



COMPARISON DOCUMENT

Amended House Bill 100 ***127th General Assembly***

Representative Brinkman, Sponsor

***Bureau of Workers' Compensation and
Industrial Commission Appropriations Bill***

As Reported by the House Insurance Committee

Legislative Service Commission

April 25, 2007

As Introduced (Executive)

As Reported by House Insurance

1 (CD-904-OIC) Ohio Industrial Commission Budget

No provision.

Section: XXX

Requires appropriation item 845-402, Rent - William Green Building, to be used to pay for rent and operating expenses for the space occupied by the Industrial Commission in the William Green Building.

Requires appropriation item 845-605 to be used for expenses related to revenues collected and deposited in Fund 821.

As Introduced (Executive)

As Reported by House Insurance

2 (CD-855-BWC) Deputy Inspector General for BWC and IC

R.C. 121.51, Section 512.40

(1) Creates the Office of the Deputy Inspector General for the Bureau of Workers' Compensation and Industrial Commission in the Office of the Inspector General.

Requires that the Deputy Inspector General be hired by and serve at the pleasure of the Inspector General, and requires that the Deputy Inspector General have the same qualifications as those specified for the Inspector General. Requires that funding for the Deputy Inspector General be provided by the Administrator of Workers' Compensation.

(2) Transfers the duties of the Internal Security Committee of the Workers' Compensation System to the Office of the Deputy Inspector General. Requires the Deputy Inspector General to investigate all claims or cases of criminal violations, abuse of office, or misconduct on the part of employees of the BWC or Industrial Commission and requires the Deputy Inspector General to conduct a program of random review of the processing of workers' compensation claims.

R.C. 121.52, 121.53, 121.55, 121.56, 4121.40, Section 512.40

(1) Adds requirement that the Director of Budget and Management, after certification of costs incurred by the Deputy Inspector General, transfer the certified amount from BWC administrative funds to the Deputy Inspector General for the BWC Fund to be used to pay costs incurred by the Deputy Inspector General.

(2) Specifies duties of the Deputy Inspector General to:

- Investigate wrongful acts or omissions committed by officers or employees of BWC or IC;
- Perform the same duties prescribed to the State Inspector General under sections 121.42 and 121.45 of the Revised Code, only for BWC and IC employees and officers;
- Investigate fraud activities;
- Report suspected acts of fraud to the Inspector General;
- Receive complaints alleging wrongful acts and omissions by BWC or IC employees and officers;
- Investigation of complaints after verification of reasonable cause; and
- Exercise of the same powers and duties as those in section 121.43 of the Revised Code for the Inspector General.

Requires the Inspector General to report any allegation of fraud from the Deputy Inspector General to the Administrator of Workers' Compensation or the Industrial

As Introduced (Executive)

(3) Requires members of the Board of Directors and BWC committees, the Industrial Commission, the Administrator, and all employees of the BWC and IC to cooperate with and provide assistance to the Deputy Inspector General in the performance of any investigation, including making premises, equipment, personnel, books, records, and papers readily available. Permits the Deputy Inspector General to question any of the above individuals and any person conducting business with the IC, BWC, or its boards and committees, and permits the Deputy Inspector General to inspect any of the aforementioned materials while maintaining confidentiality of information in those materials that are confidential under the law. Requires the Deputy Inspector General to avoid interfering with the normal operations of the entities under investigation, except insofar as is reasonably necessary to successfully complete the investigation.

(4) Requires the Deputy Inspector General to deliver to the Board of Directors, Administrator, Industrial Commission, and the Governor any case for which remedial action is

As Reported by House Insurance

Commission only if the Inspector General believes the report has the potential to stop fraud.

Defines "participants of the workers' compensation system" for the purposes of the Inspector General's jurisdiction as:

- An employer subject to the Workers' Compensation Law;
 - A claimant for compensation under the Workers' Compensation Law;
 - A health care provider or managed care organization providing service under the Workers' Compensation Law;
- and
- A person investing the assets of any of the workers' compensation funds.

(3) Same as the Executive.

(4) Specifies that delivery of cases by the Deputy Inspector General take place at the conclusion of investigations.

As Introduced (Executive)

necessary, and to maintain a public record of all activities to the extent permitted under the bill, ensuring that the rights of all parties are protected.

Requires the Deputy Inspector General to report every six months to the Governor, the General Assembly, the Board, the Administrator, and the Industrial Commission any findings and subsequent corrective actions taken in cases considered by the Deputy Inspector General.

(5) Prohibits any person from disclosing any information that is designated confidential in accordance with the bill or any confidential information that is acquired in the course of an investigation conducted under the bill to any person who is not legally entitled to disclosure of that information.

(6) No provision.

As Reported by House Insurance

Removes the reporting requirements for the Deputy Inspector General and requires instead that the Inspector General include a summary of the Deputy Inspector General's activities in the annual report required under section 121.48 of the Revised Code.

(5) Same as the Executive.

(6) Permits complaints to the Deputy Inspector General for suspected wrongful acts or omissions committed by BWC and IC employees or officers, and for suspected acts of fraud by participants in the workers' compensation system. Requires that complaints include:

- The identity of the person making the report;
- The identity of the officer, employee, or participant suspected of wrongdoing;
- A description of the act; and
- An explanation of how the person reporting came to a reasonable cause to believe the wrongdoing had occurred or is occurring.

Specifies that the complaint to the Deputy Inspector General is in addition to any other report that may be required by law.

Requires the Inspector General to prescribe a form for complaints under this section and provide the form to any

As Introduced (Executive)

As Reported by House Insurance

(7) No provision.

person free of charge, and specifies that a complaint may not be held defective if it is not submitted on that form.

