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H.B. 31*
135th General Assembly

Bill Analysis

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Version: As Reported by House Insurance and Re-referred to House Finance

Primary Sponsor: Rep. Edwards

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SUMMARY

- Eliminates a requirement that the Administrator of Workers' Compensation assess a state fund employer's administrative costs separately from premiums, and requires the Administrator 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, Bureau of Workers' Compensation's, and the BWC Board of Directors' administrative costs collected under the administrative assessment eliminated by the bill.
- Requires the Administrator to transfer BWC's 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 Administrator to pay uncollectable premiums directly from the SIF.
- Appropriates funds for BWC for the biennium ending June 30, 2025.

* This analysis was prepared before the re-referral by the House Rules and Reference Committee appeared in the House Journal. Note that the legislative history may be incomplete.

DETAILED ANALYSIS

State fund employer administrative costs

The bill requires the Administrator of Workers' Compensation to account for the Bureau of Workers' Compensation's (BWC), BWC Board of Directors', and Industrial Commission's administrative costs when calculating the workers' compensation premium rates for a state fund employer.¹ Currently, in addition to a premium, the Administrator calculates and charges a state fund employer two separate administrative cost assessments: one for the Board's and the Administrator'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.²

The bill also eliminates two accounts in the State Insurance Fund (SIF) used as holding accounts for the administrative cost assessments. Currently, the Administrator 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 BWC and the Board. On authorization from the Commission, the Administrator transfers money from the Commission's assessment account to the Commission's operating fund. The Administrator transfers money from the BWC and Board assessment account as necessary to the Workers' Compensation Fund for use by BWC and the Board. Under the bill, the Administrator transfers BWC's, 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.³

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.⁴

The bill retains separate administrative cost assessments for self-insuring employers, and a separate fund into which the Administrator must deposit those assessments.⁵

Premium Payment Security Fund

The bill eliminates the Premium Payment Security Fund. Current law requires the Administrator to deposit sufficient money in the fund for the purpose of covering any defaults in state fund employers' premium obligations. Under the bill, the Administrator covers premium defaults with money from the SIF.⁶ An employer who started workers' compensation

¹ R.C. 4123.30, 4123.34, and 4123.341.

² R.C. 4123.342(A).

³ R.C. 4123.342(B), with a conforming change in R.C. 4121.021.

⁴ R.C. 4123.342(C).

⁵ R.C. 4123.342 and 4123.35, not in the bill.

⁶ R.C. 4123.34(D), repealed, and 4123.36; Section 741.20.

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 Administrator may require that employer to pay a deposit.⁷

HISTORY

Action	Date
Introduced	02-15-23
Recalled and Re-referred to H. Insurance	02-21-23
Reported, H. Insurance	03-23-23
Re-referred to H. Finance	---

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⁷ R.C. 4123.37, not in the bill. See, also, H.B. 493 of the 130th General Assembly.