



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 198 of the 128th G.A.

Date: June 24, 2009

Status: As Introduced

Sponsors: Reps. Lehner and Ujvagi

Local Impact Statement Procedure Required: No — No local cost

Contents: To establish the Medical Home Model Demonstration Project; to provide for Choose Ohio First Scholarships to be awarded to medical students who agree to practice primary care; and to make an appropriation

State Fiscal Highlights

STATE FUND	FY 2010	FY 2011	FUTURE YEARS
General Revenue Fund – Department of Insurance			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase of \$1,406,000	Increase of \$2,465,000	- 0 -
General Revenue Fund – Board of Regents			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Increase of \$800,000	Increase of \$600,000	- 0 -
Department of Insurance Operating Fund (Fund 5540)			
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 2010 is July 1, 2009 – June 30, 2010.

- The bill establishes a GRF appropriation item, 820501, Medical Home Model, in the Department of Insurance and appropriates \$1.4 million in FY 2010 and \$2.5 million in FY 2011 to pay for administrative expenses, training, equipment, and support expenses for the Medical Home Model Demonstration Project.
- The bill requires the Department of Insurance to provide administrative support to the proposed Medical Home Council, which may increase the Department's administrative costs. Any increase in such costs would be paid out of the Department's Operating Fund (Fund 5540).
- The bill appropriates \$800,000 in FY 2010 and \$600,000 in FY 2011 to GRF 235519, Family Practice, for development of medical school curricula and enhancement of residency design and curricula development in the Medical Home Model of care for family practice residencies.

- Ohio's public medical schools may incur minimal administrative expenses in the creation of a primary care component proposal for the Choose Ohio First Scholarship Program.
- The bill may change the allocation of scholarships under the Choose Ohio First Scholarship Program in FY 2010 and FY 2011 because it requires that 50 scholarships be awarded in each year to schools with Medical Home Model of care proposals.

Local Fiscal Highlights

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

The bill creates a Medical Home Model Demonstration Project, which is a comprehensive primary care service concept that emphasizes a centralized base and collaboration among patient, physician, and other medical and support staff. The bill also establishes a scholarship program for medical students who agree to practice in a primary care area, through the Choose Ohio First Scholarships, in the Board of Regents.

Medical Home Model Demonstration Project

The Medical Home Model Demonstration Project would be created as a tool to evaluate the Medical Home Model of Care, which is a model developed by the American Academy of Family Physicians. The bill also creates a nine-member council, the Medical Home Council, to implement, administer, and assess the outcome of the Medical Home Model Demonstration Project, which will begin in October 2009 and continue until March 2012. Appointments to the Council are specified in the bill. The bill requires the Department of Insurance to provide administrative support to the Council. The bill requires the Council to implement the demonstration project by not later than October 1, 2009. The bill specifies that the Council must select up to 30 primary physician practices in the metropolitan Dayton and Lucas county areas to participate in the demonstration project during the period. The project will provide training to participating physician practices in those areas on how to provide comprehensive primary medical care services.

The bill also requires the Council to prepare an interim report no later than March 1, 2010, an update of the interim report a year later in 2011, and a final report no later than March 1, 2012. The reports must include an evaluation of the medical outcomes, costs of the project, its findings, and recommendations from the pilot project. The bill requires the Council to submit a copy of each report to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The project will be abolished after the final report is prepared.

The bill establishes a GRF appropriation item, 820501, Medical Home Model, in the Department of Insurance, and appropriates \$1.4 million in FY 2010 and \$2.5 million

in FY 2010 to pay for administrative expenses, training, equipment, and support expenses for the demonstration project. The bill earmarks up to \$640,000 in FY 2010 and \$1,635,000 in FY 2011 to the Medical Home Council to provide up to 75% of the cost to purchase health information technology equipment, convert the physician practices into a Medical Home Model, and provide the physicians and staff with comprehensive training on the operation of a medical home. The earmarked amounts may also include up to \$150,000 in administrative costs for the project in each fiscal year.

In addition, the provision that requires the Department of Insurance to provide administrative support to the Council may increase the Department's administrative costs; however, any such increase would likely be minimal. Any increase in such costs would be paid out of the Department of Insurance Operating Fund (Fund 5540). The bill has no direct fiscal impact to local governments.

Board of Regents – Family Practice

The bill appropriates \$800,000 in FY 2010 and \$600,000 in FY 2011 to GRF 235519, Family Practice, and specifies that the funds are to be used to support the development of medical school curricula at the Wright State University School of Medicine, the Ohio University College of Osteopathic Medicine, and the University of Toledo College of Medicine to prepare primary care physicians to practice the Medical Home Model of care. The bill also specifies that a portion of the funds be used to enhance residency design and curricula development for family practice residencies in the Medical Home Model Demonstration Project area.

Choose Ohio First Scholarship Program

The bill requires the deans of the medical schools and colleges of The Ohio State University, Case Western Reserve University, the University of Toledo, the University of Cincinnati, Wright State University, and Ohio University, and the president and dean of the Northeastern Ohio Universities Colleges of Medicine and Pharmacy to jointly develop a proposal to create a primary care component of the Choose Ohio First Scholarship Program. The medical schools and colleges could incur minimal administrative expenses in the development of the proposal.

The bill requires the Board of Regents (BOR) to award at least 50 Choose Ohio First Scholarships in FY 2010 and FY 2011 to state-assisted institutions with proposals that include training in the Medical Home Model of care. Qualifying proposals must include a mechanism to ensure that recipients will complete medical residency training in family medicine, general internal medicine, or general pediatrics in Ohio and practice family or primary care in the state for three or more years. The Choose Ohio First Scholarship Program provides scholarships to students in the fields of science, technology, engineering, mathematics, and medicine (STEM). Under current law, scholarship funds are allocated to public and private institutions based on a competitive process in which institutions submit proposals to recruit talented Ohio students to STEM fields. The bill, in effect, sets aside a certain number of scholarships (but

apparently not a specific number of dollars) for Medical Home Model of care proposals, without changing the total cost of the scholarship program.

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