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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 17  
134<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for S.B. 17's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Sen. Schaffer

**Local Impact Statement Procedure Required:** Yes

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### Highlights

- The bill makes several changes to the determination process and requirements for the Supplemental Nutrition Assistance Program (SNAP), which could result in state and local costs in the millions of dollars. The federal government reimburses approximately 50% of the costs of administering SNAP, including any additional costs resulting from the bill.
- The bill requires the Ohio Department of Job and Family Services to check unemployment compensation claimants against multiple databases, posing an indeterminate cost.
- The bill makes changes to Medicaid enrollment and redetermination procedures and specifies that redeterminations be complete within 60 days if suspended as a requirement of receiving federal funds. In addition, The Medicaid Director is required to apply for a federal Medicaid waiver and may need to amend an existing one. This could result in a significant increase in administrative costs for the Ohio Department of Medicaid (ODM) and county departments of job and family services.
- The bill requires the creation of data matching agreements between ODM and other state agencies, which may create costs for ODM, as well as the State Lottery Commission, the Ohio Casino Control Commission, the Department of Health, and ODJFS.
- If any Medicaid changes lead to a decrease in Medicaid caseloads, there could be a reduction in Medicaid costs.

## Detailed Analysis

### Department of Job and Family Services

#### Supplemental Nutrition Assistance Program Eligibility

The bill prohibits the Ohio Department of Job and Family Services from using simplified reporting procedures for households receiving Supplemental Nutrition Assistance Program (SNAP) benefits (simplified reporting means a household does not need to report change in income for a given month as long as it does not cross a certain amount). Instead, households would be required to report a change in income within 10 days. The bill also prohibits ODJFS from considering a household to be categorically eligible for SNAP if the household receives certain types of income (categorical eligibility means the household has already been determined for another benefit program and would therefore otherwise qualify for SNAP). The Department expects one-time costs of \$2.8 million to make system changes due to eliminating categorical eligibility and \$1.5 million for changes due to eliminating simplified reporting procedures. In addition, these changes will likely pose significant administrative costs for county departments of job and family services (CDJFSs), which are responsible for determining SNAP eligibility for applicants. SNAP benefits are fully funded by the federal government and state and local administrative costs are reimbursed by the federal government at a rate of about 50%. The bill additionally requires ODJFS to produce a quarterly report detailing its enforcement of certain SNAP policies; compiling the report will pose an administrative cost for ODJFS.

The bill also precludes individuals that fail to cooperate with the state child support agency regarding establishing paternity and establishing, modifying, and enforcing a child support order from receiving SNAP. This provision would likely require upgrades to the state's Support Enforcement Tracking System, posing a cost. Additionally, child support enforcement agencies could experience a significant cost in order to handle increased work on SNAP cases. The federal government pays a 66% share of the child support program.

These provisions could result in fewer individuals receiving SNAP benefits. The number of individuals impacted or the amount of benefits is unknown. Since SNAP benefits are paid by the federal government, any impact would not be reflected in the state budget.

#### Ohio Direction cards and photographs

The bill requires, with certain exceptions, that the debit cards used by Ohioans to access SNAP benefits include a color photograph of at least one adult member of the household for which the card is issued. SNAP debit cards issued in Ohio are called Ohio Direction cards. Currently, approximately 3.9 million Ohio Direction cards are active. The bill exempts from the photograph requirement households that do not have any adult members and households that includes adult members 60 years of age or older, blind, disabled, or a victim of domestic violence, or has a religious objection to being photographed.<sup>1</sup> Based on these exemptions, ODJFS estimates no less than 500,000 will need to include a photograph. The bill also requires the back of every card to have a telephone number and website that can be used to report suspected fraud. The bill requires ODJFS to develop a strategy in consultation with the BMV and the United States

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<sup>1</sup> Exempted households may opt to have a photograph placed on their cards.

Department of Agriculture/Food and Nutrition Service (USDA/FNS) for issuing the debit cards within one year of the bill's effective date (no later than January 1, 2023). The bill allows six months from the date that ODJFS develops the strategy before new cards would need a photograph (no later than July 1, 2023, but could be sooner depending on when the strategy is complete) and an additional six months before all existing nonexempt cards would need a photograph (January 1, 2024, but could be sooner depending on when the strategy is complete).

