

DRAFT

Ohio

Governor's Office of
Health Transformation

State of Ohio: Healthcare diagnostic

Discussion document

May 2013

Note: Analyses included are based on publicly available, historical data (as of date listed)



PRELIMINARY WORKING DRAFT, SUBJECT TO CHANGE

Contents

- **Population overview**

- Demographics
- Public health
- Insurance coverage and spending

- Payers

- Physicians

- Health systems

- Providers with alternative payment arrangements

Executive summary: Population overview

- **Ohio demographics and trends are similar to the nation's, with a few key exceptions:**
 - Population growth in Ohio is expected to be slower than the rest of the country; however Ohio's elderly population is expected to grow quickly by ~14% by 2020 and ~37% by 2030
 - Ohio is less racially and ethnically diverse than other states, driven by smaller Hispanic population (3% in OH versus 16% US total)
 - Education and employment levels are similar to the United States, but there is ~\$4K gap in Median income between OH and the US average

- **Quality of healthcare in Ohio shows opportunity for improvement**
 - In 2012, Ohio scored below average on a number of critical public health determinants, e.g.,
 - 43rd on prevalence of adult smokers and 38th on adult obesity
 - 42nd on preventable hospitalizations of Medicare enrollees
 - 42nd for infant mortality
 - 34th on poor mental health days
 - However, Ohio's child health status meets the national average across some key indicators (e.g., childhood obesity, immunizations)

- **In aggregate, insurance coverage in Ohio looks similar to the rest of the country, but coverage discrepancies and total cost issues still exist**
 - Ohio has fewer uninsured than the US, but 28% of the non-elderly population with income up to 200% FPL remain uninsured
 - ~35-40% of non-elderly minorities are covered by employer plans, compared to 65% of white adults
 - The majority of adults >200% FPL are covered by commercial insurance, but PMPM premiums are growing at ~6% per year

