Every second counts ...

Public-access defibrillators save lives

Mission possible

New BWC division helps bureau safeguard assets, maintain better internal controls
BWC’s Web-based classes put safety training at your fingertips

Get the training you need at your own computer

- No travel time or expense to attend these classes*
- Learn at your own pace
- Take online classes at your convenience
- Classes available online 24/7

Two new Web classes available starting Sept. 5

Avoiding Back Trauma Online
This class is especially useful for workers whose jobs require them to do any lifting, pushing and/or pulling. You will learn:
- The risk factors for back pain;
- How to use and apply BWC/The Ohio State University lifting guidelines;
- How to use ergonomics to prevent back pain and injury.

Preventing Slips/Trips/Falls Online
This class is especially useful for workers whose jobs have high incidences of these types of injuries. You will learn:
- Housekeeping tips;
- Safety procedures for using ladders, scaffolding and work platforms;
- How to properly design and maintain walkways and stairs;
- Appropriate safety footwear for various workplace settings.

Other BWC Web-based classes
- Office Ergonomics Online
- Getting Started with Safety Online
- Industrial Safety Overview: Recognizing Occupational Health Hazards Online

For more information or to register, log on to bwclearningcenter.com, or call 1-800-OHIOBWC, and press option 2 and then 2 again.

* BWC’s Division of Safety & Hygiene offers these Web-based and other traditional classes at no additional cost to Ohio employers with active BWC policies. Employers can make these classes available to their employees.
On the Cover

Every second counts ...
Public-access defibrillators save lives

Cover photo: Referee Ted Barclay, a sudden cardiac arrest survivor, is shown with his rescuer, Margaret Reynolds. She used an automated external defibrillator to save his life.

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Rate making 101
A crash course on how BWC sets premium rates
Check it out!

Supplement your employee training program with safety and health videos and DVDs available from BWC’s Video Library.

- Borrow materials at no charge for up to 12 calendar days.
- More than 950 instructional titles available (from construction to office safety, ergonomics to behavioral issues, first aid to industrial safety, and more!).
- Items are available to employers with active BWC policies.
- Spanish-language and closed-captioned videos available.
- Accompanying training guides and tests for most titles available upon request.

Browse and borrow online
- Browse for titles online at ohiobwc.com.
- Also borrow items online — right from your own desk!

Or browse in person
- Visit BWC’s Ohio Center for Occupational Safety and Health in Pickerington, 13430 Yarmouth Drive.
- Preview and/or borrow items.
- Walk-in service available 9 a.m. – 4 p.m. weekdays.

Shipping available
- BWC ships all orders via UPS.
- Your only cost is return shipping (must return material by insured means via U.S. Postal Service, UPS, Federal Express, etc.).

For a full listing of titles, log on to ohiobwc.com, and click on Safety Services, and then Video library (under Information Services). You may also call 1-800-OHIOBWC for more information.
BWC makes progress with restructuring plan

I commend BWC for restructuring in response to recommendations from the Management Review Team I appointed last June. The bureau has rebuilt its investment department, hired a new chief investment officer and created an independent Internal Audit Division.

The Management Review Team’s task was to review BWC’s investment portfolio, contract with independent evaluators to assist with the review, and assess the bureau’s investment management and audit staff. The team also had the task of consulting with the Workers’ Compensation Oversight Commission and cooperating with all ongoing investigations and audits while fulfilling its duties.

I am pleased with the swift and thorough actions taken by Administrator Mabe and BWC in response to the team’s recommendations. On the one-year anniversary of the team’s findings, BWC has completed 36 of the 40 recommended action items and is poised to complete the remaining four on or before target.

This restructuring effort has been a massive undertaking by BWC’s management and employees. It confirms they are eager to rebuild public trust while providing Ohio’s injured workers and employers with exceptional customer service.

Administrator Mabe and I remain committed to safeguarding workers’ compensation funds now and in the future. Under his leadership, BWC will continue to improve processes and services, and to become the best workers’ compensation organization in the United States.

Plan to attend WCU

Workers’ Compensation University (WCU) kicks off Sept. 7 in Cincinnati at the Duke Energy Center. It’s just the first of eight cities in which BWC will hold its annual educational workers’ compensation conference. By attending WCU, you can rediscover who we are and what we do while also learning strategies to manage claims, reduce costs and keep your employees safe.

Best of all, eight of the 20 courses offered at this year’s WCU, are new. Highlights include:

- A seminar outlining methods for preventing costly upper-extremity injuries;
- A session about responding to the challenge of bioterrorism and emerging diseases in the workplace;
- A course about BWC’s claim-reserving system and ways to positively impact claim reserves;
- A session for health-care providers covering basic but important aspects of workers’ compensation law that impact the medical field.

As usual, WCU attendees can meet face to face with experts from BWC and the Industrial Commission of Ohio. They can also discover the latest products and services from dozens of vendors and choose from a variety of classes whether they are new or returning students.

BWC will submit many of the courses offered this year for contact hours, continuing education units and continuing medical and legal education.

It’s not too late to sign up for this year’s WCU. I urge you to register today by logging on to ohiobwc.com and clicking on the ad at the bottom of the home page. I look forward to seeing you there.
News briefs

BWC on pace with Agenda ’06 fiscal reforms

In the first six months of 2006, BWC documented $292.5 million in increased revenue and reduced expenses, more than halfway toward the bureau’s goal of realizing $424 million in financial performance improvements for the year.

The financial performance goals are part of Agenda ’06, a broad strategy for strengthening BWC’s fiscal and operational performance unveiled in January by Administrator/CEO William E. Mabe.

Agenda ’06 outlined four broad areas for savings and new income. An August report to staff and the Workers’ Compensation Oversight Committee outlines the progress, through June, in each area.

Investment management
Investment income for the first six months of 2006 increased $100 million over the first six months of 2005, meeting its year-end goal for investment income improvements for the year.

BWC attributes most of that improvement to moving most of its $16.4 billion portfolio out of stocks and riskier investments into a fixed-income portfolio. After Mabe expressed concern that such a limited portfolio may yield inadequate returns in the long run, the Oversight Commission authorized the bureau to invest 20 percent of its portfolio back in stocks.

Increasing revenue
BWC brought in $148.7 million more in revenue in the first six months of 2006 than in the same period last year, exceeding the year-end goal of $105 million. The bulk of improvements came in collections on accounts with outstanding balances, which are $138 million ahead of last year’s pace. BWC realized other gains by more assertive subrogation — getting other potential payers, such as insurers and the Social Security Administration, to help pay the costs of workers’ compensation claims — and auditing employers to be sure they are meeting their workers’ compensation obligations.

Reducing expenses
BWC had realized only $38.7 million in cost savings toward a year-end goal of $216 million in savings. Most of the savings — more than $44 million through June — came from reducing medical expenses, and most of that came in reductions in prescription drug costs. A $14 million increase in income maintenance for injured workers offset some savings on medical costs.

BWC is piloting a policy of getting claims off the books early through cash settlements with injured workers. Tested early in the year at a handful of BWC’s local customer service offices, the effort has saved BWC $8.7 million so far this year. The bureau plans to have all offices taking part in this effort by mid-September.

Productivity improvements
By mid-year, the bureau had already overshot its goal of realizing $3 million in savings through productivity improvements. BWC realized $3.1 million in savings by offering early retirement to eligible staff members and leaving some of those positions unfilled. The bureau also realized another $2 million in savings by doing a better job scrutinizing “red flag” claims, calls for salary continuation or reimbursement for care that showed signs of being fraudulent or overstated.

— BM

Bird flu preparedness

Federal, state and local government agencies nationwide, including BWC, as well as private industries are taking steps to prepare for and respond to a potential bird flu pandemic.

A contingency plan is essential for combating this potentially devastating flu outbreak. The bird flu could spread worldwide because there is little or no immunity to this disease in the human population.

BWC urges employers to develop preparedness plans as they do for other public health emergencies. In the event of an influenza pandemic, businesses will play a key role in protecting employees’ health and safety. Employers will also play a part in limiting the negative impact to themselves, the economy and society in general. Companies that provide critical infrastructure services, such as power and telecommunications, have a special responsibility to plan for continued operation in a crisis.