SNAP benefits are fully funded by the federal government and state and local administrative costs are reimbursed by the federal government at a rate of about 50%. ODJFS has a contract with Conduent to support the distribution and tracking of SNAP benefits. The vendor issues and replaces cards, loads benefits to participant accounts, authorizes and tracks purchases, reimburses retailers for purchases with the card, and provides other operational activities. The contract costs about \$7.0 million per year, of which about 50% is reimbursed by the federal government.

Ohio will experience one-time costs and ongoing annual costs, of which 50% will be reimbursed by the federal government. ODJFS states that costs might be about \$15.1 million for implementation and about \$930,000 for ongoing costs. Of the \$15.1 million in implementation costs, \$13.1 million of these costs will be for information technology. The remaining \$2.0 million will be primarily used for the issuance of new cards.

The federal government allows states to require SNAP debit cards to include photographs. However, a state choosing to institute such a requirement must establish procedures to ensure that everyone entitled to use the card is able to use it, whether or not the person's photograph is on the card. The state will be required to conduct a post-implementation assessment and evaluation that includes two surveys conducted by independent evaluators – one for clients and one for merchants. The surveys are to demonstrate that clients and at least 80% of merchants understand the state and federal governments' policies governing the cards. ODJFS's administrative costs may increase from the requirement to communicate policies to clients and merchants and to perform the required post-implementation assessment and evaluation. Presumably, these costs will be primarily one-time costs, although ODJFS will be responsible for cooperating with ongoing monitoring and evaluation of the photograph requirement by USDA/FNS. In addition, ODJFS may also incur some one-time costs to provide equipment, such as cameras and computer hardware and software, to CDJFSs to allow them to take the photographs.

ODJFS will need to negotiate a new contract with Conduent or another vendor to incorporate the photographs on the cards; this will likely result in higher annual costs. The bill allows a registrar or employee of the Bureau of Motor Vehicles (BMV) to share photographs with ODJFS for the purpose of printing them on SNAP cards, which may offset both the one-time and ongoing costs for taking required photographs. However, creating a system that allows the sharing of photos may pose an administrative cost to both ODJFS and Department of Public Safety. ODJFS does not have an estimate of the cost of creating and implementing the necessary system changes in order to access photographs from the BMV. However, CDJFSs would need to accommodate SNAP recipients who need to have a photograph taken when no BMV photograph was available. This could result in ongoing costs for them, as well potential costs to procure camera equipment if not currently available. Currently, most applications for SNAP are done online, with interviews

conducted by telephone. If, instead, many applicants are required to go to a local office to have a photograph taken, it is possible that some CDJFSs may need to hire additional staff.

### **Unemployment Compensation data matching and recovery**

The bill requires the ODJFS Director to conduct various checks to determine whether certain unemployment compensation (UC) claims are valid. Specifically, the Director will need to check the Ohio New Hire Reporting Center, the National Directory of New Hires, the Integrity Data Hub, and the list of people incarcerated with the Ohio Department of Rehabilitation and Corrections (after entering into a data matching agreement as required by the bill). The bill also requires the ODJFS Director to develop a written policy regarding the recovery of UC benefit overpayments and to prepare and submit an annual report on preventing and reducing benefit overpayments to the General Assembly. Producing the report will pose an administrative cost. The cost to ODJFS to implement these provisions is indeterminate. These changes may result in a decrease in UC benefits, which come from the UC insurance fund. This fund is composed of employer contributions that are not part of the state treasury, so any impact would not be reflected in the state budget.

## **Department of Medicaid**

### **Data matching agreements**

The bill requires that the Medicaid Director enter into three data matching agreements with the directors of other state agencies, to produce lists of individuals who may have experienced a change in their Medicaid eligibility status. These state agencies include: the State Lottery Commission and the Ohio Casino Control Commission, who together will produce a list of individuals with substantial lottery or gambling winnings; the Department of Health, which will produce a list of vital statistics, including death records; and ODJFS, which will produce a list of information including Medicaid recipients' changes in employment and wages. The Medicaid Director will then be required to check these lists either monthly or quarterly, depending on the requirement specified in the bill, to determine whether any Medicaid recipient's eligibility has changed.

