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In line 381, after the semicolon insert "that sections 9.833, 9.90, 3311.19, 3313.12, 3313.202, 3313.33, 4417.03, and 4117.08 be contingently amended;"

In line 447, after "6111.32" insert "be enacted; and that section 9.901"

In line 448, after "enacted" insert "(certain of its phases contingently)"

Between lines 1249 and 1250, insert:

"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, and agencies and instrumentalities of these entities. For purposes of this section, a school district is not a "political subdivision."

(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

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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

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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 for political subdivisions other than  
an agency or instrumentality pursuant to an ordinance or  
resolution of the political subdivision and not subject to section  
5705.12 of the Revised Code. An agency or instrumentality shall  
reserve the funds necessary for an individual or joint  
self-insurance program in a special fund established pursuant to a  
resolution duly adopted by the agency's or instrumentality's  
governing board. 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~~ established under  
this division on the basis of relative exposure and loss  
experience.

(3) A contract may be awarded, without the necessity of

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competitive bidding, to any person, political subdivision, 82  
nonprofit corporation organized under Chapter 1702. of the Revised 83  
Code, or regional council of governments created under Chapter 84  
167. of the Revised Code for purposes of administration of an 85  
individual or joint self-insurance program. No such contract shall 86  
be entered into without full, prior, public disclosure of all 87  
terms and conditions. The disclosure shall include, at a minimum, 88  
a statement listing all representations made in connection with 89  
any possible savings and losses resulting from the contract, and 90  
potential liability of any political subdivision or employee. The 91  
proposed contract and statement shall be disclosed and presented 92  
at a meeting of the political subdivision not less than one week 93  
prior to the meeting at which the political subdivision authorizes 94  
the contract. 95

A contract awarded to a nonprofit corporation or a regional 96  
council of governments under this division may provide that all 97  
employees of the nonprofit corporation or regional council of 98  
governments and the employees of all entities related to the 99  
nonprofit corporation or regional council of governments may be 100  
covered by the individual or joint self-insurance program under 101  
the terms and conditions set forth in the contract. 102

(4) The individual or joint self-insurance program shall 103  
include a contract with a member of the American academy of 104  
actuaries for the preparation of the written evaluation of the 105  
reserve funds required under division (C)(1) of this section. 106

(5) A joint self-insurance program may allocate the costs of 107  
funding the program among the funds or accounts ~~in the treasuries~~ 108  
of established under this division to the participating political 109  
subdivisions on the basis of their relative exposure and loss 110  
experience. 111

(6) An individual self-insurance program may allocate the 112

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costs of funding the program among the funds or accounts <del>in the</del>	113
<del>treasury of established under this division to the political</del>	114
subdivision that established the program.	115
(7) Two or more political subdivisions may also authorize the	116
establishment and maintenance of a joint health care cost	117
containment program, including, but not limited to, the employment	118
of risk managers, health care cost containment specialists, and	119
consultants, for the purpose of preventing and reducing health	120
care costs covered by insurance, individual self-insurance, or	121
joint self-insurance programs.	122
(8) A political subdivision is not liable under a joint	123
self-insurance program for any amount in excess of amounts payable	124
pursuant to the written agreement for the participation of the	125
political subdivision in the joint self-insurance program. Under a	126
joint self-insurance program agreement, a political subdivision	127
may, to the extent permitted under the written agreement, assume	128
the risks of any other political subdivision. A joint	129
self-insurance program established under this section is deemed a	130
separate legal entity for the public purpose of enabling the	131
members of the joint self-insurance program to obtain insurance or	132
to provide for a formalized, jointly administered self-insurance	133
fund for its members. An entity created pursuant to this section	134
is exempt from all state and local taxes.	135
(9) Any political subdivision, <u>other than an agency or</u>	136
<u>instrumentality</u> , may issue general obligation bonds, or special	137
obligation bonds that are not payable from real or personal	138
property taxes, and may also issue notes in anticipation of such	139
bonds, pursuant to an ordinance or resolution of its legislative	140
authority or other governing body for the purpose of providing	141
funds to pay expenses associated with the settlement of claims,	142
whether by way of a reserve or otherwise, and to pay the political	143

