

Ohio | Industrial Commission



BUDGET 2016-2017

IC *Keeping Our Customers First*

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Letter from the Chairman



It is my privilege to present to you the Industrial Commission of Ohio's (IC) 2016 and 2017 Biennial Budget Request.

The upcoming biennium presents new challenges for our agency both in staffing and in technological evolution. However, we have laid the groundwork to ensure that the Commission remains a model for process innovation and a commitment to quality.

In the next biennium, the IC will face the continued maturation of its workforce and its potential for a "retirement wave." The Claims Examiner (CE) and Staff Hearing Officer (SHO) classifications are at moderate to high risk of retirement eligibility. Both require extensive periods of training to perform their functions at a high level of quality. SHO ranks must be backfilled by promoting eligible and qualified District Hearing Officers (DHO). DHO positions normally require external hiring to a level based on observed claim filing trends at that time. Due to the advanced legal and medical knowledge required for DHO positions, the training period is four to six months before a hearing officer can actively take dockets. To avoid disruptions in customer service during this training, it is IC's intent to place new hires while the retiring employee is still active. The IC also has a 15 percent retirement risk in its CE classifications. The necessity to fill claims examiner positions is not as critical as hearing officers due to the centralization of workflow technologies and the implementation of standardized processes. However, at both levels, we anticipate some utilization of temporary staffing to secure an effective knowledge transfer.

Within our technological infrastructure, the IC continues to initiate steps to meet future challenges. Starting in fiscal year (FY) 2015 and continuing into the next biennium, the IC will convert its paperless hearing process to a Case Manager hearing platform. This is in response to an April 2017 end-of-vendor-support date for the current paperless hearing workflow interface. Efforts are underway to train in-house IT employees to execute migration to the new platform in order to reduce the cost of external assistance. However, there will still be a need to engage the services of non-IC developers at a different level than recent years' expenditures. Since the beginning of 2008 through the end of FY 2014, staffing has been reduced by 22 percent resulting in a cumulative estimated savings of \$27MM in payroll expense. Much of this reduction, through retirement or attrition, relates to labor-saving claim-processing automation and standardization. While the IC has reduced its workforce, we continue to maintain a significantly high level of compliance with statutory hearing and order issuance timeframes at 90 percent across the first and second hearing levels.

Our 88 hearing officers, all of whom are licensed attorneys, adjudicated more than 131,000 claims in 2014, of which only 88 were advanced through a writ of mandamus to the Tenth District Court of Appeals. Coincidentally, that is the same number of mandamus claims for the preceding year. With the exception of 2013, these 88 claims represent the lowest number of new mandamus cases filed for decades and reflects a 28 percent decrease from 2011. To put this achievement in perspective, 248 of these cases were filed in 2005 and 295 such cases were filed in 2001. As the number of mandamus cases has remained static over the past two years, the appellate court's affirmation rate has remained stable. The appellate court decided 55 cases in 2014, affirming the IC at a rate of 78 percent.

The FY 2016/2017 Biennium Budget request totals \$102MM, which is a 6.9 percent decrease from the FY 2014/2015 request of \$110MM. As a non-General Revenue Fund agency funded by an Administrative Cost surcharge (ACF) to the employers' premium workers' compensation coverage base rate, the IC continues to pass our efficiency-based savings to these job creators. ACF rates were reduced again for the 2014 policy period for three of the four stakeholder groups while the last group was held to the same level.

As we venture into our next fiscal year, our mission will remain the same: Continue to provide an exemplary service to Ohio's injured workers and employers while remaining dedicated to a philosophy of fiscal responsibility.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas H. Bainbridge". The signature is fluid and cursive, written over a white background.

Thomas H. Bainbridge
Industrial Commission Chairman

Reduced Premium Assessment for Ohio Employers

The IC is funded by administrative rates applied to the workers' compensation premiums of Ohio employers.

Employers are divided into four distinct groups: private state insurance fund participating employers, state government agencies, other public taxing districts and self-insuring employers. Periodically, the Commission examines rates for each of these groups and related operational costs.

The agency does not receive any Ohio state income taxes or sales taxes to fund its operations.

Because of significant expenditure reduction initiatives in recent years, the IC has been able to reduce its portion of administrative rates charged to Ohio employers from \$63.6MM in 2008 to \$48.9MM in 2014, a reduction of 23 percent.

In June 2014, the IC proposed new, lower administrative rates for three of four Ohio employer groups. The fourth employer group, while not realizing a reduction, remained stable with no rate increase.

For calendar year 2014 and for the current calendar year 2015, the IC's Administrative Cost Fund rates are as follows:

EMPLOYER GROUP	2014	2015
Private	1.95%	1.87%
Public State	3.22%	3.12%
Public Taxing Districts	1.81%	1.81%
Self-Insuring	6.96%	6.68%

Providing Exemplary Service While Cutting Costs

The IC provides a forum for appealing Ohio Bureau of Workers' Compensation (BWC) and self-insuring employer decisions. IC hearing officers resolve issues of dispute in a workers' compensation claim, determine violations of specific safety requirements and determine if an injured worker is permanently and totally disabled due to a work-related injury or occupational disease. Throughout the appeals process, the agency offers information and resources to assist parties, including telephone customer-service assistance and assorted Web services, which allow representatives to manage and submit evidence for consideration.

The IC adjudicates claims across three hearing levels. The first level of hearings is at the District Hearing level (DHO). If this DHO decision is appealed, a hearing is held at the Staff Hearing level (SHO). If the SHO decision is appealed, the claim may be heard at the Commission level. The Governor appoints the three-member Commission and the Ohio Senate confirms these appointments. By previous vocation, employment, or affiliation, one member must represent employees, one must represent employers and one must represent the public. One of these members must be an attorney. Hearings are conducted in 12 IC offices around the state. The Executive Director manages the agency's day-to-day operations.

The IC continues to meet the statutory mandates of providing a hearing within 45 days of appeal filing and 7 days to issue an order after that hearing for a 52-day time frame maximum for both DHO and SHO levels. DHO/SHO levels have a very high compliance rate with the statutory time frame mandates as discussed further in this document.

With investment in modern technological processes, the IC has been able to absorb a significant reduction in its workforce. By attrition only, staffing has decreased by more than 266 employees (41.4 percent) over the past seventeen years, yet the IC continues to meet and exceed statutory requirements for timely service. This process migration has been alleviated by the implementation of computerized improvements in our paperless hearing process (ECM – Enterprise Content Management), through ICON (Industrial Commission Online Network) and broadening data transmission connectivity. This system allows claims examining, clerical work, word processing and scanning/indexing to be assigned to employees regardless of their location among our 12 offices. Therefore, employee utilization is increased by having lower volume offices process claims or hearing orders for a higher volume office. At the same time, stakeholders can file appeals, request interpreters and continuances/cancellations through ICON. The IC also offers e-distribution of hearing notices, hearing orders and other correspondence to reduce postage and paper document costs.

We are an agency that is already maximizing productivity while minimizing expenditures, a philosophy that serves the public well in a recovering economy. Prudent planning has reduced our budgets incrementally while introducing many efficiency upgrades in technology.

IC Commissioners



Thomas H. Bainbridge

Employee Member

Dates of Service: July 2013 - June 2019

Thomas (Tim) Bainbridge brings over four decades of workers' compensation experience to his role as Chairman of the Industrial Commission of Ohio.

As an attorney, Tim has spent a tremendous amount of time protecting the rights of Ohio's workers through his involvement with numerous organizations, which are dedicated to improving Ohio's workers' compensation system.

Tim displayed his knowledge and expertise as the Chairman of the Columbus Bar Association Workers' Compensation Committee from 1982 to 1983, and served as the Chairman of the Workers' Compensation Section of the Ohio Association for Justice from 1991 to 1993. He also served as President of the Ohio Association for Justice. Later, he served Ohio's injured workers and employers as the Commissioner for the Bureau of Workers' Compensation Oversight Commission from 1995 to 2006.

Tim's passion for workers' compensation has been evident throughout his career. Before arriving at the IC, Tim served as an attorney and managing partner at Ward, Kaps, Bainbridge, Maurer & Melvin from 1968 until 2009. He later served as a partner at the Bainbridge Firm from 2009 until 2013.

Originally from Steubenville, Ohio, Tim earned his bachelor's degree from Washington & Jefferson College in Washington, Pennsylvania, and then received his law degree from The Ohio State University.

Tim was admitted to the Ohio Bar in 1967 and has also been admitted to practice before the US District Court in the Southern District of Ohio. Tim is a member of the Ohio State Bar Association, Columbus Bar Association, Ohio Association for Justice and the American Association for Justice.

He resides in Columbus. He and his late wife, Deidre, have three grown sons who also reside in Columbus.



Jodie M. Taylor

Employer Member

Dates of Service: July 2009 - June 2015

On January 14, 2011, Governor John Kasich appointed Commissioner Jodie Taylor as chairperson of the Industrial Commission of Ohio. She served as Chairperson until July 2011. On February 13, 2013, Governor Kasich reappointed Jodie as chairperson.

Jodie has been the employer member of the Commission since July 2009.

Her first day on the job was a homecoming for the newest Industrial Commissioner. From 1997 to 2000, Jodie served as an assistant to an IC Commissioner. In this role, she performed legal and legislative research, assisted during hearings, and gained an extensive understanding of the agency.

After leaving the IC, Jodie served as an attorney for two Columbus law firms, where she represented state-funded and self-insuring employers at all levels of IC hearings and in court actions throughout Ohio. She is also a frequent lecturer on workers' compensation issues with extensive legal knowledge in both the private and public sectors.

Jodie earned her bachelor's degree in diplomacy and foreign affairs from Miami University in 1991. While at Miami, Jodie studied overseas in Luxembourg. In 1995, she received her law degree from the University of Akron School of Law. She is a member of the Ohio State Bar Association and is also a board-certified specialist in workers' compensation.

Jodie lives in Dublin with her husband, Michael. In October 2009, they welcomed twins, a boy and a girl, Evan and Elizabeth.



Karen L. Gillmor, Ph.D.

