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**Representatives Schaffer, McGregor, J., Fessler, Taylor, Reidelbach, Martin,
Aslanides, Blessing, Brinkman, Buehrer, Cassell, Chandler, Collier, Combs,
Core, Dolan, Domenick, Evans, C., Evans, D., Faber, Flowers, Gilb, Hagan,
Hughes, Law, Patton, T., Raussen, Sayre, Schneider, Seitz, Setzer, Smith, G.,
Trakas, Wagoner, White, Willamowski, Wolpert, Yuko, Coley
Senators Armbruster, Carey, Cates, Clancy, Coughlin, Gardner, Goodman,
Hottinger, Mumper, Niehaus, Schuler, Schuring, Spada, Stivers, Harris**

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A B I L L

To amend section 9.833 and to enact section 305.172 1
of the Revised Code to permit political 2
subdivisions to offer and make contributions to 3
health savings accounts for employees. 4

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

Section 1. That section 9.833 be amended and section 305.172 5
of the Revised Code be enacted to read as follows: 6

Sec. 9.833. (A) As used in this section, "political 7
subdivision" means a municipal corporation, township, county, 8
school district, or other body corporate and politic responsible 9
for governmental activities in a geographic area smaller than that 10
of the state. 11

(B) Political subdivisions that provide health care benefits 12
for their officers or employees may do any of the following: 13

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

(2) Establish and maintain a health savings account program whereby employees or officers may establish and maintain health savings accounts in accordance with section 223 of the Internal Revenue Code. Public moneys may be used to pay for or fund federally qualified high deductible health plans that are linked to health savings accounts or to make contributions to health savings accounts. A health savings account program may be a part of a self-insurance program.

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

~~(3)~~(4) Pursuant to a written agreement and in accordance with division (C) of this section, join in any combination with other political subdivisions to establish and maintain a joint self-insurance program to provide health care benefits;

~~(4)~~(5) Pursuant to a written agreement, join in any combination with other political subdivisions to procure or contract for policies, contracts, or plans of insurance to provide health care benefits, which may include a health savings account program, for their officers and employees subject to the agreement;

~~(5)~~(6) Use in any combination any of the policies, contracts, plans, or programs authorized under this division.

(C) Except as otherwise provided in division (E) of this

section, the following apply to individual or joint self-insurance programs established pursuant to this section:

(1) Such funds shall be reserved as are necessary, in the exercise of sound and prudent actuarial judgment, to cover potential cost of health care benefits for the officers and employees of the political subdivision. A report of amounts so reserved and disbursements made from such funds, together with a written report of a member of the American academy of actuaries certifying whether the amounts reserved conform to the requirements of this division, are computed in accordance with accepted loss reserving standards, and are fairly stated in accordance with sound loss reserving principles, shall be prepared and maintained, within ninety days after the last day of the fiscal year of the entity for which the report is provided for that fiscal year, in the office of the program administrator described in division (C)(3) of this section.

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

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

(2) Each political subdivision shall reserve funds necessary for an individual or joint self-insurance program in a special fund that may be established pursuant to an ordinance or resolution of the political subdivision and not subject to section

5705.12 of the Revised Code. The political subdivision may 76
allocate the costs of insurance or any self-insurance program, or 77
both, among the funds or accounts in the subdivision's treasury on 78
the basis of relative exposure and loss experience. 79

(3) A contract may be awarded, without the necessity of 80
competitive bidding, to any person, political subdivision, 81
nonprofit corporation organized under Chapter 1702. of the Revised 82
Code, or regional council of governments created under Chapter 83
167. of the Revised Code for purposes of administration of an 84
individual or joint self-insurance program. No such contract shall 85
be entered into without full, prior, public disclosure of all 86
terms and conditions. The disclosure shall include, at a minimum, 87
a statement listing all representations made in connection with 88
any possible savings and losses resulting from the contract, and 89
potential liability of any political subdivision or employee. The 90
proposed contract and statement shall be disclosed and presented 91
at a meeting of the political subdivision not less than one week 92
prior to the meeting at which the political subdivision authorizes 93
the contract. 94

