



S.B. 258

126th General Assembly
(As Introduced)

Sens. Hagan, Roberts, Brady, Prentiss

BILL SUMMARY

- Requires an employer with 1,000 or more employees in Ohio, including a nonprofit employer but excluding a government employer, to make payments to the Director of Job and Family Services if it does not incur specified annual health insurance costs on behalf of its employees.
- Requires an employer with 1,000 or more employees in Ohio, including a nonprofit employer but excluding a government employer, to file an annual report with the Director specifying certain information.
- Requires the Director to file an annual written report with the Governor and legislative leaders identifying employers subject to the bill and summarizing information that employers include in reports filed pursuant to the bill.
- Creates the Fair Share Health Care Fund to supplement the state's share of Medicaid costs.

CONTENT AND OPERATION

Payments employers are required to make to supplement health insurance costs

Beginning January 1, 2007, the bill imposes a new state payment requirement on every "employer,"¹ including every "nonprofit employer," located in Ohio that, as of the first day of a calendar year, employs 1,000 or more "employees" in Ohio and that, in the preceding calendar year, did not incur total "health insurance costs" equal to at least 8% of the total amount of wages paid to employees in Ohio during that preceding calendar year. If an employer satisfies

¹ *Terms defined by the bill are explained below in "Definitions."*

the above criterion, the employer must remit to the Director of Job and Family Services an amount equal to the difference between the following: (1) 8% of the total amount of wages paid to the employees in Ohio during the preceding calendar year, and (2) the amount the employer expended on health insurance costs during the preceding calendar year. (R.C. 5101.911.)

If an employer is required to remit to the Director an amount specified above, the bill prohibits the employer from deducting the amount from the wages or other remuneration it pays to its employees. Any amount an employer is required to pay must be paid in conjunction with the employer's filing of the report described below. (*Id.*)

Reports employers are required to file concerning health insurance costs

Beginning in 2007 and for each calendar year thereafter, the bill requires every employer, including every nonprofit employer, that as of the first day of a calendar year employs 1,000 or more employees in Ohio, to file a report with the Director that specifies all of the following: (1) the total number of employees that were employed in Ohio during the preceding calendar year, itemized according to whether the employees were full-time or part-time, (2) the total amount of wages paid by the employer to those employees during the preceding calendar year, (3) the total amount of health insurance costs incurred by the employer during the preceding calendar year, (4) the manner in which the employer defines full-time and part-time employment status, (5) the manner in which the employer defines full-time and part-time employment status, (6) the total number of employees employed in Ohio who were eligible to receive health insurance benefits from the employer during the preceding calendar year, itemized according to whether the employees were full-time or part-time, (7) the source of health insurance benefits for those employees employed in Ohio who were eligible for, but did not receive, health insurance benefits from the employer, and (8) any other information the Director requires. (R.C. 5101.912.)

The bill requires an employer to file the report on or before February 1. The report must be signed by the employer's chief executive officer or, if the employer does not have a chief executive officer, by another individual who performs functions substantially similar to those performed by a chief executive officer. Every employer filing a report must certify to the Director, in affidavit form subject to the penalty for perjury, that (1) the report was reviewed by the individual whose signature appears on the report and (2) to the best of that individual's knowledge, information, and belief, all of the information contained in the report is true and accurate. (*Id.*)

Penalties for failing to make required payments or file reports

If an employer fails to remit the payment required under the bill on or before February 1 of the following calendar year, the employer must pay a fine of \$250,000. If an employer fails to file the report required under the bill on or before February 1 of the calendar year in which it is due, the employer must pay a fine of \$250 for each day that the report is not timely filed. (R.C. 5101.911 and 5101.912.)

Rules the Director of Job and Family Services must adopt

The bill requires the Director to adopt rules pursuant to the Administrative Procedure Act (R.C. Chapter 119.) that are necessary to successfully and efficiently discharge the Director's duties under the bill. As part of the rules, the Director must establish (1) any information required to be included in the reports required under the bill and (2) procedures for verifying which employers in Ohio are required to file reports pursuant to the bill by virtue of having 1,000 or more employees as of the first day of a calendar year. (R.C. 5101.913.)

Report required of the Director of Job and Family Services

Beginning in 2007, on or before March 15 each year, the bill requires the Director to file with the Governor and members of the General Assembly a written report that (1) identifies every employer that, in the immediately preceding January, filed a report pursuant to the bill and (2) summarizes all of the information each employer included in reports filed pursuant to the bill. (R.C. 5101.914.)

Fair Share Health Care Fund

The bill creates in the state treasury the Fair Share Health Care Fund that must consist of moneys and fines employers pay to the Director pursuant to the bill and any grants, gifts, or other monetary contributions the Director receives for deposit in the fund. All investment earnings on the cash balance in the fund must be credited to the fund. All moneys in the fund must be used for the exclusive purpose of supplementing this state's share of Medicaid costs. (R.C. 5101.911, 5101.912, and 5101.915.)

Definitions

Under the bill, "employer" means the person for whom an individual performs or performed any service, of whatever nature, as the employee of such person. The bill excludes from the definition of "employer" the federal government; the state; any agency or instrumentality of the federal government or the state; and any municipal corporation, county, township, school district, or

other political subdivision of the state or any agency or instrumentality of a political subdivision. (R.C. 5101.91 and 26 U.S.C. § 3401.)

The bill defines "nonprofit employer" to mean an employer that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code because the employer is a corporation, community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes; to foster national or international amateur sports competition; or for the prevention of cruelty to children or animals. (R.C. 5101.91 and 26 U.S.C. § 501(c)(3).)

Under the bill, "employee" is defined as an individual, having full-time or part-time employment status, who is directly employed by an employer. (R.C. 5101.91.)

The bill defines "health insurance costs" to mean amounts paid by an employer to provide health care or health insurance benefits to employees, including amounts paid for medical care, vision care, prescription drugs, and contributions made by the employer to medical savings accounts. "Health insurance costs" includes only such amounts as are deductible in computing the taxable income of a for-profit business under the Internal Revenue Code. "Medical care" means amounts paid (1) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body, (2) for transportation primarily for and essential to medical care described in (1) above, (3) for qualified long-term care services, or (4) for insurance (including amounts paid as premiums relating to supplementary medical insurance for the aged) covering medical care described in (1) and (2) above or for any qualified long-term care insurance contract. (R.C. 5101.91 and 26 U.S.C. § 213.)

Under the bill, "qualifying wages" means the total amount of wages paid by an employer to an employee during a calendar year, except not including any wages paid to an employee while the employee is enrolled in, or is eligible for, Medicare. (R.C. 5101.91.)

HISTORY

ACTION	DATE
Introduced	01-19-06

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