



Governor's Office of
Health Transformation

Ohio health system performance and public purchasing power

Health Care Payment Reform Briefing
November 2, 2011



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Health Transformation

1. Modernize Medicaid,
2. Streamline health and human services, and
- 3. Engage private sector partners to set clear expectations for overall health system performance**

SOURCE: Ohio Governor John R. Kasich, Executive Order 2011-02K (January 13, 2011)

Ohioans spend more per person on health care than residents in all but 13 states¹

Rising health care costs are eroding paychecks and profitability

Higher spending is not resulting in higher quality or better outcomes for Ohio citizens

41 states have a healthier workforce than Ohio²



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Sources: (1) Kaiser Family Foundation State Health Facts (March 2011), (2) Commonwealth Fund 2009 State Scorecard on Health System Performance

Medical Hot Spot: Per Capita Health Spending: Ohio vs. US

Measurement	US	Ohio	Percentage Difference	Affordability Rank (Out of 50 States)
Total Health Spending	\$5,283	\$5,725	+ 8%	37
Hospital Care	\$1,931	\$2,166	+ 12%	38
Physician/Clinical	\$1,341	\$1,337	- 0.3%	27
Nursing Home Care	\$392	\$596	+ 52%	45
Home Health Care	\$145	\$133	- 8.3%	35

