

July 1, 2021 | June 30, 2022



Fiscal year 2022 Annual Report

Ohio

**Bureau of Workers'
Compensation**

Governor Mike DeWine
Administrator/CEO Stephanie McCloud

We've got you covered

www.bwc.ohio.gov



01/04/2023

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Letter from the Administrator

Dear Governor DeWine,

I am pleased to present our annual report for the Ohio Bureau of Workers' Compensation (BWC) for fiscal year 2022.

The agency is the exclusive provider of workers' compensation insurance in Ohio, serving almost 257,000 public and private employers. With nearly 1,600 employees and assets of approximately \$22 billion, BWC is one of the largest state-run insurance systems in the United States.

We continue to prioritize the safety of Ohio's workforce. Through our numerous trainings and offerings, we once again experienced low claim numbers, thanks in large part to Ohio's focus on workplace safety. However, claim numbers are slightly higher than last fiscal year, as expected, due to the slowdown of the pandemic and businesses returning to their normal operations. In addition to our typical business, we announced our Workforce Safety Innovation Center in March 2022. This initiative offers \$30 million in grants for research and development of personal protective equipment innovations to enhance workplace safety.

We are keeping costs down for Ohio's employers by having a low and stable rate environment. Thanks to your leadership, Ohio's businesses are seeing the lowest premium rates in over 40 years. In January 2022, public employers received a 10% cut to their premiums, which followed reductions of 7.9% and 5.9% the previous two years, further reducing already historically low rates. In February 2022, the BWC Board approved a 10% premium reduction for private employers, effective July 1, 2022. This premium reduction will save private employers \$106 million over their 2021 premiums.

We have continued to support the fight against substance abuse in Ohio through a partnership with RecoveryOhio and the creation and growth of the Substance Use Recovery and Workplace Safety Program. We also have a premier pharmacy program that is keeping overall pharmacy stats headed in the right direction with strong prescription protocols.

I continue to be humbled by the interactions we have with our customers. You will see throughout this report the admiration and kudos our customers give to BWC and the work this team does.

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

Sincerely,



Stephanie McCloud

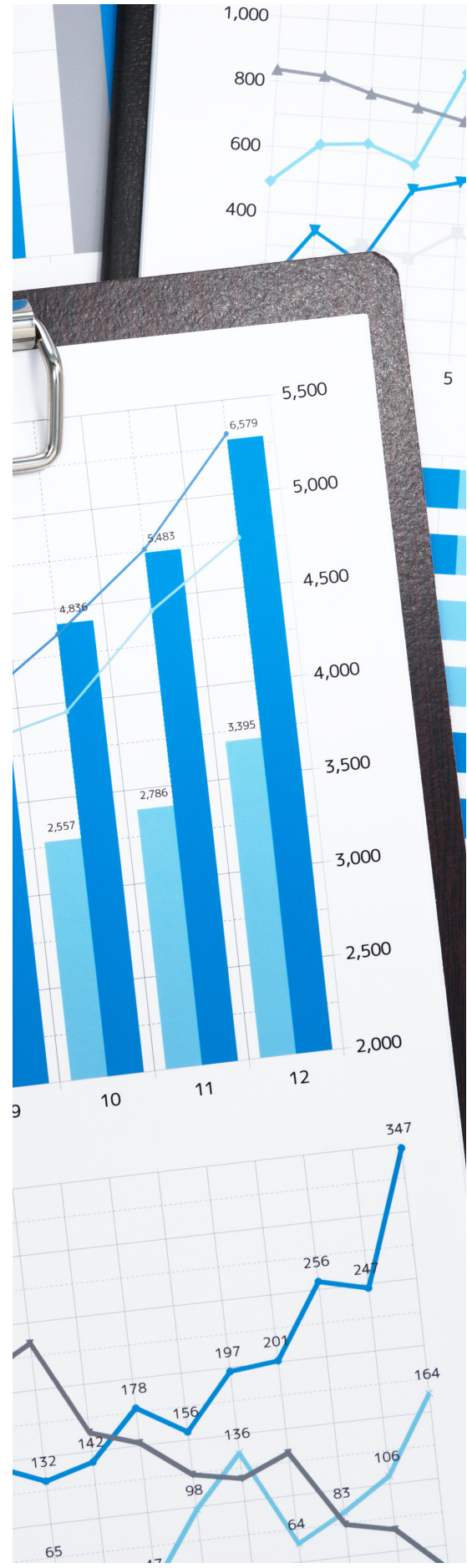
Administrator/CEO, Ohio Bureau of Workers' Compensation



Introduction

This report documents actions taken by BWC in fiscal year 2022 (FY22) to improve the quality of life for Ohio's workers and to be a positive influence for economic growth in Ohio. With assets of approximately \$22 billion, we are one of the largest state fund workers' compensation insurance systems in the U.S. We approved 70,007 new claims in FY22, an increase of 4,405 from FY21. This is due to the return to work and normalcy after the height of the COVID-19 pandemic.

Our focus on preventing workplace accidents, lowering rates, and caring for those injured on the job is making Ohio a better place for businesses and workers. This focus and our mission to deliver consistently excellent experiences for each BWC customer every day continues to be our priority.



Accomplishments

Enhanced service and savings for employers

Employers save with rate reductions

In January 2022, public employers received a 10% cut to their premiums. This follows reductions of 7.9% and 5.9% the previous two years, further reducing already historically low rates. In addition, the BWC Board approved a 10% premium reduction for private employers, effective July 1, 2022. This premium reduction will save private employers \$106 million over their 2021 premiums.

Combating addiction through employment

The Substance Use Recovery and Workplace Safety Program (SURWSP) aims to minimize the harm substance use disorders have on Ohio's workforce and to promote a safe and healthy workplace. SURWSP provides funding to support employers in developing workplaces that are safe, productive, and supportive for employees in recovery. Specifically, the program offers employers reimbursement for expenses related to substance use, such as drug testing (available only to employers with "second chance" testing policies), developing workplace drug use policies, and training for employees and supervisors. It also provides access to BWC's Better You, Better Ohio!® (BYBO) employee wellness program for employers who would not otherwise qualify.

The program launched in 2019 in partnership with the local Alcohol, Drug Addiction and Mental Health (ADAMH) service boards covering three counties. To make the program available statewide, BWC reimbursed employers directly in counties not served by a partner ADAMH board. We rolled out an initial trial in September 2021 and expanded it in December 2021 to the remaining unserved counties. The program was available statewide at the start of 2022.

BWC currently serves 66 counties, with ADAMH boards serving the remaining 22 counties. Program funding for the FY21-22 biennium is \$7.5 million. Total employer enrollment in the program almost quadrupled in FY22, growing from 226 enrolled employers to 839.

Workforce Safety Innovation Center

In November 2021, BWC began the Workforce Safety Innovation Center (WSIC), which launched an inaugural grant initiative in March 2022 at the Ohio Safety Congress and Expo®. These grants offer up to \$15 million in funding annually for the research and development of novel, innovative personal protective equipment (PPE) and personal protective technology (PPT) to enhance workplace safety.

WSIC funding opportunities are modeled after the National Institute for Occupational Safety and

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“I go back to the early seventies with BWC, and I have to say you guys just keep getting better and better.”

— BWC Customer

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Health (NIOSH) National Occupational Research Agenda and the National Science Foundation Partnerships for Innovation Program. WSIC provides grants up to \$1.5 million in base funding. The duration of each project is limited to a maximum of 12 months. This grant is limited to not-for-profit higher education institutions and research organizations located in Ohio.

The WSIC grant leverages a methodology that drives deliberate maturation of concepts from ideation to prototype. BWC believes in investing in innovators/researchers, through the collaboration with industry partners, to transform ideas into viable technical and commercial workforce solutions.

Based on data collected from BWC claims, WSIC prioritized areas of focus for technologies and products that will reduce the frequency and severity of on-the-job injuries.

Claims Services

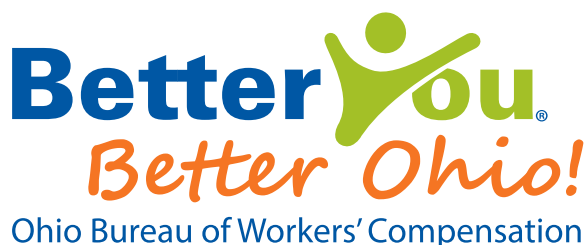
Special team for COVID-19 claims

During FY22, BWC received 1,521 claims from Ohio workers believing they had contracted COVID-19 in the workplace.

- Of those, 974 were from health care or emergency worker sectors.
- 1,254 – State Fund Employers:
 - o 476 – Accepted by BWC.
 - o 177 – Denied by BWC (Most didn't test positive for the virus or lacked a provider's medical opinion.)
- 267 – Self-Insured employers:
 - o 125 – Accepted.
 - o 104 – Rejected.
- 619 – Dismissed by the claimant. Claimant filed with BWC in error or did not wish to pursue the claim.

Better You, Better Ohio!®

We have continued our efforts in marketing the Better You, Better Ohio!® program to injured workers. The promotion occurs during the initial contact with the injured worker and with longer-term claims. Based on the terms of the program, claims staff share information about the program with injured workers who live out of state as well. Our staff provides basic information and documents the injured worker's interest in the program. In FY22, 3,717 injured workers have expressed interest in the program.



Division of Safety & Hygiene

School Safety and Security Grant-HVAC

We introduced the School Safety and Security Grant-HVAC (SSSG-HVAC) in 2022. This is an expansion of the School Safety and Security Grant (SSSG) program. This program covers the cost of inspections, assessments, maintenance, and improvements to indoor heating, ventilation, and air conditioning (HVAC) systems. It also covers the purchase of secondary devices to control the spread of airborne contaminants, including viruses, for eligible applicants.

This additional funding of \$15,000 is available to any qualifying entity under the SSSG program policy and is available for the purchase of HVAC improvements only. This offering is available to employers with no matching amount required. Eligible applicants may apply even if they have exhausted all previously available SSSG funds.

In FY22, BWC awarded SSSG-HVAC grants totaling \$557,294.03 to 38 employers.

Ohio Safety Council program portal

The Division of Safety & Hygiene partnered with our Information Technology Division to create an Oracle portal to improve program administration. The portal houses all sponsor-required program information. BWC introduced Phase One of the portal to sponsors in December 2021 to record safety council meeting information and evaluation data, and to report annual funds provided by BWC to underwrite a portion of the program management cost. Phase Two of the portal began in July 2022. Its expanded scope provides sponsors the ability to manage employer membership data and track employer participation for the sake of the safety council rebate program. The safety council sponsor portal is the foundation on which BWC intends to modernize and simplify the program for the return to in-person meetings and reintroduction of the rebate program in FY23.

In-person safety consultations resume while continuing to provide virtual options

In addition to our remote safety consulting, we resumed onsite safety consulting and training services for Ohio employers. There were 4,881 Ohio employers who received safety consulting services.

Partnership with the Ohio Farm Bureau

In FY22, BWC formed a partnership with the Ohio Farm Bureau to engage Ohio's agricultural community around BWC's safety services. We used podcasts, ads placed in the Farm Bureau's content, and digital advertorials to engage with agricultural employers. In FY22, we spent \$39,166 to facilitate the partnership.

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*“I think the Bureau of Workers’
Comp is the best agency to work
with. Thank you so much for
making our lives a little easier.”*

— BWC Customer

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Ohio Safety Congress & Expo®

We held our signature workplace safety event, the Ohio Safety Congress & Expo (OSC)®, from March 9-10, 2022, in virtual format. The two-day event offered 32 live-broadcast sessions and 13 on-demand sessions, a virtual expo marketplace, and a virtual scavenger hunt.

More than 3,800 individuals participated. Thirty-five safety product companies had online booths in the Expo Marketplace, where they conducted virtual conversations with event participants using new networking features.



Safety Congress is scheduled to return in March 2023 as a hybrid event. All sessions will be delivered in-person at the Greater Columbus Convention Center with a select number of these sessions streamed to an online audience.

Medical and Health Services Division

Telehealth: Moving forward

Over the past two years, we saw an overall increase in telehealth to meet the needs of injured workers at the right time. The pandemic brought a new reality to the world, and specifically to health care. COVID-19 brought unprecedented responses by state and national governments to navigate these challenges. For FY22, the utilization data indicates a reduction in telehealth services. This suggests that as pandemic restrictions lifted, injured workers are largely choosing to return to face-to-face services as their preferred method of delivery.

Pharmacy program

The pharmacy benefits program covers outpatient medications prescribed to treat conditions related to injured worker claims. The program's goal is to ensure safety, efficacy, and cost-effectiveness when maintaining BWC's closed formulary. Through effective medication-management activities, and medication pricing, BWC achieved significant reductions in pharmacy spend. During FY22, a total of \$2.74 million in pharmacy rebates were collected and submitted to BWC. Prescription reimbursement totaled \$34.2 million during FY22, a decrease of \$2.4 million when compared to FY21. The reduction in spending is due to several factors:

- Fewer injured workers filled prescriptions.
- Fewer prescriptions were filled with smaller prescription quantities.
- An increased use of generic drugs, with more efficient pricing on generic drugs.

Medical & Health Symposium

We achieved record-breaking attendance at our 2022 virtual Medical & Health Symposium, held from April 7–9, 2022. With the switch from in-person to virtual, we saw attendance from 47 states and 21 countries, totaling 5,800 registrants. Continuing education offerings grew to 19. Based on attendee feedback, we will continue offering the Medical & Health Symposium virtually instead of in-person or hybrid.

Special Investigations

In FY22, our Special Investigations Department (SID) celebrated its 29th year of protecting the State Insurance Fund by detecting, investigating, and deterring fraud. The department's 113 members accomplished incredible results.

- **Identified \$90 million in savings**, our second highest savings since FY 2007.
 - **Generated a \$7.02 return on expenditures (ROE)**, our second highest ROE since FY 2007.
 - **Received 2,661 allegations:**
 - 33% proactively identified by SID
 - 35% from other BWC staff
 - 32% from external sources
 - **Closed 1,431 cases**, in an average of 230.6 investigative days.
 - **Averaged \$62,886 in savings identified per closed case**, the second highest annual level in the department's history.
- SID management team members continued to assist the state's Emergency Operations Center by distributing ventilators, testing equipment, and critical personal protective equipment to state entities serving COVID-19 hotspots. During FY22, SID employees completed 11 missions, delivering 672,714 items from July 1-22, 2021. From July 29, 2021 through October 28, 2021, SID management continued to coordinate 44 additional missions completed by BWC Delivery Services employees, totaling 3,185,938 items. Overall, from April 2020 to October 28, 2021, SID and BWC Delivery Services employees completed 136 missions, delivering 8,874,001 items.
 - Twelve SID employees assisted the Ohio Department of Job and Family Services, Office of Unemployment Compensation Operations, in handling a deluge of unemployment applications and fraud allegations related to the pandemic. From July 2021 through January 2022, the SID employees dedicated more than 3,090 hours of consultation, effectively reviewing 8,443 claims identified by the Ohio Department of Jobs and Family Services as fraudulent.

Human Resources

Disability Inclusion

Making Ohio a disability inclusion state is a priority for Governor DeWine. We have trained over 600 employees and over 120 supervisors on ADA-related issues. We partnered with Opportunities for Ohioans with Disabilities to bring a specialized session on COVID-19 and the ADA to the 2022 Ohio Safety Congress, benefiting over 500 people representing employers across the state.

Employee Resource Groups

We expanded the employee resource group (ERG) program, adding a Hispanic group called Nuestra Mesa (which is Spanish for "Our Table"). The ERG program has been so successful that other state agencies are looking to start their own ERG programs. We partnered with our ERGs to provide content relevant to employees on cultural diversity, leadership, and career advancement.

Diversity and Inclusion

Our diversity, equity, and inclusion (DEI) efforts are seen as a model across the state. We are collaborating with several sister agencies. The focus is on advancing our commitments laid out in

our 2021-2023 DEI Strategic Plan. 2021 was the year of employee engagement through the employee resource group program, and 2022 is the year of disability inclusion.

Diversity and Inclusion Education

We launched a bimonthly series called How Are You Doing?, which provides a space for managers to discuss issues they were facing due to the COVID-19 pandemic. Employees and managers continue to show commitment to education. This helps equip us to serve our diverse customers. By the end of 2021, 250 employees had completed 703 diversity, equity, and inclusion courses offered by the Department of Administrative Services. This is in addition to the agency educational events and activities.

IT

Straight Through Application Processing

In November 2021, BWC implemented the Straight Through process for new employer applications. This process uses technology to allow certain customers to go from application entry to policy issuance in one session. The Straight Through process is a user-friendly, redesigned, mobile-friendly, online application that customers can now use. Customers have an option of live-chatting with knowledgeable staff while navigating the online application. Employers also get a certificate of coverage upon submission.

Over 70% of employers will have a policy number assigned shortly after submission. The certificate of coverage and other policy information is also immediately emailed to the employer. In addition, customers may now create an online e-account upon being issued a Straight Through policy.

Grants Processing System

In FY22, BWC updated the Grants Processing System to apply business rules and workflow to automate the administration of BWC grant programs. BWC implemented a workflow-based tool to support three Safety and Hygiene grant programs and the Workforce Safety Innovation Center.

Oracle Cloud Enterprise Resource Planning

Oracle Cloud Enterprise Resource Planning (ERP) enables more rapid and robust financial applications and replaces manual processes. New capabilities include workflow and custom drill-down reports.

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“The service received at the BWC, from my claims rep to customer service, really is fantastic, it’s phenomenal actually. What an improvement from 20 years ago.”

— BWC Customer

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BWC year-end-statistics

Fiscal Year Ending June 30,2022

	FY 2021	FY 2020	FY 2019
State Fund Claims Filed			
Lost Time	10,821	10,706	9,850
Medical Only	58,281	53,683	61,101
Occupational Disease	751	1,045	401
Death	154	168	167
Disallowed or Dismissed	10,674	10,232	10,344
Total	<u>80,681</u>	<u>75,834</u>	<u>81,863</u>
Net Allowed Injuries	70,007	65,602	71,519
 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	179,122	185,744	192,664
Medical Only	<u>376,809</u>	<u>393,357</u>	<u>417,301</u>
Total	<u>555,931</u>	<u>579,101</u>	<u>609,965</u>
 Benefits Paid			
Medical Benefits Paid	\$385,836,050	\$352,566,355	\$430,417,629
 Compensation Paid			
Wage Loss	\$4,203,613	\$5,928,044	\$6,481,308
Temporary Total	179,919,262	184,624,581	189,744,611
Temporary Partial	1,819	3,011	2,693
Permanent Partial	23,314,096	22,318,732	19,974,366
% Permanent Partial	44,552,760	50,253,261	52,068,618
Lump Sum Settlement	223,734,112	171,625,160	159,717,230
Lump Sum Advancement	15,374,273	14,611,706	17,990,947
Permanent Total & DWRF	353,418,673	355,515,570	367,284,999
Death	77,648,364	77,824,915	79,249,198
Rehabilitation	19,392,389	21,317,274	23,536,162
Other	<u>3,198,573</u>	<u>2,910,028</u>	<u>3,616,901</u>
Total Compensation Paid	<u>\$944,757,934</u>	<u>\$906,932,282</u>	<u>\$919,667,034</u>
Total Benefits Paid	<u>\$1,330,593,984</u>	<u>\$1,259,498,637</u>	<u>\$1,350,084,663</u>
MCO Fees Paid	\$161,693,729	\$164,987,367	\$168,764,352
 Fraud Statistics			
Fraud Dollars Identified	\$89,989,982	\$94,378,598	\$77,754,230

\$\$\$ Saved to \$\$\$ Spent Ratio	7.02 to 1	8.46 to 1	5.79 to 1
Prosecution Referrals	123	89	150

	FY 2022	FY 2021	FY 2020
Active Employers By Type			
Private	251,816	248,256	245,040
Public (Local)	3,807	3,805	3,802
Public (State)	114	114	114
Self-Insured	1,089	1,110	1,139
Black Lung	19	20	26
Marine Fund	125	131	129
Total	<u>256,970</u>	<u>253,436</u>	<u>250,250</u>

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

BWC Personnel	1,545	1,634	1,753
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BWC COMBINED FUNDS FINANCIAL DATA (000s omitted)

Operating Revenues

Premium & Assessment Income, net of Provision for Uncollectibles and Ceded Premiums	\$1,245,461	\$1,169,595	\$1,248,759
Other Income	7,665	7,359	8,670
Total Operating Revenues	<u>\$1,253,126</u>	<u>\$1,176,954</u>	<u>\$1,257,429</u>

Operating Expenses

Workers' Compensation Benefits and Compensation Adjustment Expenses	\$1,405,889	\$526,258	\$1,260,821
Other Expenses	116,436	141,493	176,282
Total Operating Expenses	<u>\$1,522,325</u>	<u>\$667,751</u>	<u>\$1,437,103</u>

Non-Operating Revenues

Net Investment Earnings	\$479,562	\$469,028	\$586,514
Increase (Decrease) in Fair Value	(2,049,566)	2,995,025	1,206,417
Net Investment Income	<u>\$(1,570,004)</u>	<u>\$3,464,053</u>	<u>\$1,792,931</u>

Net Dividends, Rebates and Credits	\$28,263	\$6,185,348	\$1,343,613
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Total Assets	\$22,289,947	\$24,477,471	\$27,781,847
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Total Liabilities	\$14,793,343	\$15,118,553	\$16,195,908
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Total Net Position	\$7,496,604	\$9,358,918	\$11,563,977
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Investment Class Annual Report

Portfolio Performance and Valuation Summary

The BWC investment portfolio was valued at \$20.37 billion as of June 30, 2022 compared with \$22.37 billion on June 30, 2021, a decrease in market value of \$2 billion. The BWC investment portfolio had a FY22 total return (net of management fees) of -7.2% and net investment income of -\$1.57 billion.

Asset Allocation Mix

The asset allocation mix of the BWC investment portfolio based on represented fair value on June 30, 2022 was 52.1% bonds, 26.4% equities, 19.8% real estate, and 1.7% cash and equivalents. This asset mix compares to 51.0% bonds, 31.6% equities, 15.9% real estate, and 1.5% cash and equivalents on June 30, 2021.

Bond Portfolio Values and Return

The total fair value of the BWC bond portfolio was \$10.61 billion on June 30, 2022 compared to \$11.40 billion on June 30, 2021. Accounting for net inflows of \$0.67 billion during FY22, the adjusted fair value decrease of the BWC bond portfolio was \$1.46 billion. The total net return for FY22 was -13.1%. The largest bond mandate of the BWC portfolio is the SIF long duration credit portfolio. This long credit portfolio provided a FY22 total net return of -20.8% and had a fair value of \$3.46 billion as of June 30, 2022.

Equity Portfolio Values and Return

The total fair value of the BWC equities portfolio was \$5.38 billion on June 30, 2022, a decrease of \$1.68 billion compared to \$7.06 billion on June 30, 2021. The total fair value of the BWC U.S. equities portfolio was \$3.53 billion on June 30, 2022 compared to \$4.76 billion on June 30, 2021. Accounting for net outflows of \$0.71 billion during FY22, the adjusted fair value decrease of the U.S. equities portfolio was \$0.53 billion during FY22, which represented a total net return of 12.8%. The total fair value of the BWC non-U.S. equities portfolio was \$1.85 billion on June 30, 2022, a decrease of \$0.45 billion compared to \$2.30 billion on June 30, 2021, which represented a total net return of 19.5%.

Real Estate Portfolio Values and Return

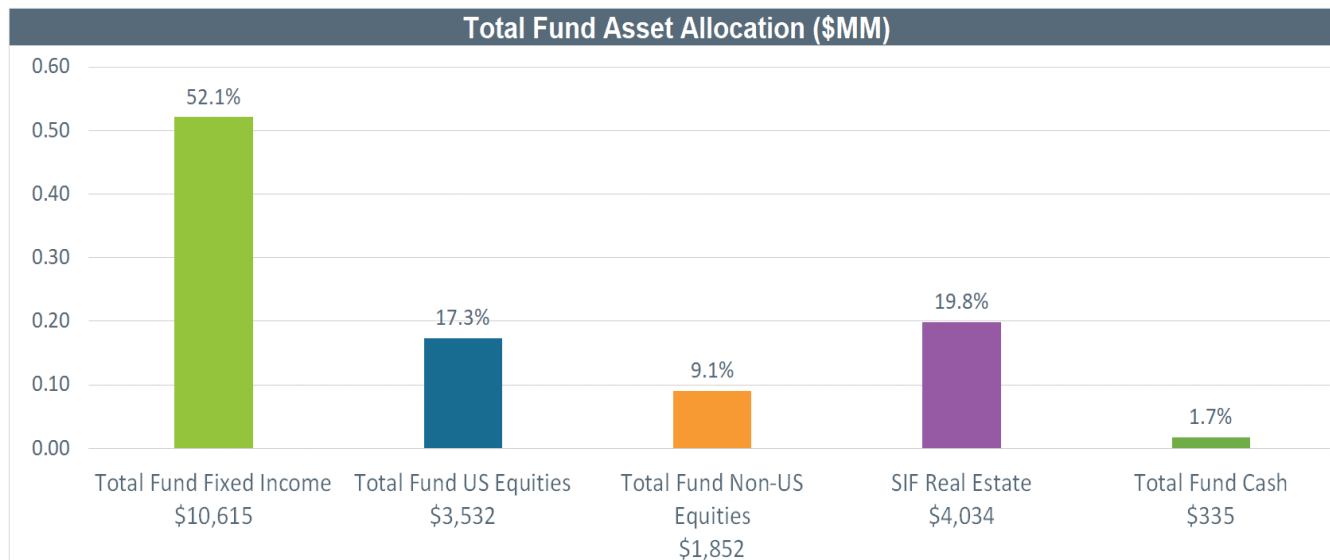
The total fair value of the BWC real estate portfolio was \$4.03 billion on June 30, 2022 compared to \$3.55 billion on June 30, 2021. Accounting for net outflows of \$0.49 billion during FY22 from portfolio rebalancing actions, the adjusted fair value increase of the BWC real estate portfolio was \$0.97 billion. The real estate portfolio provided a FY22 total return net of fees of 29.9%. FY22 net returns were 27.1% for core real estate funds, 36.4% for core plus real estate funds, and 28.1% for value-added real estate funds.

