Department of Job and Family Services

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- If all Medicaid strategies are implemented, spending in appropriation item 600-525 could be reduced by $84.7 million all funds in FY 2008, and by $147.3 million all funds in FY 2009.
- By the end of FY 2009, the year-end TANF balance is estimated to be $61.8 million.
- The budget provides for a 3% cost-of-living adjustment for Ohio Works First (cash assistance) benefits beginning in January 2009.
- The budget provides for an increase in the reimbursement ceiling for providers of publicly funded child care.

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's 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.

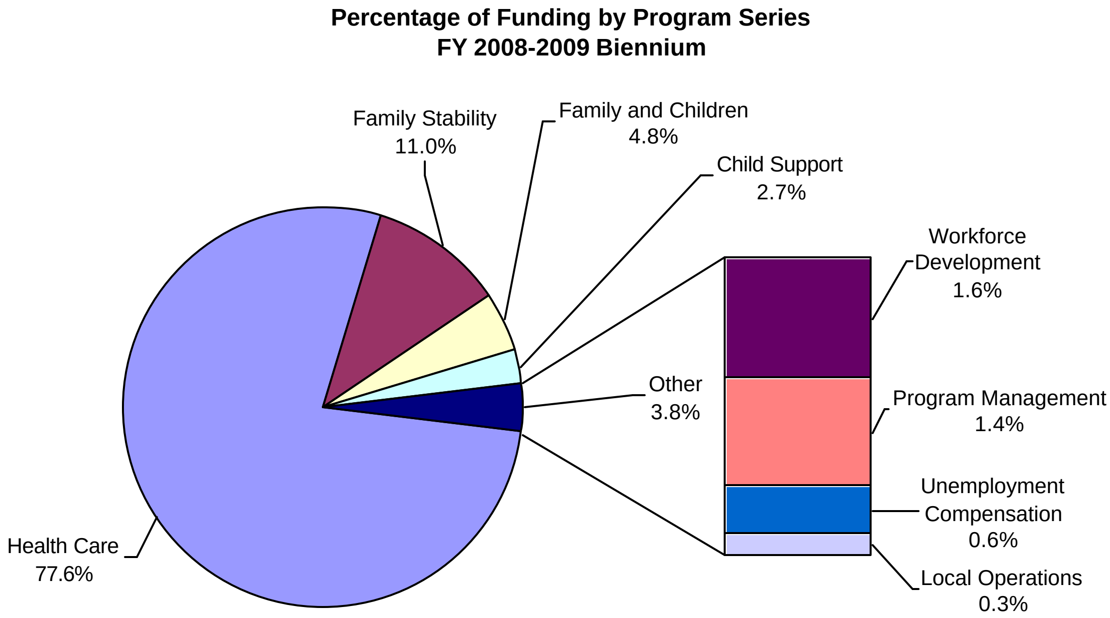
The Department is led by a director, appointed by the Governor, who manages approximately 3,900 employees and an annual budget of approximately $17.0 billion.

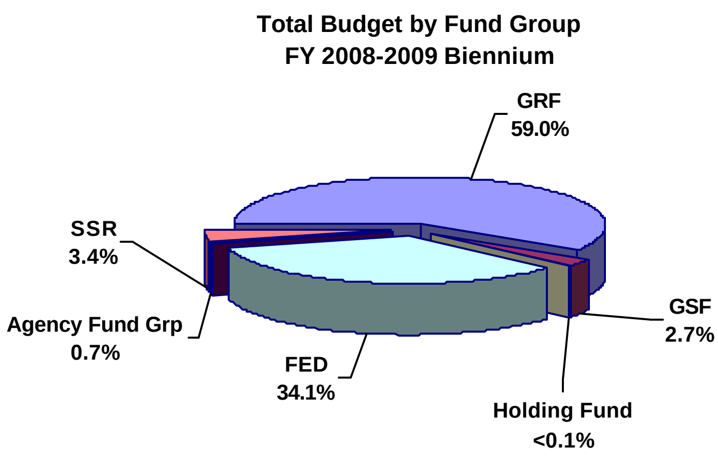
The budget for ODJFS is approximately $16.8 billion in FY 2008 and $17.7 billion in FY 2009.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
3,850	$16.79 billion	$17.70 billion	$9.80 billion	$10.60 billion	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.





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 youth with an emphasis on flexibility in the use of program dollars. These three categories (adults, dislocated workers, and youth) 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.[16]

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 19 Workforce Investment Boards for the 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.

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."

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

ANALYSIS OF THE BUDGET

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 funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-321	Support Services	$334,145	$335,784
		General Revenue Fund Subtotal	**$334,145**	**$335,784**
State Special Revenue Fund				
5DB	600-637	Military Injury Grants	$2,000,000	$2,000,000
		State Special Revenue Fund Subtotal	**$2,000,000**	**$2,000,000**
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	$38,634,744	$40,219,664
3V4	600-678	Federal Unemployment Programs	$1,486,297	$1,554,026
3V0	600-688	Workforce Investment Act	$226,400,599	$226,652,774
		Federal Special Revenue Fund Subtotal	**$266,521,640**	**$268,426,464**
Total Funding: Workforce Development			**$268,689,785**	**$270,897,248**

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

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

- ***Program 1.01: Workforce Investment Act***
- ***Program 1.02: Employment Services***
- ***Program 1.03: Veterans Services***
- ***Program 1.04: Tax Credit***
- ***Program 1.05: Labor Market Information***
- ***Program 1.06: One-Stop Services***
- ***Program 1.07: Workforce Program Management***
- ***Program 1.08: Workforce Information Technology***

Program 1.01: Workforce Investment Act (WIA)

Program Description: This program includes services under 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: General Revenue Fund, General Services Fund, and Federal Special Revenue Fund

Implication of the Budget: The budget allows for the provision of services under the Workforce Investment Act and other related programs to between 36,000 and 46,000 adult, youth, and dislocated workers in each fiscal year. The funding level provided in the budget will also allow over 17,000 Ohioans to participate in registered apprenticeship employment and training.

Additionally, the budget:

(1) Permits the Director of Job and Family Services to use funds from appropriation item 600-688, Workforce Investment Act (Federal Special Revenue Fund 3V0), to support workforce development activities included in grant agreements with local workforce development areas;

(2) Permits the use of up to $1.9 million in FY 2008 and up to $2.2 million in FY 2009 of appropriation item 600-688, Workforce Investment Act (Federal Special Revenue Fund 3V0), to support the activities of the Ohio State Apprenticeship Council;

(3) Requires that $6.0 million of appropriation item 600-688, Workforce Investment Act (Federal Special Revenue Fund 3V0), over the biennium be used for competitive grants to eight major urban centers and four other locations, at least two of which are rural, to provide strategies and programs that meet the needs of at-risk youth. The programs must target youth who have disengaged from the education system and youthful offenders who will be returning to their communities.

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. Other services included in the Employment Services program are the Migrant Seasonal Farm Worker program and the Foreign Labor Certification program.

As part of the One-Stop service delivery system, Employment Services encompasses a variety of employment related labor exchange services including job search assistance, job referral, and placement assistance for job seekers, re-employment services to unemployment insurance claimants, and recruitment services to employers with job openings.

The goals of the Migrant Seasonal Farm Worker program are to ensure that these workers are provided with appropriate information concerning employment, housing, and other available benefits; that the housing meets appropriate standards; and that agricultural growers receive the necessary information to facilitate obtaining the seasonal workers they need.

The Foreign Labor Certification program is designed to ensure that the admission of foreign workers into the United States on a permanent or temporary basis will not adversely affect job opportunities, wages, and working conditions of U.S. workers.

Funding Source: Federal Special Revenue Fund

Implication of the Budget: The budget allows for the delivery of Labor Exchange services provided under the Employment Services program to over 800,000 customers and referral of over 300,000 individuals to job openings. The funding level provided in the budget also allows for continuation and expansion of web-based employment services.

Program 1.03: Veterans Services

Program Description: As authorized by the Jobs for Veteran's Act of 2002, the Veterans 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: State Special Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget allows for the provision of employment and training services to unemployed, disabled, combat, and other eligible veterans and referral of over 14,500 veterans to job openings.

The funding provided in the budget will also be used to provide grants to individuals injured while in active service as a member of the armed forces of the United States while serving under operation Iraqi Freedom or Operation Enduring Freedom, and individuals diagnosed with post-traumatic stress disorder as a result of such service. The state income tax check-off began in 2006. The Office of Budget and Management is required to transfer 1% of the Jobs for Veterans Act grant in each fiscal year to Fund 5DB. The application period for the grant began July 1, 2007, and the grant amount is expected to be $500 per person per year.

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 federal fiscal year (FFY) 2006 the Tax Credit program reduced the federal tax liability of Ohio employers by $210.8 million while helping 25,338 Ohioans with barriers to employment find work opportunities.

The Ohio Training Tax Credit (OTTC), created by Am. Sub. H.B. 283 of 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. Since its creation, this tax credit was extended in subsequent legislation. Most recently, H.B. 699 of the 126th General Assembly extends the tax credit until December 31, 2007.

Funding Source: Federal Special Revenue Fund

Implication of the Budget: The budget allows for the Work Opportunity Tax Credit and Welfare to Work Tax Credit programs to process over 50,000 applications from over 1,400 employers.

The budget includes in its revenue estimates extension of the Ohio training tax credit through the first half of FY 2008.

Program 1.05: 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: Federal Special Revenue Fund

Implication of the Budget: The budget will fund the development and access to workforce statistics about Ohio and its communities, with an emphasis on information delivery via the Internet.

Program 1.06: One-Stop Services

Program Description: One-Stop services are the focal point for direct delivery of Local Operations services to the public and to Ohio employers. Included in the services delivered are: unemployment compensation, re-employment services, employment services and Workforce Investment Act, Veterans services, Labor Market Information, and the Trade Readjustment Act.

Funding Source: Federal Special Revenue Fund

Implication of the Budget: The budget will support the operation of 30 full service One-Stops and 60 satellite offices throughout the state.

Program 1.07: Workforce Program Management

Program Description: Workforce Program Management administers grants primarily from the United States Department of Labor. The Office of Workforce Development is the infrastructure that supports all internal operations and external stakeholder relations. The Office supports and facilitates the public workforce system to help job seekers find jobs and employers find job seekers.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget will allow for the administration of 40 to 50 federal grants from the U.S. Department of Labor totaling over $400 million per year.

Program 1.08: Workforce Information Technology

Program Description: The Workforce Information Technology program contains the information system that unifies numerous training, education, and employment programs and enables the coordinated delivery of services to job seekers and employers. It integrates WIA case management and Wagner-Peyser re-employment services through interfaces with dozens of unique workforce programs.

Funding Source: Federal Special Revenue

Implication of the Budget: The budget will support the information technology initiatives of workforce development that provide case management, service integration, and job matching tools used by job seekers and employers.

FAMILY STABILITY

OVERVIEW

The Office of Family Stability (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 Stamp program), and in other cases driven by federal or state policy changes that have occurred in the last several years (e.g., the cash assistance program). The principal programs administered by OFS include Temporary Assistance for Needy Families (TANF), the Food Stamp program, and the Disability Financial Assistance (DFA) program.

ANALYSIS OF THE BUDGET

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 DFA 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 funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-321	Support Services	$290,532	$304,866
GRF	600-410	TANF State	$267,619,061	$267,619,061
GRF	600-413	Child Care Match/MOE	$84,120,596	$84,120,596
GRF	600-416	Computer Projects	$10,763,121	$10,984,861
GRF	600-421	Office of Family Stability	$4,614,932	$4,614,932
GRF	600-511	Disability Financial Assistance	$22,128,480	$25,335,908
GRF	600-512	Non-TANF Emergency Assistance	$1,000,000	$1,000,000
GRF	600-521	Family Stability Subsidy	$54,867,297	$54,867,297
		General Revenue Fund Subtotal	**$445,404,019**	**$448,847,521**
General Services Fund				
4A8	600-658	Child Support Collections	$26,680,794	$26,680,794
		General Services Fund Subtotal	**$26,680,794**	**$26,680,794**

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
5ES	600-630	Food Assistance	$500,000	$500,000
5Z9	600-672	TANF Quality Control Reinvestments	$281,099	$294,652
		State Special Revenue Fund Subtotal	**$781,099**	**$794,652**
Federal Special Revenue Fund				
384	600-610	Food Stamps & State Administration	$147,797,453	$140,172,904
385	600-614	Refugee Services	$10,196,547	$11,057,826
396	600-620	Social Services Block Grant	$8,000,000	$8,000,000
397	600-626	Child Support	$71,160	$71,160
398	600-627	Adoption Maintenance Administration	$74,520	$74,520
3A2	600-641	Emergency Food Distribution	$2,900,000	$3,500,000
3AW	600-675	Faith-Based Initiatives	$1,000,000	$1,000,000
3H7	600-617	Child Care Federal	$199,603,153	$192,159,567
3V0	600-688	Workforce Investment Act	$7,320	$7,320
3V6	600-651	Second Harvest Food Banks	$5,500,000	$5,500,000
3V6	600-689	TANF Block Grant	$1,017,558,029	$1,065,605,642
3W3	600-659	TANF/Title XX Transfer	$6,389,684	$6,672,366
		Federal Special Revenue Fund Subtotal	**$1,399,097,866**	**$1,433,821,305**
Agency Fund				
5B6	600-601	Food Stamp Intercept	$2,000,000	$2,000,000
		Agency Fund Subtotal	**$2,000,000**	**$2,000,000**
Total Funding: Family Stability			**$1,873,963,778**	**$1,912,144,272**

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

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: Non-Cash Family Support***
- ***Program 2.03: Disability Financial Assistance***
- ***Program 2.04: Food Stamp and Food Stamp Employment and Training***
- ***Program 2.05: Child Care***
- ***Program 2.06: Refugee Services***
- ***Program 2.07: Family Stability Program Management***
- ***Program 2.08: Family Stability Information Technology***

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. After a decline in the 1990s, financial assistance expenditures have been relatively steady for the past few fiscal years.

The TANF program established a flat block grant to the states. Ohio's annual TANF block grant award is approximately $728 million. 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. The MOE can be lowered to 75% if the state meets its work participation requirements. Ohio was meeting the participation rate requirements until the end of FFY 2006 and MOE was set at 75%. However, due to changes in the federal Deficit Reduction Act, Ohio is experiencing challenges to meeting the work participation requirements for FFY 2007. If the state fails to meet the MOE, its TANF grant for the next federal fiscal year will be reduced by the amount of the deficit, and the state will be required to increase its TANF spending by an amount equal to the penalty. To ensure that MOE is met for the FY 2008 - 2009 biennium, ODJFS has planned for MOE at the 80% level ($416.9 million).[17]

Funding Source: General Revenue Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The funding level provided in the budget for the cash assistance program anticipates approximately 80,000 recipients in each fiscal year. The budget also requires that the maximum amount of cash assistance an assistance group may receive under the OWF program be increased on January 1, 2009, and the first day of each January thereafter by the cost-of-living adjustment (COLA) made for Social Security benefits. (For a family of three receiving a monthly cash assistance benefit of $410, as of January 1, 2009, the benefit will be $422.30, an increase of $12.30 per month.) The costs of increasing the benefit by the COLAs made for Social Security benefits is estimated at $4,631,755 for the last six months of FY 2009. This estimate was based on the assumption that the COLA will be 3%. Since this provision requires an increase in the benefit every year thereafter, it will have the effect of increasing costs for OWF in years beyond FY 2009.