(7) Removes the responsibility for the service directors of each BWC service office to recommend to the Administrator appropriate action regarding allegations of misconduct, abuse, or fraud in the service offices.

Fiscal effect: Potentially increases expenditures from BWC operating appropriations for the operation of the new Deputy Inspector General's Office.

Fiscal effect: Requires administrative costs incurred by the Deputy Inspector General to be transferred from BWC administrative funds to the newly established Deputy Inspector General for the BWC Fund in order to cover costs of the Deputy Inspector General.

As Introduced (Executive)

As Reported by House Insurance

3 (CD-848-BWC) Creation of BWC Board of Directors**R.C. 4121.12, Section 512.10**

(1) Creates the Bureau of Workers' Compensation Board of Directors to replace the Workers' Compensation Oversight Commission. Requires the Board to be composed of 15 members, 11 of whom are to be appointed by the Governor with the advice and consent of the Senate. Requires that the 11 appointed members consist of the following:

- One individual representing employees;
- Two individuals representing employee organizations, at least one of which must be a member of the executive committee of the largest statewide labor federation;
- Three individuals representing industry (one representing self-insured employers, and two with experience as non-self-insured employers of which one must be an employer of 100 or more employees and one must be an employer of less than 100 employees);
- Two individuals who are investment and securities experts with experience with state workers' compensation funds or state pension funds;
- One individual who is a certified public accountant;
- One individual who is an actuary and a member in good standing with the American Academy of Actuaries or an associate or fellow with the Society of Actuaries; and
- One individual representing the public who shall not, on account of previous vocation, employment, or affiliation, be considered a representative of employees or industry.

(2) Requires the additional four members of the Board to be the chairpersons and ranking minority members, or their designees, of the standing House and Senate committees

R.C. 4121.12, Section 512.10

(1) Reduces the total number of Board members from 15 to 11, all appointed by the Governor with the advice and consent of the Senate.

Specifies that the Board members who are investment and securities experts shall have direct experience in the management, analysis, supervision, or investment of assets and requires that they be residents of Ohio.

Changes the Board members who represent industry to members who represent employers and requires that those two members who are not representing self-insured employers be state fund employers.

Removes the requirement that the member of the Board representing the public not be a representative of either employees or industry. Adds a requirement that that member be a person who has received compensation or benefits under the Workers' Compensation Law.

Specifies that Board members serve at the pleasure of the Governor and may be removed by the Governor.

(2) No provision.

As Introduced (Executive)

to which legislation concerning Chapters 4121., 4123., 4127., and 4131. of the Revised Code are normally referred.

(3) Requires that none of the 11 members of the Board, within three years preceding their appointment, shall have been employed by the BWC or by any person, partnership, or corporation that has provided financial or investment services to the BWC.

(4) Requires the Governor to appoint the initial members of the Board no later than 60 days after the bill's effective date and allows members to be reappointed when their three-year terms have expired.

(5) Provides for the compensation of the 11 appointed Board members at a rate of \$2,500 in every month in which a member attends a Board meeting, with no compensation for months in which a member did not attend a meeting, and caps the maximum compensation for a Board member at \$30,000 per year.

(6) Requires that each appointed Board member take an oath of office as required by sections 3.22 and 3.23 of the Revised Code and file in the Secretary of State's office the bond required under section 4121.127 of the Revised Code.

Fiscal effect: Potentially increases expenditures from BWC administrative costs by up to \$330,000 in order to pay compensation to members of the Board of Directors.

As Reported by House Insurance

(3) Changes the three-year prohibition on former BWC employees or employees of affiliated businesses or partners to serve as Board members to one year.

(4) Same as the Executive.

(5) Increases the cap on Board member compensation to \$60,000 per year and provides for Board members who also serve on the Workers' Compensation Audit Committee, Workers' Compensation Actuarial Committee, and Workers' Compensation Investment Committee to receive \$2,500 per month for each month in which they attend committee meetings and no payment during any month in which they do not attend a committee meeting. Specifies that members may not receive more than \$30,000 per year for attending committee meetings.

(6) Same as the Executive.

Fiscal effect: Potentially increases BWC administrative expenses for Board member compensation by \$300,000 for those members who also serve on any of the working committees of the Board.

As Introduced (Executive)

As Reported by House Insurance

4 (CD-849-BWC) New Duties of BWC Board of Directors

R.C. 4121.12, R.C. 4121.121

(1) Requires the BWC Board of Directors to establish the overall administrative policy of the BWC, transfers existing duties of the Workers' Compensation Oversight Commission to the Board, and places new requirements on the Board.

(2) Requires the Board to contract with all of the following:

- An independent actuarial firm to assist the Board in determining premium rates;
- An outside investment counsel to assist the Workers' Compensation Investment Committee in fulfilling its duties; and

- An independent fiduciary counsel to assist the Board in the performance of its duties;

(3) Requires the Board to approve the investment policy developed by the Investment Committee if the policy satisfies the requirements specified in section 4123.442 of the Revised Code, to publish the policy no less than annually, and to prohibit any investments deemed to be contrary to the policy. Requires the Board to vote to open each investment class and allow the Administrator to invest only in classes opened by the Board. Permits the Board to vote to close any investment class.

(4) Requires the Board to meet with the Governor annually to discuss the Administrator of Workers' Compensation's performance and specifies that such a meeting shall be considered a meeting regarding the employment of the Administrator.

(5) Permits the Board to create any committees in addition to the Workers' Compensation Audit Committee, Workers'

R.C. 4121.12, 4121.121, 4121.123, 4121.125

(1) Same as the Executive.

(2) Restores the ability for the Board to make recommendations to the Administrator regarding premium rates based on the independent actuarial recommendations.

(3) Same as the Executive.

(4) Same as the Executive.

(5) Same as the Executive.

