

July 1, 2020 – June 30, 2021

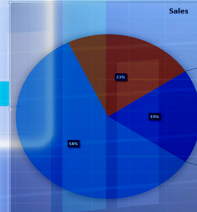
Fiscal Year 2021 Annual Report



	Estimated	Actual
TOTAL INCOME	\$1,936,000	\$1,831,000
TOTAL EXPENSES	\$500,000	\$300,000
TOTAL PROFIT	\$1,086,000	\$1,831,000



TOTAL PROFIT



**Bureau of Workers'
Compensation**

Governor Mike DeWine
Administrator/CEO Stephanie McCloud

We've got you covered

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Letter from the Administrator

Dear Governor DeWine,

I am pleased to present our annual report for the Ohio Bureau of Workers' Compensation (BWC) for fiscal year 2021.

The agency is the exclusive provider of workers' compensation insurance in Ohio, serving 249,000 public and private employers. With nearly 1,600 employees and assets of over \$24 billion, BWC is one of the largest state-run insurance systems in the United States.

Our focus continues to be workplace safety. Thanks in large part to Ohio businesses and their emphasis on workplace safety, we once again experienced lower claims. We are keeping costs down for businesses by having a low and stable rate environment. We are working with RecoveryOhio and local partners to combat the substance use crisis. We've built a first-class pharmacy program and it's been a driving force in reducing our opioid numbers and the potential abuse or misuse of other dangerous drugs in our system.

At your request, the BWC Board sent over \$6 billion back to Ohio's businesses in fiscal year 2021 to help ease the economic hardship caused by the pandemic - including a \$5 billion dividend in December 2020, which is the largest in agency history. The BWC board has now authorized more than \$9.2 billion in dividends to Ohio employers since 2019.

BWC continued to reduce rates for private and public employers to their lowest levels in decades. In January 2021, public employers received a 7.9% rate cut, which followed reductions of 5.9% and 11.5% the previous two years, further reducing an already 40-year low in rates. In February 2021, the BWC Board approved a 7.1% premium reduction for private employers, effective July 1, 2021. This rate reduction will save private employers more than \$71.5 million over their 2020 premiums.

During my brief absence to serve as Director of the Ohio Department of Health, the BWC staff made good on my promise to you that they would continue to provide excellent service to our customers. As the pandemic has shown, we are all #InThisTogether - public health isn't a one-agency job. It is up to all of us. At BWC, we will continue to do our part.

Thank you for your leadership during this time, Governor DeWine, and thank you for allowing me the opportunity to serve the people of Ohio.

Sincerely,



Stephanie McCloud

Administrator/CEO, Ohio Bureau of Workers' Compensation

Introduction



This report documents actions taken by BWC in fiscal year 2021 (FY21) to improve the quality of life for Ohio’s workers and to be a positive influence for economic growth in Ohio. Our focus on preventing workplace accidents, lowering rates, and caring for those injured on the job is making Ohio a better place for businesses and workers. This focus and our commitment to the principles of service, simplicity, and savings helped us operate efficiently during FY21.

With assets of over \$24 billion, we are one of the largest state fund workers’ compensation insurance systems in the U.S.

We approved 65,602 new claims in FY21, a decrease of 5,917 from FY20. Contributing reasons for this decrease include:

- The COVID-19 pandemic.
- Continued safety funding.
- Continued promotion of safe and healthy workplaces.
- More employers putting safety education resources to work.

Accomplishments

Enhanced service and savings for employers

Amid COVID-19's challenges, BWC delivered

As COVID-19 continued to impact Ohio, we responded to Governor Mike DeWine's challenge that his Cabinet agencies do all they could to help Ohioans and our business community through this public health crisis. Since the pandemic began, BWC delivered over 32 million face masks to Ohio employers, issued multiple dividends, embraced telemedicine, forgave deadlines, and worked with the Ohio departments of health and aging to administer the Indoor Air Quality Assistance Program.

Over \$6.1 billion for Ohio employers

Our Board of Directors approved two dividends totaling \$6.18 billion to help employers' bottom line as they focused on staying in business and keeping their employees safe. The first of those two dividends was issued in October 2020 and was based on 100% of the policy year 2019 paid premiums, totaling approximately \$1.2 billion. The second was issued in December 2020 and was 372% of the policy year 2019 paid premiums, totaling approximately \$5 billion. As in previous years, the dividend was possible because of strong investment returns on employer premiums, a declining number of claims each year, and prudent fiscal management.

We continued extending the deadlines for employers who pay their premium installments through September 2020. The extension gave our customers additional time to pay their installments, saving them financial resources needed to keep their businesses operating during the ongoing pandemic. We also delayed lapsing employer coverage until November 2020 for failure to pay installments.

Employers save with rate reductions

Falling numbers of workplace injury claims, increased workplace safety efforts, and our strong fiscal position prompted our Board of Directors to approve two reductions to employer premiums this year.

In January, public employers received another 7.9% rate cut, which followed reductions of 5.9% and 11.5% the previous two years, further reducing an already 40-year low in rates. In February, the Board approved a 7.1% premium reduction for private employers, effective July 1, 2021. The cut will save private employers more than \$71.5 million over their 2020 premiums.

Employer outreach initiatives

We completed the planning and development of a new employer outreach initiative that focuses on specific employer groups, such as out of state employers, minority owned businesses, and business-

“This year has placed enormous pressure on businesses throughout Ohio. Jergens Inc. has experienced many challenges in its 78 years, but nothing like those of the current pandemic. We greatly appreciate the dividends we've received this year and all the support BWC and Governor DeWine have offered to get Ohio businesses through these difficult times.”

— Jack Schron, President, Jergens, Inc.

es that may be interested in the Substance Use Recovery program. The outreach is based on our staff contacting employers to make them aware of the multitude of discount and safety programs, along with answering employer questions relating to their policy.

Combating addiction through employment

Initially launched as a pilot covering three counties in October 2018, the Substance Use Recovery and Workplace Safety Program (SURWSP) added 21 counties to the program during FY2021, more than doubling the 16 counties covered at the end of FY2020. Program funding for the FY2020-2021 biennium was \$15 million. The purpose of the program is to lessen the impact of substance use disorders on Ohio’s workforce and to promote a safe and healthful workplace. It provides incentives and risk management strategies to support employers in the development of workplaces that are not only safe and productive, but which also support an employee in recovery to remain successful on the job.

Funding is provided to participating local Alcohol, Drug Addiction and Mental Health Services (ADAMH) boards to help employers by reimbursing for drug testing, training and education, and the development and legal review of workplace policies on substance use issues. Employers also gain free access to the employee wellness incentive “BetterYou, Better Ohio!” program. Expansion efforts continue towards making the program available to employers in all 88 Ohio counties.

Vision, Mission, and Core Values

We continued our efforts to support our vision, mission, and core values. These statements are a reflection of who we are, what we’re doing, and where we’re going.

Vision: To transform BWC into an agile organization driven by customer success.

Mission: To deliver consistently excellent experiences for each BWC customer every day.

Core Values:

- One Agency. We support each other by embracing inclusion and diversity, recognizing we are all BWC.
- Personal Connection. We humanize BWC by delivering service on a personal level.
- Innovative Leadership. We take calculated risks to tackle barriers with cutting-edge work product.
- Relentless Excellence. We are unyielding in our delivery of outstanding service to our customers and to each other.

“@GovMikeDeWine As an Ohio private employer, KYS is beyond grateful for @OhioBWC \$5 billion dividends disbursed to help keep our doors open, employees staffed and Ohio #fosterchildren cared for, housed and fed. #InThisTogetherOhio”

— Kelly Youth Services via Twitter

Claims Services

Special team for COVID-19 claims

Between 7/1/2020 and 6/30/2021, BWC received 3,139 claims from Ohio workers believing they had contracted COVID-19 in the workplace.

- Of those, 1,975 were from health care or emergency worker sectors.
- 1,912 – State Fund Employers:
 - 714 – Accepted by BWC.
 - 166 – Denied by BWC (Most didn't test positive for the virus or lacked a provider's medical opinion.)
- 1,227 – Self-Insured employers:
 - 857 – Accepted
 - 292 – Rejected
- 1,029 – Dismissed by the claimant. Claimant filed with BWC in error or did not wish to pursue the claim.

Better You, Better Ohio!®

In March 2021, BWC staff began marketing the Better You, Better Ohio!® program to injured workers. The promotion occurs during the initial contact with the injured worker and with longer term claims. Based on the terms of the program, claims staff share information about the program with injured workers who live out of state as well. Our staff provide basic information, ask, and document the injured worker's interest in the program. In many cases, staff follow up by emailing promotional and educational literature to injured workers. Since March, 881 injured workers have expressed interest in the program.



Division of Safety & Hygiene

COVID-19 Indoor Air Quality (IAQ) Assistance Program

Beginning in November 2020, the Division of Safety and Hygiene (DSH) started administering the IAQ program provided reimbursement for eligible applicants to help cover the costs of inspections, assessments, maintenance, and improvements to indoor heating, ventilation, and air conditioning (HVAC) systems to control the spread of COVID-19. Applicants included non-governmental nursing homes, assisted living, hospices, senior centers, adult day centers, intermediate care facilities, residential treatment providers, and waiver settings (group homes) that met the eligibility criteria.

The funds used in this program were awarded to the State of Ohio as federal financial assistance by the U.S. Department of Treasury. The funding comes from the Coronavirus Aid, Relief, and Economic Security Act (CARES). Eligible employers receive up to \$15,000 for the duration of the program. In FY21, 746 applications were approved totaling \$8,379,030. This program concluded in October 2021.

Retail Compliance Unit

Dozens of DSH's loss prevention operations unit employees assisted the Ohio Department of Health (ODH) by serving on the Retail Compliance Unit (RCU). Staff made over 53,000 visits to retailers

throughout the state. They encouraged businesses to comply with mask wearing, social distancing, and other safety protocols under ODH's Responsible Restart Ohio order to limit the spread of COVID-19.

Virtual offerings increase access to safety services

Though the COVID-19 pandemic prevented DSH from offering many of its safety services in person, DSH employees worked to pivot our services to virtual. Our team produced webinars on a wide range of safety and health topics, reaching over 5,300 employees. We produced samples of written safety programs and safety talks for employers to download and use at their facilities.

In-person classroom courses were reconfigured for virtual courses, which resulted in our first ever instructor-led virtual training class on October 1, 2020. Our safety councils continued to foster relationships and educate employers through virtual meetings. Safety consultants used tools including video conferencing and photos to conduct virtual consultations.

DSH plans to continue revamping and expanding our virtual offerings to make safety services more accessible to more employers.

Ohio Safety Congress & Expo

Our signature workplace safety event, the Ohio Safety Congress & Expo (OSC) continued in its virtual format March 10-11, 2021. The event introduced more virtual educational sessions, a virtual expo marketplace, and a virtual scavenger hunt.



More than 3,800 individuals participated in 19 educational sessions and 74 exhibitor booths. They asked questions of session speakers, shared information about themselves, and forged new relationships through the digital experience.

Safety congress is scheduled to return in March 2022 in a virtual-only format.

Medical and Health Services Division

The vision of our Medical and Health Services Division is to ensure and support prompt, quality, comprehensive, cost-effective health care for Ohio's injured workers to support a safe and timely return to work and return to life.

Five-year rule review

As part of our five-year rule review process, the division addressed 85 Health Partnership Program (HPP) rules. BWC's Board of Directors approved changes to 67 of these rules, and there were no changes to 18 rules. During this process, the division received over 10 comments from stakeholders, providers, and associations to which BWC staff provided responses.

Telehealth: addressing the pandemic's impact

The largest, demonstrable impact over the past year was the significant increase in telemedicine and telephone services when caring for injured workers. We believe in providing injured workers the right treatment, at the right time, with the right provider and place.

The COVID-19 pandemic presented unique challenges requiring a set of benefit services that have historically been a part of BWC's medical services and professional providers' benefit plan – telehealth services. At this time, there are approximately 50 telehealth service codes.

Early on, it was evident telehealth services would play a key role in mitigating the pandemic's negative impacts, and virtual services would help maintain care coordination and communication between injured workers and their physicians. The increased use of office visits rendered via telemedicine or telephone were observed in 2020 as a result of the telehealth expansion. The growth in the expanded telehealth features most likely mitigated the expected decrease of face-to-face services had injured workers and providers not been offered this flexibility.

BWC policy allowed for telemedicine from the injured worker's home, along with allowing cell phones for remote communication. Physicians who were not equipped for the rapid transition to using telemedicine, such as not having secure platforms through the patient portal or other means, were able to engage injured workers through temporarily allowing tools such as Zoom or FaceTime, so long as the injured worker granted permission.

Medical cost reimbursements are decreasing

The Medical Services team also continued business as usual while working through the pandemic. Five provider fee schedules were researched, analyzed, and updated. The proposed changes will result in increases up to 4% in total reimbursement, if all things remain the same. The team had the responsibility for managing more than \$378 million in reimbursement under the Health Partnership Program in FY21, down from \$437M in FY20, and \$477M in FY19.

BWC's bill volume has been decreasing throughout the years. In FY2012, we received 3.4 million bills and reimbursed \$735M compared to the 1.6 million bills and \$378M in reimbursement in FY2021. Despite the consistent declines in those trends, the overall average cost per bill has remained consistent.

Reimbursement is influenced by several factors including injured worker case mix, number of claims, volume of services, and type of services. The reduction in injured workers translated to decreases in overall reimbursement. However, the impact to individual fee schedule spending will reflect variations in trends, depending on the service and case mix.

Pharmacy program: Opioid use and prescription spending continue to decline

We've built a first-class pharmacy program, a driving force in reducing our opioid numbers and the potential abuse or misuse of other dangerous drugs in our system.

The total number of opioid prescriptions BWC reimbursed during FY21 decreased by 13.5% compared to FY20.

Through effective medication-management activities and medication pricing, BWC achieved significant reductions in our pharmacy spend. During FY21, a total of \$1.16M in pharmacy rebates were collected and submitted to BWC. Prescription reimbursement totaled \$36.6M during FY21, a decrease of \$7.1M when compared to FY20.

The reduction in our pharmacy costs was for many reasons. Fewer injured workers filled a prescription, fewer prescriptions were filled, with smaller prescription quantities, and there was an increased use of generic drugs, with more efficient pricing on generic drugs. Along with the maximum allowable cost list, these helped contribute to reduced overall costs.

Medical & Health Symposium goes virtual worldwide; breaks records

Our 2021 virtual Medical & Health Symposium was April 8 – 10, 2021, and we achieved record-breaking attendance. By going virtual, we had a 400% increase in attendance this year compared to in-person symposium attendance in 2019.

Almost 2,700 health care and legal professionals from 42 states and 11 countries attended the three-day symposium and 96% of attendees indicated they planned to participate in our 2022 event. While

the symposium was virtual for attendees and exhibitors, speakers presented live from a production studio in Columbus, Ohio.

In addition, continuing education was available for 16 health care disciplines, an increase of six from 2019. Continuing legal education credits were also offered again. The symposium continued to expand by offering three educational tracks at no cost to attendees – the provider staff forum, the first-ever vocational rehabilitation workshop, and a two-day provider clinical education.

The symposium featured presentations by health care experts, motivational speakers, and BWC staff on topics such as return to work, COVID-19, overcoming tragedy and addiction, navigating the workers' compensation system, and making personal connections with patients. Governor DeWine kicked off the symposium virtually each day, welcoming attendees and thanking them for their service to all Ohioans.

BWC's Transitional Work Program offers employers free grants

In order to help employers get their injured workers back to work as soon as possible, BWC launched our revamped Transitional Work Grant (TWG) program June 1, 2021, offering free grants and guidance. BWC also saw an increase in grant applications in the first half of 2021.

To encourage participation, we removed our 3-to-1 matching requirement for grants as well as the one-grant-per-lifetime limit. Employers are now eligible for 100% reimbursement up to their approved grant maximum, and one grant every five years.

BWC also added services to the TWG program that help employers manage an injured worker's return to work during the COVID-19 pandemic. Another service assists employers in managing their workspace for health and safety during COVID-19.

Transitional Work Grants are based on the employer's number of employees and range from \$2,900 to \$6,300.

Special Investigations

In FY 2021, our BWC Special Investigations Department (SID) celebrated its 28th year of protecting the State Insurance Fund by detecting, investigating, and deterring fraud. The department's 116 members accomplished massive results.

- **Identified \$94.4 million in savings**, 21.4% more than last year and our highest savings since FY 2007.
- **Closed 1,208 cases** in an average of 195.6 investigative days.
- **Averaged \$78,128 in savings identified per closed case**, the highest annual level in the department's 28-year history.
- **Generated a \$8.46 return on expenditures (ROE)**, 46.0% more than last year and our highest ROE since FY 2005.
- **Received 2,421 allegations:**
 - 33% proactively identified by SID
 - 31% from other BWC staff
 - 36% from external sources
- SID management team members continued to **assist the state's Emergency Operations Center** by distributing ventilators, testing equipment, and critical personal protective equipment to state entities serving COVID-19 hotspots. During 2021, they completed **56 missions, delivering 3,873,573 items**.

- Commencing in November 2020, **more than 100 staff from our Special Investigations Department (SID) and the Division of Safety & Hygiene served on a Retail Compliance Unit (RCU)**, under the Ohio Department of Health’s Responsible RestartOhio order, furnishing consultations to retail businesses to further mitigate the spread of COVID-19. The unit achieved over 53,000 visits to retailers across the state, encouraging them to comply with mask wearing, social distancing, and other safety protocols. In support of the Ohio Department of Health COVID-19 Call Center, our RCU hotline team and the BWC call center processed **over 14,000 customer contacts**.

Human Resources

Training Accomplishments

Performance Support & Training was able to pivot during the pandemic and successfully redesign all courses for virtual delivery. This was a huge task that involved learning new technology and redesigning activities so they are suitable for virtual delivery.

Executive Leadership Program

Completed the design, development, and implementation of BWC’s executive leadership program (ELP).

Electronic Recordkeeping

The department migrated electronic record keeping from several stand-alone platforms to one state-sponsored system (OnBase). This accomplishment will better integrate our records with DAS and provide added security and back-up capability.

Diversity and inclusion

Diversity and inclusion (D&I) are part of BWC’s core values. The mission of diversity and inclusion is to support the agency’s strategic goals through a systemic approach that addresses:

- Our people and a culture of inclusion and engagement.
- Processes including policies and accountability.
- The diversity of our customers.
- The diversity of our vendors.

We completed the 2018-2020 D&I Strategic plan in December advancing to a “Competent” stage I on the diversity and inclusion continuum, the highest level among state agencies. We submitted the 2021-2023 Diversity Equity and Inclusion plan to the Governor’s office, renewing BWC’s commitments and adding strategies to impact equity both internally and in the delivery of services.

Employee Resource Groups

Employee Resource Groups (ERG) are an important piece of a sound diversity and inclusion strategy that values employee participation and engagement. ERGs are grassroots employee organizations with goals and mission that are aligned. They have senior team members who function as executive sponsors. During this fiscal year, we saw the emergence of the Black Employee Resource Group (BERG), and Women in Technology (WIT). Along with the Pride Connection, these groups are working on education, recruitment, coaching and mentoring, and providing a perspective that represents the customers we serve.

The Conversation Continues

This started as a web discussion about race and justice that allowed employees to share experiences, learning, ideas and resources. This was later expanded to conversations in teams aided by a toolkit

developed internally. Lessons in Leadership, a leadership development program, dedicated three agency-wide sessions to this topic.

Employee participation in educational activities has increased significantly due to leadership support and web access via Teams. These opportunities prepare employees to better understand the diversity of our customers.

IT

E-Signature Capability

During the pandemic, with most people working from home, finding new ways to get required signatures from staff and customers became imperative. BWC implemented an eSignature capability for numerous forms including handicap assessment requests, memoranda of understanding, and security access requests.

Custom Email and Text Notifications

Employers and injured workers can now sign up for custom email or text notifications of key events such as invoices and payments.

BWC has moved away from a custom-built solution that required ongoing BWC staff support. GovDelivery offers far more features in terms of texts, robocalls, tracking, and reporting. This will open the door for BWC to be more communicative with our customers and with more options for how to hear from us.

Websites Redesign

Both public and employee web sites were redesigned to enhance usability.

Third-Party Administrator Portal

The Third-Party Administrator (TPA) portal is designed as a “One Stop Shop” for TPAs working with self-insured and state fund employers. The user is now able to quickly navigate through the portal and access the information they need.

BWC year-end statistics

Fiscal Year Ending June 30, 2021

	FY 2021	FY 2020	FY 2019
State Fund Claims Filed			
Lost Time	10,706	9,850	11,009
Medical Only	53,683	61,101	72,932
Occupational Disease	1,045	401	255
Death	168	167	168
Disallowed or Dismissed	10,232	10,344	12,240
Total	<u>75,834</u>	<u>81,863</u>	<u>96,604</u>
Net Allowed Injuries	65,602	71,519	84,364
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.			
Open Claims (Per statute)			
Lost Time	185,744	192,664	207,594
Medical Only	<u>393,357</u>	<u>417,301</u>	<u>438,785</u>
Total	<u>579,101</u>	<u>609,965</u>	<u>646,379</u>
Benefits Paid			
Medical Benefits Paid	\$352,566,355	\$430,417,629	\$490,034,666
Compensation Paid			
Wage Loss	\$5,928,044	\$6,481,308	\$6,753,726
Temporary Total	184,624,581	189,744,611	194,770,873
Temporary Partial	3,011	2,693	4,189
Permanent Partial	22,318,732	19,974,366	22,692,662
% Permanent Partial	50,253,261	52,068,618	57,590,270
Lump Sum Settlement	171,625,160	159,717,230	140,426,459
Lump Sum Advancement	14,611,706	17,990,947	16,648,612
Permanent Total & DWRF	355,515,570	367,284,999	369,525,968
Death	77,824,915	79,249,198	80,666,730
Rehabilitation	21,317,274	23,536,162	24,544,006
Other	<u>2,910,028</u>	<u>3,616,901</u>	<u>3,111,525</u>
Total Compensation Paid	\$906,932,282	\$919,667,034	\$916,735,020
Total Benefits Paid	<u>\$1,259,498,637</u>	<u>\$1,350,084,663</u>	<u>\$1,406,769,686</u>
MCO Fees Paid	\$164,987,367	\$168,764,352	\$170,882,589
Fraud Statistics			
Fraud Dollars Identified	\$94,378,598	\$77,754,230	\$65,144,322
\$\$\$ Saved to \$\$\$ Spent Ratio	8.46 to 1	5.79 to 1	4.93 to 1
Prosecution Referrals	89	150	189

	FY 2021	FY 2020	FY 2019
Active Employers By Type			
Private	248,256	245,040	244,247
Public (Local)	3,805	3,802	3,796
Public (State)	114	114	115
Self-Insured	1,110	1,139	1,160
Black Lung	20	26	26
Marine Fund	131	129	128
Total	<u>253,436</u>	<u>250,250</u>	<u>249,472</u>

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

BWC Personnel	1,634	1,753	1,774
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BWC COMBINED FUNDS FINANCIAL DATA (000s omitted)

Operating Revenues

Premium & Assessment Income, net of Provision for Uncollectibles and Ceded Premiums	\$1,169,595	\$1,248,759	\$1,290,499
Other Income	7,359	8,670	9,396
Total Operating Revenues	<u>\$1,176,954</u>	<u>\$1,257,429</u>	<u>\$1,299,895</u>

Operating Expenses

Workers' Compensation Benefits and Compensation Adjustment Expenses	\$526,258	\$1,260,821	\$760,096
Other Expenses	141,493	176,282	179,137
Total Operating Expenses	<u>\$667,751</u>	<u>\$1,437,103</u>	<u>\$939,233</u>

Non-Operating Revenues

Net Investment Earnings	\$469,028	\$586,514	\$654,606
Increase (Decrease) in Fair Value	2,995,025	1,206,417	1,536,515
Net Investment Income	<u>\$3,464,053</u>	<u>\$1,792,931</u>	<u>\$2,191,121</u>

Net Dividends, Rebates and Credits	\$6,185,348	\$1,343,613	\$1,182,817
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Total Assets	\$24,457,388	\$27,781,847	\$29,373,011
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Total Liabilities	\$15,118,553	\$16,195,908	\$18,153,785
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Total Net Position	\$9,358,918	\$11,563,977	\$11,295,526
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Investment Class Annual Report

Portfolio Performance and Valuation Summary

The BWC investment portfolio was valued at \$22.37 billion as of June 30, 2021 compared with \$25.89 billion on June 30, 2020, a decrease in market value of \$3.52 billion. The BWC investment portfolio had a FY21 total return (net of management fees) of 15.2% and net investment income of \$3.46 billion.

Asset Allocation Mix

The asset allocation mix of the BWC investment portfolio based on represented fair value on June 30, 2021 was 51.0% bonds, 31.6% equities, 15.9% real estate, and 1.5% cash and equivalents. This asset mix compares to 56.7% bonds, 28.8% equities, 13.4% real estate, and 1.1% cash and equivalents on June 30, 2020.

Bond Portfolio Values and Return

The total fair value of the BWC bond portfolio was \$11.40 billion on June 30, 2021 compared to \$14.68 billion on June 30, 2020. Accounting for net outflows of \$3.89 billion during FY21 due primarily to fund employer dividends, the adjusted fair value increase of the BWC bond portfolio was \$0.61 billion. The total net return for FY21 was 4.0%. The largest bond mandate of the BWC portfolio is the SIF long duration credit portfolio. This long credit portfolio provided a FY21 total net return of 5.0% and had a fair value of \$3.86 billion as of June 30, 2021.

Equity Portfolio Values and Return

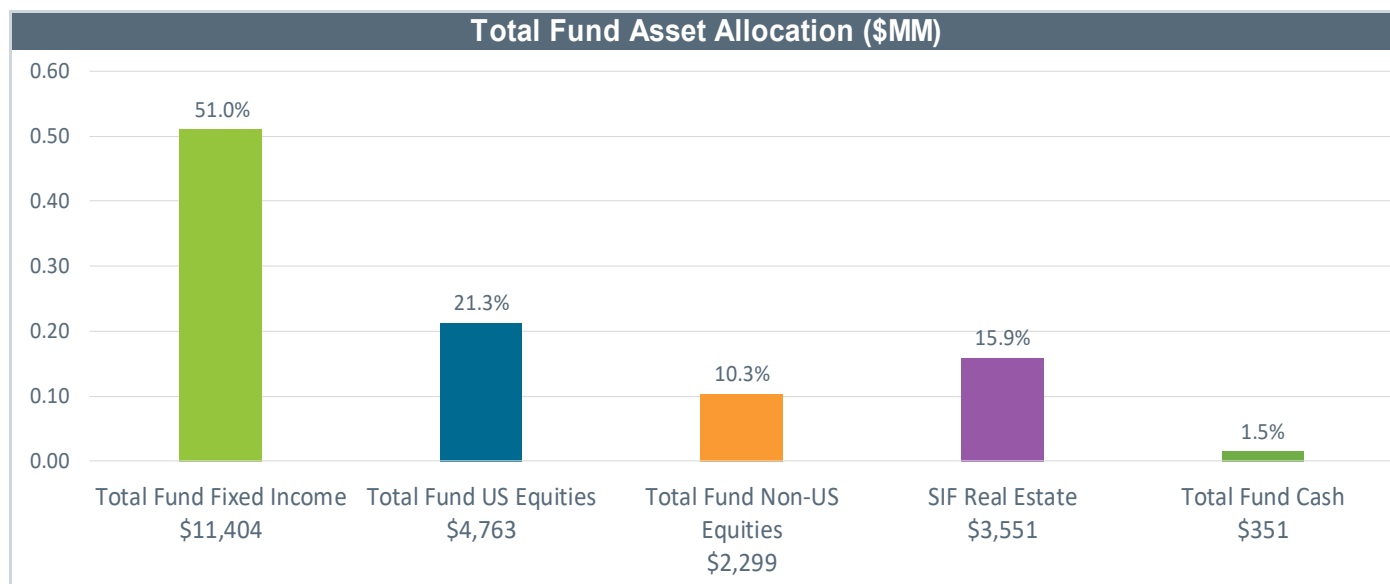
The total fair value of the BWC equities portfolio was \$7.06 billion on June 30, 2021, a decrease of \$0.38 billion compared to \$7.45 billion on June 30, 2020. The total fair value of the BWC U.S. equities portfolio was \$4.76 billion on June 30, 2021 compared to \$4.98 billion on June 30, 2020. Accounting for net outflows of \$2.04 billion during FY21 due primarily to fund employer dividends, the adjusted fair value increase of the U.S. equities portfolio was \$1.82 billion during FY21, which represented a total net return of 45.1%. The total fair value of the BWC non-U.S. equities portfolio was \$2.30 billion on June 30, 2021, a decrease of \$0.16 billion compared to \$2.46 billion on June 30, 2020. Accounting for net outflows of \$0.91 billion, the adjusted fair value increase of the non-U.S. equities portfolio was \$0.75 billion during FY21, which represented a total net return of 35.9%.

Real Estate Portfolio Values and Return

The total fair value of the BWC real estate portfolio was \$3.55 billion on June 30, 2021 compared to \$3.48 billion on June 30, 2020. Accounting for net outflows of \$0.27 billion during FY21 from portfolio rebalancing actions, the adjusted fair value increase of the BWC real estate portfolio was \$0.34 billion. The real estate portfolio provided a FY21 total return net of fees of 9.9%. FY21 net returns were 6.5% for core real estate funds, 15.3% for core plus real estate funds, and 19.1% for value-added real estate funds.

Cash and Cash Equivalents

Total BWC cash and cash equivalents had a fair value of \$0.35 billion on June 30, 2021 compared to \$0.28 billion on June 30, 2020.



Total Fund Schedule of Investable Assets

Period Ending	Beginning Market Value (\$MM)	Net Cash Flow (\$MM)	Gain/Loss (\$MM)	Ending Market Value (\$MM)	% Return
Fiscal Year 2021	25,891	-6,987	3,464	22,368	15.2

Total Fund Performance

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Total Fund	15.2	7.0	8.7	5.1	7.5	5.8
State Insurance Fund	15.5	6.8	8.7	5.2	7.8	6.0

Performance by Asset Class

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Total Fund Fixed Income	4.0	11.3	10.3	-0.1	1.4	10.0
Total Fund Equity	42.1	2.5	6.5	12.8	19.3	-2.4
Total Fund US Equity	45.1	6.3	9.0	15.4	18.8	1.1
Total Fund Non-US Equity	35.9	-5.0	1.2	7.3	20.5	-10.2
SIF Real Estate	9.9	1.7	6.7	8.4	7.6	10.6

Performance is shown net of fees. Allocations may not sum up to 100% exactly due to rounding.

Outcomes and Savings of the Health Partnership Program

The Health Partnership Program

The Health Partnership Program (HPP) has operated as BWC's system for providing managed-care services since its implementation in March 1997. Per Ohio Revised Code (ORC) 4121.44 (H)(3), BWC must publish a report on the measures of HPP's outcomes and savings. BWC submits the report to the president of the Senate, the speaker of the House of Representatives, and the governor. BWC prepares the annual report under division (F)(3) of section 4121.12 of the ORC. BWC's chief medical services and compliance officer directs the program under the direction of BWC's chief medical and health officer. The chief medical services and compliance officer coordinates management of the HPP with the chief medical officer and the chief of medical operations, appropriately using and making available a network of providers and managed care organizations (MCOs).

