



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 138
136th General Assembly

Bill Analysis

[Click here for S.B. 138's Fiscal Note](#)

Version: As Reported by House Children and Human Services

Primary Sponsor: Sen. Johnson

Chenwei Zhang, Attorney

SUMMARY

Boards of alcohol, drug addiction, and mental health services

- Requires boards of alcohol, drug addiction, and mental health services (ADAMHS boards) to consider local mechanisms for determining eligibility for services and supports when setting priorities for local addiction services and mental health services.
- Clarifies referral procedures regarding the investigation of abuse and neglect complaints pertaining to residential facilities that are outside of an ADAMHS board's service district.
- Requires ADAMHS boards to review financial audit reports from providers contracting with the boards.
- Requires ADAMHS boards to inform people seeking addiction services, recovery supports, or mental health services about elements of the local continuum of care and facilitate referrals to the appropriate services or supports.
- Removes the current dispute resolution process if a party to a contract with an ADAMHS board wants to terminate the contract and instead requires the contract terms to include a process in which the contract may be terminated early with 30 days' notice.
- If a party to an ADAMHS board provider contract intends not to enter into a contract for a subsequent term, requires the terminating party to provide 60 days' notice to the other party, with an appeal process.
- In either case, requires the contract to provide for the transition of care for client services for an additional 60 days under the terms of the current contract.
- Requires the Ohio Department of Mental Health and Addiction Services (OhioMHAS) and ADAMHS boards to establish a data sharing and integration plan.

Recovery housing residence penalties

- Establishes criminal penalties for operating a recovery housing residence without OhioMHAS certification or holding an accreditation or other credential from a credentialing agency authorized by OhioMHAS.

DETAILED ANALYSIS

Overview

Boards of alcohol, drug addiction, and mental health services (ADAMHS boards) are local boards that plan for mental health and addiction services locally and contract with providers for prevention, treatment, and recovery supports for individuals in need.¹ The bill makes changes to various laws regarding ADAMHS boards, including board priorities, investigating complaints, financial audits, provider contracts, and penalties.

Board priorities

Current law requires each ADAMHS board to serve as the community addiction and mental health planning agency for the one or more counties under its jurisdiction and requires the board to set priorities for addiction services and mental health services. The bill requires that, as part of setting priorities, a board may consider any local mechanisms that have been established for determining eligibility for services and supports.²

Investigations

Existing law requires an ADAMHS board to investigate complaints alleging abuse or neglect of people receiving services from community addiction or community mental health services providers. In the case of abuse or neglect in a residential facility licensed by the Ohio Department of Mental Health and Addiction Services (OhioMHAS), the bill requires an ADAMHS board that receives a complaint regarding a person who is a resident of another service district to refer that complaint to the board of the district where the residential facility is located, for that board to investigate the complaint.³

The bill broadens an ADAMHS board's duty to report allegations of abuse or neglect of a residential facility resident – clarifying that boards must report a complaint *alleging abuse or neglect of an individual with mental illness or severe mental disability or an individual receiving addiction services*, not just such complaints submitted to the board by a community addiction services provider or community mental health services provider. The bill also broadens the authority of a board to enter a facility if the health and safety of a resident is in danger, by removing the requirement that the danger must be immediate. It also changes a requirement

¹ [ADAMHS boards](#), also available by conducting a keyword search for “ADAMH boards” on the OhioMHAS website: mha.ohio.gov.

² R.C. 340.03(A)(1)(b)(iii).

³ R.C. 340.03(A)(2).

that the board must immediately report their actions to the OhioMHAS Director, instead the board must report their actions promptly.⁴

Financial audits

The bill removes the requirement for an ADAMHS board to conduct a financial audit themselves. Instead, it requires an ADAMHS board to review any annual financial audit reports for each community addiction services provider or community mental health services provider that has contracted with the board.⁵ It requires the OhioMHAS to issue guidelines for the ADAMHS boards to follow when reviewing any financial audit reports submitted by community addiction services providers and community mental health services providers.⁶ Relatedly, the bill tasks the OhioMHAS Director with establishing criteria to be taken into account by each board when the board conducts program audits to review and evaluate a residential facility's contracted services and supports.⁷

Continuum of care

Under continuing law, ADAMHS boards must establish a community-based continuum of care for people in the community to receive services. The bill requires that an ADAMHS board inform people seeking addiction services, mental health services, or recovery supports and their family members and caregivers, as well as the general public, about available elements of the continuum of care and facilitate referrals to appropriate services and supports.⁸

Contracts with providers

Continuing law requires ADAMHS boards to review cost elements of contracted provider's services and supports. The bill (1) clarifies that the cost elements are those elements specific to the provider's services and supports and (2) removes reference to salary costs.⁹

The bill removes the current dispute resolution process required if a party to a contract with an ADAMHS board seeks to terminate the contract. Current law requires ADAMHS boards to contract with facilities and providers relating to the provision of addiction services, mental health services, and recovery supports. If a party to the contract wants to not renew the contract or substantially change the contract, the party must provide 120 days' notice before the end of the contract, and the parties must follow a specific dispute resolution process.

