

Ohio

**Governor's Office of
Health Transformation**

Conservative Solutions to Reform Ohio's Medicaid Program

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Ohio Health Transformation Principles

- Market Based** Reset the basic rules of health care competition so the incentive is to keep people as healthy as possible
- Personal Responsibility** Reward Ohioans who take responsibility to stay healthy – and expect people who make unhealthy choices to be responsible for their decisions
- Evidence Based** Rely on evidence and data to complement a lifetime of experience, so doctors can deliver the best quality care at the lowest possible cost
- Transparent** Make information about price and quality transparent, and get the right information to the right place at the right time to improve care and cut costs
- Value** Pay only for what works to improve and maintain health – and stop paying for what doesn't work, including medical errors

Ohio Health Transformation Principles (continued)

- Primary Care** Transform primary care from a system that reacts after someone gets sick to a system that keeps people as healthy as possible
- Chronic Disease** Prevent chronic disease whenever possible and, when it occurs, coordinate care to improve quality of life and help reduce chronic care costs
- Long-Term Care** Enable seniors and people with disabilities to live with dignity in the setting they prefer, especially their own home, instead of a higher-cost setting like a nursing home
- Innovation** Innovate constantly to improve health and economic vitality – and demonstrate to the nation why Ohio is a great place to live and work

Plan for the long-term efficient administration of the Ohio Medicaid Program and act to improve overall health system performance. 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;
3. Engage private sector partners to set clear expectations for overall health system performance; and
4. Recommend a permanent Ohio health and human services organizational structure and oversee transition.

Ohio's Health System Performance

Health Outcomes – 42nd overall¹

- 42nd in preventing infant mortality (only 8 states have higher mortality)
- 37th in preventing childhood obesity
- 44th in breast cancer deaths and 38th in colorectal cancer deaths

Prevention, Primary Care, and Care Coordination¹

- 37th in preventing avoidable deaths before age 75
- 44th in avoiding Medicare hospital admissions for preventable conditions
- 40th in avoiding Medicare hospital readmissions

Affordability of Health Services²

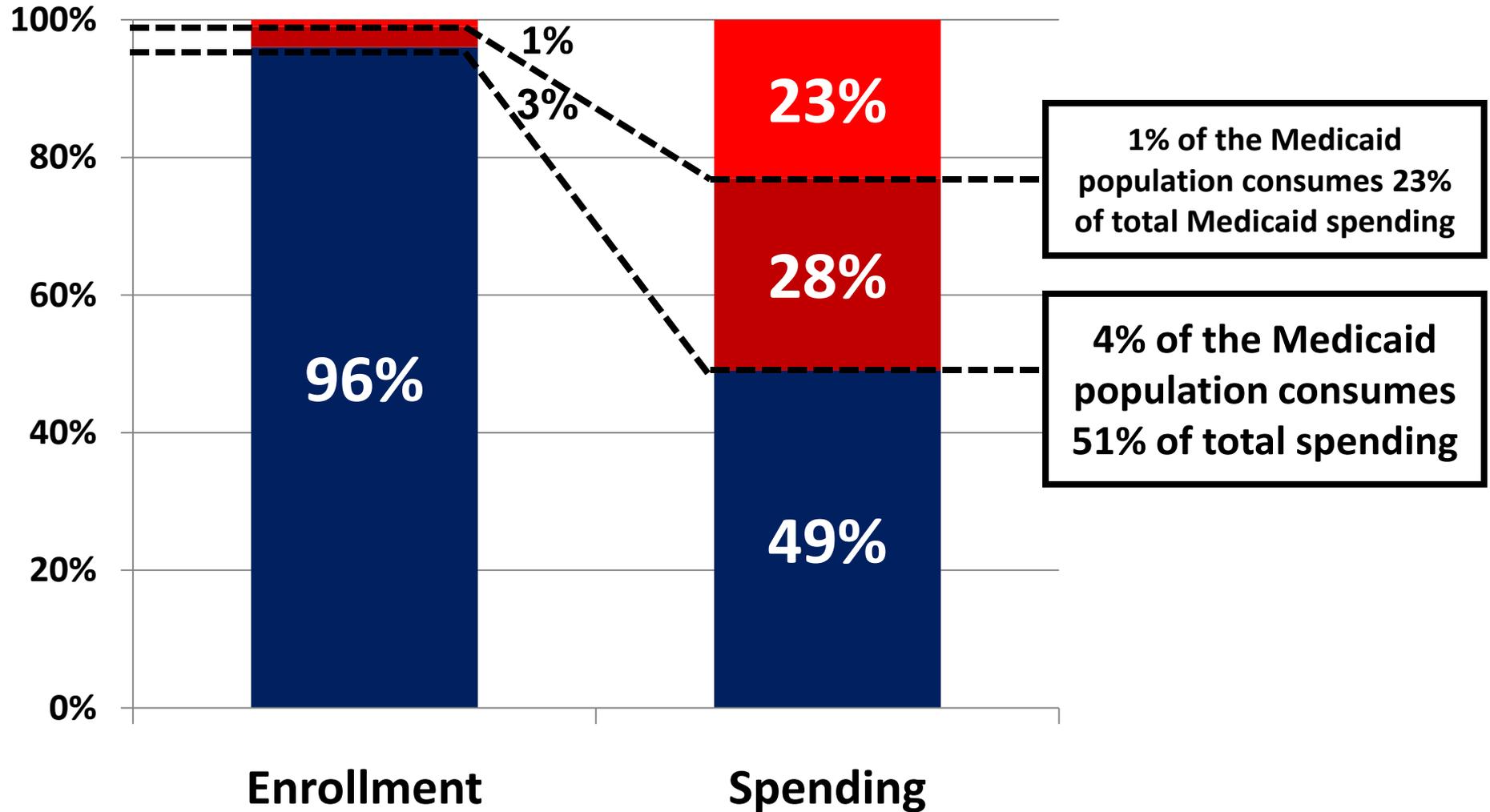
- 37th most affordable (Ohio spends more per person than all but 13 states)
- 38th most affordable for hospital care and 45th for nursing homes
- 44th most affordable Medicaid for seniors