Cash and Cash Equivalents

Total BWC cash and cash equivalents had a fair value of \$0.34 billion on June 30, 2022 compared to \$0.35 billion on June 30, 2021.

Ohio Bureau of Workers' Compensation Total Assets Dashboard Summary

As of June 30, 2022



Total Fund Schedule of Investable Assets

Period Ending	Beginning Market Value (\$MM)	Net Cash Flow (\$MM)	Gain/Loss (\$MM)	Ending Market Value (\$MM)	% Return
Fiscal Year 2022	22,368	-427	-1,574	20,367	-7.2

Total Fund Performance

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total Fund	-7.2	15.2	7.0	8.7	5.1	7.5
State Insurance Fund	-6.4	15.5	6.8	8.7	5.2	7.8

Performance by Asset Class

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total Fund Fixed Income	-13.1	4.0	11.3	10.3	-0.1	1.4
Total Fund Equity	-14.9	42.1	2.5	6.5	12.8	19.3
Total Fund US Equity	-12.8	45.1	6.3	9.0	15.4	18.8
Total Fund Non-US Equity	-19.5	35.9	-5.0	1.2	7.3	20.5
SIF Real Estate	29.9	9.8	1.7	6.7	8.4	7.6

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

The Health Partnership Program

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

How HPP works

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

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

BWC Medical Services objectives

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

- Developing, maintaining, and executing quality and cost-effective medical and vocational rehabilitation benefits plans and associated fee schedules.
- Developing and supporting the appropriate managed care processes, including contract management and training.
- Establishing and maintaining a quality pool of medical and vocational service providers to ensure injured workers have access to quality, cost-effective, and timely care.
- Developing and implementing appropriate medical and vocational policies, rules, and

training, which address the management from inception to resolution of all medical and vocational issues from an allowed claim.

- Evaluating and processing medical bills, guaranteeing proper and timely payment consistent with benefits plan criteria.

During FY22, BWC made positive progress on initiatives to further support existing divisional and BWC enterprise business objectives and strategies. The remainder of this report provides selected highlights of HPP activities and outcomes.

HPP Rules

Spinal Cord Stimulator Rule

OAC 4123-6-35 Payment for Spinal Stimulator became effective Sept. 1, 2022. Prior to proposing this rule, the medical and health staff did an extensive review of claims reimbursing for this procedure. The review led to the determination of a need to provide clearer guidance to both providers and MCOs when considering a request for a trial or permanent spinal cord stimulator implantation. Drafted with input from the BWC Health Care Quality Assurance Advisory Committee, the rule is designed to increase informed decision-making and enhance communication among injured workers and providers. The goal of the rule is to ensure the use of spinal cord stimulator technology in the right patients, at the right time, and in the right setting. The Spinal Cord Stimulator rule outlines those instances where this type of procedure may be indicated, as well as contraindications to the use of this therapy. The objective of the rule is to provide guidance to providers when evaluating whether an injured worker may be a good candidate. The appendix to this rule, "What BWC Wants You to Know About Spinal Cord Stimulators," enhances the informed decision-making process when injured workers are considering an implantation of a spinal cord stimulator by providing information on the latest research, which increases awareness of potential risks and benefits.

Benefits Plan Design

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

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

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

BWC continuously improves its medical, vocational rehabilitation, and pharmaceutical service offerings. This improvement is a result of quality methodologies and protocols executed in the annual revisions to benefits plans and corresponding fee schedules. Four objectives continue to guide the

evaluation of the annual reimbursement methodologies and the development of recommendations for annual fee schedule changes. Those objectives are:

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

During the past fiscal year, five provider fee schedules were researched, analyzed, and updated. The projected impact of the proposed changes is that total medical services and provider reimbursements will increase by 3% over the next 12 months. There was more than \$392 million in reimbursement for medical services and provider reimbursement in FY22. The FY22 payments were an increase from \$378 million in FY21. While FY22 payments were up, those payments were still below the FY20 reimbursements of \$437M.

In comparison to trending medical reimbursement reductions, BWC's bill volume is also decreasing proportionately. In FY2012, 3.4 million bills were processed representing a total reimbursement of \$735 million compared to FY22 experience of 1.6 million bills and \$392 million in reimbursement. However, the overall average cost per bill has remained consistent.

Telehealth: Addressing the pandemic's impact

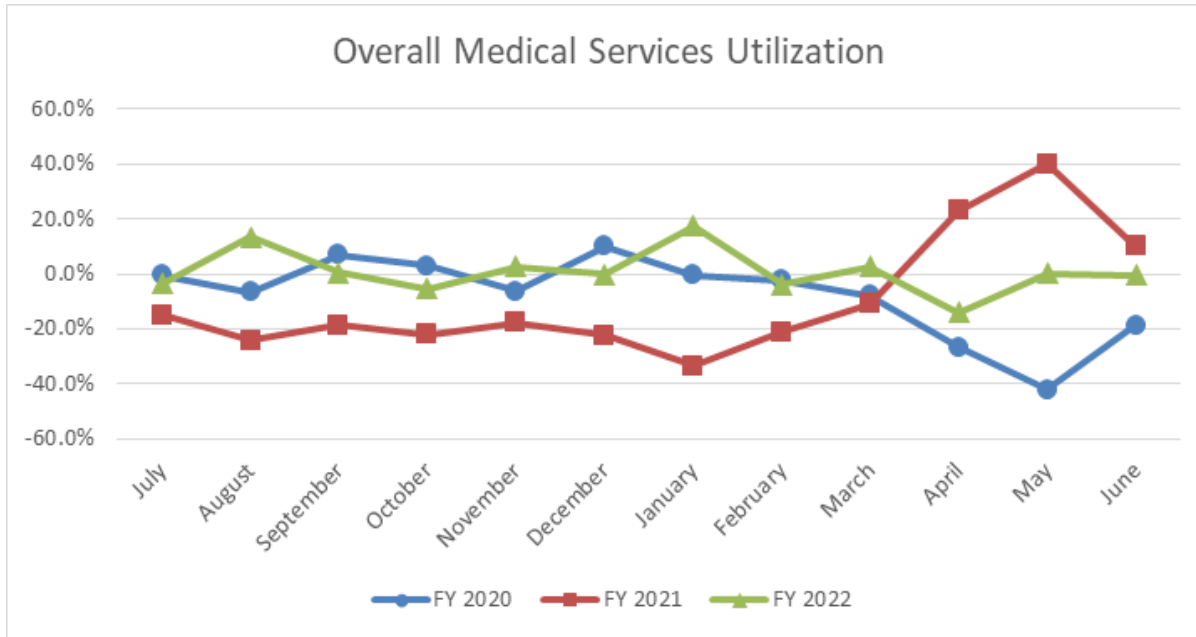
The largest demonstrable impact over the past two years is the overall increase in telemedicine and telephonic services to meet the needs of injured workers at the right time. The COVID-19 pandemic brought a new reality to our world, and specifically to the overall health care landscape. This brought unprecedented responses by state and national governments to navigate these challenges.

Throughout this period of uncertainty, BWC continued to be committed in delivering on the goal of providing high-quality, accessible medical services to injured workers through the medical benefit plan packages. A core HPP philosophy and guiding principle is to ensure injured workers have access to high-quality medical care through appropriate benefit plans and services that allow the right treatment, at the right time, with the right provider and/or place. The pandemic introduced many challenges to the BWC system, including access to care limitations at the peak when in-person care was limited due to a fear of potential exposure.

BWC's overall medical services use significantly dropped at the end of FY20 as the states of emergency across the country were ordered. Historically, fluctuations in overall medical utilization range within 10% year-to-year depending on injury mix, service utilization types, and claimants in the system. Figure 1 illustrates those year-to-year changes for each month. As shown in the early months of FY20, changes in overall medical utilization were limited within a small range. However, from March through May 2020, we observed a substantial decrease in utilization, with May experiencing a 40% reduction. This is likely a result of the actions taken during Ohio's state of emergency. As BWC quickly responded through the allowance of flexible care options when stay at home orders partially lifted, we observed a rebound of overall volume beginning in February 2021 and peaking in May 2021. For FY22, BWC observed a return to pre-pandemic utilization trends, with

most months mirroring the early FY20 utilization.

Figure 1: Medical services utilization decreased in 2020 due to the COVID pandemic and stay at home orders, bouncing back in FY21 and FY22.



Early on, experts agreed that telehealth services would play a key role in mitigating the impact of the pandemic. Virtual services would help maintain care coordination and communication between injured workers and their physicians. Office visits are crucially important in maintaining the health status of injured workers. Injured workers and providers relied on technology to support continuity of care and to prevent negative health outcomes.

BWC implemented several key enhancements and flexibilities that improved maintenance of care coordination and communication. BWC, by policy, allowed telehealth flexibilities such as telemedicine to occur from the injured worker’s home, along with the allowance of cell phones for remote communication. Physicians who were not equipped for such a rapid transition to using telemedicine, such as not having secure platforms through their patient portals or other means, engaged injured workers through the temporary allowance of tools such as Zoom or FaceTime, so long as the injured worker granted permission to use those tools. During the last six months of FY22, BWC released two policy alerts to address the permanent adoption of several telehealth policy expansions that enhanced injured worker access to care, including allowing injured workers to continue using virtual or audio-only services when appropriate.

Given the flexibilities allowed by the telehealth expansion and permanent adoption, BWC evaluated the use of office visits, including the modalities used to observe continuity of care. Figure 2 illustrates and quantifies the decrease between FY20 and FY22 on a quarterly basis. However, we observe the increased use of office visits rendered via telemedicine or telephone in 2020 as a result of the telehealth expansion. The growth in the expanded telehealth services most likely mitigated the expected decrease of face-to-face services, had injured workers and providers not been offered the flexibility. For FY22, the utilization data indicates a reduction in telehealth services. This suggests that as pandemic restrictions lifted, injured workers largely chose to return to face-to-face services as their preferred method of delivery.

Figure 2: Year to year comparison of quarterly usage of all office visits.

Note: FY22 Data is still incoming, as providers have one year to submit invoices for these dates of service. Data is expected to increase as provider billing is submitted.

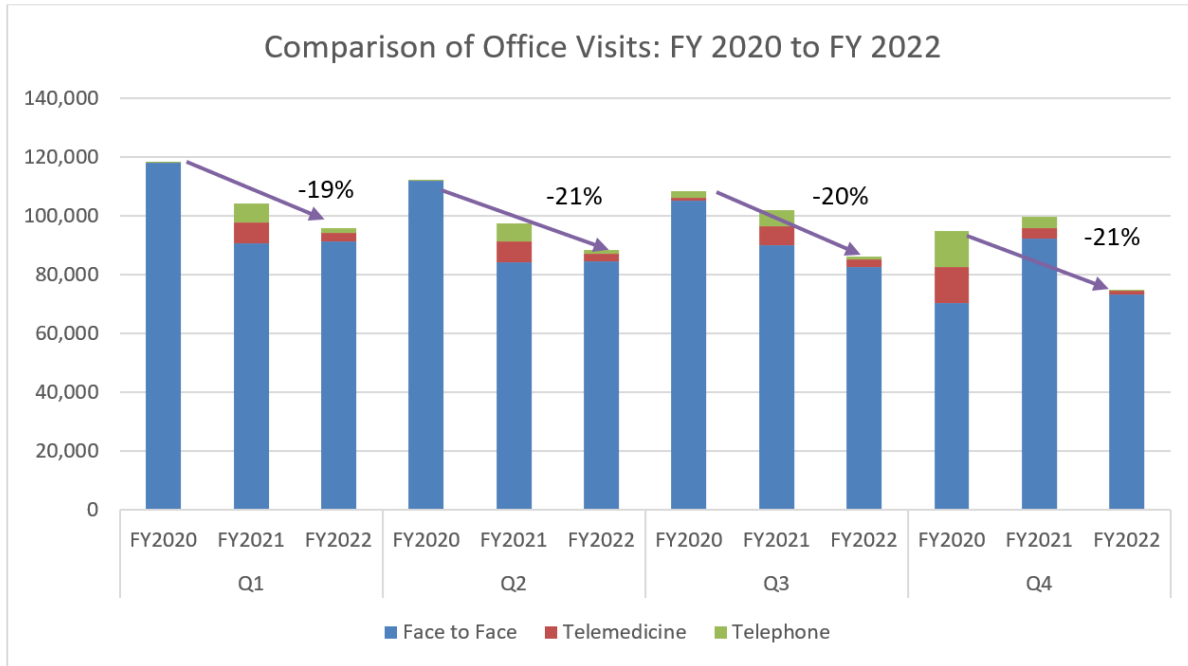
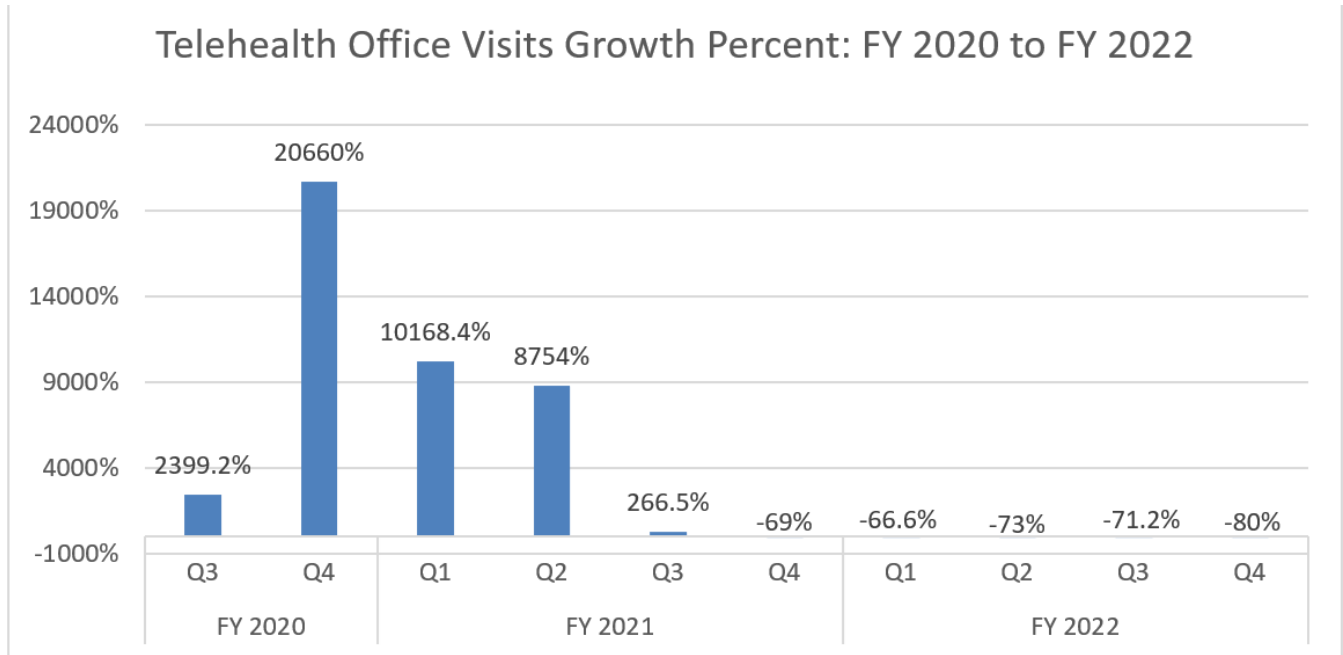


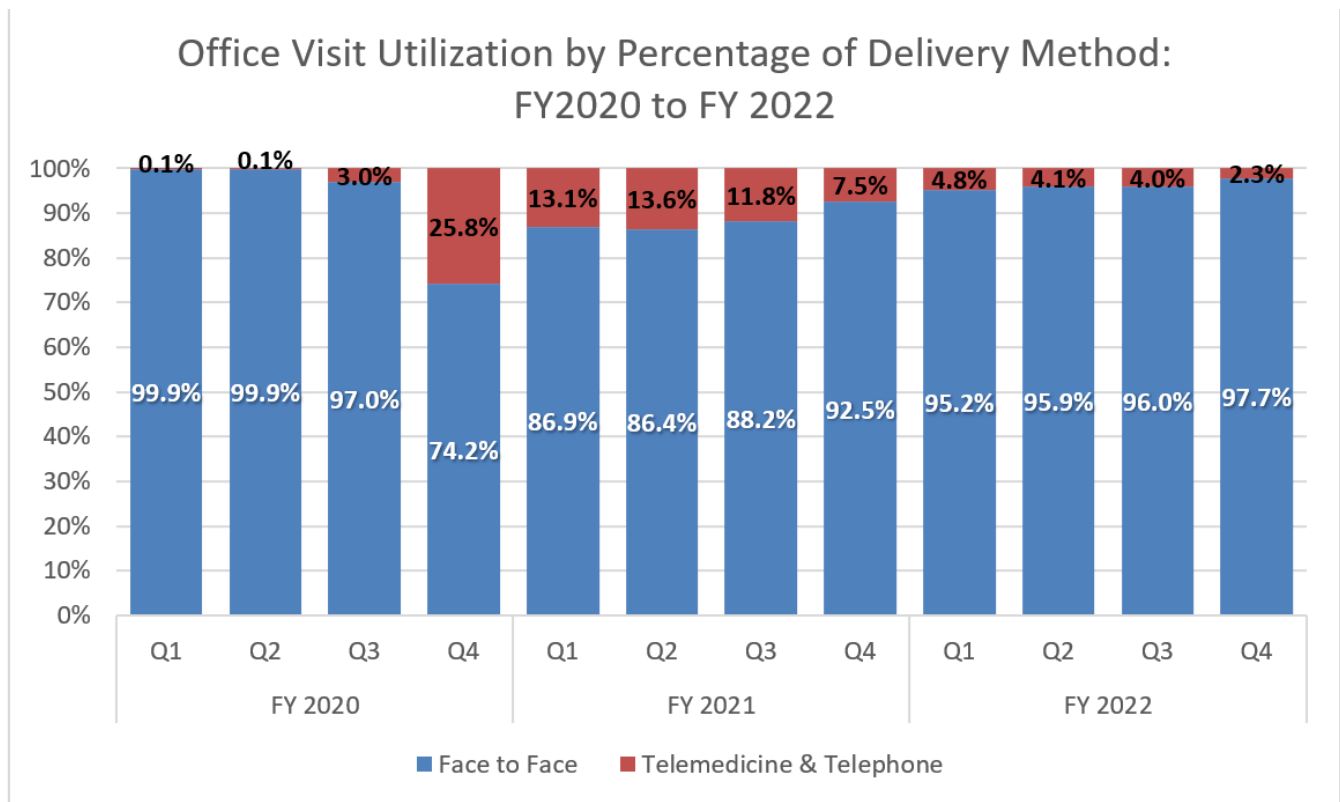
Figure 3 illustrates the explosion of growth in telehealth office visits for 2020. For perspective, injured workers used less than 50 telehealth services in each month of 2019. The growth in this set of services during the pandemic is a result of providers recognizing the value of the virtual service delivery mechanism, which mitigated barriers to receiving high-quality medical care during the COVID-19 pandemic. While this growth was reflective of pandemic restrictions limiting face-to-face service options, we see telehealth use begin to decline in later FY21 and FY22. Injured workers are largely returning to face-to-face services, although BWC maintains telehealth service provisions should injured workers and their health care providers feel that is the most appropriate method for care.

Figure 3: Year to year comparison of quarter usage of all office visits.



BWC's growth in telehealth, including the return to pre-pandemic standards, indicates BWC successfully responded to the pandemic in ways that support injured worker access to and use of the important health care services that facilitate their return to work.

Figure 4: Office Visit Utilization by Delivery Method



Pharmacy Program

The pharmacy benefits program covers outpatient medications prescribed to treat conditions related to an injured worker's claim. The program's goal is to ensure safety, efficacy, and cost-effectiveness when maintaining BWC's closed formulary. The BWC Pharmacy Program is a team of registered nurses, certified pharmacy technicians, pharmacists, and other support staff. The program is responsible for processing requests for medications from prescribers, reviewing opioid claims for prescriber compliance with BWC rules and requirements, and operating a call center to help injured workers with pharmacy-related issues.

The pharmacy program maintains the outpatient formulary and manages the pharmacy benefits manager (PBM); rebate aggregator; and pricing, utilization, and rebate monitoring consultant. During FY22, the pharmacy department experienced many staffing changes. Throughout these changes, the pharmacy team has quickly adapted and assisted with training new staff, all while maintaining a high-level of service.

The pharmacy program director is responsible for chairing a Pharmacy & Therapeutics (P&T) Committee that consists of a diverse group of prescribers and pharmacists. The P&T Committee, established by OAC 4123-6-21.2, advises BWC on issues involving medication therapy for injured workers. The P&T Committee regularly reviews the existing formulary and new medications available on the market to improve safety, lower costs, and maintain access to appropriate and necessary medications. In addition, as new medications come to market, they are evaluated to determine if they are appropriate for our closed formulary and to treat work-related injuries. Noteworthy formulary changes in FY22 included:

- Limiting anticoagulant medications to 30 days without prior authorization, after which an allowed condition must be present in the claim.
- Limiting non-barbiturate hypnotics to 30 days without prior authorization, after which any subsequent approvals will be limited to acute-care use only and not in combination with opioids or stimulants.

These are examples of formulary cost-saving efforts, as well as continuing to keep the injured workers' health and safety in mind.

The MCOs coordinate drug utilization reviews (DUR) to ensure medications are appropriate, necessary for the injury, and cost appropriate. During a DUR, an independent physician reviews the claim and medications against these criteria to determine if the medication should be approved or denied. During FY22, there were 532 DURs completed. The pharmacy department processes the DURs and inputs the appropriate medication approvals and denials. Additionally, the pharmacy department will send medication prior authorization (PA) requests for independent physician review. In FY22, 226 PA requests were conducted.

Through effective medication management activities and medication pricing, BWC achieved significant reductions in pharmacy spend. During FY22, a total of \$2.74 million in pharmacy rebates were collected and submitted to BWC. Prescription reimbursement totaled \$34.2 million during FY22, a decrease of \$2.4 million when compared to FY21. The reduction in spending was due to several factors:

- Fewer injured workers filled a prescription.
- Fewer prescriptions were filled with smaller prescription quantities.
- There was an increased use of generic drugs with more efficient pricing.

Along with the maximum allowable cost list, the above factors helped contribute to reduced overall costs. In March 2022, BWC implemented specialty medication pricing. This is one of the fastest growing medication costs in the pharmacy market, as seen through private and public payers alike. This new pricing for specialty medications ensures BWC reimburses pharmacies appropriately and fairly, while bringing pricing in line with industry standards.

The pharmacy department actively reviews prior authorization requests for opioids to ensure BWC providers are compliant with OAC 4123-6-21.7. The purpose of this rule is to ensure BWC reimburses for opioid medication when best practices are followed. This keeps the safety and health of our injured workers a top priority. Reviews are performed by industrial rehabilitation nurses within the pharmacy department and issues of non-compliance may be reviewed by the Pharmacy Director and Chief Medical Officer. The total number of opioid prescriptions BWC reimbursed during FY22 decreased by 7.6% when compared to FY21.

An important program offered to injured workers is the First Fill program. This program allows an injured worker to fill a prescription prior to the initial claim determination. Offering this program allows newly injured workers to receive medication to treat their acute condition instead of paying out-of-pocket and waiting for the claim determination. Medications covered are included on the First Fill Formulary listed in the Appendix to OAC 4123-6-21.6. In FY22, there were 1,442 paid bills through this program, with 90% of the bills having a final claim status that is payable. The total spend during this period was \$109,640. The most-filled medications under the First Fill program include post-exposure prophylaxis treatments, anticoagulants, anti-inflammatories, and antibiotics.

Another important program the pharmacy department oversees is the supervision of student pharmacists during the advanced practice experience rotation. One objective of this program is the creation of thoroughly researched reports and recommendations for the BWC Pharmacists and P&T Committee. At the end of the rotation, the student pharmacist will have a better understanding of pharmacy benefit management and drug pricing references, as well as the importance of the workers' compensation program in Ohio.

The mission of our pharmacy program is to ensure safe and appropriate medication use. We will continue to improve services offered by our pharmacy program to provide the best possible care for Ohio's injured workers.

