



OHIO LEGISLATIVE SERVICE COMMISSION

Terry Steele

Fiscal Note & Local Impact Statement

Bill: H.B. 462 of the 132nd G.A.

Status: As Introduced

Sponsor: Reps. Schuring and West

Local Impact Statement Procedure Required: No

Subject: Specifies the conditions that for-profit hospitals in certain counties must meet before permanently closing

State & Local Fiscal Highlights

- The bill establishes closing standards and procedures for for-profit hospitals in a county with a population between 370,000 and 375,000, a threshold that currently applies to Stark County.
- The bill requires for-profit hospitals meeting the criteria in the bill to submit evidence to the Auditor of State on a variety of topics in order to be approved for closure. The costs to the Auditor for examining this evidence and approving a closure would be paid from the Public Audit Expense – Local Government Fund (Fund 4220).

Detailed Fiscal Analysis

The bill prohibits a for-profit hospital in a county with a population of at least 370,000 but less than 375,000, a threshold that currently applies to Stark County, from permanently closing unless the Auditor of State has determined that the hospital has taken steps and followed the closure procedure specified in the bill, and if applicable, the hospital has complied with voluntary corporate dissolution procedures. For its part in reviewing the closure procedures, the Auditor of State's Office might incur some new administrative costs to verify that the hospital is complying with the requirements under the bill. Any new costs would likely be paid from the Public Audit Expense – Local Government Fund (Fund 4220).

As part of the closure procedures in the bill, the applicable hospital must provide the Auditor of State: (1) sufficient evidence of poor financial conditions, supported by audited financial statements, (2) evidence of good faith negotiations with at least three other hospital systems to purchase it, (3) a credible plan for the transfer of each patient for care and each health care practitioner for employment to another hospital, (4) evidence that all outstanding debts to persons or government entities in the county in which it is located have been paid, and (5) evidence that the hospital has paid all state and local taxes, including taxes held in trust by the hospital. The hospital must also

agree to accept new patients and continue operations for nine months after announcing its intent to cease operations or close.

Finally, the bill authorizes the Auditor of State to petition the court of common pleas in the county in which the hospital is located for injunctive relief if the Auditor of State determines that a hospital is not in compliance with the bill. The court must grant the injunctive relief upon a showing that the hospital is not in compliance. Presumably, the Stark County Court of Common Pleas would incur some additional cost to hear and rule on such a case, with the costs depending on the complexity of the case.

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