

August 2, 2006



## HEALTH CARE GROUP

## Business Advisory

### ATTORNEY GENERAL RESPONDS TO COMMENTS Proposed Rules for Governance of Charities Significantly Altered

In response to overwhelming feedback from the nonprofit sector, the Ohio Attorney General issued a significantly revised version of the proposed rules for the regulation of charities in Ohio. Attorney General Petro said he is pleased with the thoughtful comments and feedback received and the dialogue that the release of these proposed rules has generated with the charitable community and looks forward to further discussion.

Listed below are some of the changes:

- All the “policies,” including the Conflicts Policy, the Compensation/ Expense Policy, the Community Benefit Reports, and the Fair Debt/Collection Policy, have been eliminated. In their place are six “voluntary” questions that a charity may choose to answer in conjunction with the filing of an annual report. The questions are has the charity a) loaned money to executives, directors or employees; b) adopted a conflict of interest policy that requires an executive or director to announce a conflict and the official minutes to reflect the disclosure of a conflict; c) adopted a compensation and expense reimbursement policy that prohibits excessive compensation; d) received certification from a state or national certification agency.
- Hospitals and nursing homes are the subject of two additional questions: has the charitable hospital or nursing home a) adopted a fair billing policy that is consistent with the organization’s mission of providing charity care; b) adopted a fair debt collection policy that follows charitable and humane principles.
- The new draft proposes the creation of an Advisory Council, consisting of nine people to be appointed by the Attorney General as representatives of the charitable organizations within Ohio, to advise the attorney General on the educational and training needs of charitable organizations and model policies related to governance and administration of charitable organizations.

The Attorney General has indicated that he will also be constructing a charitable organizations’ home page on his website. It will contain the Form 990’s filed by Ohio Charities and their responses to the questions listed above. It will provide for online registration and filing of reports and payment of fees.

#### Comments on the revised proposals are due to the AG by August 21.

Individuals can comment directly to the AG and are welcome to send their comments to **Martha Sweterlitsch** (614) 223-9367 or [msweterlitsch@bfca.com](mailto:msweterlitsch@bfca.com) as soon as possible so we may incorporate them in our response. Written comments should be submitted no later than August 21, 2006 to the attention of: **Brian Cook**, Chief Deputy Attorney General, Public Protection Division, 30 E. Broad St., 17th Floor, Columbus, OH 43215-3400.

The rules are accessible at <http://www.ag.state.oh.us/business/pubs/char/rule/secondDraft.pdf>

 **BENESCH**  
Friedlander Coplan & Aronoff LLP  
Attorneys at Law

#### Cleveland

2300 BP Tower  
200 Public Square  
Cleveland, Ohio 44114-2378  
Phone: (216) 363-4500  
Fax: (216) 363-4588

#### Columbus

88 East Broad Street, Suite 900  
Columbus, Ohio 43215-3506  
Phone: (614) 223-9300  
Fax: (614) 223-9330

[www.bfca.com](http://www.bfca.com)