



OAHU Legislative Update
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HB 49 – Biennial Budget (Effective September 29, 2017 – except for appropriation provisions effective June 30, 2017)

Tax Provisions

- **Municipal Income Tax**
 - Starting January 1, 2018 allows, but does not require, businesses to file a single annual or estimated tax return through the Ohio Business Gateway on which the business can report and pay the total tax due to all of the municipalities in which the business earned net profits.

- **Personal Income Tax**
 - **Retains current Business Income Deduction** – 100% of business income is deductible up to \$250,000, then 3% flat rate above that level.
 - **Reduction of number of brackets from 9 to 7** by eliminating bottom two brackets.
 - **College or disability savings tax deduction increase** – increases maximum income tax deduction for contributions to a federally tax advantaged college savings plan or disability expense savings account to \$4,000 (from \$2,000) annually for each beneficiary. Begins in 2018.

- **Sales and Use Tax**
 - **Use tax collections by certain out-of-state retailers** – Requires out-of-state sellers to collect and remit state and local use taxes, beginning

January 1, 2018, if the seller has annual Ohio sales of at least \$500,000 and either uses in-state computer software to make Ohio sales or provides or enters into an agreement with a third party to provide content distribution networks in Ohio to accelerate or enhance the delivery of the seller's web site to Ohio consumers.

- **Sales Tax Holiday** – Extends current 3-day August sales tax holiday through 2018.
- **Commercial Activity Tax**
 - **Increases the share of CAT revenue credited to the General Revenue Fund from 75% to 85% beginning July 1, 2017**, and decreases the shares allocated to reimburse school districts and other local taxing units for their loss of tangible personal property taxes, from 20% to 13% for school districts and from 5% to 2% for other taxing units.
 - **Reduces Department of Taxation's administrative share of CAT revenue from .85% to .75% beginning July 1, 2017.**

Kasich Vetos

- **Sales Tax Exemptions** - Kasich vetoed two sales tax exemptions relating to data processing/computer services and optical aides.
- **Medicaid Managed Care Tax Replacement** – Kasich stated that Ohio needs to replace the tax on Medicaid Managed Care plans to comply with federal law. The proposed replacement tax would generate \$615 million versus \$597 million generated under current guidelines. Proposed tax on Medicaid MCOs would be \$26 -\$56 pmpm and \$1 - \$2 pmpm on Commercial HMOs. Projected annual cost to Medicaid HMOs is \$854 million, but fully reimbursable. The House overrode Kasich's veto by a vote of 87-10. The Senate has not yet taken any action on Kasich's vetos.
- **Health Care Compact** – This provision would have required Ohio to help create a multistate health care compact. Participation in the compact would have resulted in Ohio's federal health care funding being block-granted from the federal government.

- **Medicaid Eligibility Requirements for Expansion Group** – This provision would have required the Director of the Department of Medicaid to seek a federal waiver to allow the Department to prohibit virtually every Ohioian age 19 -64 with income at or below 138% of the federal poverty level who is not already enrolled in Medicaid from enrolling in the program after July 1, 2018.
- **Behavioral Health Redesign** – This provision would have required the Ohio Department of Medicaid to delay the addition of behavioral health services into managed care until July 1, 2018.

OAHU Supports Consideration of Ohio Applying for a Section 1332 Waiver

The Affordable Care Act (Obamacare), beginning in 2017 permits states to apply for Section 1332 waivers to begin experimenting with strategies to provide consumers with quality, affordable health insurance. The waivers apply only to private health insurance coverage, not public programs like Medicaid or Medicare.

Section 1332 waivers must meet the following criteria:

- 1. Provide coverage to a comparable number of state residents as would be provided absent the waiver.**
- 2. Provide coverage that is at least as affordable as would be provided absent the waiver.**
- 3. Provide coverage that is at least as comprehensive as would be provided absent the waiver, and**
- 4. Will not increase the federal deficit.**

State Budget Requires Ohio to Apply for Section 1332 waiver by end of January, 2018

This week the State Controlling Board approved \$395,905 for the Ohio Department of Insurance to contract with Oliver Wyman to model scenarios that Ohio could implement under a Section 1332 waiver. Oliver Wyman recently worked with the State of Alaska to submit a Section 1332 waiver which has been approved.

For 2017 in Ohio, 20 counties only have one insurer selling on the federal exchange and 27 counties have only 2 insurers participating. For 2018, it is currently projected that in Ohio at least 18 counties will have no health insurance exchange options. In this regard, OAHU has been in conversations with ODI relating to possible actions that can still be taken to insure that all Ohio 88 counties have a choice of at least one carrier.

2. Pending Legislation:

- a) **HB 7 – Sponsor (Rep. Bob Cupp) – Medical Provider Immunity** – Has the support of the Ohio State Medical Association. Is mini-medical tort reform legislation.
- b) **HB 72 Sponsors – Rep. Terry Johnson & Rep. Nickie Antonio & SB 56 Sponsors – Senators Peggy Lehner & Charleta Tavares - Step-Therapy** – This is a replay of a bill introduced last session. Current process known as “fail first”. Legislation would put more parameters on what can and cannot be done by insurers. Providers feel their hands are tied by current insurance rules. Would affect fully-insured only.
- c) **SB 87 – Sponsors – Sens. Bob Hackett and Matt Huffman - Prohibit Insurer Dental Fee Schedules** – This is the third session in which this bill has been introduced.
- d) **HB 73 – Sponsors – Reps. Rezabek and Koehler – Prohibit the sales of dextromethorphan (cough medicine) without a prescription to a person under age 18** – targeting abusive medications and Ohio’s growing problem with opioid addiction.
- e) **SB 55 - Primary Sponsors – Rep. Skindell – Nurse staffing minimum ratios** – Supported by the Ohio Nurses Association and their partner national organization. Would mandate staffing ratios and hours worked parameters.

3. Update on potential “Surprise” bill legislation in hospital setting