

Securing the Future Act: Developmental Disabilities Medicaid Authority and Funding Alignment

Legislation to protect the continuity of developmental disabilities Medicaid waiver services by aligning administrative authority, fiscal responsibility, and state oversight.

Sec. ____ .01 Legislative findings.

The General Assembly finds all of the following:

(A) Medicaid is a state-administered program subject to federal requirements governing eligibility, access, freedom of choice, conflict of interest, fiscal integrity, and continuity of services for individuals with intellectual and developmental disabilities.

(B) Provisions of the Revised Code governing county boards of developmental disabilities were enacted when county boards directly provided Medicaid-funded services. County boards no longer provide such services and instead perform Medicaid administrative and targeted case management functions.

(C) County boards currently exercise significant authority over Medicaid eligibility-related determinations, service authorization, and access to waiver services while relying on locally generated revenues, including voter-approved levies, to support operations.

(D) This structure misaligns Medicaid administrative authority with fiscal accountability and exposes the state Medicaid program to fiscal, operational, and compliance risk when local revenues are insufficient or unstable.

(E) Rising acuity, workforce shortages, inflationary pressures, and increasing service demand are causing expenditures to grow faster than available revenues, placing multiple county boards at risk of being unable to sustain Medicaid administrative functions within the near term.

(F) Fiscal distress at the local administrative level threatens continuity of Medicaid services, timely provider payment, compliance with federal law, and the state's ability to manage the non-federal share of Medicaid expenditures.

(G) Medicaid eligibility, level of care determinations, and access to waiver services are federal entitlements once eligibility is established and shall not be conditioned on local fiscal conditions or receipt of locally funded services.

(H) Individuals in this state do not have free choice of targeted case management providers, and county boards simultaneously determine eligibility, authorize services, and provide case management, creating conflicts of interest inconsistent with federal Medicaid requirements.

(I) As the single state Medicaid agency, the state bears ultimate responsibility for Medicaid fiscal integrity, compliance, and continuity of services.

(J) Statutory clarification and expanded state authority are necessary to prevent service disruption, protect beneficiaries and providers, and safeguard the state Medicaid program.

Sec. ____ .02 Legislative intent.

It is the intent of the General Assembly to:

(A) Clarify the distinction between Medicaid services and administration and locally funded, non-Medicaid county board functions;

(B) Align Medicaid administrative authority with fiscal accountability and funding responsibility;

(C) Establish objective indicators and triggers for identifying fiscal risk to the Medicaid program;

(D) Authorize timely state intervention to protect Medicaid beneficiaries and service continuity;

(E) Address conflicts of interest inconsistent with federal Medicaid requirements; and

(F) Ensure uninterrupted access to Medicaid services for eligible individuals with intellectual and developmental disabilities.

Sec. ____ .03 Definitions.

As used in this chapter:

(A) “Medicaid local administrative authority” means the delegation by the state of Medicaid administrative functions, including eligibility-related determinations, service authorization, waiver administration, and targeted case management. The term does not include locally funded, non-Medicaid county board functions.

(B) “Medicaid administrative functions” means functions performed on behalf of the state Medicaid agency related to the administration of Medicaid services.

(C) “Fiscal risk” means a condition in which a county board’s financial position threatens its ability to perform Medicaid administrative functions in compliance with federal or state law or threatens continuity of Medicaid services.

(D) “Non-federal share” means the portion of Medicaid expenditures not paid by the federal government, including funds derived from local levies or other local sources.

Sec. ____ .04 Early warning indicators and fiscal risk triggers.

(A) The state may determine that a county board poses a fiscal risk to the Medicaid program upon the occurrence of one or more early warning indicators or fiscal risk conditions. The state is not required to wait until services are reduced or discontinued before acting.

