



Governor's Office of
Health Transformation

Beyond the budget: improving overall health system performance

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Ohioans spend more per person on health care than residents in all but 13 states¹

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 Ohio²



Governor's Office of Health Transformation

Plan for the long-term efficient administration of the Ohio Medicaid program and act to improve overall health system performance

- Advance the Administration's Medicaid modernization and cost-containment priorities in the operating budget;
- Recommend a permanent HHS organizational structure and oversee transition to that permanent structure; and
- Engage private sector partners to set clear expectations for overall health system performance, including insurance market exchange planning

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

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

Phase III: Leverage Public/Private Sector Purchasing Power

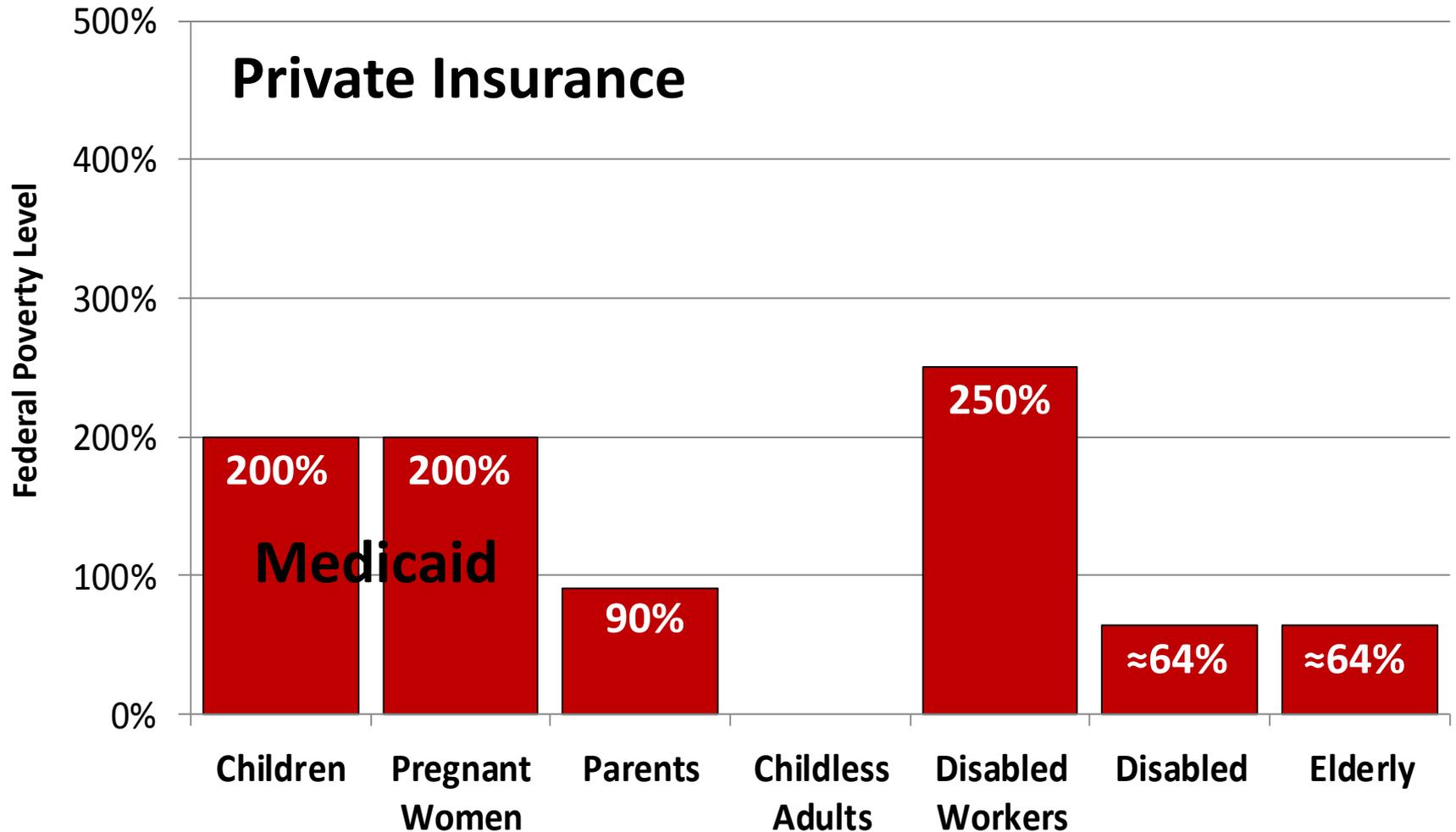
- Pay for value not volume

Medicaid is Ohio's Largest Health Payer

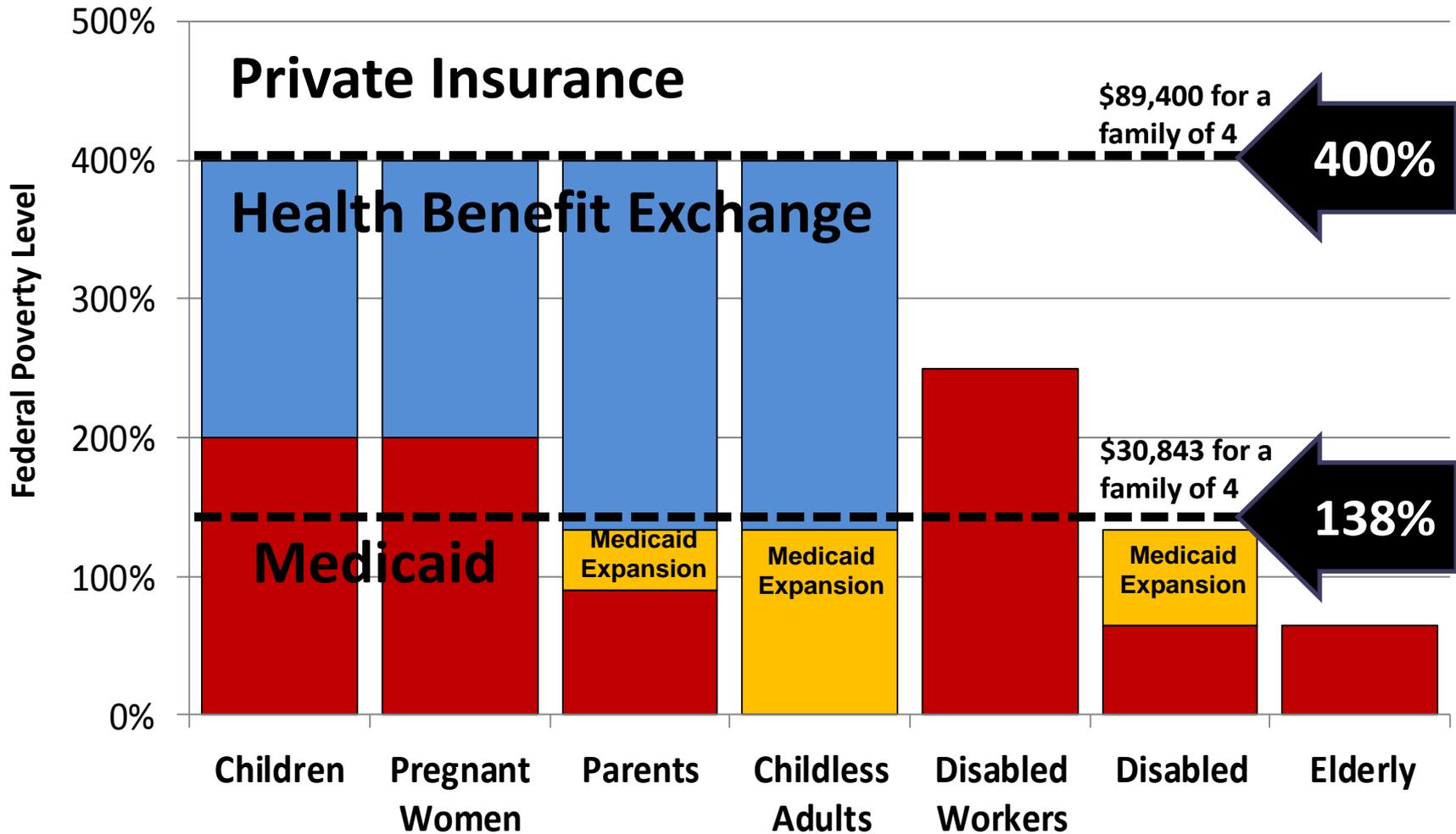
- Provides health coverage for low-income children, parents, seniors, and people with disabilities
- Covers 2.2 million Ohioans (1 in 5) including 2 in 5 births¹
- Spends \$18 billion annually all agencies, all funds (SFY 2011) ¹
- Accounts for 4.0% of Ohio's total economy and is growing²
- Funds are federal (63.69%) and state (36.31%)³



