

OMBUDS OFFICE

2007 ANNUAL REPORT



A SERVICE OF OHIO'S WORKERS' COMP SYSTEM

Columbus Office
30 West Spring St., L-4
Columbus, OH 43215-2256
800-335-0996
Fax 614-644-1998



Cleveland Office
615 W Superior Avenue, L-6
Cleveland, OH 44113-1889
800-335-0996
Fax 216-787-4454

April 30, 2008

Industrial Commission
Nominating Council

Dear Council Members:

The Ombuds Office for the Ohio workers' compensation system is pleased to present its 2007 annual report. In accordance with Ohio Revised Code section 4121.45, the report provides statistical information on the office's activities for the year and makes recommendations for improving the workers' compensation system.

In 2007 the Ombuds Office staff fielded 9,045 inquiries from customers of the workers' compensation system. Approximately 1,900 of these inquiries were classified as complaints due to the customer expressing dissatisfaction with either the Bureau of Workers' Compensation (BWC) or the Industrial Commission (IC). The Ombuds Office analyzes these complaints to assist in making recommendations for improving Ohio's system.

Finally, I would like to publicly acknowledge the hard work and innovation brought to the Ombuds Office by my long-time colleague and personal friend David Bush. His untimely passing last June was a shock to all, and a profound loss. I only hope to carry on his legacies of innovation and implementing positive change in Ohio's workers' compensation system, and improving the system for Ohio employers, injured workers, and medical providers.

Sincerely,



Michael Travis, Esq.
Chief Ombuds Officer

Table of Contents

Executive Summary 3

Status of Recommendations From Prior Years 3

2007 Administrative Update..... 6

Marketing of Ombuds Office Services 7

Preview of 2008 Ombuds Opportunities for Improvement 9

Ohio Workers' Compensation Statistics:

- Bureau of Workers' Compensation 12
- Industrial Commission 14
- Ombuds Office..... 15
- Ombuds Office Three Year Complaint History..... 23

Expenditure Report..... 24

Ombuds Office Table of Organization 25

Industrial Commission Nominating Council..... 26

Executive Summary

Background

Ohio law (ORC 4121.45) creates a workers' compensation ombuds system. It is the responsibility of the Ombuds Office to assist employers, injured workers (IWs), their representatives, and medical providers in dealings with the Ohio workers' compensation system. The Ombuds Office answers inquiries and investigates complaints about the workers' compensation system, mainly as it relates to IWs claims and employers policies, facilitating resolution of issues when possible. All inquiry and complaint data is captured and categorized. The data is then analyzed in order to identify potential opportunities for improvement in the workers' compensation system. Both the inquiry/complaint data and those areas identified as opportunities for improvement are published annually in this report.

2007 Statistical Information

Total inquiries received in 2007 totaled 9,045. The table below segregates these inquiries between general inquiries and complaints, and compares the statistics to the prior year. Inquiries are classified as complaints when dissatisfaction is expressed with the Ohio workers' compensation system.

The office incurred a 20 percent decrease in the number of complaints over the prior year. The office incurred a 25 percent decrease in the number of inquiries over the prior year. The volume decrease of general inquiries is directly related to the wind-down of Santos related subrogation recoupment inquiries. In calendar year 2006 the Ombuds Office received a large number of inquiries from IWs, seeking information on BWC's repayment of previously collected subrogation funds. The top complaint continues to revolve around delays in the payments of indemnity benefits.

| | 2006 | 2007 | Percent Change |
|--------------------------|--------|-------|----------------|
| Complaints | 2,395 | 1,921 | 20% Decrease |
| General Inquiries | 9,549 | 7,124 | 25% Decrease |
| Total | 11,944 | 9,045 | 24% Decrease |

Status of recommendations from prior years

Listed below are Opportunities for Improvement, from prior year's Ombuds Office annual reports. It should be noted that these prior recommendations fall into one of three categories: (1) items that have been resolved by action of BWC and/or IC, (2) items that have been addressed by BWC and/or IC, and are still a work in progress, and (3) items that have been dropped from review by the Ombuds Office because of new or changed circumstances.

Prior year items worth noting include:

- BWC could improve the accuracy of the premium rate calculations at the NCCI manual classification level if they would assign the correct NCCI to claims more precisely.
 - After little improvement in this area last year, when the initiative was first proposed, the Ombuds Office has seen marked improvement. The Ombuds Office will continue to monitor this concern and keep urging BWC to take corrective action.
- BWC could provide better customer service by monitoring the service provided by claims representatives and holding them accountable for providing timely, accurate service.
 - While the Ombuds Office has seen improvement in this area, 33.8 percent of the complaints in 2007 were related to claims representatives. The Ombuds Office will continue to monitor this concern and keep urging BWC to take corrective action.
- In the area of BWC's erroneous allowance of claims on certain business owners whose claims are not compensable because they have not elected supplemental coverage on themselves:
 - While some improvement has been seen, this practice continues. The Ombuds Office will continue to monitor this concern and keep urging BWC to take corrective action.
- In the area of BWC inappropriately disallowing IWs claims when a policy number could not be identified:
 - While some improvement has been seen, this practice continues. BWC inappropriately places the burden of employer compliance upon an IW. The Ombuds Office will continue to monitor this concern and keep urging BWC to take corrective action.
- BWC could improve on the accuracy of claims determination wherein the question of interstate jurisdiction arises.
 - BWC implemented recommendations from a work group, and these suggestions appear to have reduced concerns in this area. In 2007, BWC Legal Division updated a widely distributed informational memo, outlining the proper actions to take, in the most common interstate jurisdiction scenarios.
- Employers in Ohio need to pay their fair share.
 - This wide ranging Opportunity for Improvement, published last year, has been the focus of a large portion of BWC's recent changes.

Under the concept of "fair share" BWC has implemented three large initiatives, all of which the Ombuds Office will be monitoring and reporting on. These include:

MIRA II - Per statutory mandate from the Ohio General Assembly, BWC is implementing a new claims reserving methodology in 2008, MIRA II. Through this complex computer program, BWC hopes to increase the accuracy of setting reserves at the individual claim level, which will then lead to more accurate setting of employer premiums.

Group Rating - BWC has started a multi-year initiative to reduce inequities in the workers' compensation group rating program. The Ombuds Office will be monitoring and reporting on the politically charged changes in both BWC practice and procedures, related to group rating.

Deloitte Study - BWC Board of Directors in 2008 commissioned a detailed study of BWC risk and actuarial functions to be conducted by the independent consulting firm of Deloitte. The Ombuds Office will be monitoring and reporting on all findings released in this report.

- BWC could provide a better product to their customers if they implement a proactive permanent operational quality assurance process.
 - BWC has initiated several quality initiatives in 2007 and to continue into 2008.

These include a detailed process mapping program, to analyze workflows, and the distribution of information. Based on analysis of the process mapping, BWC will be improving the efficiency and effectiveness of these work flows. The Ombuds office will be monitoring and reporting on all findings, related to this.

BWC will also be actively participating in the Agency Review Team process, a new continuous quality improvement initiative established by Governor Strickland. This program is a joint labor/management process that solicits and evaluates suggestions from employees, and then creates implementation teams, to apply the employee suggestions if feasible. The Ombuds Office will monitor and report on findings, related to this new quality initiative.