Pharmacy Rebates Program

BWC collects and reallocates to employers rebates on pharmaceuticals used in the rendering of health care services to injured workers. From Jan. 1, 2021, through July 31, 2022, BWC collected \$4,103,285.58 in rebates. The rebate money is matched with the injured workers' claim and employer, which reduces employer medical claim costs. This supports the goal of keeping medical treatment for injured workers cost-effective and improving return-to-work efforts.

Managed Care Processes

MCO Contract

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

- Finding ways to better align with standard health care delivery and medical management.

- Increasing the focus on MCOs with active medically managed claims from Day 1 of a workplace injury.
- Identifying ways to reduce legislating to poor performance and focusing on better performance metrics.
- Aligning MCO reimbursement to reflect success on high value returns in performance measures.

This BWC-MCO contract is for a four-year term. Although there were no major changes in MCO services, efforts are underway to refine and improve the outcome performance measures to focus on lost time claims and to measure the medical costs that drive a claim. The new Measurement of Disability 2.0 model will provide a more defined approach to measuring performance on claims involving four or more days of absence where the MCO has a direct impact on managing return-to-work services. BWC has engaged a private consulting firm to analyze the design of the new model and to test for potential weaknesses. We expect the changes to this measurement methodology to launch in 2023.

BWC has also worked to develop a process to automate the development of benchmarks for the outcome performance measure, which will allow for the continuous updating of the benchmarks to current state-wide experience. This will keep the model current and measure performance on near real-time data.

MCO Imaging Project

Beginning in 2018, BWC initiated a pilot project with three MCOs to develop a process to have MCO's image documents directly to claim files. Over the next three years, BWC expanded this project to include all MCO's, with the last MCO joining full production in the fall of 2021. This project has significantly reduced the time it takes to image documents to a claim file, bringing greater efficiency to the system. We continue to work to refine this process and ensure that all necessary documentation is submitted promptly.

MCO Report Card

Each year, BWC prepares an MCO Report Card, which provides objective data to employers when selecting an MCO. In May 2022, BWC finalized the 2022 MCO Report Card and made it publicly available through our website. The 2022 MCO Report Card contains information that assists employers in determining which MCO may best suit the employer's particular line of business and reports on key metrics used by BWC to measure MCO performance. Key performance indicators, such as timeliness and accuracy of First Reports of Injury and medical bills were included in the 2022 MCO Report Card, as were indicators of the MCOs' size and book of business. BWC also conducted an employer satisfaction survey and included the results on the 2022 MCO Report Card. BWC continues to explore ways to improve the MCO Report Card and make the tool valuable for employers in assessing the MCOs.

MCO quarterly training

The BWC-MCO contract requires professional, clinical, and decision-making MCO staff to complete up to 10 hours of BWC-mandated training each calendar year. This mandate is in place to ensure MCO staff are up to date with changes in BWC rules or policies and to ensure MCO staff understand

their roles in the Health Partnership Program. Throughout FY22, BWC worked to secure continuing education credits for trainings offered and continued to offer them in a virtual environment. BWC has also built a library of prior training programs in the BWC Learning Center, making the content available to MCO staff members who were unable to attend the live events. Continuing education credits remain available through the BWC Learning Center for up to a full year after the live event.

During FY22, BWC conducted training for MCO staff and mandated attendance based on the topics covered. In the third quarter of 2021, BWC conducted training on Health Behavioral Assessment and Intervention services. This presentation ensures that MCOs can identify when these services may help identify barriers, either in the injured worker's healing process or in returning to the workforce. Nearly 500 people have completed this training.

BWC also conducted a targeted training during the fourth quarter of 2021 on a standard set of control objectives that each MCO must meet in an annual independent audit. These control objectives focus on the security of data, both physically and logically; the performance of key service requirements under the BWC–MCO Agreement; and critical financial controls. The training was mandatory for all MCO leadership and was open to independent auditing firms that MCOs engage with each year. Ninety people from MCOs and independent auditing firms across Ohio attended this event.

In 2022, BWC mandated training on navigating treatment approvals and reimbursement with a focus on effective case management skills to facilitate fee schedule pricing override requests. All utilization review nurses, nurse case managers, and MCO billing staff were required to attend the training. This training provided a thorough overview of the information and documentation needed to support a request to approve payment of services for injured workers that exceed the BWC fee schedule amounts. This included a robust discussion of injured workers who are receiving home health services and the proper comparison of those services to the needs of the individual. Over 400 people completed this mandatory training.

In the second quarter of 2022, BWC mandated training for all MCO clinical staff, vocational rehabilitation coordinators, and MCO billing staff on new rules governing spinal cord stimulators. and the training ensured that injured workers meet the criteria for these services. This training also covered functional capacity examinations and the payment for these services, ensuring that participants understand the differences between treatment-based examinations and occupational focused examinations. To date, over 360 people have taken this training. BWC expects additional attendees to complete the training through the BWC Learning Center course.

Medical providers: Education, outreach, and communication

Medical & Health Symposium

The Medical and Health Symposium focuses on Comprehensive Care for an injured worker. BWC designed the symposium to accomplish several goals:

- Enhance the partnership between BWC and providers to achieve a common goal of high-quality care, awareness, and collaborative support of BWC's strategic initiatives.
- Provide access to quality continuing education that is convenient, cost-effective, and geared towards workers' compensation topics.
- Support the Disability Evaluator Panel physician educational requirements.



MHS21
Medical & Health Symposium

We held the 2022 virtual Medical & Health Symposium from April 7-9, 2022 and achieved record-breaking attendance. With the switch from in-person to virtual, we saw attendance from 47 states and 21 countries, totaling 5,800 registrants. Our continuing education offerings grew to 19 for this year's symposium. Based on attendee feedback, we will continue offering the Medical & Health Symposium virtually versus in-person or hybrid.

Attendance in 2022 increased by 21% over 2021, and overall attendance has increased 1,425% since the first symposium in 2015. For the first time in 2022, BWC offered a live-streamed knee scope, which received high satisfaction ratings. Another live surgery is planned for 2023.

The 2022 symposium received an overall excellent/good attendee satisfaction rate of over 98.8%. In addition, 79.2% of attendees indicated they want the event to be virtual, versus 9.8% would like for the event to be in-person. The symposium session speakers received an average 98% rating on surveys measuring session quality and speaker expertise.

This free, three-day event is open to everyone, though its focus audience is health care practitioners and legal professionals. The goal of this annual symposium is to continue to offer the most up-to-date and relevant medical, legal, and workers' compensation topics, along with continuing education.

Provider Communications and Updates

BWC communicates regularly with our providers, professional associations, and other interested parties. Our written, telephonic, and virtual messaging remain vital methods of communication. We returned to in-person meetings for our public quarterly MCO Medical Directors, Health Care Quality Assurance Advisory Committee (HCQAAC), and Pharmacy and Therapeutics (P&T) committee meetings in July 2021.

The provider electronic newsletter, Provider E-news, continued with timely updates and information for our medical and vocational community, and to interested parties that sign up to receive it. We strive to keep everyone updated on important information related to our medical/vocational policies, processes, and rules. We also share meetings that are of interest to providers and medical stakeholders. One example of BWC's core values at work is how the Medical Division senior staff now provide article segments in Provider E-news on pertinent topics, including photos to create personal connection. Each month's e-newsletter is posted, along with a year of past editions, on our website. BWC emails Provider E-news to more than 47,000 certified providers and group practices.

In addition, BWC continues to communicate with our provider community through website updates. This year, we launched a web navigation video for providers and updated web pages to share new or changed information. Offsite, in-person meetings with providers and provider office staff increased this year and will continue to increase next year.

BWC resumed sending Provider Resource Reports to selected BWC certified providers who rendered treatment to 10 or more injured workers during calendar year 2020 and had at least 20 other providers in their assigned peer group. A total of 22,190 Provider Resource Reports were emailed. The Provider Resource Report shares the providers' top claim diagnoses treated, top services and medications, and billing and claims treatment durations. The information comes from the providers' annual billing in the prior year. The reports are not a scorecard, but rather a tool to help providers see the effects their work has on their injured workers' return-to-work.

Provider Contact Center

BWC has a dedicated branch and option of the toll-free customer contact line to our medical provider community. This department houses four analysts to review inquiries specifically from providers and provide resolution. Topics include unresolved billing, policy clarification, and assistance in navigating the website.

In FY22, the contact center received:

- 15,509 calls.
- 563 website customer chats.
- 245 website-generated emails.
- 311 email inquiries from the separate, public email box.

Network Volume

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

There are 65,397 certified providers and 39,594 enrolled providers in BWC's network for FY22. In FY22, BWC's provider relations business unit managed the following enrollment and certification provider activities:

- New provider enrollments: 2,129
- Re-certified providers: 4,188
- Providers whose certification lapsed and BWC did not re-certify: 3,875
- Total number of providers enrolled and certified during FY22: 10,267

Provider e-accounts, My Provider Info, and Find a Provider

With the focus on My Provider Info, the provider portal release last year, BWC increased our attention on provider electronic account creation. We saw 957 new provider e-accounts created during FY22.

In 2017, we began a multi-year, multi-step plan to modernize our provider system. The seven-phase approach set goals to enhance our provider network system and application process. This year, we completed more external, customer-based enhancements on the new My Provider Info portal. Our secure, web-based provider portal enhancements include providers making enrollment record updates in real time or submitting record update requests on items requiring staff review.

After signing into their e-account, a provider can directly update their DBA name, record contacts, and birthdate.

Throughout the year, we added these additional items:

- Legal name.
- Ownership.
- Specialty area.
- Taxonomy code.
- Additional languages.
- Provider education.
- National provider Identifier (NPI) change requests, including ability to upload supporting documentation.

On Feb. 24, 2022, we introduced the first-ever opportunity for a paperless provider recertification through the My Provider Info portal. By the end of FY22, just over four months from release, 425 providers took advantage and re-certified through our completely online paperless option. If a provider would lapse certification, they have the option to re-certify online and bring their network status current. We made updates to the paper Application for Recertification (MEDCO-13B) form and notified providers to re-certify through their e-account.

Those still wishing to complete the process using the paper application can access the form from our website, which is the first time this form was available online.

By the end of calendar year 2022, we will release an online provider enrollment application for new providers seeking certification and non-certification.

We updated the “Find a Provider” web search to include messaging for customers if they find incorrect information.

Medical and Vocational Services Administration Support

Fifty catastrophic injuries occurred during FY22 in the State-Funded population managed by MCOs. This statistic does not include catastrophic injuries that resulted in death within five days of an injury. Catastrophic injuries have life-changing impacts and long-term consequences for the injured worker and their family. Catastrophic injuries include complex brain and spinal cord injuries, major extremity amputations, severe burns, crush injuries, and complex multiple trauma injuries. The number of catastrophic injuries and illnesses declined in 2022 by 25% from 2021.

Private employers (PA) accounted for 46, or 92%, of the total catastrophic injuries and public employers (PEC) accounted for 4, or 8%.

Type of injury	Number of claims	Percent of total claims
Traumatic brain injuries (moderate and severe)	17	34%
Spinal Cord injuries (quadriplegia, paraplegia)	12	24%
Amputations, major extremity	10	20%
Severe burns	2	4%
Multiple trauma (multiple fractures, crush injuries, gunshot injuries, COVID claims, etc.)	9	18%

A review of the employer industry job codes for catastrophic injuries for FY22 identified that the top five made up 44% of all the catastrophic claims. In FY22, the following were the top five that had catastrophic injuries:

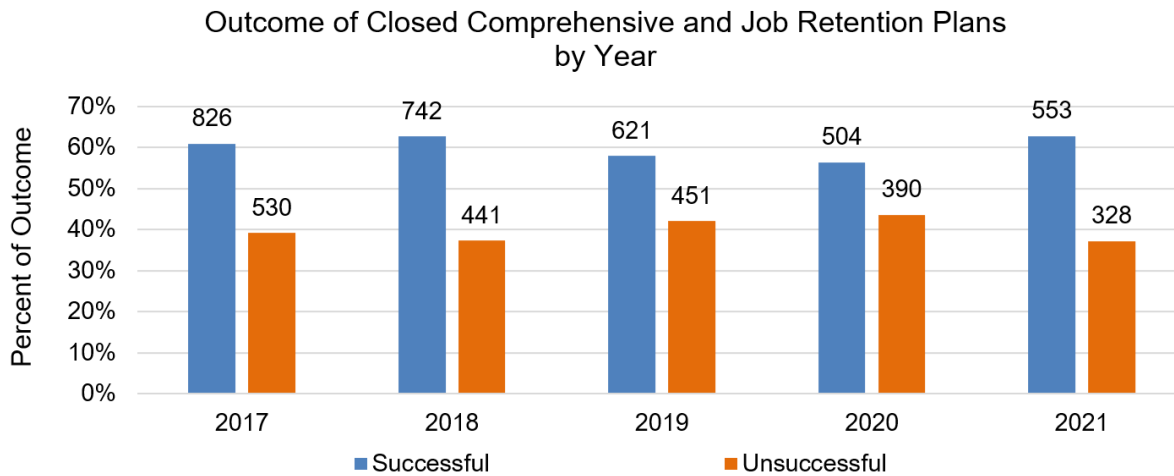
Industry Type	Number of claims	Percent of total
Construction/Carpentry	7	14%
Trucking/Driver/Bus Driver	5	10%
City Employer/School District	4	8%
Excavation	3	6%
Hospital/Skilled Nursing/Group Home	3	6%

Vocational Rehabilitation

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

During CY21, there were 2,422 new referrals for vocational rehabilitation initiated in 2,211 claims. Of those referrals, 786, or 32.5%, initiated a comprehensive, vocational rehabilitation plan or a job retention plan. For vocational rehabilitation plans completed in CY21, the average cost of services was \$8,674 per plan. Figure 5 shows the outcome of comprehensive and job retention plans between CY17 and CY21.

Figure 5:



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

During the past several years, as illustrated in Figure 6 below, Ohio experienced a decrease in referrals of potentially eligible claims for vocational rehabilitation services.

Figure 6: Eligible claims referral for vocational rehabilitation: 2017-2021

VR Referral Summary	CY 2017	CY 2018	CY 2019	CY 2020	CY21
¹ Claims Potentially Eligible for VR	233,087	219,080	200,445	183,868	174,302
Claims Actually Referred for VR	3,316	3,174	3,093	2,422	2,211
% Eligible Claims Referred for VR	1.4%	1.4%	1.5%	1.3%	1.3%

¹ Potentially eligible indicates the claim was allowed, active, had 8 or more days of lost time, was not settled, and the injured worker was alive for some part of the year.

Transitional Work Grant

The BWC Transitional Work Grant program helps employers develop a transitional work plan that’s right for their business and employees. Transitional work is a key initiative an employer can use to return injured employees to work following a workplace injury. Employers partner with a transitional work developer to create customized policies and procedures specific to their companies’ operations. Employers received job analyses performed in the job classification they select, along with training on how to identify appropriate transitional work tasks that employees can perform based on their medical restrictions.

The transitional work grant amount an employer receives is based on the number of employees reported to BWC as reflective in Figure 7 below.

Figure 7:

Number of employees	Maximum Grant Reimbursement
11-49	\$2,900
50-199	\$5,200
>200	\$6,300

One of the many changes to the grant program during FY22 was the reimbursement methodology. Prior to FY22, employers were reimbursed 75% of the cost paid to a transitional work developer for covered services. Beginning June 1, 2021, employers are reimbursed 100% of the cost of their transitional work program, up to the maximum grant amount as noted in the figure above.

Additionally, changes to the OAC 4113-17-55, Transitional Work Development Grant and performance bonus became effective on June 1, 2021, and brought about other enhancements. Before FY22, employers were eligible for one transitional work grant per policy number. The rule change allows employers to be eligible for a transitional work grant every five years. This falls in line with the rapidly changing business environment due to advances in technologies and innovation which impacts the growth and operations of businesses.

The modernization of the Transitional Work Grant Program significantly impacted Ohio employers' participation in the grant program increasing the availability of these opportunities to return injured workers to work. Figure 8 below shows the change in the number of grant applications received by fiscal year.

Figure 8:

Fiscal Year	Number of TW Grant Applications	Percentage Change
2015	48	-
2016	73	52.08%
2017	119	63.01%
2018	26	-78.15%
2019	59	126.92%
2020	17	-71.19%
2021	58	241.18%
2022	281	384.48%

Figure 9: the number of grants paid along with the total awarded grant amounts from 2015-2022.

Fiscal Year	Number of TW Grants Paid	Percentage Change	Total Grants	Percent change of Paid Grants
2015	49	-	\$ 151,970.00	-
2016	76	55.10%	\$ 113,048.13	-25.61%
2017	50	-34.21%	\$ 191,527.50	69.42%
2018	50	-	\$ 129,178.75	-32.55%
2019	28	-44.00%	\$ 98,411.88	-23.82%
2020	29	3.57%	\$ 91,372.50	-7.15%
2021	7	-75.86%	\$ 22,415.00	-75.47%
2022	95	1,257.14%	\$ 356,752.00	1,491.58%

To create a transitional work plan and apply for a transitional work grant, employers hire a BWC-accredited transitional work developer. The developer works with the employer one-on-one to design a customized program. BWC offers a two-day developer orientation class to authorize providers as a BWC-accredited developer. A two-day transitional work developer orientation class was held March 30-31, 2022, adding 15 providers to the list.

Current BWC-accredited transitional work developers must attend a reaccreditation class at two-year intervals. It is a two-hour webinar that allows providers to attend from their offices, minimizing disruption to their work schedules. Three WebEx developer reaccreditation webinars were held in 2022 for the 46 developers requiring reaccreditation.

Figure 10: Number of BWC-accredited developers by licensure type: 2015-2022

Transitional Work Developer Certification								
	2015	2016	2017	2018	2019	2020	2021	2022
Physical Therapist	17	14	14	13	18	17	21	26
Occupational Therapist	12	13	13	10	13	13	18	24
Case Managers	43	33	31	30	29	39	44	48
Total	72	60	58	53	60	69	83	98

Alternative Dispute Resolution Processing

Alternative Dispute Resolution (ADR) is a means of resolving disputes over medical treatment issues that arise between the MCO, BWC, employer, injured worker, and/or provider. These issues arise from the MCO’s decision about a medical treatment reimbursement request. BWC’s ADR department oversees the dispute process from appeal of the Request for Medical Service Reimbursement or Recommended for Additional Conditions for Industrial Injury or Occupational Disease (C-9), to the Ohio Industrial Commission’s (IC) hearing.

Figure 11 illustrates the number of ADR orders issued per year since 2015. A single BWC order may contain multiple appealed issues. BWC must obtain an independent level of medical review, which consists of either a file review or an independent medical examination (IME).

The chart also demonstrates the number of appeals processed in relation to the number of IMEs scheduled. BWC’s Disability Evaluator Panel network contains a list of medical physicians who

perform ADR examinations on an injured worker when medical treatment is in dispute. These examining physicians are reimbursed at a higher rate due to ADR's specific guidelines to more efficiently and promptly process a BWC ADR order. An examination appointment must be available within seven calendar days of the request, and the report must be faxed to the MCO within five calendar days of the examination.

Figure 11:

Alternative Dispute Resolution			
Calendar Year	ADR Orders	IMEs Scheduled	Percent of IMEs to ADRs
2015	24,212	3,631	15.00%
2016	26,833	3,727	13.89%
2017	23,123	3,629	15.69%
2018	22,357	3,856	17.25%
2019	21,626	3,891	17.99%
2020	16,126	1,858	11.52%
2021	15,118	1,435	9.49%
2022	8,312	1,164	14.00%

Compliance Auditing

The Compliance & Performance Monitoring (CPM) Department conducts routine and non-routine auditing of MCOs, pharmacy benefits manager (PBM), and pharmacy rebate aggregator. Audit selection is based upon a risk assessment and specific requests from management. The majority of compliance testing is completed in-house through the review of available on-line documentation and system data. Some on-site testing is performed annually at each MCO and PBM, where source documents and systems can be examined and discussed with key staff. As a result of the pandemic, CPM conducted all the audit testing remotely for each MCO and the PBM in place of the standard on-site audit through FY22 Q3. On-site audit testing resumed beginning with FY22 Q4.

MCO Audits

CPM meets bi-monthly with BWC's senior management team charged with managing MCO activities, and quarterly with senior management from the claims team and the special investigations health care team. In addition to CPM standard testing for FY22, CPM incorporates selected requests from the various business and management teams into the annual audit plan, including testing for:

- MCOs' implementation of imaging received documents related to medical and claims, to include prompt processing and appropriate naming conventions.
- MCOs documenting and reporting possible fraudulent activity in accordance with contractual requirements.
- MCO processing of alternative dispute resolutions promptly and accurately.
- Medical bills paid were reflective of the services and servicing provider as documented in treatment notes or medical records.
- Medications were paid appropriately through the pharmacy (not MCOs) for injured workers receiving medication in a long-term care facility.

- First Report of Injury reports were appropriately submitted by MCOs through electronic EDI transmissions or BWC web (if appropriate).

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

- Money provided by BWC for payment of medical bills and bill adjustments was promptly and accurately paid, and the account reconciled for all 10 MCOs and the PBM.
- Return-to-work and last date worked data elements were properly supported and reported by MCOs.
- Vocational rehabilitation provider bills for email or phone and meeting codes were appropriate for payment and accurately calculated.
- The use of by-report codes for vocational rehabilitation expenditures were appropriate and properly paid.
- MCO disaster recovery plans and business continuity plans were current and addressed concerns identified from BWC's review of submitted SOC 1 reports.
- Eligible pharmacy bills were paid and excluded those where a claim was in a non-allowed status, self-insured, or a prescription fill date was after the claimant's date of death.
- Interest charges resulting from delayed bill processing by an MCO were recouped from the MCO and reimbursed back to BWC.

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

Medical Bill Processing: Adjustment and Subrogation

While the agency was still in a state of emergency due to COVID-19 for over half of the last fiscal year, operations in the Medical Billing & Adjustments (MB&A) unit remained steady. During this time, the unit processed just under 35,000 MCO adjustments with a lag averaging 4.4 days. This lag time is just above our goal of an average of three lag days. However, the department is starting to bounce back from roles left vacant over this last year due to employee promotions and retirements. The key supporting activity in the processing of prompt adjustments to payment errors is the effective communication between MB&A and the MCOs, which experienced staff shortages across the board. Adjustments reflect replacement or correction of original billing submitted by providers via MCO. In many cases, this is due to the recovery of overpayments to providers where timely recovery back to the state fund is also key.

We look forward to the efficiency of the HPP via the automation of manual adjustments, as well as working with Medicaid to recover subrogation claims from the providers. With automating adjustments, providers will see a faster turnaround in processing adjustment requests, which will also benefit MB&A and MCOs. With Medicaid recovering directly from the providers, Medical Services has identified key data points to include on subrogation bills. This change will make processing more efficient and help avoid unnecessary bill rejections for data points that could be included in the initial requests. We will use this same algorithm in all medical subrogation that will benefit all parties involved to make the process seamless.

Selected HPP Measurements

All dollar amounts are shown in \$1,000s.

The figures below are limited to the HPP.

Figure 12 reflects a historical trend of selected HPP performance data by fiscal year. It should be noted that the data in the table is a point in time compilation of metrics and may not reflect changes due to the impact of new information received before or after the compiling of this report's data. Therefore, reflected data for various measurement variables within the table might differ from similar data compilation and other reports.

Figure 12: Selected HPP Measurements

Measurement	FY 2017	FY2018	FY 2019	FY 2020*	FY21*	FY22
Active employers (1)	219,840	219,092	221,392	217,887	220,738	218,155
Active claims (2)	262,781	250,211	243,276	233,654	208,490	192,103
FROI timing (3)	16.07	16.55	15.77	16.95	17.04	19.24
% of FROIs filed within seven days of date of injury (4)	74.43%	72.29%	72.41%	71.58%	67.61%	65.18%
% of claims determined within 14 days of filing date (5)	71.12%	70.80%	68.41%	66.47%	59.99%	56.84%
Bill timing (6)	75.27	74.17	74.46	75.41	81.39	85.75
LDOS-MCO	61.43	60.28	60.32	61.49	66.90	71.38
MCO-BWC	5.32	5.36	5.60	5.59	6.24	6.05
BWC-MCO	7.21	7.20	7.21	7.15	7.18	7.24
MCO-Provider	1.31	1.33	1.33	1.18	1.07	1.07
Total regular medical payments (7)	529,619	504,170	468,074	411,137	333,659	369,017
Payments for file reviews and IMEs (8)	16,165	17,567	18,172	15,418	15,413	13,474
MCO fees (9)	170,797	170,755	170,883	168,764	164,988	161,694
Total medical payments, plus MCO fees	716,582	692,493	657,128	595,319	514,060	544,185
Total indemnity payments (10)	925,928	925,358	905,443	908,282	897,159	934,701
Grand total (11) Benefits paid (total regular medical payments, plus total indemnity payments)	1,626,344	1,600,283	1,544,400	1,488,183	1,395,805	1,465,412

(1) Average number of employers in an active, reinstated, or debtor in possession status assigned to an MCO during the time frames noted.