The Department of Health and Human Services (DHH) and the Centers for Disease Control and Prevention (CDC) have developed guidelines to assist businesses in planning for a global outbreak of the bird flu and other comparable catastrophes. For assistance in planning, visit the DHH Web site, www.pandemicflu.gov/plan/tab4.htm.

Related Web sites
• NIOSH (National Institute for Occupational Safety and Health) — www.cdc.gov/niosh/homepage.html;
• OSHA (Occupational Safety and Health Administration) — See the Safety & Health Bulletin on Avian Influenza, Protecting Poultry Workers at Risk at www.osha.gov/dts/shib/shib121304.html;
• CDC — See the Avian Influenza Home Page — www.cdc.gov/flu/avian/index.htm;
• Ohio Department of Health — Bird flu site at www.odh.ohio.gov/alerts/birdflu.aspx. — RL
Understanding new workers’ comp rules

The Workers’ Compensation Oversight Commission passed a number of rules in April that may impact your policy.

Increase minimum premium (administrative fees)

Prior to the rule change, BWC charged employers who reported zero or low payroll a minimum administrative fee of $10 semiannually ($20 annually). Administrative fees cover the cost of maintaining policies.

However, a BWC study revealed that the average cost of maintaining a policy increased significantly since the last fee change in 1992. So BWC proposed an increase to $50 semiannually ($100 annually). This rule goes into effect Jan. 1, 2007, and will affect all payroll reported on or after that date, regardless of the reporting period.

Policy initiation

Prior to the amendment, employers making minor business adjustments, such as changing locations and entity type, could submit an application for new workers’ compensation coverage or update their existing policies.

Under the new rule, if the employer is essentially the same, he or she will keep the original policy, and BWC will update it. When BWC identifies an employer having more than one policy with active coverage for essentially the same business operation, it may cancel the newest policy, and require the employer to report and pay premium under the original policy. This rule became effective July 27, 2006, and does not eliminate current rules regarding succeeding employers.

Successorship liability

Prior to the rule change, if a succeeding employer took over all or part of an operation, the previous experience transferred, but transfer of financial liability was optional.

Under the new rule, when a successor takes over the entire operation, any and all existing and future liabilities or credits will transfer along with the experience. Also, the successor will be responsible for notifying BWC of the succession. This rule became effective July 27, 2006, for successions taking place on or after Sept. 1, 2006.

Minimum and maximum payroll reporting change

Prior to the rule change, sole proprietors, members of partnerships, an individual incorporated as a corporation with no employees, and officers of family farm corporations who elected to carry supplemental workers’ compensation coverage were required to report a minimum payroll of $100 per week per person and a maximum of $800 per week per person ($20,800 semiannually). Active executive officers of corporations had no minimum payroll requirement, but did have the $800 weekly payroll maximum.

Under the new rule, employers in any of the categories above must report a minimum of $352 in payroll a week even if the actual amount earned was lower. In addition, BWC will raise the maximum payroll these individuals may report to $1,056 per week. These increases bring minimum and maximum reportable payroll to a level based on the statewide average weekly wage calculated annually by the Ohio Department of Job and Family Services. These rules will apply to the July 1, 2006, to Dec. 31, 2006, reporting period.
Web update
Improving site navigation and communication are the focus of recent enhancements

At BWC, we understand a Web site not only provides services, but also serves as an important communications tool. Recent enhancements to [ohiobwc.com](http://ohiobwc.com) make the site easier to use and improve communication. You’ll find details about the latest enhancements in the grid below. — **KB**

<table>
<thead>
<tr>
<th>Service offering</th>
<th>Description</th>
<th>Customer benefits</th>
<th>Three-click guide</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Claim Info menu restructure</td>
<td>Our Claim Info section used to list 15 service offerings. We now separate it into four sections: Accident/ Injury Info, Claim Info, Claim Payment and Claim Reference Info. All 15 service offerings still exist; you can access them under the appropriate category.</td>
<td>This menu restructure makes it easier for you to find the claim service offerings you’re seeking without having to scroll through a long list of items.</td>
<td>1. Click either the Injured Workers, Ohio Employers, or Medical Providers section. 2. Locate the new Claim Info categories from the menu bar on the left side of each of these sections.</td>
<td></td>
</tr>
<tr>
<td>Contact Us</td>
<td>We expanded the online form for contacting us so we can serve you better. In addition to asking for your contact information, we now ask you to select a category describing your inquiry. We also ask you to confirm your e-mail address.</td>
<td>This helps us better track the issues our customers deal with most often. It also allows us to better route your e-mail to the appropriate department.</td>
<td>1. Contact Us 2. Send us a message</td>
<td></td>
</tr>
<tr>
<td>OSHA On-Site Consultation request form</td>
<td>Since the OSHA On-Site Consultation Program is now part of BWC, we transferred this online form from the Ohio Department of Commerce’s (ODC’s) Web site to <a href="http://ohiobwc.com">ohiobwc.com</a>.</td>
<td>This allows small private employers in high-hazard industries to request safety and health consultations. Our consultants can help identify workplace hazards and provide recommendations for correcting the problems.</td>
<td>1. Ohio Employers 2. Safety Services 3. OSHA On-Site Consultation (private)</td>
<td></td>
</tr>
<tr>
<td>Public Employment Risk Reduction Program (PERRP) request for service and training forms</td>
<td>Since PERRP is now part of BWC, we transferred the request for service and request for training online forms from ODC’s Web site to <a href="http://ohiobwc.com">ohiobwc.com</a>.</td>
<td>This allows public employers to request on-site safety consultations, safety training, presentations and industrial hygiene surveys.</td>
<td>1. Ohio Employers 2. Safety Services 3. PERRP (public)</td>
<td></td>
</tr>
</tbody>
</table>
WCU 2006 coming to eight Ohio cities

Workers’ Compensation University (WCU) – a free, educational conference BWC sponsors each year – will visit every corner of the Buckeye State this month and next, with stops in eight cities.

Now in its seventh year, WCU helps BWC’s customers and partners achieve a better understanding of Ohio’s workers’ compensation system. WCU also allows attendees to:
• Discover proven strategies for protecting Ohio’s workers;
• Learn time-tested strategies for reducing workers’ compensation costs;
• Develop methods for safely returning injured workers back to their jobs;
• Meet experts from BWC and the Industrial Commission of Ohio;
• Visit a dynamic expo area (at the Akron, Cincinnati, Cleveland, Columbus, Dayton and Toledo locations) featuring the latest products and services from a wide array of vendors.

WCU 2006 features visits to a few new venues in familiar cities, including the debut of Shawnee State Park in Portsmouth and a return to the Duke Energy Center in downtown Cincinnati. Please see the advertisement on the back cover of this issue for a complete list of dates and locations.

The conference offers free continuing education classes for a variety of professions and credentials, and Step 6 credit for participants of BWC’s 10-Step Business Plan. Thanks to a constantly evolving course catalog, this year’s WCU has something for first-time students as well as returning scholars.

For detailed course descriptions, a complete list of dates and locations or to enroll for WCU 2006, please visit ohiobwc.com, or call (800) 466-6292. — EH

Subscribe today

Workers’ Comp Quarterly provides 144,000 Ohio employers, employees and health-care providers with the information they rely on to stay safe and keep their workers’ compensation costs low.

To receive your free subscription, or to report an address change, contact: ohiomailingbwc@wilcoxpress.com.

Available online
To download current volume issues, visit ohiobwc.com and click on BWC Library, E-Publications, and then Workers’ Comp Quarterly.
September

Sept. 1
Public employers’ deadline to pay BWC their outstanding 55-percent premium balances for the 2005 reporting period.

