

Multistate Jurisdiction Payroll and Coverage

Policy Background

- Policy Number: EP-18-01
- The legal references for this policy are Ohio Revised Code (ORC) [4123.01\(M\)\(2\)](#), [4123.29\(A\)\(2\)\(c\)](#), [4123.292](#), [4123.54\(H\)\(1\)](#), and [4141.01](#); Ohio Administrative Code (OAC) [4123-14-06](#), [4123-17-14](#), [4123-17-23](#), and [4123-17-24](#).
- Effective Date: January 1, 2025
- Approved By: Rex Blateri, Chief of Employer Services
- Origin: Employer Policy
- Supersedes: The Multistate Jurisdiction Payroll and Coverage policy effective July 1, 2015
- History: The Multistate Jurisdiction Payroll and Coverage policy was revised December 20, 2024; July 16, 2020; July 22, 2016. Previously, the Interstate Jurisdiction policy was effective from January 1, 2009, to June 30, 2015.
- Review Date: January 1, 2030

Policy Purpose

The Bureau of Workers' Compensation (BWC) provides guidance in applying the laws and rules on payroll reporting of Ohio employers with employees performing temporary duties outside Ohio and to out-of-state employers on determining when Ohio coverage is required.

Applicability

The policy applies to BWC Underwriting and Premium Audit, Other States Coverage, employers, and their authorized representatives.

Definitions

Extraterritorial Coverage: Ohio workers' compensation coverage for an Ohio employee who is injured while temporarily performing duties outside the state; or the recognition of another state's coverage for a non-Ohio employee who is temporarily working in Ohio.

Non-Ohio coverage: Workers' compensation coverage obtained by an Ohio employer from a private or state-run insurance carrier in another state.

Payments due BWC: Any premiums, administrative costs, assessments, penalties or monies otherwise due to any fund administered by BWC for which the employer has not submitted a

dispute of the obligation to the bureau's adjudicating committee as set forth in OAC rule [4123-14-06](#).

Payroll or wages: Amounts paid by an employer to employees in the employer's service for the applicable period; includes remuneration.

Remuneration: Generally speaking has the same meaning as defined in ORC division (H) of section 4141.01 which includes all compensation for personal services, including commissions and bonuses, and the cash value of all compensation in any medium other than cash.

- Use of this definition in no way obligates BWC to follow payroll reporting requirements, or the methodology to determine employee status, used by the Ohio Department of Jobs and Family Services (ODJFS).
- For employees who usually receive tips or gratuities, remuneration includes all actual wages paid, and all tips, to the extent they are used to supplement federal minimum wage requirements.

True-up: Annual reconciliation of estimated payroll and actual payroll. All employers must file annual payroll electronically after the conclusion of the policy year. BWC calculates any premium obligation or credit for the completed policy year. Employers must pay any premium obligation due at the time of reporting or by the established reporting due date.

Policy

Location of Employment and Injury.

1. Ohio workers' compensation coverage is required for employees hired to work specifically in Ohio, regardless of where the contracts of hire were entered. Payroll for such employees shall be used to calculate estimated annual premium (EAP) and the actual payroll reported in True-up.
2. Although Ohio extraterritorial coverage will respond to an injury, wherever such injury has occurred, this insurance may not constitute compliance with the laws of another state and does not supersede the jurisdictional requirements of the state in which the injury takes place.

Payroll.

1. Ohio Supervising Office. The payroll of employees whose employment involves activities both inside and outside Ohio, and where the supervising office of the employer is located in Ohio, shall be used to calculate the employer's Ohio EAP.
 - A. An employer may elect to obtain other states coverage under ORC section [4123.292](#) directly through an other states insurer.

- B. If such election is made, the employer shall include in True-up only the payroll for work the employees perform in Ohio, and other work not covered by the other states coverage, as set forth in OAC rule [4123-17-14\(I\)](#).
- 2. Payroll involving transitory services in interstate commerce. The payroll of employees of out-of-state employers, who have entered into a contract of employment outside of Ohio to perform transitory services in interstate commerce only, both inside and outside of the boundaries of Ohio, shall not be used to calculate Ohio EAP and shall not be included in the actual payroll reported in True-up.
- 3. Out-of-state employees working temporarily in Ohio. BWC recognizes the extraterritorial workers' compensation insurance coverage of an out-of-state employer for its regular employees who are residents of a state other than Ohio while temporarily performing work in the state of Ohio. The payroll of employees temporarily working in Ohio shall not be used to calculate Ohio EAP and shall not be included in the actual payroll reported in True-up.
 - A. Ohio law recognizes the extraterritorial coverage of an out-of-state employer for a temporary period not to exceed ninety (90) consecutive calendar days. Multiple temporary periods with each exposure less than ninety-one (91) calendar days in duration are distinct temporary periods.
 - B. If a temporary period exceeds ninety (90) consecutive calendar days, the out-of-state employer shall include in the Ohio actual payroll reported in True-up the payroll for work an employee performed in Ohio beyond that ninety (90) day period.
 - C. The ninety (90) day exemption is not applicable to residents of a foreign country. Payroll for foreign employees working temporarily in Ohio shall be used to calculate Ohio EAP and the actual payroll reported in True-up.

Election to Obtain Non-Ohio Coverage for Employees Working Outside of Ohio.

- 1. Ohio law allows employers to obtain coverage in other states, in addition to their Ohio coverage, to cover employees who perform work outside of Ohio on a temporary basis.
- 2. An employer electing non-Ohio coverage must file a completed Notice of Election to Obtain Coverage from Other States for Employees Working Outside of Ohio ([U-131](#)) form with BWC.
 - A. The employer must include a copy of the insurance policy issued by the insurer from the other state with the U-131 that is submitted to BWC.
 - B. Both documents must be provided to BWC Policy Processing.
- 3. Division of payroll and premium payment requirements.
 - A. The employer must report payroll and pay premium for work done outside of Ohio to the insurance company providing the other states coverage.
 - B. The employer must maintain documentation on out-of-state payroll and premium and provide this to BWC on request.

- C. The employer must report payroll and pay premium to BWC for all work its employees do in Ohio. See the [Prospective Billing Installment Payments](#) and [Payroll True-Up](#) policies for additional information.
- 4. If an employer fails to pay premium for its non-Ohio coverage, BWC considers the employer noncompliant for the purposes of having non-Ohio coverage. BWC will calculate the employer's premium according to Ohio workers' compensation law using both the payroll reportable to Ohio and the non-Ohio coverage insurers.
- 5. An employer may obtain coverage in other states through BWC. See the [Other States Coverage Policy \(OSCP\)](#) for additional information. Additionally, the U-131 form to report out of state payroll is not required for an OSCP through BWC.

Resolution of Complaints.

- 1. Employer complaints are processed under the [General Employer Complaint Policy](#).
- 2. BWC has not identified any extenuating circumstances that apply to Multistate Jurisdiction Payroll and Coverage Issues.