<b>3405-5</b>	subdivision's portion of the cost of establishing and maintaining	144
	an individual or joint self-insurance program or to provide for	145
	the reserve in the special fund authorized by division (C)(2) of	146
	this section.	147
	In its ordinance or resolution authorizing bonds or notes	148
	under this section, a political subdivision may elect to issue	149
	such bonds or notes under the procedures set forth in Chapter 133.	150
	of the Revised Code. In the event of such an election,	151
	notwithstanding Chapter 133. of the Revised Code, the maturity of	152
	the bonds may be for any period authorized in the ordinance or	153
	resolution not exceeding twenty years, which period shall be the	154
	maximum maturity of the bonds for purposes of section 133.22 of	155
	the Revised Code.	156
	Bonds and notes issued under this section shall not be	157
	considered in calculating the net indebtedness of the political	158
	subdivision under sections 133.04, 133.05, 133.06, and 133.07 of	159
	the Revised Code. Sections 9.98 to 9.983 of the Revised Code are	160
	hereby made applicable to bonds or notes authorized under this	161
	section.	162
	(10) A joint self-insurance program is not an insurance	163
	company. Its operation does not constitute doing an insurance	164
	business and is not subject to the insurance laws of this state.	165
	(D) A political subdivision may procure group life insurance	166
	for its employees in conjunction with an individual or joint	167
	self-insurance program authorized by this section, provided that	168
	the policy of group life insurance is not self-insured.	169
	(E) Divisions (C)(1), (2), and (4) of this section do not	170
	apply to individual self-insurance programs in municipal	171
	corporations, townships, or counties.	172
	(F) A public official or employee of a political subdivision	173
	who is or becomes a member of the governing body of the program	174

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administrator of a joint self-insurance program in which the	175
political subdivision participates is not in violation of division	176
(D) or (E) of section 102.03, division (C) of section 102.04, or	177
section 2921.42 of the Revised Code as a result of either of the	178
following:	179
(1) The political subdivision's entering under this section	180
into the written agreement to participate in the joint	181
self-insurance program;	182
(2) The political subdivision's entering under this section	183
into any other contract with the joint self-insurance program.	184
 Sec. 9.90. (A) The governing board of any public institution	185
of higher education, including without limitation state	186
universities and colleges, community college districts, university	187
branch districts, technical college districts, and municipal	188
universities, <del>or the board of education of any school district,</del>	189
may, in addition to all other powers provided in the Revised Code:	190
(1) Contract for, purchase, or otherwise procure from an	191
insurer or insurers licensed to do business by the state of Ohio	192
for or on behalf of such of its employees as it may determine,	193
life insurance, or sickness, accident, annuity, endowment, health,	194
medical, hospital, dental, or surgical coverage and benefits, or	195
any combination thereof, by means of insurance plans or other	196
types of coverage, family, group or otherwise, and may pay from	197
funds under its control and available for such purpose all or any	198
portion of the cost, premium, or charge for such insurance,	199
coverage, or benefits. However, the governing board, in addition	200
to or as an alternative to the authority otherwise granted by	201
division (A) (1) of this section, may elect to procure coverage for	202
health care services, for or on behalf of such of its employees as	203
it may determine, by means of policies, contracts, certificates,	204

<b>3405-5</b>	or agreements issued by at least two health insuring corporations	205
	holding a certificate of authority under Chapter 1751. of the	206
	Revised Code and may pay from funds under the governing board's	207
	control and available for such purpose all or any portion of the	208
	cost of such coverage.	209
	(2) Make payments to a custodial account for investment in	210
	regulated investment company stock for the purpose of providing	211
	retirement benefits as described in section 403(b)(7) of the	212
	Internal Revenue Code of 1954, as amended. Such stock shall be	213
	purchased only from persons authorized to sell such stock in this	214
	state.	215
	Any income of an employee deferred under divisions (A)(1) and	216
	(2) of this section in a deferred compensation program eligible	217
	for favorable tax treatment under the Internal Revenue Code of	218
	1954, as amended, shall continue to be included as regular	219
	compensation for the purpose of computing the contributions to and	220
	benefits from the retirement system of such employee. Any sum so	221
	deferred shall not be included in the computation of any federal	222
	and state income taxes withheld on behalf of any such employee.	223
	(B) All or any portion of the cost, premium, or charge	224
	therefor may be paid in such other manner or combination of	225
	manners as the governing board <del>or the school board</del> may determine,	226
	including direct payment by the employee in cases under division	227
	(A)(1) of this section, and, if authorized in writing by the	228
	employee in cases under division (A)(1) or (2) of this section, by	229
	such governing board <del>or school board</del> with moneys made available by	230
	deduction from or reduction in salary or wages or by the foregoing	231
	of a salary or wage increase. Division (B)(7) of section 3917.01	232
	and the last paragraph of section 3917.06 of the Revised Code	233
	shall not prohibit the issuance or purchase of group life	234
	insurance authorized by this section by reason of payment of	235