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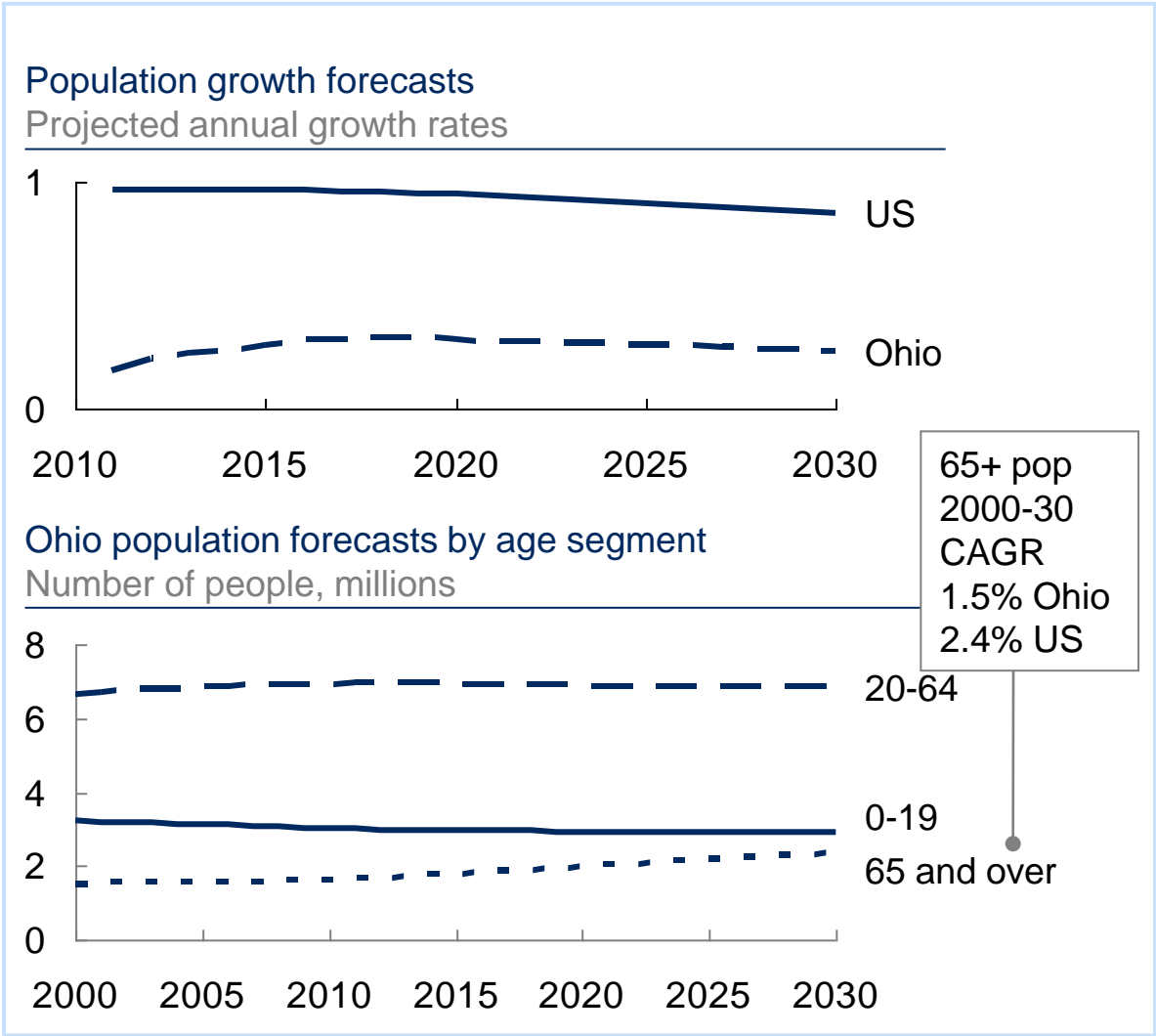
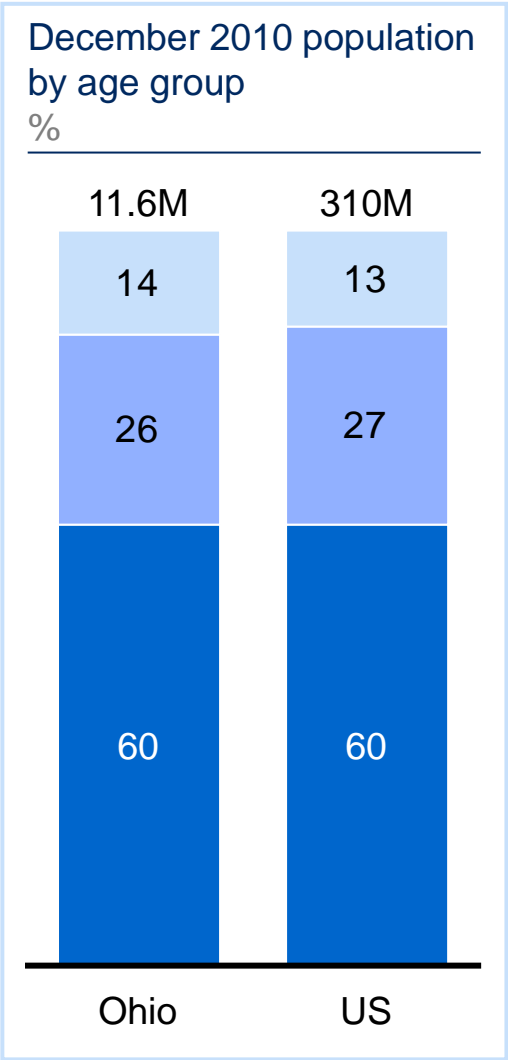
- Physicians

- Health systems

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Ohio's population is predicted to show little future growth, and 65+ segment will account for a larger percentage of the total population

