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The Honorable Tom Brinkman
Chair, House Insurance Committee
Ohio House of Representatives
77 South High Street
Columbus, OH 43215

Dear Chair Brinkman, Vice Chair Henne, Ranking Member Bocchieri and members,

The Ohio Association for Justice, the state bar association for trial attorneys, many of whom help injured workers with their workers' compensation and insurance claims, opposes HB 459. We do not perceive a need for this legislation, and we have real concerns that this concept, if enacted, would deplete the state workers' compensation fund and possibly jeopardize medical care for injured workers.

Over the past decade Ohio's workers' compensation system has done splendidly, by most any measure. Last month the Bureau announced it will rebate another \$1.5 Billion to employers, bringing the total amount of rebates, refunds and credits to employers to \$8 Billion since 2011. At the same time, the number of net allowed injuries has plummeted over the past twenty years, from 270,352 allowed by the Bureau in 1998 to just 86,290 allowed in 2017. These numbers signify a system that is flush with cash, and not one in need of a significant overhaul as this bill proposes.

This legislation does not come close to providing a serious regulatory framework that lawmakers should demand when authorizing such a risky venture as self-insuring groups. The bill grants virtually all powers and authority to the Administrator of the BWC to establish and define this new program, such as establishing requirements for the formation of a group and establishing requirements that individual employers must meet to join a group. At a minimum, these new self-insuring groups should be required to satisfy the same requirements as the current self-insuring employers. In fact, these new self-insuring groups should be more highly regulated than current self-insuring employers because by their nature, they will be riskier than a single large self-insuring employer. Yet, this legislation provides sparse guidance to the Administrator.

Some, perhaps many, of these risky ventures are going to fail and their costs will be transferred to the state workers' comp fund. In a competitive capitalist marketplace, inevitably some businesses fail. When that happens to a business that is part of a self-insured group, the failure of one business results in other members of the group picking

up their liabilities. If enough members of a group fail, then the group's self-insuring program will collapse and the cost of paying compensation and medical care for the group's injured workers may be in jeopardy and their costs will be shifted to the state fund. Injured works should not be put in this precarious position, and the state fund should not be burdened with bailing out under-capitalized groups.

This legislation proposes a risky experiment that is not necessary. The legislation does not come close to providing clear regulatory guidance, and the likely result of this new program is that some groups will fail causing injured workers to lose their care.

For these reasons, the Ohio respectfully opposes HB 459.

Thank you for attention and consideration.

Sincerely,



John Van Doorn