

As Introduced

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Representatives DeVitis, Butler

Cosponsors: Representatives Retherford, Brenner, Boose, Young, Lynch,
Adams, J., Sprague, Roegner, Becker, Romanchuk, Huffman, Blair, Gonzales

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A BILL

To amend section 4123.29 of the Revised Code to
require the Administrator of Workers' Compensation
to include in the notice of premium rate that is
applicable to an employer for an upcoming policy
year the mathematical equation used by the
Administrator to determine the employer's premium
rate.

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

Section 1. That section 4123.29 of the Revised Code be
amended to read as follows:

Sec. 4123.29. (A) The administrator of workers' compensation,
subject to the approval of the bureau of workers' compensation
board of directors, shall do all of the following:

(1) Classify occupations or industries with respect to their
degree of hazard and determine the risks of the different classes
according to the categories the national council on compensation
insurance establishes that are applicable to employers in this
state;

(2)(a) Fix the rates of premium of the risks of the classes

based upon the total payroll in each of the classes of occupation 19
or industry sufficiently large to provide a fund for the 20
compensation provided for in this chapter and to maintain a state 21
insurance fund from year to year. The administrator shall set the 22
rates at a level that assures the solvency of the fund. Where the 23
payroll cannot be obtained or, in the opinion of the 24
administrator, is not an adequate measure for determining the 25
premium to be paid for the degree of hazard, the administrator may 26
determine the rates of premium upon such other basis, consistent 27
with insurance principles, as is equitable in view of the degree 28
of hazard, and whenever in this chapter reference is made to 29
payroll or expenditure of wages with reference to fixing premiums, 30
the reference shall be construed to have been made also to such 31
other basis for fixing the rates of premium as the administrator 32
may determine under this section. 33

(b) If an employer elects to obtain other-states' coverage 34
pursuant to section 4123.292 of the Revised Code through either 35
the administrator, if the administrator elects to offer such 36
coverage, or an other-states' insurer, calculate the employer's 37
premium for the state insurance fund in the same manner as 38
otherwise required under division (A) of this section and section 39
4123.34 of the Revised Code, except that when the administrator 40
determines the expenditure of wages, payroll, or both upon which 41
to base the employer's premium, the administrator shall use only 42
the expenditure of wages, payroll, or both attributable to the 43
labor performed and services provided by that employer's employees 44
when those employees performed labor and provided services in this 45
state only and to which the other-states' coverage does not apply. 46

(c) The administrator in setting or revising rates shall 47
furnish to employers an adequate explanation of the basis for the 48
rates set. 49

(3) Develop and make available to employers who are paying 50

premiums to the state insurance fund alternative premium plans. 51
Alternative premium plans shall include retrospective rating 52
plans. The administrator may make available plans under which an 53
advanced deposit may be applied against a specified deductible 54
amount per claim. 55

(4)(a) Offer to insure the obligations of employers under 56
this chapter under a plan that groups, for rating purposes, 57
employers, and pools the risk of the employers within the group 58
provided that the employers meet all of the following conditions: 59

(i) All of the employers within the group are members of an 60
organization that has been in existence for at least two years 61
prior to the date of application for group coverage; 62

(ii) The organization was formed for purposes other than that 63
of obtaining group workers' compensation under this division; 64

(iii) The employers' business in the organization is 65
substantially similar such that the risks which are grouped are 66
substantially homogeneous; 67

(iv) The group of employers consists of at least one hundred 68
members or the aggregate workers' compensation premiums of the 69
members, as determined by the administrator, are expected to 70
exceed one hundred fifty thousand dollars during the coverage 71
period; 72

(v) The formation and operation of the group program in the 73
organization will substantially improve accident prevention and 74
claims handling for the employers in the group; 75

(vi) Each employer seeking to enroll in a group for workers' 76
compensation coverage has an industrial insurance account in good 77
standing with the bureau of workers' compensation such that at the 78
time the agreement is processed no outstanding premiums, 79
penalties, or assessments are due from any of the employers. 80

(b) If an organization sponsors more than one employer group 81
to participate in group plans established under this section, that 82
organization may submit a single application that supplies all of 83
the information necessary for each group of employers that the 84
organization wishes to sponsor. 85

(c) In providing employer group plans under division (A)(4) 86
of this section, the administrator shall consider an employer 87
group as a single employing entity for purposes of group rating. 88
No employer may be a member of more than one group for the purpose 89
of obtaining workers' compensation coverage under this division. 90

(d) At the time the administrator revises premium rates 91
pursuant to this section and section 4123.34 of the Revised Code, 92
if the premium rate of an employer who participates in a group 93
plan established under this section changes from the rate 94
established for the previous year, the administrator, in addition 95
to sending the invoice with the rate revision to that employer, 96
shall send a copy of that invoice to the third-party administrator 97
that administers the group plan for that employer's group. 98