- 65+
- 0-19
- 20-64

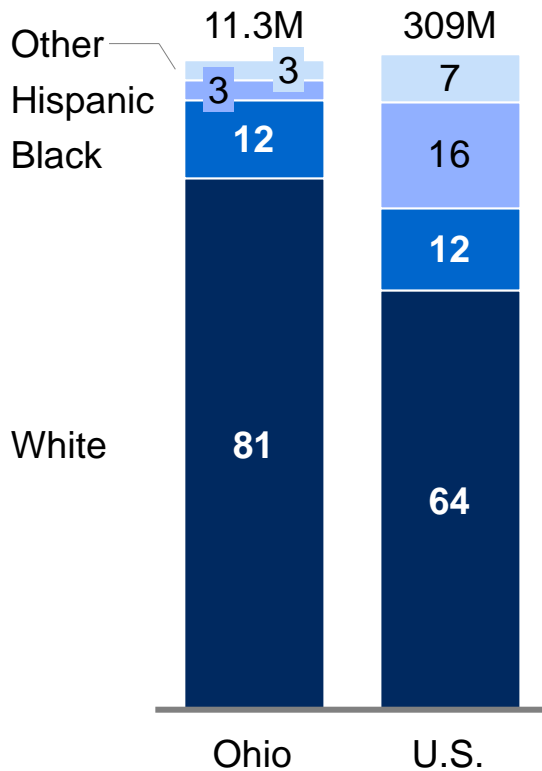


POPULATION DEMOGRAPHICS

Ohio population demographics (1/2)

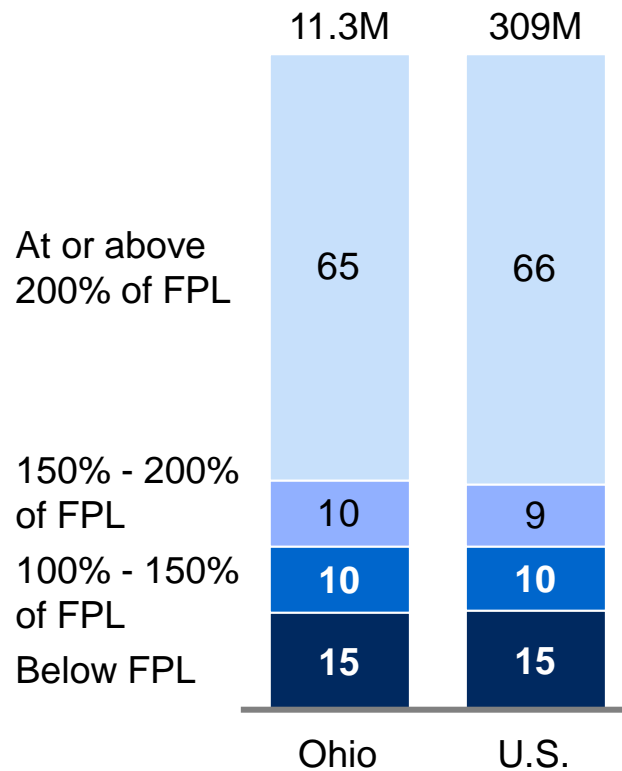
Ohio population by race/ethnicity; 2011

Percent of population



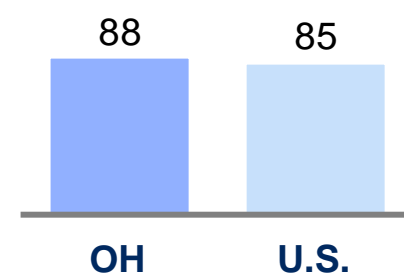
Ohio population by poverty status; 2011

Percent of population



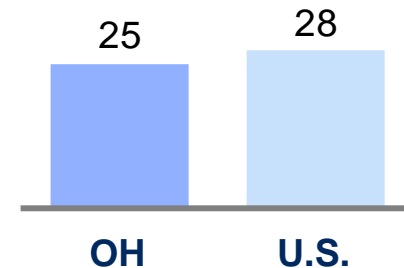
Attained high school degree or higher

Percent of people age >25



Attained bachelor's degree or higher

Percent of people age >25

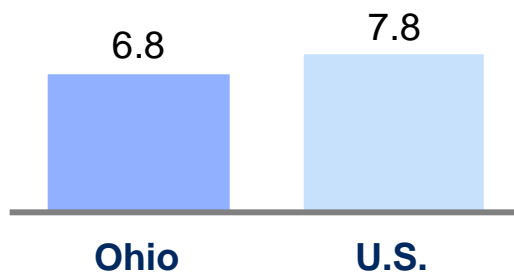


POPULATION DEMOGRAPHICS

Ohio population demographics (2/2)

