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**Written Testimony to the Senate Insurance and Financial Institutions Committee  
Proponent Testimony in Favor of the Amendment to O.R.C. §167.03(E) included in the  
Insurance Code Correction Act – House Bill 339 (2019)**

**June 3, 2020**

Chair Hackett, Vice Chair Hottinger, Ranking Member Craig and members of the Senate Insurance and Financial Institutions Committee, thank you for the opportunity to provide written testimony in support of H.B. 339, the “Insurance Code Correction Act.”

The Jefferson Health Plan (JHP) is a regional council of governments comprised of nearly 200 political subdivisions located in eighty-two counties throughout the State of Ohio. The JHP is headquartered in Steubenville, Ohio and was established in 1985 for the purpose of providing self-funded health care benefits to the employees and dependents of the JHP’s political subdivision members. According to the State Employment Relations Board, over 80% of Ohio’s political subdivisions are self-insured. This is due to the significant flexibility and cost-savings that self-insurance offers to employers. Notably, public entities that participate in the JHP’s programs have the ability to customize their employee health benefit plans to meet workforce and budget needs, maintain ownership of health plan reserve funds, select from various third-party administrators and networks, spread claims among a larger population of covered individuals for more predictability of costs from year-to-year, and save on premium taxes charged to fully-insured policies.

Councils of governments like the JHP that operate joint self-insurance consortia on behalf of their political subdivision members are exempt from the insurance laws of Ohio because the program is self-funded and not considered the business of insurance. Instead, established law provides that the Ohio Auditor of State’s Office audits and monitors these consortia to ensure financial stability and compliance with applicable laws.

Due to its strong financial position and the efficiencies that the JHP has developed over its more than thirty years of coordinating self-insured health benefit programs for public employers, the JHP has been contacted on numerous occasions by nonprofit entities (like library associations, Medicaid-funded nursing homes, and private educational institutions) seeking to participate in the benefits of the JHP.

Existing law authorizes certain regional councils of governments like the JHP, in addition to serving Ohio political subdivisions, to contract to provide administrative and coordination services to self-funded health benefit programs of Ohio nonprofit corporations. The requested amendment to O.R.C. §167.03(E) in H.B. 339 further clarifies this existing law to recognize that, when providing services to nonprofit entities, a regional council of governments will continue to be treated as exempt from Ohio’s insurance laws so long as the council does not perform the functions of a “third-party administrator.” The Jefferson Health Plan does not operate as a third-party administrator because it does not “adjust or settle” health benefit claims on behalf of its member groups. Instead, the Jefferson Health Plan contracts with registered third-party administration companies for the performance of those services.

JHP administration is prepared to expand services to non-profit entities, which will result in benefits to both the JHP’s existing political subdivision membership as well as non-profits in Ohio through greater efficiencies, negotiating power, and overall savings through self-insurance. The requested clarification to O.R.C. §167.03(E) is needed to ensure that the JHP can provide these services consistent with established law.

H.B. 339, sponsored by Rep. Derek Merrin, was passed by the House on May 6, 2020 and the JHP requests that you support passage of H.B. 339.