OHIO LEGISLATIVE SERVICE COMMISSION

www.lsc.ohio.gov

Office of Research and Drafting

Legislative Budget Office

H.B. 945 (with AM2604-1)
136th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 945's Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. A. White and Roemer

Local Impact Statement Procedure Required: No

Jake Graffius, Budget Analyst

Highlights

- The Ohio Department of Health (ODH) may realize an eventual gain in revenue due to the increase in initial and renewal fees for a hospice program license, as well as the shortening of the license validity from three years to one year. However, there will be an initial decrease in revenue due to a six-month moratorium on new hospice licensing.
- ODH will realize administrative and rule promulgation costs of an unknown magnitude related to various hospice-related changes and duties including updating the hospice licensure process in accordance with the bill, monitoring hospice care measures or contracting with a data management company to do so, etc.

Detailed Analysis

The bill makes several changes to provisions regarding the regulation of hospice care facilities. In Ohio, the Ohio Department of Health (ODH) is responsible for the regulation and licensing of hospice care agencies. Changes made by the bill and fiscal effects are discussed in detail below.

Hospice licensure and regulations

The bill makes several changes to licensure requirements for hospice care providers. The bill reduces the period of time a hospice program license is valid from three years to one and sets hospice initial licensure and license renewal fees at $700 each (currently the fee is $600). The bill also requires applicants to post a $100,000 surety bond with ODH when the application is approved and maintain that bond for five years. For six months after the bill's effective date, the bill generally prohibits ODH from issuing a new license for a hospice care program or accepting new applications for a hospice care program change of ownership, unless an owner is deceased. It also prohibits a hospice from changing owners for the first five years of licensure unless the

owner is deceased. The bill requires ODH to establish a process through which a hospice care program may update, correct, or challenge records identifying the chief administrator or medical director of the program.

The bill also makes other changes regarding hospice regulations and enforcement including: establishing additional reasons for license revocation or suspension, generally prohibiting someone from serving as a chief administrator for more than one hospice, requiring a hospice to maintain adequate staffing for its service area, ensuring hospice care be available from a nurse within two hours in order to admit new patients, requiring a hospice to maintain an independent commercial office with visible signage and basic operational infrastructure including secure file storage and a continuously answered telephone line, and other changes.

Fiscal effect

ODH will realize administrative costs to update their application process and to investigate complaints concerning ownership of hospices and staffing regulations. However, ODH will realize an increase in revenue due to the increase for both initial and renewal fees (from $600 to $700). Additionally, the renewal period is changed from three years to one year. According to ODH's Healthcare Provider Report and Information Extract, there are close to 200 hospice care programs in Ohio with an active or pending license. Currently, the revenue collected over the three-year renewal cycle is about $120,000 ($600 x 200). Under the bill, this could increase to $140,000 ($700 x 200) annually. However, the number of applicants and the subsequent revenue may be impacted by any new requirements. Additionally, because the bill requires a six-month moratorium on issuing new licenses or accepting new applications, ODH may realize a decrease in new application revenue for this period of time.

Hospice data monitoring and reporting

The bill requires ODH to survey a hospice for compliance with laws and rules within six months of approving a change in ownership application. The bill requires ODH, in consultation with associations representing hospices, to: (1) select a set of hospice care measures to be monitored by ODH using data available through the federal Centers for Medicare and Medicaid Services (CMS), including measures of live discharge rates, family satisfaction, service delivery, and transitions of care, and (2) establish thresholds for measures that require ODH to survey a hospice within six months for compliance with laws and rules. The bill requires ODH to monitor the measures on a quarterly basis. ODH may contract with a data management company to do so. Finally, the bill requires ODH to submit an annual report to the Secretary of the U.S. Department of Health and Human Services identifying hospices that exceeded 100% of the hospice aggregate cap. The bill requires ODH to establish a threshold for the hospice aggregate cap utilization rate that requires ODH to conduct a compliance survey.

Fiscal effect

ODH will realize administrative costs of an unknown magnitude to develop surveys and establish thresholds for the information required to be gathered, monitor these measures or contract with a data management company to do so, and finally, to produce the required annual reports. However, additional revenue from the fee increase could help offset some costs.

FNHB0945IN-136/lb