Sept. 6
Training class — Bloodborne Pathogens; Youngstown Customer Service Office, Youngstown**
Training class — Understanding and Protecting Your Hispanic/Latino Work Force; Canton Customer Service Office, Canton**

Sept. 7
Workers’ Compensation University (WCU); Duke Energy Center, Cincinnati*
Training class — Drug-Free Workplace: How to Implement BWC’s Program; Canton Customer Service Office, Canton**
Training class — Asthma! Is Your Company at Risk?; Portsmouth Customer Service Office, Portsmouth**

Sept. 13
WCU; SeaGate Convention Centre, Toledo*

Sept. 13-14
Training class — Indoor Air Quality for Non-Industrial Environments; Ohio Center for Occupational Safety & Health (OCOSH), Pickerington**

Sept. 19
WCU; John S. Knight Center, Akron*

Sept. 21
WCU; Greater Columbus Convention Center, Columbus*

Sept. 22
Training class — Temporary Traffic Management; OCOSH, Pickerington**

Sept. 26
WCU; Cleveland Convention Center, Cleveland *

Sept. 27
Training class — Understanding and Protecting Your Hispanic/Latino Work Force; Governor’s Hill Customer Service Office, Cincinnati**

Sept. 28
WCU; Dayton Convention Center, Dayton*

October

Oct. 3
WCU; Pritchard Laughlin Convention Center, Cambridge*

Oct. 5
Training class — Wellness in the Workplace; Portsmouth Customer Service Office, Portsmouth**

Oct. 6
WCU; Shawnee State Park, Portsmouth*

Oct. 8-14
National Fire Prevention Week

Oct. 10
Training class — Personal Defense Strategies for Long-Term Care Workers; OCOSH, Pickerington**
Training class — Ergonomics: Developing an Effective Process; Garfield Heights Customer Service Office, Garfield Heights**

Oct. 18
Training class — Industrial Hygiene Calibration and Sampling; OCOSH, Pickerington**
Training class — Advanced Rate Making; Springfield Customer Service Office, Springfield**

November

Nov. 7
Training class — Advanced Rate Making; Youngstown Customer Service Office, Youngstown**

Nov. 9
Training class — Got Mold?; Owens Community College, Center for Development and Training, Northwood**

Nov. 21
Training class — Enhancing Safety through a Drug-Free Workplace; Owens Community College, Center for Development and Training, Northwood**

Nov. 30
Public employers’ applications for the retrospective rating program for the policy year beginning Jan. 1, 2007, are due to BWC.

* For more information on WCU sessions, log on to ohiobwc.com, and click on the WCU banner ad.

** BWC’s Division of Safety & Hygiene sponsors all training classes. For more information or to register, log on to www.bwclearningcenter.com. You will need to enter a key word to register, which you can find in the training class description.

You may also call 1-800-OHIOBWC, and listen to the options.
BWC designed this program to help Ohio nursing home facilities reduce injuries caused by lifting patients manually. These injuries are costly for Ohio’s workers’ compensation system.

The program provides interest-free loans up to $100,000 to both:

- Purchase, improve, install or build sit-to-stand floor lifts, ceiling lifts, other lifts and fast electric beds;
- Pay for staff training to implement a policy of no manual lifting when purchasing no-lift equipment.

Eligibility requirements

- Be a state-fund or self-insured employer in Ohio
- Be a nursing home as defined in section 3721.01 of the Ohio Revised Code (manual classification 8829)
- Maintain active BWC coverage (current on premiums and assessments)
- Credit approval through loan institution
- Valid nursing home license

For more information

Contact BWC for a complete listing of eligibility and program requirements, policies and processes, deadlines and an application.

Call 1-800-OHIOBWC, and press option 2, then 2 again. You may also log on to ohiobwc.com, and click on Safety Services and then SafetyGRANTS.

* This grant program is part of Governor Bob Taft’s Ohio Automotive Revitalization Initiative, which he unveiled last November. The initiative aims to restore competitiveness in the state’s auto industry.
Mission possible

New BWC division helps bureau safeguard assets, maintain better internal controls
Clearly Mabe sees internal auditing as a discipline in and of itself. “It’s a critical expertise. You’ve got to have it,” he says of creating the division. “And I would have done that regardless of what happened in the past.”

Most healthy organizations integrate internal auditing into their management infrastructure. Internal auditors provide independent appraisals and consultation to management at all levels within an organization and to any external bodies that oversee operations.

According to BWC’s Internal Audit Division Charter, “All audit activities will be governed by generally accepted government auditing standards, and will provide information to improve accountability and facilitate decision making by parties with the responsibility to oversee or initiate corrective action.”

Further, the Internal Audit Division staff has the authority to “review all areas of BWC and to have full, free and unrestricted access to all BWC activities, records, property and personnel.”

Mabe says the Internal Audit Division helps him know if all the systems within BWC are functioning appropriately, calling it a crucial “nerve center.”

“It’s like the nerves in your body. They constantly let you know what’s happening. They’re there to alert you to problems that you don’t want to get any bigger.”

Former colleagues reunite

To activate BWC’s nerve center, Mabe turned to Moseley — a familiar face. The two first crossed paths several years ago when they both worked for Nationwide. He was president and CEO of Nationwide Health Plans, and she was director of financial projects and consulting services for Nationwide’s Office of Corporate Finance. Most...
recently, she worked with the Cincinnati-based Ward Group, a consulting firm that specializes in benchmarking for the insurance industry.

“She has the credentials,” Mabe says. “She’s taught internal auditing, she has performed internal auditing and she’s done it in all kinds of organizations — big and small.”

The Ohio University graduate has also worked as an internal auditor for Bank One Corp. Over the years, she has earned impressive professional designations, including that of certified public accountant (CPA), certified internal auditor (CIA) and chartered financial consultant (ChFC).

“So what that really means is I know how to crunch numbers,” she jokes.

According to Mabe, Moseley has also examined “the insides of hundreds of private companies” as a benchmarking consultant. “We are very fortunate to be able to have someone with that skill set,” he says.

Moseley also gets high marks for her interpersonal skills. Mabe describes her as patient, and says she works well with others.

“Everybody who sits around the table with me has those three common characteristics: depth of experience, credentials and the right temperament,” says Mabe, referring to his senior staff. “And that makes a very cohesive group. That’s how I build a team.”

Three become one

Immediately after arriving at BWC, Moseley began to build her own team. She brought together three existing departments to form the Internal Audit Division.

Before then, each department reported to separate division chiefs. The MCO audit department, which monitors the activities of managed care organizations, reported to the chief of injury management. The internal audit and quality assurance departments, both of which perform financial and operational audits, reported to the chief legal officer and the chief operating officer, respectively.
The merger united these areas into one cohesive division. In addition to reporting directly to Mabe, the Internal Audit Division meets regularly with the Audit Committee of the Workers' Compensation Oversight Commission.

Moseley's team now consists of these three departments: Fred Booker, quality assurance manager; Keith Elliott, internal audit manager; and Nancy Barber, director of MCO audit; and their staffs. These managers have greeted the merger with excitement. They say elevating internal auditing to its proper place within BWC's management infrastructure is good news for everyone, including bureau employees, employers and injured workers.

“It's exciting,” says Elliott, a former Deloitte & Touche CPA. “I see us much more aggressively trying to adopt standard industry practices — whether it's in terms of medical management, the different fee schedules that we're trying to adopt, the whole host of industry standard practices that we're moving toward is just incredibly exciting.

“All those business best practices are going to have a tremendous impact on our efficiency and the value that we can provide to employers and injured workers. Also, just the change and focus on accountability and performance is going to be exciting to watch, and see how that actually manifests in our operations.”

Booker, a certified government auditing professional who's been an internal auditor for the Texas comptroller's office and the Texas Workers' Compensation Commission, agrees. “The fact that we have come together has allowed us to have more personnel that we can leverage — more talent and more skills that come to the table,” says Booker. “So now, we're much, much more powerful and capable as a division than we were separately.

“I think we've got a new focus on business operations and business effectiveness that we didn't have before,” he adds.

Barber, also a CIA, says strengthening internal controls helps the bureau better focus on its core competencies.

“I think the agency … overall is really trying to take a look at what it is we're doing, what's our core business, who should be doing the core business, how are we going to do the core business, and getting back to the basics of 'Is this the right thing?' And how do we ensure that everything is in place to help us achieve what we want to accomplish and that there are controls in place to help us do that,” says Barber.

Moseley echoes the staff's sentiments. She says she told Mabe she would only take the job if she could add value.

“If I can add value to the organization by educating management about internal controls, and why that's important and how we can strengthen the organization — even though we won't see it on the financials, you won't see it on the bottom line — but if you see it in the comfort level, the senior staff being able to sleep at night, protecting the staff and our customers, then it's more than worthwhile.”