BWC will also be implementing the *Kaizen* process, another new quality initiative of Governor Strickland. Unlike the Agency Review Team, the *Kaizen* process is not a continuous quality improvement process. The *Kaizen* principal is an extensive, hands-on, short term process, where a small cross-functional team will spend an entire week, analyzing, restructuring and improving a complex process. Instead of periodically working on a task for an extended period of weeks or months, *Kaizen* analyzes and restructures a complex process in one week. In May 2008, BWC will be the first agency in Ohio to implement this process, analyzing the employer risk alternative dispute resolution process.

The Ombuds Office will monitor and report on this quality initiative.

- BWC could supply better customer service by revising the C-86 Motion form to be more user friendly.
 - The C-86 form was updated as a result of a prior Ombuds Opportunity for Improvement. The Ombuds Office continues to share prior year's concerns

about the user-friendly aspect of BWC and IC forms. The Ombuds Office in 2008 will be expanding the scope of this concern, by reviewing all of the 105 different forms used collectively by BWC and IC. This topic is discussed elsewhere in this report under the heading of preview of 2008 Ombuds Office Opportunities for Improvement.

- The IC could provide better customer service and improve transparency by recording hearings.
 - The Ombuds Office is dropping this initiative from further consideration, based on two separate criteria.

First, the suggestion, if implemented as proposed, would be a substantial cost to Ohio's workers' compensation system, both in initial capital expenditure and an on-going basis. To outfit every IC hearing room, state-wide, with recording equipment would be a multi-million dollar expense. To maintain the recording process, on an on-going basis, with storage and staff would be a large administrative cost.

Second, the service is not needed for every hearing. The system currently allows parties who wish to preserve the testimony introduced at hearing to bring a court reporter to hearing, at that party's expense. The practice occurs infrequently because it is not viewed as a necessary component of the process by hearing participants.

2007 Administrative Update

Expenditures to operate the Ombuds Office in calendar year 2007 totaled \$517,418. A decrease in expenses of \$89,441 or 14.7 percent below calendar year 2006 was realized. The decrease in expenditures is directly related to building rent. This item decreased \$63,014 in 2007 due to the reorganization of the Ombuds Office which reduced our square footage in the William Green building.

Marketing of Ombuds Office Services

Over the last few years, the overall volume of complaints and inquiries handled by the Ombuds Office has shown a slight but steady decline. Some of the current decline can be attributed to prior year's spike in Santos related call volume, where callers were seeking guidance on subrogation repayments. A portion of the downward trend is, however, attributable to overall lack of awareness and utilization of Ombuds services.

In a multi-faceted effort to improve this utilization trend, and increase the volume of customer contacts, the Ombuds Office will be implementing several marketing efforts in 2008. These include:

Printed Material

The Ombuds Office will be developing a new capabilities brochure. It will be designed to answer questions and provide information to the major stake-holder groups - employers, injured workers, and medical providers. The brochure will be produced and printed at minimal cost by BWC Communications and Office Services staff.

Internal Marketing to Industrial Commission

The Ombuds Office will increase the marketing of its services to the Industrial Commission in 2008 in several ways. These include:

- Distribute new Ombuds Office brochure, as described above, in all IC hearing locations, state-wide
- Meet first-hand with all IC support staff, in IC offices state-wide, to discuss available Ombuds services
- Presentation to all IC hearing officers at state-wide training seminar, scheduled for May 2008
- Enhance placement of link to Ombuds Office information on IC's Web site, www.ohioic.com

Internal Marketing to Bureau of Workers' Compensation

The Ombuds Office will increase the marketing of its services to the BWC in 2008, in several ways. These include:

- Meet first-hand with every BWC service office manager and claims staff, to discuss available Ombuds services
- Meet first-hand with BWC risk staff and employer services specialists, to raise awareness of Ombuds Office services available to Ohio employers
- Meet first-hand with Safety & Hygiene Division staff, both at their headquarters in Pickerington, and in locations across Ohio, to increase awareness of Ombuds Office services available to Ohio employers

- Meet first-hand with BWC business consultants, state-wide, to increase their awareness of Ombuds services
- Work with BWC's 1-800-OHIO-BWC call center staff to increase awareness of Ombuds services and to increase referrals
- Enhance placement of link to Ombuds Office information on BWC's Web site, www.ohiobwc.com

Marketing to Ohio Employers

In 2008 the Ombuds Office will increase the marketing and awareness of its services to Ohio employers in several ways. These include:

- Distribution of Ombuds Office capabilities brochure to business trade groups for dissemination to their members
- Speaking at special events and/or seminars with target audiences present, including Workers' Compensation Universities
- Ensure that business trade groups Web sites provide a direct link to information on the Ombuds Office
- Provide information on Ombuds services to local and regional chambers of commerce and safety councils

Marketing to Government Officials

In 2008 the Ombuds Office will increase the marketing and awareness of its services to various Ohio government entities. These include:

- Provide information on the services available through the Ombuds Office to members of the Ohio General Assembly, and their staff, as a resource when handling complaints and inquiries from constituents
- Provide information on Ombuds Office services to the call centers and action lines of local government entities, including Ohio cities, counties, and townships

Marketing to Labor Groups

In 2008 the Ombuds Office will increase the marketing of its services to Ohio labor groups in several ways. These include:

- Distribute by mail the new Ombuds Office capabilities brochure to all locals unions, across Ohio
- Speak at labor seminars, including AFL-CIO and UAW
- Provide links to Ombuds Office information on the Web sites of local unions
- Conduct personal meetings with local union stewards, to increase their awareness of the services offered by the Ombuds Office

Preview of 2008 Ombuds Office Opportunities for Improvement

Listed below are proposed Opportunities for Improvement for calendar year 2008, for the Ombuds Office. These items will be analyzed by the Ombuds Office, in association with various external stake-holder groups, state-wide, with results and recommendations to be formally reported in next year's Ombuds Office annual report.

Alternative Dispute Resolution

Evaluation of the alternative dispute process for employer disputes, including but not limited to the BWC's Adjudicating Committee process.

- Progress on this topic is already underway. BWC has begun a *Kaizen* Quality Initiative, which will begin meeting in May 2008 to address the problems and proposed solutions related to the alternative dispute resolution process for employer risk appeals.

The principal concerns involve BWC's lack of consistency in handling employer complaints, and a lack of timeliness in processing employer appeals. The Ombuds Office will monitor all proposed actions and the implementation of all potential solutions to resolve the above stated problems.

IC Hearing Consistency

Examining the lack of consistency in Industrial Commission hearing outcomes, state-wide.

- This is consistently a long-standing complaint, raised by Ohio employers. Employers are concerned that similar fact patterns receive substantially different outcomes, from IC hearing officers across the state of Ohio.

In 2008, the Ombuds Office will address this issue with senior management from the IC. An attempt will be made to establish or define quality control initiatives to ensure better consistency of hearing outcomes, in all regions of Ohio.

Real Estate Vacancies

Examining the economic costs of the large real-estate vacancy rate within the William Green Building (estimated 35%) and other BWC sites, and listing proposed options to reduce costs and/or increase revenues.

- This economic issue, while of concern to the Ombuds Office, will be placed into a pending status, through at least the first half of 2008. The Governor's Office, in conjunction with the Ohio Department of Administrative Services (DAS), has

determined that a state-wide review of all state agencies, related to their total real estate costs, should be conducted. Accordingly, the Ombuds Office will closely monitor any proposals related to BWC and/or IC real estate, as part of the Governor's real estate initiative, but will take no direct action, for the foreseeable future.

