



Governor's Office of  
Health Transformation

# **Beyond the budget: improving overall health system performance**

Greg Moody, Director  
Governor's Office of Health Transformation

Cleveland Clinic Health Network Board of Directors  
July 22, 2011

**Ohioans spend more per person on health care than residents in all but 13 states<sup>1</sup>**

**Rising health care costs are eroding paychecks and profitability**

**Higher spending is not resulting in higher quality or better outcomes for Ohio citizens**

**41 states have a healthier workforce than Ohio<sup>2</sup>**



# State Strategies to Improve Health System Performance

ACCESS

QUALITY

COST

## Phase I: Leverage Medicaid Purchasing Power

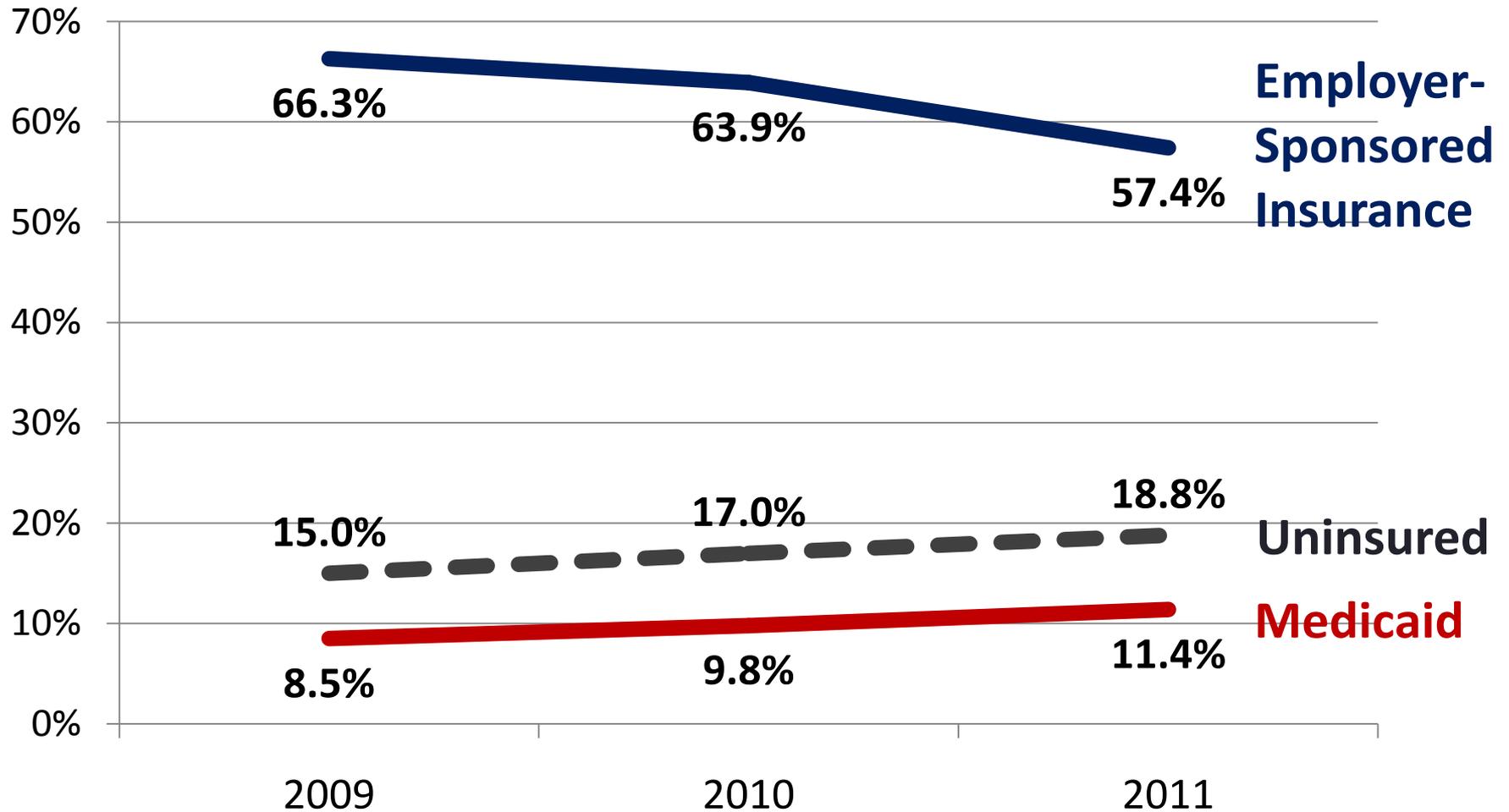
- Improve Care Coordination
- Integrate behavioral and physical health care services
- Rebalance long-term care