According to the TANF spending plan, the total unspent TANF funds remaining at the end of FY 2009 will be approximately $61.8 million.

The Department plans to move forward with a system to disburse cash benefit payments for OWF, DFA, and refugee cash assistance via an online magnetic stripe technology.

Program 2.02: Non-Cash Family Support

Program Description: The goal of the Non-Cash Family Support program is to help low-income families overcome short term, nonrecurrent urgent problems 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-Cash program includes the PRC program, Help Me Grow, and Disaster Relief Assistance, and funds the Early Learning Initiative, a replacement for state-funded Head Start and the Head Start Plus program.

Funding Source: General Revenue Fund, General Services Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The funding level included in the budget for the Non-Cash Family Support program will provide an estimated 500,000 Ohioans with PRC services. The budget also included various TANF earmarks totaling over $108 million over the biennium.

[17] The state meets its MOE requirement from spending at the state and local level. The counties contribute about $28.5 million toward MOE; the remaining MOE is met through allowable expenditures made by the Department of Job and Family Services and the Board of Regents.

Program 2.03: Disability Financial Assistance

Program Description: 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 their basic needs and maintain their health. Eligibility criteria for DFA are established by the state. Am. Sub. H.B. 95 of the 125th General Assembly limited participation in the DFA program 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; maximum cash grant of $115 per month for a one-person assistance group with assistance provided on an ongoing basis as long as all eligibility requirements are met. A county contributes a mandated share of DFA costs based on DFA expenditures in each county.

Funding Source: General Revenue Fund

Implication of the Budget: The funding for this program included in the budget will support approximately 15,000 to 16,000 monthly recipients and provide a subsidy of $115 per month to a limited number of recipients who are unemployable due to age or disability but who are not eligible for federal Social Security Income.

Program 2.04: Food Programs

Program Description: The goals of food programs are to increase the nutritional intake of low-income persons by supplementing their income with food stamp benefits and, thereby, eliminate hunger and malnutrition. Federal law requires able-bodied adult recipients to participate in work and established the related Food Stamp Employment and Training 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. For most administrative activities, the state and federal governments split costs 50/50. The value of the food stamps, themselves, is provided in full by the federal government through an electronic benefit transfer system.

Funding Source: Agency Fund and Federal Special Revenue Fund

Implication of the Budget: The funding for this program included in the budget will support a food stamp caseload of nearly 1.1 million individuals and 500,000 assistance groups. The funding provided will also serve approximately 530,000 individuals per month through the Emergency Food Assistance program and provide over 20 million pounds of food products annually through the Ohio Association of Second Harvest Food Banks.

Program 2.05: Child Care

Program Description: Under the Child Care program ODJFS 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 185% of FPG.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The Department estimates that the caseload for the publicly funded child care program will be 95,578 in FY 2008 and 103,085 in FY 2009. The budget includes funding for an increase in the provider reimbursement ceiling to the 65th percentile of the 2006 Market Rate Survey (current reimbursement ceiling is the 65th percentile of the 2004 Market Rate Survey). The increase represents on average about an 11% increase for providers.

The budget also includes funding to support 12,000 full-time slots statewide for the Early Learning Initiative (ELI).

There are two significant changes to the ELI program planned for the FY 2008 - 2009 biennium:

- Removal of the work requirement for parents whose children participate; and
- Elimination of the six-month redetermination requirement so that any child who is eligible at the start of a school year may attend for the entire year regardless of changes in family income.

With these changes, ODJFS expects a more stable core of ELI participants and believes that the Department will come closer to expending the amount of TANF dollars earmarked for the program in FYs 2008 and 2009 than in FYs 2006 and 2007.

Program 2.06: 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 and private nonprofit agencies.

Funding Source: Federal Special Revenue Fund

Implication of the Budget: The funding for this program provided in the budget will allow for services to approximately 5,000 refugees and provide cash assistance to approximately 1,200 refugees per year.

Program 2.07: Family Stability Program Management

Program Description: The Office of Family Stability is responsible for the administration, direction, and oversight of numerous state and federal programs. Principal programs include TANF, Food Stamp, Refugee Services, and DFA. Related units included in Family Stability Program Management are the Customer Service Unit, Compliance and Monitoring Unit, County Program Support, and Outcome Management/ Program Evaluation.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The funding for this program included in the budget will support the administration of the TANF, Food Stamp, Refugee Services, and DFA programs, as well as county administration of the entitlement programs.

Program 2.08: Family Stability Information Technology

Program Description: Family Stability Information Technology provides the information technology systems, including CRIS-E, Food Stamps, eICMS, and the child care information data system, to support the Family Stability programs and functions including eligibility, case management, and benefits management.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The funding for this program provided in the budget will support the food stamp benefit transfer system contract of about $7.2 million, the client eligibility system for the assistance programs, and the child care information system.

CHILD SUPPORT

OVERVIEW

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 costs to operate the program. 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.

ANALYSIS OF THE BUDGET

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 funding levels in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-416	Computer Projects	$17,164,092	$17,089,304
GRF	600-420	Child Support Administration	$8,541,446	$10,641,446
GRF	600-502	Administration – Local	$34,014,103	$34,014,103
		General Revenue Fund Subtotal	**$59,719,641**	**$61,744,853**
Federal Special Revenue Fund				
3S5	600-622	Child Support Projects	$534,050	$534,050
397	600-626	Child Support	$283,391,958	$282,005,277
		Federal Special Revenue Fund Subtotal	**$283,926,008**	**$282,539,327**
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			**$469,645,649**	**$470,284,180**

Note 1: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.
Note 2: 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.

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

- ***Program 3.01: Child Support Activities***
- ***Program 3.02: Support Enforcement Tracking System***

Program 3.01: Child Support Activities

Program Description: The Child Support program involves federal, state, and local governments. The federal government sets program standards and policy, evaluates state performance in conducting the program, and offers training and technical assistance to the state. Title IV-D of the Social Security Act of 1975 designates ODJFS as Ohio's Child Support Enforcement Agency. The Department of Job and Family Services provides state supervision and the local child support enforcement agencies administer the program. Within the Department, the Office of Child Support has the responsibility for overseeing local activity. The local child support enforcement agency is responsible for direct administration and the 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.

The federal government funds a major share of the cost of the program by reimbursing states 66% of administrative expenses. 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.

There are over one million child support cases statewide. In federal fiscal year 2006, Ohio collected over $2.0 billion in child support and disbursed approximately $1.96 billion. Of the amount collected, 77.84% was current support obligations. Approximately $355.27 million was collected toward arrears.

Funding Source: General Revenue Fund, Federal Special Revenue Fund, and Agency Fund

Implication of the Budget: Appropriations for 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. Appropriations for the child support program will enable the Office of Child Support to maintain a staff of 178 full-time equivalents. 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 funding included in the budget for FYs 2008 and 2009 increases state funding to counties for child support administration by $17.2 million over the biennium to address changes made by the federal government (the Deficit Reduction Act). The budget 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 budget also includes the following changes to the law governing the child support program that have fiscal implications:

- ***Health Insurance Coverage for a Child Who is the Subject of a Child Support Order.*** Requires that health insurance ordered to be provided for a child who is the subject of a child support order be reasonable in cost (does not exceed 5% of the person's annual gross income) and be accessible (provides primary care services within either 30 miles or 30 minutes driving time from the child's residence). The bill provides a means to accommodate rural or other arrangements via court or agency determination. If health insurance is not provided by either the obligor or obligee and the obligor's annual gross income is over 150% of FPG, the bill requires the obligor to pay cash medical support in the amount of 5% of that person's annual gross income to either the Office of Child Support to defray the cost of publicly provided health care or to the obligee. Cash medical support payments will be offset against the obligor's ordered share of liability for uninsured medical and health care needs of the minor children.

  This provision will ensure that health insurance is provided for a child who is the subject of a child support order if it is reasonable in cost and accessible to the user. Such cash medical support will either be sent to the Office of Ohio Health Plans, if the child is on Medicaid, or to the custodial parent (obligee). This provision is also likely to increase revenues for the Ohio Medicaid program from payments passed on from the Office of Child Support out of receipts of cash medical support payments. According to information LSC obtained from the Office of Budget and Management, the revenue generated from this provision will be an estimated $12.5 million in FY 2008 and $37.5 million in FY 2009. Payments received by the Office of Ohio Health Plans will be used to defray the cost of publicly provided health care for these children.

- ***Processing Charge Claim for Certain Title IV-D Child Support Cases.*** Requires ODJFS to claim $25 from the current processing charge imposed upon an obligor when a court or child support enforcement agency (CSEA) issues or modifies a support order. The claim must be collected only in Title IV-D child support cases wherein (1) the obligee has never received Title IV-A (TANF), and (2) ODJFS has collected at least $500 for the obligee. In addition, the bill requires the Director of ODJFS to adopt rules according to the Administrative Procedure Act to implement the provision, which must be implemented not later than March 31, 2008.

  The DRA requires states to impose an annual charge of $25 on Title IV-D cases where the obligee had never received assistance under the TANF program and ODJFS has collected at least $500 for the obligee. The DRA gives the state one of four options to account for the charge: (1) retain it from support collected for the obligee, (2) require it to be paid by the individual who applied for services, (3) recover it from the noncustodial parent (obligor), or (4) pay it from state funds. The bill requires ODJFS to account for the $25 charge from the processing charge currently paid by the obligor. This provision will not affect the amount of the processing charge currently being paid by obligors. Additionally, this provision will not affect the amount of funding the counties receive from ODJFS to carry out child support enforcement.

  The federal law requires that the state report the entire charge due on cases that meet the criteria as program income regardless of how much is actually collected. The Department estimates that Ohio will therefore be required to report approximately $8.0 million in program income. This will reduce by $8.0 million the amount of child support administrative expenses that are eligible for the 66% federal match. The Department estimates that it currently collects approximately $5.2 million through the existing processing charge on the cases that meet the federal criteria, leaving a deficit of $2.8 million. The Department requested and received funding to cover this gap in funding for the Child Support program.

- ***Collection of Child Support Arrearages from Insurance.*** Requires the Director of ODJFS to adopt rules to implement a program to collect child support arrearages from insurance claims, settlements, awards and payments, and specifies that any insurer providing information under that program is immune from civil liability for providing that information.

  The DRA authorizes comparisons of information concerning individuals owing past-due child support with information maintained by insurers concerning insurance claims, settlements, awards, and payments. The purpose of the insurance match is to identify pending insurance claims payable to individuals delinquent in their child support obligation. The federal Office of Child Support Enforcement operates the Federal Parent Locator Service (FPLS), a program that encompasses several databases providing assistance to states in locating absent parents and performing collection and enforcement services. The federal office will conduct the match with insurers and provide the information to the Office of Child Support. If a state opts to receive the federal level match data, the state must reimburse the FPLS for its costs.

  This provision provides a new tool to assist the state in its efforts to collect delinquent child support. This provision once fully implemented will increase the amount of delinquent child support collected. While the Department has not put forth any recent estimates, the Department believes that the amount that will be collected could potentially be in the millions of dollars.

Program 3.02: Child Support Information Technology

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. The Support Enforcement Tracking System is fully certified and in compliance with the federal requirements.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The funding included in the budget will support the cost the Support Enforcement Tracking System, which handles approximately 1.7 million transactions per day.

FAMILY 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.

ANALYSIS OF THE BUDGET

Program Series **4: Family and Children**

Purpose: Supports activities that assure abuse 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 Family and Children program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-416	Computer Projects	$4,298,697	$4,343,130
GRF	600-423	Office of Children and Families	$5,650,000	$5,900,000
GRF	600-523	Children and Families Services	$78,115,135	$78,115,135
GRF	600-528	Adoption Services	$78,824,509	$93,174,366
GRF	600-534	Adult Protective Services	$500,000	$500,000
		General Revenue Fund Subtotal	**$167,388,341**	**$182,032,631**
General Services Fund				
4R4	600-665	BCII Services Fees	$36,974	$36,974
		General Services Fund Subtotal	**$36,974**	**$36,974**
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
5U6	600-663	Children and Family Support	$4,928,718	$4,928,718
		State Special Revenue Fund Subtotal	**$12,017,240**	**$12,017,240**
Federal Special Revenue Fund				
327	600-606	Child Welfare	$48,514,502	$47,947,309
395	600-616	Special Activities – Child and Family Services	$5,723,131	$5,717,151
396	600-620	Social Services Block Grant	$106,479,464	$106,474,085
398	600-627	Adoption Maintenance/Administration	$304,537,898	$302,990,312
3D3	600-648	Children's Trust Fund – Federal	$2,040,524	$2,040,524
3F0	600-623	Health Care Federal	$315,086	$315,086

Fund	ALI	Title	FY 2008	FY 2009
3G5	600-655	Interagency Reimbursement	$6,000,000	$6,000,000
3H7	600-617	Child Care Federal	$982,911	$1,030,115
3N0	600-628	IV-E Foster Care Maintenance	$153,963,142	$153,963,142
3V6	600-689	TANF Block Grant	$19,086,996	$19,108,744
3W3	600-659	TANF/ Title XX Transfer	$3,691,693	$0
		Federal Special Revenue Fund Subtotal	**$651,335,347**	**$645,586,468**
Total Funding: Families and Children			**$830,777,902**	**$839,673,313**

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

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

- ***Program 4.01: Child Abuse Prevention and Protective Services***
- ***Program 4.02: Social Services***
- ***Program 4.03: Adoption Services***
- ***Program 4.04: Foster Care***
- ***Program 4.05: Family and Children Program Management***
- ***Program 4.06: Family and Children Information Technology***

The largest portion (42.2%) of the budget for the Family 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.

Program 4.01: Child Abuse 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 prevention grants that the state receives.

Funding Source: General Revenue Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The funding provided in the budget 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. Such services will be provided to over 20,000 individuals.

Total child welfare costs in Ohio in FY 2006 were approximately $712 million (local, state, and federal funds). The county child protection allocation for FYs 2008 and 2009, which is funded out of GRF appropriation item 600-523, Children and Families Services, is approximately $57 million in each year. If all other child welfare costs remain constant at the FY 2006 level, by the end of FY 2009, the child welfare subsidy will represent 9.3% of the total statewide costs for child welfare services.

The budget provides sufficient appropriation for ODJFS to carry out the activities funded with the annual awards for the three federal child abuse prevention grants.

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: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The funding provided in the budget 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. In addition, the Department also plans to transfer approximately $72.8 million in TANF dollars to the SSBG, which if used to pay for social service, they must be paid on behalf of a child or their families with income at or below the federal poverty guidelines.

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.