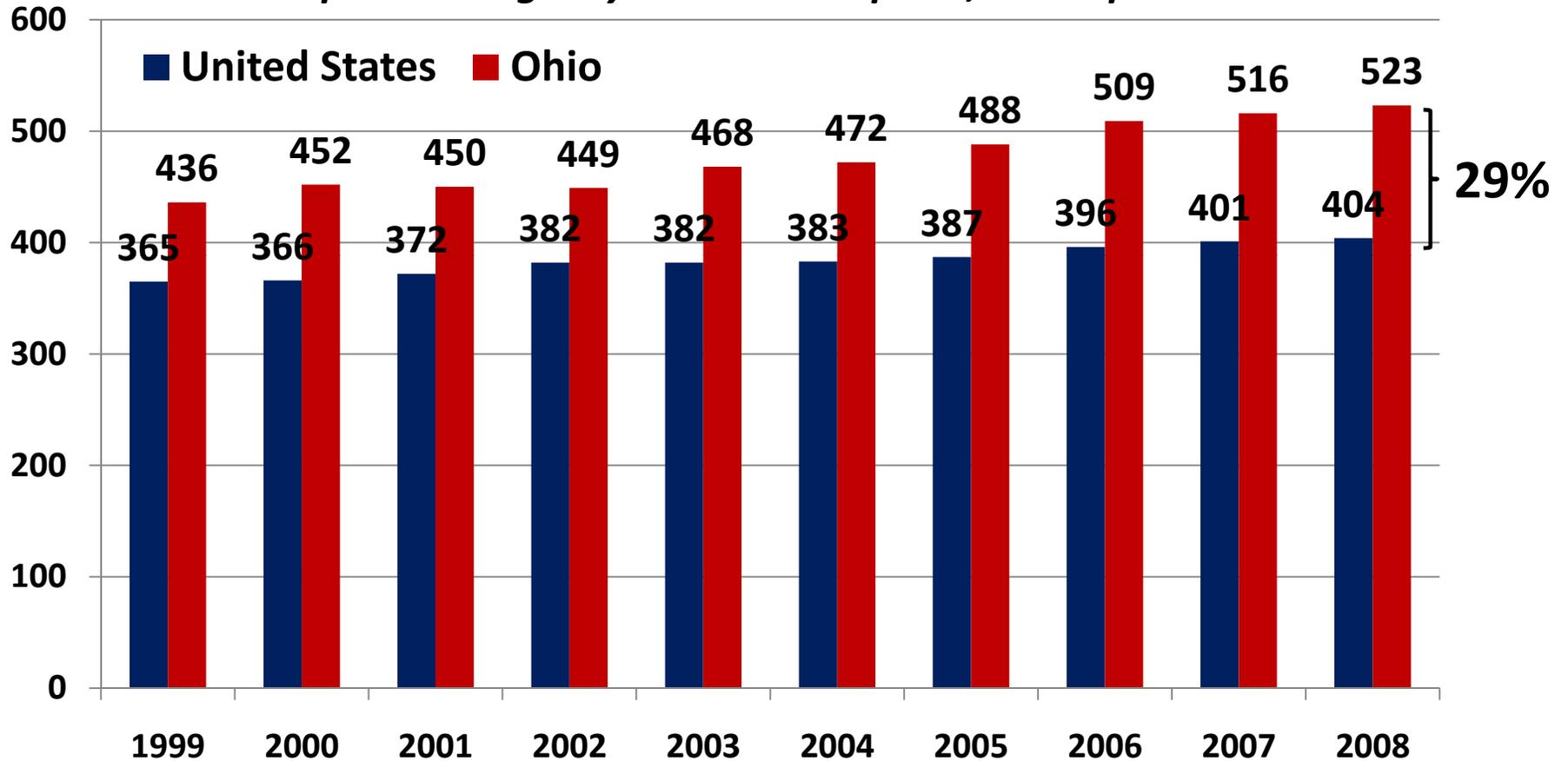


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Source: 2004 Health Expenditure Data, Health Expenditures by State of Residence, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, released September 2007; available at <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/res-us.pdf>