# Medicaid is Ohio's Largest Health Payer

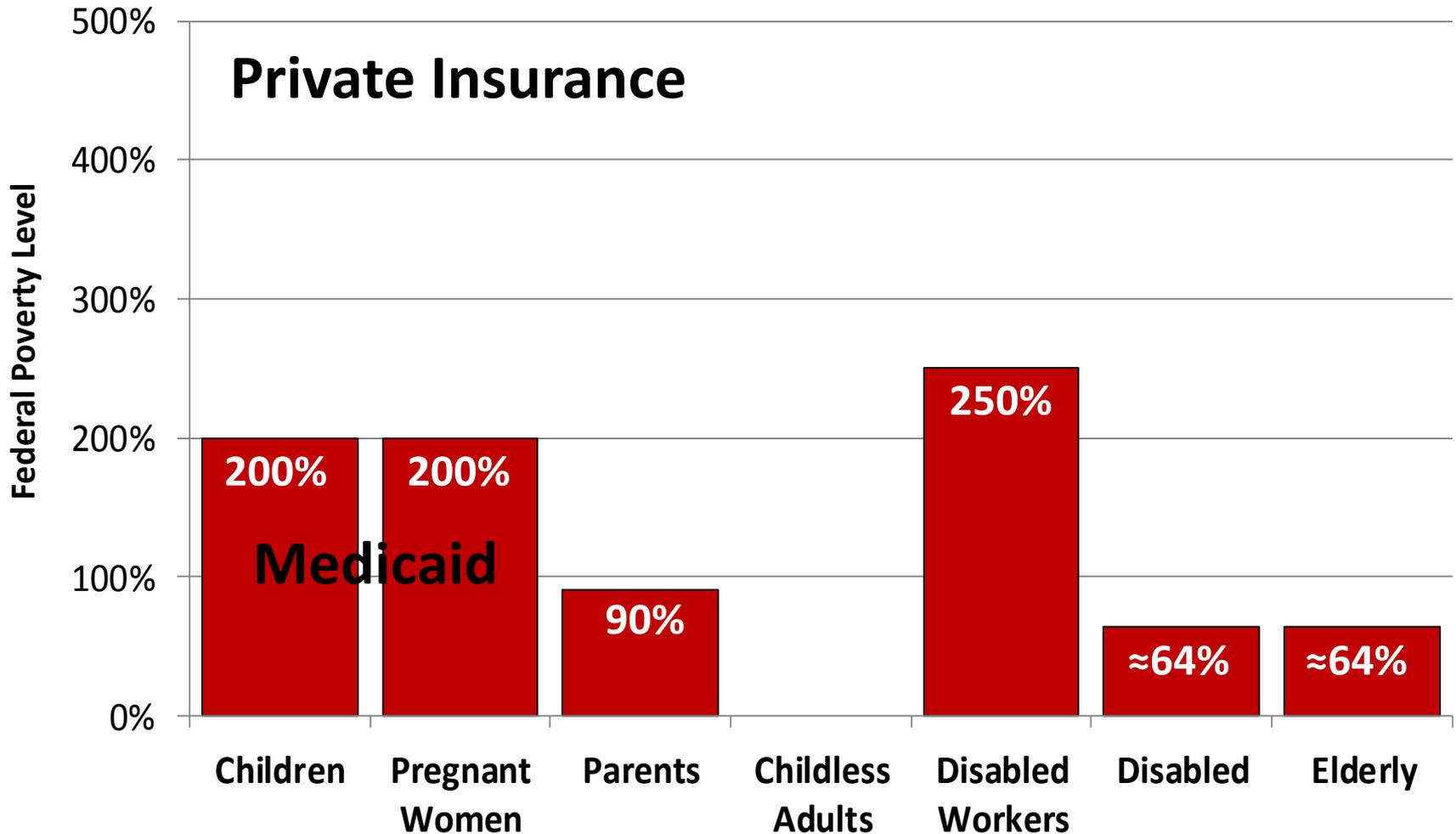
- Provides health coverage for low-income children, parents, seniors, and people with disabilities
- Covers 2.2 million Ohioans (1 in 5) including 2 in 5 births<sup>1</sup>
- Spends \$18 billion annually all agencies, all funds (SFY 2011)<sup>1</sup>
- Accounts for 4.0% of Ohio's total economy and is growing<sup>2</sup>
- Funds are federal (63.69%) and state (36.31%)<sup>3</sup>