(2) Average number of active claims (claims with a payment or application submitted to BWC within a specified length of time) assigned to an MCO during the periods noted.

(3) Average time, in calendar days, from the date of injury to the date BWC received a FROI for all FROIs received during the time frames noted for claims assigned to an MCO.

(4) Percent of claims assigned to an MCO where BWC receipt of the FROI is within seven calendar days from the date of injury where BWC received the FROI during the periods noted.

(5) Percent of claims assigned to an MCO determined within 14 calendar days of the filing date, where the determination was during the time frames indicated regardless of date of injury or filing date. BWC considers a claim determined when we place it in allow/appeal or disallow/appeal status.

(6) Average time, in calendar days, between the last date of service (LDOS) being billed to a check being issued to the provider for bills processed by the MCOs. This does not include bills for prescription drugs processed through BWC's pharmacy benefits manager. It is further broken down into the component steps of the process:

- LDOS-MCO: LDOS to MCO receipt.
- MCO-BWC: MCO receipt (for review and payment determination) to BWC receipt.
- BWC-MCO: BWC receipt (for review and final payment determination) to date monies are deposited into the MCO's provider account.
- MCO-Provider: MCO receipt of the final payment information and monies to the MCO issuing the check to the provider.

BWC bases the MCO-Provider information on a desk audit of the MCOs' check issuance timing, which was last updated in CY20.

(7) Payments for medical services made on claims assigned to an MCO during the time frames noted. Amounts include payments on claims associated with bankrupt self-insured claims assigned to the MCOs. It also includes payments for prescription drugs processed through BWC's pharmacy benefits manager. Regular denotes this category includes payments for physicians, hospitals, therapies, diagnostic testing, etc. It excludes payments made for file reviews and IMEs requested to facilitate administrative decisions in the claim.

(8) Payments made during the time frames noted for file reviews and IMEs requested to facilitate administrative decisions in the claim.

(9) Payments issued to the MCOs during the time frames noted per the MCO Agreement for their services. BWC bases MCO contracts on calendar years. Fluctuations in the amounts paid to the MCOs between fiscal years are attributable to several factors, including:

- Changes in the overall amount available to the MCOs from year to year.
- Timing of different types of payments (administrative payments are monthly, outcome payments are quarterly, and exceptional performance payments are annually).

(10) Payments for salary compensation made on claims assigned to an MCO during the time frames noted. This includes payments for temporary total, living maintenance, wage loss, lump sum settlements, etc. Amounts include payments on claims associated with bankrupt self-insured claims assigned to the MCOs.

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

*FY20 and FY21 numbers are affected by COVID-19 shutdowns starting mid-March 2020. This could affect all the categories in different ways, for example lower than expected number of claims, higher than average processing times, or lower IME/File Review costs due to scheduling delays.

Division of Safety & Hygiene

Safety & Hygiene Financials

BWC's Division of Safety & Hygiene (DSH) operating budget appropriation for Fiscal Year 2022 (FY22) was \$25,644,545. In addition, BWC was appropriated:

- \$3 million for the BetterYou, Better Ohio!® (BYBO!) health and wellness program.
- \$1.5 million for a safety awareness and education campaign.
- \$35 million for safety grants.
- \$3 million for the Ohio Occupational Safety and Health Research Program.
- \$3.5 million for the Substance Use Recovery and Workplace Safety Program (SURWSP).
- \$15 million for the Workforce Safety Innovation Center (WSIC).

Additional funding came from:

- Two federal Bureau of Labor Statistics (BLS) grants amounting to \$195,104 for the Survey of Occupational Injuries and Illnesses (SOII) and the Census of Fatal Occupational Injuries (CFOI).
- A federal Occupational Safety and Health Administration (OSHA) grant amounting to \$1,869,212 for the OSHA On-Site Consultation Program.

The total premium assessment for DSH for FY22 was approximately \$11.1 million. Table A describes FY22 premium assessments according to employer type.

Table A: FY22 DSH premium assessments

Employer type	Assessments (\$)
Private	\$7,987,834
Public taxing districts	\$1,495,360
Public state	\$473,565
Self-insured	\$1,187,565
Total assessments	\$11,144,324

As of June 30, 2022, DSH's operational disbursements and open encumbrances for safety services and programs amounted to about \$19.8 million. Safety grant disbursements and open encumbrances amounted to about \$4.3 million. Disbursements and open encumbrances for the BYBO! program, safety campaign, SURWSP, WSIC, and research grants to Ohio higher educational

institutions amounted to about \$4.3 million. Disbursements and open encumbrances for the BLS and OSHA On-Site federal grants amounted to about \$1.9 million. DSH's Voyager card vehicle fuel and maintenance expenses amounted to about \$100,000. Collectively, these disbursements and open encumbrances cover the following:

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

Table B provides a general description of the DSH disbursements and open encumbrances as of June 30, 2022, from BWC's June 2022 Year to Date Budget Report.

Table B: Division of Safety & Hygiene disbursements and open encumbrances. (Disbursements and open encumbrances in \$). Amounts are rounded to the nearest dollar.

Department	Safety admin	Field consultations	Outreach programs and services	Education and training services	Meetings & conferences (councils & congress)	Library	Quality Assurance & Tech Support	OSHA state-fund match (15%)	FERRP	Training over-head (extras)	BLS state-fund matches (50%)	Operating Totals	Voyager (Fuel & vehicle maint)	ETBOI	Safety campaign	SURWSP	WSIC	Safety grants	Re-search grants	BLS federal grants (50%)	OSHA federal grant (55%)	Totals including grants/initiatives
10-Payroll	\$1,033,206	\$11,115,599	\$785,191	\$760,990	\$489,168	\$393,264	\$955,924	\$268,565	\$904,734	\$0	\$142,258	\$16,791,899	\$0	\$0	\$0	\$0	\$68,125	\$0	\$0	\$142,203	\$1,558,428	\$18,560,649
10-Overline	\$596	\$5	\$799	\$0	\$0	\$0	\$0	\$17	\$0	\$0	\$391	\$1,809	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$391	\$127	\$2,328
13-Purchased services	\$50,940	\$0	\$363,172	\$222,193	\$274,299	\$3,396	(\$264)	\$7	\$0	\$0	\$32,400	\$946,145	\$0	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$32,400	\$43	\$3,978,588
15-Other personal SMS	\$51,842	\$2,992	\$0	\$2,152	\$0	\$2,289	\$0	\$7	\$0	\$7,456	\$0	\$66,738	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$43	\$66,781
Total	\$1,136,583	\$11,118,597	\$1,149,162	\$985,335	\$763,467	\$343,951	\$955,661	\$268,597	\$904,734	\$7,456	\$175,049	\$17,806,591	\$0	\$3,000,000	\$0	\$0	\$68,125	\$0	\$0	\$174,994	\$1,558,638	\$22,606,346
20-Ethnic products	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21-Supplies	\$6,890	\$5,539	\$4	\$14,169	(\$365)	\$62,326	\$236,205	\$3,403	\$1,729	\$0	\$15	\$330,016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15	\$21,162	\$351,194
22-Vehicle maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,350	\$0	\$0	\$0	\$1,350	\$28,992	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,245	\$33,587
23-Travel	\$0	\$3,123	\$210	\$0	\$2,841	\$0	\$364	\$911	\$796	\$0	\$0	\$8,235	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,673	\$12,209
24-Community-CARDUS	\$12,004	\$52	\$0	\$368	\$0	\$327	\$6,134	\$66	\$64	\$0	\$0	\$19,045	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$525	\$19,570
24-T Lic Common	\$174,845	\$43,205	\$292,472	\$22,993	\$2,059	\$1,402	\$3,196	\$2,152	\$6,340	\$0	\$1,054	\$649,117	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,003	\$10,343	\$660,463
25-Fuel/Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$33	\$33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$67	\$0	\$100
26-Maint/Repairs	(\$120)	\$3,115	\$156,566	\$103,953	\$64	\$134	\$0	\$2,952	\$7,189	\$0	\$0	\$273,713	\$70,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,637	\$365,350
27-Repairs	\$0	\$0	\$0	\$0	\$26,591	\$0	\$0	\$0	\$500	\$0	\$0	\$27,091	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,091
27-ISTV/GOODS SMS	\$168,582	\$445	\$5,031	\$30,235	\$1,159	\$90	\$718	\$261	\$619	\$0	\$315	\$224,445	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$315	\$1,590	\$226,647
28-Printing/Advertising	\$0	\$0	\$0	\$4,840	\$720	\$0	\$0	\$0	\$0	\$0	\$0	\$5,560	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,560
29-General other	\$0	\$392	\$0	\$0	\$474,925	\$0	\$0	\$7	\$175	\$3,959	\$0	\$479,338	\$0	\$0	\$39,166	\$193,595	\$0	\$4,323,642	\$356,473	\$0	\$34	\$5,992,667
Total	\$379,201	\$55,770	\$454,083	\$175,947	\$908,125	\$64,279	\$246,617	\$11,162	\$17,402	\$3,959	\$1,418	\$1,917,964	\$96,992	\$0	\$39,166	\$193,892	\$0	\$4,323,642	\$356,473	\$1,400	\$65,209	\$7,594,737
30-Food handling eq	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31-Office equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32-Door vehicles	\$94,039	\$0	\$0	\$0	\$0	\$0	\$4,415	\$2,624	\$0	\$0	\$0	\$98,454	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,977	\$130,830
35-Medical/Lab	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,624	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,242	\$21,866
36-Education/Recruitment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
37-IT equip	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
38-COP/Print equip	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
39-Other equip	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$94,039	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$101,078	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$51,619	\$152,697
Grand Total	\$1,609,824	\$11,172,367	\$1,603,245	\$1,161,282	\$1,271,592	\$408,230	\$1,202,277	\$268,797	\$922,136	\$11,415	\$176,467	\$19,825,632	\$96,992	\$3,000,000	\$39,166	\$193,892	\$68,125	\$4,323,642	\$356,473	\$176,384	\$1,675,464	\$30,355,780

BWC's Occupational Safety and Health Services

DSH provides a variety of occupational safety and health services to Ohio employers and employees. Primarily, DSH's services include safety education and training, safety councils, OSC®, safety grant programs, BYBO!, loss prevention consulting services, PERRP, OSHA On-Site Consultation Program, and library services. Table C provides general statistics about the number of employers who benefited from these services in FY22.

Table C: FY22 occupational safety and health services statistics by policy type

Service type	Private employers	Public employers	State agencies	Self-insured	Marine fund	Black lung	Undeter-mined	Total
Training and education	5,714	352	16	108	0	0	10	6,200
OSC®	1,775	243	36	202	0	0	5	2,261
Safety council	6,642	969	1	515	0	1	0	8,128
Safety grants*	160	135	0	0	0	0	0	295
Video library	513	64	9	50	0	0	1	637
Specialized field operations consulting	4,265	490	13	112	1	0	0	4,881
OSHA On-Site	302	0	0	0	0	0	0	302
PERRP	30	162	14	11	0	0	0	217
BYBO!	2,057	997	0	0	0	0	0	3,054

* This total does not include grants for the Ohio Law Enforcement Body Armor (OLEBA) Grant Program.

Education and training services

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

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

Due to the COVID-19 pandemic, all in-person classroom courses were canceled in FY22. We offered instructor-led virtual training courses as a substitute for in-person classroom training. Fifty-one unique instructor-led virtual training courses with 81 class sections resulted in 2,229 completions by 1,333 students representing 967 employers. BWC's Learning Center offered 21 DSH online e-courses, which were available on-demand. There were 12,953 online e-course completions by

6,267 students representing 4,858 employers. DSH continued to offer safety webinars. Webinar e-assessments provided 4,535 completions reaching 2,360 students representing 1,835 employers. Lastly, DSH provided employers an opportunity to view past safety webinars within the BWC Learning Center, which resulted in 784 views of 69 webinar replays by 400 students representing 310 employers. All training events combined had 20,588 completions by 8,324 students representing 6,200 employers. CEUs and/or program credits were available for most of our training offerings.

Safety Council Program

The Ohio Safety Council Program provides access to education, networking, and sharing of resources on topics related to occupational safety and health, risk management, and health and wellness to Ohio employers in their local communities. BWC co-sponsors safety councils throughout the state in coordination with chambers of commerce, trade and manufacturing associations, safety education providers, and other local community organizations.

In FY22, the program's second virtual year due to COVID-19, more than 8,000 employers remained associated with the program and over 21,000 individuals participated in nearly 700 virtual monthly meetings. BWC introduced an Oracle software solution to assist sponsors in recording program required information.

BWC provided nearly \$450,000 in subsidies toward the direct and indirect costs of administering these virtual meetings. The premium rebate associated with active safety council participation remained suspended for the year.

Ohio Safety Congress & Expo®

The 92nd annual OSC® was held March 9-10, 2022. OSC® is historically the largest free occupational safety and health conference in the U.S. It was held for the third time as a fully virtual event.

The two-day event offered 32 live-broadcast sessions and 13 on-demand sessions, a virtual expo marketplace, and a virtual scavenger hunt. More than 3,800 individuals from 2,261 Ohio employers attended, with many actively engaged in session chats and the virtual scavenger hunt.

Thirty-five safety companies featured their safety products and services in online booths in the virtual Expo Marketplace, where they held conversations with event participants using new networking features.

Participants praised BWC's continued efforts to offer OSC® virtually. They were equally supportive of the overall event experience and the educational offerings. Survey results indicate a strong desire to return to an in-person format, with others requesting continued online attendance options.

Safety grant programs

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

The grant programs include:

- The Safety Intervention Grant (SIG) Program.
- Firefighter Exposure to Environmental Elements Grant (FEEEG) Program.

- Employers Working with Persons with Developmental Disabilities (EWPDD) Grant Program.
- School Safety and Security Grant (SSSG) Program.
- School Safety and Security Grant-HVAC (SSSG-HVAC) Program.
- Drug-Free Safety Program (DFSP) Grants.
- Workplace Wellness Grant Program (WWGP).
- Trench Safety Grant (TSG) Program.

In FY22, BWC awarded 298 grants totaling \$3,466,464.97.

Additionally, BWC collaborated with the office of the Ohio Attorney General to award \$855,995.45 in Ohio Law Enforcement Body Armor (OLEBA) Grant Program grants to 303 applicants.

Safety Intervention Grant Program

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

In FY22, the SIG program did not fund any new grants.

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

In FY22, 180 safety grant recipients completed their year-end case study. These companies reported \$2,184,403 in annual productivity savings, \$170,538 in annual claim cost savings, and \$1,481,366 in other savings (quality, absenteeism, etc.). The payback period on the cost of the interventions based on this reported information is 1.48 years.

Firefighter Exposure to Environmental Elements Grant Program

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

Qualified employers with payroll equal to or greater than \$500,000 are eligible for a 5-to-1 matching grant, up to a maximum grant award of \$15,000 for the duration of the FEEEG program. This means BWC gives \$5 for every \$1 the employer contributes. Qualified employers with payroll less than \$500,000 are eligible for a \$15,000 grant for the duration of the FEEEG program. There is no match to the grant for payroll less than \$500,000.

In FY22, BWC awarded 26 FEEEG grants totaling \$175,420.21 to 26 employers.

Employers Working with Persons with Developmental Disabilities Grant Program

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

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

In FY22, BWC awarded 13 EWPDD grants totaling \$136,122.60 to 13 employers.

School Safety and Security Grant

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

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

In FY22, BWC awarded 54 SSSG grants totaling \$1,156,632.80 to 53 employers.

School Safety and Security Grant-HVAC

The SSSG-HVAC, which was introduced in 2022, is an expansion of the SSSG program. This program will cover the cost of inspections, assessments, maintenance, and improvements to indoor heating, ventilation, and air conditioning (HVAC) systems as well as the purchase of other secondary devices to control the spread of airborne contaminants, including viruses, for eligible applicants.

This additional funding of \$15,000 is available to any qualifying entity under the SSSG program policy and is available specifically for the purchase of HVAC improvements. A list of qualifying equipment can be found on the application. This offering is available to employers with no matching amount required. Eligible applicants may apply even if they have exhausted all previously available SSSG funds.

In FY22, BWC awarded 38 SSSG-HVAC grants totaling \$557,294.03 to 38 employers.

Drug-Free Safety Program Grant

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

In FY22, BWC awarded two DFSP grants amounting to \$2,149 to two employers.

Workplace Wellness Grant Program

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

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

During FY22, BWC approved three employers to participate in the WWGP, bringing the participating employers' total to 417. BWC gave 26 grants totaling \$37,750 to 24 employers in the program during FY22.

Trench Safety Grant

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

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

In FY22, BWC awarded 139 trench safety grants totaling \$1,401,096.33 to 139 employers.

Ohio Law Enforcement Body Armor Grant Program

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

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

In FY22, in collaboration with the office of the Ohio Attorney General, BWC awarded \$855,995.45 in OLEBA grants to 303 applicants.

Loss Prevention Operations

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

OSHA On-Site Consultation Program

OSHA funded an average of 85% (\$1,622,909) of the OSHA On-Site Consultation Program costs in state FY22 with applicable portions of its federal FY21 and 22 grants. BWC funded the remaining 15% (\$280,385).

The program provides highly specialized services to relatively small employers (worksites with fewer than 250 employees) in high hazard/risk private industries. The program also administers the Safety and Health Achievement Recognition Program (SHARP). This OSHA cooperative program provides recognition and exemptions for 27 workplaces with exemplary safety and health management systems. Pandemic travel restrictions meant deferring all SHARP renewals, so once restrictions were lifted, 16 sites were renewed in FY22.

Program field consultants conducted 529 visits to 302 Ohio workplaces. During these visits, we identified and abated 1,712 hazards, including 1,250 serious hazards, which removed 63,036 employees from exposure. An additional 205 compliance assistance activities were conducted.

Public Employment Risk Reduction Program

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

During FY22, PERRP visited 85 public employers. PERRP conducted 155 on-site and virtual compliance assistance visits that included safety and health consultations and trainings. These visits resulted in the identification and correction of more than 644 workplace hazards.

PERRP conducted 50 on-site and virtual enforcement investigations/inspections through 219 visits, resulting in the identification and correction of more than 91 hazards. These enforcement visits were prompted by three fatalities, three refusal to work investigations, four amputation investigations, nine hospitalization investigations, two injury investigations, 13 scheduled inspections, and 16 complaint investigations.

Specialized field operations consulting services

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

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

These field activities include consulting with employers to assist with noise surveys for hearing protection, air quality sampling, ergonomic surveys, safety audits, and training in workplaces throughout Ohio. We provided consulting services in industrial hygiene, industrial and construction safety, and ergonomics. In FY22, BWC's field operations consultants provided consulting services to 4,881 Ohio employers.

Quality assurance and technical support unit

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

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

The technical advisors serve as subject matter experts in establishing, developing, and maintaining policies relative to the BWC safety programs and services. These include rebate, grant, and assistance programs such as the Industry-Specific Safety Program (ISSP), SIG, FEEEG, and IAQ Program. They also serve as members of or liaisons to external organizations, such as the Center for Construction Research & Training/National Institute for Occupational Safety and Health (CPWR/NIOSH) Research-to-Practice partnership. Technical advisors also teach several occupational safety, ergonomics, and industrial hygiene courses.

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

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

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

BWC DSH instrument laboratory

BWC DSH's instrument laboratory provides a variety of support services to field consultants. The laboratory houses the inventory and repairs, maintains, and calibrates more than 580 measurement devices and tools used by BWC staff. Last year, the laboratory performed calibration and maintenance for 102 devices, with estimated savings of approximately \$16,405 versus the benchmark cost of returning the instruments to the manufacturer. Additionally, 27 measurement devices, purchased in FY22, were distributed to BWC staff.

Industrial hygiene analytical laboratory

BWC industrial hygienists, working with an accredited external laboratory, coordinated 3,447 specialized analyses of air quality samples to measure workers' exposures to a variety of chemicals at more than 638 Ohio workplaces.

The number of instrument calibrations and industrial hygiene visits with chemical analyses are significantly lower than previous years due to fewer on-site customer visits during the pandemic.

Library services

The BWC Library offers access to information, training materials and videos, and experienced librarians to help employers with their questions on workplace safety and health, workers' compensation, risk management, and rehabilitation. BWC librarians provide training on researching web-based and media resources for safety and health, rehabilitation, and public safety information. Additionally, the librarians provide support to BWC departments and researchers. They conduct specialized and detailed literature searches in a variety of databases and other resources and prepare literature summaries. The BWC Library is the only library of its kind in Ohio and among a few in the nation with such specialized services.

Library resources include:

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

The BWC Library also houses the BWC Archive. Part of the collection is digitized and available on the Ohio Memory website. The collection consists of publications and images produced by DSH under BWC and the Industrial Commission of Ohio, with the goal of preventing workplace accidents and injuries and reducing workers' compensation costs. Digitization of the collection is an ongoing project. Several new collections of BWC publications were added to this online archive in FY22.

Customers of library services include private businesses, local and state government entities, attorneys, health care professionals, researchers, representatives of business and labor trade organizations, students, the public, and BWC employees. The library's book collection is part of the statewide OhioLINK library network. Limited book circulation restarted at the end of FY22. Library staff furnished 1,549 articles/journals to customers and performed 701 detailed, specialized reference and/or literature searches.

The video library houses a collection of 592 workplace safety and health DVDs and training aids, including many titles in languages other than English. The library is a convenient and popular source for Ohio employers to obtain quality training aids on workplace safety and health for their employees. The video library has partnered with a streaming video vendor, offering 198 titles in electronic format for Ohio employers. This year, the video library circulated 1,185 DVDs to 223 employers. In addition, 415 employers and their employees accessed 30,119 safety and health streaming videos.

The library features streaming video services while continuing to loan training DVDs to customers. Use of the streaming video service continues to grow, while DVD loan numbers remained steady

from the previous year.

The library added a new collection of digitized Specific Safety Requirements (SSRs) in the form of Bulletins, Industrial Commission (IC) codes, and Ohio Administrative Codes (OAC) from the IC and BWC to our public website. The collection covers 1924 to the early 2000s. We include on this page a history and search tips document, listing a timeline of historical changes to Ohio SSRs and helpful suggestions for searching the collection, and a SSRs finding aid that lists the bulletins, ICs, and OACs.

Library staff acted as chat moderators for OSC® and assisted other DSH departments in planning and implementing other initiatives.

Better You, Better Ohio!®

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

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

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

In FY22, 892 injured workers were enrolled in the program, along with 26,375 other workers. At the end of FY22, a total of 27,267 Ohioans were enrolled in the program. Of these workers, 2,395 were active members in the program at the end of FY22. These active members engaged in online coaching, biometric screening, and/or a health assessment.

Nothing is required from employers with participating workers, though many share information about the program with their employees. BWC handles the administrative work required to run the program. There are no fees associated with the program, and if employers have more than 30 workers willing to participate, BYBO! can offer onsite screenings. In FY22, BWC worked with 36 employers to provide onsite screenings for their employees.

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

Safety Leaders Fellowship Program

Launched in FY17, the Safety Leaders Fellowship Program provides recent college graduates in the fields of occupational safety and health, engineering, industrial hygiene, and/or physical/natural sciences an opportunity to receive on-the-job training. This program is designed for participants to build a professional career in the fields of occupational safety and health, ergonomics, industrial hygiene, and risk management. This program was not active in FY22.

DSH initiatives for FY22 and FY23

DSH had several special initiatives in FY22 and FY23 to create and improve occupational safety and health services for Ohio employers and employees.

Starting in FY18 and continuing into FY22, BWC invested funds in statewide safety awareness and educational marketing. In FY22, DSH spent \$39,166 to partner with the Ohio Farm Bureau to market BWC's safety services to Ohio's agricultural community. We used podcasts, ads in Farm Bureau content, and digital advertorials to engage with businesses. In FY23, DSH intends to develop similar partnerships with other industries to capitalize on their established networks to jointly promote safety awareness and the programs and services offered by DSH. BWC will also reopen the SIG Program with its simplified application procedure and revised eligibility criteria.

The Substance Use Recovery and Workplace Safety Program (SURWSP) aims to minimize the impact of substance use disorders on Ohio's workforce and to promote a safe and healthful workplace. It provides funding to support employers in developing workplaces that are not only safe and productive, but also supportive of employees in recovery to remain successful on the job. Specifically, the program offers employers reimbursement for expenses related to substance use, such as drug testing (available only to employers with "second chance" testing policies), developing workplace drug use policies, and training for employees and supervisors. It also provides access to BWC's BYBO! employee wellness program for employers who would not otherwise qualify for BYBO!

Originally, the program launched as a pilot in 2019 in partnership with local Alcohol, Drug Addiction and Mental Health (ADAMH) services boards covering three counties. BWC provides funding to the boards, who, in turn, administer the program in the counties they serve. While partnerships with additional ADAMH boards increased the availability of the program, it remained unavailable to employers in counties not served by partner ADAMH boards. To make the program available statewide, BWC reimbursed employers directly in counties not served by a partner ADAMH board. We rolled out an initial trial in late September 2021 and expanded it in late December 2021 to the remaining unserved counties. The program was available statewide at the start of 2022.

BWC currently serves 66 counties, with ADAMH boards serving the remaining 22 counties. Program funding for the FY21-22 biennium was \$7.5 million. Total employer enrollment in the program almost quadrupled in FY22, growing from 226 enrolled employers in FY21 to 839 in FY22.