Funding Source: General Revenue Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: Most of ODJFS's 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 to the counties specifically for adoption activities. 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 budget will fully fund the anticipated costs for the Title IV-E adoption subsidy and the State Adoption Maintenance subsidy, with some assumed growth in both programs and an increase in the state share of each subsidy to $300 per child per month (from $250 per child per month). This funding will provide a Post Finalization Adoption subsidy for up to 370 recipients in each year and nonrecurring payments for up to 900 recipients in each year.

The budget also includes the following earmarks that affect this program:

- Up to $5.0 million of appropriation item 600-689, TANF Block Grant (Federal Special Revenue Fund 3V6), in each fiscal year must be used for TANF-eligible activities in accordance with certain state law governing the use of TANF dollars to provide additional support for initiatives aimed at increasing the number of adoptions including recruiting, promoting, and supporting adoptive families;

- $50,000 from GRF appropriation item 600-528, Adoption Services, and $150,000 from appropriation item 600-606, Child Welfare (Federal Special Revenue Fund 327), in each fiscal year must be granted to the National Center for Adoption Law and Policy to fund a multi-disciplinary child welfare training initiative. The Department must coordinate with the National Center for Adoption Law and Policy to determine the focus of the training provided each year;

- $37,500 from GRF appropriation item 600-528, Adoption Services, and $112,500 from appropriation item 600-606, Child Welfare (Fund 327), in each fiscal year must be granted to the National Center for Adoption Law and Policy to fund expansion of the Adoption LawSite Initiative.

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.

Funding Source: General Revenue Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The budget 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 budget 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.

There is $9.0 million identified in GRF appropriation item 600-523, Children and Families Services, to support the county child welfare agencies in implementing the recommendations found in the Fiesel Review Report.[18]

Program 4.05: Family and Children Program Management

Program Description: Family and Children Program Management oversees the operation of a variety of programs for children and their families and adults. These programs include child abuse prevention and protection, social services, adoption, and foster care. Family and Children Program Management also administers the child care subsidies for low-income working families and oversees licensing, inspection, and regulation of child care and foster care providers. Additionally, Family and Children Program Management develops and maintains information systems for child care and child welfare operational needs and program plans required for federal funding of services to children and families administered by the Office for Children and Families.

Funding Source: General Revenue Fund, General Services Fund, State Special Revenue Fund, and Federal Special Revenue Fund

Implication of the Budget: The budget will support state level administration for child care and child welfare programs. The funding levels in the budget provide an increase of $1.3 million for state level administrative expenses for reforms to the child welfare system related to the Fiesel Review Report. (See footnote to "Implication of the Budget" for Program 4.04, Foster Care.)

Program 4.06: Family and Children Information Technology

Program Description: This program is responsible for the child welfare management information systems. The systems support county caseworkers and state personnel in the performance of their jobs and provide performance data to both the state and federal governments. The child welfare systems record the receipt and investigations of child abuse complaints, track foster care placements, record and track training provided to foster parents, maintain a public web site listing special needs children who are available for adoption, record the adoptive placement of children, send adoption subsidy payments, and provide data that will serve as the basis for claiming federal funds for child welfare services.

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[18] The Fiesel Review Report is an administrative review of activities performed by Butler County Children's Services Board, Lifeway for Youth foster care network, Clermont County Department of Job and Family Services, and the Foster Care Licensing Section of the Ohio Department of Job and Family Services' Office for Children and Families associated with the case in which it is alleged three-year old Marcus Fiesel was murdered by his foster parents, David and Liz Carroll. The report included findings of compliance and noncompliance and offered recommendations for systemic change to improve child welfare and safety. While the funding for these changes is in the budget bill, the necessary changes to state law are contained in separate legislation.

Funding Source: General Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget will allow for continued roll out of SACWIS and the support needed to operate the child welfare management information systems.

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.

In 1997, the U.S. Congress enacted a significant health care expansion with the creation of SCHIP. SCHIP allowed states to enact new health care coverage for uninsured children in low-income families. It provided an incentive through enhanced federal matching funds for these newly eligible populations. States were offered the option of implementing this health care coverage as stand alone programs with different benefit packages, or as part o f their existing Medicaid benefit. Ohio opted to implement SCHIP as a Medicaid expansion of the Healthy Start program. Healthy Start is Ohio's health coverage program for children and pregnant women and has existed since 1989. In July 2000, Ohio further expanded Healthy Start under SCHIP by raising the income limit for eligibility to 200% of the federal poverty guidelines (FPG). To qualify for SCHIP, children in families with income between 151% and 200% of the FPG must be considered uninsured.

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 2006, Medicaid and SCHIP provided health care coverage to about 1.7 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 90% 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 long-term care through the Medicaid program. Medicaid also provides assistance with Medicare premiums, copayments, 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. In addition to the GRF, several provider tax programs and other special revenues are used to pay for Medicaid services.[19]

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). 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 60 cents. However, while the majority of the spending in GRF 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, the State Children's Health Insurance Plan (SCHIP) is reimbursed at an enhanced FMAP of about 71%.

Summary of FY 2008 - 2009 Biennium Budget Issues

The budget provides $8.6 billion in FY 2008 for GRF appropriation item 600-525, Health Care/Medicaid (a 10.1% decrease from FY 2007 estimated spending levels) and $9.3 billion in FY 2009 (9.3% above the FY 2008 appropriation). The $8.6 billion appropriation in FY 2008 assumes a $551.9 million encumbrance from FY 2007.

To make "clawback" payments to the federal government for Medicare Part D, the budget provides $254.4 million for FY 2008 and $271.9 million for FY 2009 in appropriation item 600-526, Medicare Part D. In addition, the budget allows the Director of Budget and Management to increase the state share of appropriations in either appropriation item 600-525, or appropriation item 600-526, with a corresponding decrease in the state share of the other appropriation item to allow ODJFS to implement and operate the Medicare Part D requirements.

The budget appropriates $7.0 million in FY 2008 to GRF appropriation item 600-529, Capital Compensation Program, and earmarks those dollars for payments to nursing facilities for capital costs.

The budget makes many changes to the Medicaid program. The following table shows a summary of the changes and the executive's estimated fiscal impact. The estimated fiscal impact is reflected in the appropriation. For a detailed description of each of the policy changes, please refer to the relevant topic in the Health Care (Medicaid) section of the final analysis.

[19] Provider tax programs refer to assessments on hospitals, managed care providers, and 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) and drug rebates.

The Executive's Estimation of Medicaid Policies

	FY 2008	FY 2009
Baseline, ALI 600-525	**$9,465,314,369**	**$10,002,068,115**
FY 2007 Encumbrance	**($551,941,410)**	
Disability Medical Assistance	**$16,466,950**	**$11,466,950**
Policies:		
Eligibility Expansions		
Buy-in for working with disabilities	$1,724,797	$14,626,445
Foster Care	$5,100,740	$10,438,413
Pregnant women to 200% FPG	$5,592,183	$19,274,391
Children to 300% FPG	$5,620,401	$38,588,066
Expansion Sub-Total	$18,038,121	$82,927,315
Rate Adjustments		
Inpatient	$7,857,051	$28,105,380
Nursing Facility Rate Increase	$47,000,000	$47,000,000
ICF/MR	($43,148,075)	($57,148,889)
Community Providers	$10,663,794	$39,169,583
Children's Hospitals Supplemental	$15,108,980	$15,108,980
Managed Care	($103,971,561)	($186,838,151)
Rate Sub-Total	($66,489,811)	($114,603,097)
Operations Improvements		
Improved TPL Management	($41,500,000)	($83,000,000)
Claims Editing	($9,327,520)	($39,734,330)
Expedite managed care enrollment	($2,643,728)	($2,035,615)
Improve Medicare enrollment	($8,543,343)	($37,463,393)
Annual hospital recalibration	($3,682,993)	($11,352,911)
Operations Total	($65,697,584)	($173,586,249)
Other		
Dental, Chiropractic, Psychologists	$16,240,544	$32,078,281
Occupational Therapy	$1,750,000	$3,500,000
Money Follows the Person Grant	$3,514,684	$30,520,785
Other Program Changes	$3,083,705	$2,232,127
Hire state employed actuary	$125,000	$125,000
Restrictions on mental health drugs	$17,250,000	$27,000,000
Increased medical support collections	($12,500,000)	($37,500,000)
Other Total	$29,463,933	$57,956,193
Total Policy Impact (plus misc. adjustments)	**($84,685,340)**	**($147,323,702)**
Medicaid Reserve Fund	**$300,000,000**	**$525,623,162**
Appropriations, ALI 600-525	**$8,545,154,569**	**$9,340,588,201**

ANALYSIS OF THE BUDGET

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), and the state Disability Medical Assistance (DMA) 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 funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-416*	Computer Projects	$31,542,027	$29,454,023
GRF	600-417*	Medicaid Provider Audits	$2,000,000	$2,000,000
GRF	600-425	Office of Ohio Health Plans	$45,824,848	$45,918,368
GRF	600-521*	Entitlement Administration-Local	$75,132,703	$75,132,703
GRF	600-525	Health Care/Medicaid	$8,545,154,569	$9,340,588,201
GRF	600-526	Medicare Part D	$254,397,401	$271,854,640
GRF	600-529	Capital Compensation Program	$7,000,000	$0
		General Revenue Fund Subtotal	**$8,961,051,549**	**$9,764,947,935**
Federal Special Revenue Fund				
397	600-626*	Child Support	$20,289	$21,181
398	600-627*	Adoption Maintenance Administration	$45,014	$46,991
3F0	600-623*	Health Care Federal	$1,208,309,026	$1,210,317,204
3F0	600-650	Hospital Care Assurance Match	$343,239,047	$343,239,047
3G5	600-655*	Interagency Reimbursement	$1,463,763,073	$1,507,855,965
3V0	600-688*	Workforce Investment Act	$110,768	$115,634
		Federal Special Revenue Fund Subtotal	**$3,015,487,217**	**$3,061,596,022**
State Special Revenue Fund				
4E3	600-605	Nursing Home Assessments	$4,759,914	$4,759,914
4J5	600-613*	Nursing Facility Bed Assessment	$34,049,714	$34,049,714
4J5	600-618	Residential State Supplement Payment	$15,700,000	$15,700,000
4K1	600-621	ICF/MR Bed Assessments	$19,332,437	$19,332,437
4Z1	600-625	Healthcare Compliance	$10,000,000	$10,000,000
5Q9	600-619	Supplemental Inpatient Hosp Payments	$56,125,998	$56,125,998
5R2	600-608	Medicaid-Nursing Facilities	$175,000,000	$175,000,000
5S3	600-629	MR/DD Medicaid Administration & Oversight	$1,620,960	$1,620,960
5U3	600-654	Health Care Services Administration	$9,867,284	$12,000,349
651	600-649	Hospital Care Assurance Program	$231,893,404	$231,893,404
		State Special Revenue Fund Subtotal	**$558,349,711**	**$560,482,776**

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund				
5BG	600-653	Managed Care Assessment	$210,655,034	$222,667,304
5C9	600-671	Medicaid Program Support	$80,120,048	$80,120,048
5DL	600-639	Medicaid Revenue and Collections	$51,966,785	$56,296,844
5P5	600-692	Health Care Services	$93,000,000	$62,000,000
		General Services Fund Subtotal	**$435,741,867**	**$421,084,196**
Total Funding: Health Care			**$12,970,630,344**	**$13,808,110,929**

Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.
* Amount does not reflect total appropriation because the line item is used to fund other program series.

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

- ***Medicaid Reserve Fund***
- ***Medicaid Buy-In for Workers with Disabilities Program***
- ***Pregnant Women Eligibility Expansion to 200%***
- ***Children Eligibility Expansion to 300%***
- ***Medical Assistance for Children with Income Over 300%***
- ***Medicaid Eligibility for Former Foster Children***
- ***Medical Care Advisory Council***
- ***Medicaid Provider Audits***
- ***Executive Medicaid Administration***
- ***Electronic Submission and Storage of Medicaid Applications and Documents Relating to Applications***
- ***Money Follows the Person Grant***
- ***Third Party Liability for Medicaid Claims***
- ***Improved Third Party Liability Management***
- ***Claims Editing***
- ***Medicaid Managed Care***
- ***Community-Based Providers***
- ***Medicaid Optional Services***
- ***Medicaid Coverage of Occupational Therapy Services***
- ***Inpatient Hospitals***
- ***Medicaid Program Restrictions on Mental Health Drugs***
- ***Increases in FYs 2008 and 2009 Dispensing Fees for Generic Drugs***
- ***Medicare Part D***
- ***Pharmaceutical Drug Report***
- ***Medicaid Rates for Nursing Facilities (NFs)***
- ***Additional Payments to Nursing Facilities Related to Capital***
- ***Medicaid Rates for ICFs/MR***
- ***Franchise Permit Fees***
- ***Unified Long-Term Care Budget Workgroup***
- ***Medicaid Estate Recovery Program***
- ***Fraud, Waste, and Abuse Prevention and Detection***
- ***PACT Program Report***
- ***Medicaid Provider Agreements***
- ***Medicaid NF and ICF/MR Audits***
- ***Hospital Care Assurance Program (HCAP)***

- ***Public Assistance Reporting Information System (PARIS)***
- ***Disability Medical Assistance (DMA) Program***
- ***Assisted Living Medicaid Waiver***
- ***Ohio Access Success Project***
- ***Home First Program***
- ***Resident Protection Fund***

Medicaid Reserve Fund

The budget:

- Creates the Medicaid Reserve Fund in the state treasury;
- Requires the OBM Director to transfer $185,000,000 in FY 2008 and $205,000,000 in FY 2009 from the GRF to the Medicaid Reserve Fund;
- Allows the OBM Director (1) [with Controlling Board approval (vetoed)] to transfer cash from the Medicaid Reserve Fund to the GRF, (2) increase the corresponding state share of appropriations in GRF appropriation item 600-525, Health Care/Medicaid, and (3) adjust the federal share accordingly;
- Requires, at the end of each fiscal year, the Director of OBM to transfer from the Medicaid Reserve Fund all the cash balance, in excess of any transfer [approved by the Controlling Board (vetoed)] to the credit of the GRF;
- Requires the Director of OBM to make transfers to the Budget Stabilization Fund and the Income Tax Reduction Fund in accordance with section 131.44 of the Revised Code.

Vetoed Provisions

The Governor vetoed the provisions requiring Controlling Board approval of transfers from the Medicaid Reserve Fund. According to the Governor's veto message, the Controlling Board approval requirement infringes upon the executive branch's authority and limits the state's ability to effectively manage the Medicaid program.

Medicaid Buy-In for Workers with Disabilities Program

The budget requires ODJFS to submit an amendment to the state Medicaid plan to establish a new component of the Medicaid program to be known as the Medicaid Buy-In for Workers with Disabilities program. The program is to be established in accordance with the provision of the Ticket to Work and Work Incentives Improvement Act of 1999 that authorizes the Medicaid buy-in eligibility expansions. The budget provides detailed provisions regarding the establishment of the program. The budget requires the Director of ODJFS to change or remove any provision in the budget bill as necessary to receive federal approval or avoid an extended delay in approval, including a change or removal that causes the program to include a provision that is inconsistent with the bill's provisions regarding the program.

