

Ohio Medicaid Appropriation

- The Ohio General Assembly adopted policies in the 2018-2019 state budget that prevent Medicaid from managing the program within the appropriation set by the legislature.** The House and Senate assumed savings from provider rate reductions (described below and in Table 3), but then also prevented Ohio Medicaid from making those cuts. As a result, the Medicaid appropriation deficit related to nursing facilities and hospitals is \$588 million (\$182 million state share) in 2018 and \$793 million (\$250 million state share) in 2019.
- The House assumed nursing facility cuts but actually increased spending.** The House budget assumed savings of \$237 million in nursing facility rate cuts over two years (Table 1), but removed the language that allowed Ohio Medicaid to make that cut, and also increased nursing facility spending \$100 million over two years. Governor Kasich vetoed the increase, but nursing home spending is otherwise protected at current levels in the Ohio Revised Code.

Table 1. Nursing Facility Reimbursement Changes Assumed in the 2018-2019 Ohio Budget

Version	Proposal	Comp Doc	SFY 2018 (\$ in millions)		SFY 2019 (\$ in millions)	
			Total ALI 525	State 525	All 525	State 525
Executive	Rate Cut	MCD26	(88.1)	(32.9)	(117.5)	(43.9)
Executive	Low Acuity	MCD38	(10.5)	(3.9)	(21.0)	(7.8)
Total Cut Assumed in the Budget			(98.6)	(36.8)	(138.5)	(51.7)
House -VETO	Rate Increase	MCD71	60.5	22.6	40.0	14.9

- The Senate assumed hospital cuts but actually kept rates at current levels.** The Senate budget assumed savings of \$1.1 billion in hospital rate cuts over two years (Table 2), but then also required Ohio Medicaid to pay hospitals the same rate that was in effect on January 1, 2017, which prevents making the cuts. Governor Kasich vetoed the rate protection for hospitals.

Table 2. Hospital Reimbursement Changes Assumed in the 2018-2019 Ohio Budget

Version	Proposal	Comp Doc	SFY 2018 (\$ in millions)		SFY 2019 (\$ in millions)	
			Total ALI 525	State 525	All 525	State 525
Executive	ICD-10 adjustment ¹	None	(75.0)	(22.0)	(75.0)	(22.0)
Executive	Rate cut	None	--	--	(175.0)	(54.2)
Executive	Non-contracting	MCD37	(87.5)	(27.1)	(175.0)	(54.2)
House	Spending cap	MCD55	(197.0)	(57.7)	(100.0)	(29.3)
Senate	Reductions	None	(128.0)	(37.5)	(128.0)	(37.5)
Total Cut Assumed in the Budget			(487.5)	(144.3)	(653.0)	(197.3)

¹ Effective July 6, 2017

- ***The Administration did not request an increase in Medicaid spending.*** Revenue estimates came in below the levels that were originally projected when the budget was first introduced. In May, Governor Kasich signaled that additional cuts would be necessary to balance the budget, and the current Medicaid appropriation reflects that necessity.
- ***Additional Medicaid provider cuts are necessary to balance.*** Because the current Medicaid appropriation is not sufficient to cover program spending, and because nursing facilities remain exempt from cuts, Ohio Medicaid will need to make additional reductions in the program equivalent to a six-percent rate cut on all other providers. However, instead of making across-the-board cuts, Ohio Medicaid will first engage providers to prioritize next steps.
- ***Ohio Medicaid has already outlined a process to manage next steps.*** The Administration acted immediately to make the Medicaid appropriation enacted by the Ohio General Assembly more manageable. Governor Kasich vetoed several provisions that otherwise would have increased Medicaid spending (e.g., the nursing facility rate increase). In addition, Ohio Medicaid is evaluating program changes it can make to further reduce spending.

In July, the Medicaid Director will meet with provider groups to assess the remaining functional gap between Medicaid policy and appropriations. She will report her findings and preliminary recommendations to the legislature and then further engage providers to refine the recommendations, with a goal of having a complete plan in place by October 1, 2017. All reductions effective July 6, 2017 will be considered in the recommendations for rate reductions.

