## As Reported by the House Insurance Committee

## 135th General Assembly

# Regular Session 2023-2024

Am. H. B. No. 31

### **Representative Edwards**

## A BILL

То	amend sections 4121.021, 4123.30, 4123.34,	1
	4123.341, 4123.342, and 4123.36 of the Revised	2
	Code to make appropriations for the Bureau of	3
	Workers' Compensation for the biennium beginning	4
	July 1, 2023, and ending June 30, 2025, to	5
	provide authorization and conditions for the	6
	operation of the Department's programs, and to	7
	make changes to the Workers' Compensation Law.	8

#### BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 101.01. That sections 4121.021, 4123.30, 4123.34,	9
4123.341, 4123.342, and 4123.36 of the Revised Code be amended	10
to read as follows:	11
Sec. 4121.021. The industrial commission operating fund is	12
hereby created in the state treasury. The fund shall consist of	13
all moneys transferred to the fund pursuant to division $\frac{(C)-(B)}{(C)}$	14
of section 4123.342 of the Revised Code. Revenues credited to	15
the fund shall be used for those costs solely attributable to	16
the activities of the commission.	17
Sec. 4123.30. Money contributed by public employers	18
constitutes the "public fund" and the money contributed by	19

private employers constitutes the "private fund." Each such fund	20
shall be collected, distributed, and its solvency maintained	21
without regard to or reliance upon the other. Whenever in this	22
chapter reference is made to the state insurance fund, the	23
reference is to such two separate funds but such two separate	24
funds and the net premiums contributed thereto by employers	25
after adjustments and dividends, except for the amount thereof	26
which is set aside for the investigation and prevention of	27
industrial accidents and diseases pursuant to Section 35 of	28
Article II, Ohio Constitution, any amounts set aside for	29
actuarial services authorized or required by sections 4123.44	30
and 4123.47 of the Revised Code, and any amounts set aside to	31
reinsure the liability of the respective insurance funds for the	32
following payments, constitute a trust fund for the benefit of	33
employers and employees mentioned in sections 4123.01, 4123.03,	34
and 4123.73 of the Revised Code for the payment of compensation,	35
medical services, examinations, recommendations and	36
determinations, nursing and hospital services, medicine,	37
rehabilitation, death benefits, funeral expenses, and like	38
benefits for loss sustained on account of injury, disease, or	39
death provided for by this chapter, the administrative costs of	40
the industrial commission, bureau of workers' compensation board	41
of directors, and bureau of workers' compensation to administer	42
Chapters 4121., 4123., 4125., 4127., 4133., and 4167. of the	43
Revised Code pursuant to section 4123.342 of the Revised Code,	44
and for no other purpose. This section does not prevent the	45
deposit or investment of all such moneys intermingled for such	46
purpose but such funds shall be separate and distinct for all	47
other purposes, and the rights and duties created in this	48
chapter shall be construed to have been made with respect to two	49
separate funds and so as to maintain and continue such funds	50
separately except for deposit or investment. Disbursements shall	51

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not be made on account of injury, disease, or death of employees of employers who contribute to one of such funds unless the moneys to the credit of such fund are sufficient therefor and no such disbursements shall be made for moneys or credits paid or credited to the other fund.

Sec. 4123.34. It shall be the duty of the bureau of 57 workers' compensation board of directors and the administrator 58 of workers' compensation to safeguard and maintain the solvency 59 of the state insurance fund and all other funds specified in 60 this chapter and Chapters 4121., 4127., and 4131. of the Revised 61 62 Code. The administrator, in the exercise of the powers and discretion conferred upon the administrator in section 4123.29 63 of the Revised Code, shall fix and maintain, with the advice and 64 consent of the board, for each class of occupation or industry, 65 the lowest possible rates of premium consistent with the 66 maintenance of a solvent state insurance fund and the creation 67 and maintenance of a reasonable surplus, after the payment of 68 legitimate claims for injury, occupational disease, and death 69 70 that the administrator authorizes to be paid from the state insurance fund for the benefit of injured, diseased, and the 71 dependents of killed employees. In establishing rates, the 72 administrator shall take into account the necessity of ensuring-73 74 sufficient money is set aside in the premium payment security fund to cover any defaults in premium obligations administrative 75 costs of the industrial commission, board, and bureau of 76 workers' compensation to administer this chapter and Chapters 77 4121., 4125., 4127., 4133., and 4167. of the Revised Code. The 78 administrator shall observe all of the following requirements in 79 fixing the rates of premium for the risks of occupations or 80 industries: 81

