



## Ohio Administrative Code Rule 4123-17-15 Professional employer organizations.

Effective: January 5, 2019

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### (A) Definitions.

As used in rules 4123-17-15 to 4123-17-15.7 of the Administrative Code:

- (1) "Professional employer organization" or "PEO" has the same meaning as defined in section 4125.01 of the Revised Code. Requirements for PEOs that coemploy a part of a client employer's workforce are set forth in paragraph (C) of this rule. "Professional employer organization" or "PEO" does not include a service agency that is in the business of employing individuals for the purpose of utilizing the services of the individuals for a temporary period of time.
- (2) "Client employer" has the same meaning as defined in section 4125.01 of the Revised Code. "Client employer" does not mean an employer who is a noncomplying employer as defined in rule 4123-14-01 of the Administrative Code.
- (3) "PEO agreement" means a professional employer organization agreement as defined in section 4125.01 of the Revised Code.
- (4) "PEO reporting entity" means a professional employer organization reporting entity as defined in section 4125.01 of the Revised Code.
- (5) "Assurance organization," "coemploy," "shared employee," "trade secret," and "working capital" have the same meaning as defined in section 4125.01 of the Revised Code.
- (6) "Policy number", is a term synonymous with "risk number," meaning the identification number that the bureau assigns to an employer.

(B) Where a PEO is required to give notice, register, or make a report to the bureau under rules 4123-17-15 to 4123-17-15.7 of the Administrative Code, the PEO shall do so on forms prescribed



by the bureau. Forms must be completed in full, as determined by the bureau, for such notice, registration, or report to be effective.

(C) Partial leases.

(1) A PEO may enter into a PEO agreement to coemploy part of a client employer's workforce, provided the client employer is not a temporary agency, for workers' compensation purposes only to the extent wages are paid by and reported under the tax identification number of the PEO for federal tax purposes.

(2) Under such partial lease agreement, the PEO shall report under its workers' compensation policy number the payroll associated with the wages paid by and reported by the PEO for federal tax purposes under the PEO's tax identification number. The client employer shall report under its workers' compensation policy number all payroll associated with wages not paid by and not reported under the PEO's tax identification number.

(3) All of a client employer's payroll within a manual classification must be reported in its entirety under either the workers' compensation policy number of the PEO or client employer; such payroll may not be split between the PEO and client employer.

(D) Obligations of a PEO.

A PEO must perform all of the following functions:

(1) Provide written notice to each shared employee it assigns to a client employer of the relationship between and the responsibilities of the PEO and the client employer.

(2) 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. A PEO may only enter into agreements in which all employees of the client employer are shared and reported under the PEO's tax identification number for federal tax purposes, but reported under the client employer's policy



number for workers' compensation purposes, when:

(a) The client employer's payroll is wholly reported under the PEO employer's tax identification number for federal tax purposes; and

(b) The client employer's payroll is wholly reported under the client employer's policy number for workers' compensation purposes.

(3) Be responsible for maintaining both adequate and required employment-related records for employees, and for reporting such information as may be required by appropriate governmental agencies.

(4) Comply with applicable state laws regarding workers' compensation insurance coverage.

(5) Maintain complete records, separately listing the payroll and claims of its client employers for each payroll reporting period. Payroll shall be kept in a manner that clearly identifies the appropriate manual classifications assigned to each client employer, the payroll reported in each manual classification, and the amount of premiums paid for each client employer for each payroll period covered in the PEO agreement. Claims shall be separately identified according to the client employer.

(6) Report individual client employer payroll, claims, and classification data under a separate and unique subaccount to the bureau.

(7) Maintain workers' compensation coverage, pay all workers' compensation premiums and manage all workers' compensation claims, filings, and related procedures associated with a shared employee in compliance with Chapters 4121. and 4123. of the Revised Code, except that when shared employees include ministers or elective coverage persons as those terms are defined in rule 4123-17-07 of the Administrative Code, payroll reports shall include the entire amount of payroll associated with those persons and shall not be subject to the weekly minimum and maximum provided in rule 4123-17-30 of the Administrative Code. The PEO must maintain workers' compensation coverage under its workers' compensation policy number for all payroll reported under its tax identification number for federal tax purposes, except as provided in paragraph (D)(2) of this rule.



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(8) Within fourteen days after receiving notice from the bureau that a refund or rebate will be applied to workers' compensation premiums, provide a copy of that notice to any client employer to whom that notice is relevant.