The executive estimates that a new Medicaid Buy-In for Workers with Disabilities program will serve 7,300 persons by the end of the FY 2008-FY 2009 biennium at a cost to the state of approximately $1.7 million all funds in FY 2008 and $14.6 million all funds in FY 2009. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid. The executive assumes a start date for the new program of January 1, 2008. Based on documents provided by the Office of Budget and Management, the estimate assumes 54% of eligibles will pay a monthly premium to buy-in to Medicaid (median monthly premium of $57). The executive also assumes a per member per month cost of about $1,159 in FY 2008 and $1,257 in FY 2009. Total estimated costs for FY 2008 are $2,073,033 minus an estimated $348,236 in premium payments collected. Total estimated costs for FY 2009 are $16,375,753 minus an estimated $1,749,308 in premium payments collected.

Pregnant Women Eligibility Expansion to 200%

Currently, in Ohio, a pregnant woman who meets other requirements is eligible for Medicaid if her family income is 150% or less of the FPG.

The budget requires ODJFS to submit an amendment to the state Medicaid plan to the United States Secretary of Health and Human Services to raise the income eligibility limit for pregnant women to family income of 200% (from 150%) of the FPG. The executive estimates that an additional 3,800 women could be eligible. Based on documents provided by the Office of Budget and Management, the executive estimate assumes a January 1, 2008 start date with a five-month ramp up between January and May of 2008. Furthermore, the executive assumes that 75% of the 3,800 additional eligible women, or 2,850, will enroll under the expansion. The executive estimates that this expansion will cost approximately $5.6 million all funds in FY 2008 and $19.3 million all funds in FY 2009. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Children Eligibility Expansion to 300%

Currently, in Ohio, uninsured children in families with income below 200% of the FPG are eligible for the State Children's Health Insurance Program (SCHIP or CHIP). The budget authorizes CHIP Part II to include persons under age 19 with family incomes up to 300% of the FPG starting not earlier than January 1, 2008. The budget also requires ODJFS to seek a federal waiver to provide the expanded coverage as CHIP Part III and requires ODJFS to charge premiums as a condition of participating in the program.

The executive estimates that an additional 19,695 children with family income between 200% and 300% of the FPG will eventually be covered at a cost of approximately $5.6 million all funds in FY 2008 and $38.6 million all funds in FY 2009 as a result of the expansion. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid. Based on documents provided by the Office of Budget and Management, there are an estimated 30,300 children who will be eligible between 200% and 300% of FPG. The executive assumes that 65% of the eligible children will eventually enroll at a per member per month cost of $177 in FY 2008 and $189 in FY 2009 with an average number of children covered per month of 2,651 in FY 2008 and 17,044 in FY 2009. Take up for the program expansion is projected to peak at 65% in January 2009. Lastly, the executive assumed federal reimbursement at the regular FMAP rate for this expansion when estimating the appropriation for appropriation item 600-525. If ODJFS obtains the federal government's approval to provide the expanded coverage as CHIP Part III, the state could draw down federal reimbursement at the enhanced FMAP rate.

Medical Assistance for Children with Income Over 300%

Currently, in Ohio, individuals under age 19 with family incomes not exceeding 150% of the FPG are eligible for Medicaid. The budget requires the ODJFS Director to establish the Children's Buy-In Program for individuals under age 19 who have countable income exceeding 300% of FPG, have not had creditable health insurance for at least six months, and meet other eligibility requirements. The budget requires the Director to seek federal matching funds for the Children's Buy-In Program under Medicaid or the Children's Health Insurance Program, but requires the Director to implement the Children's Buy-In Program with state funds only if federal matching funds are denied.

Medicaid Eligibility for Former Foster Children

The budget requires the ODJFS Director to amend the state Medicaid plan to implement, beginning January 1, 2008, a federal option under which an individual under age 21 qualifies for Medicaid if the individual (1) was in foster care under the responsibility of the state on the individual's 18th birthday, (2) received Title IV-E foster care maintenance payments or independent living services before turning age 18, and (3) meets all other applicable eligibility requirements.

It is estimated that $5,100,740 all funds in FY 2008 and $10,438,413 all funds in FY 2009 will be needed for this expansion. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid. The cost estimates assume that approximately 800 individuals will enroll annually in this Medicaid expansion resulting in an ongoing enrollment level of 1,600 young adults.

Medical Care Advisory Council

The budget would have (1) established statutory provisions for the appointment of the Medical Care Advisory Council, which is required by federal Medicaid regulations and currently exists through nonstatutory appointments, (2) provided for the Council to consist of 11 members: four members by the President of the Senate, four by the Speaker of the House of Representatives, and three by the Governor, (3) required the Council to advise ODJFS about health and medical care services for purposes of the Medicaid program, and (4) required ODJFS to permit the Council to participate in Medicaid policy development and program administration.

Vetoed Provisions

The Governor vetoed the above provisions of the Medical Care Advisory Council. According to the Governor's veto message, this provision places the committee's operation in state law and unduly restricts committee member appointments. According to the Governor, vetoing this item will provide flexibility with respect to committee appointments.

Medicaid Provider Audits

The budget would have earmarked $2,000,000 state share in each fiscal year in GRF appropriation item 600-417 to be used by the Auditor of State to perform audits of Medicaid providers.

Vetoed Provisions

The Governor vetoed the above provision of the Medicaid provider audits. The Governor stated that ODJFS already performs audits of providers, and paying the Auditor to repeat this task is an unnecessary expense in view of the funding limitation being imposed on the Department in the budget. However, the Governor did not remove the provided funding for the audits.

Executive Medicaid Administration

The budget requires the Governor to create an administration to manage all Medicaid policies and functions and promote the efficient and effective delivery of health care and requires the body to hire an executive director who reports directly to the Governor.

Electronic Submission and Storage of Medicaid Applications and Documents Relating to Applications

The budget would have provided that, to the extent permitted by federal law: (1) applications for Medicaid be submitted electronically or by other electronic means, (2) beginning July 1, 2009, county departments of job and family services that accept documents related to applications for the Medicaid program convert the documents to an electronic format and store them electronically, (3) county departments of job and family services calculate annually the total expenses the county incurred in the state fiscal year ending in the previous calendar year to comply with the electronic conversion and storage requirements described above, (4) a county's share of public assistance expenditures for a state fiscal year be reduced by the amount a county department of job and family services calculates, as described above, that the county incurred in the state fiscal year ending in the previous calendar year to comply with the electronic and storage requirements, (5) the ODJFS Director adopt rules in accordance with the Administrative Procedure Act, as necessary, to implement the electronic application submission and electronic conversion and storage requirements described above and specifies that, at a minimum, the rules must address measures county departments must take to maintain the confidentiality of information in Medicaid applications and documents, (6) ODJFS assist county departments of job and family services to develop and obtain electronic databases and other necessary systems through a competitive process to comply with the bill's requirements.

Vetoed Provisions

The Governor vetoed the above provisions of requiring electronic submission and maintenance of Medicaid applications. The Governor stated that these provisions would have constituted an unfunded mandate, created competing records storage systems for the same material, and conflicts with ODJFS's comprehensive information technology efforts and implementation strategy.

Money Follows the Person Grant

The budget provides funding of $3.5 million in FY 2008 and $30.5 million in FY 2009 to support the Money Follows the Person Grant initiative.

The budget allows the Director of Budget and Management, upon receiving Controlling Board approval, to do any of the following in support of any home and community-based services waiver program:

(1) Create new funds and appropriation items to support and track funds associated with a unified long-term care budget;

(2) Transfer funds among affected agencies and adjust corresponding appropriation levels;

(3) Develop a reporting mechanism to show clearly how the funds are being transferred and expended.

Third Party Liability for Medicaid Claims

To enhance states' ability to identify and obtain payments from liable third parties, federal legislation signed by President Bush on Feb. 8, 2006 known as, "Deficit Reduction Act of 2005 (DRA)," made several changes to the third party liability provisions of federal Medicaid law as following:

(1) Clarifies the specific entities that are considered "third parties" that may be liable for payment and cannot discriminate against individuals on the basis of Medicaid eligibility.

(2) Requires states to enact laws requiring health insurers to do all of the following:

   (a) Provide the state with coverage, eligibility, and claims data needed by the state to identify potentially liable third parties;

   (b) Honor the assignment to the state of a Medicaid recipient's right to payment by the insurers for health care items or services;

   (c) Not deny assignment or refuse to pay claims submitted by Medicaid based on procedural reasons (e.g., the failure of the recipient to present an insurance card at the point of sale, or the state's failure to submit an electronic, as opposed to a paper, claim).

The budget makes changes to current law required by the DRA.

Improved Third Party Liability Management

The executive assumes an improvement on the management of Medicaid's Third Party Liability program for the FY 2008 - 2009 biennium. This program ensures Medicaid is the payer of last resort, which means other insurers must pay their share of a claim prior to Medicaid making a payment. The executive's plan includes improving the identification of these insurers and requiring them to pay their share of claims before Medicaid makes a payment. According to ODJFS, the Department will contract with private firms to avoid payment of third party claims and to identify and obtain payments from liable third parties for the state's Medicaid program. The executive estimates that the state could avoid costs totaling approximately $41.5 million all funds in FY 2008 and $83.0 million all funds in FY 2009 as a result of this outsourcing effort. The budget assumes these amounts of cost reduction in GRF appropriation item 600-525, Health Care/Medicaid.

Claims Editing

According to ODJFS, several of the Department's staff will devote their time to identifying claims and obtaining payments from liable third parties by going through claims using the Medicaid Management Information System (MMIS) or Medicaid Information Technology System (MITS). The executive estimates that the state could avoid costs totaling approximately $9.3 million all funds in FY 2008 and $39.7 million all funds in FY 2009 as a result of this effort. The budget assumes these amounts of cost reduction in GRF appropriation item 600-525, Health Care/Medicaid.

Medicaid Managed Care

There are two delivery systems in Ohio's Medicaid program: "fee-for-service" and "managed care." Traditionally, Medicaid has paid most service providers a set fee for the specific type of service rendered to Medicaid enrollees (termed "fee-for-service" reimbursement). An alternative to traditional fee-for-service reimbursement is managed care. A typical managed care plan, called capitated at-risk plans, is one in which the beneficiary receives all care through a single point of entry, and the plan is paid a fixed monthly premium per beneficiary for any health care included in the benefit package, regardless of the amount of services actually used.

H.B. 66 of the 126th General Assembly (the FY 2006 - 2007 biennial budget act) required the managed care plans (MCPs) to be implemented in all counties and required ODJFS to designate the CFC population for participation.[20] The FY 2006 - 2007 biennial budget act also required ODJFS to implement the MCPs for certain aged, blind, and disabled Medicaid recipients in all counties. The requirement did not apply to: (1) persons under age 21, (2) institutionalized persons, (3) persons eligible for Medicaid by spend-down, (4) dual eligibles, and (5) Medicaid waiver recipients.

The statewide expansion of Medicaid managed care began in July 2005 with the enactment of H.B. 66. Within a period of 18 months, Ohio Medicaid transferred an additional 800,000 Medicaid recipients from fee-for-service to managed care. This expansion dramatically shifts expenditures from the fee-for-service categories to the Managed Care categories.

The budget requires health care providers that do not participate in Medicaid to accept the Medicaid fee-for-service payment rate for emergency services furnished to a Medicaid recipient enrolled in a Medicaid managed care organization, in the same manner that the fee-for-service payment rate applies to Medicaid-participating providers that are not under contract with the managed care organization. The budget also eliminates authority for performance-based financial incentives in the state's Medicaid care management system contracts. Furthermore, the budget eliminates the Medicaid Care Management Working Group, which was required to annually submit a report with recommendations regarding the state's Medicaid care management system.

Managed Care Pharmacy Utilization Management Programs. The budget allows a Medicaid-participating health insuring corporation to implement a pharmacy utilization management program under which a Medicaid recipient must (1) receive prior authorization to obtain a controlled substance and (2) if the person is at high risk for fraud or abuse involving controlled substances, have prescriptions for those drugs filled by a designated pharmacy, medical provider, or health care facility.

Medicaid Risk-Adjusted Reimbursement. The budget would have required ODJFS to apply risk-adjusted reimbursement rates to services provided to individuals who receive Medicaid services under the covered families and children eligibility category starting one year after those individuals enroll in Medicaid. The budget would have (1) specified that the risk-adjusted rate structure applies to the Medicaid payments that are made to health insuring corporations (HICs), (2) required ODJFS to use specified information and consult with the HICs in developing the rate structure, (3) required the rate structure to be developed by January 1, 2009, and (4) provided for the rates to be applied to 50% of the payments during the first year and all of the payments thereafter.

Vetoed Provisions. The Governor vetoed the above provisions of Medicaid risk-adjusted reimbursement. The Governor stated that the language imposes requirements over and above federal requirements and could result in payments over and above federal requirements. The proposed language will restrict the ability of ODJFS to set rates in a manner that is prudent and fiscally responsible.

Monthly Reports on Medicaid Managed Care Recipients. The budget would have required ODJFS, by December 1, 2007, to provide monthly electronic reports to Medicaid managed care organizations regarding the individuals whose Medicaid eligibility is ending.

Vetoed Provisions. The Governor vetoed the above provisions of monthly reports on Medicaid managed care recipients. The Governor stated that the language compromises ODJFS's ability to manage the Medicaid program in an efficient manner.

[20] According to both state and federal regulations, managed care enrollment is optional for children receiving adoption assistance under the Federal Title IV-E program, foster care assistance or out of home placement.

Actuarially Sound Medicaid Managed Care Rates. The budget would have required ODJFS to use actuarially sound capitation rates, in accordance with federal law, for Medicaid managed care contracts with health insuring corporations (HICs). It would have (1) required ODJFS to prepare, for submission with its proposed rates, a separate document specifying how the rates conform to generally accepted actuarial principles and practices and (2) authorized ODJFS to consult with the Superintendent of Insurance in preparing the document and to ask the Superintendent to assess whether the proposed rates, if implemented, would have adverse financial impacts on HICs.

Vetoed Provisions. The Governor vetoed the above provisions of actuarially sound Medicaid managed care rates. The Governor stated that sections of the language restate the federal Medicaid payments standards. Other sections impose additional requirements over and above the federal requirements. To the extent the language restates federal payment requirements, it is unnecessary as the state is required to comply with federal Medicaid requirements. To the extent the language imposes requirements over and above federal requirements; the language could result in unnecessary costs.

Administrative Component of Managed Care Rates. The executive believes that it will be able to show the actuarial firm with which the state contracts that the administrative component of the capitated rate paid to managed care organizations should be reduced in future contracts to a level that will result in $104.0 million in savings in FY 2008 and $186.8 million in savings in FY 2009. These savings are assumed in GRF appropriation item 600-525, Health Care/Medicaid.

