Department of Job and Family Services

Senate Finance and Financial Institutions Committee

Maria Seaman, Senior Budget Analyst
Ivy Chen, Economist
Erin Pettegrew, Budget Analyst

Legislative Service Commission

April 28, 2005

Additional copies are available on our website at ***www.lsc.state.oh.us***
Click on 'Budget Documents' then 'Redbooks'

LSC Redbook

for the

Department of Job and Family Services

Senate Finance and Financial Institutions Committee

Maria Seaman, Senior Budget Analyst
Ivy Chen, Economist
Erin Pettegrew, Budget Analyst

Legislative Service Commission

April 28, 2005

TABLE OF CONTENTS

Agency Overview 1
Master Table 5
Workforce Development 6
Overview 6
Analysis of Executive Proposal 8
Program 1.01 Workforce Investment Act Worker Training 8
Program 1.02: Employment Services 10
Program 1.03: Veteran's Services 11
Program 1.04: Tax Credit 11
Program 1.05: Women's Hall of Fame 13
Program 1.06: Labor Market Information 13
Program 1.07: Sharing Career Opportunities and Training Information (SCOTI) 14
Requests Not Funded 15
Family Stability 16
Overview 16
Analysis of Executive Proposal 25
Program 2.01: TANF/Ohio Works First Cash Assistance 26
Program 2.02: TANF Non-Assistance 29
Program 2.03: Disability Financial Assistance 33
Program 2.04: Food Stamp and Food Stamp Employment and Training Program 34
Program 2.05: Emergency Food Distribution 36
Program 2.06: Child Care 37
Program 2.07: Refugee Services 40
Program 2.08: Client Registry Information System Enhanced (CRIS-E) 41
Program 2.09: Electronic Benefit Transfer (EBT) 41
Program 2.10: Integrated Client Management System (e-ICMS) 42
Program 2.11: TANF Quality Control (QC) 43
Requests Not Funded 44
Child Support 46
Overview 46
Analysis of Executive Proposal 47
Program 3.01: Child Support Activities 48
Program 3.02: Support Enforcement Tracking System 55
Requests Not Funded 56
Families and Children 57
Overview 57
Analysis of Executive Proposal 58
Program 4.01 Child Prevention and Protective Services 60

Program 4.02 Social Services *62*
Program 4.03 Adoption Services *66*
Program 4.04 Foster Care *68*
Program 4.05 Family and Children First *70*
Program 4.06 SCAWIS/FACSIS *71*
Requests Not Funded *72*
Health Care (Medicaid) **74**
Overview *74*
Analysis of Executive Proposal *77*
Medicare Part D *78*
Eliminating the Parent Expansion *85*
Community-Based Providers *86*
Elimination of Certain Medicaid Optional Services *86*
Inpatient Hospitals *87*
Medicaid Prescription Drug Services *87*
Program Integrity *89*
Medicare Premium Assistance Program *91*
Disability Medical Assistance (DMA) Program *92*
Medicaid Estate Recovery Program *94*
Medicaid Managed Care *96*
Enhanced Care Management (ECM) *99*
Long-Term Care *99*
Assisted Living Medicaid Waiver *105*
Ohio Home Care Program *106*
Ohio Access Success Project *110*
Program of All-Inclusive Care for the Elderly (PACE) *110*
Upper Payment Limits *111*
Disproportionate Share Hospitals (DSH) *111*
Hospital Care Assurance Program (HCAP) *111*
Institutions for Mental Disease/Disproportionate Share Hospitals (IMD/DSH) *112*
Client Registry Information System Enhanced (CRIS-E) *112*
Medicaid Management Information System (MMIS)/Health Portability and Accountability Act (HIPAA) *113*
Administration *114*
Ohio's Best Rx Program *114*
Requests Not Funded *118*
Facts and Figures *119*
Unemployment Insurance **133**
Overview *133*
Analysis of Executive Proposal *135*
Program 6.01: Unemployment Insurance *135*
Program 6.02: Trade/NAFTA Dislocated Workers *137*

Program 6.03: Unemployment Compensation Review Commission (UCRC) *137*
Program 6.04: Employment Systems *138*
Program 6.05: Ohio Job Insurance (OJI) *139*
Program 6.06: Employer Resource Information Center (ERIC) *139*
Program 6.07: UCRC-MIS *140*
Requests Not Funded *141*
Support Services **142**
Overview *142*
Analysis of Executive Proposal *143*
Program 7.01 – Program Management *144*
Program 7.02 – Computer Projects (MIS Support) *148*
Requests Not Funded *150*
Attachments:
ODJFS Catalog of Budget Line Items
ODJFS LSC Budget Spreadsheet By Line Item: Executive to House Passed
ODJFS Compare Document: Permanent and Temporary Law
Department of Ohio Medicaid Catalog of Budget Line Items
Department of Ohio Medicaid LSC Budget Spreadsheet By Line Item: Executive to House Passed
Department of Ohio Medicaid Compare Document: Permanent and Temporary Law

Department of Job and Family Services

- If all Medicaid cost containment strategies are implemented, the Executive estimates that spending in appropriation item 600-525 could be reduced by $813.2 million all funds in FY 2006, and by $1,458.3 million all funds in FY 2007
- The executive recommendation includes provisions to reimburse the TANF Block Grant for misallocation of funds
- Recommended funding will allow the Department to increase eligibility for the child care program from 150% to 185% of the federal poverty guidelines
- State-funded Head Start and Head Start Plus to be replaced by Early Learning Initiative

AGENCY OVERVIEW

The Department of Job and Family Services (ODJFS) develops and oversees programs that provide health care, employment and economic assistance, child support, and services to families and children. The ODJFS mission is, through state and local partnerships, to help all Ohioans improve the quality of their lives. The ODJFS vision is to be the nation's leading family support and workforce development system.

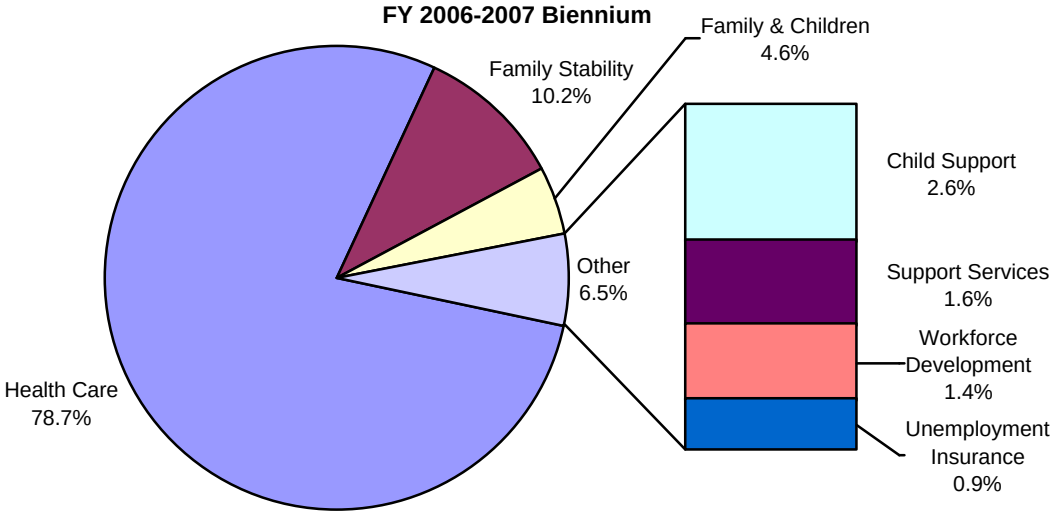
Most of ODJFS' programs and services are federally mandated and funded. Title XIX and XXI of the Social Security Act funds the Medicaid health care program; Temporary Assistance for Needy Families funds financial assistance for families; the federal Workforce Investment Act funds job training and job placement services for workers and employers; and Title III of the Social Security Act sets forth federal standards for administration of the Unemployment Insurance program and authorizes federal administrative funding for the program. The Department also receives federal reimbursement for a portion of expenditures made for child support and child welfare activities.

The administration and funding of job and family services programs represent a unique cooperative partnership between three levels of government: federal, state, and local. The Department of Job and Family Services directs and supervises the delivery of these services through a network of local government agencies and several district offices. The direct delivery of services is administered by a combination of county offices, which includes 88 county departments of job and family services, 26 separate child support enforcement agencies, and 26 separate public children services agencies. The Department provides funding to local agencies to develop programs that respond to local needs and provides technical assistance and support to ensure compliance with federal and state regulations.

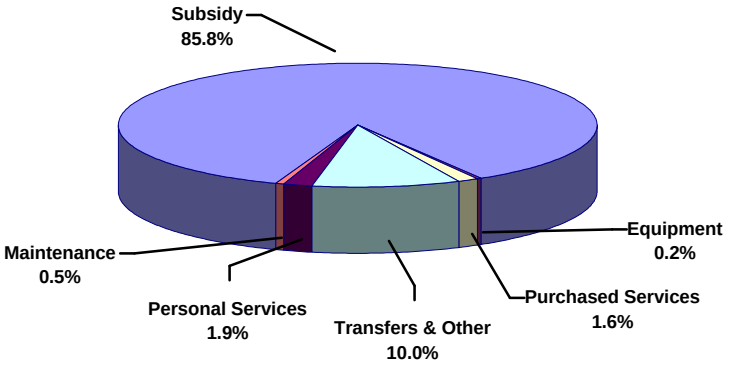
The Department is led by a director, appointed by the Governor, who manages approximately 3,800 employees and a budget of approximately $16.3 billion in fiscal year (FY) 2005.

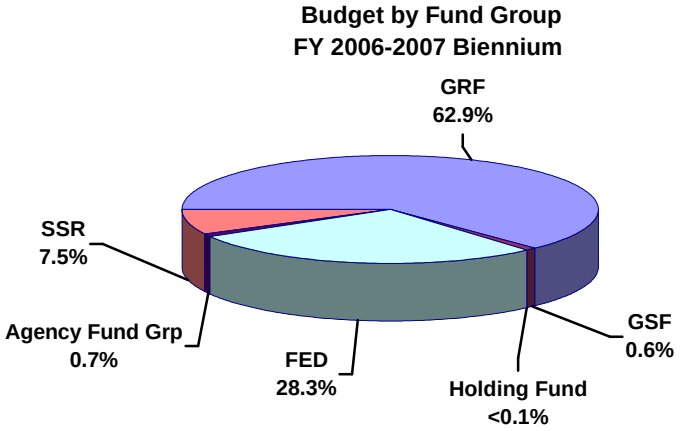
The Executive recommended funding for ODJFS is approximately $17.0 billion in FY 2006 and $17.3 billion in FY 2007.

Percentage of Funding by Program Series
FY 2006-2007 Biennium



Total Budget by Object Code
FY 2006-2007 Biennium




Budget by Fund Group
FY 2006-2007 Biennium
GRF
62.9%
SSR
7.5%
Agency Fund Grp
0.7%
FED
28.3%
Holding Fund
<0.1%
GSF
0.6%

Ohio Department of Job and Family Services Staffing Levels		
Division	**As of January 25, 2003**	**As of December 31, 2004**
Director's Office	21	25
Office of Legislation	13	13
Office of Fiscal Services	133	129
Office of Research, Assessment & Accountability	242	196
Office of Legal Services	78	76
Office of Employee and Business Services*	260	184
Office of Management Information Services	449	596
Office of Local Operations	947	937
Office of Child Support	177	168
Office of Ohio Health Plans	384	452
Office for Children and Families	197	214
Office of Workforce Development	78	129
Office of Family Stability	62	69
Office of the Chief Inspector	26	32
Office of Unemployment Compensation	458	514
Office of Unemployment Compensation Review Committee	58	58
Office of Communications*	--	9
Office of Contract Administration*	--	20
TOTAL	**3,583**	**3,821**

*The Office of Employee and Business Services was formerly called the Office of Internal Administration, which included the Office of Communications and Office of Contract Administration.

MASTER TABLE

EXECUTIVE'S RECOMMENDATIONS FOR FY 2006 AND FY 2007

The following table provides a comprehensive presentation of the Executive's recommendations for each of the agency's line items and the programs each line item supports. Please note that some line items may provide funding for multiple program series and/or programs. See the Analysis of Executive Proposal section for more information on specific program funding.

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
		General Revenue Fund		
GRF	**600-321**	**Support Services**	**$ 70,912,400**	**$ 68,519,938**
		Program Series 01: Workforce Development	$ 40,000	$ 40,000
		Program 01.05: Women's Hall of Fame	$ 40,000	$ 40,000
		Program Series 04: Family and Children	$ 100,406	$ 100,406
		Program 04.05: Family and Children First	$ 100,406	$ 100,406
		Program Series 07: Support Services	$ 70,771,994	$ 68,379,532
		Program 07.01: Program Management	$ 70,771,994	$ 68,379,532
GRF	**600-410**	**TANF State**	**$ 272,619,061**	**$ 272,619,061**
		Program Series 02: Family Stability	$ 272,619,061	$ 272,619,061
		Program 02.01: TANF/Ohio Works First Cash Assistance	$ 132,619,061	$ 132,619,061
		Program 02.02: TANF Non-Assistance	$ 140,000,000	$ 140,000,000
GRF	**600-413**	**Child Care Match/MOE**	**$ 84,120,596**	**$ 84,120,596**
		Program Series 02: Family Stability	$ 84,120,596	$ 84,120,596
		Program 02.06: Child Care	$ 84,120,596	$ 84,120,596
GRF	**600-416**	**Computer Projects**	**$ 156,095,908**	**$ 155,481,486**
		Program Series 02: Family Stability	$ 37,566,542	$ 25,953,333
		Program 02.08: Client Registry Information System Enhanced (CRIS-E)	$ 5,920,536	$ 10,167,986
		Program 02.09: Electronic Benefit Transfer (EBT)	$ 31,646,006	$ 15,785,347
		Program Series 03: Child Support	$ 17,277,146	$ 17,743,528
		Program 03.02: Support Enforcement Tracking System (SETS)	$ 17,277,146	$ 17,743,528
		Program Series 04: Family and Children	$ 2,935,118	$ 2,973,424
		Program 04.06: SACWIS/FACSIS	$ 2,935,118	$ 2,973,424
		Program Series 05: Health Care	$ 28,202,402	$ 35,116,045
		Program 05.05: Program Management	$ 4,695,454	$ 4,081,032
		Program 05.06: Client Registry Information System Enhanced (CRIS-E)	$ 7,935,152	$ 13,627,908
		Program 05.07: MMIS/HIPAA	$ 15,571,796	$ 17,407,105
		Program Series 07: Support Services	$ 70,114,700	$ 73,695,156
		Program 07.02: Computer Projects (MIS Support)	$ 70,114,700	$ 73,695,156
GRF	**600-420**	**Child Support Administration**	**$ 5,091,446**	**$ 5,091,446**
		Program Series 03: Child Support	$ 5,091,446	$ 5,091,446
		Program 03.01: Child Support Activities	$ 3,734,301	$ 3,694,076
		Program 03.02: Support Enforcement Tracking System (SETS)	$ 1,357,145	$ 1,397,370
GRF	**600-421**	**Office of Family Stability**	**$ 4,864,932**	**$ 4,864,932**
		Program Series 02: Family Stability	$ 4,864,932	$ 4,864,932
		Program 02.01: TANF/Ohio Works First Cash Assistance	$ 820,128	$ 832,605
		Program 02.02: TANF Non-Assistance	$ 2,413,506	$ 2,369,105

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
		Program 02.04: Food Stamp and Food Stamp Employment and Training Program	$ 1,125,284	$ 1,146,898
		Program 02.05: Emergency Food Distribution	$ 500,236	$ 510,374
		Program 02.06: Child Care	$ 5,778	$ 5,950
GRF	**600-423**	**Office of Children and Families**	**$ 5,408,020**	**$ 5,431,690**
		Program Series 02: Family Stability	$ 1,466,714	$ 1,510,317
		Program 02.06: Child Care	$ 1,466,714	$ 1,510,317
		Program Series 04: Family and Children	$ 3,941,306	$ 3,921,373
		Program 04.01: Child Prevention and Protection Services	$ 390,539	$ 401,604
		Program 04.02: Social Services	$ 33,717	$ 34,720
		Program 04.03: Adoption Services	$ 826,394	$ 754,680
		Program 04.04: Foster Care	$ 2,690,656	$ 2,730,369
GRF	**600-425**	**Office of Ohio Health Plans**	**$ 51,343,175**	**$ 49,865,282**
		Program Series 05: Health Care	$ 51,343,175	$ 49,865,282
		Program 05.01: Fee for Services	$ 21,975,656	$ 22,497,584
		Program 05.02: Managed Care	$ 3,760,042	$ 3,871,842
		Program 05.03: Care Within Institutional Settings	$ 5,332,721	$ 5,491,243
		Program 05.04: Care Within Community Settings	$ 5,948,499	$ 6,119,743
		Program 05.05: Program Management	$ 14,326,257	$ 11,884,870
GRF	**600-442**	**PA Reconciliation**	**$ 30,000,000**	**$ 30,000,000**
		Program Series 07: Support Services	$ 30,000,000	$ 30,000,000
		Program 07.01: Program Management	$ 30,000,000	$ 30,000,000
GRF	**600-502**	**Child Support Match**	**$ 16,814,103**	**$ 16,814,103**
		Program Series 03: Child Support	$ 16,814,103	$ 16,814,103
		Program 03.01: Child Support Activities	$ 16,814,103	$ 16,814,103
GRF	**600-511**	**Disability Financial Assistance**	**$ 22,839,371**	**$ 22,839,371**
		Program Series 02: Family Stability	$ 22,839,371	$ 22,839,371
		Program 02.03: Disability Financial Assistance	$ 22,839,371	$ 22,839,371
GRF	**600-512**	**Non-TANF Emergency Assistance**	**$ 1,000,000**	**$ 1,000,000**
		Program Series 02: Family Stability	$ 1,000,000	$ 1,000,000
		Program 02.02: TANF Non-Assistance	$ 1,000,000	$ 1,000,000
GRF	**600-521**	**Family Stability Subsidy**	**$ 151,206,401**	**$ 151,206,401**
		Program Series 02: Family Stability	$ 151,206,401	$ 151,206,401
		Program 02.04: Food Stamp and Food Stamp Employment and Training Program	$ 151,206,401	$ 151,206,401
GRF	**600-523**	**Children and Families Subsidy**	**$ 69,438,543**	**$ 69,438,543**
		Program Series 04: Family and Children	$ 69,438,543	$ 69,438,543
		Program 04.01: Child Prevention and Protection Services	$ 57,176,944	$ 57,176,944
		Program 04.02: Social Services	$ 9,013,013	$ 9,013,013

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
		Program 04.04: Foster Care	$ 3,248,586	$ 3,248,586
GRF	**600-525**	**Health Care/Medicaid**	**$ 9,420,592,916**	**$ 9,584,133,251**
		Program Series 05: Health Care	$ 9,420,592,916	$ 9,584,133,251
		Program 05.01: Fee for Services	$ 4,200,401,850	$ 3,623,301,317
		Program 05.02: Managed Care	$ 1,524,362,282	$ 2,194,046,214
		Program 05.03: Care Within Institutional Settings	$ 2,779,703,049	$ 2,742,800,540
		Program 05.04: Care Within Community Settings	$ 916,125,735	$ 1,023,985,180
GRF	**600-526**	**Medicare Part D**	**$ 155,349,266**	**$ 339,578,325**
		Program Series 05: Health Care	$ 155,349,266	$ 339,578,325
		Program 05.01: Fee for Services	$ 155,349,266	$ 339,578,325
GRF	**600-528**	**Adoption Services**	**$ 74,030,105**	**$ 78,538,615**
		Program Series 04: Family and Children	$ 74,030,105	$ 78,538,615
		Program 04.03: Adoption Services	$ 74,030,105	$ 78,538,615
		General Revenue Fund Subtotal	**$ 10,591,726,243**	**$ 10,939,543,040**
		General Services Fund Group		
Fund 4A8	**600-658**	**Child Support Collections**	**$ 26,680,794**	**$ 26,680,794**
		Program Series 02: Family Stability	$ 23,680,794	$ 23,680,794
		Program 02.01: TANF/Ohio Works First Cash Assistance	$ 23,680,794	$ 23,680,794
		Program Series 03: Child Support	$ 3,000,000	$ 3,000,000
		Program 03.01: Child Support Activities	$ 3,000,000	$ 3,000,000
Fund 4R4	**600-665**	**BCII Service Fees**	**$ 36,974**	**$ 36,974**
		Program Series 02: Family Stability	$ 36,974	$ 36,974
		Program 02.06: Child Care	$ 36,974	$ 36,974
Fund 5C9	**600-671**	**Medicaid Program Support**	**$ 73,015,021**	**$ 63,947,536**
		Program Series 05: Health Care	$ 73,015,021	$ 63,947,536
		Program 05.04: Care Within Community Settings	$ 3,000,634	$ 3,000,634
		Program 05.05: Program Management	$ 70,014,387	$ 60,946,902
Fund 5N1	**600-677**	**County Technologies**	**$ 1,000,000**	**$ 1,000,000**
		Program Series 07: Support Services	$ 1,000,000	$ 1,000,000
		Program 07.02: Computer Projects (MIS Support)	$ 1,000,000	$ 1,000,000
Fund 613	**600-645**	**Training Activities**	**$ 135,000**	**$ 135,000**
		Program Series 01: Workforce Development	$ 135,000	$ 135,000
		Program 01.02: Employment Services	$ 135,000	$ 135,000
		General Services Fund Subtotal	**$ 100,867,789**	**$ 91,800,304**
		Federal Special Revenue Fund Group		
Fund 327	**600-606**	**Child Welfare**	**$ 33,160,190**	**$ 33,090,786**
		Program Series 04: Family and Children	$ 28,286,380	$ 28,216,039

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
		Program 04.01: Child Prevention and Protection Services	$ 28,286,380	$ 28,216,039
		Program Series 04: Family and Children	$ 4,873,810	$ 4,874,747
		Program 04.03: Adoption Services	$ 2,057,760	$ 2,059,329
		Program 04.04: Foster Care	$ 2,816,050	$ 2,815,418
Fund 331	**600-686**	**Federal Operating**	**$ 43,966,134**	**$ 44,929,546**
		Program Series 01: Workforce Development	$ 34,555,662	$ 35,298,607
		Program 01.01: Workforce Investment Act Worker Training	$ 1,419,867	$ 1,139,712
		Program 01.02: Employment Services	$ 22,293,995	$ 23,008,767
		Program 01.03: Veteran's Services	$ 5,211,799	$ 5,347,516
		Program 01.04: Tax Credit	$ 1,224,945	$ 1,258,727
		Program 01.06: Labor Market Information	$ 4,405,056	$ 4,543,885
		Program Series 06: Unemployment Insurance	$ 2,510,526	$ 2,547,037
		Program 06.01: Unemployment Insurance	$ 221,475	$ 228,113
		Program 06.04: Employment Systems	$ 2,289,051	$ 2,318,924
		Program Series 07: Support Services	$ 6,899,946	$ 7,083,902
		Program 07.01: Program Management	$ 3,521,409	$ 3,557,350
		Program 07.02: Computer Projects (MIS Support)	$ 3,378,537	$ 3,526,552
Fund 384	**600-610**	**Food Stamps and State Administration**	**$ 188,238,706**	**$ 181,250,799**
		Program Series 02: Family Stability	$ 177,189,699	$ 169,830,507
		Program 02.04: Food Stamp and Food Stamp Employment and Training Program	$ 173,657,827	$ 164,375,103
		Program 02.05: Emergency Food Distribution	$ 181,430	$ 187,249
		Program 02.08: Client Registry Information System Enhanced	$ 2,639,906	$ 4,533,803
		Program 02.09: Electronic Benefit Transfer (EBT)	$ 710,536	$ 734,352
		Program Series 07: Support Services	$ 11,049,007	$ 11,420,292
		Program 07.01: Program Management	$ 11,013,617	$ 11,383,865
		Program 07.02: Computer Projects (MIS Support)	$ 35,390	$ 36,427
Fund 385	**600-614**	**Refugee Services**	**$ 5,683,829**	**$ 5,742,439**
		Program Series 02: Family Stability	$ 5,683,829	$ 5,742,439
		Program 02.07: Refugee Services	$ 5,683,829	$ 5,742,439
Fund 395	**600-616**	**Special Activities/Child and Family Services**	**$ 4,567,112**	**$ 4,564,877**
		Program Series 04: Family and Children	$ 2,717,112	$ 2,714,877
		Program 04.01: Child Prevention and Protection Services	$ 2,717,112	$ 2,714,877
		Program Series 04: Family and Children	$ 1,850,000	$ 1,850,000
		Program 04.03: Adoption Services	$ 1,850,000	$ 1,800,000
		Program 04.04: Foster Care	$ -	$ 50,000
Fund 396	**600-620**	**Social Services Block Grant**	**$ 120,993,012**	**$ 121,004,222**
		Program Series 02: Family Stability	$ 15,139,237	$ 15,139,237

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
		Program 02.05: Emergency Food Distribution	$ 5,500,000	$ 5,500,000
		Program 02.06: Child Care	$ 9,639,237	$ 9,639,237
		Program Series 04: Family and Children	$ 105,853,775	$ 105,864,985
		Program 04.02: Social Services	$ 105,853,775	$ 105,864,985
Fund 397	**600-626**	**Child Support**	**$ 287,468,576**	**$ 287,468,576**
		Program Series 03: Child Support	$ 270,479,633	$ 269,827,841
		Program 03.01: Child Support Activities	$ 234,307,194	$ 232,671,986
		Program 03.02: Support Enforcement Tracking System (SETS)	$ 36,172,439	$ 37,155,855
		Program Series 07: Support Services	$ 16,988,943	$ 17,640,735
		Program 07.01: Program Management	$ 8,277,234	$ 8,558,762
		Program 07.02: Computer Projects (MIS Support)	$ 8,711,709	$ 9,081,973
Fund 398	**600-627**	**Adoption Maintenance/Administration**	**$ 314,639,519**	**$ 314,639,519**
		Program Series 04: Family and Children	$ 303,912,551	$ 303,479,020
		Program 04.03: Adoption Services	$ 129,547,306	$ 130,713,592
		Program 04.04: Foster Care	$ 164,294,098	$ 165,610,449
		Program 04.06: SACWIS/FACSIS	$ 10,071,147	$ 7,154,979
		Program Series 07: Support Services	$ 10,726,968	$ 11,160,499
		Program 07.01: Program Management	$ 4,370,543	$ 4,516,169
		Program 07.02: Computer Projects (MIS Support)	$ 6,356,425	$ 6,644,330
Fund 3A2	**600-641**	**Emergency Food Distribution**	**$ 2,600,000**	**$ 2,800,000**
		Program Series 02: Family Stability	$ 2,600,000	$ 2,800,000
		Program 02.05: Emergency Food Distribution	$ 2,600,000	$ 2,800,000
Fund 3D3	**600-648**	**Children's Trust Fund Federal**	**$ 2,040,524**	**$ 2,040,524**
		Program Series 04: Family and Children	$ 2,040,524	$ 2,040,524
		Program 04.01: Child Prevention and Protection Services	$ 2,040,524	$ 2,040,524
Fund 3F0	**600-623**	**Health Care Federal**	**$ 541,830,349**	**$ 673,586,173**
		Program Series 05: Health Care	$ 540,730,033	$ 672,447,050
		Program 05.01: Fee for Services	$ 38,345,352	$ 24,641,396
		Program 05.02: Managed Care	$ 28,095,627	$ 148,416,059
		Program 05.05: Program Management	$ 447,546,363	$ 457,401,340
		Program 05.07: MMIS/HIPAA	$ 26,742,691	$ 41,988,255
		Program Series 07: Support Services	$ 1,100,316	$ 1,139,123
		Program 07.01: Program Management	$ 1,100,316	$ 1,139,123
Fund 3F0	**600-650**	**Hospital Care Assurance Match**	**$ 344,193,106**	**$ 343,905,566**
		Program Series 05: Health Care	$ 344,193,106	$ 343,905,566
		Program 05.04: Care Within Community Settings	$ 954,059	$ 666,519
		Program 05.05: Program Management	$ 343,239,047	$ 343,239,047

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
Fund 3G5	**600-655**	**Interagency Reimbursement**	**$ 1,364,802,369**	**$ 1,426,954,440**
		Program Series 04: Family and Children	$ 3,900,000	$ 4,000,000
		Program 04.04: Foster Care	$ 3,900,000	$ 4,000,000
		Program Series 05: Health Care	$ 1,360,902,369	$ 1,422,954,440
		Program 05.01: Fee for Services	$ 834,344	$ 975,620
		Program 05.03: Care Within Institutional Settings	$ 11,900,000	$ 11,900,000
		Program 05.04: Care Within Community Settings	$ 1,345,324,025	$ 1,407,232,820
		Program 05.05: Program Management	$ 2,844,000	$ 2,846,000
Fund 3H7	**600-617**	**Child Care Federal**	**$ 208,000,000**	**$ 208,000,000**
		Program Series 02: Family Stability	$ 199,849,359	$ 199,525,926
		Program 02.06: Child Care	$ 197,302,288	$ 196,586,382
		Program 02.08: Client Registry Information System Enhanced (CRIS-E)	$ 2,547,071	$ 2,939,544
		Program Series 07: Support Services	$ 8,150,641	$ 8,474,074
		Program 07.01: Program Management	$ 4,439,306	$ 4,591,711
		Program 07.02: Computer Projects (MIS Support)	$ 3,711,335	$ 3,882,363
Fund 3N0	**600-628**	**IV-E Foster Care Maintenance**	**$ 153,963,142**	**$ 153,963,142**
		Program Series 04: Family and Children	$ 153,963,142	$ 153,963,142
		Program 04.04: Foster Care	$ 153,963,142	$ 153,963,142
Fund 3S5	**600-622**	**Child Support Projects**	**$ 534,050**	**$ 534,050**
		Program Series 03: Child Support	$ 534,050	$ 534,050
		Program 03.01: Child Support Activities	$ 534,050	$ 534,050
Fund 3V0	**600-688**	**Workforce Investment Act**	**$ 208,322,037**	**$ 208,097,948**
		Program Series 01: Workforce Development	$ 200,258,644	$ 199,773,666
		Program 01.01: Workforce Investment Act Worker Training	$ 194,630,309	$ 194,089,910
		Program 01.07: Sharing Career Opportunities and Training Information (SCOTI)	$ 5,628,335	$ 5,683,756
		Program Series 06: Unemployment Insurance	$ 844,324	$ 868,833
		Program 06.02: Trade/NAFTA Dislocated Workers	$ 844,324	$ 868,833
		Program Series 07: Support Services	$ 7,219,069	$ 7,455,449
		Program 07.01: Program Management	$ 4,399,761	$ 4,524,833
		Program 07.02: Computer Projects (MIS Support)	$ 2,819,308	$ 2,930,616
Fund 3V4	**600-678**	**Federal Unemployment Programs**	**$ 153,435,545**	**$ 157,202,750**
		Program Series 01: Workforce Development	$ 2,203,963	$ 1,620,158
		Program 01.01: Workforce Investment Act Worker Training	$ 812,135	$ 512,561
		Program 01.06: Labor Market Information	$ 1,391,828	$ 1,107,597
		Program Series 06: Unemployment Insurance	$ 134,113,463	$ 137,197,609
		Program 06.01: Unemployment Insurance	$ 98,578,318	$ 101,470,580
		Program 06.02: Trade/NAFTA Dislocated Workers	$ 9,942,933	$ 9,966,923

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
		Program 06.04: Employment Systems	$ 9,858,684	$ 9,931,222
		Program 06.05: Ohio Job Insurance (OJI)	$ 7,883,775	$ 7,973,437
		Program 06.06: Employer Resouce Information Center (ERIC)	$ 7,849,753	$ 7,855,447
		Program Series 07: Support Services	$ 17,118,119	$ 18,384,983
		Program 07.01: Program Management	$ 5,326,874	$ 6,125,905
		Program 07.02: Computer Projects (MIS Support)	$ 11,791,245	$ 12,259,078
Fund 3V4	**600-679**	**Unemployment Compensation Review Committee - Federal**	**$ 3,829,430**	**$ 3,800,573**
		Program Series 06: Unemployment Insurance	$ 3,829,430	$ 3,800,573
		Program 06.03: Unemployment Compensation Review Commission (UCRC)	$ 3,165,951	$ 3,251,850
		Program 06.07: UCRC-MIS	$ 663,479	$ 548,723
Fund 3V6	**600-689**	**TANF Block Grant**	**$ 756,604,142**	**$ 781,983,200**
		Program Series 02: Family Stability	$ 745,604,142	$ 770,983,200
		Program 02.01: TANF/Ohio Works First Cash Assistance	$ 187,932,407	$ 198,454,435
		Program 02.02: TANF Non-Assistance	$ 307,242,028	$ 297,107,344
		Program 02.06: Child Care	$ 241,863,710	$ 266,795,790
		Program 02.10: Integrated Client Management System (e-ICMS)	$ 8,565,997	$ 8,625,631
		Program Series 04: Family and Children	$ 5,000,000	$ 5,000,000
		Program 04.03: Adoption Services	$ 5,000,000	$ 5,000,000
		Program Series 07: Support Services	$ 6,000,000	$ 6,000,000
		Program 07.01: Program Management	$ 6,000,000	$ 6,000,000
Fund 3W3	**600-659**	**TANF/ Title XX**	**$ 8,000,000**	**$ 5,400,000**
		Program Series 02: Family Stability	$ 500,000	$ 500,000
		Program 02.06: Child Care	$ 500,000	$ 500,000
		Program Series 04: Family and Children	$ 7,500,000	$ 4,900,000
		Program 04.06: SACWIS/FACSIS	$ 7,500,000	$ 4,900,000
		Federal Special Revenue Fund Subtotal	**$ 4,746,871,772**	**$ 4,960,959,130**
		State Special Revenue Fund Group		
Fund 198	**600-647**	**Children's Trust Fund**	**$ 6,788,522**	**$ 6,788,522**
		Program Series 04: Family and Children	$ 6,788,522	$ 6,788,522
		Program 04.01: Child Prevention and Protection Services	$ 6,788,522	$ 6,788,522
Fund 4A9	**600-607**	**Unemployment Compensation Admin Fund**	**$ 11,197,180**	**$ 13,267,311**
		Program Series 01: Workforce Development	$ 2,017,074	$ 2,052,140
		Program 01.01: Workforce Investment Act Worker Training	$ 130,264	$ 141,148
		Program 01.02: Employment Services	$ 1,886,810	$ 1,910,992
		Program Series 06: Unemployment Insurance	$ 9,180,106	$ 9,215,171
		Program 06.01: Unemployment Insurance	$ 9,180,106	$ 9,215,171
		Program Series 07: Support Services	$ -	$ 2,000,000

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
		Program 07.01: Program Management	$ -	$ 2,000,000
Fund 4A9	**600-694**	**Unemployment Comp Review Comm**	**$ 3,188,473**	**$ 3,188,473**
		Program Series 06: Unemployment Insurance	$ 3,188,473	$ 3,188,473
		Program 06.03: Unemployment Compensation Review Commission (UCRC)	$ 3,188,473	$ 3,188,473
Fund 4E3	**600-605**	**Nursing Home Assessments**	**$ 4,759,914**	**$ 4,759,914**
		Program Series 05: Health Care	$ 4,759,914	$ 4,759,914
		Program 05.05: Program Management	$ 4,759,914	$ 4,759,914
Fund 4E7	**600-604**	**Child and Family Services Collections**	**$ 300,000**	**$ 300,000**
		Program Series 04: Family and Children	$ 300,000	$ 300,000
		Program 04.03: Adoption Services	$ 300,000	$ 300,000
Fund 4F1	**600-609**	**Foundation Grants/Child & Family Services**	**$ 61,420**	**$ 61,420**
		Program Series 04: Family and Children	$ 61,420	$ 61,420
		Program 04.03: Adoption Services	$ 61,420	$ 61,420
Fund 4J5	**600-613**	**Nursing Facility Bed Assessments**	**$ 34,613,984**	**$ 34,613,984**
		Program Series 05: Health Care	$ 33,663,665	$ 33,630,479
		Program 05.04: Care Within Community Settings	$ 33,613,984	$ 33,613,984
		Program 05.05: Program Management	$ 49,681	$ 16,495
		Program Series 07: Support Services	$ 950,319	$ 983,505
		Program 07.01: Program Management	$ 950,319	$ 983,505
Fund 4J5	**600-618**	**Residential State Supplement Payments**	**$ 15,700,000**	**$ 15,700,000**
		Program Series 05: Health Care	$ 15,700,000	$ 15,700,000
		Program 05.03: Care Within Institutional Settings	$ 15,700,000	$ 15,700,000
Fund 4K1	**600-621**	**ICF/MR Bed Assessments**	**$ 20,074,255**	**$ 20,064,131**
		Program Series 05: Health Care	$ 20,074,255	$ 20,064,131
		Program 05.05: Program Management	$ 20,074,255	$ 20,064,131
Fund 4R3	**600-687**	**Banking Fees**	**$ 800,000**	**$ 800,000**
		Program Series 06: Unemployment Insurance	$ 800,000	$ 800,000
		Program 06.01: Unemployment Insurance	$ 800,000	$ 800,000
Fund 4Z1	**600-625**	**Healthcare Compliance**	**$ 10,000,000**	**$ 10,000,000**
		Program Series 05: Health Care	$ 10,000,000	$ 10,000,000
		Program 05.05: Program Management	$ 10,000,000	$ 10,000,000
Fund 5AA	**600-673**	**Ohio's Best Rx Administration**	**$ 5,000,000**	**$ 5,000,000**
		Program Series 05: Health Care	$ 5,000,000	$ 5,000,000
		Program 05.08: Ohio's Best Rx	$ 5,000,000	$ 5,000,000
Fund 5BE	**600-693**	**Child Support Operating**	**$ 5,000,000**	**$ 5,000,000**
		Program Series 03: Child Support	$ 5,000,000	$ 5,000,000
		Program 03.01: Child Support Activities	$ 5,000,000	$ 5,000,000

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
Fund 5BG	**600-653**	**Managed Care Assessment**	**$ 18,795,483**	**$ 99,410,121**
		Program Series 05: Health Care	$ 18,795,483	$ 99,410,121
		Program 05.05: Program Management	$ 18,795,483	$ 99,410,121
Fund 5F2	**600-667**	**Building Consolidation**	**$ 250,000**	**$ 250,000**
		Program Series 07: Support Services	$ 250,000	$ 250,000
		Program 07.01: Program Management	$ 250,000	$ 250,000
Fund 5F3	**600-668**	**Building Consolidation**	**$ 1,000,000**	**$ 1,000,000**
		Program Series 07: Support Services	$ 1,000,000	$ 1,000,000
		Program 07.01: Program Management	$ 1,000,000	$ 1,000,000
Fund 5P5	**600-692**	**Health Care Services**	**$ 828,587,776**	**$ 538,301,761**
		Program Series 05: Health Care	$ 828,587,776	$ 538,301,761
		Program 05.01: Fee for Services	$ 7,000,000	$ 7,000,000
		Program 05.05: Program Management	$ 821,587,776	$ 531,301,761
Fund 5Q9	**600-619**	**Supplemental Inpatient Hospital Payments**	**$ 56,125,998**	**$ 56,125,998**
		Program Series 05: Health Care	$ 56,125,998	$ 56,125,998
		Program 05.05: Program Management	$ 56,125,998	$ 56,125,998
Fund 5R2	**600-608**	**Medicaid-Nursing Facilities**	**$ 111,129,224**	**$ 111,214,982**
		Program Series 05: Health Care	$ 111,129,224	$ 111,214,982
		Program 05.05: Program Management	$ 111,129,224	$ 111,214,982
Fund 5S3	**600-629**	**MR/DD Medicaid Administration and Oversight**	**$ 1,620,960**	**$ 1,620,960**
		Program Series 05: Health Care	$ 1,620,960	$ 1,620,960
		Program 05.05: Program Management	$ 1,620,960	$ 1,620,960
Fund 5U3	**600-654**	**Health Care Services Administration**	**$ 10,115,870**	**$ 15,474,709**
		Program Series 05: Health Care	$ 9,759,194	$ 15,106,363
		Program 05.01: Fee for Services	$ 1,868,381	$ 1,988,795
		Program 05.02: Managed Care	$ 50,074	$ 51,562
		Program 05.04: Care Within Community Settings	$ 706,979	$ 727,952
		Program 05.05: Program Management	$ 3,390,703	$ 3,594,997
		Program 05.07: MMIS/HIPAA	$ 3,743,057	$ 8,743,057
		Program Series 07: Support Services	$ 356,676	$ 368,346
		Program 07.01: Program Management	$ 356,676	$ 368,346
Fund 5U6	**600-663**	**Children and Family Support**	**$ 4,929,717**	**$ 4,929,717**
		Program Series 04: Family and Children	$ 4,929,717	$ 4,929,717
		Program 04.01: Child Prevention and Protection Services	$ 4,929,717	$ 4,929,717
Fund 5Z9	**600-672**	**TANF QC Reinvestments**	**$ 647,409**	**$ 688,421**
		Program Series 02: Family Stability	$ 647,409	$ 688,421
		Program 02.11: TANF Quality Control	$ 647,409	$ 688,421

Executive Recommendations for FY 2006 and FY 2007, By Line Item and Program

Fund	ALI	Title	FY 2006	FY 2007
Fund 651	**600-649**	**Hospital Care Assurance Program Fund**	**$ 231,893,404**	**$ 231,893,404**
		Program Series 05: Health Care	$ 231,893,404	$ 231,893,404
		Program 05.05: Program Management	$ 231,893,404	$ 231,893,404
		State Special Revenue Fund Subtotal	**$ 1,382,579,589**	**$ 1,180,453,828**
		Agency Fund Group		
Fund 192	**600-646**	**Support Intercept-Federal**	**$ 110,000,000**	**$ 110,000,000**
		Program Series 03: Child Support	$ 110,000,000	$ 110,000,000
		Program 03.01: Child Support Activities	$ 110,000,000	$ 110,000,000
Fund 583	**600-642**	**Support Intercept-State**	**$ 16,000,000**	**$ 16,000,000**
		Program Series 03: Child Support	$ 16,000,000	$ 16,000,000
		Program 03.01: Child Support Activities	$ 16,000,000	$ 16,000,000
Fund 5B6	**600-601**	**Food Stamp Intercept**	**$ 2,000,000**	**$ 2,000,000**
		Program Series 02: Family Stability	$ 2,000,000	$ 2,000,000
		Program 02.04: Food Stamp and Food Stamp Employment and Training Program	$ 2,000,000	$ 2,000,000
		Agency Fund Subtotal	**$ 128,000,000**	**$ 128,000,000**
		Holding Account Redistribution Fund Group		
Fund R12	**600-643**	**Refunds and Audit Settlements**	**$ 3,600,000**	**$ 3,600,000**
		Program Series 07: Support Services	$ 3,600,000	$ 3,600,000
		Program 07.01: Program Management	$ 3,600,000	$ 3,600,000
Fund 913	**600-644**	**Forgery Collections**	**$ 10,000**	**$ 10,000**
		Program Series 07: Support Services	$ 10,000	$ 10,000
		Program 07.01: Program Management	$ 10,000	$ 10,000
		Holding Account Redistribution Fund Subtotal	**$ 3,610,000**	**$ 3,610,000**
		Agency Total	**$ 16,953,655,393**	**$ 17,304,366,302**

WORKFORCE DEVELOPMENT

OVERVIEW

The Workforce Investment Act of 1998 (WIA) repealed the Job Training Partnership Act and replaced it with a locally based employment and training service delivery system for adults, dislocated workers, and youths with an emphasis on flexibility in the use of program dollars. These three categories (adults, dislocated workers, and youths) designate the three funding streams of WIA. Provisions of the Act promote individual responsibility and personal choice through the use of Individual Training Accounts that allow adult customers to "purchase" the training that best fits their needs. Adults and dislocated workers may access, depending on an eligibility assessment of their needs, employment and training activities that fall in three categories: core, intensive, and training services. Youth activities under WIA attempt to move away from one-time, short-term interventions toward a systematic approach that offers youth a broad range of coordinated services that may be provided in combination or alone. Such offerings for youth include opportunities for assistance in both academic and occupational learning, developing leadership skills, and preparing for further education, additional training, and eventual employment.

The Act is business focused as well. Business is seen to be a critical partner in the development and design of service delivery systems with strong ties to economic development. The Act requires that business representatives comprise the majority of the membership of State Workforce Investment Boards, providing leadership and information to ensure that the service delivery system prepares people for current and future jobs.[1]

In Ohio, the Office of Workforce Development (OWD) administers WIA. The Office, one of the three program areas of the Department's Services to Employers division, has three main goals in its implementation of WIA. These are: (1) to create a vertically-integrated workforce-investment system with all elements coordinated and complementary; (2) to promote Ohio's economic competitiveness by improving employment opportunities, fostering job retention, and increasing earnings of all Ohio workers; and (3) to build a workforce development system that prompts all stakeholders to agree that "it works for me."

The OWD develops and administers programs and services designed to support and enhance state and local workforce development initiatives that address the needs of workers, families, and employers throughout Ohio. The OWD provides services that seek to assist Ohioans to remove barriers, enter employment, maintain employment, and gain self-sufficiency and independence. The OWD also provides programs to assist Ohio's businesses with recruitment of skilled workers, technical assistance with identification of funds, and resources for skills training for new and incumbent workers; provides federally and state-required training programs; and other support services tailored to meet specific business needs.

Core to WIA is the One-Stop approach to service delivery. In fact, the Act mandates that states and localities develop One-Stop delivery systems for service integration and elimination of duplicative efforts. In Ohio, funding is allocated to 20 Workforce Investment Boards, delineated as shown, for the

[1] Congress has extended WIA through 2009 with no changes.

establishment of One-Stops and the delivery of training services. These systems are mandated to serve communities by functioning as the primary public resource for job and career counseling, training, job searching, employment services, and a range of other ancillary services that include child care and transportation.

Ohio's Workforce Investment Areas - August 2004

The Governor's Workforce Policy Board developed a five-year strategic state plan and began implementing WIA July 1, 2000. The public comment process on an updated plan will begin soon, with a new plan due by May 2005. As part of the prior state plan, the Ohio Department of Job and Family Services (ODJFS) developed a process for the certification of One-Stops. The goal of such a certification process is to assure that each One-Stop meets national standards on the presence and availability of services. The Governor's Workforce Policy Board has indicated that a minimum of 30 One-Stops is desired, while the Department at one time said that 36 One-Stops would be ideal. At the present time, 20 have been fully certified. The Department expects that restricted funding will limit the number of additional One-Stops added in the future.

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 1 Workforce Development

Purpose: The Workforce Development program series includes activities to increase the state's workforce by promoting employment services and workforce development activities at the state and local levels.

The following table shows the line items that are used to fund the Workforce Development program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-321*	Support Services	$40,000	$40,000
		General Revenue Fund Subtotal	**$40,000**	**$40,000**
State Special Revenue Fund				
4A9	600-607*	Unemployment Compensation Admin Fund	$2,017,074	$2,052,140
		State Special Revenue Fund Subtotal	**$2,017,074**	**$2,052,140**
General Services Fund				
613	600-645	Training Activities	$135,000	$135,000
		General Services Fund Subtotal	**$135,000**	**$135,000**
Federal Special Revenue Fund				
331	600-686*	Federal Operating	$34,555,662	$35,298,607
3V4	600-678*	Federal Unemployment Programs	$2,203,963	$1,620,158
3V0	600-688*	Workforce Investment Act	$200,258,644	$199,773,666
		Federal Special Revenue Fund Subtotal	**$237,018,269**	**$236,692,431**
Total Funding: Workforce Development			**$239,210,343**	**$238,919,571**

*Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Workforce Development program series:

- ***Program 1.01: Workforce Investment Act Worker Training***
- ***Program 1.02: Employment Services***
- ***Program 1.03: Veteran's Services***
- ***Program 1.04: Tax Credit***
- ***Program 1.05: Women's Hall of Fame***
- ***Program 1.06: Labor Market Information***
- ***Program 1.07: Sharing Career Opportunities and Training Information (SCOTI)***

Program 1.01 Workforce Investment Act Worker Training

Program Description: This program includes services such as WIA and related programs, the One-Stop system support, Ohio State Apprenticeship Council, Rapid Response program, and Grants and Audit Resolution. The program is intended to support employment and training activities, including worker training and retraining, occupational and vocational testing and counseling services, and employment

readiness activities. Support activities such as grant processing, auditing, and technical assistance to local programs and local workforce policy boards are also included in this program.

Funding Source and Line Item: The following table shows the appropriation items that are used to fund the Workforce Investment Act Worker Training program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
4A9	600-607*	Unemployment Compensation Admin Fund	$130,264	$141148
		State Special Revenue Fund Subtotal	**$130,264**	**$141,148**
Federal Special Revenue Fund				
331	600-686*	Federal Operating	$1,419,867	$1,139,712
3V4	600-678*	Federal Unemployment Programs	$812,135	$512,561
3V0	600-688*	Workforce Investment Act	$194,630,309	$194,089,910
		Federal Special Revenue Fund Subtotal	**$196,862,311**	**$195,742,183**
Total Funding: Workforce Investment Act Worker Training			**$196,992,575**	**$195,883,331**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation will allow services provided under the Workforce Investment Act Worker Training program to continue at current levels.

Temporary Law Provision:

Workforce Development Grant Agreement - Section 206.67.06 of the bill

H.B 66, As Introduced, permits the Director of ODJFS to use funds from appropriation item 600-688, Workforce Investment Act, to support workforce development activities included in grant agreements with local workforce development areas. The Revised Code permits the Director to enter into these grant agreements; this provision specifies the appropriation item to support those agreements.

Permanent Law Provision:

Workforce Development Activity - R.C. 5101.241

H.B. 66, As Introduced, allows ODJFS to take two additional actions to enforce compliance by a local administering entity with workforce development activity: (1) the revocation of a local plan, or (2) imposition of a reorganization. It also modifies the current administrative process used by ODJFS to review action taken to enforce compliance with a local workforce development activity by eliminating: (1) the opportunity for an informal resolution of a dispute, and (2) the requirement that the Director of ODJFS offer reasons for modifying or disapproving the recommendations of the review panel.

Under the bill, a reorganization plan may decertify a local board, select an alternate administrator, merge the area with one or more local areas, prohibit the use of eligible providers, or make other changes the Director deems to be necessary to secure compliance.

Fiscal Effect: Currently, federal WIA regulations allow states to use funds within three years of appropriation. Proposed federal regulations, not yet adopted, would cause states to forfeit any WIA funds unspent within one year of appropriation. The Department requested this new language to allow them to

reorganize a local area or revoke a local plan to avoid a situation in which the state may lose federal funds. The language could help the state avoid loss of federal funding if a local area funding issue arose.

Program 1.02: Employment Services

Program Description: The Employment Services program encompasses activities related to the Wagner-Peyser Act of 1933, as amended by the Workforce Investment Act of 1998, which made Employment Services part of the One-Stop delivery network. The Office of Local Operations assists offices across the state to deliver services to individuals seeking jobs and assist employers in finding qualified applications for available jobs. Other services included in the Employment Services program are the Migrant Seasonal Farm Worker program and the Foreign Labor Certification program.

During the last biennium, the Department implemented a major reorganization of local offices. The consolidation of staff from 61 facilities into 22 locations was part of the changes required by the Workforce Investment Act, that certain services be made available in all certified, full-service One-Stop system sites.

According to the Department, accomplishments of Labor Exchange services delivered as part of the One-Stop system included: nearly 370,000 customers served, nearly 100,000 job referrals; and more than 90,000 individuals obtained employment after receiving Labor Exchange services.

Funding Source and Line Item: The following table shows the appropriation items that are used to fund the Employment Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
4A9	600-607*	Unemployment Compensation Admin Fund	$1,886,810	$1,910,992
		State Special Revenue Fund Subtotal	**$1,886,810**	**$1,910,992**
General Services Fund				
613	600-645	Training Activities	$135,000	$135,000
		General Services Fund Subtotal	**$135,000**	**$135,000**
Federal Special Revenue Fund				
331	600-686*	Federal Operating	$22,293,995	$23,008,767
		Federal Special Revenue Fund Subtotal	**$22,293,995**	**$23,008,767**
Total Funding: Employment Services			**$24,315,805**	**$25,054,759**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation will allow services provided under the Employment Services program to continue at current levels.

Temporary Law Provision:

Employer Surcharge - Section 206.66.60 of the bill

H.B 66, As Introduced, reinstates the ability of the Department to collect an employer surcharge assessed between calendar years 1988 and 1990. Prior law required contributing employers to pay a surcharge in order to generate revenues to meet the costs of automating the Bureau. Approximately $700,000 in revenues due from delinquent employers remains outstanding.

Fiscal Effect: Of the $700,000 outstanding, the Department is unable to estimate how much of that revenue will be collected from delinquent employers in the next biennium. Any revenues collected will be deposited in the Unemployment Compensation Administrative Fund (Fund 4A9). Prior to 2001, revenues were deposited in the Benefit Automation Fund (Fund 5A5).

Permanent Law Provisions: None

Program 1.03: Veteran's Services

Program Description: As authorized by the Jobs for Veteran's Act of 2002, the Veteran's Services program includes the subprograms Local Veterans Employment Representative (LVER) and Disabled Veteran Outreach Program Specialist (DVOP). The LVER ensures that veterans are provided the range of labor exchange services needed to meet their employment and training needs. The DVOP facilitates labor exchange services for those with special employment and training needs. The primary focus is for those veterans who are unable to obtain employment through core services.

Funding Source and Line Item: The following table shows the appropriation item that is used to fund the Veteran's Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
331	600-686*	Federal Operating	$5,211,799	$5,347,516
		Federal Special Revenue Fund Subtotal	**$5,211,799**	**$5,347,516**
Total Funding: Veteran's Services			**$5,211,799**	**$5,347,516**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation will allow services provided under the Employment Services program to continue, although a reduction in staffing from 133 to 100 full-time equivalents is expected due to a decline in funding support from the U.S. Department of Labor. In FY 2004, the Office provided 914,276 services to 61,170 veterans.

Temporary and Permanent Law Provisions: None

Program 1.04: Tax Credit

Program Description: The Tax Credit program provides tax incentives to Ohio employers who hire from targeted groups of job seekers with consistently high unemployment rates, giving the employer a tax credit against their federal tax liability and supplying employment to disadvantaged job seekers in one of ten targeted groups, including TANF or food stamp recipients, veterans, and ex-felons. In FY 2003 the Tax Credit program reduced the federal tax liability of Ohio employers by $107.5 million while helping 27,000 Ohioans with barriers to employment find work opportunities.

The Ohio Training Tax Credit (OTTC), created by Am. Sub. H.B. 283 in the 123rd General Assembly, offers tax incentives to employers who provide training to current employees at risk of being displaced because of skill deficiencies or the inability to use new technologies, or to provide job skills to eligible employees that enable them to perform other job duties for the employer. Prior legislation extended the program through calendar year 2005, with credit claimed for three additional tax years. There is no funding for the OTTC beyond 2005.

Funding Source and Line Item: The following table shows the line item that is used to fund the Tax Credit program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
331	600-686*	Federal Operating	$1,224,945	$1,258,727
		Federal Special Revenue Fund Subtotal	**$1,224,945**	**$1,258,727**
Total Funding: Tax Credit			**$1,224,945**	**$1,258,727**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation will allow activities provided under the Employment Services program to continue, although legislation authorizing the OTTC does not extend beyond December 2005. .

Temporary and Permanent Law Provisions: None

Program 1.05: Women's Hall of Fame

Program Description: The Women's Division, created in 1970, promotes programs that improve and enhance women's opportunities in the workplace. The main activity of this program is to administer the Ohio Women's Hall of Fame for the Governor. Recognition is given to outstanding Ohio women each year by inducting them into the Hall of Fame. A website database is maintained with biographical information on each inductee.

Funding Source and Line Item: The following table shows the appropriation item that is used to fund the Women's Hall Fame program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-321*	Support Services	$40,000	$40,000
		General Revenue Fund Subtotal	**$40,000**	**$40,000**
Total Funding: Women's Hall of Fame			**$40,000**	**$40,000**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The Executive recommendation will allow services provided under the Women's Hall of Fame program to continue at current levels.

Temporary and Permanent Law Provisions: None

Program 1.06: Labor Market Information

Program Description: The Labor Market Information Office collects and analyzes information about Ohio's industry, labor force, and economy. The focus of the Office is on serving business initiatives and planning needs to support workforce and economic development activities and decisions. The Office prepares reports on employment levels, unemployment levels, wages and earnings, employment outlook by industry and occupation and other economic and industry specific data.

Funding Source and Line Item: The following table shows the appropriation items that are used to fund the Labor Market Information program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
331	600-686*	Federal Operating	$4,405,056	$4,543,885
3V4	600-678*	Federal Unemployment Programs	$1,391,828	$1,107,597
		Federal Special Revenue Fund Subtotal	**$5,796,884**	**$5,651,482**
Total Funding: Labor Market Information			**$5,796,884**	**$5,651,482**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation will allow services provided under the Labor Market Information program to continue at current levels. Between April 2003 and June 2004, the Office produced 18 publications, provided 61 training sessions for 746 individuals, and logged almost 2 million internet hits and 4,000 phone, e-mail, and fax requests for labor market information.

Temporary and Permanent Law Provisions: None

Program 1.07: Sharing Career Opportunities and Training Information (SCOTI)

Program Description: The Sharing Career Opportunities and Training Information (SCOTI) program is federally funded from WIA and the Wagner-Peyser grant. To meet requirements of both grant programs, the state must provide training programs for youth and displaced workers and provide job search and job matching services to laid-off workers who collect unemployment benefits. As a web-based job placement and referral service integral to the One-Stop system, SCOTI is intended to meet both needs. It replaced the Ohioworks.com system which was sanctioned by the federal government for inadequate performance.

Funding Source and Line Item: The following table shows the appropriation item that is used to fund the Sharing Career Opportunities and Training Information (SCOTI) program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
3V0	600-688*	Workforce Investment Act	$5,628,335	$5,683,756
		Federal Special Revenue Fund Subtotal	**$5,628,335**	**$5,683,756**
Total Funding: Sharing Career Opportunities and Training Information (SCOTI)			**$5,628,335**	**$5,683,756**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation will allow the Department to hire and train state programming staff to replace contract staff. The Department anticipates a savings of approximately $89,000 per contracted employee with replacement by a state employee. The Department's budget request indicates that they intend to replace 11 contract employees with state employees for a total of 21 FTEs by FY 2007. Current and expanded service levels will be possible with the recommended funds.

Temporary and Permanent Law Provisions: None

REQUESTS NOT FUNDED

This section describes requests not funded in the executive budget and the effects on the Department's activities and spending decisions during the next biennium.

Workforce Development Program Series						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
GRF 600-422	$2,358,209	$0	($2,358,209)	$2,358,209	$0	($2,358,209)
GRF 600-424	$877,971	$0	($877,971)	$877,971	$0	($877,971)
4A9 600-607	$8,001,000	$11,197,180	$3,196,180	$8,001,000	$13,267,311	$5,266,311
TOTALS	$11,237,180	$11,197,180	($40,000)	$11,237,180	$13,267,311	$2,030,131

The executive recommendation does not provide GRF funding for the Local Operations appropriation item, 600-422, or the Office of Workforce Development appropriation item, 600-424, as requested by ODJFS. The Executive indicates that those operations will be supported by State Special Revenue Fund appropriation item 600-607, Unemployment Compensation Administrative Fund, and various federal line items. No programmatic impacts are expected from this change.

FAMILY STABILITY

OVERVIEW

The Office of Family Stability (OFS) was created in conjunction with the introduction of program budgeting reorganization within the Ohio Department of Job and Family Services (ODJFS) in Fiscal Year (FY) 2003. The OFS develops and administers programs and services designed to support low-income Ohioans and families as they are seeking to better their lives and become self-sufficient. Many of the programs administered by OFS are entitlement programs, which means that if an individual or family meets specific eligibility requirements, they are assured of receiving services. Expenditures in the programs are in some cases driven by the economy (e.g., the Food Stamps program), and in other cases driven by social policy changes that have occurred in the last several years (e.g., the Ohio Works First program). The principal programs administered by OFS include the Ohio Works First (OWF) program, the Prevention, Retention, and Contingency (PRC) program, the Food Stamps program, the Electronic Benefits Transfer (EBT) program, and the Disability Financial Assistance (DFA) program.

Ohio Works First

A fundamental shift in the nature of Ohio's welfare program was introduced in 1995 with the passage of Sub. H.B. 167 of the 121st General Assembly. In H.B. 167, Ohio sought and was granted a waiver from the existing requirement of the federal Social Security Act to redesign the delivery of welfare benefits in a way that provided increased incentives for recipients to move off welfare by giving priority to early employment rather than education. The federal Temporary Assistance for Needy Families (TANF) program was implemented by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which built on the earlier experience of the several states that had pursued experiments in welfare reform. Ohio's TANF program, the OWF program (introduced by Am. Sub. H.B. 408 of the 122nd General Assembly), implemented PRWORA and refined and extended the "work first" strategy of welfare reform. The OWF program provides time-limited cash assistance and support services to help needy families with (or expecting) children to care for those children in their own homes, and to eliminate the barriers to work that lead to reliance on government assistance. The OWF seeks to accomplish this by providing such things as job placement services, child care services, and transportation, and by promoting activities such as preparation for work, job search, and early entry into employment.

Among the reforms implemented by H.B. 408 are stricter work requirements, an expansion of the earned income disregard, and lifetime limits on the eligibility to participate. While the federal TANF law provided a lifetime limit to participation of five years, participation in OWF has a limit of 36 months, after which the family remains ineligible for 24 months. Subsequent to this 24-month period, a family may receive benefits for an additional 24 months if, in the view of the county department of job and family services, a good cause or hardship exists to warrant the extension.

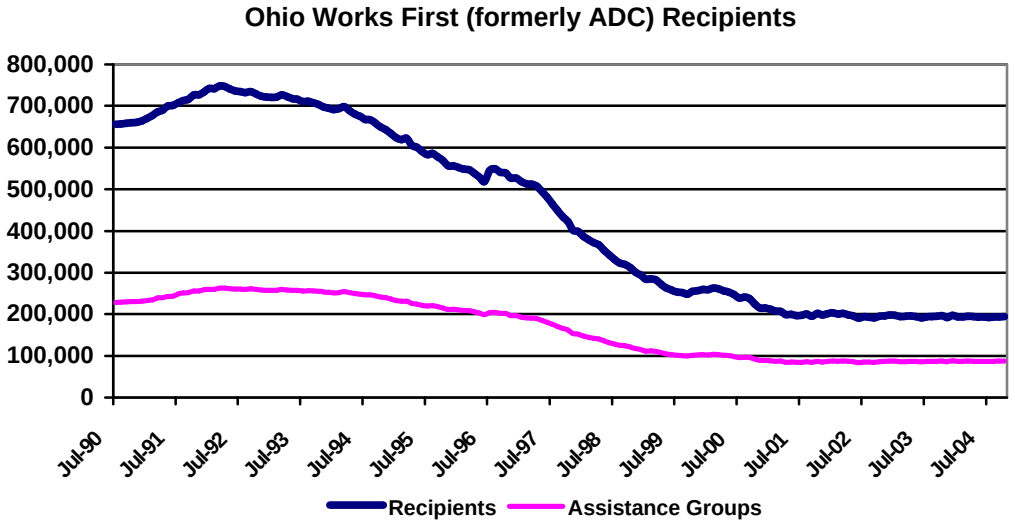
The PRWORA eliminated the Aid to Families with Dependent Children program (or AFDC; in Ohio this was called Aid to Dependent Children or ADC), the Job Opportunity and Basic Skills (JOBS) program, and the Family Emergency Assistance (FEA) program. Congress replaced these programs with the TANF program. Prior to TANF, under the AFDC program, the federal government provided states with open-ended matching funds if a state decided to participate in the program.

The old AFDC program was an "entitlement" for states that chose to operate an AFDC program. The states that participated received a reimbursement for their welfare spending of 50% to 80%, depending on

per capita income. In Ohio, this reimbursement averaged approximately 60% over the decade prior to PRWORA. Each state that participated determined (as continues today under TANF) the income standards for eligibility and the benefit levels of recipients. Recipients had a "right" (which also continues under TANF) to equal treatment in the determination of their eligibility and benefit levels. One of the purposes of PRWORA is to end eligibility-based entitlement to assistance. The PRWORA requires the parent or caretaker in a family receiving assistance to engage in work once the state determines that the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance for 24 total months, whichever is earlier. Ohio requires that recipient adults must now meet a participation requirement that is established in a self-sufficiency plan as a condition of receiving cash benefits. See the discussion below under the heading "OWF Work Activities."

Under the original "entitlement" that was granted to participating states, federal appropriations were provided as a reimbursement for the assistance provided to needy families. If a state experienced an increase in welfare expenditures due to an increase in caseloads or changes in benefit levels, this would result in an increase of federal reimbursements, and vice versa.

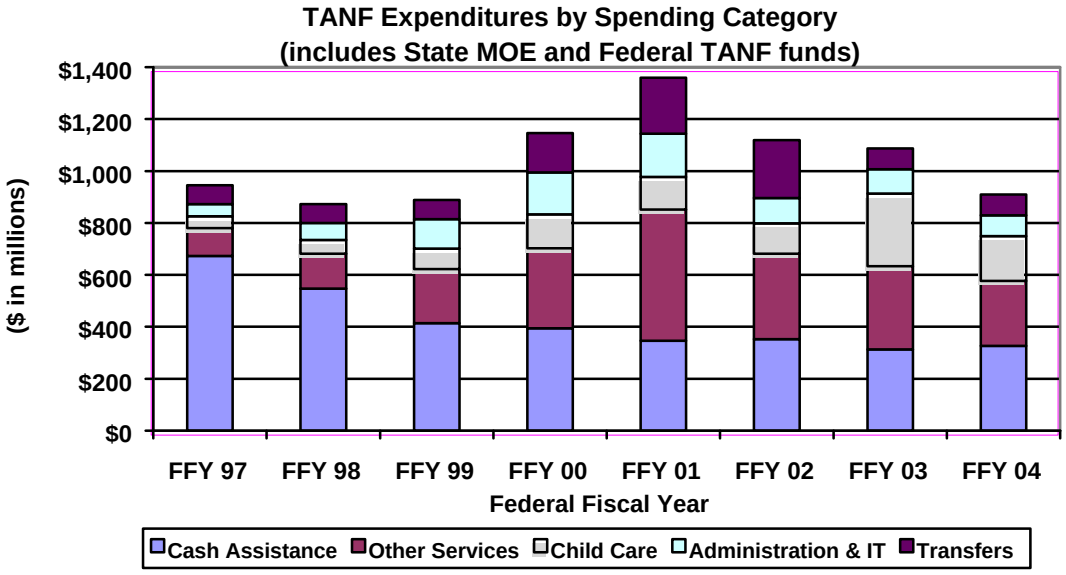
A key factor easing the process of transition to the new environment of TANF is that caseloads have been going down steadily since the spring of 1992, as Ohio and the nation experienced economic expansion (see graph below).



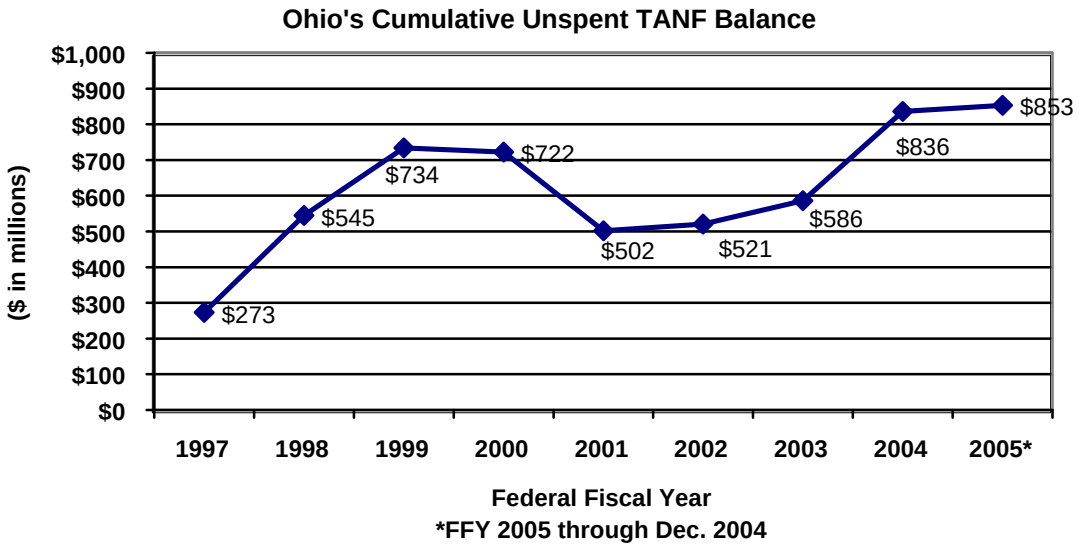
As the economy has slackened in the last few years, Ohio's OWF caseload has remained fairly stable. As a result, Ohio and most other states have, under the block grant, received more federal money than they would have under the old funding system. The shift away from an open-ended reimbursement to a flat block grant, however, introduces the need for states to manage reserves for future caseload changes, to provide more intensive services to those recipients who remain on the caseload, and who are presumably "harder to serve," and to provide services to those in the workforce who are at risk of needing assistance. The need to develop a program to provide services to those "at risk" led to the creation of Ohio's Prevention, Retention, and Contingency (PRC) program, which is discussed below.