Public Member

Dates of Service: July 2011 - June 2017

With over three decades of dedicated public service, Karen brings a tremendous knowledge of workers' compensation issues to the Industrial Commission of Ohio. A native of Ohio, she earned her diploma from Rocky River High School before earning a bachelor's degree with honors from Michigan State University and a master's degree and Ph.D. from The Ohio State University. Her career shows a passionate interest in the fields of health care, labor relations and workers' compensation. From 1983 to 1986, Karen served as Chief of Management

Planning and Research at the Industrial Commission of Ohio. In this position, she authored a study of self-insurance, which was incorporated into Ohio's omnibus workers' compensation reform law. She also served as the employee representative to the Industrial Commission of Ohio's Regional Board of Review and the Ohio Bureau of Workers' Compensation Oversight Commission. Before coming to the IC, Karen was elected to Ohio's 26th Senate District seat in 1992, 1996 and 2008. She chaired the Senate Insurance, Commerce and Labor Committee, was a member of the Unemployment Compensation Advisory Committee, and the Labor-Management-Government Committee. She served as vice chair of the State Employment Relations Board from 1997 to 2007 and was a consultant to the United States Secretary of Labor.

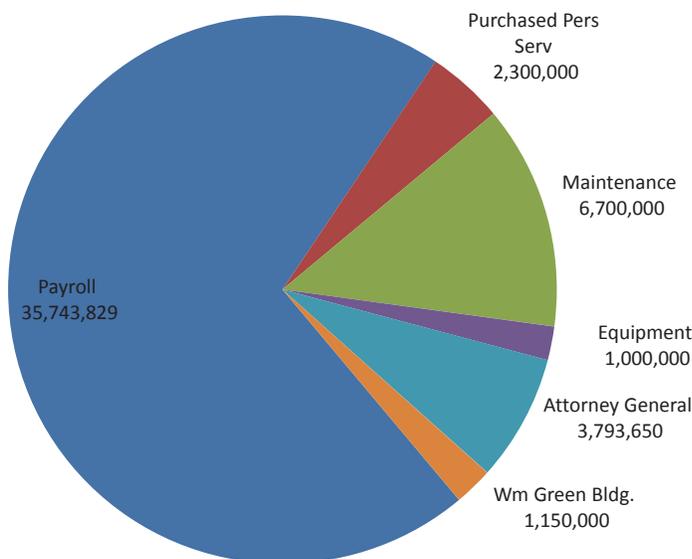
Nationally, Karen served on the Health Committee of the American Legislative Exchange Council, as well as on the Health and Human Services Committee of the Council of State Governments' Midwestern Region. Karen was married to United States Congressman Paul Gillmor, who tragically passed away in 2007. They have five children, Linda, Julie, Paul Michael and twins Connor and Adam.

OUR PLAN TO CONTROL COSTS

Budget Request

As we prepare to enter the next biennium budget period, the IC faces the challenge of succession planning as well as changes to the technological infrastructure. The IC has approximately 35 percent of its current contingent of Full Time Equivalent resources eligible for retirement by the end of FY 2016. As the agency transitions through this period, it is focused on keeping costs low while ensuring a seamless knowledge transfer as new employees enter and retirees exit. The agency will also need to invest in the migration of paperless hearing process to a new technology platform, as the current system will not be vendor supported after April 2017. Finally, the agency needs to accommodate transitional and ongoing costs related to the OIT Transformation initiative. Conservative financial projections and highly scrutinized spending have kept the IC on firm financial footing and this will continue in the next biennium. We are requesting a total budget of \$50,687,479 for FY 2016 and \$51,753,389 for FY 2017 (See Exhibit A).

Exhibit A



Biennium Budget – Fiscal Year 2016

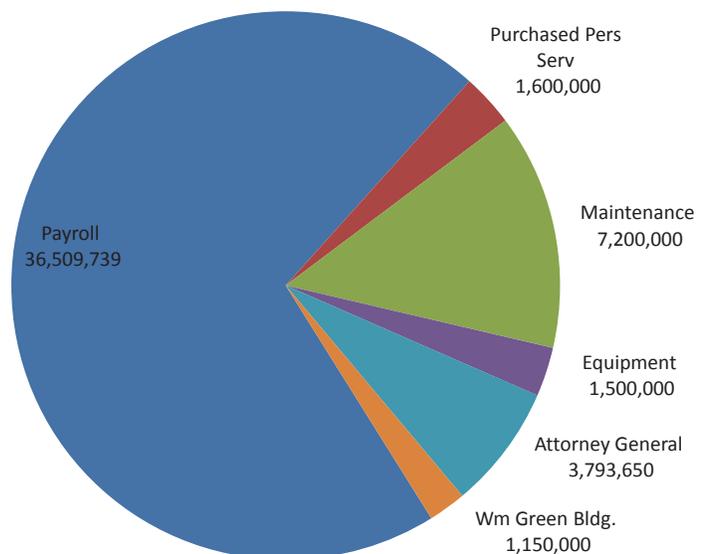
Description	2016
Payroll	\$35,743,829
Purchases Personal Service	\$2,300,000
Maintenance/Supplies	\$6,700,000
Equipment	\$1,000,000
Attorney General	\$3,793,650
William Green Building	\$1,150,000
Total Budget	\$50,687,479

-8.9% Decrease from 2014

Biennium Budget – Fiscal Year 2017

Description	2017
Payroll	\$36,509,739
Purchases Personal Service	\$1,600,000
Maintenance/Supplies	\$7,200,000
Equipment	\$1,500,000
Attorney General	\$3,793,650
William Green Building	\$1,150,000
Total Budget	\$51,753,389

-4.8% Decrease from 2015

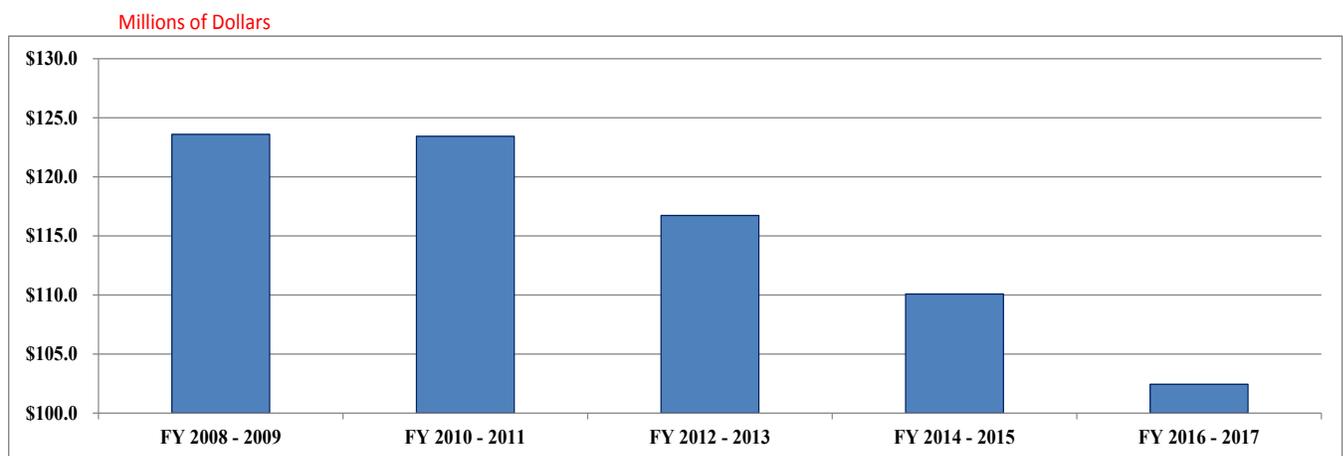


Comparison to Previous Budgets

The proposed biennium budget for FY 2016/2017 at \$102.4m is 6.9 percent less than the current FY 2014/2015 biennium budget total, which is \$110.1m. Over the past four budgets, the IC's request has been a decrease from the previous biennium. In a historical 10-year perspective, our proposed FY 2016/2017 budget is 17.1 percent less than our FY 2008/2009 budget total of \$123.6m. Despite factors beyond our control such as negotiated pay raises, step increases, increases in health insurance and other inflation, we were able to reduce our overall budget during the last ten years.

Exhibit B

Biennium Appropriations Fiscal Year 2008/2009 – Fiscal Year 2016/2017



Average Biennium Change Over the Period: -4.55%

Proposed Biennium Amount vs. Current Biennium Amount: -6.93%

Biennium Years	Biennium Budgets	Biennium to Biennium Change
FY 2008-2009	\$123.6 Million	
FY 2010-2011	\$123.4 Million	-0.14%
FY 2012-2013	\$116.7 Million	-5.43%
FY 2014-2015	\$110.1 Million	-5.71%
FY 2016-2017	\$102.4 Million	-6.93%

Decrease in Biennium Request over the Period	\$21.2 Million	-17.12%
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Full Time Employment Level Trend

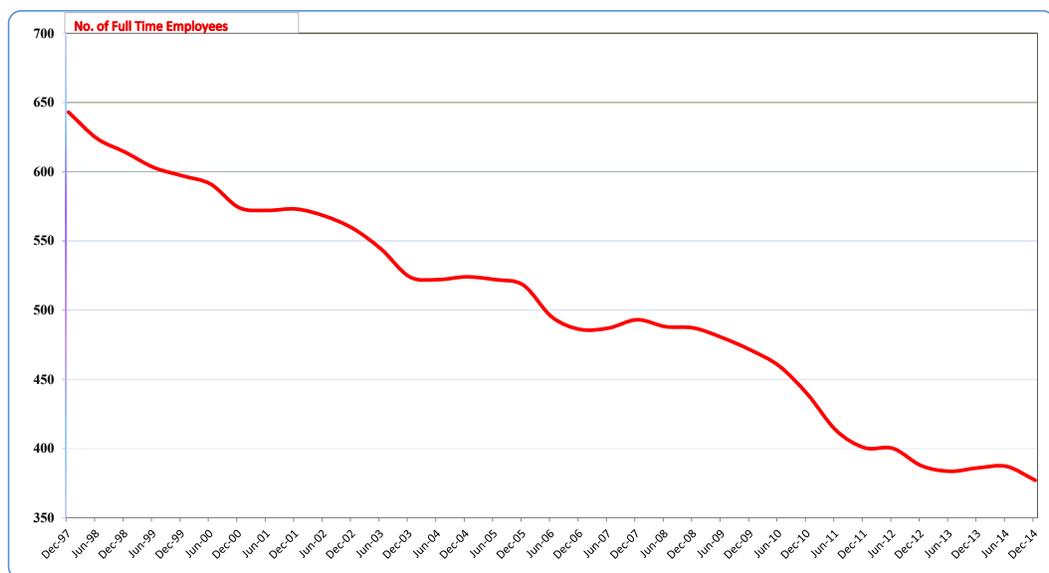
For over a decade and a half, the IC has steadily decreased its number of employees.