As Introduced (Executive)**As Reported by House Insurance**

Compensation Actuarial Committee, and Workers' Compensation Investment Committee that the Board determines are necessary to assist in performing its duties.

(6) No provision.

(6) Requires the Board to develop and participate in a BWC Board of Directors' education program that consists of:

- Orientation for new members,
- Continuing education for members who have served at least one year, and
- A curriculum that includes education about each of the following topics:

- (1) Member duties and responsibilities,
- (2) Compensation and benefits paid pursuant to the Workers' Compensation Law,
- (3) Ethics,
- (4) Governance processes and procedures,
- (5) Actuarial soundness,
- (6) Investments, and
- (7) Any other subject matter the Board believes is reasonably related to a member's duties.

No provision.

Requires any classes and sessions pursuant to these requirements to be held in Ohio.

(7) Requires the Board to adopt all rules except those concerning adjudicatory matters, classifications of occupations or industries, the overall premium and contribution rates and the revision of those rates, and the overall assessment rates.

No provision.

(8) Requires the Board to:

- Contract annually with an actuary for a report on the actuarial valuation of the assets, liabilities, and funding requirements of the State Insurance Fund and other workers' compensation funds and submit that report to the

As Introduced (Executive)

As Reported by House Insurance

Workers' Compensation Council and the standing committees of the House and Senate dealing with workers' compensation matters;

- Have an actuary, every five years, conduct an actuarial investigation of the experience of employers, mortality, service, and injury rate of employees, and the payment of disability benefits to update the actuarial assumptions used in the actuarial valuation report, and submit that report to the Council and the standing committees of the House and Senate dealing with workers' compensation matters; and

- Have an actuarial analysis performed on any legislation expected to have a measurable financial impact on the workers' compensation system and submit that report to the Legislative Service Commission, the Council, and the standing committees of the House and Senate dealing with workers' compensation matters.

As Introduced (Executive)

As Reported by House Insurance

5 (CD-850-BWC) New Duties of the Administrator of Workers' Compensation

R.C. 4121.121

Requires the Administrator of Workers' Compensation to keep an accurate account of the money paid in premiums by each class of occupations or industries specified by the Board of Directors, as well as the loss of such funds on account of injuries, occupational disease, and death of employees.

Requires the Administrator to keep an account of the money received from each individual employer and the amount of losses incurred against the State Insurance Fund on account of injuries, occupational disease, and death of the employees of each employer.

Requires the Administrator to submit an annual internal operating budget to the Board of Directors for approval.

R.C. 4121.121

Same as the Executive.

As Introduced (Executive)

As Reported by House Insurance

6 (CD-851-BWC) Committees of the Board of Directors

R.C. 4121.123, Section 512.20, Section 512.30

(1) Creates the Workers' Compensation Audit Committee, consisting of at least three members. Requires one member to be a member of the Board of Directors who is a certified public accountant. Requires the Board to appoint two additional Board members to serve on the committee, permits the Board to appoint additional members who are not Board members. Requires the Audit Committee to (1) recommend an accounting firm to perform annual audits under section 4123.47 of the Revised Code, (2) recommend an auditing firm for the board to use for audits under section 4121.125 of the Revised Code, (3) review the results of each annual audit and management review and assess the appropriate course of action and develop a plan to correct any problems, (4) monitor the implementation of those plans, and (5) review all internal audit reports on a regular basis.

(2) Creates the Workers' Compensation Actuarial Committee, consisting of at least three members. Requires one member to be a member of the Board of Directors who is an actuary. Requires the Board to appoint two additional members of the Board to serve on the committee, and permits the Board to appoint additional members who are not Board members. Requires the Actuarial Committee to (1) recommend actuarial consultants for the board to use for the funds specified in chapters 4121., 4123., 4127., and 4131. of the Revised Code; (2) review calculations on rate schedules and performance prepared by the actuarial consultants with whom the board enters into a contract; and (3) make recommendations to the board regarding classifications of

R.C. 4121.123, Section 512.20, Section 512.30

(1) Same as the Executive, but requires that if the Audit Committee holds a meeting on the same day the Board holds a meeting, no member shall be compensated for more than one meeting held on that day.

(2) Same as the Executive, but requires that if the Actuarial Committee holds a meeting on the same day the Board holds a meeting, no member shall be compensated for more than one meeting held on that day.

As Introduced (Executive)

occupations or industries, premium rates and contributions, the amount to be credited to the surplus fund, and rules and systems of rating, rate revisions, and merit rating.

(3) Creates the Workers' Compensation Investment Committee, consisting of at least four members. Requires two of the members to be members of the Board of Directors who serve as the investment and securities experts on the Board. Requires the Board of Directors to appoint two additional members of the Board to serve on the committee, and permits the Board to appoint additional members who are not Board members. Requires each additional member to have experience with managing another state's pension or workers' compensation funds, representing an employee organization, or possessing special expertise that the Board deems appropriate to making investment decisions. Requires the Investment Committee to (1) develop the investment policy of the workers' compensation funds in accordance with section 4123.442 of the Revised Code, (2) submit the policy to the board for approval, (3) monitor the implementation of the policy by the Administrator and chief investment officer, (4) recommend outside investment counsel, and (5) review the chief investment officer's performance and the performance of any outside investment consultants to assure that investments are made in accordance with the policy and that the best possible return on investment is achieved.

(4) Permits the Board, by majority vote, to remove any member of any working committee except for the certified public accountant on the Audit Committee, the actuary on the Actuarial Committee, or the investment and securities experts on the Investment Committee.

As Reported by House Insurance

(3) Same as the Executive, but requires that if the Investment Committee holds a meeting on the same day the Board holds a meeting, no member shall be compensated for more than one meeting held on that day.

(4) Same as the Executive.

