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Bill Analysis

Legislative Service Commission

H.B. 275

124th General Assembly
(As Introduced)

Reps. R. Miller, Ford, Beatty, Flannery, Fedor, Sullivan, Otterman, Sykes, Britton, Perry, Woodard, Krupinski, Allen, Cirelli, Key, S. Smith

BILL SUMMARY

- ? Creates the Department of Health Care Administration.
- ? Transfers the functions of the Department of Job and Family Services regarding the Medicaid program, Children's Health Insurance Program, and Hospital Care Assurance Program to the new department.

CONTENT AND OPERATION

Background

Under current law, the Department of Job and Family Services administers the Medicaid program, Children's Health Insurance Program (CHIP), and Hospital Care Assurance Program (HCAP).

Medicaid is a health care program for low-income families, children, and aged and disabled persons. Medicaid is funded with federal, state, and county funds. It was established by Congress in 1965 as Title XIX of the Social Security Act.

Ohio has two CHIP programs: CHIP Part I and CHIP Part II. CHIP Part I provides health assistance to uninsured individuals under age 19 with family incomes not exceeding 150% of the federal poverty guidelines. CHIP Part II provides health assistance to uninsured individuals under age 19 with family incomes above 150% of the federal poverty guidelines but not exceeding 200% of the guidelines. Health assistance under CHIP Parts I and II may be provided through a separate child health insurance program, the Medicaid program, or a combination of these programs. The Balanced Budget Act of 1997 authorizes states to create CHIP programs.

Under HCAP, hospitals are annually assessed an amount based on their total facility costs. Money generated by the assessment, and federal matching funds generated by the assessments, are distributed to hospitals for use in providing care to indigents that is otherwise uncompensated. A portion of the assessment also goes to pay the expenses of certain functions of the Legislative Service Commission concerned with providing fiscal information to the General Assembly.

Department of Health Care Administration created

(secs. 121.02, 121.03, 3795.02, and 3795.03)

The bill creates the Department of Health Care Administration (DHCA) and provides for a Director to administer the Department.¹ The Director is to exercise the powers and perform the duties vested by law in the Department.² The Governor is to appoint the Director with the advice and consent of Senate. The Director is to hold office during the term of the appointing Governor and is subject to removal at the pleasure of the Governor.³

The Director is required to organize DHCA for its efficient operation, including creating administrative subunits as necessary. The Director must appoint employees as necessary for the efficient conduct of DHCA and prescribe their titles and duties. The Director is also required to establish procedures for conducting DHCA's business, including procedures for the custody, use, and preservation of records, papers, documents, and property.

The bill authorizes the Director to acquire by purchase, lease, or otherwise such real and personal property rights in the name of the state as are necessary for the purposes of DHCA. The Director, with the approval of the Governor and the Attorney General, is permitted to sell, lease, or exchange portions of real and personal property of DHCA when doing so is advantageous to the state. Money received from a sale, lease, or exchange must be credited to the General Revenue Fund.

¹ *The bill specifies that creation of DHCA is effective July 1, 2001. This date can be changed by amendment.*

² *Current law provides for the director of each state-level department to exercise the powers and perform the duties vested by law in the department the director administers.*

³ *Current law applies these provisions to the director of each state-level department.*

Transfer of administration of programs to DHCA

(Chapters 3795., 3796., 3797., and 3798.; Sections 9 to 16)

The bill transfers the functions of the Department of Job and Family Services (DJFS) regarding the Medicaid, CHIP, and HCAP programs to DHCA. DHCA is to administer the programs in the same manner DJFS is required, or in the case of CHIP, permitted, to administer the programs under current law. DJFS is required to cooperate with and assist DHCA in making an orderly transfer of the functions. The bill provides that, whenever reference is made in any law, contract, or document to DJFS functions regarding the Medicaid, CHIP, or HCAP programs, the reference is deemed to refer to DHCA. All contracts made by DJFS regarding the programs are to remain in effect in accordance with the terms of the contracts until their expiration dates. All DJFS standards, rules, and procedures regarding the programs in force at the time of the transfer are to continue in force as DHCA standards, rules, and procedures until DHCA modifies or repeals them.

All DJFS employees that the Director of DJFS determines are engaged in carrying out functions regarding the Medicaid, CHIP, and HCAP programs are to be transferred to DHCA. The transferred employees retain their civil service qualifications and status. Any employee who, at the time of the transfer, has a temporary or provisional appointment is to be transferred subject to the right of removal, examination, or termination as though the transfer has not been made.

All books, records, documents, files, transcripts, and other materials pertaining to DJFS's functions regarding the Medicaid, CHIP, and HCAP programs that are in DJFS's possession are to be transferred to DHCA. All equipment in DJFS's possession that on June 30, 2001, is used primarily for administration of the programs is to be transferred as well.

The bill provides that DHCA, with the assistance of DJFS, is responsible for responding to audit findings against DJFS that relate to obligations regarding DJFS's administration of the Medicaid, CHIP, and HCAP programs incurred before the transfer.

Medicaid issues

(secs. 3795.05, 3795.08, 3795.09, 3795.091, and 5101.16)

DHCA is permitted to contract with other public entities and with private entities to administer one or more parts of the Medicaid program on DHCA's behalf. Whereas the Director of DJFS is permitted under current law to adopt rules establishing standards, procedures, and other requirements regarding the

provision of Medicaid, the Director of DHCA is required to adopt such rules regarding the administration of the Medicaid program.

Counties are responsible for a share of the costs to the county of administering the Medicaid program. DJFS is required by current law to reduce the amount the county is responsible for paying for a fiscal year if the county's share for county Medicaid administrative costs, added to the amount the county is responsible for paying for certain public assistance expenditures, exceeds 110% of the county's share for those expenditures for the immediately preceding fiscal year.⁴ DJFS must reduce the county's share so that the total of the county's share for the expenditures equals 100% of the county's share of the expenditures for the immediately preceding fiscal year. Under the bill, DHCA is responsible for reducing a county's share of county Medicaid administrative costs under these circumstances. DHCA and DJFS are required to cooperate with each other for the purpose of making the reduction because the reduction is contingent on the costs of the Medicaid program that DHCA is to administer and certain public assistance programs that DJFS administers.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	05-29-01	pp. 482-484

H0275-I.124/jc

⁴ *The applicable public assistance programs are Ohio Works First; Prevention, Retention, and Contingency; Disability Assistance; and Food Stamps.*