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 2 in 5 births¹
- Spends \$18+ billion annually all agencies, all funds (SFY 2011)¹
- Accounts for 4.0% of Ohio's total economy and is growing²
- Funds are federal (64%) and state (36%)³



A few high-cost cases account for most Medicaid spending



Fragmentation



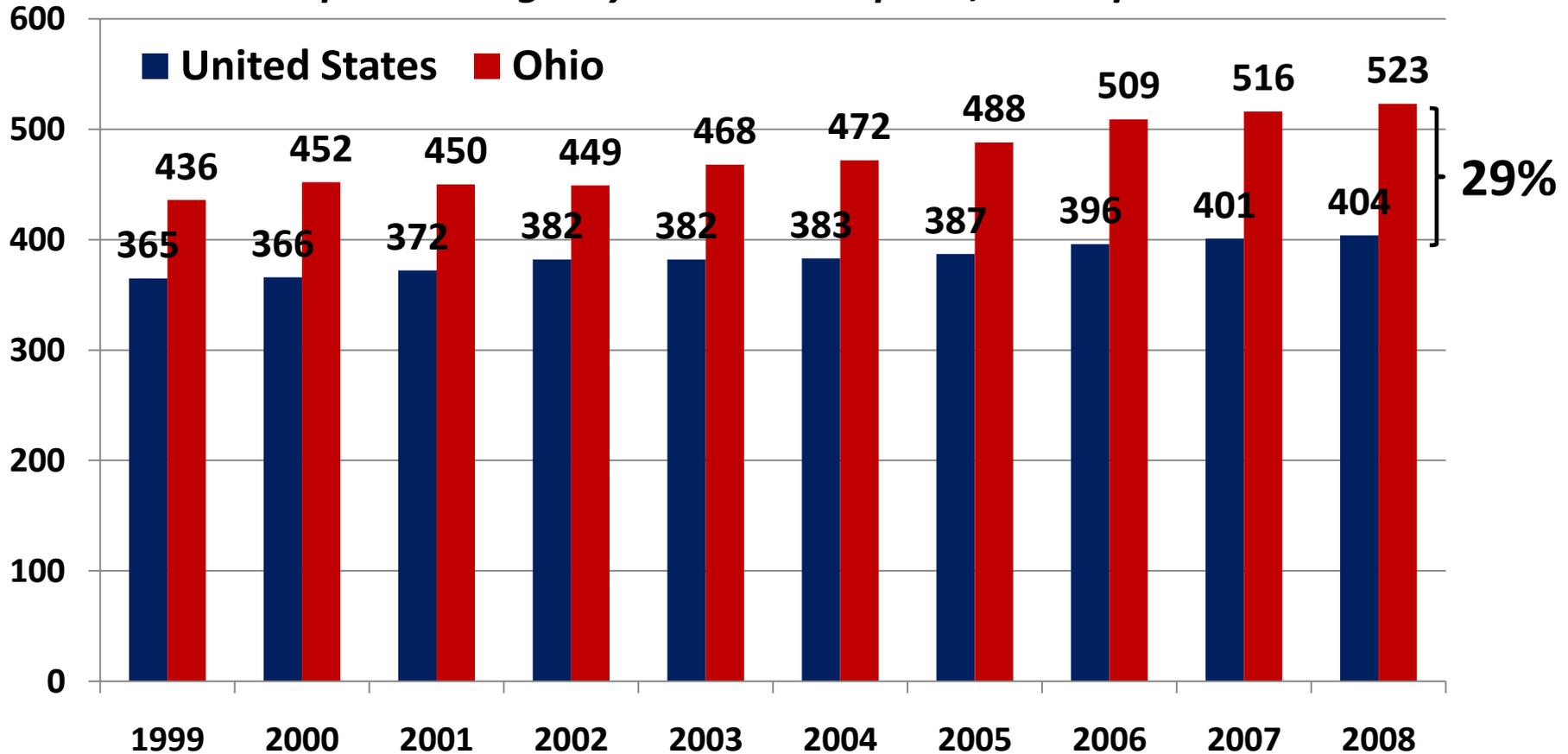
Coordination

- 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: 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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Medicaid Hot Spot: Medicaid Enrollees Who Get Care Primarily from Hospitals*

