



Senate Financial Institutions, Insurance and Technology Committee

April 29, 2025

Ohio Bureau of Workers' Compensation

Administrator Stephanie McCloud

Good afternoon, Chairman Wilson, Vice Chairman Lang, Ranking Member Craig, and members of the Senate Financial Institutions, Insurance and Technology Committee. I am Stephanie McCloud, Administrator of the Ohio Bureau of Workers' Compensation, and I am proud to be here today to provide testimony on BWC's budget for fiscal years 2026 and 2027.

At BWC, we remain committed to keeping Ohioans safe on the job while providing excellent service for each BWC customer. We continue to care for Ohio's injured workers and help prevent workplace injuries through our safety consultations, grants, and services. Further, we continue to be an agile organization dedicated to supporting Ohio's employers and the economic growth of our state.

BWC's budget is not funded from the General Revenue Fund. Our funds come from the employer community through their premium payments. We proudly serve 258,000 public and private employers – providing essential workers' compensation insurance coverage to both businesses and their employees. Here in Ohio, workers' compensation is exclusively provided by BWC, and with approximately 1,600 employees statewide, and assets of approximately \$23.1 billion, BWC is one of the largest state-run workers' compensation insurance systems in the United States.

I am proud to bring you a funding request for fiscal year 2026 that is two percent less than the 2025 budget and the request for fiscal year 2027 is level with fiscal year 2025. We are able to achieve this reduction despite inflation, wage increases negotiated in our collective bargaining agreements, and the costs to invest in staff required to reduce the cost of contracted personnel.

You will find this budget maintains a first-class workers' compensation system. We will continue to keep costs down for businesses, focus on workforce safety, and continue to innovate and streamline.

Under this administration, BWC has improved the lives of Ohio's employers and injured workers through the following actions:

- **Reduced rates for public and private employers and created a stable workers' compensation cost environment.** BWC reduced average rates paid by private and public employers to their lowest levels in over 60 years. A study by the Oregon Department of Consumer & Business Services found the Ohio Bureau of Workers' Compensation had the 5th lowest workers' compensation premium rates among all states and Washington, D.C., through January 1, 2022. This ranking is an improvement from 12th place in the study's 2020 results. More remarkably, it is an improvement from 2008 where we were nearly the highest state in the study at 47th place, telling us the average cost of workers' compensation coverage in Ohio continues to decline at a faster pace than most other states.

Private employers benefited from significant rate cuts – a seven percent cut in July 2024, and an eight percent reduction in July 2023. The trend of decreasing rate levels is projected to continue into the near future. We continue to lower rates while ensuring a stable and predictable workers' compensation cost environment for our employer community. Ohio's private employers will benefit from another six percent decrease that was recently approved and will take effect July 1.

- **Reducing workplace injuries and claims.** Our outreach to employers continues to show results. Recent data put Ohio's injury rate at 2.2 injuries per 100 workers in calendar year 2023. This is compared to a national average of 2.4 injuries per 100 workers. Ohio's injury rate is also better than our neighboring states. Our claims have fallen steadily – approximately 66,000 new claims were allowed in fiscal year 2024, down from 260,000 in 2000.
- **Focusing on safety innovations and wellness.** We continue to help keep Ohio's workers safe, healthy, and productive by expanding our innovative safety and wellness programs.
 - In June 2024, we began a pilot Firefighter Cancer Screening Initiative as part of our Better You, Better Ohio program. This initiative is designed to raise awareness of cancer risks, increase cancer education, and provide early cancer detection opportunities for Ohio's firefighters.

- We launched a new Safety Training webpage which replaces our old catalog and creates improved safety training resources for customers.
- To streamline patient care and improve medication adherence, we expanded access to our 90-day prescription supply option for injured workers. Previously available only for catastrophic claims, this benefit is now available for all workers' compensation claims. This change improves prescription management and convenience and will provide better outcomes for injured workers. Additionally, we are introducing new mail-order pharmacy options to provide flexible and reliable solutions to ensure Ohio's injured workers receive their medications promptly and efficiently.
- BWC removed unnecessary roadblocks to allow for quicker, more efficient payment of diagnostic tests. This will allow injured workers to receive timely and more accurate diagnoses, quicker and more appropriate treatment, and faster returns to work. Diagnostic tests such as EMG, NCS, epidural injections, nerve blocks, and medical imaging will now be reimbursed when medical evidence shows they are medically necessary to develop a treatment plan for an allowed condition or to pursue more specific diagnoses reasonably related to an allowed condition.
- We know that healthy employees are less prone to injury, and, in cases of injury, they can recover faster. In the long run, a healthy workforce will result in lower workers' compensation and health care costs. Our Better You, Better Ohio! Program, which is a great tool for businesses to improve the health and wellness of their employees, has produced promising results:
 - Of participants who were at risk for missing workdays due to illness (i.e., five or more days), there was a 43% reduction in risk after program participation.
 - 10.1% of participants who were out of range for Blood Pressure in the prior year reduced their blood pressure by at least 10%.
 - 47% of participants who were out of range for Total Cholesterol moved to an in-range status in 2023.

