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Committee**

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**Representatives Schaffer, McGregor, J., Fessler, Taylor, Reidelbach, Martin,
Aslanides, Blessing, Brinkman, Buehrer, Cassell, Chandler, Collier, Combs,
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Hughes, Law, Patton, T., Raussen, Sayre, Schneider, Seitz, Setzer, Smith, G.,
Trakas, Wagoner, White, Willamowski, Wolpert, Yuko, Coley**

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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 14

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:

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(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.

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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.

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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.

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(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

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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
relative exposure and loss experience.

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

(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
such bonds or notes under the procedures set forth in Chapter 133.
of the Revised Code. In the event of such an election,
notwithstanding Chapter 133. of the Revised Code, the maturity of
the bonds may be for any period authorized in the ordinance or
resolution not exceeding twenty years, which period shall be the
maximum maturity of the bonds for purposes of section 133.22 of
the Revised Code.

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

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

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

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

(F) A public official or employee of a political subdivision 170
who is or becomes a member of the governing body of the program 171
administrator of a joint self-insurance program in which the 172
political subdivision participates is not in violation of division 173
(D) or (E) of section 102.03, division (C) of section 102.04, or 174
section 2921.42 of the Revised Code as a result of either of the 175
following: 176

(1) The political subdivision's entering under this section 177
into the written agreement to participate in the joint 178
self-insurance program; 179

(2) The political subdivision's entering under this section 180
into any other contract with the joint self-insurance program. 181

Sec. 305.172. As used in this section, "county officer or 182
employee" includes, but is not limited to, a member or employee of 183
the county board of elections. 184

The board of county commissioners of any county may establish 185
and maintain a health savings account program whereby county 186
officers or employees may establish and maintain health savings 187
accounts in accordance with section 223 of the Internal Revenue 188
Code. Public moneys may be used to pay for or fund federally 189
qualified high deductible health plans that are linked to health 190
savings accounts or to make contributions to health savings 191
accounts. 192

Section 2. That existing section 9.833 of the Revised Code is 193
hereby repealed. 194