** Indicating a lack of primary care and/or care coordination*

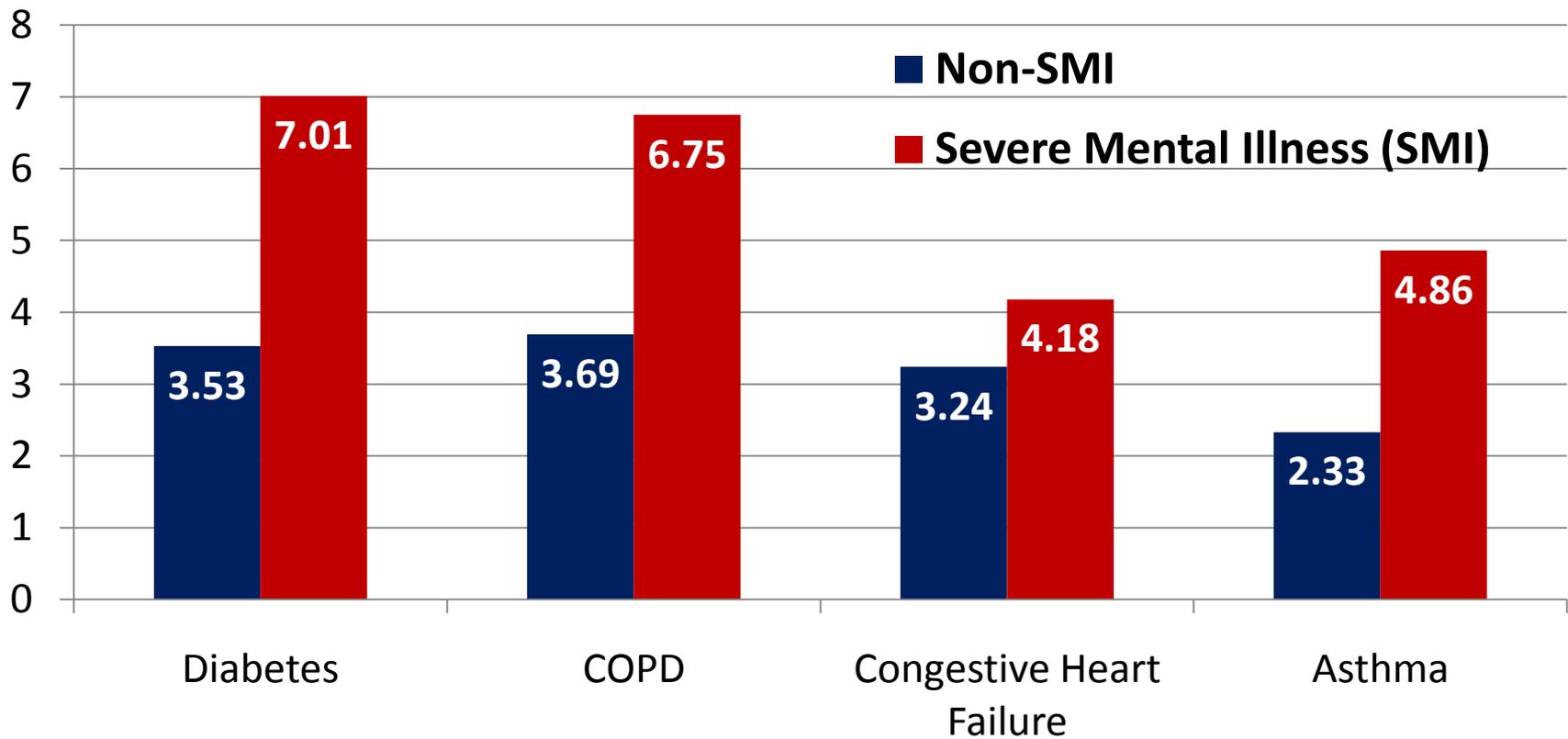
| Non-Institutionalized Medicaid Population | Enrollment | | Spending | | Average Cost |
|---|------------|------|----------------|-----|--------------|
| | Number | % | Amount | % | |
| Children | 29,552 | 1.3% | \$510 million | 5% | \$17,300 |
| Adults | 12,530 | 0.5% | \$841 million | 8% | \$67,100 |
| Total | 42,082 | 1.8% | \$1.35 billion | 13% | \$32,100 |

Source: Ohio Department of Job and Family Services for SFY 2010. Note that medical costs include those incurred by MCPs and paid by FFS, excluding institutionalized consumers and their costs. Consumers may have been in both FFS and MC delivery systems within SFY 2010. This analysis includes consumers costs in both systems.



