



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 208 of the 130th G.A.](#)

Date: November 25, 2013

Status: As Introduced

Sponsor: Reps. Amstutz and Sykes

Local Impact Statement Procedure Required: No

Contents: Creates the Joint Medicaid Oversight Committee, requires the Medicaid Director to implement reforms to the Medicaid Program, and requires the Director of Job and Family Services to implement reforms to workforce development activities

State Fiscal Highlights

- There would be a decrease in Medicaid expenditures depending on the extent that the Medicaid Director is able to achieve the objectives of the bill, including reducing the per member per month costs and the number of Medicaid recipients. Any decrease in Medicaid expenditures would result in a loss of federal Medicaid reimbursement.
- There will be an increase in expenditures to facilitate the work of the Joint Medicaid Oversight Committee.

Local Fiscal Highlights

- Local workforce investment boards may realize an increase in costs to establish volunteer-led workforce programs.

Detailed Fiscal Analysis

Medicaid reform

The bill requires the Medicaid Director to implement certain reforms to the Medicaid Program. The reforms must reduce the relative number of individuals enrolled in the Medicaid Program who have the greatest potential to obtain the income and resources that would enable them to cease enrollment in Medicaid and instead obtain health care coverage through employer-sponsored health insurance or the health insurance marketplace. However, the bill specifies that this is to be achieved without making the Medicaid Program's eligibility requirements more restrictive.

Limit the growth in Medicaid's per member per month costs

The first reform must provide for the growth in per member per month (PMPM) costs of the Medicaid Program (for the six-month period immediately preceding the first day of each January and the six-month period immediately preceding the first day of each July) to be not more than the average annual increase in the inflation rate for medical care as reported in the Consumer Price Index for the most recent three-year period for which necessary data is available. The PMPM cost is to be determined on an aggregate basis for all eligibility groups. The bill specifies that this reform is to be achieved in a manner that: (1) improves the physical and mental health of Medicaid recipients, (2) provides for Medicaid recipients to receive Medicaid services in the most cost-effective and sustainable manner, and (3) removes barriers that impede Medicaid recipients' ability to transfer to lower cost, and more appropriate, Medicaid services.

Reduction in the number of individuals needing Medicaid

The second reform is to reduce the number of individuals needing Medicaid. This is to be achieved in a manner that utilizes: (1) programs that are effective and have low costs, utilize volunteers, utilize incentives, or are led by peers, and (2) the identification and elimination of Medicaid eligibility requirements that are barriers to achieving greater financial independence.

Reduction in avoidable services

The third reform is to reduce the number of times that Medicaid recipients are readmitted to hospitals or utilize emergency department services when avoidable.

Recipient information about costs and payments

The fourth reform is to provide Medicaid recipients with information about the actual costs of their medical services and the amounts that Medicaid pays for those services.

Fiscal effects

There would be decreases in Medicaid expenditures depending on the extent that the Medicaid Director is able to achieve the objectives specified in the bill. Any decrease in Medicaid expenditures would result in a loss of federal Medicaid reimbursement. Generally, the federal government reimburses Ohio about 64% for medical services expenditures and about 50% for administrative expenditures. In addition, the sales and use tax and health insuring corporation tax apply to payments made to Medicaid managed care organizations (MCOs). Therefore, if Medicaid expenditures to MCOs decrease under the bill, there would be a decrease in tax revenue.

Workforce development reforms

The bill requires the Ohio Department of Job and Family Services' (ODJFS) Director to implement reforms to workforce development activities. The first reform is to reduce the relative number of individuals that need Medicaid. This is to be achieved in a manner that utilizes: (1) programs that are effective and have low costs, utilize volunteers, utilize incentives, or are led by peers, (2) educational and training opportunities, (3) employment opportunities, and (4) other initiatives the ODJFS Director considers appropriate. The second reform is to enhance the relationship between educational facilities, workforce development activities, and employers.

Fiscal effects

As ODJFS currently provides services through a variety of workforce programs and since those programs are funded with federal dollars (and are therefore subject to federal restrictions), it is unlikely that this provision would result in any additional costs to the agency, though there may be costs for ODJFS and local government entities to establish allowable volunteer-led workforce programs. Currently, ODJFS administers many of the state's workforce development programs through the Office of Workforce Development.

Joint Medicaid Oversight Committee

The bill creates the Joint Medicaid Oversight Committee (JMOC) consisting of ten members of the General Assembly, with five from the House of Representatives and five from the Senate. The bill requires JMOC to employ the professional, technical, and clerical employees that are necessary for JMOC to successfully and efficiently perform its duties. The employees are to be in the unclassified service and serve at JMOC's pleasure. JMOC is permitted to contract for the services of persons who are qualified by education and experience to advise, consult with, or otherwise assist JMOC in the performance of its duties.

The bill requires JMOC to perform certain tasks. JMOC must review rules filed pertaining to the Medicaid and workforce reforms outlined in the bill and conduct a continuing study of the Medicaid and workforce reforms. The ODJFS Director must submit to JMOC relevant statistics on workforce development activities to assist JMOC. The bill requires JMOC to prepare a report with recommendations for legislation regarding Medicaid payment rates for Medicaid services. The Medicaid Director is required to assist with this report, which must be submitted no later than January 1, 2014. Another requirement is the preparation of a report with recommendations for a comprehensive pilot program under which peer monitors would assist certain Medicaid recipients to develop and implement plans for overcoming barriers to achieving greater financial independence and successfully accessing employment opportunities. This report must be submitted to the General Assembly and the directors of Medicaid and ODJFS by June 30, 2014. The bill also allows the committee to hold forums or conferences at which representatives from state agencies who have expertise in the Medicaid Program or workforce development activities may participate to assist the committee in developing and proposing improvements to these programs.

The bill also abolishes the Joint Legislative Committee on Health Care Oversight and the Joint Legislative Committee on Medicaid Technology and Reform.

Fiscal effects

The bill requires JMOC to hire the necessary professional, technical, and clerical staff to successfully and efficiently perform its duties. However, the bill does not appropriate funds for this requirement.