

**Testimony on HB 487 – Mid-Biennium Review**  
**Greg Moody, Director, Governor’s Office of Health Transformation**

**House Finance and Appropriations Committee**  
**March 20, 2012**

Chairman Amstutz, Vice Chairman McClain and Ranking Member Sykes, thank you for the opportunity to testify today in support of HB 487.

In the Mid-Biennium Review (MBR), Governor Kasich challenged us to find new and better ways to deliver services. In some cases, simple program improvements can have a big impact on the services we provide to Ohioans. In other cases, the system itself is a barrier to innovation. The MBR provided an excellent opportunity to identify these barriers and propose reforms that will improve system performance.

Barriers to innovation are prevalent in health and human services, where policy, spending, and administration are split across five state agencies that administer Medicaid and at least 14 that administer other health and human services. Each of these state systems has a local counterpart, most in 88 counties, some regionally, and some in smaller units.

That is why the Governor created the Office of Health Transformation, to lead an initiative to improve coordination and collaboration among all stakeholders and improve overall health system performance.

The Office of Health Transformation’s first priority in 2011 was to modernize Medicaid programs, and now we are implementing those reforms—integrating Medicare and Medicaid benefits, creating health homes for people with serious mental illness, supporting patient-centered medical homes, and other reforms.

In 2012, we’re focused on restructuring and consolidating health and human services operations, and right-sizing state and local service capacity to be more efficient. The ultimate goal is to share services in a way that improves customer service, and reduces costs for Ohio’s taxpayers.

The Office of Health Transformation and the Administration’s health and human services agencies have more than 50 initiatives in the MBR, most in HB 487 and a few in a separate education bill. Each of these initiatives will improve program performance and/or remove barriers to innovation. I would like to touch on a few examples:

**Simplify Eligibility Reform.** Current eligibility processes for health and human services programs are fragmented, overly complex and rely on outdated technology. Ohio has more than 150 categories of eligibility just for Medicaid, and the computer we use to determine if someone is eligible is more than 30 years old. The Governor’s Jobs Budget gave the Office of Health Transformation the authority to modernize Medicaid eligibility systems, and the MBR broadens that effort to other health and human services programs.

This change will allow Ohio to create a single eligibility solution and seek enhanced (90/10) federal funding to upgrade eligibility and enrollment functions for other federal entitlement programs, including Supplemental Nutrition Assistance and Temporary Assistance to Needy Families. Counties overwhelmingly support this effort because it will free up resources that they can use for other projects.

**Accelerate Electronic Health Information Exchange.** Current state privacy law in some cases applies a standard for sharing health information that is different than federal law. This causes confusion about when health information can be shared, hindering the implementation of a statewide network of electronic health information exchanges. The MBR clarifies that for the purposes of an electronic health information exchange, the federal law applies. This item is critically important to get the right information in the right place at the right time to improve care.

**Eliminate Barriers to Agency Collaboration.** We are piloting a new “agencies without walls” program to identify best practices for sharing data, personnel, funding and other operating resources across state agencies. We will use what we learn to design a more effective HHS governance structure. Those details will be in the next state budget.

**Share Services at County JFS Departments.** We are encouraging shared services among local agencies, including new authority in the MBR that builds on a three-county pilot enacted last year that allows county job and family services offices to share services. Counties support this change because it will allow them to create more efficient operations and better manage their costs.

**Pay for Performance in Hospitals.** Paying for performance in hospitals is a natural next step in our Jobs Budget strategy to link nursing home and managed care plan reimbursement to quality. The MBR will expand this effort by linking some of the funds in the hospital reimbursement pool to meeting or exceeding new quality benchmarks. This pay-for-performance initiative will ensure that available funds are distributed to hospitals and promote better health outcomes for individuals in hospital settings. Ohio Medicaid Director John McCarthy has already initiated this conversation with the hospitals, and we look forward to working with them to design a payment system that rewards better value rather than more volume.

**Target Regional “Hot Spots” in Mental Health Service Capacity.** During the MBR process, we identified a pressure point from last year’s budget in community mental health. That system is in transition as we elevate Medicaid to the state level and local systems take more control of non-Medicaid services. The Governor recommends adding \$3 million to smooth that transition, focus on “hot spots” in the system and reward collaboration among local boards.

**Protect Individuals Receiving Home Care.** We identified gaps and inconsistencies in how agencies conduct criminal background checks and disqualify individuals from providing services if they have a prior criminal conviction. Offenders can use the gaps and inconsistencies in current statute as a defense against prosecution by the Ohio Attorney General’s Office. The MBR creates a consistent policy across agencies, with a focus on home- and community-based services where personal safety is critically important, like home health care and transportation.

**Support Employment First for Ohioans with Developmental Disabilities.** For many children with developmental disabilities, in school and thinking about what to do next, they are routed to “sheltered workshops” to learn job skills. Instead, we will help them find a job in the community first and then, if that doesn’t work or isn’t appropriate, consider a sheltered workshop.

Proposed legislative changes will make community employment the preferred option and ensure that the Individualized Education Program (IEP) for developmentally disabled students, beginning at age 14, establishes post-secondary goals related to community employment. On Monday, the Governor signed an executive order creating a new task force to coordinate employment outcomes among state departments and align state policies and procedures with the needs of individuals and businesses. The task force would also be responsible for overseeing the implementation of the legislative changes.

The language related to Employment First will appear in the education bill, not in HB 487. Because this initiative is so important, I wanted to bring it to your attention.

These and other MBR reforms will allow us to improve overall health system performance and reduce costs for taxpayers. They build on our work to date and take it all to the next level.

Over the next couple of days, individual directors will appear before this committee and the Health and Human Services Subcommittee to address specific proposals in more detail. I am also happy to answer any questions you might have at this time.

Thank you for your attention to these important requests.