



**OAHU Legislative Update  
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**Ohio House and Senate Override Six Governor Kasich Budget Vetoes**

Towards the end of June, **Governor John Kasich vetoed 47 provisions included in Ohio's biennial budget (H.B. 49)** as passed by the Ohio House and Senate. However, on July 6th the Ohio House overrode 11 of Kasich's vetoes. 9 of the 11 House overrides relate to Ohio's Medicaid program. Then, this past Tuesday the Ohio Senate also overrode 6 of the 11 provisions the House overrode.

This is the first time since 1977 that the Legislature has overrode multiple vetoes by a governor. **Since an override takes effect only after both the House and Senate override the same provision, below is an explanation of the 6 provisions that are now a part of Ohio law.**

**ITEM NUMBER 3 - Controlling Board Authority**

**Kasich's veto explanation** - This provision severely limits the power of the Controlling Board to determine amounts by which appropriations may be adjusted and to create new funds. As such, this represents a significant impediment to the authority and effectiveness of the Controlling Board, which could potentially have a negative impact on state agencies' ability to respond in a timely fashion to issues of emerging or urgent concern. **The House and Senate felt that the power of the State Controlling Board to approve expenditures should be limited to \$160 million. (This limitation was in response to many legislators opposition to the Controlling Board approving Ohio's Medicaid Expansion without a vote of the Legislature).**

**ITEM NUMBER 23 - Medicaid Coverage of Optional Eligibility Groups**

**Kasich's veto explanation** - This provision would prohibit the Department of Medicaid from covering any new, optional groups unless expressly permitted by statute. Because federal law requires there to be a single state agency charged with administering the Medicaid program in each state, this provision - by ceding a portion of the Director of Medicaid's authority to the Legislature - violates that federal requirement and imposes on the Director's executive authority to manage the state's Medicaid program. **The House and Senate disagreed with Kasich feeling that it is important that the Legislature retain its legislative authority to determine whether Medicaid is expanded to additional optional groups.**

#### **ITEM NUMBER 26 - Medicaid Rates for Neonatal and Newborn Services**

**Kasich's veto explanation** - This provision would require that the Department of Medicaid to set rates for certain neonatal and newborn services at levels equal to 75 percent of the Medicare rates for those services, and forces the Medicaid director to reduce the rates for other services to avoid an increase in Medicaid expenditures. This provision threatens access to services for some of the most vulnerable Ohioans and limits the ability of the director to effectively and efficiently manage the Medicaid program. **The House and Senate voted unanimously to override this provision again wanting to assert their oversight of the Medicaid expenditures.**

#### **ITEM NUMBER 27 - Medicaid Rates for Nursing Facilities**

**Kasich's veto explanation** - This provision would make numerous changes in the formula used to determine Medicaid payment rates for nursing facility services, including eliminating portions of the reimbursement formula that are focused on quality and accountability measures. This provision imposes on the Medicaid director's executive authority to effectively and efficiently manage Ohio's Medicaid program and to maintain the fiscal and programmatic integrity the Administration has established for that program by restricting the Director's ability to establish rates that best ensure the quality and efficiency of Medicaid nursing facility programs. **The House by a vote of 96-1 and the Senate by a vote of 32-1 overrode this provision. This has the impact of increasing Medicaid reimbursements to skilled nursing facilities and retains the authority of the Legislature to set nursing home reimbursement through Ohio law.**

#### **ITEM NUMBER 31 - Behavioral Health Redesign**

**Kasich's veto explanation** - This provision would require the Ohio Department of Medicaid to delay the addition of behavioral health services into managed care until July 1, 2018. The department's Behavioral Health Redesign is intended to provide high intensity services for those most in need and ensure for the first time that individuals' mental and physical health needs are managed together, and not

with disregard to, one another. This coordination is necessary to get the right services at the right time to the Ohioans who need them most. The Administration, providers, Medicaid managed care plans and county boards have been working on the development of the behavioral health benefit package since early 2014. While the Administration supports a delay in coding changes to January 1, 2018, the care coordination delays mandated by this provision will impose new costs on Ohio taxpayers and private sector providers who have invested in preparing for the anticipated effective date. More significantly, the delay will be detrimental to individuals who would benefit the most from receiving coordinated behavioral health services. **Both the House and Senate had strong support for this veto override to delay by six months the state's moving of behavioral health services into Managed Care.**

#### **ITEM NUMBER 34 - Controlling Board Authorization Regarding Medicaid Expenditures**

**Kasich's veto explanation** - This provision requires the director of Budget and Management to transfer monies from the General Revenue Fund to the Health and Human Services Fund and requires the Medicaid director to request the Controlling Board to authorize expenditures from the Health and Human Services fund for purposes of paying for the Medicaid program. While the Administration does not oppose this requirement, the provision also restricts the Controlling Board from releasing funds if the United States Congress amends the federal law governing the federal medical assistance percentage in a manner that reduces the percentage, even if that reduction has no impact in the current biennium. This limits the ability of the Medicaid director to effectively and efficiently manage the Medicaid program and obstructs the Administration's authority to maintain the fiscal stability and programmatic integrity that it has successfully established for the program. **Both the House and Senate support giving the Legislature, not the Controlling Board, more authority over the spending of state Medicaid funds if the matching rate from the federal government changes.**

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