Expedite Managed Care Enrollment. According to ODJFS, currently, Medicaid applicants are mailed an informational packet about managed care plans after their eligibility determination is completed. The applicant has 30 days after receiving the materials to choose a plan. The executive proposes to require county departments of job and family services to provide Medicaid applicants with informational packets about managed care plans at the time of application. Applicants will be given 30 days from the date of application to choose a plan. The executive estimates that the state will reduce the duration of double paying for both fee-for-service and MCPs and thus save the state approximately $2.6 million all funds in FY 2008 and $2.0 million all funds in FY 2009 by expediting managed care enrollment. These savings are assumed in the appropriation for GRF appropriation item 600-525, Health Care/Medicaid.

Hiring of a Full-Time Actuary. To ensure proper management of the managed care program, the executive plans to hire a full-time actuary to provide detailed analysis of the program and proper rate setting methods. The executive estimates that the state will pay $125,000 each year to employ a full-time actuary. The budget provides such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Community-Based Providers

The budget allows for increasing reimbursement rates for all state plan Medicaid community-based providers by 3% in January 2008, and another 3% increase in January 2009 (excluding federally qualified health centers, hospice providers, rural health centers, which all receive federally mandated increases). The reimbursement rates for community-based providers are adjusted through administrative rules; no statutory change is necessary. The executive estimates that costs will increase approximately $10.7 million all funds in FY 2008 and $39.2 million all funds in FY 2009 as a result of the increase in reimbursement rates. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

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.

H.B. 66 of the 126th General Assembly (the FY 2006 - 2007 biennial budget act) required that the Medicaid program continue to cover adult dental services, but provided only half funding. H.B. 66 also required that the Medicaid program continue to cover adult vision services, but explicitly stated that the act did not limit ODJFS's ability to adopt, amend, or rescind rules applicable to vision coverage, including rules that limited or reduced services, reduced reimbursement levels, or subjected covered services to copayments. H.B. 66 provided full funding for vision services.

For the FY 2008 - 2009 biennium, the budget provides additional funding for dental care for adults, and the provision of psychology services for adults, effective January 2008. The budget also provides funding for chiropractic services for Medicaid recipients age 22 or older in an amount, duration, and scope that the Director of ODJFS is to specify in rules. The regulations for dental and psychologist services, are in administrative rules; therefore, no statutory changes are necessary for the changes in these services.

The executive estimates that the additional services will cost approximately $16.2 million all funds in FY 2008 and $32.1 million all funds in FY 2009 as a result of providing additional funding for adult dental care and chiropractic care. The executive assumes no increase in cost for restoring the psychologist services. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Medicaid Coverage of Occupational Therapy Services

The budget requires the Medicaid program to cover occupational therapy services provided by a licensed occupational therapist, provides that coverage is not limited to services provided in a hospital or nursing facility, and permits any licensed occupational therapist to enter into a Medicaid provider agreement with ODJFS.

The executive estimates that the additional setting will cost approximately $1.75 million all funds in FY 2008 and $3.5 million all funds in FY 2009. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Inpatient Hospitals

Annual Hospital Recalibration. For the FY 2006 - 2007 biennium, ODJFS updated and provided a more current weighting of the relative weights for Diagnostic Related Groups (DRG) used in the prospective payment system for hospital services. According to OBM, the recalibration that took effect in January 2006 has resulted in savings to the state.

The budget allows recalibration updates every year for all DRG hospitals. The executive estimates that the state could avoid approximately $3.7 million of all funds costs in FY 2008 and $11.4 million of all funds costs in FY 2009 as a result of the annual recalibration. The budget has assumed such savings in GRF appropriation item 600-525, Health Care/Medicaid.

Increasing 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, H.B. 95 also required ODJFS to pay to each children's hospital participating in the Medicaid program an inflation adjustment.

H.B. 66 of the 126th General Assembly froze inpatient hospital reimbursement rates in FYs 2006 and 2007 at the FY 2005 level.

The executive plans to increase reimbursement rates for inpatient hospitals by 3.3% in January 2008, and another 2.9% in January 2009. The executive estimates that state costs will increase by approximately $7.9 million all funds in FY 2008 and $28.1 million all funds in FY 2009 as a result of the rate increase for DRG and children's hospitals. The budget has provided funding for these rate increases in GRF appropriation item 600-525, Health Care/Medicaid.

Supplemental Payment Program for Children's Hospitals. The budget, for FYs 2008 and 2009:

- Requires payments made by the ODJFS Director for cost outlier claims less than the amount specified in Ohio Administrative Code 5101:3-2-07.9(A)(6) [$443,463, adjusted for inflation] to be increased, subject to the limitation in the next bullet, from (1) an amount equal to 85% of the product of the hospital's allowable charges and the hospital's Medicaid inpatient cost-to-charge ratio, to (2) an amount equal to 100% of the product of the hospital's allowable charges and the hospital's Medicaid inpatient cost-to-charge ratio;

- Requires the ODJFS Director to cease paying children's hospitals for the cost outlier claims described above at an amount that is calculated under the formula in (2), above (100% level), and to revert to paying the hospital at an amount that is calculated under the formula in (1), above (85% level), when the difference between the total amount the Director has paid at the 100% level for such outlier claims and the total amount the Director would have paid for these claims at the 85% level exceeds, for each fiscal year, $6 million (state share) plus the corresponding federal match;

- Requires the ODJFS Director to make supplemental Medicaid payments to hospitals for inpatient services under a program modeled after the program that ODJFS was required to create under Section 206.66.70 of Am. Sub. H.B. 66 of the 126th General Assembly for supplemental payments to children's hospitals when the difference between the total amount the Director has paid at the 100% level for the cost outlier claims described above and the total amount the Director would have paid at the 85% level for such claims does not require the expenditure of all state and federal funds earmarked for the additional cost outlier payments in the applicable fiscal year;

- Prohibits the ODJFS Director from adopting, amending, or rescinding any rules that would result in decreasing the amount paid to children's hospitals for cost outlier claims;

- Earmarks up to $6 million (state share) in GRF appropriation item 600-525, Health Care/Medicaid, in each fiscal year plus the corresponding federal match, if available, to be used by the Department to pay for the Supplemental Payment Program for Children's Hospitals.

The budget has provided funding for the Supplemental Payment Program for Children's Hospitals in GRF appropriation item 600-525, Health Care/Medicaid.

Medicaid Program Restrictions on Mental Health Drugs

The budget would have provided that the only drugs used to treat mental illness that may be subjected to a prior authorization requirement, preferred drug list, or generic substitution under the Medicaid program and any Medicaid managed care plan are such drugs that are brand name and for which there are generic equivalents.

The budget provides funding of $17.3 million all funds in FY 2008 and $27 million all funds in FY 2009 in GRF appropriation item 600-525, Health Care/Medicaid for such policy.

Vetoed Provisions

The Governor vetoed the above provisions that would have required certain restrictions on mental health drugs. The Governor stated that the proposed language restricts the ability of ODJFS, and Medicaid managed care plans, to provide an appropriate and cost effective prescription drug benefit for the Medicaid program. It also stated that this veto serves the need to provide coverage for appropriate drugs and meet federal Medicaid requirements. Although the language was vetoed, the Governor did not remove the provided funding from GRF appropriation item 600-525, Health Care/Medicaid.

Increases in FYs 2008 and 2009 Dispensing Fees for Generic Drugs

The budget:

- Requires the ODJFS Director to analyze the fiscal impact that federal upper limits (FULs) affecting reimbursement rates for generic drugs, as amended by the Deficit Reduction Act of 2005, will have on pharmacists in FYs 2008 and 2009;
- Notwithstanding current law governing dispensing fees, requires the Director to increase, not later than ten days after completing the fiscal impact analyses, the dispensing fee paid to each pharmacist with a valid Medicaid provider agreement for dispensing a generic drug to a Medicaid recipient in FYs 2008 or 2009;
- Requires that the amount of the increases in the dispensing fees be determined in a manner that compensates pharmacists for the loss of revenue the Director projects that pharmacists, on average, will incur as a result of the changes to FULs enacted by the DRA;
- Prohibits the total amount the Director expends to pay the increase in the dispensing fee in each of the fiscal years from exceeding the total amount the Medicaid program is projected to save in those fiscal years as a result of the changes to FULs enacted by the DRA.

These provisions of the budget may result in a loss of the savings that may have resulted from the DRA.

Medicare Part D

The budget appropriates $254.4 million for FY 2008 and $271.9 million for FY 2009 to appropriation item 600-526, Medicare Part D. It also allows the Director of Budget and Management to increase the state share of appropriations in either appropriation item 600-525, or appropriation item 600-526, with a corresponding decrease in the state share of the other appropriation item to allow ODJFS to implement and operate the Medicare Part D requirements.

Pharmaceutical Drug Report

The budget requires the ODJFS Director, no later than one year after the effective date of this provision, to submit a report to the General Assembly on the effect of Medicare Part D and the care management system on the Supplemental Drug Rebate Program, including an evaluation of the changing price of pharmaceuticals in the supplemental program resulting from Medicare Part D and the managed care system and cost savings from increased use of generic drugs.

Medicaid Rates for Nursing Facilities (NFs)

Reimbursement Methodology. The amount ODJFS pays a nursing facility (NF) is determined by formulas established in state law.

Current law requires ODJFS to adjust the rates determined under the formulas for direct care costs, ancillary and support costs, tax costs, and capital costs as directed by the General Assembly through the enactment of law governing Medicaid payments to nursing facilities. The Department must also annually adjust the mean quality incentive payment starting in FY 2008 by the same adjustment factors.

FY 2008 Medicaid Reimbursement for NFs. The budget establishes adjustments to the FY 2008 Medicaid rates for nursing facilities. The cost per case mix-unit calculated as part of direct care costs, rate for ancillary and support costs, rate for capital costs, and rate for tax costs are to be adjusted as follows:

(1) Increase the cost and rates by 2%;

(2) Increase the amount calculated above by another 2%;

(3) Increase the amount calculated above by 1%.

Instead of adjusting the mean quality incentive payment by the same adjustment factors, the budget provides that the mean payment for FY 2008 is to be $3.03 per Medicaid day.

In addition to establishing the adjustments, the budget provides that if a nursing facility's rate for FY 2008 as determined using the adjustments is more than 102.75% of the rate the provider is paid for nursing facility services the facility provides at the end of FY 2007, ODJFS must reduce the facility's FY 2008 rate so that it is not more than 102.75% of its rate for the end of FY 2007. If the rate determined using the adjustments is less than 100% of the rate the nursing facility is paid at the end of FY 2007, ODJFS must increase its rate for FY 2008 so that it is not less than 100% of its rate for the end of FY 2007.

If the United States Centers for Medicare and Medicaid Services (CMS) requires that the franchise permit fee for nursing facilities be reduced or eliminated, ODJFS is required to reduce the amount it pays nursing facilities for FY 2008 as necessary to reflect the loss to the state of the revenue and federal financial participation generated from the franchise permit fee.

FY 2009 Medicaid Reimbursement for NFs. The budget establishes the same adjustments for nursing facilities' FY 2009 Medicaid rates as in FY 2008. The cost per case mix-unit calculated as part of direct care costs, rate for ancillary and support costs, rate for capital costs, and rate for tax costs for nursing facilities are to be adjusted as follows:

(1) Increase the cost and rates by 2%;

(2) Increase the amount calculated above by another 2%;

(3) Increase the amount calculated above by 1%.

The mean quality incentive payment for FY 2009 is the same as FY 2008 and is to be $3.03 per Medicaid day.

If the adjusted rate for a nursing facility is more than 102.75% of the Medicaid rate paid the nursing facility for the end of FY 2008, its FY 2009 rate is to be reduced so that it is not more than 102.75% of its rate for the end of FY 2008. If the adjusted rate is less than 100% of the nursing facility's Medicaid rate for the end of FY 2008, its FY 2009 rate is to be increased so that it is not less than 100% of its rate for the end of FY 2008.

As in FY 2008, ODJFS must reduce nursing facilities' FY 2009 rate as necessary to reflect the loss to the state of the revenue and federal financial participation generated from the franchise permit fee if CMS requires that the franchise permit fee be reduced or eliminated.

The changes in the nursing facility formula allow increases to the reimbursement for nursing facilities. The total nursing facility reimbursement is estimated to be increased by $47 million all funds in FY 2008, and another $47 million all funds in FY 2009. The budget has provided such funding in GRF appropriation item 600-525, Health Care/Medicaid.

Additional Payments to Nursing Facilities Related to Capital

The budget provides for qualifying nursing facilities to receive additional quarterly payments during FYs 2008 and 2009. It provides that nursing facilities that qualify for the payments are (1) certain nursing facilities that are new as of FY 2006, 2007, or 2008, (2) certain nursing facilities that completed a capital project before June 30, 2008, (3) certain nursing facilities that completed an activity for which a certificate of need is not needed before June 30, 2008, and (4) certain nursing facilities that completed a renovation before June 30, 2008. The budget creates formulas to be used to determine the amount of the payments. The budget also terminates all nursing facilities' eligibility for the payments at the earlier of July 1, 2009, or the date the total amount of the payments equals $7 million. Furthermore, the budget appropriates $7 million in FY 2008 to GRF appropriation item 600-529, Capital Compensation Program, in the Department of Job and Family Services and earmarks those dollars for payments to nursing facilities for capital costs.

Medicaid Rates for Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)

FYs 2008 - 2009 Medicaid rates for ICFs/MR. The budget establishes limitations on the FYs 2008 and 2009 Medicaid rates for ICFs/MR. Medicaid rates paid to ICFs/MR are to be subject to the following caps:

(1) For FY 2008, the mean total per diem rate for all ICFs/MR as calculated under codified sections of state law governing Medicaid payments to ICFs/MR is not to exceed $266.14 as weighted by Medicaid days and calculated as of July 1, 2007;

(2) For FY 2009, the mean total per diem rate for all ICFs/MR as so calculated is not to exceed $271.46 as weighted by Medicaid days and calculated as of July 1, 2008.

If the mean total per diem rate for all ICFs/MR for FY 2008 or 2009, weighted by Medicaid days and calculated as of the first day of July of the calendar year in which the fiscal year begins, exceeds the cap, ODJFS is required to reduce the total per diem rate for each ICF/MR by a percentage that is equal to the percentage by which the mean total per diem rate exceeds the cap. Subsequent to any reduction required because of the caps, an ICF/MR's Medicaid rate is not to be subject to any adjustments authorized by codified law governing Medicaid payments to ICFs/MR during the remainder of the year.

Offsite day programming part of ICFs/MR's direct care costs. The budget adds offsite day programming to the costs included in ICFs/MR's direct care costs. According to ODJFS, this is related to the termination of the habilitation center services under the Medicaid program. The system by which the Medicaid program paid for habilitation center services was often referred to as CAFS. H.B. 66 of the 126th General Assembly permitted ODJFS to increase the Medicaid rate paid to an ICF/MR for FYs 2006 and 2007 by an amount specified in rules to reimburse the ICF/MR for active treatment day programming because of the termination of CAFS. Rather than repeating such authority for FYs 2008 and 2009, the budget adds offsite day programming to ICFs/MR's direct care costs.

The executive estimates that by limiting the reimbursement growth to 2% for both FY 2008 and FY 2009, the state can avoid costs of approximately $43.1 million in FY 2008 and $57.1 million in FY 2009. The budget reflects such amounts of cost reduction in GRF appropriation item 600-525, Health Care/Medicaid.