(e) In providing employer group plans under division (A)(4) 99
of this section, the administrator shall establish a program 100
designed to mitigate the impact of a significant claim that would 101
come into the experience of a private, state fund group-rated 102
employer for the first time and be a contributing factor in that 103
employer being excluded from a group-rated plan. The administrator 104
shall establish eligibility criteria and requirements that such 105
employers must satisfy in order to participate in this program. 106
For purposes of this program, the administrator shall establish a 107
discount on premium rates applicable to employers who qualify for 108
the program. 109

(f) In no event shall division (A)(4) of this section be 110
construed as granting to an employer status as a self-insuring 111
employer. 112

(g) The administrator shall develop classifications of 113
occupations or industries that are sufficiently distinct so as not 114
to group employers in classifications that unfairly represent the 115
risks of employment with the employer. 116

(5) Generally promote employer participation in the state 117
insurance fund through the regular dissemination of information to 118
all classes of employers describing the advantages and benefits of 119
opting to make premium payments to the fund. To that end, the 120
administrator shall regularly make employers aware of the various 121
workers' compensation premium packages developed and offered 122
pursuant to this section. 123

(6) Make available to every employer who is paying premiums 124
to the state insurance fund a program whereby the employer or the 125
employer's agent pays to the claimant or on behalf of the claimant 126
the first fifteen thousand dollars of a compensable workers' 127
compensation medical-only claim filed by that claimant that is 128
related to the same injury or occupational disease. No formal 129
application is required; however, an employer must elect to 130
participate by telephoning the bureau after July 1, 1995. Once an 131
employer has elected to participate in the program, the employer 132
will be responsible for all bills in all medical-only claims with 133
a date of injury the same or later than the election date, unless 134
the employer notifies the bureau within fourteen days of receipt 135
of the notification of a claim being filed that it does not wish 136
to pay the bills in that claim, or the employer notifies the 137
bureau that the fifteen thousand dollar maximum has been paid, or 138
the employer notifies the bureau of the last day of service on 139
which it will be responsible for the bills in a particular 140
medical-only claim. If an employer elects to enter the program, 141
the administrator shall not reimburse the employer for such 142
amounts paid and shall not charge the first fifteen thousand 143
dollars of any medical-only claim paid by an employer to the 144

employer's experience or otherwise use it in merit rating or 145
determining the risks of any employer for the purpose of payment 146
of premiums under this chapter. A certified health care provider 147
shall extend to an employer who participates in this program the 148
same rates for services rendered to an employee of that employer 149
as the provider bills the administrator for the same type of 150
medical claim processed by the bureau and shall not charge, 151
assess, or otherwise attempt to collect from an employee any 152
amount for covered services or supplies that is in excess of that 153
rate. If an employer elects to enter the program and the employer 154
fails to pay a bill for a medical-only claim included in the 155
program, the employer shall be liable for that bill and the 156
employee for whom the employer failed to pay the bill shall not be 157
liable for that bill. The administrator shall adopt rules to 158
implement and administer division (A)(6) of this section. Upon 159
written request from the bureau, the employer shall provide 160
documentation to the bureau of all medical-only bills that they 161
are paying directly. Such requests from the bureau may not be made 162
more frequently than on a semiannual basis. Failure to provide 163
such documentation to the bureau within thirty days of receipt of 164
the request may result in the employer's forfeiture of 165
participation in the program for such injury. The provisions of 166
this section shall not apply to claims in which an employer with 167
knowledge of a claimed compensable injury or occupational disease, 168
has paid wages in lieu of compensation or total disability. 169

(B) The administrator, with the advice and consent of the 170
board, by rule, may do both of the following: 171

(1) Grant an employer who makes the employer's semiannual 172
premium payment at least one month prior to the last day on which 173
the payment may be made without penalty, a discount as the 174
administrator fixes from time to time; 175

(2) Levy a minimum annual administrative charge upon risks 176

where semiannual premium reports develop a charge less than the 177
administrator considers adequate to offset administrative costs of 178
processing. 179

(C)(1) The administrator shall include all of the following 180
information in the notice of premium rate that is applicable to an 181
employer for the upcoming policy year: 182

(a) The mathematical equation, expressed algebraically, used 183
by the administrator to determine the employer's premium rate; 184

(b) A definition of each variable used in the mathematical 185
equation described in division (C)(1)(a) of this section; 186

(c) The mathematical equation described in division (C)(1)(a) 187
of this section with the specific numbers applicable to the 188
employer included in the equation. 189

(2) With respect to the mathematical equation described in 190
division (C)(1)(c) of this section, the administrator shall 191
highlight those numbers over which the employer has direct 192
control. 193

Section 2. That existing section 4123.29 of the Revised Code 194
is hereby repealed. 195