A BILL

To amend sections 125.66 and 125.661; to amend, for the purpose of adopting new section numbers as indicated in parentheses, sections 125.66 (113.60) and 125.661 (113.61); and to enact section 113.62 of the Revised Code; and to amend Section 207.71 of Am. Sub. H.B. 49 of the 132nd General Assembly to require the Treasurer of State to administer the Pay for Success Contracting Program and to expand the purposes of the Program.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 125.66 and 125.661 be amended; sections 125.66 (113.60) and 125.661 (113.61) be amended for the purpose of adopting new section numbers as indicated in parentheses; and section 113.62 of the Revised Code be enacted to read as follows:

Sec. 125.66 113.60. (A) As used in this section and section 125.661 sections 113.61 and 113.62 of the Revised Code:

(1) "Social service intermediary" means a nonprofit organization exempt from federal income taxation under
section 501(c)(3) of the "Internal Revenue Code of 1986," as amended, or a wholly-owned subsidiary of a nonprofit organization, that delivers or contracts for the delivery of social services, raises capital to finance the delivery of social services, and provides ongoing project management and investor relations for these activities. A person or entity that enters into a pay for success contract with the treasurer of state under this section and sections 113.61 and 113.62 of the Revised Code. The service intermediary may act as the service provider that delivers the services specified in the contract or may contract with a separate service provider to deliver those services.

(2) "State agency" has and "political subdivision" have the same meaning as in section 9.23 of the Revised Code.

(B) There is hereby established The treasurer of state shall administer the pay for success contracting program. Under the program, the director of administrative services of state may enter into multi-year contracts a pay for success contract with a service intermediary to achieve certain social goals in this state intermediary for the delivery of specified services that benefit the state, a political subdivision, or a group of political subdivisions, such as programs addressing education, public health, criminal justice, or natural resource management. The treasurer of state may enter into a pay for success contract under any of the following circumstances:

(1) Upon receiving an appropriation from the general assembly for the purpose of entering into a pay for success contract;
(2) Upon receiving federal grant moneys for the purpose of entering into a pay for success contract;

(3) At the request of a state agency, a political subdivision, or a group of state agencies or political subdivisions that the treasurer of state enter into a pay for success contract on behalf of the requesting state agency, political subdivision, or group. The requesting state agency, political subdivision, or group shall deposit the cost of the contract with the treasurer of state in the appropriate fund established in section 113.62 of the Revised Code.

(C) A contract entered into under the program shall include provisions that do all of the following:

(1) Require the department of administrative services, in consultation with an agency of this state that administers programs or services related to the contract's subject matter, to specify performance targets to be met by the social service intermediary;

(2) Specify the process or methodology that an independent evaluator contracted by the department of administrative services under section 125.661 of the Revised Code must use to evaluate the social service intermediary's progress toward meeting each performance target;

(3) Require the department of administrative services to pay the social service intermediary in installments at times determined by the director of administrative services that are specified in the contract and are consistent with applicable state law;

(4) Require the installment payments to the social service intermediary to be based on the social service intermediary's—
progress toward achieving each performance target, as determined by the independent evaluator contracted by the department of administrative services under section 125.661 of the Revised Code;

(5) Specify the maximum amount a social service intermediary may earn for its progress toward achieving performance targets specified under division (C)(1) of this section;

(6) Require the department of administrative services to ensure, in accordance with applicable state and federal laws, that the social service intermediary has access to any data in the possession of a state agency, including historical data, that the social service intermediary requests for the purpose of performing contractual duties. The treasurer of state shall adopt rules in accordance with Chapter 119. of the Revised Code to administer the pay for success contracting program, including rules concerning all of the following:

(1) The procedure for a state agency, political subdivision, or group of state agencies or political subdivisions to request the treasurer of state to enter into a pay for success contract and to deposit the cost of the contract with the treasurer of state;

(2) The types of services that are appropriate for a service provider to provide under a pay for success contract;

(3) The processes by which the treasurer of state may award and administer a pay for success contract.

Sec. 125.661 113.61. If (A) A pay for success contract entered into under section 113.60 of the Revised Code shall include provisions that do all of the following:
(1) Require the treasurer of state, in consultation with
the requesting state agency, political subdivision, or group of
state agencies or political subdivisions, to specify performance
targets to be met by the service provider;

(2) Specify the process or methodology that an independent
evaluator contracted by the treasurer of state under division
(B) of this section must use to evaluate the service provider's
progress toward meeting each performance target;

(3) Require the treasurer of state to pay the service
intermediary in installments at times determined by the
treasurer that are specified in the contract and are consistent
with applicable state law;

(4) Require the installment payments to the service
intermediary to be based on the service provider's progress
toward achieving each performance target, as determined by the
independent evaluator;

(5) Specify the maximum amount a service intermediary may
earn for the service provider's progress toward achieving the
performance targets;

(6) Require a state agency, political subdivision, or
group that requested the treasurer of state to enter into the
contract to ensure, in accordance with applicable laws, that the
service intermediary has access to any data in the possession of
the state agency, political subdivision, or group, including
historical data, that the service intermediary requests for the
purpose of fulfilling the contract.