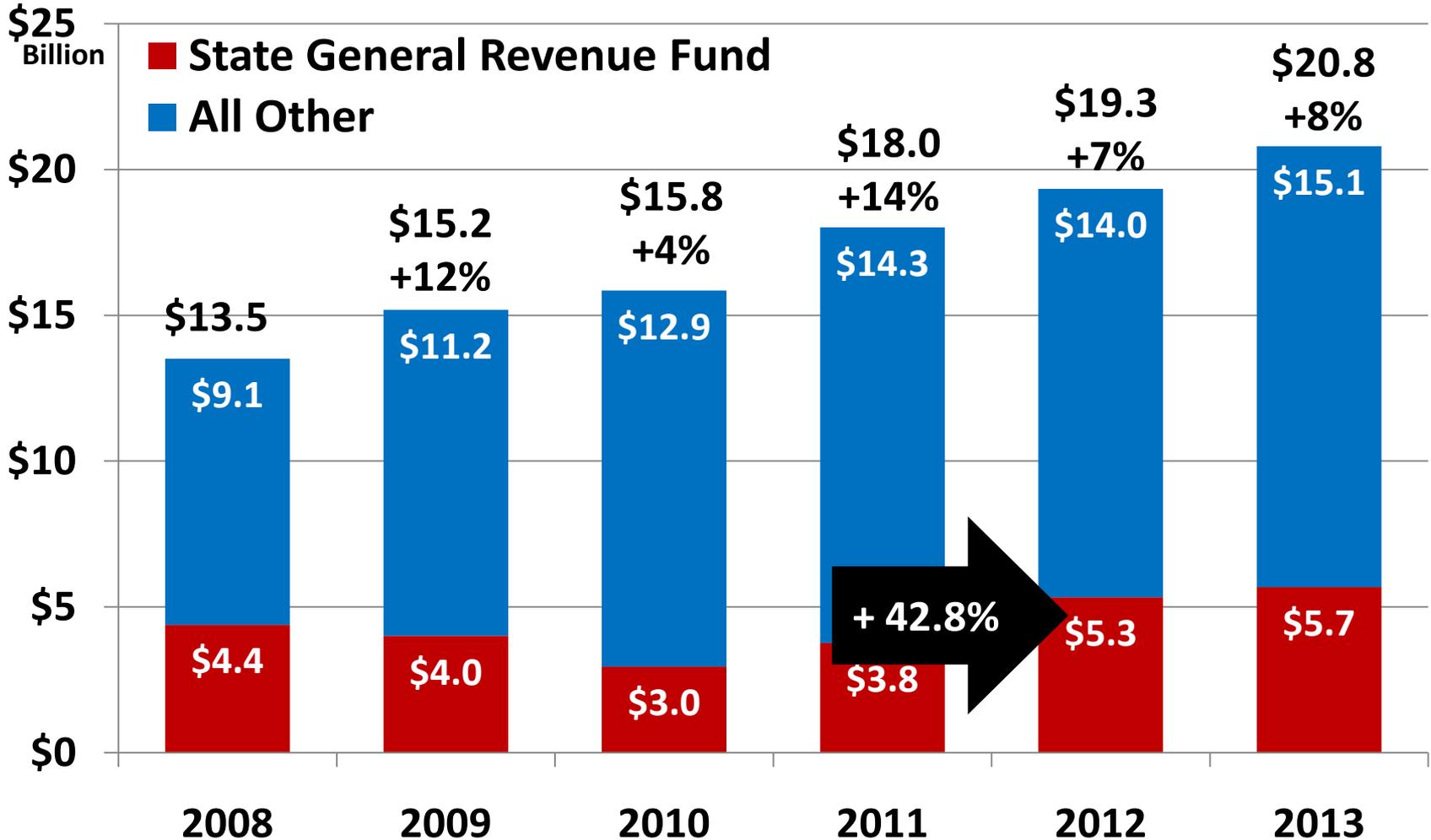
Medicaid Hot Spot: Hospital Admissions for People with Severe Mental Illness

Avoidable hospitalizations per 1000 persons for ambulatory care sensitive conditions (avoidable with proper treatment)



Ohio Medicaid Spending Trend

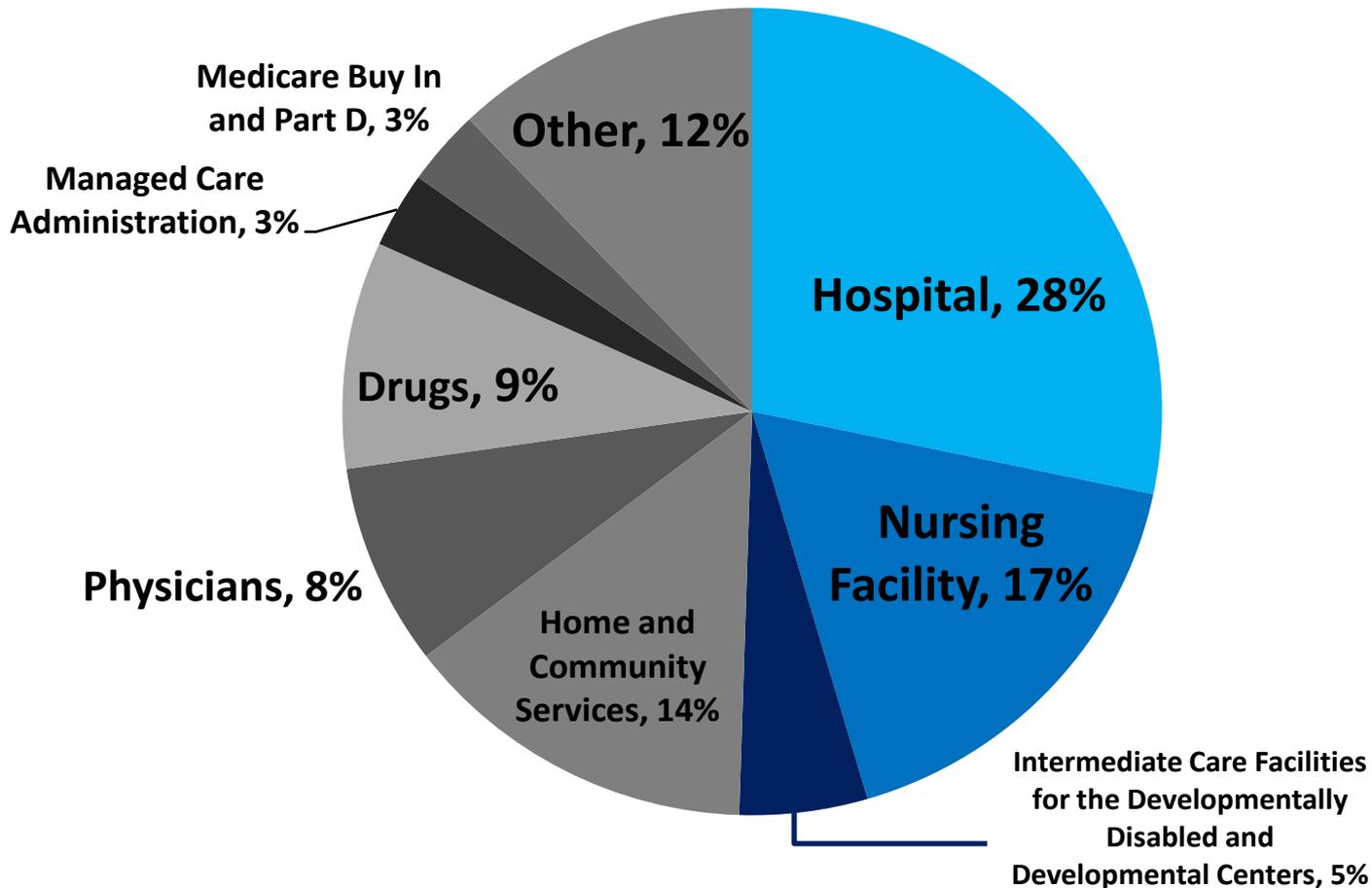
9 percent average annual growth, 2008-2011