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premiums therefor by the governing board ~~or the school board~~ from 236  
 its funds, and such group life insurance may be so issued and 237  
 purchased if otherwise consistent with the provisions of sections 238  
 3917.01 to 3917.07 of the Revised Code. 239

(C) The board of education of any school district may 240  
exercise any of the powers granted to the governing boards of 241  
public institutions of higher education under divisions (A) and 242  
(B) of this section, except in relation to the provision of health 243  
care benefits to employees. All health care benefits provided to 244  
persons employed by the public schools of this state shall be 245  
medical plans designed by the school employees health care board 246  
pursuant to section 9.901 of the Revised Code. 247

Sec. 9.901. (A) (1) All health care benefits provided to 248  
persons employed by the public schools of this state shall be 249  
provided by medical plans designed pursuant to this section by the 250  
school employees health care board. The board, in consultation 251  
with the superintendent of insurance, shall negotiate with and, in 252  
accordance with the competitive selection procedures of Chapter 253  
125. of the Revised Code, contract with one or more insurance 254  
companies authorized to do business in this state for the issuance 255  
of the plans. Any or all of the medical plans designed by the 256  
board may be self-insured. All self-insured plans adopted shall be 257  
administered by the board in accordance with this section. As used 258  
in this section, a "public school" means a school in a city, 259  
local, exempted village, or joint vocational school district, and 260  
includes the educational service centers associated with those 261  
schools. 262

(2) Prior to soliciting proposals from insurance companies 263  
for the issuance of medical plans, the board shall determine what 264  
geographic regions exist in the state based on the availability of 265  
providers, networks, costs, and other factors relating to 266

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providing health care benefits. The board shall then determine 267  
what medical plans are offered by school districts and existing 268  
consortiums in the state. The board shall determine what medical 269  
plan offered by a school district or existing consortium in the 270  
region offers the lowest premium cost plan. 271

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(3) The board shall develop a request for proposals and 272  
solicit bids for medical plans for the school districts in a 273  
region similar to the existing plans. The board shall also 274  
determine the benefits offered by existing medical plans, the 275  
employees' costs, and the cost-sharing arrangements used by public 276  
schools participating in a consortium. The board shall determine 277  
what strategies are used by the existing medical plans to manage 278  
health care costs and shall study the potential benefits of state 279  
or regional consortiums of public schools offering multiple health 280  
care plans. 281

(4) As used in this section, a "medical plan" includes group 282  
policies, contracts, and agreements that provide hospital, 283  
surgical, or medical expense coverage, including self-insured 284  
plans. A "medical plan" does not include an individual plan 285  
offered to the employees of a public school, or a plan that 286  
provides coverage only for specific disease or accidents, or a 287  
hospital indemnity, medicare supplement, or other plan that 288  
provides only supplemental benefits, paid for by the employees of 289  
a public school. 290

(B) The school employees health care board is hereby created. 291  
The school employees health care board shall consist of the 292  
following nine members and shall include individuals with 293  
experience with public school benefit programs, health care 294  
industry providers, and medical plan beneficiaries: 295

(1) Three members appointed by the governor; 296

(2) Three members appointed by the president of the senate; 297

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(3) Three members appointed by the speaker of the house of representatives. 298  
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A member of the school employees health care board shall not be employed by, represent, or in any way be affiliated with a private entity that is providing services to the board, an individual school district, employers, or employees in the state of Ohio. 300  
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(C) (1) Members of the school employees health care board shall serve four-year terms; however, one of each of the initial members appointed under divisions (B) (1) to (3) of this section shall be appointed to a term of one year. The initial appointments under this section shall be made within forty-five days after the effective date of this section. 305  
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Members' terms shall end on the same day of the same month as the effective date of this section, but a member shall continue to serve subsequent to the expiration of the member's term until a successor is appointed. Any vacancy occurring during a member's term shall be filled in the same manner as the original appointment, except that the person appointed to fill the vacancy shall be appointed to the remainder of the unexpired term. 311  
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(2) Members shall serve without compensation but shall be reimbursed from the school employees health care fund for actual and necessary expenses incurred in the performance of their official duties as members of the board. 318  
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(3) Members may be removed by their appointing authority for misfeasance, malfeasance, incompetence, dereliction of duty, or other just cause. 322  
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(D) (1) The governor shall call the first meeting of the school employees health care board. At that meeting, and annually thereafter, the board shall elect a chairperson and may elect 325  
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members to other positions on the board as the board considers 328  
necessary or appropriate. The board shall meet at least four times 329  
each calendar year and shall also meet at the call of the 330  
chairperson or three or more board members. The chairperson shall 331  
provide reasonable advance notice of the time and place of board 332  
meetings to all members. 333

