



Fiscal Year **2019 Annual Report**

Ohio

**Bureau of Workers'
Compensation**

Governor Mike DeWine
Administrator/CEO Stephanie B. McCloud

Letter from the Administrator

Dear Governor DeWine:

I am pleased to present our preliminary annual report for the Ohio Bureau of Workers' Compensation for fiscal year 2019. Please note this is an abbreviated report as our 2019 fiscal numbers and other statistics are being audited and finalized. We will issue our final report this fall.

This past year was a strong one. We once again experienced lower claims, implemented more workplace safety programs, secured another robust dividend for employers, and took innovative steps to address our state's opioid and substance-use crisis. I would direct you to the Accomplishments section that follows for an in-depth look at our successes in promoting the health and safety of Ohio workers while giving businesses and our economy opportunities to thrive.

Financially we continued to save Ohio employers money by being good stewards of employer premiums and our assets. Our solid investment returns allowed our Board of Directors to approve our fifth billion-dollar dividend to employers since 2013. The \$1.5 billion dividend was on top of the premium rates we cut for public and private employers to some of the lowest levels in decades.

Our focus on **safety** brought our first-responders' needs to the fore. We worked closely with your office last year when you were Ohio Attorney General to offer police departments covered by the State Insurance Fund grant dollars to purchase body armor. We also continued to protect firefighters from carcinogens and other harmful toxins with a grant program we started in FY 2018. Thanks to our Firefighter Exposure to Environmental Elements Grant Program, we have provided more than \$6 million to date to help fire departments across the state purchase specialized, life-saving equipment, removing cost as a barrier.

Our new **injured-worker claims** and **open claims** continued their trend downward. Our concerted efforts to connect employers, physicians, and managed care organizations to get injured workers back on the job as soon as safely possible have led to better outcomes.

In October we launched a pilot program to connect **workers in recovery** with employers in Montgomery, Ross, and Scioto counties in conjunction with local Alcohol, Drug Addiction, and Mental Health Services boards. Thanks to your support, we look forward to expanding our Substance Use Recovery and Workplace Safety Program into other counties in FY 2020-21. Helping people return to work while they are in recovery stabilizes families and communities and is one more tool in our fight against this disease.

There is much more to come in FY 2020, including a determined effort to recruit a talented, diverse workforce at our agency as one generation makes way for the next. As always, we will continue to innovate and prioritize health and safety in all we do.

Sincerely,

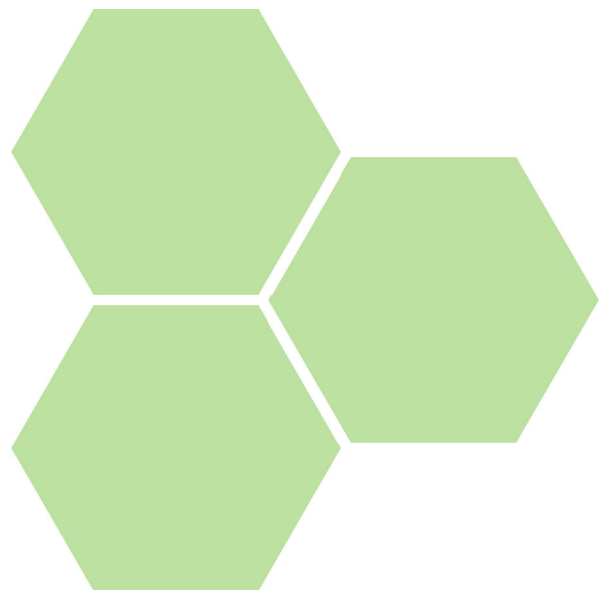


Stephanie B. McCloud, Administrator/CEO
Ohio Bureau of Workers' Compensation



Accomplishments

2018-19 Annual Report



Nearly \$10 billion returned

Governor DeWine and Administrator McCloud announced a \$1.5 billion dividend to public and private employers in May. Due largely to strong investment returns, declining injuries and decreasing reserves. The dividend equals 88% of the premiums employers paid for the policy year that ended June 30, 2018 (calendar year 2017 for public employers). Of the \$1.5 billion, public employers are due to receive an estimated \$164 million when checks are issued in late September and October, including \$50 million for local schools.