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Source: Office of Health Transformation Consolidated Medicaid Budget, All Funds, All Agencies; actual SFY 2008-2010 and estimated SFY 2011-2013; "All Other" includes Federal Funds and Non-General Revenue Funds (non-GRF)

Total Ohio Medicaid Expenditures, SFY 2010



Source: Ohio Department of Job and Family Services and the Governors Office of Health Transformation. Managed care expenditures are distributed to providers according to information from Milliman. Hospitals include inpatient and outpatient expenditures as well as HCAP Home and community services include waivers as well as home health and private duty nursing.



Transform Medicaid so that individuals and families have a broad choice of health plans and providers and that those providers are directly accountable to patients for their quality of care.

**The Heritage Foundation
Objectives for Health Care**

Ohio Health Transformation Priorities

- Improve Care Coordination
- Integrate Behavioral and Physical Health
- Rebalance Long-Term Care
- Modernize Reimbursement

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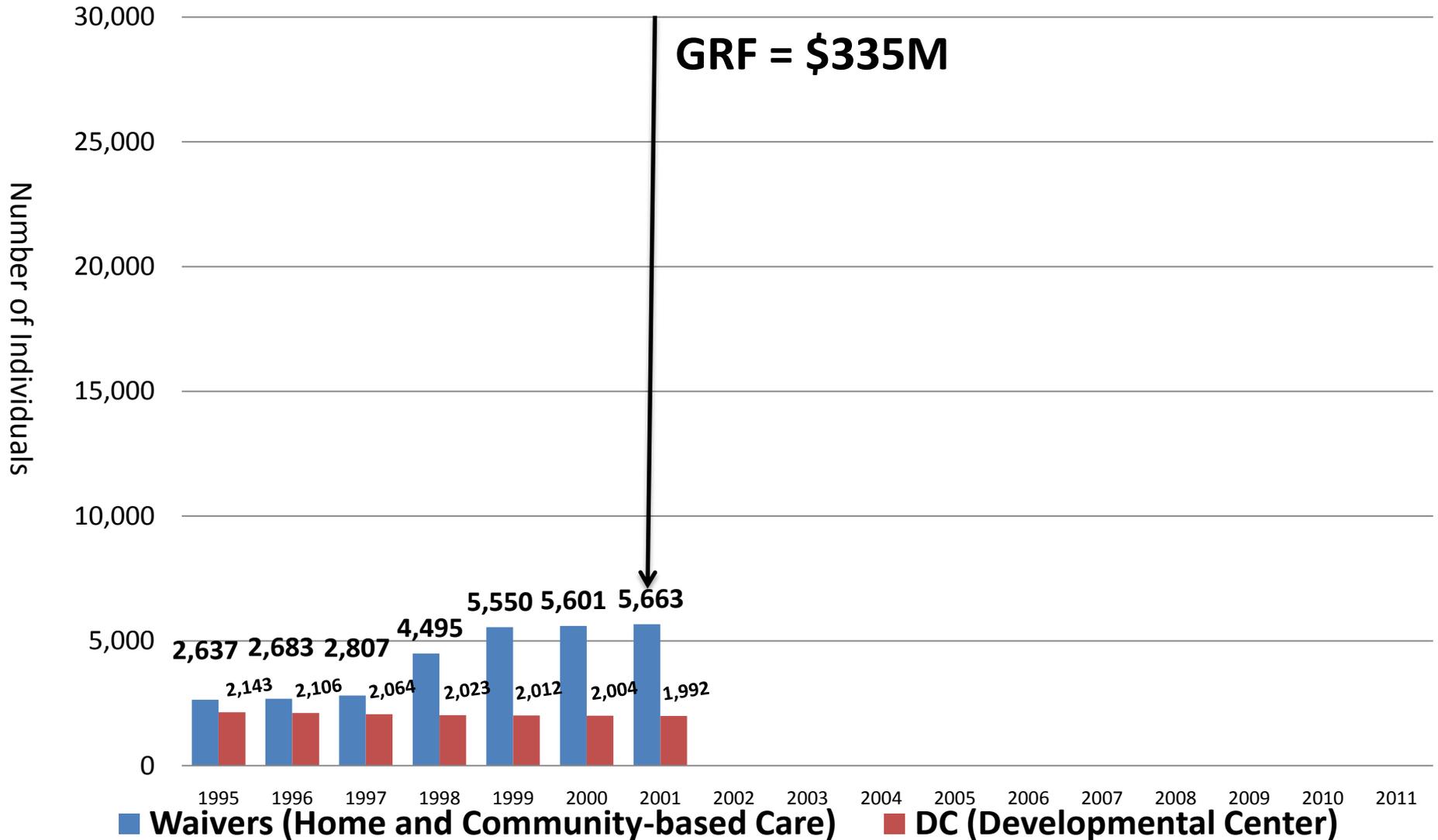
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The Vision for Better Care Coordination

