must be licensed to practice law in Ohio. One member represents employees, one represents employers, and one represents the public. Each commissioner serves a six-year term. As of June 2015, OIC employed a staff of 386, a decrease of just under 10% overall compared to the 427 on payroll in FY 2011.

Proposed FY 2016-FY 2017 Appropriations

H.B. 51 provides OIC with appropriations of \$50.7 million in FY 2016, an 11.7% increase over FY 2015 spending of \$45.4 million. Appropriations for FY 2017 are just over \$51.7 million, a 2.1% increase compared to the amount appropriated for FY 2016. All OIC appropriations for FY 2016 and FY 2017 are funded by the Industrial Commission Operating Fund (Fund 5W30). As mentioned above, the source of funding for OIC operations is administrative cost assessments collected by BWC that are subsequently transmitted to OIC.

Statutory Changes Under H.B. 51

Contract Hearing Officers

H.B. 51 eliminates the ability of OIC to enter into personal service contracts with attorneys to serve as temporary district or staff hearing officers during periods when hearings spike, and correspondingly removes a statutory requirement that OIC prepare monthly reports on the use of these contract positions.

ANALYSIS OF ENACTED BUDGET

OIC Claims Adjudication

The OIC budget consists of three line items, all of which are supported by administrative assessments paid by Ohio employers that are applied alongside workers' compensation premium payments. Assessments are collected by BWC and transferred upon receipt to the Industrial Commission Operating Fund (Fund 5W30).

Appropriations for OIC Claims Adjudication				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
5W30	845321	Operating Expenses	\$45,743,829	\$46,809,739
5W30	845402	Rent – William Green Building	\$1,150,000	\$1,150,000
5W30	845410	Attorney General Payments	\$3,793,650	\$3,793,650
Total Funding: OIC Claims Adjudication			\$50,687,479	\$51,753,389

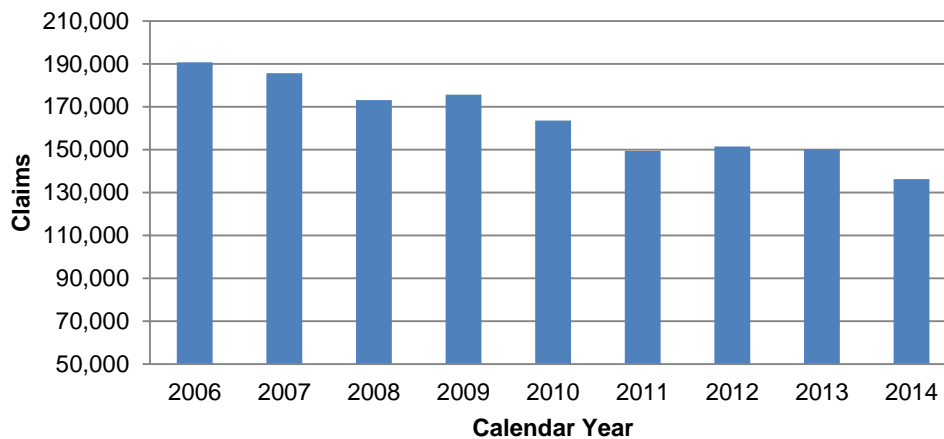
Operating Expenses (845321)

The appropriation for this line item is \$45.7 million for FY 2016, a 12.8% increase over FY 2015 spending of \$40.5 million in this area. The appropriation for FY 2017 is \$46.8 million, a 2.3% increase from the amount provided for FY 2016. Overall, this appropriation accounts for 90.3% of OIC's total funding. The entirety of this appropriation supports the claims adjudication function within the state's workers' compensation system. Disputed claims typically involve the extent of medical services provided or lost-time benefits.

Hearings

Disputed claims can go through three levels of hearings. Injured workers or employers make an initial appeal to district hearing officers (DHOs). Second-level appeals are conducted by staff hearing officers (SHOs). Hearings at these levels are conducted at the 12 OIC offices located throughout the state. Third-level appeals are conducted in Columbus by OIC's three-member panel of commissioners. Adjudication of third-level appeals is discretionary, based on criteria set forth in an OIC resolution. Typically, the panel hears unresolved cases that involve an issue of policy or special circumstances that the Commission members believe warrant further consideration. Further appeals are made in the court system. Chart 3 on the next page shows the number of hearings conducted by OIC from CY 2006 to CY 2014. During this period, the number of annual claims has decreased by nearly 28.8%, from approximately 191,000 in CY 2006 to slightly more than 136,000 in CY 2014.