As suggested above, one of the consequences of the block grant funding arrangement is that reductions in recipient caseloads reduce the amount of "baseline" cash benefits, thus leaving more funds available for other TANF-related program services or activities. As can be seen in the graph below, non-cash TANF

expenditures composed a majority of total TANF spending in Ohio. These other activities include a broad array of services designed to help individuals find and keep jobs, including employment services, child care, transportation, emergency benefits, and other services and benefits. The graph below also shows a decline in spending for FFY 2004.



The federal TANF legislation provides that "a State may reserve amounts paid to the State under [this legislation] for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under [this legislation]." By December 31, 2004, Ohio's TANF balance was $853.1 million, with $429.7 million reported as unliquidated obligations, and $423.4 million reported as the unobligated balance. At the beginning of SFY 2005, the Department carried over from State Fiscal Year (SFY) 2004 $362.3 million in encumbered funds. Accordingly, Ohio has enough unobligated TANF funds in reserve to pay for more than one year of cash benefit payments at current benefit levels. These figures do not include funds that have been transferred to either the Social Service Block Grant or the Child Care and Development Fund. The unspent balance is held at the federal level, and is available to be spent on cash benefits, or on other services or activities during the period in which the funds may be obligated. The unspent balance between Federal Fiscal Year (FFY) 1997 and the beginning of FFY 2005 is shown in the graph below. According to the Department's TANF spending plan, after the expenditure of recommended appropriations for the FY 2006-2007 biennium, the total unspent TANF funds remaining at the end of FY 2007 will be $265.3 million.



Maintenance of Effort

As noted above, the focus of public assistance programs has now shifted away from "entitlement" for the states to block grant funding where states assume a greater portion of the risk from costs resulting from increases in the caseloads. Ohio's annual TANF block grant award of approximately $728 million is based on the amount of federal funds expended in FFY 1994 for the three eliminated programs (AFDC, JOBS, and FEA). In order to receive the annual block grant, Ohio is required to meet a Maintenance of Effort (MOE) requirement of 80% of what it spent in FFY 1994 on the three eliminated programs (approximately $417 million), through FFY 2005. The MOE can be lowered to 75% if the state meets its work participation requirements. Since Ohio is meeting these participation requirements, the Governor has proposed an MOE spending level of 75%, or about $390.8 million. See the table below for a breakdown of the components of the MOE.

Components of TANF State Maintenance of Effort (MOE)		
	FY 2006 (in millions)	**FY 2007 (in millions)**
600-410, TANF State	$272.6	$272.6
600-413, Day Care MOE	$45.4	$45.4
600-658, Child Support Collections	$23.7	$23.7
ODADAS MOE in ODADAS budget	$5.0	$5.0
County Share	$28.5	$28.5
State Operating	$15.6	$15.6
TANF MOE	$390.8	$390.8

OWF Work Activities

States are now required, under a system of penalties against the federal grant award, to move an increasing proportion of adult recipients into work activities or alternative activities that are preparatory to work. The federal law sets the number of hours per week that recipients must engage in work activities, and limits the hours that recipients spend in educational activities. These requirements could be changed as early as March 2005 as a result of TANF reauthorization now being discussed by Congress. The rates of participation required of states and the number of hours per week required of the participants are divided into two basic categories: an all-family rate (including single- and two-parent families), and a separate rate just for two-parent families.

The OWF legislation sought to assure that county departments of job and family services exceed the federal guidelines by setting the participation requirement 5% above the federal guidelines for each year of the grant (see table below). As well, the OWF requirement for the minimum number of hours needed by an assistance group to meet the participation requirement exceeds the federal requirement in the calculation for all families during the first three years of the program. In the case of two-parent families, the participation rates and required hours for OWF are the same as those required by the federal legislation. Under that set of requirements, in the first two years of the program 75% of two-parent families are required to participate in work activities, with a 90% participation rate thereafter. Throughout the entire period, two-parent families are required to have one of the parents in a work activity for a minimum of 35 hours per week.

All Family Participation Rate and Required Hours				
Year	**Federal Participation Rate**	**State Participation Rate**	**Federal Required Hours**	**State Required Hours**
1997	25	30	20	30
1998	30	35	20	30
1999	35	40	25	30
2000	40	45	30	30
2001	45	50	30	30
2002	50	55	30	30
2003	50	55	30	30
2004	50	55	30	30

Three different categories of activity count toward (but may not meet fully) the participation requirement: work activities, alternative work activities, and developmental activities.

- **Work activities.** Work activities that count toward meeting the federal work participation requirements include only the following: unsubsidized or subsidized employment, on-the-job training, unpaid work experience, community service, 12 months of vocational training, or providing child care services to community service participants.

- **Alternative work activities.** In cases where work activities, as listed above, are unsuitable, and clients are unable to fully participate, OWF clients may participate in alternative work activities, which include such things as: parenting classes, alcohol or drug addiction services, counseling for domestic violence victims, and searching for housing, if the participant family is homeless. Up to 20% of each county's caseload may be assigned to alternative work activities.

- **Developmental activities.** The OWF participants may also take part in developmental activities for a portion of their work assignment. In many cases participants are assigned developmental activities to be completed in addition to work activities. In other circumstances, for instance, when a single parent has children under age one, developmental activities may substitute fully for work activities. Developmental activities may include such things as school enrollment, adult basic education classes, post-secondary education, counseling, parenting classes, or other activities outlined as alternative assignments.

All adult OWF applicants must sign a self-sufficiency contract that specifies the required work activity as a condition of receiving assistance. Failure to comply with the terms of the self-sufficiency contract results in a full-benefit sanction. The first failure results in the ineligibility of the entire assistance group for one month, or until compliance, whichever is longer. The second failure results in the ineligibility of the entire assistance group for three months or longer, and the third or subsequent failure results in ineligibility of the entire assistance group for six months or longer.

Prevention, Retention, and Contingency Program (PRC)

The PRC program is designed to "divert" families from public assistance by providing one-time, short-term, customized assistance to overcome immediate problems or barriers that could, if not addressed, result in a situation that requires public assistance. The PRC program was implemented by H.B. 408 of the 122nd General Assembly, replacing the Family Emergency Assistance (FEA) program. The objective of the PRC program is to provide a mixture of cash and nonmonetary short-term services that will enable a family to retain or obtain employment and thereby, stay off of public assistance.

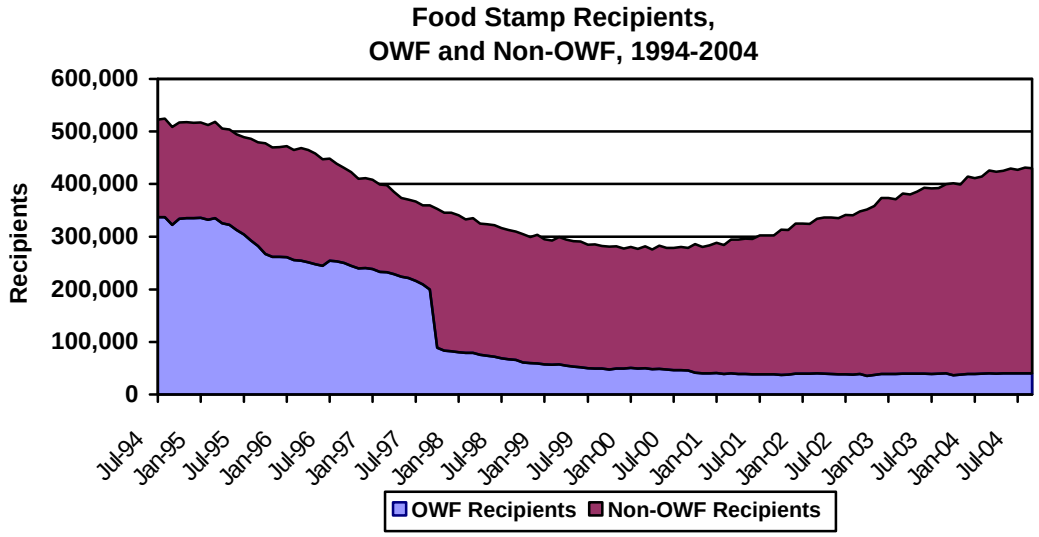
The PRC program emphasizes prevention and retention benefits that are oriented to helping clients achieve or maintain self-sufficiency. To participate in the PRC program, an assistance group must include at least one minor child. Additional PRC program eligibility criteria are established in each county's partnership agreement. Counties are given considerable latitude regarding the types and amounts of assistance to be provided. The policies that counties develop must be consistent with state and federal law. PRC provides short-term cash assistance for such things as: shelter, job-required clothing, household necessities like the repair of a furnace or a major appliance, home repair, and transportation. The Governor's proposed Employment Retention Incentive program, a short-term cash assistance program, is described in the Analysis of Executive Proposal for this program series. Nonmonetary services include such things as: counseling, employment services, and short-term training.

Other Income Maintenance

Food Stamps

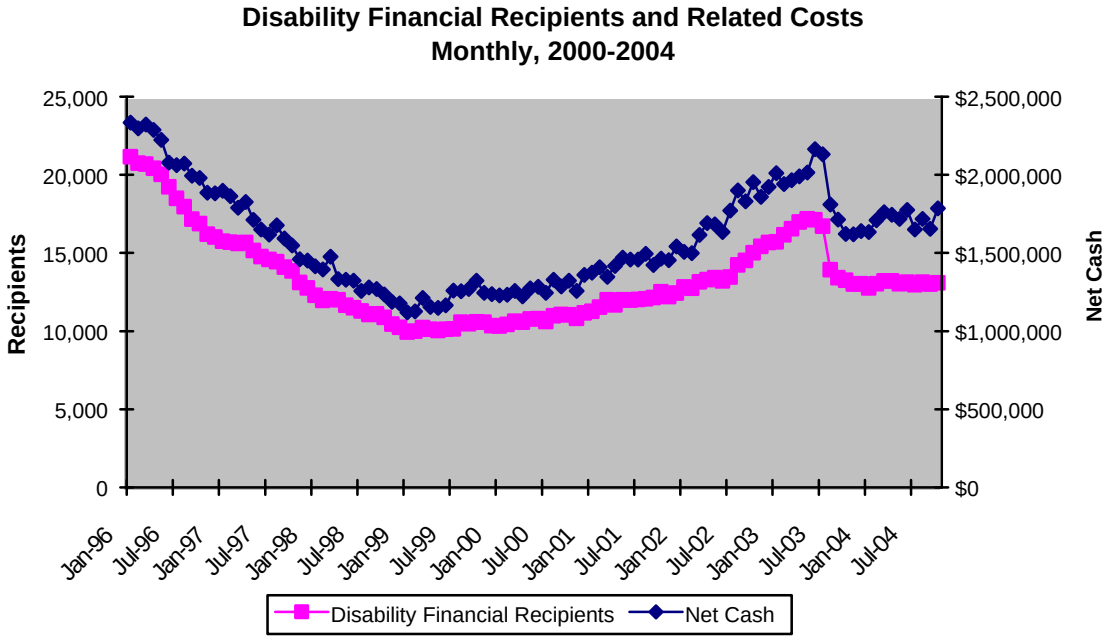
The goal of the Food Stamp Program is to increase nutritional intake of low-income persons by supplementing their income with food stamp benefits and thereby eliminate hunger and malnutrition. Recent policy changes have introduced a work requirement for adult recipients. Federal funds in this program are used to pay the state and county job and family services departments' costs of administering the Food Stamp Program. The value of the food stamps, themselves, is provided in full by the federal government through the process of redemption. For administrative activities, the state and federal government split costs 50/50.

The number of recipients has increased with the weakened economy of the last few years. As is apparent in the graph below, a substantial shift in food stamp recipients away from receipt of OWF benefits has resulted in a fundamentally different composition of the food stamp caseload.



Disability Financial Assistance (DFA)

The DFA program provides financial assistance to persons who are unemployable due to physical or mental impairment, and who are not eligible for public assistance programs that are supported in whole or in part by federal funds (for example, OWF or Supplemental Security Income). The DFA program thus provides a "safety net" to help needy people meet basic needs and maintain their health. Eligibility criteria for DFA are established by the state. Along with partitioning the DA program, Am. Sub. H.B. 95 of the 125th General Assembly also limited participation in the DFA to individuals age 60 and older, and only if they received financial assistance under the program in June 2003. As shown in the graph below, the eligibility restrictions brought a strong increase in program participation to an end.



TANF Block Grant Reimbursement and Consolidated Funding Allocation Elimination

Under Ohio's state-supervised/county-administered system, counties can design their own services in human service functions, including TANF, PRC, day care, and transportation services for low-income workers, child support, services to children, and employment and training activities. Until recent months, each county was given various options to consolidate their funding, or maintain as separate the different allocation streams from the federal government. Am. Sub. H.B. 215 of the 122nd General Assembly granted ODJFS (then the Department of Human Services) the authority to make a "consolidated" funding option available to the counties that would combine 11 different funding streams into a single allocation that could be used for any of the purposes authorized by the 11 funding sources. Counties could spend on services as needed without regard to the origin of the funds so long as they stayed within their total allocation. Under this system, ODJFS would reconcile the county spending each year. All 88 counties opted for the full consolidation of their funding.

However, the consolidated allocation has been discontinued due to the announcement last year that ODJFS had not been performing a thorough reconciliation of the separate funding streams, but only a reconciliation of the consolidated payment system as a whole to balance expenditures by counties that exceeded their allocation with those that had not. The failure to develop a system that would reconcile the different funding streams resulted in TANF funds being spent from FY 2000 through the first months of FY 2005 for administrative costs in the Medicaid and Food Stamps programs, and for certain Title XX program expenditures that do not qualify under TANF rules, when state funds should have been used instead. Estimates of the funds needed to repay the TANF block grant total $283 million.

The Department began to correct the structural deficiencies of the consolidated allocation system by replacing it with a new system termed Public Assistance Fund Linkages that retains some flexibility for counties but also limits the funds to more narrowly defined sets of purposes. Reimbursement of the TANF allocation has begun with a transfer proposed by ODJFS and approved by the Controlling Board.

The capital bill, H.B. 16 of the 126th General Assembly, included additional provisions for a funding mechanism to continue the process of compensating for misallocated funds. H.B. 66, As Introduced, includes provisions to continue the reimbursement of the TANF Block Grant. Those provisions are described in the Analysis of Executive Proposal for this program series. The current plan to reimburse the federal block grant and allocate funds to avoid further imbalances in the funding mechanism is outlined below.

TANF Block Grant Reimbursement Plan				
Time Period	**Amount**	**Purpose**	**Source**	**Status**
FY 2000-2003	$133.0 million	Reimbursement of TANF Block Grant	$133 million Capital Bill transfers from other JFS sources (Federal Fiscal Relief Fund & Child Support Special Payment Fund)	Awaiting transfers from Capital Bill
FY 2004	$130-$150 million*	Reimbursement of TANF Block Grant	$30 million per year from GRF (PA Reconciliation Fund), for up to five years or as needed	Beginning in FY 2006, as proposed in H.B. 66
*Estimated between $130 and $150 million				
Adjustments for End of Consolidated Funding Allocation				
Time Period	**Amount**	**Purpose**	**Source**	**Status**
FY 2005	$86.1 million	Increase Food Stamp & Medicaid Administration funding to compensate for elimination of consolidated funding allocation	$55.5 million from state sources	Completed
			$7.3 million November 2004 Controlling Board request (transfer from other JFS line items)	Completed
			$23.3 million Capital Bill cash transfers from other JFS accounts	Completed
	$64.5 million	Increase social services funding due to up-front TANF to Title XX transfer	$46 million August 2004 Controlling Board request (TANF to Title XX transfer)	Completed
			$18.5 million November 2004 Controlling Board request (TANF to Title XX transfer)	Completed
FYs 2006-2007 and future		Increase Food Stamp & Medicaid Administration funding	H.B. 66 will increase appropriation to items 600-521, 600-610, and 600-623	In progress with H.B. 66 and future budget bills
	$72.8 million	Continue up-front TANF to Title XX transfer	TANF Block Grant	In progress with H.B. 66 and future budget bills

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 2 — Family Stability

Purpose: The primary goal of the Family Stability program series is to support low-income Ohioans and families as they are seeking to better their lives and become self-sufficient. Providing support to meet basic needs for these individuals and families assures a floor of support while providing additional support to people to meet their own goals of attaining independence to the best of their ability.

The program series funds activities such as those provided through TANF, food assistance programs, child care funding, the Disability Financial Assistance program, refugee services, and the information technology activities that support these and other programs.

The following table shows the line items that are used to fund the Family Stability program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-410	TANF State	$272,619,061	$272,619,061
GRF	600-413	Child Care Match/MOE	$84,120,596	$84,120,596
GRF	600-416*	Computer Projects	$37,566,542	$25,953,333
GRF	600-421	Office of Family Stability	$4,864,932	$4,864,932
GRF	600-423	Office of Children and Families	$1,466,714	$1,510,317
GRF	600-511	Disability Financial Assistance	$22,839,371	$22,839,371
GRF	600-512	Non-TANF Emergency Assistance	$1,000,000	$1,000,000
GRF	600-521	Family Stability Subsidy	$151,206,401	$151,206,401
		General Revenue Fund Subtotal	**$575,683,617**	**$564,114,011**
State Special Revenue Fund				
5Z9	600-672	TANF QC Reinvestments	$647,409	$688,421
		State Special Revenue Fund Subtotal	**$647,409**	**$688,421**
General Services Fund				
4A8	600-658	Child Support Collections	$23,680,794	$23,680,794
4R4	600-665	BCII Services Fees	$36,974	$36,974
		General Services Fund Subtotal	**$23,717,768**	**$23,717,768**
Agency Fund				
5B6	600-601	Food Stamp Intercept	$2,000,000	$2,000,000
		Agency Fund Subtotal	**$2,000,000**	**$2,000,000**
Federal Special Revenue Fund				
384	600-610	Food Stamps & State Administration	$177,189,699	$169,830,507
385	600-614	Refugee Services	$5,683,829	$5,742,439
396	600-620	Social Services Block Grant	$15,139,237	$15,139,237
3A2	600-641	Emergency Food Distribution	$2,600,000	$2,800,000
3H7	600-617	Child Care Federal	$199,849,359	$199,525,926
3V6	600-689	TANF Block Grant	$745,604,142	$770,983,200
3W3	600-659	TANF/Title XX Transfer	$500,000	$500,000
		Federal Special Revenue Fund Subtotal	**$1,146,566,266**	**$1,164,521,309**
Total Funding: Family Stability			**$1,748,615,060**	**$1,755,041,509**

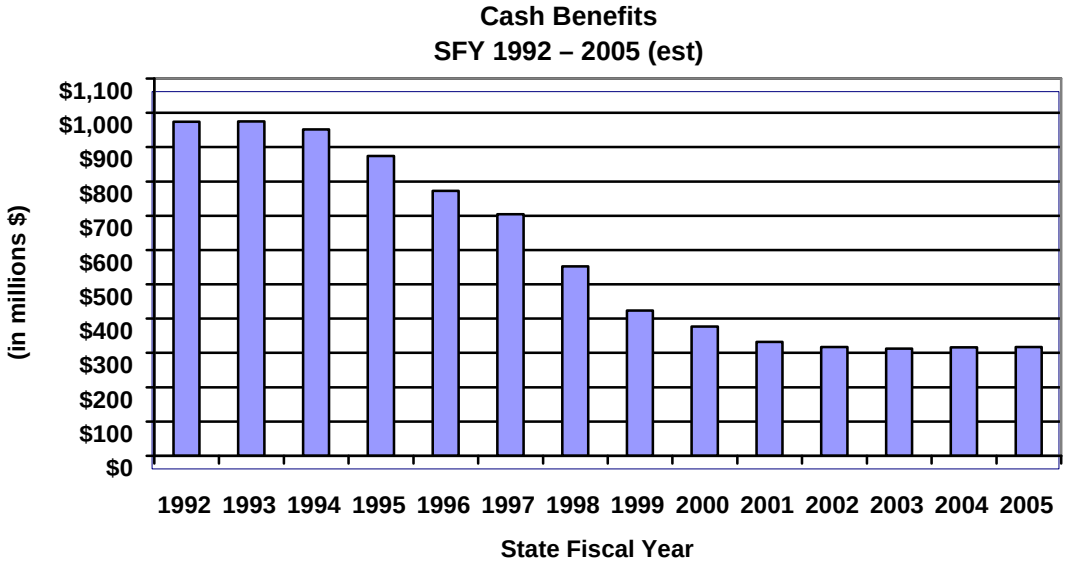
* Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Family Stability program series:

- ***Program 2.01: TANF/Ohio Works First Cash Assistance***
- ***Program 2.02: TANF Non-Assistance***
- ***Program 2.03: Disability Financial Assistance***
- ***Program 2.04: Food Stamp and Food Stamp Employment and Training Program***
- ***Program 2.05: Emergency Food Distribution***
- ***Program 2.06: Child Care***
- ***Program 2.07: Refugee Services***
- ***Program 2.08: Client Registry Information System Enhanced (CRIS-E)***
- ***Program 2.09: Electronic Benefit Transfer (EBT)***
- ***Program 2.10: Integrated Client Management System (e-ICMS)***
- ***Program 2.11: TANF Quality Control***

Program 2.01: TANF/Ohio Works First Cash Assistance

Program Description: Ohio Works First (OWF), established by Am. Sub. H.B. 408 of the 122nd General Assembly, is the financial assistance portion of the TANF program and provides time limited cash assistance to eligible families for up to 36 months. After 36 months, county departments of job and family services can approve hardship or good cause extensions for another 24 months. As shown in the graph below, financial assistance expenditures have been steady for the past few fiscal years, after a decline in the 1990s.



The TANF program established a flat block grant to the states. Ohio's annual TANF block grant award of approximately $728 is based on the amount of federal funds expended in FFY 1994 for the three eliminated programs, Aid to Families with Dependent Children (AFDC), Job Opportunity and Basic Skills (JOBS), and Family Emergency Assistance (FEA). At the end of FFY 2004, Ohio's TANF balance was $836.1 million, with $505.2 million reported as unliquidated obligations and $330.9 million as the unobligated balance. The federal TANF legislation provides that a "State may reserve amounts paid to the State under [this legislation] for any fiscal year for the purpose of providing, without fiscal year limitation, assistance under the State program funded under [this legislation]." At the beginning of SFY 2005, the Department carried over from SFY 2004 $362.3 million in encumbered funds.

Ohio is required to meet a minimum maintenance of effort (MOE) requirement of 80% of what it spent in FFY 1994 on the three eliminated programs (80% of that amount is approximately $417.0 million), through FFY 2005. The MOE can be lowered to 75% ($390.8 million) if the state meets its participation requirement. Ohio currently meets the participation rate requirements. The Governor has proposed that Ohio maintain the 75% MOE level of $390.8 million for the next biennium.

Funding Source and Line Items: The following table shows the line items that are used to fund the TANF/Ohio Works First Cash Assistance program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-410*	TANF State	$132,619,061	$132,619,061
GRF	600-421*	Office of Family Stability	$820,128	$832,605
		General Revenue Fund Subtotal	**$133,439,189**	**$133,451,666**
General Services Fund				
4A8	600-658	Child Support Collections	$23,680,794	$23,680,794
		General Services Fund Subtotal	**$23,680,794**	**$23,680,794**
Federal Special Revenue Fund				
3V6	600-689*	TANF Block Grant	$187,932,407	$198,454,435
		Federal Special Revenue Fund Subtotal	**$187,932,407**	**$198,454,435**
Total Funding: TANF/Ohio Works First Cash Assistance			**$345,052,390**	**$355,586,895**

* Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation for the cash assistance program anticipates approximately 88,000 recipients in each fiscal year and will permit a proposed increase in cash benefits levels per recipients as described below.

According to the Department's TANF spending plan, after the expenditure of recommended appropriations for the FY 2006-2007 biennium, the total unspent TANF funds remaining at the end of FY 2007 will be $265.3 million.

Temporary Law Provisions:

Ohio Works First Cash Assistance Payments - Section 206.66.09 of the bill

H.B. 66, As Introduced, allows ODJFS to increase TANF cash assistance payments up to 10% over FY 2005 levels, effective October 1, 2005. The average cash assistance benefit per OWF combined assistance group in FY 2005 has been just over $302 per month.

Fiscal Effect: LSC estimates that the increase will cost approximately $23.6 million in FY 2006 and $31.3 million in FY 2007 to implement over previous estimates. Total FY 2006 cash assistance will be approximately $338.6 million; FY 2007 cash assistance will be approximately $342.6 million. An increase in the funds dedicated to cash assistance thereby reduces funds available for non-cash assistance, such as those provided by the PRC program.

Child Support Collections/TANF MOE - Section 206.66.93 of the bill

H.B. 66, As Introduced, requires $23,680,794, appropriated for Child Support Collections, appropriation item 600-658, to be used by the Department to meet the TANF MOE requirement. Once the state reaches the MOE requirement, the funds can be used to support other public assistance activities.

Fiscal Effect: This is an ongoing MOE provision. No change in the fiscal effect is expected.

Permanent Law Provisions:

Income Requirement for Initial Ohio Works First Eligibility - R.C. 5107.10

This provision will adjust the maximum gross income an assistance group can earn to meet the income requirement for initial OWF eligibility. Currently, the income maximum is delineated in the Revised Code. The provision would provide an alternative that the assistance group's gross income must not exceed the current gross income maximum *or* 50% of the federal poverty guidelines, whichever is higher. The table below indicates the differences between the two income level guidelines. In October 2004, the average size of an assistance group in Ohio was approximately 2.2 persons.

Fiscal Effect: For all assistance groups larger than two persons, the bill will increase the gross income threshold for initial OWF eligibility determination. The Department requested this provision to allow for automatic periodic adjustments in the eligibility threshold levels. Providing an alternative threshold rather than completely replacing the current gross income threshold with the federal poverty guidelines, will prevent current OWF assistance groups from losing eligibility.

Comparison of OWF Income Thresholds for Initial Eligibility (H.B. 66 would require the higher of these income levels)		
Size of Assistance Group	**Gross Monthly Income Threshold Ohio Revised Code**	**50% of the 2005 Monthly Federal Poverty Guidelines***
1	$423	$399
2	$537	$520
3	$630	$653
4	$750	$785
5	$858	$918
6	$942	$1,050
7	$1,038	$1,183
8	$1,139	$1,315
9	$1,241	$1,448
10	$1,343	$1,580
11	$1,440	$1,713
12	$1,542	$1,845
13	$1,643	$1,978
14	$1,742	$2,110
15	$1,844	$2,239
*2005 *Federal Register*, Vol. 70, No. 33, February 18, 2005, pp. 8373-8375.		

Other temporary and permanent law provisions affecting TANF and related programs are described in Program 2.02, TANF Non-Assistance.

Program 2.02: TANF Non-Assistance

Program Description: The goal of the TANF Non-Assistance program is to help low-income families to overcome short term, nonrecurrent urgent programs that might otherwise cause them to need cash assistance, and help families on OWF overcome barriers to self-sufficiency. Among other activities, the TANF Non-Assistance program includes the PRC program, Help Me Grow, Disaster Relief Assistance, and funds the Early Learning Initiative, a substitute for state-funded Head Start and the Head Start Plus program.

Funding Source and Line Items: The following table shows the line items that are used to fund the TANF Non-Assistance program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-410*	TANF State	$140,000,000	$140,000,000
GRF	600-421*	Office of Family Stability	$2,413,506	$2,369,105
GRF	600-512	Non-TANF Emergency Assistance	$1,000,000	$1,000,000
		General Revenue Fund Subtotal	**$143,413,506**	**$143,369,105**
Federal Special Revenue Fund				
3V6	600-689*	TANF Block Grant	$307,242,028	$297,107,344
		Federal Special Revenue Fund Subtotal	**$307,242,028**	**$297,107,344**
Total Funding: TANF Non-Assistance			**$450,655,534**	**$440,476,449**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: An increase in the funds dedicated to cash assistance, discussed above, will reduce funds available for non-cash assistance, such as those provided by PRC.

Temporary Law Provisions:

Employment Retention Incentive Program - Section 206.67.09 of the bill

H.B. 66, As Introduced, contains a provision permitting ODJFS to create the Employment Retention Incentive (ERI) program in FY 2007. The program would provide additional cash payments to assistance groups leaving the OWF program for work. The provision requires that the Department provide the funds in a manner that would exclude these cash payments from the federal definition of "assistance." As these incentives are not continuing payments designed to meet a family's ongoing basic needs, the payments are not considered "assistance" under the federal regulations (45 CSR 260.31). Details of the program's administration, such as the amounts and duration of the cash payments, the eligibility criteria, and the county departments' administrative responsibilities are to be determined by the Department.

Fiscal Effect: It is unknown at this time how the Department will implement this program and to what extent the costs of the ERI program will impact other programs and services in this department. The Department's goals are to provide a periodic incentive payment of approximately $200 to assistance

groups leaving OWF for work. The TANF spending plan indicates that ODJFS plans to spend approximately $8.6 million in FY 2007 on the new program.

Early Learning Initiative - Section 206.67.12 of the bill

H.B. 66, As Introduced, earmarks up to $94,380,000 in FY 2006 and $113,256,000 in FY 2007 from the TANF Block Grant, appropriation item 600-689, for the Early Learning Initiative (ELI). Funds would reimburse Early Learning agencies for up to 10,000 children in FY 2006 and 12,000 children in FY 2007. Any excess funds are to be used for publicly funded child care. Up to $3 million per fiscal year may be used by ODJFS ($800,000) and the Department of Education (DOE) ($2.2 million) for administration of the program.

Related permanent law eliminates state-funded Head Start and Head Start Plus programs and establishes the ELI, paid for with TANF funds and jointly administered by DOE and ODJFS, to provide early learning programs and day care to TANF-eligible children. The bill directs DOE to define the early learning services that will be provided to TANF-eligible children through the ELI. In addition, DOE must establish early learning program guidelines for school readiness to evaluate early learning programs. County departments of job and family services are given the responsibility of determining which children are eligible for the program and co-payment requirements for participation.

Fiscal Effect: This program will be funded with the TANF Block Grant, but will be administered by DOE. The administrative allowance of $800,000 will remain at the state level for administrative expenses.

Counties Share of Expenditures - Section 206.66.18 of the bill

H.B. 66, As Introduced, provides that a county's share of expenditures for public assistance programs in Calendar Year (CY) 2007 will be the same as the county's share for those expenditures in CY 2006. Under current law, counties are responsible for a share of the costs of certain public assistance programs, including OWF, PRC, and the Disability Financial and Medical Assistance Programs. Generally, a county's share of the costs of the public assistance programs for a state fiscal year is the sum of the following:

- The amount that is 25% of the county's total expenditures ODJFS determines are allowable for the Disability Financial Assistance and Disability Medical Assistance Programs and county administration of these Medical Assistance Programs and county administration of these programs during the state fiscal year ending in the previous calendar year.

- The amount that is 10% of the county's total expenditures ODJFS determines are allowable for county administration of food stamps and Medicaid during the state fiscal year ending in the previous calendar year, less the amount of federal reimbursement credited to the county for the state fiscal year ending in the previous calendar year.

- A percentage, as determined by ODJFS in rules, of the county's share of program and administrative expenditures during federal fiscal year 1994 for assistance and services, other than child care, provided under the former ADC and JOBS Training Programs.

Fiscal Effect: If the above formula operated for CY 2007, a county's share of public assistance expenditures for 2007 would be calculated based on nine months of expenditures for the DMA program since the bill terminates DMA effective October 1, 2005. The bill, however, notwithstands current law and directs that a county's share of public assistance expenditures for CY 2007 must be an amount equal to the county's share of public expenditures for CY 2006 which will include 12 months of expenditures

for the DMA program, thereby increasing the amount for which counties would be responsible in CY 2007.

TANF Block Grant Repayment - Sections 206.66.15 and 206.66.21 of the bill

H.B. 66, As Introduced, contains provisions that would permit the transfer of up to $156 million from the GRF in the FY 2006-2007 biennium to reconcile the TANF Block Grant for the misallocation of funds described above under the heading, "TANF Block Grant Reimbursement and Consolidated Funding Allocation Elimination."

The bill permits the transfer of up to $30 million in each fiscal year of the biennium from GRF item 600-442, Public Assistance Reconciliation, to the Public Assistance Reconciliation Fund (Fund 5AX), created by the capital bill, H.B. 16 of the 126th General Assembly. The Department indicates that these payments would be the first of five total payments of $30 million each.

The bill also permits the transfer of up to $96 million from the GRF to Fund 5AX by the Director of Budget and Management, if the Director determines that the balance in the GRF is greater than the amounts assumed in H.B. 66.

Fiscal Effect: These provisions will reduce the availability of GRF funds for other purposes, but are necessary to restore funds to the TANF Block Grant.

Permanent Law Provisions:

Consolidated Funding Allocations - R.C. 5101.21

H.B. 66, As Introduced, eliminates the Department's option to create a consolidated funding allocation to the counties. Under Ohio's state-supervised/county-administered system, counties are able to design their own services in human service functions, including TANF, PRC, day care, and transportation services for low-income workers, child support, services to children, and employment and training activities. Until recent months, each county was given various options to consolidate their funding, or maintain as separate the different allocation streams from the federal government. Am. Sub. H.B. 215 of the 122nd General Assembly granted ODJFS (then the Department of Human Services) the authority to make a "consolidated" funding option available to the counties that would combine 11 different funding streams into a single allocation that could be used for any of the purposes authorized by the 11 funding sources. Counties could spend on services as needed without regard to the origin of the funds so long as they stayed within their total allocation. Under this system, ODJFS would reconcile the county spending each year. All 88 counties opted for the full consolidation of their funding.

The Department discontinued the consolidated allocation after the announcement last year that a thorough reconciliation of the separate funding streams had not been done. ODJFS had been performing only a reconciliation of the consolidated payment system as a whole to balance expenditures by counties that exceeded their allocation with those that had not. The failure to develop a system that would reconcile the different funding streams resulted in TANF funds being spent from FY 2000 through the first months of FY 2005 for administrative costs in the Medicaid and Food Stamps programs, when state funds should have been used instead.

Fiscal Effect: The consolidated funding allocation was discontinued during FY 2005; this provision would eliminate the possibility that a consolidated allocation could be adopted in the future. TANF funds formerly used inappropriately for food stamp administration and Medicaid eligibility determinations must

be replaced by other means. The "TANF Block Grant Reimbursement and Consolidated Funding Allocation Elimination" section contains a fuller discussion of the concerns raised by the elimination of the consolidated allocation.

Disciplinary Action in the Form of Increase in County Share of Public Assistance Expenditures - R.C. 5101.24

H.B. 66, As Introduced, authorizes ODJFS to increase a county's share of public assistance expenditures by an amount equaling the amount of a reduction the county is responsible for in federal financial participation or in a federal grant or payment. This would allow the Department to shift the burden of penalties for federal spending errors to the counties in proportion to their responsibility for the error. Under current law, ODJFS already may require a board of county commissioners or county department of job and family services share in the payment of a sanction or penalty and could increase the counties' share of public assistance expenditures pursuant to a sanction.

Fiscal Effect: Under current law, ODJFS may increase a county's share of public assistance expenditures pursuant to a sanction. Future reductions or sanctions will indicate the impact on counties this provision may have.

Use of TANF Funds for Title XX Social Services – primarily R.C. 5101.46 and 5101.461

H.B. 66, As Introduced, allows the funds received through the TANF Block Grant to be used for Title XX social services, as currently allowable, but excludes the TANF funds from Revised Code provisions applicable to Title XX social services.

Title IV-A of the Social Security Act, the federal law authorizing the TANF Block Grant, allows states to use a percentage (10%) of the funds they receive for Title XX social services. Current law in Ohio includes provisions specifying that ODJFS's distribution of TANF funds for Title XX services is not subject to other provisions governing the distribution of Title XX funds. Under the bill, ODJFS is expressly permitted to use TANF funds for purposes of providing Title XX social services. It also specifies that the funds and the provision of social services are not subject to other statutes governing Title XX social services.

Fiscal Effect: The Department requested this provision to clarify that TANF funds transferred to the Title XX Social Services Block Grant are to be used on social services eligible under Title XX and are exempt from Revised Code statutes apportioning Title XX funds among three agencies. The Department indicates that this language is necessary to manage up-front, rather than retrospective, transfer of TANF funds to the Title XX Social Services Block Grant, now being done by the state.

Title IV-A Demonstration Program - primarily R.C. 5101.802

H.B. 66, As Introduced, creates the Title IV-A Demonstration Program under which the Department may provide funding to government agencies and not-for-profit entities administering a project designed to meet one of the four purposes of the TANF Block Grant. Any project funded as a demonstration project must have stated performance outcomes and follow-up evaluations to determine the success in achieving the performance outcomes.

Fiscal Effect: The Department's TANF spending plan indicates that the intention is to use $10 million in each fiscal year for Title IV-A Demonstration Projects at the county level. The Department's rules governing the program may address the amount of funding for which each county may apply, as well as outcome measures for any projects initiated through this program.

Learning, Earning, and Parenting (LEAP) - R.C. 5107.05, 5107.30, and 5107.301

H.B. 66, As Introduced, expands the authority of ODJFS to provide incentives under the Learning, Earning, and Parenting (LEAP) Program. This program is a component of OWF under which participating teens must attend an educational program that is designed to lead to the attainment of a high school diploma or its equivalent. JFS is required to provide an incentive payment to teens who satisfy the LEAP Program's education requirements and reduce a teen's OWF cash assistance payment for failure or refusal, without good cause, to meet the requirements.

H.B. 66 authorizes ODJFS to provide, in addition to current incentive payments, a new incentive for teens who successfully complete the LEAP Program's requirements and enroll in postsecondary education. The Director is also given flexibility to increase current incentive payments.

Fiscal Effect: These statutory changes to the LEAP program are intended to increase current incentive levels and add an additional incentive to students. The Department indicates that current incentives for LEAP for attendance and enrollment will increase from $62 to $200. Incentives for graduation will increase from $200 to $500. The new incentive for college enrollment will be $500. The Department's TANF spending plan indicates that approximately $200,000 will be spent on these increases.

Program 2.03: Disability Financial Assistance

Program Description: Until FY 2004, ODJFS administered the Disability Assistance (DA) program, which consisted of DA cash assistance and DA medical assistance components. H.B. 95 of the 125th General Assembly split the DA program into two separate entities: the Disability Financial Assistance (DFA) and the Disability Medical Assistance (DMA) programs. The DFA and DMA programs are state- and county-funded efforts to provide cash and/or medical assistance to persons not eligible for public assistance programs that are supported in whole or in part by federal funds, for example OWF or Supplemental Security Income. This section will address the DFA program; the DMA program can be found in the Medicaid section of the Redbook.

The DFA program provides financial assistance to persons who are unemployable due to physical or mental impairment, and who are not eligible for public assistance programs that are supported in whole or in part by federal funds (for example OWF or Supplemental Security Income). The DFA program thus provides a "safety net" to help needy people to meet basic needs and maintain their health. Eligibility criteria for DFA are established by the state. Along with partitioning the DA program, Am. Sub. H.B. 95 of the 125th General Assembly also limited participation in the DFA to individuals age 60 and older, and only if they received financial assistance under the program in June 2003.

There is no time limit for receipt of DFA benefits; assistance is provided on an ongoing basis as long as all eligibility requirements are met, and provides a maximum cash grant of $115 per month for a one-person assistance group. A county contributes a mandated share of DFA costs based on DFA expenditures in each county.

Funding Source and Line Item: The following table shows the line item that is used to fund the Disability Financial Assistance program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-511	Disability Financial Assistance	$22,839,371	$22,839,371
		General Revenue Fund Subtotal	**$22,839,371**	**$22,839,371**
Total Funding: Disability Financial Assistance			**$22,839,371**	**$22,839,371**

Implication of Executive Recommendation: The executive recommendation provides a subsidy of $115 per month to a limited number of recipients, regardless of the number of eligible individuals applying for the program. The Executive indicates that the program will serve approximately 14,600 individuals per month in the upcoming biennium.

Temporary and Permanent Law Provisions: None

Program 2.04: Food Stamp and Food Stamp Employment and Training Program

Program Description: The goal of the Food Stamp and Food Stamp Employment and Training Program is to increase the nutritional intake of low-income persons by supplementing their income with food stamp benefits and thereby eliminate hunger and malnutrition. Policy changes have introduced a work requirement for able-bodied adult recipients, establishing the related Food Stamp Employment and Training (FSET) program, which provides employment and/or training to those employed less than 30 hours per week or below an income threshold.

Federal funds in this program are used to pay the state and county job and family services departments' costs of administering the food stamp program. The cost of food stamp eligibility determinations has increased due to an increase in caseloads and was a factor in the TANF consolidated allocation problem discussed in the "TANF Block Grant Reimbursement and Consolidated Funding Allocation Elimination" section.

The value of the food stamps, themselves, is provided in full by the federal government through the process of redemption. For most administrative activities, the state and federal government split costs 50/50; for certain other activities, such as fraud control, the federal government pays 75% and the state pays the remainder.

Funding Source and Line Item: The following table shows the line items that are used to fund the Food Stamp and Food Stamp Employment and Training Program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-421*	Office of Family Stability	$1,125,284	$1,146,898
GRF	600-521	Family Stability Subsidy	$151,206,401	$151,206,401
		General Revenue Fund Subtotal	**$152,331,685**	**$152,353,299**
Agency Fund				
5B6	600-601	Food Stamp Intercept	$2,000,000	$2,000,000
		Agency Fund Subtotal	**$2,000,000**	**$2,000,000**
Federal Special Revenue Fund				
384	600-610*	Food Stamps & State Administration	$173,657,827	$164,375,103
		Federal Special Revenue Fund Subtotal	**$173,657,827**	**$164,375,103**
Total Funding: Food Stamp and Food Stamp Employment and Training Program			**$327,989,512**	**$318,728,402**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: In the past, the Food Stamps and State Administration appropriation item was described as "over-appropriated" because expenditures from the line were far below the amount appropriated for food stamp administration. The state portion of the excess was transferred to the GRF to help balance the state budget. Now, with the knowledge that administrative costs were inappropriately masked as TANF expenditures, the appropriations for this program have increased $53.1 million (39.3%) over estimated FY 2005 spending. The executive recommendation provides funding to maintain current administrative levels for the Food Stamp and Food Stamp Employment and Training Program.

Permanent Law Provision:

Eligibility for Certain Programs Administered by the Department of Job and Family Services - R.C. 5101.47

H.B. 66, As Introduced, permits the Director of ODJFS to "redetermine" eligibility criteria for a number of programs, including the food stamp program, to realize administrative cost savings and efficiency. Under current law, the Director may accept applications, determine eligibility, and perform related administrative functions for a number of programs the Director determines are supportive of children or families with at least one employed member. These have included Medicaid, the Children's Health Insurance Program parts I and II, publicly funded child day-care, and other programs. The bill removes the requirement that the families have at least one employed member and allows the Director to perform any of the described functions for programs that support children, *adults*, or families.

Fiscal Effect: This provision could result in program savings depending on the programs for which the director determines a change in eligibility criteria is necessary.

Temporary Law Provisions: None

Program 2.05: Emergency Food Distribution

Program Description: The Emergency Food Distribution program provides food products to low-income families to alleviate hunger. The program provides food assistance through the Temporary Emergency Food Assistance Program (TEFAP), the Commodity Supplemental Food Program (CSFP), and the Ohio Agricultural Surplus Production Alliance Program (OASPA). The TEFAP provides U.S. Department of Agriculture food commodities to the Ohio food bank network for distribution to food pantries, soup kitchens, and other organizations. CSFP provides food donated by the U.S. Department of Agriculture to selected Ohio food banks for distribution. The program also provides a monthly food package to eligible program participants. The OASPA is a statewide link between farmers, growers, and food processors who provide nutritious, surplus products to the food bank network. Products are purchased and distributed through the Ohio Association of Second Harvest Food Banks to eligible low-income households.

Funding Source and Line Item: The following table shows the line items that are used to fund the Emergency Food Distribution program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-421*	Office of Family Stability	$500,236	$510,374
		General Revenue Fund Subtotal	**$500,236**	**$510,374**
Federal Special Revenue Fund				
384	600-610*	Food Stamps & State Administration	$181,430	$187,249
396	600-620*	Social Services Block Grant	$5,500,000	$5,500,000
3A2	600-641	Emergency Food Distribution	$2,600,000	$2,800,000
		Federal Special Revenue Fund Subtotal	**$8,281,430**	**$8,487,249**
Total Funding: Emergency Food Distribution			**$8,781,666**	**$8,997,623**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation allows emergency food programs to continue at current levels. An increase in the federal funds available to the program raised the program's share of the Social Services Block Grant, item 600-620 from $4,500,000 as requested by the Department to $5,500,000 for the administration of the grant agreement with the Ohio Association of Second Harvest Food Banks, described below.

Temporary Law Provision:

Ohio Association of Second Harvest Food Banks - Section 206.66.69 of the bill

H.B. 66, As Introduced, contains a provision requiring ODJFS to provide $5,500,000 in each fiscal year from the Social Services Block Grant, appropriation item 600-620, for use in funding a grant agreement with the Ohio Association of Second Harvest Food Banks to reimburse it for the costs incurred in the purchase of food products and the distribution of those products to agencies participating in the emergency food distribution program. The Ohio Association of Second Harvest Food Banks may use 5% of those funds for administrative costs.

Fiscal Effect: This earmark directs funds to the Ohio Association of Second Harvest Food Banks previously funded at a $4.5 million level through appropriation item 600-659, TANF/Title XX.

Permanent Law Provisions: None

Program 2.06: Child Care

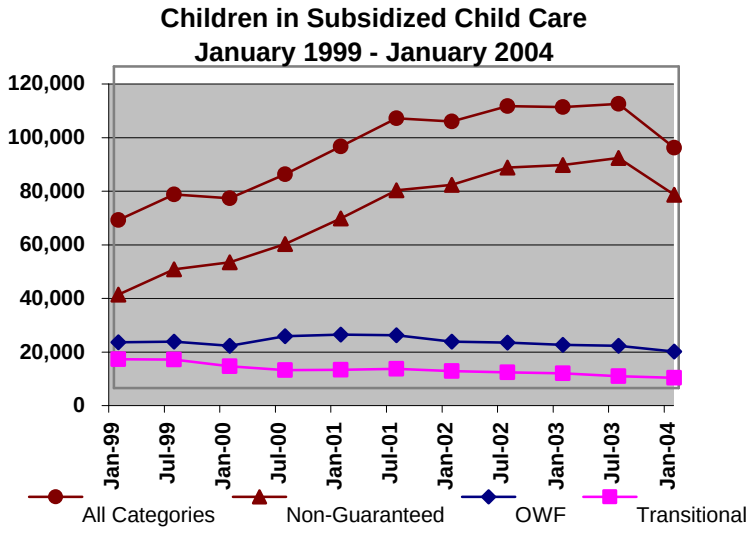
Program Description: The Child Care program provides child care subsidies to low-income families, licenses and regulates the operation of child care settings, and administers the child care subsidy program.

State law creates the framework within which the publicly funded child care program operates. The county departments of job and family services perform eligibility determinations, provider development and recruitment, home provider inspections and certifications, and vendor payment functions. ODJFS contracts with nonprofit community organizations to perform customer outreach and provide information and referral services. State staff develop child care eligibility and benefit policy, maintain the information system that contains the program's eligibility and claims history, inspect child care centers, and enforce Ohio's child care licensing law.

In general, the state provides child care dollars to those families whose income levels fall below a certain threshold. Traditional beneficiaries of publicly funded child care services include children and families who are: OWF participants; transitioning from OWF, low income, employed, or in a training program; or have special protective needs. Transitional benefits are guaranteed for the lesser of a 12-month period following the last month the client was eligible for an OWF cash benefit or until income exceeds 150% of the federal poverty guidelines (FPG) ($29,025/year for a family of four). Non-OWF families and those for whom transitional child care benefits have lapsed may continue to qualify for child care (nonguaranteed child care) until income exceeds 150% of FPG.

The number of children receiving subsidized child care was increasing steadily through July 2003. Ohio's child care subsidy program registered a 69% increase from January 1999 (62,654 children enrolled) to July 2003 (105,993 children enrolled). Due to changes in eligibility and other cost containment measures implemented by ODJFS (i.e., freezing provider reimbursement rates and increasing co-payments), the number of children receiving subsidized child care began to decrease in July 2003. In January 2004, 89,634 children were enrolled and in FY 2005, the average monthly caseload is 88,828.

The following graph shows the subsidized child care caseload from January 1999 through January 2004.



Publicly funded child care is funded with GRF, TANF, and other federal dollars. In FY 1999, the total cost of the child care program was approximately $234.3 million. By FY 2003, the total cost of the program had grown to over $470.6 million. The cost containment methods described above were successful in reducing the child care caseload and total cost. The Department estimates that the total cost of the child care program in FY 2005 will be approximately $393.6 million.

Funding Source and Line Item: The following table shows the line items that are used to fund the Child Care program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-413	Child Care Match/MOE	$84,120,596	$84,120,596
GRF	600-421*	Office of Family Stability	$5,778	$5,950
GRF	600-423*	Office of Children and Families	$1,466,714	$1,510,317
		General Revenue Fund Subtotal	**$85,593,088**	**$85,636,863**
General Services Fund				
4R4	600-665	BCII Services Fees	$36,974	$36,974
		General Services Fund Subtotal	**$36,974**	**$36,974**
Federal Special Revenue Fund				
396	600-620*	Social Services Block Grant	$9,639,237	$9,639,237
3H7	600-617*	Child Care Federal	$197,302,288	$196,586,382
3V6	600-689*	TANF Block Grant	$241,863,710	$266,795,790
3W3	600-659*	TANF/Title XX Transfer	$500,000	$500,000
		Federal Special Revenue Fund Subtotal	**$449,305,235**	**$473,521,409**
Total Funding: Child Care			**$534,935,297**	**$559,195,246**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The Office of Budget and Management and ODJFS worked together to formulate a spending plan for the child care program for FYs 2006 and 2007. The executive recommendation will allow the Department to implement a number of policy changes that will increase both the caseload and total cost of providing publicly funded child care. The Department filed an administrative rule that became effective February 1, 2005 reducing family co-payments. The Department is also planning to increase child care provider reimbursement rates. **In addition, the Department is planning to increase eligibility for nonguaranteed child care to 185% of FPG.** In FY 2006, the Department estimates that the average monthly caseload will be 95,947 at a total cost of approximately $497.7 million. In FY 2007, the Department estimates that the average monthly caseload will be 99,533 at a total cost of approximately $522.5 million. (Total cost includes direct services, administration of the child care program, dollars spent on quality, and other non-direct services.)

The executive recommendation also includes plans for the Early Learning Initiative. This initiative will replace state-funded Head Start and Head Start Plus. This initiative is a full day, full year early learning/child care program. The Ohio Department of Education is creating school readiness program guidelines, which this program will follow. The Early Learning Initiative will allow for the enrollment of up to 10,000 eligible children in FY 2006 and up to 12,000 eligible children in FY 2007. Providers will be paid a flat rate of $9,438 per child per year. Family co-payments for the Early Learning Initiative will be the same as for the publicly funded child care program.

Temporary and Permanent Law Provisions:

Early Learning Initiative - Sections 206.09.54 and 206.67.12 of the bill

H.B. 66, As Introduced, earmarks $2.2 million of appropriation item 200-663, Early Learning Initiative in State Special Revenue Fund 5W2, for the Department of Education to use for administrative functions related to the Early Learning Initiative. The bill permits the Director of Budget and Management to transfer appropriation from appropriation item 200-663, Early Learning Initiative, in the Department of Education's budget to appropriation item 600-689, TANF Block Grant, in the Department of Job and Family Services' budget to support the Early Learning Initiative. The bill also specifies that this transfer of appropriation is not to take place until at least 15 days after the Department of Education has determined the number of children to be served by each approved agency.

In addition, the bill earmarks up to $94,380,000 in FY 2006 and $113,256,000 in FY 2007 from appropriation item 600-689, TANF Block Grant (Fund 3V6), for the enrollment of up to 10,000 eligible children in FY 2006 and up to 12,000 eligible children in FY 2007 in the Early Learning Initiative. The funds are to be used for the reimbursement of early learning agencies. The provision also allows for any excess funds to be used to provide publicly funded child care. The bill also earmarks up to $800,000 in FYs 2006 and 2007 from appropriation item 600-689, TANF Block Grant (Fund 3V6), for the administration of the Early Learning Initiative by ODJFS.

The bill transfers up to $2.2 million in FYs 2006 and 2007 from Fund 3V6, Temporary Assistance for Needy Families Federal Fund, to Fund 5W3, Early Learning Initiative, for the administration of the Early Learning Initiative by the Department of Education.

Fiscal Effect: These provisions provide the funding needed for the Early Learning Initiative. The administrative allowance of $800,000 will remain at the state level for administrative expenses.

Permanent Law Provisions:

Elimination of State-Funded Head Start and Head Start Plus Programs; Early Learning Initiative and Early Childhood Education Program - R.C. 121.37, 3301.31, 3301.311, 3301.32, 3301.33, 3301.34, 3301.35, 3301.36, 3301.37, 3301.38, 4511.75, 5104.01, and 5104.32 and Sections 206.09.54, 206.67.12, and 206.09.06 of the bill

H.B. 66, As Introduced, eliminates state-funded Head Start and Head Start Plus programs and establishes the Early Learning Initiative, paid for with TANF funds and jointly administered by the Department of Education and ODJFS, to provide early learning programs and child care to TANF-eligible children.

The bill also establishes a GRF-funded program to support early childhood education (preschool) programs offered by school districts, educational service centers, and community-based entities licensed by the Department of Education or ODJFS to serve preschool children whose families earn up to 200% of the federal poverty guidelines.

Fiscal Effect: This provision provides the legal authority necessary to establish the Early Learning Initiative. The costs of the program are detailed in the temporary law provision described above.

Fees for Publicly Funded Child Care - Primarily R.C. 5104.38

H.B. 66, As Introduced, removes a provision limiting co-payments for publicly funded child care to 10% of a family's income and provides for fees to be calculated as permitted by federal law.

Fiscal Effects: This provision will increase the co-payment that some families pay for subsidized child care, thereby offsetting the cost that ODJFS pays for child care for those families. The Department has not yet estimated how much this will save the child care program.

Program 2.07: Refugee Services

Program Description: The State of Ohio receives a grant from the U.S. Department of Health and Human Services to provide assistance to Refugees, Asylees, Cuban and Haitian entrants, victims of a severe form of trafficking and certain Amerasians from Vietnam for resettlement in the United States, as provided by the Refugee Act of 1980. Cash assistance, medical benefits, and social services are available through the Office of Refugee Resettlement Grant and private nonprofit agencies.

Funding Source and Line Item: The following table shows the line item that is used to fund the Refugee Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
385	600-614	Refugee Services	$5,683,829	$5,742,439
		Federal Special Revenue Fund Subtotal	**$5,683,829**	**$5,742,439**
Total Funding: Refugee Services			**$5,683,829**	**$5,742,439**

Implication of Executive Recommendation: The executive recommendation assumes the federal award for this program in the FY 2006-2007 biennium will continue at the same level.

Temporary and Permanent Law Provisions: None

Program 2.08: Client Registry Information System Enhanced (CRIS-E)

Program Description: The CRIS-E program, active since 1992, is a statewide system to coordinate caseworker activities such as application processing, benefits calculation, and client appointment scheduling. The system also distributes benefits to clients. The system supports over 18,000 users, issues hundreds of thousands of cash warrants, EBT transactions, and prints and mails Medicaid cards.

Funding Source and Line Item: The following table shows the line items that are used to fund the Client Registry Information System Enhanced (CRIS-E) program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-416*	Computer Projects	$5,920,536	$10,167,986
		General Revenue Fund Subtotal	**$5,920,536**	**$10,167,986**
Federal Special Revenue Fund				
384	600-610*	Food Stamps & State Administration	$2,639,906	$4,533,803
3H7	600-617*	Child Care Federal	$2,547,071	$2,939,544
		Federal Special Revenue Fund Subtotal	**$5,186,977**	**$7,473,347**
Total Funding: Client Registry Information System Enhanced (CRIS-E)			**$11,107,513**	**$17,641,333**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation allows the Department to begin building a CRIS-E replacement. The agency hopes to initiate an RFP process at the beginning of FY 2007 and testing of a new system by the end of FY 2007. The new system should improve functionality of CRIS-E, keep it in compliance with federal reporting requirements and may include caseworker scheduling and caseload applications similar to the ICMS program described below.

As with other IT programs, the Department is replacing a number of CRIS-E contract staff with state employees. The Department anticipates a savings of approximately $89,000 per contracted employee with replacement by a state employee. The Department's budget request indicates that they intend to replace 23 contract employees with state employees for a total of 45 FTEs by FY 2007.

Temporary and Permanent Law Provisions: None

Program 2.09: Electronic Benefit Transfer (EBT)

Program Description: The EBT program meets federal mandates that require food stamp programs to allow for the electronic delivery of food stamp benefits. In Ohio, EBT is accomplished with the Ohio Direction Card, a "smart card" and Point of Sale (POS) technology system in grocery locations. The state is transitioning to an on-line system that would involve a magnetic strip card that automatically updates case data and card balances. When the new system is in place, smart card POS equipment will be removed from retailers' locations. The majority of food stamp approved retailers already have existing credit/debit card POS equipment, with which the new on-line EBT system will operate. The state is required to provide those retailers without the credit/debit POS equipment with the units according to a federal policy formula.

Funding Source and Line Item: The following table shows the line items that are used to fund the Electronic Benefit Transfer (EBT) program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-416*	Computer Projects	$31,646,006	$15,785,347
		General Revenue Fund Subtotal	**$31,646,006**	**$15,785,347**
Federal Special Revenue Fund				
384	600-610*	Food Stamps & State Administration	$710,536	$734,352
		Federal Special Revenue Fund Subtotal	**$710,536**	**$734,352**
Total Funding: Electronic Benefit Transfer (EBT)			**$32,356,542**	**$16,519,699**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation allows the Department to implement an on-line system that will eliminate the need for Point of Sale technology at grocery locations. The new magnetic stripe cards will automatically update card activity. The Department expects administrative costs will decline with the new system. The Department expects both systems to be in place in FY 2006 and the phase out of the "smart card" system to take place in FY 2007.

Temporary and Permanent Law Provisions: None

Program 2.10: Integrated Client Management System (e-ICMS)

Program Description: The e-ICMS program is a web-based system designed to provide county departments of job and family services' caseworkers a means to track client visits and access caseload information from CRIS-E, described above. The system is currently deployed to 42 counties. Though no new expansion is planned, funding for this program is still needed to provide maintenance for current users. The e-ICMS program is also to be developed for web-reporting to track TANF data for federal reporting.

Funding Source and Line Item: The following table shows the line item that is used to fund the Integrated Client Management System (e-ICMS) program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
3V6	600-689	TANF Block Grant	$8,565,997	$8,625,631
		Federal Special Revenue Fund Subtotal	**$8,565,997**	**$8,625,631**
Total Funding: Integrated Client Management System (e-ICMS)			**$8,565,997**	**$8,625,631**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation allows the program to continue with limited modifications and maintenance. The Department does not expect this system to be implemented statewide, as originally planned, due to the expected functionality of the CRIS-E replacement system. The system will be maintained for current users until those users can transition to the CRIS-E replacement.

Temporary and Permanent Law Provisions: None

Program 2.11: TANF Quality Control (QC)

Program Description: In FFY 1991, the U.S. Department of Health and Human Services assessed the State of Ohio $19,020,584 for quality control findings under the former Aid to Families with Dependent Children (AFDC) program. A settlement agreement between several states, including Ohio, and the U.S. Department of Health and Human Services resulted in a much lower assessment amount, totaling 15% of the original disallowance. For the state of Ohio, the revised assessment equaled $2,853,088. Under the settlement agreement, the state could reinvest that amount in program activities or pay it back to the federal government. ODJFS has chosen to create the Temporary Assistance for Needy Families Quality Control (TANF QC) program.

The Department has described the TANF QC program as a "review process, which will focus on the dollar payment accuracy of the eligibility determination process for Ohio Works First (OWF)." Hiring for eight positions began in 2004. The program will continue to function through SFY 2009 with a program need reassessment at that time.

Funding Source and Line Item: The following table shows the line item that is used to fund the TANF Quality Control program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
5Z9	600-672	TANF QC Reinvestments	$647,409	$688,421
		State Special Revenue Fund Subtotal	**$647,409**	**$688,421**
Total Funding: TANF QC			**$647,409**	**$688,421**

Implication of Executive Recommendation: The executive recommendation allows the program to continue as arranged with the federal government. The balance remaining to meet the settlement amount of $2,853,088 after the FY 2006-2007 biennium will be almost $1 million for use in the FY 2008-2009 biennium.

Temporary and Permanent Law Provisions: None

REQUESTS NOT FUNDED

This section describes requests not funded in the executive budget and the effects on the Department's activities and spending decisions during the next biennium.

Office of Family Stability – Food Stamp and Administration Requests						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
GRF 600-521	$55,206,401	$151,206,401	$96,000,000	$55,206,401	$151,206,401	$96,000,000
384 600-610	$123,197,733	$177,189,699	$53,991,966	$121,309,455	$169,830,507	$48,521,052
TOTALS	$178,404,134	$328,396,100	$149,991,966	$176,515,856	$321,036,908	$144,521,052

The Executive increased funding to the Family Stability Subsidy appropriation item, 600-521, by $96 million in both FY 2006 and FY 2007. The Executive also increased funding to the Food Stamp and State Administration appropriation item by $54 million in FY 2006 and $48.5 million in FY 2007 to account for the 50% federal match resulting with the increase in the Subsidy appropriation item. With the termination of the consolidated funding allocation, funds that had been used for food stamp administration are no longer available to the state.

Office of Family Stability – TANF Block Grant						
3V6 600-689	$781,987,242	$745,604,142	($36,383,100)	$853,786,939	$830,873,222	($22,913,717)

The Department requested almost $782 million in funding to appropriation item 600-689, TANF Block Grant, in FY 2006 and $853.8 million in FY 2007. The request was made prior to final decisions on the appropriate way to reimburse the TANF Block Grant and terminate the consolidated funding allocation. The Executive's recommendation of $745.6 million in FY 2006 and $830.9 in FY 2007 reflects the eventual plan for those actions.

Office of Family Stability – Other requests						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
5B6 600-601	$5,000,000	$2,000,000	($3,000,000)	$5,000,000	$2,000,000	($3,000,000)

The Executive reduced the appropriation to Food Stamp Intercept appropriation item, 600-601, by $3 million from the Department's request of $5 million. Historically, spending in that appropriation item has been lower than the request. The Executive lowered the appropriation to better reflect spending levels. As an agency fund, the Department could adjust the spending level, if needed.

Office of Family Stability – Emergency Food Distribution Request						
Fund Line Item	**FY 2006 Requested**	**FY 2006 Recommended**	**Difference**	**FY 2007 Requested**	**FY 2007 Recommended**	**Difference**
3W3 600-659	$4,500,000	$0	($4,500,000)	$4,500,000	$0	($4,500,000)
396 600-620	$0	$5,500,000	$5,500,000	$0	$5,500,000	$5,500,000
TOTALS	$4,500,000	$5,500,000	$1,000,000	$4,500,000	$5,500,000	$1,000,000

The Department requested $4,500,000 for the Emergency Food Distribution program in appropriation item 600-659, TANF/Title XX. The Executive recommendation provided those funds and an additional $1,000,000 in appropriation item 600-620, Social Services Block Grant. The additional funds represent additional federal funds.

Child Care						
Fund Line Item	**FY 2006 Requested**	**FY 2006 Recommended**	**Difference**	**FY 2007 Requested**	**FY 2007 Recommended**	**Difference**
GSF 600-665	$136,974	$36,974	($100,000)	$136,974	$36,974	($100,000)
FED 600-617	$193,257,891	$197,302,288	$4,044,397	$190,558,097	$196,586,382	$6,028,285
FED 600-689	$320,740,643	$241,863,710	($78,876,933)	$368,752,019	$266,795,790	($101,956,229)
FED 600-659	$13,703,539	$500,000	($13,203,539)	$13,703,539	$500,000	($13,203,539)
TOTALS	**$527,839,047**	**$439,702,972**	**($88,136,075)**	$573,150,629	$463,919,146	($109,231,483)

At the time ODJFS submitted its budget request to the Office of Budget and Management the current spending plan (FY 2005) for the appropriation items listed in the above table was carried forward in the request for FYs 2006 and 2007. The Department has since established its spending plan for the child care program and the difference in what was requested versus what was recommended will in no way affect the Department's ability to carry out its policies set forth for the child care program.

CHILD SUPPORT

OVERVIEW

Title IV-D of the Social Security Act of 1975, designates the Ohio Department of Job and Family Services (ODJFS) as Ohio's Child Support Enforcement Agency. The act requires JFS to be responsible for supervising local entities in the establishment and enforcement of support obligations owed by noncustodial parents. Within the Department, the Office of Child Support has the responsibility for providing program direction, overseeing local activity, and administering statewide contracts for some services (i.e., genetic testing). The local child support enforcement agency has the responsibility for the direct administration and provision of services to all individuals in need of child support services including location of an absent parent, paternity and support establishment, support collection, and enforcement of financial and medical obligations. There are over one million child support cases statewide. In Federal Fiscal Year (FFY) 2004, Ohio collected over $2.0 billion in child support and disbursed approximately $1.9 billion. Of the amount collected, 64.7% was current support obligations. Approximately $109.6 million was added to arrears.

The objective of the Child Support Enforcement program is to enable children in Ohio to receive the child support to which they are entitled from a noncustodial parent. The program is a cooperative venture between the federal, county, and state governments with the federal government paying 66% of the administrative costs to operate the program (90% of the cost of genetic testing is reimbursed by the federal government). The program is administered locally by the 88 county child support enforcement agencies providing services to the residents of that county, as well as any other counties and states over which the county court may have jurisdiction.

The Family Support Act of 1988 mandated that each state develop an automated system to manage child support enforcement by October 1, 1995. In Ohio, the automated system is called the Support Enforcement Tracking System (SETS). The system aids in the location of absent parents, and in the establishment and enforcement of child support cases. It is one of the largest statewide child support systems in the nation. While SETS was being implemented, Ohio failed on several occasions to comply with federally imposed deadlines, and as a result, paid millions of dollars in federal fines. Full conversion of cases to SETS was complete by September 30, 2000 and Ohio received conditional certification from the federal government. The federal government returned in December 2003 to review a few outstanding issues with SETS. The Support Enforcement Tracking System is now fully certified.

The executive recommendation for the Child Support program series is $444,196,378 in FY 2006 and $444,010,968 in FY 2007.

The Executive's recommended funding in FY 2006 and FY 2007 will allow the state to pass through to the counties the funds needed to carry out county responsibilities for child support enforcement. In addition, the state will be able to provide basic support services to the counties by maintaining contracts for paternity testing, operation and maintenance of the Central Paternity Registry, centralized collection and disbursement of child support payments, collections for the most difficult cases, and new hire reporting.

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 3 — Child Support

Purpose: The role of the Child Support program series is to provide funding for activities that enhance the ability of the local child support enforcement agencies to establish paternity in order to establish child support orders and to collect payments on those orders.

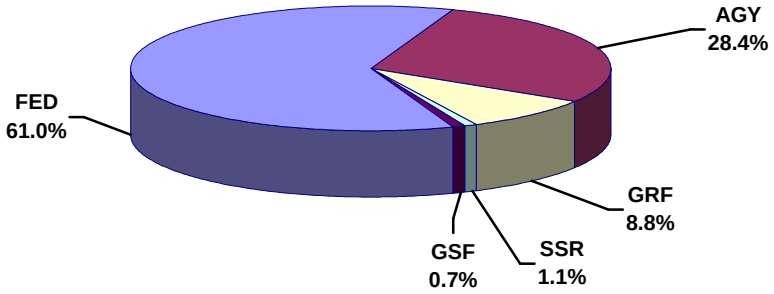
The following table shows the line items that are used to fund the Child Support program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-416*	Computer Projects	$17,277,146	$17,743,528
GRF	600-420*	Child Support Administration	$5,091,446	$5,091,446
GRF	600-502	Child Support Match	$16,814,103	$16,814,103
		General Revenue Fund Subtotal	**$39,182,695**	**$39,649,077**
State Special Revenue Fund				
5BE	600-693	Child Support Operating	$5,000,000	$5,000,000
		State Special Revenue Fund Subtotal	**$5,000,000**	**$5,000,000**
General Services Fund				
4A8	600-658*	Child Support Collections	$3,000,000	$3,000,000
		General Services Fund Subtotal	**$3,000,000**	**$3,000,000**
Federal Special Revenue Fund				
3S5	600-622	Child Support Projects	$534,050	$534,050
397	600-626*	Child Support	$270,479,633	$269,827,841
		Federal Special Revenue Fund Subtotal	**$271,013,683**	**$270,361,891**
Agency Fund				
192	600-646	Support Intercept - Federal	$110,000,000	$110,000,000
583	600-642	Support Intercept - State	$16,000,000	$16,000,000
		Agency Subtotal	**$126,000,000**	**$126,000,000**
Total Funding: Child Support			**$444,196,378**	**$444,010,968**

* Amount does not reflect total appropriation because the line item is used to fund other program series.