BWC is partnering with the Ohio Department of Developmental Disabilities (DODD) to fund online training courses targeted to employers and employees of direct service providers who care for disabled children and adults. In FY22, BWC contributed \$158,294.74, 46% of the cost of the services, to cover the safety and health portions of the training. For FY23, BWC has also agreed to contribute \$164,421.02, 46% of the cost of the services.

BWC stopped taking applications for the COVID-19 Indoor Air Quality (IAQ) Assistance Program on Oct. 15, 2021, almost 11 months after the program began. Designed collaboratively with other agencies and administered by the safety grants department, the program provided reimbursement for applicants to help cover the costs of inspections, assessments, maintenance, and improvements to indoor heating, ventilation, and air conditioning (HVAC) systems to control the spread of COVID-19. Applicants included non-governmental nursing homes, assisted living centers, hospices, senior centers, adult day centers, intermediate care facilities, residential treatment providers, and waiver settings (group homes) that met the eligibility criteria.

The funds used in the IAQ Program were awarded to the State of Ohio as federal financial assistance by the U.S. Department of Treasury. The funding came from the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act. Eligible employers received up to \$15,000 for the duration of the program. In FY22, BWC disbursed about \$7.6 million for the program.

Research Activities and Initiatives

Primarily, BWC's research activities and initiatives include the Workforce Safety Innovation Center (WSIC), the Ohio Occupational Safety and Health Research Program, the BWC/NIOSH Partnership, the Survey of Occupational Injuries and Illnesses (SOII), and the Census of Fatal Occupational Injuries (CFOI). BWC also provides a yearly analysis of Ohio occupational fatalities.

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

Workforce Safety Innovation Center

In November 2021, BWC started the WSIC and launched an inaugural grant initiative in March 2022 at OSC[®] that offers up to \$15 million in funding annually for the research and development of novel, innovative personal protective equipment and personal protective technology to enhance workplace safety.

WSIC funding opportunities are modeled after NIOSH's NORA and the National Science Foundation Partnerships for Innovation Program. WSIC provides grants up to \$1.5 million in base funding with a non-budgeted deliverable component per approved research and development project. The duration of each project is limited to 12 months. This grant is limited to not-for-profit higher education institutions and research organizations located in Ohio.

Based on data collected from BWC claims, WSIC identified priority areas of focus for technologies and products that will reduce the frequency and severity of on-the-job injuries.

Ohio Occupational Safety and Health Research Program

DSH administers the Ohio Occupational Safety and Health Research Program. The program is a competitive research program that emphasizes maximizing the impact of research efforts in the areas of occupational safety and health on the overall safety, health, productivity, and competitiveness of Ohio's workforce. BWC modeled the program, with minor modifications, after NIOSH's NORA. The program provides up to \$300,000 in funding per project for safety and health research. BWC limits the duration of each research project to 12 to 24 months. The program is an open competition for researchers in Ohio's not-for-profit higher education institutions and research organizations.

During FY22, DSH initiated five projects that addressed the following research areas:

- Farmer's exposure to dust and noise.
- Mental and physical resilience of first responders and health system employees.
- Musculoskeletal injuries in emergency medical services employees.
- Sonographers' work-related injury control.
- Wearable molecular sensors for hazardous vapors.

BWC/NIOSH Partnership

In FY22, BWC and NIOSH continued to collaborate and use their respective strengths and resources on projects that improve public policy. BWC and NIOSH use workers' compensation data as part of research that informs public policy for preventing occupational injuries and illnesses and improving workers' compensation systems. BWC and NIOSH co-authored three journal articles:

- "Workers' compensation claim counts and rates by injury event/exposure among state-insured private employers in Ohio, 2007–2017." *Journal of safety research* 79 (2021).
- "The Impact of a State-Based Workers' Compensation Insurer's Risk Control Services on Employer Claim Frequency and Cost Rates." *Journal of Occupational and Environmental Medicine* 64.7 (2022): 562.
- "Reliability and validity of an employer-completed safety hazard and management assessment questionnaire." *Journal of safety research* 81 (2022): 283-296.

Survey of Occupational Injuries and Illnesses

BWC renewed a grant from the BLS to administer the SOII program in Ohio for FY22. The grant is under a cooperative agreement between BWC and the BLS. The survey is the only comprehensive measure of work-related injuries and illnesses in U.S. workplaces. The agreement allows BWC to continue to administer the survey in Ohio.

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

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

The survey gathered data on occupational injuries and illnesses for CY21. The BLS randomly selected 4,646 establishments (both private and public) as a representative sample for the entire Ohio workforce. The survey achieved an 87% response rate with more than 5,200 cases of occupational injuries and illnesses reported. This number includes a sampling of cases with job restriction, job transfer, and all recordable cases involving days away from work. BWC coded all reported cases using the Occupational Injury and Illness Classification System and the Standard Occupational Classification System for comparison and analysis.

Comprehensive statistics and publishable data for CY21 became available to the public in

November 2022. These show the incidence rate of occupational injury and illness in Ohio's private sector to be lower than that of all neighboring states and the national average for the tenth consecutive year. BWC shares the survey data on our website and provides educational content using the results.

In preparation for the FY23 survey cycle, the BLS pre-notified 4,600 establishments of their inclusion in the SOII program. The FY23 survey will gather occupational injury and illness data for the 2022 calendar year.

Census of Fatal Occupational Injuries

BWC renewed a grant from the BLS to administer the CFOI program in Ohio for FY22. The grant is under a cooperative agreement between BWC and BLS. It requires both agencies to split the cost of administration equally with the expectation that both parties will meet all defined deliverables. CFOI is an occupational health and safety surveillance program. It's designed to identify, verify, and meticulously document important variables associated with cases of fatal occupational injuries with the goal of providing robust and aggregated statistics. The program produces comprehensive, accurate, and timely counts of fatal workplace injuries at state and national levels. CFOI runs on federal-state collaborative efforts. Since 1992, all 50 states and the District of Columbia have implemented CFOI.

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

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

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

The FY22 census gathered data on all cases of occupational fatal traumatic injuries for CY21. The program scope includes the entire workforce population in Ohio and the nation. It also includes cases of fatal occupational injuries that occurred in Ohio within this time frame. BWC coded all identified cases using the Occupational Injury and Illness Classification System and the Standard Occupational Classification System for comparison and analysis. The BLS and BWC will make comprehensive statistics and publishable data available to the public in December 2022.

Results from this program expand BWC's research effort into occupational safety and health and are a resource for assessing workplace safety in Ohio. CFOI offers opportunities for identifying areas to

further focus preventive efforts. BWC renews the program annually and expects it to continue indefinitely.

Ohio occupational fatalities

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

In FY22, 130 fatalities occurred, including 79 from occupational injuries and 51 from occupational disease. Of the occupational injury fatalities:

- Fifty-five workers died on the date of their injury.
- Fourteen workers died after the day of their injury in FY22.
- Ten workers died in FY22 from injuries sustained in a previous fiscal year.

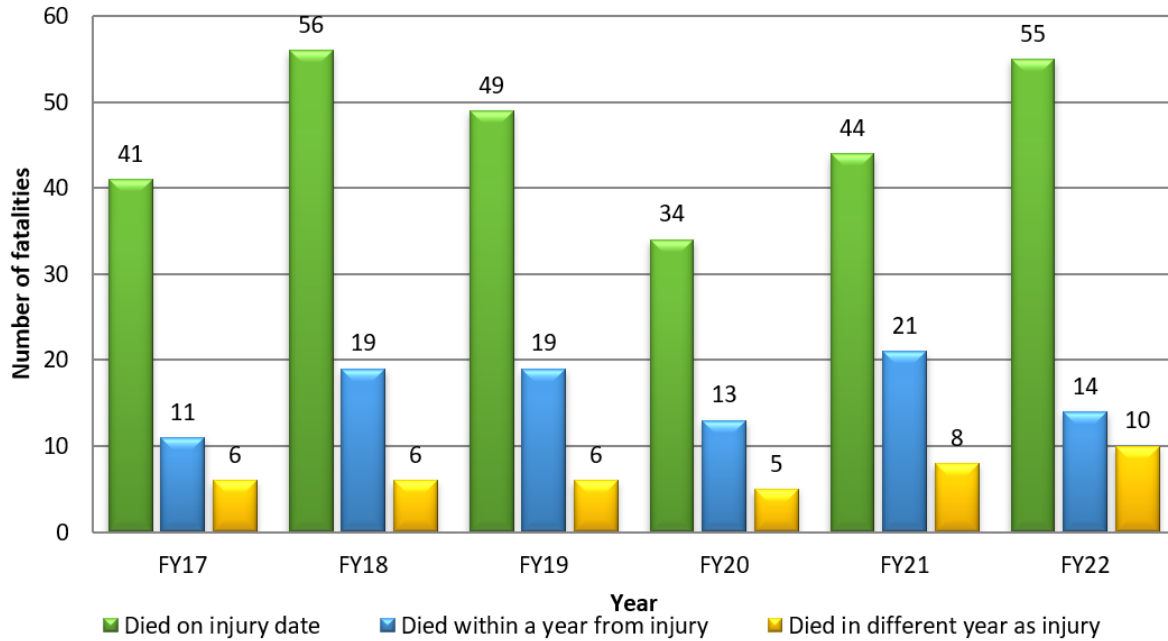
Comparison of occupational injury fatalities for FY17 through FY22

Figure 1 provides a comparison by year of the 417 verified occupational injury fatalities reported to BWC during FY17 through FY22. The chart does not include fatalities that resulted from occupational diseases.

For each year, the chart depicts:

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

Figure 1: Ohio fatalities from occupational injuries (not occupational disease) for FY17 through FY22



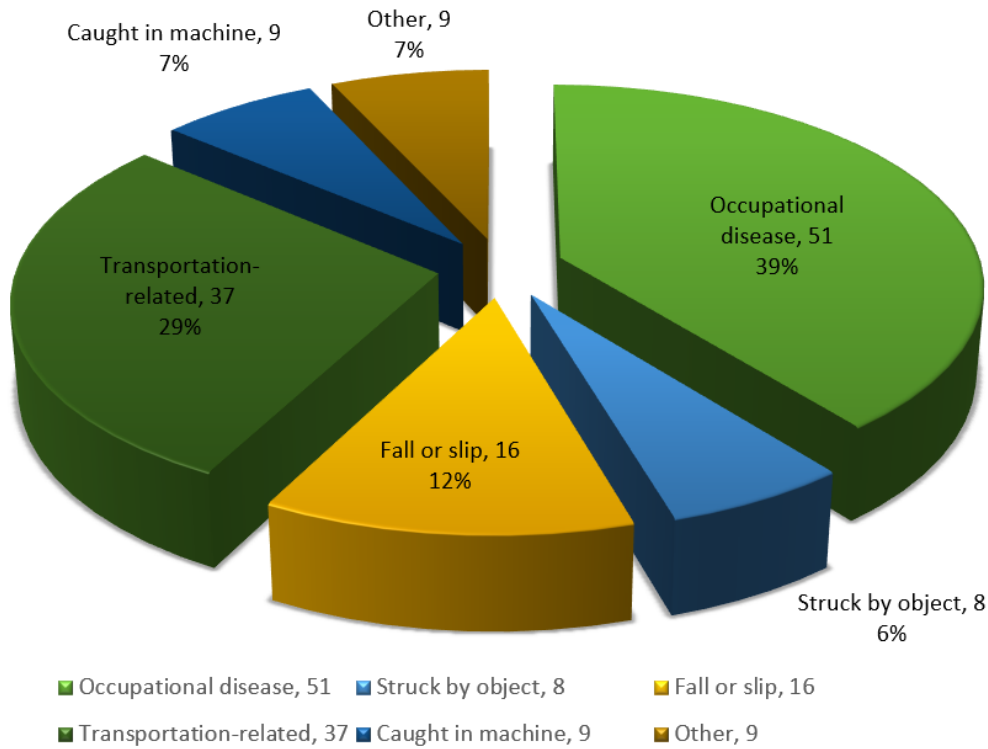
There was an increase in occupational injury fatalities this year compared to last, from 73 in FY21 to 79 in FY22. Note that the yearly total could rise primarily due to delayed claim filing. The FY21 and FY22 counts represent an upturn from the downward trend of the previous three years.

FY22 fatalities according to source of injury/illness (causation)

Figure 2 provides a summary of the primary causations for fatalities from occupational injuries and occupational diseases for FY22. The chart depicts the number and percentage of fatalities by causation. BWC determines causations by various criteria, primarily based on a review of:

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

Figure 2: FY22 fatalities by causation



Total occupational disease-related fatalities declined significantly, from 64 in FY21 to 51 in FY22. Included as part of the 51 occupational disease-related fatalities, there were eight recorded COVID-19 death claims for FY22. Note that the yearly total could rise primarily due to delayed claim filing.

For fatalities from occupational injuries, transportation-related accidents continued to be the leading cause of death. Transportation-related fatalities increased to 37 this year compared to last year's total of 35. Of these transportation-related deaths:

- Twenty-nine workers died in motor vehicle accidents as a driver or passenger.
- Three workers died in an accident involving an aircraft.
- Two workers died as a pedestrian hit by a vehicle.
- Two workers died when a vehicle struck them while working on or by a roadway.
- One worker died in a forklift accident.

The second leading cause of occupational injury fatalities was falls and/or slips, with 16 fatalities in FY22 as compared to 11 in FY21.

Being caught in or between machines resulted in nine occupational injury fatalities in FY22. In comparison, in FY21 there were four fatalities.

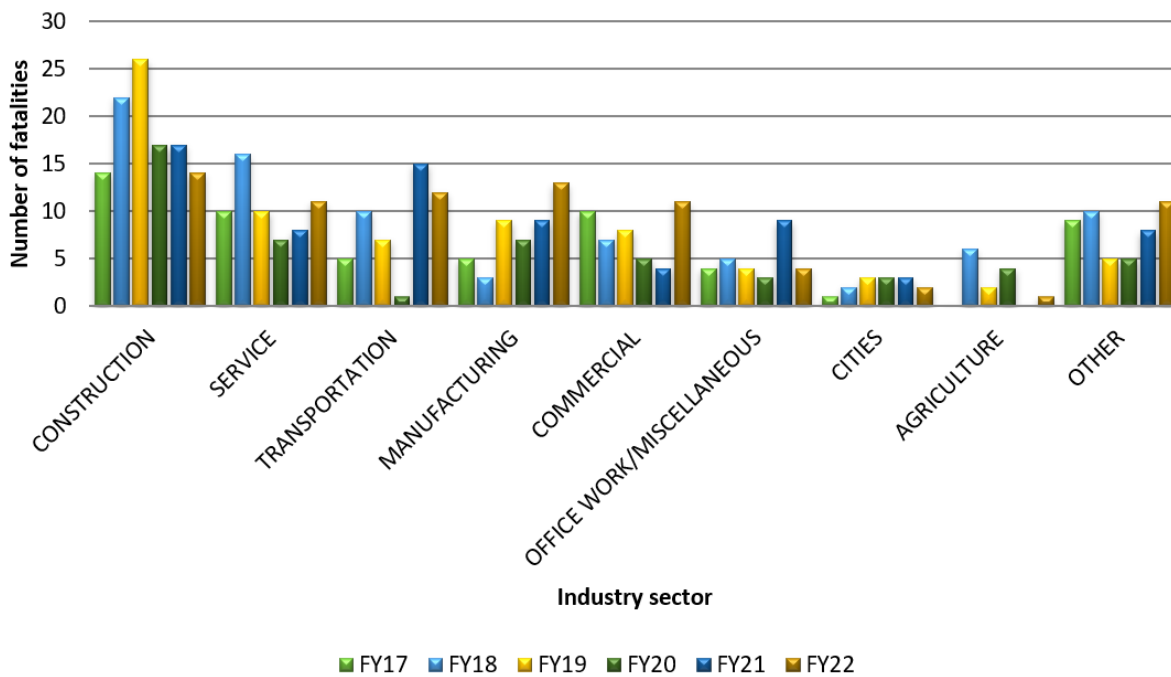
The remaining coded causations for FY22 occupational injury fatalities are as follows:

- Eight workers died from being struck by falling or flying objects.
- Three workers died due to workplace violence.
- Three workers died due to being struck by a tool or machine in use.
- One worker died of electrocution.
- One worker died from an explosion.
- One worker died from another type of injury.

Occupational injury fatalities by industry sector for FY17 through FY22

Figure 3 depicts the number of occupational injury fatalities by industry sector from FY17 through FY22. The chart does not include fatalities that resulted from occupational diseases.

Figure 3: Fatalities from occupational injuries by employer industry sector from FY17 through FY22



The industry sector with the most fatalities in FY22 was construction with 14 fatalities, compared to 17 in FY21. The primary causes of these fatalities were transportation-related accidents and falls.

The second-highest sector was the manufacturing industry with 13 fatalities, compared to nine in FY21. The leading cause of fatalities in this sector was struck by object accidents.

The transportation industry sector was third with 12 fatalities, compared to 15 in FY21. The leading cause of fatalities in this sector was motor vehicle accidents.

Ohio Industrial Commission

Letter From The Chairman

I am pleased to present the Ohio Industrial Commission's (IC) Annual Report for Fiscal Year (FY) 2022.

Our agency serves injured workers and Ohio employers across 12 offices located throughout Ohio with a clear mission of excellent customer service.

In the past fiscal year, our agency adjudicated more than 90,000 disputed workers' compensation claims statewide. Under the leadership of Governor Mike DeWine, the Ohio Industrial Commission is dedicated to providing outstanding service to the injured workers and employers of Ohio.

This report shows that we are an agency that isn't afraid to tackle challenges while quickly implementing new ideas and initiatives.

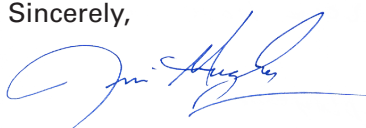
A few of our recent agency highlights include:

- Attained the lowest employment level in over 30 years, without layoffs, through attrition and technological improvements.
- Maintained FY 2022 expenditures within the \$45.1MM to \$46.7MM range over a ten-year period.
- Preserved a well-funded Administrative Cost Fund (ACF) reserve through long range forecasting and cost containment.
- Minimized employer ACF rate change impacts by factoring base rate reductions into our funding needs and matching ACF rates to agency resource usage rates for each employer group within +-1 percent.
- Achieved a Minority Business Enterprise (MBE) Set-Aside rate of 26.5 percent as of July 2022 versus the 15 percent statutory threshold in FY 2022. The Encouraging Diversity, Growth and Equality (EDGE) compliance rate is 27.15 percent vs. the 5 percent policy requirement for the same period.
- Instituted numerous technological advances to enhance staff's ability to provide first-rate service in a hybrid environment.
- Complied with all House Bill 107 statutory timeframes.
- Sustained very high court affirmation rates for final hearing orders appealed to court.
- Initiated a quarterly security quality review of each facility.
- Implemented mandatory building security checks of every door every 30 minutes.
- Created consistent performance goals for our claims examiners, district hearing officers and staff hearing officers.
- Completed numerous facility enhancements to improve safety and COVID-19 protection.

Since early 2020, the world has undergone a dramatic transformation to respond to the COVID-19 pandemic. I am proud to lead an organization that has responded to this global pandemic with innovation, dedication, and courage. Due to our ability to adapt and hardworking employees, we have continued to serve Ohio's injured workers and employers in a timely and impartial manner.

It is a privilege to lead this agency and I look forward to our bright future in public service.

Sincerely,



Jim Hughes Chairman

About the IC

The IC conducts more than 90,000 hearings each fiscal year, and most of these hearings take place within 45 days of the original claim appeal.

Ohio | Industrial Commission

This time frame means you may expect first-rate customer service as the IC provides a forum for appealing Ohio Bureau of Workers' Compensation (BWC) and self-insuring employer decisions. Since 1912, the IC has resolved issues between parties who have a dispute in a workers' compensation claim. With each claim, the agency is dedicated to providing information and resources to help customers navigate through the appeals process. The IC conducts hearings on disputed claims at three levels: the District level, the Staff level, and the Commission level. The Governor appoints the three-member Commission, and the Ohio Senate confirms these nominations. By previous vocation, employment or affiliation, it is mandated that one member of the Commission represents employees, one represents employers and one represents the public. During this fiscal year, Chairman Jim Hughes represented the employees; Daniel J. Massey represented employers; and Karen L. Gillmor represented the public.

FY 2022 Highlights

In addition to the Commissioners, there are 85 hearing officers — all attorneys — in five regional and seven district offices throughout the state. In FY 2022, the IC heard 90,105 claims at all adjudicatory levels. District Hearing Officers (DHOs) heard 63,673 claims, while Staff Hearing Officers (SHOs) heard 26,319 claims, and the Commission heard 113 claims. The IC timeframes mandated by R.C. 4123.511 were impacted by the COVID-19 operational response. The statutory requirement from the filing of a motion or appeal to the date of a hearing timeframe is set at 45 days. For Filing to Hearing, Allowance docket issues averaged 32 days, while Appeal docket issues averaged 36 days. The agency performance benchmark for the filing of a motion or appeal to the mailing of an order is set at 52 days. For Filing to Mailing, Allowance docket issues averaged 36 days, while Appeal docket issues averaged 39 days. The Industrial Commission Online Network (ICON) has made it easy for parties to file motions and appeals online. First level motions and appeals filed on ICON this fiscal year totaled 35,900. Second level and above ICON filings, inclusive of appeals filed to DHO and SHO orders, totaled 41,244 in FY 2022. Customer Service received and responded to 835 Askic submissions during this fiscal year. The department also scheduled 1,392 interpreters for injured workers hearings. In addition, our toll-free customer service line and two local customer services lines received 6,844 calls this fiscal year. Staff personnel assisted 1,429 people at our Columbus Office. Customer Service also processed 63,946 documents.

Commission Performance Highlights — FY 2022

The IC conducts more than 90,000 hearings each fiscal year, and most of these hearings take place within 45 days of the original claim appeal. Formal hearings and administrative reviews account for the majority of IC activity. In FY 2022, the IC made over 148,000 decisions on issues arising from workers' compensation claims. During FY 2022, the IC performed 13,819 administrative reviews and heard a total of 90,105 claims at all adjudicatory levels. Claims heard is inclusive of hearings at the DHO, SHO, Deputy, and Commission venues. Administrative reviews incorporate issues that do not initially require formal adjudication via hearing (Hearing Administrator issues, Commission requests, etc.). These issues receive review and processing at the claims examining, word processing, and hearing officer levels but are not typically reflected in routine production reports under DHO or SHO dockets. These issues may subsequently result in a hearing under the normal adjudicatory

processes and are reflected accordingly under respective hearing venues. The total DHO hearing volume accounts for 71 percent of the overall hearings during FY 2022 at 63,673 claims heard, while the SHO volume is recorded at 26,319 claims heard. Deputy venue claims heard totaled 28 in FY 2022 while the Commission venue recorded 85 claims heard. Total claims heard is inclusive of continuances, referrals, dismissals, and other final determinations made as a result of a hearing. Regionally, the distribution of FY 2022 claims heard at DHO and SHO hearing levels is as follows: Columbus at 32 percent; Cleveland at 24 percent; Akron and Cincinnati each at 17 percent; and Toledo at 9 percent. DHO and SHO hearings were conducted on 249 days during FY 2022. An average of 361 claims were heard per hearing day at the DHO and SHO hearing levels. District level hearings averaged 256 claims heard per day while Staff level hearings averaged 106 claims heard per day. IC hearing timeframes for DHO, SHO, and Commission hearing venues are mandated by R.C. 4123.511. On average, all IC offices performed within the statutory limits requiring a claim to be heard within 45 days of a motion or appeal filing. The IC benchmark for Filing to Mailing is set at 52 days; this performance measure is based on the entirety of the hearing process and combines the two statutory periods Filing to Hearing (45 days) and Hearing to Mailing (7 days).

DHO Performance

DHOs conduct hearings on two formal docket types – Allowance (primarily injury allowance, compensation, and treatment issues) and C-92 (permanent partial disability issues). Only Allowance docket issues fall under timeframe requirements outlined in R.C. 4123.511. DHOs heard a total of 51,231 Allowance docket claims during FY 2022. Of those, 35,985 qualified for inclusion in time studies. Per statute, appeals or motions heard on DHO Allowance dockets must be heard within 45 days of filing. In FY 2022, Allowance dockets averaged 32 days for the statutory Filing to Hearing period. The COVID-19 operational response impacted timeframes during the fiscal year. On average, the DHO Allowance process (Filing to Mailing) was completed within 36 days during FY 2022.

SHO Performance

SHOs conduct hearings on five formal docket types – Appeal (primarily injury allowance, compensation, and treatment issues), PTD (permanent total disability), Reconsideration (permanent partial disability issues), VSSR (violations of specific safety requirements), and Misc (other issues not designated to a pre-defined docket type). Only Appeal docket issues fall under timeframe requirements outlined in R.C. 4123.511. SHOs heard a total of 22,423 appeal claims during FY 2022. Of those, 19,228 qualified for inclusion in time studies. Per statute, Staff hearing level appeals must be heard within a 45-day period. In FY 2022, SHO Appeal processes averaged 36 days for the statutory Filing to Hearing period.