(A) The administrator shall keep an accurate account of

the money paid in premiums by each of the several classes of
occupations or industries, and the losses on account of
injuries, occupational disease, and death of employees thereof,
and also keep an account of the money received from each
individual employer and the amount of losses incurred against
the state insurance fund on account of injuries, occupational
disease, and death of the employees of the employer.

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(B) A portion of the money paid into the state insurance 90 fund shall be set aside for the creation of a surplus fund 91 account within the state insurance fund. Any references in this 92 chapter or in Chapter 4121., 4125., 4127., or 4131. of the 93 Revised Code to the surplus fund, the surplus created in this 94 division, the statutory surplus fund, or the statutory surplus 95 of the state insurance fund are hereby deemed to be references 96 to the surplus fund account. The administrator may transfer the 97 portion of the state insurance fund to the surplus fund account 98 as the administrator determines is necessary to satisfy the 99 needs of the surplus fund account and to quarantee the solvency 100 of the state insurance fund and the surplus fund account. In 101 addition to all statutory authority under this chapter and 102 Chapter 4121. of the Revised Code, the administrator has 103 discretionary and contingency authority to make charges to the 104 surplus fund account. The administrator shall account for all 105 charges, whether statutory, discretionary, or contingency, that 106 the administrator may make to the surplus fund account. A 107 revision of basic rates shall be made annually on the first day 108 of July. 109

For policy years commencing prior to July 1, 2016,

revisions of basic rates for private employers shall be in

accordance with the oldest four of the last five calendar years

of the combined accident and occupational disease experience of

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the administrator in the administration of this chapter, as shown by the accounts kept as provided in this section. For a policy year commencing on or after July 1, 2016, revisions of basic rates for private employers shall be in accordance with the oldest four of the last five policy years combined accident and occupational disease experience of the administrator in the administration of this chapter, as shown by the accounts kept as provided in this section.

Revisions of basic rates for public employers shall be in accordance with the oldest four of the last five policy years of the combined accident and occupational disease experience of the administrator in the administration of this chapter, as shown by the accounts kept as provided in this section.

In revising basic rates, the administrator shall exclude the experience of employers that are no longer active if the administrator determines that the inclusion of those employers would have a significant negative impact on the remainder of the employers in a particular manual classification. The administrator shall adopt rules, with the advice and consent of the board, governing rate revisions, the object of which shall be to make an equitable distribution of losses among the several classes of occupation or industry, which rules shall be general in their application.

(C) The administrator may apply that form of rating system

that the administrator finds is best calculated to merit rate or

individually rate the risk more equitably, predicated upon the

basis of its individual industrial accident and occupational

disease experience, and may encourage and stimulate accident

prevention. The administrator shall develop fixed and equitable

rules controlling the rating system, which rules shall conserve

137

Am. H. B. No. 31

(2) Division $\frac{(F)(1)}{(E)(1)}$ of this section shall not be	173
construed as affecting the manner in which benefits to a	174
claimant are awarded under this chapter.	175
(3) As used in division $\frac{(F)}{(E)}$ of this section,	176
"construction industry" includes any activity performed in	177
connection with the erection, alteration, repair, replacement,	178
renovation, installation, or demolition of any building,	179
structure, highway, or bridge.	180
$\frac{(G)-(F)}{(F)}$ The administrator shall not place a limit on the	181
length of time that an employer may participate in the bureau of	182
workers' compensation drug free workplace and workplace safety	183
programs.	184
Sec. 4123.341. The administrative costs of the industrial	185
commission, the bureau of workers' compensation board of	186
directors, and the bureau of workers' compensation shall be	187
those costs and expenses that are incident to the discharge of	188
the duties and performance of the activities of the industrial	189
commission, the board, and the bureau under this chapter and	190
Chapters 4121., 4125., 4127., $\frac{4131.}{}$ 4133., and 4167. of the	191
Revised Code, and all such costs shall be borne by the state and	192
by other employers amenable to this chapter as follows:	193
(A) In addition to the contribution required of the state	194
under sections 4123.39 and 4123.40 of the Revised Code, the	195
state shall contribute the sum determined to be necessary under	196
section 4123.342 of the Revised Code.	197
(B) The director of budget and management may allocate the	198
state's share of contributions in the manner the director finds	199
most equitably apportions the costs.	200