The Child Support program is a cooperative venture between the federal, state, and county governments with the federal government paying 66% of the costs to administer the program and 90% of the cost of genetic testing. (Note: Appropriations for the line items supported by the Agency Fund Group are not used for administration of the program. The Agency Fund Group is a holding account for child support collected from the interception of state and federal income taxes of obligors who are in default. Once collected, the funds are disbursed to the obligee.)

Child Support Budget by Fund Group



This analysis focuses on the following specific programs within the Child Support program series:

- ***Child Support Activities***
- ***Support Enforcement Tracking System***

Program 3.01: Child Support Activities

Program Description: Title IV-D of the Social Security Act of 1975 designates ODJFS as Ohio's Child Support Enforcement Agency. The Act requires ODJFS to be responsible for supervising local entities in the establishment and enforcement of support obligations owed by noncustodial parents. Within the Department, the Office of Child Support has the responsibility for overseeing local activity. The local child support enforcement agency has the responsibility for the direct administration and provision of services to all individuals in need of child support services including location of an absent parent, paternity and support establishment, support collection, and enforcement of financial and medical obligations. There are over one million child support cases statewide. In FFY 2004, Ohio collected over $2.0 billion in child support and disbursed approximately $1.9 billion. Of the amount collected, 64.7% was current support obligations. Approximately $109.6 million was added to arrears.

Paternity/Support Establishment

The Personal Responsibility and Work Reconciliation Act of 1996 requires each state to develop a methodology for establishment of paternity and support obligations, which are the first two steps in collecting child support. The state's portion of federal incentive dollars is based on performance measures related to paternity and support order establishment. The Office of Child Support assists the counties in meeting these performance measure goals through contracts and interagency agreements.

In Ohio, licensed contractors provide DNA testing for establishment of paternity. The Department of Job and Family Services contracts with several vendors that all 88 counties have access to for genetic testing

procedures. Statewide contracts allow the state to negotiate a lower price per test. By utilizing the statewide contracts, the child support enforcement agencies do not need to go through the process of securing individual vendors. Once paternity is established, the child support enforcement agency proceeds with support establishment and enforcement of support collections.

In FY 2004, 26,458 DNA tests were conducted, establishing fathers for 19,786 children. **Currently, the federal government reimburses 90% for the cost of genetic testing.**

Central Paternity Registry - In January 1998, OCS created the Central Paternity Registry. The purpose of the registry is to collect and process all paternity documents initiated by the child support enforcement agencies, hospitals, vital statistics registrars, and courts. The state contracts with Policy Studies Inc. for the registry's operation and maintenance. This vendor is also responsible for collecting the documents, continuing training, and monitoring hospital compliance.

The Department of Health (DOH), pursuant to an interagency agreement with ODJFS, processes all paternity paperwork that comes through the registry. Processing the paperwork requires DOH to coordinate with the vendor and involves comparing all paternity documentation with the child's birth record and updating the birth record, if necessary. The Department of Health is responsible for permanently housing the original documents and assuring the paternity affidavits correspond to the child's birth record.

The registry extracts specific data elements from each document. Within a few days, the information is made available to the child support enforcement agencies to allow them to move quickly to establish support. During FY 2004, the registry processed 52,388 paternity documents.

Enforcement & Collection

The child and medical support enforcement and collection services assist child support enforcement agencies in locating absent obligors, enforcing orders, and collecting child support, medical support, and other monetary obligations from individuals who owe support. The role of ODJFS is to provide the county child support enforcement agencies with the resources to assist individuals owed child support to obtain that support. The Office of Child Support maintains statewide contracts for new hire reporting, financial institution data match, and collections.

Centralized Collection - The Personal Responsibility and Work Reconciliation Act mandates that the state agency responsible for administering the state's child support plan under Title IV-D of the Social Security Act must establish and operate a State Disbursement Unit for centralized collection and disbursement of child support payments. The State Disbursement Unit in Ohio is known as Child Support Payment Central (CSPC). Since December 2002, ODJFS has contracted with ACS State and Local Government Solutions to provide payment processing for CSPC. According to ODJFS, ACS has provided timely, effective, and efficient service and greatly improved the system of processing payments. The current contract with ACS is renewable through FY 2009.

The Office of Child Support created the Payment Analysis and Reconciliation Bureau, located in Athens, Ohio, to handle the state's responsibilities not covered by the CSPC contract including, handling payment and disbursement exceptions and financial oversight and reconciliation of the newly created master account, which replaced individual county accounts.

Collection Contracts - The Department of Job and Family Services currently contracts with G.C. Services to provide collection assistance to the child support enforcement agencies for the most difficult to collect

cases. The program began as a pilot in FY 1996 that was later expanded. The vendor works on a contingency basis and receives 8.43 cents per dollar collected. This vendor is currently working on approximately 75,000 cases. The contract provides for a maximum of 100,000 cases that may be referred to G.C. Services. In FY 2004, G.C. Services collected $7,358,000 in child support and was paid $620,279 for its services.

New Hire Reporting - State and federal law requires employers to report all newly hired and rehired employees to ODJFS within 20 days of the date of hire. The reports are to be made to Policy Studies Inc., with whom ODJFS contracts for collection of this information. The information is kept for 12 months and is used for location purposes and identification of employment resources for nonresidential parents who may be delinquent on their child support payments. In FY 2004, the database processed over 2.7 million records from 64,522 Ohio employers and processes an average of 52,500 employer records each week. In FY 2004, ODJFS paid Policy Studies $831,059 for their services related to new hire reporting.

Medical Enforcement - State and federal laws require the inclusion of health care coverage in court and administrative child support orders when coverage is available and reasonable, or expected to become available. Health insurance coverage is considered available and reasonable if either parent, through the parent's employer or other group health insurance plan, can obtain it. Local child support enforcement agencies must obtain proof of insurance and then communicate that information periodically to ODJFS, Office of Ohio Health Plans. The Office of Ohio Health Plans must determine if there have been lapses in health care coverage for Medicaid recipients. The objective of the program is to increase the number of children with health care coverage who are in child support families where health care coverage has been ordered. The Department had contracted with a vendor to facilitate medical support enforcement. The vendor worked with counties identifying children who may have a previously unknown source of health insurance available for the child (e.g., a noncustodial parent's health insurance through an employer). Once the vendor discovered the availability of health insurance for a child, the county was responsible for further investigation and establishment of a medical support order. The contract with the vendor was in effect through FY 2004 but was not renewed for FY 2005. The Department anticipates having a new contract in effect within the next 12-18 months. The federal government is in the process of establishing medical support performance indicators that will be included in the federal incentive program. Once these indicators are established, the Office of Child Support plans to enter into a new contract for the services needed to meet the federal performance standards.

Financial Institution Data Match (FIDM) - The Personal Responsibility and Work Reconciliation Act of 1996 (PRWORA) established the FIDM in order to increase collection of delinquent child support, maintain the integrity and security of financial institution and child support data, and make use of technology to aid in the collection of child support. The FIDM is used to identify accounts belonging to noncustodial parents who are delinquent in their child support payments and, if necessary, freeze and seize the accounts of the delinquent obligor. There are two segments to the FIDM program: the multi-state (MS) FIDM and the single state (SS) FIDM. Banks, savings and loans, federal and state credit unions, benefit associations, insurance companies, safe deposit companies, money market, mutual funds, and similar institutions have the option to participate in the multi-state program or participate on a state by state basis. The MSFIDM is operated and funded through the federal Office of Child Support Enforcement. The SSFIDM includes those institutions doing business in only one state and those multi-state institutions that do not participate in the MSFIDM program.

The MSFIDM program was established in Ohio in 1999. From April 2003 through December 2004, 8,328 cases have had a MSFIDM payment allocated to the case arrears. During that same time period, over $10.0 million was collected towards delinquent child support.

The SSFIDM began in FY 2002. From April 2003 through December 2004, 6,324 cases have had a SSFIDM payment allocated to the case arrears. During that same time period, over $4.6 million was collected towards delinquent child support.

Tax Off-Set Program - The Department of Job and Family Services works with the Ohio Department of Taxation and the federal government to administer the tax off-set program. The child support enforcement agencies submit the name of obligors who owe arrearages. The obligors' tax returns are offset and the funds are forwarded to ODJFS for distribution to the obligees. In FY 2004, over $14.8 million was collected through the state tax off-set program and over $104.6 million was collected through the federal tax off-set program.

Driver's License Suspension and Passport Denial - Pursuant to sections 3123.41 through 3123.63 of the Revised Code, upon a finding that an individual is in default of a child support order or has failed to comply with a subpoena or warrant issued by a child support enforcement agency (CSEA) or a court regarding the enforcement of a child support order, the CSEA may initiate the suspension or stop the issuance of the obligor's license (professional or driver's) by an Ohio license issuing agency. From July 2003 through June 2004, 48,596 driver's licenses were suspended. The Department does not track suspension of professional licenses.

States submit child support cases with past due amounts to the federal Office for Child Support Enforcement. If the past due amount owed exceeds $5,000, the federal office automatically forwards the case to the U.S. Department of State for passport denial. From July 2003 through June 2004, 93 lump sums were collected totaling $474,505 as a result of passport denial.

County Funding for Child Support Projects & Activities

The Child Support program involves federal, state, and local government. The federal government sets program standards and policy, evaluates state performance in conducting the program, and offers training and technical assistance to the state. The Department of Job and Family Services provides state supervision and the local child support enforcement agencies administer the program. The federal government funds a major share of the cost of the program by reimbursing states 66% of their administrative expenses, with the exception of genetic testing expenses, which are reimbursed at 90%. State and local governments must provide the funding not reimbursed by the federal government. The state provides funds to the counties, which are then used to match federal funds.

Each county is allocated $15,000, with some of the balance allocated based on the county's percentage of divorces, dissolutions, and annulments and percentage of children born out-of-wedlock compared to the entire state. Some of it is allocated based on the counties' ratings according to performance standards.

Counties also receive funding for the Access/Visitation program. The program supports and facilitates the nonresidential parents' access to, and visitation of, their children to encourage the payment of child support. The services provided include mediation services centering on access and visitation disputes, neutral drop-off and pick-up sites for visitation, supervised visitation, parenting education classes, and the development of visitation enforcement orders. Funding for this program is 100% federal (appropriation item 600-622, Child Support Projects).

Funding Source and Line Items:

The following table shows the line items that are used to fund the Child Support Activities program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-420*	Child Support Administration	$3,734,301	$3,694,076
GRF	600-502	Child Support Match	$16,814,103	$16,814,103
		General Revenue Fund Subtotal	**$20,548,404**	**$20,508,179**
State Special Revenue Fund				
5BE	600-693	Child Support Operating	$5,000,000	$5,000,000
		State Special Revenue Fund Subtotal	**$5,000,000**	**$5,000,000**
General Services Fund				
4A8	600-658*	Child Support Collections	$3,000,000	$3,000,000
		General Services Fund Subtotal	**$3,000,000**	**$3,000,000**
Federal Special Revenue Fund				
3S5	600-622	Child Support Projects	$534,050	$534,050
397	600-626*	Child Support	$234,307,194	$232,671,986
		Federal Special Revenue Fund Subtotal	**$234,841,244**	**$233,206,036**
Agency Fund				
192	600-646	Support Intercept - Federal	$110,000,000	$110,000,000
583	600-642	Support Intercept - State	$16,000,000	$16,000,000
		Agency Fund Subtotal	**$126,000,000**	**$126,000,000**
Total Funding: Child Support Activities			**$389,389,648**	**$387,714,215**

*Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation: Appropriations for the child support activities are used to pay the costs incurred by the state and county to administer the child support program. The Office of Child Support in the Department of Job and Family Services provides program support for the counties by maintaining statewide contracts for paternity testing, collection assistance, and collection and disbursement of child support payments. In addition, ODJFS maintains the Support Enforcement Tracking System (SETS). Appropriations for the child support program will enable the Office of Child Support to maintain a staff of 185 full-time equivalents (FTEs), with 42 FTEs allocated to SETS. The county child support enforcement agencies are responsible for the direct administration and provision of establishment, enforcement, and case management services to all individuals in need of child support services.

The executive recommendation for FYs 2006 and 2007 allows the state to pass through to the counties the funds needed to carry out county responsibilities for child support enforcement. In addition, the state will be able to provide basic support services to the counties by maintaining contracts for paternity testing, operation and maintenance of the Central Paternity Registry, centralized collection and disbursement of child support payments, collections for the most difficult cases, and new hire reporting. The Office of Child Support will continue to work with the federal government to enforce child support orders through multi-state financial institution data match, federal income tax offset, and passport denial. The Office of Child Support will also work with various state agencies to enforce child support orders through single

state financial institution data match, state income tax offset, and suspension and denial of professional and driver's licenses.

The Governor's recommendation also includes a provision in permanent law authorizing the Office of Child Support to distribute child support amounts by means of electronic disbursement. This electronic disbursement system, known as E-Quick Pay, will likely save the Office of Child Support at least $2.2 million a year. (For a more detailed discussion of this provision, see Permanent Law Provisions below titled "Electronic Disbursement of Child Support.")

According to ODJFS, current mandated child support activities consume all available resources. Any additional state or federal mandates will require additional resources to maintain the current level of collections and services.

Temporary Law Provisions:

ODJFS Funds - Section 206.66.57 of the bill

H.B. 66, As Introduced, specifies that the Agency Fund Group and Holding Account Redistribution Fund Group be used to hold revenues until the appropriate fund is determined or until the revenues are directed to the appropriate governmental agency other than ODJFS. If it is determined that additional appropriation authority is necessary, such amounts are hereby appropriated.

Fiscal Effect: The Agency Fund Group is a holding account for child support collected from the interception of state and federal income taxes of obligors who are in default. Once collected, the funds are disbursed to the obligee. If it is determined that additional appropriations are necessary for these appropriation items, this provision will allow the appropriations to be increased without Controlling Board approval.

Child Support Collections/TANF MOE - Section 206.66.93 of the bill

H.B. 66, As Introduced, requires that appropriation item 600-658, Child Support Collections, be used by ODJFS to meet the TANF maintenance of effort (MOE) requirements of Pub. L. No. 104-193. Once the state is assured that it will meet the MOE requirements, ODJFS may use the funds from appropriation item 600-658, Child Support Collections, to support public assistance activities.

Fiscal Effect: An obligee who is receiving cash assistance is required to assign to ODJFS any child support payments the person receives to cover part of their cash award. This provision requires ODJFS to use those funds received in child support collections toward the TANF MOE and once the MOE is met, this provision allows ODJFS to use the remaining funds for other public assistance activities.

Permanent Law Provisions:

Lump Sum Payments Sent to the Office of Child Support - R.C. 3121.12

When a lump sum of $150 or more is due a child support obligor who is in arrears, H.B. 66, As Introduced, authorizes issuance of an order requiring a portion of the lump sum be transmitted to the Office of Child Support that is sufficient to pay the arrearage in full, rather than the entire lump sum. This bill also replaces a provision directing how the Office must distribute the lump sum with a requirement that the Office distribute it in accordance with administrative rules.

Fiscal Effect: Federal regulations require that lump sums be allocated first to current support, then arrears, and the remainder held for future obligations. Current practice is that when a lump sum exceeds that which is necessary to pay the arrearage in full, the overpayment is returned to the obligor. By authorizing transfer of only that which is sufficient to pay the arrearage in full, the Office of Child Support will neither have to return any money to the obligor nor hold it for future obligation. This provision will ensure compliance with federal regulations.

Child Support Operating Fund - R.C. 3125.191

H.B. 66, As Introduced, creates in the state treasury the Child Support Operating Fund as a state special revenue fund. The Department of Job and Family Services may deposit into the fund a portion of the federal incentives related to the federal child support enforcement laws contained in Title IV-D of the Social Security Act that ODJFS receives from the U.S. Department of Health and Human Services. The bill permits ODJFS to use money in the fund for program and administrative purposes associated with the Child Support Enforcement program.

Fiscal Effect: The dollars that will be deposited into this fund are not new revenue for the Department. This provision is redirecting a portion of incentive dollars received from the federal government for the child support program to a new fund.

Electronic Disbursement of Child Support - R.C. 3121.50

H.B. 66, As Introduced, permits the Office of Child Support in the Department of Job and Family Services to distribute child support amounts by means of electronic disbursement, rather than by check or warrant, unless otherwise prohibited from doing so by state or federal law. The bill also requires the person receiving the child support to accept payment by electronic means. The Director of Job and Family Services may adopt or amend rules under the Administrative Procedure Act (R.C. Chapter 119.) to assist in the implementation of this provision.

Fiscal Effect: In July 2004, the Department began piloting E-Quick Pay, which is a system of electronic disbursement of child support payments. The goal of the program is to reduce, by at least 600,000, the number of paper checks that are processed for disbursement of child support payments each month. (Currently the vendor handling collection and disbursement of child support payments processes over 1 million paper checks per month.) E-Quick Pay cards have the Master Card logo on them and can be used anywhere Master Card is accepted and can be used at any bank or ATM machine to withdraw cash. There is no service fee if the card is used at a point of sale or to withdraw cash at a bank teller window. There is a 75 cent charge if used to withdraw cash at a Fifth Third Bank ATM machine. At any other ATM machine there is a 75 cent charge plus any service fee charged by that ATM machine.

The Office of Child Support estimates that electronic disbursement costs 31 cents less than issuance of a paper check. Currently, there are 50,000 voluntary participants on the E-Quick Pay system. This provision will allow the Office of Child Support to take the system statewide. If the number of paper checks issued is reduced by 600,000 a month, the Office of Child Support expects to save at least $2.2 million per year.

Program 3.02: Support Enforcement Tracking System

Program Description: The Family Support Act of 1988 mandated that each state develop an automated system to manage child support enforcement by October 1, 1995. In Ohio, the automated system is called the Support Enforcement Tracking System (SETS). The system aids in the location of absent parents, and in the establishment and enforcement of child support cases. It is one of the largest statewide child support systems in the nation.

While SETS was being implemented, Ohio failed on several occasions to comply with federally imposed deadlines, and as a result, paid millions of dollars in federal fines. Full conversion of cases to SETS was complete by September 30, 2000 and Ohio received conditional certification from the federal government. The federal government returned in December 2003 to review a few outstanding issues with SETS. The Support Enforcement Tracking System is now fully certified. The Department is continuing to make changes to the system to enhance its usefulness in aiding in the administration of the Child Support program.

Funding Source and Line Items: The following table shows the line items that are used to fund the Support Enforcement Tracking System program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-416*	Computer Projects	$17,277,146	$17,743,528
GRF	600-420*	Child Support Administration	$1,357,145	$1,397,370
		General Revenue Fund Subtotal	**$18,634,291**	**$19,140,898**
Federal Special Revenue Fund				
397	600-626*	Child Support	$36,172,439	$37,155,855
		Federal Special Revenue Fund Subtotal	**$36,172,439**	**$37,155,855**
Total Funding: Support Enforcement Tracking System			**$54,806,730**	**$56,296,753**

*Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation: The executive recommendation for SETS allows ODJFS to do all of the following:

- Improve and stabilize the flow of information between the child support system and the public assistance system;
- Enhance the delivery of information to the counties via a web-based reporting tool to add additional reporting functionality and financial data to the counties' reporting capabilities;
- Redesign the worker alert sub-system to enhance the information and features it delivers to the case worker;
- Change and enhance how SETS allows case workers to make modifications to financial data;
- Change and enhance how SETS processes court directed historical modifications to orders.

Temporary and Permanent Law Provisions: None

REQUESTS NOT FUNDED

This section describes requests not funded in the executive budget and the effects on the Department's activities and spending decisions during the next biennium.

Child Support Activities						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
SSR 600-693	$0	$5,000,000	$5,000,000	$0	$5,000,000	$5,000,000
FED 600-626	$254,307,194	$234,307,194	($20,000,000)	$252,671,986	$232,671,986	($20,000,000)
AGY 600-646	$136,500,000	$110,000,000	($26,500,000)	$136,500,000	$110,000,000	($26,500,000)
AGY 600-642	$20,565,582	$16,000,000	($4,565,582)	$20,565,582	$16,000,000	($4,565,582)
TOTALS	**$411,372,776**	**$365,307,194**	**($46,065,582)**	**$411,372,776**	**$365,307,194**	**($46,065,582)**

Of the $20 million difference in what was requested versus what was recommended for appropriation item 600-626, Child Support, $5 million is being appropriated in newly created appropriation item 600-693, Child Support Operating. According to ODJFS, the remaining difference is the result of the estimate of federal funds that will be received being too high. If the actual amount of federal funds received is higher, the Department will go to the Controlling Board and request an increase in appropriations.

The difference in what was requested versus what was appropriated for appropriation items 600-646, Support Intercept – Federal, and 600-424, Support Intercept – State, is also the result of an overestimate of what is needed. Appropriations for these appropriation items are not used for administration of the Child Support program. The Agency Fund Group is a holding account for child support collected from the interception of state and federal income taxes of obligors who are in default. Once collected, the funds are disbursed to the obligee. If it is determined that additional appropriations are necessary for these appropriation items, Section 206.66.57 of H.B. 66, As Introduced, specifies that such amounts are hereby appropriated.

FAMILIES AND CHILDREN

OVERVIEW

The Department of Job and Family Services (ODJFS), Office for Children and Families develops and administers programs and services designed to protect children and vulnerable adults and to preserve and strengthen families. The Department provides funding and support for a number of services, including child abuse prevention, protection, foster care, and adoption. The services are provided directly by the county departments of job and family services and public children services agencies with ODJFS providing program planning, technical assistance, training, and monitoring.

The executive recommendation for the Families and Children program series is $782,422,431 in FY 2006 and $783,955,354 in FY 2007. This funding level will allow ODJFS to support, and in small part, fund child welfare services and activities provided by the counties. Due to increasing costs and flat funding, by the end of FY 2007, the child welfare dollars provided by the state to the counties will likely represent less than 7% of the statewide costs.

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 4 — Families and Children

Purpose: Supports activities that assure prevention and protection services for children and adults, foster care services, adoption activities, social services, Family and Children First activities, and the technology that supports these programs.

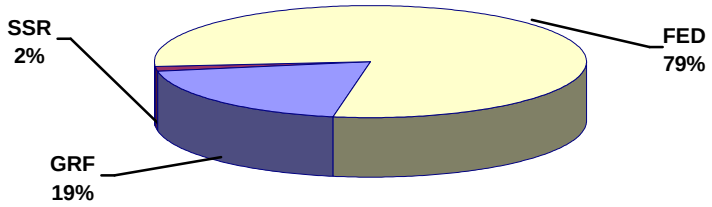
The following table shows the line items that are used to fund the Families and Children program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-321*	Support Services	$100,406	$100,406
GRF	600-416*	Computer Projects	$2,935,118	$2,973,424
GRF	600-423*	Office of Children and Families	$3,935,118	$3,921,373
GRF	600-523	Children and Families Subsidy	$69,438,543	$69,438,543
GRF	600-528	Adoption Services	$74,030,105	$78,538,615
		General Revenue Fund Subtotal	**$150,445,478**	**$154,972,361**
State Special Revenue Fund				
198	600-647	Children's Trust Fund	$6,788,522	$6,788,522
4E7	600-604	Child and Family Services Collection	$300,000	$300,000
4F1	600-609	Foundation Grants/Child & Family Services	$61,420	$61,420
5U6	600-663	Children and Family Support	$4,929,717	$4,929,717
		State Special Revenue Fund Subtotal	**$12,079,659**	**$12,079,659**
Federal Special Revenue Fund				
327	600-606*	Child Welfare	$33,160,190	$33,090,786
393	600-620*	Social Services Block Grant	$105,853,775	$105,864,985
395	600-616*	Special Activities – Child and Family Services	$4,567,112	$4,564,877
398	600-627*	Adoption Maintenance/Administration	$303,912,551	$303,479,020
3D3	600-648	Children's Trust Fund – Federal	$2,040,524	$2,040,524
3G5	600-655*	Interagency Reimbursement	$3,900,000	$4,000,000
3N0	600-628	IV-E Foster Care Maintenance	$153,963,142	$153,963,142
3V6	600-689*	TANF Block Grant	$5,000,000	$5,000,000
3W3	600-659*	TANF/ Title XX Transfer	$7,500,000	$4,900,000
		Federal Special Revenue Fund Subtotal	**$619,897,294**	**$616,903,334**
Total Funding: Families and Children			**$782,422,431**	**$783,955,354**

* Amount does not reflect total appropriation because the line item is used to fund other program series.

The majority of dollars appropriated for the Families and Children program series come from the federal government.

Total FY 2006-2007 Biennial Budget
for the Children and Families Program Series by Fund Group

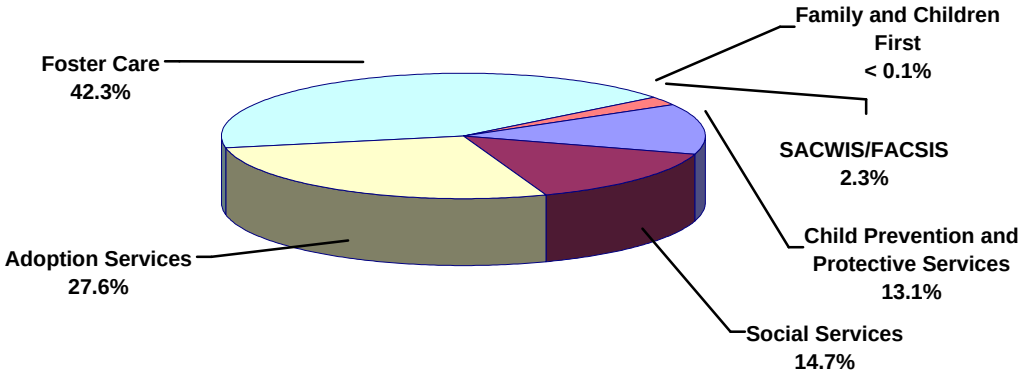


This analysis focuses on the following specific programs within the program series:

- ***Child Prevention and Protective Services***
- ***Social Services***
- ***Adoption Services***
- ***Foster Care***
- ***Family and Children First***
- ***SACWIS/FACSIS***

The largest portion (42.3%) of the budget for the Families and Children program series is for the Foster Care program. The next largest portion is for the Adoption Services program, which primarily provides subsidies for families that adopt special needs children.

Total Budget by Program for the Families and Children Program Series
FY 2006–2007 Biennium



Program 4.01 Child Prevention and Protective Services

Program Description: The primary goal of this program is to decrease incidences of child abuse and neglect. The program supports child abuse prevention and investigation activities. Specifically, the program supports operating and grant costs of the Ohio Children's Trust Fund, the child welfare operating subsidy provided to the county child welfare agencies, and three federal child abuse grants that the state receives.

Ohio Children's Trust Fund (OCTF): The Trust Fund was created in 1984 and it is the state's primary funding agent for programs designed to prevent child abuse and neglect. Revenues are generated from fees collected on divorce and dissolution filings, and nominal surcharges for birth and death certificates. While the Trust Fund's board consists of state agency administrators, gubernatorial appointees, and legislators, daily operations of the Trust Fund are managed by the ODJFS Bureau of Prevention staff who review proposals, participate in grantee selection, monitor services and expenditures, and provide technical assistance and training to grantees.

As required by state law, OCTF funding focuses exclusively on support for primary and secondary prevention activities. Primary prevention services available to the community are designed to prevent child abuse and neglect before they occur, and include advocacy efforts, public awareness campaigns, and training of professionals. Secondary prevention services include those services that target populations at risk for child abuse and neglect, such as respite care for single parents, crisis intervention for families experiencing acute stress, parent education and support services, personal safety classes, and life skills training for youth. In FY 2004, OCTF allocated $3.8 million to counties to fund such services.

Child Welfare Operating Subsidy: Within available funds, the state distributes child welfare dollars to the counties in accordance with a formula set forth in section 5101.14 of the Revised Code. The funds allocated to the counties satisfy the federal requirement for a 25% state match for funds received from the Federal Title IV-B Child Welfare Grant. This subsidy provided to the counties can be used for any legitimate child welfare cost. In FY 2004, the subsidy represented approximately 7% of the statewide costs of child welfare services provided by the counties.

Federal Child Abuse Grants: The Department of Job and Family Services is designated as the single state agency responsible for the administration of the state plan required by the federal Child Abuse Prevention and Treatment Act. The state receives the following three federal child abuse grants:

- *The Basic State Grant:* This grant is used to develop, test, and validate child abuse investigation practice tools for county child welfare workers. These practice tools include risk and safety assessments that are deployed during child abuse investigations. During the FY 2006–2007 biennium, ODJFS expects to receive approximately $1.6 million under this grant program.

- *The Children's Justice Grant:* This grant is used to support a variety of projects designed to improve the workings of the judicial process in matters related to children. Principal among these activities is a joint collaboration between the Supreme Court and ODJFS to foster the establishment and operation of family courts and improve operations of juvenile courts. During the FY 2006–2007 biennium, ODJFS expects to receive approximately $930,000 under this grant program.

- *The Community-Based Child Abuse Prevention Grant:* The federal government provides this grant to assist states to support community-based efforts to develop, operate, expand, and enhance initiatives and activities designed to strengthen and support families to prevent child abuse and neglect. This grant requires a 20% state match. During the FY 2006–2007 biennium, ODJFS expects to receive

approximately $4.1 million under this grant program, most of which will be distributed to grantees for child abuse and neglect prevention services.

Funding Source and Line Items: The following table shows the line items that are used to fund the Child Prevention and Protective Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-423*	Office of Children and Families	$390,539	$401,604
GRF	600-523*	Children and Families Subsidy	$57,176,944	$57,176,944
		General Revenue Fund Subtotal	**$57,567,483**	**$57,578,548**
State Special Revenue Fund				
198	600-647	Children's Trust Fund	$6,788,522	$6,788,522
5U6	600-663	Children and Family Support	$4,929,717	$4,929,717
		State Special Revenue Fund Subtotal	**$11,718,239**	**$11,718,239**
Federal Special Revenue Fund				
3D3	600-648	Children's Trust Fund – Federal	$2,040,524	$2,040,524
327	600-606*	Child Welfare	$28,286,380	$28,216,039
395	600-616*	Special Activities–Child and Family Services	$2,717,112	$2,714,877
		Federal Special Revenue Fund Subtotal	**$33,044,016**	**$32,971,440**
Total Funding: Child Prevention and Protective Services			**$102,329,738**	**$102,268,227**

* Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation:

The executive recommendation allows the Children's Trust Fund Board to support child abuse and neglect prevention services at the local level and provide for prevention programs that have statewide significance.

In FYs 2006 and 2007, the child welfare subsidy is funded at the FY 2004 level. This level will erode the subsidy's purchasing power over the course of the biennium as the total cost to provide these services increases. Due to increasing costs and flat funding, by the end of FY 2007, the child welfare subsidy will likely represent less than 7% of the statewide costs for child welfare services.

The executive recommendation assumes that the annual award for the three federal child abuse grants will continue to be at the FFYs 2004–2005 levels. This level of funding will allow for maintenance of current activity levels for the grantees.

Temporary Law Provisions:

Children's Trust Fund - Section 206.66.84 of the bill

H.B. 66, As Introduced, requires that in FY 2006, the Director of Budget and Management transfer $1.5 million from the Children's Trust Fund (Fund 198) to the Partnerships for Success Fund (Fund 5BH) in the Department of Youth Services (DYS). On or before January 1, 2007, the Director of Budget and Management is to transfer back to the Children's Trust Fund any amount of cash that remains unspent in the Partnerships for Success Fund.

Fiscal Effect: The Children's Trust Fund will be providing funding for the Partnerships for Success program in the DYS. This initiative provides seed capital to local family and children first councils to plan, develop, implement, and enhance programs, processes, and services to divert youth from the juvenile justice system. The program currently operates in 33 counties and is not likely to expand to other counties during the FY 2006–2007 biennium.

Permanent Law Provisions:

Consolidated Funding Allocations - R.C. 5101.21

H.B. 66, As Introduced, eliminates the Department's option to create a consolidated funding allocation to the counties. Under Ohio's state-supervised/county-administered system, counties are able to design their own services in human service functions, including TANF, PRC, day care, and transportation services for low-income workers, child support, services to children, and employment and training activities. Until recent months, each county was given various options to consolidate their funding, or maintain as separate the different allocation streams from the federal government. Am. Sub. H.B. 215 of the 122nd General Assembly granted ODJFS (then the Department of Human Services) the authority to make a "consolidated" funding option available to the counties that would combine 11 different funding streams into a single allocation that could be used for any of the purposes authorized by the 11 funding sources. Counties could spend on services as needed without regard to the origin of the funds so long as they stayed within their total allocation. Under this system, ODJFS would reconcile the county spending each year. All 88 counties opted for the full consolidation of their funding.

The Department discontinued the consolidated allocation after the announcement last year that a thorough reconciliation of the separate funding streams had not been done. ODJFS had been performing only a reconciliation of the consolidated payment system as a whole to balance expenditures by counties that exceeded their allocation with those that had not. The failure to develop a system that would reconcile the different funding streams resulted in TANF funds being spent from FY 2000 through the first months of FY 2005 for administrative costs in the Medicaid and Food Stamps programs, when state funds should have been used instead.

Appropriation item 600-523, Children and Families Subsidy, used to be part of the consolidated funding allocation.

Fiscal Effect: The consolidated funding allocation was discontinued during FY 2005; this provision would eliminate the possibility that a consolidated allocation could be adopted in the future. TANF funds formerly used inappropriately for food stamp administration and Medicaid eligibility determinations must be replaced by other means. For a more detailed discussion of the concerns raised by the elimination of the consolidated allocation see "TANF Block Grant Reimbursement and Consolidated Funding Allocation Elimination" in the Family Stability.

Program 4.02 Social Services

Program Description: The Social Services Block Grant (SSBG) is appropriated under Title XX of the Social Security Act. By federal statute, the delivery of SSBG services must be directed toward five goals:

- To prevent, reduce, or eliminate dependence on public assistance;
- To maintain self-sufficiency once it is achieved;

- To prevent or remedy the neglect, abuse, or exploitation of children and vulnerable adults;
- To reduce inappropriate institutionalization by providing community-based care;
- To provide quality institutional care when other forms of care are insufficient.

To address these national goals, ODJFS established 28 service categories that are designed to provide flexibility in targeting the populations to be served. Some examples of the service definitions include adoption, family planning, employment services, prevention and intervention, home delivered meals, and legal services.

All counties are required to provide these services. However, counties have broad discretion, flexibility, and autonomy in deciding what services will be offered in that county. Therefore, the amount, duration, and scope of services varies from county to county. Under current law, all counties are required to investigate allegations of abuse, neglect, and exploitation of persons age 60 and older.

Funding Source and Line Items: The following table shows the line items that are used to fund the Social Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-423*	Office of Children and Families	$33,717	$34,720
GRF	600-523*	Children and Families Subsidy	$9,013,013	$9,013,013
		General Revenue Fund Subtotal	**$9,046,730**	**$9,047,733**
Federal Special Revenue Fund				
393	600-620*	Social Services Block Grant	$105,853,775	$105,864,985
		Federal Special Revenue Fund Subtotal	**$105,853,775**	**$105,864,985**
Total Funding: Social Services			**$114,900,505**	**$114,912,718**

* Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation: The executive recommendation assumes that Congress will maintain SSBG funding at the current levels. This should allow SSBG service levels to be generally maintained. The Department expects to receive approximately $48.0 million in SSBG funds in each fiscal year of the upcoming biennium. (The Department of Job and Family Services receives 72.5% of Ohio's SSBG award. The remaining amount is divided between the departments of Mental Health and Mental Retardation and Developmental Disabilities.) The Department may use up to 3% of the SSBG for administration and up to 2% for statewide training. The balance is allocated to the 88 county departments of job and family services.

Beginning in the FY 2004–2005 biennium, state funding specifically for adult protective services was eliminated. In FY 2004, counties spent approximately $15.6 million on adult protective services. During the FY 2006-2007 biennium, counties will have to continue to absorb the cost of adult protective services within their SSBG allocation or, where available, use local levy dollars to provide adult protective services.

Temporary Law Provisions: None

Permanent Law Provisions:

Audits of Title XX Social Services Block Grant Funds - R.C. 5101.46

H.B. 66, As Introduced, eliminates a provision requiring the departments of Job and Family Services, Mental Health, and Mental Retardation and Developmental Disabilities each to commission an entity independent of itself to conduct a biennial audit of its expenditures of funds received from the federal Title XX Social Services Block Grant. The bill also requires Title XX social services providers to pay the cost of audits required by the state departments and their respective local agencies, and eliminates provisions specifying that the cost of an audit must be reimbursed under a subsequent or amended Title XX contract.

Fiscal Effect: According to ODJFS, the departments to which this provision applies do not in practice have independent audits of Title XX expenditures conducted despite the fact such audits are required by state law. Elimination of this provision will not save the departments any money since they are not currently paying for such audits.

Current law permits any of the three departments and their respective local agencies to require that an entity under contract to provide social services with Title XX funds submit to an audit on the basis of alleged misuse or improper accounting of funds. The law states that the cost of conducting the audit is to be reimbursed under a subsequent or amended Title XX contract with the provider. The bill requires the Title XX social services providers to pay outright the cost of audits required by the state departments and their respective local agencies. If there were adverse findings and a department or local agency chooses to terminate or refuse to enter into a Title XX contract with that provider, then it is possible that the costs of the audit would not be collected. The bill may enable the departments and local agencies to recoup audit costs that would have otherwise gone uncollected.

Use of TANF Funds for Title XX Social Services – primarily R.C. 5101.46 and 5101.461

H.B. 66, As Introduced, allows ODJFS, to the maximum extent permitted by federal law, to use funds received through the Temporary Assistance for Needy Families (TANF) Block Grant for the provision of Title XX social services and provides that the use of TANF funds for Title XX social services is not subject to other laws applicable to the use of Title XX funds, and eliminates similar provisions from existing law. The bill also specifies auditing and rule-making procedures for the use of TANF funds for Title XX social services.

Title IV-A of the Social Security Act, the federal law authorizing the TANF Block Grant, allows states to use a percentage (10%) of the funds they receive for Title XX social services. Current law in Ohio includes provisions specifying that ODJFS' distribution of TANF funds for Title XX services is not subject to other provisions governing the distribution of Title XX funds. Under the bill, ODJFS is expressly permitted to use TANF funds for purposes of providing Title XX social services. It also specifies that the funds and the provision of social services are not subject to other statutes governing Title XX social services.

Fiscal Effect: The Department requested this provision to clarify that TANF funds transferred to the Title XX Social Services Block Grant are to be used on social services eligible under Title XX and are exempt from Revised Code statutes apportioning Title XX funds among three agencies. The Department indicates that this language is necessary to manage up-front, rather than retrospective transfer of TANF funds to the Title XX Social Services Block Grant, now being done by the state.

Consolidated Funding Allocations - R.C. 5101.21

H.B. 66, As Introduced, eliminates the Department's option to create a consolidated funding allocation to the counties. Under Ohio's state-supervised/county-administered system, counties are able to design their own services in human service functions, including TANF, PRC, day care, and transportation services for low-income workers, child support, services to children, and employment and training activities. Until recent months, each county was given various options to consolidate their funding, or maintain as separate the different allocation streams from the federal government. Am. Sub. H.B. 215 of the 122nd General Assembly granted ODJFS (then the Department of Human Services) the authority to make a "consolidated" funding option available to the counties that would combine 11 different funding streams into a single allocation that could be used for any of the purposes authorized by the 11 funding sources. Counties could spend on services as needed without regard to the origin of the funds so long as they stayed within their total allocation. Under this system, ODJFS would reconcile the county spending each year. All 88 counties opted for the full consolidation of their funding.

The Department discontinued the consolidated allocation after the announcement last year that a thorough reconciliation of the separate funding streams had not been done. ODJFS had been performing only a reconciliation of the consolidated payment system as a whole to balance expenditures by counties that exceeded their allocation with those that had not. The failure to develop a system that would reconcile the different funding streams resulted in TANF funds being spent from FY 2000 through the first months of FY 2005 for administrative costs in the Medicaid and Food Stamps programs, when state funds should have been used instead.

Appropriation item 600-620, Social Services Block Grant, used to be part of the consolidated funding allocation.

Fiscal Effect: The consolidated funding allocation was discontinued during FY 2005; this provision would eliminate the possibility that a consolidated allocation could be adopted in the future. TANF funds formerly used inappropriately for food stamp administration and Medicaid eligibility determinations must be replaced by other means. For a more detailed discussion of the concerns raised by the elimination of the consolidated allocation see "TANF Block Grant Reimbursement and Consolidated Funding Allocation Elimination" in the Family Stability.

Program 4.03 Adoption Services

Program Description: This program supports the state's adoption programs through subsidy payments to families that adopt special needs children, reimbursement for certain out-of-pocket costs incurred by families who adopt special needs children, services to families that have already adopted special needs children, and continued support for outreach and advertising campaigns to promote adoption and recruit adoptive families.

If a child who has been placed in out-of-home care is unable to be reunited with the child's parents, then a relative or extended family member may assume a parental role, or if that is not possible, an adopting family may be sought. Over 3,200 children are awaiting adoption in Ohio. Significant numbers of these children are, and will continue to be, part of a sibling group, male, African-American, older, and developmentally delayed.

Adoption Subsidies: State funding is specifically targeted to support adoption services. Most of this support comes in the form of monthly cash subsidies for families that adopt special needs children. There are several kinds of adoption subsidies available.

- *Title IV-E Adoption Subsidy.* This adoption subsidy is provided for children who meet TANF eligibility guidelines. The average IV-E adoption subsidy in FY 2004 was $426.56 per child per month. (The federal share of this payment is currently 59.23% of the total allowable cost, which may vary with each child. The nonfederal share of this payment is provided by the state to the counties up to a maximum of $250 per child per month. The counties are responsible for the nonfederal share of payments above $250.) At the close of FY 2004, there were 19,782 recipients of the IV-E adoption subsidy.

- *State Adoption Maintenance Subsidy.* This subsidy is funded with state funds only and is limited to $250 per child per month. At the close of FY 2004, there were 1,390 recipients of this adoption subsidy. In FY 2004, ODJFS paid out over $4.6 million under this subsidy program.

- *Post Finalization Adoption Subsidy.* Subject to available funds, the state reimburses public children service agencies for some post adoption services needed by some special needs children. The maximum benefit amount, set by section 5153.163 of the Revised Code, is $10,000 per child per year, but may be increased to $15,000 in extraordinary circumstances. The federal government reimburses 75% of the cost of this subsidy. The child's adoptive parents are expected to share in the cost of services through a 5% co-payment requirement. However, the public children services agency may waive the co-pay requirement if the gross annual income of the child's adoptive family is not more than 200% of the federal poverty guidelines. In FY 2004, there were 858 recipients of this subsidy. The Department paid out over $2.8 million (state and federal funds) in post finalization adoption subsidies.

- *Nonrecurring Payments.* The state reimburses the out-of-pocket costs incurred by families that adopt special needs children. Such costs include attorney fees and court costs, medical evaluations, and travel. The state will reimburse up to $2,000 per child adopted. The federal government reimburses the state 50% of the costs for these payments. In FY 2004, ODJFS paid out over $1.8 million under this subsidy program.

Funding Source and Line Items: The following table shows the line items that are used to fund the Adoption Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-423*	Office of Children and Families	$826,394	$754,680
GRF	600-528	Adoption Services	$74,030,105	$78,538,615
		General Revenue Fund Subtotal	**$74,856,499**	**$79,293,295**
State Special Revenue Fund				
4E7	600-604	Child and Family Services Collection	$300,000	$300,000
4F1	600-609	Foundation Grants/ Child & Family Services	$61,420	$61,420
		State Special Revenue Fund Subtotal	**$361,420**	**$361,420**
Federal Special Revenue Fund				
3V6	600-689*	TANF Block Grant	$5,000,000	$5,000,000
327	600-606*	Child Welfare	$2,057,760	$2,059,329
395	600-616*	Special Activities–Child & Family Services	$1,850,000	$1,800,000
398	600-627*	Adoption Maintenance/ Administration	$129,547,306	$130,713,592
		Federal Special Revenue Fund Subtotal	**$138,455,066**	**$139,572,921**
Total Funding: Adoption Services			**$213,672,985**	**$219,227,636**

* Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation: Most of ODJFS' function related to adoption is to provide subsidy payments to families that adopt special needs children and to set forth policies and best practices for counties to follow when conducting outreach and advertising campaigns to promote adoption and recruit adoptive families. The state does not provide any funding specifically for adoption activities to the counties. Counties may use state child welfare dollars, Title XX dollars, and various other federal funds to pay for their administrative costs associated with adoption.

The executive recommendation will fully fund the anticipated costs for the Title IV-E adoption subsidy and the State Adoption Maintenance subsidy. The Department assumes that for the Title IV-E adoption subsidy there will be 21,738 recipients in FY 2006 and 23,274 recipients in FY 2007. For the State Adoption Maintenance subsidy, there will be approximately 1,400 recipients in each year of the biennium. The recommendation provides flat funding at the FY 2005 level for the Post Finalization Adoption subsidy and nonrecurring payments. This funding will provide a Post Finalization Adoption subsidy to between 375 and 475 recipients in each year and nonrecurring payments to approximately 2,000 recipients in each year.

Temporary Law Provisions: None

Permanent Law Provisions:

Summary of Minor Adoption Proceedings - R.C. 2151.416 and 3107.10

The bill eliminates the requirement that a court prepare and send to ODJFS a summary of each proceeding for adoption of a minor.

Fiscal Effect: According to ODJFS, these summaries were being received, stored on site at ODJFS for a while, and then sent to storage. This provision will decrease the administrative burden on courts to

prepare and send a summary of each proceeding and will decrease the administrative burden of ODJFS to receive and store this information.

Program 4.04 Foster Care

Program Description: This program supports county child welfare costs including the investigation of complaints of child abuse and neglect, placement of children into foster care, training programs for county child welfare workers and foster parents, and the federal and nonfederal share of education and training vouchers available to persons who have "aged-out" of the foster care system.

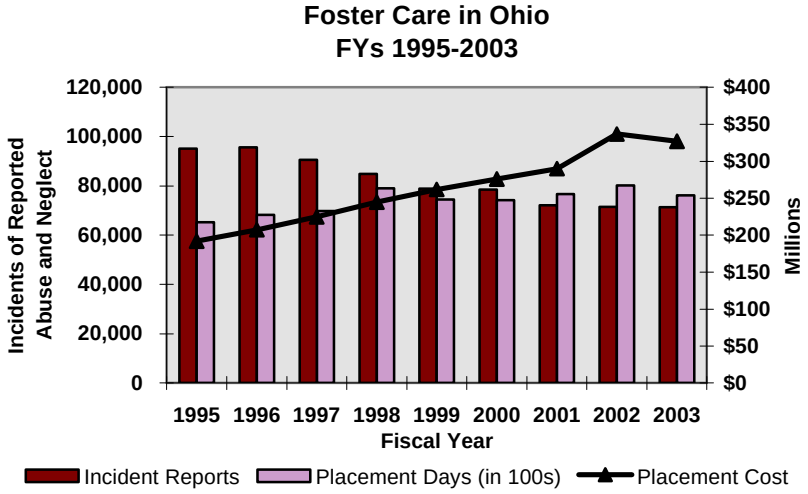
The Department of Job and Family Services is responsible for supervising, prescribing, and proscribing county child welfare practice through the formulation of policy, promulgation of regulations, and the promotion of best practices. The Department also provides support to the counties by providing training programs for county workers and foster parents, information systems, staff who license public and private providers of foster care services, and fiscal mechanisms for properly claiming federal reimbursement for allowable expenses.

Each county is responsible for creating, operating, and financing a child welfare program within the context of state and federal laws, regulations, and policies. State and federal laws require county child welfare agencies to investigate reports of child abuse and neglect, issue a finding concerning an investigation, and if necessary, intervene to protect children who are at risk of maltreatment. The number of incidents of reported abuse and neglect had been declining in recent years, from 95,188 in 1995 to 71,414 in 2003, a drop of 25%. However, in FY 2004, county child welfare agencies received reports alleging 72,550 incidents of child abuse and neglect (involving 114,171 alleged child victims), an increase of over 1,000 cases in one year.

When it is determined that a child can no longer be safely cared for in the child's own home, the county must act to place that child in a foster care setting and, in some cases, for adoption. Once a child enters foster care, the state must ensure that the child is safe and treated well during the placement episode. This is accomplished via the enforcement of provider licensing standards. Currently, there are 10,959 licensed foster homes in Ohio.

The cost of foster care is driven primarily by two variables – volume and unit cost. Volume is best measured by counting total placement days - a measure of the total number of days a child spends in foster care each year. Unit cost is calculated by dividing total placement cost by total placement days. The relationship between the two may provide some insight into the acuity of the caseload. Static or decreasing placement days yet rising unit costs suggest that the children being placed have more difficult care issues. The number of placement days was increasing over time and peaked in 2002 at 8,015,166. In 2003, the number of placement days decreased to 7,612,269. Between 1995 and 2002, total placement costs increased at an even faster pace than the rise in placement days. During that time period total placement costs grew by 75.3%, from $192,056,052 to $336,588,611. However, in 2003 placement costs began to decrease and totaled $327,608,642.

The following graph shows the number of incident reports, placement days, and placement costs from 1995 through 2003.



ProtectOhio Demonstration: The Department of Job and Family Services received a Title IV-E waiver from the federal government to implement a demonstration of a managed care delivery system for Title IV-E foster care services, called ProtectOhio. Title IV-E of the Social Security Act relates to services for legal temporary custody of children through a public children services agency on a finding of probable or actual dependency, abuse, neglect, and sometimes, delinquency. Title IV-E funding is federal money received by the state for partial reimbursement of allowable placement and adoption costs incurred on behalf of eligible children. Title IV-E funding received by the state is the largest single source of federal revenue for child welfare costs, and second only to local funds in its contribution to the statewide cost of services to children.

Not all children are Title IV-E eligible and not all costs are Title IV-E allowable. ProtectOhio is a Title IV-E waiver demonstration project designed to test new child welfare program approaches that would enhance the quality of, and access to, services. Under the waiver, 14 counties, comprising approximately one-third of the foster care caseload, act as a managed care provider of foster care services for the federal government. In that capacity, each county receives a monthly prepaid capitation and the flexibility to use the funds for any legitimate child welfare services, whether or not the child would be eligible for Title IV-E and whether or not the services are traditionally allowable under Title IV-E. The demonstration counties included: Ashtabula, Belmont, Clark, Crawford, Fairfield, Franklin, Greene, Hamilton, Lorain, Medina, Muskingum, Portage, Richland, and Stark.

The demonstration has been running since Federal Fiscal Year 1999. As of September 30, 2004, 11 of the 14 counties had a surplus of placement days. Thus far, the demonstration has produced a savings of more than 1.25 million placement days (includes only those 11 counties that ran a surplus) and an aggregate internal savings of over $33.0 million in federal funds. The Department requested, and received approval for, a five-year extension of the waiver with the requirement of an independent evaluation. The Department recently received approval from the Controlling Board to contract with Human Services Research Institute to conduct the federally required evaluation.

Funding Source and Line Items: The following table shows the line items that are used to fund the Foster Care program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-423*	Office of Children and Families	$2,690,656	$2,730,369
GRF	600-523*	Children and Families Subsidy	$3,248,586	$3,248,586
		General Revenue Fund Subtotal	**$5,939,242**	**$5,978,955**
Federal Special Revenue Fund				
3G5	600-655*	Interagency Reimbursement	$3,900,000	$4,000,000
3N0	600-628	IV-E Foster Care Maintenance	$153,963,142	$153,963,142
327	600-606*	Child Welfare	$2,816,050	$2,815,418
395	600-616*	Special Activities–Child & Family Services	$0	$50,000
398	600-627*	Adoption Maintenance/ Administration	$164,294,098	$165,610,449
		Federal Special Revenue Fund Subtotal	**$324,973,290**	**$326,439,009**
Total Funding: Foster Care			**$330,912,532**	**$332,417,964**

* Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation: The executive recommendation provides for the cost of foster parent and county staff training. It also provides the match needed for education and training vouchers for persons who have "aged" out of foster care. The recommendation includes appropriations for the federal share of operating costs related to investigating complaints of child abuse and neglect and the placement of children into foster care.

The Department will continue to operate the ProtectOhio demonstration project. If allowed by the federal government to expand the demonstration, ODJFS will be able to do so within the recommended funding level.

The recommendation does not include any increase in state aid to counties for their child welfare costs. This will have the affect of shifting a greater portion of the burden to finance child welfare to counties.

Temporary and Permanent Law Provisions: None

Program 4.05 Family and Children First

Program Description: The Family and Children First Cabinet Council coordinates the formulation of family and children services policies among various cabinet departments.

Funding Source and Line Items: The following table shows the line item that is used to fund the Family and Children First program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-321*	Support Services	$100,406	$100,406
Total Funding: Family and Children First			**$100,406**	**$100,406**

* Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation: The executive recommendation will fund ODJFS' share of the cost of funding the Family and Children First Cabinet Council. Total funding for this program is

passed on to the Ohio Department of Mental Retardation and Developmental Disabilities, which hosts the state level Family and Children First Initiative.

Temporary and Permanent Law Provisions: None

Program 4.06 SCAWIS/FACSIS

Program Description: The Family and Children Services Information System (FACSIS) maintains the statewide registry of child abuse and neglect reports, and investigation outcomes. The system allows county child welfare agencies to identify prior abuse and neglect incidents involving the alleged child victim or alleged perpetrator. It is primarily a data repository of basic information. It tracks decisions at key points within casework activity such as assessment findings, court findings, custody and placement status, and eligibility for Title IV-E.

According to ODJFS, FACSIS is outdated and inflexible. State and county efforts continue to work toward replacing the system with the Statewide Automated Child Welfare Information System (SACWIS). The system is designed to meet all federal and state mandated child welfare reporting requirements, improve access to case and client information for intake, investigations, child protective and foster care services, and provide accountability for fiscal and service delivery. The Department began work on SACWIS during FY 2004.

Funding Source and Line Items: The following table shows the line items that are used to fund the SACWIS/FACSIS program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-416*	Computer Projects	$2,935,118	$2,973,424
		General Revenue Fund Subtotal	**$2,935,118**	**$2,973,424**
Federal Special Revenue Fund				
3W3	600-659*	TANF/Title XX Transfer	$7,500,000	$4,900,000
398	600-627*	Adoption Maintenance/Administration	$10,071,147	$7,154,979
		Federal Special Revenue Fund Subtotal	**$17,571,147**	**$12,054,979**
Total Funding: SACWIS/FACSIS			**$20,506,265**	**$15,028,403**

* Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation: The executive recommendation will allow ODJFS to maintain current service levels to counties through FACSIS. The recommendation will also allow ODJFS to finish development of SACWIS and begin implementation in the counties.

Temporary and Permanent Law Provisions: None

REQUESTS NOT FUNDED

This section describes requests not funded in the executive budget and the effects on the Department's activities and spending decisions during the next biennium.

Child Prevention and Protective Services						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
SSR 600-647	$5,288,522	$6,788,522	$1,500,000	$5,288,522	$6,788,522	$1,500,000
FED 600-659	$5,500,000	$0	($5,500,000)	$5,500,000	$0	($5,500,000)
TOTALS	**$10,788,522**	**$6,788,522**	**($4,000,000)**	**$10,788,522**	**$6,788,522**	**($4,000,000)**

The $5.5 million requested from the 600-659, TANF/Title XX, for child prevention and protection services represented a continuation of the Title XX spending plan for FYs 2004 and 2005. Under the consolidated funding structure, ODJFS held the $5.5 million and used it to reconcile (or backfill) Title XX dollars if the counties had overspent Title XX dollars during the course of the fiscal year. H.B. 66, As Introduced, eliminates the consolidated funding mechanism; therefore, reconciliation of Title XX dollars will no longer be necessary nor will there be a need for the Department to hold $5.5 million for the reconciliation.

Adoption Services						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
FED 600-627	$142,279,731	$129,547,306	($12,732,425)	$143,446,017	$130,713,592	($12,732,425)
TOTALS	**$142,279,731**	**$129,547,306**	**($12,732,425)**	**$143,446,017**	**$130,713,592**	**($12,732,425)**

After submission of its budget, ODJFS decided that the appropriation amount requested for appropriation item 600-627, Adoption Maintenance/Administration, was more than necessary. The appropriation included in the Governor's recommendation more accurately reflects anticipated federal reimbursement for this appropriation item within the adoption services program area.

Foster Care						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
FED 600-627	$177,026,524	$164,294,098	($12,732,426)	$178,342,875	$165,610,449	($12,732,426)
FED 600-628	$173,963,142	$153,963,142	($20,000,000)	$173,963,142	$153,963,142	($20,000,000)
TOTALS	$350,989,666	$318,257,240	($32,732,426)	$352,306,017	$319,573,591	($32,732,426)

After submission of its budget, ODJFS decided that the amounts requested for the two appropriation items listed in the table above (600-627, Adoption Maintenance/Administration, and 600-628, IV-E Foster Care Maintenance) were more than necessary. The appropriations included in the Governor's recommendation more accurately reflect anticipated federal reimbursement for these appropriation items within the foster care program area.

Family and Children First						
Fund Line Item	**FY 2006 Requested**	**FY 2006 Recommended**	**Difference**	**FY 2007 Requested**	**FY 2007 Recommended**	**Difference**
FED 600-659	$2,000,000	$0	($2,000,000)	$2,000,000	$0	($2,000,000)
TOTALS	**$2,000,000**	**$0**	**($2,000,000**	**$2,000,000**	**$0**	**($2,000,000)**

The Department of Job and Family Services had requested funding for the Partnerships for Success initiative out of appropriation item 600-659, TANF/Title XX. This initiative provides seed capital to local family and children first councils to plan, develop, implement, and enhance programs, processes, and services to divert youth from the juvenile justice system. Instead of funding the program out of appropriation item 600-659, the Governor recommends that the Partnerships for Success initiative be funded from the Children's Trust Fund (Fund 198).

SACWIS/FACSIS						
Fund Line Item	**FY 2006 Requested**	**FY 2006 Recommended**	**Difference**	**FY 2007 Requested**	**FY 2007 Recommended**	**Difference**
FED 600-659	$7,660,290	$7,500,000	($160,290)	$4,714,018	$4,900,000	($185,982)
TOTALS	**$7,660,290**	**$7,500,000**	**($160,290)**	**$4,900,000**	**$4,714,018**	**($185,982)**

The requested appropriation for appropriation item 600-659, TANF/Title XX, for the SACWIS/FACSIS program represented a continuation of the Title XX spending plan for FYs 2004 and 2005. Upon further review, ODJFS adjusted its spending plan for this appropriation item. That adjustment is reflected in the Governor's recommendation. The difference between what was requested versus what was recommended will in no way affect the Department's plans to move forward with SACWIS.

HEALTH CARE (MEDICAID)

OVERVIEW

The Office of Ohio Health Plans in the Department of Job and Family Services (ODJFS) operates several state and federally funded programs providing health care coverage to certain low-income and medically vulnerable people of all ages including: Medicaid, the State Children's Health Insurance Program (SCHIP, created by the Social Security Act as Title XXI), the Hospital Care Assurance Program (HCAP, also created by the Social Security Act as Title XXI), and the state Disability Medical Assistance program (DMA).

Medicaid, the largest health program in Ohio, was created by the Social Security Act as Title XIX, and became law in 1965. Medicaid is an entitlement program and is a state-federal partnership that jointly funds the provision of adequate medical care to eligible needy persons. In this partnership, the federal government establishes broad national guidelines. Each state determines its own eligibility requirements and scope of services, sets its own payment rates, and administers its own program.

The State Children's Health Insurance Program provides health care coverage to children who were not previously eligible for Medicaid and whose family income is below 200% of the federal poverty guideline (FPG). Through HCAP, hospitals are reimbursed for some of their costs of providing medical care to persons below 100% of FPG. Disability Medical Assistance is a state funded program that provides limited medical coverage to persons who are not eligible for a federally funded program.

In FY 2004, Medicaid and SCHIP provided health care coverage to about 1.6 million Ohioans every month to people in the following four distinct insurance markets: children in families with incomes at or below 200% of FPG; pregnant women with incomes at or below 150% of FPG; parents at or below 100% of the FPG; and low-income elderly and persons with disabilities of all ages, commonly referred to as Aged, Blind, and Disabled (ABD). Many consumers with disabilities have medical needs so extensive that commercial plans would deem them "uninsurable." Even though Medicare provides coverage for most of Ohio's elderly population, many of these individuals are "dually eligible." Medicaid supplements their Medicare benefits by providing coverage for services such as prescription medications and long-term care through the Medicaid program. Medicaid also provides assistance with Medicare premiums, co-payments, and deductibles to certain low-income seniors.

Although other state agencies provide Medicaid services, the vast majority of Medicaid spending occurs within the ODJFS budget. Recognized by the federal government as Ohio's single Medicaid agency, ODJFS provides long-term care and basic medical services with state and federal moneys through General Revenue Fund (GRF) appropriation item 600-525, Health Care/Medicaid. Beginning in FY 2003, the 600-525 appropriation item is not only used to fund Medicaid, but also SCHIP, and DMA.[2] In

[2] Prior to FY 2003, spending for part II of SCHIP was funded through appropriation item 600-426, Children's Health Insurance Program, and spending for Disability Medical Assistance was funded through appropriation item 600-511, Disability Assistance/Other Assistance.

addition to the GRF, several provider tax programs and other special revenues are used to pay for Medicaid services.[3]

The federal financial share of Ohio's Medicaid program changes every federal fiscal year. In accordance with federal law, the federal government shares in the states' cost of Medicaid at a matching rate known as the Federal Medical Assistance Percentage (FMAP). The FMAP is calculated for each state based upon the state's per capita income in recent years relative to the entire nation. The general description of how this cost-sharing mechanism works has traditionally been as follows: for every one dollar Ohio spends on Medicaid, the federal government gives Ohio 59 cents. However, while the majority of the spending in appropriation item 600-525, Health Care/Medicaid, is reimbursed at the FMAP, a few items, primarily contracts, are reimbursed at 50%, and all family planning services are reimbursed at 90%. In addition, about 15% of Medicare buy-in premiums receive no federal reimbursement. Lastly, the State Children's Health Insurance Plan (SCHIP) is reimbursed at an enhanced FMAP of about 71%.

Summary of FY 2006-2007 Biennium Budget Issues

The Executive recommends $9.42 billion for appropriation item 600-525, Health Care/Medicaid (a 1.61% decrease from FY 2005 estimated spending levels), and $9.58 billion in FY 2007 (1.74% above the FY 2006 recommended appropriation). The Executive also establishes a new appropriation item 600-526 to make clawback payments to the federal government for Medicare Part D. The recommended appropriations are $155.3 million for FY 2006 and $339.6 million for FY 2007.

The Executive recommends a series of cost containment strategies to reduce Medicaid services spending. If all the cost containment strategies are implemented, the Executive estimates that spending in appropriation item 600-525 could be reduced by $813.2 million all funds ($360.2 million state share) in FY 2006, and by $1,458.3 million all funds ($634.8 million state share) in FY 2007. The following table shows a summary of the Executive's recommendation and estimation of Medicaid cost containment strategies. For a detailed description of each of the strategies, please refer to the relevant topic in the Health Care (Medicaid) section of the Redbook.

[3] Provider tax programs refer to assessments on hospitals, as well as bed taxes on nursing facilities and intermediate care facilities for the mentally retarded. These programs serve as a mechanism by which to draw additional federal matching funds.

Other special revenues include funds for the Disproportionate Share Hospital (DSH) offset and drug rebates.

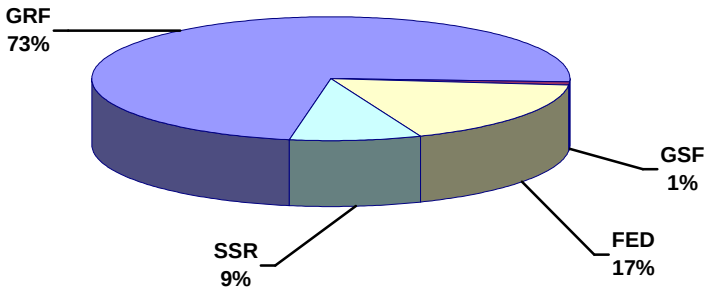
The Executive's Recommendation and Estimation of Medicaid Cost Containment Strategies				
	FY 2006		FY 2007	
	all funds	state share	all funds	state share
DMA back billing revenue	$33,036,767	$13,254,351	$9,970,090	$4,000,000
Managed care franchise fee revenue	$4,816,473	$1,932,369	$124,613,438	$49,994,911
Behavioral health drug rebate revenue			$29,633,270	$11,888,868
ECM expansion	($6,446,398)	($2,586,295)	$6,359,288	$2,551,346
Adult dental elimination	$49,802,537	$19,980,778	$114,818,575	$46,065,212
Adult vision elimination	$6,501,796	$2,608,521	$15,456,861	$6,201,293
Prescription drugs co-pays	$9,966,665	$3,998,626	$24,774,256	$9,939,432
Prescription drugs tablet splitting	$10,697,876	$4,291,988	$11,730,613	$4,706,322
Home care reform	$8,000,000	$3,209,600	$8,000,000	$3,209,600
Ohio Access Success project	$245,000	$98,294	$491,000	$196,989
PACE (transfer to Dept. of Aging)	$21,000,000	$8,425,200	$27,500,000	$11,033,000
Assisted living waiver (transfer to Dept. of Aging)			$20,800,000	$8,344,960
Managed care expansion	($32,173,012)	($12,907,812)	($49,112,720)	($19,704,023)
Nursing facilities rate reduction	$523,816,793	$210,155,297	$720,334,199	$288,998,081
ICF/MR rate freeze	$32,501,412	$13,039,566	$51,177,157	$20,532,275
Inpatient hospitals rate freeze	$20,741,967	$8,321,677	$75,729,865	$30,382,822
Inpatient hospitals crossover payments	$30,000,000	$12,036,000	$30,000,000	$12,036,000
Nursing facilities crossover payments	$20,800,557	$8,345,183	$44,844,445	$17,991,591
Prescription drugs reimbursement rate reduction	$14,740,933	$5,914,062	$23,691,992	$9,505,227
DMA elimination	$56,641,201	$56,641,201	$83,095,453	$83,095,453
Parent expansion changes	$8,550,000	$3,430,260	$84,400,000	$33,861,280
Total savings to 600-525	**$813,240,567**	**$360,188,866**	**$1,458,307,782**	**$634,830,639**

The Executive recommends $53.1 million in FY 2006 for appropriation item 600-425, Office of Health Plans (a 21.96% increase from FY 2005 estimated spending levels), and $49.9 million in FY 2007 (2.88% below the FY 2006 recommended appropriation) to support a variety of system and administration changes related to Medicaid.

The Executive recommends $156.1 million in FY 2006 for appropriation item 600-416, Computer Projects (a 3.1% increase from FY 2005 estimated spending levels), and $155.5 million in FY 2007 (0.39% below the FY 2006 recommended appropriation) to support a variety of Medicaid computer systems.

The chart below shows the various funding sources of the Health Care Program Series biennial budget, as recommended by the Executive.

Total Health Care Budget by Fund Group



Note: GRF percentage includes both the state and federal shares of GRF Medicaid program funding.

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 5 — Health Care (Medicaid)

Purpose: This program series supports several state and federally funded health care programs including: Medicaid, the State Children's Health Insurance Program (SCHIP), the Hospital Care Assurance Program (HCAP), the state Disability Medical Assistance (DMA) program, and Ohio's Best Rx program. This program series also supports the administration and technology that support these health care programs.