As Introduced (Executive)

As Reported by House Insurance

7 (CD-852-BWC) Transfer of Duties from the Oversight Commission to the Board of Directors

R.C. 4121.125, 3345.12, 4121.12, 4121.121, 4121.123, 4121.126, 4121.128, 4121.37, 4121.441, 4121.48, 4121.61, 4121.67, 4121.70, 4123.123, 4123.125, 4123.25, 4123.311, 4123.44, 4123.442, 4123.50, 4123.511, 4123.66, 4127.07, 4131.04, 4131.14, 4167.02, 4167.07, 4167.08, 4167.11, 4167.14

R.C. 4121.125, 3345.12, 4121.12, 4121.121, 4121.123, 4121.126, 4121.128, 4121.37, 4121.441, 4121.48, 4121.61, 4121.67, 4121.70, 4123.123, 4123.125, 4123.25, 4123.311, 4123.44, 4123.442, 4123.50, 4123.511, 4123.66, 4127.07, 4131.04, 4131.14, 4167.02, 4167.07, 4167.08, 4167.11, 4167.14

Transfers duties and responsibilities currently carried out by the Workers' Compensation Oversight Commission to the Board of Directors, including:

- (1) Establish the investment policy for the funds specified in the Workers' Compensation Law (developed by the Investment Committee);
- (2) Contract with actuarial firms to perform audits as deemed necessary (requires recommendations of the Actuarial Committee);
- (3) Have an independent auditor conduct a fiduciary performance audit of the BWC investment program and the investment policy;
- (4) Establish the fee for applications for a temporary variance from a Public Employment Risk Reduction Program standard;
- (5) Review progress of the BWC in meeting cost and quality objectives and in compliance with the Workers' Compensation Law;
- (6) Issue an annual report on the cost and quality objectives of the BWC to the President of the Senate, the Speaker of the House, and the Governor;
- (7) Review all independent financial audits of the BWC;
- (8) Study issues as requested by the Administrator or the Governor;

Same as the Executive.

As Introduced (Executive)**As Reported by House Insurance**

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- (9) Review and publish the investment policy no less than annually and make copies available to interested parties;
- (10) Prohibit, on a prospective basis, any specific investment it finds contrary to the investment policy;
- (11) Vote to open each investment class and allow investment in a class only if the Board has approved it;
- (12) Adopt rules establishing due diligence standards for BWC employees to follow when investing in an investment class and establish policies and procedures for review and monitoring the performance and value of each investment class;
- (13) Submit an annual report on the performance and value of each investment class to the Governor, the President and Minority Leader of the Senate, and the Speaker and Minority Leader of the House; and
- (14) Advise and consent on specified rules and provisions the Administrator adopts regarding programs and functions of the BWC or the Administrator, including:
- (A) The Health Partnership Program and Qualified Health Plan System;
 - (B) Loans from the Long-Term Care Loan Fund and transfers from the Safety and Hygiene Fund to the Long-Term Care Loan Fund;
 - (C) Rehabilitation programs;
 - (D) Specification of acts or omissions that constitute a violation of the prohibition against misrepresenting payroll and the penalties for such violations;
 - (E) Utilization of direct deposit;
 - (F) Treatment of employers who violate the prohibition against causing an employer to fail to pay the employer's premium or assessment when due;
 - (G) Identification of medical records that have an historical record being allowed whenever included in a claim;

As Introduced (Executive)**As Reported by House Insurance**

(H) Furnishing medical, nurse, and hospital service and medicine to injured employees;

(I) Employment of persons who are blind and the inspection of their places of employment;

(J) Requirement of a professional employer organization to provide security in the form of a bond or a line of credit assignable to BWC; and

(K) Declining to adopt a federal Occupational Health and Safety Administration rule for the Public Employment Risk Reduction Program and adopting emergency standards.

(L) Employing the Superintendent of the Division of Safety and Hygiene and directing the Superintendent and Division employees in conducting investigations regarding preventing industrial accidents and promoting safe practices;

(M) Adopting rules, taking measures, and making expenditures to aid claimants to return to work or assist in lessening or removing any resulting handicap;

(N) Adjusting the rate of disbursements from the Public Work-Relief Employees' Compensation Fund; and

(O) Determining when premiums for the Marine Industry Fund and the Coal Workers' Pneumoconiosis Fund must be paid.

As Introduced (Executive)

As Reported by House Insurance

8 (CD-858-BWC) Failure to Pay Premiums or Assessments**R.C. 4121.321, 4121.32**

Requires the Administrator of Workers' Compensation, with the advice and consent of the Board of Directors, to adopt a rule specifying that an employer is covered under the Workers' Compensation Law if the employer pays its premium and premium security deposit when due, and requires employers to pay administrative assessments and other obligations under the law. Specifies that employers may be subject to a penalty, including a late fee penalty, for nonpayment of premium.

Requires the Administrator, with the advice and consent of the Board of Directors, to adopt rules that permit the Administrator, in addition to any other remedies permitted under the Workers' Compensation Law, to discontinue coverage of an employer other than the state, a state university or college, or a state hospital if the employer fails to pay the employer's premium to the Administrator on or before its due date. Requires the Administrator, with the advice and consent of the Board, to adopt a rule specifying that if after a final adjudication it is determined that an employer has failed to pay an obligation, billing, account, or assessment greater than \$1,000 on or before its due date, the Administrator may discontinue the employer's coverage in addition to any other remedies permitted in the Workers' Compensation Law.

R.C. 4121.321, 4121.32

Same as the Executive, but adds the requirement that the administrator shall not discontinue an employer's coverage prior to a final adjudication regarding the employee's failure to pay obligations, billings, accounts, or assessments on or before its due date.