How HPP works

While determining compensability and paying indemnity benefits, BWC contracts with MCOs to manage the medical component of workers' compensation claims. MCOs educate employers and injured workers on HPP. They also process First Report of an Injury, Occupational Disease, or Death (FROI) applications. In addition, MCOs help employers establish transitional/early return-to-work programs. Finally, MCOs process medical bills and make provider payments.

BWC monitors MCOs' managed care performance. For example, it measures MCO effectiveness for return-to-work efforts using the current outcome methodology metric known as Measurement of Disability (MoD). BWC also measures MCOs' FROI timing, FROI data accuracy, bill timing, and bill data accuracy. The majority of these measures are published in an annual MCO Report Card, available on www.bwc.ohio.gov. BWC encourages employers to view this report before selecting an MCO. Twelve MCOs serve Ohio's employers and injured workers.

BWC Medical Services objectives

BWC strives to ensure prompt, quality, cost-effective health care for injured workers to facilitate their early, safe, and sustained return to work and quality of life. The Medical and Health Division through the work of the Medical Services and Compliance Division, the Medical Operations Division, and the Chief Medical Officer Division coordinate health-care delivery through a network of certified providers and MCOs. BWC accomplishes this with management, pricing, and payment strategies that benefit injured workers and employers. Specific supporting responsibilities include:

- Developing, maintaining, and executing quality and cost-effective medical and vocational rehabilitation benefits plans and associated fee schedules;
- Developing and supporting the appropriate managed-care processes, including contract management and training;
- Establishing and maintaining a quality pool of medical and vocational service providers to ensure injured workers have access to quality, cost-effective, and timely care;
- Developing and implementing appropriate medical and vocational policies, rules, and training, which address the management from inception to resolution of all medical and vocational issues from an allowed claim; and
- Evaluating and processing medical bills, guaranteeing proper and timely payment consistent with benefits plan criteria.

During FY21, BWC made positive progress on initiatives to further support existing divisional and BWC enterprise business objectives and strategies. The remainder of this report provides selected highlights of HPP activities and outcomes.

HPP Rules

Pursuant to the required five-year Ohio administrative rules review protocols, the Medical Services Division reviewed and modified, as appropriate, all Ohio administrative rules governing the HPP. In total, the division addressed 85 HPP rules. The BWC Board approved changes to 67 of those rules, which included amendments to 59 rules, rescinding of five rules, and the rescinding and replacing of three rules. There were no changes to 18 rules. Those rules addressed all areas of the HPP program, including the Qualified Health Plan, MCOs, medical and vocational providers, medical and vocational services, pharmacy services, and injured-worker medical reimbursements. During this process, the division received more than 10 comments from stakeholders, providers, and associations to which BWC staff provided responses. This successful effort maintains BWC's position to positively continue and facilitate the visionary goals reflected in the development and implementation of the HPP system.

Benefits Plan Design

Prompt, effective medical care is crucial for those injured on the job. Such care is often the key to a quicker recovery, timely return to work, and quality of life for injured workers. Maintaining the right benefits plan design and service-level reimbursement also ensures access to quality, cost-effective service.

Access for injured workers means the availability of appropriate treatment. Having access to appropriate treatment facilitates faster recovery and a prompt, safe return to work. For employers, it also means the availability of appropriate, cost-effective treatment provided based on medical necessity.

Implementing a sound and effective provider fee schedule is a critical component of maintaining an effective benefits plan. Pursuant to required rules and law, and to ensure injured workers have access to quality care, BWC establishes discounted yet competitive fee schedules. BWC annually reimburses more than 28,000 providers for medical and vocational services rendered to Ohio's injured workers. An equitable and competitive fee for the right medical service is essential to maintain a quality provider network across the wide range of necessary provider disciplines.

BWC continuously improves its medical, vocational rehabilitation, and pharmaceutical services offerings. This results from us executing quality methodologies and protocols for revising benefits plans and their corresponding fee schedules. BWC strives to review all fee schedules annually. All fee schedules are published on BWC's website for review and download.

For as much uncertainty that existed, Medical Services was able to immediately meet the needs of our customers based on existing benefits plans, which included technology-enabled remote services. BWC has covered telephone, telemedicine, and remote-check-in services for years. Previously, injured workers and their providers mostly preferred face-to-face encounters. However, during the pandemic, we were immediately able to educate our customers seeking remote, digital visits, as well as adapting and expanding some benefits offerings, through seven published policy alerts and a provider FAQ. The policy alerts and provider FAQ facilitated providers understanding and met injured workers' needs with improved capacity to deliver just-in-time and flexible, remote visits.

The Medical Services' team also continued business as usual while working through these unprecedented times. Five provider fee schedules were researched, analyzed, and updated. The proposed changes will result in increases up to 4% in total reimbursement, if all things remain the same. The team has the responsibility for managing more than \$378 million in reimbursement under the Health Partnership Program in FY21, down from \$437M in FY20, and \$477M in FY19.

BWC has achieved those reductions while continuing to follow four objectives:

1. To maintain stability in the environment and reimbursement methodologies.
2. To ensure injured worker access to quality care.
3. To promote efficiency in the provision of quality services.
4. To maintain a competitive environment where providers can render safe, effective care.

Those four objectives continued to guide our evaluation of the annual reimbursement methodologies and the development of recommendations for the annual fee schedule changes. We expect total medical and vocational service reimbursement and average treatment cost per injured worker to remain relatively stable, depending on injury mix and service utilization mix and rates.

In comparison to trending medical reimbursement reductions, BWC's bill volume is also decreasing proportionately. In FY2012, we received 3.4 million bills and reimbursed \$735M compared to the 1.6 million bills and \$378M in reimbursement in FY2021. Despite the consistent declines in those trends, the overall average cost per bill has remained consistent. Reimbursement is influenced by several factors including injured worker case mix, number of claims, volume of services, and type of services. The reduction in injured workers translated to decreases in overall reimbursement. However, the impact to individual fee schedule spending will reflect variations in trends, depending on the service and case mix.

Maintaining stability in the system

Top 10 services utilization

Consistent with the overall decrease in total medical reimbursement, the top 10 services ranked by reimbursement decreased by 27% between FY17 and FY21. Despite the overall decrease in reimbursement, the top services used has not drastically changed. These services have remained steady each fiscal year and include two physical medicine services, two office visit codes for established patients, an emergency room visit code, an outpatient hospital facility charge (for use of the facility for office visit services), a psychological counseling code, a home health aide service code, and a spinal cord stimulator implant code. Within the past five years the top 10 services showed either a higher-level emergency department code or shoulder arthroscopy (rotator cuff tear repair). For example, in FY21 shoulder arthroplasty was ranked seventh-highest service, but it didn't make the top 10 in FY20 or FY19.

Figure 1: Top 10 Services Utilized

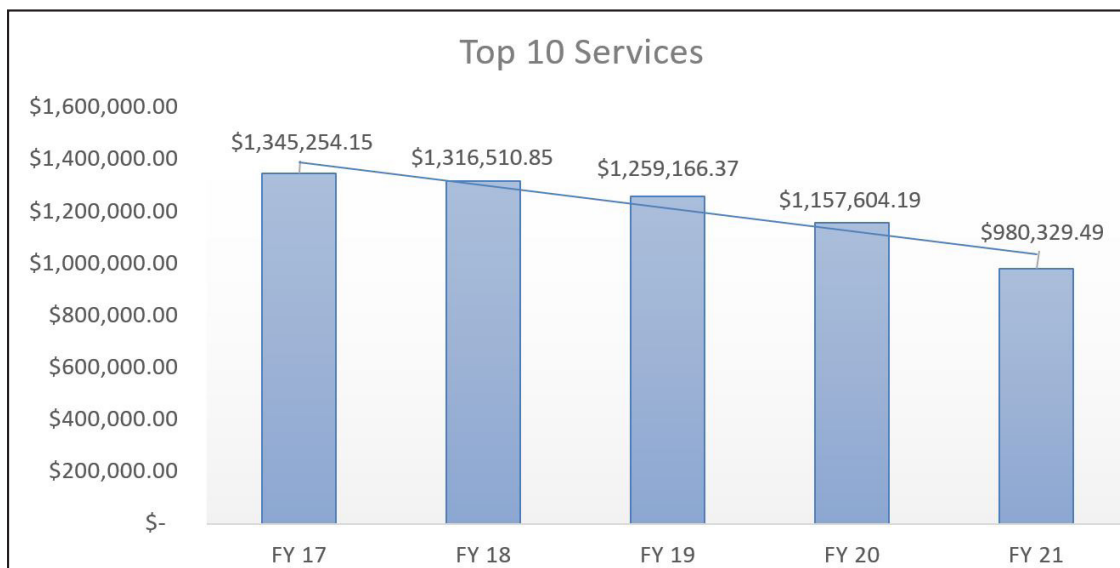


Figure 2: Top 10 reimbursed services in last 5 fiscal years

97110 - THERAP.PROC.EA 15 MIN;THERAPEUTIC EXERCISE
99213 - E/M O.P. EST 15 MIN.
99214 - E/M O.P. EST 25 MIN.
W0120 - HOME HEALTH AGENCY NURSES' AIDE, PER HR
90837 - PSYTX PT&/FAMILY 60 MIN.
G0463 - HOSPITAL OUTPT CLINIC VISIT
29827 - ARTHROSCOPY, SHOULDER, SURGICAL, WITH ROTATOR CUFF REPAIR*
63685 - SUBCUT PLACE SPINAL STIM RECEIVER COUPLE
99283 - EMERGENCY DEPT VISIT EXPANDED PROBLEM FOCUSED HISTORY MOD COMPLEXITY
97140 - MANUAL THERAPY TECHNIQUES, ONE OR MORE REGIONS, EA 15 MIN.
99284 - EMERGENCY DEPT VISIT DETAILED HISTORY MOD COMPLEXITY*

*Differs depending on FY

Upon evaluating the most used service offerings provided to injured workers through each fiscal year, reimbursement has remained stable as a proportion of total medical spend (33-34%) for these service lines. The top-ranked service, physical medicine therapeutic exercise, a key service in the rehabilitation and pain management for injured workers, has remained at roughly 7-8% of the total reimbursement across all fee schedules. This demonstrates that although total use and reimbursement continues to decline, injured workers retain access to appropriate key services set forth by the benefits plan.

Telehealth: addressing the pandemic's impact

The largest, demonstrable impact over the past year was the significant increase in telemedicine and telephone services. The world entered a new phase with the global pandemic in 2020, especially in the overall healthcare landscape. Navigating these challenges led to unprecedented responses from state and federal governments.

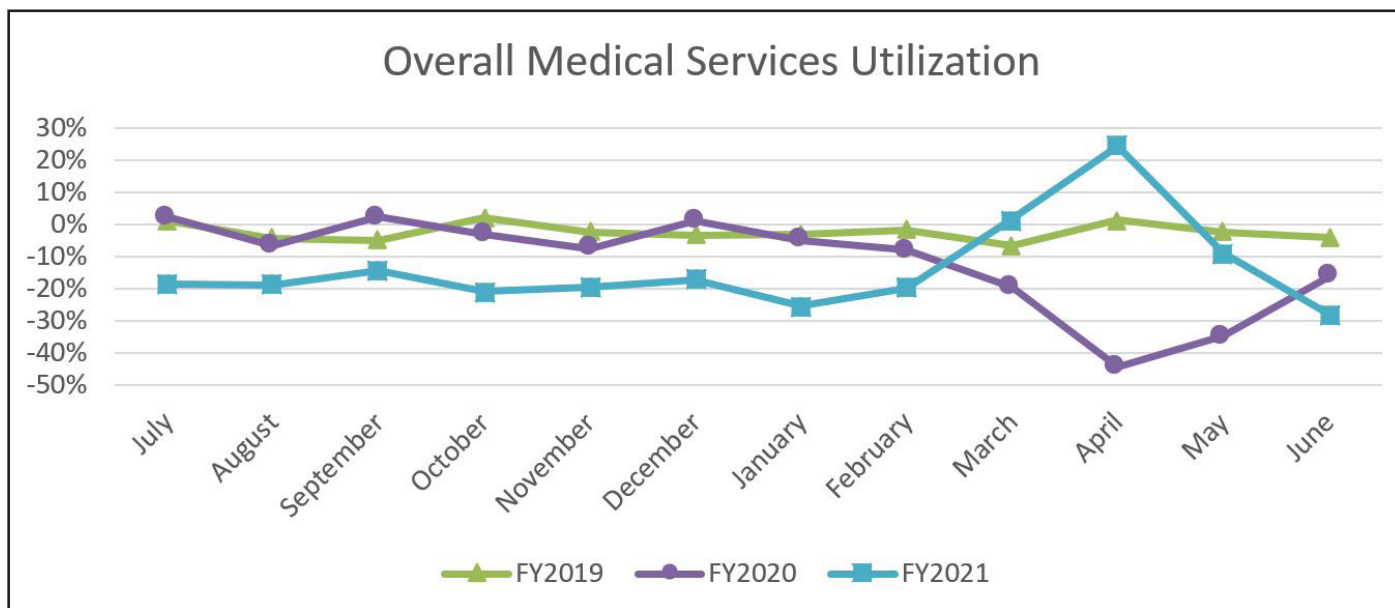
Throughout the pandemic, BWC remained committed to the goal of providing high-quality, accessible medical services to injured workers through the medical benefit plan packages. A guiding principle, and core HPP philosophy, is ensuring injured workers access to high-quality medical care through appropriate benefits plans and services: the right treatment, at the right time, with the right provider and/or place. BWC designed the benefits plan to be robust, but also agile and flexible-enough to allow adjustments when unique challenges arise. The coronavirus pandemic presented a unique situation with unique challenges, which made telehealth services necessary. Currently, there are approximately 50 telehealth services codes.

As with many other state agencies, BWC faced several challenges due to the state of emergency and subsequent implementation of public health orders, including stay-at-home orders, personal protective equipment concerns and mask mandates, and suspension of elective procedures. BWC also recognized that because of the pandemic, use of in-person care would be challenged due to fear of potential exposure.

BWC's overall medical services utilization significantly dropped toward the end of FY20, as states of emergency across the country were ordered during the onset of the pandemic. Historically, fluctuations in overall medical use range within 10% year-to-year depending on injury mix, service utilization types, and claimants in the system. Figure 3 illustrates year-to-year changes for each month. As shown

for the years prior to 2020, the changes in overall medical use were limited within a small range. However, in March and April of 2020, we observed a 44% decrease in volume, likely due to the actions taken during Ohio’s state of emergency. As BWC quickly responded with allowance of flexible care options, and stay-at-home orders partially lifted, we observed a rebound of overall volume beginning February 2021, peaking in April 2021. March and April utilization exceeded pre-pandemic utilization values, although utilization declined again in May and June, as the delta variant began to emerge to close the fiscal year.

Figure 3: Medical services utilization decreased in 2020 due to the COVID pandemic and stay-at-home orders, bouncing back in FY2021.



BWC’s service utilization mirrored reported utilization trends for Medicare, Ohio Medicaid, and commercial insurers.

Early on, it was evident that telehealth services would play a key role in mitigating the negative impacts of the pandemic, and virtual services would help maintain care coordination and communication between injured workers and their physicians. Office visits are vital for the health status of injured workers. Injured workers and providers were able to successfully leverage technology to support continuity of care, and to prevent negative health outcomes.

BWC implemented several key enhancements and flexibilities that positively facilitated maintenance of care coordination and communication. BWC policy allowed for telehealth flexibilities such as telemedicine from the injured worker’s home, along with allowing cell phones for remote communication. Physicians who were not equipped for the rapid transition to using telemedicine, such as not having secure platforms through their patient portal or other means, were able to engage injured workers through the temporary allowance of tools such as Zoom or Facetime, so long as the injured worker granted permission.

Given the added flexibility with telehealth expansion, BWC evaluated the utilization of office visits, including the modalities used to observe continuity of care. Figure 4 illustrates and quantifies the decrease in utilization between FY19 and FY20 on a quarterly basis. However, the increased use of office visits rendered via telemedicine or telephone were observed in 2020 as a result of the telehealth expansion. The growth in the expanded telehealth modalities most likely mitigated the expected decrease of face-to-face services had injured workers and providers not been offered the flexibility.

Figure 4: Year-to-year comparison of quarterly usage of all office visits.

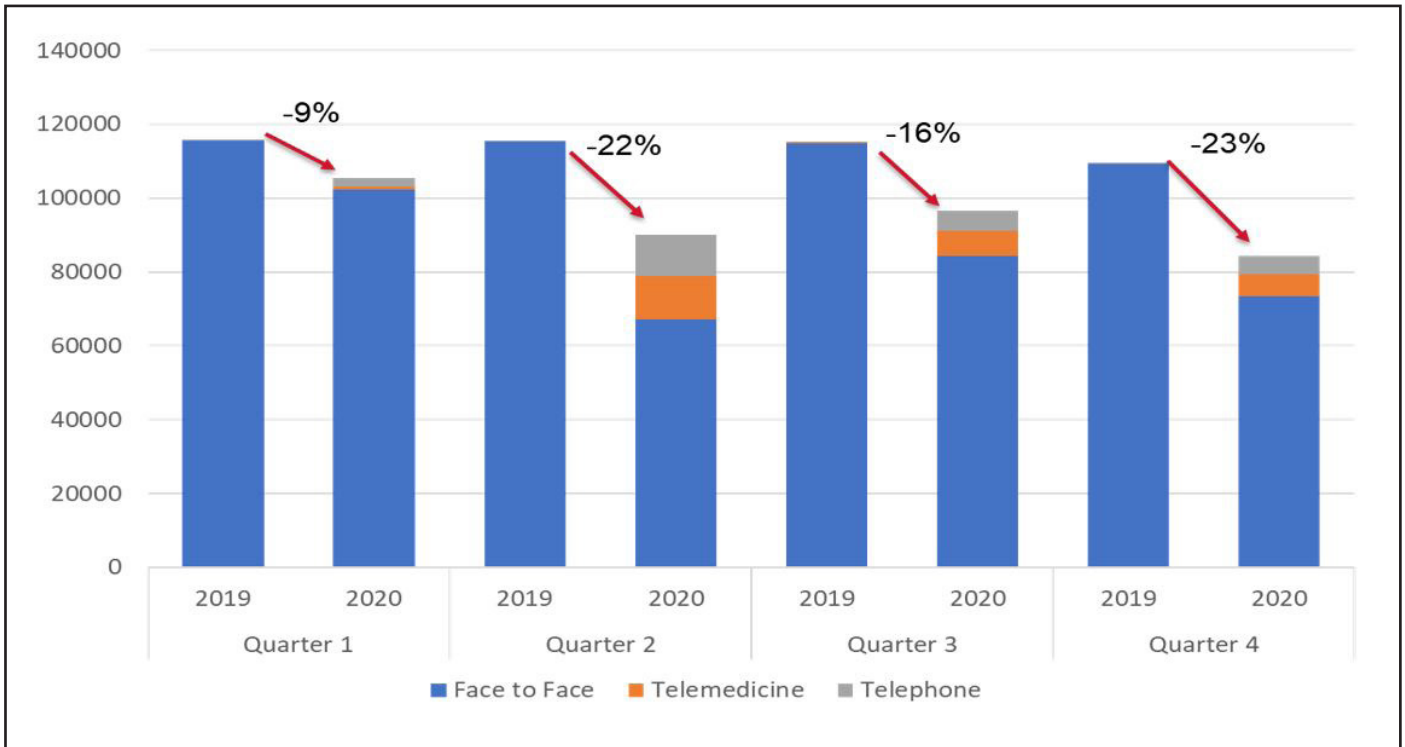
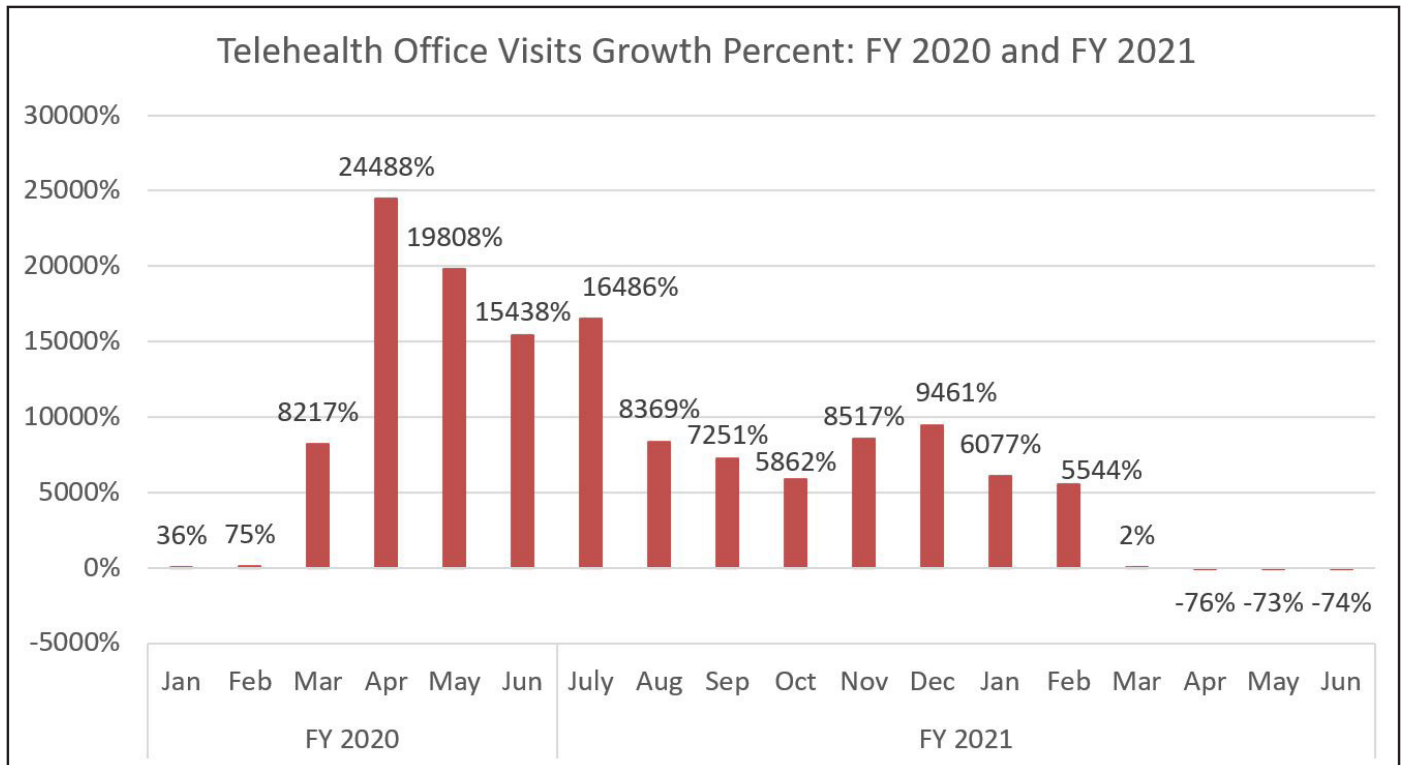


Figure 5 illustrates the rapid growth of telehealth office visits in 2020. For perspective, less than 50 telehealth services were used in each month of 2019. The growth in this set of services during the pandemic is a result of providers recognizing the value of virtual service delivery, mitigating barriers to high-quality medical care in the context of COVID-19.

Figure 5: Year-to-year comparison of quarter usage of all office visits.



In the months following the state-of-emergency declaration, the use of telemedicine and telephone services grew significantly, indicating that healthcare professionals and injured workers were able to successfully implement virtual services into their care. Overall, data indicators show health care services positively trending and returning to pre-pandemic stability levels. Medical Services anticipates overall utilization and the utilization rate of key services such as office visits will continue to stabilize. This growth, when paired with the positive telehealth utilization, indicate that BWC was able to successfully respond to the pandemic in a variety of ways that supported injured worker access to, and use of, the important healthcare services that facilitate their return to work.

Pharmacy Program

The pharmacy benefits program covers outpatient medications prescribed to treat conditions related to an injured worker's claim. The program's goal is to ensure safety, efficacy, and cost-effectiveness when establishing BWC's closed formulary. The BWC Pharmacy Program is a team of nurses, technicians, pharmacists, and other support staff. The program is responsible for processing requests for medications from prescribers, reviewing opioid claims for prescriber compliance with BWC rules and requirements, and operating a help desk to aid customers with pharmacy-related issues. The pharmacy program maintains the outpatient formulary and manages the pharmacy benefits manager (PBM), rebate aggregator, and pricing consultant.

The pharmacy program director is responsible for chairing a Pharmacy & Therapeutics (P&T) Committee that consists of a diverse group of prescribers and pharmacists. The P&T Committee, established by OAC 4123-6-21.2, was created to advise BWC regarding issues involving medication therapy for injured workers. The P&T Committee regularly reviews the formulary to improve safety and lower costs while maintaining access to appropriate and necessary medications.

The pharmacy department and managed care organizations (MCOs) conduct drug utilization reviews (DUR) to ensure medications are appropriate and necessary for the injury, as well as cost appropriate. During a DUR, an independent physician reviews the claim and medications against these criteria to determine if the medication should be approved or denied. During FY21, there were 453 DURs completed, along with 194 Prior Authorization (PA) requests. DURs and PAs are completed by both managed care organizations and BWC.

Through effective, medication-management activities and medication pricing, BWC achieved significant reductions in pharmacy spend. During FY21, a total of \$1.16M in pharmacy rebates were collected and submitted to BWC. Prescription reimbursement totaled \$36.6M during FY21, a decrease of \$7.1M when compared to FY20. The reduction in spending was due to a number of factors. Fewer injured workers filled a prescription, fewer prescriptions were filled, with smaller prescription quantities, and there was an increased use of generic drugs, with more efficient pricing on generic drugs. Along with the maximum allowable cost list, these helped contribute to reduced overall costs.

The pharmacy department is actively reviewing BWC providers that prescribe opioids to ensure they are compliant with OAC 4123-6-21.7. The purpose of this rule is to ensure BWC only reimburses for opioid medication when best practices are followed. This keeps the safety and health of our injured workers a top priority. Reviews are performed by industrial rehabilitation nurses within the pharmacy department, and issues of non-compliance may be reviewed by the Pharmacy Director and Chief Medical Officer. The total number of opioid prescriptions BWC reimbursed during FY21 decreased by 13.5% compared to FY20.

An important program offered to injured workers is the First Fill program. This program allows an injured worker to fill a prescription prior to the initial claim determination. Offering this program allows newly injured workers to receive medication to treat their acute condition instead of paying out-of-pocket and waiting for the claim determination. Medications covered are included on the First Fill Formulary listed in the Appendix to OAC 4123-6-21.6.

The mission of our pharmacy program is to ensure safe and appropriate medication utilization. Formulary management, drug utilization review, the opioid prescribing rule, First Fill Plan, outreach, and education all align with this mission. We will continue to improve services offered by our program to provide the best possible care for Ohio's injured workers.

Managed-Care Processes

MCO Contract

BWC and the MCOs executed a contract that became effective on January 1, 2021, and remains effective through Dec.31, 2024. The terms of the contract continue to build on the work begun under the most recent BWC-MCO contracts and reflect the following BWC goals:

- Mainstreaming of standard health care delivery and medical management;
- Increasing the focus on MCOs actively, medically-managing claims from day 1 of a workplace injury;
- Identifying ways to reduce legislating to bad behavior and focusing on better performance metrics; and
- Aligning MCO reimbursement to reflect success on high-valued returns in performance measures.

During contract negotiation, BWC staff also considered that a recent study concluded that the MCOs have had a positive impact on the Ohio workers' compensation system. Moreover, with the current flexibility afforded by the BWC setup, MCO relationship is a strength. However, it was recognized that opportunities for improvement existed within the current MCO performance measurement protocol, and the alignment of the MCO payment and incentive methodology with program expectations.

This BWC-MCO contract is for a four-year term. There were no major changes in MCO services. It was agreed that any additional clarification of services would be executed in modification to the MCO policy guide.

The contract reflects a phase-in approach to a new compensation methodology. In the past, MCOs were compensated from an established pot of monies. The new approach removes the set, pot-of-money approach. A base-transaction annual fee has been established. The annual fee is further calculated into a monthly rate. Each month, the MCO is then allocated the monthly transaction fee for each active claim assigned to the MCO on the last working day of the prior month. A portion of each MCO monies allocated monthly is paid out monthly as an MCO monthly administrative payment. The remainder of the monies allocated are banked and paid out as a quarterly incentive payment based on the MCO achievement of established outcome performance benchmarks.

Another key contract change is the elimination of the concept of paying out all incentive monies. Under the new contract, the banked monies are opportunities for the specific MCO associated with the monthly allocated monies. Any unearned incentive monies by that MCO is then returned to the HPP system.

Because the compensation model is based on a transactional fee, a stability factor is a part of the methodology. This factor is used to mitigate extreme changes in compensated transactions. Without some control, the significant active claim count swings, which has been experienced during the pandemic, creating uncertainty in maintaining system resource continuity. Injured workers and employer service expectations would more than likely experience harm.

The resulting changes within the new BWC-MCO contract does the following:

- Maintains the overall current approach to MCO services with appropriate clarification of expectations being enhanced.
- Transitions the current reimbursement methodology to a transactional base methodology.
- Creates a stronger alignment of payment level to the transaction activity based on the number of active claims managed by the MCOs.
- Creates a clearer alignment of payment to overall service requirement.
- Realigns compensation to better reflect outcome incentive, as well as administrative transaction penalties.

Mergers

During FY21, BWC approved the merger of two MCOs. This brought the number of MCOs under contract with BWC to 10. Throughout any merger process, BWC gives the employers assigned to the non-surviving MCO the option to select a different MCO. This ensures employers maintain their right to select an MCO of their own choice. The surviving MCO inherits the performance of the non-surviving MCO. This also ensures all claims remain actively managed, regardless of whether the claim originated with the surviving MCO or not.

Open enrollment

Every two years, BWC conducts an open enrollment period in which employers have the opportunity to select a new MCO. Historically, open enrollment has occurred in every even numbered year; however, BWC postponed open enrollment in 2020 due to the statewide shut-down during the pandemic. BWC recognized that many employers were not open for business and that attention needed to be focused on curtailing the spread of the COVID-19 virus.

Open enrollment was rescheduled to occur between May 3 – May 28, 2021. During this open enrollment period, over 8,200 employers changed MCOs, impacting more than 11,700 active claims. BWC has established policies and procedures to ensure little to no disruption in services to injured workers, requiring MCOs to honor treatment authorizations and vocational rehabilitation plans that are already in progress.

MCO recertification

Ohio Revised Code Section 4121.44 authorizes BWC to recertify the managed care organizations for two-year periods to ensure the efficiency and effectiveness of the public services provided through the HPP. When the certification of currently contracted MCOs expired on Dec. 31, 2020, BWC began the process of recertifying the MCOs in August 2020. This recertification examined several key areas, including the corporate structure of the MCOs, business continuance plans in the event of an emergency, compliance with equal opportunity requirements, and proper credentials of medical directors, clinical staff, and coding staff.

All 10 MCOs currently under contract with BWC submitted recertification applications and were recertified upon review for the period of Jan. 1, 2021 – Dec. 31, 2022.

MCO Report Card

Each year, BWC prepares an MCO Report Card which provides objective data to employers when making a selection of an MCO. In April 2021, BWC finalized the 2021 MCO Report Card and made it

publicly available through its website. The 2021 MCO Report contains information that would assist an employer in determining which MCO may best suit the employer's particular line of business and reports on key metrics used by BWC to measure MCO performance. Key performance indicators, such as Return-to-Work services, effectiveness of utilization management, and timeliness and accuracy of First Reports of Injury and medical bills were included in the 2021 MCO Report Card, as were indicators of the MCOs' size and book of business. BWC also conducted an employer satisfaction survey and included the results on the 2021 MCO Report Card. BWC continues to explore ways to improve the MCO Report Card and make the tool valuable for employers in assessing the MCOs.