BWC and IC Forms

Evaluations of BWC and IC forms, (currently 105 different forms), to streamline and simplify the reporting requirements for three main stake-holder groups: employers, injured workers, and medical providers.

- The Ombuds Office will begin this initiative in second quarter 2008, working not only with BWC and IC staff but with external stake-holder groups. The initiative will address how the large number of duplicate and overlapping forms within Ohio's workers' compensation system can be reduced, and the flow of paper streamlined.

Employer Non-Compliance

Explore options and then develop best-practices for employer non-compliance education, initially focusing on two industries notorious for non-compliance: residential home remodeling, and lawn care/tree service.

- How best to address non-compliance, related to Ohio employers knowingly not paying the workers' compensation premiums due is a difficult task. This detection process becomes even more difficult when attempting to identify premium fraud in industries with largely part-time workforce, cash payments, low barriers to entry and limited, if any, permanent worksite location.

The Ombuds Office in 2008 will be addressing employer non-payment of premium in two industries historically known for extensive non-compliance, residential home remodeling, and lawn care/tree services. The Ombuds Office is proposing to work with the trade associations for these two industry groups, attempting to increase self-policing efforts. Ombuds will also research workers' compensation best-practices in other states and evaluate whether such practices can and should be introduced into Ohio.

Lump Sum Settlements

Work with external stake-holder groups to compile comments, evaluate, and make recommendations regarding the fast-track lump sum settlement process, which was introduced in September 2006.

- BWC implemented the fast-track lump sum settlement process in September 2006, and approximately \$240,000,000 was paid out to injured workers in settlements in 2007 alone. The Ombuds Office will be working with external stake-holders, primarily

employers, and attorneys representing both employers and injured workers, to query them on their likes and dislikes related to the new fast-track settlement process. The Ombuds Office will compile this data and form recommendations to be provided to the IC and BWC, as warranted.

Fraud Techniques

The Ombuds Office will provide an evaluation of current Ohio workers' compensation fraud identification techniques. Ombuds will also compile national best-practices in this area, for possible implementation by BWC special investigations department.

- The Ombuds Office will query other state workers' compensation systems for their best-practices in fraud identification. These techniques will be evaluated for possible inclusion into Ohio's system, and suggestions will be made to BWC, as warranted.

Out-of-State Claims

Evaluation of problems related to medical management of out-of-state workers' compensation claims, by Ohio Managed Care Organizations (MCOs).

- Calls are received by the Ombuds Office from injured workers, primarily those on PTD, complaining about the difficulty in getting proper medical care through MCOs, when the injured worker does not reside in Ohio. The Ombuds Office will review and analyze this concern in 2008, and work with the MCOs on potential solutions. These potential solutions will be presented to BWC for review and potential implementation.

Ohio Bureau of Workers' Compensation Year-End Statistics

| | FY 2005 | FY 2006 | FY 2007 |
|--------------------------------|-------------|-------------|-------------|
| State Fund claims filed | | | |
| Lost time | 22,257 | 20,363 | 19,487 |
| Medical only | 153,441 | 144,828 | 133,221 |
| Occupational disease | 2,183 | 1,666 | 1,793 |
| Death | 227 | 196 | 176 |
| Disallowed or dismissed | 19,596 | 18,179 | 17,015 |
| Total | 197,704 | 185,232 | 171,692 |
| Net allowed injuries | 178,108 | 167,053 | 154,677 |

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 | 613,699 | 571,532 | 532,262 |
| Medical only | 1,179,245 | 1,092,836 | 1,008,281 |
| Total | 1,792,944 | 1,664,368 | 1,540,543 |

Benefits paid

| | | | |
|---------------------------|---------------------|----------------------|----------------------|
| Medical benefits paid | \$ 894,856,164 | \$ 845,182,432 | \$ 788,735,401 |
| Compensation paid | | | |
| Wage loss | \$ 21,694,462 | \$ 21,758,719 | \$ 19,566,863 |
| Temporary total | 286,874,592 | 271,659,951 | 257,483,825 |
| Temporary partial | 143,363 | 123,555 | 151,507 |
| Permanent partial | 25,567,790 | 26,668,619 | 25,871,729 |
| Percent permanent partial | 79,375,064 | 88,390,515 | 88,224,580 |
| Lump sum settlement | 140,753,389 | 162,657,161 | 242,020,469 |
| Lump sum advancement | 16,327,254 | 15,007,602 | 16,543,090 |
| Permanent total & DWRF | 392,677,380 | 379,697,201 | 383,661,796 |
| Death | 81,634,948 | 79,350,218 | 79,870,369 |
| Rehabilitation | 34,843,79 | 36,304,627 | 37,774,178 |
| Other | 7,749,509 | 7,977,627 | 10,867,270 |
| Total compensation paid | \$ 1,087,641,543 | \$ 1,089,595,795 | \$ 1,162,035,675 |
| Total benefits paid | \$1,982,497,708 | \$ 1,934,778,227 | \$ 1,950,771,076 |

NOTE: Due to improvements in BWC data capture and reporting systems, prior year data may not agree with amounts previously reported.

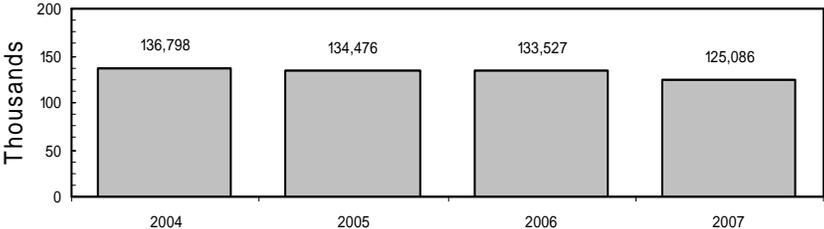
BWC year-end statistics continued

| | FY 2005 | FY 2006 | FY 2007 |
|---|---------------------|---------------------|---------------------|
| Fraud statistics | | | |
| Fraud dollars identified | \$ 135,742,896 | \$ 90,654,585 | \$ 100,019,724 |
| \$\$\$ spent to \$\$\$ saved ratio | 1 to 12.41 | 1 to 7.80 | 1 to 8.33 |
| Active employers by type | | | |
| Private | 283,733 | 283,038 | 270,499 |
| Public (local) | 3,765 | 3,771 | 3,783 |
| Public (state) | 129 | 126 | 126 |
| Self-Insured | 1,127 | 1,136 | 1,139 |
| Black Lung | 37 | 36 | 37 |
| Marine | 82 | 91 | 95 |
| Fund total | <u>288,873</u> | <u>288,198</u> | <u>275,679</u> |
| BWC personnel | 2,659 | 2,578 | 2,542 |
| IC personnel | 517 | 484 | 488 |
| MCO fees paid | \$ 170,988,713 | \$ 172,822,429 | \$ 173,138,584 |
| Financial data (000s omitted) | | | |
| | FY 2005 | FY 2006 | FY 2007 |
| Operating revenues | | | |
| Net premium & assessment income | \$ 2,201,134 | \$ 2,095,060 | \$ 2,395,421 |
| Assessment income due to statutory change | — | — | \$ 1,875,512 |
| Other income | <u>11,987</u> | <u>15,326</u> | <u>17,703</u> |
| Total operating revenues | <u>\$ 2,213,121</u> | <u>\$ 2,110,386</u> | <u>\$ 4,288,636</u> |
| Non-operating revenues | | | |
| Net investment earnings | \$ 500,327 | \$ 658,866 | \$ 802,271 |
| Increase (decrease) in fair value | <u>488,113</u> | <u>104,946</u> | <u>109,159</u> |
| Net investment income (loss) | <u>\$ 988,440</u> | <u>\$ 763,812</u> | <u>\$ 911,430</u> |
| Dividends, rebates and credits | | | |
| Dividends & credits | \$ 232,836 | \$ (8,229) | \$ — |
| Total BWC assets | \$ 22,733,519 | \$ 19,537,704 | \$ 22,140,786 |

