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**HOUSE BILL 493
TESTIMONY OF THE COUNCIL OF SMALLER ENTERPRISES (COSE)
OHIO SENATE COMMERCE & LABOR COMMITTEE
WEDNESDAY, MAY 21, 2014**

Chairman Bacon, Vice Chairman Eklund, Ranking Member Brown, and members of the Ohio Senate Commerce and Labor Committee, the Council of Smaller Enterprises (COSE) would like to thank you for the opportunity to provide written testimony in support of House Bill 493.

With a reach to over 25,000 small businesses, COSE provides resources, information, and insight to help small business owners achieve their idea of success. For approximately 20 years, COSE has offered its small businesses the opportunity to receive discounts on their workers' compensation premium by participating in a group-rating program. In addition, COSE offers participants in the program access to claims management services as well as legal representation in contested workers' compensation cases – services that are also available to businesses not participating in a group-rating program. COSE also sponsors the Northeast Ohio Safety Council (NEOSC), which focuses on providing members with educational seminars and other resources to help small business owners keep their workplaces safe and their costs low.

As you know, HB 493 requires, rather than permits as under current law, the Ohio Bureau of Workers' Compensation (BWC) to calculate premiums for most employers on a prospective, rather than retrospective basis. By moving to prospective billing the following small business benefits are expected: a 2% reduction in base rate for private employers, flexible payment options with 1, 2, 4, 6, or 12 installments, and reduced default costs for failure to pay BWC premiums.

Prospective billing will include a "true up", where employers report their actual payrolls and the amount owed is compared to the estimated (prepaid) amount. Small business employers will then receive either a refund if they over-paid or an assessment if they owe more. In addition, the BWC will grant a one-time "transition credit" equal to 8 months of premiums; and lastly, HB 493 eliminates the requirement for most employers commencing coverage on or after July 1, 2015 to pay a premium security deposit. Small businesses must be able to accurately predict their workers' compensation premium costs from one year to the next and the prospective billing provisions outlined in HB 493 will certainly aid employers to that end.

COSE also supports the provision in HB 493 that allows the BWC Administrator to provide limited other-states' coverage to provide workers' compensation coverage for Ohio employees who are temporarily working in another state in addition to other-states' coverage. This will position Ohio to better support the health and well-being of our state's small business workforce.

HB 493 provides the BWC with more flexibility to deliver service in a more efficient manner and also provides small businesses with a reduction in premiums and better consistency in paying premiums by reducing various reporting requirements. COSE believes in a fair, efficient, and transparent rating system and is encouraged that the authority vested in HB 493 will allow the BWC to make improvements that will benefit Ohio's small businesses. We appreciate the opportunity to provide input on this legislation and COSE urges support of HB 493.