As Introduced (Executive)

As Reported by House Insurance

9 (CD-918-BWC) Hospitals in Long-Term Care Loan Fund

No provision.

R.C. 4121.48

Adds hospitals as eligible recipients of funds under the Long-Term Care Loan Fund Program.

Fiscal effect: Potentially increases expenditures from the Long-Term Care Loan Fund.

10 (CD-860-BWC) Labor-Management Advisory Council

R.C. 4121.70

Requires the Labor-Management Advisory Council to advise the Board of Directors (instead of the Oversight Commission) and the Administrator of Workers' Compensation on the quality and effectiveness of rehabilitation services and make recommendations pertaining to the BWC's rehabilitation program and the operations of the program.

R.C. 4121.70

Same as the Executive.

As Introduced (Executive)

As Reported by House Insurance

11 (CD-885-BWC) Workers' Compensation Council

No provision.

R.C. 4121.75, 111.15, 4121.03, 4121.12. 4121.1: 4121.125, 4121.32

(1) Creates the Workers' Compensation Council, to consist of the following:

- Three members of the Senate, appointed by the President of the Senate, not more than two of whom may be from the same party;
- Three members of the House, appointed by the Speaker of the House, not more than two of whom may be from the same party;
- Three members jointly appointed by the President and the Speaker, not more than two of whom may be members of the same party, one of whom shall represent employees, one of whom has received compensation or benefits under the Workers' Compensation Law, and at least one of whom shall have investment expertise; and
- The chair of the Industrial Commission and Administrator of Workers' Compensation as nonvoting ex officio members.

No provision.

(2) Requires meetings of the Council to be called subject to rules adopted by the Council. Specifies that a majority of the members constitutes a quorum and that the Council shall vote to select a chairperson and vice-chairperson, to rotate between members of the two legislative houses, and any other officers deemed necessary. Requires the Council to establish offices in Columbus separate from those of the BWC and Industrial Commission. Requires members to take an oath of office. Prohibits members from receiving compensation, but permits reimbursement to non-legislative and non-ex officio members of the Council for expenses incurred in performing official duties.

As Introduced (Executive)

As Reported by House Insurance

No provision.

(3) Specifies permitted duties of the Council as:

- Appointing a staff director;
- Appointing professional, technical, and clerical employees as necessary, as well as employees or consultants for actuarial, legal, investment, or other technical services;
- Fix the compensation of the director and other employees;
- Require members of the Industrial Commission, BWC Board of Directors and working committees, Administrator of Workers' Compensation, and BWC and IC employees to provide any necessary information to the Council for performing its duties;
- Administer oaths and hold public hearings;
- Establish regular reporting requirements for reports required to be submitted to the Council;
- Request that the Auditor of State perform or contract for a financial or special audit of the BWC; and
- Request that the Auditor of State perform or contract for a special or fiduciary audit of the workers' compensation system.

No provision.

(4) Specifies required duties of the Council as:

- Review the Workers' Compensation Law and recommend changes to the General Assembly;
- Report annually to the Governor and General Assembly on the operations of the BWC and IC and the funds administered by them;
- Study changes to the Workers' Compensation Law proposed by the General Assembly and report on probable costs, actuarial implications, and desirability;
- Review the BWC investment policy;
- Summarize findings for the investment policy review and report to the General Assembly and Governor;
- Review all financial, actuarial, and fiduciary audits on

As Introduced (Executive)

No provision.

As Reported by House Insurance

funds under the Workers' Compensation Law and the actuarial policies of the BWC;

- Contract with an independent actuary at least once every ten years for an actuarial review of actuarial valuations and investigations prepared by the BWC Board of Directors;

- Submit to the Governor and General Assembly a report on the actuarial review;

- Contract with an independent auditor at least once every ten years for a fiduciary performance audit of the workers' compensation system; and

- Review proposed rules submitted to the Council and submit recommendations to the Joint Committee on Agency Rule Review.

(5) Requires any compensation paid to employees of the Council and other expenses of the Council to be approved by the director and chairperson of the Council and paid by the Administrator of Workers' Compensation.

Requires the Council to establish competitive purchasing practices for goods and services.

Fiscal effect: Potentially increases administrative expenses of the Bureau of Workers' Compensation in order to pay the costs of staffing the Workers' Compensation Council.

As Introduced (Executive)

As Reported by House Insurance

12 (CD-853-BWC) Transfer of Duties from the Administrator of Workers' Compensation to the Board of Directors

R.C. 4123.29, 119.01, 1707.01, 4121.123, 4123.025, 4123.291, 4123.32, 4123.34, 4123.341, 4123.342, 4123.35, 4123.351, 4123.39, 4123.40, 4123.41, 4123.411, 4123.419, 4123.441, 4123.47, 4123.512, 4123.57, 4123.65, 4123.66, 4123.75, 4123.4127.07, 4131.04, 4131.13, 4131.14

Transfers certain duties and responsibilities currently carried out by the Administrator of Workers' Compensation, some of which are currently performed with the advice and consent of the Workers' Compensation Oversight Commission, to the Board of Directors, including:

- (1) Safeguarding and maintaining the solvency of the State Insurance Fund;
- (2) Classifying occupations and industries for the purpose of determining employer premium rates;
- (3) Fixing premium rates based upon the classes of occupation and industry (requires recommendations of the Actuarial Committee);
- (4) Revising basic employer premium rates and adopting rules governing rate revision (requires recommendations of the Actuarial Committee);
- (5) Adopting rules to establish employer premium security deposits (requires recommendations of the Actuarial Committee);
- (6) Classifying the state and its departments, agencies, and instrumentalities to determine public employer contributions to the State Insurance Fund (requires recommendations of the Actuarial Committee);
- (7) Establishing the total amount of contributions made to the State Insurance Fund by the state and counties within the state (requires recommendations of the Actuarial

R.C. 4123.29, 119.01, 1707.01, 4121.123, 4123.025, 4123.291, 4123.32, 4123.34, 4123.341, 4123.342, 4123.35, 4123.351, 4123.39, 4123.40, 4123.41, 4123.411, 4123.419, 4123.441, 4123.47, 4123.512, 4123.57, 4123.65, 4123.66, 4123.75, 4123.4127.07, 4131.04, 4131.13, 4131.14

Makes the Board co-responsible with the Administrator to maintain the solvency of the Workers' Compensation Fund.

