

Mike DeWine, Governor
Jon Husted, *Lt. Governor*
Jim Hughes, *Chairman*
Karen L. Gillmor, Ph.D., *Member*
Daniel J. Massey, *Member*
Tim Adams, *Executive Director*

Ohio Senate Insurance Committee
May 3, 2023
House Bill 32
Ohio Industrial Commission Biennial Budget Request

Chairman Hackett, Vice Chair Lang, Ranking Member Craig, and members of the Ohio Senate Insurance Committee. My name is Jim Hughes and I am the Chairman and Chief Executive Officer of the Ohio Industrial Commission (IC). Thank you for the opportunity to appear before you today. It is my pleasure to present to you House Bill 32, the Ohio Industrial Commission’s 2024 and 2025 Biennial Budget Request.

The IC is responsible for providing a forum for fair and impartial resolutions of disputed workers’ compensation claims, including but not limited to adjudicating claims involving an employer’s violation of specific safety requirements, and determining eligibility for permanent total disability benefits. We serve the injured workers and employers of Ohio across a footprint of 12 offices and through an internet portal with a clear mission of customer service.

To provide you with a little background information about the Ohio Industrial Commission, I have included a Fact Sheet regarding the Hearing Process for the Ohio Industrial Commission, a statewide map to show the Ohio Industrial Commission offices throughout the state, and the 2024-2025 Biennial Budget Quick Facts document.

Also, for your convenience, I have provided below the biographies of myself and my fellow commissioners but I will not read them as a part of today’s testimony:



Jim Hughes, Chairman

Employee Member

Dates of Service: July 2019 - June 2025

Jim Hughes has spent his career demonstrating his passion for public service.

He was appointed by Governor Mike DeWine to be the Chairman and employee member of the Ohio Industrial Commission for a term that began on July 1, 2019.

Jim brings decades of legal knowledge and public policy experience to his role as Chairman. He began his career as a bailiff and court constable in the Franklin County Court of Common Pleas. He later served as assistant prosecutor in the City

Mike DeWine, Governor

Jon Husted, *Lt. Governor*

Jim Hughes, *Chairman*

Karen L. Gillmor, Ph.D., *Member*

Daniel J. Massey, *Member*

Tim Adams, *Executive Director*

of Columbus Prosecutor's Office and then as assistant prosecutor for Franklin County. He also worked previously as an attorney and partner at the Isaac Wiles law firm in Columbus.

In 2000, he was appointed to the Ohio House of Representatives and was later elected to the Ohio House of Representatives in 2000, 2002, 2004, 2006, and 2016; and the Ohio Senate in 2008 and 2012. During his 18 years in the Ohio General Assembly, Jim supported legislation that toughened criminal penalties, protected children, reformed taxes, streamlined regulations, and incentivized businesses to settle in Ohio. He also served on many legislative committees including Civil Justice, Insurance and Financial Institutions, Energy and Public Utilities, Transportation and Public Safety, and Criminal Justice.

Jim has received numerous accolades from several groups over the course of his career. He has been named Legislator of the Year by the FOP Capitol City Lodge No. 9, the Ohio Fire Chief's Association, the Ohio Nurses Association, the Ohio Association of Professional Firefighters and the AMVETS Department of Ohio. In addition, he has received the Ohio Association for Justice Workers' Compensation Outstanding Service Award, and the Watchdog of the Treasury Award, among others.

Jim earned his Juris Doctorate at Capital University Law School after completing his bachelor's degree in business administration at The Ohio State University. He and his wife Susan live in Upper Arlington, and have a daughter, Kaela.



Karen L. Gillmor, Ph.D.

Public Member

Dates of Service: July 2017 - June 2023

With over three decades of dedicated public service, Karen brings a tremendous knowledge of workers' compensation issues to the Industrial Commission of Ohio. A native of Ohio, she earned her diploma from Rocky River High School before earning a bachelor's degree with honors from Michigan State University and a master's degree and Ph.D. from The Ohio State University.

Her career shows a passionate interest in the fields of health care, labor relations and workers' compensation.

