



Governor's Office of  
Health Transformation

# Better Health, Better Care, and Cost Savings Through Improvement

**Greg Moody, Director**

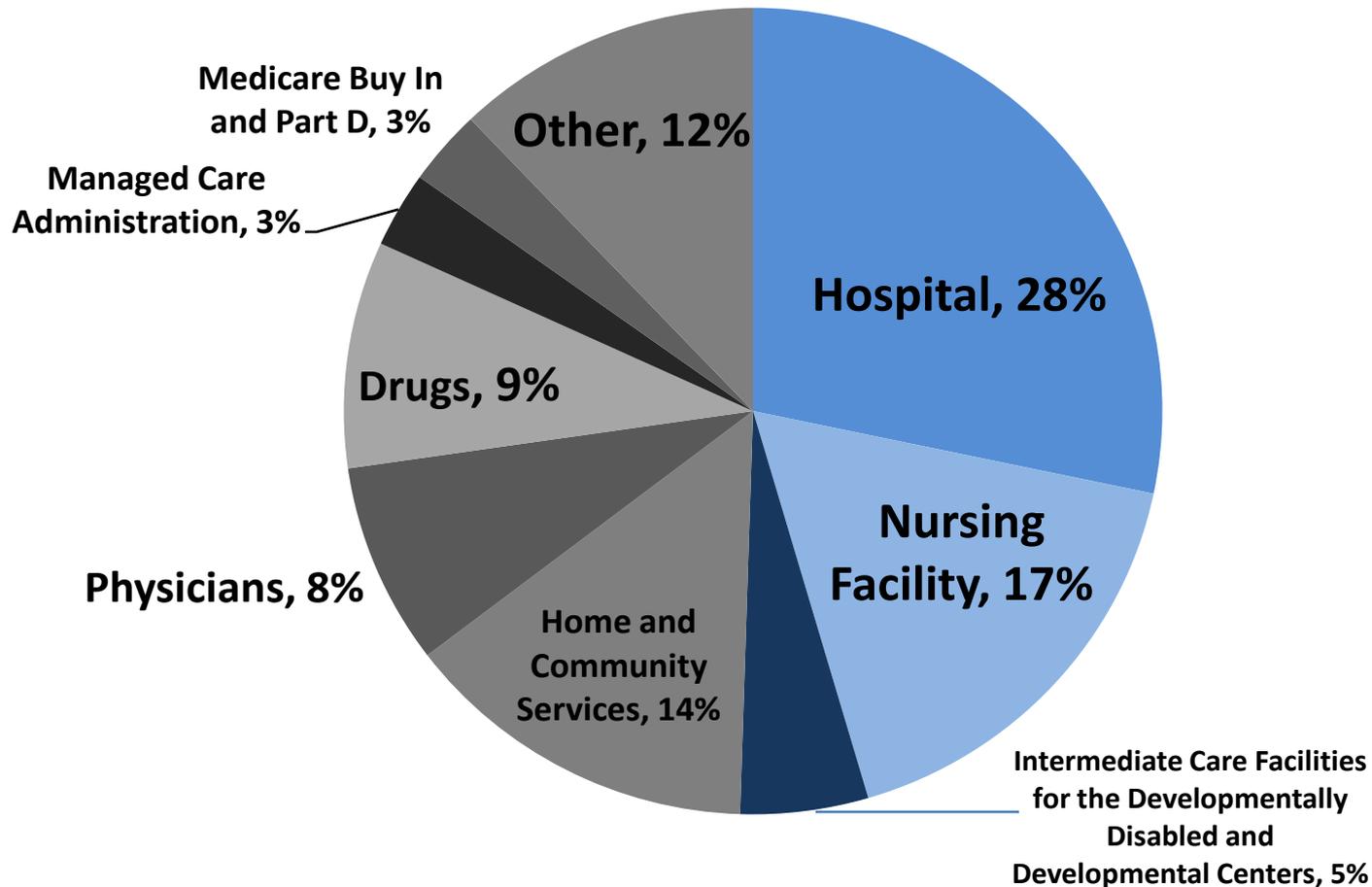
[greg.moody@governor.ohio.gov](mailto:greg.moody@governor.ohio.gov)