One example that we recently learned about that demonstrates how powerful this program can be in helping injured workers involves a law enforcement officer that had a significant injury in 2014 that to date has resulted in multiple

fusion surgeries in addition to psychological conditions. The injured worker was on disability and unfortunately will never be able to return to his law enforcement career. This led to a downward spiral with heavy drinking, a broken marriage, and some suicidal ideations. Fortunately, a referral by BWC and his attorney to the Better You, Better Ohio! Program occurred and his overall health and wellness have drastically improved. He has stopped drinking entirely, participated in vocational rehabilitation, and is now successfully employed.

- **Assisting Ohio fire departments and firefighters.** We have assisted Ohio fire departments and firefighters by providing the Firefighter Exposure to Environmental Elements (FEEEG) grant to help purchase extractors/dryers, diesel exhaust systems, particulate barrier hoods, and washable gloves. In the summer of 2023, we expanded this grant to also allow volunteer departments to apply for turnout gear. In fiscal year 2024, more than 343 FEEEG grants were approved. Additionally, approximately 90 fire departments received Safety Intervention Grants for cot loading and/or extraction equipment intended to minimize exposure to overexertion injuries and falls.

The Future of Ohio and BWC

Our budget reflects our commitment to Ohio and its workforce. Our state is a destination for companies across the country, and we are ready to serve them. We aim to increase the capabilities of the agency to provide excellent quality, cost-effective, and timely services to our customers. Our goals for the future include:

Serving Customers and Simplifying Statutory Language

We are seeking several changes to the statute to better serve our customers and simplify the statute. Many of these changes will eliminate confusion in processes and the duplication of standards that exist.

The most critical change we are seeking will help ensure injured workers who need a prosthetic device because of their workplace injury are properly supported. BWC is currently bound by a timeframe with which repair or replacement of prosthetic devices for injured workers can be made, which is governed by the applicable statute of limitations. A prosthetic device will be used for the rest of an injured worker's life, and the Bureau shouldn't be limited by a timeframe to support these devices as they do have lifespans and will need repaired or replaced at some point. The Bureau also wants to pay for prosthetics out of the surplus fund

for an amputation or a loss set forth in the statute, even if an injured worker has not received a scheduled loss award. Currently, we interpret the statute to mean that the injured worker must have received a scheduled loss award before we pay for the prosthetic device.

While it does not happen often, we recently had a customer who was injured at the age of 21 and has an amputation for which he has a prosthetic. He returned to work and received his loss of use award in June of 2019. He did not have further medical or indemnity benefit payments. He recently contacted us as he has a wound and needs a new prosthesis as well. Unfortunately, the claim is closed at this point as it is past the legal statute of limitations. Once there has been no payment in the claim for five years, the claim closes and benefits (compensation or medical) can never be paid in that claim again.

BWC believes prosthetics are a lifetime device that some injured workers rely on as part of their activities of daily living and supporting these devices for the life of the injured worker should align with policy.

We are also seeking the following changes:

- Align the statute to achieve the policy goal of ensuring the BWC Board of Directors is fulfilling the proper duties of their roles;
- Allow BWC the flexibility to conclusively resolve minimal outstanding subrogation claims;
- Change the statute to make it easier for employers that utilize the services of a Professional Employer Organization to return to the state insurance fund;
- Better define terms used in the statute for the federal prison industries enhancement certification program, which teaches incarcerated individuals' skills that enhance their reemployment opportunities post-release. Workers' compensation is a required component of this program, and we seek to streamline how coverage is secured by the Department of Rehabilitation & Correction; and
- Remove antiquated requirements such as the necessity for the Bureau of Workers' Compensation to administer a safety museum.

It is important to note that all these changes have been shared with BWC stakeholders and no negative feedback has been received.

Strong and Stable Finances

In fact, we will continue to manage the financial and enterprise risks associated with our operations by maintaining an adequate net position through smart investment strategies and prudent financial management. We will continue to review the needed income levels and claim reserve balances using in-house credentialed actuaries to ensure we will fulfill our promises to the employers and injured workers in Ohio.

