

Strategic Alignment

Renewing Our Mission

Defining Our Purpose

Performance Objectives

- *Stable Costs*
- *Better Services*
- *Accurate Rates*
- *Safe Workplaces*

Key Deliverables

Performance Measures

Restoring Confidence

# Restoring Operational Excellence

***Comprehensive, Customer-Focused  
Reform of Ohio's Workers' Comp System***

*Jan. 24, 2008*

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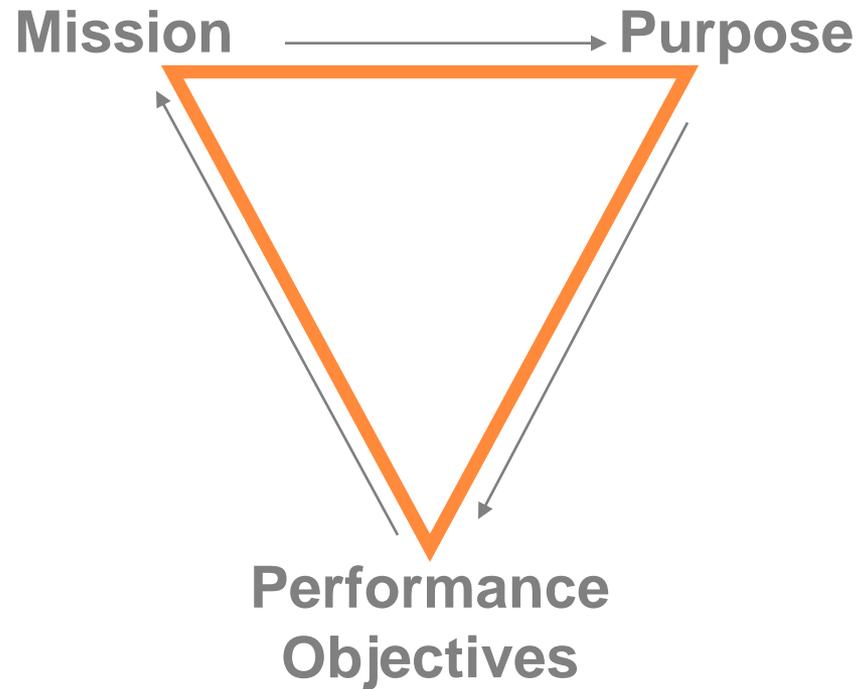
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## Strategic Alignment

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**Mission & Associated Value**

**Purpose & Desired Outcomes**

**Performance, Outcomes & Measurements**

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## *Mission & Value*

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*Before BWC claims were litigated in court:*

- Employers faced financial burden of large punitive damages
- Injured workers faced financial burden of lost wages, medical expenses, inability to work

Protection against financial hardship was the common thread that formed BWC

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### *Current mission...*

To serve our customers – injured workers and employers – through honesty & integrity; trust & teamwork; personal accountability; respect for others; openness to change.

### *New mission...*

To protect injured workers and employers from loss as a result of a workplace accident, and to enhance the general health and wellbeing of Ohioans and the Ohio Economy.

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## ***Purpose & Outcomes***

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### **To Enhance the Quality of Life for Ohio's Workforce**

- Providing financial continuity
- Restoring normalcy, return to work
- Preventing injuries through education

### **Promote Economic Success for Ohio's Employers**

- Low, consistent costs to promote growth
- Clear, easy to understand services
- Competitive system to attract growth

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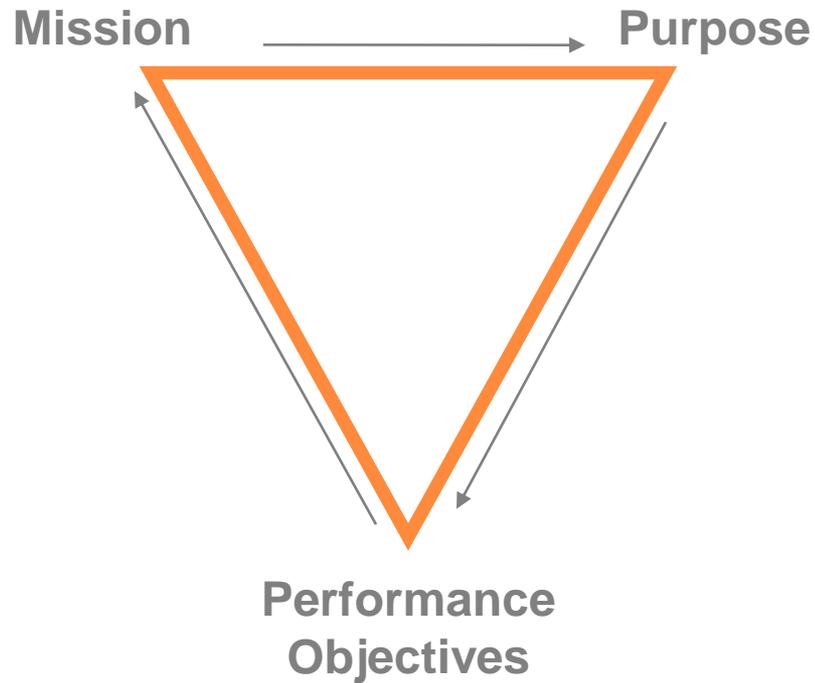
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**1. Stable Costs**

