

OMBUDS OFFICE

2012 Annual Report



**Ombuds
Office**

An Independent Service of
Ohio's Workers' Comp System

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Ohio

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May 22, 2013

Industrial Commission
Nominating Council

Dear Council Members:

The Ombuds Office for the Ohio workers' compensation system is pleased to present its 2012 annual report. In accordance with Ohio Revised Code section 4121.45, this report provides statistical information on the office's activities for the year, reviews the prior year's activities, and makes recommendations for improving the Ohio workers' compensation system.

In 2012 the Ombuds Office staff handled 22,571 inquiries from customers of Ohio's workers' compensation system. This volume of customer contacts, from all stakeholders is up substantially from a total 15,378 in calendar year 2011. There are several reasons for this substantial increase from previous year volumes, which are discussed in the executive summary inside this annual report. These 22,571 stakeholder contacts were divided as follows: employers 60%, injured workers 32%, and medical providers 8%. Of these inquiries, 934 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.

While Ohio's economy appears to be rising from the depths of the "Great Recession," and moving towards economic growth and full employment, the Ombuds Office continues to perform its legislative mandate: *"To assist claimants and employers in matters dealing with the Bureau of Workers' Compensation and the Industrial Commission."* The Ombuds Office also continues its other key missions, to be an element for positive change and improvement within Ohio's workers' compensation system. This report provides detail on both of these areas, and as always, I await your comments or questions.

Sincerely,



Michael Travis, Esq.
Chief Ombuds Officer

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Executive Summary

Background

Ohio law (ORC 4121.45) creates a workers' compensation ombuds system, that has been in place since the 1970s. It is the responsibility of the Ombuds Office to assist employers, injured workers, and their representatives, in problems and questions arising out of the Ohio workers' compensation system. The Ombuds Office answers inquiries and investigates complaints about the workers' compensation system, mainly as it relates to injured workers' 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 areas of potential concern in the workers' compensation system. Both the inquiry/complaint data and areas identified as topics to watch are published annually in this report.

2012 Statistical Information

Total inquiries received in 2012 totaled 22,571. 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.

In calendar year 2012, the Ombuds Office had an increase in the volume of **complaints and general inquiries** handled, compared with 2011. The top issue addressed by Ombuds staff continues to revolve around payment of indemnity benefits to injured workers. The prominent employer issue was concerns about how their premium rates were calculated.

	2012	2011	2010
Complaints	934	1,572	1,694
General Inquiries	21,637	13,806	7,073
Total	22,571	15,378	8,767

Review of Ombuds Office 2012 Topics to Watch

Listed below are reviews of Topics to Watch, by the Ombuds Office in 2012.

- Interstate Jurisdiction - Ombuds Office received inquiries from employers and TPAs on this topic, primarily because there is no easy solution to the underlying conflicts.

At issue is when an employee of an Ohio-based employer is injured, in the course of their employment, while traveling in a state other than Ohio. If the

employer is fully compliant with Ohio law, current on their premiums and not in a lapse status, and the employee traveled to the foreign state for a short period of time, Ohio will generally cover the claim. The problem arises, and many Ohio-based employers are caught in this situation, in that the foreign state will not give full faith and credit to Ohio BWC coverage, and may level civil penalties against the employer for failing to purchase workers' compensation insurance in their state.

- Pharmacy Out-Patient Formulary Reforms - In late 2011 and early 2012 through both policy and administrative rule changes, BWC made major modifications to the outpatient medication formulary for injured workers. These changes include limits on the volume and availability of certain opiates prescribed for pain relief. Ombuds has, and anticipates continuing to receive, an increased volume of calls from providers and injured workers, and their representatives, on this topic. Ombuds Office continues to monitor stakeholder contact volume on this issue, and report any trends, as warranted.
- Aging Workforce - Based on the Great Recession's negative effects, the number of older employees remaining in the workforce is growing at a much faster pace than prior historical trends. In 1988, the USA had 15 million workers over age 55, while that number more than doubled to 32 million in 2010. Also, the average age of an employee filing a BWC claim has increased from 31 years in 1990 to 41 years in 2010. These demographic trends have potential impacts on Ohio's workers' compensation system, and the Ombuds Office received an increase on stakeholder calls related to this issue.
- Destination Excellence - Destination Excellence is BWC's new risk program for employers, that focuses on three main areas: increased focus on safety, increased accident prevention, and increased return-to-work options for injured workers. BWC is implementing this program cross several fronts, including local safety councils, drug testing programs, transferred work opportunities, and vocation rehabilitation.

The history of the Ombuds Office shows that any new risk initiatives generate many questions from Ohio employers, and many of these inquiries are fielded by Ombuds staff. In the last year, as statistics data elsewhere in this annual report details, over half of our stakeholder contacts come from Ohio employers. Accordingly, Ombuds Office continues to receive an increase in risk-related inquiries, arising out of BWC's Destination Excellence program.

- Hydraulic Fracturing - Hydraulic fracturing (fracking) is a good-news/bad-news circumstance. The good news is that natural gas and oil fracking has the potential to bring many new jobs, especially in North East Ohio.

The bad news is that many of these jobs arise out of start-up companies, founded by individuals with little or no knowledge of Ohio workers' compensation coverage requirements. Ombuds Office continues to receive calls and anticipates an increasing volume, from start-up businesses seeking information on Ohio workers' compensation coverage basics.

- Predictive Modeling - A growing trend, especially in the private workers' compensation insurance industry, is to use claims data to predict potentially high-cost claims, so that extra staff resource can be used for claims management. This extra attention to certain predicted claims may involve transitional work and/or vocational rehab, leading to reduced costs and quicker return to work outcomes.

Various entities with Ohio's workers' compensation system, including BWC claims, Industrial Commission, Ombuds Office, BWC call center, and Safety & Hygiene are all repositories of large amounts of claims data, both current and historical.

To some degree, BWC is already using this strategy in its auto-adjudication program, using computer models to automatically render an allow/disallow decision on simple medical-only claims applications. With the 80/20 rule applying to workers' compensation claims, (80% of medical and indemnity costs arise out of 20% of claims), increased use of modeling and database analysis could yield large savings and quicker return to work results. For the foreseeable future, the Ombuds Office will be tracking this topic, and reporting as warranted.

- Core Conversion - This topic to watch involves the Core conversion project, which is a huge software re-build. BWC is developing a new software system in which all claims data (for over 1.5 million open claims), all risk data (for approximately 240,000 Ohio employers), all medical payment data (covering \$800 million in annual spending), and other smaller data bases will be migrated to one single integrated platform. Since Ombuds staff utilize BWC databases thousands of times daily, in the ordinary course of handling stakeholder inquiries, the Ombuds Office will be watching this data migration project with interest. Estimated final conversion date is late 2013. Ombuds Office will be reporting on this topic, as warranted.
- Common Sense Initiative and Governor's Economic Development Efforts - As the State of Ohio continues its efforts to become more business-friendly, the Ombuds Office plays on-going role. The Ombuds Office, as an independent entity, provides a viewpoint removed from both BWC and IC, on policies, procedures and administrative rules related to Ohio's workers' compensation system.