**February 16, 2011**

# Medicaid is Ohio's Largest Health Payer

- Provides health coverage for low-income children, parents, seniors, and people with disabilities
- Covers 2.2 million Ohioans (1 in 5) including 1 in 3 births
- Spends \$16+ billion annually all funds (SFY 2011)
- Accounts for 3.2% of Ohio's total economy and is growing
- Funds are federal (63.69%) and state (36.31%)
  - \$1.00 from Ohio draws \$1.75 federal = \$2.75 all funds
  - Must cut \$2.75 all funds to save \$1.00 state share (GRF)

# Total Ohio Medicaid Expenditures, SFY 2010



# Ohio's Health System Performance

## ***Health Outcomes – 42<sup>nd</sup> overall<sup>1</sup>***

- 42<sup>nd</sup> in infant mortality
- 37<sup>th</sup> in children who are overweight
- 44<sup>th</sup> in breast cancer deaths and 38<sup>th</sup> in colorectal cancer deaths

## ***Prevention, Primary Care, and Care Coordination<sup>1</sup>***

- 37<sup>th</sup> in deaths before age 75 that were preventable with appropriate care
- 44<sup>th</sup> in Medicare hospital admissions for preventable conditions
- 40<sup>th</sup> in Medicare hospital readmissions

## ***Affordability of Health Services<sup>2</sup>***

- 37<sup>th</sup> most affordable (Ohio spends more per person than all but 13 states)
- 45<sup>th</sup> most affordable for hospital care and 47<sup>th</sup> for nursing homes
- 46<sup>th</sup> most affordable Medicaid for seniors

## Fragmentation

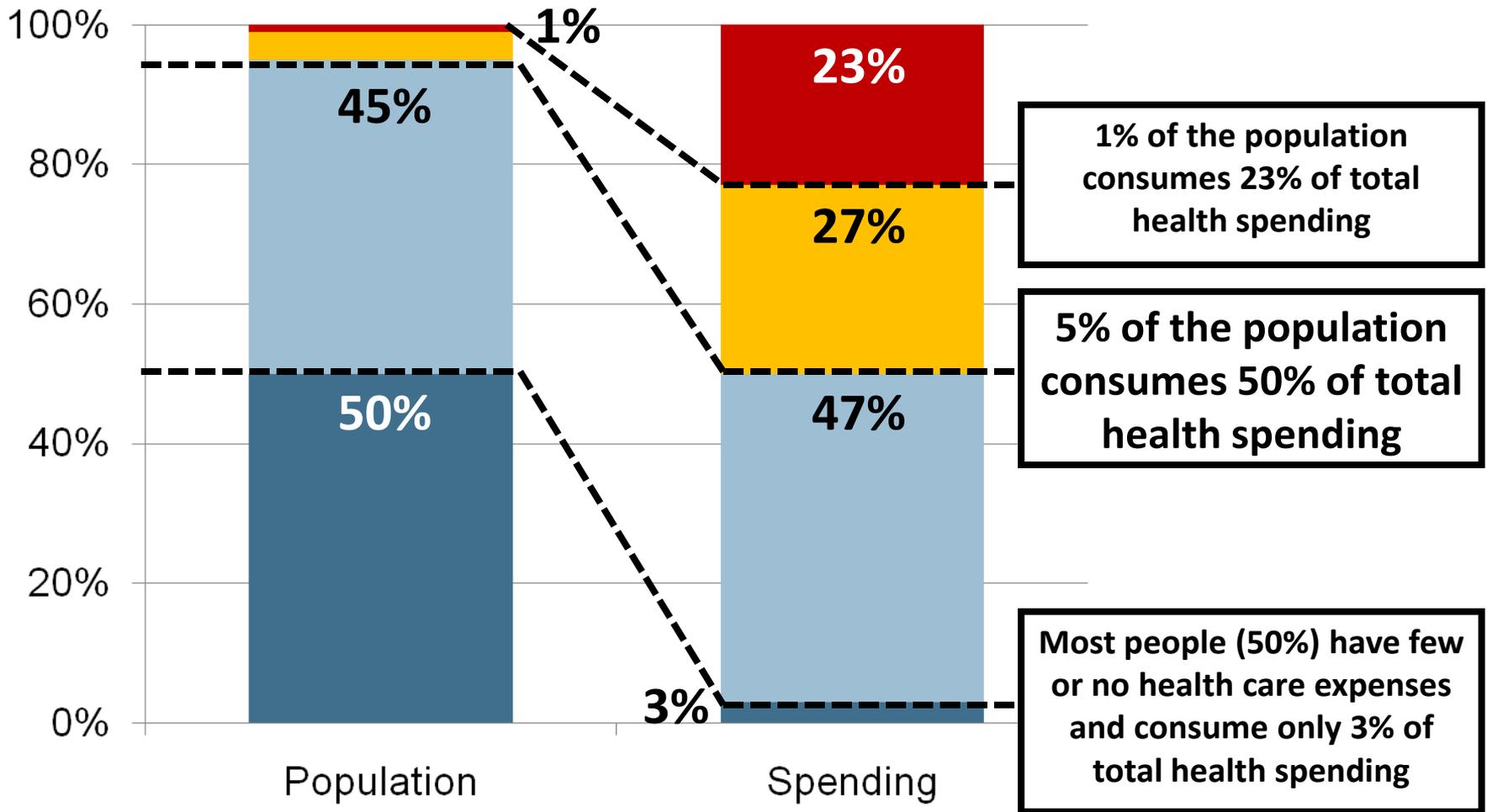
vs.