BWC Audited Financial Statements

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

**FINANCIAL STATEMENTS
June 30, 2022 and 2021**

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

FINANCIAL STATEMENTS
June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio (BWC/IC), a department of the State of Ohio (State), as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the BWC/IC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the BWC/IC, as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BWC/IC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 1, the financial statements of the BWC/IC are intended to present the financial position, changes in financial position, and cash flows of the BWC/IC. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, the entity adopted new accounting guidance as set forth by the Government Accounting Standards Board (GASB) Statement No. 87, Leases, during the year ended June 30, 2022. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Our opinion is not modified with respect to this matter.

(Continued)

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the BWC/IC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BWC/IC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BWC/IC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, supplemental revenue and reserve development information, the schedule of proportionate share of the net pension liability (asset), the schedule of employer pension contributions, the schedule of proportionate share of the net OPEB liability, and the schedule of employer OPEB contributions on pages 4-8, 46, 48, 49, 50 and 51, respectively be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022 on our consideration of BWC/IC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BWC/IC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BWC/IC's internal control over financial reporting and compliance.



Crowe LLP

Columbus, Ohio
September 29, 2022

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's discussion and analysis of the Ohio Bureau of Workers' Compensation's (BWC's) and the Industrial Commission of Ohio's (IC's) financial performance for fiscal years ended June 30, 2022, 2021, and 2020. BWC and IC are collectively referred to as BWC/IC. This information is based on BWC/IC's financial statements, which begin on Page 9.

Financial highlights

- BWC/IC's total assets at June 30, 2022 were \$22.3 billion, a decrease of \$2.2 billion or 9% compared to June 30, 2021.
- BWC/IC's total liabilities at June 30, 2022 were \$14.7 billion, a decrease of \$348 million or 2.3% compared to June 30, 2021.
- BWC/IC's total operating revenues for fiscal year 2022 were \$1.3 billion, an increase of \$76 million or 6.5% compared to fiscal year 2021.
- BWC/IC's total operating expenses for fiscal year 2022 were \$1.5 billion, an increase of \$855 million or 128% from fiscal year 2021.
- BWC/IC had \$28 million and \$6.2 billion in policy holder dividend expenses in fiscal year 2022 and 2021, respectively.
- BWC's non-operating revenues for fiscal year 2022 were negative \$1.6 billion, compared to \$3.5 billion for fiscal year 2021.
- BWC/IC's net position at June 30, 2022 was \$7.5 billion, a decrease of \$1.9 billion or 19.9% compared to June 30, 2021.

Financial statement overview

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

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

(Continued)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Statement of Cash Flows – The statement of cash flows is presented using the direct method of reporting, which reflects cash flows from operating, noncapital financing, capital and related financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.
- Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of BWC/IC's financial position and results of operations presented in the financial statements. The notes present information about accounting policies and disclose material risks, subsequent events, and contingent liabilities, if any, that may significantly impact BWC/IC's financial position.
- Supplemental Information – The financial statements include the following supplemental information schedules:
 - Required supplemental information that presents BWC/IC's revenue and reserve development information;
 - Required supplemental information that presents BWC/IC's proportionate share of the Ohio Public Employees Retirement System (OPERS) net pension liability;
 - Required supplemental information that presents BWC/IC's contribution to pension based on statutory requirements;
 - Required supplemental information that presents BWC/IC's proportionate share of the OPERS net other post-employment benefits (OPEB) liability;
 - Required supplemental information that presents BWC/IC's contribution to OPEB based on statutory requirements; and
 - Optional supplemental schedules presenting the statement of net position and the statement of revenues, expenses and changes in net position for the individual accounts administered by BWC/IC.

(Continued)

**OHIO BUREAU OF WORKERS' COMPENSATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial analysis

Components of BWC/IC's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position as of June 30, 2022, 2021, and 2020, and for the fiscal years then ended were as follows (000's omitted):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current assets	\$ 1,259,411	\$ 1,419,170	\$ 1,146,478
Noncurrent assets	20,998,135	23,038,218	26,635,369
Total assets	<u>\$ 22,257,546</u>	<u>\$ 24,457,388</u>	<u>\$ 27,781,847</u>
Deferred outflows of resources	32,401	20,083	45,563
	<u>\$ 32,401</u>	<u>\$ 20,083</u>	<u>\$ 45,563</u>
Current liabilities	\$ 2,845,956	\$ 2,881,334	\$ 2,915,700
Noncurrent liabilities	11,804,297	12,116,551	13,280,208
Total liabilities	<u>\$ 14,650,253</u>	<u>\$ 14,997,885</u>	<u>\$ 16,195,908</u>
Deferred inflows of resources	143,090	120,668	67,525
	<u>\$ 143,090</u>	<u>\$ 120,668</u>	<u>\$ 67,525</u>
Net investment in capital assets	\$ 80,267	\$ 83,181	\$ 97,207
Unrestricted net position	7,416,337	9,274,551	11,466,770
Total net position	<u>\$ 7,496,604</u>	<u>\$ 9,357,732</u>	<u>\$ 11,563,977</u>
Net premium and assessment income, including provision for uncollectibles	\$ 1,245,461	\$ 1,169,595	\$ 1,248,759
Other income	7,665	7,359	8,670
Total operating revenues	<u>\$ 1,253,126</u>	<u>\$ 1,176,954</u>	<u>\$ 1,257,429</u>
Workers' compensation benefits and compensation adjustment expenses	\$ 1,405,889	\$ 526,258	\$ 1,260,821
Other expenses	116,436	141,493	176,282
Total operating expenses	<u>\$ 1,522,325</u>	<u>\$ 667,751</u>	<u>\$ 1,437,103</u>
Policy holder dividend expense	\$ (28,263)	\$ (6,185,348)	\$ (1,343,613)
Operating transfers in (out)	6,150	6,828	(1,425)
Net investment income	(1,570,004)	3,464,053	1,792,931
Gain (loss) on disposal of capital assets	188	205	232
(Decrease) increase in net position	<u>\$ (1,861,128)</u>	<u>\$ (2,205,059)</u>	<u>\$ 268,451</u>
Cumulative effect of GASB87 implementation	\$ -	\$ (1,186)	\$ -

(Continued)

**OHIO BUREAU OF WORKERS' COMPENSATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS

BWC/IC's net position decreased by \$1.9 billion during fiscal year 2022, compared to a \$2.2 billion decrease during fiscal year 2021.

- Fiscal year 2022 premium and assessment income of \$1.25 billion reflects an overall reduction of 15% in premium rates for Ohio's private employers for the policy period beginning July 1, 2021, and an overall decrease of 15% and 10% in premium rates for public taxing district (PEC) employers for the policy periods beginning January 1, 2022 and January 1, 2021, respectively. (PEC employers include counties, cities, villages, townships, schools, libraries, and special taxing districts.) Fiscal year 2021 premium and assessment income of \$1.17 billion reflects a 13% decrease in rates for private employers for the policy period beginning July 1, 2020, and an overall decrease of 10% in premium rates for PEC employers for each of the policy periods beginning January 1, 2021 and January 1, 2020. Refer to Note 1 – Organization Background and Summary of Significant Accounting Policies for more information about premium and assessment income.
- Workers' compensation benefits and compensation adjustment expenses were as follows in fiscal years 2022, 2021, and 2020.

(\$ in millions)	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net benefit payments	\$ 1,268	\$ 1,229	\$ 1,271
Payments for compensation adjustment expenses	142	112	237
Managed Care Organization administrative payments	161	165	169
Change in reserves for compensation and compensation adjustment expenses	<u>(165)</u>	<u>(980)</u>	<u>(416)</u>
	<u>\$ 1,406</u>	<u>\$ 526</u>	<u>\$ 1,261</u>

- State Insurance (SIF) Benefit payments for all accident years were \$33 million or 2.6% lower than expected during fiscal year 2022. Medical benefits were \$60 million lower than expected while Indemnity benefits were \$27 million higher than expected. Total lump sum settlements paid have been larger than previous years. This increase in settlements started in late 2020 and continued through fiscal year 2022. This increase in lump sum settlements accounts for the increase in indemnity payments and some of the decrease in medical payments. We initially expected medical payments to return to the levels we were seeing before Covid-19, however medical payments only rebounded slightly from a low in fiscal year 2021.
- The changes from year to year in payments for compensation adjustment expenses is primarily due to the adjustments required for the OPEB and Pension assets and liabilities during the fiscal year end process.
- The discounted reserves for workers' compensation benefits and compensation adjustment expenses as of June 30, 2022 are \$165 million lower than the June 30, 2021 discounted liabilities. The recorded liabilities for reserves are management's selection based on estimates calculated by BWC's Actuarial division staff for all funds except Coal Workers Pneumoconiosis, which is calculated by BWC's independent consulting actuary. Note 1 – Organization Background and Summary of Significant Accounting Policies and Note 4 – Reserves for Compensation and Compensation Adjustment Expenses provide a more detailed discussion of BWC's liabilities for reserves.

(Continued)

**OHIO BUREAU OF WORKERS' COMPENSATION
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MANAGEMENT'S DISCUSSION AND ANALYSIS

- The SIF net position has declined this past fiscal year as a result of lower than expected investment returns offset by impact of the decrease in reserve for compensation and compensation adjustment expense liabilities. In fiscal year 2022, the eligibility requirements of the November 2020 dividend were revised which resulted in recognizing an additional \$28 million in policyholder dividend expense. In fiscal year 2021 the net position had exceeded the guidelines in the Net Asset Policy established by the Board and dividends for private and PEC employers were approved by the Board in September 2020 and November 2020. Dividend expense of \$6.2 billion reduced net position in fiscal year 2021. Refer to Note 11 – Net Position for additional detail regarding BWC/IC's net position and Note 6 – Policy Holder Dividend for additional information on the policy holder dividends.
- In fiscal year 2022, BWC/IC recorded net investment loss of \$1.6 billion, compared to income of \$3.5 billion in fiscal year 2021. The portfolio earned a net negative return, after management fees, of 7.2% during fiscal year 2022 compared to a positive return of 15.2% in fiscal year 2021.

Conditions expected to affect financial position or results of operations

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

- Base rates will decrease an average of 10% for the July 1, 2022 policy year for private employers.
- Businesses that invest in workplace safety and health are able to reduce fatalities, injuries, and illnesses, resulting in lower medical and legal expenses as well as lower costs to train replacement employees. BWC offers numerous financial assistance opportunities for employers to invest in workplace safety.
- BWC/IC's Board and management are closely monitoring investment trends and economic conditions that could negatively impact the value of BWC's investment portfolio. BWC's Investment division and the Board's Investment consultant have had an investment policy in place that has continued to protect BWC's stable financial position through difficult economic times.

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

	2022	2021	2020	Guideline
Simple Funding Ratio	1.58	1.71	1.89	1.30 to 1.50
Net Leverage Ratio	1.63	1.30	1.05	3.0 to 7.0

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

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

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

(000's omitted)

	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>
ASSETS			LIABILITIES		
Current assets:			Current liabilities:		
Cash and cash equivalents (Note 2)	\$635,363	\$617,413	Reserve for compensation (Note 4)	\$ 1,340,799	\$ 1,294,961
Collateral on loaned securities (Note 2)	2,452	5,243	Reserve for compensation adjustment expenses (Note 4)	456,016	435,182
Premiums recorded not yet due	2,298	6,878	Unearned premium and assessments	372,042	376,746
Assessments recorded not yet due	1,573	1,407	Legal settlement	4,500	4,500
Premiums in course of collection	3,334	3,830	Warrants payable	26,463	42,383
Assessments in course of collection	16,260	13,933	Group retrospective credit payable (Note 5)	113,201	45,466
Accounts receivable, net of allowance for uncollectibles of \$ 1,279,073 in 2022; \$1,255,970 in 2021	305,726	316,518	Investment trade payables	414,528	588,755
Retrospective premiums receivable	18,977	21,406	Accounts payable	9,700	24,422
Investment trade receivables	187,039	354,319	Obligations under securities lending (Note 2)	2,452	5,243
Accrued investment income	86,389	77,623	Other current liabilities (Note 5)	106,255	63,676
Other current assets	-	600	Total current liabilities	<u>2,845,956</u>	<u>2,881,334</u>
Total current assets	<u>1,259,411</u>	<u>1,419,170</u>	Noncurrent liabilities:		
Noncurrent assets:			Reserve for compensation (Note 4)	10,399,094	10,593,651
Restricted cash (Note 2)	736	736	Reserve for compensation adjustment expenses (Note 4)	1,177,284	1,214,817
Fixed maturities, at fair value (Note 2)	10,548,764	11,345,991	Net pension liability (Note 7)	83,541	149,066
Domestic equity securities, at fair value - common stock (Note 2)	3,528,694	4,760,093	Group retrospective credit payable (Note 5)	104,611	126,724
Domestic equity securities, at fair value - preferred stock (Note 2)	714	745	Other noncurrent liabilities (Note 5)	39,767	32,293
Non-U.S equity securities, at fair value - common stock (Note 2)	1,852,011	2,298,943	Total noncurrent liabilities	<u>11,804,297</u>	<u>12,116,551</u>
Investments in real estate funds (Note 2)	4,016,085	3,533,460	Total liabilities	<u>\$ 14,650,253</u>	<u>\$ 14,997,885</u>
Unbilled premiums receivable	894,218	953,162	DEFERRED INFLOW OF RESOURCES	143,090	120,668
Retrospective premiums receivable	44,614	42,568	Total liabilities and deferred inflow of resources	<u>\$ 14,793,343</u>	<u>\$ 15,118,553</u>
Capital assets (Note 3)	80,267	83,181	NET POSITION		
Net OPEB asset (Note 8)	29,790	17,694	Net investment in capital assets	80,267	83,181
Net pension asset (Note 7)	2,242	1,645	Unrestricted net position	7,416,337	9,274,551
Total noncurrent assets	<u>20,998,135</u>	<u>23,038,218</u>	Total net position (Note 11)	<u>\$ 7,496,604</u>	<u>\$ 9,357,732</u>
Total assets	<u>\$ 22,257,546</u>	<u>\$ 24,457,388</u>			
DEFERRED OUTFLOW OF RESOURCES	32,401	20,083			
Total assets and deferred outflow of resources	<u>\$ 22,289,947</u>	<u>\$ 24,477,471</u>			

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

**OHIO BUREAU OF WORKERS' COMPENSATION
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**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

For the fiscal years ended June 30, 2022 and 2021

(000's omitted)

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Premium and assessment income net of ceded premium	\$1,268,024	\$ 1,198,066
Provision for uncollectibles	(22,563)	(28,471)
Other income	7,665	7,359
Total operating revenues	<u>1,253,126</u>	<u>1,176,954</u>
Operating expenses:		
Workers' compensation benefits (Note 4)	1,115,044	347,965
Compensation adjustment expenses (Note 4)	290,845	178,293
Personal services	53,310	34,846
Other administrative expenses	63,126	106,647
Total operating expenses	<u>1,522,325</u>	<u>667,751</u>
Net operating (loss) income before policy holder dividends	(269,199)	509,203
Policy holder dividend expense (Note 6)	<u>28,263</u>	<u>6,185,348</u>
Net operating loss	<u>(297,462)</u>	<u>(5,676,145)</u>
Non-operating revenues:		
Net investment income (Note 2)	(1,570,004)	3,464,053
Gain (loss) on disposal of capital assets	188	205
Total non-operating revenues	<u>(1,569,816)</u>	<u>3,464,258</u>
Transfers in (out)	<u>6,150</u>	<u>6,828</u>
(Decrease) increase in net position	(1,861,128)	(2,205,059)
Net position, beginning of year	<u>9,357,732</u>	<u>11,563,977</u>
Cumulative effect of GASB 87 Implementation	<u>-</u>	<u>(1,186)</u>
Net Position, beginning of year as restated	<u>9,357,732</u>	<u>11,562,791</u>
Net position, end of year	<u>\$ 7,496,604</u>	<u>\$ 9,357,732</u>

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

**OHIO BUREAU OF WORKERS' COMPENSATION
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STATEMENTS OF CASH FLOWS

For the fiscal years ended June 30, 2022 and 2021

(000's omitted)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash receipts from premiums and assessments net of reinsurance	\$ 1,545,869	\$ 1,204,200
Cash receipts - other	27,155	28,287
Cash disbursements for claims	(1,492,329)	(1,448,122)
Cash disbursements to employees for services	(201,799)	(218,030)
Cash disbursements for other operating expenses	(115,827)	(127,881)
Cash disbursements for employer refunds	(196,872)	(6,433,444)
Net cash used for operating activities	<u>(433,803)</u>	<u>(6,994,990)</u>
Cash flows from noncapital financing activities:		
Transfers in	<u>6,150</u>	<u>6,828</u>
Net cash used by noncapital financing activities	<u>6,150</u>	<u>6,828</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets, net of retirements	<u>(141)</u>	<u>(198)</u>
Net cash used in capital and related financing activities	<u>(141)</u>	<u>(198)</u>
Cash flows from investing activities:		
Investments sold	11,286,586	19,130,501
Investments purchased	(11,350,135)	(12,522,010)
Interest and dividends received	568,468	565,385
Investment expenses	(59,175)	(54,995)
Net cash provided by investing activities	<u>445,744</u>	<u>7,118,881</u>
Net (decrease) increase in cash and cash equivalents	17,950	130,521
Cash and cash equivalents, beginning of year	<u>618,149</u>	<u>487,628</u>
Cash and cash equivalents, end of year	<u>\$ 636,099</u>	<u>\$ 618,149</u>

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

(Continued)

**OHIO BUREAU OF WORKERS' COMPENSATION
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STATEMENTS OF CASH FLOWS, Continued

For the fiscal years ended June 30, 2022 and 2021

(000's omitted)

	<u>2022</u>	<u>2021</u>
Reconciliation of net operating loss to net cash used for operating activities:		
Net operating loss	\$ (297,462)	\$ (5,676,145)
Adjustments to reconcile net operating loss to net cash used for operating activities:		
Provision for uncollectible accounts	22,563	28,471
Depreciation	17,229	14,429
Pension and other postemployment benefits	(68,595)	(125,235)
(Increases) decreases in assets and increases (decreases) in liabilities:		
Premiums and assessments recorded not yet due	4,414	7,970
Premiums and assessments in course of collection	(1,831)	1,111
Unbilled premiums receivable	58,944	29,869
Accounts receivable	(11,260)	(179,725)
Retrospective premiums receivable	383	13,718
Other assets	600	-
Reserves for compensation and compensation adjustment expenses	(165,418)	(979,543)
Unearned premiums and assessments	(4,704)	40,778
Group retrospective credit payable	45,622	(140,429)
Warrants payable	(15,920)	(32,924)
Accounts payable	(14,722)	5,846
Policy holder dividend payable	-	(7,651)
Other liabilities	<u>(3,646)</u>	<u>4,470</u>
Net cash used for operating activities	<u>\$ (433,803)</u>	<u>\$ (6,994,990)</u>
Noncash investing, capital, and financing activities		
Change in fair values of investments	\$ (2,049,566)	\$ 2,995,025

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

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For the fiscal years ended June 30, 2022 and 2021

1. Organization Background and Summary of Significant Accounting Policies

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

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

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

Basis of Presentation

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

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

BWC/IC administers the following accounts:

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

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Description of the Accounts

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

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Premium Income

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

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

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

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

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

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

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

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

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Assessment Income

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

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

In September 2015, the Board approved the funding of DWRF I benefits from SIF investment income for private and public taxing district employers rather than levying assessments against these employers. The annual change in funding commitment has been recorded in SIF and DWRF I as adjustments to the respective premium and assessment income in the statements of revenue, expenses and changes in net position for fiscal years 2022 and 2021. The commitment is reviewed annually and is subject to adjustment based on changes in the estimated DWRF I discounted reserves for compensation and compensation adjustment expenses.

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

The year-end balances of the DWRF II cash and investment balances and the DWRF II discounted reserve for compensation and compensation adjustments expenses are compared annually to determine when BWC/IC has an unbilled premiums receivable. At June 30, 2022 and 2021, the total DWRF II cash and investment balances exceeded the DWRF II discounted reserve for compensation and compensation adjustment expenses, thus no unbilled premiums receivable is recorded for DWRF II.

Allowance for Uncollectible Accounts

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

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**OHIO BUREAU OF WORKERS' COMPENSATION
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Capital Assets

Capital assets maintains two categories: tangible capital assets and intangible right-to-use assets. Tangible capital assets are carried at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

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

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

Intangible right-to-use assets and related liabilities are recorded at the commencement date of the related contract. The lease liability, reflected on the Statement of Net Position is measured at the present value of expected payments over the contract term. The intangible right-to-use assets are based on the initial measurement of the liability, plus any payments made to the vendor at or before the commencement of the contract term. Intangible right-to-use assets are amortized over the shorter of the term of the contract or the useful life of the underlying asset. Interest expense is recognized ratably over the contract term.

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

Reserves for Compensation and Compensation Adjustment Expenses

The reserve for compensation consists of reserves for indemnity and medical claims resulting from work-related injuries or illnesses. The reserve for compensation is based upon BWC's internal actuarial unpaid indemnity and medical loss estimates for both reported claims and claims incurred but not reported (IBNR). The reserve for compensation adjustment expenses is based upon the BWC's internal actuaries' estimates of future expenses to be incurred in settlement of the claims. The reserve for compensation is based on the estimated ultimate cost of settling the claims, including the potential effects of inflation and other societal and economic factors and projections as to future events, including claims frequency, severity, duration, and inflationary cost trends for medical claim reserves. The reserve for compensation adjustment expenses is based on projected claim-related expenses, estimated costs of the managed care Health Partnership Program, the estimated costs of the Pharmacy Benefit

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Manager, and the reserve for compensation. The reserves for compensation and compensation adjustment expense do not contemplate future changes due to judicial or legislative actions that cannot be reasonably estimated. The methods and assumptions used in developing such estimates and for establishing the resulting liabilities are reviewed quarterly and updated based on current circumstances. The reserves for compensation and compensation adjustment expenses are discounted at 4.0% at June 30, 2022 and 2021 to reflect the present value of future benefit payments at those dates. The selected discount rate approximates an average expected investment yield on BWC/IC's investment portfolio that supports the future payment of the underlying BWC/IC's reserves.

Management believes that the recorded reserves for compensation and compensation adjustment expenses make for a reasonable and appropriate provision for expected future loss and related expense payments on events that have occurred on or prior to June 30, 2022. While management and the BWC internal actuarial staff use currently available information to estimate the unpaid amounts for compensation and compensation adjustment expenses, future changes to the estimates and reserves for compensation and compensation adjustment expenses for those events may be necessary based on actual future claims experience and changing claims frequency, severity, duration, and inflationary trends for medical claim reserves.

Other States Coverage

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

Pensions and Other Post-Employment Benefits (OPEB)

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

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Use of Estimates

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

2. Cash and Investments

BWC/IC is authorized by Section 4123.44 of the Code to invest using an investment policy established by the Board, which uses the prudent person standard. The prudent person standard requires investments be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and by diversifying the investments of the assets so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

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For the fiscal years ended June 30, 2022 and 2021

The composition of cash and investments held at June 30, 2022 and 2021, is presented below (000's omitted):

	2022	2021
	<u>Fair Value</u>	<u>Fair Value</u>
Fixed maturities		
U.S. corporate bonds	\$ 3,148,974	\$ 3,539,610
U.S. government obligations	1,776,637	1,718,711
U.S. treasury inflation protected securities	1,705,297	1,796,522
Commingled U.S. treasury inflation protected securities	844,340	890,124
Non-U.S. corporate bonds	715,028	823,126
U.S. government agency mortgages	640,239	588,989
Commingled U.S. Long Government / Credit Fixed Income	572,707	716,780
Asset backed securities	319,509	342,293
Commercial mortgage backed securities	254,557	274,960
U.S. state and local government agencies	180,435	198,499
Commingled U.S. aggregate indexed fixed income	152,032	160,364
Non-U.S. government and agency bonds	107,777	145,403
Bond funds	59,927	65,762
Commingled U.S. intermediate duration fixed income	44,016	47,482
Preferred securities	14,139	22,128
Bank loans	8,132	3,900
U.S. government agency bonds	5,018	11,338
Total fixed maturities	<u>10,548,764</u>	<u>11,345,991</u>
Domestic equity securities - common stocks	3,085,390	4,200,635
Domestic equity securities - preferred stocks	714	745
Commingled domestic equity securities - common stocks	443,304	559,457
Commingled Non-U.S. equity securities - common stocks	1,852,011	2,298,943
Commingled investments in real estate	4,016,085	3,533,460
Securities lending short-term collateral	2,452	5,243
Restricted Cash	736	736
Cash and cash equivalents		
Cash	37,559	46,735
Short-term money market fund	597,804	570,678
Total cash and cash equivalents	<u>635,363</u>	<u>617,413</u>
	<u>\$ 20,584,819</u>	<u>\$ 22,562,623</u>

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For the fiscal years ended June 30, 2022 and 2021

Net investment income for the fiscal years ended June 30, 2022 and 2021, is summarized as follows (000's omitted):

	<u>2022</u>	<u>2021</u>
Fixed maturities	\$ 389,024	\$ 368,061
Equity securities	58,730	63,508
Real estate	133,485	110,469
Cash equivalents	1,249	133
	<u>582,488</u>	<u>542,171</u>
Increase (decrease) in fair value of investments	(2,049,566)	2,995,025
Investment expenses	(102,926)	(73,143)
	<u>\$ (1,570,004)</u>	<u>\$ 3,464,053</u>

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, BWC/IC's deposits might not be recovered. Banks must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 102% of the total public monies on deposit at the institution. At June 30, 2022 and 2021, the carrying amount of BWC/IC's cash deposits were \$37.6 million and \$46.7 million, respectively, and the bank balances were \$24.4 million and \$34.5 million, respectively. Differences between the carrying amount and bank balances are primarily due to in transit credit card and online payments. Of the June 30, 2022 and 2021, bank balances, \$250 thousand were insured by the FDIC. The remaining cash balance on deposit with the bank was collateralized by pledges held by the trustee of either a surety bond or securities with a sufficient market value and was not exposed to custodial credit risk. Any pledged securities are held by the Federal Reserve, the Federal Home Loan Bank, or an insured financial institution serving as agent of the Treasurer of the State of Ohio.

