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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 31  
135<sup>th</sup> General Assembly

## Final Analysis

[Click here for LSC's fiscal analysis of H.B. 31](#)

**Primary Sponsor:** Rep. Edwards

**Effective date:** June 30, 2023; certain provisions effective September 29, 2023

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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) used as holding accounts for the Industrial Commission's, Bureau of Workers' Compensation's (BWC), and the BWC Board of Directors' administrative costs collected under the administrative assessment eliminated by the act.
- 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, which was 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.
- Enacts a three-day interim budget for the operation of state programs from July 1 to July 3, 2023, and appropriates amounts necessary to pay debt service for FY 2024.

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## DETAILED ANALYSIS

### State fund employer administrative costs

The act 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 rate for a state fund employer.<sup>1</sup> Previously, in addition to a premium, the Administrator calculated and charged a state fund employer two separate administrative cost assessments: one for BWC's and the Board'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.<sup>2</sup>

The act also eliminates two accounts in the State Insurance Fund (SIF) used as holding accounts for the administrative cost assessments. Former law required the Administrator to divide the administrative cost assessments into two accounts within the SIF. One of the accounts was credited with the administrative cost assessment for the Commission. The other account was credited with the administrative cost assessments for BWC and the Board. On authorization from the Commission, the Administrator transferred money from the Commission's assessment account to the Commission's operating fund. The Administrator transferred money from the BWC and Board assessment account as necessary to the Workers' Compensation Fund for use by BWC and the Board. Under the act, 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.<sup>3</sup>

The act 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.<sup>4</sup>

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

### Premium Payment Security Fund

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

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<sup>1</sup> R.C. 4123.30, 4123.34, and 4123.341.

<sup>2</sup> R.C. 4123.342(A).

<sup>3</sup> R.C. 4123.342(B), with a conforming change in R.C. 4121.021.

<sup>4</sup> R.C. 4123.342.

<sup>5</sup> R.C. 4123.342 and R.C. 4123.35, not in the act.

<sup>6</sup> R.C. 4123.34(D), 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.<sup>7</sup>

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## 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	03-28-23
Reported, H. Finance	03-29-23
Passed House (89-4)	04-19-23
Reported, S. Insurance	06-30-23
Passed Senate (31-0)	06-30-23
House concurred in Senate amendments (95-2)	06-30-23

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<sup>7</sup> R.C. 4123.37, not in the act. See, also, H.B. 493 of the 130<sup>th</sup> General Assembly.