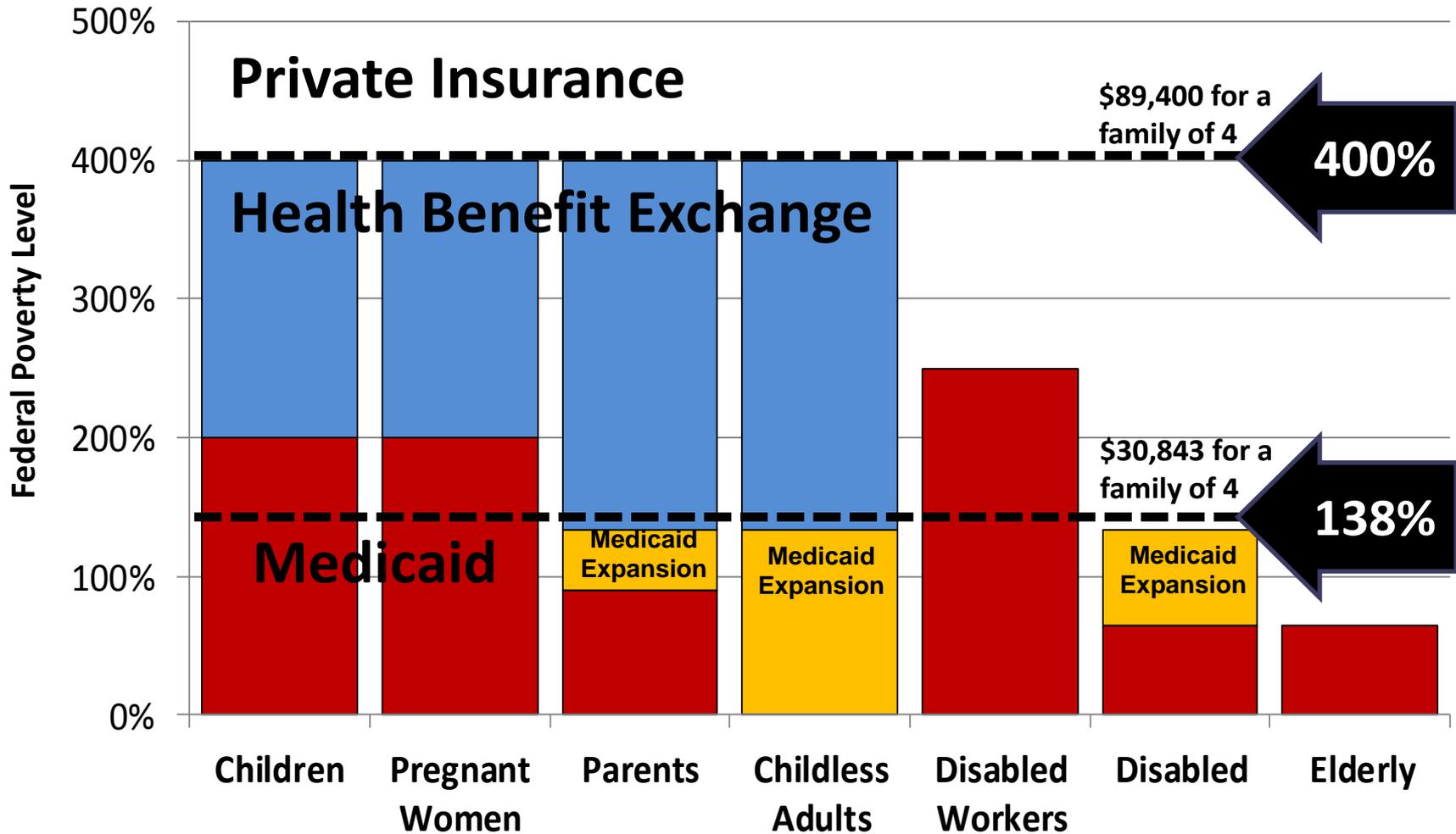
# Ohioans Covered by Employer-Sponsored Health Insurance, Medicaid, or Uninsured



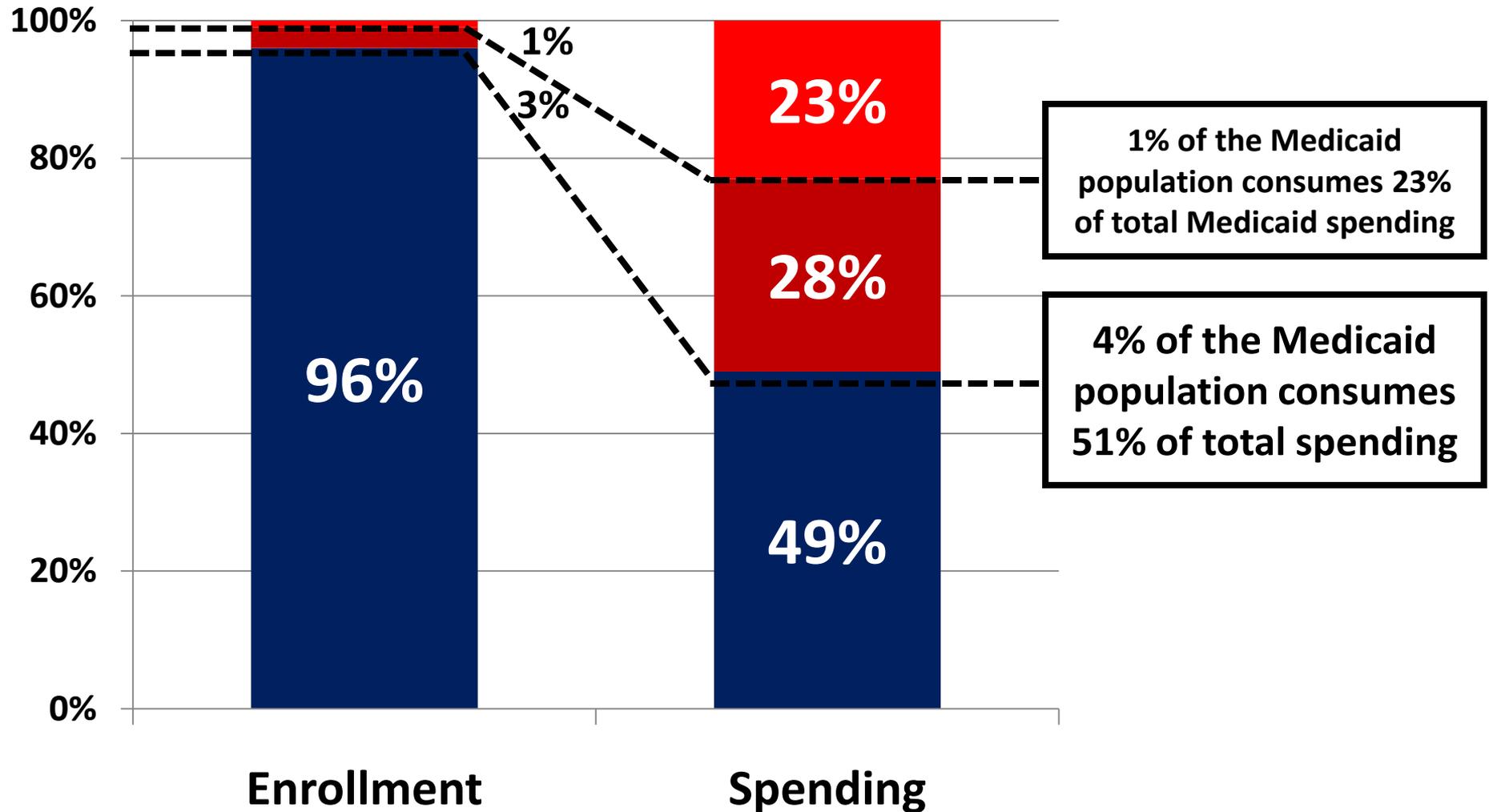
# Federal Reform: Current Medicaid Income Eligibility Levels