Custodial Credit Risk – Investments

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

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Fair Value Measurements

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

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

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

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The fair value measurement of investments held at June 30, 2022 and 2021, is presented below (000's omitted):

Fiscal Year 2022	Prices Level 1	Inputs Level 2	Inputs Level 3	Fair Value Total
Fixed Maturities				
U.S. corporate bonds	\$ -	\$ 3,148,974	\$ -	\$ 3,148,974
U.S. government obligations	1,711,234	65,403	-	1,776,637
U.S. treasury inflation protected securities	1,705,297	-	-	1,705,297
Non-U.S. corporate bonds	-	715,028	-	715,028
U.S. government agency mortgages	-	640,239	-	640,239
Asset backed securities	-	242,520	76,989	319,509
Commercial mortgage backed securities	-	241,968	12,589	254,557
U.S. state and local government agencies	-	180,435	-	180,435
Non-U.S. government and agency bonds	-	107,777	-	107,777
Bond funds	22,641	-	-	22,641
Preferred securities	-	14,139	-	14,139
Bank loans	-	510	7,622	8,132
U.S. government agency bonds	-	5,018	-	5,018
Domestic equity securities - common stocks	3,085,390	-	-	3,085,390
Domestic equity securities - preferred stocks	542	-	172	714
Securities lending short-term collateral	-	2,452	-	2,452
	<u>\$ 6,525,104</u>	<u>\$ 5,364,463</u>	<u>\$ 97,372</u>	<u>\$ 11,986,939</u>
Investments measured at net asset value:				
Commingled U.S. aggregate indexed fixed income				152,032
Commingled U.S. Long Government / Credit Fixed Income				572,707
Commingled U.S. treasury inflation protected securities				844,340
Commingled U.S. intermediate duration fixed income				44,016
Investment in Bond Fund				37,286
Commingled domestic equity securities - common stocks				443,304
Commingled Non-U.S. equity securities - common stocks				1,852,011
Commingled investments in real estate				4,016,085
				<u>\$ 7,961,781</u>
			Restricted Cash :	\$ 736
			Cash and Cash Equivalents:	\$ 635,363
			Total Investments:	<u>\$ 20,584,819</u>

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Fiscal Year 2021	Prices Level 1	Inputs Level 2	Inputs Level 3	Fair Value Total
Fixed Maturities				
U.S. corporate bonds	\$ -	\$ 3,539,485	\$ 125	\$ 3,539,610
U.S. treasury inflation protected securities	1,796,522	-	-	1,796,522
U.S. government obligations	1,636,336	82,375	-	1,718,711
Non-U.S. corporate bonds	-	813,872	9,254	823,126
U.S. government agency mortgages	-	588,989	-	588,989
Asset backed securities	-	250,941	91,352	342,293
U.S. state and local government agencies	-	198,499	-	198,499
Commercial mortgage backed securities	-	257,359	17,601	274,960
Non-U.S. government and agency bonds	-	145,403	-	145,403
U.S. government agency bonds	-	11,338	-	11,338
Preferred securities	-	22,128	-	22,128
Bond funds	22,322	-	-	22,322
Bank loans	-	-	3,900	3,900
Domestic equity securities - common stocks	4,200,635	-	-	4,200,635
Domestic equity securities - preferred stocks	586	-	159	745
Securities lending short-term collateral	-	5,243	-	5,243
	<u>\$ 7,656,401</u>	<u>\$ 5,915,632</u>	<u>\$ 122,391</u>	<u>\$ 13,694,424</u>

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

Restricted Cash : \$ 736
Cash and Cash Equivalents: \$ 617,413

Total Investments: \$ 22,562,623

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

Investments Measured at the NAV
FY 2022

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled U.S. aggregate indexed fixed income	\$ 152,032		Daily	5 days
Commingled U.S. Long Government / Credit Fixed Income	572,707		Daily	5 days
Commingled U.S. treasury inflation protected securities	844,340		Daily	5 days
Commingled U.S. intermediate duration fixed income	44,016		Daily	5 days
Investment in Bond Fund	37,286		Bi-Monthly	15 days
Commingled domestic equity securities - common stocks	443,304		Daily	5 days
Commingled Non-U.S. equity securities - common stocks	1,852,011		Daily	5 days
Commingled investments in real estate:				
Core Real Estate	2,328,340	-	Quarterly	1 quarter
Core Plus Real Estate	1,236,236	-	Quarterly	1 quarter
Value Added Real Estate	451,509	202,522	Illiquid	
Total Commingled investments in real estates:	\$ 4,016,085	\$ 202,522		

Investments Measured at the NAV
FY 2021

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

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

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

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

Interest Rate Risk – Fixed-Income Securities

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

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

At June 30, 2022 and 2021, the effective duration of BWC's fixed-income portfolio is as follows (000's omitted):

<u>Investment Type</u>	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Fair Value</u>	<u>Effective Duration</u>
U.S. corporate bonds	3,148,974	11.86	3,539,610	13.07
U.S. government obligations	1,776,637	8.53	1,718,711	8.51
U.S. treasury inflationary protected securities	1,705,297	6.98	1,796,522	7.73
Commingled U.S. treasury inflationary protected securities	844,340	6.96	890,124	7.73
Non-U.S. corporate bonds	715,028	8.84	823,126	10.10
U.S. government agency mortgages	640,239	5.93	588,989	4.69
Commingled U.S. long government / credit fixed income	572,707	15.03	716,780	16.59
Asset backed securities	319,509	1.65	342,293	1.68
Commercial mortgage backed securities	254,557	2.76	274,960	3.05
U.S. state and local government agencies	180,435	11.95	198,499	12.69
Commingled U.S. aggregate indexed fixed income	152,032	6.40	160,364	6.59
Non-U.S. government and agency bonds	107,777	11.80	145,403	13.06
Bond funds	59,927	0.13	65,762	0.28
Commingled U.S. intermediate duration fixed income	44,016	3.93	47,482	4.20
Preferred securities	14,139	2.06	22,128	2.86
Bank loans	8,132	0.25	3,900	0.56
U.S. government agency bonds	5,018	14.61	11,338	19.28
Total fixed maturities	<u>\$ 10,548,764</u>		<u>\$ 11,345,991</u>	

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

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Credit Risk – Fixed-Income Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. U.S. government obligations, U.S. treasury inflation protected securities, and commingled U.S. treasury inflation protected securities are all rated AA by Standard and Poor's (S&P) in fiscal years 2022 and 2021. Obligations of the U.S. government are explicitly guaranteed by the U.S. government. BWC/IC's fixed-income securities were rated by S&P and/or an equivalent national rating organization and the ratings are presented below using the S&P rating scale (000's omitted):

Quality Rating	2022 Fair Value	2021 Fair Value
<u>Credit risk debt quality</u>		
AAA	\$ 374,142	\$ 404,433
AA	575,088	910,137
A	1,830,160	1,315,632
BBB	2,351,870	3,157,467
BB	323,997	411,692
B	91,459	103,698
CCC	24,229	33,669
CC	5,154	2,540
C	710	-
D	424	1,039
Total credit risk debt securities	5,577,233	6,340,307
<u>U.S. government agency bonds</u>		
AAA	1,430	1,622
AA	3,588	9,716
Total U.S. government agency bonds	5,018	11,338
<u>U.S. government agency mortgages</u>		
AAA	45,900	131,684
AA	578,703	443,230
A	1,521	-
BBB	1,982	3,018
BB	11,099	7,460
B	1,034	3,597
Total U.S. government agency mortgages	640,239	588,989
U.S. government obligations (AA)	1,776,637	1,718,711
U.S. treasury inflation protected securities (AA)	1,705,297	1,796,522
Commingled U.S. treasury inflation protected securities (AA)	844,340	890,124
Total fixed maturities	\$ 10,548,764	\$ 11,345,991

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of BWC/IC's investment in a single issuer. In 2022 and 2021, there is no single issuer that comprises 5% or more of the overall portfolio with the exception of BWC/IC's investments in the U.S. government.

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Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. BWC's exposure to foreign currency risk as of June 30, 2022 and 2021, is as follows (000's omitted):

Currency	2022		2021	
		Fair Value		Fair Value
Argentine Peso	\$	-	\$	59
Australian Dollar		88,219		98,792
Bermudian Dollar		502		1,146
Brazilian Real		26,624		37,396
British Pound		175,831		183,789
Canadian Dollar		148,968		160,707
Caymanian Dollar		449		223
Chilean Peso		2,798		3,191
Chinese Renminbi		182,400		254,922
Colombian Peso		811		1,128
Czech Koruna		882		725
Danish Krone		31,494		36,421
Egyptian Pound		325		410
Euro		356,816		492,519
Hong Kong Dollar		49,596		60,000
Hungarian Forint		919		1,592
Indian Rupee		69,819		70,952
Indonesian Rupiah		9,998		7,853
Israeli Shekel		8,658		8,592
Japanese Yen		254,368		327,021
Kuwaiti Dinar		4,515		3,652
Macau Pataca		496		1,081
Malaysian Ringgit		8,022		8,862
Manx Pound		964		1,426
Mexican Peso		11,556		12,612
New Zealand Dollar		2,632		4,478
Norwegian Krone		9,081		8,825
Pakistani Rupee		-		134
Papua New Guinean Kina		-		410
Peruvian Nuevo Sol		855		136
Philippines Peso		4,005		4,486
Polish Zloty		3,135		4,529
Qatari Rial		5,697		4,517
Russian Ruble		2		20,294
Saudi Riyal		23,460		20,652
Singapore Dollar		16,976		15,435
South African Rand		18,972		24,885
South Korean Won		61,942		94,847
Swedish Krona		36,721		49,709
Swiss Franc		126,409		144,458
Taiwan Dollar		78,491		98,449
Thailand Baht		10,433		11,545
Turkish Lira		1,520		1,672
United Arab Emirates Dirham		6,916		5,027
Exposure to foreign currency risk		1,841,677		2,289,559
United States Dollar		10,334		9,384
Total international securities	\$	1,852,011	\$	2,298,943

Securities Lending

At June 30, 2022 and 2021, BWC/IC had no securities out on loan. BWC/IC has been allocated with cash collateral of \$2.5 million in 2022 and \$5.2 million in 2021 from the securities lending program administered through the Treasurer of State's Office based on the amount of cash equity in the State's common cash and investment account.

3. Capital Assets

Capital asset activity and balances as of and for the fiscal years ended June 30, 2022 and 2021, are summarized as follows (000's omitted):

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	Balance at 6/30/2020	Increases	Decreases	Balance at 6/30/2021	Increases	Decreases	Balance at 6/30/2022
Capital assets not being depreciated							
Land	\$ 9,466	\$ -	\$ -	\$ 9,466	\$ -	\$ -	\$ 9,466
Subtotal	9,466	-	-	9,466	-	-	9,466
Capital assets being depreciated							
Buildings	205,831	-	-	205,831	-	-	205,831
Building improvements	3,608	-	-	3,608	-	-	3,608
Furniture and equipment	25,163	419	(933)	24,649	801	(3,459)	21,991
Subtotal	234,602	419	(933)	234,088	801	(3,459)	231,430
Accumulated depreciation							
Buildings	(199,841)	(602)	-	(200,443)	(602)	-	(201,045)
Building improvements	(1,638)	(177)	-	(1,815)	(177)	-	(1,992)
Furniture and equipment	(19,305)	(2,393)	917	(20,781)	(1,696)	2,984	(19,493)
Subtotal	(220,784)	(3,172)	917	(223,039)	(2,475)	2,984	(222,530)
Capital assets being amortized							
Intangible assets - definite useful lives	115,789	-	-	115,789	21,804	-	137,593
Accumulated amortization	(41,866)	(11,257)	-	(53,123)	(14,754)	(7,815)	(75,692)
Subtotal	73,923	(11,257)	-	62,666	7,050	(7,815)	61,901
Net capital assets	\$ 97,207	\$ (14,010)	\$ (16)	\$ 83,181	\$ 5,376	\$ (8,290)	\$ 80,267

4. Reserves for Compensation and Compensation Adjustment Expenses

The reserve for compensation consists of reserves for indemnity and medical claims resulting from work-related injuries or illnesses. The recorded liabilities for compensation and compensation adjustment expenses are BWC management's selection based on estimates by BWC's Actuarial division staff. Management believes that the recorded liabilities make for a reasonable and appropriate provision for expected future losses and expense payments on events that have occurred on or prior to June 30, 2022; however, the ultimate liabilities for those events may vary from the amounts provided.

All reserves have been discounted at 4.0% at June 30, 2022 and 2021. A decrease in the discount rate to 3.0% would result in the reserves for compensation and compensation adjustment expenses increasing to \$14.7 billion at June 30, 2022, while an increase in the rate to 5.0% would result in the reserves for compensation and compensation adjustment expenses decreasing to \$12.3 billion. The undiscounted reserves for compensation and compensation adjustment expenses were \$21.3 billion at June 30, 2022, and \$21.7 billion at June 30, 2021.

The changes in the reserves for compensation and compensation adjustment expenses for the fiscal years ended June 30, 2022 and 2021, are summarized as follows (000,000's omitted):

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	<u>2022</u>	<u>2021</u>	<u>2020</u>
Reserves for compensation and compensation adjustment expenses, beginning of period	\$ 13,539	\$ 14,518	\$ 14,934
Incurred:			
Provision for insured events of current period	1,261	1,228	1,414
Net (decrease) increase in provision for insured events of prior periods net of discount accretion of \$542 in 2022, \$581 in 2021 and \$597 in 2020	<u>139</u>	<u>(702)</u>	<u>(153)</u>
Total incurred	1,400	526	1,261
Payments:			
Compensation and compensation adjustment expenses attributable to insured events of current period	315	304	330
Compensation and compensation adjustment expenses attributable to insured events of prior period	<u>1,251</u>	<u>1,201</u>	<u>1,347</u>
Total payments	1,566	1,505	1,677
Reserves for compensation and compensation adjustment expenses, end of period	<u>\$ 13,373</u>	<u>\$ 13,539</u>	<u>\$ 14,518</u>

5. Long-Term Obligations

Activity for long-term obligations (excluding the reserves for compensation and compensation adjustment expenses – see Note 4) for the fiscal years ended June 30, 2022 and 2021, is summarized as follows (000's omitted):

	<u>Balance at 6/30/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 6/30/2021</u>	<u>Due Within One Year</u>
Net pension liability	\$ 198,148	\$ -	\$ (49,083)	\$ 149,065	\$ -
Net OPEB liability	136,667	-	(136,667)	-	-
Group retrospective credit payable	312,619	139,875	(280,304)	172,190	45,466
Other liabilities	78,045	126,073	(108,149)	95,969	63,676
	<u>\$ 725,479</u>	<u>\$ 265,948</u>	<u>\$ (574,203)</u>	<u>\$ 417,224</u>	<u>\$ 109,142</u>
	<u>Balance at 6/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 6/30/2022</u>	<u>Due Within One Year</u>
Net pension liability	\$ 149,065	\$ -	\$ (65,524)	\$ 83,541	\$ -
Net OPEB liability	-	-	-	-	-
Group retrospective credit payable	172,190	115,610	(69,988)	217,812	113,201
Other liabilities	95,969	177,645	(127,592)	146,022	106,255
	<u>\$ 417,224</u>	<u>\$ 293,255</u>	<u>\$ (263,104)</u>	<u>\$ 447,375</u>	<u>\$ 219,456</u>

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6. Policy Holder Dividend

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

The Board approved a dividend to reduce the net position in SIF at the September 2020 board meeting. As a result, the private employers were granted a dividend equivalent to 100% of billed premiums for the July 1, 2019 through June 30, 2020 policy period, while PEC employers were also granted a dividend equivalent to 100% of premiums for the January 1, 2019 through December 31, 2019 policy period. In addition, the Board approved a second policyholder dividend in November 2020 equivalent to what each employer received in the September 2020 dividend multiplied by a factor of 3.7246. These actions resulted in premium dividend expense of \$28.2 million in fiscal year 2022 and \$6.2 billion in fiscal year 2021 and a reduction of the group retrospective credit payable balance of \$168 million.

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

7. Pension Plans

General Information

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

- The Traditional Plan - a defined benefit plan.
- The Combined Plan – a combination of a defined benefit plan and a defined contribution plan. This plan invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Plan benefit. Member contributions are self-directed by the members and accumulate retirement assets in a manner similar to the Member-Directed Plan. This option is no longer available to new employees.
- The Member-Directed Plan – a defined contribution plan. Under this plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings thereon.

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

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OPERS issues a publicly available financial report that includes financial statements, required supplementary information, information about the pension plan's fiduciary net position, and the Plan Statement with pension plan details. The report is available by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377. As of June 30, 2022, the most recent report issued by OPERS is for the calendar year ended December 31, 2021.

Funding Policy

Chapter 145 of the Ohio Revised Code provides statutory authority for employee and employer contributions. During fiscal years 2022 and 2021, the employee contribution rate was 10% and the employer contribution rate was 14% of covered payroll for all three plans. BWC/IC's contractually required employer contributions were \$20.7 million for calendar year 2021 and \$20.1 million for calendar year 2020.

Measurement Date

The measurement dates for the net pension assets and liabilities, deferred inflows and outflows of resources, and pension expense were December 31, 2021, for fiscal year 2022 and December 31, 2020, for fiscal year 2021. OPERS total pension assets and liabilities that were used to calculate the net pension asset and liability were also based on an actuarial valuation as of these dates.

Proportionate Share

BWC/IC's proportionate shares of the net pension assets and liabilities are determined as BWC/IC's share of contributions to the pension plan relative to the total employer contributions from all participating OPERS employers. Member and employer contributions included in OPERS' Statement of Changes in Fiduciary Net Position are used to calculate proportionate share. At December 31, 2021 and 2020, BWC/IC's proportions were as follows:

	<u>December 2021</u>	<u>December 2020</u>
Traditional Plan	0.960196%	1.006670%
Combined Plan	0.569109%	0.569719%

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

At June 30, 2022 and 2021, BWC/IC reported \$2.2 million and \$1.6 million, respectively, for its proportionate share of the Combined Plan's net pension asset and a liability of \$83.5 million and \$149.1 million, respectively, for its proportionate share of the Traditional Plan's net pension liability.

For the fiscal years ended June 30, 2022 and 2021, BWC/IC recognized pension expense of \$40.2 million and \$17.8 million, respectively.

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At June 30, 2022 and 2021, BWC/IC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (000's omitted)

	June 2022		June 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,272	\$ 2,178	\$ -	\$ 6,551
Net difference between projected and actual earnings on pension plan investments	-	101,289	-	58,215
Changes in proportion and differences between BWC/IC contributions and proportional share of contributions	2,039	4,179	1,098	1,311
Assumption changes	10,563	-	106	-
BWC/IC contributions subsequent to the measurement date	10,302	-	9,805	-
Total	\$ 27,176	\$ 107,646	\$ 11,009	\$ 66,077

In 2022 and 2021, deferred outflows of resources related to pensions resulting from BWC/IC's contributions subsequent to the measurement date of \$10.3 million and \$9.8 million, respectively, will be recognized as a reduction of net pension liability in the fiscal years ended June 30, 2022 and 2021, respectively.

Deferred outflows of resources includes the BWC/IC's proportionate share of the effects of changes in assumptions resulting from OPERS experience study for the period 2016 through 2020 and 2011 through 2015, for the years ended 2021 and 2020 respectively. Information from this study led to changes in both demographic and economic assumptions. The long-term pension investment return assumption for the defined benefit investments was reduced over the last year from 7.2% to 6.9%. These assumption changes as well as other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows (000's omitted):

Year ended June 30:	As of June 30, 2022		As of June 30, 2021	
	2023	\$ (14,976)	2022	\$ (25,122)
	2024	(36,046)	2023	(7,994)
	2025	(23,859)	2024	(23,745)
	2026	(15,897)	2025	(7,979)
	2027	(2)	2026	(18)
	Thereafter	\$ 8	Thereafter	\$ (15)

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Actuarial Assumptions

The total pension liabilities in the December 31, 2021 and 2020, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

December 2021

	Traditional Pension Plan	Combined Plan
Actuarial Assumptions:		
Investment Rate of Return	6.90%	6.90%
Wage Inflation	2.75%	2.75%
Projected Salary Increases	2.75% - 10.75% (includes wage inflation at 2.75%)	2.75% - 8.25% (includes wage inflation at 2.75%)
Cost of living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple

December 2020

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

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

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The actuarial assumptions used in the December 31, 2021 and 2020, valuations were based on the results of an actuarial experience study for a 5 year period ended December 31, 2020 and December 31, 2015, respectively. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

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

The table below displays the OPERS Board approved asset allocation policy for December 2021 and 2020 and the expected real rates of return.

Asset Class	<u>December 2021</u>		<u>December 2020</u>	
	Target Allocation	Weighted Average Longterm Expected Real Rate of Return	Target Allocation	Weighted Average Longterm Expected Real Rate of Return
Fixed income	24.00%	1.03%	25.00%	1.32%
Domestic equity	21.00%	3.78%	21.00%	5.64%
International equity	23.00%	4.88%	23.00%	7.36%
Real estate	11.00%	3.66%	10.00%	5.39%
Risk Parity	5.00%	2.92%	-	-
Private equity	12.00%	7.43%	12.00%	10.42%
Other Investments	4.00%	2.85%	9.00%	4.75%
Total	100.00%	4.21%	100.00%	5.43%

Discount Rate

The discount rate used to measure the total pension liability for both the Traditional Pension Plan and the Combined Plan was 6.9% and 7.2% for 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments

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for the Traditional Pension Plan and Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate

For the years 2021 and 2020, the following tables present BWC/IC's proportionate share of the net pension liability calculated using the discount rate of 6.9% and 7.2%, respectively, as well as BWC/IC's proportionate share of the net pension liability using a discount rate that is 1% lower or 1% higher than the current rate (000's omitted):

December 2021

	<u>1% Decrease - 5.9 %</u>	<u>Current Discount Rate - 6.9%</u>	<u>1% Increase - 7.9%</u>
Traditional Plan:			
Total Net Pension Liability	220,259	83,541	(30,227)
Combined Plan:			
Total Net Pension (Asset)	(1,673)	(2,242)	(2,686)

December 2020

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

Defined Contribution Plans

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five year period, at a rate of 20% each year. BWC/IC recognized \$637 thousand and \$590 thousand in pension expense for defined contribution plans in fiscal years 2022 and 2021, respectively. At retirement, members may select one of the several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor

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options), partial lump sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

8. Other Post-Employment Benefit (OPEB)

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

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

OPERS issues a publicly available financial report that includes financial statements, required supplementary information, information about the OPEB plan's fiduciary net position, and the Plan Statement with OPEB plan details. This report is available by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377. As of June 30, 2022, the most recent report issued by OPERS is for the calendar year ended December 31, 2021.

Funding Policy

Beginning in 2018, Traditional Pension Plan and Combined Plan employer contributions are no longer allocated to health care. Employer contributions as a percent of covered payroll deposited for the Member-Directed Plan participants' health care accounts was 4.0% for both 2021 and 2020. Based upon the portion of each employer's contribution to OPERS set aside for funding OPEB as described above, BWC/IC's contribution allocated to OPEB for the 12 months ended December 31, 2021 and 2020, was approximately \$254 thousand and \$236 thousand respectively.

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Measurement Date

The measurement dates for the net OPEB assets and liabilities, deferred inflows and outflows of resources, and OPEB expense were December 31, 2021, for fiscal year 2022 and December 31, 2020, for fiscal year 2021. For fiscal years 2022 and 2021, OPERS total OPEB assets and liabilities that were used to calculate the net OPEB asset and liability were based on an actuarial valuation of December 31, 2020, with a rollforward measurement date of December 31, 2021, and December 31, 2019, with a rollforward measurement date of December 31, 2020, respectively.

