

As Reported by the House Ways and Means Committee

126th General Assembly

Regular Session

2005-2006

Sub. H. B. No. 506

Representatives Blessing, Collier, Hagan, Gibbs, Gilb, Latta, Seitz, Kilbane

—

A BILL

To amend section 124.82 and to enact section 9.902 of
the Revised Code to require public employers to
make health savings accounts available to public
employees.

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

Section 1. That section 124.82 be amended and section 9.902
of the Revised Code be enacted to read as follows:

Sec. 9.902. (A) As used in this section:

(1) "Health savings account," "high deductible health plan,"
and "qualified medical expenses" have the same meanings as in
section 223 of the Internal Revenue Code.

(2) "Internal Revenue Code" has the same meaning as in
section 5747.01 of the Revised Code.

(3) "Medical plan" means any policy, contract, or other
agreement providing for the payment or other coverage of health,
medical, hospital, or surgical expenses of public employees.

(4) "Public employer" means the state, a public institution
of higher education described in section 9.90 of the Revised Code,
or a county, township, municipal corporation, school district, or
other body corporate and politic with jurisdiction within a

geographic area smaller than that of the state. 20

(5) "Public employee" means a full-time employee of a public employer. In the case of the state, "public employee" means any such employee paid directly by warrant of the director of budget and management, including an elected state official. 21
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(B) Except as otherwise provided in division (C) of this section, each public employer providing a medical plan to its public employees shall contract with one or more insurance companies authorized to do business in this state for the issuance of one or more policies or contracts for a high deductible health plan covering its public employees in conjunction with health savings accounts opened by such employees. In the case of the state, the department of administrative services shall contract for the issuance of the high deductible health plan policy or contract, subject to division (E) of section 124.82 of the Revised Code, and shall do so in accordance with the competitive selection procedures of Chapter 125. of the Revised Code. A high deductible health plan contracted for under this section shall comply with the requirements for such plans under section 223 of the Internal Revenue Code. The public employer may contribute all or a part of the contributions to public employees' health savings accounts opened by employees pursuant to division (D) of this section. 25
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(C)(1) A public employer that is a party to a collective bargaining agreement in effect on the effective date of H.B. 506 of the 126th general assembly that does not require the employer to provide for a high deductible health plan is not required to contract for a high deductible health plan under this section covering employees who are subject to the agreement. When any collective bargaining agreement is negotiated on or after that effective date by a public employer and a public employee bargaining unit, the public employer shall offer to provide under the agreement one or more high deductible health plans covering 42
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such employees, and may offer to contribute under the agreement
all or a part of the contributions to the public employees' health
savings accounts opened by the employees. A public employees
bargaining unit may accept, reject, or negotiate any or all terms
and conditions of a high deductible health plan or health savings
account contributions offered by a public employer under this
division.

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(2) A public employer is not required to contract for a high
deductible health plan under this section for an enrollment period
if the number of its public employees enrolled in the high
deductible health plan for the preceding enrollment period is less
than one per cent of the number of its public employees eligible
to enroll in the plan for the preceding enrollment period.

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(D) A public employee enrolled in a high deductible health
plan provided under this section may open a health savings
account. The account shall be administered by a person satisfying
the requirements of section 223(d)(1)(B) of the Internal Revenue
Code. An employee's health savings account may be funded by
contributions from the employee or the public employer or both. A
public employee may not open a health savings account under this
division if the employee currently maintains a medical savings
account under sections 3924.61 to 3924.74 of the Revised Code.

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Sec. 124.82. (A) Except as provided in division (D) of this
section, the department of administrative services, in
consultation with the superintendent of insurance, shall, in
accordance with competitive selection procedures of Chapter 125.
of the Revised Code, contract with an insurance company or a
health plan in combination with an insurance company, authorized
to do business in this state, for the issuance of a policy or
contract of health, medical, hospital, dental, or surgical
benefits, or any combination of those benefits, covering state

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employees who are paid directly by warrant of the director of budget and management, including elected state officials. The department may fulfill its obligation under this division by exercising its authority under division (A)(2) of section 124.81 of the Revised Code.

In addition to any policy or contract required under this division, the department of administrative services shall contract for one or more policies or contracts for high deductible health plans for state employees as prescribed by section 9.902 of the Revised Code.

(B) The department may, in addition, in consultation with the superintendent of insurance, negotiate and contract with health insuring corporations holding a certificate of authority under Chapter 1751. of the Revised Code, in their approved service areas only, for issuance of a contract or contracts of health care services, covering state employees who are paid directly by warrant of the director of budget and management, including elected state officials. The department may enter into contracts with one or more insurance carriers or health plans to provide the same plan of benefits, provided that:

(1) The amount of the premium or cost for such coverage contributed by the state, for an individual or for an individual and the individual's family, does not exceed that same amount of the premium or cost contributed by the state under division (A) of this section;

(2) The employee be permitted to exercise the option as to which plan the employee will select under division (A) or (B) of this section, at a time that shall be determined by the department;

(3) The health insuring corporations do not refuse to accept the employee, or the employee and the employee's family, if the

employee exercises the option to select care provided by the 114
corporations; 115

(4) The employee may choose participation in only one of the 116
plans sponsored by the department; 117

(5) The director of health examines and certifies to the 118
department that the quality and adequacy of care rendered by the 119
health insuring corporations meet at least the standards of care 120
provided by hospitals and physicians in that employee's community, 121
who would be providing such care as would be covered by a contract 122
awarded under division (A) of this section. 123

(C) All or any portion of the cost, premium, or charge for 124
the coverage in divisions (A) and (B) of this section may be paid 125
in such manner or combination of manners as the department 126
determines and may include the proration of health care costs, 127
premiums, or charges for part-time employees. 128

(D) Notwithstanding division (A) of this section, the 129
department may provide benefits equivalent to those that may be 130
paid under a policy or contract issued by an insurance company or 131
a health plan pursuant to division (A) of this section. 132

(E) This section does not prohibit the state office of 133
collective bargaining from entering into an agreement with an 134
employee representative for the purposes of providing fringe 135
benefits, including, but not limited to, hospitalization, surgical 136
care, major medical care, disability, dental care, vision care, 137
medical care, hearing aids, prescription drugs, group life 138
insurance, sickness and accident insurance, group legal services 139
or other benefits, or any combination of those benefits, to 140
employees paid directly by warrant of the director of budget and 141
management through a jointly administered trust fund. The 142
employer's contribution for the cost of the benefit care shall be 143
mutually agreed to in the collectively bargained agreement. The 144

amount, type, and structure of fringe benefits provided under this 145
division is subject to the determination of the board of trustees 146
of the jointly administered trust fund. Notwithstanding any other 147
provision of the Revised Code, competitive bidding does not apply 148
to the purchase of fringe benefits for employees under this 149
division when those benefits are provided through a jointly 150
administered trust fund. 151

(F) Members of state boards or commissions may be covered by 152
any policy, contract, or plan of benefits or services described in 153
division (A) or (B) of this section. Board or commission members 154
who are appointed for a fixed term and who are compensated on a 155
per meeting basis, or paid only for expenses, or receive a 156
combination of per diem payments and expenses shall pay the entire 157
amount of the premiums, costs, or charges for that coverage. 158

Section 2. That existing section 124.82 of the Revised Code 159
is hereby repealed. 160