(C) The counties and taxing districts therein shall

contribute such sum as may be required under <u>section</u> <u>sections</u>	202
4123.34, 4123.342, and 4123.41 of the Revised Code.	203
(D) The private employers shall contribute the sum	204
required under <u>section sections 4123.34 and 4123.342</u> of the	205
Revised Code.	206
Sec. 4123.342. (A) The administrator of workers'	207
compensation shall allocate among counties and taxing districts	208
therein as a class, the state and its instrumentalities as a	209
class, private employers who are insured under the private fund	210
as a class, and self-insuring employers as a class their fair	211
shares of the administrative costs which are to be borne by such	212
employers under division (D) of section 4123.341 of the Revised	213
Code, separately allocating to each class those costs solely	214
attributable to the activities of the industrial commission and	215
those costs solely attributable to the activities of the bureau	216
of workers' compensation board of directors, and the bureau of	217
workers' compensation in respect of the class, allocating to any	218
combination of classes those costs attributable to the	219
activities of the industrial commission, board, or bureau in	220
respect of the classes, and allocating to all four classes those	221
costs attributable to the activities of the industrial	222
commission, board, and bureau in respect of all classes. The	223
administrator shall separately calculate each employer's	224
assessment in the class, except self insuring employers, on the	225
basis of the following three factors: payroll, paid	226
compensation, and paid medical costs of the employer for those-	227
costs solely attributable to the activities of the board and the	228
bureau. The administrator shall separately calculate each	229
employer's assessment in the class, except self-insuring-	230
employers, on the basis of the following three factors: payroll,	231

paid compensation, and paid medical costs of the employer for-

those costs solely attributable to the activities of the	233
-	
industrial commission. The administrator shall separately	234
calculate each self-insuring employer's assessment in accordance	235
with section 4123.35 of the Revised Code for those costs solely	236
attributable to the activities of the board and the bureau. The	237
administrator shall separately calculate each self-insuring	238
employer's assessment administrative costs in accordance with	239
section 4123.35 of the Revised Code <del>for those costs solely</del>	240
attributable to the activities of the industrial commission. In	241
a timely manner, the industrial commission shall provide to the	242
administrator, the information necessary for the administrator	243
to allocate and calculate, with the approval of the chairperson	244
of the industrial commission, for each class of employer as	245
described in this division, the costs solely attributable to the	246
activities of the industrial commission.	247

(B) The administrator shall divide the administrative cost 248 assessments collected by the administrator into two-249 administrative assessment accounts within the state insurance 250 fund. One of the administrative assessment accounts shall 251 consist of the administrative cost assessment collected by the 252 administrator for the industrial commission. One of the 253 administrative assessment accounts shall consist of the 254 administrative cost assessments collected by the administrator 255 for the bureau and the board. The administrator may invest the 256 administrative cost assessments in these accounts on behalf of-257 the bureau and the industrial commission as authorized in 258 section 4123.44 of the Revised Code. In a timely manner, the 259 administrator shall provide to the industrial commission the 260 information and reports the commission deems necessary for the 261 commission to monitor the receipts and the disbursements from 262 the administrative assessment account for the industrial 263 commission.