MCO quarterly training

Under the terms of the BWC-MCO contract, professional, clinical, and decision-making MCO staff are required to complete up to 10 hours of BWC-mandated training during a calendar year. This mandate is in place to ensure that MCO staff are up-to-date with changes in BWC rules or policies and to ensure that MCO staff understand their roles in the Health Partnership Program. Throughout FY21, BWC worked to secure continuing-education credits for training offered and continued to offer the training, despite the pandemic, in a virtual environment. BWC has also built a library of prior training programs in the BWC Learning Center, making the content available to MCO staff members who were unable to attend the live events. Continuing education credits remain available through the BWC Learning Center for up to a full year after the live event, as well.

During FY21, BWC conducted training for MCO staff and mandated attendance based on the topics covered. In the third Quarter 2020, BWC conducted training on identifying and reporting fraud. This presentation was designed to ensure that MCOs can identify warning signs of fraud, either by injured workers or employers, and appropriately follow up with referrals to BWC for further investigation. Nearly 650 individuals have completed this training.

BWC also conducted a targeted training during the third Quarter 2020 on gathering and reporting return-to-work data. The accurate reporting of return-to-work data is crucial to managing the payment of compensation and to measuring the MCOs' effectiveness with managing the duration of disability. This training was mandatory for all MCO leadership, with more than 250 individuals in all levels of MCO management attending the training.

During fourth Quarter 2020, BWC mandated training for all vocational staff at the MCOs on the newly adopted vocational rehabilitation policies and procedures. This training provided a thorough overview of the process for developing vocational rehabilitation plans and monitoring those plans through to a successful return to work. Over 400 individuals completed this mandatory training.

In second Quarter 2021, BWC mandated training for all MCO clinical staff on new policies relating to the \$15,000 Medical-Only Program and the fundamentals of claim reactivation and additional allowance procedures. This training focused on the MCOs' role in collecting needed medical documentation, ensuring that claim data is complete to allow for timely processing of requests, and improving services to employers who have elected to participate in the \$15,000 Medical Only program. To date, over 240 individuals have taken this training and BWC expects additional attendees to complete the training through the BWC Learning Center course.

Medical providers: Education, outreach, and communication

Medical & Health Symposium

The 2021 virtual Medical & Health Symposium was held April 8 - 10, 2021, and a record-breaking attendance was achieved. By going virtual, we had a 400% increase in attendance this year compared to an in-person symposium attendance in 2019. There were almost 2,700 health care and legal professionals from 42 states and 11 countries who attended the three-day symposium. Ninety-six percent of attendees indicated they planned to attend the 2022 event. While the symposium was virtual for attendees and exhibitors, speakers presented live from a production studio in Columbus, Ohio.



Continuing education was available for 16 health care disciplines, an increase of six from 2019. Continuing legal education credits were also again offered. The symposium also expanded by offering three educational tracks at no cost to attendees – the provider staff forum, the first-ever vocational rehabilitation workshop, and a two-day provider clinical education. There were fascinating presentations led by health care experts, motivational speakers, and BWC staff on topics such as return to work, COVID-19, overcoming tragedy and addiction, navigating the workers' compensation system, and making personal connections with patients. Governor DeWine kicked off the symposium virtually each day, welcoming attendees and thanking them for their service to all Ohioans. During symposium breaks, attendees viewed up-to-date videos and visited virtual exhibitors. Interim Administrator/CEO John Logue closed the symposium each day with dialogue between the final session's speakers and offered related information about BWC initiatives.

We are confident this year's symposium impacted how health care practitioners render care to injured workers and their patients.

Newsletters and webinars

BWC communicates regularly with our providers, professional associations, and other interested parties. Our written communication was vital as our methods of communications changed from the in-person meetings to heavier dependence on technology including telephone, emailing, and virtual means. The provider electronic newsletter, our Provider news, continued with updates and information for our medical and vocational community. We strive to keep them abreast of important information related to our policies, processes, and rules. Meetings that are of interest to providers and medical stakeholders are shared, with an opportunity to attend given either by phone or virtually during dates of not meeting in person. Each month's newsletter is posted, along with a year of past editions, which are all available on our website. After COVID-19, BWC began sending the provider newsletter to all certified providers and groups, with a current list of more than 42,000 providers.

In addition, BWC continues to communicate with our provider community through scheduled webinars. In FY2021, BWC's medical division teams conducted four provider webinars sharing topic-specific information around policy, billing, and other updates. The webinars offer a thorough topic designed to better assist customers in understanding changes and new mandates within our environment. They are available on demand in our provider video section of our website, along with other archived webinars. Provided webinars included:

- Vocational Rehabilitation Provider Fee Schedule.
- Vocational Rehabilitation Policy and Procedure Update.
- Skilled Nursing Facility Updates: How to use the new local level codes.
- Fee Schedule Changes for 2021: PPFS and IPPS.

Provider call center support

BWC has a dedicated branch and option of the toll-free customer contact line to our medical provider community. This department houses four analysts to review inquiries specifically from providers and provide resolution. Many contacts are regarding unresolved billing, policy clarification, or other specific provider-related issues such as assistance in navigating the redesigned website. In FY21, the contact center received:

- 14,457 calls;
- 466 website customer chats;
- 263 website-generated emails; and
- 357 email inquiries from the separate, public email box.

When teleworking began, BWC's Provider Contact Center started a project to share with providers their online profiles to assure that BWC had a correct email address for provider contact, as emailed communication became a priority in communication methods. Also, we wanted to show providers what the public can see when they are looking for a certified provider, and allow providers to send requests for information changes when needed. In summary:

- 8,131 emails with provider look-up information were sent.
- 2,082 responses were received.
- 972 provider system updates were made by the team.

Provider address updates were sent directly to the provider enrollment department from the provider.

Network volume and updates

A continued focus of BWC is to support HPP's goal of having and maintaining a strong, effective network of certified providers. BWC's system reflects providers in two ways — certified providers and enrolled providers. Enrolled providers have not taken steps to become BWC-certified or are ineligible types for certification. Certified providers are those eligible to render ongoing medical services or supplies. They have completed the BWC provider application process and have a signed agreement on file, whereby they agree to abide by the Ohio workers' compensation fees, laws, and policies. There are 62,776 certified providers and 34,758 enrolled providers captured in the BWC system for FY21.

In FY21, BWC's provider relations business unit managed the following enrollment/ certification provider activities:

- | | |
|--|-------|
| • New provider enrollments: | 2,674 |
| • Re-certified providers: | 6,298 |
| • Providers whose certification lapsed and BWC did not re-certify: | 5,564 |
| • Total number of providers enrolled and certified during FY21: | 9,617 |

We deferred lapsing providers in recertification processing because many provider offices closed and/or staff were teleworking during early months of the pandemic. Mail was not being received and/or not handled due to staffing, causing unforeseen delay to recertify. We allow 90 days to respond before lapsing provider certification, and lapsed certification will result in bill denial until certification is renewed. To accommodate providers, certification lapsing due to not responding timely was paused for over four months, resuming the first week of September 2020. This affected 3,000 recertification applications sent in June and July 2020.

In 2017, we began a multi-year, multi-step plan for modernizing our provider system. The seven-phase approach set goals to enhance the 12-year-old database that began with immediately-needed system user updates.

This year after many internal user system enhancement accomplishments, more external customer based milestones were started, with notable progress as follows:

1) New BWC provider identifiers: The issuance of new provider numbers which no longer include provider personal data was implemented on October 5, 2020 when we retired our behind-the-scenes legacy provider system. The 11-digit new random identifier (from the current provider system) was emailed to providers. If an email was not on file, the numbers were made available on our website provider look up or by calling us or the MCO. Providers now use their National Provider Identifier and/or their newly-issued numbers in all billing, documents, and forms. MCOs do not reject bills or documents that may contain the former provider number.

2) New provider file layout for business partners: During this same weekend, file layouts were updated for system interfaces that eliminated unnecessary or empty data fields and more than one file to electronically share all needed provider data to our business partners. This former file format was attached to the legacy system in use, and when that system retired, the interfaces from it also were retired. All system interface partners (such as the MCOs, the Ohio Industrial Commission, pharmacy benefits manager, etc.) now receive the updated single electronic provider data file from the current source system.

3) First and second release of online enrollments (for MCOs only): We began the groundwork for the online enrollment process through our website by starting first with the enrollments sent in by MCOs. This enrollment method allows MCOs to submit for out-of-state medical providers or situations when a one-time reimbursement is necessary. This first offering for online enrollments began in August 2020 for brand new providers, and a second release in February 2021 to reactivate providers who were inactive in the system. The data entered is applied to the form to create a provider with a viewable and printable record internally. Documents uploaded with the application information become part of the record that is verified for eligibility.

4) New website provider offering: On June 3, 2021 we released the **My Provider** Info online offering for providers. After signing into their secure electronic account, providers start from this new landing page, where they can go in and make updates to their enrolment record information. This first release allowed addresses, DBA business name, record contacts, and birthdate updates to go directly into our system. Two one-minute video tutorials were completed – one on the offering's navigation, and a second e-video tutorial for providers on 'How to create an e-account.'. A webpage was released in the provider section of the website and a banner announcement placed there for this new enhancement. We made a fact sheet detailing provider e-account security and placed on that webpage and is placed in provider publications on the web. Within a month, 114 providers updated information, and over 100 new e-accounts were created.

We continue to work on additional online data sharing for providers to assure their information is accurate and up to date, not only for BWC purposes, but for our provider lookup customers. We've started working toward online recertification capability for certified providers, and plan to build our applications online for new providers to use in the future.

Medical and Vocational Services Administration Support

Sixty-seven new catastrophic injuries occurred during FY 2021 in the State-Funded population managed by MCOs. This statistic does not include catastrophic injuries that resulted in the death of the injured worker within the first five days following the date of injury. Catastrophic injuries have life-changing impacts and long-term consequences for the injured worker and their family. Catastrophic injuries include complex brain and spinal cord injuries, major extremity amputations, severe burns, crush injuries, and complex multiple trauma injuries. Despite the impact of COVID-19 on the business community and many workers being unemployed, the number of catastrophic injuries/illnesses remained the same as previous years.

The chart below shows the types of catastrophic injuries that occurred during FY 2021.

Type of injury	Number of claims	Percent of total claims
Traumatic brain injuries (moderate and severe)	24	36%
Spinal cord injuries (quadriplegia, paraplegia)	9	13%
Amputations, major extremity	13	20%
Severe burns	7	10%
Multiple trauma (multiple fractures, crush injuries, gunshot injuries, COVID claims, etc.)	14	21%

Vocational rehabilitation

The Vocational Rehabilitation program seeks to provide an individualized, face-to-face, return-to-work (RTW) program to assist injured employees who, without specialized vocational rehabilitation services beyond standard medical treatment would be unlikely to return to work or stay at work in a timely, safe, and productive manner.

During CY 2020, there were 2,672 new referrals for vocational rehabilitation initiated in 2,421 claims. Of those referrals, 986, or 30.9%, initiated a comprehensive, vocational rehabilitation plan or a job retention plan. For vocational rehabilitation plans completed in CY 2020, the average cost of services was \$9,432 per plan. Table 1 shows the outcome of comprehensive and job retention plans between CY 2016 and CY 2020. During the period, successful outcomes increased steadily for the first four years and decreased significantly in the last year.

Table 1: Outcome of vocational rehabilitation plans completed by calendar year.

Outcome of Plans	CY 2016		CY 2017		CY 2018		CY 2019		CY 2020	
	# of Plans	Percent	# of Plans	Percent	# of Plans	Percent	# of Plans	Percent	# of Plans	Percent
*Successful	828	53.8%	827	60.9%	742	62.6%	620	57.6%	504	56.3%
Unsuccessful	711	46.2%	530	39.1%	443	39.1%	457	42.4%	391	43.7%
Total	1,539	100.0%	1,357	100.0%	1,184	100.0%	1,077	100.0%	895	100.0%

*Successful – person returned to work and remained at least 30 days to a job within the job goal or job family of the job retention or comprehensive plan.

During the past several years, we had a decrease in the percent of referral of potentially eligible claims that were referred for vocational rehabilitation (VR) services. In 2016, we averaged 1.8% of referral, and as seen in Table 2, that rate dropped to 1.4% in CY 2017 and 2018 with slight increase to 1.5% in CY 2019. In CY 2020 the percent of referral of potentially eligible claims decreased to 1.3%.

Table 2: Eligible claims referral for vocational rehabilitation: 2015-2019

VR Referral Summary	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
!Claims Potentially Eligible for VR	227,732	233,087	219,080	200,445	183,868
Claims Actually Referred for VR	4,091	3,316	3,174	3,093	2,421
% Eligible Claims Referred for VR	1.8%	1.4%	1.4%	1.5%	1.3%

! Potentially eligible indicates the claim was allowed, active, had eight or more days of lost time, was not settled, and the injured worker was alive for some part of the year.

During FY 2021, the Rehabilitation Policy Unit completed changes to the process for reviewing and approving vocational rehabilitation plans originally recommended by a joint BWC-MCO workgroup from FY 2015. The change simplifies the process for submission of vocational rehabilitation plans, shifts the responsibility for plan development more directly on the vocational rehabilitation case manager, and requires the MCO vocational rehabilitation coordinator to review a plan or service prior to denial to increase effectiveness of plans.

Interagency cooperation

Since 2015, BWC has maintained a data-sharing agreement with Ohio Department of Jobs and Family Services (ODJFS) and OhioMeansJobs.com (OMJ). The most recent two-year renewal was effective Oct. 1, 2019. Monthly, the agencies share data regarding injured workers’ use of OMJ resources while they are actively seeking employment through BWC’s vocational rehabilitation program. BWC and ODJFS continue to seek ways to improve this partnership. By leveraging the free resources available on OMJ, injured workers are better prepared to return to work and return to life.

Beginning in FY 2020, InnovateOhio, the Governor’s Office of Workforce Transformation, and ODJFS, initiated a project to redesign, align, and onboard the OMJ website and content to the InnovateOhio Platform. BWC’s Rehabilitation Policy Unit has collaborated as an agency stakeholder in this redesign process to offer input on injured worker use of OhioMeansJobs.com resources, and document specific goals and aspirations for future site content and design focused on improving return-to-work outcomes.

Transitional Work Grant and Bonus Programs

The BWC Transitional Work Grant and Bonus programs are a key initiative an employer can use to help injured employees get back to work. Employers work with a transitional work developer to create customized policies and procedures specific to their companies’ operations.

Changes to the OAC 4113-17-55 Transitional Work Development Grant and Performance Bonus became effective June 1, 2021. Employers were previously eligible for no more than one Transitional Work Program Development Grant per policy number and employers who previously received a grant from the bureau for development of a Transitional Work Program were ineligible to receive a subsequent grant under the preceding rule. The new change to the rule allows employers to be eligible for a Transitional Work Program grant every five years and allows previous grant employers to receive a new grant. This falls in line with the rapidly changing business environment due to advances in technologies and innovation that impacts the growth and operations of businesses.

Changes to the reimbursement methodology of the Transitional Work Grant were also implemented effective June 1, 2021. The Transitional Work Grant (TWG) formerly reimbursed employers 75% of the cost paid to a transitional work developer for covered services until the balance reaches \$200. This

method was developed so employers have a 25% investment in their program.

The new policy reimburses the employer the full invoiced amount up to the maximum grant amount based on employee size. The unspent grant funds are referred to as implementation fund monies. Employers may continue to have access to the unused implementation funds for the five--year length of the grant. At five years any unspent grant funds by the employer will be returned to the TWG budget and the employer will be eligible to apply for a new TWG. This will eliminate the accumulation of implementation funds being held indefinitely or until the TWG ends.

In 2020 many businesses were closed, or workers performed their jobs remotely. Also, in late 2020, stakeholders became aware of the proposed change to OAC 4113-17-55 Transitional Work Development Grant and Performance Bonus to be effective on June 1, 2021. Therefore, employers did not have interest in applying to the grant program or may have elected to withhold Transitional Work Grant applications until after the rule became effective, which accounts for the reduction in the number of grants applications in 2020 and the increase in the first half of 2021.

Table 3: Transitional work grant activity: 2016- First half of 2021

Fiscal Year	Number of TW Grant Applications
2016	79
2017	89
2018	27
2019	66
2020	21
2021	111

To create a transitional work plan and apply to BWC for a Transitional Work Grant, employers need to hire a BWC-accredited transitional work developer. A transitional work developer orientation class was held on June 17, 2021, adding 28 providers to the list. Three WebEx developer reaccreditation webinars are being held in 2021 for 25 developers requiring reaccreditation.

Table 4: Number of BWC-accredited developers by licensure type: 2015-2020

Developer Certification type counts by year							
	2015	2016	2017	2018	2019	2020	2021
Physical Therapist	17	14	14	13	18	17	21
Occupational Therapist	12	13	13	10	13	13	18
Case Managers	43	33	31	30	29	39	44
Total	72	60	58	53	60	69	83

Transitional Work Bonus Program

Employers may be eligible to participate in several incentive programs that can help employers improve workplace safety, enhance injured worker care, and save money on workers’ compensation costs. One of the programs is the Transitional Work Bonus Program (TWBP) that provides up to a 10% bonus for using an established transitional work plan for employees returning to work. BWC calcu-

lates an employer’s performance bonus based upon the percentage of claims eligible and successful in transitional work. BWC multiplies the percentage by a percentage of the employer’s pure premium. Table 5 is a summary of the financial successes’ employers participating in the TWBP realized since the program began in January 2015.

Table 5

Bonus period	Employers with eligible claims	Employers receiving a TW Bonus	Bonus amount paid in the period	Largest bonus paid to employer	Employers receiving over \$5,000	Employers receiving 10%
January 2015 PEC (PA moved to July 2015)	259	195	\$801,550.65	\$47,076.09	80	99
July 2015 PA	587	490	\$4,043,306.00	\$101,703.00	268	405
January 2016 PEC	113	98	\$1,744,212.00	\$521,554.00	76	84
July 2016 PA	585	434	\$3,981,098.00	\$89,897.00	251	329
January 2017 PEC	114	94	\$1,283,890.00	\$413,759.00	60	61
July 2017(PA)	655	385	\$3,493,565.00	\$86,266.00	220	271
January 2018 (PEC)	144	124	\$3,311,150.00	\$1,992,634.00	84	95
July 2018 (PA)	450	305	\$3,943,537.00	\$203,459.00	248	246
January 2019 (PEC)	87	80	\$2,691,672.00	\$1,755,785.00	66	76
Total			\$41,188,912.40			

*A transitional work bonus payment was not calculated for the July 2019 period due to employers receiving a dividend from BWC. The dividend covered 100% of private employer premiums for June 30, 2018 – July 1, 2019 and public taxing district premiums for Jan. 1 – Dec. 31, 2018. The dividend equaled to 100% of the premium employers paid in policy year 2019.

Alternative Dispute Resolution Processing

Alternative Dispute Resolution (ADR) is a means of resolving disputes over medical treatment issues that arise between the MCO, BWC, employer, injured worker, and/or provider.

Table 6 illustrates the number of ADR orders issued per year since 2015. A single BWC order may contain multiple appealed issues. BWC must obtain an independent level of medical review, which consists of either a file review or an independent medical examination (IME). The chart also demonstrates the number of appeals processed in relation to the number of IMEs scheduled. BWC’s Disability Evaluator Panel network contains a list of medical physicians who perform ADR examinations on an injured worker when medical treatment is in dispute. These examining physicians are reimbursed at a higher rate due to ADR’s specific guidelines to more efficiently and timely process a BWC ADR order. An examination appointment must be available within seven calendar days of the request, and the report must be faxed to the MCO within five calendar days of the examination.

Table 6: Number ADR Orders: 2015-2021

Alternative Dispute Resolution			
Calendar Year	ADR Orders	IMEs scheduled	IMEs as a percentage of ADRs
2015	24,212	3,631	15.00%
2016	26,833	3,727	13.89%
2017	23,123	3,629	15.69%
2018	22,357	3,856	17.25%
2019	21,626	3,891	17.99%
2020	16,126	1,858	11.52%
2021*	7,363	1,164	15.80%

* 2021 numbers are as of 6/26/2021.

The COVID-19 pandemic impacted the number of appeals and the number of attended IME's scheduled from the effective date of Ohio's stay-at-home order on March 23, 2020, to this report date. There is a decrease of injured workers seeking care and treatment and therefore a decrease in Medical Treatment and Reimbursement Requests (C-9) being submitted and appealed. Injured workers were reluctant to go to physician examiner's offices for in-person exams. Many physicians discontinued examinations during the stay-at-home order. Telemedicine services were not an option for ADR examinations.

Compliance Auditing

The Compliance & Performance Monitoring (CPM) Department conducts routine and non-routine auditing of the managed care organizations (MCO), pharmacy benefits manager (PBM), and pharmacy rebate aggregator. Audit selection is based upon a process risk assessment and specific requests from management. While the majority of the compliance testing is completed in-house through the review of available online documentation and system data, on-site testing is performed at each MCO and PBM annually (calendar year), where source documents and systems can be examined and discussed with key staff. As a result of the pandemic, in CY21 CPM is conducting all the audit testing remotely for each MCO and the PBM in place of the standard on-site audit.

MCO Audits

CPM meets bi-monthly with BWC's senior management team charged with managing MCO activities; and quarterly with senior management from the claims team, and the special investigations health care team. In addition to CPM standard testing for FY21, CPM was able to incorporate selected requests from the various business and management teams into the annual audit plan, including testing for:

- MCOs accuracy in submitting claim type as medical only or lost time;
- MCOs use of injured worker 90-day exam results;
- MCOs reporting of ICD codes in initial claims reporting; and
- MCOs submitting additional allowance requests based on a condition, not a symptom with supporting evidence.

Other MCO audits performed during the year included, but were not limited to, ensuring:

- Monies provided by BWC for payment of medical bills and bill adjustments were timely and accurately paid, and the account reconciled for all eleven MCOs. Additionally, CPM completed the closing provider account audit for the merger of BWC's largest MCO into another MCO;
- Filing of the First Report of Injury reports via the BWC online website appeared appropriate;
- Outcome payments for vocational rehabilitation providers were appropriate for payment and accurately calculated;
- The use of by-report codes for vocational rehabilitation expenditures were appropriate and properly paid; and
- Interest charges resulting from delayed bill processing by an MCO were recouped from the MCO and reimbursed back to BWC.

Overall, the audit results support that HPP is functioning effectively in accordance with the policies and procedures of the program.

Medical Bill Processing: Adjustment and Subrogation

The Medical Billing & Adjustments team operated under the state of emergency due to the COVID-19 pandemic with virtually no adverse effects on meeting the customers' needs. During this time, the unit processed just over 38,000 MCO adjustments with an average 3.8 lag days, or time from receipt to time of processing. Additionally, the unit processed close to 65,500 bills reimbursing providers for goods and services paid directly by Ohio BWC, which also includes services from the Ohio Industrial Commission and payments for medical subrogation requests.

While the pandemic and challenges with teleworking have caused some setbacks in the planning for future initiatives, one initiative we continued to push through was the project plan for the implementation to automate manual adjustments. Again, working hand-in-hand with the MCOs, this initiative brings great benefits for all parties of the Health Partnership Program (HPP), as it will remove the manual processes and provide for more-efficient processing.

Selected HPP Measurements

All dollar amounts are shown in thousands. The figures below are limited to the HPP.

The table below reflects a historical trend of selected HPP performance data by Ohio fiscal year. Data for certain measurement variables can be different based on the impact of new information received before or subsequent to the compiling of the data for this report.

Table 7 Selected HPP Measurements

Measurement	FY 2016	FY 2017	FY2018	FY 2019	FY 2020*	FY 2021*
Active employers (1)	225,513	219,840	219,092	221,392	217,887	220,738
Active claims (2)	288,379	262,781	250,211	243,276	233,654	208,490
FROI timing (3)	15.63	16.07	16.55	15.77	16.95	17.04
% of FROIs filed within seven days of date of injury (4)	74.38%	74.43%	72.29%	72.41%	71.58%	67.61%
% of claims determined within 14 days of filing date (5)	63.71%	71.12%	70.80%	68.41%	66.47%	59.99%
Bill timing (6)	75.52	75.27	74.17	74.46	75.41	81.39
LDOS–MCO	61.59	61.43	60.28	60.32	61.49	66.90
MCO–BWC	5.47	5.32	5.36	5.60	5.59	6.24
BWC–MCO	7.15	7.21	7.20	7.21	7.15	7.18
MCO–Provider	1.31	1.31	1.33	1.33	1.18	1.07
Total regular medical payments (7)	559,396	529,619	504,170	468,074	411,137	333,659
Payments for file reviews and IMEs (8)	17,410	16,165	17,567	18,172	15,418	15,413
MCO fees (9)	169,229	170,797	170,755	170,883	168,764	164,988
Total medical payments, plus MCO fees	746,035	716,582	692,493	657,128	595,319	514,060
Total indemnity payments (10)	1,009,016	925,928	925,358	905,443	908,282	897,159
Grand total (11) Benefits paid (total regular medical payments, plus MCO fees, plus total indemnity payments)	1,737,641	1,626,344	1,600,283	1,544,400	1,488,183	1,395,805

- (1) Average number of employers in an active, reinstated or debtor in possession status assigned to an MCO during the time frames noted.
- (2) Average number of active claims (claims with a payment or application submitted to us within a specified length of time) assigned to an MCO during the periods noted.
- (3) Average time, in calendar days, from date of injury to date BWC received a FROI for all FROIs received during the time frames noted for claims assigned to an MCO.
- (4) Percent of claims assigned to an MCO where BWC receipt of the FROI is within seven calendar days from the date of injury where BWC received the FROI during the periods noted.
- (5) Percent of claims assigned to an MCO determined within 14 calendar days of the filing date where the determination was during the time frames indicated regardless of date of injury or filing date. BWC considers a claim determined when we place it in allow/appeal or disallow/appeal status.

During FY16, BWC expanded the list of diagnosis codes that are eligible for automatic claim adjudication. This contributed to the increased percent of claims determined within 14 days.

- (6) Average time, in calendar days, between the last date of service being billed (LDOS) to a check being issued to the provider for bills processed by the MCOs. This does not include bills for prescription drugs processed through BWC's pharmacy benefits manager. It is further broken down into the component steps of the process:
 - LDOS–MCO: LDOS to MCO receipt;
 - MCO-BWC: MCO receipt (for review and payment determination) to BWC receipt;
 - BWC-MCO: BWC receipt (for review and final payment determination) to date monies are deposited into the MCO's provider account;
 - MCO-Provider: MCO receipt of the final payment information and monies to the MCO issuing the check to the provider.

BWC bases the MCO-Provider information on a desk audit of the MCOs' check issuance timing, which was last updated in CY2020.

- (7) Payments for medical services made on claims assigned to an MCO during the time frames noted. Amounts include payments on claims associated with bankrupt self-insured claims assigned to the MCOs. It also includes payments for prescription drugs processed through BWC's pharmacy benefits manager. Regular denotes this category includes payments for physicians, hospitals, therapies, diagnostic testing, etc. It excludes payments made for file reviews and independent medical examinations (IMEs) requested to facilitate administrative decisions in the claim.
- (8) Payments made during the time frames noted for file reviews and IMEs requested to facilitate administrative decisions in the claim.
- (9) Payments issued to the MCOs during the time frames noted per the MCO Agreement for their services. BWC bases MCO contracts on calendar years. Fluctuations in the amounts paid to the MCOs between fiscal years are attributable to several factors, including:
 - Changes in the overall amount available to the MCOs from year to year.
 - Timing of different types of payments (administrative payments are monthly, outcome payments are quarterly, and exceptional performance payments are annually).
- (10) Payments for salary compensation made on claims assigned to an MCO during the time frames noted. This includes payments for temporary total, living maintenance, wage loss, lump sum settlements, etc. Amounts include payments on claims associated with bankrupt self-insured claims assigned to the MCOs.

(11) Excludes payments for file reviews and IMEs as these are not benefits paid to or on behalf of an injured worker but are conducted to facilitate administrative decisions in the claim.

* FY 2020 and FY 2021 numbers are affected by COVID-19 shutdowns starting mid-March 2020. This could affect all the categories in different ways, for example: lower than expected number of claims, higher than average processing times, or lower IME/File Review costs due to scheduling delays.

Division of Safety & Hygiene

Safety & Hygiene Financials

BWC's Division of Safety & Hygiene (DSH) operating budget appropriation for Fiscal Year 2021 (FY21) was \$24,215,661. In addition, BWC was appropriated:

- \$6 million for the Better You, Better Ohio!® (BYBO!) health and wellness program.
- \$1.5 million for a safety awareness and education campaign.
- \$71.8 million for safety grants.
- \$2 million for the Ohio Occupational Safety and Health Research Program.
- \$10 million for the Substance Use Recovery and Workplace Safety Program (SURWSP).
- \$1.9 million for the Center of Excellence.

Additional funding came from:

- Two federal Bureau of Labor Statistics (BLS) grants amounting to \$195,104 for the Survey of Occupational Injuries and Illnesses (SOII) and the Census of Fatal Occupational Injuries (CFOI).
- A federal Occupational Safety and Health Administration (OSHA) grant amounting to \$1,676,000 for the OSHA On-Site Consultation Program.

The total premium assessment for DSH for FY21 was approximately \$10.8 million. Table A describes FY21 premium assessments according to employer type.

Table A: FY21 DSH premium assessments

Employer type	Assessments (\$)
Private	\$6,826,651
Public taxing districts	\$1,931,424
Public state	\$465,519
Self-insured	\$1,547,450
Total assessments	\$10,771,044

As of June 30, 2021, DSH's operational disbursements and open encumbrances for safety services and programs amounted to about \$18.4 million. Safety grants disbursements and open encumbrances amounted to about \$43.3 million. Disbursements and open encumbrances for the BYBO! Program, safety campaign, SURWSP, and research grants to Ohio higher educational institutions amounted to about \$6.2 million. Disbursements and open encumbrances for the BLS and OSHA On-Site federal grants amounted to about \$1.5 million. Collectively, these disbursements and open encumbrances cover the following:

- Education and training services.
- Safety councils across Ohio.
- Ohio Safety Congress & Expo (OSC).

- Safety grants.
- OSHA On-Site Consultation Program.
- Public Employment Risk Reduction Program (PERRP).
- Field consulting services in occupational safety, industrial hygiene, and ergonomics.
- Specialized occupational safety and health, workers' compensation, and rehabilitation library services.
- BYBO! health and wellness program.
- Safety Leaders Fellowship Program.
- Ohio Occupational Safety and Health Research Program.
- BLS SOII.
- BLS CFOI.
- SURWSP.
- Safety campaign.

Table B provides general description of the DSH disbursements and open encumbrances as of June 30, 2021.