Between December 1997 and the end of FY 2014, the employment level has decreased from 643 to 387, which represents a total decrease of 40 percent. In recent years, the employment level has decreased from 496 in January 2008 to a present level of 377. This is a decrease of 24 percent and an estimated \$27.7MM in payroll expense savings. Most of our employment decreases have been the result of computer automation, the emergence of electronic claims processing, a higher degree of customer interaction with claim management and consolidation of mailing services. Work productivity gains have been achieved by the automation of hearing notice and hearing order generation, by the high degree of hearing order content being auto-populated and by the expansion of connectivity capacity among offices to allow support functions like claims examining and word processing to be completed throughout the state regardless of the hearing location. This has reduced the need for filling support functions lost to attrition and the need to staff fully remote offices for the hearing process. In addition, customers have the capability to manage their own claims via online connection.

Reviewing employment levels between January 2013 and December 2014 indicates that the IC has reached a new "core" level of FTE's averaging 385 over this period. The range is approximately twelve FTE's running from a low of 377 to a high of 389 at the start of this period. In the next biennium, we expect to encounter some overlapping in job classification staffing totals as succession transition continues. The IC will continue to explore avenues for efficiency by expanding accessibility for direct stakeholder interaction and reviewing the potential for other internal operational labor saving alternatives.

Exhibit C

Full Time Employment Levels December 1997 through December 2014



Current FTE as of February 2015 is 375.

Cost Savings and Customer Service Initiatives – Hearing Process

The IC continues to install customer focused improvements by either its own operational review or by listening to its stakeholders (employers, injured workers, representatives, legislators, etc.). In turn, some of these changes result in greater efficiencies and cost savings for the hearing process.

Improvements to the hearing and medical examination experience in the current biennium include:

- Implementation of the 1-877-ICFAXIN phone line where representatives can directly fax or e-mail documents to the Teleform platform to be indexed directly for the hearing and reducing labor efforts directed towards batching and scanning;
- Expanding public Internet access in the hearing lobby from ICON to the general Web so stakeholders can conduct task management while waiting for their hearing;
- Implementation of electronic delivery of hearing notices, hearing orders and other correspondence in lieu of U.S. Postal delivery saving an approximate \$5,000 per month by the close of the FY 2014;
- Implementation of the SMS notification systems where text messages are auto-distributed to representatives in the event of an emergency such as severe weather;
- Installed digital signage in each office’s hearing lobby to centralize and improve display of hearing schedules, relevant IC rules, statutory notifications, emergency notifications and general information related to traffic and weather;
- Hearing administrators have instituted local quality review programs to provide timely feedback on published orders to reduce errors;
- Claims Support provides a continuous schedule of statewide claims examiner training both “in-person” and via remote video link to maintain standardized processes for a consistent work product;
- Medical Services section minimized the cost of testing for examinations through automatic authorization for specific diagnostic testing and using prior authorization for non-specific testing yielding \$7,000 in savings annually;
- Regional managers, hearing officers and medical specialists maintain open external communication channels by participation and/or speaking in various events or committees sponsored by various stakeholder groups;
- Remodeled the Columbus Hearing Room Lobby and Customer Service area for better traffic flow;
- Updated facilities to meet Americans with Disabilities Act (ADA) requirements;
- Initiated security modifications for improved safety such as increased video surveillance, hand wands and “active shooter” exits.

Our Cost Savings Efforts – Support Areas

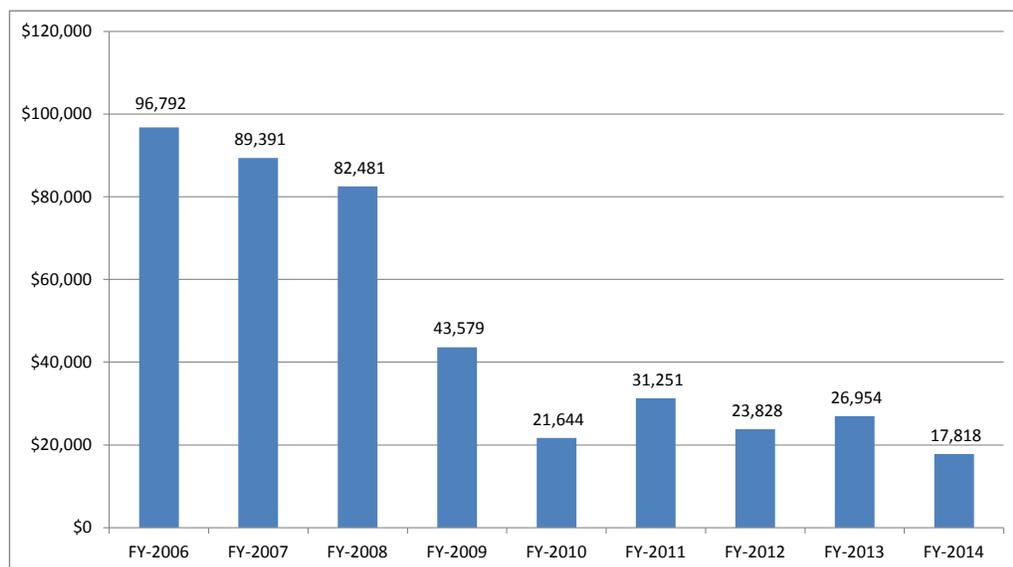
While agency attrition since FY 2008 has yielded estimated payroll expense savings in excess of \$27MM, there are other areas of note which have contributed to the IC's low cost structure.

These include:

- Negotiated IC's exit as obligated party to the William Green Building (WGB) debt service and the WGB quarterly maintenance assessment resulting in a combined estimated savings of \$6.1MM across fiscal years 13 and 14;
- Passed a third straight Administrative Cost Fund rate for three of four risk groups for Policy Year 2014;
- VoIP operations have saved an average of \$114,000 per year since FY 2009 while expanding our broadband capabilities to the regional and district offices for remote work-share opportunities;
- Leveraged toner purchases using a vendor point program to secure \$151,000 in needed equipment replacements and maintenance during the current biennium without a cash outlay;
- Support an agency sponsored training policy that offers opportunities to expand specific technological skill sets that can immediately be applied to labor saving activities;
- Developed automated random quality checks on hearing orders to improve word processor training and reduce re-work turnover;
- As noted below, the IC has also slashed overtime paid by 82 percent from \$96,792 in FY 2006 to \$17,818 in FY 2014.

Exhibit D

OVERTIME EXPENSES



A Vision for the Future

In the next biennium, the IC will face the continued maturing of its workforce and its potential for a “retirement wave.” Most at risk is our Staff Hearing Officer (SHO) classification, but other classifications note moderate to high risk of retirement eligibility. By the end of FY 2016 in the middle of the next biennium, our potential for retirement is estimated below:

Position Description	Type of Retirement as of 6-30-2016			Total Retirements Potential
	30 Years	55 & 25	60 & 5	
SHO classification	39.2%	19.6%	3.9%	62.7%
DHO classification	6.7%	4.4%	17.8%	28.9%
CE classification (including all 9 supervisors)	14.7%	7.8%	11.2%	33.6%
WP classification	10.5%	21.1%	0.0%	31.6%
All other classifications	13.0%	6.2%	9.6%	28.8%
Totals	16.2%	9.0%	9.8%	35.0%

SHO ranks will be back-filled by promoting eligible and qualified District Hearing Officers (DHO). Conversely, these DHO positions will require external hiring at a level based on observed claim filing trends at that time. Due to the advanced legal and medical knowledge required for the DHO position, the training period is four to six months before a hearing can be assigned. To avoid disruptions in customer service during this training and possibly exceed statutory time frame mandates for hearing and order issuance, it is IC’s intent to on-board new hires while the retiring resource is still active. The IC also has a 15 percent retirement risk in its Claims Examiner (CE) classifications. While the fill need is not as vital as a hearing officer since CE work can be pooled through the paperless platform, extended training of at least 3 months will be required. This will result in some staffing overlaps to secure an effective knowledge transfer resulting in a temporary bump in FTE counts during these transitions. With a FTE level of 384 at the time of budget drafting, a 5 percent overlap to approximately a 404 FTE funding level is requested to transition particularly if the retirements are concentrated in a short timeframe.

Steps are already being taken to meet the next challenge that the IC faces. Starting in FY 2015 and continuing with higher funding needs will be IC’s conversion to the Case Manager hearing platform. IBM informed the IC during FY 2014 that the end of support date for BPF (Business Process Framework) is April 30, 2017. BPF is an IBM FileNet product and is the underlying software for the front end of IC’s paperless Workflow. It provides the user interface. This conversion and migration will require the use of staff augmentation through the CAI contract. Based on current rates for emerging technologies, the cost for this project over the next biennium will be \$1.4MM for Personal Service Contracts. IC resources will require the necessary training to implement successfully this conversion strategy. Consequently, new applications are built and serviced with those IC resources. End user training will be conducted with these in-house resources to maintain lowest cost possible. The Case Manager product itself will require maintenance support after Year 1 estimated at \$35,000 per annum with a 10 percent cost riser.

Other application needs to support the hearing process will have reached end of life and/or mandated updates to remain effective.