# Federal Reform: 2014 Health Coverage Expansions



# A few high-cost cases account for most Medicaid spending



## MEDICAL REPORT

# THE HOT SPOTTERS

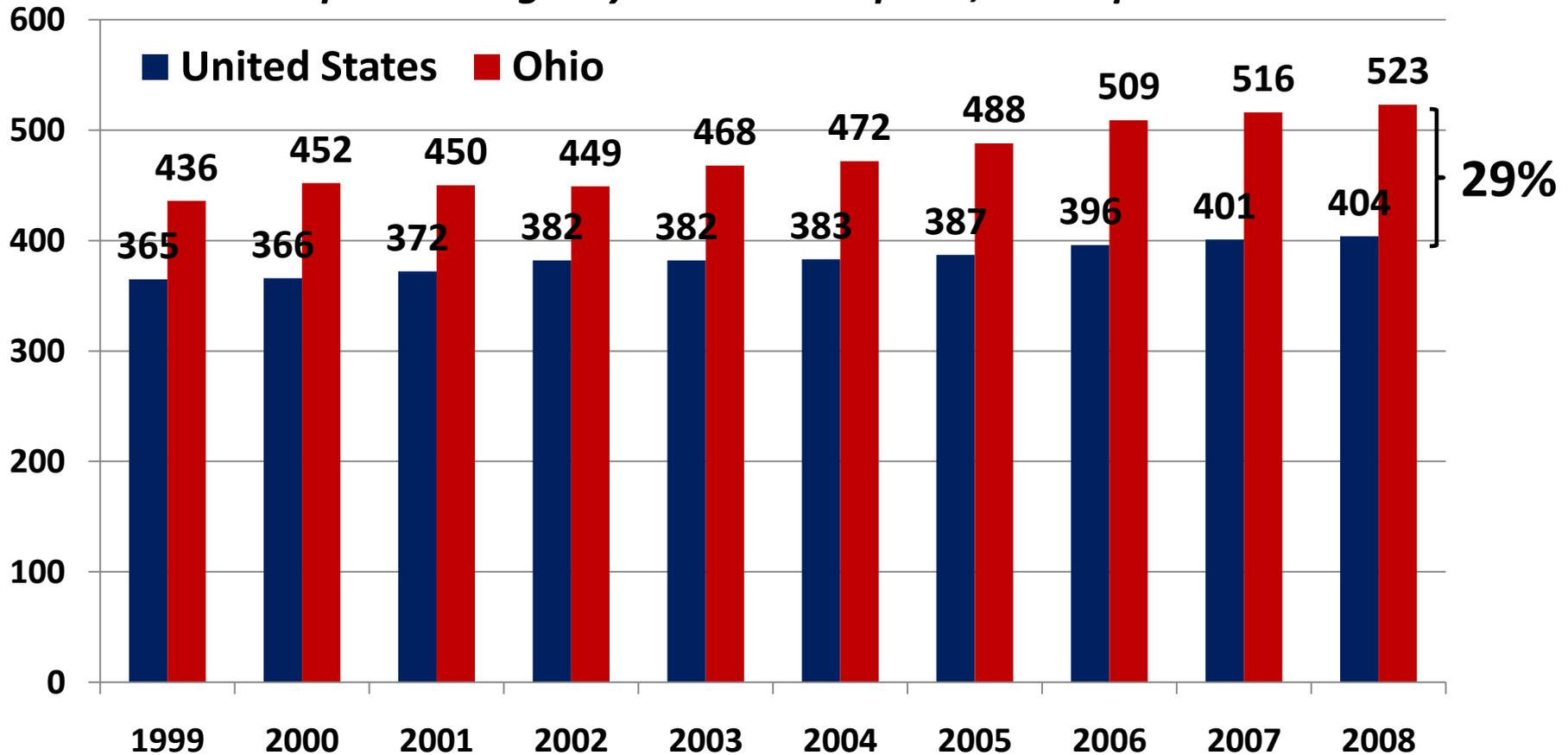
*Can we lower medical costs by giving the neediest patients better care?*

BY ATUL GAWANDE

*“The critical flaw in our health care system ... is that it was never designed for the kind of patients who incur the highest costs. Medicine’s primary mechanism of service is the doctor visit and the emergency room visit. It’s like arriving at a major construction project with nothing but a screwdriver and a crane.”*

