

# Fiscal Note & Local Impact Statement

127<sup>th</sup> General Assembly of Ohio

Ohio Legislative Service Commission  
77 South High Street, 9<sup>th</sup> Floor, Columbus, OH 43215-6136 ♦ Phone: (614) 466-3615  
♦ Internet Web Site: <http://www.lsc.state.oh.us/>

BILL: **H.B. 164**

DATE: **May 16, 2007**

STATUS: **As Introduced**

SPONSOR: **Representatives R. McGregor, J. McGregor, Huffman, Evans, Skindell, Seitz, Dodd, Widener, Flowers, J. Stewart, Gibbs, Stebelton, D. Stewart, Bacon, Daniels, Miller, Foley, Wachtmann, Chandler, and Peterson**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **To require the Ohio Department of Health to promote the establishment of federal health centers, to include federally qualified health center look-alikes in the medical malpractice premium assistance program, to create a pilot program to place federally qualified health centers in two hospital emergency departments, and to make an appropriation**

## State Fiscal Highlights

STATE FUND	FY 2007	FY 2008	FUTURE YEARS
<b>General Revenue Fund</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Increase of at least \$1.825 million	Increase of at least \$1.825 million in FY 2009; future years' costs dependent upon future funding

Note: The state fiscal year is July 1 through June 30. For example, FY 2007 is July 1, 2006 – June 30, 2007.

- The bill appropriates \$1,825,000 in fiscal year (FY) 2008 and in FY 2009 to the Department of Health (ODH). The appropriation is broken down as follows: \$325,000 in each fiscal year for medical liability insurance for free clinics, of which \$20,000 in each fiscal year may be used by ODH for administrative expenses; \$1.0 million in each fiscal year to provide assistance to local communities and community health centers by providing grants and grant writing assistance in applying for status as a federally qualified health center (FQHC) or federally qualified health center look-alikes; and \$500,000 in each fiscal year for planning, construction, and implementation costs related to placing two FQHCs within or adjacent to hospital emergency departments. It is unknown at this time how much ODH administrative costs will be in relation to these new requirements. It is also unknown how much the construction costs of the two FQHCs might be and if the appropriation will cover all planning, construction, and implementation costs.



## ***Local Fiscal Highlights***

- No direct fiscal effect on political subdivisions.
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### ***Detailed Fiscal Analysis***

#### **Promotion of new FQHCs**

The bill requires the Department of Health (ODH) to enter into an agreement with the state's primary care association (Ohio Association of Community Health Centers) to promote the establishment of new federally qualified health centers (FQHCs) and FQHC look-alikes. It is unknown at this time what this requirement will entail and therefore, what ODH's costs will be in regards to this.

#### **Medical Liability Insurance Reimbursement program**

The main appropriations bill for the FY 2006-2007 biennium (Am. Sub. H.B. 66) created the Medical Liability Insurance Reimbursement program. Under the program, ODH must reimburse participating free clinics up to 80% of the premiums the clinics pay for medical liability insurance coverage for clinic staff and volunteer health care professionals and health care workers, up to a maximum of \$20,000. The coverage must be limited to claims that arise out of the diagnosis, treatment, and care of patients of free clinics. To participate in the program, a free clinic must provide certain information to ODH at the time of registration. Existing law provides that appropriations to the Department may be made from the General Revenue Fund to support this program.

The bill extends participation in the Medical Liability Insurance Reimbursement program to FQHC look-alikes, including the centers' staff and volunteer health care professionals and health care workers. Under the bill, participating FQHC look-alikes are subject to the requirements applicable to participating free clinics. The bill eliminates the \$20,000 limitation in current law on how much the Department may reimburse a free clinic or FQHC look-alike for premiums the clinic or center pays for medical liability insurance.

The bill also appropriates \$325,000 in FY 2008 and \$325,000 in FY 2009 in GRF appropriation item 440-431, Free Clinic Liability Insurance, which is to be used to pay medical liability insurance for free clinics, including the clinics' staff and volunteer health care professionals and volunteer health care workers. Up to \$20,000 in each fiscal year may be used by ODH for administrative expenses related to the Medical Liability Insurance Reimbursement program. It is unknown how much administrative costs are to ODH to administer the program and if this is sufficient to cover those costs.

#### **Grant and grant-writing assistance- FQHC Incubator Program**

The bill requires ODH and the state's primary care association to assist local communities and community health centers by providing grants and grant writing assistance to establish "health centers."

The bill also appropriates \$1.0 million in FY 2008 and \$1.0 million in FY 2009 in GRF appropriation item 440-512, FQHC Incubator Program, which is a new appropriation item. These

funds are to be used to assist local communities and community health centers by providing grants and grant writing assistance in applying for status as an FQHC or FQHC look-alike. The Department of Health is likely to incur some administrative costs to implement the program. However, the amount and where the funding will come from are unknown since this appropriation item is earmarked for the grants.

**Pilot program—FQHCs in or adjacent to hospital emergency departments**

The bill requires the Department of Health to establish a pilot program to place two FQHCs within or adjacent to hospital emergency departments. One health center must be in or adjacent to a hospital located in an urban area; the other must be located in or adjacent to a hospital located in a rural area. The bill also requires each hospital and health center to prepare and submit a report to the Governor and General Assembly, not later than one year after the health centers become operational, regarding the number of patients that received care at the health centers for nonemergency conditions rather than receiving care at the emergency department. If the Department is unable to establish the pilot program not later than one year after the bill's effective date, the bill requires the Department to submit a report to the Governor and the General Assembly indicating the Department's progress.

The bill appropriates \$500,000 in FY 2008 and \$500,000 in FY 2009 in GRF appropriation item 440-513, FQHC Diversion Pilot Program, which is to be used for planning, construction, and implementation costs relating to the Department of Health's pilot program to place two FQHCs within or adjacent to hospital emergency departments. It is unknown how much construction costs for two FQHCs might be and if the appropriation will cover all planning, construction, and implementation costs.

*LSC fiscal staff: Wendy Risner, Senior Budget Analyst*

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