Franchise Permit Fees

NF 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. H.B. 66 of the 126th General Assembly increased the fee to $6.25 for FYs 2006 and 2007. The fee was scheduled to decrease to $1 per bed per day in FY 2008. The budget eliminates the scheduled reduction (to $1), thereby retaining the current $6.25 per bed per day fee.

The money generated by the franchise permit fee on nursing homes and hospitals is required to be deposited into two funds. One fund, the Home and Community-Based Services for the Aged Fund, gets 16% of all franchise permit fees and related penalties paid by nursing homes and hospitals for FYs 2006 - 2007. (Sixteen percent represents the first $1 of the franchise permit fee.) ODJFS and the Department of Aging are required to use the money in the fund for the Medicaid program, including the PASSPORT component of the Medicaid program, and the Residential State Supplement program.

The other fund into which money generated by the nursing home and hospital franchise permit fee goes is the Nursing Facility Stabilization Fund, which was created in H.B. 94. It is to receive all such franchise permit fees and related penalties that are not deposited into the Home and Community-Based Services for the Aged Fund. ODJFS is required to use money in the Nursing Facility Stabilization Fund to make Medicaid payments to nursing facilities.

The budget provides for the Nursing Facility Stabilization Fund to continue to receive 84% of the money generated by the fee.

ICF/MR Franchise Permit Fees. All money generated by the ICF/MR franchise permit fee and related penalties is required to be deposited into the Home and Community-Based Services for the Mentally Retarded and Developmentally Disabled Fund. The Departments of Job and Family Services and Mental Retardation and Developmental Disabilities are required to use money in that fund for the Medicaid program and home and community-based services to persons with mental retardation or other developmental disability.

The franchise permit fee for ICFs/MR was $9.63 per bed per day during FYs 2002-2007. The budget does not change the amount of the ICF/MR franchise permit fee. That fee is $9.63 per bed per day, plus an annual composite inflation factor adjustment.

Unified Long-Term Care Budget Workgroup

The budget creates the Unified Long-Term Care Budget Workgroup, and requires the following:

(1) The Workgroup is to consist of the following individuals:

- The Director of Aging;
- Consumer advocates, representatives of the provider community, and state policy makers, appointed by the Governor;
- Two members of the House of Representatives, one member from the majority party and one member from the minority party, appointed by the Speaker of the House of Representatives;
- Two members of the Senate, one member from the majority party and one member from the minority party, appointed by the President of the Senate.

The Director of Aging is to serve as the chairperson of the Workgroup.

(2) The Workgroup is to develop a unified long-term care budget that facilitates the following:

- Providing a consumer a choice of services that meet the consumer's health care needs and improve the consumer's quality of life;
- Providing a continuum of services that meet the needs of a consumer throughout life;
- Consolidating policymaking authority and the associated budgets in a single entity to simplify the consumer's decision making and maximize the state's flexibility in meeting the consumer's needs;
- Assuring the state has a system that is cost effective and links disparate services across agencies and jurisdictions.

(3) The Workgroup is to submit a written implementation plan to the Governor, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the President of the

Senate, the Minority Leader of the Senate, and the members of the Joint Legislative Committee on Medicaid Technology and Reform not later than June 1, 2008.

(4) Establishment of the following appropriation items in the General Revenue Fund:

- In the Department of Aging, 490-423, Long-Term Care Budget - State;
- In the Department of Job and Family Services, 600-435, Long-Term Care Budget - State;
- In the Department of Mental Retardation and Developmental Disabilities, 322-406, Long-Term Care Budget - State;
- In the Department of Mental Health, 335-411, Long-Term Care Budget - State.

(5) On an annual basis, the directors of the Department of Aging and Office of Budget and Management are to submit a written report to the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the President of the Senate, the Minority Leader of the Senate, and the members of the Joint Legislative Committee on Medicaid Technology and Reform describing the progress towards establishing, or if already established, the effectiveness of the unified long-term care budget.

(6) When the Governor creates the new administration described earlier in the section titled "Executive Medicaid Administration" of this analysis, the Director of Budget and Management is allowed to do all of the following in support of the Workgroup's proposal:

- Transfer funds and appropriations currently appropriated to pay for Medicaid services to any appropriation item referenced above in this section;
- Transfer funds between appropriation items referenced above in this section;
- Develop a reporting mechanism to transparently show how the funds are being transferred and expended.

The Director of Budget and Management is to obtain Controlling Board approval before transferring funds or appropriations.

(7) Before a proposal for a unified long-term care budget may be implemented, the Joint Legislative Committee on Medicaid Technology and Reform is to approve implementation of the proposal and submit the Committee's approval to the Governor.

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 the 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.

The Deficit Reduction Act of 2005 (DRA), which became law on February 8, 2006, made several changes to the estate recovery of federal Medicaid law. The Act further limited a person's ability to transfer or discount assets in order to impoverish themselves and obtain Medicaid eligibility. The Act also contained some changes to the Medicaid estate recovery requirements.

As of October 1, 2006, Ohio Medicaid eligibility for long-term care services is modified to reflect changes in the DRA as follows:

- ***Transfer of Resources.*** Extends the transferred resources review period from three years to five years. Funds used to purchase a life estate in another individual's property or used to purchase a promissory note or mortgage may, in certain circumstances, be considered an improper transfer.

- ***Improper Transfer of Resources (Penalty Period Start Date).*** The penalty period for improper transfers of resources now begins the date an individual receives or is eligible to receive long-term care services and would otherwise be eligible for Medicaid coverage, instead of the date the improper transfer was made. Also, multiple transfers of resources will be treated with penalty periods beginning on the earliest date of the improper transfer.

- ***Home Equity Over $500,000.*** Certain Medicaid applicants who have home equity above $500,000 are ineligible for payment of long-term care services through Medicaid (unless the applicant's spouse is residing in the home or the home is occupied by a child who is under age 21, blind, or disabled).

- ***Annuities.*** Medicaid applicants are now required to disclose information about annuities they have and to name the state of Ohio as the remainder beneficiary. As the remainder beneficiary, Medicaid programs can recoup medical costs once the consumer (and the consumer's spouse) is deceased. In addition, annuities purchased on or after February 8, 2006 are evaluated to determine whether the purchase is a proper or improper transfer of resources. To be considered an appropriate transfer of resources, annuities must:

  - be irrevocable, nonassignable, and actuarially sound;
  - have payments dispersed in equal monthly amounts;
  - exclude any deferrals or balloon payments; and
  - be purchased with retirement or IRA funds.

- ***Treatment of Income for Non-Institutionalized Spouses (Income First).*** In cases where an institutionalized individual has a spouse who still lives in the community, a county caseworker determines how much income the non-institutionalized spouse needs to maintain him/herself in the community. If the non-institutionalized spouse does not have enough income to meet the amount determined by the caseworker, DRA includes a requirement that the non-institutionalized spouse must use all available income from the institutionalized spouse to subsidize their monthly income prior to a reallocation of additional resources. Previously, the law allowed the non-institutionalized spouse to obtain additional resources without taking income from the institutionalized spouse.

The budget requires the following:

(1) The person responsible for the estate of a spouse of a decedent subject to Medicaid estate recovery to submit a properly completed Medicaid estate recovery reporting form to the Medicaid Estate Recovery Program Administrator;

(2) The Administrator to prescribe forms for the beneficiary of a transfer on death deed, the surviving tenant under a survivorship tenancy, or the representative of such a beneficiary or surviving tenant to indicate whether the deceased owner of the real property was a decedent subject to Medicaid estate recovery or the spouse of such a decedent and whether the real property was part of the estate of such a decedent;

(3) A county recorder to obtain the completed form and send a copy to the Administrator before recording a transfer of real property under a transfer on death deed or registering title in the surviving tenants of a survivorship tenancy;

(4) That an individual who has received, or is entitled to receive, benefits under a long-term care insurance policy in connection with which assets or resources are disregarded be subject to Medicaid estate recovery for nursing facility and other long-term care services the individual correctly receives under Medicaid.

Fraud, Waste, and Abuse Prevention and Detection

Current law requires a person or government entity that receives or makes payments under the Medicaid program that, during a calendar year, total $5 million to provide to employees, contractors, and agents detailed, written information about the person or government entity's policies and procedures for preventing and detecting fraud, waste, and abuse. The person or government entity is also required to include this information in its employee handbook. The budget requires an "entity," rather than a "person or government entity," to comply with these requirements.

By requiring an "entity," rather than a "person or government entity," to comply with the requirements outlined in the law regarding fraud, waste, and abuse prevention and detection could result in a reduction of the number of fraud, waste, and abuse cases of Medicaid, and thus could reduce Medicaid costs.

PACT Program Report

The Primary Alternative Care Treatment (PACT) program is administered by the Surveillance, Utilization and Review (SUR) Section housed in the Office of Ohio Health Plans. The PACT program provides enhanced oversight to certain Medicaid consumers who have a pattern of using health care services that are not directly related to their medical condition. Once these consumers are identified, SUR is responsible for notifying consumers about their enrollment into this program.

PACT is a case management program for recipients who have exceeded the utilization criteria for prescribing physicians, number of office visits and drug use.

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.

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.

The budget requires the ODJFS Director, no later than January 1, 2008, to submit a report to the General Assembly on the PACT and the average cost of participants before and after participation in the program. The budget requires the ODJFS Director, no later than January 1, 2009, to submit an additional report on the total cost savings achieved through the program.

Medicaid Provider Agreements

To participate in the Medicaid program, a health care provider must enter into an agreement with ODJFS. This agreement, known as a provider agreement, serves as a contract between ODJFS and the provider. By signing the agreement, the provider agrees to comply with the terms of the agreement and all applicable state and federal laws. Medicaid reimbursement for providing health care services is contingent on a valid provider agreement being in effect when the services were provided.

H.B. 66 of the 126th General Assembly permitted ODJFS to terminate or not renew a Medicaid provider agreement without an administrative hearing if the provider had not submitted claims for two or more years and cannot be located.

The budget makes the following changes relative to Medicaid provider agreements:

(1) Requires the use of time-limited provider agreements;

(2) Eliminates the five-year limit for termination of a provider agreement based on an action brought by the Attorney General;

(3) Authorizes the denial or termination of a provider agreement for any reason permitted or required by federal law;

(4) Requires the suspension of a provider agreement held by a noninstitutional health care provider based on an indictment of the provider or its owner, officer, authorized agent, associate, manager, or employee;

(5) Authorizes the exclusion of an individual, provider, or entity from participation in Medicaid for any reason permitted or required by federal law;

(6) Modifies the circumstances under which ODJFS is not required to conduct an adjudication when imposing sanctions relative to a provider agreement, including sanctions imposed against a provider for failing to obtain or maintain a required certification;

(7) Permits ODJFS to require criminal records checks as a condition of becoming or continuing to be a Medicaid provider or an employee, owner, officer, or board member of a provider;

(8) Modifies the procedures used to obtain the criminal records checks required in the provision of home and community-based services through a Medicaid waiver program to a person with disabilities;

(9) Requires a Medicaid provider agreement to expire not less than three years from its effective date;

(10) Excludes provider agreements with managed care organizations, nursing facilities, and intermediate care facilities for the mentally retarded;

(11) Authorizes ODJFS to make the effective date of a provider agreement retroactive for up to one year from the date of application.

Medicaid NF and ICF/MR Audits

The budget allows ODJFS to use up to $1.0 million in each fiscal year for FYs 2008 and 2009 to fund the state share of audits of nursing facilities and intermediate care facilities for the mentally retarded from Fund 4J5, Home and Community-Based Services for the Aged.

Hospital Care Assurance Program (HCAP)

Ohio's program for making Disproportionate Share (DSH) payments, 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 guidelines 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.

Under current law, HCAP is scheduled to sunset October 16, 2007. Just as in previous budgets, the budget delays the sunset of HCAP for two years until October 16, 2009. The FY 2007 spending level for HCAP was $575.1 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 2008 and FY 2009.

Public Assistance Reporting Information System (PARIS)

The Public Assistance Reporting Information System (PARIS) is a voluntary federal-state partnership which provides the 43 participating state public assistance agencies detailed information and data to assist them in maintaining program integrity and detecting/ deterring improper payments. The budget requires the ODJFS Director, no later than August 31, 2007, to submit a report to the General Assembly on the costs and potential three-year cost savings associated with participation in PARIS and, no later than October 1, 2007, to enter into any necessary agreements with the U.S. Department of Health and Human Services and neighboring states to join and participate as an active member in PARIS if cost savings are indicated in the report.

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. 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 either not Medicaid eligible or have not been determined to be Medicaid eligible.

Changes to the DMA program. H.B. 95 of the 125th General Assembly allowed the Director of ODJFS to enact reforms necessary to contain DMA program costs. ODJFS froze enrollment beginning in July 2003. Under the freeze, ODJFS allowed no new enrollment and denied coverage to those who missed their eligibility redeterminations. 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 that year.

H.B. 66 of the 126th General Assembly continued to provide funding of $19.5 million in FY 2006 and $25.5 million in FY 2007 in appropriation item 600-513, Disability Medical Assistance, to be used by ODJFS to operate a Disability Medical Assistance Program. H.B. 530 of the 126th General Assembly increased funding by another $4.3 million in FY 2006 and $5.7 million in FY 2007.

The budget continues providing funding of $16.5 million in FY 2008 and $11.5 million in FY 2009. In FY 2007, the DMA program is appropriated in GRF line item 600-513, Disability Medical Assistance. The budget eliminates this line item and includes funding for the DMA program in GRF line item 600-525. The budget also permits the ODJFS Director to adopt rules that establish or specify limits on the number and types of providers eligible to be reimbursed for services provided to recipients of the DMA program.

Assisted Living Services Waiver

H.B. 66 of the 126th General Assembly allowed for the creation of a waiver program to fund assisted living services. The Assisted Living Services Medicaid waiver is a program administered by the Ohio Department of Aging (ODA) that covers daily living services provided in an assisted living facility. The Assisted Living Services waiver program was opened July 1, 2006. There are 1,800 available slots to Medicaid consumers who qualify. The program offers an alternative service in the community for people who are coming from a nursing home or from a home and community-based services waiver. According to ODJFS, assisted living offers more supervision and services than what may be available in a traditional home setting and allows consumers to have more independence, and fewer restrictions than a nursing facility.

Medicaid consumers, age 21 and over, who currently receive Medicaid services through PASSPORT, Choices, Ohio Home Care Waiver programs, live in a nursing home or residential care facility are eligible for the Assisted Living Services waiver program. The monthly income is capped at $1,809, which is 300% of the Supplemental Security Income federal benefit rate. Additionally, applicants must require assistance with at least two activities of daily living that cannot be met through scheduled assistance. Examples of these needs include: bathroom assistance, medication administration, and transference into and out of bed. To be eligible, a person must be able to pay room and board.

