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A B I L L

To amend sections 9.833, 124.84, 124.841, and 505.60 1
of the Revised Code to permit the state and 2
political subdivisions to pay some or all of the 3
premium for their employees' long-term care 4
insurance and to permit public officials and 5
employees of political subdivisions to serve on 6
the governing body of a joint self-insurance 7
program of which the subdivision is a member. 8

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 9.833, 124.84, 124.841, and 505.60 9
of the Revised Code be amended to read as follows: 10

Sec. 9.833. (A) As used in this section, "political 11
subdivision" means a municipal corporation, township, county, 12
school district, or other body corporate and politic responsible 13
for governmental activities in a geographic area smaller than that 14
of the state. 15

(B) Political subdivisions that provide health care benefits 16
for their officers or employees may do any of the following: 17

(1) Establish and maintain an individual self-insurance 18
program with public moneys to provide authorized health care 19
benefits, including but not limited to, health care, prescription 20
drugs, dental care, and vision care, in accordance with division 21
(C) of this section; 22

(2) After establishing an individual self-insurance program, 23
agree with other political subdivisions that have established 24
individual self-insurance programs for health care benefits, that 25
their programs will be jointly administered in a manner specified 26
in the agreement; 27

(3) Pursuant to a written agreement and in accordance with 28
division (C) of this section, join in any combination with other 29
political subdivisions to establish and maintain a joint 30
self-insurance program to provide health care benefits; 31

(4) Pursuant to a written agreement, join in any combination 32
with other political subdivisions to procure or contract for 33
policies, contracts, or plans of insurance to provide health care 34
benefits for their officers and employees subject to the 35
agreement; 36

(5) Use in any combination any of the policies, contracts, 37
plans, or programs authorized under this division. 38

(C) Except as otherwise provided in division (E) of this 39
section, the following apply to individual or joint self-insurance 40
programs established pursuant to this section: 41

(1) Such funds shall be reserved as are necessary, in the 42
exercise of sound and prudent actuarial judgment, to cover 43
potential cost of health care benefits for the officers and 44
employees of the political subdivision. A report of amounts so 45

reserved and disbursements made from such funds, together with a 46
written report of a member of the American academy of actuaries 47
certifying whether the amounts reserved conform to the 48
requirements of this division, are computed in accordance with 49
accepted loss reserving standards, and are fairly stated in 50
accordance with sound loss reserving principles, shall be prepared 51
and maintained, within ninety days after the last day of the 52
fiscal year of the entity for which the report is provided for 53
that fiscal year, in the office of the program administrator 54
described in division (C)(3) of this section. 55

The report required by division (C)(1) of this section shall 56
include, but not be limited to, disbursements made for the 57
administration of the ~~pool~~ program, including claims paid, costs 58
of the legal representation of political subdivisions and 59
employees, and fees paid to consultants. 60

The program administrator described in division (C)(3) of 61
this section shall make the report required by this division 62
available for inspection by any person at all reasonable times 63
during regular business hours, and, upon the request of such 64
person, shall make copies of the report available at cost within a 65
reasonable period of time. 66

(2) Each political subdivision shall reserve funds necessary 67
for an individual or joint self-insurance program in a special 68
fund that may be established pursuant to an ordinance or 69
resolution of the political subdivision and not subject to section 70
5705.12 of the Revised Code. The political subdivision may 71
allocate the costs of insurance or any self-insurance program, or 72
both, among the funds or accounts in the subdivision's treasury on 73
the basis of relative exposure and loss experience. 74

(3) A contract may be awarded, without the necessity of 75
competitive bidding, to any person, political subdivision, 76
nonprofit corporation organized under Chapter 1702. of the Revised 77

Code, or regional council of governments created under Chapter 78
167. of the Revised Code for purposes of administration of an 79
individual or joint self-insurance program. No such contract shall 80
be entered into without full, prior, public disclosure of all 81
terms and conditions. The disclosure shall include, at a minimum, 82
a statement listing all representations made in connection with 83
any possible savings and losses resulting from the contract, and 84
potential liability of any political subdivision or employee. The 85
proposed contract and statement shall be disclosed and presented 86
at a meeting of the political subdivision not less than one week 87
prior to the meeting at which the political subdivision authorizes 88
the contract. 89