The dividend marks BWC's fifth of \$1 billion or more since 2013. All told, we have saved employers nearly \$10 billion in workers compensation costs since 2011 through dividends, credits, rate reductions, and greater efficiencies.

Employers save with rate reductions

Falling injury claims, increased workplace safety efforts, and strong investment returns also prompted our Board of Directors to approve two rate reductions to employer premiums this year.

In January, public employers received a 12% rate cut in their premiums, their largest rate cut in at least 30 years. The reduction followed a similar 12% cut for private employers on July 1, 2018, reducing an already 40-year low in premium rates. In February, the board approved a 20% rate reduction for private employers, effective July 1. The cut marked our agency's largest in nearly 60 years and will save private employers more than \$200 million over 2019 premiums.



Combating addiction through employment



In October 2018 we launched the Substance Use Recovery and Workplace Safety Program, a two-year pilot program in Montgomery, Ross, and Scioto counties. Administered by local Alcohol, Drug Addiction, and Mental Health Services boards, the program uses BWC funds to help employers hire, manage, and retain workers in addiction recovery.

We targeted these counties because they are among the hardest-hit for opioid addiction and overdose deaths. Opioid use and abuse costs Ohio between \$6.6 billion and \$8.8 billion annually, according to a 2017 Ohio State University study.

Better You, Better Ohio!® has a birthday and a breakthrough

Our new safety, health, and wellness program for workers in industries that have a higher risk for on-the-job injuries celebrated its first year in February. Free to workers and with no administrative burden to employers, Better You, Better Ohio® aims to boost employee health, reduce workplace injuries and their severity, and save employers money on medical, legal, and other costs associated with injury claims and poor health. The program originally focused on workers in companies that employ 50 or fewer people, but we increased eligibility to companies with 150 or fewer employees this year. As of June 30, the program had 12,354 workers enrolled, surpassing our goal of 10,000 by the end of calendar year 2019.



Safety grants fund body armor

We approved \$2.5 million to fund 335 law enforcement agencies with new body armor under the Attorney General’s Ohio Law Enforcement Body Armor Program. The first-come, first-served program offers up to \$40,000 per agency with a 25% local match.



Brewers’ safety issues lead to unique alliance

We joined the Occupational Safety and Health Administration and a trio of craft brewery associations in the fall to form the Ohio Craft Brewery Alliance. Recognizing the workplace issues unique to brewing, the alliance, which includes the Ohio Craft Brewers Association, the Master Brewers Association of the Americas, and the Brewers Association, will raise awareness and develop safety education and training specific to the industry.



Our Division of Safety & Hygiene and OSHA’s On-Site Consultation program work in concert to offer breweries – at no additional cost – an array of resources and safety professionals to assess safety issues and improve processes and procedures.

Ohio ranks fifth in the U.S. in craft beer production. The industry has an economic impact of \$2.6 billion in Ohio alone.

Medical and health services

Ohio Safety Congress & Expo grows again

Our signature workplace safety event, the Ohio Safety Congress & Expo (OSC), drew a record crowd of nearly 8,100 employers and workers in March. Surveyed about their experience, 94% of respondents said they were highly satisfied or satisfied with OSC. The event provides free continuing education credits, panel discussions, seminars with national speakers, and safety demonstrations.



Medical & Health Symposium becomes destination event

This was the first time in four years the Medical & Health Symposium stood alone from the Ohio Safety Congress. The symposium focused on best practices for safe and effective medical care for injured workers. More than 700 health care providers and their staff attended. Leading experts discussed addiction, behavioral health, chiropractic medicine, medical marijuana, pharmacology, and physical medicine and rehabilitation. A full-day provider staff forum educated physicians’ employees about BWC policies and procedures while offering continuing education credits.

MHS19
Medical & Health Symposium

Special investigations

Fraud efforts generate results

Our special investigations department (SID) marked its 26th year of protecting the State Insurance Fund through investigating, detecting, deterring, and prosecuting fraud. The department's 121 dedicated members accomplished several impressive results:

- \$65.1 million in savings, 8.37% more than last year.
- 1,732 closed cases, a 6.8% increase over 2018.

Since its inception in FY 1994, SID has:

- Fielded 125,651 allegations of fraud.
- Secured 2,905 convictions.
- Saved the State Insurance Fund \$1.9 billion.