Funding Source and Line Items: The following table shows the line items that are used to fund the Health Care (Medicaid) program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-425	Office of Ohio Health Plans	$51,343,175	$49,865,282
GRF	600-525	Health Care/Medicaid	$9,420,592,916	$9,584,133,251
GRF	600-526	Medicare Part D	$155,349,266	$339,578,325
GRF	600-416*	Computer Projects	$28,202,402	$35,116,045
		General Revenue Fund Subtotal	**$9,655,487,759**	**$10,008,692,903**
Federal Special Revenue Fund				
3F0	600-623*	Health Care Federal	$541,684,092	$673,113,569
3F0	600-650	Hospital Care Assurance Match	$343,239,047	$343,239,047
3G5	600-655*	Interagency Reimbursement	$1,360,902,369	$1,422,954,440
		Federal Special Revenue Fund Subtotal	**$2,245,825,508**	**$2,439,307,056**
State Special Revenue Fund				
4E3	600-605	Nursing Home Assessments	$4,759,914	$4,759,914
5P5	600-613*	Nursing Facility Bed Assessment	$33,663,665	$33,630,479
4J5	600-618	Residential State Supplement Payment	$15,700,000	$15,700,000
4K1	600-621	ICF/MR Bed Assessments	$20,074,255	$20,064,131
4Z1	600-625	Healthcare Compliance	$10,000,000	$10,000,000
5BG	600-653	Managed Care Assessment	$18,795,483	$99,410,121
5P5	600-692	Health Care Services	$828,587,776	$538,301,761
5Q9	600-619	Supplemental Inpatient Hosp Payments	$56,125,998	$56,125,998
5R2	600-608	Medicaid-Nursing Facilities	$111,129,224	$111,214,982
5S3	600-629	MR/DD Medicaid Administration & Oversight	$1,620,960	$1,620,960
5U3	600-654*	Health Care Services Administration	$9,759,194	$15,106,363
651	600-649	Hospital Care Assurance Program	$231,893,404	$231,893,404
5AA	600-673	Ohio's Best Rx Administration	$5,000,000	$5,000,000
		State Special Revenue Fund Subtotal	**$1,347,109,873**	**$1,142,828,113**
General Services Fund				
5C9	600-671	Medicaid Program Support	$73,015,021	$63,947,536
		General Services Fund Subtotal	**$73,015,021**	**$63,947,536**
Total Funding: Health Care			**$13,321,438,161**	**$13,654,775,608**

* Amount does not reflect total appropriation because the line item is used to fund other program series.

The Medicaid program as a whole provides packages of health care coverage to certain low-income Ohioans. The Executive Blue Book divides the Medicaid program into several programs. However, each individual program is closely related to others in many respects. For example, the nursing facilities franchise permit fees are collected under Program 5.03, Care Within Institutional Settings, but the franchise permit fee revenue is disbursed among three different programs. Similarly, spending for prescription drugs is budgeted under Program 5.01, Fee for Service, but the prescription drug rebate revenue is used in two different programs. To avoid confusion, LSC believes it is more useful to look at the Medicaid program in terms of subject of interest.

The LSC analysis focuses on the following subjects of interest within the Health Care (Medicaid) program series:

- ***Medicare Part D***
- ***Eliminating the Parent Expansion***
- ***Community-Based Providers***
- ***Elimination of Certain Medicaid Optional Services***
- ***Inpatient Hospitals***
- ***Medicaid Prescription Drug Services***
- ***Program Integrity***
- ***Medicare Premium Assistance Program***
- ***Disability Medical Assistance (DMA) Program***
- ***Medicaid Estate Recovery Program***
- ***Medicaid Managed Care***
- ***Enhanced Care Management (ECM)***
- ***Long Term Care***
- ***Assisted Living Medicaid Waiver***
- ***Ohio Home Care Program***
- ***Ohio Access Success Project***
- ***Program of All-Inclusive Care for the Elderly (PACE)***
- ***Upper Payment Limits***
- ***Disproportionate Share Hospitals (DSH)***
- ***Hospital Care Assurance Program (HCAP)***
- ***Institutions for Mental Disease/Disproportionate Share Hospitals (IMD/DSH)***
- ***Client Registry Information System Enhanced (CRIS-E)***
- ***Medicaid Management Information System (MMIS)/Health Information Portability and Accountability Act (HIPAA)***
- ***Administration***
- ***Ohio's Best Rx Program***

Medicare Part D

Dual Eligibles: Medicaid's Role for Low-Income Medicare Beneficiaries

More than 200,000 older or younger persons with disabilities in Ohio in 2002 participated in both Medicare and Medicaid. Often referred to as "dual eligibles," these individuals account for approximately 13% of total Medicaid enrollment but more than 40% of Medicaid expenditures in Ohio.[4] Medicaid plays

[4] LSC's computation is based on data from: (1) "Shifting the Cost of Dual Eligibles: Implications for State and the Federal Government," Brian Bruen and John Holahan, November 2003, The Henry J. Kaiser Family Foundation,

different roles for different types of dual eligibles. Most dual eligibles qualify for full Medicaid benefits. For these individuals, Medicaid helps to fill in some of the gaps in Medicare coverage by paying for services that are not part of the standard Medicare benefit package, such as prescription drugs (until January 1, 2006) and most long-term care services. These individuals account for most of the costs to Medicaid for dual eligibles. For other dual eligibles that do not qualify for full Medicaid benefits, Medicaid helps to make Medicare more affordable by providing assistance with Medicare premiums, deductibles, and other co-insurance requirements. Whether they qualify for full benefits or more limited assistance, most dual eligibles are very low-income individuals—typically have income of less than $10,000 a year, and often face serious health challenges such as diabetes, heart disease, dementia, or a severe mental illness. Close to one in four dual eligibles lives in a nursing home.[5]

In Ohio, the Department of Job and Family Services administers the "Medicare Premium Assistance Program" as a part of the Medicaid program to pay Medicare premiums, deductibles, and co-insurance for certain low-income individuals enrolled in Medicare. Sometimes it is also called the "Medicare Buy-In" program.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA)

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) represents the most significant change to the Medicare program since its inception in 1965. Among a number of provisions in MMA, it establishes a new "Part D" in Medicare that gives people access to a private Medicare prescription drug plan. The new Medicare pharmacy benefit, which will provide drug coverage for many individuals that previously had none, also has broad implications for states. For the first time since 1965, a specific Medicare benefit will be financed in significant part by state payments. The MMA requires state Medicaid programs to determine eligibility for new groups of low-income Medicare beneficiaries, and to contribute to the cost of federal prescription drug coverage for dual eligibles.

Pharmacy Benefits under Medicare Part D

Like all other Medicare beneficiaries, dual eligibles will have access to the universal Medicare prescription drug benefit when it goes into effect on January 1, 2006. Medicaid will no longer pay for prescription drugs for dual eligibles as of January 1, 2006. They are to obtain their drug coverage by enrolling in one of the new Medicare drug plans. Dual eligibles can sign up for a Medicare drug on their own, but, if they do not do so, the Secretary of U.S. Health and Human Services is required to automatically enroll them in a plan on a random basis.

Under Medicare Part D, low-income subsidies will be determined by either the state as defined under the state Medicaid plan or by the Social Security Administration. The new Part D benefit has different eligibility requirements than those required by states for partial dual eligibles (i.e., persons for whom Medicaid pays some portion or all of Medicare premiums and/or cost-sharing). The table on the next page shows the eligibility requirements and benefits for dual eligibles and Medicare Part D.

---

(2) the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form CMS-64), Centers for Medicare and Medicaid Services, and (3) ODJFS' forecast document.

[5] Source: "The New Medicare Prescription Drug Law: Issues for Enrolling Dual Eligibles into Drug Plans," Richard Jensen, January 2005, The Henry J. Kaiser Family Foundation.

Eligibility Requirements and Benefits for Dual Eligibles and Medicare Part D Low-Income Assistance				
Program	**Income as % of FPG**	**Assets Individual /Couple**	**Current Medicaid Benefits**	**Medicare Part D**
SSI Cash Assistance	<75%	$2,000 $3,000	Full Medicaid coverage, including prescription drugs	No premium if select average or low cost plan No deductible No co-pay for institutionalized Indexed co-pay of $1/generic and $3/brand name No co-pay above catastrophic limit
Qualified Medicare Beneficiary (QMB)	<100%	$4,000 $6,000	Medicaid pays Part B premium and cost sharing	No premium if select average or low cost plan No deductible No co-pay for institutionalized Indexed co-pay of $2/generic and $5/brand name No co-pay above catastrophic limit
Specified Low Income Medicare (SLMB)	100%-120%	$4,000 $6,000	Medicaid pays Part B premium	No premium No deductible Indexed co-pay: $2/generic and $5/brand name
Qualifying Individuals Program (QI-I)	120%-135%	$4,000 $6,000	Medicaid pays portion of Part B premium	
Part D Lowest-Income Subsidies	<135%	$6,000 $9,000		
Part D Lowest-Income Subsidies	135%-150%	$10,000 $20,000		Sliding scale premium $50 deductible 15% co-insurance to catastrophic limit Indexed co-pay: $2/generic and $5/brand name

Source: States' Issues and Concerns with Implementation of Medicare Part D Prescription Drug Coverage, Summary of an Audio Conference with States, Rutgers Center for State Health Policy, May 2004

Phased-Down State Contribution (Clawback)

The mechanism through which the states will help finance the new Medicare drug benefit is popularly known as the "clawback" (the statutory term is "phased-down State contribution"). In brief, the clawback is a monthly payment made by each state to the federal Medicare program beginning in January 2006. The amount of each state's payment roughly reflects the expenditures of its own funds that the state would make if it continued to pay for outpatient prescription drugs through Medicaid on behalf of dual eligibles.[6]

Currently, outpatient prescription drug coverage is provided to dual eligibles through Medicaid; in Ohio, the federal government pays its financial share of about 59% (the FMAP), and the state pays the

[6] "The 'Clawback:' State Financing of Medicare Drug Coverage," Andy Schneider, June 2004, The Henry J. Kaiser Family Foundation.

remaining 41% of the cost of this coverage. Approximately 180,000 low-income Medicare beneficiaries were enrolled in Medicaid in 2002 in Ohio for full coverage, including nursing home care and outpatient prescription drugs. Ohio spent approximately $500 million all funds ($204 million state share) on prescription drug coverage for dual eligibles in 2002. The $500 million represented more than 5% of total Medicaid spending and more than 40% of total Medicaid spending for drugs.[7] The actual clawback will be calculated using CY 2003 expenditures, inflated to 2006.

Effective January 2006, Medicare Part D, not Medicaid, will offer outpatient prescription drug coverage to dual eligibles. As of that date, federal Medicaid matching funds will no longer be available for the cost of outpatient prescription drugs for dual eligibles. The state share of these costs is the subject of the clawback. States are required to pay the federal government 90% of their estimated state shares in 2006; over the following nine years, this proportion is reduced to 75%. Thereafter, the proportion remains at 75%.

Phase-Down Percentage	
Calendar Year	Percentage
2006	90%
2007	88.33%
2008	86.67%
2010	83.33%
2011	81.67%
2012	80%
2013	78.33%
2014	76.67%
2015 and thereafter	75%

A state's clawback payment for any given month is equal to the product of a three-part multiplication:

Payment = (PCE/12) X DE X P%

Per Capita Expenditures (PCE): This is the state's share of its per capita Medicaid expenditure for covered drugs for dual eligibles in calendar year (CY) 2003, increased by the growth in per capita prescription drug spending nationally, and adjusted for the change in the state's relevant FMAP. In calculating the state Medicaid per capita expenditures for prescription drugs for dual eligibles in CY 2003, it must include pharmacist dispensing fees, adjust for manufacturer rebates, and exclude any expenditures for drugs not covered under Part D.

Dual Eligibles (DE): This is the number of dual eligibles in the month who are enrolled in the Part D program and have been determined by the state to be eligible for full Medicaid benefits, not just subsidies for Medicare premiums and cost sharing.

[7] These figures and percentages are computed based on data from (1) "The 'Clawback:' State Financing of Medicare Drug Coverage," Andy Schneider, June 2004, The Henry J. Kaiser Family Foundation; (2) the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form CMS-64), Centers for Medicare and Medicaid Services; and (3) the Ohio Department of Job and Family Services' forecast document.

Phase-Down Percentage (P%): This is the phase-down percentage for the year specified in the MMA. It declines from 90% in CY 2006 to 75% in CY 2015 and thereafter.

For example, if, in January 2006, Ohio has 190,000 dual eligibles enrolled in Part D plans, and if the per capita Medicaid spending for prescription drugs for dual eligibles (2003 trended forward) were $1,800 then the Ohio's payment amount for the month would be $25.7 million.

$25.7 million = ($1,800/12) X 190,000 X 90%

Implications for States

The clawback is only one of a number of provisions in MMA that affects states, ranging from new administrative responsibilities for the Part D low-income subsidy program to additional federal matching funds for disproportionate share hospital (DSH) payments to subsidies for state employee retirement benefits programs. Of all these provisions, however, the clawback has the most significant fiscal and policy implications.[8]

Clawback Calculation: As mentioned above, the clawback payment relies on a PCE amount that is determined by each state's Medicaid spending for outpatient prescription drugs for dual eligibles in CY 2003. States such as Ohio, which had high per capita drug spending on dual eligibles in CY 2003, would have its clawback amounts calculated each year using this high amount. The MMA does not permit CMS to rebase the PCE amount for 2004 or 2005. Thus, a state like Ohio that implemented prescription drug cost containment measures in 2003 or subsequent years could not reduce its PCE amount in 2006, even if it succeeded in reducing its per capita spending on Medicaid drugs for dual eligibles during 2004 or 2005. As a result, a state with high per capita drug spending in 2003 would be at a permanent disadvantage. Moreover, this disadvantage would grow each year as the trend factor—the annual rate of increase in per capita national prescription drug spending on all populations—is applied.

The application of a uniform national trend factor creates another problem, regardless of whether a state's PCE amount for 2003 is high or low. If the rate of increase in a state's Medicaid drug spending on dual eligibles is less than the annual rate of increase in prescription drug spending nationally for all populations, then it will eventually produce a clawback payment amount that exceeds a state's actual savings from no longer covering prescription drugs for duals through its Medicaid program.

In short, the more effective a state is in managing the costs of its prescription drug benefit in the future, the more likely it is that the state's clawback payments will exceed its savings from Medicare Part D coverage. Although the fiscal burden of this potential mismatch is somewhat mitigated by the application of the phase-down percentage (e.g., 90% in 2006, declining over time to 75%), the payment could nonetheless result in a monthly state payment obligation in excess of actual state savings.[9]

Loss of Prescription Drug Purchasing Power: In Ohio, spending on drugs for the dual eligibles accounted for approximately 40% to 50% of total Medicaid spending on drugs. Once the Medicare Part D Benefit is implemented, the drug costs for the dual eligibles will no longer be managed by states. This

[8] "The 'Clawback:' State Financing of Medicare Drug Coverage," Andy Schneider, June 2004, The Henry J. Kaiser Family Foundation.

[9] Ibid.

loss of volume in drug purchasing could have a significant impact on Ohio's cost containment strategies such as the Preferred Drug List, and Supplemental Drug Rebates.

Woodwork Potential: States can anticipate a woodwork effect as a result of the new Part D benefits. More individuals may apply for Medicaid coverage because of the increased benefits with Part D. In fact, under the MMA, states are obligated to screen Part D eligibles for other low-income programs and must enroll them if they are determined to be eligible. Because more individuals may become dually eligible, states are likely to have increased costs.

Impact on Ohio's Medicaid Costs

Impact on Medicaid Spending: To determine the impact of the new Medicare Part D benefits on Ohio's Medicaid costs one must calculate the difference between what drug expenses that would have occurred had Medicare Part D not been enacted and what drug expenses will incur because of Medicare Part D. The following table shows the Executive's estimates of the impact:

Medicare Part D Impact on the Medicaid Spending*

	FY 2006		FY 2007	
	All Funds: State & Fed	State Share Only	All Funds: State & Fed	State Share Only
Expenses Incurred Because of Medicare Part D				
Clawback Payment	$155,349,266	$155,349,266	$339,578,325	$339,578,325
Woodwork Effect	$11,371,487	$4,562,241	$40,751,406	$16,349,464
Receipt of Accrued Rebates	($147,295,698)	($59,095,034)	$0	$0
Loss of Drug Rebates	$0	$0	$29,660,869	$11,899,941
Claims Runout	$63,501,411	$25,476,766	$0	$0
Subtotal	***$82,926,466***	***$126,293,239***	***$409,990,600***	***$367,827,730***
Expenses that Would Have Occurred Had Medicare Part D not Been Enacted				
Rebates	($147,295,698)	($59,095,034)	($323,355,173)	($129,730,095)
Rx Cost	$503,233,168	$201,897,147	$1,101,398,834	$441,881,212
Subtotal	***$355,937,470***	***$142,802,113***	***$778,043,661***	***$312,151,117***
NET Impact to State GRF Spending as a Result of Medicare Part D	**$273,011,004**	**$16,508,874**	**$368,053,061**	**($55,676,613)**

* These estimates are provided by ODJFS.

The Executive estimates that the state would have had to spend $355.9 million all funds ($142.8 million state share) in FY 2006 on drugs for dual eligibles had Medicare Part D not been enacted. The Executive estimates that the state will spend $82.9 million all funds ($126.3 million state share) in FY 2006 on Medicaid because of Medicare Part D. The $82.9 million accounts for the $155.3 million of the clawback payment (state share only), receipt of accrued rebates, woodwork effect, and claims run out (i.e., the payments for prescriptions filled prior to the start of Part D). There is no federal reimbursement for the clawback payment. Thus, the net impact to the state in FY 2006 as a result of the Medicare Part D is a ***savings*** of $273 million all funds ($16.5 million state share).

The Executive also estimates that the state would have had to spend $778.0 million all funds ($312.1 million state share) in FY 2007 on drugs for dual eligibles had Medicare Part D not been enacted. It estimates that the state will spend $410.0 million all funds ($367.8 million state share) in FY 2007 on Medicaid because of Medicare Part D. The $410.0 million accounts for the $340.0 million of the clawback payment (state share only), loss of rebates, and woodwork effect. Thus, the net impact to the

state in FY 2007 as a result of the Medicare Part D is a ***savings*** of $368.0 million all funds (an ***additional expense*** of $55.7 million state share).

Impact on Appropriation Items: The Executive budget proposes accounting changes to reflect the impact of Medicare Part D as follows.

- Prescription drug expenditures for dual-eligible individuals will no longer be paid out of appropriation item 600-525, Health Care/Medicaid.
- A new appropriation item, 600-526, Medicare Part D, will be used to make the clawback payment to the federal government.
- Since the federal government will be paying the drug costs for dual-eligible individuals, the federal reimbursement will no longer flow through the state's budget lowering the federal share of appropriation item 600-525, Heath Care/Medicaid.
- The state will not receive the drug rebates for dual eligibles, lowering the revenue in appropriation item 600-692, Health Care Services. There is no impact in FY 2006 because rebates are received two quarters after payment and Medicare Part D does not take effect until the third quarter of FY 2006.

To illustrate changes in funding levels, the table below shows appropriation item 600-525 prior to the Medicare Part D impact and after the Medicare Part D impact.

Medicare Part D Impact on the ALI 600-525, Health Care/Medicaid		
	FY 2006	**FY 2007**
Prior to Medicare Part D		
ALI 600-525*	$9,848,953,187	$10,291,764,638
state share	$3,945,523,208	$4,102,422,390
federal share	$5,903,429,979	$6,189,342,248
Medicare Part D Impact		
Total	$273,011,004	$368,053,061
state share	$16,508,874	($55,676,613)
federal share	$256,502,130	$423,729,674
Post Medicare Part D *(if separate ALI 600-526 is not established)*		
ALI 600-525	$9,575,942,183	$9,923,711,577
state share	$3,929,014,334	$4,158,099,003
federal share	$5,646,927,849	$5,765,612,574
Post Medicare Part D *(In the Executive's budget proposal)*		
ALI 600-525	$9,420,592,917	$9,584,133,252
state share	$3,773,665,068	$3,818,520,678
federal share	$5,646,927,849	$5,765,612,574
ALI 600-526, Medicare Part D	$155,349,266	$339,578,325
* amounts are net of cost containment initiatives		

The appropriation for 600-525 for FY 2006 that is comparable to past years' appropriations is $9,575.9 million all funds ($3,929.0 million state share). The appropriation for 600-525 for FY 2007 that is comparable to past years' appropriations is $9,923.7 million all funds ($4,158.1 million state share).

The Executive establishes a new appropriation item to make clawback payments to the federal government. The new appropriation item 600-526, Medicare Part D, is state share only. There is no federal reimbursement for the clawback payment. The amounts appropriated in 600-526 are subtracted from 600-525 from both the "all funds" and "state share" accordingly.

Eliminating the Parent Expansion

In July 2000, income eligibility for parents was increased from between 70% and 90% of the federal poverty guideline (FPG) to 100% of the FPG. The executive budget recommends that income eligibility for parents be reduced to 90% of the FPG. As a result, approximately 25,000 parents are expected to lose coverage; however, in accordance with federal requirements, many of these Medicaid recipients would be eligible for Transitional Medicaid for a six-month period, and some could be eligible for another six-month period beyond that.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $8.6 million all funds ($3.4 million state share) in FY 2006 and $84.4 million all funds ($33.9 million state share) in FY 2007 as a result of the reduction.

Temporary and Permanent Law Provisions:

Medicaid Eligibility Reduction for Parents - Primarily R.C. 5111.019 and Section 206.66.39 of the bill

H.B. 66, As Introduced, requires the Director of ODJFS to seek federal approval to reduce to 90% of the FPG the family income the parent of a child under age 19 may have and remain eligible for Medicaid.

Community-Based Providers

Many community-based Medicaid providers experienced no rate increase in the FY 2004-2005 biennium. The executive budget assumes that reimbursement rates for Medicaid providers would be held to no increase for FYs 2006 and 2007, except for a select number of provider types who may receive annual increases in accordance with federal policy mandates or contracts negotiated through non-ODJFS administrative systems.

The reimbursement rates for community-based providers are adjusted through administrative rules; no statutory change is necessary.

Elimination of Certain Medicaid Optional Services

H.B. 95 of the 125th General Assembly (the FY 2004-2005 biennial budget act) eliminated two optional services for adults: chiropractic care and psychologist services, effective January 1, 2004.

For the FY 2006 and 2007 biennium, the executive budget proposes to eliminate dental and vision care for adults. Federal regulation requires that state Medicaid programs provide a full range of medically necessary services to children. Thus, the executive budget recommendation includes elimination of these services for adults only. The regulations for dental and vision care are in administrative rules; therefore, no statutory changes are necessary for the elimination of these services.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately (1) $49.8 million all funds ($20.0 million state share) in FY 2006 and $114.8 million all funds ($46.0 million state share) in FY 2007 by eliminating dental care; and (2) $6.5 million all funds ($2.6 million state share) in FY 2006 and $15.5 million all funds ($6.2 million state share) in FY 2007 by eliminating vision care.

Temporary and Permanent Law Provisions:

Elimination of Certain Medicaid Dental and Vision Services (Section 206.66.45 of the bill)

H.B. 66, As Introduced, requires the Director of ODJFS to amend the State Medicaid Plan to eliminate coverage of dental and vision care services for individuals age 21 or older for whom those services are not required by federal Medicaid law.

Inpatient Hospitals

Freezing Inpatient Hospital Reimbursement Rates: H.B. 95 of the 125th General Assembly allowed no increase in rates for inpatient hospital services provided by general hospitals until January 2005. However, the bill also required ODJFS to pay to each children's hospital participating in the Medicaid program an inflation adjustment.

The executive budget proposes to freeze inpatient hospital reimbursement rates in FYs 2006 and 2007 at the FY 2005 level.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $20.7 million all funds ($8.3 million state share) in FY 2006 and $75.7 million all funds ($30.4 million state share) in FY 2007 as a result of this initiative.

No Exceeding the Medicaid Maximum Reimbursement Level: The executive budget also proposes for ODJFS to ensure that inpatient hospital crossover payments for dual-eligible individuals, those who qualify for both Medicare and Medicaid, do not exceed the Medicaid maximum reimbursement level. The Medicaid maximum is a rate set by ODJFS. It is the amount that state Medicaid would pay a given facility for a given service.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $30.0 million all funds ($12.0 million state share) in FY 2006 and in FY 2007 as a result of this initiative.

Temporary and Permanent Law Provisions:

The reimbursement rates for hospitals are adjusted through administrative rules; no statutory change is necessary for the freeze. In addition, inpatient hospital rates are adjusted on a calendar year basis, rather than a fiscal year basis.

Medicaid Prescription Drug Services

Ohio Medicaid prescription drug services presently encompasses over 25,500 line items of drugs from nearly 300 different therapeutic categories. Pharmacy claims are processed by First Health Services in an on-line, real-time environment, which allows the dispensing pharmacist access to the terms of coverage. In the event a particular drug is not approved, the dispensing pharmacist can notify the prescribing physician of possible alternatives in a timely fashion. The prescribing physician may choose an alternative product or may call a designated toll-free number to request prior authorization for the product originally prescribed.

Prescription Drug Reimbursement Rates: Medicaid presently pays 9% above the wholesale acquisition cost (WAC) for brand name drugs. The executive budget proposes to reduce this by 2% in FY 2006 to 7% above the WAC.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $14.7 million all funds ($5.9 million state share) in FY 2006 and $23.7 million all funds ($9.5 million state share) in FY 2007 as a result of this reduction.

Pharmacy Tablet Splitting: Effective October 1, 2004, ODJFS implemented "Pharmacy Tablet Splitting" under its Medicaid prescription drug program. ODJFS requires that Lexapro 10 mg, Paxil 20 mg, and Zoloft 50 mg tablets be unavailable without prior authorization. For these drugs, the

prescriber must direct the patient to take one-half tablet of the higher strength. Prescribers and pharmacies are encouraged to educate patients on the proper technique to split tablets. Prior authorization for the restricted strengths is available for patients unable to split tablets due to physical or other limitations, or for patients requiring complicated dosing regimens during dose titration.

The executive budget proposes to continue mandating tablet splitting for prescriptions for Zoloft 100 mg, Lexapro 20 mg, Paxil 40 mg, and Paroxetine (generic Paxil) 40 mg. The state is charged the same amount for a 100 mg or 50 mg dose. Therefore, the prescription can be filled with half as many 100 mg doses and then split and taken in 50 mg doses, cutting the cost in half.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $10.7 million all funds ($4.3 million state share) in FY 2006 and $11.7 million all funds ($4.7 million state share) in FY 2007 by tablet splitting.

Supplemental Drug Rebates and Preferred Drug List (PDL): S.B.261 of 124th General Assembly authorized ODJFS to establish a supplemental drug rebate program under which drug manufacturers may be required to provide a supplemental rebate to the state as a condition of having their products covered by Medicaid without prior approval. H.B. 95 of the 125th General Assembly continued this provision of the law and allowed the full implementation of the supplemental rebate program and a PDL.

These programs were initiated in April 2003; however, it was expected that a preferred drug list would not be designated for all drug classes immediately. ODJFS is working on the development of a more refined PDL. ODJFS designates the most clinically and cost effective drug as the preferred drug in a class; in some cases, more than one drug may be designated as preferred. All other (nonpreferred) drugs in that class remain covered; however, prior authorization from the Medicaid pharmacy benefit manager is necessary in order to obtain a prescribed, nonpreferred drug. ODJFS seeks supplemental rebates from manufacturers for preferred prescription drugs.

The Executive recommends elimination of a requirement that any drug product used to treat mental illness or HIV or AIDS be exempted from the supplemental drug rebate program.

Fiscal Effect: The Executive estimates that the state could generate revenue totaling approximately $29.6 million all funds ($11.9 million state share) in FY 2007 as a result of this initiative.

Co-Payments for Drugs on the PDL: H.B. 95 of the 125th General Assembly allowed ODJFS to establish co-payments for prescription drugs that are not included on the PDL. Beginning January 1, 2004, certain Medicaid consumers are charged co-payments for prescription drugs that are not found on the PDL. These co-payments are sought only from those recipients who are eligible for cost sharing under federal requirements. Services for children and those related to pregnancy are federally exempt from co-payments, as are services for adults who reside in institutional settings. ODJFS does not actually collect the co-payments. Instead the pharmacist's reimbursement is reduced by the amount of the co-payments. The Executive proposes to charge a co-payment for drugs on the PDL.

Fiscal Effect: The Executive estimates that the state could generate revenue totaling approximately $10.0 million all funds ($4.0 million state share) in FY 2006 and $24.8 million all funds ($9.9 million state share) in FY 2007 from these co-payments.

Temporary and Permanent Law Provisions:

Medicare Part D - Section 206.66.54 of the bill

H.B. 66, As Introduced, allows ODJFS to use the new appropriation item 600-526, Medicare Part D, for the implementation and operation of the Medicare Part D requirements. Upon the request of ODJFS, the Director of Budget and Management may increase the state share of appropriations in either appropriation item 600-525, Health Care/Medicaid, or 600-526, Medicare Part D, with a corresponding decrease in the state share of the other appropriation item. If the state share of appropriation item 600-525 is adjusted, the Director of Budget and Management must adjust the federal share accordingly.

Department of Job and Family Services' Duties under Medicare Prescription Drug, Improvement, and Modernization Act - Primarily R.C. 5111.98; Ancillary R.C. 329.04

H.B. 66, As Introduced, permits the Director of ODJFS to do all of the following as necessary for the Department to fulfill its duties under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003:

- adopt rules;
- assign duties to county departments of job and family services; and
- make payments to the United States Department of Health and Human Services.

Supplemental Drug Rebate Program - R.C. 5111.082

H.B. 66, As Introduced, eliminates a requirement that any drug product used to treat mental illness or HIV or AIDS be exempted from the supplemental drug rebate program.

Retail Pharmacy Operations Survey for Medicaid - R.C. 5110.352 and 5111.071 (renumbered 5111.07); R.C. 5111.07 (repealed)

H.B. 66, As Introduced, eliminates the requirement that ODJFS, every two years, initiate a survey of retail pharmacy operations for the purpose of helping the Department establish the Medicaid dispensing fee for pharmacists.

Program Integrity

On January 26, 2005, the Ohio Inspector General's (OIG) office reported its findings from a recent investigation of Medicaid. The OIG initiated the investigation upon learning of a number of allegations related to the operations of the state Medicaid Surveillance and Utilization Review Section (SURS) of ODJFS. The investigation revealed a number of operational concerns within the SURS, which, OIG believes, contributed to the failure of state officials to return tens of millions of dollars to the state. It also revealed serious issues related to the direction and integrity of the administration of several aspects of this program.

In response to the report, ODJFS has identified an implementation plan to address the detection and recovery of Medicaid fraud or over-billing. This implementation plan contains both immediate and long-term solutions. Among them, ODJFS has proposed through the executive budget to change several provisions of the Ohio Revised Code to enhance the program integrity activities.

Temporary and Permanent Law Provisions:

Abandoned Medicaid Provider Agreements - R.C. 5111.06

H.B. 66, As Introduced, permits ODJFS to terminate or not renew a Medicaid provider agreement without an administrative hearing if the provider has not submitted claims for two or more years and cannot be located.

Recovery of Medicaid Overpayments by ODJFS - R.C. 5111.06 and 5111.061

H.B. 66, As Introduced:

- permits ODJFS to recover overpayments made to Medicaid providers;
- allows the overpayments to be recovered at any time, including before or after a final fiscal audit or other finding has been adjudicated; and
- specifies that subsequent audits or findings must be reduced by the amount of any overpayments collected.

Recovery of Medicaid Overpayments by Other Agencies - R.C. 5111.06 and 5111.194

H.B. 66, As Introduced:

- permits a state agency that administers a component of the Medicaid program to commence actions to recover overpayments;
- requires the agency to seek voluntary repayment by negotiating a settlement and, if voluntary repayment cannot be achieved, requires the agency to conduct administrative hearings; and
- requires ODJFS to approve any negotiated settlement and to issue any final order resulting from an administrative hearing conducted by the other state agency.

Final Orders When No Medicaid Hearing is Requested - R.C. 5111.062 and 5111.914

H.B. 66, As Introduced:

- permits ODJFS to issue final administrative orders under the Medicaid program without a hearing when notice of an opportunity for a hearing has been provided but the notified entity does not request a hearing or timely make the request; and
- applies the same provision to state agencies seeking recovery of overpayments identified in administering components of the Medicaid program.

Corrective Action Plans and Sanctions Regarding Medicaid Services - primarily R.C. 5111.02; ancillary R.C. sections: 317.08, 317.36, 340.03, 340.16, 5107.26, 5111.02 (renumbered 5111.021), 5111.021 (renumbered 5111.022), 5111.022 (renumbered 5111.023), 5111.023 (renumbered 5111.0114), 5111.025, and 5119.61

H.B. 66, As Introduced:

- requires the Director of ODJFS to adopt rules establishing procedures for enforcing rules governing services included in the state Medicaid plan, including procedures for corrective action plans for, and imposing sanctions on, violators of the rules; and

- permits the Director to conduct reviews of the Medicaid program.

Medicare Premium Assistance Program

ODJFS administers the "Medicare Premium Assistance Program" as a part of the Medicaid program to pay Medicare premiums, deductibles, and co-insurance for certain low-income individuals enrolled in Medicare. Sometimes it is also called the "Medicare Buy-In" program. The Medicare Premium Assistance Program offers three types of assistance. These types are:

1. Qualified Medicare Beneficiary (QMB);

2. Specified Low-Income Medicare Beneficiary (SLMB); and

3. Qualified Individual-1 (QI-1).

The income guidelines and asset limits for these programs are summarized in the table below.

	Monthly Income Guidelines*	
	Individual	**Couple**
	Monthly Income Limits	
QMB	$776 or less	$1,041 or less
SLMB	$777 - $931	$1,042 - $1,249
QI-1	$932 - $1,048	$1,250 - $1,406
	Asset Limits	
	$4,000	$6,000

*Income based on 2004 Federal Poverty Guideline.

A Qualified Medicare Beneficiary (QMB) is a Medicare recipient who is eligible for payment of his/her Medicare premium(s), co-insurance, and deductibles. QMB is for individuals who:

- are eligible for Medicare Part A (hospital insurance);

- have countable monthly income that does not exceed 100% of the FPG;

- meet the asset limit requirements; and

- meet the general eligibility requirements for Medicaid (e.g., social security enumeration, citizenship, residency).

The QMB program does not provide retroactive payments to participants.

A Specified Low-Income Medicare Beneficiary (SLMB) is a Medicare recipient who is eligible for payment of their Medicare Part B (Supplemental Medical Insurance) premium only. To be eligible for SLMB, an individual must:

- be eligible for Medicare Part A (hospital insurance);
- have countable income between 100% and 120% FPG;
- meet the asset limit requirements; and
- meet the general eligibility requirements for Medicaid.

Retroactive SLMB payments are available for up to three months prior to the month of application.

A Qualified Individual-1 (QI-1) is a Medicare recipient who is eligible for payment of their Medicare Part B (Supplemental Medical Insurance) premium only. QI-1 is for individuals who:

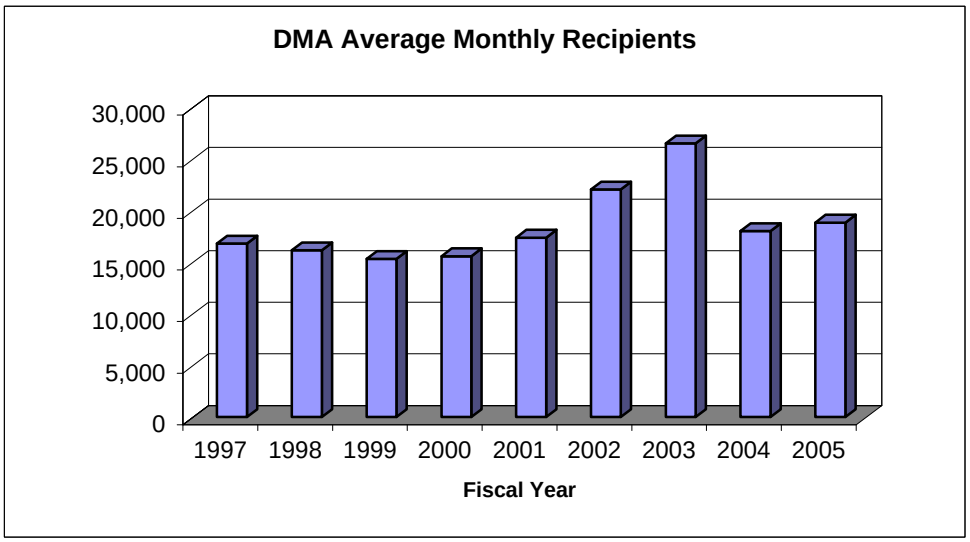
- have countable monthly income between 120% and 135% FPG;
- meet the asset limit requirements; and
- meet the general eligibility requirements for Medicaid.

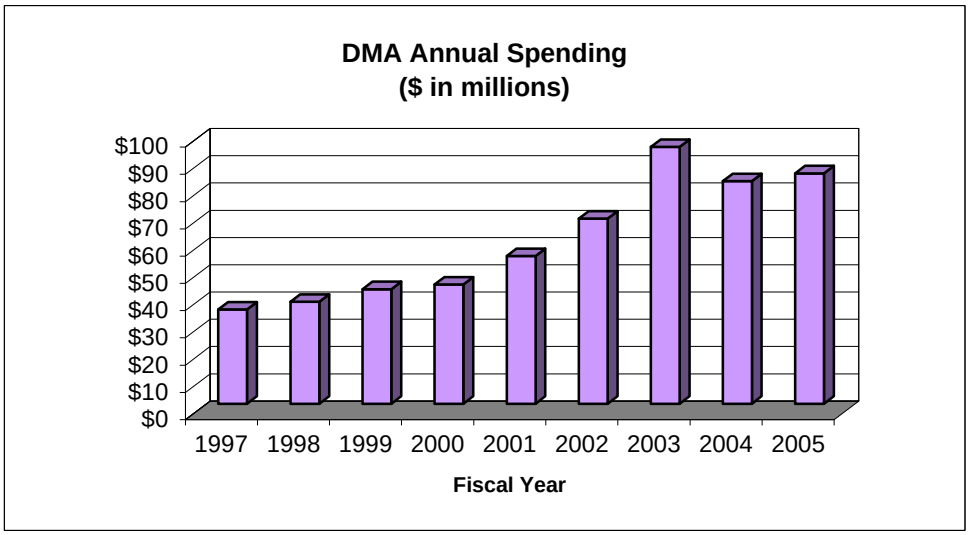
Retroactive QI-1 payments are available for up to three months prior to the month of application, but not prior to January 1 of each year. In addition, the QI-1 program is 100% federally funded.

Disability Medical Assistance (DMA) Program

The Disability Medical Assistance program provides a limited health care benefit package to non-Medicaid eligible individuals based on income, resources, and severity of disability. The program supports individuals while they are applying for long-term federal disability benefits. The benefit package is a limited version of the primary- and acute-care services offered to consumers through Medicaid, and all services are received through the fee-for-service delivery system. Services are limited to prescription drugs, physician, clinic, restricted dental service, and restricted durable medical equipment services. Hospital services for this population are provided through the Hospital Care Assurance Program (HCAP).

Expenditures for the DMA program are not eligible for federal reimbursement because the recipients are not Medicaid eligible. As shown below, in the early 2000s, the DMA program experienced a period of significant growth, both in caseload and expenditures.





Elimination of the DMA Program:

H.B. 95 of the 125th General Assembly allowed the Director of ODJFS to enact reforms necessary to contain DMA costs. Ohio's DMA program now provides medical assistance to Ohioans who are medication dependent and not eligible for Medicaid. Because it is not a Medicaid program it is funded with 100% GRF. ODJFS froze enrollment beginning in July 2003. Under the freeze, ODJFS allowed no new enrollment and denied coverage to those who missed their eligibility re-determinations. Enrollment declined to less than half of what it was at the start of the biennium. Enrollment was open for a limited time early in FY 2005 and then closed again in order to keep costs within the $64 million GRF allocated to operate the program. However, despite the enrollment limits, DMA expenditures are projected to exceed $64 million in FY 2005 by $9 million in GRF. ODJFS expects the DMA program to serve 15,000 in FY 2005 on an average monthly basis.

Fiscal Effect: The executive budget proposes to eliminate the DMA program. The Executive estimates that the state could avoid costs totaling approximately $56.6 million (state share only) in FY 2006 and $83.1 million (state share only) in FY 2007 by eliminating the DMA program.

Back Billing of the DMA program: In FY 2005, ODJFS started back billing for DMA program claims that ODJFS can bill retroactively as Medicaid services. Approximately 25% of persons enrolled on the DMA program ultimately obtain Medicaid coverage and about 33% of DMA program spending is paid for services provided to those persons. Medicaid eligibility determinations for DMA recipients often take six months or more. Federal rules permit states to back bill for claims paid for up to two years for services rendered no more than three months before the recipient's initial date of application to Medicaid.

Fiscal Effect: In FY 2005, ODJFS expects this initiative to generate $20 million in additional revenue for the state. The Executive estimates that the state could generate revenue totaling approximately $33.0 million all funds ($13.3 million state share) in FY 2006, and $10.0 million all funds ($4.0 million state share) in FY 2007 as a result of this initiative.

Temporary and Permanent Law Provisions:

Elimination of the Disability Medical Assistance Program - R.C. 9.24, 127.16, 131.23, 323.01, 329.04, 329.051, 2305.234, 2744.05, 3111.04, 3119.54, 3317.029, 3317.10, 3702.74, 4123.27, 4731.65, 4731.71, 5101.181, 5101.26, 5101.31, 5101.36, 5110.01, 5110.05, 5112.03, 5112.08, 5112.17, 5115.20, 5115.22, 5115.23, and Section 206.66.42; R.C. 5115.10, 5115.11, 5115.12, 5115.13, and 5115.14 (repealed)

H.B. 66, As Introduced, terminates the Disability Medical Assistance Program effective October 1, 2005. The bill specifies ODJFS' duties and procedures to deal with issues associated with termination of the Program.

Medicaid Estate Recovery Program

The Medicaid Estate Recovery program recovers money paid for Medicaid services from a Medicaid recipient's estate after the recipient dies. In Ohio, ODJFS, which has delegated collection efforts to the Ohio Attorney General's Office (AGO), administers the estate recovery program. State law stipulates that 9% of amounts collected by the AGO are to be credited to the AGO Claims Fund and is to be used to pay expenses incurred by AGO. In addition, since Medicaid is a state-federal partnership program, ODJFS is required to return more than half of the money collected to the federal government for its financial share of the Medicaid services provided.

Federal Law Allows Medicaid Recipients to Retain Significant Resources: In order to be eligible for Medicaid long-term care benefits, an applicant's income and countable resources cannot exceed certain amounts. When determining whether an individual meets Medicaid resource standards, federal law requires states to temporarily exclude the applicant's primary residence and permanently exempt any other resource that is not available to pay for care. One reason this exclusion is granted is to allow the applicant's spouse or dependent children to have continued use of the home. A second reason this exclusion is granted is that the applicant may express intent to return to the home.[10]

[10] Commonwealth of Virginia, Medicaid Asset Transfers and Estate Recovery, Report of the Joint Legislative Audit and Review Commission, Senate Document No. 10, Richmond, Virginia, 1993.

Federal Law Permits States to Recover the Cost of Care: Federal law provides mechanisms by which a state may attempt to recover some of the costs of Medicaid from recipients. The Omnibus Budget Reconciliation Act (OBRA) of 1993 mandated that states set up programs to make claims and pursue recovery from the estates of certain Medicaid recipients for benefits paid on their behalf. To comply with OBRA 1993, Ohio passed laws in 1995 to implement the mandated estate recovery. Ohio designed its estate recovery program as conservatively as possible.[11] For example, it did not elect to exercise the federal options that allow states to expand the recoverable assets to include assets other than probate estate. It also limited collection to payments by Medicaid on a mandated set of services, not the entire list of claims paid by Medicaid for the recipient.[12] Furthermore, the state has the option to pursue the estate of a spouse or to place liens, but liens have yet to be imposed in Ohio on any recipient's property in conjunction with the Medicaid estate recovery program.[13]

Liens Placement: Liens can be used to prevent the recipient or the recipient's family members from selling the home without first satisfying the state's creditor interest. When necessary to track and recover assets from real property, liens are a tool in tracking the assets of the recipient's estate and avoiding hidden claims. Although the federal law of exempt assets is meant to ensure that the home remains in a Medicaid recipient's estate until the person's death, in reality homes are often transferred out of the estate prior to death, and recovery is not possible.[14] To limit the ability of individuals to transfer assets in order to qualify for Medicaid, U.S. Code Section 1396p of Title 42 addresses the extent to which a state may impose a lien on the property of a Medicaid recipient.

There are two types of liens under the estate recovery programs to protect the interest of the state: pre-death and post-death liens.

<u>Pre-death liens</u> are those imposed upon the homes of living beneficiaries of any age who have been determined (after given a notice and an opportunity for a hearing) to be "permanently institutionalized" and not likely to return home. Medicaid liens against the homestead of such living institutionalized individuals are called TEFRA liens, since these liens must follow rules set out in the Tax Equity and Fiscal Responsibility Act of 1982.

<u>Post-death liens</u> (also known as non-TEFRA liens, or estate liens) are often a part of the probate process. They must follow state law, although federal law dictates certain notice requirements. Federal law permits Ohio to file "post-death," or "estate recovery" liens against the real and personal property of

---

[11] "Medicaid Estate Planning and Estate Recovery in Ohio," p.2.

[12] Prior to the amendment to Ohio's section 5111.11 by Am. Sub. H.B. 215 of the 122nd General Assembly (effective September 29, 1997), only the federally mandated services were subject to recovery in Ohio for recipients, age 55 or older. Am. Sub. H.B. 215 of the 122nd General Assembly expanded to include estate recovery for all services correctly paid under the medical assistance program. This amendment was implemented for persons whose deaths were first recorded in July 1998.

[13] "Medicaid Estate Planning and Estate Recovery in Ohio," p. 19, 56.

[14] Medicaid Estate Recovery: A Survey of State Programs and Practices, by Charles P. Sabatino and Erica Wood, AARP Public Policy Institute #9615, September 1996.

persons who are permanently institutionalized, and those who received Medicaid services after age 55, whether or not they were received in an institution.[15]

Temporary and Permanent Law Provisions:

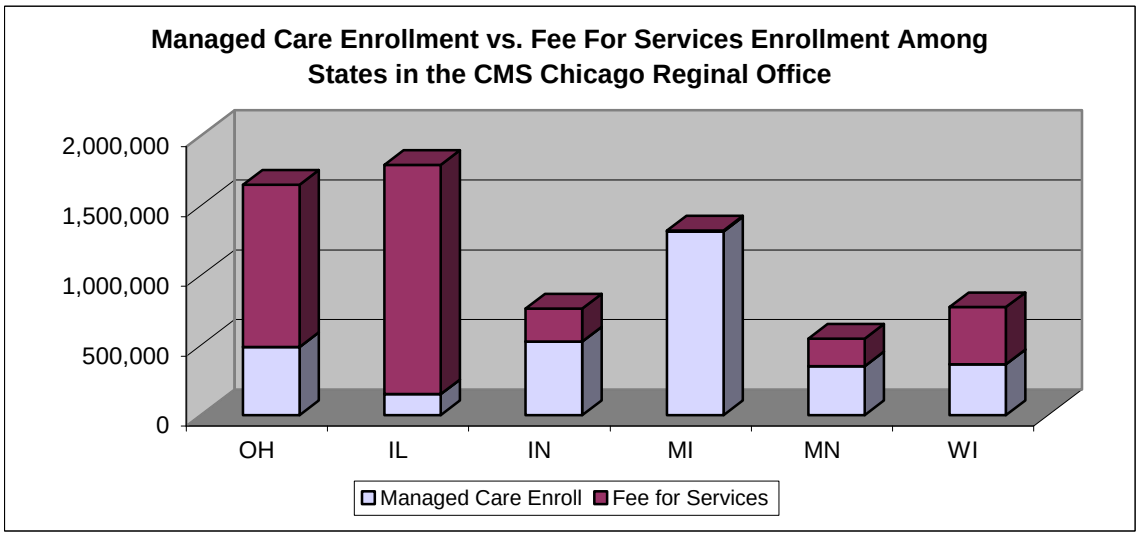
Medicaid Estate Recovery and Liens - primarily R.C. 5111.11; other R.C. sections: 2113.041; Section 206.66.48

H.B. 66, As Introduced, expands the Medicaid Estate Recovery Program to include any real and personal property and other assets in which an individual subject to recovery has any legal title or interest at the time of death, including assets conveyed to a survivor, heir, or assign of the individual through joint tenancy, tenancy in common, survivorship, life estate, living trust, or other arrangement.

The bill also revises Ohio Revised Code governing Medicaid estate recovery and liens to make it consistent with federal law.

Medicaid Managed Care

Ohio Medicaid has incorporated the use of managed care since 1978. Although Ohio has contracted with managed care plans since the late 1970s to provide care for certain Medicaid eligibles, the use of capitated rates was not given major emphasis in Ohio's program until the state received an 1115 demonstration waiver in January 1995. As one initiative of the federally approved OhioCare proposal, the state was given the freedom to require mandatory managed care enrollment by Covered Families and Children (CFC) Medicaid eligibles. Ohio Medicaid's experience with mandatory enrollment on a large scale began in 1996, with the implementation of the waiver. However, despite a concerted effort to attract new plans, limited interest and other obstacles have plagued the program. The chart below shows the managed care enrollment among states supervised by the Chicago Regional Office of the Centers for Medicare and Medicaid Services (CMS).



[15] "Medicaid Estate Planning and Estate Recovery in Ohio," p. 52.

Managed care offers an opportunity to assure access to a primary care provider, emphasize preventive care, and encourage the appropriate utilization of services in the most cost-effective settings. Primary and acute care services include prescription drugs, inpatient hospital services, outpatient hospital services, and physician services. Ohio Medicaid Managed Care Plans (MCPs) cover Medicaid recipients in the CFC category. The Department of Job and Family Services currently contracts with six MCPs that serve 15 Ohio counties. MCP membership is mandatory for the CFC population in 4 counties (Cuyahoga, Stark, Lucas, and Summit) and optional in the other 11 (Butler, Clark, Franklin, Greene, Hamilton, Lorain, Montgomery, Pickaway, Warren, and Wood). In FY 2004, Medicaid provided health care coverage to approximately 500,000 Ohioans per month through its Managed Care Program.

The Medicaid Managed Care Program has three different enrollment categories: mandatory, voluntary, and preferred option. In FY 2001, the state introduced Preferred Option. Under Preferred Option, recipients are automatically enrolled in managed care if they fail to select the traditional fee-for-service option.

The executive budget proposes:

- state-wide expansion of mandatory managed care for the CFC population;
- a 4.5% fee on each Medicaid provider's total revenues to help offset the state-wide managed care expansion; and
- prohibit ODJFS from making a Medicaid payment to a hospital for graduate medical education (GME) costs if the hospital refuses without good cause to contract with a managed care organization that provides services to Medicaid recipients.

The Executive expects to enroll 190,000 CFC in managed care in FY 2006 and an additional 500,000 in FY 2007.

Fiscal Effects: The Executive estimates that the state will need additional spending for the statewide expansion totaling approximately $32.2 million all funds ($12.9 million state share) in FY 2006 and $49.1 million all funds ($19.7 million state share) in FY 2007. The Executive also estimates that the state could generate revenue through the proposed managed care assessment fees totaling approximately $4.8 million all funds ($1.9 million state share) in FY 2006 and $124.6 million all funds ($50.0 million state share) in FY 2007 .

Medicaid Payments for GME Costs: Since the late 1940s, most states have appropriated general revenue funds for medical education. Historically, these funds largely have been directed to undergraduate training. However, since the inception of the Medicaid program in the middle 1960s, many states also have paid what they believe to be their fair share of clinical training or GME costs.

While Medicaid programs are not obligated to pay for GME, most states including Ohio historically have made these payments under their fee-for-service program. In fact, second to Medicare, Medicaid is the largest explicit payer of GME. Ohio and 14 other states also make Medicaid GME payments to teaching hospitals or other teaching programs under Medicaid managed care programs.

As stated above, the Executive recommends prohibiting ODJFS from making a Medicaid payment to a hospital for GME costs if the hospital refuses without good cause to contract with a managed care organization that provides health care services to Medicaid recipients.

Temporary and Permanent Law Provisions:

Medicaid Mandatory Managed Care Enrollment Service Areas - R.C. 5111.16

H.B. 66, As Introduced, allows ODJFS to designate one or more counties as an area where Medicaid recipients designated by ODJFS are required to enroll in a managed care organization.

Medicaid Managed Care Hospital Reimbursement Rate - R.C. 5111.176

H.B. 66, As Introduced:

- requires a hospital that participates in the Medicaid Program to provide services to Medicaid recipients in a mandatory managed care enrollment service area, even though the hospital does not have a contract with the managed care organization in which the recipients are enrolled;
- requires the managed care organization to reimburse the hospital for providing services according to a reimbursement rate that is the same as the reimbursement rate that ODJFS uses to reimburse the hospital for services provided to other Medicaid recipients;
- limits the managed care organization's reimbursement rate to services that have been approved by the organization; and
- specifies that the managed care organization is not restricted from contracting with the hospital for a different reimbursement rate.

Medicaid Payments for Graduate Medical Education Costs - R.C. 5111.19 and 5111.191; Section 206.66.51 of the bill

H.B. 66, As Introduced, prohibits ODJFS from making a Medicaid payment to a hospital for graduate medical education costs if the hospital refuses without good cause to contract with a managed care organization that provides, or arranges for the provision of, health care services to Medicaid recipients residing in the county, or a regional group of counties designated by the Department, in which the hospital is located.

Medicaid Managed Care Franchise Permit Fee - R.C. 5111.17 (not in the bill) and 5111.177

H.B. 66, As Introduced:

- requires Medicaid managed care organizations, beginning January 1, 2006, to pay a quarterly franchise permit fee to ODJFS to be used to pay for Medicaid services, administrative costs, and managed care contracts;
- provides for the fee to be 4.5% of the organization's quarterly managed care premiums, unless ODJFS adopts rules decreasing the percentage or increasing the percentage to not more than 6%; and
- permits ODJFS to take disciplinary actions against an organization for failing to pay the fee or failing to cooperate in an audit.

Enhanced Care Management (ECM)

Beginning October 1, 2004, the Medicaid Enhanced Care Management Program was implemented to provide care coordination and case management services to Aged, Blind or Disabled (ABD) Medicaid recipients with specified chronic and high-cost health conditions. The Department has established contracts with various health care organizations to work with local providers to assist these recipients in managing their condition.

As planned for implementation in FY 2005, the first phase of ECM program did not include people living in institutions, enrolled in a Medicaid waiver, or dual eligibles. The conditions covered under the Enhanced Care Management Program were selected based on the existence of standard clinical best practice guidelines and the potential for improvements in quality of care over a relatively short period of time. Covered conditions for adults are: asthma, diabetes, congestive heart failure, coronary artery disease, non-mild hypertension, and chronic obstructive pulmonary disease. Children with persistent asthma are also included.

Implementation of care management for high cost populations may result in savings to the state. However, it requires up-front expenditures on primary care, consumer education, and case management The executive budget proposes to expand the ECM program. The Executive expects that it will have an enrollment of 50,000 by the end of FY 2006, and 80,000 by the end of FY 2007.

Fiscal Effect: ODJFS estimates that the state will need approximately $6.4 million all funds ($2.6 million state share) both in FY 2006 and in FY 2007 in additional spending for the expansion. The Executive also expects ECM program to begin generating savings in FY 2007 for a small segment of the Medicaid ABD population.

Long-Term Care

Reimbursement Methodology for Nursing Facilities (NFs)

Current law requires ODJFS to pay the reasonable costs of services that a NF or ICF/MR with a Medicaid provider agreement provides to Medicaid recipients. The amount ODJFS pays an NF or ICF/MR is determined by formulas established in state law.

Nursing facility and ICF/MR services are divided into four different categories, referred to as cost centers in state law. Each cost center has its own Medicaid reimbursement formula. The four cost centers are capital, direct care, other protected, and indirect care costs.[16]

---

[16] Capital costs are the costs of ownership and nonextensive renovation. Cost of ownership covers the actual expense incurred for: (1) depreciation and interest on capital assets that cost $500 or more per item; (2) amortization and interest on land improvements and leasehold improvements; (3) amortization of financing costs; and (4) with certain exceptions, lease and rent of land, buildings, and equipment. Costs of nonextensive renovation covers the actual expense incurred for depreciation or amortization and interest on renovations that are not extensive.

Direct care costs include an NF or ICF/MR's costs for: (1) certain staff, including nurses, nurse aides, medical directors, and respiratory therapists; (2) purchased nursing services; (3) quality assurance; (4) training and staff development, employee benefits, payroll taxes, and workers' compensation premiums or costs for self-insurance claims; (5) consulting and management fees related to direct care; and (6) allocated direct care home office costs. In the case of an ICF/MR, direct care costs also include the facility's costs for physical therapists, physical therapy assistants, occupational therapists, occupational therapy assistants, speech therapists, and audiologists.

ODJFS must determine an NF or ICF/MR's per diem for each cost center as part of the process of calculating the facility's Medicaid payment. Per diem reimbursement must be based upon actual, allowable, desk-reviewed costs for the calendar year (CY) preceding the fiscal year in which the rate is paid (e.g., CY 2004 establishes the rate for FY 2006). Under current law, a facility's occupancy is a factor in determining per diem. Unless an NF has 100% occupancy, its capacity will be greater than its occupancy. When costs are divided to establish a per diem, using capacity will result in a lower per diem than using occupancy.

The executive budget recommendations require ODJFS to develop a new, Administrative Code-based, reimbursement methodology for NFs with the input of consumers, providers, and other stakeholders.

Maximum Mean Total Per Diem Rate for Nursing Facilities (NFs)

H.B. 95 of the 125th General Assembly temporarily suspended the statutory per diem rate formula and established a cap on growth in the per diem rates for FY 2004 and FY 2005. For FY 2004, the mean total per diem rate for all NFs in the state, weighted by Medicaid days, after applying the cap was $156.84. The Department of Job and Family Services officials report that the mean would have been approximately $164.11 if the statutory formula had been followed. For FY 2005, the equivalent figure after applying the cap is estimated to be $159.31, while ODJFS officials indicate that the mean would have been approximately $170.58 under the statutory formula.

The executive budget proposes to reduce the total amount paid to NFs by 3% in FY 2006. Approximately one-third of the NFs will get a 2% increase, one-third will get a 4% decrease, and the remaining one-third will get a 6% decrease. These categories are created based on efficiency rankings. The executive budget also proposes to maintain FY 2007 payments at the FY 2006 levels.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $523.8 million all funds ($210.2 million state share) in FY 2006 and approximately $720.3 million all funds ($289.0 million state share) in FY 2007 as a result of this initiative.

No Exceeding the Medicaid Maximum Reimbursement Level for Nursing Facilities (NFs)

The executive budget also proposes for ODJFS to ensure that NF crossover payments for dual-eligible individuals do not exceed the Medicaid maximum reimbursement level. The Medicaid maximum is a rate set by ODJFS. It is the amount that state Medicaid would pay a given facility for a given service.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $20.8 million all funds ($8.3 million state share) in FY 2006 and $44.8 million all funds ($18.0 million state share) in FY 2007 as a result of this initiative.

Other protected costs are costs for medical supplies; real estate, franchise, and property taxes; natural gas, fuel oil, water, electricity, sewage, and refuse and hazardous medical waste collection; allocated other protected home office costs; and any additional costs included in ODJFS rules.

Indirect care costs are all reasonable costs other than direct care costs, other protected costs, or capital costs. This includes costs of habilitation supplies, pharmacy consultants, medical and habilitation records, program supplies, incontinence supplies, food, dietary supplies and personnel, housekeeping, security, administration, liability and property insurance, travel, dues, license fees, subscriptions, legal services, accounting services, minor equipment, maintenance and repairs, help-wanted advertising, informational advertising, and consumer satisfaction survey fees.

Maximum Mean Total Per Diem Rate for ICFs/MR

H.B. 95 of the 125th General Assembly also established a maximum mean total per diem rate applicable to ICFs/MR in FY 2004 and FY 2005. For FY 2004, the mean total per diem rate for all ICFs/MR in the state, weighted by May 2003 Medicaid days and calculated as of July 1, 2003, was not to exceed $221.43. For FY 2005, the mean total per diem rate for all ICFs/MR in the state, weighted by May 2004 Medicaid days and calculated as of July 1, 2004, was not to exceed $225.86.

The Executive recommends holding reimbursement rates for ICFs/MR at FY 2005 levels throughout the next biennium.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $32.5 million all funds ($13.0 million state share) in FY 2006 and approximately $51.2 million all funds ($20.5 million state share) in FY 2007 as a result of this initiative.

Reform the Provision of Facility-Based & Community Services for People with MR/DD

State financial support for Medicaid services for people with MR/DD is included in the budgets of the Department of Mental Retardation and Developmental Disabilities and ODJFS. The Executive recommends a reform of the facility-based portion of the MR/DD Medicaid delivery system. Specifically, the Executive recommends converting the state ICFs/MR entitlement system to a facility-based waiver. It is expected that this will enable the state to eliminate ICFs/MR from Ohio's Medicaid program (State Plan) and increase control over the growth and costs of the system.

Fiscal Effect: The Executive assumes no fiscal impact of this provision for the FY 2006-2007 biennium as the details of creating an ICF/MR Medicaid waiver program still have to be worked out and would not be implemented until FY 2008.

Franchise Permit Fees

ODJFS is required to assess an annual franchise permit fee on each long-term care bed in a nursing home or hospital. Until July 1, 2001, the amount of the fee was $1.00 for each bed multiplied by the number of days in the fiscal year for which the fee is assessed. The fee is applied to: (1) nursing home beds, (2) Medicare-certified skilled nursing facility beds, (3) Medicaid-certified nursing facility beds, (4) beds in hospitals that are registered as skilled nursing facility beds or long-term care beds, or licensed as nursing home beds.

H.B. 94 of the 124th General Assembly (the FY 2002-2003 biennial budget act) raised the franchise permit fee to $3.30 for FYs 2002 and 2003. S.B. 261 of 124th General Assembly raised the franchise permit fee to $4.30 for FYs 2003 through 2005; a $1.00 per bed per day increase for FY 2003, and a $3.30 per bed per day increase for FYs 2004 and 2005.

In addition to the increase in the franchise permit fee raised by H.B. 94 for FY 2003, S.B.261 specified that the additional money generated from the increase for FYs 2003, 2004, and 2005 be deposited into the Nursing Facility Stabilization Fund, which was newly created in H.B. 94. ODJFS is to use the money in the fund to do all of the following: (1) make payments to NFs under the law governing Medicaid payments to NFs, (2) beginning with payments made to NFs in August 2002, make payments to each NF for each Medicaid day in FYs 2003, 2004, and 2005 in an amount equal to 76.74% of the franchise permit fee the NF pays for the fiscal year the Department makes the payment divided by the nursing facility's inpatient days for the calendar year preceding the calendar year in which that fiscal year begins (in other words, reimburses NFs for the increase in the franchise permit fee on the basis of "Medicaid days"), and

(3) make payments of $2.25 per Medicaid day to all NFs for FYs 2003, 2004, and 2005 to enhance quality of care.

The executive budget proposes to extend to FYs 2006 and 2007 the increase in the nursing home franchise fee from $1.00 to $4.30 per licensed nursing home bed. The executive budget also proposes that the portion of the franchise permit fee that is deposited into the Nursing Facility Stabilization Fund is to be used for the same purposes in FY 2006 and FY 2007 as was such money in FY 2005.

The franchise permit fee for ICFs/MR was not changed during FYs 2002-2005. The Executive recommends that the amount of the ICFs/MR franchise permit fee for FYs 2006 and 2007 remain the same as in FY 2005, which is $9.63 per bed per day.

Temporary and Permanent Law Provisions:

Medicaid Reimbursement Formula for Long-Term Care Services - primarily R.C. 5111.20; R.C. 173.20, 173.21, 3722.16, 5111.02, 5111.21, 5111.22, 5111.221 (repealed), 5111.23 (repealed), 5111.231 (renumbered 5111.24), 5111.235 (repealed), 5111.24 (repealed), 5111.241 (repealed), 5111.25 (renumbered 5111.27), 5111.251 (repealed), 5111.255 (repealed), 5111.257 (repealed), 5111.26 (renumbered 5111.23), 5111.261 (repealed), 5111.262 (repealed), 5111.263 (renumbered 5111.25), 5111.264 (repealed), 5111.27 (repealed), 5111.28, 5111.29 (renumbered 5111.30), 5111.291 (repealed), 5111.30 (renumbered 5111.224), 5111.31 (new), 5111.33 (renumbered 5111.26), and 5111.99

H.B. 66, As Introduced, repeals state law governing the Medicaid reimbursement methodology and procedures for NFs and ICFs/MR.

Nursing Facilities' FYs 2006 and 2007 Medicaid Reimbursement Rates - Sections 206.66.27 and 206.66.30 of the bill

H.B. 66, As Introduced, provides for the FY 2006 Medicaid reimbursement rate for NFs with a 2003 Medicaid cost report to be based on the 2003 cost report and calculated, with certain modifications, in accordance with the method used to calculate NFs' FY 2005 Medicaid reimbursement rate.

The bill also freezes the FY 2007 Medicaid reimbursement rate for NFs at the FY 2006 rate amount.

ICFs/MR FYs 2006 and 2007 Medicaid Reimbursement Rates - Section 206.66.33 of the bill

H.B. 66, As Introduced, freezes the FY 2006 and FY 2007 Medicaid reimbursement rate for ICFs/MR at the FY 2005 rate amount.

Amortization of Cost of Acquiring Nursing Facilities Bed - R.C. 5111.251 (new)

H.B. 66, As Introduced, provides that, if a Medicaid-certified bed is relocated from one nursing facility to another nursing facility owned by a different person or government entity, amortization of the cost of acquiring operating rights for the transferred bed is not an allowable cost under Medicaid beginning in FY 2008.

Nursing Home Franchise Fee - R.C. 3721.50, 3721.51, 3721.52, 3721.541, 3721.56, 3721.561, 3721.58, and 5111.231; R.C. 3721.511 (repealed)

H.B. 66, As Introduced:

- extends to FYs 2006 and 2007 the increase in the nursing home franchise fee from $1.00 to $4.30 per licensed nursing home bed;
- adds nursing homes within veterans' homes to the types of long term care facilities excluded from the nursing home franchise fee;
- repeals the law that requires ODJFS to apply for waivers that would allow certain long-term care facilities to be exempt from the nursing home franchise fee; and
- provides that the portion of the franchise permit fee that is deposited into the Nursing Facility Stabilization Fund is to be used for the same purposes in FY 2006 and FY 2007 as was such money in FY 2005.

ICF/MR Franchise Permit Fee - R.C. 5112.30, 5112.31, 5112.341

H.B. 66, As Introduced, provides that the amount of the franchise permit fee for ICFs/MR for FYs 2006 and 2007 is the same as in FY 2005 (i.e., $9.63 per bed per day).

Sanctions for Failure to Pay Franchise Permit Fee - R.C. 3721.50, 3721.541, 5112.30, and 5112.341

H.B. 66, As Introduced, permits ODJFS to withhold a Medicaid payment or terminate a Medicaid provider agreement if a NF, hospital, or ICF/MR fails to pay a franchise permit fee when due.

Change of Operator, Closure, and Voluntary Termination and Withdrawal - primarily R.C. 5111.65; R.C. 3721.19, 5111.20, 5111.66, 5111.661, 5111.67, 5111.671, 5111.672, 5111.673, 5111.674, 5111.675, 5111.676, 5111.677, 5111.68, 5111.681, 5111.682, 5111.683, 5111.684, 5111.685, 5111.686, 5111.687, and 5111.688

H.B. 66, As Introduced, establishes requirements for NFs and ICFs/MR that undergo a change of operator, facility closure, voluntary termination, or voluntary termination of participation in the Medicaid program.

Multiple Provider Agreements for Long-Term Care Facility Operators - R.C. 5111.221 (new)

H.B. 66, As Introduced, permits the operator of a NF or ICF/MR to enter into provider agreements for more than one facility.

ICF/MR Beds Excluded from Medicaid Provider Agreement - R.C. 5111.31 (renumbered 5111.222) and 5111.99

H.B. 66, As Introduced, provides that beds in an ICF/MR that are designated for use as respite care under a home and community-based services waiver program are not required to be part of the ICF/MR's Medicaid provider agreement for regular ICF/MR services.

Submission of Assessment Information - R.C. 5111.231 (renumbered 5111.24)

H.B. 66, As Introduced, revises the Ohio Revised Code section governing the submission of NF and ICF/MR resident assessment information.

Nursing Facility Reimbursement Study Council Abolished - R.C. 5111.34 (repealed), Section 403.05 and 403.06 of the bill

H.B. 66, As Introduced, abolishes the Nursing Facility Reimbursement Study Council.