Proportionate Share

BWC/IC's proportionate shares of the net OPEB assets and liabilities are determined as BWC/IC's share of contributions to the plan relative to the total employer contributions from all participating OPERS employers. Member and employer contributions included in OPERS' Statement of Changes in Fiduciary Net Position are used to calculate proportionate share. At December 31, 2021 and 2020, BWC/IC's proportions were as follows:

	<u>December 2021</u>	<u>December 2020</u>
OPEB	0.951098%	0.993152%

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

At June 30, 2022 and 2021, BWC/IC reported \$29.8 million and \$17.7 million, respectively, for its proportionate share of the net OPEB asset.

For the fiscal years ended June 30, 2022 and 2021, BWC/IC recognized negative OPEB expense of \$28.1 million and negative OPEB expense of \$108.2 million, respectively.

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At June 30, 2022 and 2021, BWC/IC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (000's omitted):

	June 2022		June 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,698	\$ -	\$ 15,950
Net difference between projected and actual earnings on OPEB plan investments	3,021	17,437	-	9,390
Changes in proportion and differences between BWC/IC contributions and proportionate share of contributions	2,204	39	408	582
Assumption changes	-	12,530	8,666	28,669
Total	\$ 5,225	\$ 34,704	\$ 9,074	\$ 54,591

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

	As of June 30, 2022		As of June 30, 2021	
Year ended June 30:				
	2023	\$ (18,242)	2022	\$ (23,975)
	2024	(6,048)	2023	(16,348)
	2025	(3,150)	2024	(4,084)
	2026	(2,039)	2025	(1,110)

Actuarial Assumptions

The total OPEB asset in the December 31, 2021 and 2020, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

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December 2021

	OPEB
Actuarial Assumptions:	
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Wage Inflation	2.75%
Municipal Bond Rate	1.84%
Projected Salary Increases	2.75% - 10.75% (includes wage inflation at 2.75%)
Health Care Cost Trend Rate	5.5% initial, 3.5% ultimate in 2034

December 2020

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

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

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The actuarial assumptions used in the December 31, 2021 and 2020, valuations were based on the results of an actuarial experience study for a 5-year period ended December 31, 2020 and December 31, 2015, respectively. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

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

The table below displays the OPERS Board approved asset allocation policy for December 2021 and 2020 and the expected real rates of return.

Asset Class	<u>December 2021</u>		<u>December 2020</u>	
	Target Allocation	Weighted Average Longterm Expected Real Rate of Return	Target Allocation	Weighted Average Longterm Expected Real Rate of Return
Fixed income	34.00%	0.91%	34.00%	1.07%
Domestic equity	25.00%	3.78%	25.00%	5.64%
International equity	25.00%	4.88%	25.00%	7.36%
Real estate	7.00%	3.71%	7.00%	6.48%
Risk Parity	2.00%	2.92%	-	-
Other Investments	7.00%	1.93%	9.00%	4.02%
Total	<u>100.00%</u>	2.93%	<u>100.00%</u>	4.43%

Discount Rate

The single discount rate used to measure the OPEB asset and liability at the measurement date of December 31, 2021 and 2020 was 6%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit

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rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). These single discount rates for 2021 and 2020 were based on an expected rate of return on the health care investment portfolio of 6.00%, and a municipal bond rate of 1.84% and 2.00%, respectively. The projection of cash flows used to determine these single discount rates assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the 2021 and 2020 health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121 and 2120, respectively. As a result, the 2021 and 2020 long-term expected rates of return on health care investments were applied to projected costs through the year 2121 and 2120, respectively, and the municipal bond rates were applied to all health care costs after these dates.

Sensitivity to Changes in the Discount Rate

For December 2021 and December 2020, the following tables present BWC/IC's proportionate share of the net OPEB asset and liability calculated using the discount rate of 6%, as well as BWC/IC's proportionate share of the net OPEB asset and liability using a discount rate that is 1.0% lower or 1.0% higher than the current rate (000's omitted):

December 2021

	1% Decrease - 5 %	Single Discount Rate - 6%	1% Increase - 7%
OPEB:			
Total Net OPEB Asset	(17,519)	(29,790)	(39,975)

December 2020

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

Sensitivity to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset and liability. The following tables present BWC/IC's proportionate share of the net OPEB asset and liability calculated using the assumed trend rates and the expected net OPEB asset and liability using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate for December 2021 and December 2020 (000's omitted):

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December 2021

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
OPEB:			
Total Net OPEB Asset	(30,112)	(29,790)	(37,112)

December 2020

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the starting trend in 2022 and 2021 is 5.5% and 8.5%, respectively. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

9. Risk Management

BWC/IC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover these risks, BWC/IC maintains commercial insurance and property insurance. There were no reductions in coverage in either fiscal years 2022 or 2021. Claims experience over the past three years indicates there were no instances of losses exceeding insurance coverage. Additionally, BWC/IC provides medical benefits for its employees on a fully insured basis with independent insurance companies or the State's self-insured benefit plan.

10. Contingent Liabilities

BWC/IC is a party in various legal proceedings and is also involved in other claims and legal actions arising in the ordinary course of business. Although the outcome of certain legal proceedings is not quantifiable or determinable at this time, an unfavorable outcome in any one of them could have a material effect on the financial position of BWC/IC.

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11. Net Position

Individual fund net position (deficit) balances at June 30, 2022 and 2021, were as follows (000's omitted):

	<u>2022</u>	<u>2021</u>
SIF	\$ 6,906,341	\$ 8,595,584
SIF Surplus Fund Account	55,604	51,104
SIF Premium Payment Security Fund	143,642	143,642
Total SIF Net Position	7,105,587	8,790,330
DWRF	688,526	1,037,057
CWPF	312,083	355,190
PWREF	16,526	17,823
MIF	25,914	28,111
SIEGF	34,680	34,397
ACF	(686,712)	(905,176)
Total Net Position	\$ 7,496,604	\$ 9,357,732

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

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

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

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

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

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12. Adoption of New Accounting Principles

For the fiscal year ended June 30, 2022, the BWC/IC implemented the provisions of GASB Statement No. 87 "Accounting for Leases" to increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported and enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. As a result, the leased asset is reflected in capital assets, lease liability is reflected in other current and noncurrent liabilities, and related deferred inflows have been recorded. Deferred inflows for the lease liability is \$740 thousand for fiscal year 2022.

Net position as of July 1, 2020 has been restated as follows for the implementation of GASB Statement No. 87.

Net Position as previously reported at June 30, 2020:	\$ 11,563,977
Cumulative effect of GASB 87 implementation:	
Net Lease liability	(1,186)
Net Position as restated at July 1, 2020	<u>\$ 11,562,791</u>

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

- GASB No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" (effective fiscal year 2023)
- GASB No. 96, "Subscription-Based Information Technology Arrangements" (effective fiscal year 2023)
- GASB No. 99, "Omnibus 2022" (portion applicable is effective fiscal year 2023)
- GASB No. 100 "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62" (effective fiscal year 2024)
- GASB No. 101, "Compensated Absences" (effective fiscal year 2024)

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

SUPPLEMENTARY INFORMATION

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**REQUIRED SUPPLEMENTAL REVENUE AND RESERVE
DEVELOPMENT INFORMATION**
(See Accompanying Independent Auditors' Report)
For the fiscal years ended June 30, 2022 and 2021

GASB Statement No. 30, "Risk Financing Omnibus," requires the presentation of ten years of supplemental revenue and reserve development information, if available.

The table on the following page illustrates how BWC/IC's gross premium revenues and investment income compare to related costs of workers' compensation benefits (compensation) and other expenses incurred by BWC/IC as of the end of each of the last ten and one-half reporting periods. The rows of the table are defined as follows: (1) This line shows the total of each period's gross premium revenues and investment income. (2) This line shows each period's operating expenses, including overhead and compensation adjustment expenses not allocable to individual claims. (3) This line shows nominal and discounted incurred compensation and allocated compensation adjustment expenses (both paid and accrued) as originally reported at the end of the first period in which the injury occurred. (4) This section of eleven rows shows the cumulative amounts paid as of the end of successive periods for each period. (5) This section of ten rows shows how each period's estimated incurred compensation increased or decreased as of the end of successive periods. (6) This line compares the latest re-estimated incurred compensation amount to the amount originally established (line 3) and shows whether this latest estimate of compensation cost is greater or less than originally estimated. As data for individual periods mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred compensation currently recognized in less mature periods. The columns of the table show data for successive periods on an undiscounted basis for the fiscal years ended June 30, 2012 through 2022.

(Continued)

**OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
REQUIRED SUPPLEMENTAL REVENUE AND RESERVE
DEVELOPMENT INFORMATION, UNAUDITED, Continued
(See Accompanying Independent Auditors' Report)
(In Millions of Dollars)**

	<u>Fiscal Years Ended June 30</u>										
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
1. Required premiums, assessments, and investment income earned	\$ (199)	\$ 4,735	\$ 3,124	\$ 3,586	\$ 2,628	\$ 3,517	\$ 1,378	\$ 2,552	\$ 5,194	\$ 2,453	\$ 4,044
Ceded premiums	0	0	4	4	4	4	4	4	4	6	6
Net earned	(199)	4,735	3,120	3,582	2,624	3,513	1,374	2,548	5,190	2,447	4,038
2. Unallocated expenses	219	215	240	248	219	205	170	163	150	140	129
3. Estimated incurred compensation and compensation adjustment expense, end of period	1,261	1,228	1,264	1,465	1,507	1,635	1,731	1,853	1,854	1,720	1,800
Discount	484	553	578	590	656	781	806	874	872	829	967
Gross liability as originally estimated	1,745	1,781	1,842	2,054	2,163	2,416	2,537	2,727	2,726	2,549	2,767
4. Net paid (cumulative) as of :											
End of period	315	304	330	348	341	347	327	331	337	380	386
One year later		454	484	530	531	531	531	548	563	600	620
Two years later			579	630	637	641	644	669	689	731	756
Three years later				701	704	718	724	748	776	822	857
Four years later					762	773	789	815	839	893	935
Five years later						831	841	874	900	952	1,002
Six years later							895	921	951	1,005	1,057
Seven years later								968	990	1,049	1,102
Eight years later									1,029	1,081	1,141
Nine years later										1,112	1,170
Ten years later											1,200
5. Re-estimated incurred compensation and compensation adjustment expenses (gross):											
One year later		1,718	1,747	1,893	1,915	2,039	2,257	2,346	2,476	2,494	2,501
Two years later			1,737	1,800	1,868	1,913	2,052	2,219	2,265	2,397	2,450
Three years later				1,771	1,753	1,862	1,883	2,024	2,144	2,234	2,361
Four years later					1,727	1,721	1,821	1,869	1,974	2,119	2,226
Five years later						1,712	1,696	1,812	1,858	2,002	2,135
Six years later							1,689	1,694	1,810	1,891	2,044
Seven years later								1,690	1,687	1,844	1,932
Eight years later									1,666	1,727	1,886
Nine years later										1,691	1,784
Ten years later											1,767
6. Decrease in gross estimated incurred compensation and compensation adjustment expenses from end of period		(63)	(105)	(283)	(436)	(704)	(848)	(1,037)	(1,060)	(858)	(1,000)

Ultimate incurred excludes liability associated with active working miners within the CWPF since they are not yet assignable to fiscal accident year. The June 30, 2022 active miners nominal and discounted liability are approximately \$8.9 million and \$2.7 million, respectively.

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
 Required Supplementary Information
Schedule of BWC/IC's Proportionate Share of the Net Pension Liability
 Last 8 fiscal years*
 (000's omitted)

	2022	2021	2020	2019	2018	2017	2016	2015
BWC/IC's Proportion of the net pension								
Net Pension Liability	0.960%	1.007%	1.002%	1.017%	1.037%	1.060%	1.080%	1.115%
Net Pension Asset	0.569%	0.570%	0.590%	0.597%	0.602%	0.578%	0.549%	0.586%
 BWC/IC's Proportionate share of the net pension liability	 \$81,299	 \$147,421	 \$196,918	 \$277,892	 \$161,899	 \$240,344	 \$186,771	 \$134,254
 BWC/IC's covered payroll	 \$155,328	 \$160,867	 \$160,253	 \$154,397	 \$152,774	 \$155,963	 \$149,562	 \$149,652
 Proportionate share of the net pension liability as a percentage of its covered payroll	 52.340%	 91.642%	 122.879%	 179.985%	 105.973%	 154.103%	 124.879%	 89.711%
 Plan fiduciary net position as a percentage of the total pension liability								
Traditional Pension Plan	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
Combined Plan	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

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

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
 Required Supplementary Information
Schedule of Employer Pension Contributions
 (See Accompanying Independent Auditors' Report)
 Last 8 fiscal years*
 (000's omitted)

	2022	2021	2020	2019	2018	2017	2016	2015
BWC/IC's Statutorily Required Employer Contributions	\$ 20,712	\$ 20,107	\$ 20,504	\$ 21,357	\$ 20,713	\$ 20,428	\$ 19,752	\$ 19,688
Amount of contributions recognized by the pension plan in relation to the statutory contributions	20,712	20,107	20,504	21,357	20,713	20,428	19,752	19,688
Contributions deficiency (excess)	-	-	-	-	-	-	-	-
Employer's covered payroll	156,801	155,358	162,037	161,974	153,211	152,963	151,275	148,683
Amount of contributions recognized by the pension plan as a percentage of employers' covered payroll	13.21%	12.94%	12.65%	13.19%	13.52%	13.35%	13.06%	13.24%

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

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
Required Supplementary Information
Schedule of BWC/IC's Proportionate Share of the Net OPEB (Asset) Liability
Last 5 fiscal years*
(000's omitted)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
BWC/IC's Proportion of the OPEB (asset) / liability	0.951%	0.993%	0.989%	1.003%	1.023%
BWC/IC's Proportionate share of the OPEB (asset) liability	(\$29,790)	(\$17,694)	\$136,667	\$130,796	\$111,078
BWC/IC's covered payroll	\$155,328	\$160,867	\$160,253	\$154,397	\$152,774
Proportionate share of the OPEB (asset) liability as a percentage of its covered payroll	-19.179%	-10.999%	85.282%	84.714%	72.707%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	128.23%	115.57%	47.80%	46.33%	54.14%

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

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
 Required Supplementary Information
Schedule of Employer OPEB Contributions
 (See Accompanying Independent Auditors' Report)
 Last 5 fiscal years*
 (000's omitted)

	2022	2021	2020	2019	2018
BWC/IC's Statutorily Required Employer Contributions	\$ 254	\$ 236	\$ 232	\$ 223	\$ 2,384
Amount of contributions recognized by the OPEB plan in relation to the statutory contributions	254	236	232	223	2,384
Contributions deficiency (excess)	-	-	-	-	-
Employer's covered payroll	\$ 156,801	\$ 155,358	\$ 162,037	\$ 161,974	153,211
Amount of contributions recognized by the OPEB plan as a percentage of employers' covered payroll	0.16%	0.15%	0.14%	0.14%	1.56%

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

**OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
SUPPLEMENTAL SCHEDULE OF NET POSITION
(See Accompanying Independent Auditors' Report)
June 30, 2022
(000's omitted)**

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work- Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 550,613	\$ 6,296	\$ 329	\$ 53	\$ 453	\$ 57,639	\$ 19,980	\$ -	\$ 635,363
Collateral on loaned securities	-	-	-	-	-	-	2,452	-	2,452
Premiums recorded not yet due	1,654	-	429	215	-	-	-	-	2,298
Assessments recorded not yet due	-	-	-	-	-	-	1,573	-	1,573
Premiums in course of collection	3,334	-	-	-	-	-	-	-	3,334
Assessments in course of collection	-	125	-	-	-	-	16,135	-	16,260
Accounts receivable, net of allowance for uncollectibles	238,674	10,839	954	21	11	463	54,764	-	305,726
Retrospective premiums receivable	18,977	-	-	-	-	-	-	-	18,977
Interfund receivables	11,329	295,032	1	-	1	2	330,691	(637,056)	-
Investment trade receivables	187,039	-	-	-	-	-	-	-	187,039
Accrued investment income	86,330	8	1	-	-	50	-	-	86,389
Other current assets	-	-	-	-	-	-	-	-	-
Total current assets	<u>1,097,950</u>	<u>312,300</u>	<u>1,714</u>	<u>289</u>	<u>465</u>	<u>58,154</u>	<u>425,595</u>	<u>(637,056)</u>	<u>1,259,411</u>
Non-current assets:									
Restricted Cash	736	-	-	-	-	-	-	-	736
Fixed maturities	8,935,669	1,253,076	316,003	17,451	26,565	-	-	-	10,548,764
Domestic equity securities:									
Common stock	3,085,390	389,619	53,685	-	-	-	-	-	3,528,694
Preferred stocks	714	-	-	-	-	-	-	-	714
Non-U.S equity securities - common stock	1,619,680	201,673	30,658	-	-	-	-	-	1,852,011
Investments in real estate funds	4,016,085	-	-	-	-	-	-	-	4,016,085
Unbilled premiums receivable	506,723	7,937	-	-	-	312,672	66,886	-	894,218
Retrospective premiums receivable	44,614	-	-	-	-	-	-	-	44,614
Capital assets	16,242	22	-	-	-	-	64,003	-	80,267
Net OPEB asset	-	-	-	-	-	-	29,790	-	29,790
Net pension asset	-	-	-	-	-	-	2,242	-	2,242
Total noncurrent assets	<u>18,225,853</u>	<u>1,852,327</u>	<u>400,346</u>	<u>17,451</u>	<u>26,565</u>	<u>312,672</u>	<u>162,921</u>	<u>-</u>	<u>20,998,135</u>
Total assets	<u>19,323,803</u>	<u>2,164,627</u>	<u>402,060</u>	<u>17,740</u>	<u>27,030</u>	<u>370,826</u>	<u>588,516</u>	<u>(637,056)</u>	<u>22,257,546</u>
DEFERRED OUTFLOW OF RESOURCES									
Total assets and deferred outflow of resources	<u>\$ 19,323,803</u>	<u>\$ 2,164,627</u>	<u>\$ 402,060</u>	<u>\$ 17,740</u>	<u>\$ 27,030</u>	<u>\$ 370,826</u>	<u>\$ 620,917</u>	<u>\$ (637,056)</u>	<u>\$ 22,289,947</u>

(Continued)

**OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
SUPPLEMENTAL SCHEDULE OF NET POSITION, Continued
(See Accompanying Independent Auditors' Report)
June 30, 2022
(000's omitted)**

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work- Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
LIABILITIES									
Current liabilities:									
Reserve for compensation	\$ 1,223,252	\$98,844	\$ 2,111	\$ 154	\$ 404	\$16,034	\$ -	\$ -	\$ 1,340,799
Reserve for compensation adjustment expenses	168,220	112	87	-	42	856	286,699	-	456,016
Unearned premium and assessments	283,109	1	9	33	96	-	88,794	-	372,042
Legal settlement	4,500	-	-	-	-	-	-	-	4,500
Warrants payable	26,463	-	-	-	-	-	-	-	26,463
Group retrospective credit payable	113,201	-	-	-	-	-	-	-	113,201
Investment trade payables	414,528	-	-	-	-	-	-	-	414,528
Accounts payable	1,541	-	231	-	-	-	7,928	-	9,700
Interfund payables	624,233	10,098	187	78	13	2,446	1	(637,056)	-
Obligations under securities lending	-	-	-	-	-	-	2,452	-	2,452
Other current liabilities	85,038	101	50	3	7	-	21,056	-	106,255
Total current liabilities	<u>2,944,085</u>	<u>109,156</u>	<u>2,675</u>	<u>268</u>	<u>562</u>	<u>19,336</u>	<u>406,930</u>	<u>(637,056)</u>	<u>2,845,956</u>
Noncurrent liabilities:									
Reserve for compensation	8,640,241	1,365,656	79,889	946	496	311,866	-	-	10,399,094
Reserve for compensation adjustment expenses	529,280	1,288	7,413	-	58	4,944	634,301	-	1,177,284
Net pension liability	-	-	-	-	-	-	83,541	-	83,541
Group retrospective credit payable	104,611	-	-	-	-	-	-	-	104,611
Other noncurrent liabilities	-	-	-	-	-	-	39,767	-	39,767
Total noncurrent liabilities	<u>9,274,132</u>	<u>1,366,944</u>	<u>87,302</u>	<u>946</u>	<u>554</u>	<u>316,810</u>	<u>757,609</u>	<u>-</u>	<u>11,804,297</u>
Total liabilities	<u>12,218,217</u>	<u>1,476,100</u>	<u>89,977</u>	<u>1,214</u>	<u>1,116</u>	<u>336,146</u>	<u>1,164,539</u>	<u>(637,056)</u>	<u>14,650,253</u>
DEFERRED INFLOW OF RESOURCES									
Total liabilities and deferred inflow of resources	<u>12,218,217</u>	<u>1,476,100</u>	<u>89,977</u>	<u>1,214</u>	<u>1,116</u>	<u>336,146</u>	<u>1,307,629</u>	<u>(637,056)</u>	<u>14,793,343</u>
NET POSITION (DEFICIT)									
Net investment in capital assets	16,242	22	-	-	-	-	64,003	-	80,267
Surplus fund	55,604	-	-	-	-	-	-	-	55,604
Premium payment security fund	143,642	-	-	-	-	-	-	-	143,642
Unrestricted net position (deficit)	6,890,099	688,504	312,083	16,526	25,914	34,680	(750,715)	-	7,217,091
Total net position (deficit)	<u>\$ 7,105,587</u>	<u>\$ 688,526</u>	<u>\$ 312,083</u>	<u>\$ 16,526</u>	<u>\$ 25,914</u>	<u>\$ 34,680</u>	<u>\$ (686,712)</u>	<u>\$ -</u>	<u>\$ 7,496,604</u>

**OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A DEPARTMENT OF THE STATE OF OHIO)
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

(See Accompanying Independent Auditors' Report)

For the fiscal year ended June 30, 2022

(000's omitted)

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work- Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Administrative Cost Fund Account	Eliminations	Totals
Operating revenues:									
Premium and assessment income net of ceded premium	\$1,013,395	\$(67,203)	\$2	\$53	\$345	\$(50,701)	\$372,133	\$ -	\$1,268,024
Provision for uncollectibles	(24,458)	237	(4)	-	-	(26)	1,688	-	(22,563)
Other income	3,713	-	-	-	-	-	3,952	-	7,665
Total operating revenues	<u>992,650</u>	<u>(66,966)</u>	<u>(2)</u>	<u>53</u>	<u>345</u>	<u>(50,727)</u>	<u>377,773</u>	<u>-</u>	<u>1,253,126</u>
Operating expenses:									
Workers' compensation benefits	1,176,615	(9,655)	(182)	(24)	359	(52,069)	-	-	1,115,044
Compensation adjustment expenses	157,391	16	(113)	-	63	1,173	132,315	-	290,845
Personal services	-	141	37	-	19	-	53,113	-	53,310
Other administrative expenses	18,952	-	-	-	10	-	44,164	-	63,126
Total operating expenses	<u>1,352,958</u>	<u>(9,498)</u>	<u>(258)</u>	<u>(24)</u>	<u>451</u>	<u>(50,896)</u>	<u>229,592</u>	<u>-</u>	<u>1,522,325</u>
Net operating (loss) income before policy holder dividend	<u>(360,308)</u>	<u>(57,468)</u>	<u>256</u>	<u>77</u>	<u>(106)</u>	<u>169</u>	<u>148,181</u>	<u>-</u>	<u>(269,199)</u>
Policy holder dividend expense	28,263	-	-	-	-	-	-	-	28,263
Net operating (loss) income	<u>(388,571)</u>	<u>(57,468)</u>	<u>256</u>	<u>77</u>	<u>(106)</u>	<u>169</u>	<u>148,181</u>	<u>-</u>	<u>(297,462)</u>
Non-operating revenues:									
Net investment income	(1,243,048)	(291,062)	(42,363)	(1,374)	(2,091)	114	9,820	-	(1,570,004)
Gain on disposal of capital assets	-	-	-	-	-	-	188	-	188
Total non-operating revenues	<u>(1,243,048)</u>	<u>(291,062)</u>	<u>(42,363)</u>	<u>(1,374)</u>	<u>(2,091)</u>	<u>114</u>	<u>10,008</u>	<u>-</u>	<u>(1,569,816)</u>
Net transfers out	<u>(53,125)</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,275</u>	<u>-</u>	<u>6,150</u>
Increase (decrease) in net position (deficit)	<u>(1,684,744)</u>	<u>(348,530)</u>	<u>(43,107)</u>	<u>(1,297)</u>	<u>(2,197)</u>	<u>283</u>	<u>218,464</u>	<u>-</u>	<u>(1,861,128)</u>
Net Position (deficit), beginning of year as restated	<u>8,790,331</u>	<u>1,037,056</u>	<u>355,190</u>	<u>17,823</u>	<u>28,111</u>	<u>34,397</u>	<u>(905,176)</u>	<u>-</u>	<u>9,357,732</u>
Net position (deficit), end of year	<u>\$7,105,587</u>	<u>\$688,526</u>	<u>\$312,083</u>	<u>\$16,526</u>	<u>\$25,914</u>	<u>\$34,680</u>	<u>\$(686,712)</u>	<u>\$ -</u>	<u>\$7,496,604</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio (BWC/IC), a department of the State of Ohio as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise BWC/IC's basic financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

(Continued)

Purpose of this Report

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

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and slightly slanted.

Crowe LLP

Columbus, Ohio
September 29, 2022