Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 10 of the 131st G.A.

Date: June 24, 2015

Status: As Reported by House Armed Services, Veteran Affairs, and Public Safety

Sponsor: Sens. Burke and LaRose

Local Impact Statement Procedure Required: No

Contents: Medical assistance recipients' eligibility for military-related health care benefits and homestead exemption for disabled veterans

State Fiscal Highlights

- The bill will produce savings to the Ohio Medicaid Program every time a veteran who currently receives Medicaid services chooses to receive federal Veteran Affairs (VA) benefits instead. The state pays approximately 37% of the cost of Medicaid services while the federal government pays 100% of the cost of VA benefits.
- As the bill is codifying an existing collaboration between the Department of Medicaid and the Department of Veterans Services, any additional ongoing administrative costs will be minimal at most.
- The bill extends eligibility for the enhanced homestead exemption for disabled veterans, resulting in increased GRF expenditures by $6.8 million in FY 2017 and $4.5 million in years thereafter.

Local Fiscal Highlights

- County veterans service officers should be able to assist veterans in processing the necessary paperwork with no discernible effect on the annual operating costs of any of the state's 88 county veterans service commissions.

Detailed Fiscal Analysis

Medical assistance recipient eligibility

The bill: (1) requires the Ohio Department of Medicaid to review the public assistance reporting information system to determine if an individual who is a medical assistance recipient may be eligible for federal military-related health care benefits, (2) requires the Department of Medicaid, if potential eligibility is determined, to notify that individual and encourage them to contact the appropriate county veterans service commission, and (3) requires the Director of Veterans Services to develop, institute, and monitor a program that assists such individuals to obtain federal military-related health care benefits.

These requirements generally appear to codify a pilot program that the departments of Medicaid and Veterans Services initiated earlier in the current biennium.[1] This program is designed to identify and assist eligible veterans in transferring from Medicaid to services provided by the U.S. Department of Veterans Affairs (VA), when it is in the best interests of the veteran to do so. To fund the costs of that program, the Department of Medicaid agreed to transfer $25,000 in FY 2014 and $50,000 in FY 2015 from federal Fund 3FA0 to the Department of Veterans Services. The latter has used that money to hire two contractors to assist in implementing the program. These contractors receive an electronic list of potentially eligible veterans from the Department of Medicaid, notify these individuals of their potential eligibility, and refer them to the appropriate county veterans service commission. It also appears that the two departments plan to take the program statewide during the next biennium (FY 2016-FY 2017).

County veterans service officers should be able to assist veterans in processing the necessary paperwork with no discernible effect on the annual operating costs of any of the state's 88 county veterans service commissions.

Every time a veteran who currently receives Medicaid services chooses to receive health care benefits through the VA, a savings effect is generated for the Ohio Medicaid Program. The state pays approximately 37% of the cost of Medicaid services while the federal government pays 100% of the cost of VA benefits. The extent of any cost savings to the Ohio Medicaid Program under the current collaboration between the departments of Medicaid and Veterans Services is uncertain.

[1] This initiative was authorized by Section 323.350 of H.B. 59 of the 130th General Assembly. That provision: (1) permits the Department of Medicaid to collaborate with the Department of Veterans Services to determine ways to improve coordination of their services in a manner that enhances veterans' receipt of the services, and (2) permits the two departments to implement any related initiatives during FYs 2014 and 2015.

Homestead exemption for disabled veterans

The bill expands the definition of "disabled veteran" for the purposes of the homestead exemption to include those veterans with a total disability rating based on individual unemployability.

The homestead exemption provides a reduction in property taxes to qualified senior or disabled citizens, or a surviving spouse, on the dwelling that is that individual's principal place of residence and up to one acre of land of which an eligible individual is an owner. The reduction for a disabled veteran is equal to the taxes that would otherwise be charged on up to $50,000 of the market value of an eligible taxpayer's homestead. To receive the exemption, a disabled veteran must apply to the county auditor on or before the first Monday in June, and the veteran must provide written confirmation of disability by the VA or other federal agency.

The bill applies the newly expanded definition of disabled veteran to tax year 2015 and thereafter. According to data from the Department of Veterans Services, Ohio has 7,338 veterans (1) with an individual unemployability rating and (2) without a 100% service-connected disability rating. This group of veterans represents the population affected by the bill. Although it is too late for them to file a current year application for tax year 2015, the veterans can file a late application for the missed year when filing a current year application for tax year 2016.

By assuming none of these Ohio veterans with an individual unemployability rating already receive the homestead exemption, this group will save approximately $1,020 per household on their annual property taxes because of the bill. American Community Survey data from the U.S. Department of Commerce suggests that 58.7% of Ohio veterans, inclusive of those without a service-connected disability, own the type of home that could potentially qualify for the homestead exemption. This statistic suggests 4,307 veterans would apply for the homestead exemption expansion authorized by the bill. The Tax Commissioner must pay a 3% administrative fee to counties for administering the homestead exemption. After accounting for that fee as well as the multi-year payment (for tax year 2015 and half of tax year 2016) in FY 2017, GRF expenditures would increase by $6.8 million in FY 2017, and $4.5 million in FY 2018 and years thereafter. Both the property tax reimbursement and the county officials' administrative fee would be paid from GRF line items 200901, Property Tax Allocation – Education, and 110901, Property Tax Allocation – Taxation.

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