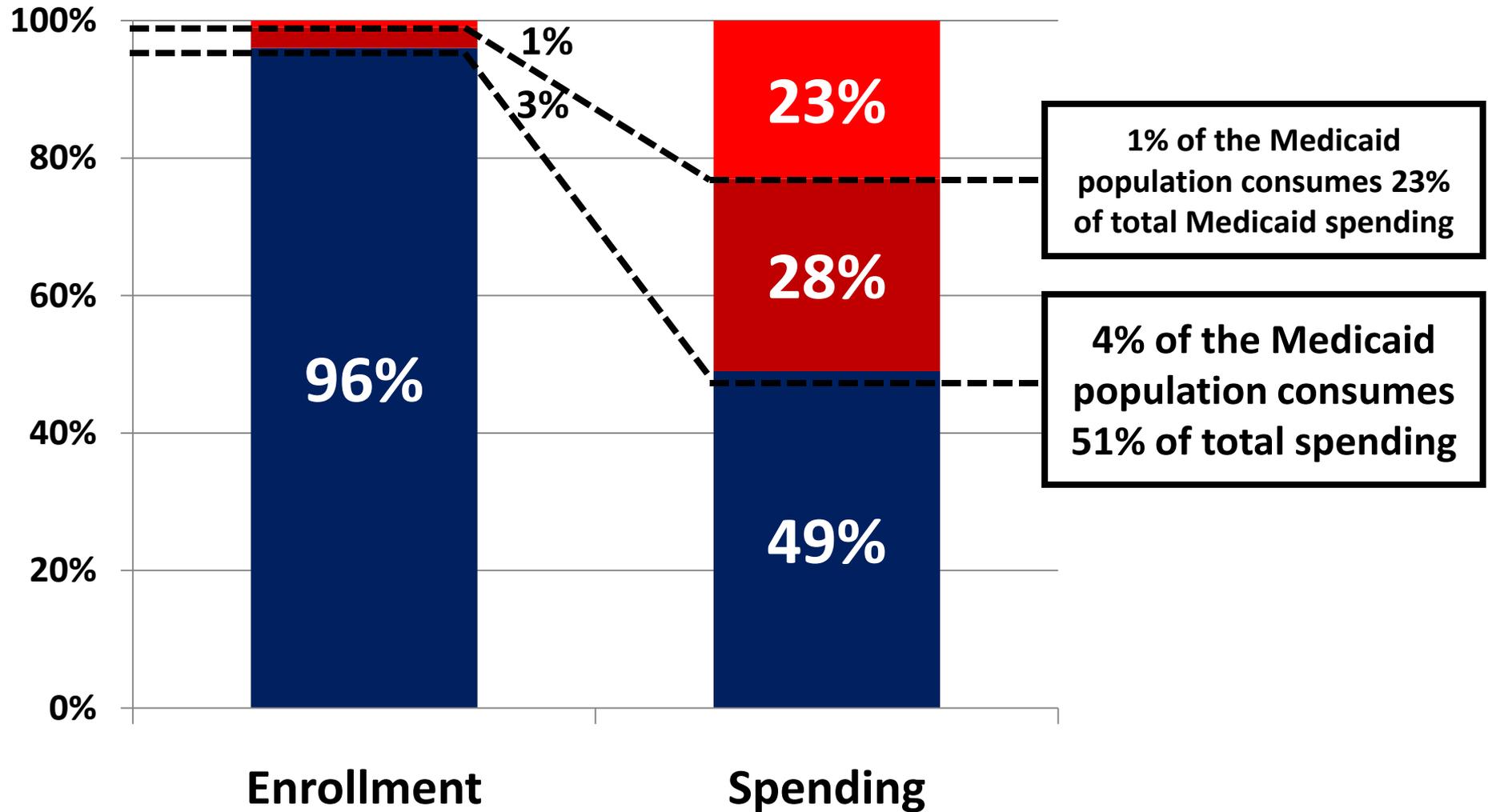
Current Medicaid Income Eligibility Levels