Department	Safety admin	Field consul-tations	Outreach programs and services	Education and training services	Meetings & conferences (congress)	Library	Quality Assurance & Tech Support	OSHA state-fund match (12%)	PERRR	Training over-head (extra)	BLS state-fund matches (50%)	Operating Totals	Voyager (Fuel)	BYBOI	Safety campaign	SURWSP	Safety grants	Re-search grants	BLS federal grants (50%)	OSHA federal grant (85%)	Totals including grants/ initiatives	
10-Payroll	\$1,277,302	\$9,121,441	\$795,769	\$698,094	\$465,529	\$313,380	\$917,516	\$303,550	\$975,032	\$0	\$138,366	\$14,905,976	\$0	\$0	\$0	\$0	\$0	\$0	\$118,200	\$1,179,208	\$16,203,384	
10-Overtime	\$1,398	\$2,946	\$0	\$0	\$0	\$0	\$411	\$33	\$0	\$0	\$196	\$4,995	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$243	\$5,227	
13-Purchased services	\$59,895	\$0	\$484,073	\$61,256	\$205,765	\$75	\$849	\$0	\$0	\$0	\$32,315	\$844,198	\$0	\$3,700,000	\$1,500,000	\$0	\$0	\$0	\$32,355	\$0	\$6,076,553	
15-Other personal svs	\$54,487	\$600	\$0	\$1,690	\$0	\$3,134	\$0	\$7	\$0	\$5,749	\$0	\$65,667	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$43	\$65,710	
Total	\$1,993,053	\$9,124,986	\$1,279,839	\$761,040	\$671,294	\$316,589	\$918,776	\$303,590	\$875,032	\$5,749	\$170,877	\$15,820,826	\$0	\$3,700,000	\$1,500,000	\$0	\$0	\$0	\$150,555	\$1,179,494	\$22,350,875	
20-Edible products	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
21-Supplies	\$3,691	\$5,982	\$0	\$11,288	\$167	\$47,326	\$187,981	\$541	\$629	\$0	\$107	\$257,623	\$0	\$0	\$0	\$0	\$0	\$0	\$67	\$3,412	\$261,102	
22-Vehicle maintenance	\$531	\$11,210	\$0	\$0	\$22	\$0	\$75	\$190	\$1,019	\$0	\$0	\$13,047	\$11,774	\$0	\$0	\$0	\$0	\$0	\$0	\$1,399	\$26,190	
23-Travel	\$0	\$275	\$0	\$0	\$399	\$0	\$10	\$8	\$94	\$0	\$0	\$786	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$57	\$843	
24- Commodi-cations	\$5,064	\$18	\$0	\$24	\$0	\$0	\$840	\$39	\$40	\$0	\$0	\$6,026	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$246	\$6,277	
24-IT Lic	\$325,233	\$43,749	\$3,288	\$25,603	\$2,303	\$1,416	\$2,801	\$2,069	\$7,527	\$0	\$1,087	\$415,074	\$0	\$0	\$0	\$0	\$0	\$0	\$1,071	\$13,076	\$429,221	
25-Fuel/Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$55	\$55	\$0	\$0	\$0	\$0	\$0	\$0	\$65	\$0	\$120	
26-Maint/Repairs	\$1,345	\$11,347	\$167,956	\$42,952	\$1,662	\$0	\$106	\$1,600	\$6,899	\$0	\$0	\$234,167	\$25,474	\$0	\$0	\$0	\$0	\$0	\$0	\$10,616	\$270,257	
27-Rentals/Leases	\$632,944	\$0	\$0	\$0	\$29,604	\$0	\$0	\$0	\$0	\$0	\$0	\$662,548	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$662,548	
27-ISTV/ Goods/ Svs	\$254,570	\$54	\$8,730	\$15,127	\$3,263	\$77	\$168	\$6	\$2,491	\$0	\$578	\$285,054	\$0	\$0	\$0	\$0	\$0	\$0	\$578	\$46	\$285,677	
28-Printing/ Advertising	\$99,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$89,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$89,900	
29-General other	\$210	\$2,504	\$0	\$0	\$268,750	\$5	\$0	\$189	\$527	\$0	\$0	\$272,186	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$840	\$44,612,583	
Total	\$1,313,488	\$75,049	\$179,975	\$94,994	\$306,468	\$48,924	\$191,972	\$4,642	\$19,228	\$0	\$1,827	\$2,236,465	\$37,248	\$0	\$0	\$0	\$614,472	\$43,320,111	\$404,975	\$1,787	\$29,661	\$46,644,717
30-Food handling eq	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
31-Office equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
32-Motor vehicles	\$73,583	\$0	\$0	\$0	\$0	\$0	\$0	\$6,629	\$0	\$0	\$0	\$80,212	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48,614	\$128,827	
34-Commun equip	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
35-Med/Lab/ Therapeut	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,773	\$0	\$0	\$0	\$13,773	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$84,605	\$98,378	
36-Educat/ Recrit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
37-IT equip	\$279,730	\$0	\$0	\$0	\$0	\$0	\$0	\$3,318	\$0	\$0	\$0	\$283,048	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,330	\$307,378	
38-Copy/Print equip	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
39-Other equip	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$353,314	\$0	\$0	\$0	\$0	\$0	\$0	\$23,720	\$0	\$0	\$0	\$377,034	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$157,549	\$534,583	
Grand total	\$3,059,854	\$9,200,035	\$1,459,814	\$866,034	\$977,763	\$385,413	\$1,110,748	\$331,951	\$894,260	\$5,749	\$172,704	\$18,434,325	\$37,248	\$3,700,000	\$1,500,000	\$614,472	\$43,320,111	\$404,975	\$152,342	\$1,366,704	\$89,530,175	

BWC's Occupational Safety and Health Services

The Division of Safety & Hygiene (DSH) provides a variety of occupational safety and health services to Ohio employers and employees. Primarily, DSH's services include safety education and training, safety councils, the Ohio Safety Congress & Expo (OSC), safety grant programs, the Better You, Better Ohio!® (BYBO!) health and wellness program, loss prevention consulting services, the Public Employment Risk Reduction Program (PERRP), the Occupational Safety and Health Administration (OSHA) On-Site Consultation Program, and library services. Table C provides general statistics about the number of employers who benefited from these services in FY21.

Table C: FY21 occupational safety and health services statistics by policy type

Service type	Private employers	Public employers	State agencies	Self-insured	Marine fund	Black lung	Undetermined	Total
Training and education	4,758	368	16	99	0	0	9	5,250
OSC	1,897	258	38	234	2	0	3	2,432
Safety council	6,760	1,025	10	633	0	1	0	8,429
Safety grants*	310	211	0	0	0	0	0	521
Video library	556	80	19	50	0	0	0	705
Specialized field operations consulting	2,578	426	16	106	2	0	0	3,128
OSHA On-Site	80	0	0	0	0	0	0	80
PERRP	2	102	12	11	0	0	0	127
BYBO!	1,952	812	0	0	0	0	0	2,764

* = 548 grants awarded to 521 employers. These totals do not include grants for the Ohio Law Enforcement Body Armor (OLEBA) Grant Program.

In FY21, the delivery of DSH services was impacted by the COVID-19 pandemic. In FY21, DSH did not hold in-person training classes, in-person safety council meetings, in-person safety consultations, or an in-person OSC. Instead, DSH provided these services virtually and will continue to expand its virtual offerings in FY22.

Education and training services

BWC's safety education and training services normally include in-person classroom courses, virtual training classroom courses, online e-courses, safety webinars, and on-site training. BWC offers classes covering:

- Industrial and construction safety.
- Industrial hygiene.
- Ergonomics.
- Worker wellness.
- Safety training practices.
- Environmental, health, and safety risk management.

Due to the COVID-19 pandemic, all in-person classroom courses and on-site training were cancelled. Course completions for virtual training classroom courses and e-learning totaled 15,663 completions by 7,287 students representing 5,250 employers. DSH continued to offer safety webinars, reaching over 5,000 attendees. Virtual training classroom courses were offered as a substitute for in-person

classroom training beginning in October 2020. BWC offered 28 courses through 42 classes in a virtual training format. These classes were completed by 963 students representing 774 employers. BWC's Learning Center offered 52 DSH online e-courses, which included both standalone on-demand training and webinar e-assessments providing continuing education units (CEUs). There were 13,657 online e-course completions by 6,506 students representing 4,798 employers. Lastly, DSH provided employers an opportunity to view past safety webinars within the BWC Learning Center, which resulted in 469 views of 43 webinar replays by 306 students representing 214 employers.

Safety Council Program

Through monthly meetings, the Ohio Safety Council Program provides a forum for approximately 8,000 Ohio employers for promoting:

- Occupational safety and health.
- Loss prevention.
- Workers' compensation cost control and management.
- Health and wellness.
- Networking.

BWC co-sponsors safety councils throughout the state in coordination with chambers of commerce, trade and manufacturing associations, safety education providers, and other local community organizations. In the midst of the COVID-19 pandemic, BWC required sponsors to offer virtual meetings in lieu of in-person attendance with the option for sponsors to opt out of the program year if circumstances prevented them from hosting virtual meetings. Seventy-one of the 84 sponsors proceeded with hosting 800 virtual meetings throughout the year.

BWC provided \$253,000 in subsidies toward the direct and indirect costs of administering these virtual meetings. This amount was significantly lower than the previous year due to the lower costs of delivering virtual programs during the pandemic. The premium rebate associated with active safety council participation was suspended for the year.

Ohio Safety Congress & Expo

The 2021 OSC was the 91st annual one for BWC and was held March 10-11, 2021. OSC is historically the largest free occupational safety and health conference in the U.S. It was held for the second time as a fully virtual event and included many past exhibitors and others new to the event.

In keeping with the OSC tradition of continuous improvement, the event introduced more virtual educational sessions, a virtual expo marketplace, and a virtual scavenger hunt.

At the event, 3,857 individuals from 2,432 employers attended, with an average of 1,281 participants in each of the 19 online sessions. During the sessions, the chat box was active with an average of 793 chats per session and 60 questions per session. Participants eagerly shared information about themselves and forged new relationships as a result of the online experience. The newly added virtual expo marketplace had 74 exhibiting companies and 1,613 visitors. The scavenger hunt was well-supported with over 2,500 active participants, 264 of which were eligible for the prize drawing. The event offered continuing education credit for professional certifications, as well as discount credit for BWC's programs.

Safety grant programs

The focus of BWC's safety grant programs is to enable employers to afford equipment and other interventions that reduce the risk of injury or illness to their employees. Another major goal is to gather information about best practices and the measurable effectiveness of workplace safety interventions, so DSH may share the results with Ohio employers.

All safety grant programs were suspended going into FY21 due to the COVID-19 pandemic, but DSH continued to approve pending applications and disburse funds for these approved grants. Though the Safety Intervention Grant (SIG) Program and the Workplace Wellness Grant Program (WWGP) remained suspended the entire year, the other specialty grant programs resumed in March 2021.

The grant programs include the SIG Program, Firefighter Exposure to Environmental Elements Grant (FEEEG) Program, Employers Working with Persons with Developmental Disabilities (EWPDD) Grant Program, School Safety and Security Grant (SSSG) Program, Drug-Free Safety Program (DFSP) Grants, WWGP, and Trench Safety Grant (TSG). In FY21, BWC awarded 548 grants totaling \$8,109,707 to 521 employers.

Additionally, BWC collaborated with the office of the Ohio Attorney General to award \$856,263 in Ohio Law Enforcement Body Armor (OLEBA) Grant Program grants to 142 applicants.

Safety Intervention Grant Program

The SIG Program, which began in 1999, provides financial assistance to employers to purchase equipment to make their workplaces safer. The program provides 3-to-1 matching funds, up to a maximum of \$40,000 per an employer's eligibility cycle. The total payroll report for the last full policy year determines the eligibility cycle for an employer. Employers can only use funds toward the purchase or improvement of equipment to significantly reduce or eliminate hazard exposure and thereby, the risk of injury. The program requires employers to evaluate their interventions and share their results with BWC.

In FY21, BWC awarded 122 SIG grants totaling \$3,054,363 to 121 employers.

To establish industry best practices in occupational safety and health, employers receiving grant funds through the SIG program must provide quarterly reports and a year-end case study to document their experience with the equipment purchased through the grant. BWC uses the collected data to establish baseline best practices in safety, advance knowledge in occupational safety and health, and benefit other employers with similar hazards at their workplaces.

Last fiscal year, 354 safety grant recipients completed their year-end case study. These companies reported \$3,590,586 in annual productivity savings, \$771,950 in annual claim cost savings, and \$4,752,676 in other savings (quality, absenteeism, etc.). The return on investment on the cost of the interventions based on this reported information is 1.43 years.

Firefighter Exposure to Environmental Elements Grant Program

BWC implemented the FEEEG Program on July 1, 2017. BWC uses the FEEEG Program to partner with Ohio fire departments to minimize firefighters' exposures to hazardous environmental contaminants that may include carcinogens. The program is available to eligible Ohio fire departments that wish to purchase diesel exhaust systems, extractors/washing machines for turn-out gear, hoods with barrier protection, and washable gloves for optimal protection against these environmental elements.

Qualified employers with payroll equal to or greater than \$500,000 are eligible for a 5-to-1 matching grant, up to a maximum grant award of \$15,000 for the duration of the FEEEG program. This means BWC gives \$5 for every \$1 the employer contributes. Qualified employers with payroll less than

\$500,000 are eligible for a \$15,000 grant for the duration of the FEEEG program. There is no match to the grant for payroll less than \$500,000.

In FY21, BWC awarded 57 FEEEG grants totaling \$474,174 to 56 employers.

Employers Working with Persons with Developmental Disabilities Grant Program

BWC introduced the EWPDD Grant Program on July 1, 2017. BWC uses the EWPDD Grant Program to assist Ohio employers with ensuring the safety of their staff when carrying out the services they provide to developmentally disabled children and adults. The program is available to eligible Ohio employers that wish to purchase training and/or equipment to substantially reduce or eliminate injuries to employees who work with developmentally disabled children and adults.

Qualified employers may receive up to \$20,000 with a 5-to-1 match for equipment or no match for training for the duration of the EWPDD Grant Program.

In FY21, BWC awarded 24 EWPDD grants totaling \$295,097 to 24 employers.

School Safety and Security Grant

In November 2018, BWC implemented the SSSG program. The program aids Ohio employers with ensuring the safety of their staff who instruct children throughout the state. The program is available to eligible Ohio employers that wish to purchase equipment to substantially improve the safety and security of facilities, and to reduce or eliminate injuries or illnesses associated with providing educational services to children.

Ohio employers that operate licensed preschool through 12th grade educational facilities are eligible for the program. Eligible employers may receive up to \$40,000 for the duration of the program.

In FY21, BWC awarded 78 SSSG grants totaling \$1,853,150 to 77 employers.

Drug-Free Safety Program Grant

DFSP is BWC's voluntary safety program developed to address workplace use and misuse of alcohol and other drugs. It's designed to help state fund employers more effectively prevent on-the-job injuries and illnesses by integrating drug-free efforts into their overall workplace safety program. DFSP can help employers achieve both long-range safety and cost-saving benefits.

In FY21, BWC awarded 14 DFSP grants amounting to \$13,497 to 14 employers.

Workplace Wellness Grant Program

The WWGP, which was introduced in 2012, is designed to assist Ohio employers with the development and implementation of workplace wellness programs. The program's goal is to control the escalating cost of workers' compensation claims through addressing health-risk factors. The WWGP's collateral goals are to reduce health care costs for employers and improve the health of the workforce.

Participating employers may receive \$300 per participating employee during a four-year period, up to a maximum amount of \$15,000 per policy. Employers participating in the WWGP must use wellness grant funds to conduct health-risk assessments (HRAs), biometric screenings, and subsequent activities designed to address the results of the HRAs and biometric screenings. Participating employers receive grant funds after completing the HRAs and biometric screenings and providing BWC the aggregate results of the HRAs and biometric screenings of the participating employees.

During FY21, BWC approved six employers to participate in the WWGP, bringing the participating employers' total to 414. BWC gave \$40,775 to 21 employers in the program during FY21.

Trench Safety Grant

In February 2020, BWC implemented the TSG program as part of its Trench Safety Campaign. The program aids Ohio employers with ensuring the safety of their staff who perform trenching or excavating work throughout the state. The program is available to eligible Ohio employers that wish to purchase equipment to substantially reduce or eliminate injuries associated with trenching operations.

Eligible employers may receive up to \$12,000 for the duration of the TSG Program. This is a 4-to-1 matching grant, which means BWC provides \$4 for every \$1 an employer invests in the intervention.

In FY21, BWC awarded 232 TSG grants totaling \$2,378,647 to 231 employers.

Ohio Law Enforcement Body Armor Grant Program

The OLEBA Grant Program, which began in September 2018, is funded by the BWC and administered by the office of the Ohio Attorney General. The program provides money to eligible law enforcement organizations (LEOs) for the purchase of body armor vests to enhance the safety of and prevent injuries among law enforcement officers. Participation in the program is limited to LEOs with, or belonging to, an active Ohio State Insurance Fund policy with BWC.

An eligible local law enforcement agency may request up to \$40,000 of grant money for the purchase of body armor vests, with a local match of 25%.

In FY21, in collaboration with the office of the Ohio Attorney General, BWC awarded \$856,263 in OLEBA grants to 142 applicants.

Loss Prevention Operations

Loss prevention operations (LPO) comprises the three safety and health consulting units and the quality assurance and technical support unit. Two of the consulting units serve specific employer populations while the third serves all employers. The three collaborate to provide industrial and construction safety, industrial hygiene, and ergonomics services that help employers develop and become self-sufficient in managing their own safety and health processes. These services include hazard identification, risk assessment and mitigation, safety programming and management system development, training, and the introduction of safety and health interventions in the workplace.

The department transitioned to focus on virtual safety consulting and helped employers with that transition. Employers were kept engaged through initiatives such as the safety webinar series. Additionally, many employer resources were developed or updated during the year, including the sample safety written programs, safety talks, and training courses. These initiatives are described in more detail in the DSH initiatives for FY21 and FY22 section.

OSHA On-Site Consultation Program

OSHA funded 88% (\$1,716,700) of the OSHA On-Site Consultation Program costs in state FY21 with applicable portions of its federal FY20 and 21 grants. Actual OSHA expenditures totaled \$1,366,704 due to the hiring freeze and travel restrictions in response to the COVID-19 pandemic. BWC funded the remaining 12% (\$331,951).

The program provides highly specialized services to relatively small employers (worksites with fewer than 250 employees) in high hazard/risk private industries. The program also administers the Safety and Health Achievement Recognition Program (SHARP). This OSHA cooperative program provides recognition and exemptions for small employers with exemplary safety and health management systems. Travel restrictions made SHARP renewals impossible, so of the 27 SHARP sites throughout Ohio, 11 received one-year extensions in lieu of program renewal in FY21. Those sites will undergo renewal once travel restrictions are lifted.

Despite pandemic travel restrictions prohibiting in-person worksite visits, program field consultants conducted 104 virtual visits to 80 Ohio workplaces. During these visits, 101 hazards, including 66 serious hazards, were identified and abated, removing 7,123 employees from exposure. An additional 455 compliance assistance activities were conducted virtually.

Public Employment Risk Reduction Program

PERRP governing statutes in Ohio Revised Code chapter 4167 ensure public employees in Ohio have safe and healthful working conditions. PERRP adopts and enforces occupational safety and health standards and conducts enforcement inspections and investigations to ensure compliance. PERRP also provides free voluntary compliance assistance services that explain regulatory requirements and raise awareness of occupational injury and illness risk factors and strategies to reduce risk.

During FY21, PERRP served 127 public employers. PERRP conducted 127 virtual compliance assistance visits that included safety and health consultations, trainings, and SIG visits. These visits resulted in the identification and correction of more than 88 workplace hazards.

PERRP conducted 22 virtual enforcement investigation/inspection visits that resulted in the identification and correction of more than 55 hazards. These enforcement visits were prompted by two fatalities, one refusal to work investigation, four amputation investigations, six hospitalization investigations, two injury investigations, two scheduled inspections, and five complaint investigations.

Due to COVID-19, on-site visits were suspended for FY21 and PERRP worked with employers virtually and consultatively for abatement of hazards for both compliance assistance and enforcements visits.

Specialized field operations consulting services

Specialized consulting services provided through field loss prevention offices help employers:

- Implement safety programs.
- Identify workplace ergonomics, environmental, and physical hazards.
- Develop and execute hazard abatement plans.
- Establish workplace safety and ergonomics committees.
- Use the BWC safety grant programs.

These field activities include consulting with employers to assist with noise surveys for hearing protection, air quality sampling, ergonomic surveys, safety audits, and training in workplaces throughout Ohio. They provided consulting services in industrial hygiene, industrial and construction safety, and ergonomics. In FY21, BWC's field operations consultants provided virtual consulting services to 3,128 Ohio employers. On-site visits were suspended in FY21 due to the COVID-19 pandemic.

Quality assurance and technical support unit

BWC's quality assurance and technical support unit provides specialized technical support to BWC loss prevention operations staff in these areas:

- Industrial and construction safety.
- Ergonomics.
- Industrial hygiene.

The technical advisors serve as subject matter experts in establishing, developing, and maintaining policy relative to the BWC safety programs and services. These include rebate, grant, and assistance

programs such as the ISSP, SIG and FEEEG grant programs, and IAQ Program. They also serve as members of or liaisons to external organizations such as the American Society for Testing and Materials (ASTM) Committee F48 on Exoskeletons and Exosuits, and the Center for Construction Research & Training / National Institute for Occupational Safety and Health (CPWR/NIOSH) Research-to-Practice partnership. The technical advisors also teach several occupational safety, ergonomics, and industrial hygiene courses.

The unit assists loss prevention operations management staff with reviewing job applications, interviewing candidates, and mentoring new safety, ergonomics, and industrial hygiene field consultants as well as assuring the quality of loss prevention service delivery and work products. They also arrange professional development events and discipline-specific staff meetings. In addition, they lead special projects and safety initiatives, and serve as subject-matter experts during the live chat feature during virtual presentation of Ohio Safety Congress. Technical Advisors coordinated BWC's outreach and involvement during the National Safety Stand-Down to Prevent Falls in Construction, Stand-Up for Grain Safety Week, Farm Science Review, and Safe + Sound Week.

This unit also maintains and updates the specific safety rules in the Ohio Administrative Code (OAC). In FY21, the unit conducted the five-year rule review for OAC 4123:1-5, "Workshops and Factories." The unit reviewed 28 chapters, and the revisions were presented for first and second reads at the May and June 2021 BWC Board of Directors meetings, respectively.

Finally, the technical advisors provide technical support for the development and revision of:

- BWC website safety content.
- Safety publications and communication projects (e.g., blog posts).
- Training courses, safety talks, and sample written programs.
- Internal and external presentation material.

BWC DSH instrument laboratory

BWC DSH's instrument laboratory provides a variety of support services to field consultants. The laboratory houses the inventory and repairs, maintains, and calibrates more than 825 measurement devices and tools used by BWC staff. Last year, the laboratory performed calibration and maintenance for 405 devices, with estimated savings of approximately \$100,000 versus the benchmark cost of returning the instruments to the manufacturer. Additionally, 325 measurement devices, purchased in FY20, were distributed to BWC staff.

Industrial hygiene analytical laboratory

BWC industrial hygienists, working with an accredited external laboratory, coordinated 432 specialized analyses of air quality samples to measure workers' exposures to a variety of chemicals at more than 186 Ohio workplaces.

The number of instrument calibrations and industrial hygiene visits with chemical analyses are significantly lower than previous years' due to on-site customer visit restrictions caused by COVID-19 travel restrictions and a slight reduction in field staff (primarily retirements).

Library services

The BWC library offers access to information, training materials and videos, and experienced librarians to help employers with their questions on workplace safety and health, workers' compensation, risk management, and rehabilitation. BWC librarians provide training on researching web-based and media resources for safety and health, rehabilitation, and public safety information. Additionally, the

librarians provide support to BWC departments and researchers. They do this by conducting specialized and detailed literature searches in a variety of databases and other resources along with preparation of literature summaries. BWC's library is the only library of its kind in Ohio and among a few in the nation with such specialized services.

Library resources include:

- Safety codes and standards.
- Sample charts, forms, templates, and written safety programs.
- Chemical safety information.
- Occupational disease and injury management.
- Research studies and statistics.
- Training resources.
- Historical BWC materials.
- Monthly Safety Update newsletter.

The BWC library houses the BWC Archive. A part of the collection is digitized and available on the Ohio Memory website. The collections consist of publications and images produced by DSH under BWC and the Industrial Commission of Ohio, with the goal of preventing workplace accidents and injuries and reducing workers' compensation costs. Digitization of the collection is an ongoing project.

Customers of library services include private businesses, local and state government entities, attorneys, health-care professionals, researchers, representatives of business and labor trade organizations, and students, as well as the public and BWC employees. The library's book collection is part of the state-wide OhioLINK library network. Teleworking limited the library's ability to circulate its book collection. However, library staff furnished 1,539 scientific articles/journals to customers and performed 421 detailed, specialized reference and/or literature searches. In FY21, the library began converting periodical subscriptions to digital whenever possible to provide remote access for patrons.

During the ongoing COVID-19 pandemic, the library continued research/reference services to both internal and external customers through use of purchased databases and those available through the OhioLINK system, as well as through print materials from the library's collection. Many customers were not working during part of the year, which reduced the volume of reference work performed.

The video library houses a video collection which includes 583 workplace safety and health DVDs and training aids, including many titles in languages besides English. The library is a convenient and popular source for Ohio employers to obtain quality workplace safety and health training aids for their employees. The video library has partnered with a streaming video vendor, offering 258 titles in electronic format for Ohio employers. This year, the video library circulated 868 DVDs to 198 employers. In addition, 442 employers and their employees accessed 25,574 safety and health streaming videos.

The library continues to feature streaming video services. The library resumed loans of DVDs to customers in September 2020. Use of the streaming video service continues to grow, while DVD loans are down due to the library's inability to provide that service for part of the year and the overall reduction in the use of physical media such as DVDs.

Library staff acted as chat moderators for OSC and assisted other DSH departments in planning and implementing several of the initiatives described in the DSH initiatives for FY21 and FY22 section.

Better You, Better Ohio!®

BWC's BYBO! program offers health and wellness services to Ohio workers and injured workers who do not have access to these services through their employers. The program began in FY18, serving specified segments of injured workers and employees of small employers in high-risk industries. It has since expanded to include employers with less than 250 employees and is offered to all employers that elect to participate in the SURWSP, regardless of other eligibility requirements.

The objective of the BYBO! program is to provide health and wellness resources and services to the workforce in Ohio to improve their health and safety. The program aims to prevent injuries, reduce absenteeism, reduce severity of injury, increase speed of recovery from injury, and reduce time away from work due to injury. This in turn will reduce the costs associated with workers' compensation and medical insurance. The program services include:

- Online health assessments.
- Biometric screening.
- Interactive, digital health, and wellness coaching modules.
- Online health wellness, and nutrition training resources.
- A health and wellness mobile application.
- Specialized lifestyle and disease management coaching.
- Nurse line services.
- Employer challenges.
- Stress management education.

In FY21, 3,542 total workers from 645 new employers enrolled in the program, with 102 of those being injured workers. At the end of FY21, there were a total of 23,692 Ohioans enrolled in the program. Of these workers, there were 10,796 active members in the program at the end of FY21. These active members engaged in online coaching, biometric screening, and/or a health assessment.

For employers with participating workers, nothing is required from employers, though many share information about the program with their employees; BWC handles the administrative work required to run the program. There are no fees associated with the program, and if employers have more than 30 workers willing to participate, BYBO! can offer onsite screenings. In FY21, BWC worked with 37 employers to provide onsite screenings for their employees.

The other population targeted by BYBO! is injured workers. Every worker that is injured and has a claim is automatically invited to join the program if their employer does not offer a health and wellness program. BYBO! helps injured workers return to work faster and stay healthy while they are healing.

Safety Leaders Fellowship Program

Launched in FY17, the Safety Leaders Fellowship Program provides recent college graduates in the fields of occupational safety and health, engineering, industrial hygiene, and/or physical/natural sciences an opportunity to receive on-the-job training to build a professional career in the fields of occupational safety and health, ergonomics, industrial hygiene, and risk management. Since its implementation, the program has gained much interest from other BWC divisions and state agencies to serve as a model for recruiting new college graduates to work in state public service.

For its second cycle of the two-year fellowship program, DSH hired four fellows in FY19 and one fellow at the beginning of FY20. They made valuable contributions to the work of DSH including assisting with consultations, webinars, training course updates, research efforts, communications materials, and other projects.

DSH initiatives for FY21 and FY22

DSH had several special initiatives in FY21 and FY22 to create and improve occupational safety and health services for Ohio employers and employees.

Starting in FY18 and continuing into FY21, BWC invested funds towards statewide safety awareness and educational marketing. BWC appropriated \$1.5 million for this initiative in FY21. The FY21 funds were spent on two 30 second ads for broadcast and cable television and digital platforms shown throughout Ohio during July to August 2020. The ads were to support health and safety in workplace settings by promoting safe practices as Ohio businesses continued to reopen during the COVID-19 pandemic.

Initially launched as a pilot covering three counties in October 2018, the Substance use Recovery and Workplace Safety Program added 21 counties to the program during FY21, more than doubling the 16 counties covered at the end of FY20. Program funding for the FY20-21 biennium was \$15 million. The purpose of the program is to lessen the impact of substance use disorders on Ohio's workforce and to promote a safe and healthful workplace. It provides incentives and risk management strategies to support employers in the development of workplaces that are not only safe and productive, but which also support an employee in recovery to remain successful on the job. Funding is provided to participating local Alcohol, Drug Addiction and Mental Health Services (ADAMH) boards to help employers by reimbursing for drug testing, training and education, and the development and legal review of workplace policies on substance use issues. Employers also gain free access to the BYBO! program. Expansion efforts continue towards making the program available to employers in all 88 Ohio counties.

BWC has been partnering with the Ohio Department of Developmental Disabilities (DODD) to fund online training courses targeted to employers and employees of direct service providers who care for disabled children and adults. In FY21, BWC contributed \$152,254.02, or a 46% share of the cost of the services, to cover the safety and health portions of the training. For FY22, BWC has also agreed to contribute \$158,294.74, or a 46% share of the cost of the services.

Beginning in FY20 and continuing into FY21, BWC sent face coverings to employers and workers across the state to weaken the impact of the ongoing COVID-19 pandemic on the safety and health of Ohioans. The plan, called Protecting Ohio's Workforce — We've Got You Covered, provided for shipments of non-medical-grade face coverings to Ohio employers covered by BWC that are in good standing and report payroll to the agency. In FY21, BWC sent 23 million face coverings at a cost of \$33,949,075.96, which was paid for out of safety grants funding.

From November 15, 2020 to May 17, 2021, BWC staff members, including dozens of DSH's loss prevention operations unit employees, assisted the Ohio Department of Health (ODH) by serving on the Retail Compliance Unit (RCU). The purpose of the RCU was to visit retailers across the state, encouraging them to comply with mask wearing, social distancing, and other safety protocols under ODH's Responsible RestartOhio order. BWC staff members conducted 53,430 visits at 11,973 retail locations.

BWC worked with other agencies to design the COVID-19 Indoor Air Quality (IAQ) Assistance Program, which began accepting applications in November 2020. Administered by the safety grants department, the program provides reimbursement for eligible applicants to help cover the costs of inspections, assessments, maintenance, and improvements to indoor heating, ventilation, and air conditioning (HVAC) systems to control the spread of COVID-19. Applicants included non-governmental nursing homes, assisted living, hospices, senior centers, adult day centers, intermediate care facilities, residential treatment providers, and waiver settings (group homes) that met the eligibility criteria.

The funds used in the IAQ Program were awarded to the State of Ohio as federal financial assistance by the U.S. Department of Treasury. The funding comes from the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act. Eligible employers receive up to \$15,000 for the duration of the program. In FY21, BWC disbursed about \$8.3 million for the program. The program will continue into FY22.