With over half our 22,000 annual inquiries coming from employers, Ombuds Office staff are in an excellent position to gain first-hand knowledge from Ohio business on confusing, burdensome, out-dated, and/or ill-conceived regulations. The Ombuds Office will continue to receive, compile, and analyze these stakeholder concerns, and pass on any trends to the appropriate party, as warranted.

- Independent Contractors and Temporary workforce - With the ongoing economic uncertainty, many employers are reluctant to hire new full-time employees, and are instead looking to independent contractors and/or temporary help. Many Ohio employers wrongfully assume that categorizing an individual as a "temp" or independent contractor relieves them of all workers' compensation liability.

Both the Federal government and State of Ohio have independently announced increased enforcement efforts, on allegations of intentional mis-classification of employees as independent contractors. In addition, the Ohio General Assembly is currently considering legislation to clarify the legal criteria over the distinction between employee and independent contractor.

Accordingly, based on the above information, the Ombuds Office continues to receive a high volume of stakeholder contacts, from both employers and injured workers, on this subject.

- Teleworking - In an effort to both reduce costs and improve efficiencies, many entities in both the public sector are looking to (or even have begun to implement) teleworking. For many jobs that utilize phone lines and computers exclusively, with no face-to-face customer contact, work can be performed at any location, including an employee's home. While there are obvious benefits (no commuting costs for the employee and reduced overhead expenses for the employer), such a program raises several legal issues, related to workers' compensation.

If working from home, on a company-supplied computer and phone, when is the employee "on the clock"? When are they at lunch or on break? Do safety rules apply to such home-based work spaces? From a BWC risk and premium viewpoint, what manual classification should those employees be placed in?

The Ombuds Office is receiving calls from private and public sector employers, and third party administrators, raising those questions, and the volume of inquiries related to this topic will continue to rise in the foreseeable future.

2013 Topics To Watch

Along with processing the large volume of annual stakeholder contacts handled by Ombuds staff (estimated to be approximately 24,000 in CY2013), the Ombuds Office is also charged with looking to the future and anticipating new challenges in Ohio's workers' compensation system.

Listed below are the Ombuds Office top ten list of topics to watch in 2013 and into the future. Most of these topics are currently in the Ohio workers' compensation equation, while a few will be anticipated in the near future. All of these topics reflect subjects that the Ombuds Office anticipates receiving an increased call volume either from injured workers, employers, and/or medical providers.

Over the last four decades, history has shown that any major changes to Ohio's workers' compensation system raise questions, and many of these questions from stakeholders are fielded by the Ombuds Office. In an on-going effort to be proactive and to ensure that the information provided by Ombuds Office staff is 100% timely and 100% accurate about new laws and issues that affect our stakeholders, the Ombuds Office is always keeping an eye on future developments within the workers' compensation system.

Accordingly, listed below is a brief summary of the key issues the Ombuds Office anticipates in 2013. Some of these involve changes to Ohio statutes and administrative rules, while others are legal trends that may be carried over from prior years, but all are topics that are expected to generate questions and concerns handled by Ombuds Office staff in 2013, and beyond.

- 1) Core Conversion - Beginning in 2012 and continuing into 2013, BWC is developing a new enterprise-wide software system that addresses claims, employer risk, and medical data. This new system, PowerSuite, is scheduled to roll out in late 2013 and will replace WCIS, V-3, and a variety of other BWC programs, some dating back 20+ years. Ombuds Office anticipates a large influx of calls from stakeholders in late 2013, as this program is implemented.
- 2) Claims Triage - Ombuds Office began to receive calls from stakeholders in 2012 and has seen an uptick in early 2013, regarding BWC's conversion to this new program. The basis of claims triage is converting from the Bureau's long-standing process of giving a single claims service specialist (CSS) all aspects of managing a claim from start to finish, to a new triage system where specialists will monitor certain aspects of a claim, then pass it on. Various separate claims functions include initial intake and evaluation, setting wage levels, managing a claim that is medical-only, and/or maintaining the claim if it becomes lost-time.

This new program is a good news-bad news proposition; it is good that various CSSs state-wide develop increased expertise in a specific area, but the bad news (and an area that Ombuds staff continue to receive complaints) is that no one individual has total ownership of the claim, and stakeholders express frustration about a lack of accountability.

Ombuds Office will be closely tracking this issue in 2013, and report back to ICNC members, as warranted.

- 3) Adjudication of Employer Disputes - The ADR process of handling employer risk disputes will continue to be an area watched by the Ombuds Office in 2013. BWC has recently announced policy and staffing changes in this area, always a topic of concern and contention to employers, and it is anticipated that stakeholder contact volumes will increase in 2013.
- 4) Successor/Predecessor Disputes - Whether or not a bad experience modifier transfers to a new entity, when they purchase the assets of a predecessor, has long been an area of dispute in Ohio's workers' compensation. Many purchasers complain to the Ombuds Office that they are being unfairly tagged with the cost of prior claims. In March 2013 the Ohio Supreme Court issued a decision, addressing this issue, and the Ombuds Office anticipates an increase in employer calls on this controversial topic.
- 5) Predictive Modeling - The Ombuds Office continues to study the best practices of other workers' compensation systems and insurance carriers, regarding this topic, as started in 2012. This process involves using data trend analysis to accurately predict, early on in the claim life cycle, what claims are potentially very costly, so more hands-on care can be provided, to ensure quicker return-to-work, and other favorable outcomes.
- 6) Group Rating Disputes - The Ombuds Office consistently receives phone calls from employers, inquiring about the Bureau's group rating program. With the recent class-action litigation and related publicity, the Ombuds Office anticipates an increase in stakeholder calls in 2013.
- 7) Aging Workforce and Medicare Set-asides - This was a hot topic in 2012 and continues into 2013. The Ombuds Office gets a high volume of calls from stakeholders on disputes that arise when Ohio's workers' compensation laws collide with the Federal Medicare Act.

One of the most troubling issues that Ombuds handles is complaints from injured workers regarding Medicare denial of service. This occurs when Medicare refuses to cover medical treatment when the Medicare recipient has a workers' compensation claim, even if the conditions for Medicare are totally unrelated to the compensation claim. Ombuds regularly works with injured workers on such incredible examples as an individual with a 1991 broken thumb Ohio compensation claim (totally closed out), and Medicare refusing to provide care for cancer, insisting that BWC pay for this injured workers totally non-work related cancer. Medicare is extremely inflexible in listening to reason and common sense in such circumstances, but Ombuds Office staff continue to regularly handle such complaints.