From 1983 to 1986, Karen served as Chief of Management Planning and Research at the Industrial Commission of Ohio. In this position, she authored a study of self-insurance, which was incorporated into Ohio's omnibus workers' compensation reform law. She also served as the employee representative to the Industrial Commission of Ohio's Regional Board of Review and

Mike DeWine, Governor

Jon Husted, *Lt. Governor*

Jim Hughes, *Chairman*

Karen L. Gillmor, Ph.D., *Member*

Daniel J. Massey, *Member*

Tim Adams, *Executive Director*

the Ohio Bureau of Workers' Compensation Oversight Commission. Karen was first appointed to the IC by Governor John Kasich in July 2011 and was appointed to a second term in July 2017.

Before coming to the IC, Karen was elected to Ohio's 26th Senate District seat in 1992, 1996 and 2008. She chaired the Senate Insurance, Commerce and Labor Committee, was a member of the Unemployment Compensation Advisory Committee, and the Labor-Management-Government Committee. She served as vice chair of the State Employment Relations Board from 1997 to 2007 and was a consultant to the United States Secretary of Labor. Nationally, Karen served on the Health Committee of the American Legislative Exchange Council, as well as on the Health and Human Services Committee of the Council of State Governments' Midwestern Region.

Karen was married to United States Congressman Paul Gillmor, who tragically passed away in 2007. They have five children, Linda, Julie, Paul Michael and twins Connor and Adam.



Daniel J. Massey
Employer Member

Dates of Service: July 2021 – June 2027

Dan brings decades of experience both within and outside state government.

He began his career as an Ohio assistant attorney general where his practice was both in litigation and agency representation. During his tenure, Dan's clients included the Ohio Department of Transportation, the Ohio Department of Commerce, and the Ohio Department of Insurance. He also represented various boards and commissions, including the Ohio Dental Board and the Ohio State Racing Commission.

While working in state government, he also headed the legislative program within the Ohio Attorney General and was involved in the enactment of the Ohio Consumer Sales Practice Act and the lobbying disclosure law.

After leaving government service, he practiced law in Columbus. He maintained both a legislative and corporate practice and was instrumental in the passage of the alternate retirement system legislation, which allows certain public employees to join a private, defined contribution plan. He also served as a hearing officer for the Ohio State Racing Commission.

Prior to his appointment at the Ohio Industrial Commission, Dan worked at the law firm of Murray, Murray, Moul and Basil in Columbus.

Mike DeWine, Governor
Jon Husted, *Lt. Governor*
Jim Hughes, *Chairman*
Karen L. Gillmor, Ph.D., *Member*
Daniel J. Massey, *Member*
Tim Adams, *Executive Director*

He has both a bachelor’s degree and law degree from Capital University. He and his wife, Marilyn live in Columbus. They have two children and four grandchildren.

The Ohio Industrial Commission is a state agency with an OBM approved employee ceiling count of 328, which includes the three appointed Commissioners. As of October 25, 2022, 57% of the agency was comprised of female employees and the entire workforce of the agency was comprised of 21% minorities. The Ohio Industrial Commission far exceeded the state minimums for Minority Business Enterprise (MBE) and Encouraging Diversity, Growth and Equality (EDGE) as it achieved an MBE Set-Aside rate of 23.04 percent versus the 15 percent statutory threshold in FY 2022. The EDGE compliance rate is 27.15 percent vs. the 5 percent policy requirement for the same period.

As a non-GRF agency, the Ohio Industrial Commission is funded solely by an Administrative Cost Fund surcharge applied to the workers’ compensation insurance base coverage rate. Prudent fiscal management has enabled the IC to maintain a stable environment for Administrative Cost rates for our Ohio employer group stakeholders as BWC base rates have been reduced significantly over the decade. We intend to maintain the optimal rate structure through the end of the next biennial budget period to fund operations and benefit employers.

House Bill 32 has three non-GRF line items for your consideration:

5W30 845321 Operating Expenses: \$50,873,180 for FY 2024 and \$51,498,298 for FY 2025

To fund the day to day operation of the IC, including but not limited to: Employee salaries; benefits; supplies; utilities; Information Technology; rents for IC offices throughout the state; and contract employee services.