Federal Reform: 2014 Health Coverage Expansions



A few high-cost cases account for most Medicaid spending



Fragmentation

vs.

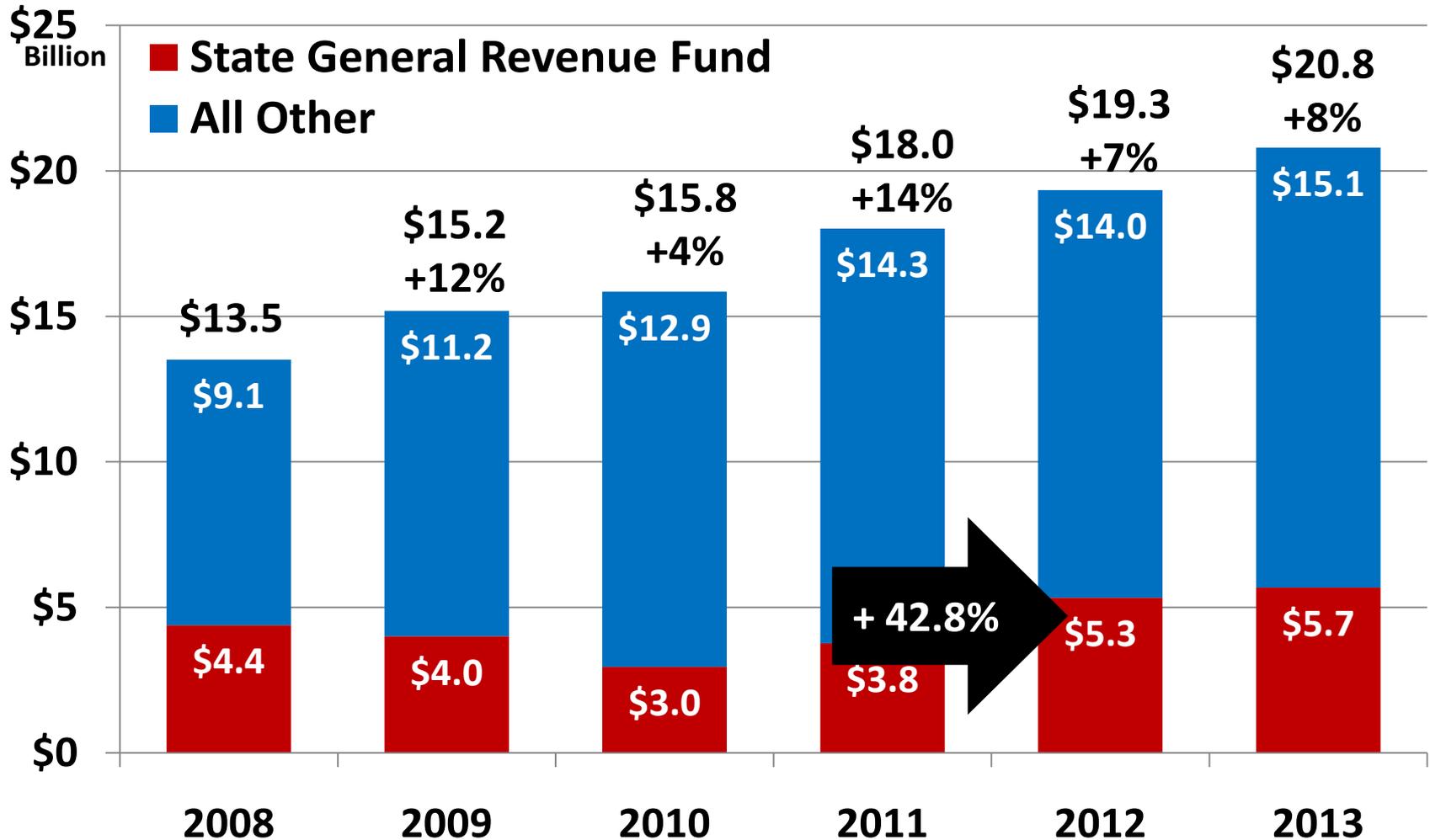
Coordination

- 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

If we did nothing: 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)

The Vision for Better Care Coordination

