OHIO LEGISLATIVE SERVICE COMMISSION

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Legislative Budget Office

H.B. 676
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 676's Bill Analysis]

Version: As Introduced

Primary Sponsors: Reps. Baker and Abrams

Local Impact Statement Procedure Required: No

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Highlights

- The Ohio Department of Health (ODH) will experience an increase in costs to regulate and license prescribed pediatric extended care centers (PPECCs) and to adopt rules. Costs will primarily depend on the number of applicants seeking a license to operate.
- However, ODH will also experience a corresponding increase in revenue related to application fees, which may help to offset the costs of regulation and licensure. Fees will likely be deposited in ODH's General Operations Fund (Fund 4700).
- The Ohio Department of Medicaid (ODM) will incur administrative costs to apply for federal approval to pay for PPECCs. Assuming ODM receives this approval, they will experience service cost increases to provide reimbursement to PPECCs. Increased costs would be shared between the state and federal government. Some of the use of PPECCs may represent a shift in service provider for children, as opposed to new service provision.

Detailed Analysis

Prescribed pediatric extended care centers

The bill recognizes PPECCs and regulates their operation, including by requiring each center to hold a license issued by the Director of Health. The bill establishes eligibility conditions for licensure and authorizes a licensed PPECC to provide certain services to medically dependent or technologically dependent children while at the PPECC. A person or organization seeking a license to operate a PPECC must file an application with the Director and submit a $500 initial application fee or, in the case of a facility that already holds a PPECC license, a $250 initial application fee. The bill requires the Director to review each application it receives and determine whether the applicant meets the bill's eligibility requirements. Each license is valid for three years and may be renewed for additional three-year periods. Each renewal application must be accompanied by a $500 renewal fee. The bill authorizes the Ohio Department of Health (ODH) to refuse to issue or renew, suspend, or revoke a license or otherwise impose discipline on a license holder for any violation of the bill's provisions or rules adopted under it. Discipline may include imposing a civil penalty in an amount not more than $500 for each violation and for each day the violation occurs. The bill also prohibits the operation of a PPECC without a license and provides that each violation is subject to a fine not less than $500 and not more than $10,000. ODH may also conduct audits of licensed PPECCs, including those related to the center's delivery of and billing for services. Additionally, the bill requires ODH to adopt rules establishing standards and procedures for the licensure and regulation of PPECCs and permits ODH to adopt any other rules necessary to implement the bill's provisions.

ODH will experience an increase in costs to regulate and license PPECCs and to adopt rules. Costs will depend on the number of applicants seeking a license to operate and the complexity and time required to conduct audits. However, these costs may be at least partially offset by the initial and renewal application fees. Fees will likely be deposited in ODH's General Operations Fund (Fund 4700). It is possible that local courts may experience costs if any violations of the provision prohibiting operation without a license occur.

Medicaid federal approval

The bill requires the Medicaid Director to seek federal approval to cover services provided by a PPECC, and sets requirements for a center to possess both a license issued by the Director of Health and a valid Medicaid provider agreement, in order for the center to receive Medicaid payments. The Ohio Department of Medicaid (ODM) will incur administrative expenses to apply for the federal approval.

Conditional on federal approval, ODM would see increases in service costs to provide payments to PPECCs that meet qualifications and commence providing services to eligible children. In general, the federal government funds 64% of service costs, and the state funds the remaining 36% of service costs. For some children served by PPECCs, their service costs would likely represent a shift from these services being provided by other types of providers, and thus not necessarily cause a net increase in service costs. For any children not currently receiving care paid for by ODM, their enrollment in PPECCs would lead to service cost increases for ODM.

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