Home and Community-Based Services to Replace ICF/MR Service - R.C. 5111.88 (new), 5111.881, 5111.882, 5111.883, and 5111.884; ancillary R.C. sections: 5111.26 (renumbered 5111.23), and 5111.88 (renumbered 5111.89)

H.B. 66, As Introduced:

- requires the Director of ODJFS to seek federal approval to (1) establish a Medicaid waiver program under which individuals receive home and community-based services in lieu of the ICF/MR service and (2) terminate the ICF/MR service on the date the Medicaid waiver program begins to be implemented statewide;

- permits ODJFS to assign, by contract, the administration of the Medicaid waiver program to the Department of Mental Retardation and Developmental Disabilities; and

- requires ODJFS or the Department of Mental Retardation and Developmental Disabilities, whichever administers the Medicaid waiver program, to phase in implementation of the program.

Medicaid Home and Community-Based Services Waivers - R.C. 5111.851, 5111.852, 5111.853, 5111.854, and 5111.855

H.B. 66, As Introduced:

- establishes requirements for Medicaid-funded home and community-based waiver services that are an alternative to hospital, NF, or ICF/MR;

- requires that ODJFS and other state agencies and political subdivisions administering a home and community-based services Medicaid waiver to maintain financial records documenting the costs of services provided under the waiver and make the records available to the United States Secretary of Health and Human Services and United States Comptroller General;

- provides that ODJFS and other state agencies and political subdivisions administering a home and community-based services Medicaid waiver are financially accountable for funds expended for services provided under the waiver; and

- requires state agencies and political subdivisions that contract with ODJFS to administer a home and community-based services Medicaid waiver to provide ODJFS with a written assurance that the agency or subdivision will not violate state law that establishes requirements for the waiver.

Long-Term Care Consultation Program - R.C. 173.42, 143.43, 5101.75, 5101.752, and 5111.62; 5101.751, 5101.753, 5101.754, and 5111.205 (repealed)

H.B. 66, As Introduced:

- requires the Department of Aging to develop a long-term care consultation program whereby individuals or their representatives are provided with information through professional consultations about options available to meet long-term care needs and about factors to consider in making long-term care decisions; and

- eliminates provisions authorizing ODJFS to administer a similar program for potential residents of NFs and to develop plans for the provision of home and community-based services.

Level-of-Care Assessments to Receive Medicaid Nursing Facility Services - R.C. 5111.204

H.B. 66, As Introduced:

- modifies the procedures that ODJFS must follow when conducting assessments of Medicaid applicants or recipients who apply for admission to or reside in a NF to determine whether they need the level of care provided by a NF; and

- permits ODJFS' level-of-care assessments to be performed concurrently with consultations performed under the Long-Term Care Consultation Program to be developed by the Department of Aging.

Assisted Living Medicaid Waiver

The Executive recommends giving authority to ODJFS for seeking federal approval for an Assisted Living Medicaid waiver. This waiver will expand community-based options for Medicaid recipients who require a nursing facility level of care. This waiver will be targeted to two types of individuals.

1. A participant in PASSPORT, Choices, or any other ODJFS waiver who would otherwise have to move to a nursing facility because their need for services has become greater than their current environment can support.

2. A nursing facility resident seeking to move to a residential care facility.

The number of slots will be limited to 1,800 with enrollment beginning in FY 2007. The executive budget requires ODJFS to contract with the Department of Aging (ODA) for the administration of the program upon federal approval of the waiver and transfer funds to ODA.

Fiscal Effect: The bill provides that once ODJFS enters into a contract with the Department of Aging to administer the Assisted Living program, ODJFS must submit quarterly reports to the Director of Budget and Management outlining the estimated costs of the program for the upcoming quarter, including the state and federal share of the costs. On receipt of the estimated costs, the Director of Budget and Management must make the necessary transfers out of GRF appropriation item 600-525 and increases to the Department of Aging's budget. The funds transferred and increased are appropriated under the bill. The Executive estimates that ODJFS will need to transfer approximately $20.8 million all funds ($8.3 million state share) in FY 2007 to ODA.

Temporary and Permanent Law Provisions:

Assisted Living Medicaid Waiver Program - R.C. 5111.89, 5111.891, 5111.892, and 5111.893; Section 206.66.36 of the bill

H.B. 66, As Introduced, revises Ohio Revised Code to permit the Director of ODJFS to seek a federal Medicaid waiver authorizing the Assisted Living Program under which supervision and personal care services are provided to individuals eligible for the program.

If the Assisted Living Medicaid waiver is granted, ODJFS is to contract with the Department of Aging for the Department of Aging to administer the program.

Ohio Home Care Program

The current Ohio Home Care Program was developed and implemented in 1997 and evolved from Medicaid waiver programs and nonwaiver home care services that existed before. Ohio Home Care is Medicaid's integrated program of home care services, consisting of four benefit packages: Core, Core Plus, Ohio Home Care Waiver, and Transitions Waiver. All four packages include "core" services of nursing, daily living, and skilled therapies. Skilled therapies include physical and occupational therapy and the services of a speech/language pathologist.

- *The Core Benefit Package* is designed to meet the basic home care needs of most consumers who require up to 14 hours of nursing and/or daily living services per week.

- *The Core Plus Benefit Package* is designed to meet the home care needs of consumers who require more than 14 hours of nursing and/or daily living services per week.

- *The Ohio Home Care Waiver Benefit Package* is designed to meet the home care needs of consumers whose medical condition and/or functional abilities would qualify them for Medicaid coverage in a nursing home or hospital. The Ohio Home Care Waiver is a limited-enrollment, cost-capped program. In addition to the core services of nursing, daily living, and skilled therapies, waiver services include:
    - Home-delivered meals;
    - Emergency response systems;
    - Home modifications;
    - Supplemental adaptive/assistive devices;
    - Adult day health services;
    - Out-of-home respite;
    - Supplemental transportation;
    - Nutrition/social work counseling; and
    - Care coordination.

- *The Transitions Waiver Benefit Package* provides the identical services, providers, and administration as the Ohio Home Care Waiver benefit package but serves consumers who were transferred from the Ohio Home Care Waiver because they were identified as having an intermediate care facility for people with mental retardation or other developmental disabilities level of care.[17] The Transitions Waiver is also a limited-enrollment, cost-capped program.

---

[17]*Level of care* is a classification system in the Ohio Administrative Code, which is used to determine the appropriate types of long-term care Medicaid will provide for consumers, either in an institutional setting or in the home and community through a waiver program. Different home and community-based services waiver programs have different level-of-care requirements for enrollment. Each person applying for services is assigned only one level of care, but that level can change as the person's condition and functional abilities change. People who want to enroll on a home and community-based services Medicaid waiver must meet the specific level-of-care requirements for that waiver.

An *ICF/MR Level of Care* is required for persons to be enrolled in the Transitions Waiver, administered by ODJFS, or in one of the waivers administered by the Ohio Department of Mental Retardation and Developmental Disabilities. These include the Individual Options Waiver, the Residential Facilities Waiver, and the Level I Waiver. All of these waivers serve as an alternative to care in an ICF/MR.

Ohio Home Care Reform in the FY 2004-2005 Biennium Budget Act

H.B. 95 of the 125th General Assembly authorized the Director of Job and Family Services to request a new waiver from the United States Secretary of Health and Human Services under which two Medicaid programs for home and community-based services may be created and implemented to replace the Ohio Home Care Program. The act permitted the Director to specify the following regarding the two replacement programs: (1) that one of the replacement programs would provide home and community-based services to individuals in need of nursing facility care, including individuals enrolled in the Ohio Home Care Program, (2) that the other replacement program would provide services to individuals in need of hospital care, including individuals enrolled in the Ohio Home Care Program, (3) that there would be a maximum number of individuals who could be enrolled in the replacement programs in addition to the number of individuals transferred from the Ohio Home Care Program, (4) that there would be a maximum amount ODJFS could expend each year for each individual enrolled in the replacement programs, (5) that there would be a maximum aggregate amount ODJFS could expend each year for all individuals enrolled in the replacement programs, and (6) any other requirement the Director selected for the replacement programs.

- *Intermediate Level of Care or Skilled Level of Care* is required for persons to be enrolled in the Ohio Home Care Waiver. This waiver serves as an alternative to care in a nursing home, hospital, or rehabilitation facility.

The Ohio Administrative Code level-of-care rules which apply to Ohio Home Care are: 5101:3-3-05 Skilled Level of Care; 5101:3-3-06 Intermediate Level of Care; 5101:3-3-07 ICF/MR Level of Care; 5101:3-3-08 Protective Level of Care.

ODJFS' Proposed Changes to the Ohio Home Care Program for FYs 2004 and 2005[18]

I. Proposed Changes

People receiving services from the Ohio Home Care Waiver Benefit Package and adults receiving services from the Core Plus Benefit Package will be affected by the proposed changes. The proposed plan consists of the following:

- Divide the current Ohio Home Care Waiver into three waivers with different eligibility requirements;
- Increase slots for new enrollees by 1,200 for FYs 2004-2005;
- Add new services; the new services are personal care, child day health care, and nursing respite care;
- Reduce the cost ceilings for each waiver; in other words, reduce the amount of money that is allotted for each person receiving waiver services; and
- Discontinue the Core Plus Benefit Package for adults and transfer these people to one of the new waivers or to the Core Benefit Package. Medically necessary services will continue to be provided to children who are currently enrolled.

II. What Will Not Change

The following programs and services offered at the present time will **not** change:

- Core Benefit Package (not Core Plus Benefit Package);
- 14 hour limit for Core services;
- services offered through the Transitions Waiver;
- the Medicaid application and eligibility process; and
- regional care coordination.

III. The New Waiver Programs

With the proposed changes, the current Ohio Home Care Waiver will be divided into three waivers:

- Hospital Waiver;
- Nursing Facility Waiver; and
- Existing Ohio Home Care Waiver.

[18] Source: http://olrs.ohio.gov/asp/olrs_HomeCareWaiverChanges.asp, Ohio Legal Rights Services.

The following table shows what services will be offered, the service utilization limits, and the monthly cost ceilings for the Hospital and Nursing Facility Waivers.

Services Packages for Each Waiver Program		
	Hospital Waiver	**Nursing Facility Waiver**
Services Offered	• Nursing and aide • Personal care (new service) • Adult day health • Child day health (new service) • Minor environmental modification • Nursing respite (new service) • Out of home respite • Specialized medical equipment and supplies • Supplemental transportation • Home delivered meals (18 years old and over) • Emergency response	• Nursing and aide • Personal care (new service) • Adult day health • Child day health (new service) • Minor environmental modification • Nursing respite (new service) • Out of home respite • Specialized medical equipment and supplies • Supplemental transportation • Home delivered meals (18 years old and over)
Service Utilization Limits	• 70 hours per week for combination of nursing, aide, personal care, and respite nursing • 21 days of out of home respite • $5,000 for specialized equipment • $5,000 for minor environmental modification • 2 meals per day for home delivered meals	• 40 hours per week for combination of nursing, aide, personal care, and respite nursing • 14 days of out of home respite • $5,000 for specialized equipment • $5,000 for minor environmental modification • 2 meals per day for home delivered meals
Monthly Cost Ceilings	Range of $0 - $12,000 per month (Note: The current Ohio Home Care Program has a cost ceiling of $0 - $14,700)	Range of $0 - $4,000 per month (Note: The current Ohio Home Care Program has a cost ceiling of $0 - $14,700)

Current Implementation

Originally, changes to the Ohio Home Care Program were to take effect by July 2004, but according to an announcement on the ODJFS' web site, it is going to take longer.[19]

ODJFS has renewed the waiver to operate the current Ohio Home Care Program through June 30, 2006. According to a spokesperson for ODJFS, the only difference in the Program pre- and post-waiver renewal is that additional slots are now available for more individuals to be served. The waiver to operate the current Ohio Home Care Program is set to expire June 30, 2006.

The Executive recommends implementation of the Home Care Reform.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $8.0 million all funds ($3.2 million state share) both in FY 2006 and in FY 2007 as a result of this initiative.

[19] Source: http://jfs.ohio.gov/ohp/ohc/ohcspecialnotice.stm.

Temporary and Permanent Law Provisions:

ODJFS-Administered Medicaid Waivers - R.C. 5111.97 (renumbered 5111.86)

H.B. 66, As Introduced:

- authorizes the Director of Job and Family Services to seek two or more Medicaid waivers under which home and community-based services are provided to individuals who need the level of care provided by a nursing facility or hospital;
- requires ODJFS to administer such waivers;
- permits the Director of Job and Family Services to transfer an individual enrolled in an existing ODJFS-administered waiver to a new waiver; and
- permits the Director of Job and Family Services, after the first of any of the new Medicaid waivers begin to enroll eligible individuals, to seek federal approval to cease new enrollment in the Ohio Home Care Program.

Ohio Access Success Project

H.B. 94 of the 124th General Assembly authorized the Director of Job and Family Services to establish the Ohio Access Success Project to help Medicaid recipients make the transition from residing in a nursing facility to residing in a community setting. The bill provided $150,000 in FY 2002 and $250,000 in FY 2003 to fund one-time benefits to not more than 75 Medicaid recipients in FY 2002 and not more than 125 Medicaid recipients in FY 2003. No person was to receive more than $2,000 worth of benefits under the project. H.B. 95 of the 125th General Assembly continued the Ohio Access Success Project.

The Executive recommends continuation of the Ohio Access Success Project. Fifty individuals are scheduled to move out of nursing homes in FY 2006 and 100 in FY 2007.

Fiscal Effect: The Executive estimates that the state could avoid costs totaling approximately $0.2 million all funds ($0.1 million state share) in FY 2006 and in $0.5 million all funds ($0.2 million state share) FY 2007 as a result of this initiative.

Temporary and Permanent Law Provisions:

Ohio Access Success Project - R.C. 5111.88 (renumbered 5111.97), Section 206.66.66 of the bill

H.B. 66, As Introduced, provides help to Medicaid recipients making the transition from a nursing facility to a community setting by providing assistance with such things as moving expenses and rental deposits.

Program of All-Inclusive Care for the Elderly (PACE)

The Program of All-Inclusive Care for the Elderly (PACE) enables seniors who reside in nursing facilities to receive managed care services. The PACE sites provide participants with all of their needed health care. All PACE participants must be 55 years of age or older and qualify for a nursing home level of care. The PACE sites assume full financial risk for the care of the participants.

H.B. 95 of the 125th General Assembly permitted ODJFS to transfer the day-to-day administration of the PACE program to the Department of Aging, subject to federal approval. The transfer has not occurred.

The Executive recommends the transfer of the day-to-day administration of the PACE program to the Department of Aging to occur in FY 2006.

Fiscal Effect: The Executive estimates that ODJFS will need to transfer approximately $21.0 million all funds ($8.4 million state share) for FY 2006 and in $27.5 million all funds ($11.0 million state share) for FY 2007 to the Department of Aging.

Upper Payment Limits

Federal limits on the amount a state may pay Medicaid providers, called upper payment limits, limit the amount a state may generate in federal match through intergovernmental transfers and provider donations and taxes. Medicaid-covered services subject to separate upper payment limits include inpatient hospital services, outpatient hospital services, nursing facility services, intermediate care facility for the mentally retarded services, and multiple source drugs. The upper payment limit applicable to inpatient hospital services, as an example, prohibits a state from paying in aggregate a group of hospitals within one of three categories more than a reasonable estimate of the amount Medicare would pay the group of hospitals for the services. There are exceptions to the limit, however.

Although federal upper payment limits limit the amount of federal match a state may receive, they can also provide an opportunity to qualify for federal match for payments to Medicaid providers made for the purpose of bringing Medicaid payments up to the upper payment limit. Ohio has implemented a Supplemental Inpatient Hospital Upper Payment Limit program under which non-federal public hospitals make intergovernmental transfers to ODJFS for the purpose of providing the state match for Medicaid payments to hospitals to fill the gap between what Medicaid pays for inpatient hospital services and the amount Medicare would pay. The Department receives federal match for the supplemental payments to the hospitals.

In 2002, the U.S. Department of Health and Human Services reduced states' ability to obtain additional federal matching funds under the upper payment limits by amending a federal Medicaid regulation governing upper payment limits for non-state government-owned or operated hospitals. Prior to the 2002 amendment, the upper payment limit was set at 150%. The 2002 amendment reduced the upper payment limit to 100%.

Disproportionate Share Hospitals (DSH)

Disproportionate share hospital payments are one of the exceptions to the upper payment limit for inpatient hospital services. Federal law requires that states take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs. In complying with this requirement, states make DSH payments to such hospitals. A state makes a DSH payment to a hospital even though the payment results with the state paying the hospital an amount exceeding the upper payment limit. Unlike other Medicaid expenditures, however, federal matching funds for DSH payments is limited to capped allotments specific to each state.

Hospital Care Assurance Program (HCAP)

Ohio's program for making DSH payments, the HCAP, incorporates both intergovernmental transfer and provider tax funding mechanisms. The program provides hospital services support for persons whose income falls at or below 100% of the federal poverty guideline and who are not Medicaid eligible. Under HCAP, hospitals are annually assessed an amount based on their total facility costs and government hospitals make annual intergovernmental transfers to ODJFS. Assessments and intergovernmental transfers are made in periodic installments. ODJFS distributes to hospitals money generated by assessments, intergovernmental transfers, and allotted federal matching funds generated by the

assessments and transfers. The federal funds are appropriated in line item 600-650, and the state funds (assessment revenues) are appropriated in line item 600-649. A portion of the money generated from the first installment of assessments and intergovernmental transfers during each program year beginning in an odd-numbered calendar year is deposited into the Legislative Budget Services Fund.

Under current law, HCAP is scheduled to sunset October 16, 2005. Just as in previous budgets, the executive budget proposes to delay the sunset of HCAP for two years until October 16, 2007. The FY 2004 spending level for HCAP was $479.4 million under appropriation items 600-650 and 600-649. The total appropriation for HCAP through both appropriation items 600-650 and 600-649 is $575.1 million in both FY 2006 and FY 2007.

Temporary and Permanent Law Provisions:

Hospital Care Assurance Match Fund - Section 206.66.84 of the bill

H.B. 66, As Introduced allows ODJFS to use the appropriation in the appropriation line item 600-650, Hospital Care Assurance Match, in accordance with state law.

Hospital Care Assurance Program Extension - Sections 403.17 and 403.18 of the bill

H.B. 66, As Introduced, amends Section 153 of Am. Sub. H.B. 117 of the 121st General Assembly extending for two years (until October 16, 2007) the scheduled expiration of the Hospital Care Assurance program.

Institutions for Mental Disease/Disproportionate Share Hospitals (IMD/DSH)

In cooperation with the Ohio Department of Mental Health (ODMH), during FY 1996, ODJFS began to process IMD/DSH payments for psychiatric hospitals. Institutions for Mental Disease/ Disproportionate Share Hospitals qualifies psychiatric hospitals as disproportionate share hospitals based upon financial and patient care data. Although ODMH provides the state match for IMD/DSH, ODJFS draws down the federal funds that support IMD/DSH and distributes them among state Medicaid agencies. These IMD/DSH funds can earn federal match again upon expenditure for Medicaid eligible purposes.

Temporary and Permanent Law Provisions:

Transfers of IMD/DSH Cash to ODMH - Section 206.66.99 of the bill

H.B. 66, As Introduced, requires ODJFS to transfer cash to DMH for the administration of the IMD/DSH program.

Client Registry Information System Enhanced (CRIS-E)

The CRIS-E system is an automated eligibility and benefits calculation system. In 1992, the CRIS-E system became a statewide, automated system that assists county caseworkers as they determine OWF/Cash, Food Stamp and Medicaid eligibility and provide benefits disbursements. CRIS-E supports over 18,000 users with online availability each day; it issues Medicaid identification cards and OWF cash benefits each month.

The Client Registry Information System Enhanced is a computer based software eligibility system that requires routine maintenance and system modifications when public assistance eligibility policy changes

occur. State staff payroll and training, contractor costs for maintenance, and certain monthly service costs are driving cost factors for CRIS-E.

The Client Registry Information System Enhanced was installed in the mid 1980's and was designed originally to facilitate Food Stamp eligibility determinations. Today 94% of the eligibility cases processed through CRIS-E involve Medicaid, not Food Stamps. Because CRIS-E is being used for purposes for which it was not intended, caseworkers in county offices must creatively work around parts of CRIS-E's design to determine Medicaid eligibility. In addition, they must manually process third-party liability claims. The foregoing inefficiencies result in delays in determining Medicaid eligibility at the county level.

The Client Registry Information System Enhanced is funded by a combination of state and federal funds. The federal reimbursement comes from the Food Stamp grant, the Medical Assistance grant, the TANF grant, and the Child Care grant.

The Executive recommends funding the business plan for the replacement of the CRIS-E system in FY 2006, the request for proposal process in the beginning of FY 2007, and testing of the new system at the end of FY 2007. The new system is expected to better utilize the automated eligibility and case tracking system.

Medicaid Management Information System (MMIS)/Health Portability and Accountability Act (HIPAA)

The Medicaid Management Information System supports the benefits administration of the Ohio Medicaid and Disability Assistance programs. It processes reimbursements to medical providers for services rendered to eligible recipients based on ODJFS' and federal policy. MMIS is a federally certified system for the processing of all Medicaid payments. It includes several subsystems.

The Medicaid Management Information System was installed in 1984. Today MMIS processes more than 60 million claims: 30 million through pharmacy point of sale, 20 million on tape, and 10 million paper claims. To remedy the effects of aging infrastructure systems, ODJFS is completing work with the Center for Medicare and Medicaid Services (CMS) to serve as an early adopter of the new national enterprise - Medicaid Information Technology Architecture (MITA). The Medicaid Information Technology Architecture is eligible for up to 90% federal reimbursement for Medicaid IT system development.

The Health Insurance Portability and Accountability Act of 1996 contains several provisions designed to make health coverage more accessible, affordable, and portable. Passed in 1996, HIPAA is designed to protect confidential healthcare information through improved security standards and federal privacy legislation. It defines requirements for storing patient information before, during and after electronic transmission. It also identifies compliance guidelines for critical business tasks such as risk analysis, awareness training, audit trail, disaster recovery plans and information access control and encryption.

As part of HIPAA, Medicaid programs are required to: improve efficiency in healthcare delivery by standardizing electronic data interchange; protect confidentiality and security of health data; and use standardized codes and fields for consumer's electronic health, administrative, and financial data. ODJFS is upgrading the existing MMIS so that it will be HIPAA compliant.

The Executive recommends funding to develop the new Medicaid information technology system (MITS), which will replace the 20 plus year old MMIS system. If approved by CMS, the state funds used to develop MITS will receive up to 90% federal match.

Administration

Ohio's Medicaid program is one of the largest health care plans in the country. Operating an effective health plan requires the Ohio Department of Job and Family Services (ODJFS) to engage in a number of administrative activities. These activities include member services, provider network management, quality assurance and improvement, coordination of benefits, benefit design and pricing, information services, contract monitoring, and program integrity activities.

In FY 2003, total administrative costs associated with the management and payment of Medicaid services, including administrative costs incurred by ODJFS, other state agencies, and county departments of job and family services (CDJFS), were less than 4% of the total Medicaid expenditures in Ohio. Of the nearly $10.5 billion in total all funds expenditures in FY 2003 for all Medicaid medical services and administration in Ohio, $355 million was used for administration. Of the $355 million, other state agencies spent about $66 million, CDJFS spent $154 million, and ODJFS spent $135 million.

The Office of Ohio Health Plans (OHP) in ODJFS operates the state Medicaid program. The Executive's budget proposal supports OHP staff and technology needs. The following table shows the proposed staffing levels by program by fiscal year.

Office of Ohio Health Plans, ODJFS

Program	FY 2005 Funded FTEs	FY 2006 Proposed FTEs	FY 2007 Proposed FTEs
5.01: Fee for Service	199	239	239
5.02: Managed Care	40	41	41
5.03: Care Within Institutional Settings	55	57	57
5.04: Care Within Community Settings	57	74	74
5.05: Program Management	61	72	72
5.06: CRIS-E	18	39	39
5.07: MMIS/HIPAA	53	65	65
Total Office of Ohio Health Plans	**483**	**587**	**587**

Ohio's Best Rx Program

Ohio's "Best Rx" is a prescription drug discount card program designed to lower the cost of prescriptions for Ohio residents without prescription drug insurance coverage who are either aged 60 and over or any age with incomes less than 250% of the federal poverty guideline. The Best Rx card is available at no charge to eligible participants and offers a mail order delivery option for ongoing medications. The program was established in FY 2004 by the H.B. 311 (or the companion bill S.B.138) of the 125th General Assembly and implementation began in January 2005.

The intent of the Ohio's Best Rx program is to offer reduced prescription drug cost to an estimated 500,000 participants when fully implemented. The discounts will lower the price of a prescription by about 10% to 35% from the usual cost to an uninsured individual. The structure of the program is designed to minimize costs and maximize efficiency. It is expected the program will become self-funding over time as the result of retaining a small portion (no more than 5%) of the voluntary rebates from drug manufacturers and the assessment of a nominal (no more than $1.00) administrative fee on each filled prescription.

H.B. 311 appropriated $10,000,000 in FY 2004 in appropriation item 600-440, Ohio's Best Rx Start-Up Costs, to be used by ODJFS to pay for the administrative and operational expenses for the creation and operation of the Ohio's Best Rx program, including costs associated with the duties assigned by the Department to the Ohio's Best Rx program Administrator and making payments to pharmacies until sufficient cash exists to make payments from the Ohio's Best Rx program Fund and the Ohio's Best Rx Administration Fund. H.B. 311 also appropriated $5,000,000 in both FY 2004 and FY 2005 in appropriation item 600-673, Ohio's Best Rx Administration, to be used on an ongoing basis to cover expenses associated with the Ohio's Best Rx program.

The Executive recommends the unencumbered funds from FY 2005 be reappropriated for FY 2006 to support continuing program development. The Executive also recommends appropriation of $5,000,000 in both FY 2006 and FY 2007 in appropriation item 600-673, Ohio's Best Rx Administration, to be used on an ongoing basis to cover expenses associated with the Ohio's Best Rx program.

Temporary and Permanent Law Provisions:

Ohio's Best Rx - Section 206.66.12 of the bill

H.B. 66, As Introduced, authorize ODJFS to use the unencumbered funds in appropriation item 600-440 for the administration of the Ohio's Best Rx program. The bill also appropriates $5,000,000 in both FY 2006 and FY 2007 in appropriation item 600-673, Ohio's Best Rx Administration, to be used on an ongoing basis to cover expenses associated with the Ohio's Best Rx program.

There are other drug discount card programs that are available to Ohioans. The following table shows comparison of the major drug discount card programs sponsored by the state of Ohio and the federal government.

Comparison of Drug Discount Card Programs Available to Ohioans

	Ohio's Best Rx Program (As Enacted by H.B. 311)	Golden Buckeye Prescription Drug Savings	Medicare Discount Drug Cards
Program Summary	A statewide drug discount card program for Ohioans over age 60 or any age with income below 250% FPG	A drug discount card savings program and optional enrollment for eligible individuals in multiple manufacturers' Special Assistance Programs Operates through Ohio's Golden Buckeye Program ALSO: a second Golden Buckeye Card is a Medicare-approved drug discount card (See next column for information.)	Medicare beneficiaries (except those also enrolled in Medicaid) will have a choice of Medicare-approved drug discount cards to be effective June 2004 until January 2006 when the Medicare prescription insurance benefit is implemented Over 40 options in Ohio including the Golden Buckeye Card
Availability	Implementation began January 2005	Golden Buckeye: active October 2003 Medicare Golden Buckeye: Effective June 1, 2004 (see next column)	Discount cards effective June 2004 Discount card program will end January 2006 when Medicare benefit implemented Statewide availability (Medicare managed care enrollees will have access to cards available from their health plans)
Eligibility	Uninsured Ohioans age 60 or older, or uninsured Ohioans with incomes under 250% FPG	Seniors age 60 or older, or persons age 18-59 that have total and permanent disabilities; must be paying the entire cost of the drug out of pocket; some special discounts available that are means tested	The discount card program will be available to ALL Medicare beneficiaries (except those also enrolled in Medicaid).

Comparison of Drug Discount Card Programs Available to Ohioans (Continued)

	Ohio's Best Rx Program (As Enacted by H.B. 311)	Golden Buckeye Prescription Drug Savings	Medicare Discount Drug Cards
Benefit Design	No enrollment charge Continuous open enrollment Annual renewals based on affirmation of continuing eligibility Open formulary (based on drugs covered by state employee and retiree health plans) Optional mail order	No charge to participate in Golden Buckeye Drug Savings Program Continuous open enrollment No formulary or restriction on selection of drugs Optional home delivery (mail order)	Enrollment fee of up to $30 enrollment year $20 enrollment fee for the Medicare-approved Golden Buckeye Discount card Low-income beneficiaries pay no enrollment fee and receive $600 credit Continuous open enrollment but once enrolled can only change annually
Drug Price Determination	Weighted average of state health care plans' price and state retiree plans' price	Pharmacy benefit manager (PBM) negotiates price with pharmacies and drug manufacturers	
Dispensing Fee	Not to exceed $3.00, possible administration fee not to exceed $1	$3.50 retail; $1.50 mail order	
Passed on to Consumer	100% of discounted price; not less than 95% of rebate	100% of discounted price; 45% of rebate*	
Advisory Council	Ohio's Best Rx Program Council	No council	
Responsible Agency	Ohio Department of Job and Family Services	Ohio Department of Aging (ODA)	Centers for Medicare and Medicaid Services (Federal)
Penalties	Criminal penalties for falsification	None	
Source of Funds	State provides start-up costs and any operating and administrative costs that are not covered by up to 5% of rebates or any administration fees collected; $10 million in general revenue funds appropriated in FY 2004 for start-up costs (line item 600-440, Ohio's Best Rx Start-Up Costs)	PBM takes 50% of rebate for operating and administrative costs; * ODA to provide outreach and promotion via Golden Buckeye Program	

REQUESTS NOT FUNDED

According to the Office of Budget and Management, the difference between what ODJFS requested and what was appropriated for the Health Care (Medicaid) program series is the difference between the original baseline forecast produced by the Department last summer and the cost containment proposals recommended by the Executive. From this perspective, Health Care (Medicaid) is fully funded.

FACTS AND FIGURES

Ohio Medicaid Eligibility Requirements

Tables 1a and 1b provide detail eligibility criteria under the Ohio Medicaid program.

Table 1a. Ohio Medicaid & SCHIP Eligibility		
Coverage Group/ Program	**Eligibility Cut Off as % of FPG**	**Qualifications/Notes**
Covered Families and Children (CFC)		
Healthy Families	up to 100% for families	This program provides health coverage to children and their parents in families with incomes below 100% of FPG. Families that participate in the Ohio Works First (OWF) cash assistance program are automatically covered by Medicaid. Families who leave OWF for employment are eligible for 6 to 12 months of coverage during the transitional period.
Healthy Start	up to 100% for children, and 133% for pregnant women	This program provides health insurance for pregnant women, infants, and children to age 6 with a family income at or below 133% of FPG. This program is also for children between age 6 and 18 in families with incomes at or below 100% of FPG.
Healthy Start Expansion	150% for children and pregnant women	This program provides health care coverage to pregnant women, infants, and children to age 6 with incomes between 134% and 150% of FPG.
CHIP I	Between 100% and 150% for uninsured children	This program provides health care coverage to uninsured children between age 6 and 18 in families with incomes between 101% and 150% of FPG.
CHIP II	Between 150% and 200% for uninsured children	This program is for uninsured children with a family income between 150% and 200% of FPG.
Breast and Cervical Cancer	up to 200% for uninsured or underinsured women	This program provides health coverage to women screened through the Ohio Department of Health breast and cervical cancer screening program and found to require treatment services. Full Medicaid benefits are provided to women who qualify; benefits are not limited to cancer treatment.

Table 1b. Ohio Medicaid & SCHIP Eligibility		
Coverage Group/ Program	**Eligibility Cut Off as % of FPG**	**Qualifications/Notes**
Aged, Blind, and Disabled (ABD)		
Individuals & Couples 65 and Over	64% to 78%	Ohioans, who are 65 or older, and if they meet the following requirements, are qualified for Medicaid: Basic requirements: documentation of age. Income requirements: countable monthly income standards of $504 (64% of FPG), or $869 for a couple (78% of FPG) Resource requirements: $1,500 for individuals, and $2,250 for couples. Some resources are exempt from asset test such as home, 1 car.
Individuals & Couples Under 65	64% to 78%	Ohioans, who are under 65 with disabilities, and if they meet the following requirements, are qualified for Medicaid: Basic requirements: medical proof of physical or mental impairment that prohibits work and that has lasted or will last 12 months or longer. Income requirements: countable monthly income standards of $504 (64% of FPG), or $869 for a couple (78% of FPG) Resource requirements: $1,500 for individuals, and $2,250 for couples. Some resources are exempt from asset test such as home, 1 car. Aged, blind or disablied Ohioans receiving Supplemental Security Income (SSI) are eligible for Medicaid based on eligibility for SSI.
Spenddown Medicaid		"Spenddown" allows an Ohioan who is aged, blind or has a disability to spend down his/her income (generally with medical expenses) to the point that countable income has been reduced to the level of or below the Medicaid need standard. After monthly spenddown is met, he/she is eligible for Medicaid for the remainder of that particular month. The beginning date of eligibility is the date that the individual met the spenddown obligation. There are three ways that an individual can meet the spenddown requirement: ongoing spenddown, delayed spenddown or pay-in spenddown.
Individuals Who Need Institutional Level of Care	income less than cost of care	A level of care determination is required to verify that a person needs institutional level of care.
Qualified Medicare Beneficiaries (QMBs)	up to 100%	Individuals must be entitled to Medicare Part A. For QMBs, Medicaid pays Medicare premiums, deductibles and co-insurance.
Specified Low-Income Medicare Beneficiaries (SLMB)	100% to 120%	For SLMBs, Medicaid pays Medicare Part B premium.
Qualified Individual (QI-1)	120% to 135%	For QI-1s, Medicaid pays Medicare Part B premium.
Source: (1) Department of Job and Family Services		
(2) Center for Health Services Financing and Managed Care, CMS. http://hrsa.gov/tpr/states/Ohio-Eligibility.htm		

Ohio Medicaid Caseloads, State Fiscal Years 1991-2007

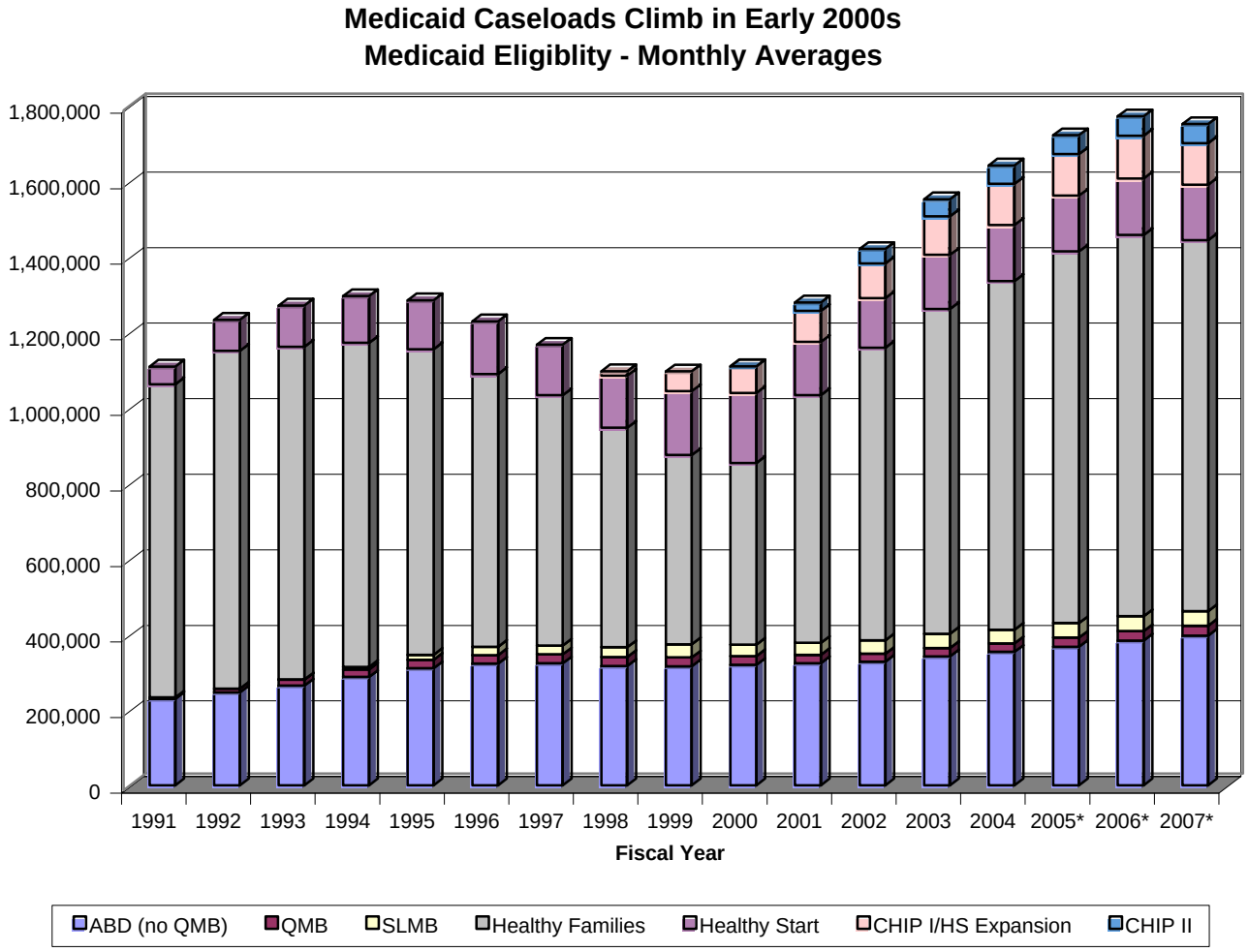
The following table and chart show the trends for each of the Medicaid eligibility groups. The caseload numbers for fiscal years 2005 to 2007 are Legislative Service Commission's (LSC) projection.

Medicaid Caseload by Eligibility Group

Fiscal	ABD&CFC		ABD							
	Total		Total ABD		ABD (no QMB)		QMB		SLMB	
Year	mo. avg.	% change	mo. avg.	% change	mo. avg.	% change	mo. avg.	% change	mo. avg.	% change
1991	**1,108,464**		**232,629**		228,955		3,674			
1992	**1,232,398**	**11.18%**	**255,971**	**10.03%**	246,369	7.61%	9,602	161.38%		
1993	**1,270,110**	**3.06%**	**280,162**	**9.45%**	263,676	7.02%	16,067	67.32%	420	
1994	**1,294,972**	**1.96%**	**313,240**	**11.81%**	286,655	8.71%	20,191	25.67%	6,395	
1995	**1,284,005**	**-0.85%**	**345,304**	**10.24%**	309,576	8.00%	22,773	12.79%	12,955	102.58%
1996	**1,228,262**	**-4.34%**	**366,783**	**6.22%**	321,978	4.01%	22,736	-0.16%	22,069	70.35%
1997	**1,166,169**	**-5.06%**	**370,047**	**0.89%**	323,023	0.32%	23,791	4.64%	23,233	5.27%
1998	**1,096,115**	**-6.01%**	**365,493**	**-1.23%**	315,884	-2.21%	23,683	-0.46%	25,925	11.59%
1999	**1,095,716**	**-0.04%**	**373,158**	**2.10%**	314,855	-0.33%	23,538	-0.61%	34,764	34.09%
2000	**1,109,217**	**1.23%**	**372,357**	**-0.21%**	318,720	1.23%	23,635	0.41%	30,002	-13.70%
2001	**1,278,082**	**15.22%**	**376,885**	**1.22%**	323,150	1.39%	22,451	-5.01%	31,284	4.28%
2002	**1,419,856**	**11.09%**	**383,846**	**1.85%**	327,427	1.32%	20,800	-7.35%	35,619	13.86%
2003	**1,551,530**	**9.27%**	**401,254**	**4.53%**	341,507	4.30%	22,146	6.47%	37,601	5.56%
2004	**1,640,637**	**5.74%**	**411,815**	**2.63%**	353,316	3.46%	22,728	2.63%	35,771	-4.87%
2005*	**1,720,848**	**4.89%**	**429,637**	**4.33%**	366,745	3.80%	24,080	5.95%	38,812	8.50%
2006*	**1,771,015**	**2.92%**	**447,639**	**4.19%**	383,218	4.49%	25,141	4.41%	39,280	1.21%
2007*	**1,750,318**	**-1.17%**	**461,108**	**3.01%**	396,274	3.41%	26,255	4.43%	38,580	-1.78%

Fiscal	CFC									
	Total CFC		Healthy Families		Healthy Start		CHIP I/HS Exp		CHIP II	
Year	mo. avg.	% change	mo. avg.	% change	mo. avg.	% change	mo. avg.	% change	mo. avg.	% change
1991	**875,835**		828,828		47,007					
1992	**976,427**	**11.49%**	894,261	7.89%	82,166	74.80%				
1993	**989,948**	**1.38%**	880,786	-1.51%	109,162	32.86%				
1994	**981,732**	**-0.83%**	858,069	-2.58%	123,663	13.28%				
1995	**938,701**	**-4.38%**	808,875	-5.73%	129,826	4.98%				
1996	**861,479**	**-8.23%**	721,950	-10.75%	139,529	7.47%				
1997	**796,122**	**-7.59%**	662,403	-8.25%	133,719	-4.16%				
1998	**730,623**	**-8.23%**	580,827	-12.32%	137,912	3.14%	11,884			
1999	**722,558**	**-1.10%**	500,840	-13.77%	169,078	22.60%	52,640	342.96%		
2000	**736,860**	**1.98%**	481,064	-3.95%	185,127	9.49%	70,655	34.22%	14	
2001	**901,197**	**22.30%**	655,907	36.34%	140,865	-23.91%	81,822	15.81%	22,604	
2002	**1,036,010**	**14.96%**	774,752	18.12%	130,898	-7.08%	91,897	12.31%	38,464	70.16%
2003	**1,150,276**	**11.03%**	859,968	11.00%	142,946	9.20%	102,322	11.34%	45,041	17.10%
2004	**1,228,822**	**6.83%**	922,937	7.32%	148,710	4.03%	108,682	6.22%	48,494	7.67%
2005*	**1,291,211**	**5.08%**	983,542	6.57%	147,766	-0.63%	109,715	0.95%	50,188	3.49%
2006*	**1,323,376**	**2.49%**	1,008,858	2.57%	149,789	1.37%	113,118	3.10%	51,611	2.84%
2007*	**1,289,209**	**-2.58%**	981,935	-2.67%	146,734	-2.04%	110,306	-2.49%	50,234	-2.67%

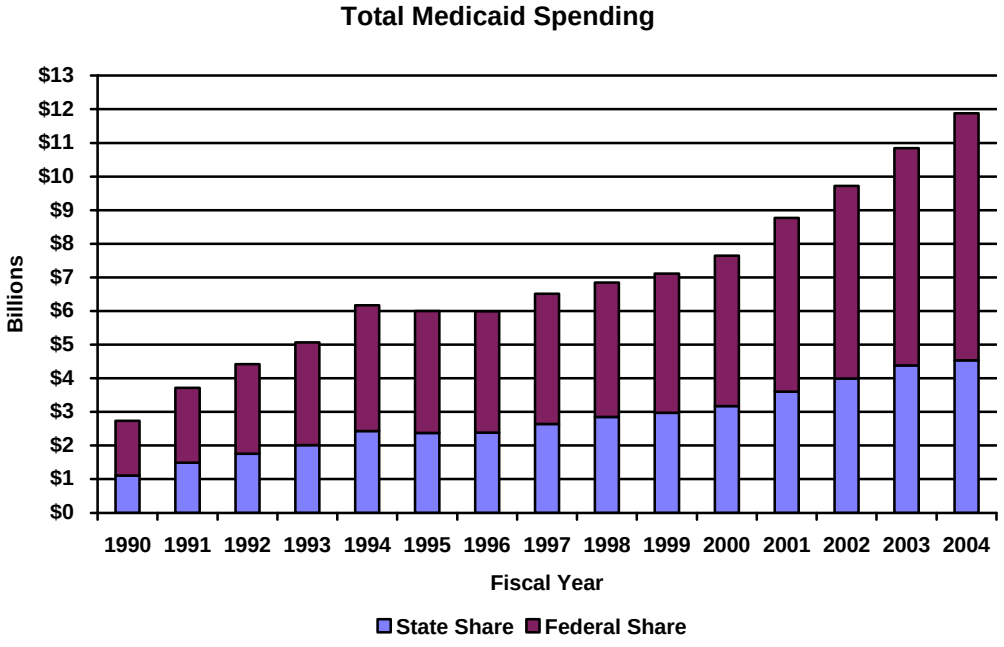
* LSC baseline estimates


Medicaid Caseloads Climb in Early 2000s
Medicaid Eligiblity - Monthly Averages
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005*
2006*
2007*
Fiscal Year
ABD (no QMB)
QMB
SLMB
Healthy Families
Healthy Start
CHIP I/HS Expansion
CHIP II

Ohio Medicaid Spending, FYs 1990-2004

Since FY 1990, Medicaid spending has increased by an average of 10.8% each fiscal year. The rapid spending growth for the first half of the 1990s was driven by rapid health care cost increases generally, and specifically by increased caseloads associated with eligibility expansions. Medicaid spending growth started to rise dramatically again in the early 2000s. The growth in total Medicaid spending averaged 10.8% from FY 2000 to FY 2004. Total spending for FY 2004 was $11.88 billion. Increases in spending on long-term care and inpatient hospital services have been the driving force behind the Medicaid spending increases in the early 2000s. Also contributing significantly to total Medicaid spending is the growth in prescription drug expenditures, expanded coverage for children up to 200% of the federal poverty guideline, and the increase in caseloads due to the economic recession.

Medicaid Spending Shows Rapid Growth for Second Time Since FY 1990



Between FY 1999 and FY 2004, payments for Nursing Facilities increased by $1,114 million while payments for Prescription Drug services increased by $1,384 million. The total Medicaid payments increased by $5,109 million during that time. The following table shows that Nursing Facilities and Prescription Drugs account for nearly half of increase in Medicaid spending from FY 1994 to FY 2004.

Nursing Facilities and Prescription Drugs Account for Nearly Half of Increase in Medicaid Spending from FY 1994 to FY 2004

Medicaid Spending and Growth by Service Category

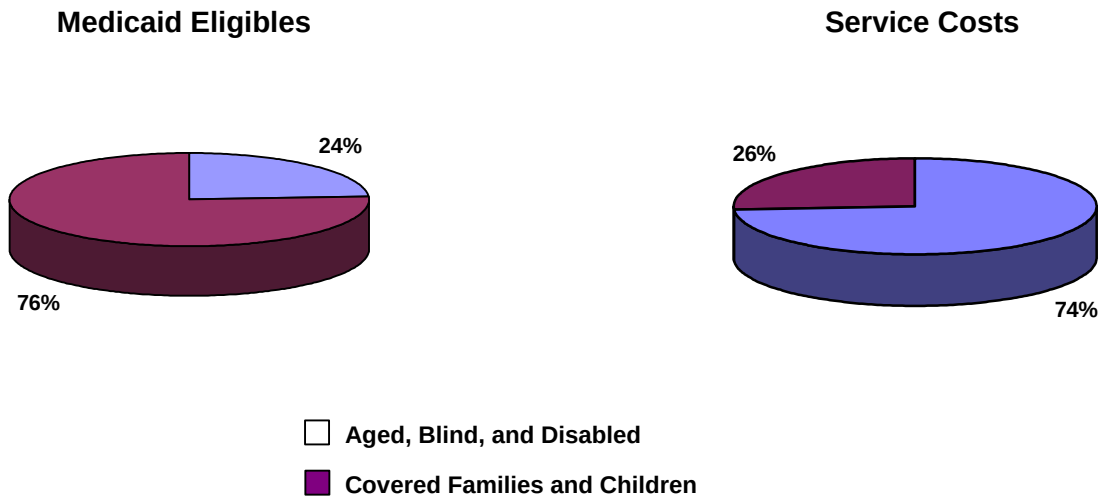
	Spending in Millions, by Fiscal Year			Average Annual Rate of Change		
Service Category	**1994**	**1999**	**2004**	**1994-1999**	**1999-2004**	**1994-2004**
Nursing Facilities	$1,595	$1,985	$2,709	4.5%	6.4%	5.4%
ICFs/MR	$310	$362	$442	3.2%	4.1%	3.6%
Inpatient Hospitals	$1,049	$913	$1,344	-2.7%	8.0%	2.5%
Outpatient Hospitals	$320	$291	$605	-1.9%	15.8%	6.6%
Physicians	$304	$296	$597	-0.5%	15.1%	7.0%
Prescription Drugs	$411	$742	$1,795	12.5%	19.3%	15.9%
Managed Care	$281	$402	$1,021	7.4%	20.5%	13.8%
Medicare Buy-In	$87	$122	$162	7.0%	5.8%	6.4%
ODJFS Waiver	$13	$72	$198	40.8%	22.4%	31.3%
All Other*	$262	$358	$868	6.4%	19.4%	12.7%
Total	**$4,632**	**$5,543**	**$9,741**	**3.7%**	**11.9%**	**7.7%**

Caseloads and Spending: ABD vs. CFC

The following pie charts show the Aged, Blind, and Disabled (ABD) and Covered Families and Children (CFC) eligibility groups as a percentage of the total Medicaid population and the percentage of total service costs for each of these groups. The CFC population made up 76% of the Medicaid population, but accounted for 26% of service costs in FY 2003. In comparison, the ABD population made up 24% of the Medicaid population, but accounted for 74% of service costs.

Aged, Blind, and Disabled Account for 74% of Medicaid Service Costs

Medicaid Service Costs vs. Caseloads, FY 2003



Ohio Medicaid Covered Services: Mandatory vs. Optional

The federal government requires state Medicaid programs to extend a broad range of *mandatory* physical and behavioral health care services to Medicaid recipients. These services are called the *mandatory services*. In addition to these mandatory services, Ohio has chosen to cover some *optional* services. The following chart shows the services covered under the Ohio Medicaid program for both mandatory and optional. The table also provides payment information.

OHIO MEDICAID COVERED SERVICES

Service	M / O	Process	Special Considerations	Payment Information
Outpatient Services	M	Covered services are those diagnostic, therapeutic, rehabilitative or palliative treatment or services furnished by or under the direction of a physician or other qualified practitioner.	Outpatient visits are limited to 24 per year, except for certain medical conditions. Visits in excess of 24 are subject to post payment review.	These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule. These services are included in the Managed Care Plan (MCP) capitated rates for Medicaid recipients who are enrolled in MCPs.
Rural Health Clinic (RHC)	M	Covered RHC services are as follows: o Services furnished by a physician; o Services furnished by a physician assistant, nurse practitioner or nurse midwife; and o Services and supplies that are furnished as an incident to professional services furnished by a physician, physician assistant, nurse practitioner or nurse midwife.	Certain ambulatory services must be billed by RHCs under a separate Medicaid Provider Number as a FFS ambulatory clinic provider: o Outpatient visits are limited to 24/year, except for certain medical conditions. Visits in excess of 24 are subject to post payment review.	RHCs are reimbursed using a prospective payment system in accordance with federal legislation. Each RHC's rates are established on a per visit basis, and are increased by the percentage increase in the Medicare Economic Index (MEI) for primary care services. RHC services are included in the capitated rates paid to Managed Care Plans (MCPs).

Service	M / O	Process	Special Considerations	Payment Information
Federally Qualified Health Centers (FQHC)	M	Covered core services for FQHCs are: o Services furnished by a physician, physician assistant or advanced practice nurse; o Services and supplies that are furnished as an incident to professional services furnished by a physician, physician assistant or advanced practice nurse. o Part-time or intermittent visiting nurse care and related medical supplies (other than drugs and biologicals) if certain conditions are met. o Covered non-core services include the following: o Physical therapy; o Speech pathology and audiology; o Dental services; o Podiatry; o Optometric/optician services; o Chiropractic services; o Transportation services; and o Mental health services provided by a clinical psychologist, clinical social worker, advanced practice nurse certified by a national certifying organization in the specialty of psychiatry, or a professional counselor.	Outpatient visits are limited to 24 per year, except for certain medical conditions. Visits in excess of 24 are subject to post payment review. FQHCs that contract with MCPs must complete the "ODHS 3454 MCP Worksheet" and return to the Department with the annual FQHC cost report.	FQHCs are reimbursed for covered core and non-core services using a prospective payment system in accordance with federal legislation. Services are billed on an encounter basis. Certain services are not considered covered FQHC services. The FQHC's costs for these services are not included in the rate established for core and noncore services. These services should be billed by an FQHC under a separate Medicaid provider number as FFS ambulatory care provider (this would include services such as inpatient hospital surgery and inpatient hospital visits).
Laboratory/ X-ray	M	Laboratory services include: o Biological, microbiological, serological, chemical, immunological, immunohematological, hematological, cytological, or pathological procedures performed on specimens from the human body; and o Specimen collections.	Lab tests must be ordered by a physician or other qualified practitioner. All laboratory services must be medically necessary or medically indicated for preventive care. X-rays and other radiological procedures are covered if ordered by a physician or other qualified practitioner.	These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule. These services are included in the Managed Care Plan (MCP) capitated rates for Medicaid recipients who are enrolled in MCPs.

Service	M / O	Process	Special Considerations	Payment Information
Nursing Home	M	Covered services include, but are not limited to: o Resident assessment; o Preadmission screening and annual resident review; o Comprehensive care; o Physician services; o Nursing services; o Dietary services; o Pharmacy services; o Social services/activities; o Specialized rehab services; o Lab services; o Radiology/other diagnostics; o Dental/vision/hearing services; o Quality assessment and assurance.		Nursing homes are reimbursed per diem rates according to a case-mix adjusted prospective payment system. These rates are based on four major cost centers: direct care costs, other protected costs, indirect care costs and capital costs.
Physician Services	M	Services necessary for the diagnosis and/or treatment of an illness or injury are covered. Such services must be provided within the scope and practice of the medical profession (M.D. or D.O.) as defined by Ohio law, and performed by eligible providers for eligible Medicaid recipients.	Outpatient visits are limited to 24 per year, except for certain medical conditions. Visits in excess of 24 are subject to post-payment review.	These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule. These services are included in the Managed Care Plan (MCP) capitated rates for Medicaid recipients who are enrolled in MCPs.
Dental	O	Diagnostic, preventive, restorative and surgical services are covered, with certain limitations.		These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule.
Early and Periodic Screening Diagnosis and Treatment (EPSDT) Program	M	The Ohio EPSDT program ("Healthchek") includes the following services: o Vision services; o Hearing services; o Dental services; o Behavioral health and other rehabilitative services; and o Other medically necessary services, including further diagnosis and/or treatment.	This federally mandated program of comprehensive and treatment services for children under age 21.	These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule. These services are included in the Managed Care Plan (MCP) capitated rates for Medicaid recipients who are enrolled in MCPs.

Service	M / O	Process	Special Considerations	Payment Information
Family Planning Services and Supplies	M	Covered family planning services include medical and educational services related to: o Temporary contraceptive management; o Permanent contraceptive management (sterilization); o Physical and emotional reproductive health of patient; o Genetic counseling and diagnostic testing; and o Pregnancy determination.	A family planning visit may be performed by either a physician and/or health professional or social service professional qualified under the Ohio Revised Code. Family Planning services not covered under the Ohio Medicaid program include: o Infertility services; o Hysterectomies performed for sterilization purposes; o Abortions performed to terminate an unwanted pregnancy.	These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule.
Clinic Services	O	The following services are covered in an ambulatory clinic setting: o Physician services; o Nursing services; o Dental services; o Pharmaceuticals; o Diagnostic services; o Family planning services; o EPSDT; o At-risk pregnancy services; o Vision care services; o Transportation; and o Rehabilitation services.	Outpatient visits are limited to 24 per year, except for certain medical conditions. Visits in excess of 24 are subject to post-payment review.	These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule.

Service	M / O	Process	Special Considerations	Payment Information
Prescription Drugs	O	Drugs covered by the Ohio Medicaid program are limited to those that are manufactured or labeled by companies participating in the Federal Medicaid Rebate Program, dispensed by duly enrolled providers and which fall into one of the following categories: o Legend and over-the-counter drugs listed in the Ohio Medicaid Formulary; o Legend and over-the-counter drugs not included in the formulary but which have been authorized by the Department; and o Compounded prescriptions in accordance with State regulations.	Nonformulary drugs, other than those excluded below, that are essential for treatment, require prior authorization. Nonformulary drugs where there is a formulary alternative may be authorized when it is documented that a formulary drug cannot be used. The prescribing physician is required to document the medical necessity. Non-covered drugs: o Drugs for the treatment of obesity; o Drugs for the treatment of infertility; o DESI (ineffective) drugs or drugs that have been determined to be identical, similar or related; and o Drugs being used for non-FDA approved indications unless there is compelling clinical evidence to support the experimental use.	The Department reimburses pharmacies for drugs at the lesser of the submitted charge or the calculated allowable for the cost of the drug plus a dispensing fee for those drugs listed on the drug formulary. Maximum Allowable Cost drugs: Maximum Allowable Cost (MAC) is equal to Federal Upper Limit (FUL) established by the federal government or an amount set by the Department. Reimbursement for state MAC drugs is based on the 65th percentile of the Estimated Acquisition Cost (EAC) of all readily available generic equivalent drugs. All products, other than those designated as MAC drugs, are considered EAC drugs. Reimbursement is based on the estimate of the Wholesale Acquisition Cost (WAC) determined by periodic review of pricing information from Ohio drug wholesalers, pharmaceutical manufacturers and a pharmacy pricing update service. Maximum reimbursement for these drugs is WAC plus 9%. In the event that WAC cannot be determined, the Department defines EAC as Average Wholesale Price (AWP) minus 12.8%. The dispensing fee for non-compounded drugs is $3.75.

Service	M / O	Process	Special Considerations	Payment Information
Case Management Services	O	Targeted case management is provided to Children with Special Health Care Needs (CSHCN), especially those with high-risk and chronic conditions such asthma, teen pregnancy and HIV/AIDS. The Primary Alternative Care and Treatment (PACT) is a case management program for recipients who have exceed the utilization criteria for prescribing physicians, number of office visits and drug use.	The CSHCN program was developed by the Bureau of Managed Health Care, which monitors MCP delivery of these services and performance. If enrolled in PACT, clients are asked to select a primary physician to make referrals and a primary pharmacy to dispense all medications. Any physician who is a Medicaid provider may become an enrollee's primary physician/case manager.	These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule. These services are included in the Managed Care Plan (MCP) capitated rates for Medicaid recipients who are enrolled in MCPs. Each primary physician may bill the department for a monthly case management fee for each month a PACT client is assigned to him/her. This fee is not available to primary pharmacies, clinics, FQHCs, or to any other provider, including providers rendering services to an enrolled client on an emergency or referral basis.
Necessary Medical Transpor-tation	M	Expenses for transportation and other travel expenses necessary to secure medical examinations and treatment are covered. This includes ambulance services and other transportation by common carrier and the cost of meals and lodging to and from medical care for the client and, if necessary, an attendant. Ambulance services are covered only for emergencies and when it is the only medically appropriate option.		These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule.
Services Provided By Nurse Midwife, Certified Pediatric Nurse Practitioner, and Certified Family Nurse Practitioner	M	These practitioners are referred to as Advanced Practice Nurses in Ohio. Services within scope of practice are covered.		These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule. These services are included in the Managed Care Plan (MCP) capitated rates for Medicaid recipients who are enrolled in MCPs.

Service	M / O	Process	Special Considerations	Payment Information
Extended Services to Pregnant Women	O	Services include: o Extensive counseling and education; o Nutrition counseling; o Nutrition intervention; and o Care coordination.	Women who are enrolled in Managed Care Plans (MCP), she will access the services through her MCP's network of providers. These services are provided from the date of identification of pregnancy through 60 days after the end of the pregnancy.	These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule. These services are included in the Managed Care Plan (MCP) capitated rates for Medicaid recipients who are enrolled in MCPs.
Ambulatory Prenatal Care	M	Antepartum care is all obstetrical care provided from the confirmation of the pregnancy and with onset of established labor, induction or cesarean section. The antepartum visit is inclusive of: o Instruction, education and counseling on a variety of topics related to pregnancy, nutrition, infant care and family; o Routine urinalysis screening tests using reagent strips to measure pH and/or to detect the presence of sugar, protein or other components; o A physician examination which includes recording of weight, blood pressure and fetal heart tones or similar routine services; and o Coordination of the patient's medical care, including at a minimum, a planned hospital delivery at a designated hospital, arrangements from medical care and/or consultation in case of emergency, and referrals to appropriate medical services.	In addition to the antepartum visit, reimbursement is available for the following services provided during the antepartum and postpartum periods: o Pregnancy-related services; o All obstetrical-related radiology and laboratory procedures (with the exception of urinalysis screening tests); o All obstetrical diagnostic procedures identified in standard code sets; and o All other covered medical services provided in addition to the antepartum visit.	These services are billed at the lesser of billed charges of the Medicaid maximum contained in the Ohio Medicaid Fee Schedule. For services provided prior to 7/1/03, antepartum visits must be billed on a per-visit basis using the original code for antepartum care, 59420. Antepartum services provided on or after 7/1/03 must be billed on a per-visit basis using the evaluation and management code (office visit code) appropriate for the type of visit documented in the patient's record. When the antepartum visit is billed, providers must specify a diagnosis code to signify pregnancy. Bill the code modified by "TH" to signify "obstetrical services, prenatal or postpartum." These services are included in the Managed Care Plan (MCP) capitated rates for Medicaid recipients who are enrolled in MCPs.

M/O: Mandatory / Optional
Source: **http://www.hrsa.gov/tpr/tech-assistance.htm#Medicaid**, Health Resources and Services Administration, U.S. Department of Health and Human Services.

UNEMPLOYMENT INSURANCE

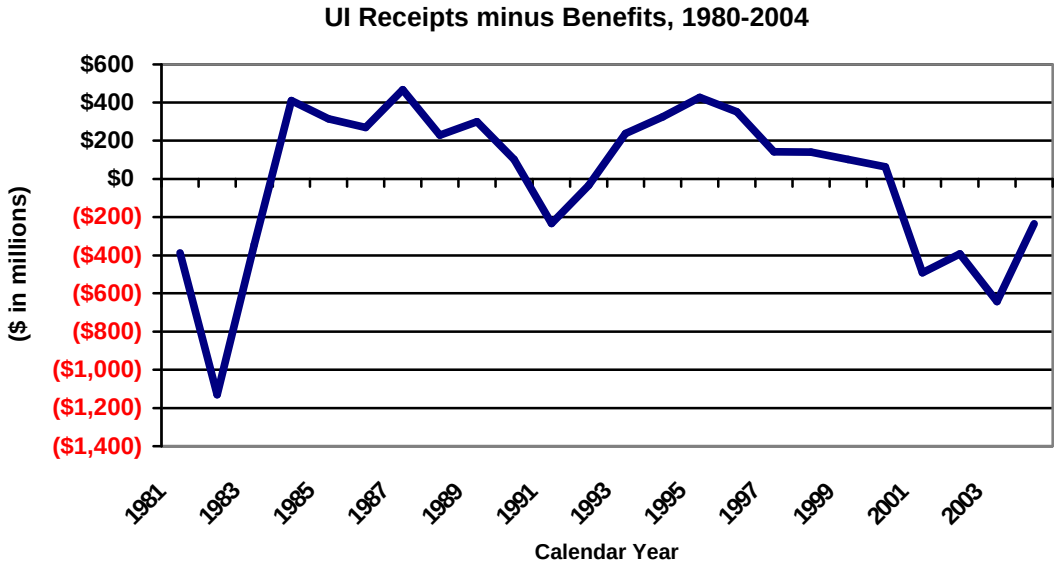
OVERVIEW

The Unemployment Insurance (UI) program was created as a federal/state partnership for income maintenance during periods of involuntary unemployment, by providing partial compensation for lost wages as a matter of right, to eligible individuals. Such compensation provides a counter-cyclical source of revenue to support the local economy in times of economic downturn. Funds for administration of UI are provided primarily by the U.S. Department of Labor (USDOL) from revenues collected from employers by the Internal Revenue Service pursuant to the Federal Unemployment Tax Act (FUTA). Benefits are paid through the Unemployment Compensation Trust Fund, which is funded through state insurance taxes that are paid by employers and collected by the Ohio Department of Job and Family Services (ODJFS).

The Office of Unemployment Compensation (OUC) within ODJFS administers the UI program. The primary goal of the OUC is to collect sufficient employer taxes to support the payment of unemployment compensation benefits to individuals who have become unemployed through no fault of their own.

Through information collected regarding hiring, wages, and benefits the UI system directly supports the informational needs for measuring outcomes related to employment, and supports the interception of benefit payments for the deduction of child support. In addition, this information is used to help detect fraud and prevent overpayments in such programs as TANF, workers compensation, railroad retirement benefits, as well as unemployment compensation itself.

The graph below depicts the status of the UI Trust Fund by looking at the balance of benefits and receipts, for calendar years 1980 through 2004. Receipts exceeded benefits paid or have been close to balancing in the period following the recession of the early 1980s, with a relatively small shortfall experienced during



the recession of the early 1990s, and again in the last four years with the current economic slowdown. In December 2004, Ohio's UI Trust Fund balance was approximately $644 million.

Depending on an employer's experience of unemployment, the tax rate ranges from zero to 8.0%. In CY 2005, it is estimated that the average employer will pay a rate of 2.4% on the first $9,000 of an employee's wages. This equates to approximately $216 per employee on average. At the end of CY 2004, approximately 7,100 employers are delinquent in the payment of their taxes. The distribution of Reed Act funds received in March 2002 allowed the state to avoid an automatic employer tax increase for CY 2003. The statute required employer tax increases in CYs 2004 and 2005. However, the increases were less than they would have been without the Reed Act distribution. Despite these recent increases, Ohio's unemployment tax rates remain below the national average and lower than all but one of our neighboring states.

There is a gap between the percentage of the unemployed who are eligible to receive unemployment benefits and the percentage of the total workforce that is unemployed. The table below provides overall unemployment rates and insured unemployment rates for December 2002 for Ohio and the five surrounding states.

Insured Unemployment Rate and Overall Unemployment			
	Unemployment Rate, December, 2004	**Insured Unemployment Rate, week ending 12/25/04**	**Proportion of Unemployed Receiving Benefits**
Indiana	5.0%	1.96%	39.20%
Kentucky	4.2%	1.66%	39.52%
Michigan	6.9%	3.08%	44.64%
Ohio	**5.5%**	**1.85%**	33.64%
Pennsylvania	5.1%	3.22%	63.14%
West Virginia	4.7%	2.24%	47.66%

(U.S. Department of Labor data, not seasonally adjusted)

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 6 **Unemployment Insurance**

Purpose: The purpose of Ohio's unemployment system is to provide funds for payment of benefits to unemployed workers and to provide a counter-cyclical source of revenue to support the local economy in times of economic downturn.

The program series supports unemployment insurance activities, including benefit issuance, employer tax functions, Trade Program and NAFTA-related activities, funding for the Unemployment Compensation Review Commission (UCRC), and the related information technology support.

The following table shows the line items that are used to fund the Unemployment Insurance program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
4A9	600-607*	Unemployment Compensation Admin Fund	$9.180.106	$9.215.171
4A9	600-694	Unemployment Compensation Review Commission	$3,188,473	$3,188,473
4R3	600-687	Banking Fees	$800,000	$800,000
		State Special Revenue Fund Subtotal	**$13,168,579**	**$13,203,644**
Federal Special Revenue Fund				
331	600-686*	Federal Operating	$2,510,526	$2,547,037
3V4	600-678*	Federal Unemployment Programs	$134,113,463	$137,197,609
3V4	600-679	Unemployment Compensation Review Commission Federal	$3,829,430	$3,800,573
3V0	600-688*	Workforce Investment Act	$844,324	$868,833
		Federal Special Revenue Fund Subtotal	**$141,297,743**	**$144,414,052**
Total Funding: Unemployment Insurance			**$154,466,322**	**$157,617,696**

*Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Unemployment Insurance program series:

- ***Program 6.01: Unemployment Insurance***
- ***Program 6.02: Trade/NAFTA Dislocated Workers***
- ***Program 6.03: Unemployment Compensation Review Commission (UCRC)***
- ***Program 6.04: Employment Services***
- ***Program 6.05: Ohio Job Insurance (OJI)***
- ***Program 6.06: Employer Resource Information Center (ERIC)***
- ***Program 6.07: UCRC-MIS***

Program 6.01: Unemployment Insurance

Program Description: Under the Executive's recommendation, the UI program will support two administration offices, the Office of Unemployment Compensation (OUC) and the Office of Local Operations.

The OUC is organized into three bureaus: Tax, Benefits, and Program Services.

- The Tax Bureau has the responsibility for collecting unemployment taxes, as well as wage information from all Ohio employers on a quarterly basis.