5W30 845402 Rent William Green Building: \$1,621,166 for FY 2024 and \$1,073,421 for FY 2025

For rent and operating expenses for the space occupied by the IC in the William Green Building in Columbus, Ohio.

5W30 845410 \$3,034,920 each fiscal year for the Ohio Industrial Commission’s payments to the Ohio Attorney General’s Office

The IC and BWC split payments to the Attorney General’s Office for applicable legal services. As a result of an agreement between the IC and BWC to reduce the amount paid

Mike DeWine, Governor

Jon Husted, *Lt. Governor*

Jim Hughes, *Chairman*

Karen L. Gillmor, Ph.D., *Member*

Daniel J. Massey, *Member*

Tim Adams, *Executive Director*

by the IC, these payments are now divided into a 60/40 (BWC/IC) split, which more accurately reflects the distribution of legal services received than the previous 50/50 arrangement.

The proposed budget for FY 2024 at \$55,529,266 is just a 2.7% increase from the FY 2023 budget. The proposed budget for FY 2025 is also just slightly up at \$55,606,639. The combined total for the biennium is \$111,135,905.

House Bill 32 received no opposition testimony and was favorably reported out of both House Insurance and House Finance Committees unanimously. It later passed the House by a vote of 92-1 on April 19, 2023.

The Ohio Industrial Commission's 2024 and 2025 Biennial Budget Request will allow the IC to continue providing injured workers and employers with a timely, impartial, high quality resolution of their workers' compensation appeals while remaining on a path of fiscal prudence and outstanding service.

Your valuable consideration of our budget request is appreciated. Thank you, Chairman Hackett and members of the Senate Insurance Committee. I will be happy to take any questions at this time.



Where the Process Begins

The Ohio Bureau of Workers' Compensation (BWC) administers the collection of premiums from employers and the payment of compensation and medical benefits to injured workers who have been determined to have compensable claims. Some large employers may qualify with the state to be self-insured for workers' compensation and administer their own programs. Self-insured employers bypass the BWC but are still obligated to the Industrial Commission (IC) hearing process.

About the Commission

The State of Ohio charges the IC with the responsibility of resolving disputes over the payment of compensation and medical benefits in claims filed for work-related injuries and occupational diseases. The IC conducts hearings at its offices throughout Ohio for the convenience of injured workers and employers and makes decisions in all contested workers' compensation claims.

Hearings Before the Commission

Hearings before the IC are informal in nature and legal representation is not required. However, parties may choose to be represented by an attorney or other authorized person.

The Commission encourages the free exchange of information prior to the hearing, in accordance with Rule 4121-3-09(A)(1)(a) which states, "The parties or their representatives shall provide to each other, as soon as available and prior to hearing, a copy of the evidence which the parties intend to submit at a Commission proceeding."

The Appeals Process

There are three levels at which a contested claim may be heard within the Industrial Commission.

District Level - If a workers' compensation claim is contested, it is set for a hearing before a district hearing officer (DHO). A hearing will be held at the Commission office nearest the injured worker's residence. If either party is dissatisfied with the decision of the DHO, an appeal must be made in writing or online and filed within 14 days of receipt of that decision.

Staff Level - Appeals from the DHO's decision will result in a second hearing before a staff hearing officer (SHO). The law guarantees injured workers and employers the right to appeal a DHO's decision to the SHO level.

Commission Level - If an injured worker or employer is dissatisfied with the decision of an SHO, they may file an appeal to the Commission level. The appeal must be made in writing or online and filed within 14 days of receipt of the decision. The three Commissioners may either refuse to hear the appeal or accept it for a hearing.

Beyond the Commission - If the injured worker or employer is not satisfied with the decision of the IC Commissioners (or if Commissioners refuse to hear the appeal), they may file a challenge to the IC decision in the appropriate state court.

NOTE: Injured workers, employers, and their authorized representatives may review their active claims information through the Industrial Commission website at www.ic.ohio.gov. Once on the home page of the website, please click ICON and follow the instructions for obtaining a password. Once you have obtained a password, you should be able to access your active claim(s). If you have difficulty obtaining a password, please contact the Industrial Commission's IT Helpdesk at (614) 644-6595 or (877) 218-4810, between 8 a.m. and 5 p.m. weekdays.