Other accomplishments

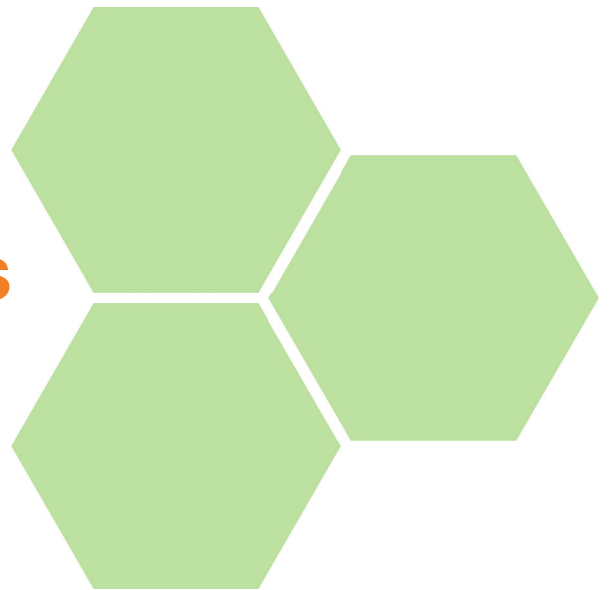
Inclusion & Diversity

- Our efforts at being a diverse, inclusive employer are being recognized outside of our agency. We received the Ohio Department of Administrative Services' Diversity and Inclusion Award in the large agency category, and *Columbus Business First* recognized us with its Diversity in Business Award.
- We created the TOWER Award (Treating Others With Equality and Respect) as a new employee recognition program.
- We created a recruitment video entitled, "We Are BWC," that highlights our diverse workforce and opportunities here for career growth.
- We added an Inclusion and Diversity track at the 2019 Ohio Safety Congress with five sessions that featured:
 - o Diversity in Safety
 - o Diversity and Inclusion Impacts your Bottom Line
 - o Engagement Best Practices
 - o Diversity via Improved Recruitment
 - o The Science and Power of Gratitude in the Workplace



Attendance for each session in this track averaged 135, while the largest session drew 260 attendees.

Numbers & Statistics



BWC year-end statistics

Fiscal Year Ending June 30, 2019
Unaudited

	FY 2019	FY 2018	FY 2017
State Fund Claims Filed			
Lost Time	Data Not Yet Available	10,662	10,745
Medical Only		73,967	75,030
Occupational Disease		280	360
Death		227	155
Disallowed or Dismissed		12,049	11,641
Total		-	<u>97,185</u>
Net Allowed Injuries	-	85,136	86,290

NOTE: Every claim is evaluated at 60 days after filing for purposes of claim type, State Fund versus Self-Insured, combine status, and allowance status. Values exclude combined and Self-Insured claims.







	FY 2019	FY 2018	FY 2017
Active Employers By Type			
Private	244,247	236,591	237,249
Public (Local)	3,796	3,784	3,796
Public (State)	115	115	121
Self-Insured	1,160	1,173	1,166
Black Lung	26	28	28
Marine Fund	128	121	114
Total	<u>249,472</u>	<u>241,812</u>	<u>242,474</u>

Starting in FY 2019, policies that lapsed within the fiscal year are treated as active.

BWC Personnel	1,774	1,760	1,785
----------------------	-------	-------	-------

BWC by the Numbers

Financial Highlights for Fiscal Year Ending June 30, 2019
Unaudited

	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	Increase/Decrease
 NET POSITION Difference between net assets and net liabilities.	\$10.9 Billion	\$9.9 Billion	↑ \$1 Billion
 OPERATING REVENUES	\$1.2 Billion	\$1.2 Billion	↑ \$31 Million
 OPERATING EXPENSES	\$968 Million	\$958 Million	↑ \$10 Million
 NET INVESTMENT INCOME	\$2.2 Billion	\$1.3 Billion	↑ \$815 Million
 SIMPLE FUNDING RATIO An indication of BWC's financial strength and security by evaluating total assets in relation to its total liabilities.	1.73	1.66	↑ 0.07
 NET BENEFIT PAYMENTS	\$1.3 Billion	\$1.4 Billion	↓ \$45 Million



NEW CLAIMS FILED
(reported quarterly)

98,464

12 months ended 06/30/19

98,913

12 months ended 06/30/18



ACTIVE CLAIMS

Claims with activity in the previous 24 months.