Setting a positive control environment

But in a world where the term “audit” is often mistaken for a four-letter word, Moseley's job has its challenges. Like it or not, the word “audit” can have bad connotations. It can make people uncomfortable. It can make some sweat.

Moseley recognized right away that combating this misconception would be an important part of her job. “I told the three audit directors … part of our job is going to be not just auditing, but
it’s going to be education of why it is important to have either detective control or preventive control — and education of even how to put the controls in place.”

So far, they appear to be winning on the education front. Moseley says she is pleasantly surprised they have received virtually no push back from middle or upper management.

Booker attributes this success to Moseley’s salesmanship, calling her a tenacious marketer. “Cathy has just done a magnificent job of marketing, communicating, educating senior-level management about what we do, why we do it, what their role is and how they can benefit from it,” he says.

“It hasn’t been a tough sell,” says Moseley. “It’s just been a repetitive sell, because the first time I talk about it, people are listening and wanting to learn. But anytime you hear a new concept, it doesn’t click right away. And so, the more I would repeat it, and repeat it and repeat it, then I think it started to click. Plus, once we start talking about specifics and how it relates to them, then it really starts clicking.”

Moseley and the Internal Audit Division staff are also careful to engage management in the auditing process. They take care to present it as a positive, proactive and interactive process.

“When I first got here … , I said we are going to use words like ‘value-added auditing.’ We are going to use words like ‘fully engaging management in the audit.’ We are not going to use audit reports as a report card; as a sledgehammer,” Moseley says.

Elliott emphasizes this point, noting the auditing process need not be contentious. “We’re all a part of the same team, and we try to convey that when we go in (to do an audit),” he explains. “We’re not here to say we gotcha. We’re here to help everybody, because where we find things it’s to our benefit to have Internal Audit find them rather than have something else go wrong, or the media do a story, and then we find out we have problems.”

Model program

BWC’s Internal Audit Division is on its way to becoming a model for other state agencies. The agency is on the cutting-edge, taking a decidedly more private sector-like approach to monitoring operations, financial reporting and compliance.

The bureau has voluntarily adopted many principles of the Sarbanes-Oxley Act of 2002 as well as the broader financial reporting guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The federal government mandates Sarbanes-Oxley for publicly traded companies only; state governments are not required to follow the Act.

Similarly, COSO defines itself as “a voluntary private sector organization dedicated to improving the quality of financial reporting through business ethics, effective internal controls and corporate governance.”

“Some of the things we’re doing here are very breakthrough for state government — with Sarbanes-Oxley and such,” says Mabe. “That’s carving new ground. … We’re going in the right direction.”

Moving forward

Cathy Moseley is still on a mission, and she is gaining control. She’s also expanding her team as she moves forward.

After laying the groundwork, Moseley has now passed on the baton as chief of the Internal Audit Division to Joseph P. Bell, former director of internal audit for the Ohio Attorney General’s Office. He reports to Moseley, who continues as BWC’s chief of staff.

“At the end of the day, the bureau does have and is control conscious,” says Moseley. “We have a strong control environment.”

Making the point: BWC’s Keith Elliott says his division can help find and fix potential problems.
Don’t become a victim of a silent killer

A silent killer may be lurking in your home and workplace this fall as you go about your daily life and routine.

Be warned; this is not the premise for a scary movie. Unlike Nightmare on Elm Street’s Freddy Krueger, carbon monoxide poisoning is not a fictional boogieman. It is real; a potentially lethal threat you should take seriously, especially as the weather cools off.

Carbon monoxide (CO) results from the incomplete burning of natural gas or other material containing carbon (e.g., gasoline, kerosene, oil, propane, coal or wood). Safety professionals call it a silent killer because the gas is colorless, odorless and tasteless. Its stealthy nature makes it the leading cause of accidental poisoning deaths in the United States, claiming more than 2,000 lives each year.

The Occupational Safety and Health Administration (OSHA) says employees working in petroleum refineries, steel production, warehouses, pulp and paper production, dock areas and breweries should be particularly vigilant of CO dangers. Other high-risk occupations include, but are not limited to:

- Welders;
- Mechanics;
- Miners;
- Firefighters;
- Forklift operators;
- Longshore workers;
- Tollbooth/tunnel attendants;
- Taxi drivers.

As the weather grows colder this fall, it is important to have a qualified technician inspect the heating systems/furnaces, chimneys and flues in your home and workplace. This is the only way to ensure they are working properly.

You can also prevent CO poisoning by:
- Properly maintaining gas-burning appliances (e.g., water heaters, cooking ranges);
- Never using unvented kerosene/gas heaters in enclosed spaces;
- Installing ventilation systems to remove CO from work areas;
- Prohibiting the use of gas-powered engines/tools in areas with poor ventilation;
- Using CO detectors with audible alarms in the home and workplace;
- Providing personal CO monitors with audible alarms to workers who could be exposed to harmful levels;
- Educating workers to identify sources/conditions of CO poisoning and common symptoms of CO poisoning.

CO impedes distribution of oxygen in the blood, thus affecting vital organs like the heart and brain. Exposure to carbon monoxide can impair coordination and aggravate cardiovascular conditions. The most common symptoms of CO poisoning include fatigue, headache, weakness, confusion, disorientation, nausea and dizziness. Extreme cases can result in brain damage or even death.

Act quickly and decisively if you ever suspect CO poisoning. OSHA recommends moving the victim to fresh air immediately — before calling 911 or another emergency source for medical attention. In accordance with guidelines from the American Red Cross, when possible, administer 100-percent oxygen using a tight-fitting mask if the victim is breathing. If the victim has stopped breathing, administer cardiopulmonary resuscitation.

For more information on CO poisoning, log on to ohiobwc.com and choose:
- BWC Library;
- Library services under Safety Library;
- E-mail the Safety and Hygiene Library.

— EH
The facts about Senate Bill 7

by Robert Loomis

Senate Bill 7 (SB7) contains many provisions that help BWC cut costs, increase revenue and improve service. The act, which went into effect June 30, could save the bureau approximately $100 million per year.

Among many provisions, SB7 safeguards BWC against fraud, allows for direct deposit of benefits, and enforces stricter compliance to workers’ compensation laws to ensure all employers are paying their fair share.

Despite a referendum challenge to SB7, BWC will continue its efforts to better serve its customers. For the referendum to appear on the ballot, organizers must collect a required number of certified signatures. Then, a majority of voters would have to approve the referendum during the Nov. 7 general election to rescind specified portions of the law. Please see the sidebar titled “What the referendum asks voters to repeal from Senate Bill 7” for a list of provisions addressed by the referendum.

Benefits provisions

SB7 contains several provisions in the area of determination and payment of workers’ compensation benefits. For example, it reduces the 40-week waiting period for injured workers to file an application for permanent partial disability (PPD) to 26 weeks. It also redefines a person’s eligibility for permanent total disability compensation (PTD).

In addition, the act allows for payment of benefits to victims of rape or sexual assault in the workplace, even if they incur no physical injury. This is unprecedented in Ohio. Previously, a physical injury was necessary for a victim to qualify for counseling and other services.

The act also changes the amount of time an employee may receive payments for wage loss suffered: (1) if the worker returns to employment other than his or her former position; or (2) if the worker is unable to find employment consistent with his or her physical capabilities.

In the area of determination and payment of workers’ compensation benefits, the act also:

- Increases the maximum limit for BWC’s $1,000 medical-only program to $5,000;
- Requires the bureau’s administrator to establish a program that mitigates the impact one significant claim can have on a group-rated employer’s experience, and to establish eligibility criteria and requirements an employer must satisfy to participate in this program;
• Allows any party to void a settlement agreement if an employee dies during the 30-day period after approval of a final agreement;
• Revises conditions under which a final settlement agreement may be filed without an employer’s signature and establishes related notification requirements;
• Specifies that an employee receiving compensation for PTD due to a traumatic brain injury is entitled to receive that compensation regardless of his or her subsequent employment in a sheltered workshop, so long as the employee does not receive more than $2,000 in compensation from the job per calendar quarter;
• Revises finger numbering for PPD (the way the workers’ compensation system categorizes/numbers fingers for medical billing purposes);
• Increases the award for facial disfigurement from $5,000 to $10,000;
• Requires objective evidence of substantial aggravation and limits medical treatment to the pre-injury level of impairment;
• Adds that persons, while confined to a county jail in lieu of incarceration in a state or federal correctional institution, as well as those persons confined in any state or federal correctional institution as under continuing law, may not receive compensation or benefits during the period of confinement.