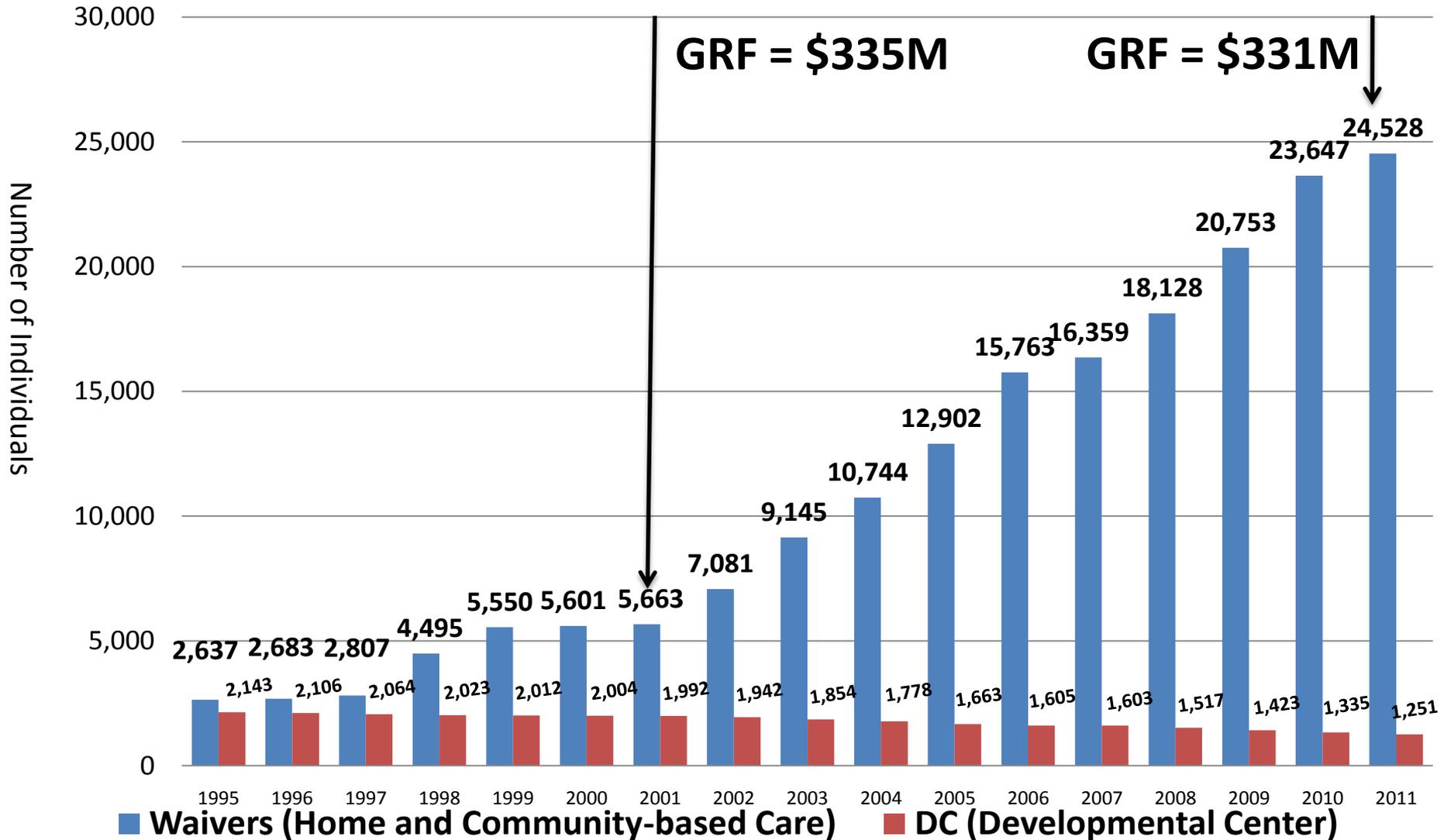
- Create a person-centered care management approach – not a provider, program, or payer approach
- Services are integrated for all physical, behavioral, long-term care, and social needs
- Services are provided in the setting of choice
- Easy to navigate for consumers and providers
- Transition seamlessly among settings as needs change
- Link payment to person-centered performance outcomes

“Katie Beckett is going home from the hospital because nothing angers the President like red tape.”