In FY21, DSH redirected many of its teleworking staff to create or improve various safety and health resources for employers. LPO teamed with the Education & Training Services Center to produce 25 webinars on a wide range of safety and health topics that reached 5,385 employees at 2,738 employers. LPO, the BWC library, and BWC's Communications Division collaborated to produce 14 sample written safety programs and 62 safety talks that have proven popular with employers. These are available on BWC's website.

During most of FY21 the manager of the BYBO! program was on loan to ODH to assist with COVID-19 vaccination planning and infectious disease monitoring. Between December 2020 and the end of FY21, six DSH employees assisted the Ohio Department of Aging in administering its COVID-19 testing and vaccination programs for nursing homes and assisted living facilities. Three other employees assisted the department with its Friendly Chat program.

Though funds were appropriated for the Center of Excellence for FY21, the funds were not utilized during the fiscal year as the program was being developed.

Research Activities and Initiatives

DSH administers the Ohio Occupational Safety and Health Research Program. The program is a competitive research program that emphasizes maximizing the impact of research efforts in the areas of occupational safety and health on the overall safety, health, productivity, and competitiveness of Ohio's workforce. BWC modeled the program, with minor modifications, after the NIOSH National Occupational Research Agenda (NORA). The program provides up to \$250,000 in funding per project for safety and health research. BWC limits the duration of each research project to 12 to 24 months. The program is an open competition for researchers in Ohio's not-for-profit higher education institutions and research organizations.

BWC continued funding for four projects in FY21 that were initiated in FY19 addressing the following research areas:

- Safe treatment and opioid management.
- Identifying ergonomics best practices currently used by grocery distribution centers.
- Protecting home health-care workers using an interactive video-based app.
- Spine kinematic metrics as an indicator of safe return to work.

During FY21, DSH did not award any competitive research grants because of COVID-19 related budget adjustments. However, DSH sponsored a research project from Case Western Reserve University to examine the prevalence and transmission of COVID-19 in childcare staff and the families of children attending childcare. This project involved the cooperation of BWC, the Ohio Department of Job and Family Services, and ODH to provide funding, technical support, and administrative support to the researchers. Data were collected via surveillance of weekly COVID-19 cases reported to ODH, through weekly surveys collected from families, and by active testing of staff and family members. The results of the study showed that infection rates among childcare workers and client families were generally lower than the rates in the general public but that the rates did rise when the public COVID-19 infection rates rose.

In FY21, BWC and NIOSH continued to collaborate and use their respective strengths and resources on projects that improve public policy. BWC and NIOSH achieve this goal by using workers' compensation data as part of research that informs public policy for preventing occupational injuries and illnesses and improving workers' compensation systems.

BWC and NIOSH co-authored four journal articles:

- Workers' Compensation Claim Rates and Cost for Musculoskeletal Disorders Related to Overexertion Among Construction Workers – Ohio, 2007-2017. *MMWR Morb Mortal Wkly Rep* 2021;70:577-582.
- Lessons Learned from Ohio Workers' Compensation Claims to Mitigate Hazards in the Landscaping Services Industry. *American journal of industrial medicine*. 2021 Jun 2.
- The effectiveness of ergonomic interventions in material handling operations. *Applied Ergonomics*. 2020 Sep 1;87:103139.
- Workers' compensation claims among private skilled nursing facilities, Ohio, 2001–2012. *American Journal of Industrial Medicine*. 2020 Dec;63(12):1155-68.

Additionally, safety and health experts from BWC serve on various NORA industry sectors and cross-sector councils assembled by NIOSH. NORA councils bring together occupational safety and health research leaders with representatives from businesses and industry and labor organizations to define the national occupational safety and health research needs and priorities in the various economic sectors.

Survey of Occupational Injuries and Illnesses

BWC renewed a grant from the BLS to administer the SOII program in Ohio for FY21. The grant is under a cooperative agreement between BWC and the BLS. The survey is the only comprehensive measure of work-related injuries and illnesses in U.S. workplaces. The agreement allows BWC to continue to administer the survey in Ohio.

The BLS developed this federally mandated survey as part of the Occupational Safety and Health Act of 1970. The BLS provides 50% of the funding and BWC provides 50%.

The survey provides information on the number and frequency of non-fatal injuries and illnesses occurring in workplaces. It also provides demographic and case characteristics information for serious injuries requiring time away from work. The BLS uses the information gathered through this report to generate state and national benchmarks for incidence of occupational injuries and illnesses. The report is a valuable research tool for the development of prevention policies and training toward improving safety standards in workplaces at both state and national levels.

The survey gathered data on occupational injuries and illnesses for the 2020 calendar year. The BLS randomly selected 4,640 establishments (both private and public) as a representative sample for the entire Ohio workforce. The survey achieved an 88% response rate with more than 4,945 cases of occupational injuries and illnesses reported. This number includes a sampling of cases with job restriction and transfer and all recordable cases involving days away from work. BWC coded all reported cases using the Occupational Injury and Illness Classification System and the Standard Occupational Classification System for comparison and analysis.

The BLS and BWC make comprehensive statistics and publishable data available to the public in November or December each year. In preparation for FY22 survey cycle, the BLS pre-notified 4,631 establishments of their inclusion in the SOII program. The FY22 survey will gather occupational injury and illness data for the 2021 calendar year.

Last year, the program successfully published the survey statistics available from the BLS survey for calendar year 2019 for Ohio. Results from the survey for the past eight years show lower incidence rates of occupational injury and illness in Ohio compared to the nation and Ohio's neighboring states.

To ensure accessibility of the survey data, BWC created a webpage for the program at www.bwc.ohio.gov. BWC updates the page with educational articles on safety and prevention using results from the survey.

Census of Fatal Occupational Injuries

BWC renewed a grant from the BLS to administer the CFOI program in Ohio for FY21. The grant is under a cooperative agreement between BWC and the BLS. It requires commitment from both agencies to split the cost of administration equally with the expectation that the parties will meet all defined deliverables within the agreement. CFOI is an occupational health and safety surveillance program. It's designed to identify, verify, and meticulously document important variables associated with cases of fatal occupational injuries with the goal of providing robust and aggregated statistics. The program produces comprehensive, accurate, and timely counts of fatal workplace injuries at state and national levels. CFOI runs on federal-state collaborative efforts. Since 1992, all 50 states and the District of Columbia have implemented CFOI.

CFOI is the most complete count of fatal occupational injuries in the United States. The census uses multiple data sources such as death certificates, workers' compensation reports, media reports, and federal and state agency administrative reports to identify and verify fatal occupational injury cases. BWC obtains information about each workplace fatality such as deceased worker's occupation and other characteristics, equipment involved, and causation variables by cross-referencing multiple sources of information. BWC substantiates all cases included in the census with at least two independent source documents or a source document and a follow-up questionnaire.

The BLS designed the census to provide information on rate and number of fatal traumatic occupational injuries occurring across the nation. It also provides demographic and case characteristics details on fatal workplace injuries. The BLS uses information acquired through the census to estimate benchmarks for incidence of fatal injuries in workplaces at state and national levels. It also provides industry and occupation-specific information that serve as tools for developing and evaluating:

- Occupational safety standards.
- Preventive interventions.
- Policies.
- Training toward improving safety in workplaces across the nation.

The FY21 census gathered data on all cases of occupational fatal traumatic injuries for the 2020 calendar year. The program scope includes the entire workforce population in Ohio and the nation. It also includes cases of fatal occupational injuries that occurred in Ohio within this time frame. BWC coded all identified cases using the Occupational Injury and Illness Classification System and the Standard Occupational Classification System for comparison and analysis. The BLS and BWC will make comprehensive statistics and publishable data available to the public in December 2021.

Results from this program expand BWC's research effort into occupational safety and health. It is also a resource for assessing workplace safety in Ohio. In addition, it offers opportunities for identifying areas to further focus preventive efforts. BWC renews the program annually and expects it to continue into the foreseeable future.

Ohio occupational fatalities

DSH data analysts collect BWC workplace fatality information on work-related deaths for employers operating in Ohio.

In FY21, 106 fatalities occurred, including 58 from occupational injuries and 48 from occupational disease. Of the occupational injury fatalities:

- Thirty-six workers died on the date of their injury.
- Twenty workers died after the day of their injury in FY21.
- Two workers died in FY21 from injuries sustained in a previous fiscal year.

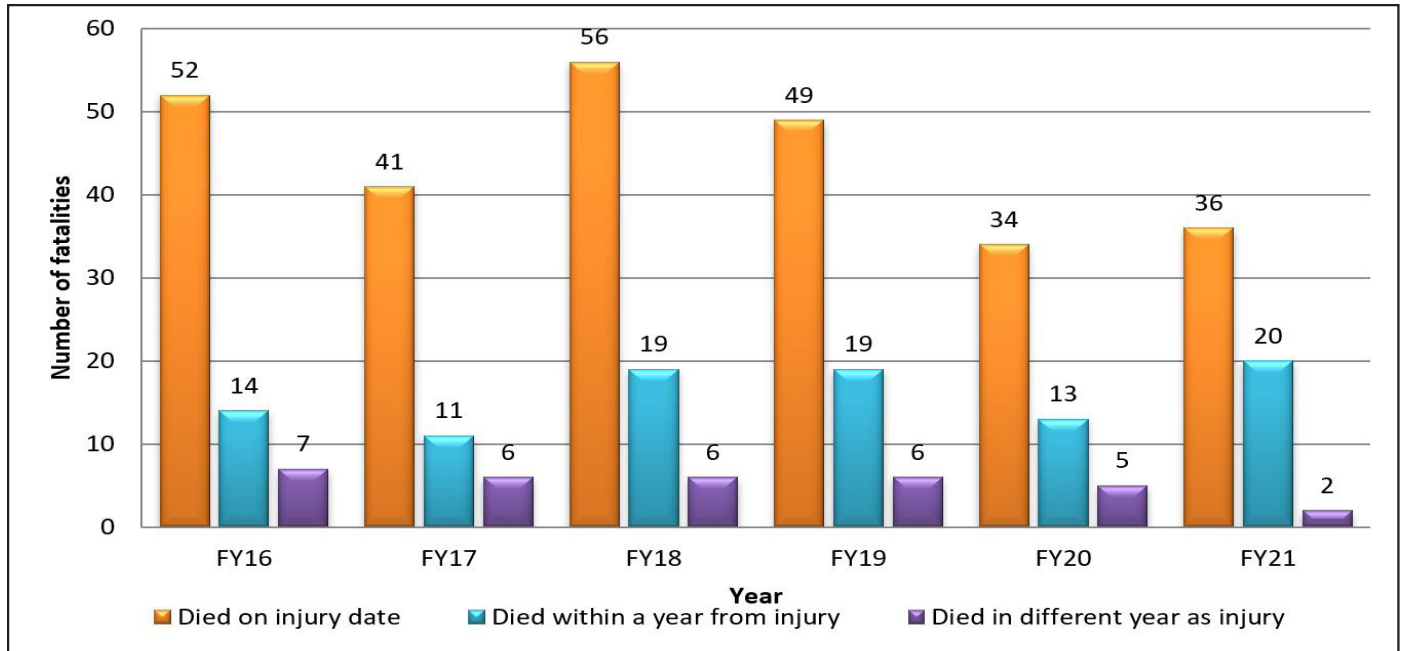
Comparison of occupational injury fatalities for FY16 through FY21

Figure 1 provides a comparison by year of the 396 verified occupational injury fatalities reported to BWC during FY16 through FY21. The chart does not include fatalities that resulted from occupational diseases.

For each year, the chart depicts:

- Fatalities where the worker died on the date of injury.
- Fatalities where the worker died within a year from injury.
- Fatalities where the worker died in that year from injuries sustained in an earlier year.

Figure 1: Ohio fatalities from occupational injuries (not occupational disease) for FY16 through FY21



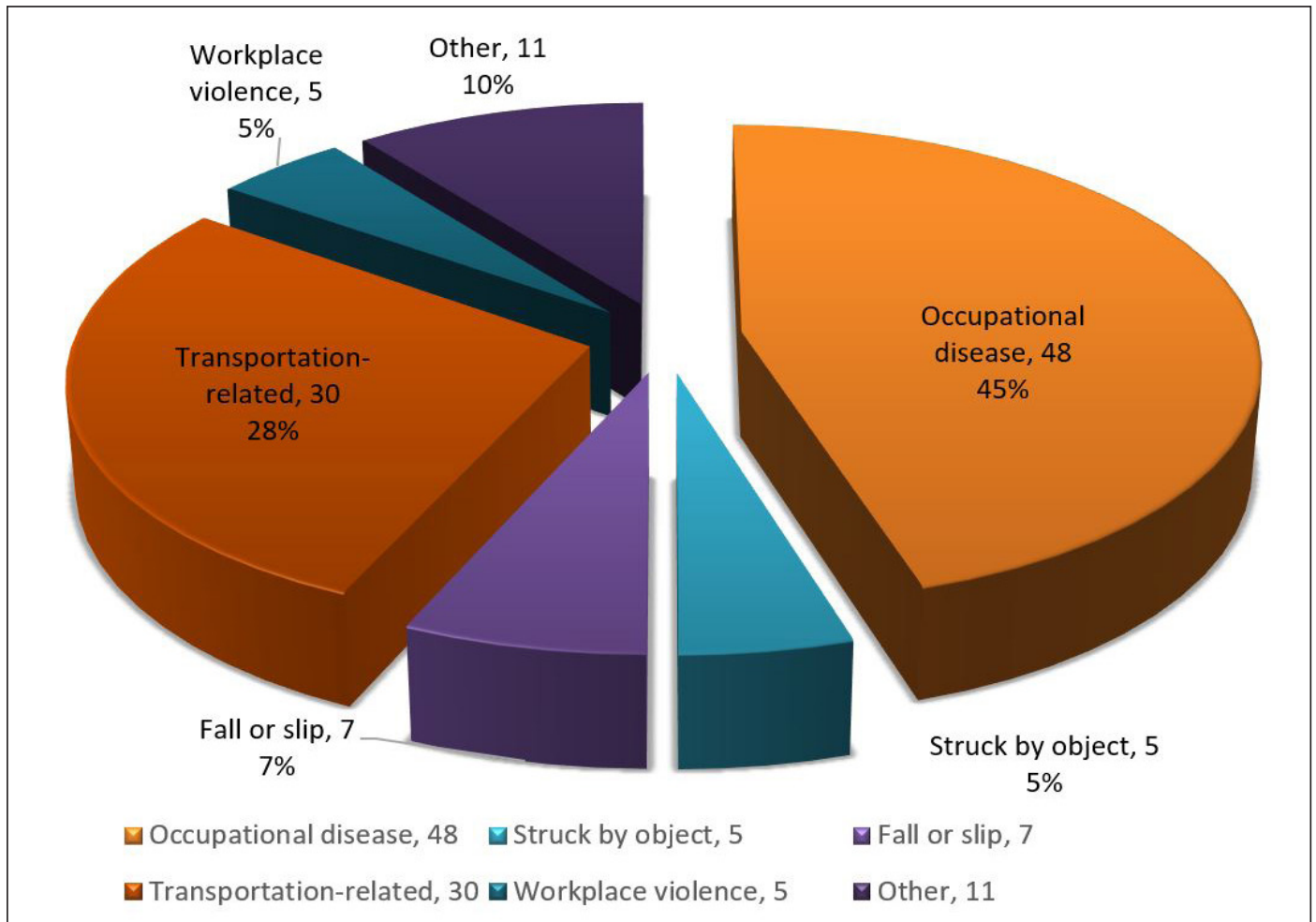
There was an increase this year compared to last year, from 52 occupational injury fatalities in FY20 to 58 in FY21. Fatalities in FY18, FY19, and FY20 showed a downward trend. The FY21 fatality total is still well below the FY18 total of 81. Some of this decline may be attributed to the economic slowdown of FY21 due to the COVID-19 pandemic. Claim filing delays may also account for some of the decline.

FY21 fatalities according to source of injury/illness (causation)

Figure 2 provides a summary of the primary causations for fatalities from occupational injuries and occupational diseases for FY21. The chart depicts the number and percentage of fatalities by causation. BWC determines causations by various criteria, primarily based on a review of:

- First Report of an Injury, Occupational Disease or Death (FROI) documents.
- Medical records, including physician reviews.
- Coroner reports.
- Police reports.
- Ohio Industrial Commission determinations.
- U.S. Department of Labor data.
- Other BWC determinations.

Figure 2: FY21 fatalities by causation



Total occupational disease-related fatalities stayed the same, with 48 in FY21 and 48 in FY20. There were 12 recorded COVID-19 death claims for FY21.

For fatalities from occupational injuries, transportation-related accidents continued to be the leading cause of death. Transportation-related fatalities significantly increased to 30 this year compared to last year’s total of 18. Of these transportation-related deaths:

- Fifteen workers died in motor vehicle accidents as a driver or passenger.
- Six workers died in forklift accidents.
- Five workers died as a pedestrian hit by a vehicle.
- Three workers died when a vehicle struck them while working on or by a roadway.
- One worker died in an accident involving a train.

The second leading cause of occupational injury fatalities was falls and/or slips, with seven fatalities in FY21 as compared to 13 in FY20.

Being struck by an object and workplace violence each resulted in five occupational injury fatalities in FY21. In comparison, in FY20 there were six fatalities from being struck by an object and two fatalities from workplace violence.

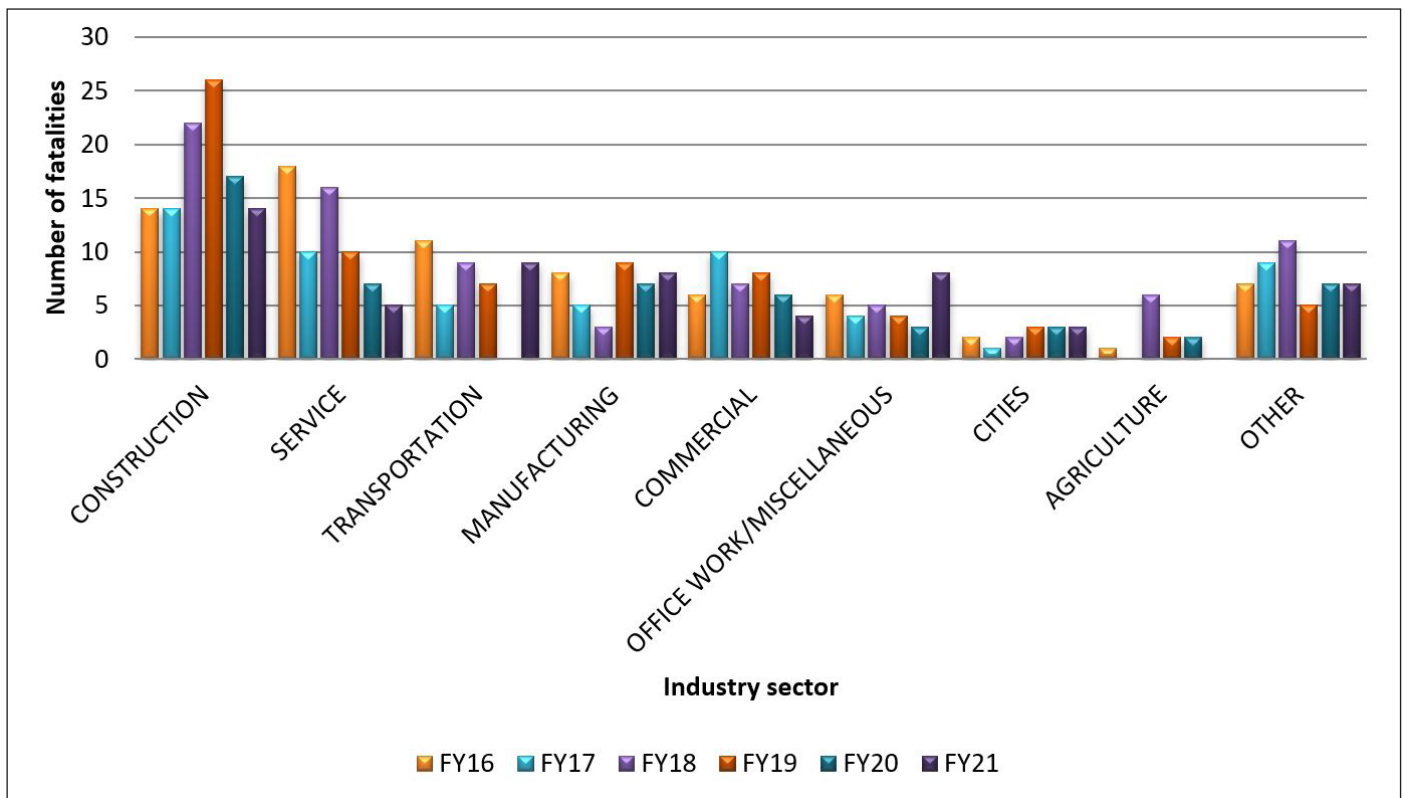
The remaining coded causations for FY21 occupational injury fatalities are as follows:

- Four workers died because of electrocution.
- Three workers died because of engulfment.
- Three workers died from being caught in, on, or between a machine or machine parts.
- One worker died in an explosion or fire.

Occupational injury fatalities by industry sector for FY16 through FY21

Figure 3 depicts the number of occupational injury fatalities by industry sector from FY16 through FY21. The chart does not include fatalities that resulted from occupational diseases.

Figure 3: Fatalities from occupational injuries by employer industry sector from FY16 through FY21



The industry sector with the most fatalities in FY21 was construction with 14 fatalities, as compared to 17 in FY20. The primary causes of these fatalities were transportation-related accidents and being struck by an object.

The second highest sector was the transportation industry with nine fatalities, as compared to zero in FY20. The leading cause of fatalities in this sector was motor vehicle accidents.

The office work/miscellaneous industry sector was third with eight fatalities, as compared to three in FY20. The leading cause of fatalities in this sector was motor vehicle accidents.

Ohio Industrial Commission

Letter From The Chairman

I am pleased to present the Ohio Industrial Commission's Annual Report for Fiscal Year (FY) 2021.

Under the leadership of Governor Mike DeWine, the Ohio Industrial Commission (IC) is dedicated to providing outstanding service to the injured workers and employers of Ohio.

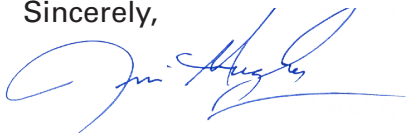
This report shows that we are an agency that listens and responds to our customers while implementing new ideas swiftly and responsibly. In the past fiscal year, our agency adjudicated more than 98,000 workers' compensation appeals throughout our 12 offices statewide. Despite the challenges of the COVID-19 pandemic, we have successfully launched numerous creative and innovative initiatives to better serve the citizens of our state.

A few of our recent agency highlights include:

- Welcomed Commissioner Daniel J. Massey as the employer member of the IC on July 1, 2021.
- Instituted numerous technological advances to enhance IC staff's ability to provide excellent customer service in a teleworking environment.
- Maintained the agency's annual total expenditure level within a narrow 3.5% variance band that started in FY 2013.
- Kept FY 2021 expenditures within the \$45.1MM to \$46.7MM range over a nine-year period.
- Preserved a well-funded Administrative Cost Fund (ACF) reserve through long range forecasting and cost containment.
- Minimized employer ACF rate change impacts by factoring base rate reductions into the IC's funding needs. These efforts significantly reduce the risk of fund depletion.
- Achieved a Minority Business Enterprise (MBE) Set-Aside rate of 38.1% versus the 15% statutory threshold in FY 2021. The Encouraging Diversity, Growth, and Equality (EDGE) compliance rate is 32.8% vs. the 5% policy requirement for the same period.
- Worked with the Ohio General Assembly to successfully reduce the Ohio Attorney General invoice split with the Ohio Bureau of Workers' Compensation from 50/50 to 60/40 to better reflect the actual distribution of legal services, resulting in a significant savings for the IC.
- Installed Plexiglas barriers statewide in IC hearing rooms to ensure a safe work environment by controlling air flow in the hearing rooms.
- Established numerous protocols and installed special sanitation equipment to protect IC staff and customers from the spread of COVID-19.
- Reviewed the placement of office furniture and ease of visibility in each of our offices to improve the guard's line of sight to enhance employee workplace safety.
- Updated the new employee orientation program to include more details regarding the awareness of potential workplace violence.

I am proud to lead this exemplary agency and I am looking forward to our bright future. Providing Ohio's injured workers and employers with timely, impartial resolution of their workers' compensation appeals is our agency's mission. Throughout the next fiscal year, we will adhere to that mission while continuing to provide outstanding customer service to ensure fair, compassionate and professional hearings.

Sincerely,



Jim Hughes, Chairman

About the IC

The IC conducts more than 98,000 hearings each fiscal year, and most of these hearings take place within 45 days of the original claim appeal. This

Ohio | Industrial Commission

time frame means you may expect first-rate customer service as the IC provides a forum for appealing Ohio Bureau of Workers' Compensation (BWC) and self-insuring employer decisions. Since 1912, the IC has resolved issues between parties who have a dispute in a workers' compensation claim. With each claim, the agency is dedicated to providing information and resources to help customers navigate through the appeals process.

The IC conducts hearings on disputed claims at three levels: the District level, the Staff level, and the Commission level. The Governor appoints the three-member Commission, and the Ohio Senate confirms these nominations. By previous vocation, employment or affiliation, it is mandated that one member of the Commission represents employees, one represents employers and one represents the public.

During this fiscal year, Chairman Jim Hughes represented the employees; Jodie M. Taylor represented employers; and Karen L. Gillmor represented the public. Daniel J. Massey was appointed by Governor Mike DeWine to be the employer member for a term that began on July 1, 2021.

FY 2021 Highlights

In addition to the Commissioners, there are 81 hearing officers — all attorneys — in five regional and seven district offices throughout the state.

In FY 2021, the IC heard 98,854 claims at all adjudicatory levels. District Hearing Officers (DHOs) heard 68,775 claims, while Staff Hearing Officers (SHOs) heard 29,948 claims, and the Commission heard 131 claims.

The IC timeframes mandated by R.C. 4123.511 were impacted by the COVID-19 operational response. The statutory requirement from the filing of a motion or appeal to the date of a hearing timeframe is set at 45 days. For Filing to Hearing, Allowance docket issues averaged 47 days, while Appeal docket issues averaged 38 days. The agency performance benchmark for the filing of a motion or appeal to the mailing of an order is set at 52 days. For Filing to Mailing, Allowance docket issues averaged 51 days, while Appeal docket issues averaged 41 days.

The Industrial Commission Online Network (ICON) has made it easy for parties to file motions and appeals online. First level motions and appeals filed on ICON this fiscal year totaled 39,662. Second level and above ICON filings, inclusive of appeals filed to DHO and SHO orders, totaled 45,853 in FY 2021.

Customer Service received and responded to 1,497 AskIC submissions during this fiscal year. The department also scheduled 989 interpreters for injured workers' hearings. In addition, our toll-free customer service line and two local customer services lines received 4,147 calls this fiscal year.

Staff personnel assisted 236 people at our Columbus office. Customer Service also processed 16,493 documents.

Commission Performance Highlights – FY 2021

Formal hearings and administrative reviews account for the majority of IC activity. In FY 2021, the IC made approximately 175,375 decisions on issues arising from workers' compensation claims.

During FY 2021, the IC performed 14,962 administrative reviews and heard a total of 98,854 claims at all adjudicatory levels. Claims heard is inclusive of hearings at the DHO, SHO, Deputy, and Commission venues. Administrative reviews incorporate issues that do not initially require formal adjudication via hearing (Hearing Administrator issues, Commission requests, etc.). These issues receive review and processing at the claims examining, word processing, and hearing officer levels but are not typically reflected in routine production reports under DHO or SHO dockets. These issues may subsequently result in a hearing under the normal adjudicatory processes and are reflected accordingly under respective hearing venues.

The total DHO hearing volume accounts for 70 percent of the overall hearings during FY 2021 at 68,775 claims heard, while the SHO volume is recorded at 29,948 claims heard. Deputy venue claims heard totaled 45 in FY 2021 while the Commission venue recorded 86 claims heard. Total claims heard is inclusive of continuances, referrals, dismissals, and other final determinations made as a result of a hearing.

Regionally, the distribution of FY 2021 claims heard at DHO and SHO hearing levels is as follows: Columbus at 32 percent; Cleveland at 24 percent; Akron at 18 percent; Cincinnati at 17 percent; and Toledo at 9 percent.

DHO and SHO hearings were conducted on 248 days during FY 2021. An average of 398 claims were heard per hearing day at the DHO and SHO hearing levels. District level hearings averaged 277 claims heard per day while Staff level hearings averaged 120 claims heard per day.

IC hearing timeframes for DHO, SHO, and Commission hearing venues are mandated by R.C. 4123.511. On average, all IC offices performed within the statutory limits requiring a claim to be heard within 45 days of a motion or appeal filing. The IC benchmark for Filing to Mailing is set at 52 days; this performance measure is based on the entirety of the hearing process and combines the two statutory periods Filing to Hearing (45 days) and Hearing to Mailing (7 days).

DHO Performance

DHOs conduct hearings on two formal docket types – Allowance (primarily injury allowance, compensation, and treatment issues) and C-92 (permanent partial disability issues). Only Allowance docket issues fall under timeframe requirements outlined in R.C. 4123.511. DHOs heard a total of 54,859 Allowance docket claims during FY 2021. Of those, 37,026 qualified for inclusion in time studies. Per statute, appeals or motions heard on DHO Allowance dockets must be heard within 45 days of filing. In FY 2021, Allowance dockets averaged 47 days for the statutory Filing to Hearing period. The COVID-19 operational response impacted timeframes during the fiscal year. On average, the DHO Allowance process (Filing to Mailing) was completed within 51 days during FY 2021.

SHO Performance

SHOs conduct hearings on five formal docket types – Appeal (primarily injury allowance, compensation, and treatment issues), PTD (permanent total disability), Reconsideration (permanent partial disability issues), VSSR (violations of specific safety requirements), and Misc (other issues not designated to a pre-defined docket type). Only Appeal docket issues fall under timeframe requirements outlined in R.C. 4123.511. SHOs heard a total of 25,297 appeal claims during FY 2021. Of those, 21,822 qualified for inclusion in time studies. Per statute, Staff hearing level appeals must be heard within a 45-day period. In FY 2021, SHO Appeal processes averaged 38 days for the statutory Filing to Hearing period.

BWC Audited Financial Statements

**OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)**

**FINANCIAL STATEMENTS
June 30, 2021 and 2020**

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
Columbus, Ohio

FINANCIAL STATEMENTS
June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio
A Department of the State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio (BWC/IC), a department of the State of Ohio (State), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the BWC/IC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the BWC/IC, as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the BWC/IC are intended to present the financial position, changes in financial position, and cash flows of the BWC/IC. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, supplemental revenue and reserve development information, the schedule of proportionate share of the net pension liability (asset), the schedule of employer pension contributions, the schedule of proportionate share of the net OPEB liability, and the schedule of employer OPEB contributions on Pages 3-8, 47, 49, 50, 51 and 52, respectively, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the BWC/IC's basic financial statements. The supplemental schedule of net position and schedule of revenues, expenses and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of net position and schedule of revenues, expenses and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of BWC/IC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BWC/IC's internal control over financial reporting and compliance.



Crowe LLP

Columbus, Ohio
September 28, 2021

**OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's discussion and analysis of the Ohio Bureau of Workers' Compensation's (BWC's) and the Industrial Commission of Ohio's (IC's) financial performance for fiscal years ended June 30, 2021, 2020, and 2019. BWC and IC are collectively referred to as BWC/IC. This information is based on BWC/IC's financial statements, which begin on Page 9.