# Medical Hot Spot: Emergency Department Utilization: Ohio vs. US

*Hospital Emergency Room Visits per 1,000 Population*



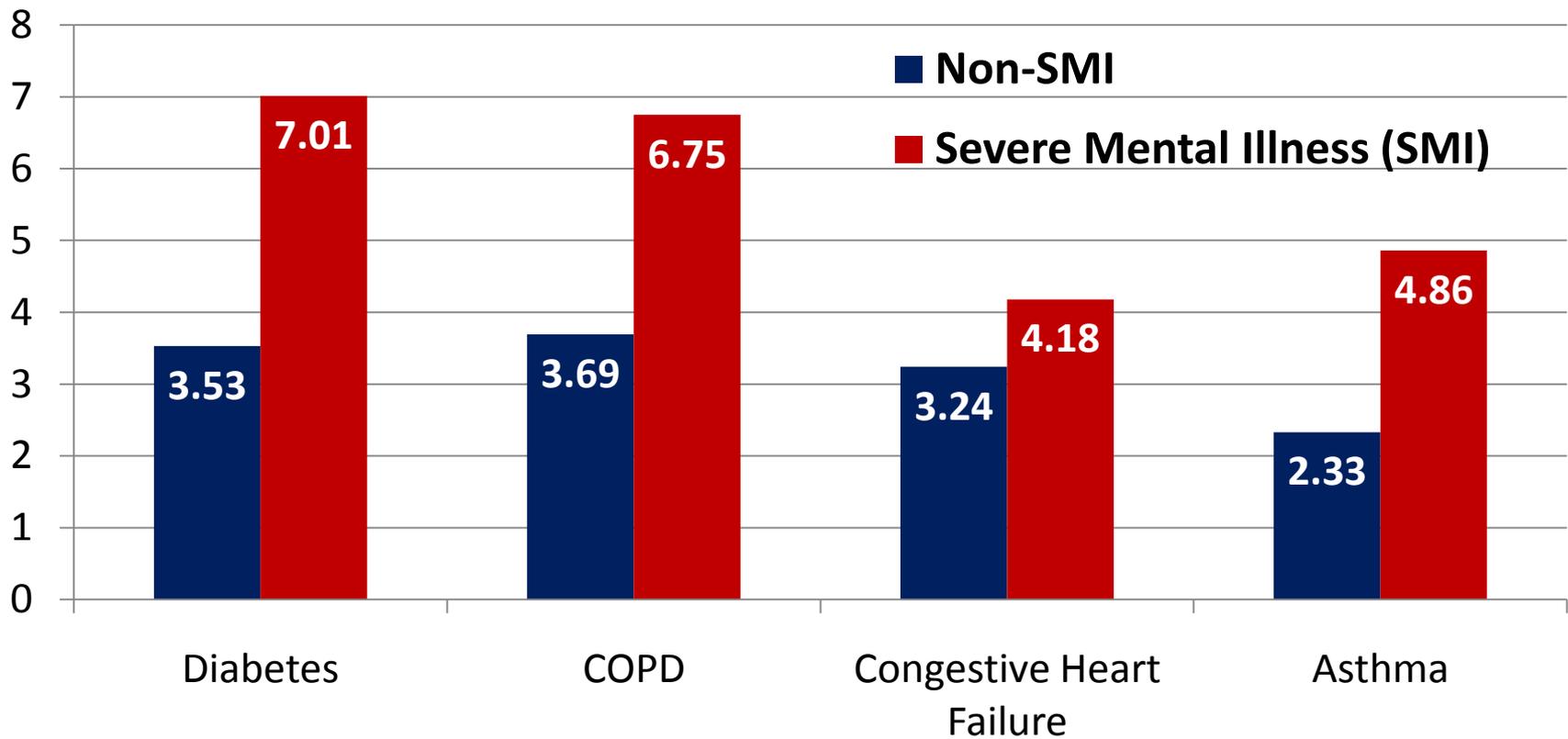
Source: American Hospital Association Annual Survey (March 2010) and population data from Annual Population Estimates, US Census Bureau: <http://www.census.gov/popest/states/NST-ann-est.html>.