A contract awarded to a nonprofit corporation or a regional 90
council of governments under this division may provide that all 91
employees of the nonprofit corporation or regional council of 92
governments and the employees of all entities related to the 93
nonprofit corporation or regional council of governments may be 94
covered by the individual or joint self-insurance program under 95
the terms and conditions set forth in the contract. 96

(4) The individual or joint self-insurance program shall 97
include a contract with a member of the American academy of 98
actuaries for the preparation of the written evaluation of the 99
reserve funds required under division (C)(1) of this section. 100

(5) A joint self-insurance program may allocate the costs of 101
funding the program among the funds or accounts in the treasuries 102
of the participating political subdivisions on the basis of their 103
relative exposure and loss experience. 104

(6) An individual self-insurance program may allocate the 105
costs of funding the program among the funds or accounts in the 106
treasury of the political subdivision that established the 107
program. 108

(7) Two or more political subdivisions may also authorize the establishment and maintenance of a joint health care cost containment program, including, but not limited to, the employment of risk managers, health care cost containment specialists, and consultants, for the purpose of preventing and reducing health care costs covered by insurance, individual self-insurance, or joint self-insurance programs.

(8) A political subdivision is not liable under a joint self-insurance program for any amount in excess of amounts payable pursuant to the written agreement for the participation of the political subdivision in the joint self-insurance program. Under a joint self-insurance program agreement, a political subdivision may, to the extent permitted under the written agreement, assume the risks of any other political subdivision. A joint self-insurance program established under this section is deemed a separate legal entity for the public purpose of enabling the members of the joint self-insurance program to obtain insurance or to provide for a formalized, jointly administered self-insurance fund for its members. An entity created pursuant to this section is exempt from all state and local taxes.

(9) Any political subdivision may issue general obligation bonds, or special obligation bonds that are not payable from real or personal property taxes, and may also issue notes in anticipation of such bonds, pursuant to an ordinance or resolution of its legislative authority or other governing body for the purpose of providing funds to pay expenses associated with the settlement of claims, whether by way of a reserve or otherwise, and to pay the political subdivision's portion of the cost of establishing and maintaining an individual or joint self-insurance program or to provide for the reserve in the special fund authorized by division (C)(2) of this section.

In its ordinance or resolution authorizing bonds or notes

under this section, a political subdivision may elect to issue 141
such bonds or notes under the procedures set forth in Chapter 133. 142
of the Revised Code. In the event of such an election, 143
notwithstanding Chapter 133. of the Revised Code, the maturity of 144
the bonds may be for any period authorized in the ordinance or 145
resolution not exceeding twenty years, which period shall be the 146
maximum maturity of the bonds for purposes of section 133.22 of 147
the Revised Code. 148

Bonds and notes issued under this section shall not be 149
considered in calculating the net indebtedness of the political 150
subdivision under sections 133.04, 133.05, 133.06, and 133.07 of 151
the Revised Code. Sections 9.98 to 9.983 of the Revised Code are 152
hereby made applicable to bonds or notes authorized under this 153
section. 154

(10) A joint self-insurance program is not an insurance 155
company. Its operation does not constitute doing an insurance 156
business and is not subject to the insurance laws of this state. 157

(D) A political subdivision may procure group life insurance 158
for its employees in conjunction with an individual or joint 159
self-insurance program authorized by this section, provided that 160
the policy of group life insurance is not self-insured. 161

(E) Divisions (C)(1), (2), and (4) of this section do not 162
apply to individual self-insurance programs in municipal 163
corporations, townships, or counties. 164

(F) A public official or employee of a political subdivision 165
who is or becomes a member of the governing body of the program 166
administrator of a joint self-insurance program in which the 167
political subdivision participates is not in violation of division 168
(D) or (E) of section 102.03, division (C) of section 102.04, or 169
section 2921.42 of the Revised Code as a result of either of the 170
following: 171

(1) The political subdivision's entering under this section 172
into the written agreement to participate in the joint 173
self-insurance program; 174

(2) The political subdivision's entering under this section 175
into any other contract with the joint self-insurance program. 176