A Case Study in Transformation: Ohio Department of Developmental Disabilities

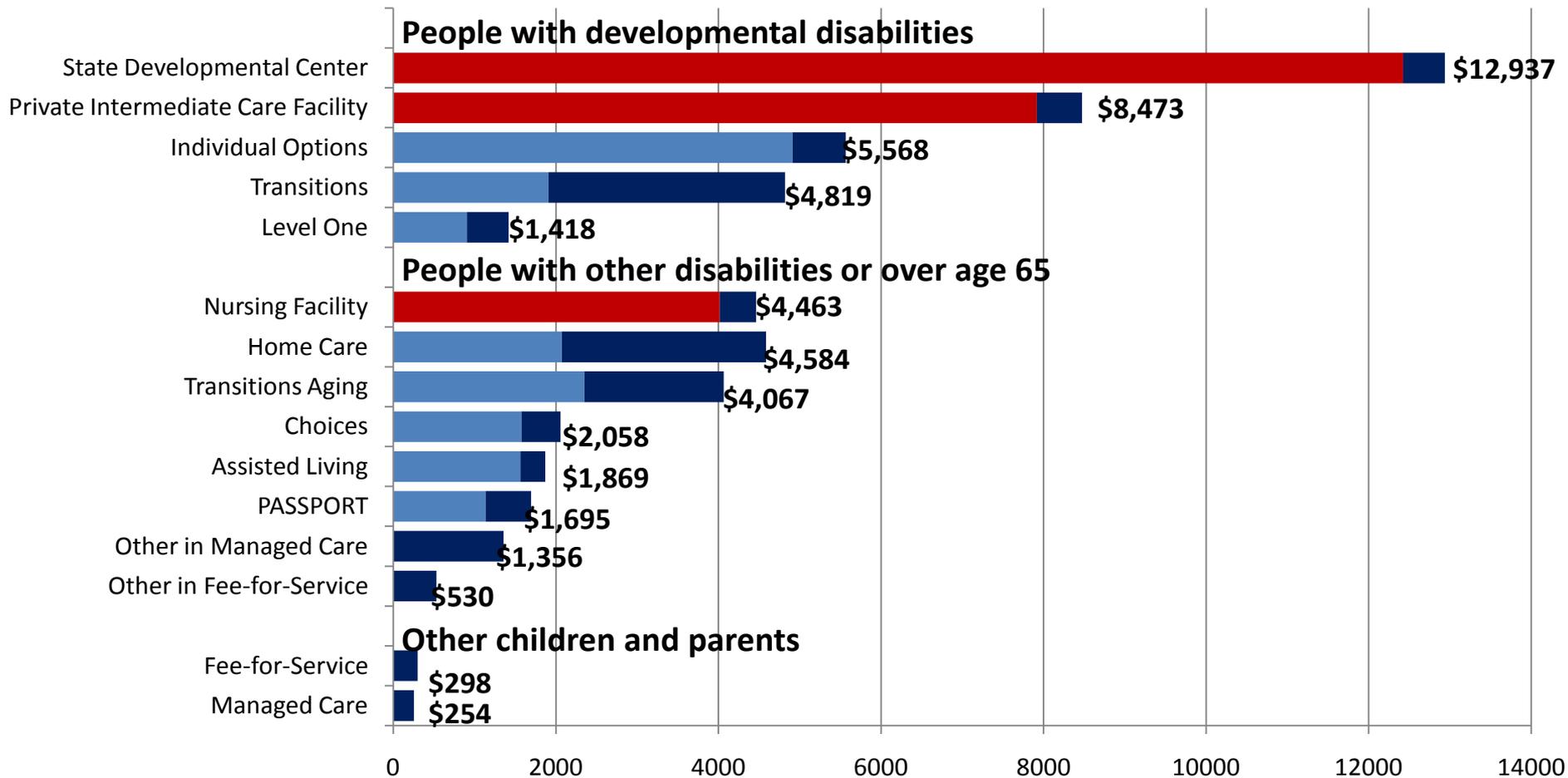


A Case Study in Transformation: Ohio Department of Developmental Disabilities



Ohio Medicaid Spending per Member per Month by Setting

■ Institutional Services
 ■ Waiver Services
 ■ All Other Medicaid



Source: Ohio Department of Job and Family Services. Includes claims incurred from July 2009 through June 2010 and paid through October 2010; cost differences between institutional and waiver/community alternatives do not necessarily represent program savings because population groups being compared may differ in health care needs.



