(125th General Assembly)
(Substitute House Bill Number 185)

AN ACT

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

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 of the Revised Code be amended to read as follows:

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

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

(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) 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) 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) 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 for their officers and employees

subject to the agreement;

(5) 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 ~~pool~~ 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 allocate the costs of insurance or any self-insurance program, or both, among the funds or accounts in the subdivision's treasury on the basis of relative exposure and loss experience.

(3) A contract may be awarded, without the necessity of competitive bidding, to any person, political subdivision, nonprofit corporation organized under Chapter 1702. of the Revised Code, or regional council of governments created under Chapter 167. of the Revised Code for purposes of administration of an individual or joint self-insurance program. No such contract shall be entered into without full, prior, public disclosure of all

terms and conditions. The disclosure shall include, at a minimum, a statement listing all representations made in connection with any possible savings and losses resulting from the contract, and potential liability of any political subdivision or employee. The proposed contract and statement shall be disclosed and presented at a meeting of the political subdivision not less than one week prior to the meeting at which the political subdivision authorizes the contract.

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

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

(5) A joint self-insurance program may allocate the costs of funding the program among the funds or accounts in the treasuries 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 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:

(1) The political subdivision's entering under this section into the

written agreement to participate in the joint self-insurance program;

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

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

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

If a participant in a long-term care insurance policy leaves employment, the participant and the participant's dependents and family members may, at their election, continue to participate in a policy established under this section ~~in the same manner as if the participant had not left employment~~. The manner of payment and the portion of premium charged the participant, dependent, and family member shall be established pursuant to division (E) of this section.

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

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

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

(3) They shall continue, pursuant to section 145.581 of the Revised

Code, after the retirement of the official or employee who is covered under the policy, at the rate in effect on the date of the official's or employee's retirement.

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

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

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

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

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

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

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

(D) All or any portion of the premium charged may be paid by the political subdivision. The political subdivision shall establish a manner or

manners of payment for participants and the political subdivision.

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

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

The board may also contract for group health care services with health insuring corporations holding certificates of authority under Chapter 1751. of the Revised Code for township officers and employees. If the board so contracts, it shall provide uniform coverage under any such contracts for township officers and full-time township employees and their immediate dependents and may provide coverage under such contracts for part-time township employees and their immediate dependents, provided that each officer and employee so covered is permitted to:

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

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

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

plan does not cause an increase in that trustee's compensation.

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

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

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

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

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

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

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

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

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Speaker _____ *of the House of Representatives.*

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President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

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Governor.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

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Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the ____ day of _____, A. D. 20____.

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Secretary of State.

File No. _____ Effective Date _____