

PUBLIC POLICY REPORT – SAFETY & WORKERS' COMP

TO: OMA Government Affairs Committee
FROM: Ryan Augsburger
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SUBJ: Safety & Workers' Compensation Update

Overview

Following completion of the BWC budget early in the year, policy activity has been quiet. Statutory changes to reduce workers comp costs on employers had been expected in the autumn, but now seems to be on hold pending successful defense of SB 5.

At the Industrial Commission (IC), Governor Kasich appointed former state senator Karen Gillmor. Over the summer, the Governor elevated Commissioner Gillmor to IC Chair, taking the place of Jodie Taylor, who remains a commissioner (employer representative).

Bureau of Workers' Compensation

BWC Administrator Steven Buehrer has been meeting with stakeholders, the OMA included, and is interested in reforms to drive down costs. A package of legislative proposals aimed at costs has been rumored.

So far all action has been administrative with the Board of the BWC considering a new discount program for new employers to the state. The OMA has questioned the actuarial soundness of the proposal and pointed out that funds could be used to subsidize an existing employer's competitor.

Legislative Developments / Outlook (See bill tracker)

Workers Comp Council Repeal: Legislation to repeal the Workers' Comp Council, an entity of the Ohio General Assembly is contained in the main operating budget, HB 153. In case that is insufficient, the General Assembly also includes the repeal in the pending sunset review legislation, HB 264 / SB 171.

The entity was to be a tool for members to exercise legislative oversight of the BWC and to use actuarial analysis to help determine the effect of legislation on the system. Though well-intended, the council became a shadow board, and actually interfered in positive system operations. Recognizing the General Assembly always has oversight of state agencies; the OMA will welcome the repeal of the council.

S.B. 139 Professional Employer Organizations: Generally increases flexibility for PEOs to offer self-insurance coverage to PEO members. We are monitoring for possible actuarial soundness issues impacting SI security.

Privatization / Competition: Very little legislative activity to report. A house proposal originally drafted by former Representative Todd Snitchler has not moved beyond discussion. Representatives Peterson and Sears remains the likely sponsors. Large out-of-state insurers are driving the bill. The powerful "domestic" (meaning intra-Ohio) insurance community is vigilantly watching. While some Ohio insurers could easily compete in the WC market, they are more likely

concerned about losing market share of other insurance lines to large insurers from out of state. Insurance agents are also believed to be supportive.

A Senate created taskforce completed work on June 30. They concluded that more study was needed. Governor Kasich in comments was asked about privatizing the workers compensation system, the Governor said, "I'm not afraid to privatize anything that would make sense, but I'm not convinced at this point that's the way we ought to go."

The business community has been slow to embrace the change, potentially because there is *no good data* available to model the effects.