



## Ohio Administrative Code

### Rule 4123-17-15.1 AEO agreements and PEO agreements.

Effective: July 1, 2023

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(A) Where a client employer enters into an AEO or a PEO agreement:

(1) Each client employer must establish and maintain an individual account with the bureau of workers' compensation.

(2) The AEO or the PEO is considered the succeeding employer, solely for purposes of workers' compensation experience, and is subject to rule 4123-17-02 of the Administrative Code.

(3) If the AEO agreement or the PEO agreement between a client employer and the AEO or the PEO is terminated, or if the AEO or the PEO declares bankruptcy or ceases operation in Ohio, the AEO or the PEO must notify the bureau and each client associated with that AEO or that PEO within thirty days from the effective date of termination, and identify on forms prescribed by the bureau the portion of the experience of the AEO or the PEO related to the client employer that will be transferred to the client employer.

(4) An AEO or a PEO shall report any transfer of employees between related AEO entities, PEO entities or PEO reporting entities to the bureau within fourteen calendar days after the date of the transfer. The AEO, the PEO, or the PEO reporting entity shall include in the report all client payroll and claim information regarding the transferred employees and a notice of all workers' compensation claims that have been reported to the AEO, the PEO, or the PEO reporting entity in accordance with the internal reporting policies of the AEO, the PEO or the PEO reporting entity.

(B) An AEO or a PEO shall notify the bureau within thirty days when entering into an AEO agreement or a PEO agreement, or when changing the type of a PEO agreement. The AEO, or the PEO for payroll reported under the PEO's policy, must list payroll within the existing classification codes of the client employer. If the bureau is not notified within thirty days, the bureau will recognize the AEO agreement or the PEO agreement on the date the bureau receives notice and the client employer is responsible for reporting payroll and claims under the client employer's



individual policy until the recognized effective date of the agreement.

(C) An AEO or a PEO which enters into an AEO agreement or a PEO agreement with a noncomplying employer or an AEO or a PEO which fails to comply with rules 4123-17-15 to 4123-17-15.7 of the Administrative Code will not be considered the employer for workers' compensation purposes. In these instances, the payroll of the shared employees is to be reported by the client employer under its workers' compensation policy number for workers' compensation premium and claims purposes, unless barred by federal law. Claims that are filed by the client employer's shared employees will be charged to the experience of the client employer.

(D) The bureau will not recognize an AEO agreement or a PEO agreement between an out of state client employer and an AEO or a PEO where the employees of the out of state client employer do not have sufficient contacts with Ohio to meet the jurisdictional conditions for coverage.

(E) An AEO agreement or a PEO agreement, or a change in an AEO agreement or a PEO agreement, filed with the bureau will have the following effective date with the bureau for workers' compensation premium and claims purposes:

(1) For a self-insured AEO or self-insured PEO entering into an AEO agreement or a PEO agreement, the commencement date of the AEO agreement or PEO agreement; or

(2) For a state fund AEO or state fund PEO entering into an AEO agreement or a PEO agreement or changing an AEO agreement or a PEO agreement, and for a self-insured AEO or self-insured PEO changing an existing AEO agreement or PEO agreement:

(a) If the commencement date of the AEO agreement or the PEO agreement, or change in the AEO agreement or the PEO agreement, is January first or July first, the commencement date; or

(b) If the commencement date of the AEO agreement or the PEO agreement, or change in the AEO agreement or the PEO agreement, is not January first or July first, the next January first or July first, whichever is earlier.

(F) An AEO or a PEO cannot enter any AEO agreement or PEO agreement where the client



employer is an AEO or a PEO, and the bureau will not recognize any AEO agreement or PEO agreement where the client employer is an AEO or a PEO.

(G) The following acts are not permitted:

(1) A PEO from entering into an AEO agreement with any client employer, and

(2) An AEO from entering into a PEO agreement with any client employer.

(H) For each occurrence of the following, an AEO or a PEO will be assessed fifty dollars as a late processing fee:

(1) The AEO or the PEO fails to notify the bureau within thirty days when entering into, or changing, an AEO agreement or a PEO agreement;

(2) The AEO or the PEO fails to notify the bureau or client employer within thirty days of termination of an AEO agreement or a PEO agreement;

(3) The AEO or the PEO fails to notify the bureau or a client employer within thirty days of declaring bankruptcy; and

(4) The AEO or the PEO fails to notify the bureau or a client employer within thirty days of ceasing operations in Ohio.

(I) An AEO or a PEO may appeal any late processing fees assessed by the bureau under paragraph (H) of this rule pursuant to the administrative hearing procedure set forth in section 4123.291 of the Revised Code.