## Coordination

- 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- Outdated information technology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

- 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

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



# 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%	35
Hospital Care	\$1,931	\$2,166	+ 12%	38
Physician and Clinical Services	\$1,341	\$1,337	- 0.3%	27
Nursing Home Care	\$392	\$596	+ 52%	45
Home Health Care	\$145	\$133	- 8.3%	35



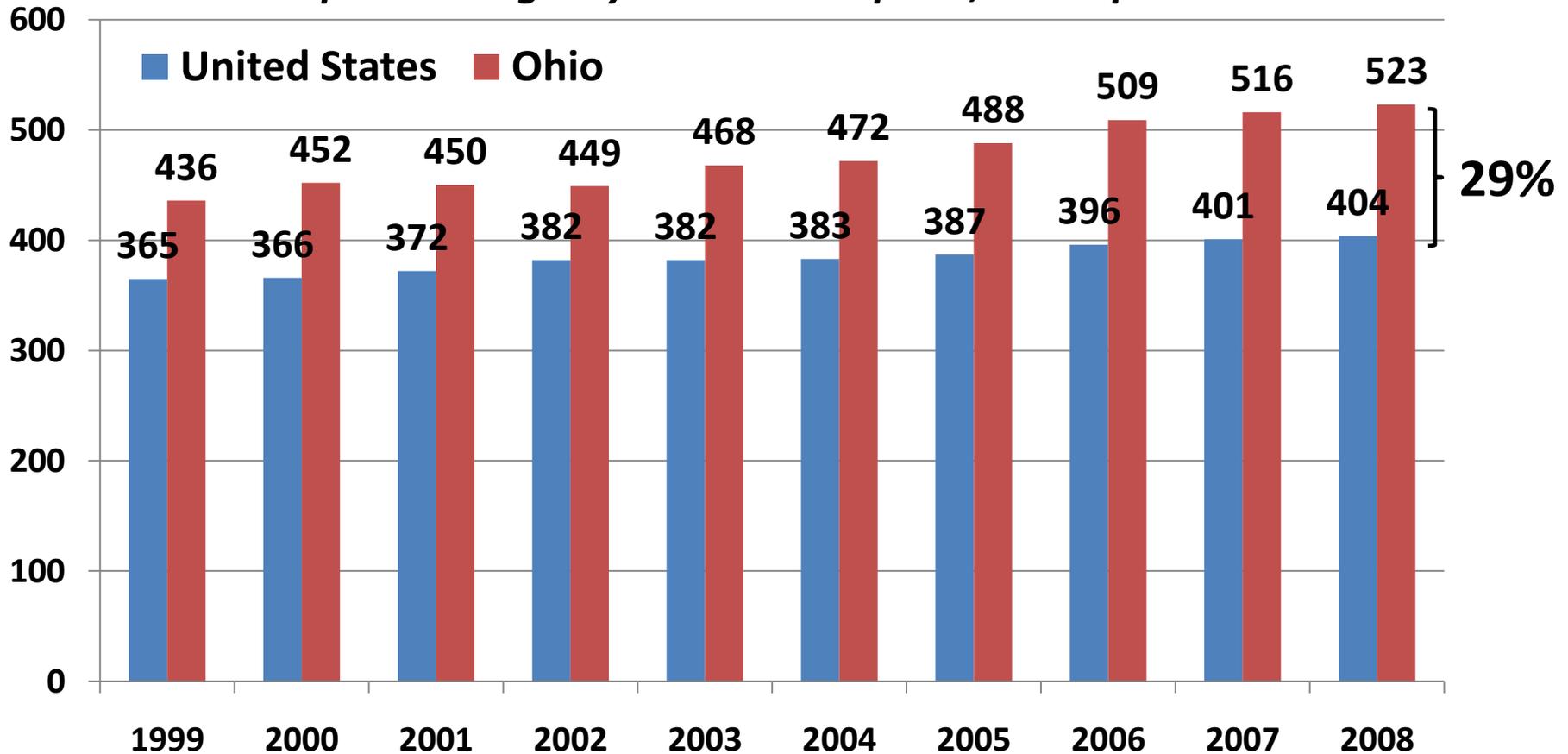
# Medicaid Hot Spot: Per Enrollee Medicaid Spending: Ohio vs. US

Measurement	US	Ohio	Percentage Difference	Affordability Rank (Out of 50 States)
All Enrollees	\$5,163	\$5,781	+ 12.0%	36
Children	\$2,135	\$1,672	- 21.7%	7
Adults	\$2,541	\$2,844	+ 13.5%	18
Elderly	\$12,499	\$18,087	+ 44.7%	44
Disabled	\$14,481	\$15,674	+ 8.2%	33



# 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>.



Governor's Office of  
Health Transformation

# Medicaid Hot Spot: Serious Mental Illness

Adult Medicaid beneficiaries with serious mental illness:

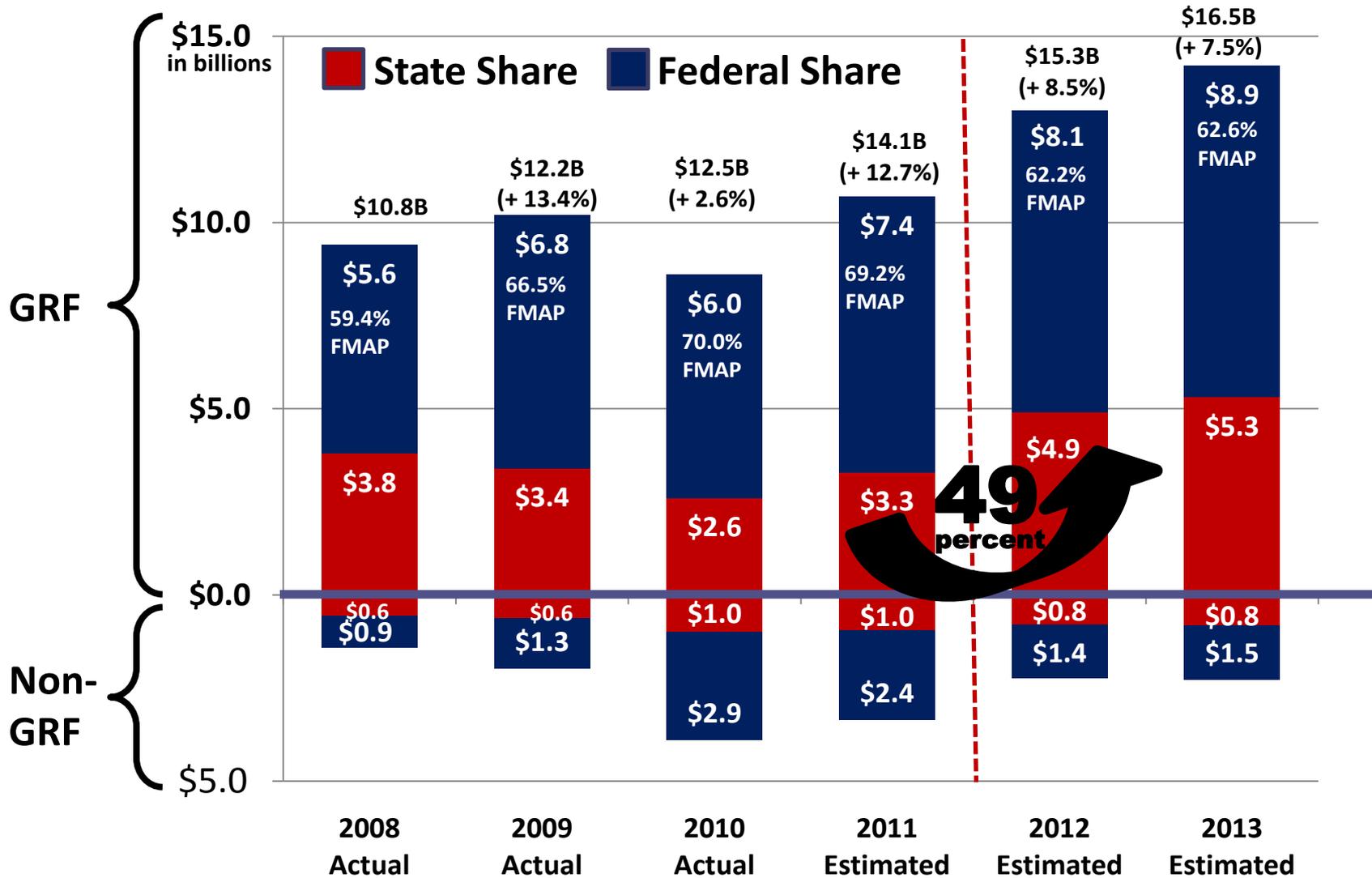
- 10% of beneficiaries = 26% of Medicaid costs
- Higher rates of expensive chronic disease
- 2X more emergency department visits and hospitalizations

Medicaid beneficiaries with Schizophrenia:

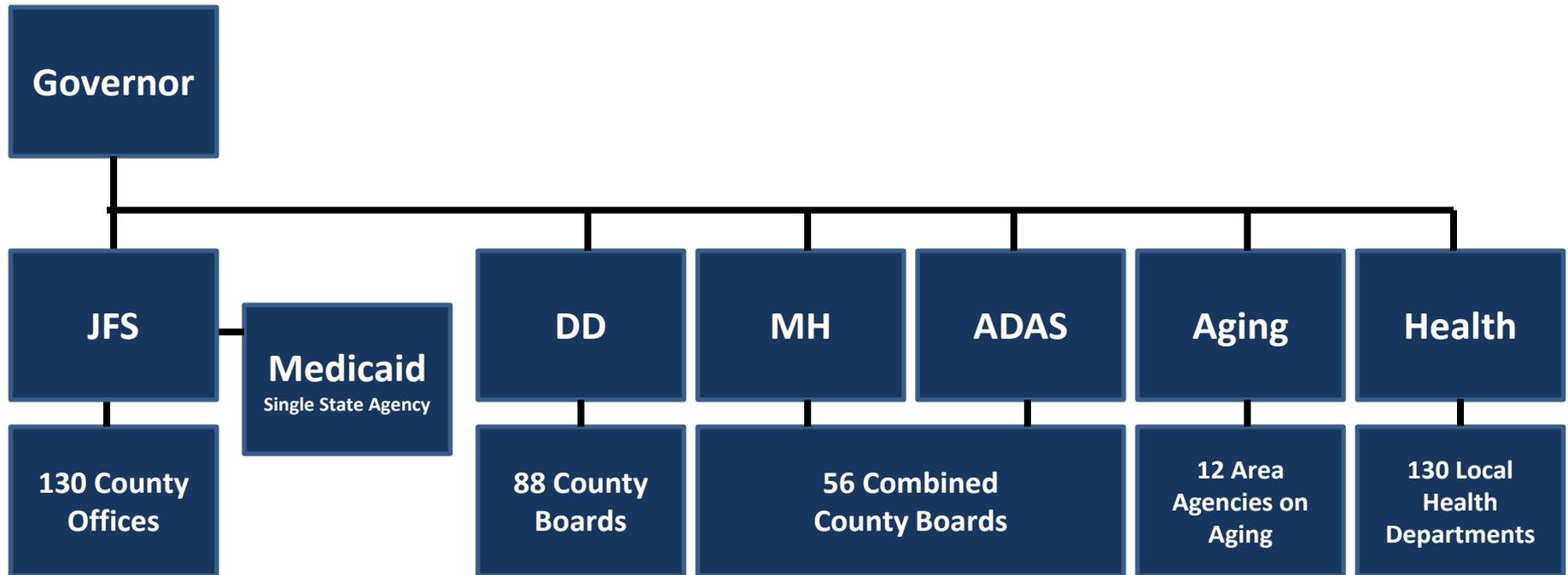
- 3X more hospitalizations for uncontrolled diabetes
- 2X more hospitalizations for pneumonia and chest pains
- 3X higher costs for nursing home, Rx, and home health

Source: The Best Practice in Schizophrenia Treatment (BeST) Center within the Northeastern Ohio Universities Colleges of Medicine and Pharmacy (NEOUCOM), "Articulating the Ohio Business Case for Integrated Behavioral Health and Primary Care Services," (February 2011)

