

Frequently Asked Questions

Self-Insured PEO Rules Update and Prospective Billing

How do the new rules, prospective billing and lease type affect a self-insured professional employer organization's (PEO's) wage payment and tax reporting requirements?

Ohio Administrative Code 4123-17-15 (D)(2) states the PEO is obligated to "pay wages and payroll taxes associated with shared employees as established within the PEO agreement. The responsibility for making payments under this section is not contingent on receipt of payment from the client employer. Shared employee wages must be paid by and reported under the tax identification number of the PEO for federal tax purposes." Therefore, "all under PEO" agreements **AND** "all under client" agreements must meet this requirement.

How will BWC handle prospective billing when the self-insured PEO lease agreement is full "all under PEO reporting?"

If the self-insured PEO lease is **full reporting under the PEO policy**, the client's installment billings will stop as of the effective date of the lease agreement. Client employer installments will begin immediately as of the effective date of a lease termination. All installment billings due prior to the effective date of the lease agreement must still be paid. In addition, BWC will reconcile all adjustments to the actual premiums due during the true-up process at the end of the policy year.

BWC will place all client employers that are reporting all under the self-insured PEO policy at the beginning of the policy year in the one installment, minimum premium option with \$0 exposure. The minimum premium is paid at the beginning of the policy year and confirmed at true-up.

How will BWC handle prospective billing when the self-insured PEO lease agreement is full "all under client reporting?"

Self-insured PEO relationships established where the reporting of payroll and claims is under the client policy will continue to follow the installment schedule for the client established at the beginning of the policy year. **The clients will receive the Notice of Estimated Annual Premium for their 12-month premium prior to the start of the policy year.**

How will the true-up process work for self-insured PEO client employers?

All client employers will be responsible for reconciling their state-fund payroll through the payroll true-up process at the end of each policy year. Client employers must complete their true-up online at www.bwc.ohio.gov, by phone at 1-800-644-6292 or in person at a BWC customer service office.

The client's payroll true-up **must include all actual reportable state-fund payroll** under the client employer's policy pursuant to the PEO agreement. Client employers must complete a payroll true-up within 45 days of the end of the policy year.

If a PEO lease agreement becomes effective prior to a prospective billing due date, does the client/employer pay the installment invoice?

If the lease agreement is in effect prior to, or on the first day of the policy period covered by the installment bill, BWC will remove the amount due from the client/employer policy. However, if there is any coverage under that policy period, **even one day**, then the client employer must pay the installment bill. BWC will reconcile amounts owed with amounts paid to the payment during the true-up process, and return any overpayment to the client employer.

If a current lease agreement is "all under the client" reporting, can the SI PEO change it to "all under PEO reporting?"

Effective **Jan. 1, 2016**, SI PEOs can only make these changes to lease agreements with **Jan. 1 or July 1** effective dates.

If a SI PEO brings on a new client, are there restrictions as to the lease agreement type if the lease is not effective Jan. 1 or July 1?

No, there are no restrictions to the lease type at the beginning of a new lease agreement. The SI PEO can set up the agreement as "all under PEO" or "all under client" when the initial lease is established. However, effective Jan. 1, 2016, the SI PEO can only make changes to the initial lease effective Jan. 1 or July 1 moving forward.