A Vision for the Future

These include:

- Teleform replacement which is the batching and scanning link,
- ECM redesign which is the document management component of the paperless hearing process,
- Uninterrupted Power Source (UPS) infrastructure,
- DTM which is the word processing application within the Workflow system,
- Site Router replacement to maintain remote processing capabilities,
- Various servers and SAN's by FY 2017 dependent on the scheduled migration to an OIT platform.

The IC is a single program entity dedicated to the adjudication of contested workers' compensation claims. Alongside core business function staff, the "heartbeat" of our operation lies within the paperless hearing process. All past investments in this technology and its peripheral applications like VoIP, SAN servers and Winscribe dictation have been recaptured via payroll expense savings through personnel attrition. These non-Case Manager-related projects entail estimated costs of \$810,000 in Personal Service, Supplies and Equipment. The projects also present an opportunity to continue our success in meeting the MBE and EDGE program goals through the various offered State contracts while yielding continued efficiencies in the hearing process.

Should an OIT server conversion occur, the trade-off in lieu of new servers and SANs will be a need for significant funding latitude to pay the service fees based on current volume levels and OIT pricing. It is expected that initial pricing levels for OIT platforms applicable to IC operations will be higher as conversions occur over the next biennium. Savings from economies scaling savings may not be realized until after FY 2017. Applicable platforms will include migration of all servers, VoIP operations and security management tools.

The IC's workforce has stabilized in the 385 FTE area over the current biennium suggesting that a technological break-through may be required to further efficiency gains.

In the meantime, the IC pursues other avenues that may lead to other savings. Still in its infancy and gaining user acceptance, the IC implemented the electronic delivery of notices, order and letters to representatives and employers in August 2013. Currently, 9 percent of IC documents are delivered electronically saving an approximate \$60,000 annually. Despite some initial hesitancy in the workers' compensation community, the IC will continue to market this program aggressively in the next biennium to reduce postage expense. Postage comprises nearly 2 percent of total expenditures.

Several IT projects are in process or under consideration that could provide savings reductions in the future.

- Migrating the internal VoIP phone system to the OIT initiative of CBTS SIP trunk service. After initial funding of \$30,000, the expected annual savings is \$70,000 over current operations;
- Planned for FY 2017, the IC will be scoping out a possible cost saving initiative of Voice Recognition for hearing officer orders. Findings rendered at a hearing will be directly blended within the basic hearing order template straight from voice transfer and translation. This will result in reduced need for word processor interaction to finalize these documents and savings will be achieved through further attrition. This project has an estimated funding need of \$225,000;

A Vision for the Future

- Develop a process to automatically e-mail the opposing party if an appeal is filed on ICON thereby providing sufficient notice to avoid a potential continuance need;
- Develop a hearing-related data warehouse to generate on-demand reports without compromising the production environment. Also, non-IT resource reporting capabilities will be introduced which will lessen the demand on IT resources to perform this peripheral function;
- eForms will be created on ICON that will allow external parties to complete online forms and submit them directly into our Teleform scanning process. This will reduce paper and hands-on scanning activity. This project has a funding need of \$95,000;

Looking into the next biennium budget period starting in 2015, we expect an uncertain volatile period that comes with a maturing workforce. Turnover at the IC has historically been very low so the expected rotation in our workforce may extend over several bienniums. Therefore, payroll expense reduction resulting from higher paid resources exiting for lower salaried resources should be expected to occur gradually with an uneven trend. Against this backdrop of internal challenges, the revenue source for IC operations is becoming more volatile as premium charges for Medical and Indemnity coverage (Base premium) are reduced significantly. The Administrative Cost Rate (ACF) when applied as a surcharge on the base premium has a dependent relationship to the Base premium revenue. Should base rates be lowered and the ACF rate remains unchanged, the IC incurs a “passive” revenue loss. In order to maintain a stable range of revenue, the ACF rate will need to be adjusted to offset the opposite impact of the adjusted premium base rate. Should payroll levels also change substantially, the differential effect to ACF revenue could be further magnified. In the next biennium, this situation will be influenced by the migration to a prospective billing method for two (2) of the four customer groups. This will add further uncertainty to the timing of the revenue stream as premium payment choices will reside with the employer.

While the IC will continue to pursue cost saving measures and tactics, the agency will need to maintain a stable floor of funding to ensure the continued delivery of a quality and timely product. We look forward to providing the same high level of commitment, dedication, performance and fiscal prudence to our stakeholders over the coming biennium.

EXCELLENT CUSTOMER SERVICE AT A LOWER COST

Excellent Customer Service at a Lower Cost

Even with our history of fiscal responsibility, our production has not suffered. During CY 2014, the IC heard 530 claims per day and conducted 2,866 medical exams. This requires great teamwork, especially when customers need our help in emergency situations.

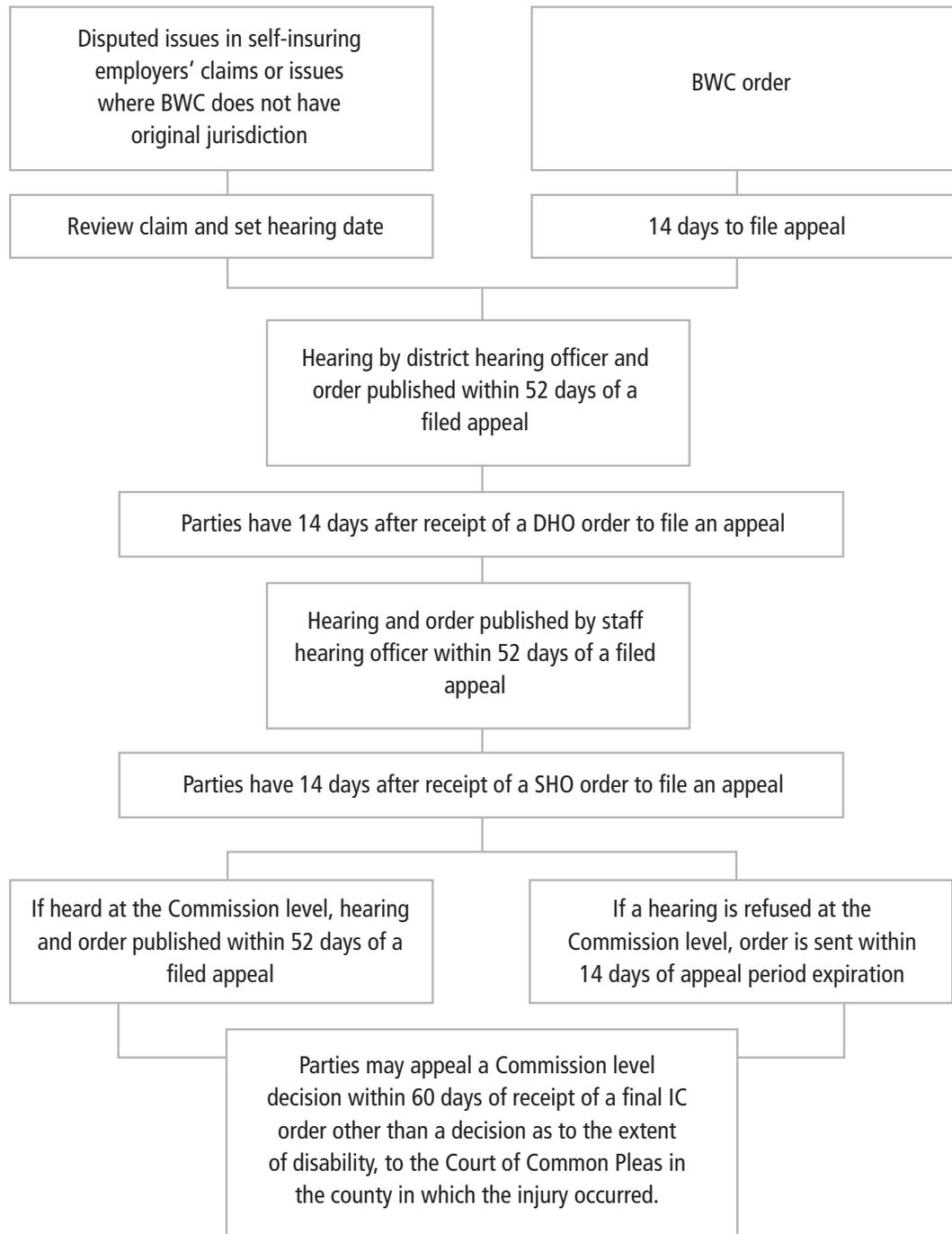
When an injured worker has a dire need, the IC strives to docket an emergency hearing on the injured worker's claim within three to five days after the injured worker files a request for an emergency hearing. This may happen, for instance, in a case where an injured worker is about to be evicted because their injury has prohibited them from being able to work and receive wages to pay their bills. In some cases, cash relief could be a matter of life and death. Sometimes the injured worker simply cannot afford to wait the 45 days that it may take for their claim to be processed, so we work to expedite their claim in these urgent situations. We also offer Interpreter Services to injured workers.

BWC initially determines claims. If a BWC order is appealed, by statute the IC has 45 days to conduct the first level hearing. If this decision is appealed, the IC conducts the second level hearing within 45 days. A final appeal may be made to the three-member Commission. Exhibit E (next page) outlines the potential flow of an appeal through the process.

Administrative Hearing Levels Chart

Exhibit E

Administrative Hearing Levels Flow Chart



Technological Initiatives

Representative Hearing Calendars Viewable on the IC Mobile Website

In November 2014, workers' compensation representatives were granted the capability to view their hearing schedules on smartphones, using the Industrial Commission Online Network (ICON).

After logging in with an ICON password, representatives can now view their scheduled hearings at each regional and district office. Calendars can also be filtered by hearing location.

In order to view claim documents or make requests, representatives still need to go through ICON's full website.

In addition to hearing calendars, representatives can view office locations and contact information on the mobile website.

Emergency Text Alerts Keep IC Customers Informed

Since December 2013, 571 workers' compensation representatives have signed up to receive emergency text alerts from the IC that announce potential office closings and hearing cancellations.

