



# Ohio Legislative Service Commission

*Justin Pinsker and other LSC staff*

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## Fiscal Note & Local Impact Statement

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**Bill:** [H.B. 369 of the 130th G.A.](#)

**Date:** January 7, 2014

**Status:** As Introduced

**Sponsor:** Rep. Sprague

**Local Impact Statement Procedure Required:** Yes

**Contents:** To require the Medicaid Program and health insurers to cover certain services for recipients with opioid addictions, to establish requirements for board services for opioid addiction, to help defray payroll costs associated with a court's employment of drug court case managers, and to provide a state share of the capital costs of recovery housing projects

### State Fiscal Highlights

- The bill appropriates \$180.0 million in fiscal year (FY) 2014 to the Ohio Department of Mental Health and Addiction Services (OMHAS) to fund the state share of the capital costs of recovery housing projects. The bill provides that the funds may also be used to pay the first two years of operating expenses for certain recovery housing projects. The bill reappropriates the unexpended, unencumbered portion of line item 335508 to OMHAS in FY 2014 for the same purpose in FY 2015.
- The bill requires the Medicaid Program to cover ambulatory detoxification, case management, intensive outpatient treatment for drug addiction, and medication-assisted treatment. According to the Ohio Department of Medicaid, the Medicaid Program already covers these services, but there could be increased costs if additional Medicaid recipients utilize these services as a result of the bill.
- The bill appropriates \$4,032,752 in FY 2014 and \$8,065,504 in FY 2015 to the Supreme Court to defray a portion of the annual payroll costs associated with the employment of up to two case managers for specialty docket courts specializing in drug cases (drug courts).
- The bill increases the appropriation to GRF line item 335504, Community Innovations, used by OMHAS, by \$500,000 in FY 2014. This appropriation increase will be used to add Hocking County to the list of counties in which the pilot program is to be conducted.

## Local Fiscal Highlights

- The bill requires each board of alcohol, drug addiction, and mental health services (ADAMHS board) to provide recovery housing. The bill also requires the ADAMHS boards to pay the local portion of the capital costs for recovery housing, unless an ADAMHS board cannot afford it, in which case the state will pay for the capital costs in most instances.
- The bill requires ADAMHS boards to pay for the operating expenses of the recovery housing facilities except for those facilities for which the state paid 100% of the capital costs. In those cases, the state must pay 90% of the first two years of operating expenses.
- The bill requires ADAMHS boards to provide for a full spectrum of care services for opioid addiction. Some services are not covered by the Medicaid Program; therefore, there could be an increase in costs to ADAMHS boards to provide these additional services. In addition, ADAMHS boards assist individuals who are not covered by Medicaid. An individual could have part of the costs of a service under the full spectrum of care services paid for by the ADAMHS board if the person cannot afford to pay for the service.
- The provision to require coverage of certain services for individuals with opioid addictions may increase costs to school districts, counties, municipalities, and townships statewide of providing health benefits to their employees and their dependents. LSC staff could not determine the magnitude of the fiscal impact due to lack of information on the number of plans that will be affected by the required coverage. To the extent that such coverage is already provided by the local governments, the impact on their costs would be reduced.

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## Detailed Fiscal Analysis

### Recovery housing

The bill requires each board of alcohol, drug addiction, and mental health services (ADAMHS board) to provide recovery housing. The bill defines recovery housing as a facility for people recovering from addiction and is characterized by an alcohol and drug free living environment with peer support and other addiction recovery aids, including linkages to addiction treatment services. The bill also requires a recovery housing owner be a local governmental entity, an Ohio Department of Mental Health and Addiction Services (OMHAS)-certified nonprofit addiction provider, a peer-run recovery nonprofit, or other local nonprofit as appropriate to meet the needs of the local community.

The bill creates General Revenue Fund line item 335508, Buckeye Recovery Housing, to be used by OMHAS, and appropriates \$180.0 million in FY 2014 to fund the state share of the capital costs of recovery housing projects. The bill requires that the OMHAS Director prioritize the funding for projects in counties that currently have no recovery housing options. The bill provides that the funds may also be used to pay the first two years of operating expenses for certain recovery housing projects. Lastly, the bill reappropriates the unexpended, unencumbered portion of line item 335508 to OMHAS in FY 2014 for the same purpose in FY 2015.

Under the bill, ADAMHS boards could incur a local share cost to provide recovery housing. The bill specifies that for Cuyahoga, Franklin, Hamilton, Lucas, Mahoning, Montgomery, Stark, and Summit counties, if recovery housing already exists in the county, the state must pay 50% of capital costs of additional recovery housing projects and the ADAMHS board must pay 50%. If no recovery housing exists in the county, the state must pay 90% of the capital costs and the ADAMHS board must pay 10%, unless the ADAMHS board cannot afford the 10% share, in which case the state must pay 100%. For the remaining 80 counties, the state must pay 90% of the recovery housing capital costs and the ADAMHS board must pay 10%, unless the ADAMHS board cannot afford the 10% share, in which case the state must pay 100%.

Under the bill, there would be an increase in costs to ADAMHS boards to pay for the operating expenses of recovery housing. These costs would depend on the level of care provided and whether the housing is single-person or family housing. The bill requires ADAMHS boards to pay for the operating expenses of the recovery housing facilities except for those facilities for which the state paid 100% of the capital costs. In those cases, the state must pay 90% of the first two years of operating expenses.

