



June 5, 2108  
Ohio Senate Health, Human Services and Medicaid  
SB 218 Opposition Testimony

Chairman Burke, Vice Chair Beagle, Ranking Members Tavares, and members of the Ohio Senate Health, Human Services, and Medicaid Committee. Thank you for the opportunity to provide testimony in opposition to Senate Bill 218.

My name is Dan DeLucia, and I am a partner at DeVenne Insurance. We are based in Columbus and specialize in medical transportation insurance. This is a complex industry to ensure with unique risks and challenges. Senate Bill 218 will further complicate the issues these companies face when they seek insurance.

First off, the language of the bill is ambiguous. The bill reads that the Ohio Department of Medicaid will require a \$50,000 surety bond from ambulance and ambulette providers, but doesn't specify what the contract or provisions of the bond will be. Meaning, it is unclear under what circumstances and how the state is going to collect on the surety bond.

There are only 4 states that require Medicaid provider surety bonds. Among those states, Indiana only requires surety bonds for essentially new providers with extensive exemptions including waivers for companies that are deemed not to pose a significant risk of fraud. Florida requires surety bonds for fee-for service-providers including physician groups and doesn't single out medical transportation based on arbitrary designations. In New York these requirements apply only to ambulette companies and only where certain billing thresholds are met.

Regardless, among other consequences, this surety bond requirement will put further pressure on an already difficult insurance situation. My primary concern is that when a surety bond is rated, it is almost always rated off of the personal credit score of the owner or executive officer, who is personally indemnifying the bond. The average premium of a surety bond can vary from 1% to 10% of the bond value (\$500 - \$5,000), but can go as high as the full value (\$50,000) in the event the owner has unfavorable credit. This also applies to non-profit companies too, and typically an executive officer would need to personally indemnify the surety bond provider. Usually only exceptionally large organizations or publicly traded organizations are able to bypass the personal indemnification and credit rating requirements. Attached is a sample surety bond application where you will see the owners personal SSN requested as the primary rating tool.

Because many of the regulatory requirements imposed by the state have insurance ramifications, we strive to stay aware of the ever-changing regulatory environment for the medical transportation industry. I strongly believe this bill will create further problems for these companies and, from a feasibility standpoint, for these small, family owned medical transportation businesses throughout the state, the requirements of this bill may be untenable.

Thank you for your time and consideration and please feel free to contact me if you have any additional questions.