Representatives who were interested in receiving the text alerts could visit the "Texting Contacts" section of the Representative Profile page on ICON to sign up for the service. Representatives have the ability to submit multiple phone numbers on that page.

In the event of an emergency involving an Industrial Commission office, these contacts will be sent a text message alert that offers further details.

Digital Signage Provides Valuable Information to IC Customers

In an effort to modernize how the IC communicates with its customers, the IC launched a digital signage initiative in December 2013.

Now, state-of-the-art 54-inch digital signage monitors are being used to display the agency's signs, notices and postings in the hearing room lobby of each regional and district office.

The IC has 20 public postings that must be displayed in each IC office. The Ohio Revised Code requires some of these postings and others are displayed for safety reasons. There are also signs that are not mandatory, but are displayed to provide necessary information to our customers.

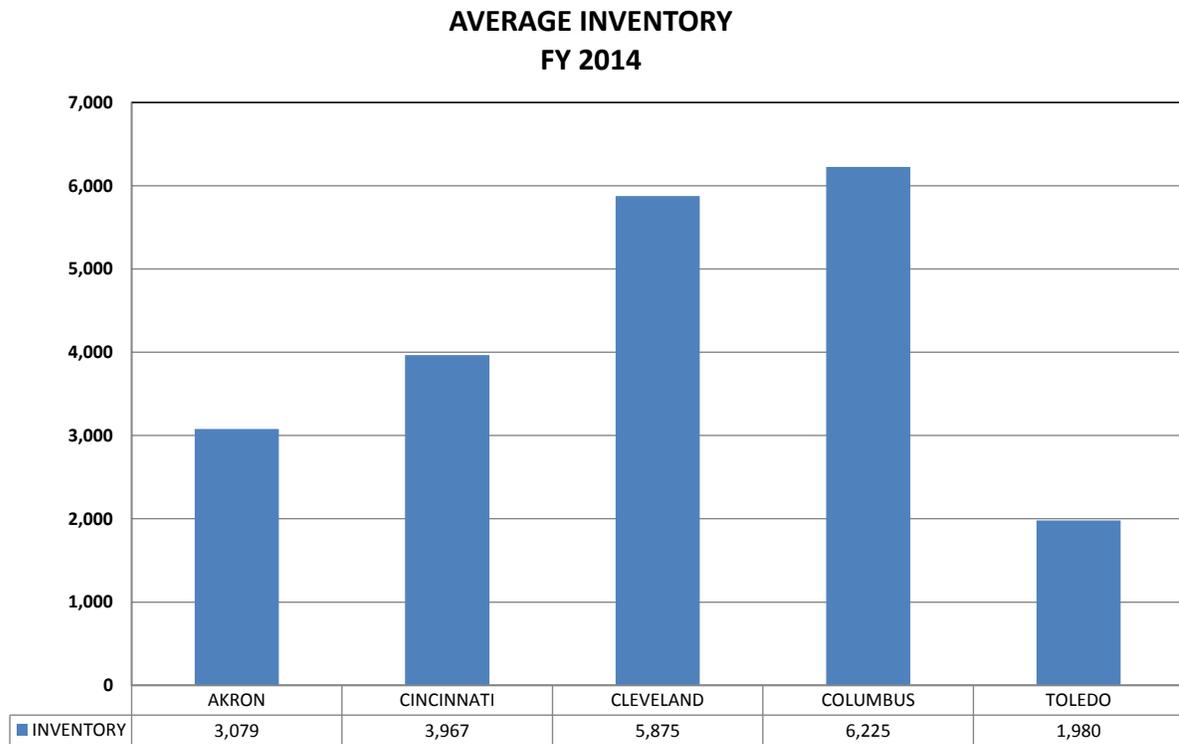
With the new digital signage, this information can be displayed without additional paper on a wall or bulletin board. The monitor's layout consists of a basic three-panel template. The left panel displays weather and traffic updates, the center panel displays the IC's public notifications and informational graphics, and the right panel displays the daily hearing schedule.

Inventory

Hearing Inventory

Industrial Commission workloads and performance are initiated by and heavily dependent upon the volume of new claims filed with the Bureau of Workers' Compensation along with new motion and appeal filings. IC inventory volume is subject to volatile daily swings dependent on appeal filings, claim flows from the BWC, docketing loads, and other factors.

Statewide average monthly DHO/SHO inventory was 21,126 claims for FY 2014. Regional breakdown of average inventories for FY 2014 is as follows: Columbus – 29 percent; Cleveland – 28 percent; Cincinnati – 19 percent; Akron – 15 percent; Toledo – 9 percent.

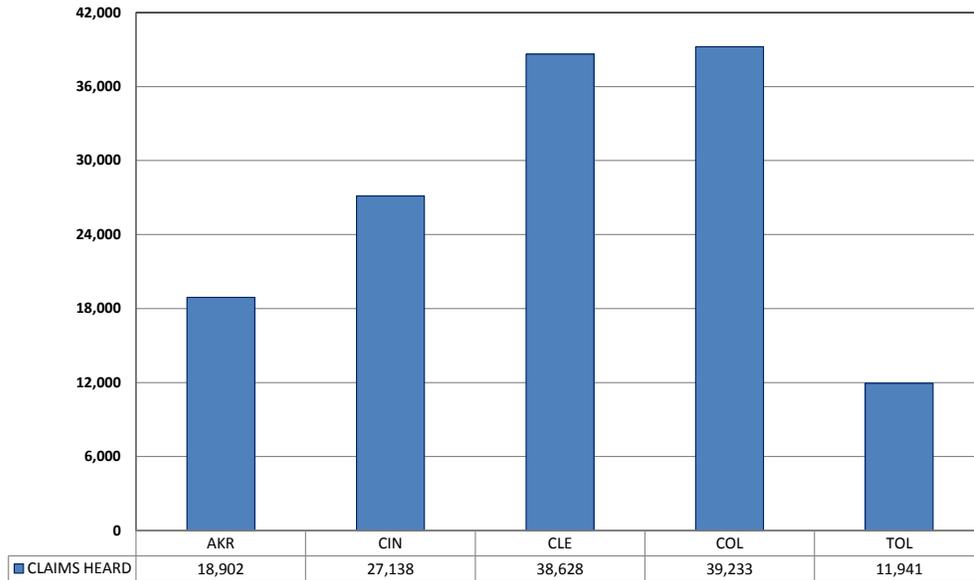


FY 2014 AVERAGE INVENTORY = 21,126

Hearing Activity

The Industrial Commission heard approximately 135,842 claims during FY 2014 at all adjudicatory levels. The total DHO volume accounts for 70 percent of overall hearings at 95,167 claims heard. Total SHO claims heard are recorded at 40,675 claims. Deputy venue claims heard totaled 104 in FY 2014 while the Commission venue recorded 251 claims heard.

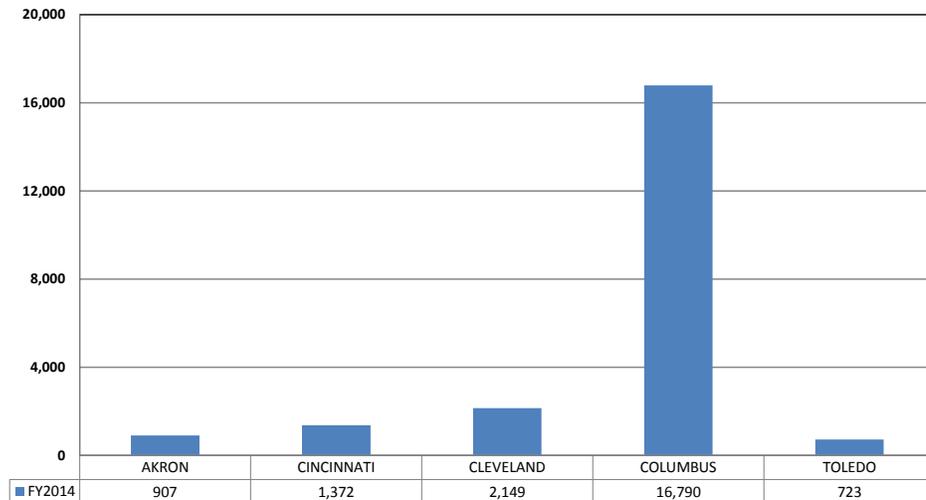
CLAIMS HEARD BY REGION - FY 2014



FY 2014 CLAIMS HEARD = 135,842

Approximately 21,941 issues were captured that do not initially require formal adjudication via hearing (lump sum settlements, lump sum advancements, Hearing Administrator issues, PT adjustments, etc.). These issues receive administrative review and processing at the clerical, 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 process and are reflected accordingly under respective hearing venues.

