



OHIO LEGISLATIVE SERVICE COMMISSION

Terry Steele

Fiscal Note & Local Impact Statement

Bill: H.B. 462 of the 132nd G.A.

Status: As Passed by the House

Sponsor: Reps. Schuring and West

Local Impact Statement Procedure Required: No

Subject: Specifies the conditions that hospitals in certain counties must meet before permanently closing, and declares an emergency

State & Local Fiscal Highlights

- The bill establishes closing standards and procedures for hospitals in counties with a population between 370,000 and 375,000, a count that currently applies to Stark County.
- The bill requires hospitals meeting the criteria in the bill to submit evidence to the Auditor of State on a variety of topics in order to be approved for closure. The costs to the Auditor for examining this evidence and approving a closure would be paid from the Public Audit Expense – Local Government Fund (Fund 4220).

Detailed Fiscal Analysis

The bill prohibits hospitals in counties with a population of at least 370,000 but less than 375,000, a threshold that currently applies to Stark County, from permanently closing unless the Auditor of State has determined that the hospital has taken steps and followed the closure procedure specified in the bill. For its part in reviewing the closure procedures, the Auditor of State's Office might incur some new costs to verify that the hospital is complying with the requirements under the bill. Any new costs would likely be paid from the Public Audit Expense – Local Government Fund (Fund 4220).

As part of the closure procedure in the bill, the applicable hospital must provide the Auditor of State with six specific points of information. These include: (1) sufficient evidence of poor financial conditions, supported by audited financial statements, (2) evidence of good faith negotiations with at least three other hospital systems to purchase it, (3) willingness to accept new patients and continue operations at least until May 19, 2018, (4) a credible plan for the transfer of each patient for care and each health care practitioner for employment to another hospital not more than 15 miles away, (5) evidence that all outstanding debts to persons or government entities in the county in which it is located have been paid, and (6) evidence that the hospital has paid all state and local taxes, including taxes held in trust by the hospital. The Auditor of State's determination of compliance with these steps is final under the bill.

Finally, the bill authorizes the Auditor of State to petition the court of common pleas in the county in which the hospital is located for injunctive relief if the Auditor of State determines that a hospital is not in compliance with the bill. The court must grant the injunctive relief upon a showing that the hospital is not in compliance. Presumably, the Stark County Court of Common Pleas would incur some additional cost to hear and rule on such a case, with the costs depending on the complexity of the case.

The bill contains an emergency clause. Its provisions terminate on June 19, 2018.

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