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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
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Office

S.B. 138  
136<sup>th</sup> General Assembly

## Final Analysis

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

**Primary Sponsor:** Sen. Johnson

**Effective date:** September 30, 2025; changes to the requirements governing ADAMHS boards' contracts with providers effective March 30, 2026.

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## 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 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, and the general public, about elements of the local continuum of care and facilitate referrals to the appropriate services or supports.
- Repeals a dispute resolution process when a party to a contract with an ADAMHS board wanted 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.
- Requires a notice and appeal process if a party to an ADAMHS board provider contract intends not to enter into a contract for a subsequent term.
- Requires a contract to provide for the transition of care for client services for an additional 60 days under the terms of the current contract in the case of either early termination or no subsequent renewal.
- Requires ADAMHS boards to comply with existing law regarding the use of credit card accounts, including the adoption of a written policy before holding such an account.

- 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.

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## **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.<sup>1</sup> The act changes various laws regarding ADAMHS boards, including board priorities, investigating complaints, financial audits, provider contracts, and penalties.

### **Board priorities**

Continuing 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 act adds that, as part of setting priorities, a board may consider any local mechanisms that have been established for determining eligibility for services and supports.<sup>2</sup>

### **Investigations**

Continuing law requires an ADAMHS board to investigate complaints alleging abuse or neglect of: (1) people receiving services from community addiction or community mental health services providers or (2) residents receiving addiction services or with mental illness or severe mental disability residing in a residential facility licensed by the Ohio Department of Mental Health and Addiction Services (OhioMHAS).<sup>3</sup> If the person who is alleged to have been abused or neglected is a resident of a service district other than the district that the ADAMHS board receiving a complaint represents, the act requires the board to refer that complaint to the board of the district where the residential facility is located, for that board to investigate the complaint.<sup>4</sup>

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

<sup>2</sup> R.C. 340.03(A)(1)(b)(iii).

<sup>3</sup> Effective September 30, 2025, the Ohio Department of Mental Health and Addiction will be renamed the Department of Behavioral Health. See R.C. 121.02 and 5119.011 in H.B. 96, the main operating budget, of the 136<sup>th</sup> General Assembly.

<sup>4</sup> R.C. 340.03(A)(2).

The act clarifies that ADAMHS 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 act also broadens the authority of an ADAMHS board to enter a residential facility to conduct a requisite investigation of a complaint that the board received alleging abuse or neglect of a resident in the facility if the health and safety of the resident is in danger, by removing the requirement that the danger must be immediate. In addition, the act requires the board to report their actions to the OhioMHAS Director *promptly*, rather than immediately.<sup>5</sup>

## **Financial audits**

The act removes the requirement for an ADAMHS board to conduct a financial audit themselves of all programs, services, and recovery supports provided under contract with the board. 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.<sup>6</sup> 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.<sup>7</sup> Relatedly, the act 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.<sup>8</sup>

## **Continuum of care**

The act 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 board's continuum of care and facilitate referrals to appropriate services and supports.<sup>9</sup>

## **Contracts with providers**

Continuing law requires ADAMHS boards to review cost elements of a contracted provider's services and supports. The act (1) clarifies that the cost elements are those elements specific to the provider's services and supports under contract with the board and (2) removes a reference to salary costs.<sup>10</sup>

The act removes a dispute resolution process that was required if a party to a contract with an ADAMHS board sought to terminate the contract. It repeals law requiring a party to a

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<sup>5</sup> R.C. 340.05.

<sup>6</sup> R.C. 340.03(A)(6).

<sup>7</sup> R.C. 5119.22(E).

<sup>8</sup> R.C. 5119.22(D), with conforming changes in R.C. 340.03, 340.08, 5119.221, and 5119.25.

<sup>9</sup> R.C. 340.032(D) and 340.036(A).

<sup>10</sup> R.C. 340.036(C)(2).

contract with an ADAMHS board to provide services and recovery supports that did not want to not renew the contract or substantially changed the contract, to provide 120 days' notice before the end of the contract, and the parties had to follow a specific dispute resolution process.<sup>11</sup>

In place of the repealed timeline and dispute resolution process, the act 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 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.<sup>12</sup>

Additionally, the act 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:<sup>13</sup>

- 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 act 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.<sup>14</sup>

The act clarifies that although ADAMHS board contracts are exempt 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:<sup>15</sup>

- 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 March 30, 2026.<sup>16</sup>

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<sup>11</sup> R.C. 340.036(D).

<sup>12</sup> R.C. 340.036(C)(5).

<sup>13</sup> R.C. 340.036(C)(6).

<sup>14</sup> R.C. 340.036(D).

<sup>15</sup> R.C. 340.036(E).

<sup>16</sup> Section 3.

## Credit card accounts

Continuing law requires local governmental entities, including ADAMHS boards, using credit card accounts to perform certain duties relating to that account.<sup>17</sup> The act 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 act's effective date but has not yet adopted a written policy regarding the use of that account as required under continuing law, the board must adopt such a policy by December 30, 2025.<sup>18</sup>

## Other board duties

The act clarifies that an ADAMHS 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.<sup>19</sup>

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 act 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.<sup>20</sup>

## Data sharing

The act 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.<sup>21</sup>

## Interpretation

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

The act also updates terminology to distinguish between mental health and addiction by doing the following: changing "severe mental disability" to "severe addictions and severe mental

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<sup>17</sup> R.C. 9.21, not in the act.

<sup>18</sup> R.C. 340.03(A)(15); Section 4.

<sup>19</sup> R.C. 340.08(E).

<sup>20</sup> R.C. 340.041(H).

<sup>21</sup> R.C. 340.038.

illness;" adding "and persons with addictions" to "persons with mental illness;" and expanding references to treatment "services" to include "and supports."<sup>22</sup>

## Recovery housing residence penalties

The act makes it a first degree misdemeanor for a person to operate a recovery housing residence if the residence is not certified by OhioMHAS or accredited by an outside organization accepted by OhioMHAS, as required beginning January 1, 2025, under law retained by the act.<sup>23</sup>

## 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 |
| Passed House (97-0)                                 | 06-18-25 |

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<sup>22</sup> R.C. 340.011.

<sup>23</sup> R.C. 5119.99; see also 5119.392 and 5119.395, not in the act; [Residence Operators](#), also available by doing a keyword search for "Recovery Housing Residences" on OhioMHAS' website: [mha.ohio.gov](http://mha.ohio.gov).