**ADMINISTRATIVE REVIEWS
FY 2014**



>TOTAL REVIEWS IN FY 2014 - 21,941

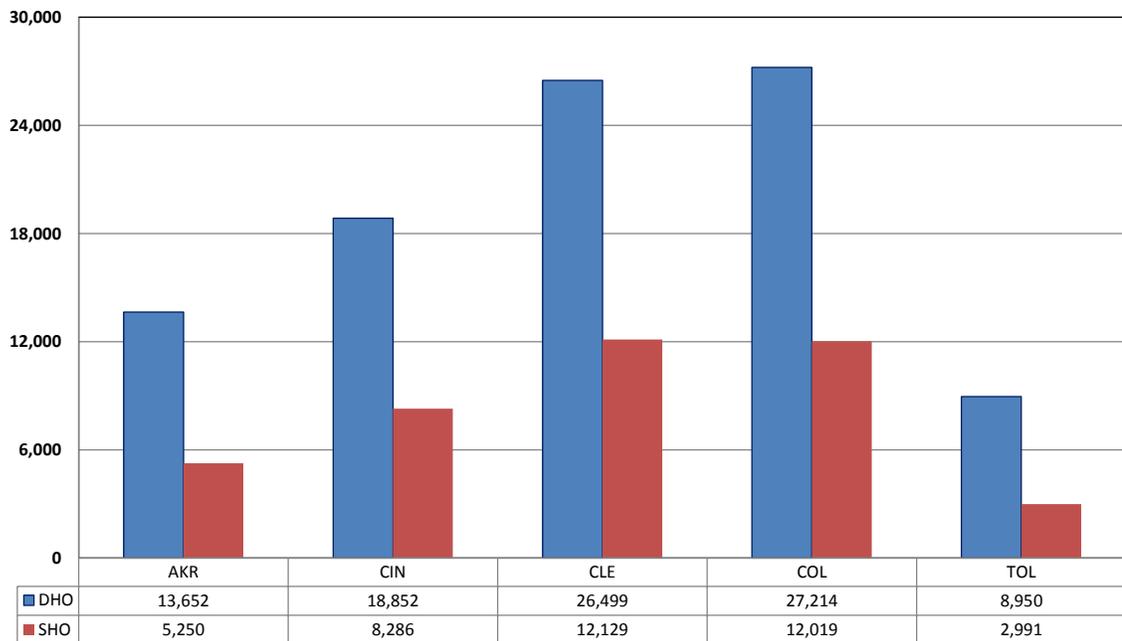
>ADMIN REVIEWS INCLUSIVE OF HEARING ADMIN, COMMISSION SCREENING, AND OTHER NON-HEARING ISSUES

Regionally, the distribution of FY 2014 claims heard at DHO and SHO hearing levels is as follows: Columbus – 29 percent; Cleveland – 28 percent; Cincinnati – 20 percent; Akron – 14 percent; Toledo – 9 percent.

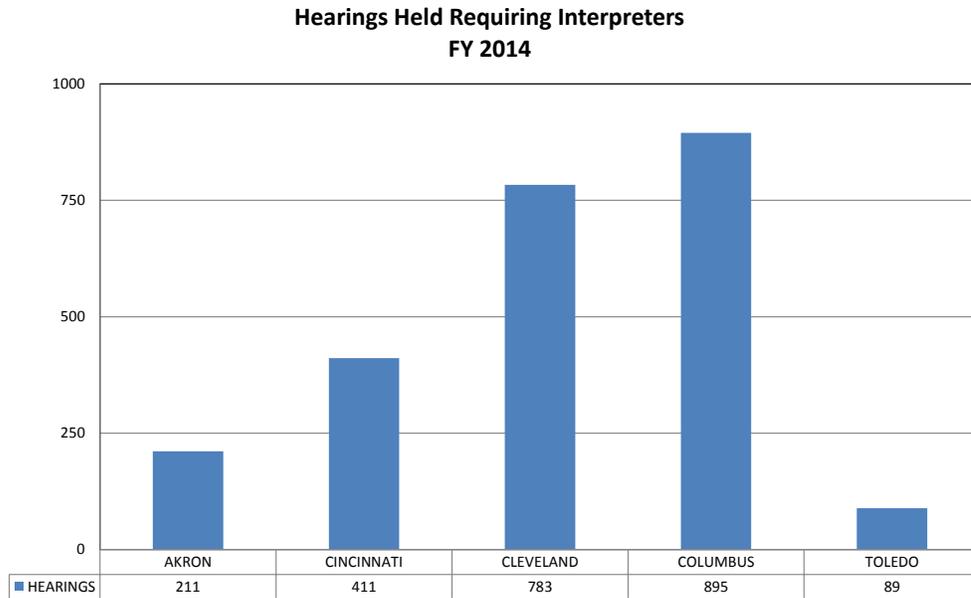
The total claims heard figure is inclusive of continuances, referrals, dismissals, and other final determinations made as a result of a hearing.

DHO and SHO hearings were conducted on 246 days during FY 2014. An average of 552 claims were heard per day at the DHO/SHO hearing levels. District Hearing Officers averaged 387 claims heard per day while Staff Hearing Officers averaged 165 claims heard per day.

DHO/SHO CLAIMS HEARD - FY 2014

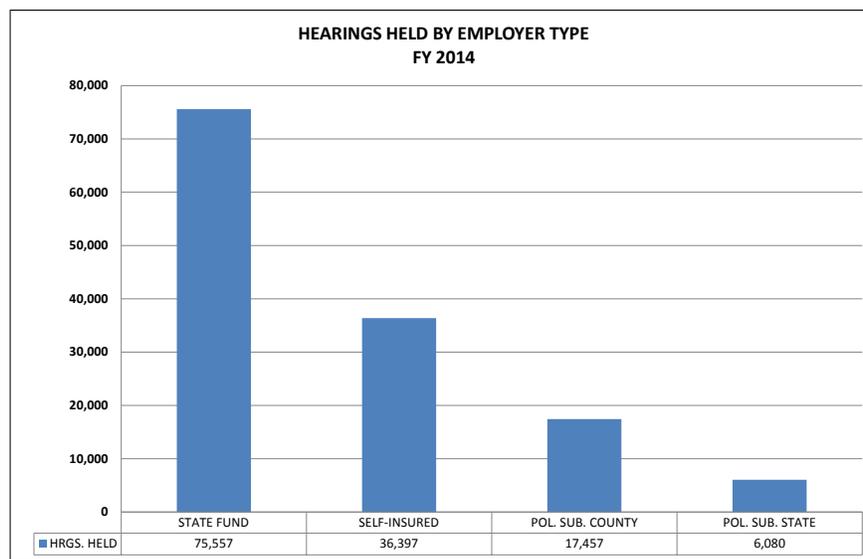


A total of 2,389 hearing records were flagged as requiring interpreter services during FY 2014.



Hearings Held by Employer Group

Hearings were conducted for approximately 35,509 different employers in FY 2014. Hearings for claims of private state funded employers accounted for 56 percent of all hearings while self-insuring employers accounted for 27 percent; public county employers accounted for 13 percent; and public state employers' claims accounted for 4 percent.

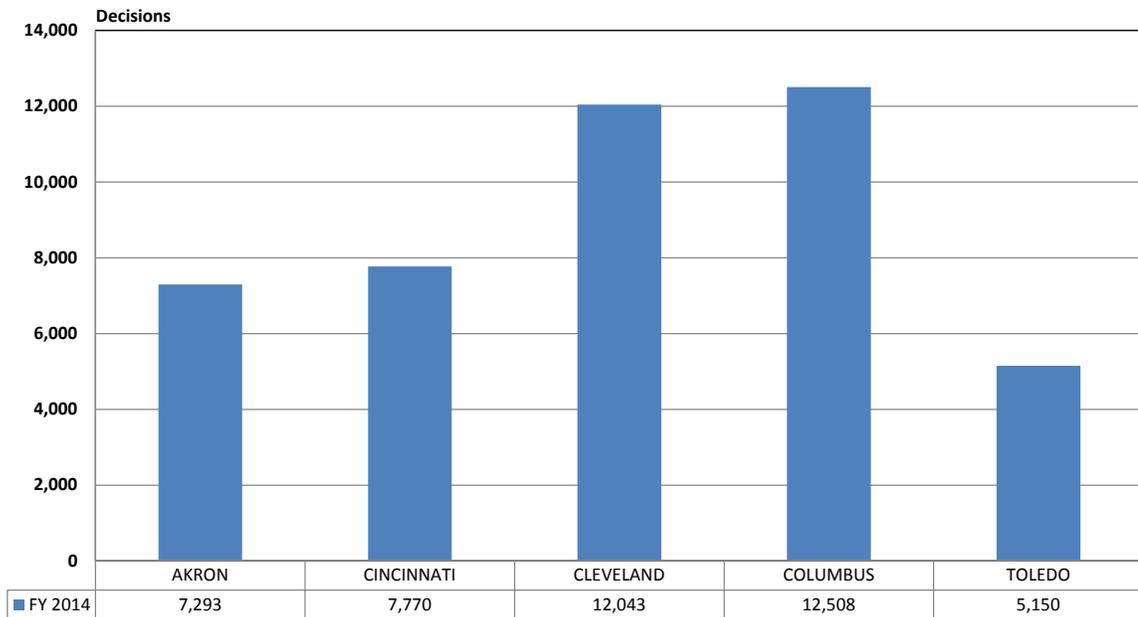


Hearing Administrator

Hearing Administrators perform a variety of functions that facilitate the adjudication process. In addition to processing approximately 24,374 continuance requests during FY 2014, they also processed 15,168 requests to withdraw motions or appeals and to cancel scheduled hearings. Additionally, Hearing Administrators processed requests for extensions related to PTD filings and requests regarding other miscellaneous issues.

Statewide, Hearing Administrators made decisions on, or referred to hearing, approximately 44,764 issues during FY 2014. Regional volumes of Hearing Administrator activity are presented in the graph below.

HEARING ADMINISTRATOR DECISIONS BY REGION - FY 2014



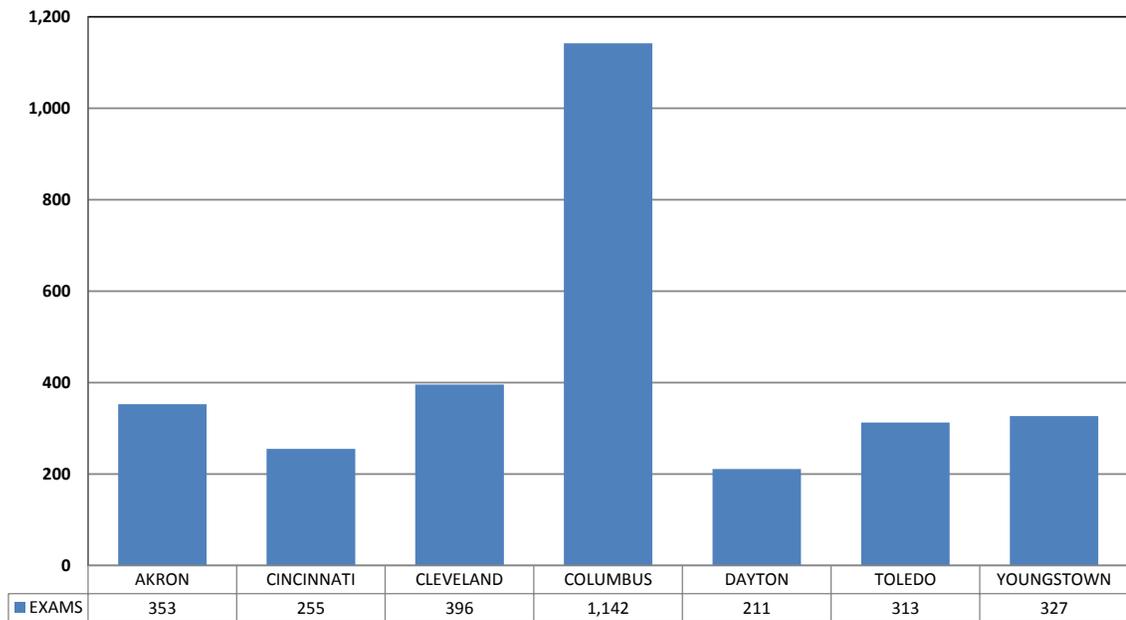
TOTAL DECISIONS FOR FY 2014 - 44,764

Medical Activity

The Industrial Commission schedules medical exams for injured workers who have filed for permanent total disability benefits related to work injuries. Most of these claims will result in a subsequent hearing. The volume of claims within the IC medical section at Fiscal Year ending 2014, was 597 claims.