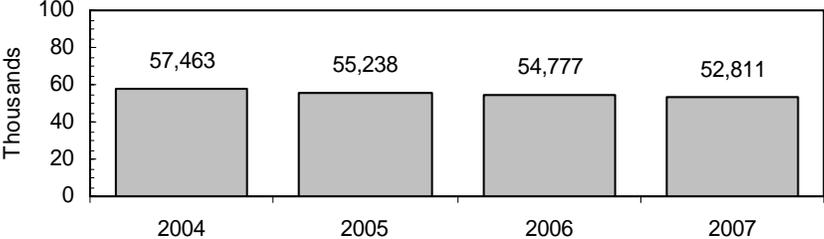
NOTE: Due to improvements in BWC data capture and reporting systems, prior year data may not agree with amounts previously reported.

Industrial Commission 2007 Year End Statistics

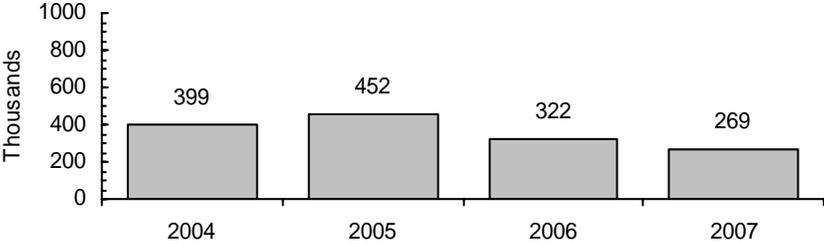
DHO CLAIMS HEARD



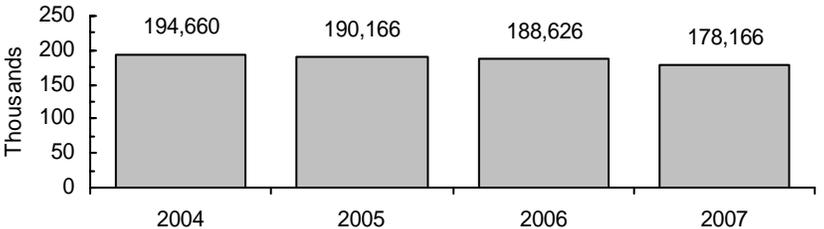
SHO CLAIMS HEARD



COMMISSION CLAIMS HEARD



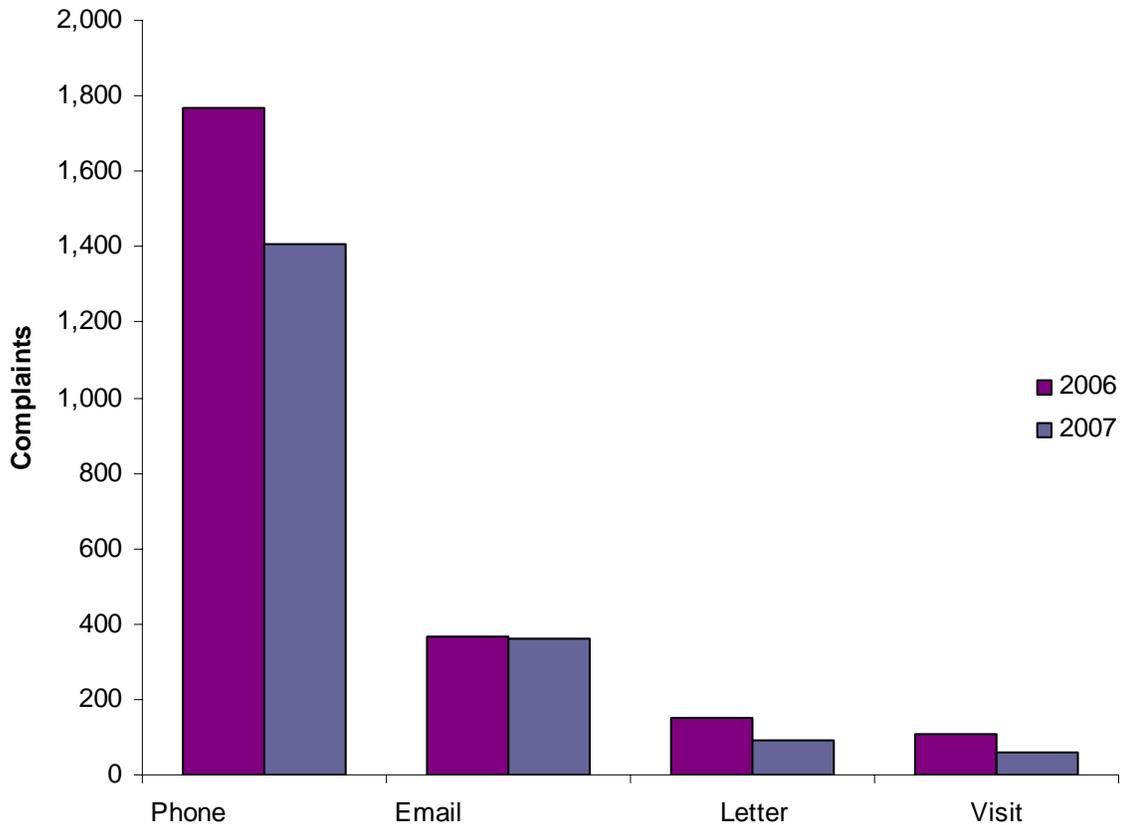
TOTAL CLAIMS HEARD



Statistical Information

Complaint Type

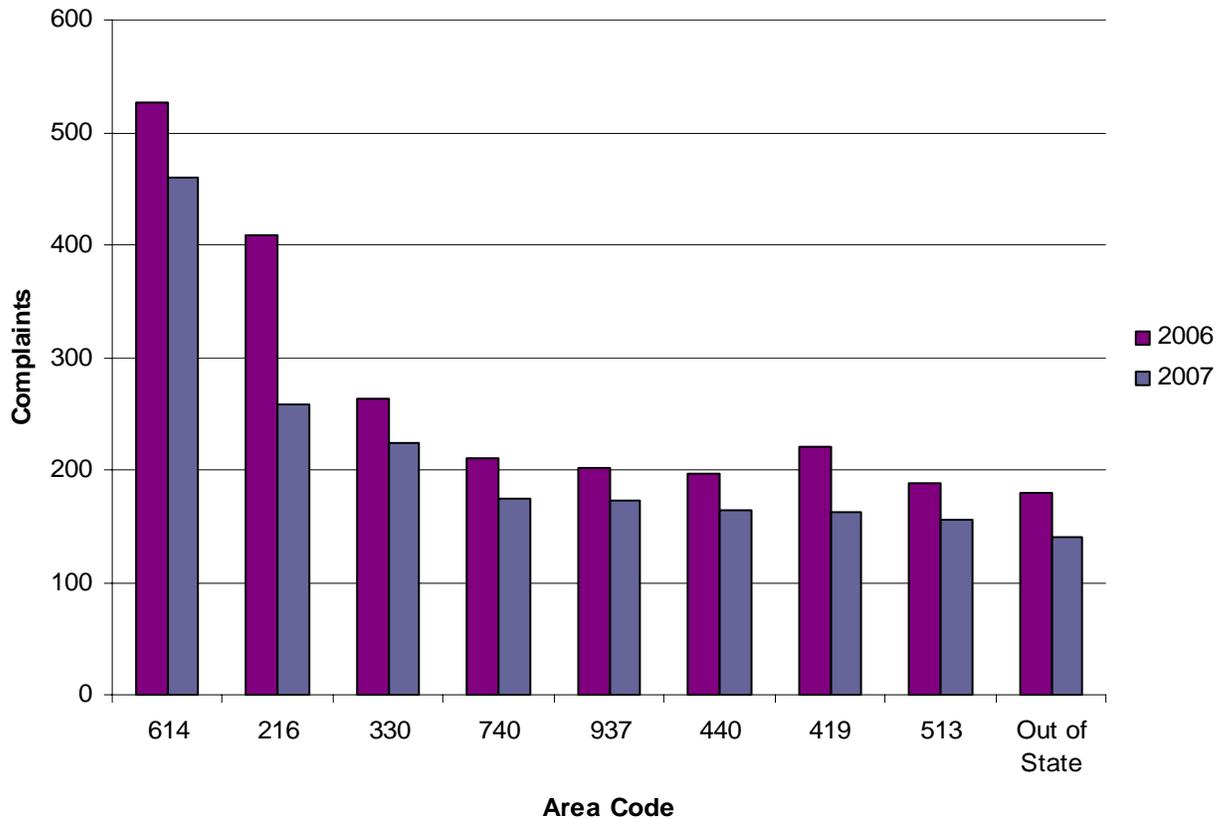
The Ombuds Office resolved 1,921 complaints during 2007. The complaints were received by the following methods:



| | 2006 | 2007 | Percent Change |
|--------------|--------------|--------------|----------------|
| Phone | 1,770 | 1,406 | -21% |
| Email | 366 | 361 | -1% |
| Letter | 150 | 94 | -37% |
| Visit | 109 | 60 | -45% |
| Total | 2,395 | 1,921 | -20% |

Geographic Report

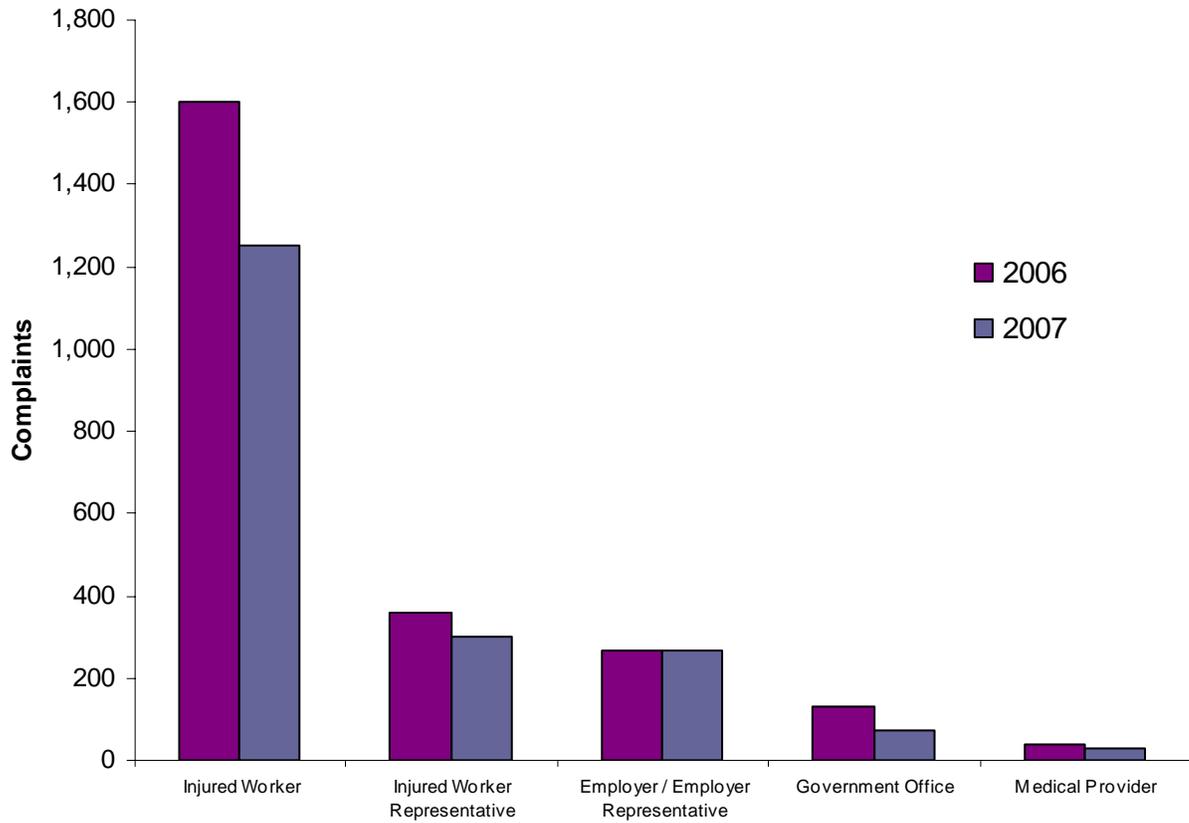
Complaints received by Ombuds Office staff in calendar year 2007 by Ohio telephone area code:



| Area Code | 2006 | 2007 | Percent Change |
|--|--------------|--------------|----------------|
| 614 - Franklin County | 527 | 469 | -11% |
| 216 - Cuyahoga County | 409 | 258 | -37% |
