



Ohio Legislative Service Commission

Ruhaiza Ridzwan and other LSC staff

Fiscal Note & Local Impact Statement

Bill: [H.B. 320 of the 130th G.A.](#)

Date: November 13, 2013

Status: As Introduced

Sponsor: Rep. Young

Local Impact Statement Procedure Required: No

Contents: To create a state income tax deduction for certain health care services provided at a free clinic; to extend qualified immunity from civil liability for certain volunteer health care services provided to individuals eligible for or receiving Medicaid; to authorize a person practicing under a volunteer's certificate to provide health care services to any person; to create a volunteer's certificate for retired nurses; and to designate December as "Free Clinic Appreciation Month"

State Fiscal Highlights

- The tax deduction would reduce the personal income tax (PIT) base, thereby reducing receipts from the state's PIT. Any revenue loss would depend on the number of taxpayers eligible to take the deduction and the value of such deductions.
- Currently, income tax receipts are deposited into the GRF. Any revenue loss to GRF tax revenue would also decrease allocations to the Local Government Fund (LGF) and the Public Library Fund (PLF). Currently, the LGF and the PLF each receive 1.66% of total GRF tax revenue.
- The bill would increase costs for the Ohio Board of Nursing to issue professional volunteer's certificates to registered nurses and licensed practical nurses.

Local Fiscal Highlights

- Any revenue loss to tax receipts deposited in the GRF would also decrease allocations to the LGF and the PLF, which each receive 1.66% of GRF receipts. Decreases in distributions to the LGF and the PLF would reduce allocations from those funds to various local government entities.

Detailed Fiscal Analysis

The bill creates a new income tax deduction that would benefit certain health care professionals and health care workers, who provided certain volunteer services at a free clinic. The bill specifies that a clinic is not a free clinic if it (1) bills Medicaid, Medicare, or other third-party payers for health care services rendered at the clinic and (2) receives 25% or more of its annual revenue from the third-party payment. The bill also specifies that free clinics are allowed to perform operations in medical and dental emergencies, but only if the operations are performed by persons who hold volunteer certificates for retired practitioners issued by the State Medical Board and State Dental Board. In addition, the bill designates the month of December as "Free Clinic Appreciation Month."

Income tax deduction for certain health care services provided at a free clinic

The bill authorizes physicians, dentists, nurses, medical assistants, phlebotomists, or medical secretaries, who provide services free of charge to a "free clinic," to take a personal income tax deduction for certain amounts related to such services. Under the bill, such taxpayers may deduct such deduction to taxable years beginning on or after January 1, 2014.

The bill specifies that the deduction is limited to the following amounts:

(1) The number of hours of service that the taxpayer provided free of charge to the free clinic during the taxable year, multiplied by \$85 in the case of a physician or dentist, \$30 in the case of a nurse, \$18 in the case of a medical assistant or phlebotomist, or \$13 in the case of a medical secretary;

(2) The number of miles the taxpayer traveled to and from the free clinic during the taxable year in order to provide the free services, multiplied by the mileage rate allowed for the reimbursement of travel expenses of state agents as provided by rule of the Director of Budget and Management adopted pursuant to division (B) of section 126.31 of the Revised Code.

Income tax receipts are deposited in the GRF. The deduction would decrease state personal income tax (PIT) receipts and, thus, revenue to the GRF. Any revenue loss to GRF tax revenue would also decrease allocations to the Local Government Fund (LGF) and the Public Library Fund (PLF). The LGF and the PLF receive a combined total of 3.32% of total GRF tax revenue. Receipts to the LGF are distributed to counties, municipalities, and townships. Receipts to the PLF are distributed to libraries. So reductions to those two funds decrease allocations to various local government entities. The potential revenue loss from the bill would depend on the number of taxpayers eligible to take the deduction, and the value of such deductions.

LSC staff could not find reliable data on the number of hours and the number of miles spent by certain health care professionals and health care workers who provide services free of charge to free clinics in Ohio. However, based on the number of Ohio's free clinics listed on the Ohio Association of Free Clinics' website¹ currently, there are 51 free clinics in Ohio. According to a study on free clinics published in 2010,² the average annual number of volunteer hours for clinical services and administrative functions was about 4,237 per clinic. Using the number of free clinics in Ohio and the average annual number of volunteer hours per clinic, the estimated number of volunteer hours provided at free clinics in Ohio is about 216,087 per year. Based on the estimated number of volunteer hours that may have been provided at free clinics in Ohio, the average state marginal income tax rate of 3.416%, and the highest hourly rate for the deduction, the estimated revenue loss would be about \$628,000. Of that amount, approximately \$607,000 will be borne by the GRF and the remaining \$21,000 will be borne by the LGF and the PLF. The estimates above do not include deductions for travel expenses for those providing services free of charge to free clinics in Ohio. Thus, the estimated revenue loss may be higher than the amount above. Also, the bill may indirectly increase the number of volunteer health care professionals and workers at free clinics, with potential additional fiscal effects.

Volunteer certificates for retired nurses

The bill extends the existing retired health care professional volunteer's certificate to registered nurses (RNs) and licensed practical nurses (LPNs); the certificate is currently available to physicians, dentists, and dental hygienists. The bill specifies what is to be included in applications for certificates and establishes procedures to be followed by the Ohio Board of Nursing in issuing volunteer's certificates to retired RNs and LPNs. These are substantially the same as those to be followed by the State Medical Board and State Dental Board in issuing volunteer's certificates to retired physicians, dentists, and dental hygienists. The Board must maintain a register of all nurses holding volunteer's certificates and must issue to each nurse who qualifies a wall certificate and a wallet certificate.

There would be an increase in costs for the Board of Nursing to receive and process applications, issue certificates, and maintain a register. There would also be costs for the Board to adopt rules. Since the bill prohibits the Board from charging an issuance or renewal fee for certificates, there would be no increase in revenue. Therefore, any increase in costs will be absorbed within the Board's existing resources.

¹ Source: Ohio Association of Free Clinics website at www.ohiofreeclinics.org, visited November 8, 2013.

² *Free Clinics in the United States, A Nationwide Survey*, Julie S. Darnell, PhD. MHSA, published in *Arch Intern Med.*, 2010.

Qualified immunity

Under existing law, a health care professional who provides health care services as a volunteer to a person who is indigent and uninsured is not liable in damages for injury, death, or loss to person or property that allegedly arises from an action or omission of the volunteer, unless the action or omission constitutes willful or wanton misconduct. The bill revises the definition of "indigent and uninsured person" for purposes of the immunity provision by providing that it includes a person who is eligible for the Medicaid Program or is a Medicaid recipient. As a result, the qualified immunity extends to health care professionals who treat Medicaid-eligible persons or Medicaid recipients, as long as no compensation is received or expected.

According to the Ohio Judicial Conference, the bill is not anticipated to have a fiscal impact on local courts. However, if the bill results in a reduction in the filing of civil actions alleging damages incurred in the provision of health care in the circumstances listed above, then courts may experience operational savings from a reduced workload as well as a loss of revenue from filing fees.

Free Clinic Appreciation Month

The bill designates December as "Free Clinic Appreciation Month." There will be no direct fiscal impact on the state and local governments related to this designation.