(B) Early warning indicators include any of the following:

- (1) Failure to request, plan for, or budget for new Medicaid waiver enrollments consistent with demonstrated need;
- (2) Suspension or limitation of new waiver enrollments not based on individual eligibility or assessed need;
- (3) Reductions in authorized Medicaid services not driven by changes in individual assessed need;
- (4) Delays in implementation of approved Medicaid services;
- (5) Conditioning Medicaid service authorization on the availability of local funds.

(C) Fiscal risk conditions include any of the following:

- (1) Inability or unwillingness to provide the required non-federal share of Medicaid expenditures, including waiver match, in a timely and consistent manner;
- (2) Failure or refusal to budget for, transmit, or otherwise secure Medicaid match, resulting in risk to federal financial participation;
- (3) Structural operating deficits or repeated reliance on emergency reserves;
- (4) Disruption of provider payment or Medicaid administrative functions attributable to fiscal distress;
- (5) Failure to perform Medicaid administrative functions in compliance with federal or state requirements;
- (6) Any condition demonstrating that continued local administration threatens Medicaid service continuity, beneficiary access, or fiscal integrity.

Sec. ____ .05 State authority upon determination of risk.

Upon a determination under section ____ .04 of the Revised Code, Ohio Department of Medicaid, in consultation with Ohio Department of Developmental Disabilities, may take one or more of the following actions as necessary to protect Medicaid beneficiaries and the state:

- (A) Suspend, limit, or remove a county board's Medicaid local administrative authority, in whole or in part;
- (B) Assume or reassign Medicaid administrative functions to the state or another qualified entity;
- (C) Ensure continuity of Medicaid services and provider payment, including directing payment processes or bypassing local administrative barriers when necessary;
- (D) Centralize or regionalize Medicaid administrative functions to ensure consistent access, compliance, and fiscal stability;
- (E) Require corrective action plans, enhanced monitoring, or performance conditions as a prerequisite to reinstatement of local administrative authority;
- (F) Implement temporary or permanent alternative administrative arrangements.

Actions taken under this section do not affect a county board's authority over locally funded, non-Medicaid services.

Sec. ____ .06 Alignment of funding with Medicaid authority.

- (A) When the state assumes, limits, or reassigns Medicaid local administrative authority, the associated non-federal share shall follow the Medicaid administrative function.
- (B) The state may retain, redirect, intercept, or otherwise secure funds otherwise allocated for Medicaid match, including levy-generated funds and distributions from the local government fund, to the extent necessary to meet Medicaid obligations.
- (C) Funds secured under this section shall be used solely for Medicaid service continuity, provider payment, Medicaid administrative functions, or compliance with federal requirements.

Sec. ____ .07 Statewide Medicaid needs and capacity assessment.

(A) To support Medicaid fiscal planning and prevent future fiscal risk, the state shall conduct a statewide assessment of Medicaid needs and service capacity for individuals with intellectual and developmental disabilities.

(B) Initial assessment.

The state shall complete the initial statewide assessment not later than twelve months after the effective date of this section.

(C) Required components.

The assessment shall include, at minimum, an analysis of all of the following:

- (1) Current and projected demand for Medicaid waiver services;
- (2) Service utilization patterns and intensity of need;
- (3) Provider capacity, including geographic availability;
- (4) Workforce availability and stability;
- (5) Projected Medicaid expenditures and non-federal share requirements.

(D) Use of assessment.

The assessment shall be used to inform all of the following:

- (1) Medicaid waiver enrollment planning and slot requests;
- (2) Identification of early warning indicators and fiscal risk under this chapter;
- (3) Decisions regarding centralization, regionalization, or reassignment of Medicaid administrative functions;
- (4) Long-term Medicaid fiscal planning to ensure continuity of services.

(E) Updates.

The state shall update the statewide assessment at least once every three years, or more frequently as necessary to address emerging fiscal or service continuity risks.

(F) Limitations.

The assessment shall not be used to reduce Medicaid eligibility, limit federally authorized services, or deny access to services based on local fiscal conditions.