- The Benefits Bureau provides oversight and support services for the claims adjudication and benefit control processes, including issuance of monetary determinations for special claims, issuance of decisions on reconsideration of appeals of monetary and nonmonetary determination, and provision of technical assistance to local offices relative to policy, procedure, and state and federal law. The Benefits Bureau is also responsible for the automated benefits delivery system.

- The Program Services Bureau is responsible for research, legislation, and policy in support of the Unemployment Compensation Advisory Council and represents the Director before the UCRC. In addition to these general program administration responsibilities, the bureau is responsible for a number of special unemployment tax and benefit determinations in cases involving employer unemployment tax appeals or benefit eligibility during labor disputes.

The Office of Local Operations is responsible for six call centers and 16 processing centers for the intake and initial processing of unemployment claims. Structurally, it works with both the OUC and the OWD in providing local services to clients primarily through the One-Stop system.

Funding Source and Line Item: The following table shows the line items that are used to fund the Unemployment Insurance program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
4A9	600-607*	Unemployment Compensation Admin Fund	$9.180.106	$9.215.171
4R3	600-687	Banking Fees	$800,000	$800,000
		State Special Revenue Fund Subtotal	**$9,980,106**	**$10,015,171**
Federal Special Revenue Fund				
331	600-686*	Federal Operating	$221,475	$228,113
3V4	600-678*	Federal Unemployment Programs	$98,578,318	$101,470,580
		Federal Special Revenue Fund Subtotal	**$98,799,793**	**$101,698,693**
Total Funding: Unemployment Insurance			**$108,779,899**	**$111,713,864**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation provides continuation funding for FY 2006 and FY 2007 for performance of all duties associated with this program. In CY 2004, the Office processed 700,514 initial claims for compensation. Economic factors will affect the number of claims processed through the FY 2006-2007 biennium.

The recommendation will support the Office of Local Operations goal of transforming all claims from in-person processing to Call Center and Internet-based processing by FY 2006. Since August 2004, Internet filing has been available through Ohio Job Insurance, described below. Between mid-August and the end of December 2004, approximately 5.7% of all claims filed for this period were filed using the Internet. Internet filings have continued to increase and now represent between 10% and 15% of the total claims filed.

Temporary Law Provision:

Federal Unemployment Programs - Section 206.67.03 of the bill

H.B. 66, As Introduced, transfers appropriation of any unspent funds from FY 2005 in appropriation item 600-678, Federal Unemployment Programs, to ODJFS for administrative activities for the UI program, employment services, or any other allowable expenditures under section 903(d) of the Social Security Act. In the same manner, unspent funds from FY 2006 may be reappropriated to FY 2007. The provision limits the reappropriation to the balance of federal funds remaining after benefits are paid and obligated administrative expenditures are taken into account.

Fiscal Effect: None

Permanent Law Provisions: None

Program 6.02: Trade/NAFTA Dislocated Workers

Program Description: The Trade/NAFTA Dislocated Workers program supports activities related to the Trade Act of 2002. Its goal is to administer and make benefit payments of individuals who have been dislocated due to the relocation of their employer or laid off due to foreign competition. Depending on their situation, workers can receive Trade Readjustment Allowances (TRA), Training, Reemployment Services, Job Search Allowances, Relocation Allowances, Health Coverage Tax Credit (HCTC), and/or Alternative Trade Adjustment Assistance (ATAA) services. Each program has its own eligibility criteria and compensation arrangement.

Funding Source and Line Item: The following table shows the line items that are used to fund the Trade/NAFTA Dislocated Workers program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
3V4	600-678*	Federal Unemployment Programs	$9,942,933	$9,966,923
3V0	600-688*	Workforce Investment Act	$844,324	$868,833
		Federal Special Revenue Fund Subtotal	**$10,787,257**	**$10,835,756**
Total Funding: Trade/NAFTA Dislocated Workers			**$10,787,257**	**$10,835,756**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation provides continuation funding for FY 2006 and FY 2007 for performance of all duties associated with this program. The Department expects continued growth in the number of requests for training received for dislocated workers. In FY 2004, the Trade Section processed 3,134 requests for training and anticipates a continued growth as requests for ATAA and HCTC claims begin to arrive.

Temporary and Permanent Law Provisions: None

Program 6.03: Unemployment Compensation Review Commission (UCRC)

Program Description: The UCRC handles appeals of unemployment insurance claims determinations. The UCRC and its hearing officers have the responsibility to conduct fair due process hearings and to issue well-reasoned decisions. The UCRC also has a responsibility to issue quality decisions in a prompt

and efficient manner. The UCRC has two levels of appeal—a lower authority level (also known as Hearing Officer level) and higher authority level (also known as Request for Review level).

Funding Source and Line Item: The following table shows the line items that are used to fund the UCRC program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
State Special Revenue Fund				
4A9	600-694	Unemployment Compensation Review Commission	$3,188,473	$3,188,473
		State Special Revenue Fund Subtotal	**$3,188,473**	**$3,188,473**
Federal Special Revenue Fund				
3V4	600-679*	Unemployment Compensation Review Commission Federal	$3,165,951	$3,251,850
		Federal Special Revenue Fund Subtotal	**$3,165,951**	**$3,251,850**
Total Funding: Unemployment Compensation Review Commission			**$6,354,424**	**$6,440,323**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: In the past, the UCRC has sustained a significant backlog due to being understaffed. The U.S. Department of Labor requires that the UCRC dispose of cases within certain time parameters. Federal funding commensurate with the workload has allowed the UCRC to utilize additional staff hours to reduce the hearing backlog to acceptable levels. The UCRC estimates the current accumulation of cases to be heard at approximately 1,000, down from 9,000 a year ago. The UCRC does not anticipate an impending increase in cases; the executive recommendation allows adequate staffing levels for the current workload.

Temporary and Permanent Law Provisions: None

Program 6.04: Employment Systems

Program Description: The Employment Systems are statewide information technology systems that administer the Unemployment Compensation Tax system, Unemployment Compensation Benefits system, and the Wage Record system. The systems include automated employer charging, automated overpayment processing, child support interception, IRS tax withholding, statistical reporting, and other functions.

Funding Source and Line Item: The following table shows the line items that are used to fund the Employment Services program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
331	600-686*	Federal Operating	$2,289,051	$2,318,924
3V4	600-678*	Federal Unemployment Programs	$9,858,684	$9,931,222
		Federal Special Revenue Fund Subtotal	**$12,147,735**	**$12,250,146**
Total Funding: Employment Systems			**$12,147,735**	**$12,250,146**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation allows the Department to hire and train state programming staff to replace contract staff. The Department anticipates a savings of approximately $89,000 per contracted employee with replacement by a state employee. The Department's budget request indicates that they intend to replace 17 contract employees with state employees for a total of 36 FTEs by FY 2007.

With the Executive's recommendation, the Department intends to continue replacement of the legacy UC Tax and UC Benefits systems with Ohio Job Insurance and Employer Resource Information Center, respectively. Those programs are described below.

Temporary and Permanent Law Provisions: None

Program 6.05: Ohio Job Insurance (OJI)

Program Description: The OJI system is a replacement of the UC Benefits system, which pays benefits to unemployment recipients. In 2003, the UC Benefits system paid 2,899,239 claims for a total of $1.7 billion. The OJI is expected to offer better automation, integration and extended self-service functions not currently offered. Electronic Funds Transfer (EFT) will eliminate costs associated with printed checks.

Funding Source and Line Item: The following table shows the line item that is used to fund the OJI program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
3V4	600-678*	Federal Unemployment Programs	$7,883,775	$7,973,437
		Federal Special Revenue Fund Subtotal	**$7,883,775**	**$7,973,437**
Total Funding: Ohio Job Insurance			**$7,883,775**	**$7,973,437**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation allows for additional staff to continue system developments. Staff levels increase from 18 to 33 under this budget level. ODJFS says that at the current time, the OJI system is operational and has replaced the functionality of the UC Benefits system. The budget includes maintenance of the new system, development and enhancement of functionality, and any upgrades or changes needed for federal or state requirements.

Temporary and Permanent Law Provisions: None

Program 6.06: Employer Resource Information Center (ERIC)

Program Description: The Employer Resource Information Center (ERIC) is a replacement of the UC Tax and Wage Records systems. ERIC will provide a better technological platform to deliver on-line services to tax system users. The desired functionality will allow customers access to their accounts on-line or via telephone to customer representatives and will provide monthly statements to employers on all activity. Another objective is a paperless tax submission and management within ten years. The system will manage accounts, ledgers, and funds. Links with the Ohio Business Gateway and other statewide systems are also intended.

Funding Source and Line Item: The following table shows the line item that is used to fund the ERIC program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
3V4	600-678*	Federal Unemployment Programs	$7,849,753	$7,855,447
		Federal Special Revenue Fund Subtotal	**$7,849,753**	**$7,855,447**
Total Funding: Employer Resource Information Center			**$7,849,753**	**$7,855,447**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation allows the program to continue current development operations. Two FTEs are currently assigned to this program.

Temporary and Permanent Law Provisions: None

Program 6.07: UCRC-MIS

Program Description: The Unemployment Compensation Review Commission Management Information Systems supports the UCRC case management system. The system tracks unemployment appeal claims throughout the appeals process until it is assigned, heard, and a disposition issued.

Funding Source and Line Item: The following table shows the line item that is used to fund the UCRC-MIS program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
Federal Special Revenue Fund				
3V4	600-679*	Unemployment Compensation Review Commission Federal	$663,479	$548,723
		Federal Special Revenue Fund Subtotal	**$663,479**	**$548,723**
Total Funding: UCRC-MIS			**$663,479**	**$548,723**

*Amount does not reflect total appropriation because the line item is used to fund other programs.

Implication of Executive Recommendation: The executive recommendation allows UCRC-MIS staff to continue maintenance and technical support for the program, including routine programming on the system. The portion of the UCRC federal grant designated for the MIS system has not been sufficient to entirely run the program in the past. The appropriation recommendation to this program represents the share of the federal UCRC award allotted for this program. Additional expenses, estimated at $3.0 million per fiscal year will be paid for through the State Special Revenue Fund 4A9.

Temporary and Permanent Law Provisions: None

REQUESTS NOT FUNDED

This section describes requests not funded in the executive budget and the effects on the Department's activities and spending decisions during the next biennium.

Unemployment Compensation Program Series						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
GRF 600-435	$3,188,473	$0	($3,188,473)	$3,188,473	$0	($3,188,473)
4A9 600-694	$0	$3,188,473	$3,188,473	$0	$3,188,473	$3,188,473
4R3 600-687	$892,000	$800,000	($92,000)	$892,000	$800,000	($92,000)
TOTALS	$3,188,473	$3,188,473	$0	$3,188,473	$3,188,473	$0

The executive recommendation does not provide GRF funding for the Unemployment Compensation Review Committee item, 600-435, as requested by ODJFS. The Executive indicates that Committee operations will be supported by appropriation item 600-694, Unemployment Compensation Review Committee, a new appropriation item in State Special Revenue Fund 4A9, which consists of interest collected on delinquent employer contributions to the UC Trust Fund plus all fines and forfeitures assessed on employers in accordance with ORC 4141.11. Reed Act dollars have also been added to this account.

The executive recommendation provides for $92,000 less in appropriation item 600-687, Banking Fees. Historically, the appropriation in this line item has been high, resulting in lapses. The reduction should result in no program changes.

SUPPORT SERVICES

OVERVIEW

Support Services

Program Management of the Department of Job and Family Services (ODJFS) consists of the Director's Office and the offices of Legislation; Legal Services; Communications; Employee and Business Services; Research, Assessment and Accountability; Contracts and Acquisition; Chief Inspector; and Fiscal Services. Besides the leadership and direction-setting roles of the Director's Office, the component offices provide support services to the program offices. The executive recommendation for the Support Services program is $155,388,049 in FY 2006 and $156,989,101 in FY 2007. The executive recommendation will enable ODJFS' component offices to maintain their current level of support services to the rest of the agency.

Through its Office of Management Information Services (MIS), ODJFS provides information systems to meet the Department's operational and managerial decision-making needs. The Office reviews and approves state and county data processing needs and processes Medicaid, public assistance, and social services claims. It designs, develops, implements, and provides technical support for the Department's computer systems for Medicaid, public assistance, social services, child support enforcement programs, employment services, and workforce development. The executive recommendation for the Computer Projects program (MIS support) is $107,918,649 in FY 2006 and $113,056,495 in FY 2007. The executive recommendation will ensure maintenance of existing enterprise business applications of the Office of MIS and management of network support to all ODJFS staff and county users.

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 7 — Support Services

Purpose: This program series provides administrative and operational support to agency programs to help accomplish the agency's mission.

The following table shows the line items that are used to fund the Support Services program series, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-321*	Support Services	$70,771,994	$68,379,532
GRF	600-442	PA Reconciliation	$30,000,000	$30,000,000
GRF	600-416*	Computer Projects	$70,114,700	$73,695,156
		General Revenue Fund Subtotal	**$170,886,694**	**$172,074,688**
State Special Revenue Fund				
4A9	600-607*	Unemployment Compensation Admin Fund	$0	$2,000,000
4J5	600-613*	Nursing Facility Bed Assessment	$950,319	$983,505
5F2	600-667	Building Consolidation	$250,000	$250,000
5F3	600-668	Building Consolidation	$1,000,000	$1,000,000
5U3	600-654*	Health Care Services Administration	$356,676	$368,346
		State Special Revenue Fund Subtotal	**$2,556,995**	**$4,601,851**
General Services Fund				
5N1	600-677	County Technologies	$1,000,000	$1,000,000
		General Services Fund Subtotal	**$1,000,000**	**$1,000,000**
Federal Special Revenue Fund				
3F0	600-623*	Health Care Federal	$1,100,316	$1,139,123
3H7	600-617*	Child Care Federal	$8,150,641	$8,474,074
3V0	600-688*	Workforce Investment Act	$7,219,069	$7,455,449
3V4	600-678*	Federal Unemployment Programs	$17,118,119	$18,384,983
3V6	600-689*	TANF Block Grant	$6,000,000	$6,000,000
331	600-686*	Federal Operating	$6,899,946	$7,083,902
384	600-610*	Food Stamps and State Administration	$11,049,007	$11,420,292
397	600-626*	Child Support	$16,988,943	$17,640,735
398	600-627*	Adoption Maintenance/Administration	$10,726,968	$11,160,499
		Federal Special Revenue Fund Subtotal	**$85,253,009**	**$88,759,057**
Holding Account Redistribution Fund				
R12	600-643	Refunds and Audit Settlements	$3,600,000	$3,600,000
R13	600-644	Forgery Collection	$10,000	$10,000
		Holding Account Redistribution Fund Subtotal	**$3,610,000**	**$3,610,000**
Total Funding: Support Services			**$263,306,698**	**$270,045,596**

*Amount does not reflect total appropriation because the line item is used to fund other program series.

This analysis focuses on the following specific programs within the Support Services program series:

- ***Program Management***
- ***Computer Projects (MIS Support)***

Program 7.01 – Program Management

Program Description: Program Management provides administrative support services across the entire agency. Services include budget development, management and monitoring; payroll projections; human resources processing; facilities management; responses to legislative, constituent, and media requests; performance management; contracting and acquisition procedures; accounting services, funding and auditing of counties and service providers; financial reporting; legal services; mail processing; quality control; and Internal Audit Compliance program implementation.

Program Management consists of the following offices:

- **Director's Office -** Provides the strategic direction and vision for the Department and supervises the overall administration of the agency and its programs;
- **Office of Legislation -** Responds to constituent inquiries and is the Department's principal liaison to the General Assembly;
- **Office of Legal Services** - Responsibilities, in addition to managing all litigation and providing legal counsel and advice to the Department, include legislation, administrative rule and policy review, and operation of a State Hearings Unit to ensure due process for the Department's customers;
- **Office of Communications -** Informs the public, via the news media, and other customers about ODJFS programs and issues;
- **Office of Employee and Business Services -** Includes the Department's personnel, office services, facility management, and Equal Employment Opportunity, and administers and develops programs for employee training, development, education, and cultural awareness;
- **Office of Research, Assessment, and Accountability** - Provides a range of services for the Department's offices, including program research and evaluation, quality assessment, labor market information, and auditing;
- **Office of Contracts and Acquisitions** – Performs contract management functions;
- **Office of the Chief Inspector -** Responsible for the Department's security matters, monitoring and follow-up to audits of the Department conducted by outside entities, and ensuring civil rights compliance;
- **Office of Fiscal Services -** Provides a wide range of financial management and support to the Department's program areas, other administrative offices, and county agencies.

Funding Source and Line Items:

The following table shows the line items that are used to fund the Program Management program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-321*	Support Services	$70,771,994	$68,379,532
GRF	600-442	PA Reconciliation	$30,000,000	$30,000,000
		General Revenue Fund Subtotal	**$100,771,994**	**$98,379,532**
State Special Revenue Fund				
4A9	600-607*	Unemployment Compensation Admin Fund	$0	$2,000,000
4J5	600-613*	Nursing Facility Bed Assessment	$950,319	$983,505
5F2	600-667	Building Consolidation	$250,000	$250,000
5F3	600-668	Building Consolidation	$1,000,000	$1,000,000
5U3	600-654*	Health Care Services Administration	$356,676	$368,346
		State Special Revenue Fund Subtotal	**$2,556,995**	**$4,601,851**
Federal Special Revenue Fund				
3F0	600-623*	Health Care Federal	$1,100,316	$1,139,123
3H7	600-617*	Child Care Federal	$4,439,306	$4,591,711
3V0	600-688*	Workforce Investment Act	$4,399,761	$4,524,833
3V4	600-678*	Federal Unemployment Programs	$5,326,874	$6,125,905
3V6	600-689*	TANF Block Grant	$6,000,000	$6,000,000
331	600-686*	Federal Operating	$3,521,409	$3,557,350
384	600-610*	Food Stamps and State Administration	$11,013,617	$11,383,865
397	600-626*	Child Support	$8,277,234	$8,558,762
398	600-627*	Adoption Maintenance/Administration	$4,370,543	$4,516,169
		Federal Special Revenue Fund Subtotal	**$48,449,060**	**$50,397,718**
Holding Account Redistribution Fund				
R12	600-643	Refunds and Audit Settlements	$3,600,000	$3,600,000
R13	600-644	Forgery Collection	$10,000	$10,000
		Holding Account Redistribution Fund Subtotal	**$3,610,000**	**$3,610,000**
Total Funding: Program Management			**$155,388,049**	**$156,989,101**

*Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation: The executive recommendation will enable ODJFS to maintain its staffing levels in its support offices as well as acquire new technology, such as imaging, which will improve the ability of the support offices to provide services to the rest of the agency.

Over the FY 2006–2007 biennium, ODJFS will begin the process of consolidating and relocating its central campus. Currently, ODJFS offices operate from nine different locations in Columbus. The overall consolidation plan is that by some time in FY 2008 ODJFS will operate out of three locations; the Air Center, 145 Front Street, and the Lazarus Building. To accomplish this consolidation, the 145 Front Street building and the Lazarus Building must be renovated.

Renovation of the 145 Front Street Building will cost $18 million. In H.B. 675 of the 124th General Assembly ODJFS received a capital appropriation of $16 million for renovation purposes. (This amount was reappropriated in S.B. 189 of the 125th General Assembly.) Funding for the renovation will come from the Special Administrative Fund, in which interest on delinquent contributions, fines, and forfeitures collected pursuant to the law governing unemployment compensation, and all court costs and interest paid or collected in connection with the repayment of fraudulently obtained unemployment compensation benefits are deposited. The Unemployment Compensation Advisory Council (UCAC) controls all spending from this fund. The UCAC is a 12-member body that was formed to recommend legislative changes to the law governing the unemployment compensation program to the Director of Job and Family Services, the Unemployment Compensation Review Commission, the Governor, and the General Assembly. The Department will have to go to the Controlling Board to seek a $2 million increase in the appropriation to fully fund the renovation.

The Lazarus Building is owned by the Columbus Downtown Development Corporation, who will pay for the renovation. The Department of Administrative Services will work with ODJFS and the property owner to ensure that the design of the renovation meets the needs of ODJFS. Once renovations are complete, ODJFS will move in and lease the space.

Temporary Law Provisions:

Appropriation Item Restructuring – Section 206.66.03 of the bill

H.B. 66, As Introduced, specifies that if the directors of Job and Family Services and Budget and Management agree, the Director of Budget and Management may, in FYs 2006 and 2007, reduce appropriations in appropriation item 600-321, Support Services, and 600-416, Computer Projects, by amounts equal to the federal share in each appropriation item. The total amount by which these appropriation items are reduced is appropriated to appropriation item 600-651, Federal General Operating (Fund 3AX).

The bill also specifies that ODJFS may submit to the Office of Budget and Management (OBM) a plan to realign appropriation items 600-321, Support Services, and 600-416, Computer Projects. The plan may include a request for the Director of Budget and Management to transfer appropriations from those appropriation items to any other ODJFS GRF appropriation items. If the plan is approved by OBM, the Director of Budget and Management is to transfer appropriations as requested in the plan. Dollars spent pursuant to appropriations transferred must be used for the same purposes for which the original appropriations were made.

The bill requires that in FY 2007, ODJFS, with the approval of OBM, use a method for determining the payments from applicable appropriation items into the Support Services State Operating Fund (Fund 230). The method is to contain the characteristics of ease and uniform application. Payments to the Support Services State Operating Fund are to be made by intrastate transfer voucher. The bill specifies that the amounts transferred are appropriated to appropriation item 600-661, Support Services State Operating.

Fiscal Effect: Beginning in FY 2003, ODJFS restructured its GRF appropriation items by implementing a modified program budgeting structure. Under that structure, each program area has its own line item from which GRF-funded administrative expenses for that program are paid. According to ODJFS, this provision will allow the Department to move to a full program budgeting structure by allocating the GRF appropriation items that pay for support services (600-321) and computer projects (600-416) to specific program areas. The Department has not fully developed the plan for restructuring its appropriation items.

If ODJFS decides to develop and go forward with a restructuring plan, the Department plans to begin operating under the new structure at the start of FY 2007.

Governor's Office of Faith-Based and Community Initiatives – Section 206.66.06 of the bill

H.B. 66, As Introduced, specifies that in each fiscal year of the biennium, $312,500 of appropriation item 600-321, Support Services, may be used to support activities of the Governor's Office of Faith-Based and Community Initiatives.

Fiscal Effect: Provides the GRF funding for the Governor's Office of Faith-Based and Community Initiatives.

Public Assistance Reconciliation – Section 206.66.15 of the bill

H.B. 66, As Introduced, authorizes the Director of Job and Family Services to transfer, by intrastate transfer voucher, from GRF appropriation item 600-442, Public Assistance Reconciliation, up to $30 million in each fiscal year, to the Public Reconciliation Fund (Fund 5AX). The funds are to be used by ODJFS to reimburse Ohio's federal Temporary Assistance for Needy Families (TANF) Block Grant according to the process agreed to by the Department and the federal government. The bill specifies that the amounts are appropriated.

Fiscal Effect: Under Ohio's state-supervised/county-administered system, counties are able to design their own services in human service functions, including TANF, Prevention Retention, and Contingency, day care, and transportation services for low-income workers, child support, services to children, and employment and training activities. Am. Sub. H.B. 215 of the 122nd General Assembly granted ODJFS (then the Department of Human Services) the authority to make a "consolidated" funding option available to the counties that would combine 11 different funding streams into a single allocation that could be used for any of the purposes authorized by the 11 funding sources. Counties could spend on services as needed without regard to the origin of the funds so long as they stayed within their total allocation. Under this system, ODJFS would reconcile the county spending each year. Each county was given various options to consolidate their funding, or maintain as separate the different allocation streams from the federal government. All 88 counties opted for the full consolidation of their funding.

The Department discontinued the consolidated allocation after the announcement last year that a thorough reconciliation of the separate funding streams had not been done. The Department had been performing only a reconciliation of the consolidated payment system as a whole to balance expenditures by counties that exceeded their allocation with those that had not. The failure to develop a system that would reconcile the different funding streams resulted in TANF funds being spent from FY 2000 through the first months of FY 2005 for administrative costs in the Medicaid and Food Stamps programs and for certain Title XX program expenditures that do not qualify under TANF rules, when state funds should have been used instead.

It became apparent that for the period FY 2000 to FY 2004, ODJFS would have to repay the federal government the misspent TANF dollars. For the period FY 2000 through FY 2003, ODJFS determined that the TANF repayment totaled $133 million. The Department was granted appropriations for the $133 million repayment in H.B. 16 of the 126th General Assembly (Capital Bill) and that payment will be sent out before the end of FY 2005. The Department is still calculating the TANF repayment amount for FY 2004 and estimates that the repayment for that year will total $150 million. The Department is in negotiations with the federal government and is asking for approval of a five-year, no interest, no penalty repayment plan. The $30 million transfer described above represents the first of five payments to be

made. If ODJFS' calculations and estimates are correct, the total amount of TANF dollars that the state will owe the federal government will equal $283 million.

If the repayment for FY 2004 exceeds $150 million and/or the federal government assesses interest, a penalty, or both on the amount owed, or requires immediate repayment, ODJFS will require additional funds to repay the federal government. H.B. 66, As Introduced, contains other provisions that would permit the transfer of up to $156 million from the GRF in the FY 2006-2007 biennium to reconcile the TANF Block Grant for the misallocation of funds and permits the transfer of up to $96 million from the GRF to Fund 5AX by the Director of Budget and Management, if the Director determines that the balance in the GRF is greater than the amounts assumed in H.B. 66.

ODJFS Funds – Section 206.66.57 of the bill

H.B. 66, As Introduced, specifies that the Agency Fund Group and Holding Account Redistribution Fund Group be used to hold revenues until the appropriate fund is determined or until the revenues are directed to the appropriate governmental agency other than ODJFS. If it is determined that additional appropriation authority is necessary, such amounts are appropriated.

Fiscal Effect: At times, ODJFS receives checks for which the disposition cannot be determined at the time the check is received. Those checks are deposited into Fund R12. Upon determination of the appropriate fund into which the check should have been deposited, the disbursement is made to the correct fund. In addition, ODJFS receives funds from banks and other entities that have cashed forged public assistance warrants. Such amounts are deposited into Fund R13. Appropriations for the line items supported by these funds (600-423, Refunds and Audit Settlements, and 600-644, Forgery Collection) are estimated based on prior year activities. The provision described above is standard language that automatically increases the appropriations for these holding accounts should the agency experience more activity in these funds than the appropriation will allow.

Permanent Law Provisions:

Support Services Fund – R.C. 5101.07, 5101.071

H.B. 66, As Introduced, creates two new funds in the state treasury: the Support Services Federal Operating Fund and the Support Services State Operating Fund. The bill provides for money in those funds to be used to pay for ODJFS' costs for computer projects and the operating costs of the Department that provide general support services for the rest of the agency.

Fiscal Effect: This provision creates the funds that are necessary for the Department to restructure its appropriation items as specified in the above temporary law provision titled, "Appropriation Item Restructuring."

Program 7.02 – Computer Projects (MIS Support)

Program Description: Through its Office of Management Information Services, ODJFS provides various computer systems to meet the Department's operational and managerial decision-making needs. It reviews and approves state and county data processing needs and processes Medicaid, public assistance, and social services claims. It designs, develops, implements, and provides technical support for the Department's computer systems for Medicaid, public assistance, social services, child support enforcement programs, employment services, and workforce development. The Computer Projects program includes the network, mainframe support, security, database maintenance, systems programming

for all mainframe applications, client server support, standards, and configuration management for all of the MIS applications and business functions. Also included in this program is the Data Warehouse project, which is designed to provide easily accessible, comprehensive, and high-quality information in a timely manner using both standard and ad hoc reporting in an integrated environment.

Funding Source and Line Items:

The following table shows the line items that are used to fund the Computer Projects program, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	600-416*	Computer Projects	$70,114,700	$73,695,156
		General Revenue Fund Subtotal	**$70,114,700**	**$73,695,156**
General Services Fund				
5N1	600-677	County Technologies	$1,000,000	$1,000,000
		General Services Fund Subtotal	**$1,000,000**	**$1,000,000**
Federal Special Revenue Fund				
3H7	600-617*	Child Care Federal	$3,711,335	$3,882,363
3V0	600-688*	Workforce Investment Act	$2,819,308	$2,930,616
3V4	600-678*	Federal Unemployment Programs	$11,791,245	$12,259,078
331	600-686*	Federal Operating	$3,378,537	$3,526,552
384	600-610*	Food Stamps and State Administration	$35,390	$36,427
397	600-626*	Child Support	$8,711,709	$9,081,973
398	600-627*	Adoption Maintenance/Administration	$6,356,425	$6,644,330
		Federal Special Revenue Fund Subtotal	**$36,803,949**	**$38,361,339**
Total Funding: Computer Projects			**$107,918,649**	**$113,056,495**

*Amount does not reflect total appropriation because the line item is used to fund other programs and/or program series.

Implication of Executive Recommendation: The executive recommendation will ensure maintenance of existing enterprise business applications of the Office of Management Information Services and management of the ODJFS network support to all ODJFS staff and county users. The Department continues to replace Information Technology (IT) contractors with state staff. In March of 2003, ODJFS had 452 IT state employees and 273 time and materials contractors. As of December 31, 2004, ODJFS had 596 IT state employees and 162 time and materials contractors. Over the FY 2006-2007 biennium, ODJFS plans to continue this trend and hopes to increase IT staff who are state employees by 102, bringing the number of contractors down to 60. The Department may need to retain a certain number of contractors because as the IT industry changes there will always be needed skill sets that are in large demand and command greater compensation than the state can offer to pay a state employee.

Temporary and Permanent Law Provisions: None

REQUESTS NOT FUNDED

This section describes requests not funded in the executive budget and the effects on the Department's activities and spending decisions during the next biennium.

Computer Projects						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
GSF 600-677	$5,000,000	$1,000,000	($4,000,000)	$5,000,000	$1,000,000	($4,000,000)
FED 600-659	$1,348,922	$0	($1,348,922)	$1,429,613	$0	($1,429,613)
TOTALS	$6,348,922	$1,000,000	($5,348,922)	$6,429,613	$1,000,000	($5,429,613)

When counties need to purchase computer-related equipment they must do so through ODJFS to ensure that the items purchased meet ODJFS' technical specifications. Appropriation item 600-677, County Technologies, is the accounting mechanism used for reimbursement from counties to ODJFS. After submission of its budget, ODJFS decided that the amount requested was more than necessary. The appropriation included in the Governor's recommendation more accurately reflects actual activities related to county purchases of computer-related equipment through ODJFS.

In addition, at the time ODJFS submitted its budget request the TANF spending plan had not been finalized and current policies were carried forward until a final decision could be made. The Department decided not to use appropriation item 600-659, TANF/Title XX, as it had in FYs 2004 and 2005. According to ODJFS, the amount not included for this program in the executive recommendation for appropriation item 600-659 will not affect the Department's ability to carry out its management information system support to the rest of the agency.

General Revenue Fund

GRF 600-100 Personal Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$71,835,960	$313,649	$0	$0	**$0**	**$0**
	-99.6%	-100.0%	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were divided and transferred to other newly created line items by the Controlling Board. The appropriations for this line item were transferred to the following line items: 600-321, Support Services; 600-421, Family Stability Program; 600-422, Local Operations; 600-423, Children and Family Program; 600-424, Workforce Development; and 600-425, Health Care Program.

This line item provided the primary funding mechanism for the Department's operating expenses. This line item also provided the required matching funds for personnel and purchased services costs in various federal special revenue line items. Expenditures made for federal programs earned reimbursement.

GRF 600-200 Maintenance

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$23,916,618	$1,012,763	$0	$0	**$0**	**$0**
	-95.8%	-100.0%	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were divided and transferred to other newly created line items by the Controlling Board. The appropriations for this line item were transferred to the following line items: 600-321, Support Services; 600-421, Family Stability Program; 600-422, Local Operations; 600-423, Children and Family Program; 600-424, Workforce Development; and 600-425, Health Care Program.

This line item provided the primary mechanism for maintenance expenditures for the Department. Expenditures made for federal programs earned reimbursement.

GRF 600-300 Equipment

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$528,111	$133,640	$0	$0	**$0**	**$0**
	-74.7%	-100.0%	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were divided and transferred to other newly created line items by the Controlling Board. The appropriations for this line item were transferred to the following line items: 600-321, Support Services; 600-421, Family Stability Program; 600-422, Local Operations; 600-423, Children and Family Program; 600-424, Workforce Development; and 600-425, Health Care Program.

This line item provided the primary mechanism for equipment purchases for the Department. Expenditures made for federal programs earned reimbursement.

GRF 600-321 Support Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$54,498,761	$62,154,564	$65,736,930	**$70,912,400**	**$68,519,938**
	N/A	14.0%	5.8%	**7.9%**	**-3.4%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in FY 2002)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to line items 600-100, Personal Services; 600-200, Maintenance; and 600-300, Equipment; were divided and transferred to other newly created line items by the Controlling Board. This line item was one of the newly created line items. In addition, some of the original appropriations to line item 600-427, Children and Family Activities, were transferred to this line item.

This line item is the primary source of funding for operating expenses for support services provided by ODJFS component offices to the rest of the agency. Expenditures from this line item for federal programs earn federal reimbursement, which is deposited into the GRF.

GRF 600-402 Electronic Benefits Transfer (EBT)

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$15,169,330	$2,843,666	$0	$0	**$0**	**$0**
	-81.3%	-100.0%	N/A	**N/A**	**N/A**

Source: GRF: 50 percent GRF and 50 percent federal grant

Legal Basis: Discontinued line item (originally established in ORC 5101.33)

Purpose: This item funded the maintenance, expansion, and development costs of the Electronic Benefits Transfer (EBT) Project. Under EBT, traditional paper food stamps have been replaced with magnetically-coded cards, which automatically track the monthly food stamp allocation, deducts the cost of all purchases, and maintains the balance. Am. Sub. H.B. 283 of the 123rd G.A. broadened the services or assistance that may be delivered via EBT. The increase in this item in FY 2000 reflects the increased cost associated with the substantially expanded number of households served. This line item included a 50% federal match from the Food Stamp Program.

GRF 600-405 Family Violence Prevention Program

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$90,631	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 5101.46)

Purpose: This line item provided financing for community education programs designed to help prevent family violence. These funds were distributed to county or local public or private agencies that have a vested interest in such training (e.g., county departments of job and family services, children services boards, law enforcement agencies, nursing homes).

Am. Sub. H.B. 94 of the 124th G.A. transferred administration of the Family Violence Prevention Program to the Office of Criminal Justice Services.

GRF 600-407 Unemployment Insurance/Employment Services Operating

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,168	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 4141.04 and 4141.06)

Purpose: Previously funded through line item 795-407, OBES Operating, in the Bureau of Employment Services' budget, this line item was used to offset decreased federal funding for the Unemployment Insurance and Employment Services programs. The funding in this line item supplemented and replaced the funding provided by line item 795-607, Unemployment Compensation Administration Fund, and line item 795-606, Surcharge Operating Supplement, which was depleted in FY 1995. Under Am. Sub. H.B. 94 of the 124th G.A., the function of the Unemployment Compensation Review Committee was funded through line item 600-435, Unemployment Compensation Review Committee.

GRF 600-410 TANF State

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$268,461,459	$268,622,755	$272,619,054	$272,619,061	**$272,619,061**	**$272,619,061**
	0.1%	1.5%	0.0%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5101.80 through 5101.91

Purpose: This line item provides the federal maintenance of effort (MOE) moneys for the TANF program. The state is required to spend 80% of FY 1994 expenditures for the non-federal share of the eliminated ADC, JOBS, and FEA programs. This MOE level may be lowered to 75% if the state meets its work activity participation rate requirements. Am. Sub. H.B. 95 of the 125th G.A. reduced the MOE level to 75%.

GRF 600-411 TANF Federal Block Grant

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$14,723,719	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 5101.80 through 5101.91)

Purpose: This line item received the federal block grant money for the TANF program. This line item was federally funded through the TANF block grant and was used within the guidelines of the TANF state plan.

GRF 600-413 Child Care Match/MOE

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$84,120,596	$84,118,257	$84,120,420	$84,120,596	**$84,120,596**	**$84,120,596**
	0.0%	0.0%	0.0%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.(originally established by Controlling Board in FY 1997)

Purpose: In addition to being used for matching funds for the Child Care and Development Fund, the dollars appropriated to this line item fund the child care maintenance of effort (MOE) requirement in the TANF program. The portion going to the MOE is set at $45.4 million in each fiscal year.

GRF 600-416 Computer Projects

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$134,189,609	$140,271,621	$122,309,615	$151,400,454	**$152,095,908**	**$151,481,486**
	4.5%	-12.8%	23.8%	**0.5%**	**-0.4%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC Chapters 5101, 4141, and 6301

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure. The original appropriations to line items 600-436, Medicaid System Enhancements, and 600-402, Electronic Benefits Transfer (EBT), were transferred to this line item. Some of the original appropriations to line item 600-528, Adoption Services, were also transferred to this line item. Some of the original appropriations to this line were divided and transferred to line items 600-420, Child Support Programs, and 600-425, Office of Ohio Health Plans.

This line item provides funding for the development, implementation, and maintenance of computer systems used by JFS and the county departments of job and family services. Major computer projects include: Medicaid Management Information System (MMIS), Client Registry Information System - Enhanced (CRIS-E), Statewide Automated Child Welfare Information System (SACWIS), Support Enforcement Tracking System (SETS), Network Administration, OJI (replacement of the legacy Unemployment Compensation Benefits system), and SCOTI (replacement of ServiceLink/QuickLink, Ohio Job Net on-line, and Ohio Job Net).

GRF 600-420 Child Support Administration

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$5,349,447	$5,137,221	$4,460,689	$5,091,446	**$5,091,446**	**$5,091,446**
	-4.0%	-13.2%	14.1%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A; ORC 3109.05

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and some of the original appropriations to line item 600-416, Computer Projects, were transferred to this line item.

This line item provides the non-federal share of state administrative expenditures for the Child Support Enforcement program. Expenditures from this line item earn federal financial participation (FFP) at a rate of 66% (90% for genetic testing services). The FFP reimbursement is deposited into Federal Special Revenue Fund 397 and appropriated in line item 600-626, Child Support.

GRF 600-421 Office of Family Stability

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$3,962,170	$4,151,514	$4,864,932	**$4,864,932**	**$4,864,932**
	N/A	4.8%	17.2%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in FY 2002)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to line items 600-100, Personal Services; 600-200, Maintenance; and 600-300, Equipment; were divided and transferred to other newly created line items by the Controlling Board. This line item was one of the newly created line items.

This line item is the primary source of funding for the operating expenses of the Office of Family Stability.

GRF 600-422 Local Operations

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$2,232,474	$2,101,545	$2,305,232	**$0**	**$0**
	N/A	-5.9%	9.7%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in FY 2002)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to line items 600-100, Personal Services; 600-200, Maintenance; and 600-300, Equipment; were divided and transferred to other newly created line items by the Controlling Board. This line item was one of the newly created line items.

This line item provided some of the funds needed for implementation of the local operations transition plan. In FY 2006 and FY 2007, local operations will be supported by appropriation item 600-607, Unemployment Compensation Administrative Fund, and various other federal line items.

GRF 600-423 Office of Children and Families

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$4,130,122	$4,266,872	$5,906,927	**$5,408,020**	**$5,431,690**
	N/A	3.3%	38.4%	**-8.4%**	**0.4%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A (originally established by Controlling Board in FY 2002)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to line items 600-100, Personal Services; 600-200, Maintenance; 600-300, Equipment; and 600-427, Child and Family Services Activities; were divided and transferred to other newly created line items by the Controlling Board. This line item was one of the newly created line items.

This line item is the primary source of funding for the operating expenses of the Office for Children and Families.

GRF 600-424 Office of Workforce Development

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$802,164	$457,134	$877,971	**$0**	**$0**
	N/A	-43.0%	92.1%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in FY 2002)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to line items 600-100, Personal Services; 600-200, Maintenance; and 600-300, Equipment; were divided and transferred to other newly created line items by the Controlling Board. This line item was one of the newly created line items.

This line item was the primary source of funding for the operating expenses of the Office of Workforce Development. In FY 2006 and FY 2007, workforce development activities will be supported by appropriation item 600-607, Unemployment Compensation Administrative Fund.

GRF 600-425 Office of Ohio Health Plans

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$34,351,227	$34,739,585	$42,099,242	**$0**	**$0**
	N/A	1.1%	21.2%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in FY 2002)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to line items 600-100, Personal Services; 600-200, Maintenance; and 600-300, Equipment; were divided and transferred to other newly created line items by the Controlling Board. This line item was one of the newly created line items. In addition, some of the original appropriations to line item 600-416, Computer Projects, were transferred to this line item.

This line item is the primary source of funding for the operating expenses of the Office of Ohio Health Plans. The federal earnings on the payments from this line item are deposited as revenue into the GRF.

Sub. H.B. 66, as Passed by the House, moves this line item to the Department of Ohio Medicaid (450-425).

GRF 600-426 Children's Health Insurance Plan

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$47,106,345	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: CFDA 93.767, Medical Assistance Program (CHIP: Title XXI)

Legal Basis: Discontinued line item (originally established in ORC 5101.51)

Purpose: This line item was created as part of the FY 2000-2001 biennial budget to provide funds for phase two of the Children's Health Insurance Program (CHIP-II). CHIP-II provides health insurance coverage for children under 19 years old in families with incomes between 150% and 200% of the federal poverty guideline.

Expenditures from this line item (both subsidy and administration) earn an enhanced Federal Medical Assistance Percentage (FMAP) reimbursement rate (federal FY 2004 - 71.46%). Family planning expenditures are eligible for the 90% federal participation rate through Medicaid.

Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were transferred to line item 600-525, Health Care/Medicaid.

GRF 600-427 Child and Family Services Activities

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,729,121	$542,093	$0	$0	**$0**	**$0**
	-68.6%	-100.0%	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were divided and transferred to other newly created line items by the Controlling Board. The appropriations for this line item were transferred to 600-321, Support Services; 600-423, Office for Children and Families; and 600-523, Children and Family Subsidy.

This line item was used for the AdoptOhio program. The line item also provided funding for cultural awareness initiatives coordinated through the Office of Professional Development and Quality Services.

GRF 600-435 Unemployment Compensation Review Committee

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$3,688,522	$3,151,998	$3,041,014	$3,188,473	**$0**	**$0**
	-14.5%	-3.5%	4.8%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: ORC 4141 (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: Previously funded in line item 600-407, UI/ES Operating, this line item supports the review of claims for unemployment insurance and is used to offset decreased federal funding for the Unemployment Insurance and Employment Services programs.

In FY 2006 and FY 2007, the UCRC activities will be supported by appropriation item 600-694, Unemployment Compensation Review Commission.

GRF 600-436 Medicaid Systems Enhancements

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$32,125	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item was used to support the state share of costs associated with specific MIS-related systems redesign projects within the Office of Ohio Health Plans.

Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were transferred to line item 600-416, Computer Projects.

GRF 600-439 Commission to Reform Medicaid

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$5,682	$236,441	**$0**	**$0**
	N/A	N/A	4061.2%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Sections 59 and 59.01 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This line item was used to fund the Ohio Commission to Reform Medicaid. Am. Sub. H.B. 95 of the 125th G.A. required the Commission to evaluate the Medicaid program and make recommendations about reform and cost containment initiatives by January, 2005. The Commission has done its work and presented its recommendations.

GRF 600-440 Ohio's Best Rx Start Up Costs

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$119,808	$9,880,186	**$0**	**$0**
	N/A	N/A	8146.7%	**-100.0%**	**N/A**

Source: GRF

Legal Basis: Section 4 of H.B. 311 of the 125th G.A.

Purpose: This line item is used to pay for the administrative and operational expenses for the creation and operation of the Ohio's Best Rx Program, including costs associated with the duties assigned by the Department of Job and Family Services to the Ohio's Best Rx Program Administrator and making payments to participating terminal distributors until sufficient cash exists to make payments from the Ohio's Best Rx Program Fund and the Ohio's Best Rx Administration Fund.

H.B. 311 of the 125th G.A. appropriated $10,000,000 in FY 2004 in this appropriation line item. However, the Ohio's Best Rx Program's impelmentation began in January 2005. Therefore, appropriation that is expected to lapse at the end of FY 2005 will be reappropriated fro FY 2006.

GRF 600-442 PA Reconciliation

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$0	**$30,000,000**	**$30,000,000**
	N/A	N/A	N/A	**N/A**	**0.0%**

Source: GRF

Legal Basis: Section 206.66 of H.B. 66 of the 126th G.A., not yet enacted.

Purpose: Up to $30,000,000 in each fiscal year from this line item may be transferred by the Director of JFS to the Public Assistance Reconcilation Fund (Fund 5AX) to be used to reimburse Ohio's federal TANF block grant according to the process agreed to by JFS and the federal government.

GRF 600-502 Child Support Match

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$17,369,467	$16,803,024	$16,802,229	$16,814,103	**$16,814,103**	**$16,814,103**
	-3.3%	0.0%	0.1%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3109.05

Purpose: This line item provides state funds to the counties for the administration of the Child Support Enforcement program. Child support activities include: locating absent parents; establishing paternity; obtaining child, spousal, and medical support; and enforcing obligations owed by the absent parent. The state child support allocation and incentive funds are allocated to the counties according to the methodology outlined in Chapter 5000 of the Child Support Enforcement Manual.

GRF 600-504 Non-TANF County Administration

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$67,150,231	$859,444	$0	$0	**$0**	**$0**
	-98.7%	-100.0%	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 5101)

Purpose: The Department of Job and Family Services advances to the counties the state's share of county administration for the Disability Assistance, Medicaid, and Food Stamp programs through this line item.

Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were divided and transferred to other newly created line items by the Controlling Board. The appropriations for this line item were transferred to 600-511, Disability Financial Assistance, and 600-521, Family Stability Subsidy.

GRF 600-511 Disability Financial Assistance

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$87,222,475	$24,487,575	$21,348,922	$22,839,371	**$22,839,371**	**$22,839,371**
	-71.9%	-12.8%	7.0%	**0.0%**	**0.0%**

Source: GRF

Legal Basis: ORC 5115

Purpose: This line item is used to provide cash assistance for Ohioans who are unemployable due to a physical or mental impairment.

Disability under the DFA program is defined as the inability to do any substantial or gainful activity by reason of physical or mental impairment which can be expected to last nine months or can be expected to result in death. Disability Financial Assistance provides a maximum grant of $115 per month.

Beginning in FY 2003, JFS went to a program budgeting structure and the portion of the appropriations to this line item for FY 2003 that funded Disability Assistance Medical Assistance was transferred to line item 600-525, Health Care/Medicaid. In addition, a portion of the original appropriations to line items 600-504, Non-TANF County Administration, and 600-528, Adoption Services, were transferred to this line item.

GRF 600-512 Non-TANF Disaster Assistance

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,062,815	$0	$0	$0	**$1,000,000**	**$1,000,000**
	-100.0%	N/A	N/A	**N/A**	**0.0%**

Source: GRF

Legal Basis: Section 206.66 of H.B. 66 of the 126th G.A., not yet enacted (originally established by Am. Sub. H.B. 215 of the 122nd G.A.; ORC 5101.86)

Purpose: This line item was created to provide funding to counties for emergency assistance to adult individuals and childless couples who are ineligible for federal public assistance programs. The Adult Emergency Assistance program (AEA) aids individuals with emergency needs such as shelter, transportation, clothing, utilities, and food, as the administering agency approves. These dollars are allocated to the counties and then distributed through non-profit organizations, which serve as the counties' emergency food and shelter boards.

Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriation to this line item for FY 2003 was transferred to a newly created line item by the Controlling Board. The appropriation for this line item was transferred to 600-521, Family Stability Subsidy.

GRF 600-521 Entitlement Administration-Local

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$58,040,559	$54,091,331	$62,506,401	**$151,206,401**	**$151,206,401**
	N/A	-6.8%	15.6%	**141.9%**	**0.0%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.(originally established by Controlling Board in FY 2002)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure. The original appropriations to line item 600-512, Non-TANF Emergency Assistance, and a portion of the appropriations in line item 600-504, Non-TANF County Administration, were transferred to this line item.

Through this line item, JFS advances to the counties the state's share of county administration for family services programs.

GRF 600-522 Burial Claims

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$91,187	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 5101.52; subsequently repealed by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item subsidized the cost of cremation, cemetery, and burial expenses of certain deceased recipients of JFS program services, who met specific criteria and did not have adequate resources for such expenses.

GRF 600-523 Children and Families Subsidy

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$69,897,771	$67,736,205	$68,939,636	**$69,438,543**	**$69,438,543**
	N/A	-3.1%	1.8%	**0.7%**	**0.0%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A (originally established by Controlling Board in FY 2002)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to line items 600-427, Child and Family Services Activities; 600-527, Child Protective Services; 600-534, Adult Protective Services; and 600-552, County Social Services, were divided and/or transferred to other newly created line items by the Controlling Board. This line item was one of the newly created line items.

This line item provides funding to the county departments of job and family services for direct social services costs and administrative costs.

GRF 600-525 Health Care/Medicaid

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$7,126,610,366	$8,008,531,527	$8,912,897,216	$9,574,922,352	**$0**	**$0**
	12.4%	11.3%	7.4%	**-100.0%**	**N/A**

Source: CFDA 93.778, Medical Assistance Program (Medicaid: Title XIX)

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5111

Purpose: The primary purpose of this account is to reimburse health care providers for covered services to Medicaid eligible recipients. In addition, this line item funds the costs of health care related contracts such as eyeglass purchases, inpatient hospital peer review, enrollment information centers, and contracted case management. The federal earnings on the payments that are made entirely from this line item are deposited as revenue into GRF. These earnings are drawn in accordance with the guidelines of the Cash Management Information Act.

Medicaid is an entitlement program that provides health care coverage to low-income Ohioans. Although other agencies, for example, the departments of Aging, Alcohol and Drug Addiction Services, Health, Mental Health, and Mental Retardation and Developmental Disabilities, provide Medicaid services, the vast majority of Medicaid spending occurs within this line item in the budget of the Department of Job and Family Services. Although eligibility is complex, in general, Medicaid applies to people in the following four distinct insurance markets: low–income pregnant women; children in families with incomes at or below 200% of the federal poverty guideline (FPG); parents at or below 100% of the FPG; and low-income elderly and persons with disabilities of all ages, commonly referred to as the Aged, Blind and Disabled (ABD).

Spending within the line item generally can be placed into one of nine major groupings: nursing homes (nursing facilities, or NFs, and Intermediate Care Facilities for the Mentally Retarded, or ICFs/MR), hospitals (inpatient and outpatient), physician services, prescription drugs, health maintenance organizations (HMOs), Medicare buy-in, waivers, all other care, and Disability Assistance (DA) Medical.

The majority of expenditures from this line item earn the basic Federal Medical Assistance Percentage (FMAP) reimbursement rate at approximately 59%, although family planning expenditures earn an enhanced 90% federal participation rate, and a portion of the buy-in premium payments are state funds only. Expenditures for Children's Health Insurance Program (CHIP) from this line item earn an enhanced FMAP at approximately 71%. DA Medical is a state funded only program, there are no federal match earnings.

CHIP phase II (CHIP-II) payments were moved from line item 600-426, Children's Health Insurance Plan, to this line item beginning in FY 2003. In addition, DA Medical payments were moved from line item 600-511, Disability Financial Assistance, to this line item beginning in FY 2003.

Sub. H.B. 66, as Passed by the House, moves this line item to the Department of Ohio Medicaid (450-525).

GRF 600-526 Medicare Part D

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$0	**$0**	**$0**
	N/A	N/A	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Section 206.66.54. of H.B. 66 of the 126th G.A. (not yet enacted)

Purpose: This line item may be used by the Department of Job and Family Services for the implementation and operation of the Medicare Part D requirements contained in the federal "Medicare Prescription Drug, Improvement, and Modernization Act of 2003."

H.B. 66, As Introduced, contains appropriations for this line item. The As Passed by the House version of the bill moves this line item to the Department of Ohio Department of Medicaid (450-526).

GRF 600-527 Child Protective Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$58,633,007	$209,307	$0	$0	**$0**	**$0**
	-99.6%	-100.0%	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 5101.14)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were transferred to a newly created line item by the Controlling Board. The appropriations for this line item were transferred to 600-523, Children and Family Subsidy.

This line item provided funding to the counties for child protective services. It also funded incentives for successful county efforts that improved practice and resulted in increased management efficiencies. It also supported the Kinship Care allocations to the counties. In the past, this line item provided state matching funds for the federal Chaffee Independent Living Program.

GRF 600-528 Adoption Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$60,427,409	$63,618,210	$65,793,842	$77,132,981	**$74,030,105**	**$78,538,615**
	5.3%	3.4%	17.2%	**-4.0%**	**6.1%**

Source: GRF

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5101.14

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and some of the original appropriations to this line item were transferred to line items 600-416, Computer Projects, and 600-511, Disability Financial Assistance.

This line item funds the state subsidized adoption program, which provides maintenance payments to families who adopt "Special Needs" children. There are four components to this program: (1) Title IV-E Adoption Payments for children who were eligible for TANF when they enter the foster care system; (2) State Adoption payments for children who do not qualify under Title IV-E requirements for adoption; (3) Special Adoption Payment, which is a one-time payment for adoptive parents to reimburse them for their adoption expenses; and (4) Post Finalization Adoption Payments (Post Adoption Special Services Subsidy - PASSS) intended to prevent disruption of finalized adoptions of special needs children.

GRF 600-534 Adult Protective Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$2,738,097	$70,112	$0	$0	**$0**	**$0**
	-97.4%	-100.0%	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 5101.61)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were transferred to a newly created line item by the Controlling Board. The appropriations for this line item were transferred to line item 600-523, Children and Family Subsidy.

This line item provided state funding to county departments of job and family services for the Adult Protective Services program. Each county received a base allocation of $20,000, with the balance of funds distributed by a formula based on the county's population of persons over the age of 60 compared to that of the state.

GRF 600-552 County Social Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$10,219,677	$277,055	$0	$0	**$0**	**$0**
	-97.3%	-100.0%	N/A	**N/A**	**N/A**

Source: GRF

Legal Basis: Discontinued line item (originally established in ORC 5101.46)

Purpose: Beginning in FY 2003, JFS went to a program budgeting structure and the original appropriations to this line item for FY 2003 were transferred to a newly created line item by the Controlling Board. The appropriations for this line item were transferred to line item 600-523, Children and Family Subsidy.

This line item provided funding to the county departments of job and family services for direct social services costs and administrative costs associated with the operation of the Title XX Social Services Block Grant programs in the counties. These funds were allocated to the counties based on the methodology in Chapter 6000 of the Department's Administrative Procedures Manual.

General Services Fund Group

4A8 600-658 Child Support Collections

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$42,303,897	$43,821,149	$24,449,285	$26,680,794	**$26,680,794**	**$26,680,794**
	3.6%	-44.2%	9.1%	**0.0%**	**0.0%**

Source: GSF: Non-federal share of OWF child support collections received from the child support enforcement agencies

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This line item is the funding mechanism for the non-federal share of all county Ohio Works First (OWF) child support collections. These funds are used in conjunction with line items 600-410, TANF State, and 600-689, TANF Federal Block Grant, to cover cash assistance payments issued directly to OWF eligible participants. The participant's cash award, if paid from this line item, is considered part of the state's Maintenance of Effort (MOE). This line item may also be used for other expenditures claimable as any MOE expenditures.

4R4 600-665 BCII Service Fees

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$7,163	$7,469	$6,967	$136,974	**$36,974**	**$36,974**
	4.3%	-6.7%	1866.0%	**-73.0%**	**0.0%**

Source: GSF: Background check fees

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5101.012 and 5101.013

Purpose: This line item was created to pass through fees collected from individuals for the cost of criminal records checks to the Bureau of Criminal Identification and Investigation (BCII). A criminal records check is required for persons who have applied for employment as child care providers and employees.

5C9 600-671 Medicaid Program Support

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$50,771,239	$59,151,893	$50,292,326	$60,216,249	**$73,015,021**	**$63,947,536**
	16.5%	-15.0%	19.7%	**21.3%**	**-12.4%**

Source: GSF: CFDA 93.778, Medical Assistance Program (Medicaid: Title XIX); earned federal reimbursement from the Institutions for Mental Disease Disproportionate Share (IMD/DSH) program

Legal Basis: ORC 5101.80 through 5101.91 (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item is supported by the Federal Medicaid Institutions for Mental Disease Disproportionate Share (IMD/DSH) funds, which are generated from state fund expenditures made by the Department of Mental Health. The federal funds are drawn into this General Services Fund as earned federal funds. This line item is used to support the state share of offsets to the line item 600-525 (DSH offsets) and transfers to the Department of Mental Health.

5N1 600-677 County Technologies

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$276,983	$256,567	$1,000,000	**$1,000,000**	**$1,000,000**
	N/A	-7.4%	289.8%	**0.0%**	**0.0%**

Source: GSF: Collections received for the purchase of computer related equipment on behalf of the counties

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This line provides the accounting mechanism for reimbursement by counties to JFS for the purchase of computer related equipment. This allows the counties to purchase additional computer related equipment with local funds while ensuring that the equipment meets JFS' technical specifications. JFS purchases the equipment and the counties reimburse JFS.

613 600-645 Training Activities

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$23,556	$14,730	$35,629	$135,000	**$135,000**	**$135,000**
	-37.5%	141.9%	278.9%	**0.0%**	**0.0%**

Source: GSF: Fees paid by trainees

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A (originally established by Controlling Board in September 1986; originally part of the State Special Revenue Fund)

Purpose: Funds from this appropriation item support the Apprenticeship Council Conference, previously funded through SSR Fund 557, ALI 600-684, Apprenticeship Council Conference.

The Conference includes workshops and presenters covering topics such as increasing understanding between union and non-union sponsors, how to create a School to Apprenticeship program within an approved apprenticeship program. Conference costs are paid soley through the assessment of registration fees.

Prior to FY 2002, this appropriation item supported training conferences and seminars for the Department's staff and Medicaid providers. Expenditures from this appropriation item for training and materials were claimed to the Center for Medicare and Medicaid Services as regular Medicaid administrative expenses.

Federal Special Revenue Fund Group

316 600-602 State and Local Training

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$6,476,523	$7,983,451	$2,633,843	$11,249,282	**$0**	**$0**
	23.3%	-67.0%	327.1%	**-100.0%**	**N/A**

Source: FED: Federal grants: CFDA 10.561, Food Stamp; CFDA 17.002, Labor Force Statistics; CFDA 17.207, Employment Services; CFDA 17.225, Unemployment Insurance; CFDA 17.2801, Disabled Veterans' Outreach Program; CFDA 17.804, Local Veterans' Employment Representative Program; CFDA 93.558, TANF; CFDA 93.563, Child Support Enforcement; CFDA 93.645, Child Welfare Services Part I; CFDA 93.658, Title IV-E Foster Care; CFDA 93.667, Social Services Block Grant; CFDA 93.596, Child Care; CFDA 93.778, Medical Assistance - Medicaid

Legal Basis: ORC 5101.54

Purpose: Funds from this appropriation item are used to conduct training programs for state and county job and family services employees. This line item receives various grants from the U.S. Department of Agriculture (for training related to the food stamp program) and from the U.S. Department of Health and Human Services (for training related to income maintenance programs).

As as proposed by H.B. 66 of the 126th G.A., not yet enacted, training activities supporting federal programs will be funded by the related federal appropriation items in the FY 2006 and FY 2007 biennium.

327 600-606 Child Welfare

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$19,167,206	$19,645,815	$14,532,495	$28,665,728	**$33,160,190**	**$33,090,786**
	2.5%	-26.0%	97.3%	**15.7%**	**-0.2%**

Source: FED: CFDA 93.645, Child Welfare Services State Grant; CFDA 93.566, Promoting Safe and Stable Families grant

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5101.14

Purpose: This line item receives matching federal funds (Title IV-B) for the costs associated with providing child welfare services to children and their families.

331 600-686 Federal Operating

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$38,610,316	$40,956,746	$38,415,185	$47,340,081	**$43,966,134**	**$44,929,546**
	6.1%	-6.2%	23.2%	**-7.1%**	**2.2%**

Source: FED: CFDA 17.002, Labor Market Information (LMI); CFDA 17.203, Alien Labor Certification; CFDA 17.207, Employment Services (Wagner Peyser); CFDA 17.801, Disabled Vets Outreach; CFDA 17.804, Local Vets Employment Reps

Legal Basis: ORC 4141 and 6301 (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: The appropriation item supports activities of the Office of Workforce Development, the Office of Unemployment Compensation, and the Office of Operations. Programs funded include the Labor Market Information (LMI) program; the Local Veterans Employment Representative (LVER); the Disabled Veteran's Outreach (LVOP); the Work Opportunity Tax Credit (WOTC); the Alien Labor Certification (ALC) and other services and administrative functions in support of workforce development and employment services.

365 600-681 JOB Training Program

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$19,034,130	$1,483,604	$0	$0	**$0**	**$0**
	-92.2%	-100.0%	N/A	**N/A**	**N/A**

Source: FED: CFDA 17.250, JTPA

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: The Workforce Investment Act of 1998 replaced the Job Training Partnership Act (JTPA) program as of July 1, 2000.

This line item was used to award non-competitively bid grants. Grants were awarded to public and private organization based on compliance with the proposal's specifications. At the local level, JTPA funds were administered by a network of Service Delivery Areas (SDA). Each SDA has a Private Industry Council that provides guidance and oversight for JTPA activities.

384 600-610 Food Stamps and State Administration

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$87,253,366	$97,938,456	$102,237,448	$135,141,694	**$188,238,706**	**$181,250,799**
	12.2%	4.4%	32.2%	**39.3%**	**-3.7%**

Source: FED: CFDA 10.56, State Administrative Matching Grants for Food Stamp Program

Legal Basis: ORC 5101.49

Purpose: The federal funds in this line item are used to pay the state and county departments of job and family services' costs of administering the Food Stamp program. For most activities, the state and federal share of costs is 50/50.

385 600-614 Refugee Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$3,408,461	$3,579,853	$3,992,620	$5,841,407	**$5,683,829**	**$5,742,439**
	5.0%	11.5%	46.3%	**-2.7%**	**1.0%**

Source: FED: CFDA 93.566, Refugee and Entrant Assistance - State Administered Programs; CFDA 93.576, Refugee and Entrant Assistance - Discretionary Grant

Legal Basis: ORC 5101.49

Purpose: This line item funds the operation of Ohio's Refugee programs. These programs are designed to assist refugees in the areas of maintenance, medical assistance, social services, and cultural exchanges.

395 600-616 Special Activities/Child and Family Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$2,283,396	$1,649,953	$2,466,671	$3,975,821	**$4,567,112**	**$4,564,877**
	-27.7%	49.5%	61.2%	**14.9%**	**0.0%**

Source: FED: CFDA 93.643, Children's Justice Act; CFDA 93.669, Child Abuse Neglect and Treatment Grant; CFDA 93.671, Family Violence and Prevention Services Grant; CFDA 93.603, Adoption Incentive Payments

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A; ORC 5153 (originally established by Am. Sub. H.B. 171 of the 118th G.A.)

Purpose: This line item provides the funding mechanism for federal grants for children and adult welfare activities.

396 600-620 Social Services Block Grant

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$50,336,680	$37,703,685	$33,689,727	$139,485,134	**$120,993,012**	**$121,004,222**
	-25.1%	-10.6%	314.0%	**-13.3%**	**0.0%**

Source: FED: CFDA 93.667, Social Services Block Grant; 93.585, Empowerment Zones Program (Social Services in Empowerment Zones and Enterprise Communities)

Legal Basis: ORC 5101.46 (originally established by Controlling Board on January 17, 1972)

Purpose: This line item funds the Department of Job and Family Services' share of the federal Social Services Block Grant (SSBG). Three departments share in the total grant received: the Department of Job and Family Services (72.50%); the Department of Mental Health (12.93%); and the Department of Mental Retardation and Developmental Disabilities (14.57%). The SSBG provides funds for administration, training and direct services. The services are for adults and children and include: adoption, day care, adult day care, physical protection, homemaker services, job training, counseling, and legal services.

Appropriations for this line item also include TANF funds transferred to the Social Services Block Grant.

397 600-626 Child Support

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$237,228,542	$240,065,342	$237,675,453	$287,468,576	**$287,468,576**	**$287,468,576**
	1.2%	-1.0%	21.0%	**0.0%**	**0.0%**

Source: FED: CFDA 93.563, Child Support Enforcement

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A; ORC Chapters 3119, 3121, 3123, and 3125

Purpose: This line item receives and disburses the federal share of all county and state child support administrative expenditures, including the federal share for the Support Enforcement Tracking System (SETS).

398 600-627 Adoption Maintenance/Administration

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$184,958,968	$215,057,999	$225,871,231	$314,639,519	**$314,639,519**	**$314,639,519**
	16.3%	5.0%	39.3%	**0.0%**	**0.0%**

Source: FED: CFDA 93.658, Foster Care-Title IV-E; CFDA 93.659, Adoption Assistance; CFDA 93.674, Independent Living

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A; ORC 5153.16 and 5153.163

Purpose: This line item is used to pass through federal funds to counties for the administrative costs of placing children in public or private institutions and family foster homes. Counties are reimbursed for 50% of allowable costs incurred on behalf of eligible children. This line item is also used to pay the federal share of Title IV-E adoption assistance payments. Reimbursement is made quarterly to counties for their administrative and training expenses as funds become available based on the Social Services Time Study. This line item also receives funds from the Independent Living Grants to assist states and localities in establishing and carrying out programs designed to assist foster care children in making the transition from foster care to independent living.

3A2 600-641 Emergency Food Distribution

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$2,425,381	$1,997,708	$2,691,705	$2,936,855	**$2,600,000**	**$2,800,000**
	-17.6%	34.7%	9.1%	**-11.5%**	**7.7%**

Source: FED: CFDA 10.568, Emergency Food Assistance Program (Administrative Costs)

Legal Basis: ORC 5101.48

Purpose: These federal funds provide for the storage and distribution of food commodities in local storage centers. The Department of Job and Family Services has oversight responsibility for the distribution of surplus food including policy development, audits and contract negotiations. This line item was transferred from the Department of Agriculture to the Department of Human Services through Controlling Board action on January 4, 1985.

3AW 600-675 Faith Based Initiatives

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$750,000	**$750,000**	**$750,000**
	N/A	N/A	N/A	**0.0%**	**0.0%**

Source: FED: FED: CFDA 93.647, Compassion Capital Fund Demonstration grant

Legal Basis: Established by Controlling Board September 2004

Purpose: The State of Ohio was awarded $750,000 for three fiscal years, beginning FY 2005. The Governor's Office of Faith-Based and Community Initiatives will partner with Ohio Community Action Training Organization (OCATO), Community Care Network, Economic and Community Development Initiative, and Freestore Foodbank (FSFB) to provide technical assistance to faith-based and community-based organization. One-third of the grant each year will be used to grant approximately 35 awards to faith-based and community-based organization for capacity building activities.

H.B. 66 of the 126th G.A., As Introduced, does not reflect the FY 2006 and FY 2007 grant awards to this appropriation item. A technical amendment will be necessary to raise the appropriation during the budget process.

3D3 600-648 Children's Trust Fund Federal

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$641,407	$871,685	$215,017	$2,040,524	**$2,040,524**	**$2,040,524**
	35.9%	-75.3%	849.0%	**0.0%**	**0.0%**

Source: FED: CFDA 93.590, Community Based Family Resource and Support grant

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A; ORC 3109.14 through 3109.18

Purpose: These federal funds are used to support family resource centers, which provide a continuum of prevention services that target at-risk populations. The centers can offer parent education and support, early development screening of children, parent mentoring, job readiness and counseling, and crisis intervention.

3F0 600-623 Health Care Federal

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$251,580,895	$316,865,254	$413,196,431	$438,397,125	**$592,984,408**	**$729,752,692**
	25.9%	30.4%	6.1%	**35.3%**	**23.1%**

Source: FED: CFDA 93.778 Medical Assistance Grants (Medicaid); CFDA 93.779, Health Care Financing Research, Demonstrations and Evaluations (added by Controlling Board in October 2001)

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in October 1997)

Purpose: The funds in this account are used to meet the non-GRF federal share of Medicaid expenditures. This line item is used for the Medicaid federal share when the state share is provided from a source other than line items 600-525, Health Care/Medicaid, or 600-649, Health Care Assurance Program. This line item was created to simplify accounting for the non-GRF federal share of Medicaid funding. Major activity in this line item includes the federal share of nursing facility and ICF/MR franchise fees, eligibility outreach, county administration, and general Medicaid services. The Ticket to Work and Real Choice Starter grants, and the federal share of the Supplemental Inpatient Hospital Upper Limit Payments for Public Hospitals program, were added in October of 2001 through Controlling Board action.

