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OHIO LEGISLATIVE SERVICE COMMISSION

Wendy Zhan, Director

Office of Research
and Drafting

Legislative Budget
Office

R-135-0367

To: The Honorable Brian E. Lampton
Ohio House of Representatives

From: Paul Luzzi, Attorney *PL*

Date: February 14, 2023

Subject: Analysis of bill draft I_135_0003

SUMMARY

- Renames the Bureau of Workers' Compensation the Department of Workforce Insurance and Safety (ODWIS) and the Administrator of Workers' Compensation the Director of Workforce Insurance and Safety, and renames other entities that oversee the workers' compensation system in a similar manner.
- Eliminates a requirement that the ODWIS Director assess a state fund employer's administrative costs separately from premiums, and requires the Director to factor administrative costs into a state fund employer's workers' compensation premium.
- Eliminates two accounts in the State Insurance Fund (SIF) currently used as holding accounts for the Industrial Commission's, ODWIS', and the ODWIS Board of Directors' administrative costs collected under the administrative assessment eliminated by the bill.
- Requires the ODWIS Director to transfer ODWIS' and the Board's administrative costs directly from the SIF to the Workers' Compensation Fund, and to transfer the Commission's administrative costs directly from the SIF to the Industrial Commission Operating Fund.
- Eliminates a requirement that any administrative funds appropriated by the General Assembly but not used remain in the respective administrative accounts to reduce the amount collected for administrative costs in the next biennium.
- Eliminates the Premium Payment Security Fund, currently used to pay any uncollectable employer premiums, and requires the ODWIS Director to pay uncollectable premiums directly from the SIF.
- Appropriates funds for the Department of Workforce Insurance and Safety for the biennium ending June 30, 2025.

DETAILED ANALYSIS

Department of Workplace Insurance and Safety

The bill renames several entities that carry out workers' compensation functions in Ohio. The following table lists the entities' titles under current law and under the bill:

Title under current law	Title under the bill
Bureau of Workers' Compensation	Department of Workforce Insurance and Safety (ODWIS)
Administrator of Workers' Compensation	Director of Workforce Insurance and Safety
Bureau of Workers' Compensation Board of Directors	Department of Workforce Insurance and Safety Board of Directors
Bureau of Workers' Compensation Board of Directors Nominating Committee	Department of Workforce Insurance and Safety Board of Directors Nominating Committee
Workers' Compensation Audit Committee	Workforce Insurance and Safety Audit Committee
Workers' Compensation Actuarial Committee	Workforce Insurance and Safety Actuarial Committee
Workers' Compensation Investment Committee	Workforce Insurance and Safety Investment Committee
Deputy Inspector General for the Bureau of Workers' Compensation and the Industrial Commission	Deputy Inspector General for the Workers' Compensation System
Division of Safety and Hygiene of the Bureau of Workers' Compensation	Division of Safety and Hygiene of the Department of Workforce Insurance and Safety

Under the bill, any reference to the current titles in a statute, rule, contract, grant, or other document is to be construed to mean the title used in the bill.¹

State fund employer administrative costs

The bill requires the Director of Workforce Insurance and Safety to account for the ODWIS, Board of Directors', and Industrial Commission's administrative costs when calculating

¹ R.C. 121.52, 4121.12, 4121.121, 4121.123, 4121.129, and 4121.37; Section 741.10, with conforming changes throughout the bill.

the workers' compensation premium rates for a state fund employer.² Currently, in addition to a premium, the Director calculates and charges a state fund employer two separate administrative cost assessments: one for the Board's and the Director's administrative costs, and the other for the Commission's. Both assessments are calculated using the state fund employer's payroll, paid compensation, and paid medical costs.³

The bill also eliminates two accounts in the State Insurance Fund (SIF) used as holding accounts for the administrative cost assessments. Currently, the Director divides the administrative cost assessments into two accounts within the SIF. One of the accounts is credited with the administrative cost assessment for the Commission. The other account is credited with the administrative cost assessments for ODWIS and the Board. On authorization from the Commission, the Director transfers money from the Commission's assessment account to the Commission's operating fund. The Director transfers money from the ODWIS and Board assessment account as necessary to the Workers' Compensation Fund for use by ODWIS and the Board. Under the bill, the Director transfers ODWIS', the Board's, and the Commission's administrative costs directly from the SIF to the Workers' Compensation Fund and the Commission's operating fund, respectively.⁴

The bill repeals a requirement that any administrative funds appropriated by the General Assembly but not used remain in the administrative accounts and be used to reduce the amount collected for administrative costs in the next biennium.⁵

The bill retains separate administrative cost assessments for self-insuring employers, and a separate fund into which the Director must deposit those assessments.⁶

Premium Payment Security Fund

The bill eliminates the Premium Payment Security Fund. Current law requires the Director to deposit sufficient money in the fund for the purpose of covering any defaults in state fund employers' premium obligations. Under the bill, the Director covers premium defaults with money from the SIF.⁷ An employer who started workers' compensation coverage on or after July 1, 2015, is not required to pay a premium security deposit, and for an employer whose coverage began before that date, the Director may require that employer to pay a deposit.⁸

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² R.C. 4123.34 and 4123.341.

³ R.C. 4123.342(A).

⁴ R.C. 4123.342(B), with a conforming change in R.C. 4121.021.

⁵ R.C. 4123.342(C).

⁶ R.C. 4123.342 and 4123.35.

⁷ R.C. 4123.34(D), repealed, and 4123.36; Section 741.20.

⁸ R.C. 4123.37. See, also, H.B. 493 of the 130th General Assembly.