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(C)—The administrator or the administrator's designee	265
shall transfer moneys <u>from the state insurance fund</u> as necessary	266
from the for the administrative assessment account identified	267
for costs of the bureau and the board to the workers'	268
compensation fund for the use of the bureau and the board. As	269
necessary and upon the authorization of the industrial	270
commission, the administrator or the administrator's designee	271
shall transfer moneys from the administrative assessment account	272
identified for the industrial commission state insurance fund	273
for the commission's administrative costs to the industrial	274
commission operating fund created under section 4121.021 of the	275
Revised Code. To the extent that the moneys collected by the	276
administrator in any fiscal biennium of the state equal the sum-	277
appropriated by the general assembly for administrative costs of	278
the industrial commission, board, and bureau for the biennium,	279
the moneys shall be paid into the workers' compensation fund and	280
the industrial commission operating fund of the state, as-	281
appropriate, and any remainder shall be retained in those funds	282
and applied to reduce the amount collected during the next-	283
<del>biennium.</del>	284
(C) Sections 4123.41, 4123.35, and 4123.37 of the Revised	285
Code apply to the collection of assessments from public and	286
private employers respectively, except that for boards of county	287
hospital trustees that are self-insuring employers, only those	288
provisions applicable to the collection of assessments for	289
private employers apply.	290
Sec. 4123.36. Whenever an employer fails to pay a premium	291
due and the administrator of workers' compensation determines	292
the employer's account to be uncollectible, the administrator	293

	Am. H. B. No. 31 As Reported by the House Insurance Committee				Page 11	
sł	nall co	ver the c	default <del>by transfer of money</del>	from the <del>premiu</del>	<del>m -</del>	294
			fund account to the state in	-		295
Tł	nereaft	er, the e	employer shall be considered	a noncomplying		296
en	mployer	under th	nis chapter and shall not be	entitled to the		297
be	enefits	and prot	tection of this chapter.			298
	Sec	ction 101	02. That existing sections	4121.021, 4123.3	30,	299
41	123.34,	4123.341	1, 4123.342, and 4123.36 of t	he Revised Code	are	300
h€	ereby re	epealed.				301
	Sec	ction 200	.10. All items in this act a	re hereby		302
aŗ			of any moneys in the state t	_		303
Cl	redit o	f the des	signated fund. For all approp	riations made i	n	304
th	nis act	, those i	in the first column are for f	iscal year 2024	,	305
ar	nd those	e in the	second column are for fiscal	year 2025.		306
						307
						307
	1	2	3	4	5	
А			BWC BUREAU OF WORKERS' CC	MPENSATION		
В	Dedica	ated Purp	oose Fund Group			
С	7023	855407	Claims, Risk and Medical Management	\$126,096,491	\$127,366,065	
D	7023	855408	Fraud Prevention	\$19,099,498	\$18,486,443	
Ε	7023	855409	Administrative Services	\$137,585,121	\$142,777,652	
F	7023	855410	Attorney General Payments	\$6,080,080	\$6,080,080	
G	8220	855606	Coal Workers' Fund	\$195 <b>,</b> 832	\$195 <b>,</b> 832	

	Am. H. B. No. 31 As Reported by the House Insurance Committee					
Н	8230	855608	Marine Industry	\$81,508	\$81,508	
I	8250	855605	Disabled Workers Relief	\$204,981	\$204,981	
J	8260	855609	Safety and Hygiene Operating	\$23,613,361	\$24,486,602	
K	8260	855610	Safety Grants	\$35,000,000	\$35,000,000	
L	8260	855611	Health and Safety Initiative	\$3,000,000	\$3,000,000	
М	8260	855612	Safety Campaign	\$1,500,000	\$1,500,000	
N	8260	855613	Research Grants	\$1,000,000	\$1,000,000	
0	8260	855618	Substance Use Recovery and Workplace Safety Program	\$4,000,000	\$4,000,000	
Р	8260	855619	Safety and Health Workforce Safety Innovation Center	\$15,000,000	\$15,000,000	
Q	TOTAL	DPF Dedi	cated Purpose Fund Group	\$372,456,872	\$379,179,163	
R	Federa	al Fund G	Group			
S	3490	855601	OSHA Enforcement	\$1,876,339	\$1,876,338	
Т	3FW0	855614	BLS SOII Grant	\$195,104	\$195,104	
U	TOTAL	FED Fede	eral Fund Group	\$2,071,443	\$2,071,442	

