



TRANSFORMING OHIO FOR JOBS + GROWTH

FISCAL YEARS 2014–2015 STATE BUDGET

Ohio's Health Care Transformation

Continuing Ohio's Progress Reforming Medicaid & Human Services Programs

Ohio's FY2014-15 budget continues the state's forward progress to improve health care services for our most vulnerable citizens while also streamlining operations to ensure taxpayer dollars are spent in the most efficient manner. When Governor John R. Kasich took office, Medicaid spending was growing at an unsustainable rate and Ohioans were significantly less healthy than people in other states. Under the leadership of the Governor's Office of Health Transformation, Ohio has taken significant steps to modernize Medicaid, streamline health and human services programs and improve overall health system performance. This budget continues to build on that momentum.

Improving Medicaid Program Integrity and Fighting Fraud: Ohio will expand its efforts to improve program integrity through a series of reforms, saving \$74 million over the biennium.

- **Increase Medicaid's audit capacity:** Medicaid will develop additional program integrity capacity, allowing more on-site monitoring of Medicaid providers and increasing the amount of Medicaid overpayments that Ohio recoups.
- **Speed nursing home claims processing and terminations:** Ohio will implement a new claims review process to resolve overpayment issues more efficiently for nursing homes and the state, and new authority will improve quality of care by enhancing the state's ability to terminate homes with a history of poor quality.
- **Create a consolidated Medicaid budget:** For the first time this budget consolidates state Medicaid finances to improve program accountability and efficiency.

Rewarding Value, Not Volume: This budget continues to reduce Medicaid costs by implementing innovative strategies for paying Medicaid providers.

- **Reform health plan payments:** Medicaid will double the amount of payments to managed care plans that are tied to meeting quality measures and implement a performance-based payment structure for plans serving individuals enrolled in both Medicare and Medicaid.
- **Reform nursing facility payments:** The budget builds upon efforts over the past two years to link funding to quality, and invests additional resources in nursing homes over the biennium.
- **Reform hospital payments:** This budget revises outdated methods of both inpatient and outpatient hospital reimbursement with new payment methodologies that reward value, not volume, improving outcomes and encouraging efficiencies that will save taxpayer dollars.
- **Reduce avoidable hospital admissions:** Ohio will limit payments for hospital readmissions within 30 days of discharge and adjust payments related to preventable readmissions and preventable conditions.

Simplifying Medicaid Eligibility Determination: Current eligibility determination processes for health and human services programs are fragmented, overly complex and rely on 30-year-old technology. Ohio will simplify its current 150+ Medicaid eligibility categories and implement streamlined eligibility processes and more efficient information technology systems.

Updating Provider Regulations to be More Person Centered: Ohio will continue to drive quality improvements in services that are administered in the community and in institutional settings.

- **Ensure safety in home care:** Ohio will ensure that direct-care workers meet core competency standards, providing extra safety for thousands of Ohioans who receive health care service in their homes.

- Improve nursing home monitoring: The budget will enhance quality in nursing homes by improving the process for administering and responding to plans of correction in response to survey deficiencies, creating consistent standards for specialized units in the Long-Term Care Consumer Guide and making the licensure process and standards more focused on the needs of residents.

Sharing Services Across State and Local Jurisdictions to Drive Program Improvement: Barriers to innovation are prevalent in health and human services, where policy, spending and administration are split across multiple state agencies and corresponding local systems. The FY2014-15 budget continues to break down these barriers, creating efficiencies that will improve overall health-system performance and save taxpayer dollars.

- Create a cabinet-level Medicaid department: The budget creates the new Department of Medicaid. This long-overdue improvement removes barriers that impede innovation and makes Ohio's Medicaid program more efficient, effective and responsive to the needs of beneficiaries, stakeholders and Ohio taxpayers.
- Consolidate mental health and addiction services: The budget consolidates ODADAS and ODMH into the Department of Mental Health and Addiction Services, providing additional efficiencies and improving support for local government partners, providers and clients who are participating in two treatment systems.
- Coordinate workforce programs: The budget provides tools to better identify health-sector workforce needs, align existing workforce programs, reform higher education training programs, and change payments for health services to support workforce priorities, creating a unified system that helps businesses in the health care sector meet their workforce needs.
- Streamline public health programs: Transformation in the public health infrastructure is needed for Ohio to continue providing core public health services to all Ohioans. The budget gives local public health systems additional tools to collaborate, removes geographic barriers to shared services, and improves accountability by requiring local health districts to meet standards developed by a nationally recognized accreditation body.
- Coordinate programs for children: The budget includes targeted initiatives to improve health and human services for children served within and outside of Medicaid, with a focus on reducing infant mortality, improving early childhood education, and assisting high-risk youth successfully transition to adulthood.

Bending the Cost Curve: In the three years prior to Governor Kasich taking office, Medicaid spending increased 33 percent. The governor's first budget helped bend this cost curve, saving Ohio taxpayers more than \$2 billion and holding state fiscal year 2013 Medicaid spending growth to less than 3 percent. In this budget, Medicaid spending will stabilize at 5 percent growth in state fiscal year 2015 after increasing 18 percent in state fiscal year 2014 as a result of the "woodwork effect" and other mandates from Obamacare, one-time state reforms that will generate future savings, and legislative and other changes.

THIS BUDGET LAID THE GROUNDWORK FOR EXTENDING HEALTH CARE TO LOW-INCOME, WORKING OHIOANS:

The governor's budget proposal included a plan to provide low-income Ohioans, most of whom have jobs, earning up to 138 percent of the federal poverty level (\$15,415 per year) with access to health care coverage through Medicaid. While the General Assembly has chosen to debate this proposal separate from the budget process, the governor remains focused on getting a Medicaid expansion plan passed and will see this plan through.

BOTTOM LINE: The reforms adopted in the FY2014-15 budget will continue the nationally recognized transformation of Ohio's Medicaid program by improving care for vulnerable Ohioans, reducing costs for taxpayers and businesses, and making Ohio more attractive to job creators.

- Better Care and Better Value: By paying for value, not volume, Medicaid will control costs and improve program performance and health outcomes for vulnerable Ohioans.
- Follow President Reagan's Reform Blueprint: The budget follows Reagan's example of more efficient and effective government and using all available tools to protect jobs and improve services for vulnerable people.
- Balance the Budget: Strategic spending decisions and payment reform strategies help mitigate the \$521 million state budget impact of the Obamacare "woodwork effect" and ensure the long-term financial stability of the Medicaid program.