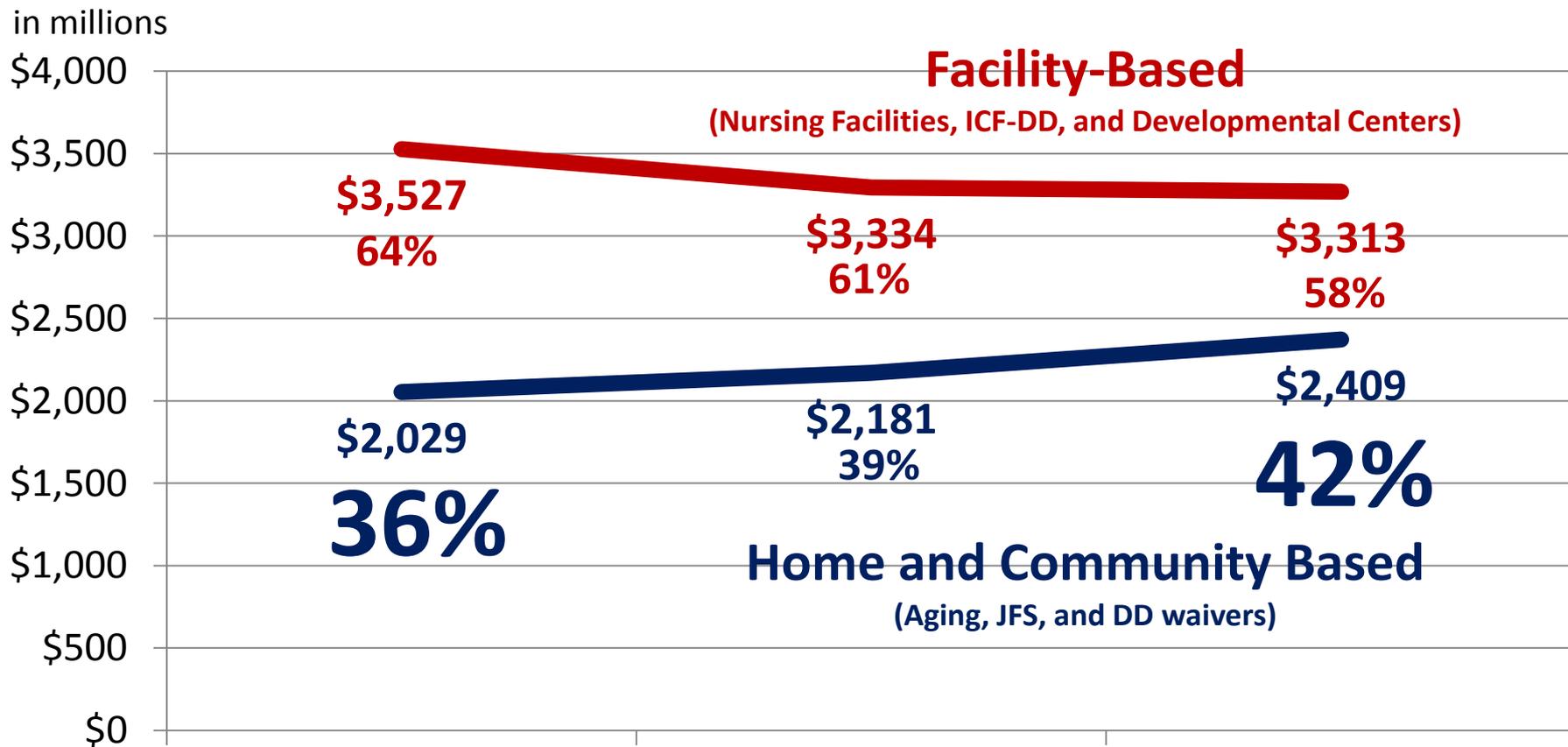
- The vision is to create a person-centered care management approach – not a provider, program, or payer approach
- Services are integrated for all physical, behavioral, long-term care, and social needs
- Services are provided in the setting of choice
- Easy to navigate for consumers and providers
-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