(B) When the director of administrative services treasurer
of state contracts with a social service intermediary under
section 125.66-113.60 of the Revised Code, the director...
treasurer also shall contract with a person or government
entity, other than a state agency, a political subdivision, or a
group of state agencies or political subdivisions that requested
the treasurer to enter into the contract, to evaluate the social
service intermediary's provider's progress toward meeting each
performance target specified in the contract pursuant to
division (C)(1) of section 125.66 of the Revised Code. The
director treasurer shall choose an evaluator that is independent
from the social service intermediary and the service provider,
ensuring that both parties do the evaluator does not have common
owners or administrators, managers, or employees with the
service intermediary or the service provider.

Sec. 113.62. (A) There is in the state treasury the state
pay for success contract fund. The fund shall consist of any
moneys transferred to the treasurer of state by state agencies
for the purpose of making payments to service intermediaries
under pay for success contracts the treasurer of state enters
into on behalf of the state agencies and any moneys appropriated
to the fund. Any investment earnings on the fund shall be
credited to it. The treasurer shall use the moneys in the fund
for the purpose of making those payments to service
intermediaries, provided that the treasurer may use any
investment earnings on the fund to pay the costs of
administering the pay for success contracting program. When the
term of a pay for success contract expires, the treasurer of
state shall transfer any remaining unencumbered funds received
from a state agency or group of state agencies for the purpose
of making payments under the contract to that agency or group.

(B) There is in the state treasury the federal pay for
success contract fund. The fund shall consist of any moneys the
treasurer receives from federal agencies pursuant to grant
agreements that require the treasurer to enter into pay for success contracts. Any investment earnings on the fund shall be credited to it. The treasurer shall use the moneys in the fund for the purpose of making payments to service intermediaries under pay for success contracts the treasurer enters into pursuant to those grant agreements, provided that the treasurer may use any investment earnings on the fund to pay the costs of administering the pay for success contracting program. When the term of a pay for success contract expires, the treasurer of state shall transfer any remaining unencumbered funds received from a federal agency pursuant to a grant agreement that required the treasurer of state to enter into the contract in accordance with the grant agreement.

(C) There is in the state treasury the local government pay for success contract fund. The fund shall consist of any moneys paid to the treasurer of state by political subdivisions for the purpose of making payments to service intermediaries under pay for success contracts the treasurer enters into on behalf of the political subdivisions. Any investment earnings on the fund shall be credited to it. The treasurer shall use the moneys in the fund for the purpose of making those payments to service intermediaries, provided that the treasurer may use any investment earnings on the fund to pay the costs of administering the pay for success contracting program. When the term of a pay for success contract expires, the treasurer of state shall transfer any remaining unencumbered funds received from a political subdivision or group of political subdivisions for the purpose of making payments under the contract to that political subdivision or group.

Section 2. That existing sections 125.66 and 125.661 of the Revised Code are hereby repealed.
Section 3. That Section 207.71 of Am. Sub. H.B. 49 of the 132nd General Assembly be amended to read as follows:

Sec. 207.71. PAY FOR SUCCESS CONTRACTING PROGRAM

(A) As used in this section, "social service intermediary" has the same meaning as in section 125.66 of the Revised Code, as enacted by Am. Sub. H.B. 49 of the 132nd General Assembly.

(B) Not later than six months after the effective date of this section June 29, 2017, the Director of Administrative Services shall, in consultation with the Department of Health and as part of the Pay for Success Contracting Program established under section 125.66 of the Revised Code, as enacted by Am. Sub. H.B. 49 of the 132nd General Assembly, contract with one or more social service intermediaries to administer one or two pilot projects intended to do both of the following:

(1) Reduce the incidence of infant mortality, low-birthweight births, premature births, and stillbirths in the urban and rural communities of this state that are specified by the Director of Health under section 3701.142 of the Revised Code;

(2) Promote equity in birth outcomes among infants of different races in this state.

(C) The Director of Administrative Services may request that the Director of Health pay the costs of the Pay for Success Contracting Program under appropriations to the Department of Health. Upon approval of the Director of Health, these costs shall be paid from General Revenue Fund appropriation item 440474, Infant Vitality.

(D) Notwithstanding any contrary provision of sections 113.60 to 113.62 of the Revised Code, the Director of
Administrative Services and the Department of Health may continue to contract with social service intermediaries to administer the pilot projects described in division (B) of this section in accordance with this section and sections 125.66 and 125.661 of the Revised Code, as enacted by Am. Sub. H.B. 49 of the 132nd General Assembly, on and after the effective date of this amendment.

Section 4. That existing Section 207.71 of Am. Sub. H.B. 49 of the 132nd General Assembly is hereby repealed.