| 330 - Akron, Canton, Youngstown & Vicinity | 264 | 224 | -15% |
| 740 - Southeastern & South-Central Ohio | 210 | 174 | -17% |
| 937 - Dayton, Springfield & Vicinity | 202 | 172 | -15% |
| 440 - Northeastern Ohio | 196 | 164 | -16% |
| 419 - Northwestern Ohio | 220 | 163 | -26% |
| 513 - Hamilton County & Vicinity | 188 | 156 | -17% |
| Out of State | 179 | 141 | -21% |
| Total | 2,395 | 1,921 | -20% |

Originator Report

Complaints are recorded for the purpose of identifying which group of individuals use the Ombuds Office services. Injured workers and injured worker representatives were accountable for more than 80 percent of our business in 2007.



| Originator Type | 2006 | 2007 | Percent Change |
|------------------------------------|--------------|--------------|----------------|
| Injured Worker | 1,601 | 1,251 | -22% |
| Injured Worker Representative | 360 | 302 | -16% |
| Employer / Employer Representative | 266 | 266 | 0% |
| Government Office | 130 | 75 | -42% |
| Medical Provider | 38 | 27 | -29% |
| Total | 2,395 | 1,921 | -20% |

Initial Complaint Report

The codes below are used to describe what the Ombuds Office staff considered to be the problem, when the complaint was initially received.

