

Ohio Sunset Review Committee
March 1, 2016
Testimony of Donald C. Berno, Board Liaison
Ohio Bureau of Workers' Compensation Board of Directors

Good afternoon Chairman Jordan and members of the Ohio Sunset Review Committee. I am Don Berno, Board Liaison for the Ohio Bureau of Workers' Compensation (BWC) Board of Directors. Thank you for the opportunity to provide testimony on the importance of BWC's Board of Directors.

The Board of Directors was created by House Bill 100 of the 127th General Assembly in 2007. The enactment of the legislation was a result of BWC emerging from a period of questioning the oversight and financial integrity of the agency. In order to provide oversight, the legislature created an 11 member independent body comprised of members who represent the interests of Ohio workers, employers and the public at large, and lend their professional expertise to overseeing the agency's operations. The members of the board are recommended to the Governor by a Nominating Committee housed at the Development Services Agency, appointed by the Governor, and confirmed by the Senate. The members serve staggered, three year terms.

As established in the Ohio Revised Code, the board was created to strengthen operational accountability and transparency, and guide overall administrative policy. As fiduciaries of Ohio's workers' compensation system, the board maintains the solvency of the State Insurance Fund and provides independent verification of BWC's financial and operational performance. In their fiduciary responsibility to safeguard and maintain the solvency of the state insurance fund, the Board reviews and sets rate schedules, and develops and implements an investment policy at BWC.

According to ORC 4121.12(D)(4), the Board must meet 12 times a year. In practice, this requirement is met by an entire day of committee meetings followed by a full Board meeting the next day. Attendance for both days is well above 90%. In efforts to establish agency wide policy, the statute requires Actuarial, Audit, and Investment Committees and provides the Board authority to create additional committees as necessary. To that point, the Board created the Governance Committee, which is responsible for developing policies and advising the bureau on best industry practices. In order to advise the agency on prevention, care, and management of workplace injuries, the Board also established the Medical Services and Safety Committee. Finally, in addition to their meetings in Columbus, the board members also travel around the state, visiting BWC service offices and hosting public forums to invite feedback from all stakeholders.

In December of 2015, the Board of Directors marked their 100th meeting. The board has taken a number of steps to help ensure transparent, strong governance and a workers' compensation system that benefits Ohio workers and employers. These accomplishments include:

- Adopted a net asset policy to maintain prudent funded net assets to support the financial strength of the State Insurance Fund.
- Oversaw fiscal management and sound investments resulting in \$2 billion in rebates to private employers and local governments.

- Voted seven times to reduce private employer rates and reduce local government employer rates. Premiums for private employers are down 21.4 percent overall since 2011 and local governments have been reduced an overall 26.5 percent over the same time period.
- Approved BWC's first-ever pharmacy formulary to allow for a thorough clinical review of each new medication and assure access to medications that aid in the recovery of injured workers and support their return to work. This has helped the bureau reduce the number of opiates prescribed to injured workers by over 15.7 million doses since 2010.
- Expanded statewide efforts to protect Ohio's workers by tripling funding for safety grants.
- Approved the issuance of \$1.2 billion in premium credits to Ohio employers as part of BWC's transition to prospective billing.

Since the legislature established the Board of Directors in 2007, BWC has seen many successes and most importantly the reinstatement of the public trust in the agency through fiscal transparency. The BWC Board of Directors has been an asset not only to the daily functioning of the agency but to Ohio. I would recommend the committee retain the Board of Directors in its current form.

Thank you for allowing me to present testimony today. I am happy to answer any questions you have at this time.