**2. Better Services**

**3. Accurate Rates**

**4. Safe Workplaces**

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## Stable Costs

### Competitive Workers' Comp System

*Reduce Base Rates*

### Consistent Premium Rates

Premium consistency for individual employers

### Manage Loss & Operating Costs

*Eliminate unnecessary costs, reallocate resources to enhance service*

### Investment Returns & Controls

*Develop strategy to match return target with appropriate reserve, install investment accounting system*

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## Better Services

### Enhanced Medical Care & Services

*Modernize return to work guidelines, improve provider network to enhance care*

### Improve Customer Communication

*Overhaul all correspondence to clearly communicate policy, process*

### Map Workflow to Improve Efficiency

*Document all operational workflows to reduce redundancy, improve efficiency*

### Responsive Customer Service

*Use contact-tracking data to identify service improvement opportunities*

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## Accurate Rates

### New Claim Reserve System

*Implement accurate system that allows customers to view cost drivers by 2008*

### New Experience Rating System

*Transition to nationally tested rating system by 2010 that appropriately matches rate with risk*

### Equitable Group Rating Program

*Reduce premium subsidy, minimize adverse impact of discount loss for employers*

### Comprehensive Rate Study

*Analyze all rating programs and operational reserves to determine appropriateness*

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## Safe Workplaces

### Customer Education & Outreach

*Develop localized educational opportunities for employers and workers*

### Safety & Accident

#### Prevention Strategies

*Engage employers with poor claim history, demonstrate measurable improvements*

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## *Key Deliverables*

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- New Reserve System (MIRA II)
- Comprehensive Study
- Group Experience Rating
- New Investment Accounting System
- Process Mapping
- Customer Communications
- Medical Service Enhancements
- Targeted Loss Prevention
- Employer Compliance
- Human Capital Strategy
- Enterprise Reporting Package

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# Enterprise Reporting Package



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## ***Enterprise Reporting Package***

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### **Financial Soundness**

- Compare financial performance
- Improve financial decision making

### **Operational Soundness**

- Measure operating performance
- Leading indicators to set benchmarks
- Understanding business drivers will improve decisions, project delivery

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## *Financial Soundness*

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### Financial Performance Measures

- Loss Ratio
- Expense Ratio
- Combined Ratio
- Operating Ratio
- Return on Revenue (ROR)
- Yield on Invested Assets
- Yield on Bond Portfolio
- Return on Net Prem/NA
- Loss Reserve Development Ratios
- Loss and LAE Reserves to NA
- Operating Cash Flow
- Investments to Loss Reserves
- Investment Type to Total Investment Portfolio
- Equities to NA
- Bonds to NA