H.B. 66 of the 126th General Assembly provided for the transfer of funds from appropriation item 600-525 to ODA to fund the Assisted Living Services Waiver. The budget provides an appropriation in ODA's GRF line item 490-422, Assisted Living, of $12,554,940 in FY 2008 and $15,213,890 in FY 2009. Appropriations in the ODA's federal line item 490-622, Assisted Living - Federal, are $14,972,892 in FY 2008 and $21,810,442 in FY 2009. These appropriation levels would fund the currently authorized 1,800 waiver slots. As of February 28, 2007, 123 unduplicated slots were used, with 1,677 open slots. There are currently 50 facilities certified as Assisted Living providers.

Ohio Access Success Project

H.B. 94 of the 124th General Assembly authorized the ODJFS Director 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.

H.B. 66 of the 126th General Assembly allowed the continuation of the Ohio Access Success Project. ODJFS was permitted to limit the number of persons who may participate in the project. H.B. 66 also provided $350,000 in both FY 2006 and FY 2007 to fund one-time transitional benefits. H.B. 66 eliminated an eligibility requirement that required a Medicaid recipient to have resided continuously in a nursing facility for not less than 18 months before applying to participate in the project. H.B. 66 required that ODJFS, if an application is received before six months, ensure that an assessment is conducted as soon as practicable to determine whether the applicant is eligible to participate in the project. To the maximum extent possible, the assessment and eligibility determination must be completed not later than the date that occurs six months after the applicant becomes a recipient of Medicaid-funded nursing facility services. During FY 2006, the Ohio Access Success Project assisted 75 consumers in relocation from a nursing facility to the community; half occurring in the last quarter.

The budget allows ODJFS to use up to $350,000 from the Home and Community-Based Services for the Aged, Fund 4J5, in both FY 2008 and FY 2009 to provide one-time transitional benefits under the Ohio Access Success Project.

Home First Program

The budget provides for the Home First Program under which an individual admitted to a nursing facility while on a waiting list for the PASSPORT program is to be placed in PASSPORT if PASSPORT is appropriate for the individual and the individual would rather be in PASSPORT than a nursing facility. The budget also requires the ODJFS Director to submit an annual report to the General Assembly regarding the number of individuals enrolled in PASSPORT pursuant to the Home First component and the costs incurred and savings achieved as a result of the enrollments.

Resident Protection Fund

The budget allows ODJFS to issue a competitive request for grant proposals to support projects that will benefit the residents of nursing facilities that have been found to have deficiencies if the Resident Protection Fund has a cash balance, less encumbrances and appropriations of more than $2.0 million. The directors of Job and Family Services, Health, and Aging or their designees must determine priority categories for funding, make awards, and determine which of the three agencies should administer each grant. Based on these determinations, the Director of Budget and Management may transfer cash and appropriations matching the amount of each award to the appropriate agency.

UNEMPLOYMENT COMPENSATION

OVERVIEW

The Unemployment Compensation (UC) 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 UC are provided primarily by the U.S. Department of Labor (DOL) 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 UC 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 UC 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.

ANALYSIS OF THE BUDGET

Program Series 6: Unemployment Compensation

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.

This 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 Compensation program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
State Special Revenue Fund				
4A9	600-607	Unemployment Compensation Admin Fund	$12,273,062	$12,188,996
4A9	600-694	Unemployment Compensation Review Commission	$1,726,938	$1,811,004
4R3	600-687	Banking Fees	$800,000	$800,000
		State Special Revenue Fund Subtotal	**$14,800,000**	**$14,800,000**
Federal Special Revenue Fund				
331	600-686	Federal Operating	$123,124	$129,193
3V0	600-688	Workforce Investment Act	$130,243	$136,127
3V4	600-678	Federal Unemployment Programs	$84,730,828	$87,190,860
3V4	600-679	Unemployment Compensation Review Commission Federal	$3,092,890	$3,191,862
		Federal Special Revenue Fund Subtotal	**$88,077,085**	**$90,648,042**
Total Funding: Unemployment Compensation			**$102,877,085**	**$105,448,042**

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation.

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

- ***Program 6.01: Unemployment Compensation***
- ***Program 6.02: Trade Programs***
- ***Program 6.03: Unemployment Compensation Program Management***
- ***Program 6.04: Unemployment Compensation Information Technology***

Program 6.01: Unemployment Compensation

Program Description: Unemployment Compensation was developed as a counter cyclical economic stabilizer to provide funds to support the economy when workers are unemployed and without wages through no fault of their own. The Unemployment Compensation program is a state and federal partnership. Employers pay a federal unemployment tax to the Internal Revenue Service (IRS). Federal funds are then provide to the state to administer the program and the employer taxes are returned to the state to pay the unemployment benefits.

Funding Source: State Special Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget will allow ODJFS to serve approximately 800,000 unemployment compensation claimants. The Department will collect over $1.0 billion in tax contributions from over 230,000 employers and make payments of over $1.0 billion in benefits. In addition, the funding level in the budget will support the filing of over 21,000 appeals of unemployment compensation rulings.

Program 6.02: Trade Programs

Program Description: Trade Programs 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: Federal Special Revenue

Implication of the Budget: The budget provides funding for processing 1,300 trade contracts, 50% of the wage differential for up to two years for those earning less than $50,000 in a new job, and administrative costs to connect people with the IRS to receive a health coverage tax credit of 65% of their monthly health insurance premium.

Program 6.03: Unemployment Compensation Program Management

Program Description: Unemployment Compensation Program Management ensures that the required federal and state unemployment laws are met regarding payment of unemployment compensation claims and collection of the employer state unemployment taxes.

Funding Source: State Special Revenue Fund and Federal Special Revenue Fund

Implication of the Budget: The budget for this program will support the administrative office of the Unemployment Compensation program and the Attorney General's efforts to collect from delinquent employers and overpaid benefits. The funding level included in the budget also provides for payment of charges assessed by the Treasurer of State for clearing and accounting of unemployment compensation benefit warrants.

Program 6.04: Unemployment Compensation Information Technology

Program Description: Unemployment Compensation Information Technology supports the benefits and unemployment compensation tax systems. Specifically, the Ohio Job Insurance (OJI) system accepts and processes claims, maintains employer records, determines eligibility, requests separation information, issues determinations, charges employers, processes appeals, and issues redeterminations. The new unemployment compensation tax system, called the Employer Resource Information Center or ERIC, will bill employers, accept payments, process refunds, collect moneys due, track employer records, assure employer compliance, and provide customer support to employers.

Funding Source: Federal Special Revenue

Implication of the Budget: The budget provides funding to support the UC tax system (ERIC), which serves approximately 230,000 employers and the benefit system (OJI), which handles approximately 800,000 new claims and 5.3 million continued claims.

LOCAL OPERATIONS

ANALYSIS OF THE BUDGET

Program Series **7: Local Operations**

Purpose: This program series provides administrative and operational support in bringing together a seamless delivery of services to Ohioans and employers.

Program 7.01: Local Operations Program Management

Program Description: Local Operations Program Management administers and provides operational support for the delivery of services for the following programs: Unemployment Compensation, Employment Services, Workforce Investment Act, Veterans Services, Labor Market Information, and Trade. 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.

Funding Source and Line Items: The following table shows the line items that are used to fund the Local Operations program series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
Federal Special Revenue Fund				
331	600-686	Federal Operating	$5,646,298	$5,875,086
3V0	600-688	Workforce Investment Act	$3,177	$3,330
3V4	600-678	Federal Unemployment Programs	$41,275,634	$42,881,842
Total Funding: Local Operations			**$46,925,109**	**$48,760,258**

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation.

Implication of the Budget: The budget will support state staff in 92 locations distributed throughout all 88 counties who provide employment and unemployment services to Ohio jobseekers. Additionally, the funding level provided in the budget will provide for the operation of six call centers that handle over one million public calls for employment and unemployment services information.

PROGRAM MANAGEMENT

OVERVIEW

Program Management of the Ohio 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.

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.

ANALYSIS OF THE BUDGET

Program Series **8: Program Management**

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 Program Management series, as well as the funding levels included in the budget.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	600-321	Support Services	$60,621,587	$63,221,000
GRF	600-416	Computer Projects	$73,104,163	$75,739,832
		General Revenue Fund Subtotal	**$133,725,750**	**$138,960,832**
State Special Revenue Fund				
4J5	600-613	Nursing Facility Bed Assessment	$564,270	$564,270
5F2	600-667	Building Consolidation	$250,000	$250,000
5F3	600-668	Building Consolidation	$1,000,000	$1,000,000
5Z9	600-672	TANF QC Reinvestments	$239,872	$251,602
		State Special Revenue Fund Subtotal	**$2,054,142**	**$2,065,872**
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				
331	600-686	Federal Operating	$9,559,152	$10,039,282
384	600-610	Food Stamps and State Administration	$13,156,367	$13,725,555
397	600-626	Child Support	$20,177,900	$21,441,344
398	600-627	Adoption Maintenance/Administration	$13,514,736	$14,371,853

Fund	ALI	Title	FY 2008	FY 2009
3F0	600-623	Health Care Federal	$564,271	$564,271
3H7	600-617	Child Care Federal	$6,683,399	$6,977,911
3V0	600-688	Workforce Investment Act	$5,916,346	$6,166,959
3V4	600-678	Federal Unemployment Programs	$19,919,099	$21,216,686
3V6	600-689	TANF Block Grant	$377,415	$395,372
		Federal Special Revenue Fund Subtotal	**$89,868,685**	**$94,899,233**
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 (Program Series 8)			**$230,258,577**	**$240,535,937**

Note: Some line items are used to fund other program series, so the amount shown in this table may not reflect the total appropriation. Some of the amounts shown here were calculated by LSC staff based on the percentage of the line item that was allocated to this program series in the As Introduced version of the bill.

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

- ***Program 8.01: Program Management***
- ***Program 8.02: Program Management Information Technology***

Program 8.01: 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.

Funding Source: General Revenue Fund, State Special Revenue Fund, Federal Special Revenue Fund, and Holding Account Redistribution Fund

Implication of the Budget: The budget will enable ODJFS to maintain its staffing levels in its support offices.

Over the FY 2008 - 2009 biennium, ODJFS will continue the process of consolidating and relocating its central campus. Prior to the start of the relocation project ODJFS offices operated 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. The 145 Front Street building and the Lazarus Building are under renovation.

Other provisions in the budget that affect this program include:

- Effective July 1, 2007, or the earliest date thereafter agreed to by the Director of ODJFS and the Director of Administrative Services, to the Department of Administrative Services (DAS) transfer of the mail and fulfillment services office of ODJFS. The functions, assets, liabilities, and employees designated as staff in the mail and fulfillment office are to be transferred to DAS;

- The use of up to $299,276 in FY 2008 and up to $472,366 in FY 2009 of GRF appropriation item 600-321, Support Services, to support the Ohio Benefit Bank, a web enabled, counselor assisted program for low and moderate income Ohioans;

- The requirement that boards of county commissioners enter into grant agreements with the Director of Job and Family Services, rather than permitting the boards to enter into a fiscal agreement with the Director. Additionally, the bill prohibits the Director from making a grant of federal financial assistance regarding family services duties (i.e., services performed by county departments of job and family services, public children services agency, or child support enforcement agencies) through any means other than a grant agreement, rather than permitting a board of county commissioners to select which family services duties to include in a fiscal agreement.

- The bill also requires a county elected official performing the duties of a child support enforcement agency and a county children services board to jointly enter into a grant agreement with the board of county commissioners and Director, rather than only requiring a county elected official or children services board to jointly enter into a fiscal agreement if the fiscal agreement includes family services duties of a child support enforcement agency or public children services agency.

Program 8.02: Program Management Information Technology

Program Description: Through its Office of Management Information Services, ODJFS maintains 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. Program Management Information Technology 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: General Revenue Fund, General Services Fund, and Federal Special Revenue Fund

Implication of the Budget: The budget will ensure maintenance of existing enterprise business applications of the Office of Management Information Services and management of the ODJFS network support to over 25,000 state, county, and partner users. The funding level provided in the budget will allow the Department to maintain over 3,000 network printers and 500 servers.

The Department is planning to upgrade its wide area network so that it can carry converging services (voice/data/video). The Department will also be examining the possibilities with regard to consolidating computer hardware, which will require less staff for maintenance and the Department will be moving to Voice over IP for phone services.

The Department will also be working with the Rehabilitation Services Commission to reduce the duplication of activities related to disability determination performed by each agency and develop a systems interface so that medical information for mutual clients may be transferred between the agencies.

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. Currently, the Department has 560 IT state employees and 86 time and materials contractors. 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.

Line Item Detail by Agency

Report For: Main Operating Appropriations Bill — **Version:** Enacted

JFS Job and Family Services, Department of

			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
GRF	600-321	Support Services	$ 56,127,550	$ 58,360,571	$ 76,706,645	$ 61,246,264	-20.16%	$ 63,861,650	4.27%
GRF	600-410	TANF State	$ 272,619,055	$ 272,619,061	$ 272,619,061	$ 267,619,061	-1.83%	$ 267,619,061	0.00%
GRF	600-413	Child Care Match/MOE	$ 84,119,965	$ 84,120,596	$ 84,120,596	$ 84,120,596	0.00%	$ 84,120,596	0.00%
GRF	600-416	Computer Projects	$ 123,048,763	$ 132,458,765	$ 151,481,486	$ 136,872,101	-9.64%	$ 137,611,150	0.54%
GRF	600-417	Medicaid Provider Audits	----	----	----	$ 2,000,000	N/A	$ 2,000,000	0.00%
GRF	600-420	Child Support Administration	$ 4,328,150	$ 4,189,836	$ 5,134,710	$ 8,541,446	66.35%	$ 10,641,446	24.59%
GRF	600-421	Office of Family Stability	$ 4,094,307	$ 4,055,431	$ 4,864,932	$ 4,614,932	-5.14%	$ 4,614,932	0.00%
GRF	600-422	Local Operations	$ 2,158,104	$ 140	$ 0	$ 0	N/A	$ 0	N/A
GRF	600-423	Office of Children and Families	$ 4,917,848	$ 4,817,485	$ 5,431,690	$ 5,650,000	4.02%	$ 5,900,000	4.42%
GRF	600-424	Office of Workforce Development	$ 259,870	$ 1,718	$ 0	$ 0	N/A	$ 0	N/A
GRF	600-425	Office of Ohio Health Plans	$ 36,421,778	$ 40,683,091	$ 53,866,233	$ 45,824,848	-14.93%	$ 45,918,368	0.20%
GRF	600-435	Unemployment Compensation Review Committee	$ 3,197,622	$ 3,044	$ 0	$ 0	N/A	$ 0	N/A
GRF	600-439	Commission to Reform Medicaid	$ 131,614	$ 43,780	$ 0	$ 0	N/A	$ 0	N/A
GRF	600-440	Ohio's Best Rx Start Up Costs	$ 742,562	$ 971,616	$ 8,015,612	$ 0	-100.00%	$ 0	N/A
GRF	600-502	Administration-Local	$ 16,788,614	$ 16,814,102	$ 16,814,103	$ 34,014,103	102.30%	$ 34,014,103	0.00%
GRF	600-511	Disability Financial Assistance	$ 23,068,540	$ 21,658,726	$ 22,839,371	$ 22,128,480	-3.11%	$ 25,335,908	14.49%
GRF	600-512	Non-TANF Disaster Assistance	----	$ 3,000,000	$ 1,000,000	$ 1,000,000	0.00%	$ 1,000,000	0.00%
GRF	600-513	Disability Medical Assistance	----	$ 27,532,714	$ 26,466,950	$ 0	-100.00%	$ 0	N/A
GRF	600-521	Entitlement Administration-Local	$ 55,523,338	$ 123,770,007	$ 151,206,401	$ 130,000,000	-14.02%	$ 130,000,000	0.00%
GRF	600-523	Children and Families Services	$ 70,579,591	$ 67,797,879	$ 69,438,543	$ 78,115,135	12.50%	$ 78,115,135	0.00%
GRF	600-525	Health Care/Medicaid	$ 9,446,177,653	$ 9,143,137,516	$ 9,502,753,939	$ 8,545,154,569	-10.08%	$ 9,340,588,201	9.31%
GRF	600-526	Medicare Part D	----	$ 89,973,932	$ 339,578,325	$ 254,397,401	-25.08%	$ 271,854,640	6.86%
GRF	600-528	Adoption Services	$ 65,552,070	$ 70,432,889	$ 78,538,615	$ 78,824,509	0.36%	$ 93,174,366	18.20%
GRF	600-529	Capital Compensation Program	----	----	$ 10,000,000	$ 7,000,000	-30.00%	$ 0	-100.00%
GRF	600-534	Adult Protective Services	----	----	----	$ 500,000	N/A	$ 500,000	0.00%
General Revenue Fund Total			**$ 10,269,856,992**	**$ 10,166,442,898**	**$ 10,880,877,212**	**$ 9,767,623,445**	**-10.23%**	**$ 10,596,869,556**	**8.49%**
4A8	600-658	Child Support Collections	$ 23,702,014	$ 23,508,044	$ 26,680,794	$ 26,680,794	0.00%	$ 26,680,794	0.00%
4R4	600-665	BCII Services/Fees	$ 6,042	$ 5,201	$ 36,974	$ 36,974	0.00%	$ 36,974	0.00%
5BG	600-653	Managed Care Assessment	----	$ 18,224,884	$ 99,410,121	$ 210,655,034	111.91%	$ 222,667,304	5.70%