Restores the following duties to the Administrator as under current law:

- (6) Classifying the state and its departments, agencies, and instrumentalities to determine public employer contributions to the State Insurance Fund;
- (7) Establishing the total amount of contributions made to the State Insurance Fund by the state and counties within the state;
- (8) Establishing self-insuring employer assessment rates;
- (9) Establishing the total assessment allocation for the administrative costs of the Board of Directors, BWC, and Industrial Commission;
- (11) Transferring money from the State Insurance Fund to the Surplus Fund and maintaining the Surplus Fund;
- (12) Establishing and transferring funds into the Premium Security Fund;
- (13) Establishing contribution rates for the Self-Insuring Employer Guaranty Fund;
- (18) Granting a premium discount to employers who have certain safety programs;
- (21) Adopting rules regarding successor employer liability;

As Introduced (Executive)

- Committee);
- (8) Establishing self-insuring employer assessment rates;
- (9) Establishing the total assessment allocation for the administrative costs of the Board of Directors, BWC, and Industrial Commission (requires recommendations of the Actuarial Committee);
- (10) Establishing the Disabled Worker Relief Fund assessment rate and the amount of annual contributions from employers (requires recommendations of the Actuarial Committee);
- (11) Transferring money from the State Insurance Fund to the Surplus Fund and maintaining the Surplus Fund (requires recommendations of the Actuarial Committee);
- (12) Establishing and transferring funds into the Premium Security Fund;
- (13) Establishing contribution rates for the Self-Insuring Employer Guaranty Fund (requires recommendations of the Actuarial Committee);
- (14) Establishing alternative premium plans, including retrospective rating, group rating, and the one-claim program (requires recommendations of the Actuarial Committee);
- (15) Electing to adopt rules to grant a discount to employers who pay their semiannual premium at least one month before it is due (requires recommendations of the Actuarial Committee);
- (16) Adopting rules to provide employer premium rebates and dividends (requires recommendations of the Actuarial Committee);
- (17) Establishing a merit rate system for employer premiums (requires recommendations of the Actuarial Committee);
- (18) Granting a premium discount to employers who have certain safety programs (requires recommendations of the

As Reported by House Insurance

- and
- (22) Appointing members of the Adjudicating Committee.
- Restores the following duties to the Administrator requiring the advice and consent of the Board:
- (2) Classifying occupations and industries for the purpose of determining employer premium rates;
- (3) Fixing premium rates based upon the classes of occupation and industry;
- (4) Revising basic employer premium rates and adopting rules governing rate revision;
- (5) Adopting rules to establish employer premium security deposits;
- (10) Establishing the Disabled Worker Relief Fund assessment rate and the amount of annual contributions from employers;
- (14) Establishing alternative premium plans, including retrospective rating, group rating, and the one-claim program;
- (15) Electing to adopt rules to grant a discount to employers who pay their semiannual premium at least one month;
- (16) Adopting rules to provide employer premium rebates and dividends; and
- (17) Establishing a merit rate system for employer premiums.
- Requires the Board of Directors to adopt a rule, based on the recommendations of the Actuarial Committee, providing that there is always a larger-than-necessary surplus in the Workers' Compensation Fund as of the date of any premium rate revision and allowing for the Board to

As Introduced (Executive)

Actuarial Committee);
 (19) Selecting an accounting firm for the annual audit of the funds specified in the Workers' Compensation Law (requires recommendations of the Audit Committee);
 (20) Electing to purchase reinsurance for the State Insurance Fund and other specified funds;
 (21) Adopting rules regarding successor employer liability (requires recommendations of the Actuarial Committee);
 and
 (22) Appointing members of the Adjudicating Committee (requires recommendations of the Actuarial Committee).

As Reported by House Insurance

return excess surplus to subscribers in the form of cash refunds or premium reductions, regardless of when premium obligations have accrued.

13 (CD-876-BWC) Third-Party Administrator Invoice

No provision.

R.C. 4123.29

Requires the Administrator, at the time of premium rate revisions, if the premium rate of an employer participating in a group rating plan changes from the rate established for the previous year, to send an invoice to both the employer and to the third-party administrator for the employer's group plan.

14 (CD-877-BWC) Sponsoring Organization Applications for Group Rating

No provision.

R.C. 4123.29

Permits organizations sponsoring more than one employer group participating in group rating plans to submit a single application supplying all information for each group of employers the organization wishes to sponsor.

As Introduced (Executive)	As Reported by House Insurance
15 (CD-878-BWC) Provider Rates for the \$5,000 Medical-Only Program	
No provision.	R.C. 4123.29 Requires certified health care providers to extend employers participating in the \$5,000 Medical-Only Program the same rates for services rendered to employees of that employer as the provider bills the Administrator for the same type of medical claim processed by the BWC.
16 (CD-856-BWC) Complete Employer Applications for Coverage	
R.C. 4123.321 Requires the Administrator of Workers' Compensation, with the advice and consent of the Board of Directors, to adopt a rule requiring all employers to submit applications for workers' compensation coverage that provide all information required for the Administrator to establish coverage, and specifies that the failure of an employer to do so may be grounds for denial of coverage.	R.C. 4123.321 Same as the Executive.
17 (CD-857-BWC) Public Employer Security Deposit/Premium Payment	
R.C. 4123.37 Requires the Administrator of Workers' Compensation, with regard to public employers other than the state, a state university or college, or a state hospital, to follow existing procedures specified for private employers subject to the Workers' Compensation Law with respect to nonpayment of the employer's premium and premium security deposit.	R.C. 4123.37 Same as the Executive.