256,962

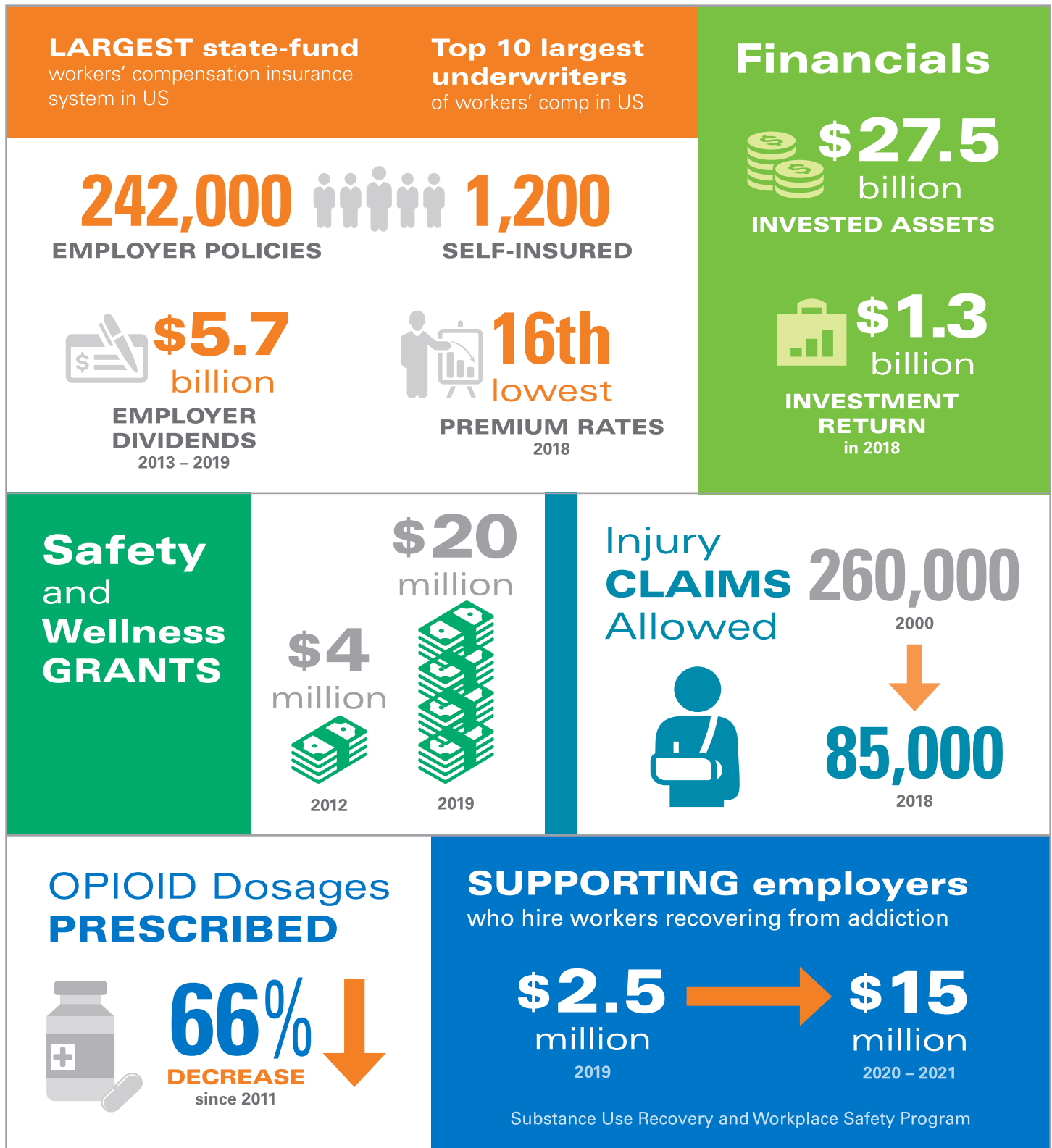
As of 06/30/19

263,366

As of 06/30/18

BWC at a Glance

Established in 1912, the Ohio Bureau of Workers' Compensation protects Ohio's workers and employers through the prevention, care and management of workplace injuries and illnesses at fair rates. For more, visit www.bwc.ohio.gov.



Bureau of Workers' Compensation

Governor Mike DeWine
Administrator/CEO Stephanie B. McCloud

www.bwc.ohio.gov