Medical Hot Spot: Emergency Department Utilization: Ohio vs. US

Hospital Emergency Room Visits per 1,000 Population

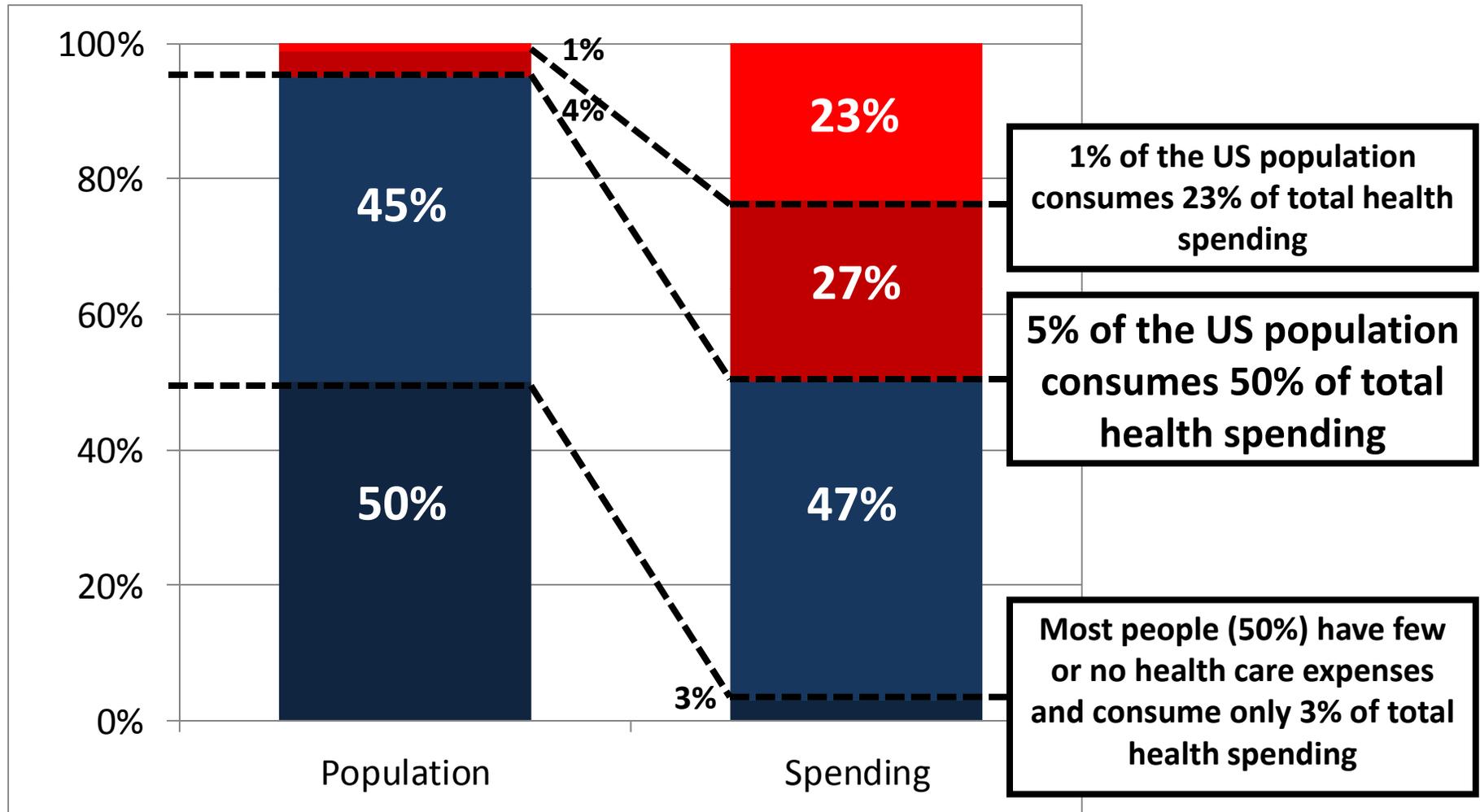


Source: American Hospital Association Annual Survey (March 2010) and population data from Annual Population Estimates, US Census Bureau: <http://www.census.gov/popest/states/NST-ann-est.html>.



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Medical Hot Spot: A few high-cost cases account for most health spending



