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Bill Analysis
Legislative Service Commission

H.B. 199
126th General Assembly
(As Introduced)

Reps. Trakas, Kearns, Seitz, Schaeffer, Gilb

BILL SUMMARY

- Requires the directors of state agencies, and certain local government agencies, responsible for regulation of certain health care and rehabilitation facilities, programs, and services to enter into contracts with specified private accrediting agencies as necessary for each director to: (1) deem accreditation of a facility, program, or service by one of these accrediting agencies as meeting standards for licensure or certification of the facility, program, or service and (2) recognize that the accreditation included a review of the compliance of the facility, program, or service with state laws.
- Prohibits departments subject to the bill from establishing separate licensing or certification requirements for portions of a facility, program, or service with valid accreditation from an accrediting body that has entered into a contract with the department under the bill.
- Requires each department subject to the bill to implement procedures for coordination and consolidation of routine financial audits required as part of the licensing or certification of facilities, programs, or services for which accreditation is available.
- Requires the Auditor of State to adopt rules specifying standards consistent with governmental auditing standards for routine financial audits of programs for the licensing or certification of accredited facilities, programs, and services.

CONTENT AND OPERATION

Departments affected

(R.C. 121.35(A))

The bill applies to the following departments in the departments' administration of the licensing or certification of facilities, programs, or services for which accreditation by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), the Council on Accreditation (COA), or the Commission on Accreditation of Rehabilitation Facilities (CARF) is available:¹

- Department of Job and Family Services;
- Department of Mental Retardation and Developmental Disabilities;
- Department of Mental Health;
- Department of Alcohol and Drug Addiction Services;
- Department of Education;
- Any other administrative department created by law when the department administers or regulates the administration of the

¹ *The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) is an independent, not-for-profit organization that evaluates and accredits over 16,000 health care organizations and programs in the United States. (Joint Commission on Accreditation of Healthcare Organizations, "Facts about the Joint Commission on Accreditation of Healthcare Organizations" (available at <http://www.jcaho.org/about+us/index.htm> (May 5, 2004)).)*

The Council on Accreditation (COA) is an international, independent, not-for-profit organization that accredits child and family services and behavioral healthcare programs. (Council on Accreditation, "Who We Are" (available at <http://www.coanet.org/front-end/page.cfm?sect=2> (May 5, 2004)).)

The Commission on Accreditation of Rehabilitation Facilities (CARF) is an independent, not-for-profit accrediting organization that provides accreditation in the human services field, focusing on areas of rehabilitation, employment, children and family, and aging services. (Commission on Accreditation of Rehabilitation Facilities, "Answers to your questions about CARF" (available at <http://www.carf.org/consumer.aspx?content=content/About/FAQ.htm> (May 5, 2004)).)

licensing or certification of facilities, programs, or services for which accreditation by JCAHO, COA, or CARF is available.

The bill specifies that it applies to each department's regulation of any licensing or certification programs administered by any of the following:

- County departments of job and family services;
- County boards of mental retardation and developmental disabilities;
- Boards of alcohol, drug addiction, and mental health services;
- School district boards of education.

Recognition of accrediting bodies' standards

(R.C. 121.35(B), (C), (D), and (E))

To the extent permitted by federal law, the bill requires the director of each department subject to it to enter into one or more agreements with JCAHO, COA, and CARF as necessary for the director to do both of the following:

(1) Deem that the accrediting body's accreditation of the department's facility, program, or service meets the standards necessary for the licensing or certification of that facility, program, or service;

(2) Recognize that the accrediting body's accreditation of the department's facility, program, or service has included a review of compliance with state laws by the facility, program, or service.

Once the director has entered into an agreement, the department is prohibited from establishing separate licensing or certification requirements for particular portions of a facility, program, or service with valid accreditation from the accrediting body subject to the agreement.

To the extent permitted by federal law, each department must implement procedures for the coordination and consolidation of routine financial audits that are required as part of the licensing or certification of facilities, programs, or services for which accreditation by JCAHO, COA, or CARF is available. Under these procedures, the department must accept or require the acceptance of an audit that was obtained by or conducted on behalf of an accredited facility, program, or service if the audit meets the auditing standards established by the Auditor of State and is not more than one year old. When the audit of an accredited facility, program, or service is accepted, the department is prohibited from establishing or permitting the establishment of additional auditing requirements.

As necessary to implement the provisions of the bill, each department or each department's director must adopt, amend, or rescind rules in accordance with the Ohio Administrative Procedure Act (R.C. Chapter 119.) unless otherwise specified in the rule-making authority applicable to the department's administration or regulation of the administration of the licensing or certification of its facilities, programs, or services for which accreditation is available. For licensing or certification programs currently in existence, the rules must be adopted, amended, or rescinded not later than six months after the bill's effective date.

The bill specifies that nothing in it prohibits the investigation of a complaint regarding a licensed or certified facility, program, or service that is accredited by JCAHO, COA, or CARF. It specifies further that nothing in it prohibits the imposition of sanctions against a licensed or certified facility, program, or service that is accredited but found to be not in compliance with the standards that must be met to maintain the license or certification.

Auditing standards

(R.C. 117.19)

Current law requires the Auditor of State to establish and define by rule governmental or generally accepted auditing standards, including procedures for post-audit conferences with officials of the public office audited.

The bill requires the Auditor to specify by rule standards that must be met for routine financial audits required by each department in the administration or regulation of the administration of programs for licensing or certifying facilities, programs, and services for which accreditation by JCAHO, COA, or CARF is available. These standards must be consistent with the generally accepted governmental auditing standards contained in the federal Office of Management and Budget's publication entitled "Circular No. A-133" or its successor publication.² The bill prohibits the Auditor from establishing standards that exceed the standards contained in the circular, unless a specific part of a department's licensing or certification program requires a financial audit of matters not addressed by the circular. The State Auditor is also required to develop a

² Issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156, the circular establishes standards for achieving uniform audits of states, local governments, and non-profit organizations conducted by federal agencies. (Office of Management and Budget, Circular No. A-133, available at <http://www.whitehouse.gov/omb/circulars/a133/a133.html> (June 2, 2004).)

standardized auditing form to provide for the auditing of matters not addressed by the circular.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	04-14-05	p. 668

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