



OHIO LEGISLATIVE SERVICE COMMISSION

Charles Dobson

Fiscal Note & Local Impact Statement

Bill: S.B. 218 of the 132nd G.A.

Status: As Introduced

Sponsor: Sen. Lehner

Local Impact Statement Procedure Required: No

Subject: Require minimum training and surety bonds for certain Medicaid providers

State Fiscal Highlights

- The Ohio Department of Medicaid (ODM) will realize an increase in administrative costs to ensure that certain providers have obtained surety bonds and have completed the required training, as well as to adopt any necessary rules.
- The state may experience an increase in recoveries relating to Medicaid overpayments or fraudulent payments as a result of the requirement that certain Medicaid providers obtain a surety bond.

Detailed Fiscal Analysis

The bill prohibits ODM from entering into or revalidating a Medicaid provider agreement with certain Medicaid providers unless two conditions are met. The first is a requirement that the provider or agency file a surety bond with ODM. In the case of ambulance or ambulette services providers and home health agencies, the surety bond is \$50,000. For independent providers, the surety bond is \$10,000. The bill exempts government-owned ambulance and ambulette providers from this requirement. The second provision requires the Medicaid Director to establish training requirements for certain Medicaid providers. The training shall include general Medicaid payment procedures and provider agreement terms, as well as any other standards the Director considers necessary.

Fiscal impact

ODM will realize a minimal increase in administrative costs to adopt rules to establish training requirements and any other standards the Medicaid Director considers necessary to implement the bill. ODM will also realize an increase in costs to ensure that the impacted providers obtain a surety bond and complete the training requirements. In addition, by requiring certain providers to obtain a surety bond, the state could recover additional moneys relating to Medicaid overpayments or fraudulent payments.

Between calendar year 2011 and 2017, the Auditor of State found \$33.3 million in improper Medicaid payments¹ to all provider types. Under the bill, a surety bond will be purchased by a specified Medicaid provider. The cost of each surety bond will vary depending on the provider's credit history and market risk.² If a claim is deemed fraudulent or an overpayment is made, the state could recover an amount up to the surety bond's value.

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¹ <https://ohioauditor.gov/publications/medicaid%20report%20FINAL18.pdf>, accessed on May 14, 2018.

² In 2008, the Centers for Medicare and Medicaid Services estimated the annual cost of a surety bond to be about 3% of the bond's value – \$1,500 for a \$50,000 surety bond or \$300 for a \$10,000 surety bond under the bill.