Sec. 124.84. (A) The department of administrative services, 177
in consultation with the superintendent of insurance and subject 178
to division (D) of this section, shall negotiate and contract with 179
one or more insurance companies or health insuring corporations 180
authorized to operate or do business in this state for the 181
purchase of a policy of long-term care insurance covering all 182
state employees who are paid directly by warrant of the auditor of 183
state, including elected state officials. Any policy purchased 184
under this division shall be negotiated and entered into in 185
accordance with the competitive selection procedures specified in 186
Chapter 125. of the Revised Code. As used in this section, 187
"long-term care insurance" has the same meaning as in section 188
3923.41 of the Revised Code. 189

(B) Any elected state official or state employee paid 190
directly by warrant of the auditor of state may elect to 191
participate in any long-term care insurance policy purchased under 192
division (A) of this section ~~and any official or employee who does~~ 193
~~so shall be responsible for paying the entire premium charged,~~ 194
~~which shall be deducted from the official's or employee's salary~~ 195
~~or wage and be remitted by the auditor of state directly to the~~ 196
~~insurance company or health insuring corporation. All or any~~ 197
portion of the premium charged may be paid by the state. 198
Participation in the policy may include the dependents and family 199
members of the elected state official or state employee. 200

If a participant in a long-term care insurance policy leaves 201
employment, the participant and the participant's dependents and 202

family members may, at their election, continue to participate in 203
a policy established under this section ~~in the same manner as if~~ 204
~~the participant had not left employment. The manner of payment and~~ 205
the portion of premium charged the participant, dependent, and 206
family member shall be established pursuant to division (E) of 207
this section. 208

(C) Any long-term care insurance policy purchased under this 209
section or section 124.841 or 145.581 of the Revised Code shall 210
provide for all of the following with respect to the premiums 211
charged for the policy: 212

(1) They shall be set at the entry age of the official or 213
employee when first covered by the policy and shall not increase 214
except as a class during coverage under the policy. 215

(2) They shall be based on the class of all officials or 216
employees covered by the policy. 217

(3) They shall continue, pursuant to section 145.581 of the 218
Revised Code, after the retirement of the official or employee who 219
is covered under the policy, at the rate in effect on the date of 220
the official's or employee's retirement. 221

(D) Prior to entering into a contract with an insurance 222
company or health insuring corporation for the purchase of a 223
long-term care insurance policy under this section, the department 224
shall request the superintendent of insurance to certify the 225
financial condition of the company or corporation. The department 226
shall not enter into the contract if, according to that 227
certification, the company or corporation is insolvent, is 228
determined by the superintendent to be potentially unable to 229
fulfill its contractual obligations, or is placed under an order 230
of rehabilitation or conservation by a court of competent 231
jurisdiction or under an order of supervision by the 232
superintendent. 233

(E) The department shall adopt rules in accordance with 234
section 111.15 of the Revised Code governing long-term care 235
insurance purchased under this section. ~~The rules shall establish~~ 236
~~methods of payment for participation under this section, which may~~ 237
~~include establishment of a payroll deduction plan~~ All or any 238
portion of the premium charged the participants, dependents, and 239
family members shall be paid in such manner or combination of 240
manners as the department determines. 241

Sec. 124.841. (A) As used in this section: 242

(1) "Long-term care insurance" has the same meaning as in 243
section 3923.41 of the Revised Code. 244

(2) "Political subdivision" has the same meaning as in 245
section 9.833 of the Revised Code. 246

(B) Any political subdivision may negotiate with and may 247
contract with one or more insurance companies or health insuring 248
corporations authorized to operate or do business in this state 249
for the purchase of a policy of long-term care insurance covering 250
all elected officials and employees of the political subdivision. 251
The contract may be entered into without competitive bidding. Any 252
elected official or employee of a political subdivision may elect 253
to participate in any long-term care insurance policy that the 254
political subdivision purchases under this division ~~and any~~ 255
~~official or employee who does so shall be responsible for paying~~ 256
~~the entire premium charged, which shall be deducted from the~~ 257
~~official's or employee's salary or wage and be remitted directly~~ 258
~~to the insurance company or health insuring corporation.~~ 259

(C) Any long-term care insurance policy entered into under 260
this section is subject to division (C) of section 124.84 of the 261
Revised Code. 262