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

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



## 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

# The Vision for Better Care Coordination

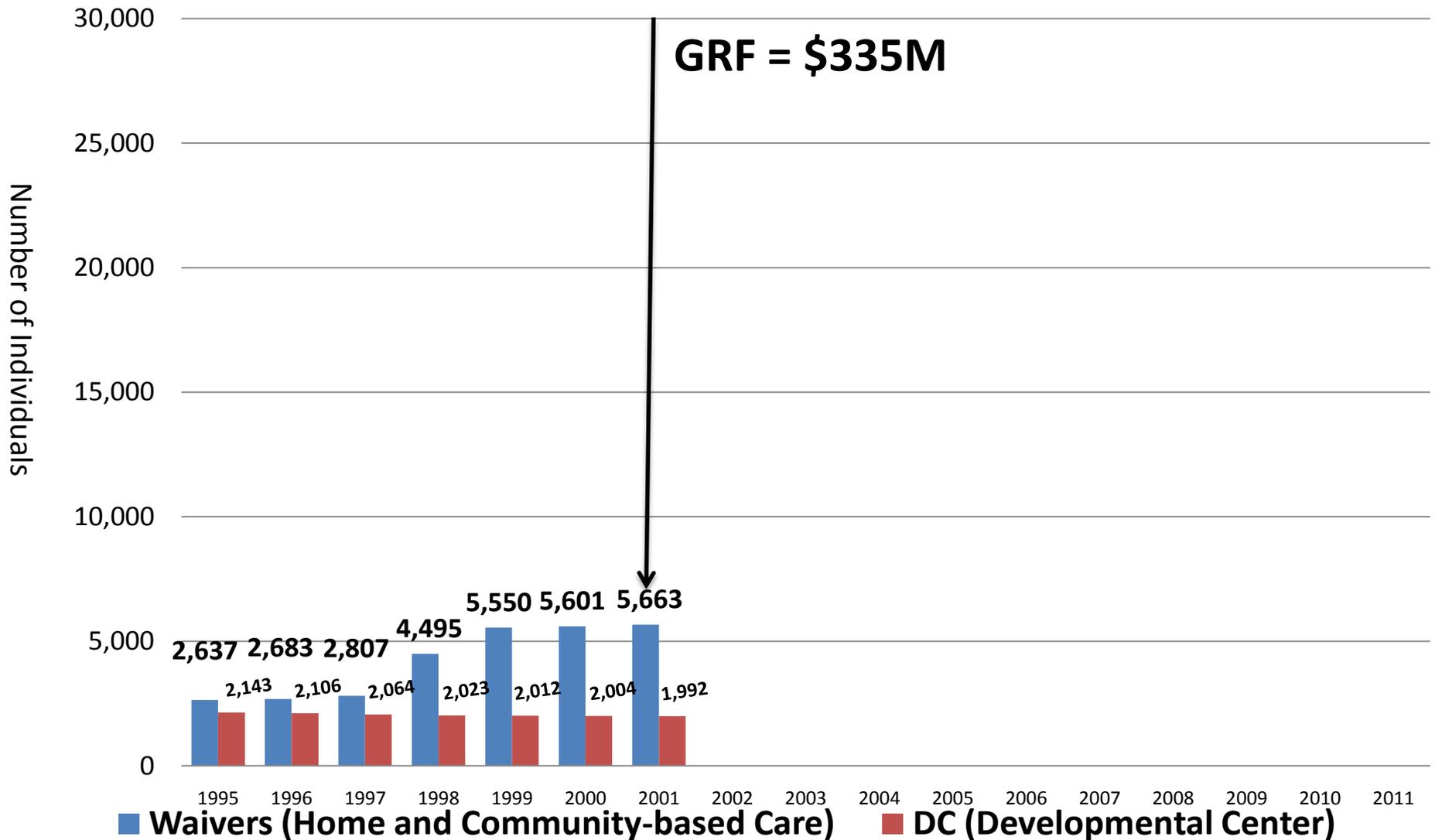
- The vision is to create a person-centered care management approach – not a provider, program, or payer approach
- Services are integrated for all physical, behavioral, long-term care, and social needs
- Services are provided in the setting of choice
- Easy to navigate for consumers and providers
-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

# Medicaid Transformation Priorities

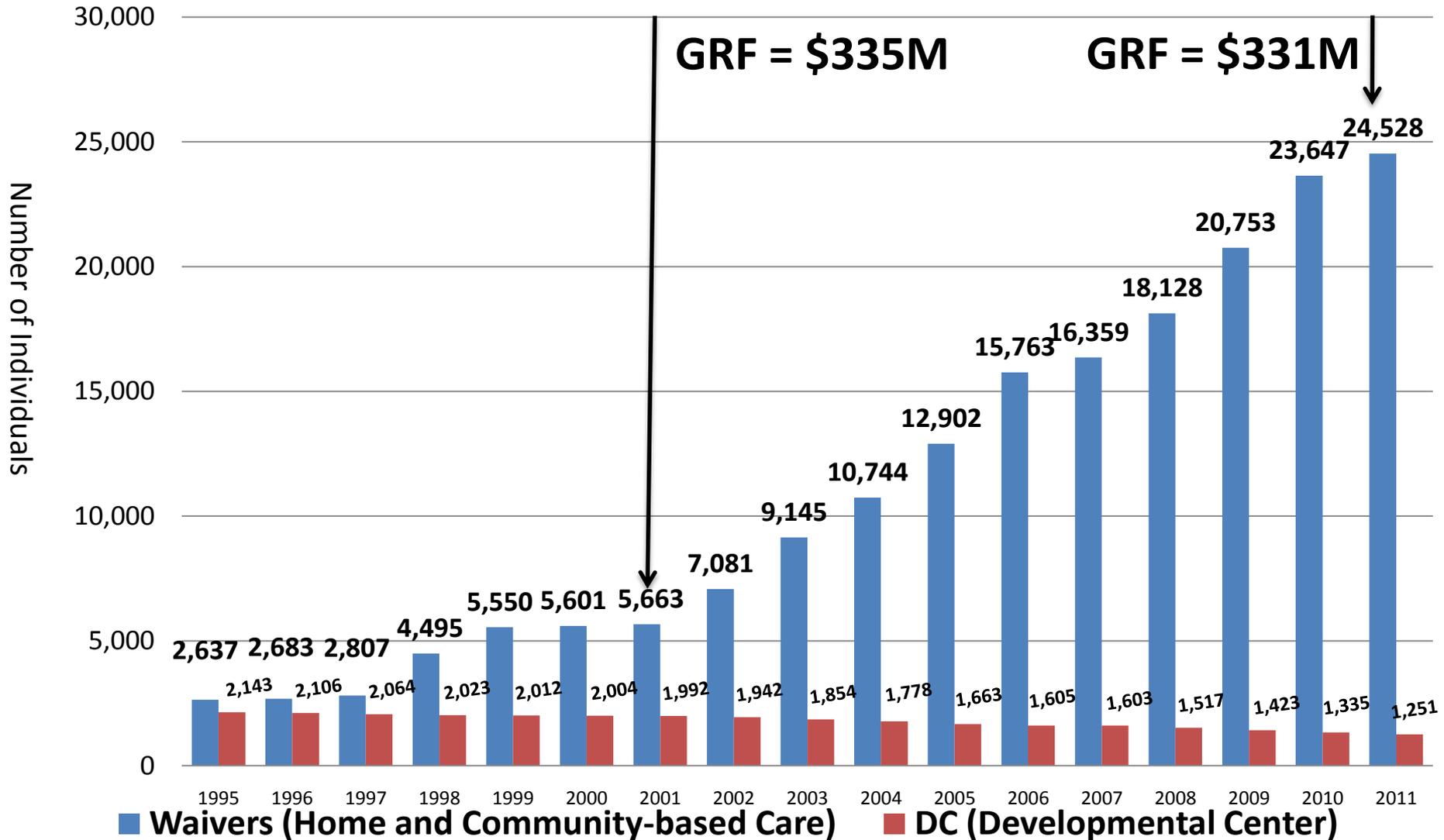
- Improve Care Coordination
- Integrate Behavioral/Physical Health Care
- Rebalance Long-Term Care
- Modernize Reimbursement

