
Detailed Fiscal Analysis

The bill makes changes to Workers' Compensation Law regarding "other-state" compensation claims, which include (1) claims made in Ohio by employees whose employer's primary residence is out of state, and (2) Ohio employees temporarily working out of state. The bill allows employers to purchase interterritorial insurance from a private insurer if they choose to do so. It also allows the Bureau of Workers' Compensation (BWC) to offer such an insurance product. Finally, the bill makes changes to the procedures that must be followed for making a workers' compensation claim in Ohio.

Out-of-state claims

Other-states' waiver

The bill requires that a workers' compensation claimant must sign a waiver stating that he or she will not make a claim for the same injury in any state other than Ohio. This would have uncertain fiscal effects on the State Insurance Fund. Current law allows BWC to reduce or offset benefits by amounts paid by out-of-state workers' compensation insurers. For example, if an employee has a claim that is potentially covered by Ohio and Indiana, Ohio benefits would exclude any amounts paid in Indiana. The bill keeps current offset laws intact, but the waiver would preclude these sections of law, as it would allow BWC to recoup all amounts paid (as opposed to a portion) to any claimant that has filed a claim, or received benefits, for the same injury in another state. Additionally, the waiver may encourage potential multi-state claimants, which might otherwise have received only partial benefits under current offset laws, to receive all benefits from BWC. Because BWC currently does not track the amount of benefits paid according to offset laws or the number of Ohio claims that could be covered in multiple states, there is no way to determine the number of claims or the amounts that could be affected by this provision. Also, because BWC has limited means of tracking multi-state claims, it is unsure how often it will be able to recoup costs from these types of claims.

Paid benefit collection

The bill gives BWC the authority to collect all amounts paid to claimants, along with associated court costs, from employees that receive benefits for the same injury in a state other than Ohio. This provision will generate savings for BWC as certain paid claims will be recouped. Additionally, any amounts reclaimed in such a manner would not count against an employer's experience.

Reciprocal state compensation laws

The bill places limits on an out-of-state individual's ability to make claims in Ohio, if that individual's primary state of residence places similar limitations on out-of-state workers. To give this provision some context, if an out-of-state employee makes a claim in Ohio, and that employee's employer is not covered by BWC, the employer would be charged for the claim and charged penalty fees for not having coverage in Ohio. To keep this from happening, BWC

allows employees to make claims in Ohio only if they have been employed here for 90 days. This provision removes that limitation if the out-of-state worker's home state does not have a similar limitation. This provision will mean that BWC will pay less in benefits to potential out-of-state claimants whose home states have similar limitations. BWC will pay more in benefits to potential out-of-state claimants whose home states do not have similar limitations. A portion, if not all, of these costs would be recouped through penalty fees charged to the employer of such a claimant.

Other-state insurance products

The bill also allows BWC to offer "other-state" insurance to employers. It is likely that before offering such a product, BWC would conduct a feasibility study to determine its effect on the State Insurance Fund. As BWC would be required to collect, record, and analyze data to set premium rates for this insurance, it might not be cost effective for BWC to offer "other-state" insurance, given its current operating capacity. Another factor to consider would be the number of employers that would be interested in this type of alternative coverage. What impact this would have in terms of developing such a product or putting such a product out for bid is unclear.

Charges to surplus

The bill requires BWC to account for all charges made to surplus. Current law requires that 10% of amounts paid into the State Insurance Fund (SIF) be set aside for the creation of a surplus. After the fund has reached \$100,000, BWC may only transfer up to 5% of money paid into the SIF to surplus. A portion of this surplus is used to reimburse self-insuring employers for certain workers' compensation expenses. The bill gives BWC the authority to make charges to surplus, but requires that it account for them. At this time, LSC is unable to determine the fiscal effect of this change on the Surplus Fund.

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