3F0 600-650 Hospital Care Assurance Match

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$320,551,643	$329,495,855	$282,052,600	$343,680,516	**$343,239,047**	**$343,239,047**
	2.8%	-14.4%	21.8%	**-0.1%**	**0.0%**

Source: FED: CFDA 93.778, Medical Assistance Program (Medicaid: Title XIX)

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5112.01 through 5112.21

Purpose: This line item provides federal reimbursement for the Hospital Care Assurance Program (HCAP). This item was formerly titled Disproportionate Share Fund and prior to that was Medical Assistance. With Am. Sub. H.B. 152 of the 120th G.A., only federal matching funds related to the HCAP program may flow through the line item.

3G5 600-655 Interagency Reimbursement

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$788,027,514	$977,276,055	$1,006,819,702	$1,278,278,596	**$1,364,802,369**	**$1,426,954,440**
	24.0%	3.0%	27.0%	**6.8%**	**4.6%**

Source: FED: CFDA 10.561, State Administration Food Stamp Program; CFDA 93.658, Foster Care-Title IV-E; CFDA 93.777, State Survey and Certification of Health Care Providers and Suppliers; CFDA 93.778, Medical Assistance Program (Medicaid: Title XIX)

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 111 of the 118th G.A.)

Purpose: This line item receives and disburses federal reimbursement (primarily Medicaid) for expenditures made by other agencies.

3G9 600-657 Special Activities Self Sufficiency

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$377,853	$391,950	$0	$0	**$0**	**$0**
	3.7%	-100.0%	N/A	**N/A**	**N/A**

Source: FED: CFDA 93.595, OWF-Evaluation Grant

Legal Basis: Discontinued line item (originally established in ORC 5107)

Purpose: This line item received revenue from various grant sources. In FY 2000, three TANF encumbrances were established in line item 400-657: Prevention, Retention, and Contingency (PRC); Performance and Caseload Reduction Incentives; and Child Care funded from TANF funds. The appropriation for line item 400-657 in FY 2000 was increased by $584,362,817 for these encumbrances. Those encumbrances continued to be disbursed from fund 3G9 in FY 2001, FY 2002, and FY 2003. With no disbursements in FY 2004, $32.7 million remained at the start of FY 2005.

3H7 600-617 Child Care Federal

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$314,874,784	$335,422,802	$197,783,565	$202,529,280	**$208,000,000**	**$208,000,000**
	6.5%	-41.0%	2.4%	**2.7%**	**0.0%**

Source: FED: CFDA 93.558, Temporary Assistance for Needy Families; CFDA 93.596, Child Care and Development Fund (Mandatory/ Matching); CFDA 93.575, Child Care and Development Fund (Discretionary)

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A; ORC 5104

Purpose: This line item provides a major funding mechanism to subsidize child care costs of low income families. It is also used to provide state administration and quality programs.

3N0 600-628 IV-E Foster Care Maintenance

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$119,103,085	$120,940,020	$115,796,416	$153,963,142	**$153,963,142**	**$153,963,142**
	1.5%	-4.3%	33.0%	**0.0%**	**0.0%**

Source: FED: CFDA 93.658, Foster Care-Title IV-E

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A; ORC 5101.141 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: Foster care maintenance payments are issued monthly from this line item to foster parents or institutions to assist in the support of foster care. These federal dollars are passed through to counties for the care of foster children in private institutions.

3S5 600-622 Child Support Projects

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$277,962	$160,800	$280,306	$534,050	**$534,050**	**$534,050**
	-42.2%	74.3%	90.5%	**0.0%**	**0.0%**

Source: FED: CFDA 93.597, State Access and Visitation Program

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A (originally established by Controlling Board on October 20, 1997)

Purpose: This line item provides funding for a special federal grant related to the child support program. These funds are to used to facilitate non-custodial parents' access to, and visitation of, their children and to encourage the payment of child support obligations. County departments of job and family services apply for these funds from JFS' Office of Child Support. Examples of programs funded include: supervised visitation, neutral drop-off and pick-up points, and mediation of access disputes.

3V0 600-662 WIA Ohio Option #7

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$82,648,878	$66,953,871	$0	**$0**	**$0**
	N/A	-19.0%	-100.0%	**N/A**	**N/A**

Source: FED: CFDA 17.255, Workforce Investment Act (WIA)

Legal Basis: Discontinued line item (originally established by Controlling Board in June 2002)

Purpose: This line item captured federal Workforce Investment Act funding that supported WIA Youth Activities, WIA Adult Activities, and WIA Dislocated Worker Activities in Ohio's seventh Workforce Investment Area (the Ohio Option area).

Beginning in FY 2005, funding for all Ohio Workforce Investment Areas was supported by appropriation item 600-688, Workforce Investment Act.

3V0 600-688 Workforce Investment Act

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$104,268,250	$68,607,612	$62,000,443	$184,285,600	**$208,322,037**	**$208,097,948**
	-34.2%	-9.6%	197.2%	**13.0%**	**-0.1%**

Source: FED: CFDA 17.255, Workforce Investment Act (WIA); CFDA 17.258, Workforce Investment Act - Adult; CFDA 17.259, Workforce Investment Act - Youth; CFDA 17.260, Workforce Investment Act - Dislocated Worker; CFDA 17.257, WIA - Faith Based Initiative for States

Legal Basis: ORC 6301 (originally established by Controlling Board in April 2000)

Purpose: This line item captures federal Workforce Investment Act funding that supports WIA Youth Activities, WIA Adult Activities, and WIA Dislocated Worker Activities in the state's Workforce Investment Areas.

3V4 600-678 Federal Unemployment Programs

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$64,445,475	$96,263,783	$104,372,627	$199,748,976	**$153,435,545**	**$157,202,750**
	49.4%	8.4%	91.4%	**-23.2%**	**2.5%**

Source: FED: CFDA 17.225, Unemployment Insurance; CFDA 17.245, Trade Adjustment Assistance; CFDA 83.541, Disaster Unemployment Assistance

Legal Basis: ORC 4141 (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item receives federal funds used to administer the Unemployment Insurance program in Ohio. The UI program is mandated by federal and state law. Funds for the program administration are provided primarily by the U.S. Department of Labor from revenues collected from employers by the Internal Revenue Service pursuant to the Federal Unemployment Tax Act.

The appropriation items supports activities in the Office of Unemployment Compensation, the Office of Workforce Development, and the Office of Local Operations.

3V4 600-679 Unemployment Compensation Review Commission - Federal

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,616,355	$2,625,381	$3,035,906	$2,860,297	**$3,829,430**	**$3,800,573**
	62.4%	15.6%	-5.8%	**33.9%**	**-0.8%**

Source: FED: CFDA 17.245, Unemployment Insurance

Legal Basis: ORC 4141 (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: The Unemployment Insurance program is mandated by federal and state law. Funds for the program administration are provided primarily by the U.S. Department of Labor from revenues collected from employers by the Internal Revenue Service pursuant to the Federal Unemployment Tax Act.

This line is used to administer the review of claims for unemployment insurance by the Unemployment Compensation Review Commission (UCRC).

3V6 600-689 TANF Block Grant

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$569,408,004	$563,722,208	$650,235,823	$675,703,645	**$756,604,142**	**$781,983,200**
	-1.0%	15.3%	3.9%	**12.0%**	**3.4%**

Source: FED: CFDA 93.558, Social Security Act, Title IV, Part A, as amended

Legal Basis: ORC 5101.80 through 5101.91

Purpose: This line item receives the bulk of federal block grant money for the Temporary Assistance for Needy Families (TANF) program. TANF is the first title of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) that establishes a comprehensive welfare reform program designed to move welfare recipients into work and limiting public assistance. The funds in this item must be used within the guidelines of the TANF state plan.

3V6 600-690 Wellness

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$13,137,155	$12,567,447	$15,004	$0	**$0**	**$0**
	-4.3%	-99.9%	-100.0%	**N/A**	**N/A**

Source: FED: CFDA 93.558, Social Security Act, Title IV, Part A, as amended

Legal Basis: Discontinued line item (originally established in ORC 3109.161 and 5103.07)

Purpose: This line item supported a statewide primary prevention initiative, which provided each county with funding for community-based programs of prevention services targeted at reducing teenage pregnancy rates and reducing child abuse and neglect. Funding to counties was based on a formula that considered each county's population under the age of eighteen, rates of child abuse, neglect and teen pregnancy. This line item also supported transfers to the Department of Health to expand services under the Early Start program, and transfers to the Department of Youth Services to support the statewide Comprehensive Strategies Initiative, a planning effort to develop comprehensive strategies aimed at reducing juvenile delinquent activity.

3W3 600-659 TANF/ Title XX Transfer

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$22,710,087	$55,633,235	$93,498,158	**$8,000,000**	**$5,400,000**
	N/A	145.0%	68.1%	**-91.4%**	**-32.5%**

Source: FED: CFDA 93.558, Social Security Act, Title IV, Part A, as amended (Temporary Assistance for Needy Families), and claimed as earned federal reimbursement as a result of being transferred to the Social Services Block Grant

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in August, 2001)

Purpose: This line item supports various state activities not confined to the Department of Job and Family Services. In FY 2006 and FY 2007, funds intended to support county social services expenditures will be transferred to appropriation item 600-620, Social Services Block Grant.

3W3 600-696 Non-TANF Adult Assistance

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,000,000	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: FED: Claimed as earned federal reimbursement as a result of being transferred to the Social Services Block Grant from CFDA 93.558, Social Security Act, Title IV, Part A, as amended (Temporary Assistance for Needy Families)

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item was created to supplement line item 600-512, Non-TANF Emergency Assistance, to provide funding to counties for emergency assistance to adult individuals and childless couples who are ineligible for federal public assistance programs. The Adult Emergency Assistance program (AEA) aided individuals with emergency needs such as shelter, transportation, clothing, utilities, and food, as the administering agency approved. These dollars were allocated to the counties and then distributed through non-profit organizations, which serve as the counties' emergency food and shelter boards.

3W8 600-638 Hippy Program

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$62,500	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: FED: Claimed as earned federal reimbursement as a result of being transferred to the Social Services Block Grant from CFDA 93.558, Social Security Act, Title IV, Part A, as amended (Temporary Assistance for Needy Families)

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: Funding was used to instruct parents of pre-school children on home reading methods. The program was operated by the YWCA of Cincinnati.

3W9 600-640 Adoption Connection

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$50,000	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: FED: Claimed as earned federal reimbursement as a result of being transferred to the Social Services Block Grant from CFDA 93.558, Social Security Act, Title IV, Part A, as amended (Temporary Assistance for Needy Families)

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item provided funding for the Adoption Connection Program in Hamilton County. The program provided services such as public awareness and counseling related to pregnancy.

State Special Revenue Fund Group

198 600-647 Children's Trust Fund

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$2,786,937	$2,860,319	$4,209,769	$5,288,522	**$6,788,522**	**$6,788,522**
	2.6%	47.2%	25.6%	**28.4%**	**0.0%**

Source: SSR: Fees charged for copies of birth and death certificates, and for filing a decree of divorce or dissolution; interest earned on these deposits

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3109.15 through 3109.18

Purpose: This line item provides the state funding mechanism for the expenditures related to the Children's Trust Fund (CTF). CTF works with the local Children's Trust Fund Advisory Board to establish and maintain services to support child abuse and neglect prevention programs.

4A9 600-607 Unemployment Compensation Admin Fund

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$7,038,595	$126,666	$125,011	$8,001,000	**$10,811,527**	**$10,811,527**
	-98.2%	-1.3%	6300.2%	**35.1%**	**0.0%**

Source: SSR: Interest collected on delinquent employer contributions to the Unemployment Compensation Trust Fund, plus all fines and forfeitures assessed on employers

Legal Basis: ORC 4141 (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: This fund may be used for operations related to unemployment insurance/employment services for which federal funds are not available or have not been received. If the amount in this fund is considered excessive by the Unemployment Compensation Advisory Commission, the excess amount may be transferred to the Unemployment Compensation Trust Fund subject to the approval of the Director of the Office of Budget and Management.

In FY 2006 and FY 2007, workforce development activities previously funded through the Office of Workforce Development appropriation item 600-424, will be supported by this appropriation item.

4A9 600-694 Unemployment Comp Review Comm

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$0	**$3,188,473**	**$3,188,473**
	N/A	N/A	N/A	**N/A**	**0.0%**

Source: SSR: Interest collected on delinquent employer contributions to the Unemployment Compensation Trust Fund, plus all fines and forfeitures assessed on employers

Legal Basis: H.B. 66 of the 126th G.A., not yet enacted

Purpose: In FY 2006 and FY 2007, funds previously appropriated from GRF line item 600-435, Unemployment Compensation Review Commission, will be appropriated from this item.

4E3 600-605 Nursing Home Assessments

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,774	$56,892	$588,025	$4,759,914	**$4,759,914**	**$4,759,914**
	N/A	933.6%	709.5%	**0.0%**	**0.0%**

Source: SSR: Assessments against nursing facilities for deficiencies

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5111.35 through 5111.62 (originally established by Controlling Board on August 17, 1992)

Purpose: These funds are used for the protection of the health and property of residents of nursing homes in which the Department of Health finds deficiencies. Expenditures include payment for the costs of relocation of residents to other facilities, maintenance or operation of a facility pending correction of deficiencies or closure, and reimbursement to residents for the loss of money managed by the facility.

4E7 600-604 Child and Family Services Collections

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$58	$0	$2,795	$1,237,500	**$300,000**	**$300,000**
	-100.0%	N/A	44175.5%	**-75.8%**	**0.0%**

Source: SSR: $30 of the $50 filing fee assessed to adoptive parents

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5101.80 through 5101.91

Purpose: This line item funds the Putative Father Registry. This registry is designed to allow a man who believes he has fathered a child to register his interests in the child. By registering, the father will be notified if his child is placed for adoption. This may decrease the possibility for adoption disruption.

4F1 600-609 Foundation Grants/Child & Family Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$98,380	$0	$0	$119,310	**$61,420**	**$61,420**
	-100.0%	N/A	N/A	**-48.5%**	**0.0%**

Source: SSR: Various gifts and grants

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item receives funds from private foundations in support of pilot projects that promote programs that enhance the health, safety, and well-being of children and families.

4J5 600-613 Nursing Facility Bed Assessments

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$43,415,949	$33,878,723	$33,975,980	$35,064,238	**$34,613,984**	**$34,613,984**
	-22.0%	0.3%	3.2%	**-1.3%**	**0.0%**

Source: SSR: Tax on nursing home beds for each day of use.
The funding source for this line item comes from Nursing Facility Franchise fees and transfers from the Department of Aging to support the RSS program. Prior to FY 2002, the amount of the franchise fee was $1 per day for each such bed. Am. Sub. H. B. 94 of the 124th General Assembly raised the franchise fee to $3.30 for FYs 2002 and 2003. Am. Sub. S. B. 261 of the 124th General Assembly raised the franchise fee to $4.30 for FYs 2003 through 2005. The additional money generated from the increase for FYs 2003, 2004, and 2005 are to be deposited into a newly established fund, 5R2, Nursing Facility Stabilization Fund.

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 3721.51 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: Am. Sub. H.B. 94 of 124th General Assembly allowed this line item to fund the nursing facility audits and the Ohio Access Success Project for FYs 2002 and 2003.

This line item is used to (1) transfer moneys to the Department of Aging and provides funds for PASSPORT and the Residential State Supplement (RSS) programs; (2) fund the nursing facility audits and the Ohio Access Success Project.

This line item provides the state share of franchise fee reimbursements to the nursing facilities. The federal share is paid through line item 600-623, Health Care Federal.

4J5 600-618 Residential State Supplement Payments

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$13,935,742	$13,681,359	$11,992,307	$15,700,000	**$15,700,000**	**$15,700,000**
	-1.8%	-12.3%	30.9%	**0.0%**	**0.0%**

Source: SSR: Nursing home franchise fee payments available for Residential State Supplement (RSS) and any transfers from the Department of Aging

Legal Basis: ORC 173.35 and 3721.56 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item provides payments to Residential State Supplement (RSS) recipients. As a result of Am. Sub. H.B. 152 of the 120th G.A., control of the Optional State Supplement program (the former name of RSS) was transferred to the Department of Aging, although payments are still to be made by JFS. Funding for RSS payments is transferred from the Department of Aging. There are no federal funds generated by this line item.

The RSS program provides a cash supplement to low-income aged, blind, or disabled adults who have need for assistance with daily activities due to a medical condition, but do not require institutional care if other protective care can be arranged.

4K1 600-621 ICF/MR Bed Assessments

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$20,007,768	$21,419,351	$20,363,845	$20,428,726	**$20,074,255**	**$20,064,131**
	7.1%	-4.9%	0.3%	**-1.7%**	**-0.1%**

Source: SSR: Bed tax for each day of use of an ICF/MR bed

Legal Basis: ORC 5112.31 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This line item is used to fund the state share of reimbursement to Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) for the cost of the franchise fee. The federal share is paid through 600-623, Health Care Federal.

Moneys from this account are also transferred to the Department of Mental Retardation and Developmental Disabilities (DMR), to provide funds for use as state match for the Individual Options Waiver program under DMR.

This line item provides the state share of reimbursements to the ICFs/MR, the federal share is paid through 600-623, Health Care Federal.

4R3 600-687 Banking Fees

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$404,000	$655,364	$556,424	$892,000	**$800,000**	**$800,000**
	62.2%	-15.1%	60.3%	**-10.3%**	**0.0%**

Source: SSR: Interest earned on the unemployment compensation benefit account; the unemployment compensation clearing account

Legal Basis: ORC 4141 (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: This line item is used for paying related banking costs incurred from the State Treasurer's Office for clearing unemployment compensation warrants. ORC 4141.09 (H) directs the Treasurer of State to deposit interest earned from the benefit account into the banking fees account. If the amount of interest earned exceeds the cost of banking fees, then the residual is deposited into the Unemployment Compensation Trust Fund. Interest earned from the clearing account is deposited into the banking fees account.

4Z1 600-625 Healthcare Compliance

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$925,689	$899,953	$300,000	$10,000,000	**$10,000,000**	**$10,000,000**
	-2.8%	-66.7%	3233.3%	**0.0%**	**0.0%**

Source: SSR: Fine revenue from Medicaid providers

Legal Basis: ORC 5111.171 (originally established by Controlling Board in October 1998)

Purpose: Medicaid Managed Care providers who fail to comply with health care data collection requirements are fined and the moneys are deposited in this account. When providers come into compliance, they are reimbursed for the fines paid from this account.

Prior to FY 2001, this line item was appropriated in the Department of Human Services' budget (line item 400-625).

5A5 600-685 Unemployment Benefit Automation

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,493,492	$7,809,680	$12,504,146	$14,700,000	**$0**	**$0**
	422.9%	60.1%	17.6%	**-100.0%**	**N/A**

Source: SSR: Interest earned on money deposited into the Unemployment Compensation Benefit Reserve Fund (Fund 5B4)

Legal Basis: ORC 4141 (originally established by Am. Sub. H.B. 275 of the 121st G.A.)

Purpose: This line item was created to help fund automation of the Unemployment Compensation Benefit delivery system and Ohio Job Net. The remainder of the funds generated from this line item will be exhausted by the end of FY 2005.

5AA 600-673 Ohio's Best Rx Administration

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$5,000,000	**$5,000,000**	**$5,000,000**
	N/A	N/A	N/A	**0.0%**	**0.0%**

Source: SSR: Fund is transferred from the Ohio’s Best Rx Program Fund.

Legal Basis: Section 4 of H.B. 311 of the 125th G.A.

Purpose: This line item is used on an ongoing basis to cover expenses associated with the Ohio’s Best Rx Program.

5BE 600-693 Child Support Operating

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$0	**$5,000,000**	**$5,000,000**
	N/A	N/A	N/A	**N/A**	**0.0%**

Source: SSR: A portion of federal incentives received from the U.S. Department of Health and Human Services related to Child Support Enforcement law.

Legal Basis: ORC 3125.191 (originally established by H.B. 66 of the 126th G.A. - not yet enacted)

Purpose: This line item is to be used for programs and administrative purposes associated with the Child Support Enforcement program.

5BG 600-653 Managed Care Assessment

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$0	**$18,795,483**	**$99,410,121**
	N/A	N/A	N/A	**N/A**	**428.9%**

Source: SSR: Medicaid managed care franchise permit fee: a 4.5% fee on each Medicaid Managed care provider's total revenues, unless ODJFS adopts rules decreasing the percentage or increasing the percentage to not more than 6%.

Legal Basis: H.B. 66, As Introduced

Purpose: This line item is used to help offset the state-wide managed care expansion.

5E6 600-634 State Option Food Stamps

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$5,297,303	$5,176,393	$45,546	$0	**$0**	**$0**
	-2.3%	-99.1%	-100.0%	**N/A**	**N/A**

Source: SSR: Claimed as earned federal reimbursement as a result of being transferred to the Social Services Block Grant from CFDA 93.558, Social Security Act, Title IV, Part A, as amended (Temporary Assistance for Needy Families)

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: This line item was used to support expenditures of the Ohio Association of Second Harvest Food Banks and also Child Nutrition Services in the Department of Education. The Second Harvest Food Bank could use up to 6% of each year's appropriation for administrative and warehousing expenses.

5F2 600-667 Building Consolidation

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$500,000	**$250,000**	**$250,000**
	N/A	N/A	N/A	**-50.0%**	**0.0%**

Source: SSR: Down payments on the sale of buildings (Local Offices) purchased with U.S. Department of Labor (DOL) funds by the former Ohio Bureau of Employment Services.

Legal Basis: Controlling Board, June 2004 (Originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Proceeds from the sale of some local offices originally purchased with DOL funds must be reimbursed to the DOL. This is a holding account for escrow deposits and interest can be separately accounted. Amounts remaining in the fund associated with selling costs will be reimbursable to the Special Administrative Fund.

5F3 600-668 Building Consolidation

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$810,021	$5,000,000	**$1,000,000**	**$1,000,000**
	N/A	N/A	517.3%	**-80.0%**	**0.0%**

Source: SSR: Proceeds from the sale of buildings (Local Offices) purchased with U.S. Department of Labor (DOL) funds by the former Ohio Bureau of Employment Services.

Legal Basis: Controlling Board, June 2004 (Originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Proceeds from the sale of some local offices originally purchased with DOL funds must be reimbursed to the DOL. The sale proceeds less any costs associated with the sale of the properties will be deposited into this fund, then returned to the DOL.

5P4 600-691 TANF Child Welfare

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$2,163,229	$9,672,179	$506,346	$0	**$0**	**$0**
	347.1%	-94.8%	-100.0%	**N/A**	**N/A**

Source: SSR: Claimed as earned federal reimbursement as a result of being transferred to the Social Services Block Grant from CFDA 93.558, Social Security Act, Title IV, Part A, as amended (Temporary Assistance for Needy Families)

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item was used to expand and support county Public Child Services Association activities and to develop pilot projects dealing with violent and aggressive youth.

5P5 600-692 Health Care Services

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$258,544,053	$353,153,059	$459,404,768	$544,817,582	**$828,587,776**	**$538,301,761**
	36.6%	30.1%	18.6%	**52.1%**	**-35.0%**

Source: SSR: Prescription drug manufacturer rebates to the Ohio Medicaid program

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5111.081 (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This line item is used to offset Medicaid expenditures that would otherwise be paid from line item 600-525. This line item is also used to pay the third party liability contract.

5Q9 600-619 Supplemental Inpatient Hospital Payments

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$11,779,720	$44,227,437	$56,125,998	**$56,125,998**	**$56,125,998**
	N/A	275.5%	26.9%	**0.0%**	**0.0%**

Source: SSR: The difference between what Medicare would have paid and what Medicaid actually paid for services provided to Medicaid recipients by hospitals

Legal Basis: Ohio Administrative Code 5101:3-2-50 (originally established by Controlling Board in October 2001)

Purpose: This line item and fund were created to collect and disburse the state share of Supplemental Inpatient Hospital Upper Limit Payments to Public Hospitals. The Supplemental Inpatient Hospital Upper Limit Payment program gives non-state public hospitals an option for reducing the gap between what Medicare would have paid and what Medicaid actually pays for inpatient services provided to Medicaid recipients.

The Department estimates what Medicare would have paid for a set of inpatient services provided to Medicaid recipients by each hospital. JFS then calculates the "payment gap" or the difference between the two. The public hospitals then send the state share of the payment gap to JFS. These dollars are deposited into fund 5Q9 and then disbursed back to the public hospitals through line item 600-619 along with federal match from line item 600-623, Health Care Federal.

5R2 600-608 Medicaid-Nursing Facilities

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$56,531,059	$98,585,728	$113,754,184	$108,206,770	**$144,829,224**	**$148,314,982**
	74.4%	15.4%	-4.9%	**33.8%**	**2.4%**

Source: SSR: Additional franchise fee assessment on nursing facilities per Am. Sub. H.B. 94 of the 124th G.A.

Legal Basis: ORC 3721.56 (originally established by Am. Sub. H.B. 94 of the 124th G.A.)

Purpose: This fund was established to receive the increased franchise fee assessment from nursing facilities in accordance with Am. Sub. H.B. 94 and Am. Sub. S.B. 261 of the 124th G.A. These funds and the resulting federal match is used to reimburse nursing facilities in accordance with the reimbursement rate methodology described in statute. The original franchise fee assessment ($1 per bed per day) is deposited in Fund 4J5.

This line item provides the state share of reimbursements to the nursing facilities. The federal share is paid through line item 600-623, Health Care Federal.

5S3 600-629 MR/DD Medicaid Administration and Oversight

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$245,350	$197,319	$1,620,960	**$1,620,960**	**$1,620,960**
	N/A	-19.6%	721.5%	**0.0%**	**0.0%**

Source: SSR: An annual fee charged by the Department of Mental Retardation and Developmental Disabilities to the county boards of MR/DD

Legal Basis: ORC 5123.0412 (originally established by Controlling Board in October 2001)

Purpose: This line item was created to appropriate and disburse funds received from the Department of Mental Retardation and Developmental Disabilities (ODMR/DD) as limited by ORC 5123.0412, which describes the purpose of Fund 5S3, which includes MR/DD related administration/oversight and county board technical support.

ODMR/DD charges the county boards of MR/DD an annual fee of 1% of the value of all Medicaid claims paid for case management or home and community based services. ODMR/DD then transfers 30% of the funds collected to the Department of Job and Family Services, Fund 5S3.

5T2 600-652 Child Support Special Payment

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$12,869,481	$1,007,013	$296,856	**$0**	**$0**
	N/A	-92.2%	-70.5%	**-100.0%**	**N/A**

Source: SSR: Food stamp earned federal reimbursement owed to Ohio by Food and Nutrition Services in the U.S. Department of Agriculture and AFDC quality control funds owed to Ohio by the U.S. Department of Health and Human Services

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. S.B. 170 of the 124th G.A.)

Purpose: This line item is used to refund state income tax returns that were intercepted between October 1997 and September 2000 to offset the cost of public assistance. The line item is also used to reimburse former welfare recipients, dating back to October 1997, whose child support was intercepted to pay for public assistance benefits. This line item is used to reimburse counties for the state share of administrative costs incurred in case reviews and payment for support arrearages with interest based on the case reviews.

The reimbursements described above have been completed and this line item will not receive appropriations in FYs 2006 and 2007.

5U3 600-654 Health Care Services Administration

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$135,208	$2,002,564	$6,119,127	**$10,115,870**	**$15,474,709**
	N/A	1381.1%	205.6%	**65.3%**	**53.0%**

Source: SSR: Revenue received from federal reimbursement for allowable Medicaid administrative expenditures made by state or local entities; the amount received during FY 2004-2005 derives from the first installment of assessments on hospitals for the Hospital Care Assurance Program and intergovernmental transfers under the Hospital Care Assurance Program

Legal Basis: ORC 5111.92 through 5112.11

Purpose: This line item is used to pay costs associated with the administration of the Medicaid program.

This line item provides funding to hire additional staff and pay for contracted services for various purposes including: (1) safeguarding Medicaid funds that are distributed to other state agencies to ensure proper use of the funds, which could result in fewer Medicaid audit findings by the federal government that result in revenue loss to the state; (2) hiring more auditors of Medicaid providers to improve billing accuracy, recover overpayments of Medicaid when appropriate, and reduce fraud and abuse; (3) refinancing services currently funded with GRF and/or local funds in the mental retardation and developmental disabilities, education, and public health systems; and (4) developing care management strategies for Ohioans with higher medical needs.

5U6 600-663 Children and Family Support

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$1,197,811	$2,739,882	$4,929,718	**$4,929,717**	**$4,929,717**
	N/A	128.7%	79.9%	**0.0%**	**0.0%**

Source: SSR: Various withholding allowances of pass-through dollars

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board in June 2002)

Purpose: The funds in this line item are used to support the non-federal share of a statewide training program and to support the non-federal share of other child welfare grants and initiatives.

5Z9 600-672 TANF QC Reinvestments

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$19,962	$574,000	**$647,409**	**$688,421**
	N/A	N/A	2775.5%	**12.8%**	**6.3%**

Source: SSR: Settlement with the U.S. Department of Health and Human Services (HHS) for a disallowance under the former Aid to Families with Dependent Children (AFDC) due to quality control findings. The negotiated disallowance amount refunded to the state is 15% of the total disallowance, or $2,853,088.

Legal Basis: Am. Sub. H.B. 95 of the 125th G.A. (Originally established by Controlling Board, March 2004)

Purpose: In FFY 1991, the U.S. Department of Health and Human Services assessed the State of Ohio $19,020,584 for quality control findings under the former Aid to Families with Dependent Children (AFDC) program. A settlement agreement between several states, including Ohio, and the U.S. Department of Health and Human Services resulted in a much lower assessment amount, totaling 15% of the original disallowance. For the State of Ohio, the revised assessment equaled $2,853,088. Under the settlement agreement, the state could reinvest that amount in program activities or pay it back to the federal government. ODJFS has chosen to create the Temporary Assistance for Needy Families Quality Control (TANF QC) program.

The Department has described the TANF QC program as a "review process, which will focus on the dollar payment accuracy of the eligibility determination process for Ohio Works First (OWF)." The program will continue to function through SFY 2009 with a program need reassessment at that time.

The Department will continue the program with the remaining negotiated disallowance funds through FY 2009.

600 600-603 Third-Party Recoveries

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,531,612	$0	$0	$0	**$0**	**$0**
	-100.0%	N/A	N/A	**N/A**	**N/A**

Source: SSR: Medicaid funds recovered from service providers when an alternative payer was liable (e.g., an insurance company)

Legal Basis: Discontinued line item (originally established by Controlling Board in May 1986)

Purpose: This line item reimbursed Medicaid for payments for which Medicaid should not have been the payer of first choice.

651 600-649 Hospital Care Assurance Program Fund

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$222,480,309	$231,061,911	$197,380,968	$236,566,852	**$231,893,404**	**$231,893,404**
	3.9%	-14.6%	19.9%	**-2.0%**	**0.0%**

Source: SSR: HCAP assessments on hospitals

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; Ohio Administrative Code 5101:3-2 (originally established by Am. Sub. H.B. 738 of the 117th G.A.)

Purpose: This line item disburses the hospital share of funding for the Hospital Care Assurance Program. In FY 1989, state-only funds were transferred from the Controlling Board's Caseload line item. Hospitals are assessed an amount on their total facility costs. The total anticipated assessments from all Ohio hospitals are combined with the anticipated federal revenue in Fund 3F0, Hospital Care Assurance Match. These funds are distributed to the hospitals based on methodology provided in the Ohio Administrative Code.

Agency Fund Group

192 600-646 Support Intercept-Federal

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$97,951,642	$93,516,410	$96,470,181	$110,000,000	**$110,000,000**	**$110,000,000**
	-4.5%	3.2%	14.0%	**0.0%**	**0.0%**

Source: AGY: Overdue child support payments collected by the Internal Revenue Service

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5101.32

Purpose: In cooperation with the Internal Revenue Service, JFS uses this line item to collect overdue child support payments from federal income tax refunds. This line item was created to comply with federal law, which required states to have procedures for income tax refund withholdings.

583 600-642 Support Intercept-State

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$14,718,542	$13,150,190	$14,821,290	$16,000,000	**$16,000,000**	**$16,000,000**
	-10.7%	12.7%	8.0%	**0.0%**	**0.0%**

Source: AGY: Overdue child support payments collected by the Department of Taxation

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5101.321

Purpose: In cooperation with the Ohio Department of Taxation, the Department of Job and Family Services uses this line item to collect overdue child support payments from state personal income tax refunds. This line item was created to comply with federal law, which required states to have procedures for income tax refund withholding.

5B6 600-601 Food Stamp Intercept

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$1,263,289	$1,169,823	$634,365	$2,000,000	**$2,000,000**	**$2,000,000**
	-7.4%	-45.8%	215.3%	**0.0%**	**0.0%**

Source: AGY: Collections from IRS intercept program for food stamp fraud

Legal Basis: ORC 5101.80 through 5101.91

Purpose: This line item receives the collections the IRS makes through the Food Stamp Intercept program. The moneys from this line item are sent back to the United States Department of Agriculture for reimbursement for fraudulent food stamp payments. A small portion of the collection is sent back to the county where the fraudulent benefits were issued as an incentive payment for participation in this program.

Holding Account Redistribution Fund Group

R12 600-643 Refunds and Audit Settlements

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$46,364	$3,523,314	$1,506,767	$5,343,906	**$3,600,000**	**$3,600,000**
	7499.3%	-57.2%	254.7%	**-32.6%**	**0.0%**

Source: 090: Unidentified checks received by JFS

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 238 of the 116th G.A.)

Purpose: This line item acts as a holding account for checks whose disposition cannot be determined at the time of receipt. Upon determination of the appropriate fund into which the check should have been deposited, a disbursement is made from this line item to the appropriate fund.

Prior to FY 2001, this line item was appropriated in the Department of Human Services' budget (line item 400-643).

R13 600-644 Forgery Collections

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$1,286	$10,000	**$10,000**	**$10,000**
	N/A	N/A	677.6%	**0.0%**	**0.0%**

Source: 090: Funds from banks and other entities that have cashed a forged public assistance check that was repaid to the state

Legal Basis: Section 59 of Am. Sub. H.B. 95 of the 125th G.A.; ORC 5101 (originally established by Am. Sub. H.B. 238 of 116th G.A.)

Purpose: The line item was created to receive funds from banks and other entities that have cashed forged public assistance warrants.

Prior to FY 2001, this line item was appropriated in the Department of Human Services' budget (line item 400-644).

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	Estimated 2005	As Introduced 2006	House Passed 2006	% Change Est. 2005 to House 2006	As Introduced 2007	House Passed 2007	% Change House 2006 to House 2007
JFS		**Job and Family Services, Department of**							
GRF	600-321	Support Services	$65,736,930	$ 70,912,400	$ 70,912,400	7.9%	$ 68,519,938	$ 68,519,938	-3.4%
GRF	600-410	TANF State	$272,619,061	$ 272,619,061	$ 272,619,061	0.0%	$ 272,619,061	$ 272,619,061	0.0%
GRF	600-413	Child Care Match/MOE	$84,120,596	$ 84,120,596	$ 84,120,596	0.0%	$ 84,120,596	$ 84,120,596	0.0%
GRF	600-416	Computer Projects	$151,400,454	$ 156,095,908	$ 152,095,908	0.5%	$ 155,481,486	$ 151,481,486	-0.4%
GRF	600-420	Child Support Administration	$5,091,446	$ 5,091,446	$ 5,091,446	0.0%	$ 5,091,446	$ 5,091,446	0.0%
GRF	600-421	Office of Family Stability	$4,864,932	$ 4,864,932	$ 4,864,932	0.0%	$ 4,864,932	$ 4,864,932	0.0%
GRF	600-422	Local Operations	$2,305,232	$ 0	$ 0	-100.0%	$ 0	$ 0	N/A
GRF	600-423	Office of Children and Families	$5,906,927	$ 5,408,020	$ 5,408,020	-8.4%	$ 5,431,690	$ 5,431,690	0.4%
GRF	600-424	Office of Workforce Development	$877,971	$ 0	$ 0	-100.0%	$ 0	$ 0	N/A
GRF	600-425	Office of Ohio Health Plans	$42,099,242	$ 51,343,175	$ 0	-100.0%	$ 49,865,282	$ 0	N/A
GRF	600-435	Unemployment Compensation Review Committee	$3,188,473	$ 0	$ 0	-100.0%	$ 0	$ 0	N/A
GRF	600-439	Commission to Reform Medicaid	$236,441	$ 0	$ 0	-100.0%	$ 0	$ 0	N/A
GRF	600-440	Ohio's Best Rx Start Up Costs	$9,880,186	$ 0	$ 0	-100.0%	$ 0	$ 0	N/A
GRF	600-442	PA Reconciliation	$0	$ 30,000,000	$ 30,000,000	N/A	$ 30,000,000	$ 30,000,000	0.0%
GRF	600-502	Child Support Match	$16,814,103	$ 16,814,103	$ 16,814,103	0.0%	$ 16,814,103	$ 16,814,103	0.0%
GRF	600-511	Disability Financial Assistance	$22,839,371	$ 22,839,371	$ 22,839,371	0.0%	$ 22,839,371	$ 22,839,371	0.0%
GRF	600-512	Non-TANF Disaster Assistance	$0	$ 1,000,000	$ 1,000,000	N/A	$ 1,000,000	$ 1,000,000	0.0%
GRF	600-521	Entitlement Administration-Local	$62,506,401	$ 151,206,401	$ 151,206,401	141.9%	$ 151,206,401	$ 151,206,401	0.0%
GRF	600-523	Children and Families Subsidy	$68,939,636	$ 69,438,543	$ 69,438,543	0.7%	$ 69,438,543	$ 69,438,543	0.0%
GRF	600-525	Health Care/Medicaid	$9,574,922,352	$ 9,420,592,916	$ 0	-100.0%	$ 9,584,133,251	$ 0	N/A
GRF	600-526	Medicare Part D	$0	$ 155,349,266	$ 0	N/A	$ 339,578,325	$ 0	N/A
GRF	600-528	Adoption Services	$77,132,981	$ 74,030,105	$ 74,030,105	-4.0%	$ 78,538,615	$ 78,538,615	6.1%
General Revenue Fund Total			**$ 10,471,482,735**	**$ 10,591,726,243**	**$ 960,440,886**	**-90.8%**	**$ 10,939,543,040**	**$ 961,966,182**	**0.2%**
4A8	600-658	Child Support Collections	$26,680,794	$ 26,680,794	$ 26,680,794	0.0%	$ 26,680,794	$ 26,680,794	0.0%
4R4	600-665	BCII Service Fees	$136,974	$ 36,974	$ 36,974	-73.0%	$ 36,974	$ 36,974	0.0%
5C9	600-671	Medicaid Program Support	$60,216,249	$ 73,015,021	$ 73,015,021	21.3%	$ 63,947,536	$ 63,947,536	-12.4%

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	Estimated 2005	As Introduced 2006	House Passed 2006	% Change Est. 2005 to House 2006	As Introduced 2007	House Passed 2007	% Change House 2006 to House 2007
JFS		***Job and Family Services, Department of***							
5N1	600-677	County Technologies	$1,000,000	$ 1,000,000	$ 1,000,000	0.0%	$ 1,000,000	$ 1,000,000	0.0%
613	600-645	Training Activities	$135,000	$ 135,000	$ 135,000	0.0%	$ 135,000	$ 135,000	0.0%
General Services Fund Group Total			**$ 88,169,017**	**$ 100,867,789**	**$ 100,867,789**	**14.4%**	**$ 91,800,304**	**$ 91,800,304**	**-9.0%**
316	600-602	State and Local Training	$11,249,282	$ 0	$ 0	-100.0%	$ 0	$ 0	N/A
327	600-606	Child Welfare	$28,665,728	$ 33,160,190	$ 33,160,190	15.7%	$ 33,090,786	$ 33,090,786	-0.2%
331	600-686	Federal Operating	$47,340,081	$ 43,966,134	$ 43,966,134	-7.1%	$ 44,929,546	$ 44,929,546	2.2%
384	600-610	Food Stamps and State Administration	$135,141,694	$ 188,238,706	$ 188,238,706	39.3%	$ 181,250,799	$ 181,250,799	-3.7%
385	600-614	Refugee Services	$5,841,407	$ 5,683,829	$ 5,683,829	-2.7%	$ 5,742,439	$ 5,742,439	1.0%
395	600-616	Special Activities/Child and Family Services	$3,975,821	$ 4,567,112	$ 4,567,112	14.9%	$ 4,564,877	$ 4,564,877	0.0%
396	600-620	Social Services Block Grant	$139,485,134	$ 120,993,012	$ 120,993,012	-13.3%	$ 121,004,222	$ 121,004,222	0.0%
397	600-626	Child Support	$287,468,576	$ 287,468,576	$ 287,468,576	0.0%	$ 287,468,576	$ 287,468,576	0.0%
398	600-627	Adoption Maintenance/Administration	$314,639,519	$ 314,639,519	$ 314,639,519	0.0%	$ 314,639,519	$ 314,639,519	0.0%
3A2	600-641	Emergency Food Distribution	$2,936,855	$ 2,600,000	$ 2,600,000	-11.5%	$ 2,800,000	$ 2,800,000	7.7%
3AW	600-675	Faith Based Initiatives	$750,000	$ 0	$ 750,000	0.0%	$ 0	$ 750,000	0.0%
3D3	600-648	Children's Trust Fund Federal	$2,040,524	$ 2,040,524	$ 2,040,524	0.0%	$ 2,040,524	$ 2,040,524	0.0%
3F0	600-623	Health Care Federal	$438,397,125	$ 542,784,408	$ 592,984,408	35.3%	$ 674,252,692	$ 729,752,692	23.1%
3F0	600-650	Hospital Care Assurance Match	$343,680,516	$ 343,239,047	$ 343,239,047	-0.1%	$ 343,239,047	$ 343,239,047	0.0%
3G5	600-655	Interagency Reimbursement	$1,278,278,596	$ 1,364,802,369	$ 1,364,802,369	6.8%	$ 1,426,954,440	$ 1,426,954,440	4.6%
3H7	600-617	Child Care Federal	$202,529,280	$ 208,000,000	$ 208,000,000	2.7%	$ 208,000,000	$ 208,000,000	0.0%
3N0	600-628	IV-E Foster Care Maintenance	$153,963,142	$ 153,963,142	$ 153,963,142	0.0%	$ 153,963,142	$ 153,963,142	0.0%
3S5	600-622	Child Support Projects	$534,050	$ 534,050	$ 534,050	0.0%	$ 534,050	$ 534,050	0.0%
3V0	600-662	WIA Ohio Option #7	$0	$ 0	$ 0	N/A	$ 0	$ 0	N/A
3V0	600-688	Workforce Investment Act	$184,285,600	$ 208,322,037	$ 208,322,037	13.0%	$ 208,097,948	$ 208,097,948	-0.1%
3V4	600-678	Federal Unemployment Programs	$199,748,976	$ 153,435,545	$ 153,435,545	-23.2%	$ 157,202,750	$ 157,202,750	2.5%
3V4	600-679	Unemployment Compensation Review Commission - Federal	$2,860,297	$ 3,829,430	$ 3,829,430	33.9%	$ 3,800,573	$ 3,800,573	-0.8%
3V6	600-689	TANF Block Grant	$675,703,645	$ 756,604,142	$ 756,604,142	12.0%	$ 781,983,200	$ 781,983,200	3.4%

Fund	ALI	ALI Title	Estimated 2005	As Introduced 2006	House Passed 2006	% Change Est. 2005 to House 2006	As Introduced 2007	House Passed 2007	% Change House 2006 to House 2007
JFS		**Job and Family Services, Department of**							
3V6	600-690	Wellness	$0	$ 0	$ 0	N/A	$ 0	$ 0	N/A
3W3	600-659	TANF/ Title XX Transfer	$93,498,158	$ 8,000,000	$ 8,000,000	-91.4%	$ 5,400,000	$ 5,400,000	-32.5%
Federal Special Revenue Fund Group Total			**$ 4,553,014,006**	**$ 4,746,871,772**	**$ 4,797,821,772**	**5.4%**	**$ 4,960,959,130**	**$ 5,017,209,130**	**4.6%**
198	600-647	Children's Trust Fund	$5,288,522	$ 6,788,522	$ 6,788,522	28.4%	$ 6,788,522	$ 6,788,522	0.0%
4A9	600-607	Unemployment Compensation Admin Fund	$8,001,000	$ 11,197,180	$ 10,811,527	35.1%	$ 13,267,311	$ 10,811,527	0.0%
4A9	600-694	Unemployment Comp Review Comm	$0	$ 3,188,473	$ 3,188,473	N/A	$ 3,188,473	$ 3,188,473	0.0%
4E3	600-605	Nursing Home Assessments	$4,759,914	$ 4,759,914	$ 4,759,914	0.0%	$ 4,759,914	$ 4,759,914	0.0%
4E7	600-604	Child and Family Services Collections	$1,237,500	$ 300,000	$ 300,000	-75.8%	$ 300,000	$ 300,000	0.0%
4F1	600-609	Foundation Grants/Child & Family Services	$119,310	$ 61,420	$ 61,420	-48.5%	$ 61,420	$ 61,420	0.0%
4J5	600-613	Nursing Facility Bed Assessments	$35,064,238	$ 34,613,984	$ 34,613,984	-1.3%	$ 34,613,984	$ 34,613,984	0.0%
4J5	600-618	Residential State Supplement Payments	$15,700,000	$ 15,700,000	$ 15,700,000	0.0%	$ 15,700,000	$ 15,700,000	0.0%
4K1	600-621	ICF/MR Bed Assessments	$20,428,726	$ 20,074,255	$ 20,074,255	-1.7%	$ 20,064,131	$ 20,064,131	-0.1%
4R3	600-687	Banking Fees	$892,000	$ 800,000	$ 800,000	-10.3%	$ 800,000	$ 800,000	0.0%
4Z1	600-625	Healthcare Compliance	$10,000,000	$ 10,000,000	$ 10,000,000	0.0%	$ 10,000,000	$ 10,000,000	0.0%
5A5	600-685	Unemployment Benefit Automation	$14,700,000	$ 0	$ 0	-100.0%	$ 0	$ 0	N/A
5AA	600-673	Ohio's Best Rx Administration	$5,000,000	$ 5,000,000	$ 5,000,000	0.0%	$ 5,000,000	$ 5,000,000	0.0%
5BE	600-693	Child Support Operating	$0	$ 5,000,000	$ 5,000,000	N/A	$ 5,000,000	$ 5,000,000	0.0%
5BG	600-653	Managed Care Assessment	$0	$ 18,795,483	$ 18,795,483	N/A	$ 99,410,121	$ 99,410,121	428.9%
5E6	600-634	State Option Food Stamps	$0	$ 0	$ 0	N/A	$ 0	$ 0	N/A
5F2	600-667	Building Consolidation	$500,000	$ 250,000	$ 250,000	-50.0%	$ 250,000	$ 250,000	0.0%
5F3	600-668	Building Consolidation	$5,000,000	$ 1,000,000	$ 1,000,000	-80.0%	$ 1,000,000	$ 1,000,000	0.0%
5P4	600-691	TANF Child Welfare	$0	$ 0	$ 0	N/A	$ 0	$ 0	N/A
5P5	600-692	Health Care Services	$544,817,582	$ 828,587,776	$ 828,587,776	52.1%	$ 538,301,761	$ 538,301,761	-35.0%
5Q9	600-619	Supplemental Inpatient Hospital Payments	$56,125,998	$ 56,125,998	$ 56,125,998	0.0%	$ 56,125,998	$ 56,125,998	0.0%
5R2	600-608	Medicaid-Nursing Facilities	$108,206,770	$ 111,129,224	$ 144,829,224	33.8%	$ 111,214,982	$ 148,314,982	2.4%
5S3	600-629	MR/DD Medicaid Administration and Oversight	$1,620,960	$ 1,620,960	$ 1,620,960	0.0%	$ 1,620,960	$ 1,620,960	0.0%
5T2	600-652	Child Support Special Payment	$296,856	$ 0	$ 0	-100.0%	$ 0	$ 0	N/A

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	Estimated 2005	As Introduced 2006	House Passed 2006	% Change Est. 2005 to House 2006	As Introduced 2007	House Passed 2007	% Change House 2006 to House 2007
JFS	***Job and Family Services, Department of***								
5U3	600-654	Health Care Services Administration	$6,119,127	$ 10,115,870	$ 10,115,870	65.3%	$ 15,474,709	$ 15,474,709	53.0%
5U6	600-663	Children and Family Support	$4,929,718	$ 4,929,717	$ 4,929,717	0.0%	$ 4,929,717	$ 4,929,717	0.0%
5Z9	600-672	TANF QC Reinvestments	$574,000	$ 647,409	$ 647,409	12.8%	$ 688,421	$ 688,421	6.3%
651	600-649	Hospital Care Assurance Program Fund	$236,566,852	$ 231,893,404	$ 231,893,404	-2.0%	$ 231,893,404	$ 231,893,404	0.0%
State Special Revenue Fund Group Total			**$ 1,085,949,073**	**$ 1,382,579,589**	**$ 1,415,893,936**	**30.4%**	**$ 1,180,453,828**	**$ 1,215,098,044**	**-14.2%**
192	600-646	Support Intercept-Federal	$110,000,000	$ 110,000,000	$ 110,000,000	0.0%	$ 110,000,000	$ 110,000,000	0.0%
583	600-642	Support Intercept-State	$16,000,000	$ 16,000,000	$ 16,000,000	0.0%	$ 16,000,000	$ 16,000,000	0.0%
5B6	600-601	Food Stamp Intercept	$2,000,000	$ 2,000,000	$ 2,000,000	0.0%	$ 2,000,000	$ 2,000,000	0.0%
Agency Fund Group Total			**$ 128,000,000**	**$ 128,000,000**	**$ 128,000,000**	**0.0%**	**$ 128,000,000**	**$ 128,000,000**	**0.0%**
R12	600-643	Refunds and Audit Settlements	$5,343,906	$ 3,600,000	$ 3,600,000	-32.6%	$ 3,600,000	$ 3,600,000	0.0%
R13	600-644	Forgery Collections	$10,000	$ 10,000	$ 10,000	0.0%	$ 10,000	$ 10,000	0.0%
Holding Account Redistribution Fund Group Total			**$ 5,353,906**	**$ 3,610,000**	**$ 3,610,000**	**-32.6%**	**$ 3,610,000**	**$ 3,610,000**	**0.0%**
Total All Budget Fund Groups			***$ 16,331,968,737***	***$ 16,953,655,393***	***$ 7,406,634,383***	***-54.6%***	***$ 17,304,366,302***	***$ 7,417,683,660***	***0.1%***

As Introduced (Executive)	As Passed by the House
(CD-1050-JFS) Audits of Medicaid Providers and Performance Audit of Medicaid Program	
	R.C. ***117.10, Section 206.66.49.***
No provision.	Expands the Auditor of State's authority to audit Medicaid providers by eliminating the limitation that the Department must first request the audit. Fiscal effect: Potential increase in costs to the state if the Auditor of State chooses to exercise this authority and if the provider being audited is permitted to seek reimbursement for the audit costs.
No provision.	Authorizes the Auditor of State to conduct a single performance audit of the Medicaid program during fiscal years 2006 and 2007. (See the item entitled "Audits of Medicaid Providers and Performance Audit of Medicaid Program" in Auditor of State) Fiscal effect: Agencies are responsible for paying the costs of audits that are conducted by the Auditor of State. Therefore, this provision could increase costs for the Department if the Auditor of State chooses to conduct a single performance audit of the Medicaid program during fiscal years 2006 and 2007.

As Introduced (Executive)	As Passed by the House
(CD-448-JFS) Summary of Minor Adoption Proceedings	
R.C. ***2151.416, 3107.10***	**R.C.** ***2151.416, 3107.10***
Eliminates the requirement that a court prepare and send to ODJFS a summary of each proceeding for adoption of a minor.	Same as the Executive.
Fiscal effect: According to ODJFS, these summaries were being received, stored on site at ODJFS for a while, and then sent to storage. This provision will decrease the administrative burden on courts to prepare and send a summary of each proceeding and will decrease the administrative burden of ODJFS to receive and store this information.	Fiscal effect: Same as the Executive.
(CD-512-JFS) Lump Sum Payments Sent to the Office of Child Support	
R.C. ***3121.12***	**R.C.** ***3121.12***
When a lump sum of $150 or more is due a child support obligor who is in arrears, authorizes issuance of an order requiring a portion of the lump sum be transmitted to the Office of Child Support that is sufficient to pay the arrearage in full, rather than the entire lump sum. This provision also replaces a provision directing how the Office of Child Support must distribute the lump sum with a requirement that the Office distribute it in accordance with administrative rules.	Same as the Executive.
Fiscal effect: Federal regulations require that lump sums be allocated first to current support, then arrears, and the remainder held for future obligations. Current practice is	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
that when a lump sum exceeds that which is necessary to pay the arrearage in full, the overpayment is returned to the obligor. By authorizing transfer of only that which is sufficient to pay the arrearage in full, the Office of Child Support will neither have to return any money to the obligor nor hold it for future obligation. This provision will ensure compliance with federal regulations.	

(CD-514-JFS) Electronic Disbursements of Child Support

R.C. *3121.50*	R.C. *3121.50*
Permits the Office of Child Support to distribute child support amounts by means of electronic disbursement, rather than by check or warrant, unless otherwise prohibited from doing so by state or federal law. The provision also requires the person receiving the child support to accept payment by electronic means. The Director of Job and Family Services may adopt or amend rules under the Administrative Procedure Act (R.C. Chapter 119.) to assist in the implementation of this provision.	Same as the Executive.
Fiscal effect: This provision will allow the Office of Child Support to take the E-Quick Pay system, which is currently operating as a pilot program, statewide. If the number of paper checks issued is reduced by 600,000 a month (currently processing over one million paper checks per month), the Office of Child Support expects to save at least $2.2 million per year.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-513-JFS) Child Support Operating Fund	
R.C. ***3125.191***	**R.C.** ***3125.191***
Creates in the state treasury the Child Support Operating Fund as a state special revenue fund. The Department may deposit into the fund a portion of the federal incentives related to the federal child support enforcement laws contained in Title IV-D of the Social Security Act that ODJFS receives from the U.S. Department of Health and Human Services. The provision permits ODJFS to use money in the fund for program and administrative purposes associated with the Child Support Enforcement program.	Same as the Executive.
Fiscal effect: The dollars that will be deposited into this fund are not new revenue for the Department. This provision is redirecting a portion of incentive dollars received from the federal government for the child support program to this new fund.	Fiscal effect: Same as the Executive.
(CD-398-JFS) Nursing Home Franchise Permit Fee	
R.C. ***3721.50, 3721.51, 3721.511 (repealed), 3721.52, 3721.541, 3721.56, 3721.561, 3721.58, 5111.231***	**R.C.** ***3721.50, 3721.51, 3721.511 (repealed), 3721.52, 3721.541, 3721.56, 3721.561, 3721.58, 5111.20, 5111.235, 5111.266***
Extends to fiscal years 2006 and 2007 the increase in the nursing home franchise permit fee to $4.30 (from $1) per bed per day.	Provides that the nursing home franchise permit fee for fiscal years 2006 and 2007 is $6.25.
Provides that the portion of the nursing home franchise permit fee that is deposited into the Nursing Facility Stabilization Fund is to be used for the same purposes in fiscal years 2006 and 2007 as it was in	Provides that the portion of the nursing home franchise permit fee that is deposited into the Nursing Facility Stabilization Fund is to be used to make (1) Medicaid payments to nursing facilities and (2) quarterly payments

As Introduced (Executive)	As Passed by the House
fiscal year 2005.	beginning in the third quarter of calendar year 2005 to nursing facilities to reimburse the cost of the franchise permit fee.
Authorizes the Department to withhold a Medicaid payment or terminate a Medicaid provider agreement if a facility subject to the nursing home franchise permit fee fails to pay the fee when due.	Same as the Executive.
Eliminates the exemption from the nursing home franchise permit fee available to certain facilities because of a federal Medicaid waiver.	Same as the Executive.
Exempts a nursing home maintained and operated by the Ohio Veteran's Home Agency from the nursing home franchise permit fee.	Same as the Executive.
Fiscal effect: The Executive estimates that the $4.30 franchise permit fee would generate a total of about $144.4 million per year in franchise permit fee revenues in FYs 2006 and 2007.	Fiscal effect: ODJFS estimates that this provision will generate approximately $83.9 million all funds ($33.7 million state share) in FY 2006 and $92.6 million all funds ($37.1 million state share) in FY 2007.

(CD-829-JFS) Support Services Funds

R.C. ***5101.07, 5101.071***	**R.C.** ***5101.07, 5101.071***
Creates two new funds in the state treasury: the Support Services Federal Operating Fund (Fund 3AX), in the federal special revenue fund group, and the Support Services State Operating Fund (Fund 230), in the general services fund group. Provides for money in those funds to be used to pay for ODJFS' costs for computer projects and the operating costs of the Department that provide general support services for the rest of the agency.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
Fiscal effect: This provision creates the funds that are necessary for the Department to restructure its appropriation items as specified in the temporary law provision titled, "Appropriation Item Restructuring."	Fiscal effect: Same as the Executive.

(CD-428-JFS) Consolidated Funding Allocations

R.C. *5101.21*	R.C. *5101.21*
Eliminates the provisions of state law governing fiscal agreements between the Director of Job and Family Services and boards of county commissioners that concern consolidated funding allocations.	Same as the Executive.
Fiscal effect: The consolidated funding allocation was discontinued during FY 2005; this provision eliminates the possibility that a consolidated allocation could be adopted in the future. TANF funds formerly used inappropriately for food stamp administration and Medicaid eligibility determinations must be replaced by other means.	Fiscal effect: Same as the Executive.

(CD-387-JFS) Disciplinary Action in the Form of Increase in County Share of Public Assistance

R.C. *5101.24*	R.C. *5101.24*
Authorizes the Department to require a county to increase its share of public assistance expenditures by an amount equaling the amount of a reduction the county is responsible for in federal financial participation or in a federal grant or payment.	Authorizes the Department to increase a county's share of public assistance expenditures to the extent the county is responsible for the state being required to increase its maintenance of efforts requirements under the Temporary Assistance for Needy Families block grant.
Fiscal effect: Future reductions or sanctions will indicate the impact on counties this provision may have.	Fiscal effect: Future reductions or sanctions will indicate the impact on counties this provision may have.

As Introduced (Executive)	As Passed by the House
(CD-494-JFS) Workforce Development Activities	
R.C. ***5101.241***	**R.C.** ***5101.241***
Allows ODJFS to take two additional actions to enforce compliance by a local administering entity with workforce development activity: (1) the revocation of a local plan, or (2) imposition of a reorganization. Modifies the current administrative process used by ODJFS to review action taken to enforce compliance with a local workforce development activity by eliminating: (1) the opportunity for an informal resolution of a dispute, and (2) the requirement that the Director of ODJFS offer reasons for modifying or disapproving the recommendations of the review panel.	Removes the Executive provision that would allow a reorganization plan to be imposed upon a local area. Specifies the revocation of a local plan may take place only when a plan conflicts with federal or state law. Specifies in statute the Governor's authority to decertify a local workforce investment board for reasons specified in federal law, including fraud or abuse and failure to comply with the Workforce Investment Act (WIA). Allows the Governor to declare an emergency and consult with chief elected officials in a local area to provide WIA services if the Governor finds that access to basic WIA services is not provided. Modifies the dispute resolution procedure used by ODJFS and the chief elected officials of a local area.
Fiscal effect: Contingent upon ODJFS action toward a local workforce development area. The Department could reorganize a local area or revoke a local plan to avoid a situation in which the state may lose federal funds.	Fiscal effect: Contingent upon the Executive's determination to take action toward a local workforce development area.

As Introduced (Executive)

(CD-430-JFS) Audits of Title XX Social Services Block Grant Funds

R.C. ***5101.46***

Eliminates a provision requiring the departments of Job and Family Services, Mental Health, and Mental Retardation and Developmental Disabilities each to commission an entity independent of itself to conduct a biennial audit of its expenditures of funds received from the federal Title XX Social Services Block Grant. The bill also requires Title XX social services providers to pay the cost of audits required by the state departments and their respective local agencies, and eliminates provisions specifying that the cost of an audit must be reimbursed under a subsequent or amended Title XX contract.

Current law permits any of the three departments and their respective local agencies to require that an entity under contract to provide social services with Title XX funds submit to an audit on the basis of alleged misuse or improper accounting of funds. The law states that the cost of conducting the audit is to be reimbursed under a subsequent or amended Title XX contract with the provider. The bill requires the Title XX social services providers to pay outright the cost of audits required by the state departments and their respective local agencies. If there were adverse findings and a department or local agency chooses to terminate or refuse to enter into a Title XX contract with that provider, then it is possible that the costs of the audit would not be collected. The bill may enable the departments and local agencies to recoup audit costs that would have otherwise gone uncollected.

As Passed by the House

R.C. ***5101.46***

Same as the Executive.

As Introduced (Executive)	As Passed by the House
Fiscal effect: According to ODJFS, the departments to which this provision applies do not in practice have independent audits of Title XX expenditures conducted despite the fact such audits are required by state law. Elimination of this provision will not save the departments any money since they are not currently paying for such audits.	Fiscal effect: Same as the Executive.

(CD-444-JFS) Use of TANF Funds for Title XX Social Services

R.C. ***5101.46, 329.04, 5101.35, 5101.46, 5101.821***	**R.C.** ***5101.46, 329.04, 5101.35, 5101.46, 5101.821***
Allows ODJFS, to the maximum extent permitted by federal law, to use funds received through the TANF Block Grant for the provision of Title XX social services and provides that the use of TANF funds for Title XX social services is not subject to other laws applicable to the use of Title XX funds, and eliminates similar provisions from existing law. This provision also specifies auditing and rule-making procedures for the use of TANF funds for Title XX social services.	Same as the Executive.
Fiscal effect: This provision clarifies that TANF funds transferred to the Title XX Social Services Block Grant are to be used on social services eligible under Title XX and are exempt from Revised Code statutes apportioning Title XX funds among three agencies.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-386-JFS) Eligibility Determinations for Public Assistance Programs	
R.C. ***5101.47***	**R.C.** ***5101.47***
Adds the Food Stamp Program to the public assistance programs for which the Department may perform administrative activities such as accepting applications and determining eligibility and authorizes the Department to perform such activities for other programs for which the Department determines administrative cost savings and efficiency may be achieved by having the Department perform such activities. Adds eligibility re-determinations to the administrative activities the Department may perform for certain public assistance programs.	Same as the Executive, but provides that the Department may not perform the administrative activities for a program that current law or the bill otherwise authorizes the Department to perform if federal law requires that individuals apply in person.
Fiscal effect: This provision could result in program savings depending on the programs for which the director determines a change in eligibility criteria is necessary.	Fiscal effect: Limits the number of additional programs for which the Department may perform administrative activities. No fiscal effect should result.

As Introduced (Executive)	As Passed by the House
(CD-868-JFS) Kinship Caregiver	
	R.C. ***5101.802, 2151.86, 3125.18, 5101.35, 5101.80, 5101.801, and 5153.16, Sections 206.67.08, 120.07, 120.08, 120.09***
No provision.	Creates the Kinship Caregiver Subsidy Program under which a monthly subsidy is provided to a kinship caregiver to help care for a child in the place of the child's parents. Fiscal effect: Earmarks $10 million of the TANF Block Grant, appropriation item 600-689 (Fund 3V6), in each fiscal year for the Kinship Caregiver Subsidy Program.
(CD-383-JFS) Title IV-A Demonstration Program	
R.C. ***5101.802, 3125.18, 5101.35, 5101.80, 5101.801, 5153.16***	**R.C.** ***5101.803, 3125.18, 5101.35, 5101.80, 5101.801, 5153.16***
Creates the Title IV-A Demonstration Program under which the Department may provide funding to government agencies and not-for-profit entities administering a project designed to meet one of the four purposes of the Temporary Assistance for Needy Families block grant.	Same as the Executive, but requires a government agency or private-not-for profit entity seeking to administer a non-statewide project under the program to provide the Department evidence that the agency or entity has notified the county department of job and family services of each county where persons may be affected by the implementation of the project.
Fiscal effect: The Department's TANF spending plan indicates that $10 million in each fiscal year will be designated for Title IV-A Demonstration Projects at the county level.	Fiscal effect: Negligible administrative cost for a local agency to notify a county department of job and family services that individuals in that county will be impacted by a proposed demonstration project.

As Introduced (Executive)	As Passed by the House
(CD-529-JFS) Fees for Publicly Funded Child Care	
R.C. ***5104.38***	**R.C.** ***5104.38***
Removes a provision limiting co-payments for publicly funded child care to 10% of a family's income and provides for fees to be calculated as permitted by federal law.	Same as the Executive.
Fiscal effect: This provision will increase the co-payment that some families pay for subsidized child care, thereby offsetting the cost that ODJFS pays for child care for those families. The Department has not yet estimated how much this will save the child care program.	Fiscal effect: Same as the Executive.
(CD-384-JFS) Income Requirement for Initial Ohio Works First Eligibility	
R.C. ***5107.10***	**R.C.** ***5107.10***
Provides that an assistance group meets the first step in determining income eligibility for Ohio Works First if the assistance group's gross income does not exceed the higher of 50% of the federal poverty guidelines or the current gross income maximum.	Same as the Executive.
Fiscal effect: For all assistance groups larger than two persons, this provision will increase the gross income threshold for initial OWF eligibility determination. Providing an alternative threshold rather than completely replacing the current gross income threshold with the federal poverty guidelines, will prevent current OWF assistance groups from losing eligibility. The provision will allow for automatic periodic adjustments in the eligibility threshold levels.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-385-JFS) LEAP Program Incentives and Post-Secondary Enrollment Award	
R.C. ***5107.30, 5107.05, 5107.301***	**R.C.** ***5107.30, 5107.05, 5107.301***
Authorizes the Department to provide (1) additional incentives to teens participating in the Learning, Earning, and Parenting (LEAP) Program who attend an educational program designed to lead to a high school diploma or its equivalent and (2) an award to an individual who has successfully completed the LEAP Program and enrolls in post-secondary education.	Same as the Executive.
Fiscal effect: This will allow the Department to increase LEAP incentives; the Department has indicated that current incentives for LEAP for attendance and enrollment will increase from $62 to $200. Incentives for graduation will increase from $200 to $500. The new incentive for college enrollment will be $500. The Department's TANF spending plan indicates that approximately $200,000 will be spent on these increases.	Fiscal effect: Same as the Executive.
(CD-1021-JFS) Statistics on Frequently Dispensed Drugs Under Ohio's Best Rx Program to be Calculated Annually	
	R.C. ***5110.39***
No provision.	Requires the list that the Department is required, under existing law, to create of the 25 drugs most often dispensed to Ohio's Best Rx Program participants to be created annually rather than just once.
	Fiscal effect: This provision would result in a minimal increase in costs for the Department to produce the list more often.

As Introduced (Executive)	As Passed by the House
(CD-954-JFS) Medicaid Co-Payment Program	
	R.C. ***5111.0112, 2913.40***
No provision.	Requires the Department to institute a Medicaid co-payment program under which a co-payment requirement is established for each group of Medicaid recipients and services, other than generic drugs, that federal law permits. Fiscal effect: This provision could result in a gain in co-payment revenue.
No provision.	Provides that under the Medicaid co-payment program, a provider whose routine business practice is to refuse service to an individual who has an outstanding debt may consider an unpaid co-payment an outstanding debt. Fiscal effect: No direct fiscal impact on the state. This provision could have the indirect effect of discouraging some Medicaid recipients from having prescriptions filled, thus reducing prescription drug costs.
No provision.	Prohibits a provider from waiving a Medicaid recipient's obligation to pay the provider a co-payment.
(CD-381-JFS) Medicaid Eligibility Reduction for Parents	
R.C. ***5111.019, 206.66.39***	**R.C.** ***5111.019, 206.66.39***
Requires that the Department seek federal approval to reduce to 90% (from 100%) of the federal poverty guidelines the maximum family income a parent of a child under age 19 may have and still qualify for Medicaid.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
Fiscal effect: The Executive estimates that the state could avoid costs totaling approximately $8.6 million all funds ($3.4 million state share) in FY 2006 and $84.4 million all funds ($33.9 million state share) in FY 2007 as a result of the reduction.	Fiscal effect: Same as the Executive.