### Balance Sheet Risk

- Liabilities
- Assets
- ROR

# ***Operating Soundness***

*Quality, Quantity, Cost, Timelines*

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1). Leading Indicators

2). Business Drivers

3). Customer Satisfaction

4). Operational Risk

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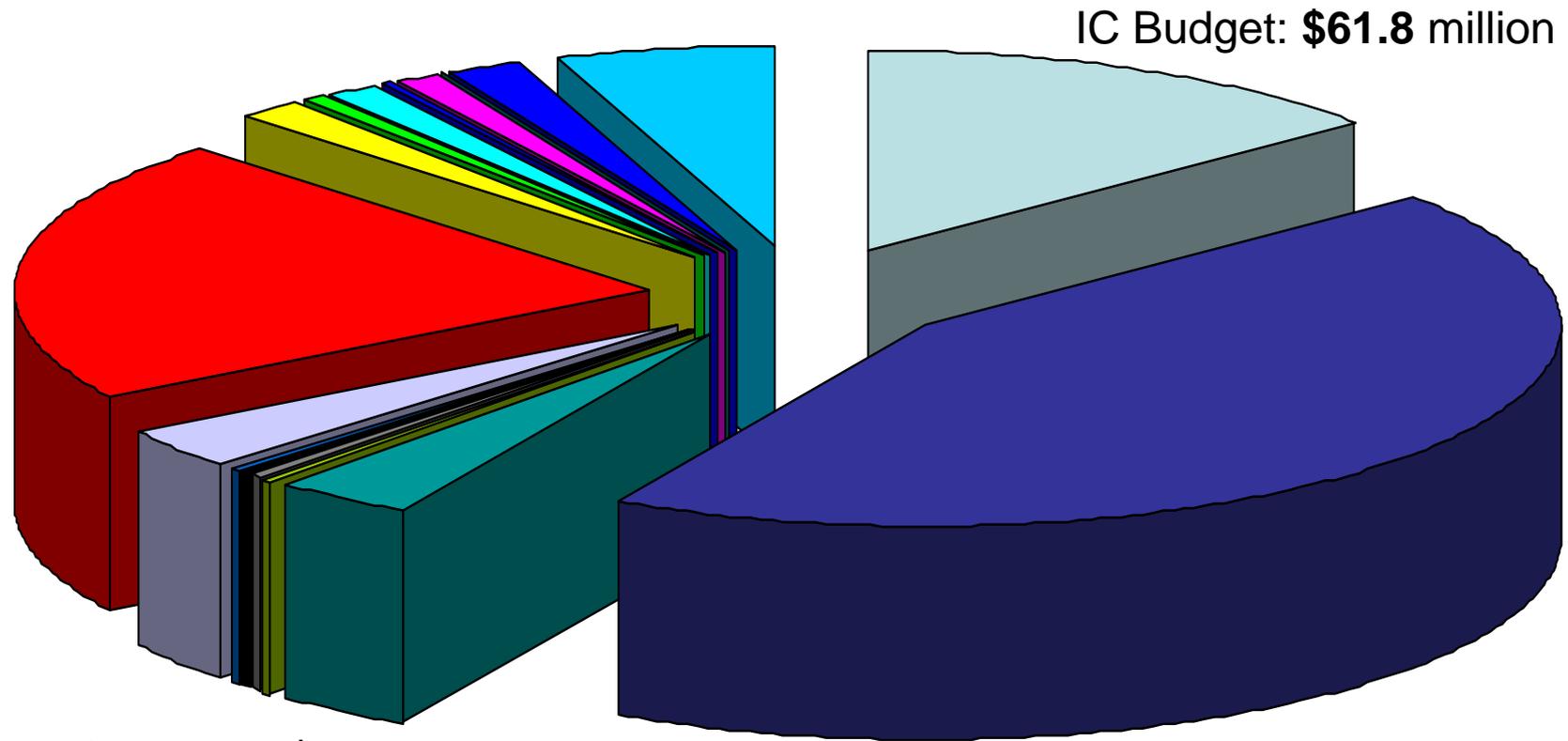
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# BWC & IC Budget Breakdown (FY08)



Industrial Commission	Operations	Medical Services	Ombuds
Board of Directors	Workers Comp Council	Internal Audit	Fraud
IT	Finance	Actuarial	Human Resources
Investments	Communications	Administration	Legal
Overhead			

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## ***Restoring Confidence***

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### **2006: Improved Financial Footing**

- Recast BWC Investments
- Clean financial audit for '05, '06

### **2007: Complete Organizational Reform**

- New leadership & governance structure
- Professionalized Board of Directors
- Deputy Inspector General

### **2008: Comprehensive Operational Reform**

- Comprehensive, customer focused reform
- Costs, Services, Rates, Safety

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## ***Restoring Trust, Rebuilding Confidence***

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### ***Restoring Trust***

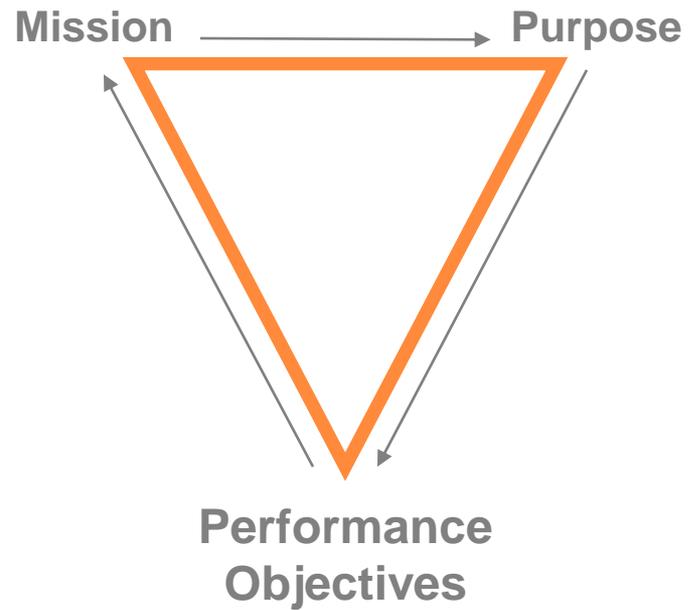
- Starts with meaningful, customer-focused service improvements

### ***Focused Communications***

- Establishes visual identity of organization
- Assess & measure performance
- Packages & communicates improvements
- Guides preferred agency attributes  
*Professional, Stable, Simple, Fair*

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**Mission & Value:**  
*Protect customers from financial hardship*

**Purpose & Outcomes**  
*Protect the health, wellbeing of Ohio's workforce & Ohio's economy*

**Performance Objectives & Measures**  
*Stable Costs, Better Services, Accurate Rates, Safe Workplaces*

**Restoring Trust, Communicating Success**  
*Communicate service reforms, improvements*

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