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

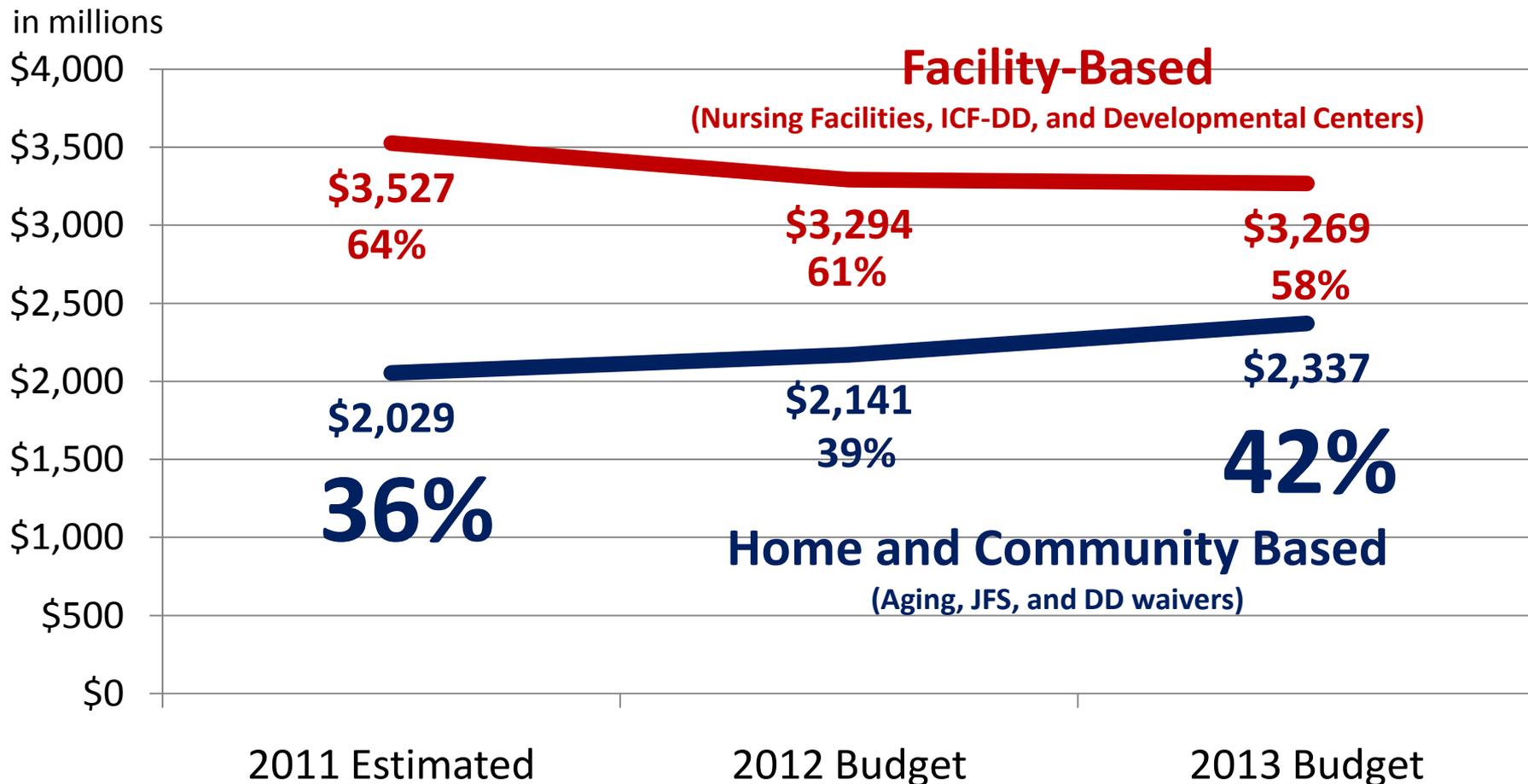
# A Case Study in Transformation: Ohio Department of Developmental Disabilities