Line Item Detail by Agency

			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
JFS	**Job and Family Services, Department of**								
5C9	600-671	Medicaid Program Support	$ 57,206,108	$ 71,462,972	$ 63,947,536	$ 80,120,048	25.29%	$ 80,120,048	0.00%
5DL	600-639	Medicaid Revenue and Collections	----	----	$ 56,927,358	$ 51,966,785	-8.71%	$ 56,296,844	8.33%
5N1	600-677	County Technologies	$ 393,728	$ 227,535	$ 1,000,000	$ 1,000,000	0.00%	$ 1,000,000	0.00%
5P5	600-692	Health Care Services	$ 541,958,429	$ 781,988,116	$ 179,307,452	$ 93,000,000	-48.13%	$ 62,000,000	-33.33%
613	600-645	Training Activities	$ 164,072	$ 13,235	$ 135,000	$ 135,000	0.00%	$ 135,000	0.00%
General Services Fund Group Total			**$ 623,430,393**	**$ 895,429,986**	**$ 427,445,235**	**$ 463,594,635**	**8.46%**	**$ 448,936,964**	**-3.16%**
316	600-602	State and Local Training	$ 984,861	$ 290,779	$ 0	$ 0	N/A	$ 0	N/A
327	600-606	Child Welfare	$ 14,598,059	$ 30,195,436	$ 33,090,786	$ 48,514,502	46.61%	$ 47,947,309	-1.17%
331	600-686	Federal Operating	$ 39,561,687	$ 38,377,468	$ 44,929,545	$ 53,963,318	20.11%	$ 56,263,225	4.26%
365	600-681	JOB Training Program	$ 23,334	----	$ 0	$ 0	N/A	$ 0	N/A
384	600-610	Food Stamps and State Administration	$ 119,103,381	$ 127,754,385	$ 181,250,799	$ 160,237,060	-11.59%	$ 153,147,118	-4.42%
385	600-614	Refugee Services	$ 5,242,482	$ 6,095,912	$ 6,542,439	$ 10,196,547	55.85%	$ 11,057,826	8.45%
395	600-616	Special Activities/Child and Family Services	$ 3,068,490	$ 2,492,363	$ 4,564,877	$ 5,723,131	25.37%	$ 5,717,151	-0.10%
396	600-620	Social Services Block Grant	$ 72,987,850	$ 110,656,099	$ 123,705,573	$ 114,479,464	-7.46%	$ 114,474,085	0.00%
396	600-651	Second Harvest Food Banks	----	----	----	$ 5,500,000	N/A	$ 5,500,000	0.00%
397	600-626	Child Support	$ 232,012,110	$ 234,906,550	$ 287,468,576	$ 303,661,307	5.63%	$ 303,538,962	-0.04%
398	600-627	Adoption Maintenance/Administration	$ 220,890,201	$ 223,865,145	$ 314,639,519	$ 318,172,168	1.12%	$ 317,483,676	-0.22%
3A2	600-641	Emergency Food Distribution	$ 2,701,662	$ 2,425,279	$ 3,000,000	$ 2,900,000	-3.33%	$ 3,500,000	20.69%
3AW	600-675	Faith Based Initiatives	$ 361,574	$ 914,242	$ 1,934,140	$ 1,000,000	-48.30%	$ 1,000,000	0.00%
3D3	600-648	Children's Trust Fund Federal	$ 22,511	$ 1,542,862	$ 2,040,524	$ 2,040,524	0.00%	$ 2,040,524	0.00%
3F0	600-623	Health Care Federal	$ 403,047,748	$ 514,619,836	$ 1,119,728,886	$ 1,209,188,383	7.99%	$ 1,211,196,561	0.17%
3F0	600-635	Children's Hospitals - Federal	----	$ 4,459,022	$ 9,000,000	$ 0	-100.00%	$ 0	N/A
3F0	600-650	Hospital Care Assurance Match	$ 328,502,069	$ 327,976,613	$ 343,239,047	$ 343,239,047	0.00%	$ 343,239,047	0.00%
3G5	600-655	Interagency Reimbursement	$ 1,198,945,148	$ 1,196,206,073	$ 1,426,954,440	$ 1,469,763,073	3.00%	$ 1,513,855,965	3.00%
3H7	600-617	Child Care Federal	$ 169,493,158	$ 197,593,939	$ 208,000,001	$ 207,269,463	-0.35%	$ 200,167,593	-3.43%
3N0	600-628	IV-E Foster Care Maintenance	$ 120,642,812	$ 109,079,847	$ 153,963,142	$ 153,963,142	0.00%	$ 153,963,142	0.00%
3S5	600-622	Child Support Projects	$ 288,244	$ 206,701	$ 534,050	$ 534,050	0.00%	$ 534,050	0.00%
3V0	600-662	WIA Ohio Option #7	$ 3,231,612	----	$ 0	$ 0	N/A	$ 0	N/A
3V0	600-688	Workforce Investment Act	$ 129,841,575	$ 146,644,402	$ 208,097,948	$ 232,568,453	11.76%	$ 233,082,144	0.22%
3V4	600-678	Federal Unemployment Programs	$ 145,191,484	$ 135,157,841	$ 157,202,750	$ 147,411,858	-6.23%	$ 152,843,414	3.68%

Line Item Detail by Agency

			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
JFS	**Job and Family Services, Department of**								
3V4	600-679	Unemployment Compensation Review Commission - Federal	$ 2,445,009	$ 2,435,220	$ 3,800,573	$ 3,092,890	-18.62%	$ 3,191,862	3.20%
3V6	600-689	TANF Block Grant	$ 574,957,671	$ 746,384,903	$ 1,027,739,200	$ 1,037,739,200	0.97%	$ 1,085,861,099	4.64%
3W3	600-659	TANF/ Title XX Transfer	$ 47,985,431	$ 10,449,489	$ 12,372,173	$ 10,081,377	-18.52%	$ 6,672,366	-33.81%
Federal Special Revenue Fund Group Total			**$ 3,836,130,162**	**$ 4,170,730,406**	**$ 5,673,798,988**	**$ 5,841,238,957**	**2.95%**	**$ 5,926,277,119**	**1.46%**
198	600-647	Children's Trust Fund	$ 4,396,536	$ 4,384,189	$ 6,788,522	$ 6,788,522	0.00%	$ 6,788,522	0.00%
4A9	600-607	Unemployment Compensation Admin Fund	$ 124,746	$ 1,898,901	$ 10,811,527	$ 12,273,062	13.52%	$ 12,188,996	-0.68%
4A9	600-694	Unemployment Comp Review Comm	----	$ 2,894,987	$ 3,188,473	$ 1,726,938	-45.84%	$ 1,811,004	4.87%
4E3	600-605	Nursing Home Assessments	$ 611,301	$ 1,151,042	$ 4,759,914	$ 4,759,914	0.00%	$ 4,759,914	0.00%
4E7	600-604	Child and Family Services Collections	$ 51,935	$ 408,607	$ 300,000	$ 300,000	0.00%	$ 300,000	0.00%
4F1	600-609	Foundation Grants/Child & Family Services	----	----	$ 61,420	$ 0	-100.00%	$ 0	N/A
4J5	600-613	Nursing Facility Bed Assessments	$ 34,044,246	$ 34,185,096	$ 34,613,984	$ 34,613,984	0.00%	$ 34,613,984	0.00%
4J5	600-618	Residential State Supplement Payments	$ 10,406,875	$ 9,856,290	$ 15,700,000	$ 15,700,000	0.00%	$ 15,700,000	0.00%
4K1	600-621	ICF/MR Bed Assessments	$ 19,399,403	$ 19,393,464	$ 20,064,131	$ 19,332,437	-3.65%	$ 19,332,437	0.00%
4R3	600-687	Banking Fees	$ 364,539	$ 357,825	$ 800,000	$ 800,000	0.00%	$ 800,000	0.00%
4Z1	600-625	Healthcare Compliance	$ 206,543	$ 90,216	$ 10,000,000	$ 10,000,000	0.00%	$ 10,000,000	0.00%
5A5	600-685	Unemployment Benefit Automation	$ 10,594,384	$ 1,059,145	$ 0	$ 0	N/A	$ 0	N/A
5AA	600-673	Ohio's Best Rx Administration	----	----	$ 5,000,000	$ 0	-100.00%	$ 0	N/A
5AX	600-697	Public Assistance Reconciliation	$ 133,000,000	$ 42,043,374	$ 0	$ 0	N/A	$ 0	N/A
5BE	600-693	Child Support Operating	----	$ 1,487,538	$ 5,000,000	$ 0	-100.00%	$ 0	N/A
5CR	600-636	Children's Hospitals - State	----	$ 3,000,000	$ 6,000,000	$ 0	-100.00%	$ 0	N/A
5DB	600-637	Military Injury Grants	----	----	$ 0	$ 2,000,000	N/A	$ 2,000,000	0.00%
5ES	600-630	Food Assistance	----	----	----	$ 500,000	N/A	$ 500,000	0.00%
5F2	600-667	Building Consolidation	$ 178,138	$ 117,500	$ 250,000	$ 250,000	0.00%	$ 250,000	0.00%
5F3	600-668	Building Consolidation	$ 1,899,460	$ 1,941,102	$ 1,000,000	$ 1,000,000	0.00%	$ 1,000,000	0.00%
5Q9	600-619	Supplemental Inpatient Hospital Payments	$ 40,105,285	$ 37,028,322	$ 56,125,998	$ 56,125,998	0.00%	$ 56,125,998	0.00%
5R2	600-608	Medicaid-Nursing Facilities	$ 105,470,419	$ 150,269,661	$ 176,632,090	$ 175,000,000	-0.92%	$ 175,000,000	0.00%
5S3	600-629	MR/DD Medicaid Administration and Oversight	$ 204,859	$ 568,267	$ 1,620,960	$ 1,620,960	0.00%	$ 1,620,960	0.00%
5T2	600-652	Child Support Special Payment	$ 13,200	$ 1,061	$ 148,628	$ 0	-100.00%	$ 0	N/A
5U3	600-654	Health Care Services Administration	$ 2,833,762	$ 2,966,064	$ 5,454,637	$ 9,867,284	80.90%	$ 12,000,349	21.62%
5U6	600-663	Children and Family Support	$ 2,954,026	$ 2,836,036	$ 4,929,717	$ 4,928,718	-0.02%	$ 4,928,718	0.00%

Line Item Detail by Agency

			FY 2005:	FY 2006:	FY 2007 Adj. Appropriations:	FY 2008 Appropriations:	% Change 2007 to 2008:	FY 2009 Appropriations:	% Change 2008 to 2009:
JFS	***Job and Family Services, Department of***								
5Z5	600-664	Health Care Grants	$ 2,221	----	$ 0	$ 0	N/A	$ 0	N/A
5Z9	600-672	TANF Quality Control Reinvestments	$ 404,348	$ 377,319	$ 688,421	$ 520,971	-24.32%	$ 546,254	4.85%
651	600-649	Hospital Care Assurance Program Fund	$ 226,156,258	$ 221,606,986	$ 231,893,404	$ 231,893,404	0.00%	$ 231,893,404	0.00%
State Special Revenue Fund Group Total			**$ 593,422,483**	**$ 539,922,992**	**$ 601,831,826**	**$ 590,002,192**	**-1.97%**	**$ 592,160,540**	**0.37%**
192	600-646	Support Intercept-Federal	$ 88,225,050	$ 90,174,722	$ 110,000,000	$ 110,000,000	0.00%	$ 110,000,000	0.00%
583	600-642	Support Intercept-State	$ 10,577,236	$ 12,378,458	$ 16,000,000	$ 16,000,000	0.00%	$ 16,000,000	0.00%
5B6	600-601	Food Stamp Intercept	$ 1,533,697	$ 1,748,932	$ 2,000,000	$ 2,000,000	0.00%	$ 2,000,000	0.00%
Agency Fund Group Total			**$ 100,335,982**	**$ 104,302,112**	**$ 128,000,000**	**$ 128,000,000**	**0.00%**	**$ 128,000,000**	**0.00%**
R12	600-643	Refunds and Audit Settlements	$ 1,336,265	$ 2,193,433	$ 3,600,000	$ 3,600,000	0.00%	$ 3,600,000	0.00%
R13	600-644	Forgery Collections	----	----	$ 10,000	$ 10,000	0.00%	$ 10,000	0.00%
Holding Account Redistribution Fund Group Total			**$ 1,336,265**	**$ 2,193,433**	**$ 3,610,000**	**$ 3,610,000**	**0.00%**	**$ 3,610,000**	**0.00%**
Job and Family Services, Department of Total			***$ 15,424,512,277***	***$ 15,879,021,827***	***$ 17,715,563,261***	***$ 16,794,069,229***	***-5.20%***	***$ 17,695,854,179***	***5.37%***