# If we do nothing: JFS Medicaid Baseline

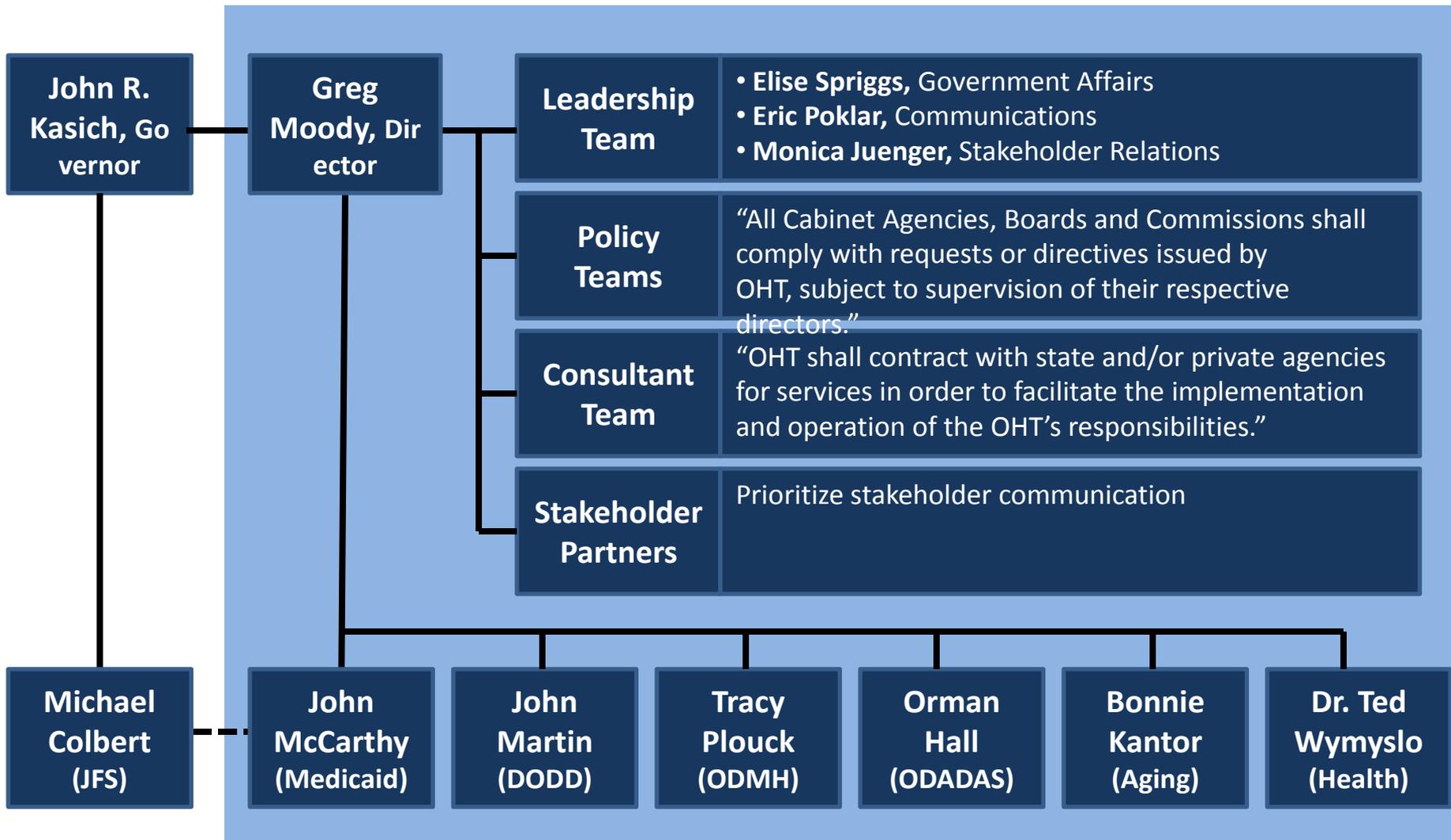


# The current Ohio HHS Medicaid organization



Medicaid as a % of Agency Budget	JFS Medicaid <b>73%</b>	Dev Disabilities <b>91%</b>	Mental Health <b>61%</b>	Alcohol and Drug <b>28%</b>	Aging <b>83%</b>	Health <b>3%</b>
Agency Medicaid as a % of Total Ohio Medicaid	<b>84%</b> (\$13.3 billion)	<b>8%</b> (\$1.3 billion)	<b>4%</b> (\$590 million)	<b>0.3%</b> (\$63 million)	<b>3%</b> (\$534 million)	<b>0.1%</b> (\$17 million)





**Our purpose is to plan for the long-term efficient administration of the Ohio Medicaid Program, act to improve overall health system performance, and in the next six months:**

1. Advance the Administration's Medicaid modernization and cost-containment priorities in the operating budget;
2. Initiate and guide insurance market exchange planning (ODI in the lead with OHT supporting Medicaid connections);
3. Engage private sector partners to set clear expectations for overall health system performance; and
4. Recommend a permanent HHS organizational structure and oversee transition to that permanent structure.