Medicaid Transformation Priorities

- **Improve Care Coordination**—*Coordinate care to achieve better health and cost savings through improvement*
- **Integrate Behavioral/Physical Health Care**—*Treat the whole person, including physical and behavioral health*
- **Rebalance Long-Term Care**—*Enable seniors and people with disabilities to live with dignity in settings they prefer*
- **Modernize Reimbursement**—*Reset Medicaid payment rules to reward value instead of volume*

www.healthtransformation.ohio.gov

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



2011 Estimated
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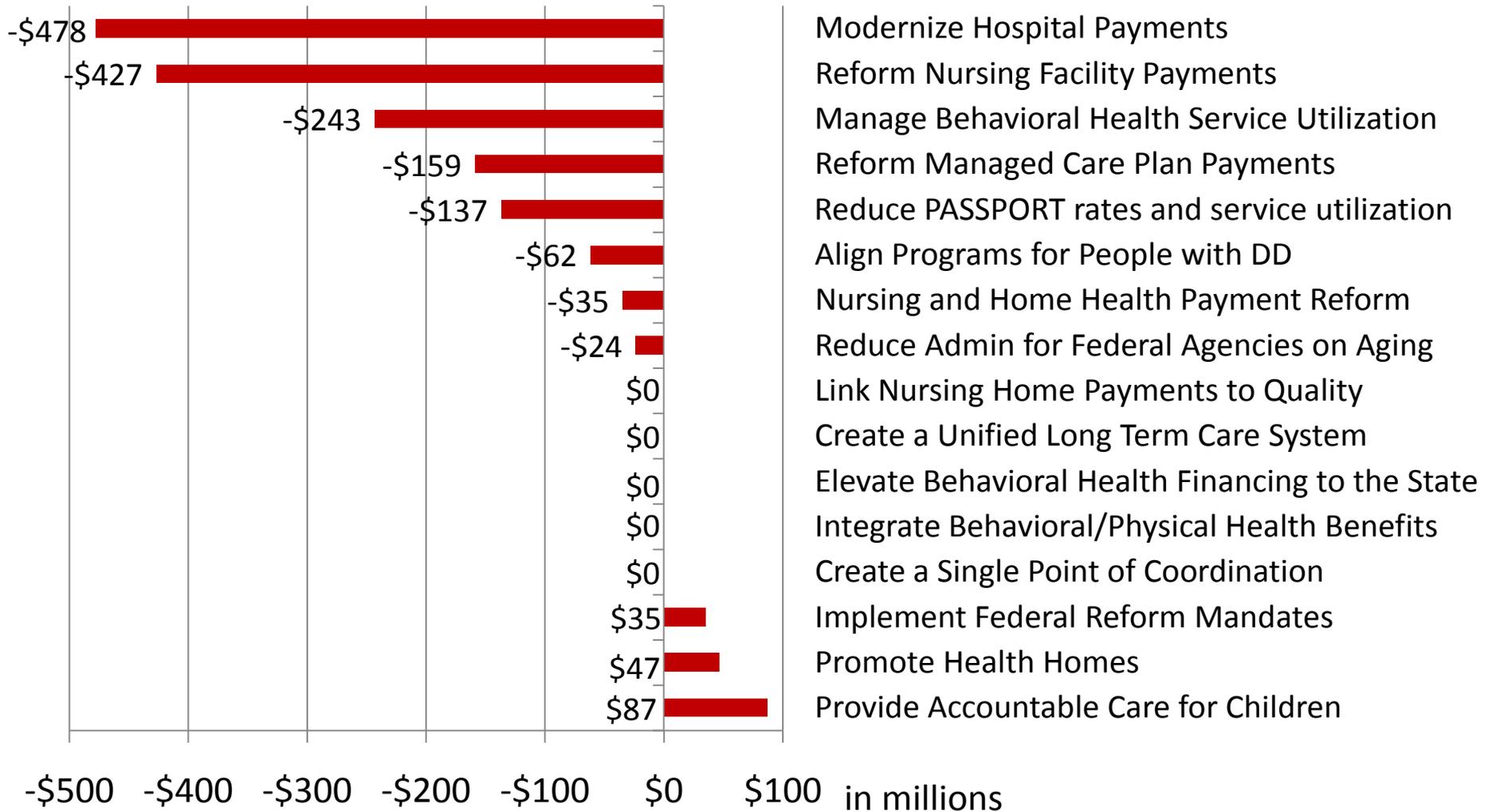
2012 Budget

2013 Budget

Source: Ohio Department of Job and Family Services; based on average monthly recipients for SFYs 2006-2010.



Medicaid Budget: 2012-2013 Biennial Savings and Investments



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Source: Office of Health Transformation (March 15, 2011); savings are measured from the Ohio Department of Job and Family Services February 28, 2011 estimate of baseline growth absent change

Balance the Budget

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

RESULTS:

- A sustainable system
- \$1.5 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)

THE BLADE

Wednesday, February 9, 2011

Editorial - Medicaid realism