Anti-fraud provisions

And behind bars is where BWC wants people who commit workers’ compensation fraud. Fraud is a hidden cost of workers’ compensation insurance, with an impact on both employers and injured workers. Since 1993, BWC has identified more than $1 billion in savings by uncovering fraudulent cases.

To ensure BWC only pays legitimate claims, the bureau aggressively attacks fraud through its special investigations department. The department seeks to identify and recover funds obtained illegally in cases such as: improper billing for medical services, false information supplied to BWC for financial or other gain, and individuals who collect workers’ compensation benefits while working.

SB7 expands the definition of workers’ compensation fraud to include altering, forging or creating BWC certificates to falsely show current coverage, providing false information when such data is needed to determine an employer’s actual premium or assessment, and failing to secure or maintain workers’ compensation coverage with the intent to defraud the bureau. It also:
• Prohibits persons, health-care providers and managed care organizations (MCOs) from obtaining or attempting to obtain by deception payments to which they are not entitled;
• Authorizes monetary penalties and debarment for persons, health-care providers and MCOs for obtaining or attempting to obtain by deception payments to which they are not entitled, and specifies procedures for enforcing these provisions;
• Designates BWC’s special investigation department a criminal justice agency, and allows the department to apply to access computerized criminal databases, including those administered by the National Crime Information Center or the Law Enforcement Automated Data System in Ohio.

Compliance with the workers’ compensation law
Ohio law also requires employers to base their premium payments on the total actual payroll paid to employees. SB7 allows the bureau to compare the total payroll employers report to BWC with what they report to the tax commissioner. It allows BWC to furnish a quarterly list containing the name and Social Security number or employer identification number of any employer to the tax commissioner requesting the total amount of payroll the employer reported on his or her annual tax return. The tax commissioner must disclose the total amount of payroll an employer reported after receiving BWC’s list.

Fines and penalties
SB7 also makes it more costly for employers who do not pay their premiums timely. The previous system allowed for tiered penalties based on overdue periods, ranging from 2 percent to 12 percent of the premium due. SB7 allows for a permissive penalty of not more than $30, plus a tiered penalty beginning at the prime interest rate multiplied by the premium due if the employer is 61 to 90 days delinquent. The penalty increases every 30 days thereafter, capped at the prime interest rate plus 8 percent, times the premium due. This penalty can never exceed 15 percent of the premium due.

The act also requires BWC to adopt rules to penalize self-insuring employers who fail to pay assessments, which increase incrementally the longer they remain unpaid.

Direct deposit of payments under the workers’ compensation law
In addition to increasing penalties for employers who pay their premiums late, SB7 helps BWC cut costs by reducing mailings and postage. The act permits BWC to electronically deposit all disbursements the agency pays and requires the bureau to adopt rules regarding use of direct deposit. The law also:
• Requires the administrator to notify claimants about the usage of direct deposit and to furnish debit cards and instructions for use of those cards to claimants;
• Allows the administrator to enter into contracts with an agent to supply debit cards to claimants to access payments, and to enter into contracts with an agent and agreements with financial institutions to credit debit cards with the amounts specified by the administrator;
• Permits the administrator to require any payee to provide written authorization designating a financial institution and account number to which BWC may credit a payment via direct deposit.

Use of direct deposit makes the bureau more efficient — making payments less costly, faster and safer.
What the referendum asks voters to repeal from Senate Bill 7

Below is a list of SB7 provisions the referendum asks voters to repeal.

• Require objective evidence of substantial aggravation and limit medical treatment to the pre-injury level of impairment
• Reduce the statute of limitations for both lost-time and medical-only claims to five years
• Set a stricter definition for permanent total disability and list four factors BWC would not consider
• Reduce non-working wage loss benefits to 52 total weeks, but the first 26 weeks would not count against the overall wage loss 200-week limit
• Eliminate claimant’s automatic right to dismiss an employer’s appeal
• Increase the attorney fee for a successful claimant appeal from a maximum of $2,500 to $4,200
• Exempt injured worker home address and phone number from public record
• Make rape or sexual assault at the workplace a compensable injury
• Allow settlements outside the experience period without employer sign-off
• Allow employment for those with traumatic brain injury on permanent total disability
• Prohibit county prisoners from receiving benefits
• Designate BWC’s special investigations unit as a criminal justice agency
• Prohibit the Workers’ Compensation Oversight Commission from adopting campaign contribution policies that exceed state law
• Provide for self-insuring employers to choose to pay compensation and benefits directly under certain circumstances
• Calculate average weekly wage for permanent total disability based on average weekly wage during date of injury or on the date of disability due to occupational disease
• Allow any party to void a settlement agreement if an employee dies during the prescribed 30-day waiting period
• Administrator shall not recalculate a claimant’s average weekly wage for permanent total disability awards solely for the reason that the claimant continued working and wages increased

Coverage under the workers’ compensation law, and disputes and appeals

SB7 also touches on functions of the Industrial Commission of Ohio (IC). It imposes a five-year limit on the continuing jurisdiction of BWC and the IC to make a modification, change, finding or award if there has been no payment of medical benefits within six years of an injury and no compensation paid within 10 years.

It also specifies a claimant may not dismiss a complaint filed with a court of common pleas concerning appeal of an IC decision without the employer’s consent, if the employer filed the initial appeal. It also disallows parties from using medical dispute resolution procedures to resolve any issues approved through standard treatment guidelines, pathways or presumptive authorization.

Other SB7 provisions

The act covers various miscellaneous items. For example, it changes the manner by which BWC calculates the wage payable to certain tipped employees, now tying it to standards used for the federal Fair Labor Standards Act.

SB7 also states information concerning claims filed with BWC or the IC, including information identifying a claimant’s address and telephone number, is not a public record under the Public Records Law (sec. 149.43) and is not open to the public.

In addition, SB7 also:
• Increases a cap on specified attorney’s fees for successful court appeals from $2,500 to $4,200;
• Requires the administrator or self-insuring employer, as appropriate, to deduct attorney’s fees and necessary expenses from a lump-sum payment and pay that amount directly and solely to the attorney, if child support orders are involved.

On the floor at the Ohio House of Representatives
I died on April 5 (2006), and they brought me back to life,” he says, referring to bystanders who performed cardiopulmonary resuscitation (CPR) and defibrillation to save his life. “They are my angels. I thank them from the bottom of my heart,” says Barclay, now an Ohio High School Athletic Association referee.

Jim Oehlenschlager, 57, also recalls his date with fate while at work as a supervisor at KTH Parts Industries Inc. of St. Paris. “I’m told our associates used a first-aid crash cart equipped with an AED and jumped into action within seconds when I collapsed during a managers’ meeting. That was six years ago. My heart returned to a normal rhythm after the first shock. They (using CPR) and the AED saved my life.” Oehlenschlager is now an assistant vice president at Kalida (Ohio) Manufacturing Inc., a subsidiary of KTH.

Sudden cardiac arrest is not a heart attack

These three Ohioans from different walks of life traveled down the same unexpected path while at work. Each suffered sudden cardiac arrest, an abrupt loss of heart function, and stopped breathing normally.

“Cardiac arrest is different from a heart attack,” notes Dr. Stephen Schaal, a cardiologist/heart rhythm specialist at The Ohio State University (OSU) Medical Center. “Cardiac arrest is an electrical conduction problem in the heart, while a heart attack is a plumbing problem caused by heart arteries supplying blood to the heart being blocked. Some heart attacks can cause cardiac arrest, but they aren’t necessarily related.”

In other words, heart attacks occur when there is a blockage in one or more of the coronary arteries. According to the Cleveland Clinic’s Web site, this prevents the heart from receiving enough oxygen-rich blood, thus, damaging the heart muscle.