A total of 2,997 specialist exams and medical reviews were performed on behalf of the IC during FY 2014

**MEDICAL SPECIALIST EXAMS/REVIEWS
FY 2014**



FY 2014 EXAMS = 2,997

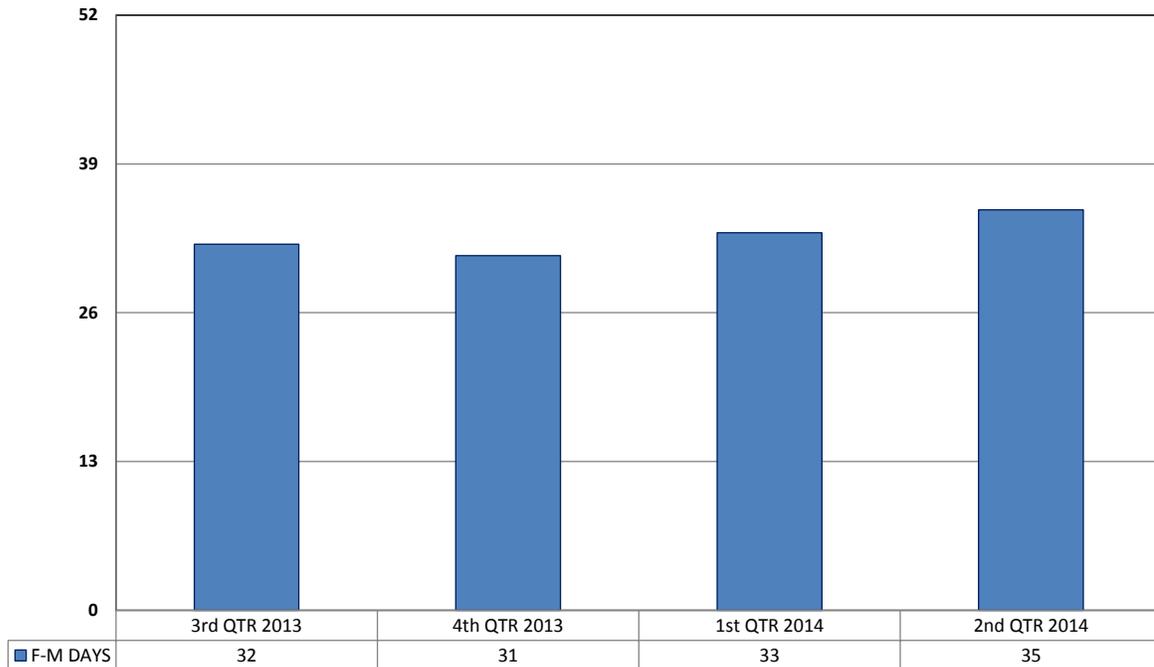
Commission Performance

Hearing timeframe performance mandates and benchmarks have been set forth in HB 107 and HB 413 for the DHO, SHO, and Commission hearing venues. On average, all IC offices and venues performed within the statutory limits set forth that require a claim to be heard within 45 days of a motion or appeal filing. The overall IC performance benchmarks for Filing to Mailing are set at 52 days for each hearing venue. This performance measure is based on the combination of the two statutory periods Filing to Hearing and Hearing to Mailing (45 + 7).

DHO Performance

District hearing officers (DHO) conduct hearings on two formal docket types – Allowance (primarily injury allowance, compensation, and treatment issues) and C-92 (permanent partial disability issues). Only allowance dockets fall under time frame requirements outlined in HB 107. DHOs heard a total of 75,056 allowance docket claims during FY 2014. Of those, 62,032 qualified for inclusion in time studies. On average, the DHO process was completed within 33 days during FY 2014.

DHO FILING TO MAILING PERFORMANCE - FY 2014

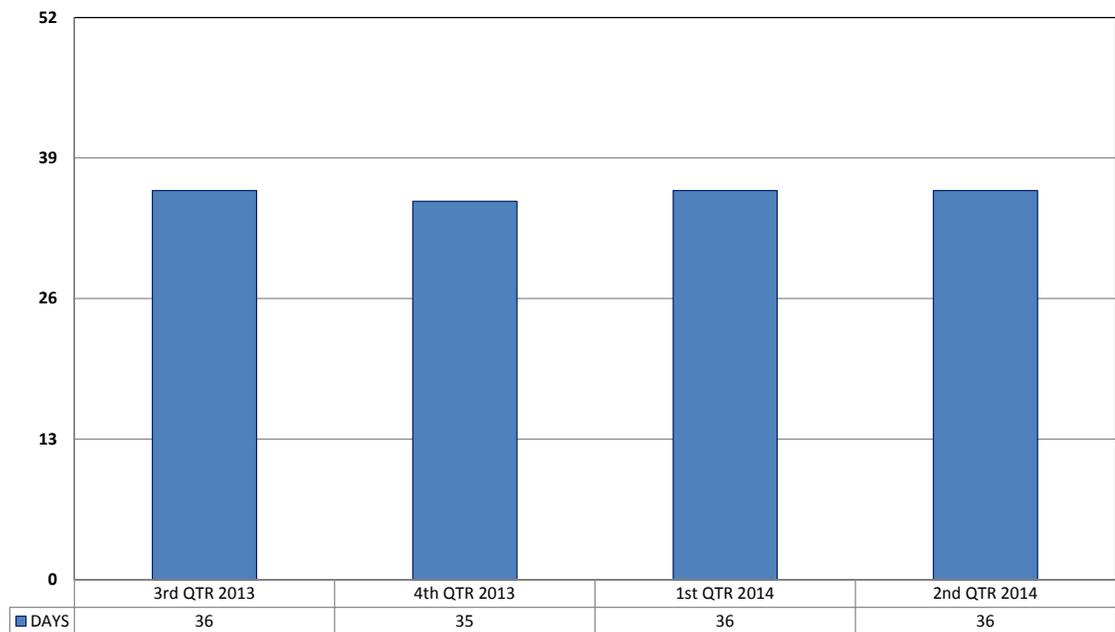


BENCHMARK IS 52 DAYS

SHO Performance

Staff hearing officers (SHO) 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 dockets fall under time frame requirements outlined in HB 107. SHOs heard a total of 33,841 appeal claims during FY 2014. Of those, 29,548 qualified for inclusion in time studies. On average, the SHO process was completed within 36 days during FY 2014.

SHO FILING TO MAILING PERFORMANCE - FY 2014



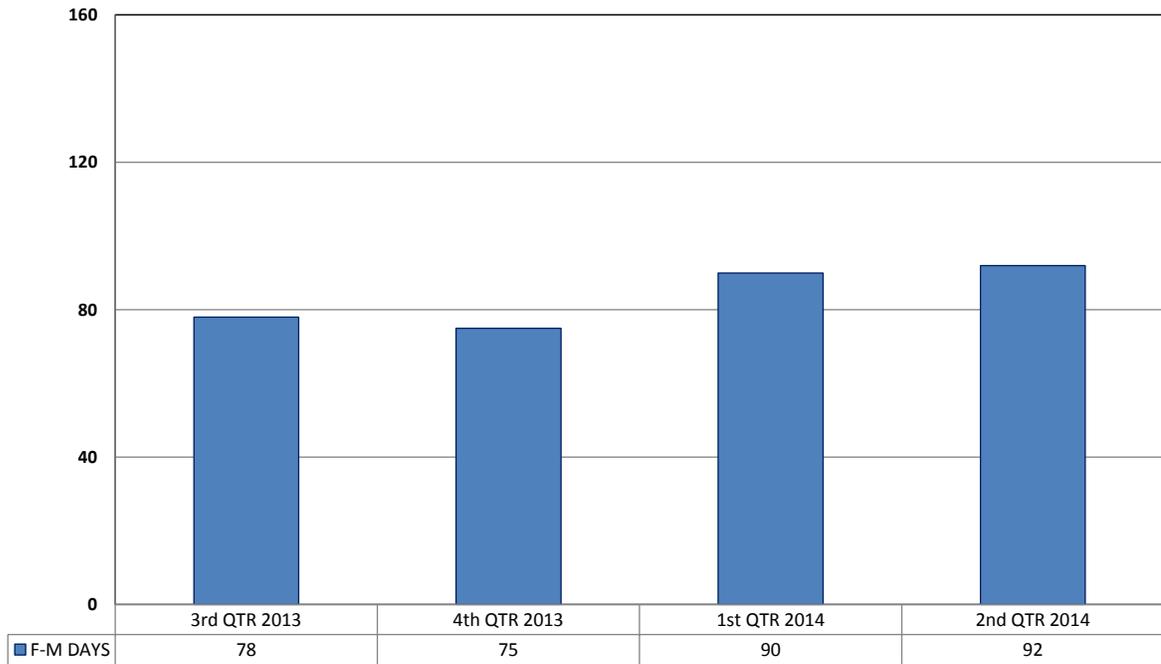
*BENCHMARK IS 52 DAYS

Commission Performance

For hearings conducted during FY 2014, the Commission venue average for the period Filing of Appeal to Hearing Date (F-H) is 45 days.