| Complaint Type | 2006 | 2007 | Percent Change |
|---|-----------------|--------------|-----------------------|
| Compensation | 621 | 571 | -8% |
| Bureau of Workers' Compensation | 160 | 299 | 87% |
| Processing Delay | 364 | 222 | -39% |
| Employer Policy Issues | 181 | 190 | 5% |
| Industrial Commission—Hearing Issues | 218 | 152 | -30% |
| Employer Delay of Claim Processing | 117 | 103 | -12% |
| <u>Santos</u> - Subrogation Refund ¹ | 99 | 83 | -16% |
| Authorization of Medical Treatment | 109 | 66 | -39% |
| Claim Denied | NA ² | 66 | NA |
| MCO—Medical Bills Non Payment | 88 | 65 | -26% |
| Pharmacy Benefits Manager | 30 | 43 | 43% |
| Medical Provider | 30 | 31 | 3% |
| Attorney Delay | 42 | 27 | -36% |
| Injured Worker Attorney Fee Disputes | NA | 3 | NA |
| General Status of Claim | 180 | NA | NA |
| Forms Required | 85 | NA | NA |
| Injured Worker | 68 | NA | NA |
| Lost file / Cannot Locate | 2 | NA | NA |
| Claim Destroyed in Error | 1 | NA | NA |
| Total | 2,395 | 1,921 | -20% |

¹Class action lawsuit settled in 2006

²The Ombuds Office periodically reviews coding systems to ensure codes are appropriate for analyzing current issues. Some categories used for coding in 2006 were modified or not used for 2007. There were also new categories added in 2007.

Accountability Report

This chart identifies the area that the Ombuds Office staff found to be responsible, for the problem.

| Accountability | 2006 | 2007 | Percent Change |
|---------------------------------|--------------|--------------|-----------------------|
| Injured Worker | 937 | 688 | -27% |
| Bureau of Workers' Compensation | 596 | 533 | -11% |
| Employer | 348 | 281 | -19% |
| Medical Provider | 135 | 140 | 4% |
| Industrial Commission | 164 | 89 | -46% |
| Injured Worker Representative | 78 | 71 | -9% |
| Managed Care Organization | 42 | 47 | 12% |
| Employer Representative | 43 | 29 | -33% |
| Financial Institution | 5 | 18 | 260% |
| U. S. Post Office | 30 | 14 | -53% |
| Government Office | 11 | 8 | -27% |
| Pharmacy Benefits Manager | 3 | 3 | 0% |
| Fraud | 3 | 0 | -100% |
| Total | 2,395 | 1,921 | -20% |

Complaint Resolution Report

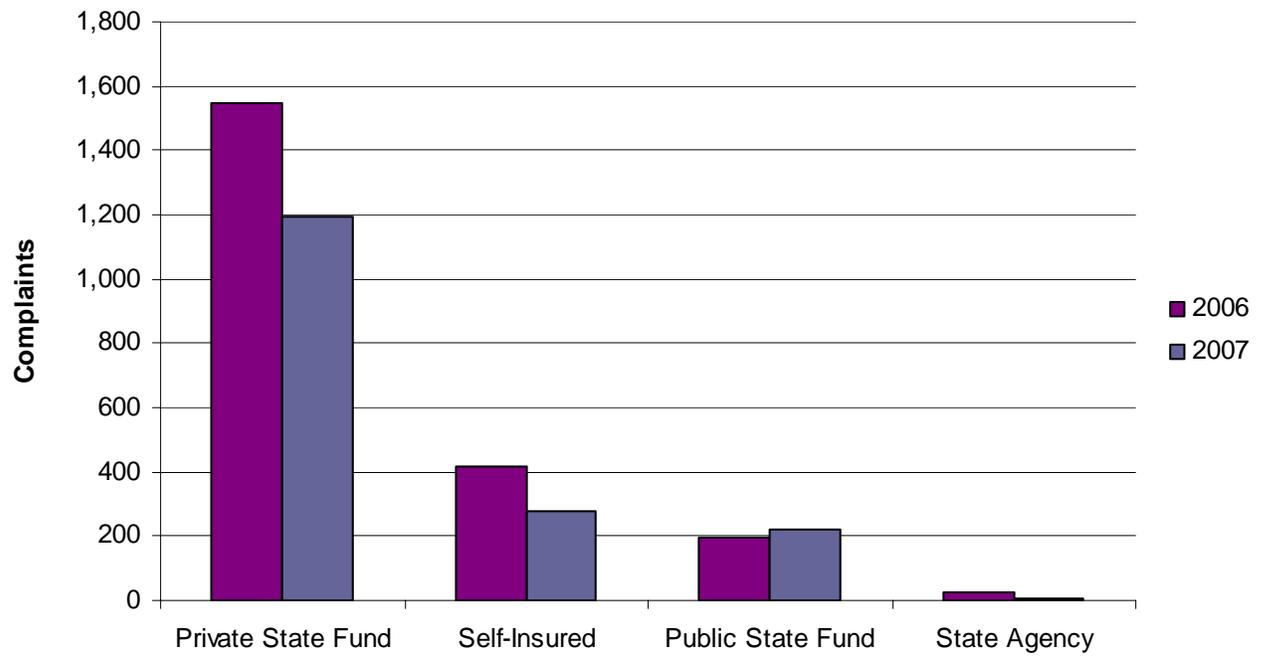
This chart denotes what the Ombuds Office staff found to be the problem, after investigating the complaint.

| Resolution | 2006 | 2007 | Percent Change |
|--|-----------------|--------------|-----------------------|
| Claims Representative / Clerical Error | 326 | 340 | 4% |
| Claims Representative / Information | 438 | 311 | -29% |
| Unjustified Complaint | 186 | 300 | 61% |
| Appeals | 85 | 254 | 199% |
| Information Missing | 199 | 168 | -16% |
| Treatment / Bills Denied | 93 | 77 | -17% |
| Employer Error | 148 | 75 | -49% |
| Wanted Claim Expedited | 105 | 71 | -32% |
| Injured Worker | 140 | 63 | -55% |
| Medical Exam / Review Required | 66 | 52 | -21% |
| Policy Services Error | 8 | 36 | 350% |
| Provider Error | NA ¹ | 33 | NA |
| Unresponsiveness CSS/MCS | NA | 23 | NA |
| Employer Representative Error | 22 | 19 | -14% |
| New Claim Status | 5 | 19 | 280% |
| Claim Disallowed | 38 | 14 | -63% |
| Warrant Returned / Reissued | 25 | 13 | -48% |
| Hearing Problems | 18 | 13 | -28% |
| Statute of Limitations | 4 | 12 | 200% |
| Warrant Lost or Stolen | 19 | 11 | -42% |
| Overpaid | 8 | 6 | -25% |
| Claim Inactive | 10 | 5 | -50% |
| Claim Settled | 3 | 4 | 33% |
| IW Out of State | NA | 2 | NA |
| Requires Hearing | 262 | NA | NA |
| Coding Error | 100 | NA | NA |
| Processing Delay | 79 | NA | NA |
| Not Covered | 5 | NA | NA |
| Prior Authorization Required | 3 | NA | NA |
| Total | 2,395 | 1,921 | -20% |

¹The Ombuds Office periodically reviews coding systems to ensure codes are appropriate for analyzing current issues. Some categories used for coding in 2006 were modified or not used for 2007. There were also new categories added in 2007.

