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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 564  
134<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 564's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Rep. Koehler

**Local Impact Statement Procedure Required:** No

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### Highlights

- The bill temporarily increases, for a 12-month span, the threshold number of hours an affected township's employees must work in order to be considered full time for the purposes of providing health care coverage under state law.
- Townships that elect to reduce full-time employees in favor of working part-time employees additional hours could save tens of thousands of dollars up to potentially \$1 million in health care coverage costs during the period the bill is in effect.
- The bill declares an emergency and its provisions would therefore go into immediate effect.

### Detailed Analysis

#### Overview

Under the bill, townships that do not qualify as “applicable large employers” under the federal Patient Protection and Affordable Care Act (ACA)<sup>1</sup> could save tens of thousands of dollars up to potentially \$1 million during the bill's effective period to provide health care coverage to employees. Under current law, townships are not required to provide health care coverage to employees, but if they do, they must provide uniform coverage to township officers and full-time employees. Townships are not required to provide health care coverage for part-time employees. The bill temporarily increases the threshold number of hours that affected township employees are expected to work in order to qualify as full time. Thus, if an affected township that provides

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<sup>1</sup> Under the ACA, “applicable large employers” are employers with an average of 50 or more full-time equivalent employees during the preceding calendar year. Employers that are not “applicable large employers” are not required to provide health care coverage to employees under the ACA.

health care coverage chooses to use fewer full-time employees by working part-time employees more hours during the bill's effective period, fewer employees would be eligible for health care benefits and township costs to provide those benefits would be reduced, depending on the number of affected employees. The bill specifies that the increased threshold is applicable during the period commencing on the bill's effective date and ending 12 months later. The bill also declares an emergency and would go into effect immediately. Additional details are provided below.

### **Threshold between part time and full time**

Specifically, for townships that are not designated as an “applicable large employer” under the ACA, the bill increases the threshold number of hours that a township employee is expected to work in order to qualify as full time under state law. Under the bill, the threshold increases from 1,500 hours to 1,976 hours annually or approximately 29 hours to 38 hours weekly. Thus, during the bill's effective period affected townships must only provide health care coverage to employees that work an average of 38 or more hours per week. Many, if not most, townships do not qualify as applicable large employers.

### **Township health care contributions**

The State Employment Relations Board (SERB) produces an annual report on the cost of health insurance in Ohio's public sector. The 2021 edition, which recaps public sector health insurance costs for calendar year 2020, indicates that townships paid averages of \$710.82 per month for each covered employee electing single coverage and \$1,833.87 per month for each covered employee with family coverage. As such, for each employee that would otherwise be entitled to health care coverage under current law, the bill allows a township to save between approximately \$8,532 (\$711 x 12 months) and \$21,966 (\$1,833 x 12 months) annually. The full [Cost of Health Insurance in Ohio's Public Sector 2021 Edition \(PDF\)](#) is available on SERB's website: [serb.ohio.gov](http://serb.ohio.gov).