The Commission venue average for the Filing of Appeal to Mailing of Order time frame is 84 days.

COMMISSION FILING TO MAILING PERFORMANCE - FY 2014

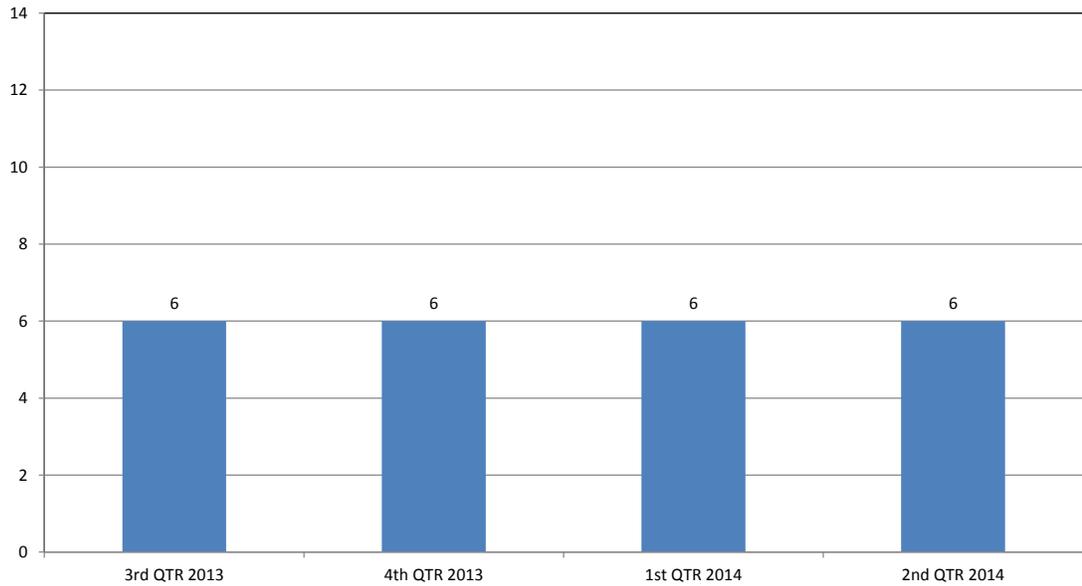


BENCHMARK IS 52 DAYS

SHO Refusal Order Performance

Appeals to SHO orders are discretionary in nature and processed centrally by the Commission Level Hearing Section in Columbus. If an appeal is refused, it is to receive a refusal order within 14 days of the expiration period in which an appeal may be filed to an SHO order.

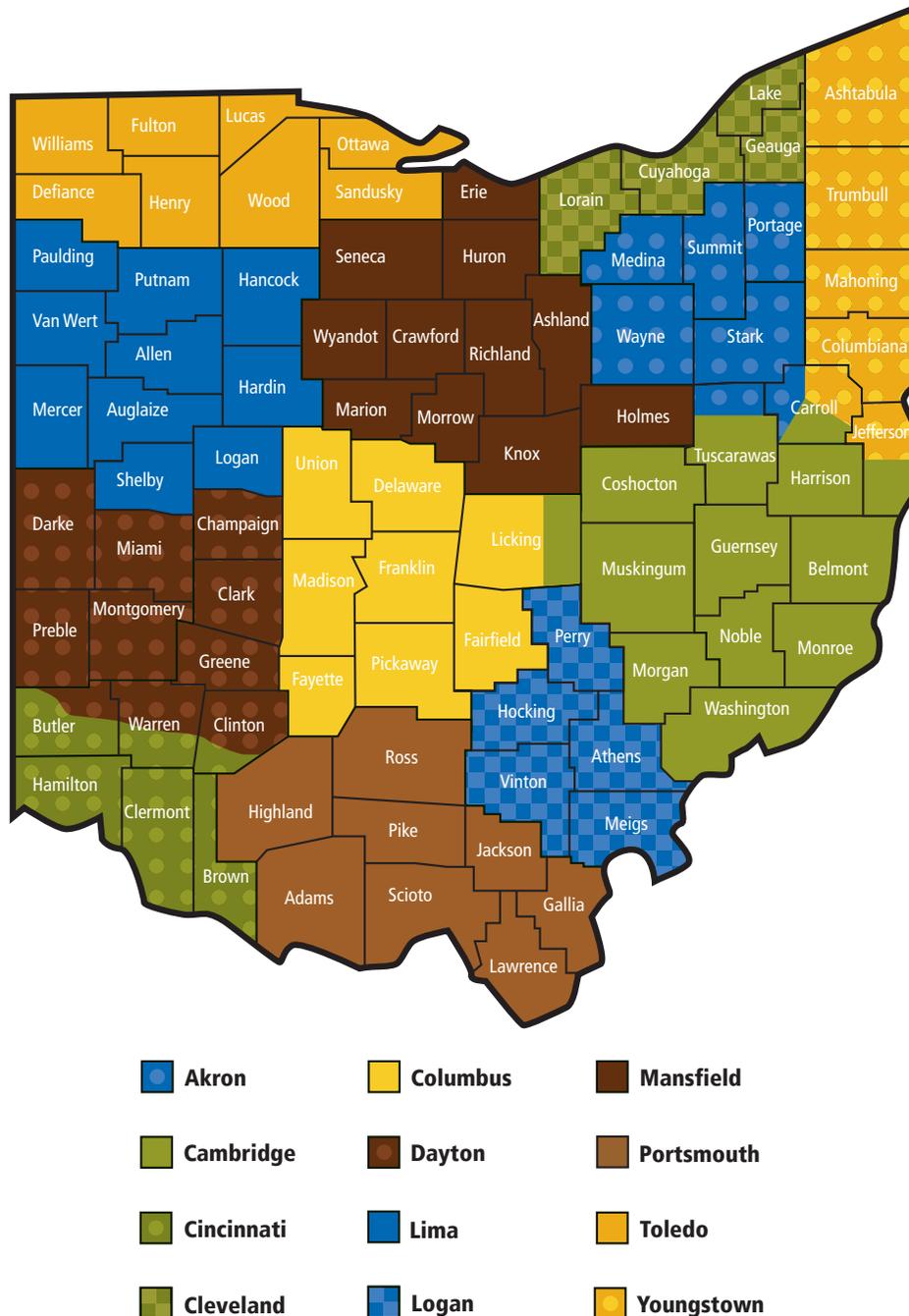
**SHO Appeal Order Expiration Date to Refusal Order Mailing Date
FY 2014**



STATUTE = 14 DAYS

District Offices Assignments Map

Our 12 offices in 5 regions blanket the state. IC office locations are carefully chosen so that most injured workers do not have to drive more than 45 minutes from their home to get to their hearing.



Office Locations & Contact Information

Customer Service and Interpretive Services

800.521.2691; toll free, nationwide
614.466.6136; Franklin County
800.686.1589; toll free, TDD

Email: askic@ic.ohio.gov
Web: www.ic.ohio.gov

AKRON REGION

Akron*

161 S. High St., Suite 301
Akron, Ohio 44308-1602

Tel: 330.643.3550
Fax: 330.643.1468

Mansfield

240 Tappan Drive N., Suite A
Mansfield, Ohio 44906

Tel: 419.529.1360
Fax: 419.529.3084

CINCINNATI REGION

Cincinnati*

125 E. Court St., Suite 600
Cincinnati, Ohio 45202-1211

Tel: 513.357.9750
Fax: 513.723.9811

Dayton*

1242 E. Dayton-Yellow Springs Rd.
Fairborn, OH 45324

Tel: 937.264.5116
Fax: 937.264.5130

CLEVELAND REGION

Cleveland*

615 Superior Ave. NW, 7th Floor
Cleveland, Ohio 44113-1898

Tel: 216.787.3001
Fax: 216.787.3483

Youngstown*

242 Federal Plaza West
Youngstown, Ohio 44503-1206

Tel: 330.792.1063
Fax: 330.792.2473

COLUMBUS REGION

Columbus*

30 W. Spring St., 7th Floor
Columbus, Ohio 43215-2233

Tel: 614.466.4683
Fax: 614.644.8373

Cambridge

2130 E. Wheeling Ave.
Cambridge, Ohio 43725

Tel: 740.435.4000
Fax: 740.435.4010

Logan

12898 Grey St.
Logan, Ohio 43138

Tel: 740.380.9685
Fax: 740.385.2436

Portsmouth

1005 Fourth St.
Portsmouth, Ohio 45662-4315

Tel: 740.354.2334
Fax: 740.353.6975

TOLEDO REGION

Toledo*

One Government Center, Suite 1500
640 Jackson Street
Toledo, Ohio 43604

Tel: 419.245.2740
Fax: 419.245.2652

Lima

2025 E. Fourth St.
Lima, Ohio 45804-0780

Tel: 419.227.7193
Fax: 419.227.7150

*Medical Examination Locations

PTD Submission Process

Permanent total disability (PTD) claims are in a separate category because they are required to be handled differently than other claims that come to the IC. PTD claims take longer to process because there is a required independent medical exam, and there are submission periods built in to allow parties time to obtain medical and vocational information. The submission periods were put into place so that parties could provide hearing officers with the most information possible when they decide whether to grant or deny a PTD award. Exhibit F shows the submission periods for permanent total disability processing.

As shown in Exhibit F (next page), while there are potentially six months of submission periods built into the PTD process, overall the IC is processing PTD claims at a faster rate than the submission periods dictate.

Exhibit F

Permanent Total Disability (PTD) Timeline



* The IC is currently processing PTD applications at a rate of 175 days.

Ohio | **Industrial Commission**

30 West Spring Street
Columbus, Ohio 43215

Governor John R. Kasich
Lt. Governor Mary Taylor

www.ic.ohio.gov
1-800-521-2691