(2) A majority of the board constitutes a quorum for the 334  
transaction of business at a board meeting. A majority vote of the 335  
members present is necessary for official action. 336

(E) The school employees health care board shall conduct its 337  
business at open meetings; however, the records of the board are 338  
not public records for purposes of section 149.43 of the Revised 339  
Code. 340

(F) The school employees health care fund is hereby created 341  
in the state treasury.) The public schools shall pay all school 342  
employees health care board plan premiums in the manner prescribed 343  
by the school employees health care board to the board for deposit 344  
into the school employees health care fund. All funds in the 345  
school employees health care fund shall be used solely for the 346  
provision of health care benefits to public schools employees 347  
pursuant to this section and related administrative costs. 348  
Premiums received by the board or insurance companies contracted 349  
pursuant to division (A) of this section are not subject to any 350  
state insurance premium tax. 351

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(G) The school employees health care board shall do all of 352  
the following: 353

(1) Design multiple medical plans, including regional plans, 354  
to provide, in the board's judgment, the optimal combination of 355  
coverage, cost, choice, and stability of health cost benefits. The 356  
board may establish more than one tier of premium rates for any 357  
medical plan. The board shall establish regions as necessary for 358

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the implementation of the board's medical plans. Plans and premium rates may vary across the regions established by the board. 359  
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(2) Set an aggregate goal for employee and employer portions of premiums for the board's medical plans so as to manage plan participation and encourage the use of value-based plan participation by employees; 361  
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(3) Set employer and employee plan copayments, deductibles, exclusions, limitations, formularies, premium shares, and other responsibilities; 365  
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(4) Include disease management and consumer education programs, to the extent that the board determines is appropriate, in all medical plans designed by the board, which programs shall include, but are not limited to, wellness programs and other measures designed to encourage the wise use of medical plan coverage. These programs are not services or treatments for purposes of section 3901.71 of the Revised Code. 368  
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(5) Create and distribute to the governor, the speaker of the house of representatives, and the president of the senate, an annual report covering the plan background; plan coverage options; plan administration, including procedures for monitoring and managing objectives, scope, and methodology; plan operations; employee and employer contribution rates and the relationship between the rates and the school employees health care fund balance; a means to develop and maintain identity and evaluate alternative employee and employer cost-sharing strategies; an evaluation of the effectiveness of cost-saving services and programs; an evaluation of efforts to control and manage member eligibility and to insure that proper employee and employer contributions are remitted to the trust fund; efforts to prevent and detect fraud; and efforts to manage and monitor board contracts; 375  
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(6) Utilize cost containment measures aligned with patient plan, and provider management strategies in developing and managing medical plans. 390-392

(H) The sections in Chapter 3923, of the Revised Code regulating public employee benefit plans are not applicable to the medical plans designed pursuant to this section. 393-395

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(I) (1) Public schools are not subject to this section prior to the release of medical plans designed pursuant to this section. 396-397

(2) Prior to the school employees health care board's release of the board's initial medical plans, the board shall contract with an independent consultant to analyze costs related to employee health care benefits provided by existing school district plans in this state. The consultant shall determine the benefits offered by existing medical plans, the employees' costs, and the cost-sharing arrangements used by public schools either participating in a consortium or by other means. The consultant shall determine what strategies are used by the existing medical plans to manage health care costs and shall study the potential benefits of state or regional consortiums of public schools offering multiple health care plans. Based on the findings of the analysis, the consultant shall submit written recommendations to the board for the development and implementation of a successful program for pooling school districts' purchasing power for the acquisition of employee medical plans. The consultant's recommendations shall address, at a minimum, all of the following issues: 398-415

(a) The establishment of regions for the provision of medical plans, based on the availability of providers and plans in the state at the time that the school employees health care board is established; 416-419

(b) The use of regional preferred provider and closed panel 420