If you have a disability that requires special accommodations at a hearing, please contact the IC in advance of your hearing. Interpreter services for language or deaf and hard of hearing are available through Customer Service.

Questions About the Hearing Process

Does every claim require a hearing?

No. Hearings are held only if there is a dispute between the injured worker, employer, or BWC.

When will parties be notified of a hearing?

Notification will be mailed at least 14 days prior to a hearing. The notice will state the time, date, and location of the hearing and the issue(s) in dispute.

Should the injured worker and employer attend a hearing?

Attendance is not mandatory, but it is recommended that all parties be present to give their side of the disputed issue(s).

How should the parties prepare for a hearing?

Gather and prepare any documents pertinent to the issue set for hearing like current medical reports, written witness statements, etc. These documents should be submitted prior to or at the

hearing. You should also keep a copy of any paperwork filed with the IC or BWC for your records. After the hearing, an order announcing the decision will be mailed to all parties.

Is legal representation required?

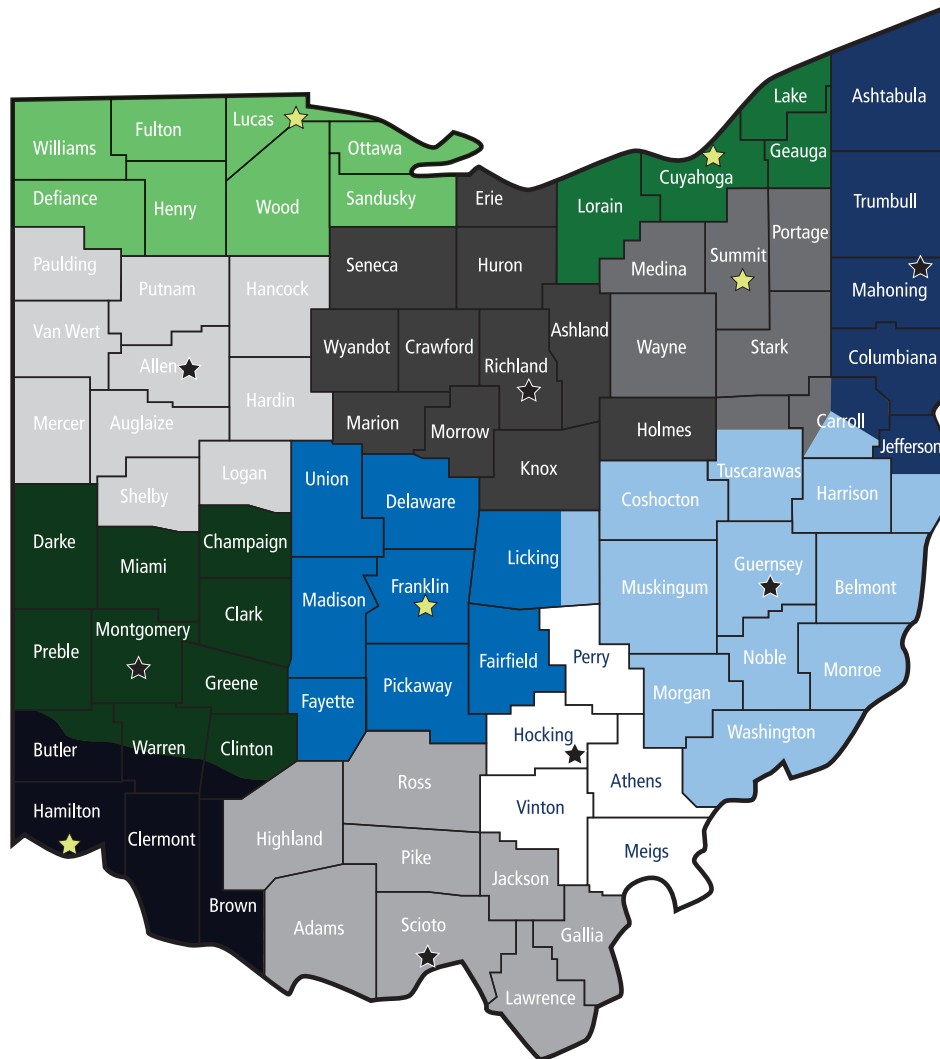
Hearings before the IC are informal in nature and legal representation is not required. However, parties may choose to be represented by an attorney or other authorized person.