# Immediate Policy Priorities

<b>Medicaid Modernization</b>	<b>OHP</b>	<b>DD</b>	<b>MH</b>	<b>ADAS</b>	<b>Aging</b>	<b>ODH</b>	<b>ODI</b>
Rebalance Long-Term Care	X	X	X	X	X	X	X
Integrate Behavioral/Physical Health	X	X	X	X	X	X	X
Improve Care Coordination	X	X	X	X	X	X	
Payment Reform	X	X	X	X	X		
<b>Public/Private Partnerships</b>	<b>OHP</b>	<b>DD</b>	<b>MH</b>	<b>ADAS</b>	<b>Aging</b>	<b>ODH</b>	<b>ODI</b>
Health Insurance Exchange Planning	X	X	X	X	X	X	X
Ohio Health Information Partnership	X	X	X	X	X	X	X



<b>Policy Priority</b>	<b>Advisory Group</b>
<b>Rebalance Long Term Care</b>	<ul style="list-style-type: none"><li>• <b>Unified Long Term Care Systems Workgroup</b></li></ul>
<b>Integrate Behavioral Health</b>	<ul style="list-style-type: none"><li>• <b>Transitions Workgroup</b></li></ul>
<b>Better Care Coordination</b>	<ul style="list-style-type: none"><li>• <b>Medical Home Initiative(s)</b></li><li>• <b>Payment Reform Task Force</b></li></ul>
<b>Cross-Cutting Issues</b>	<ul style="list-style-type: none"><li>• <b>BEACON Council</b></li><li>• <b>Medical Care Advisory Committee</b></li><li>• <b>Ohio Health Information Partnership</b></li></ul>

# Share your ideas to modernize Medicaid

[www.healthtransformation.ohio.gov](http://www.healthtransformation.ohio.gov)

## Better health, better care, and cost savings through improvement

- Specific budget recommendations
- Specific high-risk, high-cost medical “hot spots”
- Best practices to rebalance long-term care, integrate behavioral and physical health care, and/or improve care coordination
- Common sense regulatory changes
- Federal health care reform options Ohio should act on
- Current initiatives that should continue, or that have run their course and should be cut loose
- Problems in the system today that create barriers to better health, better care, and cost savings through improvement



# Ohio Health System Performance Priorities

<b>Patient-Centered Payment Reform</b>	<b>Price and Quality Transparency</b>	<b>Medicaid Modernization</b>	<b>Sustainable Coverage</b>
<ul style="list-style-type: none"><li>• Leverage public/private purchasing power</li><li>• Focus on high-value delivery system reforms</li><li>• Align State purchasing priorities</li></ul>	<ul style="list-style-type: none"><li>• Measure and report health care quality and prices</li><li>• Compare health plan and provider performance</li><li>• Accelerate the meaningful use of HIT/HIE</li></ul>	<ul style="list-style-type: none"><li>• Stabilize spending in the short-term</li><li>• Strategically out-source Medicaid functions</li><li>• Coordinate care for high-cost beneficiaries</li><li>• Rebalance Long-Term Care</li><li>• Streamline governance and administration</li></ul>	<ul style="list-style-type: none"><li>• Create a Health Benefit Exchange</li><li>• Implement insurance market reforms</li><li>• Pilot delivery system reforms</li><li>• Support regional health system improvement</li></ul>
<b>Employer Leadership</b>	<b>Provider Leadership</b>	<b>State Leadership</b>	<b>Federal Requirements</b>





**Governor's Office of  
Health Transformation**

**Greg Moody, Director**

**[greg.moody@governor.ohio.gov](mailto:greg.moody@governor.ohio.gov)**

**Elise Spriggs, Director of Government Affairs**

**[elise.spriggs@governor.ohio.gov](mailto:elise.spriggs@governor.ohio.gov)**

**Eric Poklar, Director of Communications**

**[eric.poklar@governor.ohio.gov](mailto:eric.poklar@governor.ohio.gov)**

**Monica Juenger, Director of Stakeholder Relations**

**[monica.juenger@governor.ohio.gov](mailto:monica.juenger@governor.ohio.gov)**