In contrast, sudden cardiac arrest occurs when the electrical system of the heart malfunctions and the heart’s rhythm becomes very irregular. AEDs help restore a victim’s normal heart rhythm. According to Schaal, the most common cause of sudden cardiac arrest is ventricular fibrillation (VF). This occurs when the heart’s lower pumping chambers (ventricles) fibrillate or flutter randomly. During VF, the victim’s heart merely quivers and does not effectively pump blood throughout the body.
Workers shocked back to life

That’s probably what happened to Underwood, Barclay and Oehlenschlager. The difference for these three workers is unlike 93 percent of other sudden cardiac arrest victims nationwide, they are still here to talk about it — thanks to AEDs.

Without any warning signs, symptoms or reasons to be concerned about their health, these workers’ hearts suddenly stopped functioning properly. Within seconds, they lost consciousness and had no pulse or blood pressure.

They had all seemed perfectly healthy, but they weren’t. Barclay, who exercises two hours daily, passed a cardiac stress test only five months earlier. And Underwood and Oehlenschlager say they both got regular physical exams, and had normal cholesterol and blood pressure readings.

Yet still, each worker experienced sudden cardiac arrest. The condition is usually fatal if the victim does not get CPR and defibrillation with an AED within three to five minutes after collapsing. “The only treatment for ventricular fibrillation is to shock the heart with a defibrillator or an AED,” says Schaal. “You have to defibrillate them or they usually will die. CPR won’t do it alone.”

According to the American Heart Association (AHA), the heart loses about 7 percent to 10 percent of its normal function every minute it goes without help from a defibrillator. Therefore, it is essential to start giving CPR and using AEDs as soon as possible.

Without immediate defibrillation at the scene, most sudden cardiac arrest victims die before an emergency medical squad (EMS) can arrive. The Occupational Safety & Health Administration’s (OSHA’s) Web site says the average national response time from the call to 9-1-1 to the EMS squad arriving is 10 to 12 minutes. In rural and remote areas, it can take much longer.

In the case of the three workplace survivors featured here, rescuers demonstrated great foresight. They jumped to action by calling 9-1-1 immediately, administering CPR and/or using defibrillators. The electronic shock delivered by the AEDs stunned their heart muscles, returning their hearts’ rhythm to normal beats. But it was a close call for them all.

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**Every minute matters**

![Graph showing survival rates vs. minutes to defibrillation](image)

**Death rate comparison**

![Graph comparing death rates of different causes](image)

Sudden cardiac arrest is one of the leading causes of natural death among adults in the United States. Dr. Michael Sayre is an associate professor of emergency medicine at OSU and chairman of the AHA’s Basic Life Support Subcommittee. He estimates sudden cardiac arrest kills 150,000 to 250,000 persons annually in non-hospital settings in the United States—including children and youth. (Statistics vary according to sources.)

According to the Sudden Cardiac Arrest Foundation, sudden cardiac arrest kills more people each year than colorectal cancer, breast cancer, prostate cancer, AIDS, car accidents, house fires and gun shots combined. Ten percent of victims are under age 40.

The nonprofit foundation calls sudden cardiac arrest a public health crisis. However, the foundation’s materials also state the condition is often treatable and curable with immediate defibrillation.

Sayre says research involving use of AEDs at O’Hare International Airport in Chicago and in Las Vegas casinos support this. Two-thirds of victims who received defibrillation within three minutes of collapsing survived. That’s what saved Oehlenschlager.

Employers take action

“The plant’s intercom system alerted everyone to the code blue (emergency) and its location,” says Jeff Snipes, corporate auditor for KTH’s Management Systems Group and a former safety staff member. “Our EMTs (emergency medical technicians) immediately started CPR on him. I put the AED’s pads on Jim (Oehlenschlager) within one and one-half minutes after he collapsed because I was just 30 to 40 feet away in the safety office with our first-aid response unit (crash cart).”

Underwood and Barclay also received defibrillation almost immediately after they collapsed. And along with Oehlenschlager, they report having little or no heart damage as a result of getting immediate medical attention.

Steps to implement an AED program

- Obtain stakeholders’ buy-in for implementing an automated external defibrillator (AED) program.
- Review liability; Ohio’s Good Samaritan laws remove liability for responders acting in good faith.
- Determine a budget and your company’s needs.
- Review manufacturers and make AED selection.
- Develop an AED response plan.
- Train first-responders and interested employees on cardiopulmonary resuscitation/AED use.
- Maintain and inspect your AEDs regularly according to manufacturers’ specifications.
- Conduct mock drills.
- Offer regular CPR/AED refresher training; every six months if possible.

Cardiopulmonary resuscitation/automated external defibrillator training: Using a manikin, BWC employees learn CPR and how to operate an AED during a work-site class.

Top: Employee applies AED pads to manikin’s chest.

Middle: Manikin with AED, which reads heart rhythms.

Bottom: Employee practices the technique of listening for breathing while another staffer stands ready with the AED.
Good Samaritan laws enacted in all states release AED lay responders acting without “willful or wanton misconduct” from liability in helping victims. “We know employers who don’t have AEDs have more liability issues than employers who have AEDs,” Sayre states.

“Since approximately 70 percent of cardiac arrests occur at home, AEDs are now available for home use without a physician’s prescription. But, the FDA (Federal Drug Administration) requires a physician’s prescription and oversight for employer and public AED use,” Sayre adds.

OSHA reports the presence of AEDs in the workplace reduces the critical time for treatment of sudden cardiac arrest victims. Having the devices appropriately located in a business or workplace improves workers’ and customers’ chances of surviving.

Employers like KTH embrace this fact. The company has three AEDs, which its employees have used to save lives on two separate occasions. KTH understands having the device close by could make the critical difference between life and death for their employees.

“Buying an AED is an investment in your employees’ and customers’ lives,” explains Rick Esch, senior vice president and plant manager of the 250-employee, KTH car-parts subsidiary in Kalida. “You can’t put a price-tag on saving a life. But, it’s an investment you pray you don’t have to use.” The company recently bought another AED to reduce the plant’s emergency response time to two minutes.

### How AEDs work

It’s as easy as A-E-D. The American Red Cross uses this line to explain how simple it is for anyone to use an AED.

According to marketers of the device, an AED is about the size and price of a laptop computer. It weighs about four to seven pounds (without accessories), and the price for an AED in the workplace ranges from approximately $1,200 to $3,000, depending on the features.

The AED provides brief, but powerful electrical stimulation through the chest wall to the heart using two adhesive pads. “The electric shock from an AED varies from 120 to 360 joules,” explains John Sands, EMS coordinator, Ohio Department of Public Safety. “The shock won’t hurt the victim if they need it, and the machine won’t shock them unless they do. Not taking action is the worse thing anyone can do.”

Sands also teaches CPR classes and confirms for his students how easy it is to use an AED. He explains the device has a built-in computer that assesses the victim’s heart rhythm to determine if he or she requires a shock. The AED then uses voice, lights and/or text message prompts to tell the rescuer what to do.

### Automated external defibrillators (AEDs) in the workplace

**Why should employers make AEDs available to employees?**

According to the Occupational Safety and Health Administration, most cardiac arrest deaths do not happen in hospitals. Jobs with shift work, high stress, and exposure to certain chemicals and electrical hazards increase the risks of heart disease and sudden cardiac arrest.

**How many AEDs should you have at work?**

Ideally, the Sudden Cardiac Arrest Foundation states you should have enough AEDs to ensure the response interval (time from collapse to arrival of the responder with the AED) is no more than three minutes, and the call-to-shock interval is no more than five minutes.

**Where in the workplace should employers place AEDs?**

According to the foundation, you should place AEDs in easily accessible, well-marked locations, ideally near telephones. You can also mount AEDs on the walls of your lobby, by exits and near elevators and fire extinguishers. Place an AED sign above the device to indicate its location. In settings with mobile first-aid units (i.e., golf carts), place the AED on the cart.

**Is it enough just having AEDs in the workplace?**

No. Simply placing devices in various locations is not enough. It is important to identify a medical director, develop an on-site AED response plan, train designated responders, safety team members and interested employees, and then conduct periodic AED response drills. Training employees will also help lower sudden cardiac deaths at home, which is where the majority of sudden cardiac arrests occur.