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Rebalance Long Term Care

Enable seniors and people with disabilities to live with dignity in the settings they prefer

- Nursing facilities are an essential service in the continuum of long-term care
- Many are diversified and also offer community-based services, but some are stuck in the past and need to adapt to the 21st Century demand for more personalized services
- Ohioans pay more per capita for nursing facility services than residents in all but 5 states
- Approximately 15 percent of nursing home capacity is unused

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 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 |



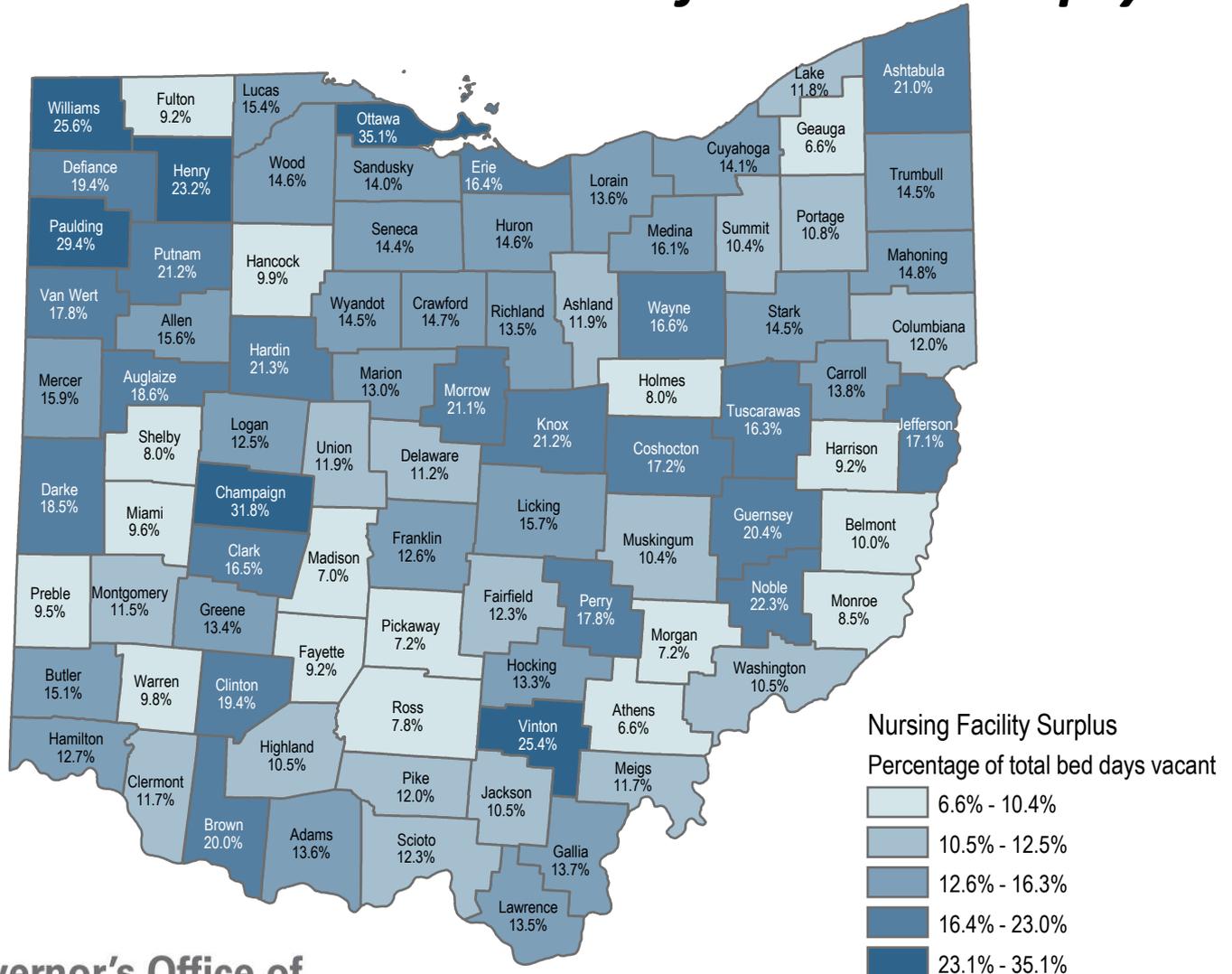
Medicaid Hot Spot: Per Enrollee Medicaid Spending: Ohio vs. US

| 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 |



Unused Nursing Home Capacity

In 70 counties more than 10% of beds are empty



Rebalance Long Term Care

Enable seniors and people with disabilities to live with dignity in the settings they prefer

RECOMMENDATIONS:

- Create a Single Point of Care Coordination
- Consolidate and Streamline Waiver Programs
- Reward Person-Centered Outcomes in Nursing Homes
- Expect Greater Efficiency from NF and Waiver Providers
- Decrease payments to “hold” empty beds
- Reduce the nursing home franchise fee
- Saves \$427 million all funds over the biennium

Research suggests that person-centered care is associated with improved organizational performance including higher resident and staff satisfaction, better workforce performance and higher occupancy rates.

Ohio Health Transformation Priorities

- Improve Care Coordination
- Integrate Behavioral and Physical Health
- Rebalance Long-Term Care
- Modernize Reimbursement

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Balance the Budget

Contain Medicaid program costs in the short term and ensure financial stability over time

RESULTS:

- A sustainable system
- \$1.4 billion in net savings over the biennium
- Align priorities for consumers (better health outcomes) and taxpayers (better value)
- Challenge the system to improve performance (better care and cost savings through improvement)



Governor's Office of
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Thank you.

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