A second issue Ombuds will be tracking in 2013, related to Medicare, is the federal requirement that all lump sum settlements involving Medicare eligible/ Medicare probable injured workers (persons 62 or older) must set up a Medicare set-aside trust fund. This requirement is both confusing and frightening to many injured workers when they are considering a lump sum settlement.

These areas of legal conflict between Ohio law, Federal statutes, Medicare rules and BWC policies and procedures are very fluid, and Ombuds will be tracking these closely in 2013, to ensure that timely and accurate information is dispensed.

- 8) Opiates and Pharmacy Changes - This continues to be a highly charged topic, one in which Ombuds receives many stakeholder contacts. Ombuds Office continues to receive many contacts from Ohio employers, with inquiries about the drug free safety program.

In early 2013, BWC implemented rules requiring medical providers who dispense opiate prescriptions to enroll in Ohio's automated Rx reporting system (OARRS). This requirement, along with increased drug utilization reviews, has resulted in a substantial increase in stakeholder contact volume, and the Ombuds Office anticipates this trend to continue in CY2013.

- 9) Interstate Jurisdiction Disputes - Just like occurred in CY2012, Ombuds Office anticipates this topic to remain of concern in CY2013. Ombuds Office continues to receive inquiries from employers and TPAs on this topic, primarily because there is no easy solution to the underlying conflicts.

At issue is when an employee of an Ohio-based employer is injured, in the course of their employment, while traveling in a state other than Ohio. If the employer is fully compliant with Ohio law, current on their premiums and not in a lapse status, and the employee traveled to the foreign state for a short period of time, Ohio will generally cover the claim. The problem arises, and many Ohio-based employers are caught in this situation, in that the foreign state will not give full faith and credit to Ohio BWC coverage, and may level civil penalties against the employer for failing to purchase workers' compensation insurance in their state.

As stated previously, this on-going problem defies an easy solution, since Ohio is a monopolistic state and all-states coverage is generally not available, or would be an extra expense. Ombuds Office will continue its on-going efforts to address employer concerns, and educate Ohio employers on this potential area of concern.

Increased technological capabilities of the workplace now allow for more work from home, remote computing, and long distance/electronic commuting. As a result, there remains increased legal disputes about the proper location for obtaining workers' compensation coverage. The Ombuds Office closely monitors all changes in this area, to ensure that accurate information is supplied to both employers and employees, when questions arise.

- 10) Out-of-State and Rural Ohio Medical Care Accessibility - This topic was of concern in 2012 and will continue to be a topic to watch in CY2013.

At issue is when injured workers seek medical treatment for allowed conditions, but are unable to locate a physician who will render service. In most instances,

BWC is ready, willing and able to pay for the services, but the injured worker can not find a treating physician. This circumstance occurs both in rural areas of Ohio, and also for PTD recipients, who have moved out of state.

Ombuds Office works with MCOs and BWC staff on addressing these concerns, but it remains an ongoing problem, without a viable, quick solution.

2012 Administrative Update

Budget:

Expenditures to operate the Ombuds Office in CY2012 totaled \$622,875. This total includes payroll costs for staff of \$544,372 and operating expenses of \$78,503. Total expenditures for CY2012 were actually down 1.5% from the same period in CY2011. A spreadsheet providing budget details can be found on page 27 of this annual report.

Total payroll costs for 2012 vs. 2011 were up a very slight .07%. In CY2012 no Ombuds employees received any raises, bonuses or cost of living increases. In calendar year 2012, no overtime was paid. In CY2012, the Ombuds Office lost two long-term employees to retirement (30 and 33 years of service) and we filled the two vacancies with only one new FTE.

Non-payroll operating costs for the Ombuds Office for 2012 were \$78,503, down about 5% from \$82,782 in 2011. The three largest operating expenses for the Ombuds Office are rent, utilities, and building maintenance.

Database:

In December 2012 the Ombuds Office concluded its fourth full year of the ePowerCenter tracking software. Benefits of this industry standard software include:

- Improved tracking of individual complaints and inquiries
- Improved consistency of information provided to Ombuds Office customers
- Quicker recall history of prior discussions with customers
- Quicker access to injured worker claims data
- Quicker access to employer risk data
- Improved report generating capabilities
- Improved data trend analysis capabilities

The Ombuds Office began collecting data in January 2009, and this data continues to be useful in conducting year over year comparisons, and identifying customer trends. In addition, several BWC divisions are now using ePowerCenter. While the ePowerCenter data on the Ombuds system remains 100% segregated from BWC data, and Ombuds continues to retain its statutory independence and neutrality, this sharing of the same software allows for better data trend analysis of current and future problems.

Customer Tracking:

Ombuds Office regularly conducts analysis, tracking the source of our customer contacts, to more effectively market workers' compensation Ombuds services. The top ten sources of Ombuds Office work load:

- 1) General awareness of 1-800 Ombuds number
- 2) Referral from BWC claims offices
- 3) Found Ombuds Web site
- 4) Found Ombuds informational brochure
- 5) Referral from BWC Board member or BWC Administration
- 6) Referral from Industrial Commission hearing officer
- 7) Referral from other government agency
- 8) Referral from attorney
- 9) Referral from union representative
- 10) Referral from MCO

Marketing of Ombuds Office Services

Over the last few years, through the end of 2008, the overall volume of complaints and inquiries handled by the Ombuds Office showed a slight but steady decline. Some of this downward trend was 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 continued marketing efforts in 2012. These included:

Printed Material

The Ombuds Office continues to distribute an updated capabilities brochure, designed to answer questions and provide information to the major stakeholder groups: employers and injured workers. The brochure was produced and printed in-house at minimal cost by BWC Communications and Office Services staff. This brochure is mailed out upon request, distributed at speaking engagements, and provided to injured workers and employers by Industrial Commission hearing officers.

Marketing to Industrial Commission Staff

The Ombuds Office continued marketing of its services to the Industrial Commission in 2012 in several ways. These included:

- Distributed Ombuds Office brochure, as described above, in IC hearing locations, state-wide
- Met first-hand with IC support staff, in IC offices state-wide, to discuss available Ombuds Office services
- Enhanced placement of link to Ombuds Office information on IC's Web site, www.ohioic.com

Marketing to Bureau of Workers' Compensation Staff

The Ombuds Office continued marketing of its services to the BWC in 2012, in several ways. These included:

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

- Worked with BWC's 1-800-OHIO-BWC call center staff to increase awareness of Ombuds Office services and to increase referrals

Marketing to Ohio Employers

In 2012 the Ombuds Office continued marketing and awareness of its services to Ohio employers in several ways. These include:

- Distributed Ombuds Office capabilities brochure to business trade groups for distribution to their members
- Spoke at special events and/or seminars with target audiences present, including Ohio Safety Congress
- Provide information on Ombuds Office services to local and regional chambers of commerce and safety councils

Marketing to Government Officials

In 2012 Ombuds Office continued marketing and awareness of its services to various Ohio government entities. These include:

- Provided 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
- Provided updated information on Ombuds Office services to call centers and action lines of local government entities, including Ohio cities, counties, and townships

Provided updated information on Ombuds Office to court personnel across Ohio.