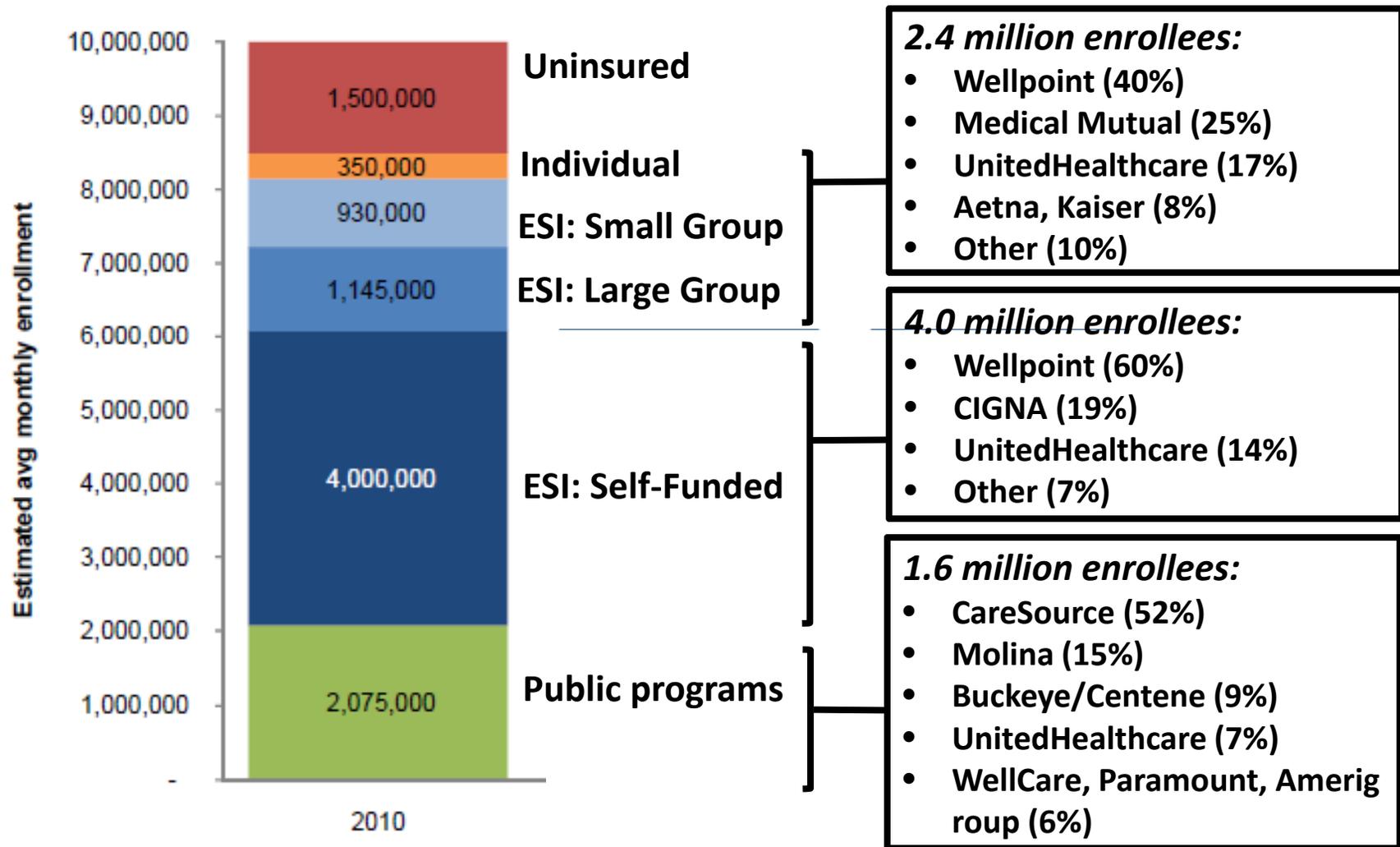
Health Care System Choices

Fragmentation	vs. Coordination
<ul style="list-style-type: none">• Multiple separate providers• Provider-centered care• Reimbursement rewards volume• Lack of comparison data• Outdated information technology• No accountability• Institutional bias• Separate government systems• Complicated categorical eligibility• Rapid cost growth	<ul style="list-style-type: none">• Accountable medical home• Patient-centered care• Reimbursement rewards value• Price and quality transparency• Electronic information exchange• Performance measures• Continuum of care• Medicare/Medicaid/Exchanges• Streamlined income eligibility• Sustainable growth over time



How can the State of Ohio leverage its purchasing power to improve overall health system performance?

Ohio Non-Elderly Covered Lives by Source of Coverage



Five Health Plans Cover 83% of Insured Ohioans

Health Plan	Total Ohio Enrollment	Percent of Total
Wellpoint	3,370,000	42%
UnitedHealthcare	1,080,000	13%
CareSource	840,000	10%
CIGNA	750,000	9%
Medical Mutual	600,000	8%
Other	1,360,000	17%
Total	8,000,000	100%

Notes: "Total Ohio Enrollment" includes non-elderly Ohioans in the individual, small and large group, self-insured, and Medicaid managed care markets



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Source: Milliman Inc. prepared for the Ohio Department of Insurance (August 31, 2011) and Ohio Medicaid managed care enrollment reports (October 2011)

State of Ohio Health Care Purchasing Power

Department	Enrollment	Insurance Contracts (in millions)	Provider Contracts (in millions)	TOTAL (in millions)
Medicaid	2,100,000 ¹	\$5,112 ²	\$8,852 ³	\$13,964
Public Employee Retirement System	221,000	\$1,560 ⁴	--	\$1,560
Administrative Services	118,000 ⁵	\$522 ⁶	--	\$522
Workers Compensation	213,574 ⁴	--	\$779 ⁷	\$779
Rehabilitation and Corrections	50,250 ⁵	--	\$211 ⁷	\$211
TOTAL	2,702,824	\$7,194	\$9,842	\$17,036

Notes: (1) average monthly enrollment FY 2011, (2) private managed care plans, (3) includes Medicare premium assistance and Part D (an additional \$2.8 billion in Medicare spending for Medicare/Medicaid dual eligibles could potentially be managed by the State of Ohio), (4) CY 2010, (5) current population as of October 2011, (6) self insured and contract with third party administrators, FY 2010, (7) FY 2011



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