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**AEDs save lives:** Two examples of AEDs show their laptop-like portability.

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**Heart smart**

The American Heart Association recommends everyone be prepared for cardiac emergencies by:

- Knowing the warning signs of cardiac arrest. During cardiac arrest a victim loses consciousness, stops normal breathing and loses his/her pulse and blood pressure;
- Calling 9-1-1 immediately to access the emergency medical system if you see any cardiac arrest warning signs;
- Giving cardiopulmonary resuscitation to help keep the victim alive and immediately defibrillate when the automated external defibrillator indicates it is necessary.
According to the AHA, every AED takes the rescuer through the same basic steps even though there are numerous types of machines available. “They are basically foolproof, and they show and tell you exactly what to do,” notes Frank Giampetro, EMS coordinator for Premier Health Care Services of Dayton. “Everyone should know where a building’s AEDs are located. An AED won’t help anyone if you keep it in its case. Look at them as you do fire extinguishers. They shouldn’t be kept locked up.”

Survivor trumps death: Ted Barclay, a sudden cardiac arrest survivor, thanks Margaret Reynolds, an everyday hero who saved his life with an automated external defibrillator.

A fellow referee and another parent, who is a cardiac nurse, rushed to perform CPR on Barclay. Meanwhile, another bystander called 9-1-1.

When the AED arrived, Reynolds attached the device to Barclay’s chest and delivered a life-saving shock. Shortly after, the ambulance arrived and paramedics gave him a second shock. Then they took him to Riverside Methodist Hospital, Columbus.

Everyday heroes

The people who came together to save Barclay are everyday heroes according to the Columbus City Council who recognized them for their efforts.

“Ralph Waldo Emerson once wrote: ‘Heroes are no braver than ordinary people; they are just braver five minutes longer,’” explains Patsy Thomas, the city council member who sponsors a CPR and AED community education and acquisition program in Columbus called Project Second Chance. “And when it comes to sudden cardiac arrest, those five minutes are the difference between life and death.”

Barclay got a second chance because the school had the foresight to get this life-saving device through the Ohio Schools AED Program. He also survived because the student who ran to get the device knew exactly where to find it, and other people on the scene responded immediately.

“Second Chance’s goal is simple: get more Columbus citizens trained in CPR and in using an AED – and place more AEDs throughout our community: in city buildings, businesses, health clubs, community centers … as many places as possible,” says Thomas.

The AHA, American Red Cross, Sudden Cardiac Arrest Foundation, the National Safety Council and others share this goal. Employers who embrace this goal stand prepared to give their workers another chance at life at critical moments when every second counts.

Survivor trumps death: Ted Barclay, a sudden cardiac arrest survivor, thanks Margaret Reynolds, an everyday hero who saved his life with an automated external defibrillator.

For more information about implementing an automated external defibrillator program in your workplace, call BWC’s Mike Ely, safety technical advisor, Division of Safety & Hygiene at (614) 466-7053. You may also contact John Sands, EMS coordinator for the Ohio Department of Public Safety’s Division of Emergency Medicine at (614) 387-0649.
Rate making 101
A crash course on how BWC sets employer premium rates

by Bill Monaghan

Note: BWC intends for this road map to convey a basic understanding of the rate-making process. It uses information in effect at this time and does not include all the details involved in rate making. The process is more complex. Visit ohiobwc.com and click on Employer, Rating Info, then Rating plan information for details on items impacting calculation of your specific rates.

There are about 5.8 million workers in Ohio. At any given time, around 5.5 million of them have jobs.

In 2005, 197,083 Ohio workers filed workers’ compensation claims with BWC for occupational illnesses, injuries or deaths. Ohio’s workers’ compensation system allowed 178,015 of those claims.

Preventing injuries and controlling costs are BWC’s main goals. However, when accidents occur, BWC’s primary focus is to help sick and injured workers stay on the job or get back to gainful employment.

Determine manual classifications
The rate-setting process starts with an effort to spread out the costs of workplace injuries across all employers as equitably and fairly as possible. Some jobs are inherently more risky than others, and some injuries are more costly than others. Ohio uses a national system that divides the employer base according to the inherent risks associated with doing various jobs. The National Council on Compensation Insurance provides the system Ohio and at least 39 other states use to categorize the work force into 528 manual classifications.

Establish the projected costs
The next step in setting rates is to predict the future incurred costs of workplace injuries in each of those categories for the coming year. This step is complicated, but basically BWC actuaries* look at the incurred claims costs from four of the past five previous years to project the losses for the policy year. They exclude the most recent year. They conduct this review of claims costs to estimate the cost of workers’ compensation claims for each job classification for the coming year. Next, the actuaries spread out the liability to cover those costs across every job in Ohio that falls into that classification, a process also validated by external actuaries.

Calculate base rate
After determining the projected costs of workers’ compensation claims for a given classification for the year, BWC estimates the total payroll in the state for that classification for the year. The base rate BWC will charge employers is the amount necessary to cover the costs of claims for the policy year.

Who pays?
With few exceptions, employers having at least one employee in Ohio are required to pay into the state’s workers’ compensation insurance system.

*Actuaries are statisticians who compute insurance risks and premiums. BWC has an actuarial staff of 15 people.
First stop

Choose a rating route

Depending on your company’s size, financial stability and claims history, you can pursue one of several options to manage your workers’ compensation insurance obligation.

BWC provides employers with various alternative rating plans and premium-discount programs. The bureau offers these alternatives to help employers better manage their workers’ compensation programs, thereby reducing their premiums.

Qualified employers who choose not to participate in these alternatives pay premiums calculated at their base or experience rate.

1 Base-rate route

Employers with less than $8,000 in expected workers’ compensation losses pay premiums calculated at the base rate.

Fifty-seven percent of state-fund employers pay premiums at the base rate.

2 Experience-rated route

If BWC determines it can rate an employer according to the merits of his or her own claims history, the employer becomes experience rated. Employers must have at least $8,000 in expected workers’ compensation losses to be experience rated. Their premiums will vary from the base rate depending on how their actual losses in recent years compare to expected losses.

Credit-rated employers

Employers with fewer losses than expected get a proportional discount on their premium, as much as 93 percent off the base rate for those in a group.

Penalty-rated employers

BWC penalizes employers having more losses than expected. These employers pay a proportionately higher rate than their base-rated premium.

See “What’s your experience?” on page 30 for additional information on the base- and experience-rated routes.

On to assessments

(See “Next stop: Add assessments” on page 30.)
Group-rating sub-route

Base- or experience-rated employers in similar businesses can band together to secure better premium rates.

In 2005, 94,234 Ohio employers were in group-rating plans. Membership in a group plan is determined by sponsors, such as trade organizations. Employers who incur high claims costs risk losing membership in their group plan. Also, those who fail to meet ongoing BWC qualifications risk forfeiting their group-rating.

What if you no longer qualify for group rating?

In 2005, 6,864 employers lost their group rating, and thus, the benefit of lower premium rates.

These employers became base or experience rated. As such, they can mitigate the effects of premium increases by applying for a BWC drug-free workplace program and/or the Premium Discount Program + (described on this page).

Qualifying employers, including former group members, can also apply for retrospective rating (see below) to reduce their workers’ compensation costs.

BWC also offers employers another option to soften the transition for those not renewed into a group-rating plan. The One Claim Program is open to private employers dropped from a group-rating plan the previous year because of one significant claim during a coverage year. Participants get a 40-percent discount off their base rate while the one claim is still on the books, up to four years. In 2005, 709 employers participated in this program.

Retrospective-rating route

In 2005, 157 Ohio employers opted for retrospective rating. This option is available to private- and public-sector employers who pay at least $25,000 in premium per year. It offers them a chance to reduce their workers’ compensation costs by assuming liability for some portion of their claims costs in a given policy year for a 10-year period.

Employers select their own maximum liability levels for individual claims incurred during the policy year. The higher the maximum liability level they select, the lower their initial premium payment.

Self-insurance route

Large employers with adequate financial stability and more than 500 Ohio employees can opt out of the state-fund insurance pool by demonstrating the ability to provide their own workers’ compensation coverage.

Last year, 1,127 of Ohio’s largest employers, with roughly one-third of the state’s total work force, opted for self-insurance.