Marketing to Labor Groups

In 2012 Ombuds Office increased the marketing of its services to Ohio labor groups in several ways. These include:

- Distributed Ombuds Office capabilities brochure to local unions, across Ohio
- Spoke at labor seminars, including AFL-CIO, UAW, and Teamsters
- Provided links to Ombuds Office information on the Web sites of local unions
- Conducted meetings with local union stewards, to increase their awareness of the services offered by the Ombuds Office

Ohio Bureau of Workers' Compensation Year-End Statistics

	FY 2012	FY 2011	FY 2010
State-fund claims filed			
Lost time	12,130	13,404	13,296
Medical only	87,943	90,132	89,505
Occupational disease	920	1,130	1,112
Death	172	169	238
Disallowed or dismissed	11,448	11,543	11,891
Total	<u>112,613</u>	<u>116,378</u>	<u>116,042</u>
 Net allowed injuries	 101,165	 104,835	 104,151

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	374,482	366,142	386,503
Medical only	695,574	763,731	834,799
Total	<u>1,070,056</u>	<u>1,129,873</u>	<u>1,221,302</u>

Benefits paid

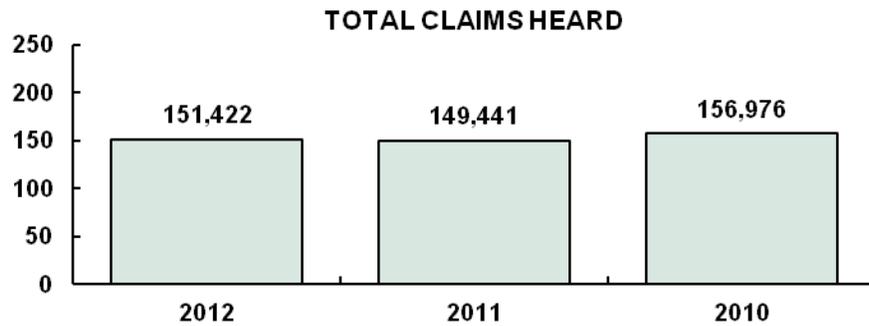
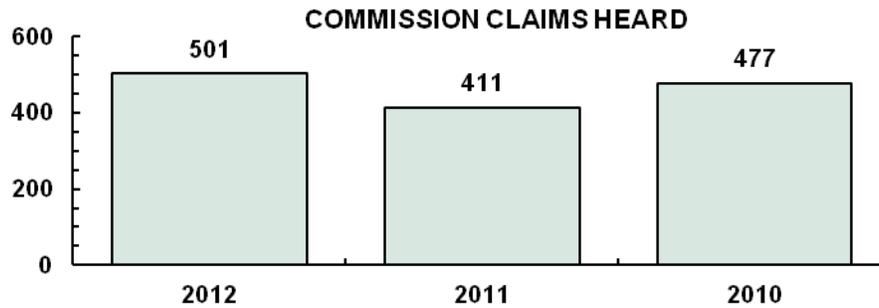
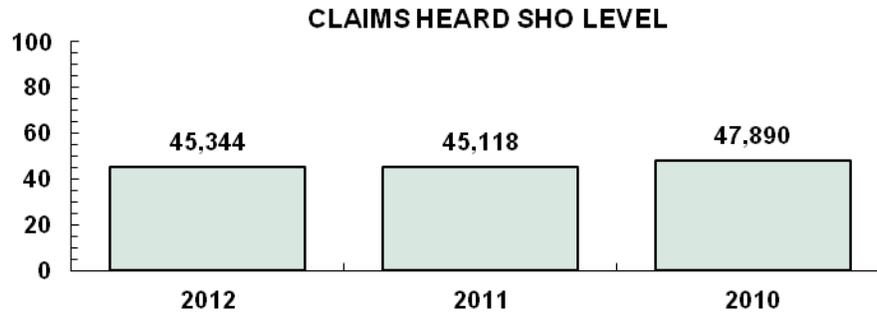
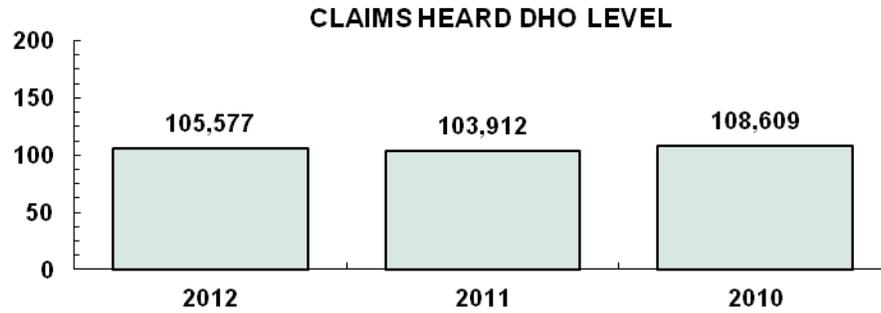
Medical benefits paid	\$ 748,851,329	\$ 778,853,015	\$ 800,805,344
 Compensation paid			
Wage loss	\$ 20,027,409	\$ 21,397,029	\$ 21,352,353
Temporary total	268,918,187	273,321,156	267,470,408
Temporary partial	17,049	29,326	56,996
Permanent partial	20,990,997	21,033,715	20,353,634
% Permanent partial	68,938,435	70,258,487	79,543,300
Lump sum settlement	149,216,151	115,918,814	151,257,527
Lump sum advancement	29,282,177	30,191,113	21,772,977
Permanent total & DWRF	389,656,231	383,895,419	386,973,795
Death	83,307,500	82,884,488	82,894,164
Rehabilitation	41,644,211	46,989,884	47,821,615
Other	6,700,579	7,851,564	6,084,179
Total compensation paid	<u>\$ 1,078,698,926</u>	<u>\$ 1,053,770,995</u>	<u>\$ 1,085,580,948</u>
 Total benefits paid	 <u>\$ 1,827,550,255</u>	 <u>\$ 1,832,624,010</u>	 <u>\$ 1,886,386,292</u>