How is an appeal filed?

An employer or injured worker may file an appeal from an order of the BWC, or a district or staff hearing officer of the IC. Form IC-12, located at local offices or on the IC's website, should be used for this purpose.

DISTRICT OFFICES ASSIGNMENTS MAP

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



Offices Servicing Each County

- | | | |
|---|--|--|
| Akron | Columbus | Mansfield |
| Cambridge | Dayton | Portsmouth |
| Cincinnati | Lima | Toledo |
| Cleveland | Logan | Youngstown |

2024 – 2025

Ohio | Industrial Commission

BIENNIAL BUDGET QUICK FACTS

The Ohio Industrial Commission (IC) is responsible for providing a forum for fair and impartial resolutions of disputed workers' compensation claims. The IC adjudicates claims including but not limited to: allowances; temporary total disability compensation; treatment; permanent partial disability; applications for additional awards for violation of specific safety requirements; and determination of eligibility for permanent total disability benefits. The IC adjudicates claims across three (3) hearing levels and conducts over 90,000 hearings annually. We serve the injured workers and employers of Ohio across a footprint of 12 local offices and through an internet portal with a clear mission of customer service.

The IC is a state agency with an Ohio Office of Budget and Management approved employee ceiling count of 328, which includes the three Governor-appointed Commissioners. As of October 25, 2022, out of a total of 284 full-time employees, 57% of the agency was comprised of female employees and the entire workforce of the agency was comprised of 21% minorities. The IC far exceeded the state minimums for Minority Business Enterprise (MBE) and Encouraging Diversity, Growth and Equality (EDGE), as it achieved an MBE Set-Aside rate of 38.09% in FY 2021 and 23.04% in FY 2022 versus the statutory mandate of 15%. The EDGE compliance rate was 32.78% in FY 2021 and 27.15% in FY 2022 versus the 5% policy requirement for the same period.

As a non-GRF agency, the IC is funded solely by an Administrative Cost Fund surcharge applied to the workers' compensation insurance base coverage rate. Prudent fiscal management has enabled the IC to maintain a stable environment for Administrative Cost rates for our Ohio employer group stakeholders as Ohio Bureau of Workers' Compensation (BWC) base rates have been reduced significantly over the decade. We intend to maintain the optimal rate structure through the end of the next biennial budget period to fund operations and benefit employers.

HOUSE BILL 32 HAS THREE NON-GRF LINE ITEMS FOR YOUR CONSIDERATION:

5W30 845321 – Operating Expenses: \$50,873,180 for FY 2024 and \$51,498,298 for FY 2025

To fund the day to day operations of the IC, including but not limited to: Employee salaries; benefits; supplies; utilities; Information Technology; rents for IC offices throughout the state; and contract employee services.

5W30 845402 – Rent, William Green Building: \$1,621,166 for FY 2024 and \$1,073,421 for FY 2025

For rent and operating expenses for the space occupied by the IC in the William Green Building in Columbus, Ohio.

5W30 845410 – Payments to the Ohio Attorney General's Office: \$3,034,920 for each Fiscal Year

The IC and BWC split payments to the Attorney General's Office for applicable legal services. As a result of an agreement between the IC and BWC to reduce the amount paid by the IC, these payments are now divided into a 60/40 (BWC/IC) split, which more accurately reflects the distribution of legal services received than the previous 50/50 arrangement.

The proposed budget for FY 2024 at \$55,529,266 is just a 2.7% increase from the FY 2023 budget. The proposed budget for FY 2025 is also just slightly up at \$55,606,639. The combined total for the biennium is \$111,135,905.

LEGISLATIVE HISTORY:

House Bill 32 received no opposition testimony and was favorably reported out of both House Insurance and House Finance Committees unanimously. It passed the House by a vote of 92-1 on April 19, 2023.