Table 3. Medicaid Budget Changes in State Fiscal Years 2018-2019

Amounts Appropriated 651525

Version	18-19 Policy Change Proposal	Comp Doc	651525 Budget Impact			
			FY 18- Total 525	FY 18- State 525	FY 19- Total 525	FY 19- State 525
Executive	Executive Baseline As Introduced 651525		\$ 17,851,152,318	\$ 5,020,679,302	\$ 18,903,387,898	\$ 5,378,441,654
Executive	Repeal & Replace Health Plan Sales Tax	MCDCD39	\$ (3,048,927,535)	\$ (865,895,420)	\$ (3,407,591,045)	\$ (967,755,857)
Executive	Personal Responsibility Proposal	None	\$ (52,617,554)	\$ (1,167,157)	\$ (184,729,798)	\$ (8,464,936)
Executive	Improve Academic Performance (P4P 1/2% of CAP)	None	\$ -	\$ -	\$ 9,407,500	\$ 2,822,250
Executive	MLTSS Managed Care Expansion	None	\$ -	\$ -	\$ -	\$ -
Executive	Assisted Living Rates Restructured & Increased	None	\$ -	\$ -	\$ 34,933,635	\$ 13,045,170
Executive	Personal Care Aid Service (Aging Part 2 of the FY17)	None	\$ -	\$ -	\$ 23,070,236	\$ 8,615,054
Executive	Waiver - Rate Modernization	None	\$ -	\$ -	\$ 3,065,102	\$ 1,144,592
Executive	MFP Demonstration Grant Sustainability Planning	MCDCD30	\$ 4,510,888	\$ 2,294,466	\$ 5,416,469	\$ 2,837,202
Executive	SIM - PCMH, CPC	None	\$ 51,600,000	\$ 13,575,273	\$ 72,000,000	\$ 19,134,848
Executive	Hospital ICD - 10 Rate Cut (effective 7/6/17)	None	\$ (75,000,000)	\$ (21,953,956)	\$ (75,000,000)	\$ (21,953,956)
Executive	Hospital Rate Cut	None	\$ -	\$ -	\$ (175,000,000)	\$ (54,250,000)
Executive	Hospital Non Contracting	MCDCD37	\$ (87,500,000)	\$ (27,125,000)	\$ (175,000,000)	\$ (54,250,000)
Executive	NF Rate Cut	MCDCD26	\$ (88,125,000)	\$ (32,901,469)	\$ (117,500,000)	\$ (43,868,625)
Executive	PA1/PA2	MCDCD38	\$ (10,500,000)	\$ (3,919,650)	\$ (21,000,000)	\$ (7,841,400)
Executive	RX - Single PDL	None	\$ (50,000,000)	\$ (13,900,000)	\$ (100,000,000)	\$ (27,800,000)
Executive	Program Integrity	MCDCD25	\$ (5,000,000)	\$ (1,463,596)	\$ (10,000,000)	\$ (2,932,106)
Executive	Transportation Brokerage	None	\$ -	\$ -	\$ -	\$ (6,797,682)
Executive	Admin Fund Reform (5U3) Fiscal - 5DL0 to 5U30	MCDCD5	\$ (129,789,356)	\$ (50,000,000)	\$ -	\$ -
Executive	Eliminate Fund 5KW0	MCDCD46	\$ (100,000,000)	\$ (37,000,000)	\$ (125,000,000)	\$ (46,000,000)
	Total Executive		\$ (3,591,348,557)	\$ (1,039,456,509)	\$ (4,242,927,901)	\$ (1,194,315,446)
	Executive As Introduced 651525		\$ 14,259,803,761	\$ 3,981,222,793	\$ 14,660,459,997	\$ 4,184,126,208
House	Remove MLTSS	MCDCD52	\$ -	\$ -	\$ (493,648,956)	\$ (184,328,520)
House	BH Redesign	MCDCD56	\$ (122,590,000)	\$ (34,080,020)	\$ 129,577,630	\$ 36,152,159
House	Group VIII Waiver / Work Requirements	MCDCD59/64	\$ -	\$ -	\$ -	\$ -
House	Remove Exec Assisted Living Rate Increase	None	\$ -	\$ -	\$ (34,933,635)	\$ (13,045,170)
House	Remove CPC (Remove Exec)	MCDCD60	\$ (51,600,000)	\$ (13,575,273)	\$ (72,000,000)	\$ (19,134,848)