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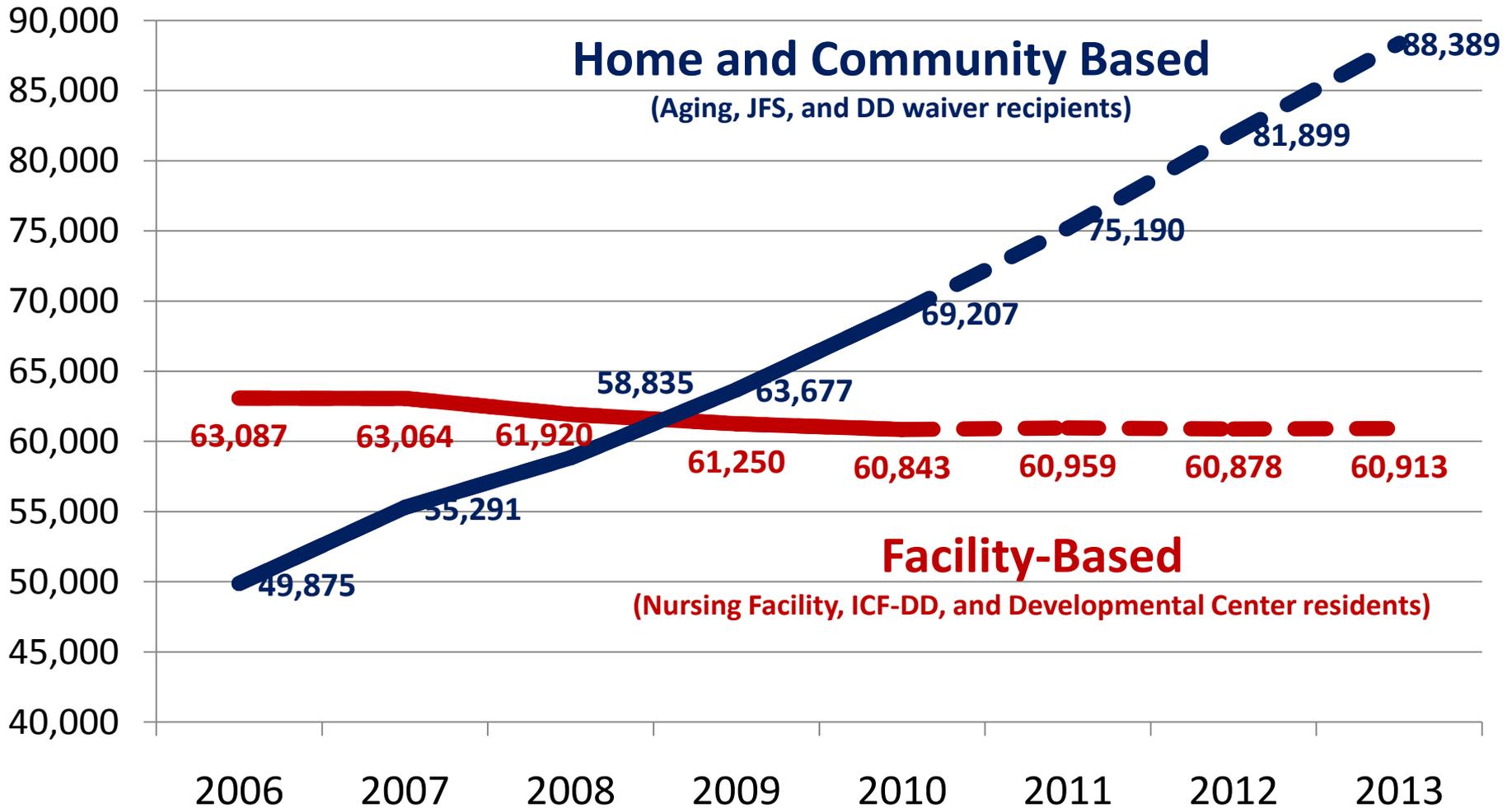


# Medicaid Budget: Rebalance Medicaid Spending on Institutions vs. Home and Community Based Services



## Medicaid Budget:

# Ohio Medicaid Residents of Institutions Compared to Recipients of Home and Community Based Services



THE BLADE

Wednesday, February 9, 2011

**Editorial - Medicaid realism**

Dayton Daily News

Wednesday, March 9, 2011

**Medicaid is 30% of state budget and growing**

AKRON BEACON JOURNAL

Sunday, April 3, 2011

**Editorial - Ambitious for Medicaid**

*John Kasich wants to save money. He also has a plan to improve quality and outcomes*

The Columbus Dispatch

Sunday, May 1, 2011

**Editorial: Serve the seniors**

*Lawmakers should reduce funding to nursing homes, boost in-home services*

Dayton Daily News

Wednesday, March 9, 2011

**Editorial - Kasich needs to be bold and effective**

THE PLAIN DEALER

Sunday, April 10, 2011

**Medicaid proposal by Gov. John Kasich would transform system in Ohio**

THE REPOSITORY

Tuesday, March 22, 2011

**Editorial - Medicaid needs more than tweaking.**

*Kasich tackles big problem areas without neglecting recipients' needs*

The Columbus Dispatch

Thursday, April 7, 2011

**Editorial: Rightsize it**

*Lawmakers should continue effort to give seniors care options*



# State Strategies to Improve Health System Performance

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## Phase I: Leverage Medicaid Purchasing Power

- Improve Care Coordination
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## Phase II: Align Public/Private Sector Health System Priorities

- Get the right information in the right place at the right time
- Make health care price and quality information transparent
- Support regional health system improvement priorities

# Opportunities for Alignment

- “Medical Corridor” innovations
- Health insurance exchange (HIX) planning
- Health information exchange (HIE), “meaningful use” payments, and the Ohio Health Information Partnership (OHIP)
- Align state health purchasing priorities
- Put state purchasing power on the table to support regional health system innovation

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### Phase III: Leverage Public/Private Sector Purchasing Power

- Pay for value not volume

# What will deliver better health for Ohioans and cost savings for Ohio businesses?

- Patient-Centered Medical Homes?
- Health Homes for People with Chronic Conditions?
- Accountable Care Organizations?
- Other delivery system innovations?

**Ohio**

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**Thank you.**

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