

# Fiscal Note & Local Impact Statement

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

Ohio Legislative Service Commission  
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BILL: **S.B. 251** DATE: **January 29, 2008**  
STATUS: **As Introduced** SPONSOR: **Sens. Coughlin and Seitz**  
LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**  
CONTENTS: **To create the Pilot Accessing to Health Grant Program and to make an appropriation**

## State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
<b>General Revenue Fund</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Transfer of \$5 million to Fund 5Q60	Transfer of \$5 million to Fund 5Q60	- 0 -
<b>PATH Grant Program Fund (Fund 5Q60 - new)</b>			
Revenues	Gain of \$5 million from GRF	Gain of \$5 million from GRF	- 0 -
Expenditures	\$5 million increase	\$5 million increase	Dependent upon future sources of funding
<b>Operating Expenses Fund (Fund 554)</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential minimal increase	Potential minimal increase	Potential minimal increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2008 is July 1, 2007 – June 30, 2008.

- **Department of Health (ODH).** The bill creates the PATH Grant Fund in ODH. The Fund is to consist of amounts appropriated to it by the General Assembly, as well as any monetary gifts, grants, bequests, and other donations received by ODH. The bill transfers \$5 million from the GRF to the Fund in both fiscal year 2008 and 2009. The amounts transferred are also appropriated. Costs for ODH would increase in regards to establishing and administering the PATH Grant Program. ODH estimates that administrative costs will be \$200,000 a year for staffing, administration/enforcement of the program, travel, and equipment. ODH may use money in Fund 5Q60 for administrative purposes. The rest of the appropriation would be distributed as grants.
- **Department of Insurance.** The bill specifies that a multi-share health program that receives a grant under the PATH Grant Program is prohibited from operating as an entity that engages in the business of insurance, as a health-insuring corporation, or as any other entity that engages in the business of directly providing health care coverage or directly reimbursing health care providers for rendering services. As long as a program complies, the program is not subject to regulation by the Department of Insurance. If a program does not comply with this provision, it is possible that the Department of Insurance could become involved with regulation. However, it is expected that the programs will comply with this requirement. Thus, any increase in costs for the Department would be minimal at most.



## ***Local Fiscal Highlights***

- The bill creates the PATH Grant Program within ODH. The grants are to be awarded on a competitive basis. It is unknown how many, if any, local governments will apply or would be eligible for a grant award.
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## ***Detailed Fiscal Analysis***

The bill creates the PATH Grant Fund in the Department of Health (ODH). The Fund is to consist of amounts appropriated to it by the General Assembly, as well as any monetary gifts, grants, bequests, and other donations received by ODH. The bill transfers \$5 million from the GRF to the Fund in both fiscal years 2008 and 2009. The amounts transferred are also appropriated. The Fund can be used for awarding grants, including the administrative costs incurred by ODH.

To be eligible for a grant under the PATH Grant Program, a program must be either of the following:

- (1) A multi-share health care coverage program that makes health care coverage available to the employees of participating small employers, including the spouses and dependents of the employees, by serving as a consumer of health care coverage and having the premiums or other costs for the coverage shared by the employers, employees, and the program. Under this type of program, an employer may participate if it has no more than 100 employees on average in a 12-month period and has not made employer-sponsored health care coverage available to its employees for at least 12 months. Coverage cannot be made available to persons who are eligible for Medicaid. A program that receives a grant is prohibited from operating as an entity that engages in the business of insurance, as a health-insuring corporation, or as any other entity that engages in the business of directly providing health care coverage or directly reimbursing health care providers for rendering services. As long as a program complies the program is not subject to regulation by the Department of Insurance.
- (2) A voluntary care network program that solicits, maintains, and makes available to participants a list of health care providers that agree to provide a percentage of their services according to a sliding fee scale or at no charge to persons who have low incomes and do not have health care coverage. The program may make the list available to any person who has an annual family income of not more than 200% of the federal poverty guidelines and is not eligible for Medicaid.

The bill requires ODH to establish application procedures for the PATH Grant Program and to award grants on a competitive basis. The bill requires the Department of Health to establish performance objectives to be met by grant recipients and to monitor grant recipients' performance. ODH is not to establish performance objectives that preclude a grant recipient from using a portion of the grant to cover administrative costs related to the operation of the program for which the grant was

awarded. The bill requires ODH on or before December 1, 2009 and annually thereafter, to conduct an evaluation of the PATH Grant Program and prepare a report detailing its findings and recommendations. The report is to be submitted to the Governor, President of the Senate, and Speaker of the House of Representatives.

### **State fiscal effects**

The bill will result in increased costs for ODH to establish and administer the PATH Grant Program. However, the bill appropriates \$5 million in both fiscal years 2008 and 2009 in Fund 5Q60, PATH Grant Program. ODH may use the money in Fund 5Q60 for administrative purposes. ODH has estimated that it will require one Health Planning Administrator 2 position to draft the request for proposal (RFP), review applications, implement the projects, oversee the projects, and conduct and prepare the evaluations. ODH also estimates that the program will require one-half of an Administrative Assistant 2 position. Furthermore, ODH will incur costs related to site visit travel and equipment, as well as additional administration. In total, ODH estimates that the cost to administer the program will be \$200,000 a year. The rest of the money appropriated, \$4.8 million, would be awarded as grants.

The bill specifies that a multi-share health program that receives a grant under the PATH Grant Program is prohibited from operating as an entity that engages in the business of insurance, as a health-insuring corporation, or as any other entity that engages in the business of directly providing health care coverage or directly reimbursing health care providers for rendering services. As long as a program complies, the program is not subject to regulation by the Department of Insurance. If a program does not comply with this provision, it is possible that the Department of Insurance could become involved with regulation. However, it is expected that the programs would comply with this requirement. Thus, any increase in costs for the Department would be minimal at most.

### **Local fiscal effects**

It is unknown how many, if any, local governments might apply or would be eligible for a grant award.

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