House	Medicaid Managed Care Payment Fund	MCDCD58	\$ (103,500,000)	\$ (30,325,500)	\$ (103,900,000)	\$ (30,442,700)
House	Dispensing Fee	MCDCD32	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)
House	Payment Rates Personal Care Aide(Remove Exec)	MCDCD65	\$ -	\$ -	\$ (23,070,236)	\$ (8,615,053)
House	NF rate increase remove cut (amount above base)	MCDCD71	\$ 60,526,316	\$ 22,594,474	\$ 40,005,148	\$ 14,933,922
House	Limit Hospital Growth / Cut	MCDCD55	\$ (197,000,000)	\$ (57,721,000)	\$ (100,000,000)	\$ (29,300,000)
House	Recovery of Overpayments	MCDCD48	\$ -	\$ -	\$ -	\$ -
House	GRF Administrative Cut	None	\$ -	\$ -	\$ -	\$ -
House	Non GRF Line Item Reductions Services	None	\$ -	\$ -	\$ -	\$ -
House	Non GRF Line Item Reductions Admin/Other	None	\$ -	\$ -	\$ -	\$ -
	Subtotal		\$ (414,263,684)	\$ (113,207,319)	\$ (658,070,049)	\$ (233,880,210)
House	CB Authorization	MCDCD73	\$ (1,021,534,526)	\$ (57,885,768)	\$ (1,002,582,341)	\$ (68,661,704)
	Total House As Passed		\$ 12,824,005,551	\$ 3,810,129,706	\$ 12,999,807,607	\$ 3,881,584,294
Senate	Add back MLTSS savings assumed by House		\$ -	\$ -	\$ 493,648,956	\$ 184,328,520
Senate	BH Delay		\$ (27,389,078)	\$ (8,025,000)	\$ -	\$ -
Senate	Medicaid Managed Care Payment Fund	MCDCD58	\$ 88,300,000	\$ 20,000,000	\$ 88,300,000	\$ 20,000,000
Senate	MCO quality incentive bonus to withhold to 1%		\$ -	\$ -	\$ (139,976,000)	\$ (41,992,800)
Senate	Dispensing Fee	MCDCD33	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Senate	Hospital Cut		\$ (127,986,348)	\$ (37,500,000)	\$ (127,986,348)	\$ (37,500,000)
Senate	NF vents		\$ (17,321,189)	\$ (6,466,000)	\$ (17,321,907)	\$ (6,468,000)
Senate	NF LOC		\$ (495,580)	\$ (185,000)	\$ (1,486,342)	\$ (555,000)
Senate	MDS audits		\$ (10,983,126)	\$ (4,100,000)	\$ (13,926,085)	\$ (5,200,000)
Senate	BCMh (recapture house error)		\$ (598,802)	\$ (200,000)	\$ (1,666,667)	\$ (560,000)
Senate	Shared Living		\$ (13,684,211)	\$ (5,200,000)	\$ (20,526,316)	\$ (7,800,000)
Senate	EVV to MC		\$ -	\$ -	\$ (10,752,688)	\$ (3,000,000)
Senate	Eliminate Exec MFP		\$ (4,510,888)	\$ (2,294,466)	\$ (5,416,470)	\$ (2,837,202)
Senate	Eliminate new academic performance bonus		\$ -	\$ -	\$ (9,407,500)	\$ (2,822,250)
Senate	Lab fee reduction		\$ (7,637,580)	\$ (2,291,274)	\$ (15,275,160)	\$ (4,582,548)
Senate	FMAP		\$ -	\$ -	\$ -	\$ (55,000,000)
	Subtotal		\$ (122,206,802)	\$ (46,161,740)	\$ 218,307,473	\$ 36,110,720
Senate	CB Authorization	MCDCD73	\$ 963,648,758	\$ -	\$ 933,920,637	\$ -
	Total Senate As Passed		\$ 13,665,447,507	\$ 3,763,967,966	\$ 14,152,035,717	\$ 3,917,695,014
Conference	Baseline Update in Conference		\$ (172,595,238)	\$ (6,169,054)	\$ 220,499,974	\$ 143,361,020
	Total Medicaid As Reported by Conference		\$ 13,492,852,269	\$ 3,757,798,912	\$ 14,372,535,691	\$ 4,061,056,034