BWC year-end statistics continued

	FY 2012	FY 2011	FY 2010
Fraud statistics			
Fraud dollars identified	\$ 59,373,483	\$ 58,155,950	\$ 66,184,460
\$\$\$ saved to \$\$\$ spent ratio	5.61 to 1	5.41 to 1	6.30 to 1
Prosecution referrals	251	245	240
Active employers by type			
Private	249,668	250,432	251,009
Public (local)	3,801	3,802	3,790
Public (state)	122	125	124
Self-insured	1,196	1,203	1,202
Black Lung	35	39	37
Marine fund	132	120	106
Total	<u>254,954</u>	<u>255,721</u>	<u>256,268</u>
BWC personnel	1,939	2,064	2,262
IC personnel	401	401	438
MCO fees paid	\$ 168,403,331	\$ 166,960,072	\$ 165,187,219

	FY 2012	FY 2011	FY 2010
Operating revenues			
Premium and assessment income, net of provision for uncollectibles and ceded premiums	\$ 1,944,478	\$ 1,935,180	\$ 2,118,421
Other income	14,115	14,989	15,018
Total operating revenues	<u>\$ 1,958,593</u>	<u>\$ 1,950,169</u>	<u>\$ 2,133,439</u>
Non-operating revenues			
Net investment earnings	\$ 720,210	\$ 764,746	\$ 715,387
Increase (decrease) in fair value	1,323,434	1,599,613	1,334,234
Net investment income (loss)	<u>\$ 2,043,644</u>	<u>\$ 2,364,359</u>	<u>\$ 2,049,621</u>
Total BWC assets	\$ 28,016,507	\$ 26,100,706	\$ 24,095,908
Total Net assets	\$ 7,817,739	\$ 5,772,002	\$ 3,825,079

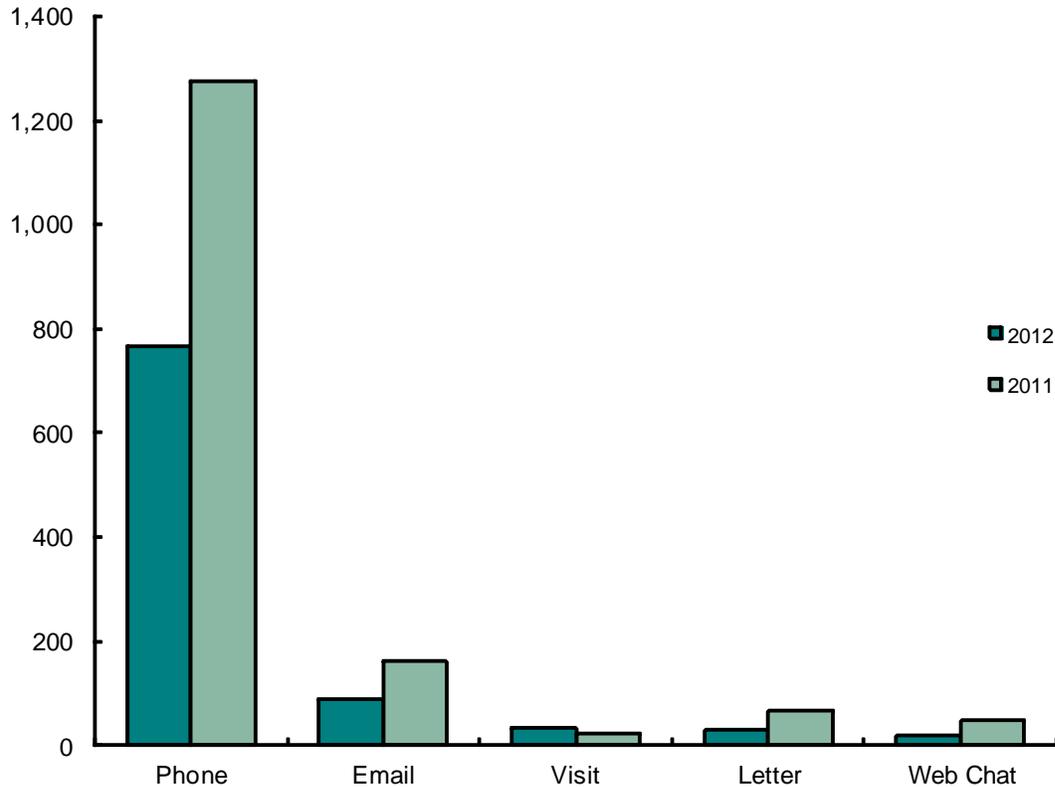
Industrial Commission 2012 Year End Statistics



Statistical Information

Contact Method

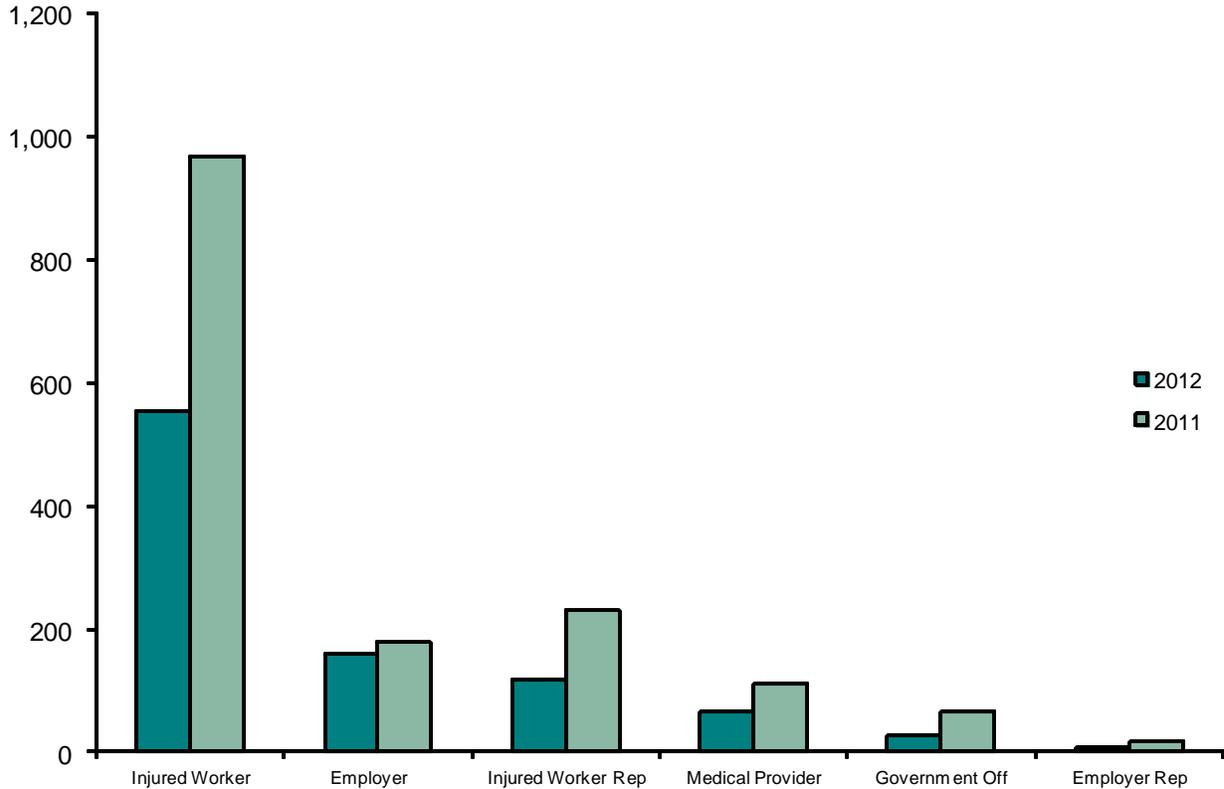
The Ombuds Office resolved 934 complaints during 2012. The complaints were received by the following methods:



	2012	2011	Percent Change
Phone	766	1,275	-40%
Email	88	161	-45%
Visit	32	21	52%
Letter	30	66	-55%
Web Chat	18	49	-63%
Total	934	1,572	-41%

Originator Report

Complaints are recorded for the purpose of identifying which group of individuals use Ombuds Office services.



Originator Type	2012	2011	Percent Change
Injured Worker	554	967	-43%
Employer	161	178	-10%
Injured worker Representative	118	230	-49%
Medical Provider	65	113	-42%
Government Office	28	65	-57%
Employer Representative	8	19	-58%
Total	934	1,572	-41%

Executive Summary of Complaint Statistics

Charts on the next three pages analyze the volume of complaints received and processed by the Ombuds Office. In calendar year 2012 the Ombuds Office handled 934 separate complaints, down 41% from the same period of 2011.

The first chart, ***Initial Complaint Report***, shows who or what was initially established by Ombuds Office staff to be the subject of the complaint.

The second chart, ***Accountability Report***, identifies who is the party ultimately responsible for the problem. This determination is made by Ombuds Office staff after the complaint has been fully researched.

The third chart, ***Complaint Resolution Report***, denotes what the Ombuds Office staff found to be the problem. This determination is made after a complete review and analysis of this complaint has been made, by Ombuds Office staff.

Note that all three of these reports are useful tools in determining trends and identifying areas where the workers' compensation system can be improved.

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	2012	2011	Percent Change
Compensation	197	392	-50%
Employer Policy Issues	153	167	-8%
Bureau of Workers' Compensation	152	214	29%
Processing Delay	74	192	-61%
IC Hearing Issues	55	74	-26%
Pharmacy Benefits Manager	52	62	-16%
MCO—Medical Bills Non Payment	47	72	-35%
Claim Allow/Disallow	45	59	-24%
MCO - Authorization of Medical Treatment	43	65	-34%
Self Insured Bills Non Payment	41	83	-51%
Employer Delay of claim Processing	38	80	-53%
Medical Provider	23	65	-65%
MCO - Find Medical Provider	8	6	33%
Attorney Delay	4	29	-86%
MCO Vocational Rehabilitation	2	10	-80%
Injured Worker Attorney Fee Disputes	0	2	-100%
Total	934	1,572	-41%

Accountability Report

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

Accountability	2012	2011	Percent Change
Injured Worker	302	561	-46%
BWC	242	419	-42%
Employer	162	266	-39%
Medical Provider	120	151	-21%
MCO	38	45	-16%
Injured Worker Rep	19	48	-60%
Pharmacy Benefits Mgr	18	6	200%
IC	17	23	-26%
Employer Representative	9	22	-59%
Financial Institution	4	7	-43%
Unverified Complaint	2	10	-80%
Government Office	1	12	-92%
UCR	0	2	-100%
Total	934	1,572	-41%

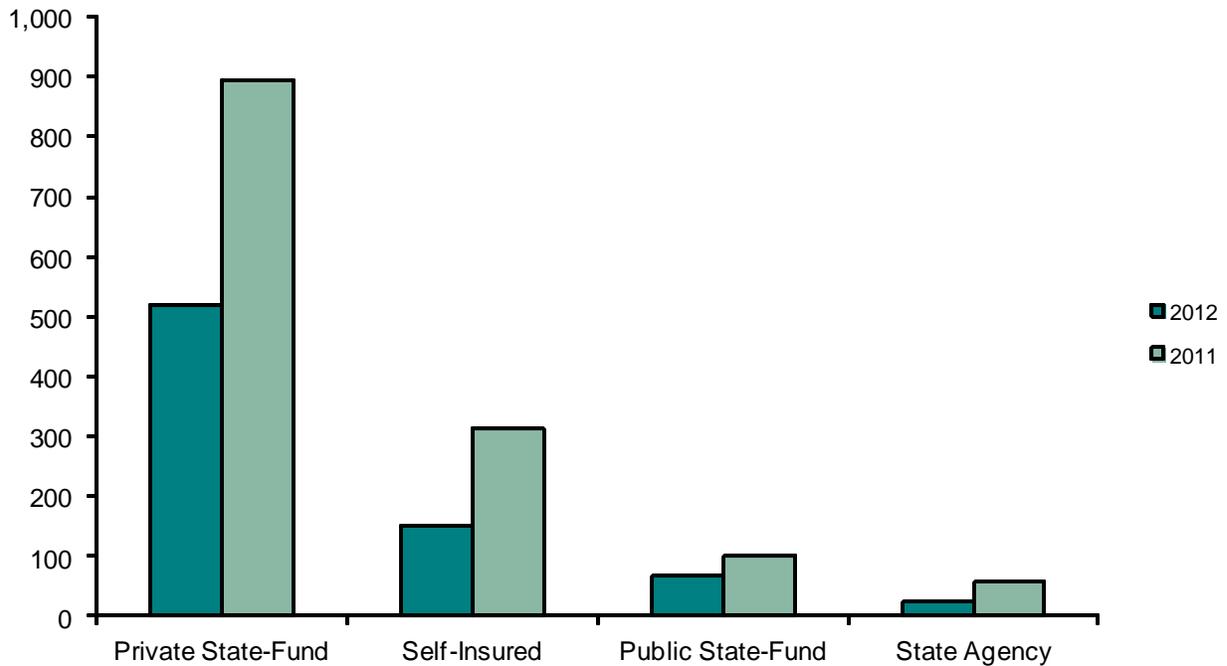
Complaint Resolution Report

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

Resolution	2012	2011	Percent Change
Unjustified Complaint	179	357	-50%
Claims Representative Error	159	288	-45%
Employer Error	86	88	-2%
Injured Worker	80	83	-4%
Appeals	80	153	-48%
Provider Error	79	82	-4%
Treatment/Bills Denied	60	105	-43%
Policy Services Error	41	27	52%
Claims Representative Information	28	106	-74%
Information Missing	26	64	-59%
MCO Error	23	28	-18%
Employer Representative Error	18	52	-65%
Wanted Claim Expedited	14	43	-67%
Statute of Limitations	14	4	250%
IW Representative Error	9	8	13%
Med. Exam/Review Required	8	24	-67%
Claim Disallowed	8	21	-62%
IC Error	6	9	-33%
Overpaid	5	5	0%
Unresponsiveness CSS / MCS	4	11	-64%
IW Out of State	3	0	NA
Warrant Lost or Stolen	1	0	NA
New Claim Status	1	3	-67%
Claim Settled	1	4	-75%
Claim Inactive	1	2	-50%
Warrant Returned/Reissued	0	1	-100%
Hearing Problems	0	4	-100%
Total	934	1,572	-41%