In place of the current timeline and dispute resolution process, the bill requires the contract terms to include a process by which either contracting party can terminate the contract early for any cause the party considers necessary by providing the other party with at least

⁴ R.C. 340.05.

⁵ R.C. 340.03(A)(6).

⁶ R.C. 5119.22(E).

⁷ R.C. 5119.22(D), with conforming changes in R.C. 340.03, 340.08, 5119.221, and 5119.25.

⁸ R.C. 340.032(D).

⁹ R.C. 340.036(C)(2).

30 days' notice. The process must include procedures by which the party subject to the early termination can appeal the decision to the terminating party's governing board.¹⁰

Additionally, the bill requires a contract to provide for the transition of care, relating to client services, for an additional 60 days under the terms of the current contract in both of the following circumstances:¹¹

- If notice is provided that the contract will be terminated early; or
- If the contract is not entered into for a subsequent term.

If a party to contract decides to not renew the contract for a subsequent term, the bill requires that party to provide the other party with written notice at least 60 days before the current contract expires. If neither party provides written notice, a subsequent contract must be entered into between the parties if they successfully negotiate contract terms.¹²

The bill clarifies that although current law exempts ADAMHS board contracts from state contract competitive bidding requirements, an ADAMHS board can choose to establish and use a competitive process for selecting and entering into contracts. Any competitive selection process must prohibit conflicts of interest and include the following:¹³

- Notice of opportunity for submission of application for contracts;
- Eligibility criteria for applicants;
- Consideration of the scope of services and supports proposed by applicants;
- Selection criteria; and
- Timelines for application submission and the award of contracts.

These contract provisions apply to all contracts entered into or modified on or after the six-month delayed effective date.¹⁴

Credit card accounts

Current law requires local governmental entities, including ADAMHS boards, using credit card accounts to perform certain duties relating to that account. The bill specifically tasks ADAMHS boards with complying with these requirements, including adopting a written policy before first holding a credit card account. If a board holds a credit card account on the bill's effective date but has not yet adopted a written policy regarding the use of that account as

¹⁰ R.C. 340.036(C)(5).

¹¹ R.C. 340.036(C).

¹² R.C. 340.036(D).

¹³ R.C. 340.036(E).

¹⁴ Section 3.

required under continuing law, the board must adopt such a policy within three months of the bill's effective date.¹⁵

Other board duties

The bill clarifies that an ADADMHS board's duty to submit to OhioMHAS a report on complaints received by the board concerning the rights of persons seeking or receiving addiction services, mental health services, or recovery supports, is to ensure the safety of those persons.¹⁶

Regarding an ADAMHS board executive director's duty to conduct necessary studies to promote mental health and addiction services and to prevent mental illness, emotional disorders, and addiction, the bill adds that the duty includes developing and disseminating informational materials to educate the public about mental illness and addiction treatment and prevention, and the availability of services and supports.¹⁷

Data sharing

The bill requires OhioMHAS, in collaboration with ADAMHS boards and other stakeholders, to develop a data sharing and integration plan. The plan must specify procedures that OhioMHAS and the boards will use to improve management and administration of programs offering addiction or mental health services and to ensure that the essential elements of a board's continuum of care are available to people seeking or receiving addiction or mental health services.¹⁸

Interpretation

The bill modifies terminology relating to current law requiring the regulation of ADAMHS boards to be interpreted to accomplish certain goals. Regarding the goal to establish a community support system available in every alcohol, drug addiction, and mental health service district, the bill clarifies that it is to be a community *prevention, treatment, and support* system that is available *for use* in each service district.

The bill also updates terminology to distinguish between mental health and addiction: changing "severe mental disability" to "severe addictions and severe mental illness;" adding "and persons with addictions" to "persons with mental illness;" and expanding references to treatment "services" to include "and supports."¹⁹

Recovery housing residence penalties

The bill imposes criminal penalties for operating recovery housing residence if the residence is not certified by OhioMHAS or accredited by an outside organization accepted by

¹⁵ R.C. 340.03(A)(15); Section 4.

¹⁶ R.C. 340.08(E).

¹⁷ R.C. 340.041.

¹⁸ R.C. 340.038.

¹⁹ R.C. 340.011.

OhioMHAS. Under current law, beginning January 1, 2025, no person or entity can operate or advertise a recovery housing residence, sober living home, or other alcohol and drug free housing for persons in recovery unless (1) the residence or building is certified by OhioMHAS or (2) the operator holds an accreditation or equivalent credential from a credentialing organization designated by OhioMHAS. The bill makes it a first degree misdemeanor for a person to violate this prohibition. There is no penalty under current law.²⁰

HISTORY

Action	Date
Introduced	03-11-25
Reported, S. Addiction and Community Revitalization	04-30-25
Passed Senate (33-0)	05-07-25
Reported, H. Children and Human Services	06-11-25

ANSB0138RH-136/ar

²⁰ R.C. 5119.99; see also 5119.392 and 5119.395, not in the bill; [Residence Operators](#), also available by doing a keyword search for “Recovery Housing Residences” on OhioMHAS’ website: mha.ohio.gov.