Self-insuring employers pay the administrative and Division of Safety & Hygiene assessments, as well as assessments to cover claims costs of bankrupt self-insurers.

Elective programs

Premium Discount Program+ (PDP+) option

Last year, 3,321 employers were in PDP+. Experience-rated employers with workers’ compensation claim losses near or above the expected level can earn a discount on their premiums through this program. This makes the employer eligible to receive an annual 10-percent discount during the first and second years of the program, and a 5-percent discount during the third year.

In addition to receiving a discount, employers who meet claim reduction goals have a chance to earn bonuses. Those who reduce the number of workers’ compensation claims during the year get a 5-percent bonus. Those who reduce the costs of workers’ compensation claims get a 10-percent bonus. And those who both reduce the number and costs of workers’ compensation claims during the year get an additional 5-percent bonus (for a total bonus of 20 percent).

Drug-free workplace programs option

All base- and experience-rated employers can take part in either BWC’s Drug-Free Workplace Program or Drug-Free EZ (DF-EZ) to earn further discounts. DF-EZ is for employers with 25 or fewer employees. Retrospective-rated and self-insured employers can take part to help set up their own drug-free workplace programs, but they do not receive a premium discount.

There are three levels of participation available for each program with discounts of 10 percent, 15 percent or 20 percent.

In 2005, 8,647 employers participated in BWC drug-free workplace programs.
What’s your experience?

Base rated
An employer who is base rated receives no discounts or penalties, and pays 100 percent of the base rate.

Experience modifier < 1 (credit rated)
Example: An employer who receives a 10-percent discount is credit rated, and thus, pays 90 percent of the base rate. BWC would describe this employer’s experience modification as 0.9.

Experience modifier > 1 (penalty rated)
Example: A penalty rated employer pays more than 100 percent of the base rate, based on the specific penalty percentage. An employer who has a 10-percent penalty pays the base rate, plus 10 percent. BWC would describe this employer’s modification rating as 1.1.

See base- and experience-rated routes on page 28 for more information.

Next stop
Add assessments

BWC takes into account specific rating plans and applicable discounts, and then adds the assessments below to determine the blended rates employers use to calculate their premiums.

Add Disabled Worker Relief Fund assessment
This assessment pays cost-of-living increases for permanently and totally disabled Ohio workers injured before 1987.

Add Disabled Worker Relief Fund II assessment

Add administrative cost assessment
This assessment supports the administrative costs of BWC and the Industrial Commission of Ohio (IC). The Ohio Administrative Code segregates the administrative cost assessment into portions for BWC and the IC. Self-insuring employers also pay this assessment based on the previous year’s paid compensation.

Final stop
Employers calculate and pay premiums

Payroll reports and premium payments
BWC mails payroll reports twice a year to private, state-fund employers, and once a year to most public employers. (State agencies pay their BWC premiums biweekly and public universities pay quarterly.) The payroll report comes to the employer with the manual classifications and the blended rates already entered. The employer enters the actual payroll for each manual classification, multiplies by the rate assigned to that manual classification, then adds the totals for each and this figure is the premium amount due to BWC.

Private employers must pay their premiums to BWC by Feb. 28 of each year (for the previous July 1 to Dec. 31 payroll period) and by Aug. 31 of each year (for the previous Jan. 1 to June 30 period).

Most public employers pay their premiums annually. They can opt to pay BWC the entire premium due by May 15 of each year for the previous calendar year. Those who choose this option receive a discount. Public employers may also opt to pay 45 percent of their premium by May 15 and the remaining 55-percent balance by Sept. 1, without incurring penalties.

Quick and easy. Hassle-free. Convenient.

• Log on to ohiobwc.com, and click on Ohio Employers and then Payroll reports.
• Enter either your BWC policy number, federal tax identification number or Social Security number, if applicable, to access the report.
• After completing the report, the system will automatically prompt you to pay your premium.
• Simply enter your checking or savings account information, or credit card authorization. BWC accepts Visa, Mastercard, and American Express.
You may also call 1-800-OHIOBWC for more information.

For information about your premium rate, contact an employer services specialist at your local BWC customer service office. To find the customer service office nearest you, visit ohiobwc.com, and click on Contact Us, Automatic office locator, and then enter your ZIP code. You may also call 1-800-OHIOBWC.
Governor’s Excellence Award winners share secrets of success

Roundtable features BWC customers and partners sharing their views on workers’ compensation issues and events.

This issue highlights two of the six winners of this year’s Governor’s Excellence in Workers’ Compensation Award. The award recognizes Ohio employers who have a strong commitment to workplace safety as seen through their performance. BWC selects the winners based on several criteria. These include senior management support of safety programs, worker involvement, quality of safety training, and prompt, accurate reporting of work-related injuries.

Look for features on the four other winners in the winter issue of Workers’ Comp Quarterly available Dec. 1. They include: The Cleveland Plumbing Supply Co. (Chagrin Falls); Interstate Cold Storage Inc. (Columbus and Napoleon); Worthington Schools (Worthington); and Messer Construction Co. (Cincinnati).

Here, Workers’ Comp Quarterly ask the winners how other employers can learn from their successes.

Q How can other employers learn from your example?

The Mack Iron Works Co.
Private employer (Sandusky)

Mack has developed a workers’ compensation and safety program as sturdy as the metal products it produces. The 105-year-old company recently celebrated 959 consecutive days without a lost-time accident.

Company officials say much of the credit belongs to the Mack Iron SafeTeam, which consists of employees from each department. The team meets weekly to discuss safety concerns and to monitor any lost-time situations. Mack Iron Works also has a program to investigate all accidents and near misses to determine the cause and any corrective action needed to ensure the problem does not recur.

Eleven of Mack’s 34 employees have first-aid training. Thirteen also have certification in cardiopulmonary resuscitation. In addition, the company teamed with BWC’s Division of Safety & Hygiene for air quality testing and other safety issues.

“A We hope other employers learn that Mack Iron is more productive and successful because we value safety. Safety in the workplace is not so much a program as it is a culture, to be encouraged and promoted by every person in the organization. A safe workplace protects the company’s most valuable resource — its experienced, productive associates — and thus contributes to greater company success in the highly competitive marketplace. Workplace safety is a positive, constructive organizational goal to which everyone can contribute and from which everyone can benefit.”

— John O. Bacon, president

City of Marysville
Public employer (Marysville)

This city of about 16,000 residents is racking up accolades for its workers’ compensation and safety program. Last year, the Union County Safety Council gave the city an Achievement Award for reducing its annual workplace injury rate by more than 25 percent.

From 1998 to 2005, the city’s claim costs dropped from more than $96,000 to less than $5,000 — though its payroll almost doubled. City leaders have reinvested the savings into their safety program (e.g., training, blood-borne pathogen kits, hazard material lockers, etc.).

With help from its third-party administrator and BWC, the city implemented the bureau’s Drug-Free Workplace Program. It also launched a transitional work program. The city also reduced its claim filing lag time 62 percent, from an average of 10 days in 2004 to an average of 3.8 days in 2005.

“Motivation is the key. As a public employer, we are motivated to stretch every taxpayer dollar. If you implement the programs BWC designs for you and attend the many excellent BWC safety training seminars, you will save money. More importantly, as managers, we want all employees to return home to their loved ones at the end of the day ... safely! Again, implement the programs and attend the training (BWC offers), and try to pass on that same motivation to each employee.”

— Brian Dostanko, human resources manager

— CTB/EH
Risa is just one of the hundreds of BWC employees dedicated to serving the needs of Ohio’s injured workers and employers. At Workers’ Compensation University (WCU) – BWC’s free, educational conference – you’ll meet dedicated individuals like Risa who will help you:

- Discover proven methods for protecting your workers;
- Positively impact your workers’ compensation costs;
- Develop strategies for safely returning injured workers back to work;
- And much, much more.

Meet us in …

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19 Akron
21 Columbus
26 Cleveland
28 Dayton

03 Cambridge
06 Portsmouth

Come to WCU to rediscover who we are and what we can do for you. Register today! ohiobwc.com or (800) 466-6292.

“The key is listening to the customer. You’ll never know what is needed if you don’t listen from the start.”

Risa
BWC claims service specialist