County Commissioners Association of Ohio
Serving Ohio Counties Since 1880
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HOUSE OVERRIDES VETO OF MCO SALES TAX AMENDMENT FOR COUNTIES AND TRANSIT AUTHORITIES!

In a bipartisan vote of 87-10, the Ohio House completed an override of the Governor's veto of a state budget provision aimed at addressing counties and transit authorities' lost revenue from the elimination of the sales tax on MCO's. Specifically, the provision would require the state to seek federal approval from the Centers for Medicare and Medicaid Services (CMS) to reset the franchise fee on health insuring corporations (HIC) to raise up to an additional $207 million per year. You can see how your state rep voted here.

Please convey to House members our heartfelt thanks and appreciation to all who stood with us!

House Contact List

Next steps:
We now move to the Ohio Senate. Successful reinstatement of the MCO amendment requires the Senate to come back to the Statehouse and agree with the House's override. **We must continue to talk to members of the Senate and let them know how important this issue is.**

Senate Contact List

Key points for supporting override:
Attached are key talking points on why senators should join the House in supporting a veto override. The document also answers concerns that the Administration has expressed with the proposal.

Urge senators to support override:
Urge senators to vote "YES" to override this serious issue for counties and transit authorities.

Tell your county's story with the help of the local media:
Send a press release or letter to the editor or simply call your local media to tell your county's story.

Talking points:

• **Now is not the time to leave counties behind.** In the absence of a revenue replacement mechanism, counties would have to reduce or eliminate funding for programs that invest in economic growth and exacerbate the growing pressure on important systems like criminal justice, public safety, and child protection. The demand on these services is only growing in the wake of the opiate epidemic.

• Explain what budget cuts you anticipate having to impose if the lost revenue is not replaced. Also, highlight any impacts on your economic development efforts.

• Pursuing an increase in the HIC franchise fee would not jeopardize Ohio's current waiver. In the event that the request to reset the fee is not approved, our existing waiver would remain in place. The original waiver met the criteria necessary for automatic approval and would continue to meet those criteria.

• The Seitz/Dolan amendment directs the state to take a **stair-step approach** in talking with CMS for approval to reset the proposed HIC franchise fees. It instructs the Medicaid Director to first ask CMS if Ohio's franchise fee can be increased, and if the Director receives a favorable response, then the Director shall request formal approval.

• Remind them that the SFY 18/19 Executive Budget fully replaces lost revenue to the state through a new proposed franchise fee on MCO's, but only provides counties and transit authorities a one-time allocation to be spread out over 2 payments. Counties seek parity with the state in terms of a revenue stream replacement. Do not leave counties behind.

• Indicate that you SUPPORT the Dolan/Seitz amendment to provide fiscal stability for the state's county partners.

• Urge support for overriding the Governor's veto.

Finally, CCAO heard last week that there have been discussions regarding the additional revenue that this would generate and who would be responsible for reimbursing the Medicaid managed care organizations for their new rate. Under federal law, Medicaid managed care plans must be paid a rate sufficient to cover medical expenses plus administrative costs, including taxes. Any payment to Medicaid managed care plans is part federal dollars and part non-federal dollars. We now know that the legislature and the Administration may have reached an understanding that the non-federal portion of the additional dollars needed to pay the managed care plans will come from the money designated for counties and transit authorities. If this understanding comes to fruition, locals will receive 68 - 69% of what they received in the past, rather than complete replacement.