## **Full spectrum of care services for opioid addiction**

Currently, each ADAMHS board is required to establish, to the extent resources are available, a continuum of care that provides for prevention, treatment, support, and rehabilitation services and opportunities. In addition, current law provides what services may be included in a board's continuum of care. The bill replaces the term "continuum of care" with "full spectrum of care" and requires that the full spectrum of care include all levels of treatment services for opioid addiction. These services would include ambulatory detoxification, individual and group therapy, medication-assisted treatment, peer mentoring, residential treatment services, and twelve-step approaches. According to the Ohio Department of Medicaid (ODM) and the Ohio Association of County Behavioral Health Authorities, peer mentoring, the room and board portions of residential treatment services, and twelve-step programs are not covered by the Medicaid Program. As a result, ADAMHS boards could incur an increase in costs to provide these additional services to Medicaid recipients. In addition, ADAMHS boards assist individuals who are not covered by Medicaid. An individual could have part of the costs of a service under the full spectrum of care services paid for by the ADAMHS board if the person cannot pay for the service.

The bill also requires the Director of OMHAS to withhold all funds to an ADAMHS board if the board fails to provide for the full spectrum of care.

These provisions are effective one year after the bill's effective date.

## **Medicaid coverage of services for individuals with opioid addictions**

The bill requires the Medicaid Program cover ambulatory detoxification, case management, intensive outpatient treatment for drug addiction, and medication-assisted treatment. The bill also requires the Medicaid Program not restrict coverage of the services described above based on prior successes or failures of the service. According to ODM, the Medicaid Program already covers these services, but there could be increased costs if additional Medicaid recipients utilize these services as a result of the bill. These additional recipients would join Medicaid as the Medicaid expansion group, which was created by the Affordable Care Act. Any costs related to covering these additional recipients would be paid for with Medicaid expansion funds, which are 100% federal. This provision is effective one year after the bill's effective date.

## **Health insurance coverage of services for individuals with opioid addictions**

The bill requires policies, contracts, and agreements of health insuring corporations (HICs), sickness and accident insurers, multiple employer welfare arrangements (MEWAs) operating group self-insured plans, and public employee benefit plans to cover the following services for covered individuals with opioid addictions: (1) ambulatory detoxification, (2) case management, (3) intensive outpatient treatment for drug addiction, (4) medication-assisted treatment, and (5) residential treatment services. The requirements apply to policies, contracts, and agreements that are delivered, issued for delivery, or renewed in Ohio on or after one year after the bill's

effective date. The bill also prohibits such insurers from restricting coverage of the required services based on prior successes or failures of such services.

Furthermore, the bill specifies that these coverage requirements are not subject to review by the Department of Insurance. Under current law, no mandated health benefits legislation enacted by the General Assembly may be applied to any policy, contract, plan, or other arrangement providing sickness and accident or other health benefits until the Superintendent of Insurance determines that the provision can be applied fully and equally in all respects to employee benefit plans subject to regulation by the federal Employee Retirement Income Security Act of 1974 (ERISA) and employee benefit plans established or modified by the state or any political subdivision of the state, or by any agency or instrumentality of the state or any political subdivision of the state.

The provision related to insurance coverage of certain services for individuals with opioid addictions would have no direct fiscal impact on the state's health benefit plan. According to a Department of Administrative Services official, the state health benefit plan is currently providing such coverage. However, the provision may increase insurance premiums of local governments' health benefit plans. Currently, LSC staff could not determine the magnitude of the provision's fiscal impact on local governments due to lack of information on the number of plans that will be affected by the required coverage. To the extent that these services are included in local governments' health benefit plans currently, the impact on their insurance premiums would be reduced. Any increase in insurance premiums would increase costs to local governments to provide health benefits to employees and their dependents.

### **Drug court case managers**

The bill creates GRF line item 005XXX, Drug Court Case Manager Compensation, to be used by the Supreme Court, and appropriates \$4,032,752 in FY 2014 and \$8,065,504 in FY 2015. The appropriation is to be used to defray a portion of the annual payroll costs associated with the employment of up to two case managers for specialty docket courts specializing in drug cases (drug courts). Currently, there are three fully certified drug courts in Ohio, and a total of 66 courts that have applied to the Supreme Court of Ohio for certification.<sup>1</sup> If case managers only need to be hired for currently certified drug courts, then the statewide costs will be significantly lower than the amount of allocated funding. Additionally, if courts only acquire one additional case manager as opposed to reaching the maximum of two, the actual amount spent will be proportionally lower than the currently allocated funding. The FY 2014 cost total from the program if all courts that have applied become eligible for case managers and those same courts utilize two case managers would be \$5,148,000, with the state covering

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<sup>1</sup> The three courts are the Ashtabula County Common Pleas Drug Court, the Franklin County Family Drug Court, and the Licking County Common Pleas Drug Court – CIA Program.

\$4,032,752 and the localities covering \$1,115,248. The FY 2015 total cost would be \$10,296,000 with the state covering \$8,065,503 and the localities covering \$2,230,497.

### **Addiction treatment pilot program**

The bill increases the appropriation to GRF line item 335504, Community Innovations, from \$6.5 million to \$7.0 million in FY 2014 and increases the allocation from line item 335504 for the addiction treatment pilot program created in H.B. 59 of the 130th General Assembly from \$5.0 million in FY 2014 to \$5.5 million. Under current law, the pilot program must be conducted in the courts of Crawford, Franklin, Hardin, Mercer, and Scioto counties that are conducting drug court programs. The bill requires OMHAS to also conduct the pilot program in Hocking County.

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