



April 27, 2009

The Honorable Barbara Sears
House Finance & Appropriations Committee
Ohio House of Representatives
77 S. High Street
Columbus, OH 43215

Re: HB 1 Mandated Cafeteria Plan

Dear Representative Sears:

On behalf of our respective organizations, we are writing to share our opposition to a provision in Sub. HB 1, specifically Section 4113.11. This new language would mandate all employers offer a cafeteria plan if the employer has ten or more employees.

The availability of affordable and quality health care is an issue that all local governments face when they have employees. Local governments, where feasibly possible, offer health care programs or reimbursement for health care costs. They may even offer cafeteria plans to their employees. However, this is a local decision and one that is made by the elected officials that are stewards of public funds and must make decisions that are in the best interest of all of their constituents.

Public employers, such as townships and municipalities, would be included in the definition of employer pursuant to RC Section 4113.11 and thus would be required to offer a cafeteria plan. This is of concern for us for two reasons. First, the new language imposes an unfunded mandate on local governments. Townships and municipalities, under this new law, will be required to set up a cafeteria plan which will entail registration, plan maintenance and filing costs. Due to the complexity of section 125 of the Internal Revenue Code, it is likely that the local governments will have to hire or contract with a third party to administer the program. All of these costs will have to be paid for by local governments that are already struggling with tight budgets.

Second, the new language in Section 4113.11 will require a local government to offer a cafeteria plan even though the township or municipality is offering an alternate form of health care coverage. For example, many townships and villages allow for a reimbursement of health care costs for employees rather than providing a health care plan. Pursuant to the language in Section 4113.11, the township or village will additionally be required to offer a cafeteria plan to those individuals. Local governments, if they already provide an alternate form of health care, should not be required to offer a cafeteria plan to their employees.

The Ohio Municipal League and the Ohio Township Association respectfully ask that Section 4113.11 be removed from HB 1 or at the very least, exempt local government officials from the language. We appreciate your consideration of this request. Should you have any questions or wish to discuss this matter, please do not hesitate to contact us.

Sincerely,

Susan J. Cave
Ohio Municipal League
Executive Director

Michael H. Cochran
Ohio Township Association
Executive Director