Prioritizing Safety and Health

One of our ongoing goals is for workers to go home to their families healthy and safe at the end of the day. We will continue to keep Ohio's workers safe by expanding our outreach to employers and sharing information about our programs that benefit Ohio's employers and workers.

We will continue to expand the outreach of our Workforce Safety Innovation Center. This initiative offers \$29.4 million across the biennium in grants for research and development of personal protective equipment and personal protective technologies to enhance workplace safety. This initiative encourages strong relationships and collaboration among higher education, research institutions and industry to continually create new ways to protect Ohio's workers. Eligible applicants must be from Ohio not-for-profit higher education institutions or standalone, not-for-profit research organizations. We recently announced the third round of the funding, awarding \$9.4 million in grants to The Ohio State University, University of Cincinnati, Nationwide Children's Hospital and the Transportation Research Center. Examples of these projects include an advanced emergency breathing apparatus for use in hazardous environments and a power-assisted transfer roller board to assist health-care workers to safely move patients. We look forward to this program driving a deliberate maturation of concepts from ideation to prototype, thus transforming ideas into viable technical and commercial workforce solutions that can be produced in Ohio and utilized around the world.

We will continue safety grant funding at \$34.3 million each year of the biennium for Ohio employers to make their workplaces safer. These programs provide grants to reduce the frequency of accidents and injuries in the workplace. In addition, they provide specific grants such as body armor for law enforcement officers, gear to reduce the possibility of firefighters contracting cancer, and security equipment to keep schools safe.

We are currently evaluating our employer programs to see which ones are being used and are

effective and which ones can be eliminated or improved. For example, our Substance Use Recovery and Workplace Safety Program. We are merging three overlapping programs:

Drug-Free Safety Program (DFSP)

Drug-Free Safety Program Safety Grants (DFSP Safety Grants)

Substance Use Recovery and Workplace Safety Program (SUR)

The goal of this merger is to reduce customer confusion caused by three related programs, reduce customer paperwork, and streamline processes for both employers and BWC staff.

Communication and Outreach

Our focus is to improve the customer experience. BWC works daily to make it easier for everyone to do business with our agency by simplifying and personalizing our communications - with the goal of providing a better experience for everyone.

To achieve this, we are working on updating our website and simplifying how our customers interact with integral touch points at our agency. This includes working on a more intuitive navigation structure and making our website more user-friendly by incorporating modern best practices that focus on improving customer experience. We are also going through all correspondence to update and modernize the language to make it easier for our customers to understand.

For events, we transitioned the Ohio Safety Congress & Expo to a hybrid event and our Medical and Health Symposium to an interactive virtual experience, while still offering numerous opportunities for continuing education credits and a forum for vendors to display their newest products and innovations. These annual events are highly successful with attendees from around the country and the world. The 2025 Ohio Safety Congress & Expo just held in mid-April had more than 8,700 registered attendees and nearly 300 exhibiting companies and the last Medical and Health Symposium had a record-breaking total of over 8,100 registrants.

Moving forward, our goal is to explore creative and engaging ways to communicate and interact with our customers and stakeholders. We will continue to use tools such as social media, texts, and automatic notifications to reach our users while trying to simplify our methods.

Business Modernization

Our agency will continue to utilize and embrace innovative technology to increase operational efficiencies and improve the customer experience. We are focusing our efforts on implementing robotic process automation in key areas and integrating Artificial Intelligence to augment our staff so they can be freed up to do what our people do best, make decisions and provide service to our customers.

We will continue to invest in and upgrade our data analytics efforts. This initiative will assist us in analyzing data to gain a better understanding of the risks that affect certain industries and trends impacting Ohio's Workers' Compensation system. Additionally, we will continue improvements to our core business system, CoreSuite, which will support our team in advancing new agency initiatives.

In each of the above, we aim to increase the capabilities of the agency to provide excellent quality, cost-effective, and timely services to our customers.

Conclusion

In conclusion, we want to continue to be a driving factor in the success of Ohio's workforce and the economic development of our state. Our goal is to keep costs low for our employers and keep their employees safe while on the job. We continue to be in a great financial position which allows us to reduce rates and provide grants to employers that will increase workplace safety, boost business, and the economic success of Ohio. Since our founding in 1912, we have grown to be one of the largest state-operated providers of workers' compensation, and we will continue to improve and do better for our customers.

Thank you for your consideration of this budget summary and I look forward to further discussion on our budget.

I am happy to take your questions.