Financial highlights

- BWC/IC's total assets at June 30, 2021 were \$24.5 billion, a decrease of \$3.3 billion or 12% compared to June 30, 2020.
- BWC/IC's total liabilities at June 30, 2021 were \$15 billion, a decrease of \$1.2 billion or 7.4% compared to June 30, 2020.
- BWC/IC's total operating revenues for fiscal year 2021 were \$1.2 billion, a decrease of \$80 million or 6.4% compared to fiscal year 2020.
- BWC/IC's total operating expenses for fiscal year 2021 were \$668 million, a decrease of \$769 million or 53.5% from fiscal year 2020.
- BWC/IC had \$6.2 billion and \$1.3 billion in policy holder dividend expenses in fiscal year 2021 and 2020, respectively.
- BWC's non-operating revenues for fiscal year 2021 were \$3.5 billion, compared to \$1.8 billion for fiscal year 2020.
- BWC/IC's net position at June 30, 2021 was \$9.4 billion, a decrease of \$2.2 billion or 19.1% compared to June 30, 2020.

Financial statement overview

BWC/IC's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Management's discussion and analysis is intended to serve as an introduction to BWC/IC's financial statements, which are prepared using the accrual basis of accounting and the economic resources measurement focus.

- **Statement of Net Position** – This statement is a point-in-time snapshot of BWC/IC's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at fiscal year-end. Net position represents the amount of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. The statement is categorized by current and noncurrent assets and liabilities. For the purpose of the accompanying financial statements, current assets and liabilities are generally defined as those assets and liabilities with immediate liquidity or those that are collectible or due within 12 months of the statement date.
- **Statement of Revenues, Expenses and Changes in Net Position** – This statement reflects the operating revenues and expenses, as well as policy holder dividend expense and non-operating revenues and expenses, for the fiscal year. Major sources of operating revenues are premium and assessment income. Major sources of operating expenses are workers' compensation benefits and compensation adjustment expenses. Policy holder dividend and loss contingency expenses are included as part of the operating gain or loss calculation. Revenues and expenses related to capital and investing activities are reflected in the non-operating component of this statement.
- **Statement of Cash Flows** – The statement of cash flows is presented using the direct method of reporting, which reflects cash flows from operating, noncapital financing, capital and related financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.

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- Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of BWC/IC's financial position and results of operations presented in the financial statements. The notes present information about accounting policies and disclose material risks, subsequent events, and contingent liabilities, if any, that may significantly impact BWC/IC's financial position.
- Supplemental Information – The financial statements include the following supplemental information schedules:
 - Required supplemental information that presents BWC/IC's revenue and reserve development information;
 - Required supplemental information that presents BWC/IC's proportionate share of the Ohio Public Employees Retirement System (OPERS) net pension liability;
 - Required supplemental information that presents BWC/IC's contribution to pension based on statutory requirements;
 - Required supplemental information that presents BWC/IC's proportionate share of the OPERS net other post-employment benefits (OPEB) (asset) liability;
 - Required supplemental information that presents BWC/IC's contribution to OPEB based on statutory requirements; and
 - Optional supplemental schedules presenting the statement of net position and the statement of revenues, expenses and changes in net position for the individual accounts administered by BWC/IC.

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Financial analysis

Components of BWC/IC's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position as of June 30, 2021, 2020, and 2019, and for the fiscal years then ended were as follows (000's omitted):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 1,419,170	\$ 1,146,478	\$ 1,110,224
Noncurrent assets	23,038,218	26,635,369	28,262,787
Total assets	<u>\$ 24,457,388</u>	<u>\$ 27,781,847</u>	<u>\$ 29,373,011</u>
Deferred outflows of resources	20,083	45,563	137,416
	<u>\$ 20,083</u>	<u>\$ 45,563</u>	<u>\$ 137,416</u>
Current liabilities	\$ 2,881,334	\$ 2,915,700	\$ 4,312,046
Noncurrent liabilities	12,116,551	13,280,208	13,841,739
Total liabilities	<u>\$ 14,997,885</u>	<u>\$ 16,195,908</u>	<u>\$ 18,153,785</u>
Deferred inflows of resources	120,668	67,525	61,116
	<u>\$ 120,668</u>	<u>\$ 67,525</u>	<u>\$ 61,116</u>
Net investment in capital assets	\$ 83,181	\$ 97,207	\$ 116,659
Unrestricted net position	9,275,737	11,466,770	11,178,867
Total net position	<u>\$ 9,358,918</u>	<u>\$ 11,563,977</u>	<u>\$ 11,295,526</u>
Net premium and assessment income, including provision for uncollectibles	\$ 1,169,595	\$ 1,248,759	\$ 1,290,499
Other income	7,359	8,670	9,396
Total operating revenues	<u>\$ 1,176,954</u>	<u>\$ 1,257,429</u>	<u>\$ 1,299,895</u>
Workers' compensation benefits and compensation adjustment expenses	\$ 526,258	\$ 1,260,821	\$ 760,096
Other expenses	141,493	176,282	179,137
Total operating expenses	<u>\$ 667,751</u>	<u>\$ 1,437,103</u>	<u>\$ 939,233</u>
Policy holder dividend expense	\$ (6,185,348)	\$ (1,343,613)	\$ (1,182,817)
Operating transfers in (out)	6,828	(1,425)	(425)
Net investment income	3,464,053	1,792,931	2,191,121
Gain (loss) on disposal of capital assets	205	232	121
(Decrease) increase in net position	<u>\$ (2,205,059)</u>	<u>\$ 268,451</u>	<u>\$ 1,368,662</u>

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BWC/IC's net position decreased by \$2.2 billion during fiscal year 2021, compared to a \$268 million increase during fiscal year 2020.

- Fiscal year 2021 premium and assessment income of \$1.17 billion reflects an overall reduction of 13% in premium rates for Ohio's private employers for the policy period beginning July 1, 2020, and an overall decrease of 10% in premium rates for public taxing district (PEC) employers for each of the policy periods beginning January 1, 2021 and January 1, 2020. (PEC employers include counties, cities, villages, townships, schools, libraries, and special taxing districts.) Fiscal year 2020 premium and assessment income of \$1.26 billion reflects a 20% decrease in rates for private employers for the policy period beginning July 1, 2019, and an overall decrease of 10% and 12% in premium rates for PEC employers for the policy period beginning January 1, 2020 and January 1, 2019, respectively. Refer to Note 1 – Organization Background and Summary of Significant Accounting Policies for more information about premium and assessment income.
- Workers' compensation benefits and compensation adjustment expenses were as follows in fiscal years 2021, 2020, and 2019.

(\$ in millions)	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net benefit payments	\$ 1,229	\$ 1,271	\$ 1,325
Payments for compensation adjustment expenses	112	237	242
Managed Care Organization administrative payments	165	169	171
Change in reserves for compensation and compensation adjustment expenses	<u>(980)</u>	<u>(416)</u>	<u>(978)</u>
	<u>\$ 526</u>	<u>\$ 1,261</u>	<u>\$ 760</u>

- State Insurance Fund (SIF) benefit payments for all accident years were \$74 million or 6% lower than expected during fiscal year 2021. Medical benefits were \$79 million lower than expected due to the impact of COVID-19 on medical benefits paid. Indemnity benefits were \$5 million higher than expected due to indemnity benefits being expanded during the pandemic. During the past several fiscal years, SIF annual payments have been declining, and this fiscal year has a larger decrease than we have been seeing.
- The decrease in payments for compensation adjustment expenses is primarily due to the adjustments required for the OPEB and Pension assets and liabilities during this fiscal year end process.
- The discounted reserves for workers' compensation benefits and compensation adjustment expenses as of June 30, 2021 are \$980 million lower than the June 30, 2020 discounted liabilities. The recorded liabilities for reserves are management's selection based on estimates calculated by BWC's Actuarial division staff for all funds except Coal Workers Pneumoconiosis, which is calculated by BWC's independent consulting actuary. Note 1 – Organization Background and Summary of Significant Accounting Policies and Note 4 – Reserves for Compensation and Compensation Adjustment Expenses provide a more detailed discussion of BWC's liabilities for reserves.
- The SIF net position has continued to grow primarily as a result of better than expected investment returns and declines in the reserves for compensation and compensation adjustment expenses for prior years' claims. The net position has exceeded the guidelines in the Net Asset Policy established by the Board. Dividends for private and PEC employers were approved by the Board in September 2020 and November 2020. Dividend expense of \$6.2 billion and \$1.3 billion reduced net position in fiscal years 2021 and 2020, respectively. Refer to Note 12 – Net Position for additional detail regarding BWC/IC's net position and Note 7 – Policy Holder Dividend for additional information on the policy holder dividends.

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- In fiscal year 2021, BWC/IC recorded net investment income of \$3.5 billion, compared to \$1.8 billion in fiscal year 2020. The portfolio earned a net return, after management fees, of 15.2% during fiscal year 2021 compared to 7% in fiscal year 2020.

Conditions expected to affect financial position or results of operations

BWC/IC's vision, mission, and core values drive our commitment to keep Ohio workers safer on the job; help injured workers recover and return to their lives – at work and home; and keep costs down for Ohio businesses.

- The COVID-19 pandemic has led to significant economic disruptions that will likely continue for the foreseeable future. In response to the economic impacts to BWC/IC's operations and financial position and the economic challenges that BWC/IC's customers are facing, BWC/IC has taken the following actions:
 - 20% reductions in estimated payroll for private employers in light of the impact of COVID-19;
 - \$28 million in federal COVID-19 Indoor Air Quality Assistance Grants were approved to fund heating, ventilation, and air conditioning assessments and air quality upgrades for eligible nursing homes, assisted living centers, and adult day cares in Ohio;
 - Addition of an Ohio BWC Retail Compliance Unit where approximately 100 BWC personnel visited retailers across the state to encourage compliance with the Ohio Department of Health's order that retail employees and customers wear masks while in or on the retail premises and follow other safety protocols defined in the order;
 - 100 Ohio BWC call center employees volunteered to help the Ohio Department of Job and Family Services handle the crush of calls from newly unemployed Ohioans; and
 - Continued to ship masks to Ohio employers as part of Protecting Ohio's Workforce—We've Got You Covered.
- Base rates will decrease an average of 15% for the July 1, 2021 policy year for private employers and January 1, 2022 policy year for PEC employers.
- Businesses that invest in workplace safety and health are able to reduce fatalities, injuries, and illnesses, resulting in lower medical and legal expenses as well as lower costs to train replacement employees. BWC offers numerous financial assistance opportunities for employers to invest in workplace safety.
- BWC's net position policy contains the business rationale, methodology, and guiding principles with respect to maintaining a prudent net position to protect the SIF against financial and operational risks that may threaten the ability to meet future obligations. An economic capital model has been developed to quantify the potential financial risk related to the investment portfolio, the carried loss reserves, the policy pricing and catastrophic event exposure. Based upon review and discussion of the output of the model, the Administrator established guidelines for a Simple Funding Ratio (total assets divided by total liabilities) and a Net Leverage Ratio (premium income plus reserves for compensation and compensation adjustment expense divided by net position). Net position has remained at a sufficient level primarily as a result of excess investment returns and lower than expected claims costs. The dividends approved by the Board in September 2020 and November 2020 mark BWC's eighth and ninth of \$1 billion or more since 2013. BWC has saved employers nearly \$17 billion in workers' compensation costs since 2011 through dividends, credits, rate reductions, and greater efficiencies. As part of the Board's Strategic Plan, a work group has been meeting on the plan to maintain an adequate net position that will ensure that BWC can manage the financial and enterprise risks associated with operations. Net position will continue to be monitored and the plan will be adjusted as needed based on market changes, new economic models, and other appropriate factors.

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The SIF ratios for the end of each fiscal year are presented in the following table:

	2021	2020	2019	Guideline
Simple Funding Ratio	1.71	1.89	1.77	1.30 to 1.50
Net Leverage Ratio	1.30	1.05	1.11	3.0 to 7.0

- From time to time, BWC/IC is involved in judicial proceedings arising in the ordinary course of its business. BWC/IC will vigorously defend these suits and expects to prevail; however, there can be no assurance that BWC/IC will be successful in its defense.

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STATEMENTS OF NET POSITION

June 30, 2021 and 2020

(000's omitted)

	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>
ASSETS			LIABILITIES		
Current assets:			Current liabilities:		
Cash and cash equivalents (Note 2)	\$617,413	\$486,892	Reserve for compensation (Note 4)	\$ 1,294,961	\$ 1,364,331
Collateral on loaned securities (Note 2)	5,243	4,167	Reserve for compensation adjustment expenses (Note 4)	435,182	430,404
Premiums recorded not yet due	6,878	14,053	Unearned premium and assessments	376,746	335,968
Assessments recorded not yet due	1,407	2,202	Legal settlement	4,500	4,500
Premiums in course of collection	3,830	5,559	Warrants payable	42,383	75,307
Assessments in course of collection	13,933	13,315	Group retrospective credit payable (Note 5)	45,466	119,073
Accounts receivable, net of allowance for uncollectibles of \$1,255,970 in 2021; \$1,227,683 in 2020	316,518	165,264	Policy holder dividend payable (Note 7)	-	7,651
Retrospective premiums receivable	21,406	26,672	Investment trade payables	588,755	506,106
Investment trade receivables	354,319	322,223	Accounts payable	24,422	18,576
Accrued investment income	77,623	105,531	Obligations under securities lending (Note 2)	5,243	4,167
Other current assets	600	600	Other current liabilities (Note 5)	63,676	49,617
Total current assets	<u>1,419,170</u>	<u>1,146,478</u>	Total current liabilities	<u>2,881,334</u>	<u>2,915,700</u>
Noncurrent assets:			Noncurrent liabilities:		
Restricted cash (Note 2)	736	736	Reserve for compensation (Note 4)	10,593,651	11,404,323
Fixed maturities, at fair value (Note 2)	11,345,991	14,590,831	Reserve for compensation adjustment expenses (Note 4)	1,214,817	1,319,096
Domestic equity securities, at fair value - common stock (Note 2)	4,760,093	4,982,702	Net pension liability (Note 8)	149,066	198,148
Domestic equity securities, at fair value - preferred stock (Note 2)	745	673	Net OPEB liability (Note 9)	-	136,667
Non-U.S equity securities, at fair value - common stock (Note 2)	2,298,943	2,459,620	Group retrospective credit payable (Note 5)	126,724	193,546
Investments in real estate funds (Note 2)	3,533,460	3,468,319	Other noncurrent liabilities (Note 5)	32,293	28,428
Unbilled premiums receivable	953,162	983,031	Total noncurrent liabilities	<u>12,116,551</u>	<u>13,280,208</u>
Retrospective premiums receivable	42,568	51,020	Total liabilities	<u>\$ 14,997,885</u>	<u>\$ 16,195,908</u>
Capital assets (Note 3)	83,181	97,207	DEFERRED INFLOW OF RESOURCES (Note 8 and 9)	120,668	67,525
Net OPEB asset (Note 9)	17,694	-	Total liabilities and deferred inflow of resources	<u>\$ 15,118,553</u>	<u>\$ 16,263,433</u>
Net pension asset (Note 8)	1,645	1,230			
Total noncurrent assets	<u>23,038,218</u>	<u>26,635,369</u>	NET POSITION		
Total assets	<u>\$ 24,457,388</u>	<u>\$ 27,781,847</u>	Net investment in capital assets	83,181	97,207
DEFERRED OUTFLOW OF RESOURCES (Note 8 and 9)	20,083	45,563	Unrestricted net position	9,275,737	11,466,770
Total assets and deferred outflow of resources	<u>\$ 24,477,471</u>	<u>\$ 27,827,410</u>	Total net position (Note 12)	<u>\$ 9,358,918</u>	<u>\$ 11,563,977</u>

The accompanying notes are an integral part of the financial statements.

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**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

For the fiscal years ended June 30, 2021 and 2020

(000's omitted)

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Premium and assessment income net of ceded premium (Note 6)	\$1,198,066	\$ 1,263,961
Provision for uncollectibles	(28,471)	(15,202)
Other income	7,359	8,670
Total operating revenues	<u>1,176,954</u>	<u>1,257,429</u>
Operating expenses:		
Workers' compensation benefits (Note 4)	347,965	841,312
Compensation adjustment expenses (Note 4)	178,293	419,509
Personal services	34,846	86,008
Other administrative expenses	106,647	90,274
Total operating expenses	<u>667,751</u>	<u>1,437,103</u>
Net operating (loss) income before policy holder dividends	509,203	(179,674)
Policy holder dividend expense (Note 7)	<u>6,185,348</u>	<u>1,343,613</u>
Net operating loss	<u>(5,676,145)</u>	<u>(1,523,287)</u>
Non-operating revenues:		
Net investment income (Note 2)	3,464,053	1,792,931
Gain (loss) on disposal of capital assets	205	232
Total non-operating revenues	<u>3,464,258</u>	<u>1,793,163</u>
Transfers in (out)	<u>6,828</u>	<u>(1,425)</u>
(Decrease) increase in net position	(2,205,059)	268,451
Net position, beginning of year	<u>11,563,977</u>	<u>11,295,526</u>
Net position, end of year	<u>\$ 9,358,918</u>	<u>\$ 11,563,977</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENTS OF CASH FLOWS

For the fiscal years ended June 30, 2021 and 2020

(000's omitted)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from premiums and assessments net of reinsurance	\$ 1,204,200	\$ 1,425,410
Cash receipts - other	28,287	32,420
Cash disbursements for claims	(1,448,122)	(1,522,468)
Cash disbursements to employees for services	(218,030)	(219,767)
Cash disbursements for other operating expenses	(127,881)	(117,823)
Cash disbursements for employer refunds	(6,433,444)	(2,915,148)
Net cash used for operating activities	<u>(6,994,990)</u>	<u>(3,317,376)</u>
Cash flows from noncapital financing activities:		
Transfers in (out)	6,828	(1,425)
Net cash used by noncapital financing activities	<u>6,828</u>	<u>(1,425)</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets, net of retirements	<u>(198)</u>	<u>(1,541)</u>
Net cash used in capital and related financing activities	<u>(198)</u>	<u>(1,541)</u>
Cash flows from investing activities:		
Investments sold	19,130,501	20,166,996
Investments purchased	(12,522,010)	(17,394,557)
Interest and dividends received	565,385	658,034
Investment expenses	(54,995)	(56,417)
Net cash provided by investing activities	<u>7,118,881</u>	<u>3,374,056</u>
Net (decrease) increase in cash and cash equivalents	130,521	53,714
Cash and cash equivalents, beginning of year	<u>487,628</u>	<u>433,914</u>
Cash and cash equivalents, end of year	<u>\$ 618,149</u>	<u>\$ 487,628</u>

(Continued)

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STATEMENTS OF CASH FLOWS, Continued

For the fiscal years ended June 30, 2021 and 2020

(000's omitted)

	<u>2021</u>	<u>2020</u>
Reconciliation of net operating loss to net cash used for operating activities:		
Net operating loss	\$ (5,676,145)	\$ (1,523,287)
Adjustments to reconcile net operating loss to net cash used for operating activities:		
Provision for uncollectible accounts	28,471	15,202
Depreciation	14,429	21,225
Pension and other postemployment benefits	(125,235)	23,159
(Increases) decreases in assets and increases (decreases) in liabilities:		
Premiums and assessments recorded not yet due	7,970	1,300
Premiums and assessments in course of collection	1,111	954
Unbilled premiums receivable	29,869	18,600
Accounts receivable	(179,725)	106,075
Retrospective premiums receivable	13,718	10,002
Reserves for compensation and compensation adjustment expenses	(979,543)	(416,406)
Unearned premiums and assessments	40,778	(95,161)
Group retrospective credit payable	(140,429)	(244,294)
Warrants payable	(32,924)	45,581
Accounts payable	5,846	2,489
Policy holder dividend payable	(7,651)	(1,288,349)
Other liabilities	<u>4,470</u>	<u>5,534</u>
Net cash used for operating activities	<u>\$ (6,994,990)</u>	<u>\$ (3,317,376)</u>
Noncash investing, capital, and financing activities		
Change in fair values of investments	\$ 2,995,025	\$ 1,206,417

The accompanying notes are an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the fiscal years ended June 30, 2021 and 2020

1. Organization Background and Summary of Significant Accounting Policies

The Ohio Bureau of Workers' Compensation (BWC) and the Industrial Commission of Ohio (IC) were created in 1912 and 1925, respectively, and are the exclusive providers of workers' compensation insurance to private and public employers in Ohio that have not been granted the privilege of paying compensation and medical benefits directly (self-insured employers). BWC and IC are collectively referred to herein as BWC/IC. BWC/IC was created and is operated pursuant to Chapters 4121, 4123, 4127, and 4131 of the Ohio Revised Code (the Code).

The Governor of the State of Ohio (the State) with the advice and consent of the Senate and nominating committee appoints the BWC Administrator, the three members of the IC, and the 11-member BWC Board of Directors (Board). All members have full voting rights. The BWC Administrator, with the advice and consent of the Board, is responsible for the operations of the workers' compensation system, while the IC is responsible for administering claim appeals.

BWC/IC is a department of the primary government of the State and is a proprietary operation for purposes of financial reporting. The accompanying financial statements include all accounts, activities, and functions of BWC/IC and are not intended to present the financial position, results of operations, or cash flows of the State taken as a whole. The financial information presented herein for BWC/IC will be incorporated within the State's financial statements.

Basis of Presentation

BWC/IC has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America as applicable to government organizations. Accordingly, these financial statements were prepared using the accrual basis of accounting and the economic resources measurement focus.

For internal reporting purposes, BWC/IC maintains separate internal accounts as required by the Code. For external financial reporting purposes, BWC/IC has elected to report as a single column business-type activity, since the individual accounts do not have external financial reporting accountability requirements. All significant interaccount balances and transactions have been eliminated.

BWC/IC administers the following accounts:

- State Insurance Fund (SIF)
- Disabled Workers' Relief Fund (DWRF)
- Coal-Workers Pneumoconiosis Fund (CWPF)
- Public Work-Relief Employees' Fund (PWREF)
- Marine Industry Fund (MIF)
- Self-Insuring Employers' Guaranty Fund (SIEGF)
- Administrative Cost Fund (ACF)

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NOTES TO THE FINANCIAL STATEMENTS

For the fiscal years ended June 30, 2021 and 2020

Description of the Accounts

SIF, CWPF, PWREF, and MIF provide workers' compensation benefits for qualifying employees sustaining work-related injuries or diseases.

DWRF provides supplemental cost-of-living benefits to persons who are permanently and totally disabled and are receiving benefits from SIF or PWREF. The maximum benefit levels are changed annually based on the United States Department of Labor National Consumer Price Index.

SIEGF provides for the payment of compensation and medical benefits relating to injuries sustained after 1987 by employees of self-insured employers that are bankrupt or in default.

ACF provides for the payment of administrative and operating costs of all accounts except DWRF, CWPF, and MIF, which pay such costs directly. ACF also includes the portion of premiums paid by employers earmarked for the safety and loss prevention activities performed by the Safety & Hygiene Division.

Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenues are primarily derived from premiums and assessments. Operating expenses include the costs of claims, premium dividends, and related administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents in the accompanying statements of net position and for the purposes of the statements of cash flows include cash and all highly liquid debt instruments purchased with a maturity of three months or less. Cash equivalents consist of money market funds and commercial paper.

Investments

BWC/IC's investments consist of fixed maturities, domestic equity securities, commingled bond index funds, commingled U.S. equity index funds, commingled non-U.S. equity index funds, U.S. real estate funds, bond funds and collateral on securities lending.

Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fixed income securities, domestic equity securities, and bond funds are valued based on published market prices and quotations from national security exchanges and securities pricing services. The fair value of the commingled bond index funds, commingled domestic equity funds, commingled non-U.S. equity funds, and U.S. real estate funds are based on the value of the underlying net assets of the fund. Dividends, interest earnings, the net increase (decrease) in the fair value of investments (which includes both the change in fair value and realized gains and losses), and investment expenses are aggregated and reported as net investment income in the statements of revenues, expenses and changes in net position. The cost of securities sold is determined using the average cost method. Purchases and sales of investments are recorded as of the trade date.

Continued

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NOTES TO THE FINANCIAL STATEMENTS

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Premium Income

Premiums are based on rates that are approved by the Board and on the employers' payroll, except self-insured employer assessments, which are based on paid compensation. SIF rates for private and public taxing district employers meeting certain size criteria are adjusted based on their own claims experience.

Premium income for SIF, CWPF, PWREF, and MIF is recognized over the coverage period. It is billed in advance of the coverage period, except for CWPF, which is billed and collected in subsequent periods. Premiums earned but not yet invoiced are reflected as premiums in course of collection in the statements of net position. Estimated annual premiums recorded but not yet invoiced are reflected as premiums recorded not yet due and unearned premium in the statements of net position.

In addition to the standard base and experience rated plans, BWC/IC offers the following alternative rating plans:

Group experience rating plans allow employers who operate within similar industries to group together to potentially achieve lower premium rates than they could individually.

Retrospective rating plans are offered to qualified employers on an individual basis. SIF recognizes estimated ultimate premium income on retrospectively rated businesses during the coverage period. Retrospective rating adjustments related to the coverage period are collected in subsequent periods, as experience develops related to injuries incurred during the coverage period. The estimated future retrospective rating adjustments are reflected in the statements of net position as retrospective premiums receivable.

Employers participating in group retrospective rating plans pay experience or base rated premiums as if they were individually rated at the beginning of the policy year. If the group's claims experience is better than expected at evaluation periods 12, 24, and 36 months after the close of the policy year, a portion of the group's premium is returned to employers participating in the group. If the group's claims experience is worse than expected at those intervals, additional premiums are levied on the employers participating in the group. The estimated future group retrospective rating plan credits are reflected in the statements of net position as group retrospective credit payable.

The deductible plan is offered to qualified employers. This plan is similar to that of other insurance deductible plans where an employer agrees to pay the portion of a workers' compensation injury claim that falls below their selected deductible level. For taking on this degree of risk, the employer receives a premium credit.

The Code permits State employers to pay into SIF on a terminal funding (pay-as-you-go) basis. Since BWC/IC has the statutory authority to assess premiums against the State employers in future periods, an unbilled premiums receivable equal to the State's share of the discounted reserve for compensation and compensation adjustment expenses, less BWC/IC's portion of the discounted reserve, is reflected in the statements of net position.

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Assessment Income

DWRF I (DWRF benefits awarded for injuries incurred prior to January 1, 1987) assessments are based on employers' payroll and rates approved by the Board within a statutory range. DWRF II (DWRF benefits awarded for injuries incurred on or after January 1, 1987) and ACF assessments are based on rates that are approved by the Board and on employers' premiums, except for ACF assessments of self-insured employers, which are based on paid workers' compensation benefits. SIEGF assessments are based on paid compensation benefits with the exception of new self-insured employers, which are based on a percentage of prior losses as SIF employers.

Assessment income is recognized over the coverage period and is billed in advance of the coverage period. DWRF I and ACF assessment income is recognized over the period for which the assessment applies. These assessments earned but not yet invoiced were reflected as assessments in course of collection in the statements of net position. Estimated annual assessments recorded but not yet invoiced and unearned assessments are reflected as assessments recorded not yet due in the statements of net position.

In September 2015, the Board approved the funding of DWRF I benefits from SIF investment income for private and public taxing district employers rather than levying assessments against these employers. The annual change in funding commitment has been recorded in SIF and DWRF I as adjustments to the respective premium and assessment income in the statements of revenue, expenses and changes in net position for fiscal years 2021 and 2020. The commitment is reviewed annually and is subject to adjustment based on changes in the estimated DWRF I discounted reserves for compensation and compensation adjustment expenses.

The Code permits employers to pay into DWRF and SIEGF on a terminal funding (pay-as-you-go) basis. As BWC/IC has the statutory authority to assess employers in future periods, an unbilled premiums receivable equal to the discounted reserve for compensation and compensation adjustment expenses for DWRF I public state employers and SIEGF, less BWC/IC's portion of the discounted reserve, is reflected in the statements of net position. SIEGF assessments received or in the course of collection, but not yet recognized, are reflected as a reduction to unbilled premiums receivable.

The year-end balances of the DWRF II cash and investment balances and the DWRF II discounted reserve for compensation and compensation adjustments expenses are compared annually to determine when BWC/IC has an unbilled premiums receivable. At June 30, 2021 and 2020, the total DWRF II cash and investment balances exceeded the DWRF II discounted reserve for compensation and compensation adjustment expenses, thus no unbilled premiums receivable is recorded for DWRF II.

Allowance for Uncollectible Accounts

BWC/IC provides an allowance for uncollectible accounts by charging operations for estimated receivables that will not be collected. The adequacy of the allowance is determined by management based on a review of aged receivable balances and historical loss experience.

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Capital Assets

Capital assets are carried at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Useful Lives (Years)</u>
Buildings	30
Intangible assets	10
Furniture and fixtures	10
Vehicles and equipment	5

When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statements of revenues, expenses and changes in net position. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized.

Expenditures for the design, software configuration, software interfaces, coding, hardware, hardware installation, data conversion to the extent necessary for the operation of the new software, testing, and licensure on internally generated software exceeding \$1 million are capitalized as an intangible asset. Intangible assets are depreciated upon implementation of the software. The useful lives of intangible assets vary and are determined upon completion of each project.

Reserves for Compensation and Compensation Adjustment Expenses

The reserve for compensation consists of reserves for indemnity and medical claims resulting from work-related injuries or illnesses. The reserve for compensation is based upon BWC's internal actuarial unpaid indemnity and medical loss estimates for both reported claims and claims incurred but not reported (IBNR). The reserve for compensation adjustment expenses is based upon the BWC's internal actuaries' estimates of future expenses to be incurred in settlement of the claims. The reserve for compensation is based on the estimated ultimate cost of settling the claims, including the potential effects of inflation and other societal and economic factors and projections as to future events, including claims frequency, severity, duration, and inflationary cost trends for medical claim reserves. The reserve for compensation adjustment expenses is based on projected claim-related expenses, estimated costs of the managed care Health Partnership Program, the estimated costs of the Pharmacy Benefit Manager, and the reserve for compensation. The reserves for compensation and compensation adjustment expense do not contemplate future changes due to judicial or legislative actions that cannot be reasonably estimated. The methods and assumptions used in developing such estimates and for establishing the resulting liabilities are reviewed quarterly and updated based on current circumstances. The reserves for compensation and compensation adjustment expenses are discounted at 4.0% at June 30, 2021 and 2020 to reflect the present value of future benefit payments at those dates. The selected discount rate

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approximates an average expected investment yield on BWC/IC's investment portfolio that supports the future payment of the underlying BWC/IC's reserves.

Management believes that the recorded reserves for compensation and compensation adjustment expenses make for a reasonable and appropriate provision for expected future loss and related expense payments on events that have occurred on or prior to June 30, 2021. While management and the BWC internal actuarial staff use currently available information to estimate the unpaid amounts for compensation and compensation adjustment expenses, future changes to the estimates and reserves for compensation and compensation adjustment expenses for those events may be necessary based on actual future claims experience and changing claims frequency, severity, duration, and inflationary trends for medical claim reserves.

Reinsurance

BWC/IC purchased workers' compensation excess of loss reinsurance to include coverage for catastrophic events and terrorism. Ceded reinsurance transactions were accounted for based on estimates of their ultimate cost. Reserves for compensation and compensation adjustment expenses were reported gross of reinsured amounts. Reinsurance premiums were reflected as a reduction of premium income. The previous contract covered the fiscal years ended June 30, 2020 and 2019 and has been discontinued.

