

OHIO

Legislative Changes, Worker Safety Initiatives, Combine to Reduce Worker Benefits, Employer Costs

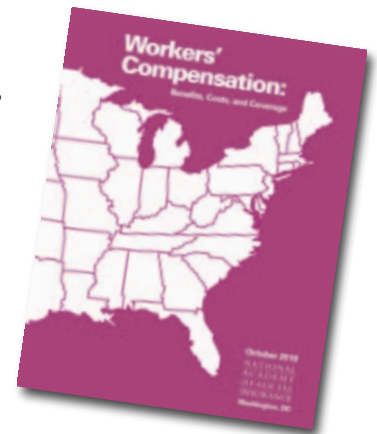
Over the past ten years, Ohio has experienced a larger decrease in Workers' Compensation benefits per \$100 of payroll than all but one other state. The state saw worker benefits reduced from \$1.20 per \$100 in 2007 to \$0.68 per \$100 in 2017, or by nearly half (43%), a larger relative decline than that of any other state but Michigan (\$0.85 - \$0.42, or 51%). As our 2019 report on *Workers' Compensation Benefits, Costs, and Coverage* documents, Ohio is also among the five states with the largest decreases over the five-year study period; cash benefits fell by \$0.35 per \$100 covered wages between 2013 and 2017, a 27% decline.

Two complementary sets of forces – legislative changes that limit access to and levels of benefits, and incentives for employers to improve worker safety – likely explain much of this decline.

In 2006, the state passed a series of major legislative changes intended to lower employer costs that have the effect of reducing benefits for ill and injured workers. These include implementing a more stringent standard of proof for when a work injury aggravates an existing condition that is due to age or prior injuries; reducing from four years to one year the time limit on compensation for workers who are physically able to return to work but cannot find a job that fits their capabilities; automatically closing claims five years after the last medical treatment or benefits check (which had been ten years in some cases); and raising the cap on workers' attorneys' fees from \$2,500 to \$4,200.¹

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Over the same period, the state has also successfully worked to improve workplace safety. The Ohio Bureau of Workers' Compensation (BWC) offers a range of services, including consulting, training courses, and library/informational services, all free of charge, to help employers develop effective strategies to prevent injuries and illnesses, and safety grants. The latter provide 3-to-1 matching funds for employer investments in "ergonomic, safety, and/or industrial equipment [that] employers can use ... to help reduce or eliminate injuries and illnesses."² These are not only smart investments for the state; they provide returns to employers. Jeremy Ables, whose electrical, HVAC, and refrigeration services company received a dividend from the state fund due to a combination of fewer reported injuries and strong returns on premium investments, plans to use the check on



1 ProPublica report, *Workers' Compensation Reforms by State*, which illustrates annual changes in WC benefits from 2002 through 2014. Qiu and Grabell 2015.

2 Ohio Bureau of Workers' Compensation brochure, "Why You Should Apply for Safety Intervention Safety GRANTS."

new safety equipment: “We get to basically reinvest back into our company to try to be safer than what we are now.”³

One question raised by the sharp decline in reported injuries, however, is the extent to which those 2006 legal changes, which demand higher levels of evidence for claimants, are also partly responsible. (While workers’ compensation covered employment in Ohio increased by just one percent between 2007 and 2017, from roughly 5.23 million to 5.29 million, total claims against the BWC decreased by 41 percent, from about 165,700 to 97,600.) Changes in workers’ compensation laws are known to affect the frequency of reporting injuries to the Bureau of Labor Statistics (BLS). In a 2003 study, Les Boden and John Ruser found that “new laws introducing stricter requirements to provide objective evidence of work-related disability have been found to be responsible for 6.8–9.4 percent of the overall decline in work-related injuries reported by the BLS during the 1990s.”⁴ While there is no way to know where Ohio falls on that spectrum, it seems likely that some share of the decline is attributable to suppressed reporting rather than an actual reduction in injuries on the job.

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Finally, along with the decline in benefits, the share of claims denied (dismissed or disallowed) by the BWC has increased substantially in the past decade. Between 2007 and 2017, claims denied rose from 10.1 to 12.1 percent, an increase of nearly twenty percent over the decade.⁵ As with reduced reported injuries, it is unclear which factors are responsible for this fairly sharp increase, but worthy of further investigation.

3 Brittany Grego, “Safety pays dividends’: Workers Comp. presents first of many big checks.” October 22, 2019. WTOV9.

4 Boden Leslie I, Ruser John W. Workers’ Compensation ‘Reforms,’ Choice of Medical Care Provider, and Reported Workplace Injuries. *Review of Economics and Statistics*. 2003;85(4):923–29.

5 Ohio BWC Fiscal Year Annual Reports 2007-2018.