Chart 3: Claims Heard, CY 2006 to CY 2014



OIC is required by statute to adjudicate all first- and second-level appeals, with certain exceptions, within 45 days of the filing of an appeal, and issue an order within seven days of holding a hearing. Of those appeals where these requirements applied in CY 2013, approximately 90.5% were processed within the required time limits. The average time to process a claim and issue an order was roughly 36 days. As mentioned previously, injured workers that disagree with orders issued by OIC are able to present their claims in a court of law. However, many of these cases are resolved out of court. In these situations, a claimant typically initiates court proceedings and then settles before a judge can issue an official opinion. Of those cases in which a judge does issue an official opinion, approximately three-quarters of OIC determinations were upheld in CY 2013.

Rent – William Green Building (845402)

This line item is used to pay rent and miscellaneous maintenance costs for the Commission's offices located in the William Green Building. The funding for this line item is nearly \$1.2 million in FY 2016, an increase of 9.4% over the almost \$1.1 million in spending for rent and maintenance in FY 2015. The amount appropriated for these costs in FY 2017 is the same as that provided for FY 2016.

Attorney General Payments (845410)

The appropriated funding for this line item is \$3.8 million in both FY 2016 and FY 2017, equivalent to the amount spent for this purpose in FY 2015. This line item provides OIC's portion of the costs related to the legal services of the Attorney General's Workers' Compensation Section. The remaining portion of the costs is paid by BWC. The Attorney General provides investigative and other legal services related to workers' compensation cases.

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
Report For BWC Budget			Version: As Enacted					
BWC Bureau of Workers' Compensation								
7023	855401	William Green Lease Payments	\$ 15,916,888	\$0	\$ 0	N/A	\$ 0	N/A
7023	855407	Claims, Risk and Medical Management	\$ 124,227,007	\$ 111,922,343	\$ 110,445,000	-1.32%	\$ 110,445,000	0.00%
7023	855408	Fraud Prevention	\$ 11,316,524	\$ 11,612,085	\$ 11,909,400	2.56%	\$ 11,909,400	0.00%
7023	855409	Administrative Services	\$ 90,253,136	\$ 98,200,102	\$ 110,360,919	12.38%	\$ 110,360,919	0.00%
7023	855410	Attorney General Payments	\$ 4,549,416	\$ 4,576,405	\$ 4,621,850	0.99%	\$ 4,621,850	0.00%
8220	855606	Coal Workers' Fund	\$ 134,724	\$ 138,952	\$ 147,666	6.27%	\$ 147,666	0.00%
8230	855608	Marine Industry	\$ 41,060	\$ 43,684	\$ 55,000	25.91%	\$ 55,000	0.00%
8250	855605	Disabled Workers Relief Fund	\$ 162,715	\$ 135,429	\$ 170,000	25.53%	\$ 170,000	0.00%
8260	855609	Safety and Hygiene Operating	\$ 17,219,944	\$ 19,591,657	\$ 21,661,132	10.56%	\$ 21,661,132	0.00%
8260	855610	Safety Grants	\$ 14,212,744	\$ 15,727,859	\$ 15,000,000	-4.63%	\$ 15,000,000	0.00%
Dedicated Purpose Fund Group Total			\$ 278,034,157	\$ 261,948,515	\$ 274,370,967	4.74%	\$ 274,370,967	0.00%
3490	855601	OSHA Enforcement	\$ 1,638,822	\$ 1,392,284	\$ 1,731,000	24.33%	\$ 1,731,000	0.00%
3FW0	855614	BLS SOII Grant	\$ 91,755	\$ 96,855	\$ 141,000	45.58%	\$ 141,000	0.00%
Federal Fund Group Total			\$ 1,730,577	\$ 1,489,139	\$ 1,872,000	25.71%	\$ 1,872,000	0.00%
Bureau of Workers' Compensation Total			\$ 279,764,735	\$ 263,437,654	\$ 276,242,967	4.86%	\$ 276,242,967	0.00%

FY 2016 - FY 2017 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
Report For OIC Budget			Version: As Enacted					
OIC Ohio Industrial Commission								
5W30	845321	Operating Expenses	\$ 40,343,199	\$ 40,540,905	\$ 45,743,829	12.83%	\$ 46,809,739	2.33%
5W30	845402	Rent-William Green Building	\$ 1,047,233	\$ 1,051,395	\$ 1,150,000	9.38%	\$ 1,150,000	0.00%
5W30	845410	Attorney General Payments	\$ 3,785,602	\$ 3,793,650	\$ 3,793,650	0.00%	\$ 3,793,650	0.00%
Dedicated Purpose Fund Group Total			\$ 45,176,035	\$ 45,385,950	\$ 50,687,479	11.68%	\$ 51,753,389	2.10%
Ohio Industrial Commission Total			\$ 45,176,035	\$ 45,385,950	\$ 50,687,479	11.68%	\$ 51,753,389	2.10%