(D) All or any portion of the premium charged may be paid by 263

the political subdivision. The political subdivision shall 264
establish a manner or manners of payment for participants and the 265
political subdivision. 266

Sec. 505.60. (A) As provided in this section and section 267
505.601 of the Revised Code, the board of township trustees of any 268
township may procure and pay all or any part of the cost of 269
insurance policies that may provide benefits for hospitalization, 270
surgical care, major medical care, disability, dental care, eye 271
care, medical care, hearing aids, prescription drugs, or sickness 272
and accident insurance, or a combination of any of the foregoing 273
types of insurance for township officers and employees. The board 274
of township trustees of any township may negotiate and contract 275
for the purchase of a policy of long-term care insurance for 276
township officers and employees pursuant to section 124.841 of the 277
Revised Code. 278

(B) If the board procures any insurance policies under this 279
section, the board shall provide uniform coverage under these 280
policies for township officers and full-time township employees 281
and their immediate dependents, and may provide coverage under 282
these policies for part-time township employees and their 283
immediate dependents, from the funds or budgets from which the 284
officers or employees are compensated for services, such policies 285
to be issued by an insurance company duly authorized to do 286
business in this state. Any township officer or employee may 287
refuse to accept the insurance coverage without affecting the 288
availability of such insurance coverage to other township officers 289
and employees. 290

The board may also contract for group health care services 291
with health insuring corporations holding certificates of 292
authority under Chapter 1751. of the Revised Code for township 293
officers and employees. If the board so contracts, it shall 294

provide uniform coverage under any such contracts for township 295
officers and full-time township employees and their immediate 296
dependents and may provide coverage under such contracts for 297
part-time township employees and their immediate dependents, 298
provided that each officer and employee so covered is permitted 299
to: 300

(1) Choose between a plan offered by an insurance company and 301
a plan offered by a health insuring corporation, and provided 302
further that the officer or employee pays any amount by which the 303
cost of the plan chosen exceeds the cost of the plan offered by 304
the board under this section; 305

(2) Change the choice made under division (B) of this section 306
at a time each year as determined in advance by the board. 307

An addition of a class or change of definition of coverage to 308
the plan offered by the board may be made at any time that it is 309
determined by the board to be in the best interest of the 310
township. If the total cost to the township of the revised plan 311
for any trustee's coverage does not exceed that cost under the 312
plan in effect during the prior policy year, the revision of the 313
plan does not cause an increase in that trustee's compensation. 314

(C) If any township officer or employee is denied coverage 315
under a health care plan procured under division (B) of this 316
section or if any township officer or employee elects not to 317
participate in the township's health care plan, the township may 318
reimburse the officer or employee for each out-of-pocket premium 319
that the officer or employee incurs for insurance policies 320
described in division (A) of this section that the officer or 321
employee otherwise obtains, but not to exceed an amount equal to 322
the average premium paid by the township for its officers and 323
employees under policies it procures under division (B) of this 324
section. 325

(D) The board may provide the benefits authorized under this 326
section, without competitive bidding, by contributing to a health 327
and welfare trust fund administered through or in conjunction with 328
a collective bargaining representative of the township employees. 329

The board may also provide the benefits described in this 330
section through an individual self-insurance program or a joint 331
self-insurance program as provided in section 9.833 of the Revised 332
Code. 333

(E) If a board of township trustees fails to pay one or more 334
premiums for a policy, contract, or plan of insurance or health 335
care services authorized by division (A) or (B) of this section 336
and the failure causes a lapse, cancellation, or other termination 337
of coverage under the policy, contract, or plan, it may reimburse 338
a township officer or employee for, or pay on behalf of the 339
officer or employee, any expenses incurred that would have been 340
covered under the policy, contract, or plan. 341

(F) As used in this section and section 505.601 of the 342
Revised Code: 343

(1) "Part-time township employee" means a township employee 344
who is hired with the expectation that the employee will work not 345
more than one thousand five hundred hours in any year. 346

(2) "Premium" does not include any deductible or health care 347
costs paid directly by a township officer or employee. 348

Section 2. That existing sections 9.833, 124.84, 124.841, and 349
505.60 of the Revised Code are hereby repealed. 350