Complaint by Claim Type

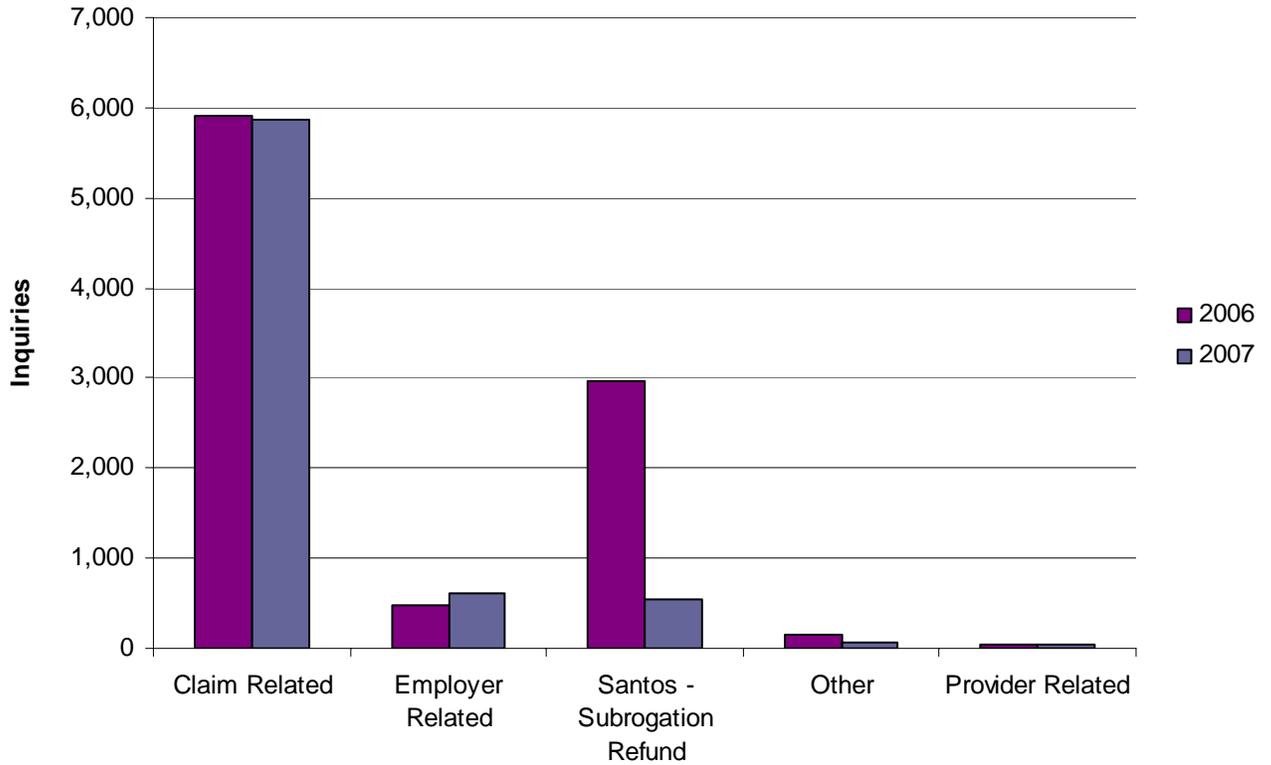
The data and chart below provide information on the type of claim, giving rise to the initial complaint.



| Claim Type | 2006 | 2007 | Percent Change |
|--------------------|--------------|--------------|----------------|
| Private State-Fund | | | |
| Lost Time | 1,272 | 957 | -25% |
| Medical Only | 277 | 238 | -14% |
| Total | 1,549 | 1,195 | -23% |
| Self-Insured | | | |
| Lost Time | 268 | 188 | -30% |
| Medical Only | 146 | 87 | -40% |
| Total | 414 | 275 | -34% |
| Public State-Fund | | | |
| Lost Time | 135 | 159 | 18% |
| Medical Only | 62 | 61 | -2% |
| Total | 197 | 220 | 12% |
| State Agency | | | |
| Lost Time | 21 | 9 | -57% |
| Medical Only | 4 | 0 | -100% |
| Total | 25 | 9 | -64% |
| Grand Total | 2,185 | 1,699 | -22% |

General Inquiries

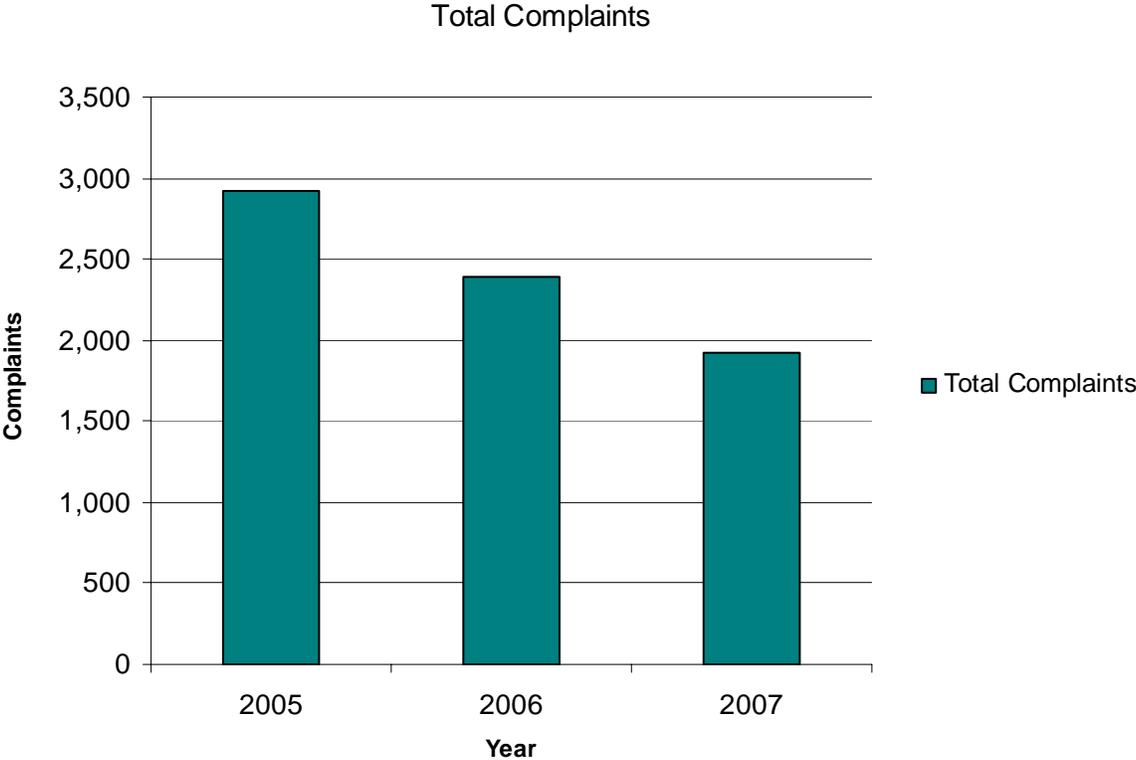
This data and chart below provides information on the various types of general inquiries, that are not categorized as complaints.



| General Inquiries | 2006 | 2007 | Percent Change |
|------------------------------------|--------------|--------------|-----------------------|
| Claim Related | 5,913 | 5,859 | -1% |
| Employer Related | 486 | 609 | 25% |
| <u>Santos</u> - Subrogation Refund | 2,957 | 544 | -82% |
| Other | 145 | 62 | -57% |
| Provider Related | 48 | 50 | 4% |
| Total | 9,549 | 7,124 | -25% |

Ombuds Office Three Year Complaint History

This chart shows the three year trend of total complaint volume, handled by the Ombuds Office.