Dayton Daily News

Wednesday, March 9, 2011

Medicaid is 30% of state budget and growing

The Columbus Dispatch

Sunday, May 1, 2011

Editorial: Serve the seniors
Lawmakers should reduce funding to nursing homes, boost in-home services

Sunday, April 3, 2011

AKRON BEACON JOURNAL
Editorial - Ambitious for Medicaid
John Kasich wants to save money. He also has a plan to improve quality and outcomes

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



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- Pay for value not volume

Ohio Medicaid Budget Summary

All Funds	SFY 2011	SFY 2012	%	SFY 2013	%	SFY 2012-2013
Initial Trend	\$ 18,020,279,696	\$ 19,342,184,313	7.3%	\$ 20,796,914,822	7.5%	\$ 40,139,099,135
Budget	\$ 17,532,753,128	\$ 18,836,457,390	7.4%	\$ 19,756,439,416	4.9%	\$ 38,592,896,806
Initial Trend-Budget	\$(487,526,568)	\$(505,726,923)		\$(1,040,475,406)		\$(1,546,202,329)
GRF State Share	SFY 2011	SFY 2012	%	SFY 2013		SFY 2012-2013
Initial Trend	\$ 3,737,265,147	\$ 5,335,729,055	42.8%	\$ 5,680,339,444	6.5%	\$11,016,068,499
Budget	\$3,681,178,770	\$4,830,339,221	31.2%	\$4,996,111,803	3.4%	\$9,826,451,024
Initial Trend-Budget	\$(56,086,377)	\$(505,389,833)		\$(684,227,641)		\$(1,189,617,475)





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Thank you.

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