Complaint by Claim Type

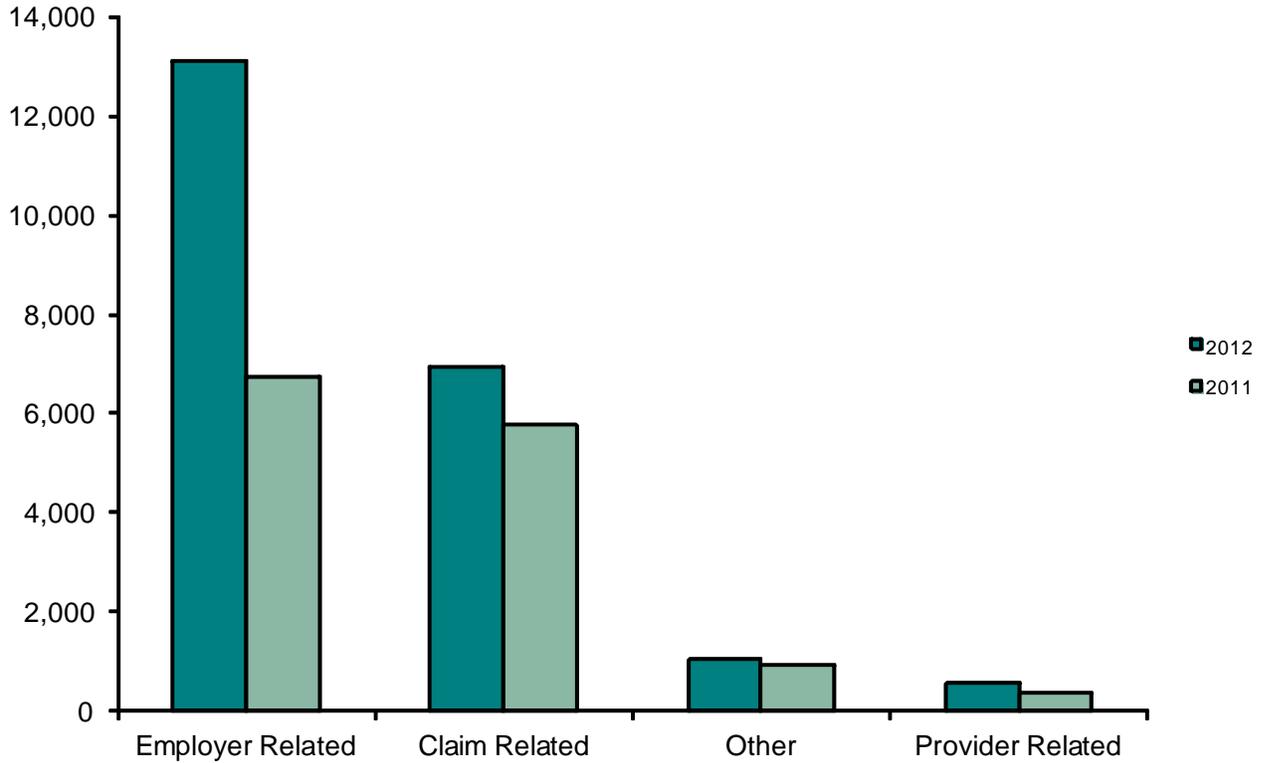
The data and chart below provide information on the type of claim, giving rise to the initial complaint.



Claim Type	2012	2011	Percent Change
Private State-Fund			
Lost Time	417	729	-43%
Medical Only	102	167	-39%
Total	519	896	-42%
Self-Insured			
Lost Time	99	222	-55%
Medical Only	52	90	-42%
Total	151	312	-52%
Public State-Fund			
Lost Time	53	78	-32%
Medical Only	15	24	-38%
Total	68	102	-33%
State Agency			
Lost Time	23	44	-48%
Medical Only	2	14	-86%
Total	25	58	-57%
Grand Total	763	1,368	-44%

General Inquiries

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

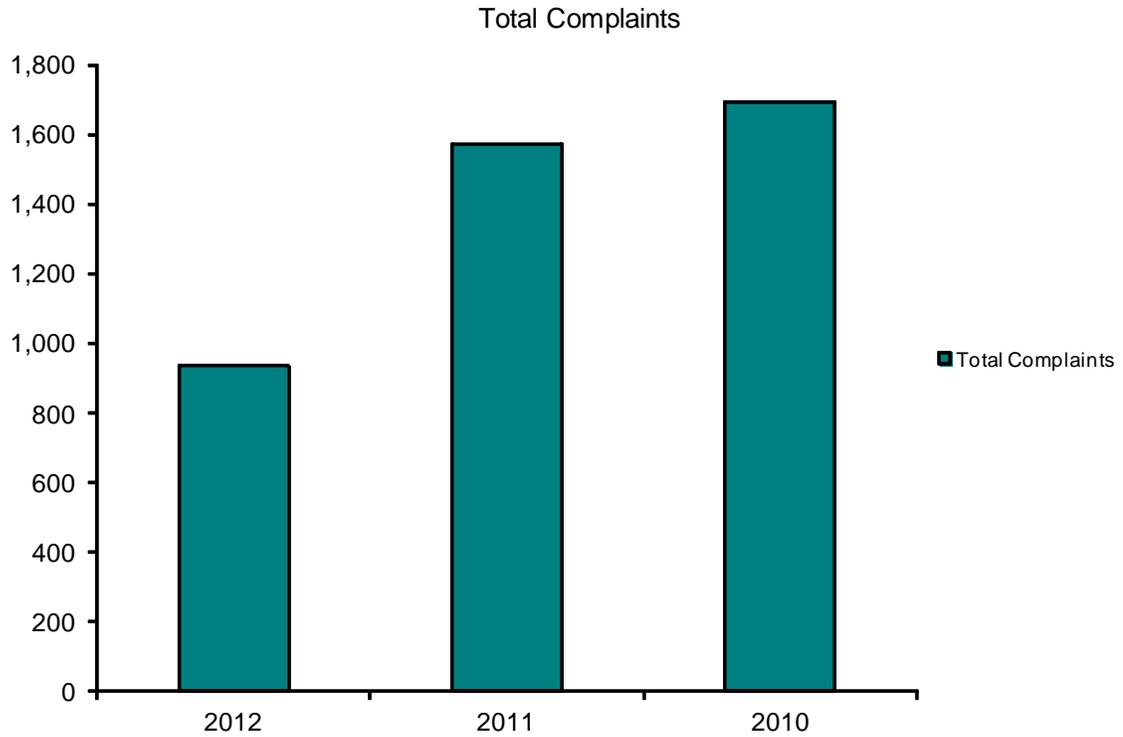


General Inquiries	2012	2011	Percent Change
Employer Related	13,118	6,755	94%
Claim Related	6,951	5,768	21%
Other ¹	1,030	917	12%
Provider Related	538	366	47%
Total	21,637	13,806	57%