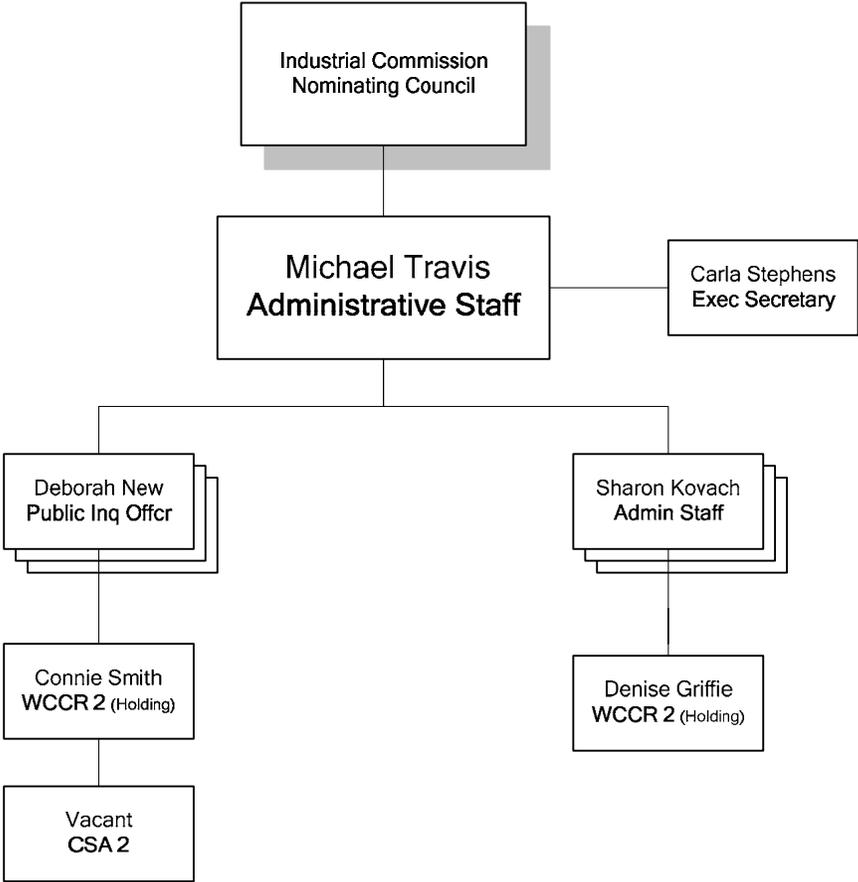
| | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|-------------------------|--------------|--------------|--------------|
| Total Complaints | 2,924 | 2,395 | 1,921 |

BWC OMBUDS OFFICE EXPENDITURE REPORT - CALENDAR YEAR 2007

| OBJECT CLASS | JAN. | FEB. | MAR. | APR. | MAY | JUN. | JUL. | AUG. | SEP. | OCT. | NOV. | DEC. | TOTAL EXPENSES |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| 10 Payroll | 55,784 | 41,204 | 35,582 | 33,876 | 33,434 | 33,326 | 39,372 | 24,941 | 23,762 | 22,338 | 35,859 | 53,187 | 432,665 |
| 10 Overtime Paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 Personal Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 Other P.S. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total 100 | 55,784 | 41,204 | 35,582 | 33,876 | 33,434 | 33,326 | 39,372 | 24,941 | 23,762 | 22,338 | 35,859 | 53,187 | 432,665 |
| 20 Edible Products | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 Supplies | 0 | 84 | 0 | 0 | 0 | 0 | 45 | 0 | 0 | 0 | 34 | 114 | 277 |
| 211 INTRNL SUPPLIES | 0 | 312 | 1 | 66 | 291 | 63 | 29 | 0 | 1 | 5 | 69 | 18 | 855 |
| 22 Vehicle Maintenance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 221 INTRNL VEHICLE | 0 | 0 | 0 | 0 | 0 | 53 | 0 | 0 | 0 | 68 | 78 | 0 | 199 |
| 23 Travel Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 Communications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 6,059 | 192 | 513 | 6,774 |
| 241 INTRNL COMM | 343 | 970 | 366 | 803 | 1,462 | 561 | 602 | 267 | 2,471 | 278 | 916 | 338 | 9,377 |
| 25 Fuel/Utilities | 0 | 0 | 909 | 0 | 0 | 844 | 0 | 0 | 570 | 0 | 0 | 477 | 2,800 |
| 26 Maintenance | 0 | 0 | 2,863 | 0 | 0 | 1,545 | 0 | 0 | 309 | 0 | 0 | 2,634 | 7,351 |
| 27 Rentals | 0 | 0 | 40,090 | 0 | 0 | 2,547 | 0 | 0 | 5,895 | 0 | 0 | 2,284 | 50,816 |
| 28 Printing/Advertising | 0 | 0 | 140 | 0 | 0 | 0 | 0 | 0 | 140 | 0 | 0 | 0 | 280 |
| 281 INTRNL PRT/ADV | 291 | 55 | 229 | 524 | 86 | 183 | 150 | 262 | 171 | 52 | 218 | 85 | 2,306 |
| 29 General/Other | 425 | 260 | 377 | 337 | 578 | 159 | 0 | 253 | 0 | 255 | 661 | 148 | 3,453 |
| 291 GENERAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total 200 | 1,059 | 1,681 | 44,975 | 1,730 | 2,417 | 5,955 | 826 | 782 | 9,567 | 6,717 | 2,168 | 6,611 | 84,488 |
| 30 Food Equip | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 Office Equip | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32 Motor Vehicles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34 Communications Equip | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 265 | 0 | 0 | 0 | 0 | 265 |
| 35 Medical/Lab Equip | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 36 Educational/Rec Equip | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37 Data Processing Equip | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 371 INTRNL DP EQP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 38 Copy/Print Equip | 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 |
| Total 300 | 0 | 265 | 0 | 0 | 0 | 0 | 265 |
| Grand Total | 56,843 | 42,885 | 80,557 | 35,606 | 35,851 | 39,281 | 40,198 | 25,988 | 33,329 | 29,055 | 38,027 | 59,798 | 517,418 |

Note: Mass Allocations included in March, June, September, and December.

OMBUDS OFFICE



Industrial Commission Nominating Council
Roster current as of April 30, 2008

Employer Representatives:

Eric Burkland *
Ohio Manufacturers Association

Andrew E. Doehrel
Ohio Chamber of Commerce

Catherine Duhigg
Eaton Corporation

John C. Mahaney, Jr.
Ohio Council of Retail Merchants

Public Members:

Carol A. Caruso
Greater Cleveland Partnership

Mark Sanders
Ohio Association of
Professional Firefighters

Labor Representatives:

Peggy Griffith ***
C.W.A. Local 4302

David Prentice
United Steelworkers

Tim Burga
Ohio AFL-CIO

JoAnn Johntony
Ohio Association of Public
School Employees Union

*Chairperson
** Vice Chairperson (currently vacant)
***Secretary