(CD-446-JFS) Rules Governing State Medicaid Plan Services

R.C. ***5111.02, 317.08, 317.36, 340.03, 340.16, 5107.26, 5111.02 (5111.021), 5111.021 (5111.022), 5111.022 (5111.023), 5111.023 (5111.0114), 5111.025, 5119.61***	**R.C.** ***5111.02, 317.08, 317.36, 340.03, 340.16, 5107.26, 5111.02 (5111.021), 5111.021 (5111.022), 5111.022 (5111.023), 5111.023 (5111.0114), 5111.025, 5119.61***
Provides that the rules R.C. 5111.02 authorizes the Department to adopt are for state Medicaid plan services and defines "state Medicaid plan service" as a service covered by the Medicaid program pursuant to the state Medicaid plan, or an amendment to the plan, approved by the United States Secretary of Health and Human Services and excludes a service provided under the Medicaid program's care management system or a Medicaid waiver.	Same as the Executive.
Requires that the rules adopted under R.C. 5111.02 include rules establishing procedures for enforcing rules governing state Medicaid plan services, including procedures for corrective action plans for, and imposing sanctions on, violators of the rules.	Same as the Executive.
Fiscal effect: None.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-1018-JFS) Medicaid Coverage of Erectile Dysfunction Drugs	
	R.C. ***5111.027***
No provision.	Prohibits the Medicaid program from providing reimbursement for erectile dysfunction drugs.
	Fiscal effect: This provision could reduce Medicaid prescription drug costs.
(CD-371-JFS) Abandoned Medicaid Provider Agreements	
R.C. ***5111.06***	**R.C.** ***5111.06***
Authorizes the Department to terminate or not renew a Medicaid provider agreement without an administrative hearing if the provider has not submitted claims for two or more years and has not left an active address with the Department.	Same as the Executive.
Fiscal effect: This provision could result in a reduction of the number of administrative hearings, and thus could reduce the Department's administrative costs associated with such hearings. The fiscal effect is expect to be minimal.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-373-JFS) Recovery of Medicaid Overpayments	
R.C. ***5111.061, 5111.06, 5111.062, 5111.914***	**R.C.** ***5111.061, 5111.06, 5111.062, 5111.914***
Authorizes the Department to recover overpayments made to Medicaid providers and provides that the recovery may occur at any time.	Same as the Executive.
Fiscal effect: This provision could result in a gain in revenue to the state if the state recovers more overpayments from Medicaid providers.	Fiscal effect: Same as the Executive.
Requires that subsequent final fiscal audits or findings be reduced by the amount of any overpayments collected.	Same as the Executive.
Permits a state agency that administers a component of the Medicaid program for the Department to commence actions to recover overpayments the state agency identifies but requires that the Department issue any final order resulting from a hearing the state agency holds regarding the overpayment.	Same as the Executive.
Provides that the Department, and a state agency administering a component of the Medicaid program for the Department, is not required to hold a hearing for a provider if notice of an opportunity for a hearing has been provided but the provider fails to make a timely request for the hearing.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-365-JFS) Retail Pharmacy Operations Survey for Medicaid	
R.C. ***5111.07, (repealed), 5110.352, 5111.071 (renumbered 5111.07)***	
Eliminates the requirement that the Department, every two years, initiate a survey of retail pharmacy operations for the purpose of helping the Department establish the Medicaid dispensing fee for pharmacists.	No provision.
Fiscal effect: This provision could reduce the Department's administration costs by eliminating the survey.	
(CD-1083-JFS) Long-Term Care Pharmacy Management Incentive Payment Program	
	R.C. ***5111.072***
No provision.	Requires that the Department (1) resume operation of the Long-Term Care Pharmacy Management Incentive Payment Program beginning on July 1, 2005, (2) if necessary to resume the Program, apply to the United States Secretary of Health and Human Services for a waiver of federal Medicaid requirements, (3) require participation in the Program by any pharmacy that provides pharmacy services to institutionalized Medicaid recipients as a condition of being reimbursed for the services, and (4) distribute pharmacy management incentive payments on a quarterly basis each state fiscal year.
No provision.	Authorizes the Department to (1) contract with a pharmacy benefits manager to oversee the Program and (2) adopt any rules necessary to implement and administer the Program.

As Introduced (Executive)	As Passed by the House
	Fiscal effect: The state could experience a decrease in prescription drug expenditures as a result of this provision.

(CD-377-JFS) Supplemental Drug Rebate Program

R.C. *5111.082*	R.C. *5111.082*
Eliminates a requirement that any drug product approved by the federal government to treat mental illness, HIV, or AIDS be exempted from the Medicaid program's Supplemental Drug Rebate Program.	Same as the Executive.
Fiscal effect: The Executive estimates that the state could generate revenue totaling approximately $29.6 million all funds ($11.9 million state share) in FY 2007 as a result of receiving supplemental drug rebates for these drugs.	Fiscal effect: Same as the Executive.

(CD-974-JFS) Update of Cost and Control Numbers for Medicaid Drugs

	R.C. *5111.083*
No provision.	Requires the Department to establish a program to update, on a daily basis, the maximum allowable cost for each generic prescription drug and the control number for each general prescription drug available under Medicaid.
	Fiscal effect: This provision would increase the frequency of updating the maximum allowable cost for generic drugs. If a generic drug's cost changes, the state will incur the new price sooner. This could result in an increase or decrease in prescription drug costs depending on whether the drug's cost goes up or down.

As Introduced (Executive)	As Passed by the House
(CD-443-JFS) Reviews of the Medicaid Program	
R.C. ***5111.10, 5111.85***	**R.C.** ***5111.10, 5111.85***
Authorizes the Department to conduct reviews of the Medicaid program.	Same as the Executive.
Fiscal effect: None.	Fiscal effect: Same as the Executive.
(CD-469-JFS) Medicaid Estate Recovery and Liens	
R.C. ***5111.11, 2113.041, 3721.15, 5111.111, 5111.112 (5111.113), 5111.112 (new), 5111.113 (5111.114), 5731.39, Section 206.66.48***	**R.C.** ***5111.11, 2113.041, 3721.15, 5111.111, 5111.112 (5111.113), 5111.112 (new), 5111.113 (5111.114), 5731.39, Section 206.66.48***
Expands the Medicaid Estate Recovery Program to include any real and personal property and other assets in which an individual subject to recovery has any legal title or interest at the time of death, including assets conveyed to a survivor, heir, or assign of the individual through joint tenancy, tenancy in common, survivorship, life estate, living trust, or other arrangement.	Same as the Executive.
Limits Medicaid estate recovery and liens to state Medicaid plan services.	Applies Medicaid estate recovery and liens to all Medicaid services, not just state Medicaid plan services.
Revises state law governing Medicaid estate recovery and liens to make it more closely follow federal law.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
Fiscal effect: This provision broadens the base for estate recovery under the state Medicaid program. Thus, it could result in gains in state revenue if more real and personal property or other assets are collected.	Fiscal effect: By further broadening the base for Medicaid estate recovery the state may experience a gain in revenue.

(CD-413-JFS) Medicaid Mandatory Managed Care Enrollment Service Areas

R.C. *5111.16*	R.C. *5111.16*
Authorizes the Department to designate one or more counties as a mandatory managed care service area where Medicaid recipients designated by the Department are required to enroll in and obtain health care services through a managed care organization under contract with the Department.	Same as the Executive.
Fiscal effect: The Executive expects to enroll 190,000 individuals in managed care in FY 2006 and an additional 500,000 in FY 2007. The Executive estimates that the state will need additional spending for the statewide expansion totaling approximately $32.2 million all funds ($12.9 million state share) in FY 2006 and $49.1 million all funds ($19.7 million state share) in FY 2007.	Fiscal effect: Same as the Executive.

(CD-968-JFS) Medicaid Care Management for Aged, Blind, and Disabled

	R.C. *5111.16, Section 206.67.21*
No provision.	Requires, beginning July 1, 2006, that Medicaid recipients who are aged, blind, or disabled be designated for participation in the Medicaid care management system.

As Introduced (Executive)	As Passed by the House
No provision.	Excludes aged, blind, and disabled persons from designation who are: (1) under age 21, except when participating in the bill's pilot program for chronically ill children, (2) institutionalized, (3) eligible for Medicaid by spending down income, (4) dually eligible for Medicaid and Medicare, or (5) recipients of Medicaid waiver services.
No provision.	Specifies that the aged, blind, and disabled Medicaid recipients designated as participants in the care management system are required to be enrolled in health insuring corporations and that the care management system for these participants must be implemented in all counties.
No provision.	Requires that not later than June 30, 2006, the Department, in conjunction with the Office of Budget and Management (OBM), determine the amounts necessary to implement the Aged, Blind, and Disabled (ABD) Managed Care Program. Requires the Director of OBM, on July 1, 2006, or as soon as possible thereafter, to transfer the state share of the amount necessary to implement the ABD Managed Care Program from the Tobacco Master Settlement Agreement Fund (Fund 087) to the ABD Managed Care – State Fund (Fund 5BZ). (The amount being transferred would have otherwise been transferred to the Tobacco Use Prevention and Cessation Trust Fund in fiscal years 2007.) Requires that the Director of Budget and Management, not later than July 31, 2007, transfer the unencumbered cash balance in the ABD Managed Care – State Fund (Fund 5BZ) to the Tobacco Use Prevention and Cessation Trust Fund (Fund H87).

As Introduced (Executive)	As Passed by the House
	Requires ODJFS to deposit federal reimbursement received for the ABD Managed Care Program into the ABD Managed Care – Federal Fund (Fund 3AZ). (See the item entitled, "Medicaid Care Management for Aged, Blind, and Disabled" in the Tobacco Use Prevention and Control Foundation.) Fiscal effect: Under the provision, the state would likely incur costs because of the payment lag for fee-for-service while phasing in start-up of managed care services at the same time. In future years, there would likely being savings for services provided to this population under managed care. These fiscal impacts are likely to be in the millions of dollars.

(CD-970-JFS) Behavioral Health Exclusion from Medicaid Care Management

	R.C. ***5111.16***
No provision.	Excludes alcohol, drug addiction, and mental health services covered by Medicaid as rehabilitative services from being included in any component of the Medicaid care management system, but permits recipients of such services to be included in the system for purposes of receiving other Medicaid services. Fiscal effect: This provision would likely have no fiscal effect because it would not change how these services are currently provided.

As Introduced (Executive)	As Passed by the House
(CD-1029-JFS) Care Management Pilot Program for Chronically Ill Children	
	R.C. ***5111.161***
No provision.	Requires that the Department create a pilot program in at least three counties under which chronically ill children are included in the Medicaid care management system.
	Fiscal effect: The Department is required to implement the program not later than October 1, 2006, or later if the Department has not yet received federal approval. The pilot program will run until October 1, 2008, unless the Department determines that the care management system is not a cost-effective means of providing Medicaid services to chronically ill children or the combined state and federal cost of the program reaches $3,000,000. The Department is required to maintain statistics on physician expenditures, hospital expenditures, preventable hospitalizations, and any other matters the Department deems necessary. Relying on these statistics, the Department is required to conduct an evaluation of the pilot program's effectiveness. The Department will incur some costs associated with these activities.

As Introduced (Executive)	As Passed by the House

(CD-414-JFS) Medicaid Managed Care Reimbursement Rate for Hospitals

R.C. *5111.176*	R.C. *5111.176*
Requires that a Medicaid-participating hospital provide services to Medicaid recipients in an area designated by the Department as a mandatory managed care enrollment service area, even though the hospital does not have a contract with the managed care organization in which the recipients are enrolled.	Same as the Executive.
Requires that the managed care organization reimburse the hospital according to a reimbursement rate that is the same as the rate the Department uses to reimburse the hospital for services provided to other Medicaid recipients but limits the organization's reimbursement to services that the organization approves.	Same as the Executive.
Fiscal effect: This provision does not have direct fiscal impact on the state.	Fiscal effect: Same as the Executive.

(CD-458-JFS) Medicaid Managed Care Organizations Franchise Permit Fee

R.C. *5111.177*	R.C. *5111.177*
Requires that Medicaid managed care organizations, beginning January 1, 2006, pay a quarterly franchise permit fee to the Department to be used to pay for Medicaid services, administrative costs, and managed care contracts.	Same as the Executive, but (1) limits the fee to the calendar quarters occurring between January 1, 2006, and June 30, 2007, and (2) limits the fee to Medicaid health insuring corporations.
Provides for the fee to be 4.5% of the managed care organization's quarterly managed care premiums, unless	Same as the Executive, but requires, rather than permits, the Department to reduce or terminate the fee if it

As Introduced (Executive)	As Passed by the House
the Department adopts rules decreasing the percentage or increasing it to not more than 6%.	determines that the reduction or termination is required to comply with federal law and requires the Department to reduce or terminate the fee if it determines that the fee does not qualify as a state Medicaid expenditure eligible for federal financial participation.
Provides for the fee calculation to be based on a Medicaid managed care organization's Medicaid premiums.	Provides for the fee calculation to be based on all managed care premiums received by a health insuring corporation for operating in Ohio, rather than solely on the corporation's Medicaid premiums.
Fiscal effect: The Executive estimates that the state could generate revenue through these managed care assessment fees totaling approximately $4.8 million all funds ($1.9 million state share) in FY 2006 and $124.6 million all funds ($50.0 million state share) in FY 2007. This estimate assumes that health insuring corporations participating in the Medicaid Managed Care Program would restructure their business operations into Medicaid and non-Medicaid.	Fiscal effect: Same as the Executive, because these effects were already assumed in the estimate. The sunset provision would limit the cost impact to FY 2006 and FY 2007.

(CD-470-JFS) Medicaid Payments for Graduate Medication Education Costs

R.C. ***5111.191, 5111.19, Section 206.66.51***	**R.C.** ***5111.191, 5111.19, Section 206.66.51***
Prohibits the Department from making a Medicaid payment to a hospital for graduate medical education costs if the hospital refuses without good cause to contract with a managed care organization that provides, or arranges for the provision of, health care services to Medicaid recipients residing in the county, or a mandatory managed care enrollment service area, in which the hospital is located.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
Fiscal effect: This provision could result in savings to the state if there are hospitals refusing without good cause to contract with a managed care organization.	Fiscal effect: Same as the Executive.

(CD-949-JFS) Medicaid Interagency Agreements for Coverage of Behavioral Health Services

	R.C. ***5111.191, Section 206.67.18***
No provision.	Requires interagency agreements between ODJFS and the Departments of Mental Health and Alcohol and Drug Addiction Services regarding the alcohol, drug addiction, and mental health services covered by Medicaid as rehabilitative services to address the following: utilization review, utilization management, care management, and a provider-specific fixed rate reimbursement system.
No provision.	Establishes a schedule for implementation of the items to be addressed in the interagency agreements, as follows: (1) utilization review as soon as possible after the bill's effective date, (2) utilization management and care management by July 1, 2006, and (3) provider-specific fixed rate reimbursement by July 1, 2007.
No provision.	Requires the implementation to be as consistent as possible with the "State of Ohio Community Behavioral Health Medicaid Business Plan" that was finalized in August 2004 by ODJFS, the Departments of Mental Health and Alcohol and Drug Addiction Services, and the Ohio Association of Behavioral Health Authorities.
	Fiscal effect: The Departments of Job and Family Services, Mental Health, and Alcohol and Drug Addiction Services may experience a minimal increase in administrative costs related to developing such interagency

As Introduced (Executive)	As Passed by the House
	agreements.

(CD-391-JFS) Medicaid's Long-Term Care Reimbursement Formula

R.C. ***5111.20, 173.20, 173.21, 3722.16, 5111.02, 5111.21, 5111.22, 5111.231 (5111.24), 5111.25 (5111.27), 5111.26 (5111.23), 5111.263 (5111.25), 5111.28, 5111.29 (5111.30), 5111.31, 5111.33 (5111.26), 5111.99, repeals: 5111.221, 5111.23, 5111.235, 5111.24, 5111.241, 5111.251, 5111.255, 5111.257, 5111.261, 5111.262, 5111.264, 5111.27, 5111.291***	**R.C.** ***5111.20, 5111.02, 5111.21, 5111.22, 5111.221, 5111.222, 5111.23, 5111.231 (5111.232), new 5111.231, 5111.234, 5111.235, 5111.24, 5111.241, 5111.242, 5111.25, 5111.251, 5111.254, 5111.255, 5111.256, 5111.257 (5111.258), new 5111.257, 5111.26, 5111.261, 5111.262 (repealed), new 5111.262, 5111.263, 5111.264, 5111.265, 5111.266, 5111.27, 5111.28, 5111.29, 5111.291, 5111.30, 5111.31, 5111.32, 5111.33***
Eliminates state law governing the Medicaid reimbursement methodology and procedures for nursing facilities and intermediate care facilities for the mentally retarded.	Restores the Medicaid reimbursement methodology and procedures for nursing facilities and intermediate care facilities for the mentally retarded to the Revised Code and makes substantive revisions to the methodology and procedures to begin in fiscal year 2008.
Fiscal effect: This provision could have a fiscal impact on the state if the Department changes the reimbursement methodology and procedures. The impact will depend on the design of the future reimbursement methodology.	Fiscal effect: Unknown.

As Introduced (Executive)	As Passed by the House
(CD-232-JFS) Assessments on Need for Nursing Facility Services	
R.C. ***5111.204***	**R.C.** ***5111.204***
Modifies the procedures that must be followed when conducting assessments of Medicaid applicants or recipients who apply for admission to a nursing facility to determine whether they need the level of care provided by a nursing facility.	Same as the Executive.
Provides for such level-of-care assessments to be conducted for Medicaid applicants who already reside in a nursing facility.	Same as the Executive.
Fiscal effect: None.	Fiscal effect: Same as the Executive.
(CD-405-JFS) Multiple Provider Agreements for Long-Term Care Providers	
R.C. ***5111.221***	**R.C.** ***5111.222***
Permits the operator of a nursing facility or intermediate care facility for the mentally retarded to enter into Medicaid provider agreements for more than one facility.	Same as the Executive, but renumbers the provision Revised Code section 5111.222.
Fiscal effect: This provision does not have a direct fiscal impact to the state.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-407-JFS) Long-Term Care Facilities' Submission of Assessment Information	
R.C. ***5111.24***	
Revises the law governing the submission of nursing facility and intermediate care facility for the mentally retarded resident assessment information that is used in determining facilities' Medicaid reimbursement rates.	No provision.
Fiscal effect: Minimal.	
(CD-411-JFS) Therapy Costs	
R.C. ***5111.25***	
Eliminates law that provides that a nursing facility's reasonable costs for rehabilitative, restorative, or maintenance therapy services rendered to residents by nurses or nurse aides, and the facility's overhead costs to support provision of therapy services, are allowable costs for determining Medicaid reimbursement rates.	No provision.
Fiscal effect: This provision could result in a cost reduction to the state since the state would not be required to reimburse nursing facility's for the services included in this provision.	

As Introduced (Executive)	As Passed by the House

(CD-401-JFS) Change of Operator, Closure, and Voluntary Termination and Withdrawal

R.C. ***5111.65, 3721.19, 5111.20, 5111.66, 5111.661, 5111.67, 5111.671, 5111.672, 5111.673, 5111.674, 5111.675, 5111.676, 5111.677, 5111.68, 5111.681, 5111.682, 5111.683, 5111.684, 5111.685, 5111.686, 5111.687, 5111.688***	**R.C.** ***5111.256, 5111.29***
Establishes requirements for nursing facilities and intermediate care facilities for the mentally retarded that undergo a change of operator, facility closure, voluntary termination, or voluntary withdrawal of participation in the Medicaid program.	Removes the Executive's provisions regarding when a nursing facility or intermediate care facility for the mentally retarded undergoes a change of operator, closure, or voluntary termination or withdrawal from the Medicaid program and adds new provisions regarding a nursing facility that undergoes a change of provider.
Fiscal effect: Unknown.	Fiscal effect: Unknown.

(CD-396-JFS) Amortization of Cost of Acquiring Nursing Facility Bed

R.C. ***5111.251***	**R.C.** ***5111.265***
Provides that, if a Medicaid-certified bed is relocated from one nursing facility to another nursing facility owned by a different person or government entity, amortization of the cost of acquiring operating rights for the transferred bed is not an allowable cost under Medicaid beginning in fiscal year 2008.	Provides that if one or more Medicaid-certified beds are relocated from one nursing facility to another nursing facility owned by a different person or government entity and the application for the certificate of need authorizing the relocation is filed with the Director of Health on or after the effective date of this provision of the bill, amortization of the cost of acquiring the operating rights for the relocated beds is not an allowable cost.
Fiscal effect: This provision would reduce state expenditures related to amortization of the cost of acquiring	Fiscal effect: This provision will reduce future costs related to amortization of the cost of acquiring the operating rights

As Introduced (Executive)	As Passed by the House
operating rights for transferring Medicaid-certified beds beginning in fiscal year 2008.	for relocated beds depending on the number of Medicaid-certified beds that are relocated from one nursing facility to another owned by a different person or government entity on or after the effective date of this provision.

(CD-406-JFS) ICF/MR Beds Excluded from Medicaid Provider Agreement

R.C. ***5111.222, 5111.99***	**R.C.** ***5111.31, 5111.99***
Provides that a Medicaid provider agreement for an intermediate care facility for the mentally retarded does not have to include beds that are designated for respite care under a Medicaid waiver program.	Same as the Executive, but does not renumber Revised Code section 5111.31 as 5111.222.
Fiscal effect: None.	Fiscal effect: Same as the Executive.

(CD-408-JFS) Nursing Facility Reimbursement Study Council Abolished

R.C. ***5111.34, (repealed), Section 403.05, 403.06***	**R.C.** ***5111.34, (repealed), Section 403.05, 403.06***
Abolishes the Nursing Facility Reimbursement Study Council.	Same as the Executive.
Fiscal effect: The Council was active in fiscal years 2004 and 2005. However, no specific funding was provided. Therefore, abolishing the Council would have no fiscal effect.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-453-JFS) General Requirements for Home and Community-Based Services Waivers	
R.C. ***5111.851, 5111.852, 5111.853, 5111.854, 5111.855***	**R.C.** ***5111.851, 5111.852, 5111.853, 5111.854, 5111.855***
Establishes requirements for Medicaid-funded home and community-based waiver services that are an alternative to hospital, nursing facility, or intermediate care facility for the mentally retarded services.	Same as the Executive.
Requires the Department and other state agencies and political subdivisions administering a home and community-based services waiver to maintain financial records documenting the costs of services provided under the waiver and make the records available to the U. S. Secretary of Health and Human Services and U. S. Comptroller General.	Same as the Executive.
Provides that the Department and other state agencies and political subdivisions are financially accountable for funds expended for services provided under a home and community-based services waiver.	Same as the Executive.
Fiscal effect: Fiscal effect: The Executive estimates that the state could avoid costs totaling approximately $8.0 million all funds ($3.2 million state share) both in FY 2006 and in FY 2007 if the state implements two new wavier programs.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-1080-JFS) Medicaid Waivers for Individuals with Autism or Developmental Delays or Disabilities	
	R.C. ***5111.87***
No provision.	Revises current law that permits the Department to seek Medicaid waivers to provide early intervention services for children under age three and therapeutic services for children with autism.
No provision.	Permits the Department to seek Medicaid waivers to provide specialized habilitative services for adults with autism.
	Fiscal effect: Broadens the types of services for individuals with autism or developmental delays or disabilities that may be covered under a Medicaid waiver for which the Department may apply. Applying for the waiver is permissive under law and remains permissive under this provision. Therefore, it has no apparent direct fiscal impact.
(CD-455-JFS) Home and Community-Based Services to Replace ICF/MR Service	
R.C. ***5111.88, 5111.23, 5111.881, 5111.882, 5111.883, 5111.884, 5111.89***	**R.C.** ***Section 206.66.30***
Requires that the Department seek federal approval to (1) establish a Medicaid waiver under which individuals receive home and community-based services in lieu of the intermediate care facility for the mentally retarded (ICF/MR) service and (2) terminate the ICF/MR service on the date the Medicaid waiver begins to be implemented statewide.	Creates the Intermediate Care Facility for the Mentally Retarded Waiver Study Council to study issues involving the use of a Medicaid waiver program to replace the ICF/MR service.

As Introduced (Executive)	As Passed by the House
Authorizes the Department to assign the administration of the new Medicaid waiver to the Ohio Department of Mental Retardation and Developmental Disabilities (ODMR/DD).	No provision.
Requires that the Department or ODMR/DD, whichever administers the new Medicaid waiver, phase in implementation of the waiver.	No provision.
Fiscal effect: This provision could have a fiscal impact on the state upon the implementation of the new waiver. The fiscal impact will depend on the design of the future waiver plan. The details of the waiver plan, such as the services provided and the eligibility criteria, are to be determined by the Department.	Fiscal effect: The bill does not designate any state agency to provide the Council with administrative support. Although members of the Council will receive no compensation, LSC staff assumes there would be some minimal administrative costs associated with the Council's duties (e.g., issuing a report). However, it is unclear as of this writing what entity will be responsible for any such costs. The bill retains current law by removing the provisions of the bill that would have required ODJFS to seek federal approval to convert the current ICF/MR system to a Medicaid waiver. Since current law is retained, there would be no fiscal effect.

As Introduced (Executive)	As Passed by the House
(CD-417-JFS) Assisted Living Medicaid Waiver	
R.C. ***5111.89, 5111.891, 5111.892, 5111.893, Section 206.66.36***	**R.C.** ***5111.89, 3702.68, 5111.891, 5111.892, 5111.893, Section 206.66.36***
Authorizes the Department to seek a federal Medicaid waiver authorizing the Assisted Living Program under which supervision and personal care services are provided to residents of a residential care facility who are eligible for the program.	Same as the Executive, but (1) limits the Assisted Living Program to not more than 1,000 participants, (2) establishes conditions on the residential care facility in which a participant of the program resides, and (3) establishes an exemption from the moratorium on certificate of need applications for a facility that is reconverting its residential care facility beds that participated in the Assisted Living Program back to nursing home beds. Specifies that the conditions on the residential care facility in which a participant must reside are that the facility must either be (1) licensed on the effective date of this provision of the bill and either (a) consist of beds that previously were licensed as nursing home beds and were converted to residential care facility beds for the purpose of the facility participating in the Assisted Living Program or (b) be a part of a system of continuing care that is operated in conjunction with a nursing facility and one or more other facilities that provide a less intensive level of care and provides residents a contractual right of admission to the nursing facility or (2) licensed, but not necessarily on the effective date of this provision of the bill, and owned or operated by a metropolitan housing authority that has a contract with the U.S. Department of Housing and Urban Development to receive an operating subsidy or rental assistance for the residents.
If the Assisted Living Medicaid waiver is granted, ODJFS is to contract with the Department of Aging (ODA) for the Department of Aging to administer the program.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
Fiscal effect: This provision provides that once ODJFS enters into a contract with the ODA to administer the Assisted Living program, ODJFS must submit quarterly reports to the Director of Budget and Management outlining the estimated costs of the program for the upcoming quarter, including the state and federal share of the costs. On receipt of the estimated costs, the Director of Budget and Management must make the necessary transfers out of GRF appropriation item 600-525, Health Care/Medicaid, and increases to ODA's budget. The funds transferred and increased are appropriated. The Executive estimates that ODJFS will need to transfer approximately $20.8 million all funds ($8.3 million state share) in FY 2007 to ODA. ODA estimates that the program will cost approximately $18.0 million in FY 2007.	Fiscal effect: ODA estimates that ODJFS will need to transfer approximately $14.7 million to $15.2 million to support 1,000 participants. The amount transferred by ODJFS will depend on whether ODA replaces people upon their disenrollment. If individuals are not replaced, the amount transferred will be the lower estimate as the number of individuals served would eventually fall below 1,000 as individuals disenroll. If individuals are replaced, the cost would be the higher estimate since the monthly caseload would always remain at approximately 1,000.

(CD-921-JFS) Medicaid Enterprise Data Warehouse

	R.C. ***5111.915***
No provision.	Requires the Department of Administrative Services to acquire a computer system to be known as the Medicaid Enterprise Data Warehouse to monitor Medicaid services administered by various state agencies. See item entitled "Medicaid Enterprise Data Warehouse" in Administrative Services.

As Introduced (Executive)	As Passed by the House
(CD-416-JFS) Department-Administered Home and Community-Based Waivers	
R.C. ***5111.97, (renumbered 5111.86)***	**R.C.** ***5111.97, (renumbered 5111.86)***
Authorizes the Department to seek two or more Medicaid waivers under which home and community-based services are provided to individuals who need the level of care provided by a nursing facility or hospital and requires that the Department administer the waivers.	Same as the Executive.
Authorizes the Department to transfer an individual enrolled in an existing Medicaid waiver the Department administers to a new waiver.	Same as the Executive.
Authorizes the Department, after the first of any of the new Medicaid waivers begin to enroll eligible individuals, to seek federal approval to cease new enrollment in the Ohio Home Care Program.	Same as the Executive.
Fiscal effect: The Executive estimates that the state could avoid costs totaling approximately $8.0 million all funds ($3.2 million state share) both in FY 2006 and in FY 2007 if the state implements two new wavier programs.	Same as the Executive.
(CD-357-JFS) Ohio Access Success Project	
R.C. ***5111.97***	**R.C.** ***5111.97***
Reduces to 12 (from 18) the number of months a Medicaid recipient must have continuously resided in a nursing facility before applying to participate in the Ohio Access Success Project.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
Fiscal effect: This provision allows ODJFS to provide help to Medicaid recipients making the transition from a nursing facility to a community setting sooner than under current law by providing assistance with such things as moving expenses and rental deposits. The Executive's plan is to move 50 individuals in FY 2006 and 100 in FY 2007 out of nursing homes. The Executive estimates that the state could avoid costs totaling approximately $245,000 all funds ($98,294 state share) in FY 2006 and in $491,000 all funds ($196,989 state share) FY 2007 as a result of this initiative.	Fiscal effect: Same as the Executive.

(CD-456-JFS) Department's Duties under Medicare Prescription Drug Benefit Law

R.C. ***5111.98, 329.04***	**R.C.** ***5111.98, 329.04***
Authorizes the Department to take certain actions necessary to fulfill the Department's duties under the Medicare Prescription Drug, Improvement and Modernization Act of 2003.	Same as the Executive.
Fiscal effect: The Executive estimates that the state would have had to spend $355.9 million all funds ($142.8 million state share) in FY 2006 on drugs for dual eligibles had Medicare Part D not been enacted. The Executive estimates that the state will spend $82.9 million all funds ($126.3 million state share) in FY 2006 on Medicaid because of Medicare Part D. The $82.9 million accounts for the $155.3 million of the clawback payment (state share only), receipt of accrued rebates, woodwork effect, and claims run out (i.e., the payments for prescriptions filled prior to the start of Part D). There is no federal reimbursement for the clawback payment. Thus, the net impact to the state in FY 2006 as a result of the Medicare Part D is a savings of $273.0 million all funds ($16.5 million	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
state share).	

(CD-399-JFS) ICF/MR Franchise Permit Fee

R.C. *5112.30, 5112.31, 5112.341*	R.C. *5112.30, 5112.31, 5112.341*
Provides that the amount of the intermediate care facility for the mentally retarded (ICF/MR) franchise permit fee for fiscal years 2006 and 2007 is the same as in fiscal year 2005 ($9.63 per bed per day).	Same as the Executive.
Permits the Department to withhold a Medicaid payment or terminate a Medicaid provider agreement if an ICF/MR fails to pay the franchise permit fee when due.	Same as the Executive.
Fiscal effect: The ICF/MR franchise permit fee revenue is deposited into the Fund 4K1, in the state special revenue fund group. Appropriation item 600-621, ICF/MR Bed Assessments, provides funding to pay the state share of reimbursements to the ICFs/MR for their cost of the franchise fee. The appropriation for 600-621 is approximately $20.0 million for each fiscal years 2006 and 2007. The federal share is paid through appropriation item 600-623, Health Care Federal (Fund 3F0) in the Federal special revenue fund group.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-380-JFS) Disability Medical Assistance Program Abolished	
R.C. ***5115.10, (repealed), 9.24, 127.16, 131.23, 323.01, 329.04, 329.051, 2305.234, 2744.05, 3111.04, 3119.54, 3317.029, 3317.10, 3702.74, 4123.27, 4731.65, 4731.71, 5101.181, 5101.26, 5101.31, 5101.36, 5110.01, 5110.05, 5112.03, 5112.08, 5112.17, 5115.11 (repealed), 5115.12 (repealed), 5115.13 (repealed), 5115.14 (repealed), 5115.20, 5115.22, 5115.23, Sections 206.66.18, 206.66.42***	**R.C.** ***5115.10, (repealed), 9.24, 127.16, 131.23, 323.01, 329.04, 329.051, 2305.234, 2744.05, 3111.04, 3119.54, 3317.029, 3317.10, 3702.74, 4123.27, 4731.65, 4731.71, 5101.181, 5101.26, 5101.31, 5101.36, 5110.01, 5110.05, 5112.03, 5112.08, 5112.17, 5115.11 (repealed), 5115.12 (repealed), 5115.13 (repealed), 5115.14 (repealed), 5115.20, 5115.22, 5115.23, Sections 206.66.18, 206.66.42***
Abolishes the Disability Medical Assistance (DMA) Program on October 1, 2005.	Same as the Executive.
Fiscal effect: The Executive estimates that the state could avoid costs totaling approximately $56.6 million (state share only) in FY 2006 and $83.1 million (state share only) in FY 2007 by eliminating the DMA program.	Fiscal effect: Same as the Executive.
Provides that a county's share for public assistance expenditures for calendar year (CY) 2007 is to be an amount equal to the county's share of public assistance expenditures for calendar year 2006, which means counties will be responsible for twelve, rather than nine, months of Disability Medical Assistance Program costs for Calendar Year 2007. Fiscal effect: Increases the amount for which counties will be responsible in CY 2007.	No provision.

As Introduced (Executive)	As Passed by the House
(CD-553-JFS) Head Start and Early Learning Initiative	
Sections: ***206.09.54, 206.09.18, 206.67.12, R.C. 121.37, 3301.311, 3301.32, 4511.75, 5104.01, 5104.32, Repealed: 3301.31, 3301.33 through 3301.38***	**Sections:** ***206.09.54, 206.09.18, 206.67.12, R.C. 121.37, 3301.311, 3301.32, 4511.75, 5104.01, 5104.32, Repealed: 3301.31, 3301.33 through 3301.38***
Eliminates state-funded Head Start and Head Start Plus programs and requires that GRF funds provided in FY 2004 and FY 2005 as start-up grants to Title IV-A Head Start and Title IV-A Head Start Plus agencies be reimbursed to the GRF when the programs cease to exist in FY 2006. If payment is not made 100 days after the effective date of the bill, the Department of Education (ODE) must refer any amounts remaining due and payable to the Attorney General for collection.	Same as the Executive.
Establishes the Early Learning Initiative (ELI), paid for with TANF funds and jointly administered by ODE and ODJFS, to provide early learning programs and child care to TANF-eligible children.	Same as the Executive, but specifies that in addition to being TANF-eligible, the children served must also come from families whose incomes do not exceed 185% of the federal poverty line. Once children begin receiving services they remain eligible until their families' incomes exceed 195% of the federal poverty line.
Specifies that the contract between ODE, ODJFS, and the early learning agency include: (1) the duties of each party to the contract; (2) requirements for use of Title IV-A funds; (3) requirement that administrative costs not exceed15% of the total costs; (4) reporting requirements; (5) reimbursement methodology; (6) audit requirements; (7) provisions for suspending, modifying, or terminating the contract.	Same as the Executive, but specifies that the contract also include a requirement that a child enrolled in Head Start Plus in FY 2005 be given priority to enroll in ELI.

As Introduced (Executive)	As Passed by the House
Requires that ODJFS, jointly with ODE, adopt rules to implement ELI. Specifies that these rules include provisions regarding the establishment of co-payments for families and a definition of "weekly attendance rate" for the purposes of reimbursing early learning agencies.	Same as the Executive, but requires that the rules be adopted by ODJFS in consultation with ODE and exempts from co-payment requirements families whose income is equal to or less than 165% of the federal poverty line.
No provision.	Requires ODJFS, in consultation with ODE, to establish a caretaker employment eligibility requirement for participation in ELI.
Permits the Director of Budget and Management to transfer appropriation, as needed, from ODE appropriation item 200-663, Early Learning Initiative, (Fund 5W2) in the state special revenue fund group, to ODJFS appropriation item 600-689, TANF Block Grant, (Fund 3V6) in the federal special revenue fund group to support ELI. This provision also specifies that this transfer of appropriation is not to take place until at least 15 days after ODE has determined the number of children to be served by each approved agency. Specifies that ODJFS is to provide up to 10,000 slots in FY 2006 and up to 12,000 slots in FY 2007 of services in ELI.	Same as the Executive, but specifies that each county in the state be allocated at least 17 slots in each fiscal year.
Earmarks up to $94,380,000 in FY 2006 and $113,256,000 in FY 2007 from appropriation item 600-689, TANF Block Grant, for ELI. The funds are to be used for the reimbursement of early learning agencies. This provision also allows for any excess funds to be used to provide publicly funded child care.	Same as the Executive.
Earmarks up to $800,000 in FYs 2006 and 2007 from appropriation item 600-689, TANF Block Grant, for the administration of ELI.	Same as the Executive, but clarifies that the $800,000 earmark is for use by ODJFS.

As Introduced (Executive)	As Passed by the House
Transfers up to $2.2 million in FYs 2006 and 2007 from Fund 3V6 (TANF Federal) to Fund 5W2 (Early Learning Initiative) and earmarks $2.2 million of appropriation item 200-663, Early Learning Initiative, in each fiscal year for administrative functions related to ELI.	Same as the Executive, but clarifies that the $2.2 million earmark is for use by ODE.
Specifies that, beginning in FY 2006, a preschool, school child, or early learning program is prohibited from receiving state funds unless at least 50% of the program's teachers are working toward an associate degree and, beginning in FY 2008, is prohibited from receiving state funds unless 100% of the program's teachers have attained an approved associate degree.	Same as the Executive.
Fiscal effect: The executive proposal recommends funding of up to $94,380,000 in FY 2006 and $113,256,000 in FY 2007 from appropriation item 600-689, TANF Block Grant (Fund 3V6), in the federal special revenue fund group under ODJFS, for the enrollment of up to 10,000 eligible children in FY 2006 and up to 12,000 eligible children in FY 2007 in the Early Learning Initiative. The funds are to be used for the reimbursement of early learning agencies. The proposal also allows for any excess funds to be used to provide publicly funded child care. (See the item entitled "Head Start and Early Learning Initiative" in the Department of Education).	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-827-JFS) Appropriation Item Restructuring	
Section: ***206.66.03***	**Section:** ***206.66.03***
Specifies that if the directors of Job and Family Services and Budget and Management agree, the Director of Budget and Management may, in FYs 2006 and 2007, reduce appropriations in GRF appropriation items 600-321, Support Services, and 600-416, Computer Projects, by amounts equal to the federal share in each appropriation item. The total amount by which these appropriation items are reduced is appropriated to appropriation item 600-651, Federal General Operating (Fund 3AX), in the federal special revenue fund group	Same as the Executive.
Specifies that ODJFS may submit to the Office of Budget and Management (OBM) a plan to realign GRF appropriation items 600-321, Support Services, and 600-416, Computer Projects. The plan may include a request for the Director of Budget and Management to transfer appropriations from those appropriation items to any other ODJFS GRF appropriation items. If the plan is approved by OBM, the Director of Budget and Management is to transfer appropriations as requested in the plan. Dollars spent pursuant to appropriations transferred must be used for the same purposes for which the original appropriations were made.	
Requires that in FY 2007, ODJFS, with the approval of OBM, use a method for determining the payments from applicable appropriation items into the Support Services State Operating Fund (Fund 230). The method is to contain the characteristics of ease and uniform	

As Introduced (Executive)	As Passed by the House
application. Payments to the Support Services State Operating Fund are to be made by intrastate transfer voucher. The bill specifies that the amounts transferred are appropriated to appropriation item 600-661, Support Services State Operating (Fund 230), in the general services fund group.	
Fiscal effect: Beginning in FY 2003, ODJFS restructured its GRF appropriation items by implementing a modified program budgeting structure. Under that structure, each program area has its own line item from which GRF-funded administrative expenses for that program are paid. According to ODJFS, this provision will allow the Department to move to a full program budgeting structure by allocating the GRF appropriation items that pay for support services (600-321) and computer projects (600-416) to specific program areas. The Department has not fully developed the plan for restructuring its appropriation items. If ODJFS decides to develop and go forward with a restructuring plan, the Department plans to begin operating under the new structure at the start of FY 2007.	Fiscal effect: Same as the Executive.

(CD-828-JFS) Governor's Office of Faith-Based and Community Initiatives

Section: *206.66.06*	Section: *206.66.06*
Specifies that in each fiscal year of the biennium, $312,500 of GRF appropriation item 600-321, Support Services, may be used to support activities of the Governor's Office of Faith-Based and Community Initiatives.	Same as the Executive.
Fiscal effect: Provides the GRF funding for the Governor's Office of Faith-Based and Community Initiatives.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-337-JFS) TANF Ohio Works First Cash Assistance Payments	
Section: ***206.66.09***	**Section:** ***206.66.09***
Increases the cash assistance provided to recipients of benefits under the TANF Ohio Works First program by up to 10% as compared to the cash assistance provided prior to July 1, 2005. The increased TANF cash assistance benefit shall be effective October 1, 2005.	Same as the Executive.
Fiscal effect: Increases the funds provided to OWF recipients through appropriation items 600-410, TANF State; 600-658, Child Support Collections; and 600-689, TANF Block Grant. The average cash benefit per OWF combined assistance group in FY 2005 has been approximately $302. According to the ODJFS TANF spending plan for the FY 2006-2007 biennium, the 10% increase in cash assistance will require an additional $24.4 million in fiscal year 2006 and $32.5 million in fiscal year 2007. An increase in the funds dedicated to cash assistance reduces funds available for non-cash assistance, such as services provided under the Prevention, Retention, and Contingency program.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-400-JFS) Public Assistance Reconciliation	
Section: ***206.66.15***	**Section:** ***206.66.15***
Permits the Director of Job and Family Services to transfer up to $30 million in each fiscal year from GRF appropriation item 600-442, Public Assistance Reconciliation, to Fund 5AX, Public Assistance Reconciliation Fund, to be used by ODJFS to reimburse Ohio's federal TANF Block Grant according to the process agreed to by ODJFS and the federal government.	Same as the Executive.
(CD-502-JFS) TANF Transfers	
Section: ***206.66.21***	**Section:** ***206.66.21***
Permits the transfer of up to $96 million from the GRF to Fund 5AX by the Director of Budget and Management, if the Director determines that the balance in the GRF is greater than the amounts assumed in H.B. 66. Reduces the availability of GRF funds for other purposes.	Same as the Executive.
(CD-830-JFS) Health Care/ Medicaid	
Section: ***206.66.24***	
Specifies that GRF appropriation item 600-525, Health Care/Medicaid, is not to be limited by the provision of law governing expending of appropriations (R.C. 131.33).	No provision.

As Introduced (Executive)	As Passed by the House
(CD-392-JFS) Fiscal Year 2006 Medicaid Reimbursement Rate for Nursing Facilities	
Section: ***206.66.27***	**Section:** ***206.66.27***
Provides for the fiscal year 2006 Medicaid reimbursement rate for nursing facilities (NF) with a 2003 Medicaid cost report to be based on that cost report and calculated, with certain modifications, in accordance with the method used to calculate nursing facilities' fiscal year 2005 Medicaid reimbursement rate.	Freezes the fiscal year 2006 Medicaid reimbursement rate for NFs at the fiscal year 2005 rate amount, less any amount of the 2005 rate that reflects reimbursement to NFs for the franchise permit fee.
Fiscal effect: This provision allows the Department to reduce the total amount paid to NFs by 3% in FY 2006. Approximately one-third of the NFs will get a 2% increase, one-third will get a 4% decrease, and the remaining one-third will get a 6% decrease. These categories are created based on efficiency rankings. The Executive estimates that the state could avoid costs totaling approximately $523.8 million all funds ($210.2 million state share) in FY 2006 as a result of this provision.	Fiscal effect: This provision increases NF reimbursement by $83.9 million all funds ($33.7 million state share) in FY 2006.
Provides that if a nursing facility has a valid Medicaid provider agreement on June 30, 2005, and is not required to file a cost report covering calendar year 2003, the facility's rate is to be 97% of the rate it was paid for nursing facility services provided on June 30, 2005.	No provision.
Includes special reimbursement provisions for nursing facilities that undergo a change of operator, begin participation in the Medicaid program, or add beds in fiscal year 2006.	Same as the Executive, but revises the wording to reflect that the Executive's provisions regarding a change of operator have been replaced with provisions regarding change of providers.

As Introduced (Executive)	As Passed by the House
(CD-394-JFS) Fiscal Year 2007 Medicaid Reimbursement Rate for Nursing Facilities	
Section: ***206.66.30***	**Section:** ***206.66.27***
Freezes the fiscal year 2007 Medicaid reimbursement rate for nursing facilities (NF) at the fiscal year 2006 rate amount.	Freezes the fiscal year 2007 Medicaid reimbursement rate for NFs at the fiscal year 2005 rate amount, less any amount of the 2005 rate that reflects reimbursement to NFs for the franchise permit fee.
Fiscal effect: This provision allows the Department to maintain FY 2007 NF payments at the FY 2006 levels. The Executive estimates that the state could avoid costs totaling approximately $720.3 million all funds ($289.0 million state share) in FY 2007 as a result of this provision.	Fiscal effect: This provision increases NF reimbursement by $92.6 million all funds ($37.1 million state share) in FY 2007.
Includes special reimbursement provisions for nursing facilities that undergo a change of operator, begin participation in the Medicaid program, or add beds in fiscal year 2007.	Same as the Executive, but revises the wording to reflect that the Executive's provisions regarding a change of operator have been replaced with provisions regarding change of providers.

As Introduced (Executive)	As Passed by the House
(CD-395-JFS) Fiscal Years 2006 and 2007 Reimbursement Rate for ICFs/MR	
Section: ***206.66.33***	**Section:** ***206.66.28***
Freezes the fiscal year 2006 and 2007 Medicaid reimbursement rate for intermediate care facilities for the mentally retarded (ICFs/MR) at the fiscal year 2005 rate amount.	Same as the Executive.
Fiscal effect: The Executive estimates that the state could avoid costs totaling approximately $32.5 million all funds ($13.0 million state share) in FY 2006 and approximately $51.2 million all funds ($20.5 million state share) in FY 2007 as a result of this provision.	
Includes special reimbursement provisions for ICFs/MR that undergo a change of operator, begin participation in the Medicaid program, or add beds in fiscal year 2006 or 2007.	Same as the Executive, but revises the wording to reflect that the Executive's provisions regarding a change of operator have been removed.
(CD-957-JFS) Medicaid Care Management Working Group	
	Section: ***206.66.43***
No provision.	Requires the Department to establish the Medicaid Care Management Working Group to develop guidelines to govern managed care contracts under the Medicaid Program.
	Fiscal effect: The provision is silent on providing reimbursement for any necessary expenses for non-governmental members of the Work Group and any administrative support. The Department would likely be

As Introduced (Executive)	As Passed by the House
	responsible for such costs. However, it is likely that such costs, if any, would be minimal.

(CD-379-JFS) Medicaid Coverage of Dental and Vision Services

Section: ***206.66.45***	**Sections:** ***206.66.44, 206.66.45***
Requires that the Department amend the state Medicaid plan to eliminate coverage of dental and vision care services for individuals age 21 or older for whom those services are not required by federal law.	Requires that the Medicaid program cover vision services for fiscal years 2006 and 2007 in at least the amount, duration, and scope currently in effect. Requires that the Medicaid program cover dental services for fiscal years 2006 and 2007 as follows: (1) for Medicaid recipients under age 21, in at least the amount, duration, and scope currently in effect and (2) for Medicaid recipients age 21 or older, in an amount, duration, and scope specified in rules the Department must adopt.
Fiscal effect: The Executive estimates that the state could avoid costs totaling approximately (1) $49.8 million all funds ($20.0 million state share) in FY 2006 and $114.8 million all funds ($46.0 million state share) in FY 2007 by eliminating dental care; and (2) $6.5 million all funds ($2.6 million state share) in FY 2006 and $15.5 million all funds ($6.2 million state share) in FY 2007 by eliminating vision care.	Fiscal effect: This provision costs $6.5 million all funds ($2.6 million state share) in FY 2006 and $15.5 million all funds ($6.2 million state share) in FY 2007 for vision care. In addition, the provision costs $24.9 million all funds ($10.0 million state share) in FY 2006 and $57.4 million all funds ($23.0 million state share) in FY 2007 for dental care.

As Introduced (Executive)	As Passed by the House
(CD-1000-JFS) Disability Determination Consolidation Study	
	Section: ***206.66.46***
No provision.	Requires the Department of Job and Family Services to assess the feasibility of an interagency agreement with the Rehabilitation Services Commission whereby the Commission would perform disability determinations for certain programs and services offered by the Department or a county department of job and family services. Fiscal effect: This provision will result in increased costs for ODJFS related to conducting the assessment. (See the item entitled "Disability Determination Consolidation Study" in the Rehabilitation Services Commission.)

As Introduced (Executive)	As Passed by the House
(CD-1022-JFS) Medicaid Transition Council	
	Section: ***206.66.52***
No provision.	Creates the Medicaid Transition Council to oversee the future transfer of the Medicaid program from the Department to a new department and requires the Council to submit a written report of its findings to the Governor by not later than December 31, 2006. (See the item entitled "Medicaid Transition Council" in Ohio Medicaid.) Fiscal effect: The state agencies that are members of the Council will incur a negligible increase in costs associated with deliberating on the creation of a new department, overseeing the implementation of measures recommended by the Ohio Commission to Reform Medicaid, developing a business plan to direct transition of the Medicaid from the Department to the new department, securing resources required to implement the business plan, and writing a report of the Council's findings.

As Introduced (Executive)	As Passed by the House
(CD-1037-JFS) Medicare Part D	
Section: ***206.66.54***	
Allows appropriation item 600-526, Medicare Part D, to be used by ODJFS for the implementation and operation of the Medicare Part D requirements. Upon the request of ODJFS, the Director of Budget and Management may increase the state share of appropriations in either appropriation item 600-525, Health Care/Medicaid, or appropriation item 600-526, Medicare Part D, with a corresponding decrease in the state share of the other appropriation item to allow the Department to implement and operate the new Medicare Part D requirements. If the state share of appropriation item 600-525, Health Care/Medicaid, is adjusted, the Director of Budget and Management must adjust the federal share accordingly.	No provision.
(CD-460-JFS) ODJFS Funds	
Section: ***206.66.57***	**Section:** ***206.66.57***
Specifies that the Agency Fund Group and Holding Account Redistribution Fund Group be used to hold revenues until the appropriate fund is determined or until the revenues are directed to the appropriate governmental agency other than ODJFS. If it is determined that additional appropriation authority is necessary, such amounts are hereby appropriated.	Same as the Executive.
Fiscal effect: The provision is standard language that automatically increases the appropriations for these accounts should the agency experience more activity in	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
these funds than the appropriation will allow.	

(CD-832-JFS) Employer Surcharge

Section: ***206.66.60***	**Section:** ***206.66.60***
Reinstates the ability of the Department to collect an employer surcharge assessed between calendar years 1988 and 1990. Prior law required contributing employers to pay a surcharge in order to generate revenues to meet the costs of automating the Bureau. Approximately $700,000 in revenues due from delinquent employers remains outstanding.	Same as the Executive.
Fiscal Impact: Of the $700,000 outstanding, the Department is unable to estimate how much of that revenue will be collected from delinquent employers in the next biennium. Any revenues collected will be deposited in the Unemployment Compensation Administrative Fund (Fund 4A9). Prior to 2001, revenues were deposited in the Benefit Automation Fund (Fund 5A5).	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-833-JFS) Funding for Institutional Facility Audits and the Ohio Access Success Project	
Section: ***206.66.66***	**Section:** ***206.66.66***
Authorizes, in each fiscal year, the use of cash from Fund 4J5, Home and Community-Based Services for the Aged, in the state special revenue fund group, in excess of the amounts needed for transfers by ODJFS for the following purposes: (A) up to $1.0 million in each fiscal year to fund the state share of audits of Medicaid cost reports filed with ODJFS by nursing facilities and intermediate care facilities for the mentally retarded; and (B) up to $350,000 in fiscal year 2006 and up to $350,000 in fiscal year 2007 to provide one-time transitional benefits under the Ohio Access Success Project that the Director of ODJFS may establish under section 5111.88 of the Revised Code.	Same as the Executive. (See the item entitled "PASSPORT Evaluation Panel" in Job and Family Services for new earmark of nursing facility franchise fee revenue)
(CD-1027-JFS) PASSPORT Evaluation Panel	
	Section: ***206.66.66***
No provision.	Creates the PASSPORT Evaluation Panel to select an independent contractor to conduct an evaluation of the PASSPORT Program.
No provision.	Requires the PASSPORT Evaluation Panel to approve a final report not later than June 30, 2007.

As Introduced (Executive)	As Passed by the House
(CD-335-JFS) Ohio Association of Second Harvest Food Banks	
Section: ***206.66.69***	**Section:** ***206.66.69***
Earmarks in appropriation item 600-620, Social Services Block Grant (Fund 396), $5,500,000 in each fiscal year for use in funding a grant agreement with the Ohio Association of Second Harvest Food Banks to reimburse it for the costs incurred in the purchase of food products and the distribution of those products to agencies participating in the emergency food distribution program. The Ohio Association of Second Harvest Food Banks may use 5% of those funds for administrative costs.	Same as the Executive.
(CD-831-JFS) Transfer of Funds to the Department of Aging	
Section: ***206.66.72***	**Section:** ***206.66.72***
Requires ODJFS to transfer, through intrastate transfer vouchers, cash from Fund 4J5, Home and Community-Based Services for the Aged, in the state special revenue fund group, to Fund 4J4, PASSPORT, in the state special revenue fund group, in the Department of Aging. The sum of the transfers is to be $33,268,052 in fiscal year 2006 and $33,263,984 in fiscal year 2007. The transfer may occur on a quarterly basis or on a schedule developed and agreed to by both departments.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-834-JFS) Transfer of Funds to the Department of Mental Retardation and Developmental Disabilities	
Section: ***206.66.72***	**Section:** ***206.66.72***
Requires ODJFS to transfer, through intrastate transfer vouchers, cash from Fund 4K1, ICF/MR Bed Assessments, in the state special revenue fund group, to Fund 4K8, Home and Community-Based Services, in the state special revenue fund group, in the Department of Mental Retardation and Developmental Disabilities. The amount transferred shall equal $12,000,000 in fiscal year 2006 and $12,000,000 in fiscal year 2007. The transfer may occur on a quarterly basis or on a schedule developed and agreed to by both departments.	Same as the Executive.
(CD-835-JFS) Funding for Habilitative Services	
Section: ***206.66.75***	**Section:** ***206.66.75***
Authorizes, in each fiscal year, the use of cash from Fund 4K1, ICF/MR Bed Assessments, in the state special revenue fund group, in excess of the amounts needed for transfers to Fund 4K8, Home and Community-Based Services, in the state special revenue fund group, in the Department of Mental Retardation and Developmental Disabilities, by ODJFS to cover costs of care provided to participants in a waiver with an ICF/MR level of care requirement administered by ODJFS.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-524-JFS) Children's Trust Fund	
Section: ***206.66.84***	**Section:** ***206.66.84***
Requires that in FY 2006, the Director of Budget and Management transfer $1.5 million from the Children's Trust Fund (Fund 198) to the Partnerships for Success Fund (Fund 5BH) in the Department of Youth Services (DYS). On or before January 1, 2007, the Director of Budget and Management is to transfer back to the Children's Trust Fund any amount of cash that remains unspent in the Partnerships for Success Fund.	Same as the Executive.
Fiscal effect: The Children's Trust Fund will be providing funding for the Partnerships for Success program in the DYS. This initiative provides seed capital to local family and children first councils to plan, develop, implement, and enhance programs, processes, and services to divert youth from the juvenile justice system. The program currently operates in 33 counties and is not likely to expand to other counties during the FY 2006–2007 biennium.	Fiscal effect: Same as the Executive.
(CD-836-JFS) Hospital Care Assurance Match Fund	
Section: ***206.66.84***	**Section:** ***206.66.84***
Requires that appropriation item 600-650, Hospital Care Assurance Match (Fund 3F0), in the federal special revenue fund, be used by ODJFS in accordance with the law governing distributing federal funds received as a result of the department distributing funds from the Hospital Care Assurance Program Fund to hospitals (R.C. 5112.18(B)).	Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-837-JFS) Health Care Services Administration	
Section: ***206.66.87***	**Section:** ***206.66.87***
Requires that appropriation item 600-654, Health Care Services Administration (Fund 5U3), in the state special revenue fund group be used by ODJFS for costs associated with the administration of the Medicaid program.	Same as the Executive.
(CD-838-JFS) Health Care Services Administration Fund	
Section: ***206.66.90***	**Section:** ***206.66.90***
Requires that, of the amount received by ODJFS during fiscal year 2006 and fiscal year 2007 from the first installment of assessments paid under section 5112.06 of the Revised Code and intergovernmental transfers made under section 5112.07 of the Revised Code, the Director of ODJFS must deposit $350,000 in each fiscal year into the state treasury to the credit of the Health Care Services Administration Fund (Fund 5U3), in the state special revenue fund group.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-511-JFS) Child Support Collections	
Section: ***206.66.93***	**Section:** ***206.66.93***
Requires that appropriation item 600-658, Child Support Collections, be used by ODJFS to meet the TANF maintenance of effort (MOE) requirements of Pub. L. No. 104-193. Once the state is assured that it will meet the MOE requirements, ODJFS may use the funds from appropriation item 600-658, Child Support Collections, to support public assistance activities.	Same as the Executive.
Fiscal effect: An obligee who is receiving cash assistance is required to assign to ODJFS any child support payments the person receives to cover part of their cash award. This provision requires ODJFS to use those funds received in child support collections toward the TANF MOE and once the MOE is met, this provision allows ODJFS to use the remaining funds for other public assistance activities.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-846-JFS) Medicaid Program Support Fund - State	
Section: ***206.66.96***	**Section:** ***206.66.96***
Requires that appropriation item 600-671, Medicaid Program Support (Fund 5C9), in the general services fund group, be used by ODJFS to pay for Medicaid services and contracts. The Department may also deposit to Fund 5C9 revenues received from other state agencies for Medicaid services under the terms of interagency agreements between the Department and other state agencies, and all funds the Department recovers because the benefits a person received under the disability medical assistance program established in section 5115.10 of the Revised Code were determined to be covered by the medical assistance program established under Chapter 5111. of the Revised Code.	Same as the Executive.
(CD-847-JFS) Transfers of IMD/DDH Cash to the Department of Mental Health	
Section: ***206.66.99***	**Section:** ***206.66.99***
Requires ODJFS to transfer, through intrastate transfer voucher, cash from Fund 5C9, Medicaid Program Support, in the general services fund group, to the Department of Mental Health's Fund 4X5, OhioCare, in the state special revenue fund group, in accordance with an interagency agreement that delegates authority from ODJFS to the Department of Mental Health to administer specified Medicaid services.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-950-JFS) TANF Earmarks	
	Section: ***206.67***
No provision.	Earmarks $1 million in each fiscal year from the TANF Block Grant, appropriation item 600-689 (Fund 3V6), for the Accountability and Credibility Together (ACT) program to provide welfare diversion services to TANF eligible individuals.
No provision.	Earmarks $200,000 in each fiscal year from the TANF Block Grant, appropriation item 600-689 (Fund 3V6), to fund a multi-disciplinary child welfare training initiative. The funds are to be provided to the National Center for Adoption Law and Policy.
No provision.	Earmarks $600,000 in each fiscal year from the TANF Block Grant, appropriation item 600-689 (Fund 3V6), to support expenditures of the Ohio Alliance of Boys and Girls Clubs. The Alliance must provide meals, snacks, educational, youth development, and career development services to TANF eligible children.

As Introduced (Executive)	As Passed by the House
(CD-503-JFS) Federal Unemployment Programs	
Section: ***206.67.03***	**Section:** ***206.67.03***
Transfers appropriation of any unspent funds from FY 2005 in appropriation item 600-678, Federal Unemployment Programs, to ODJFS for administrative activities for the UI program, employment services, or any other allowable expenditures under section 903(d) of the Social Security Act. In the same manner, unspent funds from FY 2006 may be reappropriated to FY 2007. Limits the reappropriation to the balance of federal funds remaining after benefits are paid and obligated administrative expenditures are taken into account.	Same as the Executive.
(CD-504-JFS) Workforce Development Grant Agreement	
Section: ***206.67.06***	**Section:** ***206.67.06***
Permits the Director of ODJFS to use funds from appropriation item 600-688, Workforce Investment Act, to support workforce development activities included in grant agreements with local workforce development areas.	Same as the Executive.
Fiscal effect: The Revised Code permits the Director to enter into these grant agreements; this provision specifies the appropriation item to support those agreements.	Fiscal effect: Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-382-JFS) Employment Retention Incentive Program	
Section: ***206.67.09***	**Section:** ***206.67.10***
Authorizes the Department to establish and administer the Employment Retention Incentive Program in fiscal year 2007 using funds available under the Temporary Assistance for Needy Families block grant.	Same as the Executive, but eliminates a requirement that assistance groups apply to a county department of job and family services and provides instead that assistance groups are to apply in accordance with rules the Department adopts.
Fiscal effect: The Department's TANF spending plan indicates that ODJFS plans to spend approximately $8.6 million in FY 2007 on the new program. Details of the program's administration, such as the amounts and duration of the cash payments, the eligibility criteria, and the county departments' administrative responsibilities are to be determined by the Department.	Fiscal effect: Shifts costs for the program from the county to the state level, if ODJFS determines that administrative actions such as eligibility determination or program enrollment is managed at the state level, rather than by county departments of job and family services.
(CD-848-JFS) Prescription Drug Rebate Fund	
Section: ***206.67.15***	**Section:** ***206.67.15***
Requires that appropriation item 600-692, Health Care Services (Fund 5P5), in the state special revenue fund, be used by ODJFS in accordance with state law that created the fund (R.C. 5111.081). Moneys recovered by the Department for either hospital settlements or pursuant to the Department's rights of recovery under section 5101.58 of the Revised Code, that are not directed to the Health Care Services Administration Fund (Fund 5U3) under section 5111.94 of the Revised Code, must also be deposited into Fund 5P5.	Same as the Executive.

As Introduced (Executive)	As Passed by the House
(CD-1081-JFS) Waiver of Food Stamp Work Requirements	
	Section: ***206.67.24***
No provision.	Requires that the Department seek federal approval to waive federal work requirements during state fiscal years 2006 and 2007 for Food Stamp benefit recipients who reside in a county that the Department determines has an unemployment rate of over 10% or does not have a sufficient number of jobs to provide employment for the recipients.
	Fiscal effect: May protect the state from failing to meet federal work participation goals for food stamp recipients.
(CD-482-JFS) Delay of Termination of Hospital Care Assurance Program	
Sections: ***403.17, 403.18***	**Sections:** ***403.17, 403.18***
Delays the termination of the Hospital Care Assurance Program until October 16, 2007.	Same as the Executive.
Fiscal effect: The total appropriation for the Hospital Care Assurance Program is $575.1 million in both FY 2006 and FY 2007.	Fiscal effect: Same as the Executive.

General Revenue Fund

GRF 450-425 Office of Ohio Health Plans

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$0	**$51,343,175**	**$49,865,282**
	N/A	N/A	N/A	**N/A**	**-2.9%**

Source: General Revenue Fund

Legal Basis: Pending Sub. H.B. 66 of the 126th General Assembly

Purpose: This line item is the primary source of funding for the operating expenses of the Office of Ohio Health Plans. The federal earnings on the payments from this line item are deposited as revenue into the GRF.

Prior to FY 2006, this line item was appropriated in the Department of Job and Family Services' budget (line item 600-425).

GRF 450-525 Health Care/Medicaid

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$0	**$9,441,092,916**	**$9,588,633,251**
	N/A	N/A	N/A	**N/A**	**1.6%**

Source: General Revenue Fund and CFDA 93.778, Medical Assistance Program (Medicaid: Title XIX)

Legal Basis: Pending Sub. H.B. 66 of the 126th General Assembly

Purpose: The primary purpose of this account is to reimburse health care providers for covered services to Medicaid eligible recipients. In addition, this line item funds the costs of health care related contracts such as eyeglass purchases, inpatient hospital peer review, enrollment information centers, and contracted case management. The federal earnings on the payments that are made entirely from this line item are deposited as revenue into GRF. These earnings are drawn in accordance with the guidelines of the Cash Management Information Act.

Medicaid is an entitlement program that provides health care coverage to low-income Ohioans. Although other agencies, for example, the departments of Aging, Alcohol and Drug Addiction Services, Health, Mental Health, and Mental Retardation and Developmental Disabilities, provide Medicaid services, the vast majority of Medicaid spending occurs within this line item in the budget of the Department of Job and Family Services. Although eligibility is complex, in general, Medicaid applies to people in the following four distinct insurance markets: low–income pregnant women; children in families with incomes at or below 200% of the federal poverty guideline (FPG); parents at or below 100% of the FPG; and low-income elderly and persons with disabilities of all ages, commonly referred to as the Aged, Blind and Disabled (ABD).

Spending within the line item generally can be placed into one of nine major groupings: nursing homes (nursing facilities, or NFs, and Intermediate Care Facilities for the Mentally Retarded, or ICFs/MR), hospitals (inpatient and outpatient), physician services, prescription drugs, health maintenance organizations (HMOs), Medicare buy-in, waivers, all other care, and Disability Assistance (DA) Medical.

The majority of expenditures from this line item earn the basic Federal Medical Assistance Percentage (FMAP) reimbursement rate at approximately 59%, although family planning expenditures earn an enhanced 90% federal participation rate, and a portion of the buy-in premium payments are state funds only. Expenditures for Children's Health Insurance Program (CHIP) from this line item earn an enhanced FMAP at approximately 71%. DA Medical is a state funded only program, there are no federal match earnings.

Prior to FY 2006, this line item was appropriated in the Department of Job and Family Services' budget (line item 600-525).

GRF 450-526 Medicare Part D

2002	2003	2004	2005 Estimate	2006 House Passed	2007 House Passed
$0	$0	$0	$0	**$155,349,266**	**$339,578,325**
	N/A	N/A	N/A	**N/A**	**118.6%**

Source: General Revenue Fund

Legal Basis: Pending Sub. H.B. 66 of the 126th General Assembly

Purpose: This line item may be used by the Department of Job and Family Services for the implementation and operation of the Medicare Part D requirements contained in the federal "Medicare Prescription Drug, Improvement, and Modernization Act of 2003."

This line item was originally appropriated in the Department of Job and Family Services in H.B. 66, As Introduced (600-526). The As Passed by the House version of the bill moves line item 600-526 to the Department of Ohio Department of Medicaid.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	Estimated 2005	As Introduced 2006	House Passed 2006	% Change Est. 2005 to House 2006	As Introduced 2007	House Passed 2007	% Change House 2006 to House 2007
DOM		**Ohio Medicaid, Department of**							
GRF	450-425	Office of Ohio Health Plans		$ 0	$ 51,343,175	N/A	$ 0	$ 49,865,282	-2.9%
GRF	450-525	Health Care/Medicaid		$ 0	$ 9,441,092,916	N/A	$ 0	$ 9,588,633,251	1.6%
GRF	450-526	Medicare Part D		$ 0	$ 155,349,266	N/A	$ 0	$ 339,578,325	118.6%
General Revenue Fund Total			**----**	**$ 0**	**$ 9,647,785,357**	**N/A**	**$ 0**	**$ 9,978,076,858**	**3.4%**
Total All Budget Fund Groups			***----***	***$ 0***	***$ 9,647,785,357***	***N/A***	***$ 0***	***$ 9,978,076,858***	***3.4%***

As Introduced (Executive)	As Passed by the House
(CD-1024-DOM) Medicaid Transition Council	
	Section: ***206.66.52***
No provision.	Creates the Medicaid Transition Council to (1) initiate, guide, and oversee the implementation of measures recommended by the Ohio Commission to Reform Medicaid, (2) devise a centralized financing function to coordinate the activities of all executive agencies that deliver Medicaid services, and (3) oversee the future transfer of the Medicaid program from the Department of Job and Family Services to a new department. (See the item entitled "Medicaid Transition Council" in Job and Family Services.)
(CD-1039-DOM) Medicaid Appropriations	
	Section: ***209.01.03***
No provision.	Requires that appropriation items 450-425, Office of Ohio Health Plans, 450-525, Health Care/Medicaid, and 450-526, Medicare Part D, be used by the Department of Job and Family Services for the Ohio Medicaid program.
(CD-1040-DOM) Health Care/Medcaid	
	Section: ***209.01.06***
No provision.	Requires that appropriation item 450-525, Health Care/Medicaid, not be limited by section 131.33 of the Revised Code.

As Introduced (Executive)	As Passed by the House
(CD-1041-DOM) Medicare Part D	
	Section: ***209.01.09***
No provision.	Allows that appropriation item 450-526, Medicare Part D, be used by ODJFS for the implementation and operation of the Medicare Part D requirements. Upon the request of ODJFS, the Director of Budget and Management may increase the state share of appropriations in either appropriation item 450-525, Health Care/Medicaid, or appropriation item 450-526, Medicare Part D, with a corresponding decrease in the state share of the other appropriation item to allow the Department to implement and operate the new Medicare Part D requirements. If the state share of appropriation item 450-525, Health Care/Medicaid, is adjusted, the Director of Budget and Management shall adjust the federal share accordingly.