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability, net pension asset, net OPEB asset, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension expense, and OPEB expense, information about the fiduciary net position of the Ohio Public Employee's Retirement System's (OPERS) Plans and additions to / deductions from the OPERS Plans' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, OPERS records deductions when the liability is incurred and recognizes revenues when earned in accordance with benefit terms. OPERS' investments are reported at fair value.

Use of Estimates

In preparing the financial statements BWC/IC's management and pension/OPEB plans are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could and very likely will differ from those estimates due to unforeseeable events or circumstances.

2. Cash and Investments

BWC/IC is authorized by Section 4123.44 of the Code to invest using an investment policy established by the Board, which uses the prudent person standard. The prudent person

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standard requires investments be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and by diversifying the investments of the assets so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The composition of cash and investments held at June 30, 2021 and 2020, is presented below (000's omitted):

	2021 <u>Fair Value</u>	2020 <u>Fair Value</u>
Fixed maturities		
U.S. corporate bonds	\$ 3,539,610	\$ 5,307,558
U.S. treasury inflation protected securities	1,796,522	2,019,188
U.S. government obligations	1,718,711	1,825,558
Commingled U.S. treasury inflation protected securities	890,124	817,779
Non-U.S. corporate bonds	823,126	1,171,148
Commingled U.S. Long Government / Credit Fixed Income	716,780	685,847
U.S. government agency mortgages	588,989	949,960
Asset backed securities	342,293	507,697
Commercial mortgage backed securities	274,960	387,176
U.S. state and local government agencies	198,499	331,606
Non-U.S. government and agency bonds	145,403	225,020
Commingled U.S. aggregate indexed fixed income	160,364	160,960
Bond funds	65,762	81,812
Commingled U.S. intermediate duration fixed income	47,482	47,557
Preferred securities	22,128	34,143
U.S. government agency bonds	11,338	29,185
Bank loans	3,900	6,307
Supranational issues	-	2,330
Total fixed maturities	<u>11,345,991</u>	<u>14,590,831</u>
Domestic equity securities - common stocks	4,200,635	4,528,490
Domestic equity securities - preferred stocks	745	673
Commingled domestic equity securities - common stocks	559,457	454,212
Commingled Non-U.S. equity securities - common stocks	2,298,943	2,459,620
Commingled investments in real estate	3,533,460	3,468,319
Securities lending short-term collateral	5,243	4,167
Restricted Cash	736	736
Cash and cash equivalents		
Cash	46,735	50,456
Short-term money market fund	570,678	436,436
Total cash and cash equivalents	<u>617,413</u>	<u>486,892</u>
	<u>\$ 22,562,623</u>	<u>\$ 25,993,940</u>

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Net investment income for the fiscal years ended June 30, 2021 and 2020, is summarized as follows (000's omitted):

	<u>2021</u>	<u>2020</u>
Fixed maturities	\$ 368,061	\$ 422,414
Equity securities	63,508	95,557
Real estate	110,469	126,247
Cash equivalents	<u>133</u>	<u>5,991</u>
	542,171	650,209
Increase (decrease) in fair value of investments	2,995,025	1,206,417
Investment expenses	<u>(73,143)</u>	<u>(63,695)</u>
	<u>\$3,464,053</u>	<u>\$1,792,931</u>

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, BWC/IC's deposits might not be recovered. Banks must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 102% of the total public monies on deposit at the institution. At June 30, 2021 and 2020, the carrying amount of BWC/IC's cash deposits were \$46.7 million and \$50.5 million, respectively, and the bank balances were \$34.5 million and \$41.8 million, respectively. Differences between the carrying amount and bank balances are primarily due to in transit credit card and online payments. Of the June 30, 2021 and 2020, bank balances, \$250 thousand were insured by the FDIC. The remaining cash balance on deposit with the bank was collateralized by pledges held by the trustee of either a surety bond or securities with a sufficient market value and was not exposed to custodial credit risk. Any pledged securities are held by the Federal Reserve, the Federal Home Loan Bank, or an insured financial institution serving as agent of the Treasurer of the State of Ohio.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of a counterparty to a transaction, BWC/IC will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. BWC/IC's investments are not exposed to custodial credit risk and are held in BWC/IC's name at either JP Morgan, in commingled account types, or are fixed maturity bank loans, which by definition, are not exposed to custodial credit risk. Commingled bond and U.S. equity funds are held in the custody of State Street. The commingled non-U.S. equity fund is held in the custody of JP Morgan. The underlying securities in the short-term money market fund are high-quality, short-term debt securities issued or guaranteed by the U.S. government or by U.S. government agencies or instrumentalities, and repurchase agreements fully collateralized by U.S. Treasury and U.S. government securities.

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Fair Value Measurements

BWC/IC's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets and are valued directly from a primary external pricing vendor.
- Level 2 - Investments reflect prices that are observable either directly or indirectly. Inputs may include quoted prices in markets that are not considered active or inputs other than quoted prices that are observable such as interest rates, yield curves, implied volatilities, credit spreads or market-corroborated inputs. These investments are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.
- Level 3 - Investments reflect prices based upon unobservable sources. Asset backed securities, commercial mortgage backed securities, and bank loans are classified in Level 3 and are valued using an internal fair value as provided by the investment manager or other unobservable pricing source.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

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The fair value measurement of investments held at June 30, 2021 and 2020, is presented below (000's omitted):

	Prices Level 1	Inputs Level 2	Inputs Level 3	Fair Value Total
Fixed Maturities				
U.S. corporate bonds	\$ -	\$ 3,539,485	\$ 125	\$ 3,539,610
U.S. treasury inflation protected securities	1,796,522	-	-	1,796,522
U.S. government obligations	1,636,336	82,375	-	1,718,711
Non-U.S. corporate bonds	-	813,872	9,254	823,126
U.S. government agency mortgages	-	588,989	-	588,989
Asset backed securities	-	250,941	91,352	342,293
U.S. state and local government agencies	-	198,499	-	198,499
Commercial mortgage backed securities	-	257,359	17,601	274,960
Non-U.S. government and agency bonds	-	145,403	-	145,403
U.S. government agency bonds	-	11,338	-	11,338
Preferred securities	-	22,128	-	22,128
Bond funds	22,322	-	-	22,322
Bank loans	-	-	3,900	3,900
Domestic equity securities - common stocks	4,200,635	-	-	4,200,635
Domestic equity securities - preferred stocks	586	-	159	745
Securities lending short-term collateral	-	5,243	-	5,243
	<u>\$ 7,656,401</u>	<u>\$ 5,915,632</u>	<u>\$ 122,391</u>	<u>\$ 13,694,424</u>

Investments measured at net asset value:	
Commingled U.S. aggregate indexed fixed income	160,364
Commingled U.S. Long Government / Credit Fixed Income	716,780
Commingled U.S. treasury inflation protected securities	890,124
Commingled U.S. intermediate duration fixed income	47,482
Investment in Bond Fund	43,440
Commingled domestic equity securities - common stocks	559,457
Commingled Non-U.S. equity securities - common stocks	2,298,943
Commingled investments in real estate	3,533,460
	<u>\$ 8,250,050</u>

Restricted Cash :	\$ 736
Cash and Cash Equivalents:	\$ 617,413
Total Investments:	<u>\$ 22,562,623</u>

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	Prices Level 1	Inputs Level 2	Inputs Level 3	Fair Value Total
Fixed Maturities				
U.S. corporate bonds	\$ -	\$ 5,307,558	\$ -	\$ 5,307,558
U.S. treasury inflation protected securities	2,019,188	-	-	2,019,188
U.S. government obligations	1,704,362	121,196	-	1,825,558
Non-U.S. corporate bonds	-	1,171,148	-	1,171,148
U.S. state and local government agencies	-	941,084	8,876	949,960
U.S. government agency mortgages	-	387,774	119,923	507,697
Asset backed securities	-	328,948	2,658	331,606
Commercial mortgage backed securities	-	355,016	32,160	387,176
Non-U.S. government and agency bonds	-	225,020	-	225,020
U.S. government agency bonds	-	29,185	-	29,185
Preferred securities	-	34,143	-	34,143
Bond funds	29,463	-	-	29,463
Bank loans	-	-	6,307	6,307
Supranational issues	-	2,330	-	2,330
Domestic equity securities - common stocks	4,528,490	-	-	4,528,490
Domestic equity securities - preferred stocks	540	133	-	673
Securities lending short-term collateral	-	4,167	-	4,167
	<u>\$ 8,282,043</u>	<u>\$ 8,907,702</u>	<u>\$ 169,924</u>	<u>\$ 17,359,669</u>

Investments measured at net asset value:	
Commingled U.S. aggregate indexed fixed income	160,960
Commingled U.S. Long Government / Credit Fixed Income	685,847
Commingled U.S. treasury inflation protected securities	817,779
Commingled U.S. intermediate duration fixed income	47,557
Investment in Bond Fund	52,349
Commingled domestic equity securities - common stocks	454,212
Commingled Non-U.S. equity securities - common stocks	2,459,620
Commingled investments in real estate	3,468,319
	<u>\$ 8,146,643</u>

Restricted Cash :	\$ 736
Cash and Cash Equivalents:	\$ 486,892
Total Investments:	<u>\$ 25,993,940</u>

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For the investments below which do not have a readily determinable fair value, net asset value per unit is used as a practical expedient for establishing fair value. The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the tables below (000's omitted).

Investments Measured at the NAV
FY 2021

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled U.S. aggregate indexed fixed income	\$ 160,364		Daily	5 days
Commingled U.S. Long Government / Credit Fixed Income	716,780		Daily	5 days
Commingled U.S. treasury inflation protected securities	890,124		Daily	5 days
Commingled U.S. intermediate duration fixed income	47,482		Daily	5 days
Investment in Bond Fund	43,440		Bi-Monthly	15 days
Commingled domestic equity securities - common stocks	559,457		Daily	5 days
Commingled Non-U.S. equity securities - common stocks	2,298,943		Daily	5 days
Commingled investments in real estate:				
Core Real Estate	2,234,671	-	Quarterly	1 quarter
Core Plus Real Estate	956,209	-	Quarterly	1 quarter
Value Added Real Estate	342,580	236,543	Illiquid	
Total Commingled investments in real estates:	\$ 3,533,460	\$ 236,543		

Investments Measured at the NAV
FY 2020

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled U.S. aggregate indexed fixed income	\$ 160,960		Daily	5 days
Commingled U.S. Long Government / Credit Fixed Income	685,847		Daily	5 days
Commingled U.S. treasury inflation protected securities	817,779		Daily	5 days
Commingled U.S. intermediate duration fixed income	47,557		Daily	5 days
Investment in Bond Fund	52,349		Bi-Monthly	15 days
Commingled domestic equity securities - common stocks	454,212		Daily	5 days
Commingled Non-U.S. equity securities - common stocks	2,459,620		Daily	5 days
Commingled investments in real estate:				
Core Real Estate	2,256,773	-	Quarterly	1 quarter
Core Plus Real Estate	905,542	-	Quarterly	1 quarter
Value Added Real Estate	306,004	317,971	Illiquid	
Total Commingled investments in real estates:	\$ 3,468,319	\$ 317,971		

Commingled fixed maturities, domestic equity, and non-U.S. equity funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments. Investment in the bond fund is valued monthly per the fund manager.

BWC/IC invests in real estate through limited partnerships, commingled funds, and commingled real estate investment trusts. Core and Core Plus real estate funds owned are open-ended funds that offer each investor the right to redeem all or a portion of their investment ownership interest once every quarter at the stated unit net asset value of the fund. Value-added real estate funds owned are close-ended funds and do not offer such redemption rights and, therefore, can be considered to be illiquid investments. The real estate funds provide BWC/IC with quarterly valuations based on the most recent capital account balances. Individual properties owned by the funds are valued by an outside independent certified real estate appraisal firm at least once a year and are adjusted as often as every quarter if material market or operational changes have occurred. Each asset is also valued internally on a

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quarterly basis by each fund. The internal and external valuations of properties owned are subject to oversight and review by an independent valuation advisor firm. Debt obligations of each fund receive market value adjustments by the fund every quarter, generally with the assumption that such positions will be held to maturity. Annual external audits of the funds include a review of compliance with the fund's valuation policies.

Interest Rate Risk – Fixed-Income Securities

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. BWC/IC manages the exposure to fair value loss arising from increasing interest rates by requiring that each fixed-income portfolio be invested with duration characteristics that are within a range consistent with Bloomberg Barclays Fixed Income Index ranges.

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flow, weighted for those cash flows as a percentage of the investment's full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments such as callable bonds, prepayments, and variable-rate debt. The effective duration measures the sensitivity of the market price to parallel shifts in the yield curve.

At June 30, 2021 and 2020, the effective duration of BWC's fixed-income portfolio is as follows (000's omitted):

<u>Investment Type</u>	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Fair Value</u>	<u>Effective Duration</u>
U.S. corporate bonds	\$ 3,539,610	13.07	\$ 5,307,558	13.11
U.S. treasury inflationary protected securities	1,796,522	7.73	2,019,188	8.29
U.S. government obligations	1,718,711	8.51	1,825,558	8.89
Commingled U.S. treasury inflationary protected securities	890,124	7.73	817,779	7.90
Non-U.S. corporate bonds	823,126	10.10	1,171,148	10.30
Commingled U.S. Long Government / Credit Fixed Income	716,780	16.59	685,847	16.75
U.S. government agency mortgages	588,989	4.69	949,960	2.81
Asset backed securities	342,293	1.68	507,697	1.59
Commercial mortgage backed securities	274,960	3.05	387,176	3.85
U.S. state and local government agencies	198,499	12.69	331,606	12.85
Commingled U.S. aggregate indexed fixed income	160,364	6.59	160,960	6.05
Non-U.S. government and agency bonds	145,403	13.06	225,020	11.68
Bond funds	65,762	0.28	81,812	1.62
Commingled U.S. intermediate duration fixed income	47,482	4.20	47,557	4.10
Preferred securities	22,128	2.86	34,143	3.31
U.S. government agency bonds	11,338	19.28	29,185	14.72
Bank loans	3,900	0.56	6,307	0.34
Supranational issues	-	0.00	2,330	1.70
Total fixed maturities	<u>\$ 11,345,991</u>		<u>\$ 14,590,831</u>	

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Although the short-term money market fund is generally less sensitive to interest rate changes than are funds that invest in longer-term securities, changes in short-term interest rates will cause changes to its yield resulting in some interest rate risk.

Credit Risk – Fixed-Income Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. U.S. government obligations, U.S. treasury inflation protected securities, and commingled U.S. treasury inflation protected securities are all rated AA by Standard and Poor's (S&P) in fiscal years 2021 and 2020. Obligations of the U.S. government are explicitly guaranteed by the U.S. government. BWC/IC's fixed-income securities were rated by S&P and/or an equivalent national rating organization and the ratings are presented below using the S&P rating scale (000's omitted):

Quality Rating	2021	2020
<u>Credit risk debt quality</u>	<u>Fair Value</u>	<u>Fair Value</u>
AAA	\$ 404,433	\$ 618,363
AA	910,137	1,239,332
A	1,315,632	2,650,148
BBB	3,157,467	3,772,603
BB	411,692	439,178
B	103,698	179,427
CCC	33,669	39,363
CC	2,540	4,193
C	-	789
D	1,039	5,765
NR	-	-
Total credit risk debt securities	<u>6,340,307</u>	<u>8,949,161</u>
U.S. government agency bonds		
AAA	1,622	10,033
AA	9,716	19,152
Total U.S. government agency bonds	<u>11,338</u>	<u>29,185</u>
U.S. government agency mortgages		
AAA	131,684	193,782
AA	443,230	753,905
A	-	-
BBB	3,018	715
BB	7,460	1,368
B	3,597	190
Total U.S. government agency mortgages	<u>588,989</u>	<u>949,960</u>
U.S. government obligations (AA)	1,718,711	1,825,558
U.S. treasury inflation protected securities (AA)	1,796,522	2,019,188
Commingled U.S. treasury inflation protected securities (AA)	890,124	817,779
Total fixed maturities	<u>\$ 11,345,991</u>	<u>\$ 14,590,831</u>

The short-term money market fund carries an AAA credit rating.

Concentration of Credit Risk

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Concentration of credit risk is the risk of loss that may be attributed to the magnitude of BWC/IC's investment in a single issuer. In 2021 and 2020, there is no single issuer that comprises 5% or more of the overall portfolio with the exception of BWC/IC's investments in the U.S. government.

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. BWC's exposure to foreign currency risk as of June 30, 2021 and 2020, is as follows (000's omitted):

Currency	2021		2020	
		Fair Value		Fair Value
Argentine Peso	\$	59	\$	172
Australian Dollar		98,792		105,368
Bermudian Dollar		1,146		1,681
Brazilian Real		37,396		36,121
British Pound		183,789		203,240
Canadian Dollar		160,707		159,040
Caymanian Dollar		223		1,163
Chilean Peso		3,191		4,138
Chinese Renminbi		254,922		267,345
Colombian Peso		1,128		1,280
Czech Koruna		725		712
Danish Krone		36,421		37,144
Egyptian Pound		410		759
Euro		492,519		529,517
Hong Kong Dollar		60,000		71,801
Hungarian Forint		1,592		1,667
Indian Rupee		70,952		56,103
Indonesian Rupiah		7,853		10,297
Israeli Shekel		8,592		10,113
Japanese Yen		327,021		403,018
Kuwaiti Dinar		3,652		-
Macao Pataca		1,081		1,484
Malaysian Ringgit		8,862		12,415
Manx Pound		1,426		864
Mexican Peso		12,612		12,129
New Zealand Dollar		4,478		5,145
Norwegian Krone		8,825		8,215
Pakistani Rupee		134		171
Papua New Guinean Kina		410		513
Peruvian Nuevo Sol		136		234
Philippines Peso		4,486		5,809
Polish Zloty		4,529		5,034
Qatari Rial		4,517		5,858
Russian Ruble		20,294		22,295
Saudi Riyal		20,652		18,668
Singapore Dollar		15,435		17,725
South African Rand		24,885		25,898
South Korean Won		94,847		81,185
Swedish Krona		49,709		45,784
Swiss Franc		144,458		169,246
Taiwan Dollar		98,449		84,910
Thailand Baht		11,545		15,737
Turkish Lira		1,672		2,989
United Arab Emirates Dirham		5,027		3,678
Exposure to foreign currency risk		2,289,559		2,446,665
United States Dollar		9,384		12,955
Total international securities	\$	2,298,943	\$	2,459,620

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Securities Lending

At June 30, 2021 and 2020, BWC/IC had no securities out on loan. BWC/IC has been allocated with cash collateral of \$5.2 million in 2021 and \$4.2 million in 2020 from the securities lending program administered through the Treasurer of State's Office based on the amount of cash equity in the State's common cash and investment account.

3. Capital Assets

Capital asset activity and balances as of and for the fiscal years ended June 30, 2021 and 2020, are summarized as follows (000's omitted):

	Balance at 6/30/2019	Increases	Decreases	Balance at 6/30/2020	Increases	Decreases	Balance at 6/30/2021
Capital assets not being depreciated							
Land	\$ 9,466	\$ -	\$ -	\$ 9,466	\$ -	\$ -	\$ 9,466
Subtotal	9,466	-	-	9,466	-	-	9,466
Capital assets being depreciated							
Buildings	205,831	-	-	205,831	-	-	205,831
Building improvements	3,608	-	-	3,608	-	-	3,608
Furniture and equipment	27,085	1,788	(3,710)	25,163	419	(933)	24,649
Subtotal	236,524	1,788	(3,710)	234,602	419	(933)	234,088
Accumulated depreciation							
Buildings	(192,894)	(6,947)	-	(199,841)	(602)	-	(200,443)
Building improvements	(1,461)	(177)	-	(1,638)	(177)	-	(1,815)
Furniture and equipment	(20,156)	(2,844)	3,695	(19,305)	(2,393)	917	(20,781)
Subtotal	(214,511)	(9,968)	3,695	(220,784)	(3,172)	917	(223,039)
Capital assets being amortized							
Intangible assets - definite useful lives	115,789	-	-	115,789	-	-	115,789
Accumulated amortization	(30,609)	(11,257)	-	(41,866)	(11,257)	-	(53,123)
Subtotal	85,180	(11,257)	-	73,923	(11,257)	-	62,666
Net capital assets	\$ 116,659	\$ (19,437)	\$ (15)	\$ 97,207	\$ (14,010)	\$ (16)	\$ 83,181

4. Reserves for Compensation and Compensation Adjustment Expenses

The reserve for compensation consists of reserves for indemnity and medical claims resulting from work-related injuries or illnesses. The recorded liabilities for compensation and compensation adjustment expenses are BWC management's selection based on estimates by BWC's Actuarial division staff. Management believes that the recorded liabilities make for a reasonable and appropriate provision for expected future losses and expense payments on events that have occurred on or prior to June 30, 2021; however, the ultimate liabilities for those events may vary from the amounts provided.

All reserves have been discounted at 4.0% at June 30, 2021 and 2020. A decrease in the discount rate to 3.0% would result in the reserves for compensation and compensation adjustment expenses increasing to \$14.9 billion at June 30, 2021, while an increase in the rate to 5.0% would result in the reserves for compensation and compensation adjustment expenses decreasing to \$12.8 billion. The undiscounted reserves for compensation and compensation adjustment expenses were \$21.7 billion at June 30, 2021, and \$23.7 billion at June 30, 2020.

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The changes in the reserves for compensation and compensation adjustment expenses for the fiscal years ended June 30, 2021, 2020 and 2019, are summarized as follows (000,000's omitted):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Reserves for compensation and compensation adjustment expenses, beginning of period	\$ 14,518	\$ 14,934	\$ 15,912
Incurred:			
Provision for insured events of current period	1,228	1,414	1,465
Net (decrease) increase in provision for insured events of prior periods net of discount accretion of \$581 in 2021, \$597 in 2020, and \$636 in 2019	<u>(702)</u>	<u>(153)</u>	<u>(705)</u>
Total incurred	526	1,261	760
Payments:			
Compensation and compensation adjustment expenses attributable to insured events of current period	304	330	348
Compensation and compensation adjustment expenses attributable to insured events of prior period	<u>1,201</u>	<u>1,347</u>	<u>1,390</u>
Total payments	1,505	1,677	1,738
Reserves for compensation and compensation adjustment expenses, end of period	<u>\$ 13,539</u>	<u>\$ 14,518</u>	<u>\$ 14,934</u>

5. Long-Term Obligations

Activity for long-term obligations (excluding the reserves for compensation and compensation adjustment expenses – see Note 4) for the fiscal years ended June 30, 2021 and 2020, is summarized as follows (000's omitted):

	Balance at 6/30/2019	Increases	Decreases	Balance at 6/30/2020	Due Within One Year
Net pension liability	\$ 278,560	\$ -	\$ (80,412)	\$ 198,148	\$ -
Net OPEB liability	130,796	5,871	-	136,667	-
Group retrospective credit payable	556,913	247,142	(491,436)	312,619	119,073
Other liabilities	76,855	128,127	(126,937)	78,045	49,617
	<u>\$ 1,043,124</u>	<u>\$ 381,140</u>	<u>\$ (698,785)</u>	<u>\$ 725,479</u>	<u>\$ 168,690</u>
	Balance at 6/30/2020	Increases	Decreases	Balance at 6/30/2021	Due Within One Year
Net pension liability	\$ 198,148	\$ -	\$ (49,083)	\$ 149,065	\$ -
Net OPEB liability	136,667	-	(136,667)	-	-
Group retrospective credit payable	312,619	139,875	(280,304)	172,190	45,466
Other liabilities	78,045	126,073	(108,149)	95,969	63,676
	<u>\$ 725,479</u>	<u>\$ 265,948</u>	<u>\$ (574,203)</u>	<u>\$ 417,224</u>	<u>\$ 109,142</u>

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6. Reinsurance

BWC/IC purchased catastrophic reinsurance for the fiscal year ended June 30, 2020 for risks in excess of its retention limits on workers' compensation insurance policies written. Management is not aware of any catastrophes during the coverage period listed below, and BWC/IC has not recorded any reinsurance recoveries. BWC/IC discontinued the reinsurance contract as of June 30, 2020.

In 2020 policy period reported below, Section Two covers BWC's remaining liability under the Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA). TRIPRA is in effect for losses up to \$1 billion. Certain provisions frame the coverage under TRIPRA and they are the following:

- The aggregate losses from an occurrence must exceed \$100 million. This minimum increased \$20 million per year from 2016 to 2020.
- Each insurer will have an annual aggregate retention equal to 20% of its prior year's direct earned premiums.
- Each insurer will be responsible for 15% of losses otherwise recoverable that exceed its TRIPRA retention. This percentage increased 1% per year from 2016 to 2020.

Coverage for policies is provided under the following terms:

- Section One – Other than Acts of Nuclear, Biological, Chemical, or Radiological (NBCR) Terrorism - 50% of \$250 million in excess of \$100 million per Loss Occurrence - Maximum loss of \$10 million of any one person
- Section Two – Only for Acts of Terrorism including NBCR Terrorism - \$100 million in excess of \$350 million per Loss Occurrence - Maximum loss of \$10 million of any one person

The following premiums ceded for reinsurance coverage have been recorded in the accompanying basic financial statements for the fiscal years ended June 30, 2021 and 2020 (000's omitted):

	<u>2021</u>	<u>2020</u>
Premium and assessment income	\$ 1,198,066	\$ 1,267,508
Ceded premiums	-	(3,547)
Total premium and assessment income net of ceded premiums	\$ 1,198,066	\$ 1,263,961

Should the reinsurers be unable to meet their obligations under the reinsurance contracts, BWC/IC would remain liable for coverage ceded to its reinsurers. Reinsurance contracts do not relieve BWC/IC of its obligations, and a failure of the reinsurer to honor its obligations could result in losses to BWC/IC. BWC/IC evaluates and monitors the financial condition of its reinsurers to minimize its exposure to loss from reinsurer insolvency. BWC/IC management believes its reinsurers are financially sound and will continue to meet their contractual obligations.

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BWC/IC's reinsurers had the following AM Best ratings at June 30, 2020:

<u>Reinsurer</u>	<u>2020</u>
Allied World Assurance Co. Ltd.	A
Arch Reinsurance Co	A+
Axis Specialty Ltd.	A
Hannover Re (Bermuda) Ltd.	A+
Cincinnati Ins Co	A+
London Markets	A
Markel Global Re Co	A
MS Almin AG	A
Renaissance Re	A+

Other States Coverage

BWC provides access to optional insurance coverage for Ohio companies who meet BWC's underwriting criteria and have out of state workers' compensation exposures. This optional policy offers coverage for workers' compensation gaps and protects employers from penalties and stop-work orders in other states. Zurich American Insurance Company acts as the fronting carrier of the Other States Coverage policies. Acrisure LLC, dba United States Insurance Services Inc, acts as the exclusive fronting agency. The SIF provides 100% reinsurance for the policies in this program.

7. Policy Holder Dividend

BWC's net asset policy contains the business rationale, methodology, and guiding principles with respect to maintaining a prudent net position to protect SIF against financial and operational risks that may threaten the ability to meet future obligations.

The Board approved a dividend to reduce the net position in SIF at the September 2020 board meeting. As a result, the private employers were granted a dividend equivalent to 100% of billed premiums for the July 1, 2019, through June 30, 2020, policy period, while PEC employers were also granted a dividend equivalent to 100% of premiums for the January 1, 2019, through December 31, 2019, policy period. In addition, the Board approved a second policyholder dividend in November 2020 equivalent to what each employer received in the September 2020 dividend multiplied by a factor of 3.7246. These actions resulted in premium dividend expense of \$6.2 billion and a reduction of the group retrospective credit payable balance of \$168 million in fiscal year 2021.

In fiscal year 2020 the Board approved a dividend for both private and PEC employers of 100% of billed premiums for the July 1, 2018, through June 30, 2019, policy period and January 1,

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2018, through December 31, 2018, policy period, respectively. As a result, premium dividend expense for fiscal year 2020 totaled \$1.3 billion and a reduction of the group retrospective credit payable balance of \$215 million in fiscal year 2020.

These policy holder dividends reduce the SIF net position, but preserve a prudent net position while maintaining the ability to meet future obligations for the fund.

8. Pension Plans

General Information

BWC/IC employees participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer public employee retirement system. OPERS administers three pension plans:

- The Traditional Plan - a defined benefit plan.
- The Combined Plan – a combination of a defined benefit plan and a defined contribution plan. This plan invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Plan benefit. Member contributions are self-directed by the members and accumulate retirement assets in a manner similar to the Member-Directed Plan.
- The Member-Directed Plan – a defined contribution plan. Under this plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings thereon.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established and may be amended by State statute. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a publicly available financial report that includes financial statements, required supplementary information, information about the pension plan's fiduciary net position, and the Plan Statement with pension plan details. The report is available by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377. As of June 30, 2021, the most recent report issued by OPERS is for the calendar year ended December 31, 2020.

Funding Policy

Chapter 145 of the Ohio Revised Code provides statutory authority for employee and employer contributions. During fiscal years 2021 and 2020, the employee contribution rate was 10% and the employer contribution rate was 14% of covered payroll for all three plans. BWC/IC's contractually required employer contributions were \$20.1 million for calendar year 2020 and \$20.5 million for calendar year 2019.

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Measurement Date

The measurement dates for the net pension assets and liabilities, deferred inflows and outflows of resources, and pension expense were December 31, 2020, for fiscal year 2021 and December 31, 2019, for fiscal year 2020. OPERS total pension assets and liabilities that were used to calculate the net pension asset and liability were also based on an actuarial valuation as of these dates.

Proportionate Share

BWC/IC's proportionate shares of the net pension assets and liabilities are determined as BWC/IC's share of contributions to the pension plan relative to the total employer contributions from all participating OPERS employers. Member and employer contributions included in OPERS' Statement of Changes in Fiduciary Net Position are used to calculate proportionate share. At December 31, 2020 and 2019, BWC/IC's proportions were as follows:

	<u>December 2020</u>	<u>December 2019</u>
Traditional Plan	1.006670%	1.002487%
Combined Plan	0.569719%	0.589865%

Pension Assets, Deferred Outflows of Resources, Pension Liabilities, Deferred Inflows of Resources, and Pension Expense

At June 30, 2021 and 2020, BWC/IC reported \$1.6 million and \$1.2 million, respectively, for its proportionate share of the Combined Plan's net pension asset and a liability of \$149.1 million and \$198.1 million, respectively, for its proportionate share of the Traditional Plan's net pension liability.

For the fiscal years ended June 30, 2021 and 2020, BWC/IC recognized pension expense of \$17.8 million and \$8.8 million, respectively.

At June 30, 2021 and 2020, BWC/IC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (000's omitted):

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	<u>June 2021</u>		<u>June 2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 6,551	\$ -	\$ 2,808
Net difference between projected and actual earnings on pension plan investments	-	58,215	-	39,946
Changes in proportion and differences between BWC/IC contributions and proportion share of contributions	1,098	1,311	2,148	3,445
Assumption changes	106	-	10,864	-
BWC/IC contributions subsequent to the measurement date	9,805	-	10,582	-
Total	<u>\$ 11,009</u>	<u>\$ 66,077</u>	<u>\$ 23,594</u>	<u>\$ 46,199</u>

In 2021 and 2020, deferred outflows of resources related to pensions resulting from BWC/IC's contributions subsequent to the measurement date of \$9.8 million and \$10.6 million, respectively, will be recognized as a reduction of net pension liability in the fiscal years ended June 30, 2021 and 2020, respectively.