As Introduced (Executive)

As Reported by House Insurance

18 (CD-859-BWC) Employer's Experience Rating**R.C. 4123.511, 4123.512**

Requires the Administrator of Workers' Compensation to charge an employer's experience immediately upon the payment of compensation or medical benefits, subject to any adjustment made to the employer's experience upon adjudicatory determination that the claimant was not entitled to compensation or medical benefits.

R.C. 4123.511, 131.02, 4123.512

Removes executive provisions and requires that the Administrator charge an employer's experience only after the employer has exhausted all administrative appeals or waived the employer's right to an administrative appeal.

19 (CD-917-BWC) Death Benefits Not Charged to Employer's Experience

No provision.

R.C. 4123.592

Specifies that an employer's experience will not be charged if the death of an employee is caused by a third party through no fault of the employee.

Requires the Administrator to submit an annual report to the General Assembly evaluating the actuarial impact of payments under this provision.

20 (CD-867-BWC) Holding Account**Section: 201.10**

Requires the Director of Budget and Management, on July 1, 2007, or as soon as possible thereafter, to transfer the remaining cash balance in the Camera Center Fund (Fund R46) to the Workers' Compensation Fund (Fund 023), and abolishes the Camera Center Fund after the transfer.

Section: 201.10

Same as the Executive.

As Introduced (Executive)	As Reported by House Insurance
21 (CD-862-BWC) Workers' Compensation Fraud Unit	
Section: 201.10	Section: 201.10
<p>Requires that the Workers' Compensation Section Fund (Fund 195) receive payments from the Bureau of Workers' Compensation at the beginning of each quarter of each fiscal year to fund expenses of the Workers' Compensation Fraud Unit of the Attorney General's Office, and earmarks \$4,444,085 in each fiscal year from appropriation item 855-410, Attorney General Payments, for this purpose.</p>	<p>Same as the Executive, but decreases the earmark to \$796,346 in each fiscal year.</p>
22 (CD-866-BWC) Fund Balance	
Section: 201.10	Section: 201.10
<p>Requires any unencumbered cash balance in excess of \$45,000,000 in the Workers' Compensation Fund (Fund 023) on June 30 of each fiscal year to be used to reduce the administrative cost rate charged to employers to cover BWC operating appropriations.</p>	<p>Same as the Executive.</p>

As Introduced (Executive)

As Reported by House Insurance

23 (CD-854-BWC) Group Rating Audit and Assessment**Section: 201.10**

Requires the Administrator of Workers' Compensation to conduct assessments of the Group Rating Program and permits contracts with outside consultants to perform the assessments. Permits the Administrator to work with the working committees of the Board of Directors and requires the Administrator to provide a summary of the assessments and present recommendations to the Board not later than 90 days after the last initial Board member is appointed.

Requires the Group Rating assessment to include assessments of all of the following:

- (1) The actuarial soundness of the program;
- (2) The impact of the program on all Ohio businesses, participating and nonparticipating;
- (3) The rating equity of the program;
- (4) The impact of the program on the State Insurance Fund; and
- (5) The impact of the program on base rates.

No provision.

As Introduced (Executive)

As Reported by House Insurance

24 (CD-868-BWC) Health Partnership Program Audit and Assessment

Section: 201.10

Requires the Administrator of Workers' Compensation to conduct assessments of the Health Partnership Program (HPP) and permits contracts with outside consultants to perform the assessments. Permits the Administrator to work with the working committees of the Board of Directors and requires the Administrator to provide a summary of the assessments and present recommendations to the Board not later than 90 days after the last initial Board member is appointed.

Requires the HPP assessment to include assessments of all of the following:

- (1) The adequacy and appropriateness of the compensation arrangement between BWC and managed care organizations (MCOs),
- (2) The scope and quality of MCO services,
- (3) The achieved claim cost avoidance, and
- (4) The increased return to work ratios.

No provision.

As Introduced (Executive)

As Reported by House Insurance

25 (CD-861-BWC) William Green Lease Payments**Section: 201.10**

Requires appropriation item 855-401, William Green Lease Payments, to be used for lease payments to the Ohio Building Authority to meet all payments at the times they are required to be made during fiscal years 2008 and 2009 under leases and agreements made under chapter 152. of the Revised Code and section 6 of Am. Sub. H.B. 743 of the 118th General Assembly. Specifies that up to \$41,123,100 shall be restricted for lease rental payments to the Ohio Building Authority and provides for additional appropriations to be made as necessary for the purpose of the appropriation item.

Requires all other tenants of the William Green Building not funded by the Workers' Compensation Fund (Fund 023) to pay their fair share of the costs of lease payments into the Workers' Compensation Fund by intrastate transfer voucher.

Section: 201.10

Same as the Executive.

26 (CD-864-BWC) OSHA On-Site Consultation**Section: 201.10**

Allows the BWC to designate a portion of appropriation item 855-609, Safety and Hygiene Operating, to be used to match federal funding for the federal Occupational and Health Administration's (OSHA) on-site consultation program.

Section: 201.10

Same as the Executive.

