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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

S.B. 110
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 110's Bill Analysis](#)

Version: As Reported by House Finance

Primary Sponsors: Sens. O'Brien and Wilson

Local Impact Statement Procedure Required: No

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Highlights

- The Ohio Department of Medicaid (ODM) is required to conduct a nursing facility rebasing. The bill appropriates a total of \$615.0 million in GRF line item 651525, Medicaid Health Care Services (\$204 million state share) in FY 2023 for the rebasing. Funds must be distributed as follows: 40% to be used for enhanced nursing facility base rates and 60% to enhance quality incentive payments
- The Ohio Department of Health (ODH) will experience an increase in costs to establish a registration process for health care staffing agencies, conduct inspections, investigate complaints, and take any necessary disciplinary action. It is likely that staff will need to be hired and an information technology system will need to be developed. Costs will largely depend on the number of staffing agencies seeking registration.
- ODH will receive annual registration fees, late renewal fees, and civil fees for violations. These revenues will be deposited into the General Operations Fund (Fund 4700).
- ODM and ODH will realize administrative costs to compile the required nursing facility private room inventory report.

Detailed Analysis

Nursing facility rebasing

The bill requires the Ohio Department of Medicaid (ODM) to conduct a nursing facility rebasing to provide immediate relief to nursing facilities. ODM must conduct the rebasing in FY 2023 for all four cost centers using 2021 cost reports. After the rebasing, ODM must distribute the appropriated funds as follows: 40% to be used for enhanced nursing facility base rates and 60% to enhance quality incentive payments.

Fiscal impact

The bill appropriates a total of \$615.0 million in GRF line item 651525, Medicaid Health Care Services (\$204 million state share) in FY 2023 for the rebasing described above.

Registration of health care staffing agencies

The bill requires annual registration with the Ohio Department of Health (ODH) for health care staffing agencies that provide certain health care personnel to health care providers on a temporary basis. The bill requires each physical location of a health care staffing agency to separately register and pay a \$2,000 registration fee. Eligible staffing agencies may apply for annual registration renewal, which also includes a \$2,000 fee. The bill outlines certain staffing agency obligations and prohibitions as well, including a requirement to establish and provide to health care providers a schedule of fees and charges that cannot be modified except with written notice 30 days in advance. Each staffing agency must also ensure that when the agency agrees to provide personnel to work for a specific shift or time period, the person works for the agreed time period at no additional charge to the provider. ODH is required to establish registration application forms and procedures for initial and renewal registrations. The bill also establishes a late fee of \$200 if an applicant fails to pay the renewal fee during the month of the renewal date. The Director of Health is required to review all applications received and register an application or renew a registration if the application is complete, the fee is paid (including any late fee), and registration requirements are met. As part of overseeing the operation of health care staffing agencies, ODH must conduct surveys and other inspections on an annual or unannounced basis. The Director may take other actions the Director considers necessary to ensure agency compliance. Additionally, ODH may revoke a health care staffing agency's registration or take other disciplinary action for certain reasons outlined in the bill. ODH is also required to establish a system for reporting complaints against health care staffing agencies and their employees. ODH must adopt rules as the Director considers necessary to implement the bill's provisions. However, ODH may begin implementation prior to adopting such rules.

Fiscal impact

The total costs to regulate health care staffing agencies depends primarily on the number of such agencies seeking to register in Ohio. Because this number is uncertain, the total costs are also uncertain. However, what is known is that ODH will experience an increase in costs to establish a registration process, conduct inspections, investigate complaints, take any necessary disciplinary action, and to adopt rules. Costs will also depend on the length of time it takes for inspections of each location to be completed, the number of complaints that require investigation, travel costs for inspections, the number and extent of any disciplinary action, and the number of staff that will need to be hired. Lastly, there would be costs to develop and maintain an information technology system to track registration and enforcement activities, which would include initial upfront investments and ongoing annual costs. Additionally, ODH will receive application fee revenues (\$2,000 per facility per year), late renewal fee revenue, as well as any civil fees for violations of the bill. These will be deposited into the General Operations Fund (Fund 4700) and are to be used to administer and enforce the bill's provisions. Again, the amount of revenues will depend on the number of staffing agencies seeking registration.

Prohibitions and violations

The bill prohibits any person from knowingly operating a health care staffing agency unless the agency is registered. The bill also specifies that an agency who violates this prohibition is guilty of a second degree misdemeanor for the first offense, and a first degree misdemeanor for subsequent offenses.

Fiscal impact

There may be costs to local courts if any violations occur and cases are brought regarding the bill's prohibition from operating a health care staffing agency without registering with ODH; however, costs may be offset by fees or court costs. The number of violations for operating without registration is likely to be small. Any revenue from fines imposed by the Director of Health will be deposited into the General Operations Fund (Fund 4700). The amount of fine revenue will depend on the number of violations.

Medicaid private room inventory report

ODM is required to prepare a report by April 1, 2023, detailing the private room inventory in all nursing facilities. ODM must consult with ODH and any other stakeholders ODM determines necessary when preparing the report. ODM must submit the report to the General Assembly.

Fiscal impact

ODM and ODH may realize administrative costs to compile the report.