Deferred outflows of resources includes the BWC/IC's proportionate share of the effects of changes in assumptions resulting from OPERS experience study for the period 2011 through 2015. Information from this study led to changes in both demographic and economic assumptions. The long-term pension investment return assumption for the defined benefit investments was reduced over the last two years from 7.5% to 7.2%. These assumption changes as well as other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows (000's omitted):

	As of June 30, 2021		As of June 30, 2020	
Year ended June 30:				
	2022	\$ (25,122)	2021	\$ (5,780)
	2023	(7,994)	2022	(13,434)
	2024	(23,745)	2023	1,858
	2025	(7,979)	2024	(15,785)
	2026	(18)	2025	(19)
	Thereafter	\$ (15)	Thereafter	\$ (27)

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Actuarial Assumptions

The total pension liabilities in the December 31, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

December 2020

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)	3.25% - 8.25% (includes wage inflation at 3.25%)
Cost of living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: .5% Simple through 2020, then 2.15% Simple	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: .5% Simple through 2020, then 2.15% Simple

December 2019

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)	3.25% - 8.25% (includes wage inflation at 3.25%)
Cost of living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% Simple	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% Simple

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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The actuarial assumptions used in the December 31, 2020 and 2019, valuations were based on the results of an actuarial experience study for a 5 year period ended December 31, 2015. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long term expected best estimates of arithmetical rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The table below displays the OPERS Board approved asset allocation policy for December 2020 and 2019 and the expected real rates of return.

Asset Class	<u>December 2020</u>		<u>December 2019</u>	
	Target Allocation	Weighted Average Longterm Expected Real Rate of Return	Target Allocation	Weighted Average Longterm Expected Real Rate of Return
Fixed income	25.00%	1.32%	25.00%	1.83%
Domestic equity	21.00%	5.64%	19.00%	5.75%
International equity	23.00%	7.36%	21.00%	7.66%
Real estate	10.00%	5.39%	10.00%	5.20%
Private equity	12.00%	10.42%	12.00%	10.70%
Other Investments	9.00%	4.75%	13.00%	4.98%
Total	<u>100.00%</u>	5.43%	<u>100.00%</u>	5.61%

Discount Rate

The discount rate used to measure the total pension liability for both the Traditional Pension Plan and the Combined Plan was 7.2% for 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan and Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity to Changes in the Discount Rate

For the years 2020 and 2019, the following tables present BWC/IC's proportionate share of the net pension liability calculated using the discount rate of 7.2%, as well as BWC/IC's proportionate share of the net pension liability using a discount rate that is 1% lower or 1% higher than the current rate (000's omitted):

December 2020

	<u>1% Decrease - 6.2 %</u>	<u>Current Discount Rate - 7.2%</u>	<u>1% Increase - 8.2%</u>
Traditional Plan:			
Total Net Pension Liability	284,344	149,066	36,582
Combined Plan:			
Total Net Pension (Asset)	(1,145)	(1,645)	(2,017)

December 2019

	<u>1% Decrease - 6.2 %</u>	<u>Current Discount Rate - 7.2%</u>	<u>1% Increase - 8.2%</u>
Traditional Plan:			
Total Net Pension Liability	326,811	198,148	82,485
Combined Plan:			
Total Net Pension (Asset)	(743)	(1,230)	(1,581)

Defined Contribution Plans

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five year period, at a rate of 20% each year. BWC/IC recognized \$590 thousand and \$581 thousand in pension expense for defined contribution plans in fiscal years 2021 and 2020, respectively. At retirement, members may select one of the several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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9. Other Post-Employment Benefit (OPEB)

OPERS administers the 115 Health Care Trust, a cost-sharing, multiple-employer defined benefit post-employment health care trust. OPERS health care program includes medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement for qualifying benefit recipients of both the Traditional Pension and the Combined plans. Currently, Medicare eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Although participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional and Combined plans, a portion of employer contributions is allocated to a retiree medical account. Upon retirement or separation, participants may be reimbursed for qualified medical expenses from these accounts.

All benefits of the System, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. The OPERS Board has elected to maintain funds to provide health care coverage to eligible Traditional Pension Plan and Combined Plan retirees and survivors of members. Health care coverage does not vest and is not required. As a result, coverage may be reduced or eliminated at the discretion of OPERS. To qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must be at least age 60 with 20 or more years of qualifying Ohio service. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

OPERS issues a publicly available financial report that includes financial statements, required supplementary information, information about the OPEB plan's fiduciary net position, and the Plan Statement with OPEB plan details. This report is available by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377. As of June 30, 2021, the most recent report issued by OPERS is for the calendar year ended December 31, 2020.

Funding Policy

Beginning in 2018, Traditional Pension Plan and Combined Plan employer contributions are no longer allocated to health care. Employer contributions as a percent of covered payroll deposited for the Member-Directed Plan participants' health care accounts was 4.0% for both 2020 and 2019. Based upon the portion of each employer's contribution to OPERS set aside for funding OPEB as described above, BWC/IC's contribution allocated to OPEB for the 12 months ended December 31, 2020 and 2019, was approximately \$236 thousand and \$232 thousand respectively.

Measurement Date

The measurement dates for the net OPEB assets and liabilities, deferred inflows and outflows of resources, and OPEB expense were December 31, 2020, for fiscal year 2021 and December 31, 2019, for fiscal year 2020. For fiscal years 2021 and 2020, OPERS total OPEB assets and

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liabilities that were used to calculate the net OPEB asset and liability were based on an actuarial valuation of December 31, 2019, with a rollforward measurement date of December 31, 2020, and December 31, 2018, with a rollforward measurement date of December 31, 2019, respectively.

Proportionate Share

BWC/IC's proportionate shares of the net OPEB assets and liabilities are determined as BWC/IC's share of contributions to the plan relative to the total employer contributions from all participating OPERS employers. Member and employer contributions included in OPERS' Statement of Changes in Fiduciary Net Position are used to calculate proportionate share. At December 31, 2020 and 2019, BWC/IC's proportions were as follows:

	<u>December 2020</u>	<u>December 2019</u>
OPEB	0.993152%	0.989436%

Net OPEB Asset, Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and OPEB Expense

At June 30, 2021 and 2020, BWC/IC reported \$17.7 million and \$136.7 million, respectively, for its proportionate share of the net OPEB asset and OPEB liability respectively.

For the fiscal years ended June 30, 2021 and 2020, BWC/IC recognized negative OPEB expense of \$100.8 million and OPEB expense of \$13.9 million, respectively. The primary reason for the change from a liability to an asset is the high changes in health care terms. The OPERS Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. The changes include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

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At June 30, 2021 and 2020, BWC/IC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (000's omitted):

	<u>June 2021</u>		<u>June 2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 15,950	\$ 4	\$ 12,501
Net difference between projected and actual earnings on OPEB plan investments	-	9,390	-	6,970
Changes in proportion and differences between BWC/IC contributions and proportionate share of contributions	408	582	320	1,855
Assumption changes	8,666	28,669	21,645	-
Total	<u>\$ 9,074</u>	<u>\$ 54,591</u>	<u>\$ 21,969</u>	<u>\$ 21,326</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (000's omitted):

	As of June 30, 2021	As of June 30, 2020
Year ended June 30:		
2022	\$ (23,975)	2021 \$ 2,346
2023	(16,348)	2022 1,224
2024	(4,084)	2023 47
2025	(1,110)	2024 (2,974)

Actuarial Assumptions

The total OPEB asset and liability in the December 31, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

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December 2020

	OPEB
Actuarial Assumptions:	
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Wage Inflation	3.25%
Municipal Bond Rate	2.00%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Health Care Cost Trend Rate	8.5% initial, 3.5% ultimate in 2035

December 2019

	OPEB
Actuarial Assumptions:	
Single Discount Rate	3.16%
Investment Rate of Return	6.00%
Wage Inflation	3.25%
Municipal Bond Rate	2.75%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Health Care Cost Trend Rate	10% initial, 3.5% ultimate in 2030

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled

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mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the December 31, 2020 and 2019, valuations were based on the results of an actuarial experience study for a 5-year period ended December 31, 2015. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return on the health care investment assets was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long term expected best estimates of arithmetical rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The table below displays the OPERS Board approved asset allocation policy for December 2020 and 2019 and the expected real rates of return.

Asset Class	<u>December 2020</u>		<u>December 2019</u>	
	Target Allocation	Weighted Average Longterm Expected Real Rate of Return	Target Allocation	Weighted Average Longterm Expected Real Rate of Return
Fixed income	34.00%	1.07%	36.00%	1.53%
Domestic equity	25.00%	5.64%	21.00%	5.75%
International equity	25.00%	7.36%	23.00%	7.66%
Real estate	7.00%	6.48%	6.00%	5.69%
Other Investments	9.00%	4.02%	14.00%	4.90%
Total	100.00%	4.43%	100.00%	4.55%

Discount Rate

The single discount rate used to measure the OPEB asset and liability at the measurement date of December 31, 2020 and 2019, was 6% and 3.16%, respectively. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds

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with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). These single discount rates for 2020 and 2019 were based on an expected rate of return on the health care investment portfolio of 6.00%, and a municipal bond rate of 2.00% and 2.75%, respectively. The projection of cash flows used to determine these single discount rates assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the 2020 and 2019 health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120 and 2034, respectively. As a result, the 2020 and 2019 long-term expected rates of return on health care investments were applied to projected costs through the year 2120 and 2034, respectively, and the municipal bond rates were applied to all health care costs after these dates.

Sensitivity to Changes in the Discount Rate

For December 2020 and December 2019, the following tables present BWC/IC's proportionate share of the net OPEB asset and liability calculated using the discount rate of 6% and 3.16%, respectively, as well as BWC/IC's proportionate share of the net OPEB asset and liability using a discount rate that is 1.0% lower or 1.0% higher than the current rate (000's omitted):

December 2020

	<u>1% Decrease - 5%</u>	Single Discount Rate - 6%	<u>1% Increase - 7%</u>
OPEB:			
Total Net OPEB Asset	(4,400)	(17,694)	(28,623)

December 2019

	<u>1% Decrease - 2.16%</u>	Single Discount Rate - 3.16%	<u>1% Increase - 4.16%</u>
OPEB:			
Total Net OPEB Liability	178,850	136,667	102,891

Sensitivity to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset and liability. The following tables present BWC/IC's proportionate share of the net OPEB asset and liability calculated using the assumed trend rates and the expected net OPEB asset and liability using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate for December 2020 and December 2019 (000's omitted):

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December 2020

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
OPEB:			
Total Net OPEB Asset	(18,125)	(17,694)	(17,211)

December 2019

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
OPEB:			
Total Net OPEB Liability	132,634	136,667	140,648

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the starting trend in 2021 and 2020 is 8.5% and 10.5%, respectively. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

10. Risk Management

BWC/IC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover these risks, BWC/IC maintains commercial insurance and property insurance. There were no reductions in coverage in either fiscal years 2021 or 2020. Claims experience over the past three years indicates there were no instances of losses exceeding insurance coverage. Additionally, BWC/IC provides medical benefits for its employees on a fully insured basis with independent insurance companies or the State's self-insured benefit plan.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the coronavirus (COVID-19) pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the BWC/IC. The impact on BWC/IC's future operating costs and revenues cannot be estimated.

11. Contingent Liabilities

BWC/IC is a party in various legal proceedings and is also involved in other claims and legal actions arising in the ordinary course of business. Although the outcome of certain legal

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proceedings is not quantifiable or determinable at this time, an unfavorable outcome in any one of them could have a material effect on the financial position of BWC/IC.

12. Net Position

Individual fund net position (deficit) balances at June 30, 2021 and 2020, were as follows (000's omitted):

	<u>2021</u>	<u>2020</u>
SIF	\$ 8,595,584	\$11,449,826
SIF Surplus Fund Account	51,104	46,036
SIF Premium Payment Security Fund	143,642	143,642
Total SIF Net Position	8,790,330	11,639,504
DWRF	1,037,057	617,109
CWPF	355,190	311,655
PWREF	17,823	17,694
MIF	28,111	27,931
SIEGF	34,397	33,882
ACF	(903,990)	(1,083,798)
Total Net Position	\$ 9,358,918	\$11,563,977

As mandated by the Code, the SIF net position is separated into three separate funds; the main fund, the Surplus Fund Account (Surplus Fund), and the Premium Payment Security Fund (PPSF).

The SIF Surplus Fund is established by the Code and is financed by a portion of all SIF premiums paid by private and public employers (excluding State employers) and assessments paid by self-insured employers. The Surplus Fund has been appropriated for specific charges, including compensation related to claims of handicapped persons or employees of noncomplying employers, and the expense of providing rehabilitation services, counseling, training, living maintenance payments, and other related charges to injured workers. The Surplus Fund may also be charged on a discretionary basis as ordered by BWC/IC, as permitted by the Code. Prior to the passage of House Bill 15 in 2009, contributions to the Surplus Fund were limited to 5% of premiums. The BWC administrator now has the authority to transfer money from SIF necessary to meet the needs of the Surplus Fund.

The SIF PPSF is established by the Code and is financed by a percentage of all premiums paid by private employers. Amounts are charged to the PPSF when the employer's premium due for a payroll period is determined to be uncollectible by the Attorney General of Ohio.

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The ACF fund deficit is a result of recognizing the actuarially estimated liabilities in accordance with accounting principles generally accepted in the United States of America, even though the funding for ACF is on a terminal funding basis in accordance with the Code. Consequently, the incurred expenses are not fully funded.

DWRF is operated on a terminal funding basis in accordance with the Code, however, the actuarially estimated liabilities are recognized in accordance with accounting principles generally accepted in the United States of America. While BWC has the statutory authority to assess employers in future periods for amounts needed to fund DWRF II cost of living benefits, cash and investment balances are currently sufficient to fund the estimated DWRF II liabilities.

13. Adoption of New Accounting Principles

The GASB has recently issued the following new accounting pronouncements that will be effective in future years and may be relevant to BWC/IC:

- GASB No. 87, "Leases" (effective fiscal year 2022)
- GASB No. 92, "Omnibus 2020" (effective fiscal year 2022)
- GASB No. 96, "Subscription-Based Information Technology Arrangements" (effective fiscal year 2023)

Management has not yet determined the impact that these recently issued GASB Pronouncements will have on BWC/IC's financial statements.

14. Subsequent Events

Subsequent to fiscal year end June 30, 2021, in the September 2021 meeting the Board approved a dividend to revise the eligibility and calculation criteria for the \$5 billion dividend approved in the November 2020 Board meeting. This action is anticipated to result in premium dividend expense of up to \$30 million to approximately 3,000 employers in fiscal year 2022.

SUPPLEMENTARY INFORMATION

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**REQUIRED SUPPLEMENTAL REVENUE AND RESERVE
DEVELOPMENT INFORMATION**
(See Accompanying Independent Auditors' Report)
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GASB Statement No. 30, "Risk Financing Omnibus," requires the presentation of ten years of supplemental revenue and reserve development information, if available.

The table on the following page illustrates how BWC/IC's gross premium revenues and investment income compare to related costs of workers' compensation benefits (compensation) and other expenses incurred by BWC/IC as of the end of each of the last ten and one-half reporting periods. The rows of the table are defined as follows: (1) This line shows the total of each period's gross premium revenues and investment income. (2) This line shows each period's operating expenses, including overhead and compensation adjustment expenses not allocable to individual claims. (3) This line shows nominal and discounted incurred compensation and allocated compensation adjustment expenses (both paid and accrued) as originally reported at the end of the first period in which the injury occurred. (4) This section of eleven rows shows the cumulative amounts paid as of the end of successive periods for each period. (5) This section of ten rows shows how each period's estimated incurred compensation increased or decreased as of the end of successive periods. (6) This line compares the latest re-estimated incurred compensation amount to the amount originally established (line 3) and shows whether this latest estimate of compensation cost is greater or less than originally estimated. As data for individual periods mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred compensation currently recognized in less mature periods. The columns of the table show data for successive periods on an undiscounted basis for the fiscal years ended June 30, 2011 through 2021.

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DEVELOPMENT INFORMATION, UNAUDITED, Continued
(See Accompanying Independent Auditors' Report)
(In Millions of Dollars)**

	Fiscal Years Ended June 30										
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
1. Required premiums, assessments, and investment income earned	\$ 4,735	\$ 3,124	\$ 3,586	\$ 2,628	\$ 3,517	\$ 1,378	\$ 2,552	\$ 5,194	\$ 2,453	\$ 4,044	\$ 4,356
Ceded premiums	0	4	4	4	4	4	4	4	6	6	6
Net earned	4,735	3,120	3,582	2,624	3,513	1,374	2,548	5,190	2,447	4,038	4,350
2. Unallocated expenses	215	240	248	219	205	170	163	150	140	129	131
3. Estimated incurred compensation and compensation adjustment expense, end of period	1,228	1,264	1,465	1,507	1,635	1,731	1,853	1,854	1,720	1,800	1,863
Discount	553	578	590	656	781	806	874	872	830	967	974
Gross liability as originally estimated	1,781	1,842	2,054	2,163	2,416	2,538	2,727	2,726	2,549	2,767	2,837
4. Net paid (cumulative) as of :											
End of period	304	330	348	341	347	327	331	337	380	386	400
One year later		484	530	531	531	531	548	563	600	620	641
Two years later			630	637	641	644	669	689	731	756	773
Three years later				704	718	724	748	776	822	857	879
Four years later					773	789	815	839	893	935	964
Five years later						841	874	900	952	1,002	1,040
Six years later							921	951	1,005	1,057	1,102
Seven years later								990	1,049	1,102	1,148
Eight years later									1,081	1,141	1,186
Nine years later										1,170	1,219
Ten years later											1,248
5. Re-estimated incurred compensation and compensation adjustment expenses (gross):											
One year later		1,747	1,893	1,915	2,039	2,257	2,346	2,476	2,494	2,501	2,680
Two years later			1,800	1,868	1,913	2,052	2,219	2,265	2,397	2,450	2,470
Three years later				1,753	1,862	1,883	2,024	2,144	2,234	2,361	2,438
Four years later					1,721	1,821	1,869	1,974	2,119	2,226	2,340
Five years later						1,696	1,812	1,858	2,002	2,135	2,236
Six years later							1,694	1,810	1,891	2,044	2,168
Seven years later								1,687	1,844	1,933	2,082
Eight years later									1,727	1,886	1,974
Nine years later										1,784	1,934
Ten years later											1,839
6. Decrease in gross estimated incurred compensation and compensation adjustment expenses from end of period		(95)	(161)	(295)	(554)	(717)	(915)	(916)	(705)	(881)	(903)

Ultimate incurred compensation and compensation adjustment expense excludes liability associated with active working miners within the CWPf since they are not yet assignable to fiscal accident year. The June 30, 2021 active miners nominal and discounted liability is approximately \$13.6 million and \$3.7 million, respectively.

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Required Supplementary Information
Schedule of BWC/IC's Proportionate Share of the Net Pension Liability
Last 7 fiscal years*
(000's omitted)**

	2021	2020	2019	2018	2017	2016	2015
BWC/IC's Proportion of the net pension							
Net Pension Liability	1.007%	1.002%	1.017%	1.037%	1.060%	1.080%	1.115%
Net Pension Asset	0.570%	0.590%	0.597%	0.602%	0.578%	0.549%	0.586%
 BWC/IC's Proportionate share of the net pension liability	 \$147,421	 \$196,918	 \$277,892	 \$161,899	 \$240,344	 \$186,771	 \$134,254
 BWC/IC's covered payroll	 \$160,867	 \$160,253	 \$154,397	 \$152,774	 \$155,963	 \$149,562	 \$149,652
 Proportionate share of the net pension liability as a percentage of its covered payroll	 91.642%	 122.879%	 179.985%	 105.973%	 154.103%	 124.879%	 89.711%
 Plan fiduciary net position as a percentage of the total pension liability							
Traditional Pension Plan	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
Combined Plan	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

* - The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year. This schedule is required to show information for 10 years. However, until a full 10 year trend is compiled, governments are required to only present information for those years for which information is available.

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Required Supplementary Information
Schedule of Employer Pension Contributions
(See Accompanying Independent Auditors' Report)
Last 7 fiscal years*
(000's omitted)

	2021	2020	2019	2018	2017	2016	2015
BWC/IC's Statutorily Required Employer Contributions	\$ 20,107	\$ 20,504	\$ 21,357	\$ 20,713	\$ 20,428	\$ 19,752	\$ 19,688
Amount of contributions recognized by the pension plan in relation to the statutory contributions	20,107	20,504	21,357	20,713	20,428	19,752	19,688
Contributions deficiency (excess)	-	-	-	-	-	-	-
Employer's covered payroll	155,358	162,037	161,974	153,211	152,963	151,275	148,683
Amount of contributions recognized by the pension plan as a percentage of employers' covered payroll	12.94%	12.65%	13.19%	13.52%	13.35%	13.06%	13.24%

* - This schedule is required to show information for 10 years. However, until a full 10 year trend is compiled, governments are required to only present information for those years for which information is available.

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Required Supplementary Information
Schedule of BWC/IC's Proportionate Share of the Net OPEB (Asset) Liability
Last 4 fiscal years*
(000's omitted)

	2021	2020	2019	2018
BWC/IC's Proportion of the OPEB (asset) / liability	0.993%	0.989%	1.003%	1.023%
BWC/IC's Proportionate share of the OPEB (asset) liability	(\$17,694)	\$136,667	\$130,796	\$111,078
BWC/IC's covered payroll	\$160,867	\$160,253	\$154,397	\$152,774
Proportionate share of the OPEB (asset) liability as a percentage of its covered payroll	-10.999%	85.282%	84.714%	72.707%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	115.57%	47.80%	46.33%	54.14%

* - The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year. This schedule is required to show information for 10 years. However, until a full 10 year trend is compiled, governments are required to only present information for those years for which information is available.

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 Required Supplementary Information
Schedule of Employer OPEB Contributions
 (See Accompanying Independent Auditors' Report)
 Last 4 fiscal years*
 (000's omitted)

	2021	2020	2019	2018
BWC/IC's Statutorily Required Employer Contributions	\$ 236	\$ 232	\$ 223	\$ 2,384
Amount of contributions recognized by the OPEB plan in relation to the statutory contributions	236	232	223	2,384
Contributions deficiency (excess)	-	-	-	-
Employer's covered payroll	\$ 155,358	\$ 162,037	\$ 161,974	\$ 153,211
Amount of contributions recognized by the OPEB plan as a percentage of employers' covered payroll	0.15%	0.14%	0.14%	1.56%

* - This schedule is required to show information for 10 years. However, until a full 10 year trend is compiled, governments are required to only present information for those years for which information is available.

**OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
SUPPLEMENTAL SCHEDULE OF NET POSITION
(See Accompanying Independent Auditors' Report)
June 30, 2021
(000's omitted)**

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work- Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 526,256	\$ 10,206	\$ 218	\$ 127	\$ 637	\$ 56,476	\$ 23,493	\$ -	\$ 617,413
Collateral on loaned securities	-	-	-	-	-	-	5,243	-	5,243
Premiums recorded not yet due	6,138	-	521	219	-	-	-	-	6,878
Assessments recorded not yet due	-	-	-	-	-	-	1,407	-	1,407
Premiums in course of collection	3,829	-	1	-	-	-	-	-	3,830
Assessments in course of collection	-	264	-	-	-	-	13,669	-	13,933
Accounts receivable, net of allowance for uncollectibles	262,766	10,495	672	-	2	454	42,129	-	316,518
Retrospective premiums receivable	21,406	-	-	-	-	-	-	-	21,406
Interfund receivables	8,988	396,980	5	1	1	12	194,483	(600,470)	-
Investment trade receivables	354,319	-	-	-	-	-	-	-	354,319
Accrued investment income	77,622	-	-	-	-	1	-	-	77,623
Other current assets	600	-	-	-	-	-	-	-	600
Total current assets	<u>1,261,924</u>	<u>417,945</u>	<u>1,417</u>	<u>347</u>	<u>640</u>	<u>56,943</u>	<u>280,424</u>	<u>(600,470)</u>	<u>1,419,170</u>
Non-current assets:									
Restricted Cash	736	-	-	-	-	-	-	-	736
Fixed maturities	9,531,241	1,434,042	333,226	18,825	28,657	-	-	-	11,345,991
Domestic equity securities:									
Common stock	4,200,635	484,901	74,557	-	-	-	-	-	4,760,093
Preferred stocks	745	-	-	-	-	-	-	-	745
Non-U.S equity securities - common stock	2,010,488	250,388	38,067	-	-	-	-	-	2,298,943
Investments in real estate funds	3,533,460	-	-	-	-	-	-	-	3,533,460
Unbilled premiums receivable	489,245	9,719	-	-	-	381,526	72,672	-	953,162
Retrospective premiums receivable	42,568	-	-	-	-	-	-	-	42,568
Capital assets	16,844	21	-	-	-	-	66,316	-	83,181
Net OPEB asset	-	-	-	-	-	-	17,694	-	17,694
Net pension asset	-	-	-	-	-	-	1,645	-	1,645
Total noncurrent assets	<u>19,825,962</u>	<u>2,179,071</u>	<u>445,850</u>	<u>18,825</u>	<u>28,657</u>	<u>381,526</u>	<u>158,327</u>	<u>-</u>	<u>23,038,218</u>
Total assets	<u>21,087,886</u>	<u>2,597,016</u>	<u>447,267</u>	<u>19,172</u>	<u>29,297</u>	<u>438,469</u>	<u>438,751</u>	<u>(600,470)</u>	<u>24,457,388</u>
DEFERRED OUTFLOW OF RESOURCES									
Total assets and deferred outflow of resources	<u>\$ 21,087,886</u>	<u>\$ 2,597,016</u>	<u>\$ 447,267</u>	<u>\$ 19,172</u>	<u>\$ 29,297</u>	<u>\$ 438,469</u>	<u>\$ 458,834</u>	<u>\$ (600,470)</u>	<u>\$ 24,477,471</u>

**OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
SUPPLEMENTAL SCHEDULE OF NET POSITION, Continued
(See Accompanying Independent Auditors' Report)
June 30, 2021
(000's omitted)**

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work- Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
LIABILITIES									
Current liabilities:									
Reserve for compensation	\$ 1,179,244	\$95,756	\$ 2,152	\$ 187	\$ 154	\$17,468	\$ -	\$ -	\$ 1,294,961
Reserve for compensation adjustment expenses	167,413	120	108	-	37	793	266,711	-	435,182
Unearned premium and assessments	290,188	1	12	44	67	-	86,434	-	376,746
Legal settlement	4,500	-	-	-	-	-	-	-	4,500
Warrants payable	42,383	-	-	-	-	-	-	-	42,383
Group retrospective credit payable	45,466	-	-	-	-	-	-	-	45,466
Policy holder dividend payable	-	-	-	-	-	-	-	-	-
Investment trade payables	588,755	-	-	-	-	-	-	-	588,755
Accounts payable	6,353	-	231	-	-	-	17,838	-	24,422
Interfund payables	589,963	7,639	180	2	13	2,672	1	(600,470)	-
Obligations under securities lending	-	-	-	-	-	-	5,243	-	5,243
Other current liabilities	46,512	119	55	3	6	-	16,981	-	63,676
Total current liabilities	2,960,777	103,635	2,738	236	277	20,933	393,208	(600,470)	2,881,334
Noncurrent liabilities:									
Reserve for compensation	8,676,568	1,455,044	81,748	1,113	846	378,332	-	-	10,593,651
Reserve for compensation adjustment expenses	533,487	1,280	7,591	-	63	4,807	667,589	-	1,214,817
Net pension liability	-	-	-	-	-	-	149,066	-	149,066
Group retrospective credit payable	126,724	-	-	-	-	-	-	-	126,724
Other noncurrent liabilities	-	-	-	-	-	-	32,293	-	32,293
Total noncurrent liabilities	9,336,779	1,456,324	89,339	1,113	909	383,139	848,948	-	12,116,551
Total liabilities	12,297,556	1,559,959	92,077	1,349	1,186	404,072	1,242,156	(600,470)	14,997,885
DEFERRED INFLOW OF RESOURCES									
Total liabilities and deferred inflow of resources	12,297,556	1,559,959	92,077	1,349	1,186	404,072	1,362,824	(600,470)	15,118,553
NET POSITION (DEFICIT)									
Net investment in capital assets	16,844	21	-	-	-	-	66,316	-	83,181
Surplus fund	51,104	-	-	-	-	-	-	-	51,104
Premium payment security fund	143,642	-	-	-	-	-	-	-	143,642
Unrestricted net position (deficit)	8,578,740	1,037,036	355,190	17,823	28,111	34,397	(970,306)	-	9,080,991
Total net position (deficit)	\$ 8,790,330	\$ 1,037,057	\$ 355,190	\$ 17,823	\$ 28,111	\$ 34,397	\$ (903,990)	\$ -	\$ 9,358,918

**OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
(See Accompanying Independent Auditors' Report)
For the fiscal year ended June 30, 2021
(000's omitted)**

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work- Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
Operating revenues:									
Premium and assessment income net of ceded premium	\$900,572	\$10,900	\$323	\$83	\$481	\$14,912	\$270,795	\$ -	\$1,198,066
Provision for uncollectibles	(21,463)	(393)	(38)	-	-	122	(6,699)	-	(28,471)
Other income	2,158	-	-	-	-	-	5,201	-	7,359
Total operating revenues	881,267	10,507	285	83	481	15,034	269,297	-	1,176,954
Operating expenses:									
Workers' compensation benefits	473,813	(138,634)	(1,349)	(17)	254	13,898	-	-	347,965
Compensation adjustment expenses	91,208	41	115	-	64	638	86,227	-	178,293
Personal services	-	133	49	-	17	-	34,647	-	34,846
Other administrative expenses	15,728	1	-	-	12	-	90,906	-	106,647
Total operating expenses	580,749	(138,459)	(1,185)	(17)	347	14,536	211,780	-	667,751
Net operating income before policy holder dividend	300,518	148,966	1,470	100	134	498	57,517	-	509,203
Policy holder dividend expense	6,185,348	-	-	-	-	-	-	-	6,185,348
Net operating (loss) income	(5,884,830)	148,966	1,470	100	134	498	57,517	-	(5,676,145)
Non-operating revenues:									
Net investment income	3,143,989	270,982	43,065	29	46	17	5,925	-	3,464,053
Gain on disposal of capital assets	-	-	-	-	-	-	205	-	205
Total non-operating revenues	3,143,989	270,982	43,065	29	46	17	6,130	-	3,464,258
Net transfers in (out)	(108,333)	-	(1,000)	-	-	-	116,161	-	6,828
Increase (decrease) in net position (deficit)	(2,849,174)	419,948	43,535	129	180	515	179,808	-	(2,205,059)
Net position (deficit), beginning of year	11,639,504	617,109	311,655	17,694	27,931	33,882	(1,083,798)	-	11,563,977
Net position (deficit), end of year	\$8,790,330	\$1,037,057	\$355,190	\$17,823	\$28,111	\$34,397	\$(903,990)	\$ -	\$9,358,918

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio
A Department of the State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio (BWC/IC), a department of the State of Ohio, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the BWC/IC's basic financial statements and have issued our report thereon dated September 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BWC/IC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BWC/IC's internal control. Accordingly, we do not express an opinion on the effectiveness of BWC/IC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BWC/IC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CROWE LLP". The letters are in all caps and have a cursive, slightly slanted appearance.

Crowe LLP

Columbus, Ohio
September 28, 2021