\$374,528,315 \$381,250,605

#### Am. H. B. No. 31 As Reported by the House Insurance Committee

V TOTAL ALL BUDGET FUND GROUPS

#### WORKERS' COMPENSATION FRAUD UNIT 308 Of the foregoing appropriation item 855410, Attorney 309 General Payments, \$828,200 in each fiscal year shall be used to 310 fund the expenses of the Workers' Compensation Fraud Unit within 311 the Attorney General's Office. These payments shall be processed 312 at the beginning of each quarter of each fiscal year and 313 deposited into the Workers' Compensation Section Fund (Fund 314 1950) used by the Attorney General. 315 SAFETY AND HYGIENE 316 Notwithstanding section 4121.37 of the Revised Code, the 317 Treasurer of State shall remit \$23,613,361 cash in fiscal year 318 2024 and \$24,486,602 cash in fiscal year 2025 from the State 319 Insurance Fund to the state treasury to the credit of the Safety 320 and Hygiene Fund (Fund 8260). 321 SAFETY GRANTS 322 Notwithstanding section 4121.37 of the Revised Code, the 323 Treasurer of State shall remit \$35,000,000 cash in fiscal year 324 2024 and \$35,000,000 cash in fiscal year 2025 from the State 325 Insurance Fund to the state treasury to the credit of the Safety 326 and Hygiene Fund (Fund 8260) to be used for Safety Grants. 327 HEALTH AND SAFETY INITIATIVE 328 Notwithstanding section 4121.37 of Revised Code, the 329 Treasurer of State shall remit \$3,000,000 cash in fiscal year 330 2024 and \$3,000,000 cash in fiscal year 2025 from the State 331 Insurance Fund to the state treasury to the credit of the Safety 332 and Hygiene Fund (Fund 8260). These amounts shall be used under 333

Am. H. B. No. 31

As Reported by the House Insurance Committee

Am. H. B. No. 31

As Reported by the House Insurance Committee

To pay for the FY 2024 costs related to the Deputy	391
Inspector General for the Bureau of Workers' Compensation and	392
Industrial Commission, on July 1, 2023, and January 1, 2024, or	393
as soon as possible thereafter, the Director of Budget and	394
Management shall transfer \$212,500 cash from the Workers'	395
Compensation Fund (Fund 7023) to the Deputy Inspector General	396
for the Bureau of Workers' Compensation and Industrial	397
Commission Fund (Fund 5FT0).	398
To pay for the FY 2025 costs related to the Deputy	399
Inspector General for the Bureau of Workers' Compensation and	400
Industrial Commission, on July 1, 2024, and January 1, 2025, or	401
as soon as possible thereafter, the Director of Budget and	402
Management shall transfer \$212,500 cash from the Workers'	403
Compensation Fund (Fund 7023) to the Deputy Inspector General	404
for the Bureau of Workers' Compensation and Industrial	405
Commission Fund (Fund 5FT0).	406
If additional amounts are needed, the Inspector General	407
may seek Controlling Board approval for additional transfers of	408
cash and to increase the amount appropriated in appropriation	409
item 965604, Deputy Inspector General for the Bureau of Workers'	410
Compensation and Industrial Commission.	411
Section 741.20. On the effective date of this section, the	412
premium payment security transfer fund account is abolished and	413
any balance in the account is transferred to the state insurance	414
fund.	415
Section 801.10. Law contained in the Main Operating	416
Appropriations Act of the 135th General Assembly that applies	417
generally to the appropriations made in that act also applies	418

generally to the appropriations made in this act.

Am. H. B. No. 31 As Reported by the House Insurance Committee		
Section 806.10. The provisions of law contained in this	420	
act, and their applications, are severable. If any provision of	421	
law contained in this act, or if any application of any	422	
provision of law contained in this act, is held invalid, the	423	
invalidity does not affect other provisions of law contained in	424	
this act and their applications that can be given effect without	425	
the invalid provision or application.	426	
Section 812.20. This section and sections 200.10, 200.20,	427	
801.10, and 806.10 of this act are exempt from the referendum	428	
under Ohio Constitution, Article II, Section 1d and section	429	
1.471 of the Revised Code and therefore take effect immediately	430	
when this act becomes law.	431	