There would be administrative costs involved in developing data sharing agreements and in checking these lists on a continual basis. ODM expects that a portion of these administrative costs would be incurred by ODM and a portion would also be incurred by CDJFS. If the information shared from other state agencies results in increased disenrollment of Medicaid recipients, the department may realize decreased costs.

### **Work and education requirement and eligibility under Medicaid**

The bill revises a requirement that the Medicaid Director establish a waiver component under which individuals must satisfy a work and education requirement to enroll in Medicaid as part of the expansion eligibility group. To satisfy the work and education requirement under the bill, an individual must be employed at least 20 hours a week or enrolled in certain educational or training programs. In addition, the bill raises to 65 (from 55) the age an individual must be to be exempt and requires an individual exempt on the basis of having an intensive physical health care need or serious mental illness be medically certified as physically or mentally unfit. The bill also creates a new exemption for an individual who personally provides care for a child under one year of age or a child who has a serious medical condition or disability. Additionally, the bill

expands the work and education requirement to apply to individuals who enroll in Medicaid under the parents and caretaker relatives eligibility group.

The bill prohibits ODM from taking certain actions with regard to determining eligibility, such as conducting post-enrollment verification of income or nonincome-related eligibility or accepting self-attestation of income or receipt of other health insurance.

In addition, it requires the Medicaid Director to submit a waiver request to the federal Centers for Medicare and Medicaid Services (CMS). The new waiver would seek to do the following: prohibit adults who are part of Group VIII coverage or covered families and children (CFC) coverage from being eligible for Medicaid enrollment or re-enrollment for six months if they fail to report a change in their eligibility; permit ODM to independently verify a recipient's eligibility before accepting an eligibility determination made by another entity; and prohibit ODM from exercising a federal requirement under which hospitals make presumptive eligibility determinations. Further, the waiver would change the frequency with which ODM is required to determine a recipient's eligibility from once every twelve months to once every six months, and prohibit ODM from redetermining a recipient's eligibility based on information already available to it without requiring a recipient to provide additional information regarding their eligibility. Finally, the waiver would prohibit ODM from providing Medicaid enrollees with a prepopulated renewal form used to redetermine a recipient's eligibility.

The bill establishes requirements which ODM must adhere to if it receives federal funding which is contingent on restrictions which limit the department's ability to disenroll ineligible Medicaid recipients. An example of such funding is the Families First Coronavirus Response Act (FFCRA), which has been in effect since early 2020.<sup>2</sup> The bill requires that ODM must continue to conduct eligibility redeterminations and must act on these redeterminations to the fullest extent permitted by law. Further, the bill specifies that within 60 days of the end of any restriction on disenrollment, ODM must complete an audit for all Medicaid recipients for whom an eligibility determination has not been conducted in the past year.

The bill could result in substantial administrative costs for both ODM and CDJFS. These costs include preparing and submitting the new waiver request and amending the existing work and education waiver and conducting additional redeterminations or redeterminations in a certain timeframe. The audit required would involve substantial administrative and operating costs, both for ODM and for CDJFS. Additionally, ODM predicts that a future audit as is required by the bill would disrupt ODM's typical annual cycles of eligibility redeterminations, and cause the department increased and ongoing administrative costs. Similar administrative costs would be incurred by CDJFS. ODM would likely incur operational costs to implement these programs if the waivers were approved by CMS. If ODM applies for and receives waivers for these

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<sup>2</sup> The federal Families First Coronavirus Response Act, enacted in March 2020, provides for a temporary increase in federal funding for certain Medicaid expenditures incurred after January 1, 2020, and throughout the duration of the COVID-19 emergency. Some conditions for receiving this increased funding is a requirement to maintain eligibility standards or procedures that are no more restrictive than those in place on January 1, 2020 and to provide continuous coverage to individuals enrolled onto the program during the emergency period.

modifications, ODM may realize decreased costs in the future, if the changes lead to a decrease in Medicaid caseloads.

The bill's effective date is January 1, 2022, although portions that require an amendment to the state's Medicaid plan or a waiver from CMS may not be implemented until January 1, 2022 or until the amendment or waiver is approved by CMS, whichever is later.