As Introduced (Executive)	As Reported by House Insurance
<p>27 (CD-863-BWC) Safety and Hygiene</p> <p>Section: 201.10</p> <p>Requires the Administrator of Workers' Compensation to transfer moneys from the State Insurance Fund so that appropriation item 855-609, Safety and Hygiene Operating, is provided \$20,734,750 in each fiscal year.</p>	<p>Section: 201.10</p> <p>Same as the Executive.</p>
<p>28 (CD-865-BWC) Vocational Rehabilitation</p> <p>Section: 201.10</p> <p>Requires the BWC and the Rehabilitation Services Commission to enter into an interagency agreement for the provision of vocational rehabilitation services and staff to mutually eligible clients. Requires the BWC to provide \$605,407 in each fiscal year from the State Insurance Fund for vocational rehabilitation services and staff in accordance with the interagency agreement.</p>	<p>Section: 201.10</p> <p>Same as the Executive.</p>

As Introduced (Executive)

As Reported by House Insurance

29 (CD-869-BWC) Abolish Workers' Compensation Oversight Commission

Section: 512.10

Prohibits the Governor from appointing any individual who is a member of the Workers' Compensation Oversight Commission on this section's effective date to the BWC Board of Directors.

Abolishes the Oversight Commission on the date the Governor appoints the last member of the Board and requires that the Board supersede the Oversight Commission and its members and assume all duties, powers, and obligations of the Oversight Commission and its members. Specifies that the Board is the legal continuation and successor of the Oversight Commission and specifies that all rules, actions, determinations, commitments, resolutions, decisions, and agreements pertaining to the duties, powers, obligations, functions, and rights in force or in effect on the effective date of this section apply to the Board. Specifies that all references to the Oversight Commission or its members in any provision of the law shall be construed to refer to the Board.

Requires all authorized obligations and supplements of the Oversight Commission to be transferred and made binding on the Board, and specifies that nothing in this act impairs the obligations or rights thereunder or under any contract. Specifies that the abolition of the Oversight Commission and the transfer of its duties shall not affect the validity of agreements or obligations made by the Oversight Commission or its members under any provision of law.

Transfers all real property and interest in the Oversight

Section: 512.10

Same as the Executive.

As Introduced (Executive)**As Reported by House Insurance**

Commission and its duties, powers, obligations, and functions to the Board, including documents, books, money, papers, records, machinery, furnishings, office equipment, furniture, and all other property over which the Oversight Commission has control, and transfers the rights of the Oversight Commission to enforce or receive any of the aforesaid to the Board.

Transfers all appropriations or reappropriations made to the Oversight Commission for the purposes of the performance of its duties, powers, and obligations to the Board to the extent of the remaining unexpended or unencumbered balance, whether allocated or unallocated, and whether obligated or unobligated.

30 (CD-870-BWC) Abolish Internal Security Committee**Section:**

Abolishes the Internal Security Committee of the Workers' Compensation System and requires BWC employees who assisted the committee to be transferred to the Office of the Deputy Inspector General for the BWC and Industrial Commission beginning the first pay period after the effective date of section 121.51 of the Revised Code.

Section: 512.40

Same as the Executive, but removes the requirement that employees who provided assistance to the Internal Security Committee be transferred to the Deputy Inspector General's Office.

As Introduced (Executive)

As Reported by House Insurance

31 (CD-883-BWC) Actuarial Valuation

No provision.

Section: 512.45

Requires the Workers' Compensation Council to contract with an independent actuary for an actuarial valuation of the assets, liabilities, and funding requirements of the funds specified in the Workers' Compensation Law. Requires the actuary under contract to report on the valuation in accordance with standards of the Actuarial Standards Board of the American Academy of Actuaries and to submit the report to the Council.

Requires the report to include all of the following:

- A summary of compensation and benefit provisions evaluated;
- A summary of the census data and financial information used in the valuation;
- A description of actuarial assumptions, actuarial cost method, and asset valuation method used; and
- A summary of the findings that includes a statement of the actuarial accrued compensation and benefit liabilities and unfounded actuarial accrued compensation and benefit liabilities.

Requires the Council to submit a report summarizing the valuation to the Governor and General Assembly within two years after the effective date.

As Introduced (Executive)

As Reported by House Insurance

32 (CD-881-BWC) Review of Premiums and Rating Programs

No provision.

Section: 512.50

Requires the Administrator of Workers' Compensation to commission an outside consulting firm that the BWC has not previously retained in the previous five years to conduct a comprehensive review of the base rate of premiums paid by employers and all of the rating programs used to determine employers' premium rates.

Requires the Administrator, in conducting the review, to:

- Compare rates and programs to those of other states;
- Study the effect of rates in reducing the number and severity of claims in Ohio;
- Study the effect that saving money has had on workplaces in Ohio; and
- Identify rate setting and reserving methods that could make those processes more transparent for employers and employees.

Requires the Administrator to commission an outside consulting firm not retained in the previous five years to perform a comprehensive review of the adequacy of the Surplus Fund.

Requires the Administrator to provide a summary of these reviews and present recommendations to the General Assembly and the BWC Board of Directors within two years after the effective date of this section.

Subjects this section to the referendum, allowing a petition against this section of law.

As Introduced (Executive)

As Reported by House Insurance

33 (CD-879-BWC) Drug Free Workplace Program

No provision.

Section: 512.60

Prohibits the Administrator of Workers' Compensation from placing a limit on how long an employer may participate in the Drug Free Workplace Program unless rules are adopted in accordance with Chapter 119 of the Revised Code for the purpose of establishing such a time limit.

34 (CD-880-BWC) Prohibition on Using MIRA

No provision.

Section: 512.70

Prohibits the Administrator of Workers' Compensation from using the Micro Insurance Reserve Analysis (MIRA) system for determining reserves for use in establishing premium rates after June 30, 2007. Specifies that any contract between the Administrator and a vendor for the system shall expire in accordance with the terms of the contract and that the Administrator shall not renew or extend the contract.