A contract awarded to a nonprofit corporation or a regional 95
council of governments under this division may provide that all 96
employees of the nonprofit corporation or regional council of 97
governments and the employees of all entities related to the 98
nonprofit corporation or regional council of governments may be 99
covered by the individual or joint self-insurance program under 100
the terms and conditions set forth in the contract. 101

(4) The individual or joint self-insurance program shall 102
include a contract with a member of the American academy of 103
actuaries for the preparation of the written evaluation of the 104
reserve funds required under division (C)(1) of this section. 105

(5) A joint self-insurance program may allocate the costs of 106

funding the program among the funds or accounts in the treasuries 107
of the participating political subdivisions on the basis of their 108
relative exposure and loss experience. 109

(6) An individual self-insurance program may allocate the 110
costs of funding the program among the funds or accounts in the 111
treasury of the political subdivision that established the 112
program. 113

(7) Two or more political subdivisions may also authorize the 114
establishment and maintenance of a joint health care cost 115
containment program, including, but not limited to, the employment 116
of risk managers, health care cost containment specialists, and 117
consultants, for the purpose of preventing and reducing health 118
care costs covered by insurance, individual self-insurance, or 119
joint self-insurance programs. 120

(8) A political subdivision is not liable under a joint 121
self-insurance program for any amount in excess of amounts payable 122
pursuant to the written agreement for the participation of the 123
political subdivision in the joint self-insurance program. Under a 124
joint self-insurance program agreement, a political subdivision 125
may, to the extent permitted under the written agreement, assume 126
the risks of any other political subdivision. A joint 127
self-insurance program established under this section is deemed a 128
separate legal entity for the public purpose of enabling the 129
members of the joint self-insurance program to obtain insurance or 130
to provide for a formalized, jointly administered self-insurance 131
fund for its members. An entity created pursuant to this section 132
is exempt from all state and local taxes. 133

(9) Any political subdivision may issue general obligation 134
bonds, or special obligation bonds that are not payable from real 135
or personal property taxes, and may also issue notes in 136
anticipation of such bonds, pursuant to an ordinance or resolution 137

of its legislative authority or other governing body for the 138
purpose of providing funds to pay expenses associated with the 139
settlement of claims, whether by way of a reserve or otherwise, 140
and to pay the political subdivision's portion of the cost of 141
establishing and maintaining an individual or joint self-insurance 142
program or to provide for the reserve in the special fund 143
authorized by division (C)(2) of this section. 144

In its ordinance or resolution authorizing bonds or notes 145
under this section, a political subdivision may elect to issue 146
such bonds or notes under the procedures set forth in Chapter 133. 147
of the Revised Code. In the event of such an election, 148
notwithstanding Chapter 133. of the Revised Code, the maturity of 149
the bonds may be for any period authorized in the ordinance or 150
resolution not exceeding twenty years, which period shall be the 151
maximum maturity of the bonds for purposes of section 133.22 of 152
the Revised Code. 153

Bonds and notes issued under this section shall not be 154
considered in calculating the net indebtedness of the political 155
subdivision under sections 133.04, 133.05, 133.06, and 133.07 of 156
the Revised Code. Sections 9.98 to 9.983 of the Revised Code are 157
hereby made applicable to bonds or notes authorized under this 158
section. 159

(10) A joint self-insurance program is not an insurance 160
company. Its operation does not constitute doing an insurance 161
business and is not subject to the insurance laws of this state. 162

(D) A political subdivision may procure group life insurance 163
for its employees in conjunction with an individual or joint 164
self-insurance program authorized by this section, provided that 165
the policy of group life insurance is not self-insured. 166

(E) Divisions (C)(1), (2), and (4) of this section do not 167
apply to individual self-insurance programs in municipal 168

corporations, townships, or counties.

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

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

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

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Sec. 305.172. As used in this section, "county officer or employee" includes, but is not limited to, a member or employee of the county board of elections.

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The board of county commissioners of any county may establish and maintain a health savings account program whereby county officers or employees may establish and maintain health savings accounts in accordance with section 223 of the Internal Revenue Code. Public moneys may be used to pay for or fund federally qualified high deductible health plans that are linked to health savings accounts or to make contributions to health savings accounts.

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Section 2. That existing section 9.833 of the Revised Code is hereby repealed.

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