



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 366 of the 130th G.A.](#)

Date: January 21, 2014

Status: As Introduced

Sponsor: Rep. Sprague

Local Impact Statement Procedure Required: Yes

Contents: To require hospice care programs to establish procedures to prevent diversion of controlled substances that contain opioids

State Fiscal Highlights

- **Ohio Department of Health (ODH).** ODH will experience an increase in costs as a result of the requirement that hospice care programs establish procedures to prevent diversion of controlled substances that contain opioids. These costs will include the hiring of a Non Long-Term Care Facilities Surveyor and additional survey costs, as well as rule promulgation and information technology costs primarily in the first year of implementation. The cost is anticipated to be \$226,426 in the first year and \$176,200 in each subsequent year.

Local Fiscal Highlights

- **Government-owned hospices.** Government-owned hospices could experience an increase in costs relating to the bill's requirements to establish procedures to prevent diversion of controlled substances that contain opioids.

Detailed Fiscal Analysis

The bill requires each hospice care program licensed by the Ohio Department of Health (ODH) to establish procedures for preventing the diversion of controlled substances containing opioids that are prescribed for a patient. The required procedures include the following: (1) designating an individual employed or affiliated with the program to be responsible for the controlled substances, (2) requiring the controlled substances to be kept in a place that can be accessed only by an authorized person using a key, (3) maintaining records of the receipt and disposition of the controlled substances, including accurate counts of the numbers dispensed and used, and (4) disposing of controlled substances maintained in the patient's home that are no longer needed by the patient (under current ODH rules, each hospice care program must have a policy for disposing of controlled drugs maintained in the patient's home when those drugs are no longer needed).

Under the bill, ODH may suspend or revoke a hospice care program's license if the program fails to establish the procedures required by the bill.

Fiscal effect

Department of Health

Hospices are licensed by ODH and charge a fee for activities relating to hospice regulation. The initial hospice license fee is \$600, while fees are \$1,625 for a licensing inspection, \$850 for a complaint inspection, and \$350 for a follow-up inspection.

As a result of the bill, there would be additional duties related to the survey process. According to ODH, an additional day would be necessary to complete the survey process relating to the bill's requirements, at a cost of \$1,825 for each hospice. ODH currently licenses 145 hospices. ODH estimates that the additional survey costs for all 145 hospice programs would be \$232,635 over the three-year renewal cycle (\$77,545 per year). ODH would also need to hire a Non Long-Term Care Facilities Surveyor at a cost of \$98,655 per year (including fringe benefits). Lastly, ODH maintains that there would be rule development and information technology costs of approximately \$50,226 in the first year of implementation.

Department of Medicaid

According to the Ohio Department of Medicaid (ODM), there should be no direct impact on the Medicaid Program as a result of the bill. ODM states that the rates for hospice care are set at the federal level. Additionally, hospices are currently responsible for disposing of medications, so certain requirements within the bill may already be met.

Government-owned hospices

The Midwest Care Alliance, which represents hospices, stated that hospices already have some procedures in place to prevent controlled substance diversion. However, depending on how the requirements in the bill are implemented, hospices might experience an increase in administrative costs. According to the Alliance most hospice care programs in Ohio are nonprofit entities. However, some hospices are operated by local governments.

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