¹Primarily calls related to other government benefits.

Ombuds Office Complaint History

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



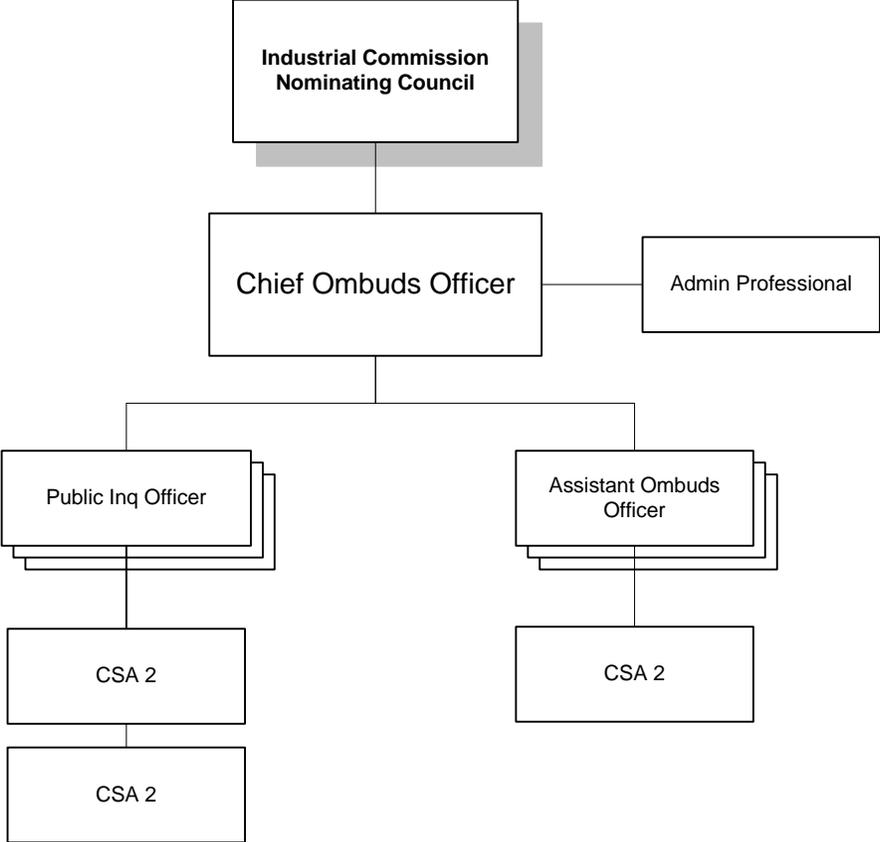
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Complaints	934	1,572	1,694

BWC OMBUDS OFFICE EXPENDITURE REPORT - CALENDAR YEAR 2012

OBJECT CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL EXPENSES
10 Payroll	42,429	50,508	41,965	62,297	38,304	38,822	40,842	44,637	64,886	38,570	38,637	38,861	540,758
10 Overtime Paid	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Personal Service	0	0	497	0	0	816	0	0	862	0	0	900	3,075
15 Other P.S.	195	65	0	0	0	278	0	0	0	0	0	0	538
Total 100	42,624	50,573	42,462	62,297	38,304	39,917	40,842	44,637	65,748	38,570	38,637	39,761	544,372
20 Edible Products	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Supplies	0	0	0	7	0	27	0	196	0	17	129	0	376
211 INTRNL SUPPLIES	418	51	0	301	3	71	0	390	317	0	56	68	1,675
22 Vehicle Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0
221 INTRNL VEHICLE	0	35	0	0	0	112	49	72	112	0	43	0	423
23 Travel Fees	0	0	0	(447)	0	0	0	0	0	0	0	0	(447)
24 Communications	24	52	52	0	100	50	52	50	269	32	(218)	53	516
241 INTRNL COMM	333	372	277	419	415	513	387	400	374	342	372	125	4,329
25 Fuel/Utilities	0	0	1,226	0	0	1,249	0	0	2,138	0	0	1,866	6,479
26 Maintenance	0	0	2,436	0	0	1,060	0	0	1,293	0	0	2,375	7,164
27 Rentals	0	0	49,532	0	0	0	0	0	3,745	0	0	0	53,277
28 Printing/Advertising	0	0	0	0	0	0	0	0	0	0	0	0	0
281 INTRNL PRT/ADV	0	0	0	0	0	0	0	0	0	0	0	0	0
29 General/Other	970	266	254	333	363	696	271	479	248	261	570	0	4,711
291 GENERAL	0	0	0	0	0	0	0	0	0	0	0	0	0
Total 200	1,745	776	53,778	614	880	3,777	759	1,587	8,496	652	952	4,487	78,503
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	0	0	0	0	0	0
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												
Grand Total	44,369	51,350	96,240	62,911	39,184	43,694	41,601	46,224	74,244	39,222	39,589	44,248	622,875

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

Ombuds Office Table of Organization



Industrial Commission Nominating Council

Roster current as of May 2013

Employer Representatives:

Eric Burkland*
Ohio Manufacturers Association

Andrew Doehrel***
Ohio Chamber of Commerce

Catherine Duhigg Gannon
Eaton Corporation

Gordon M. Gough
Ohio Council of Retail Merchants

Public Members:

Daniel Massey, Esq.
Porter Wright

Robert Schmitz
Service Association of Ohio

Labor Representatives:

Tim Burga**
Ohio AFL-CIO

Frank Gallucci, Esq.
Plevin & Gallucci

JoAnn Johntony
Ohio Association of Public
School Employees Union

David Prentice
United Steelworkers

Individual Business:

Roger Geiger
National Federation of
Independent Business

Association of Justice:

Phillip Fulton, Esq.
Fulton Law Office

* Chairperson

** Vice Chairperson

*** Secretary