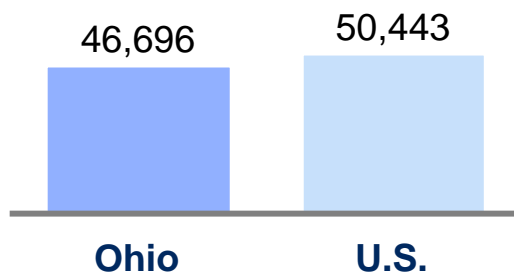
Unemployment rate

Percent unemployed, November 2012



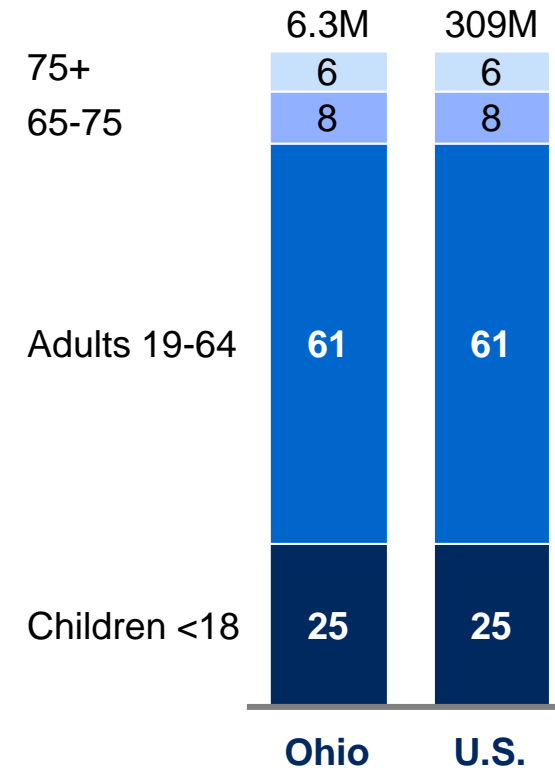
Median Annual Income

\$ Household income, 2009-2011



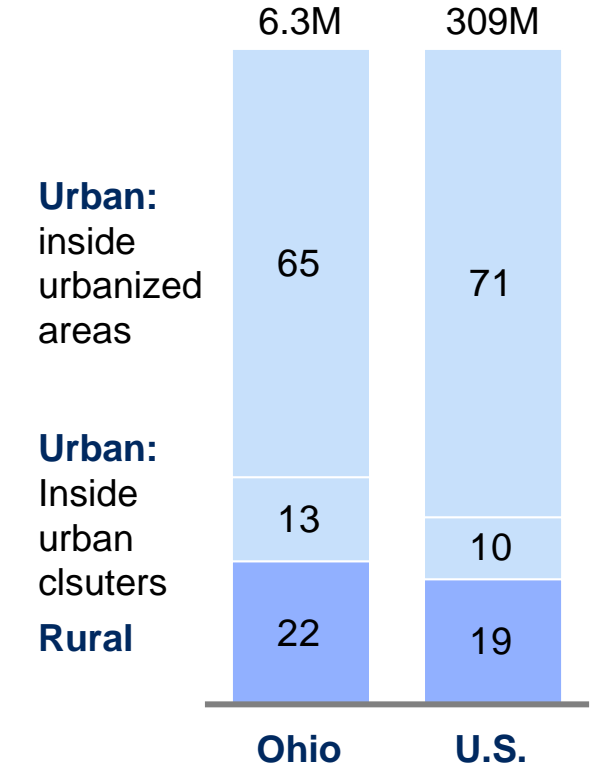
Population by age

Percent of population, 2011



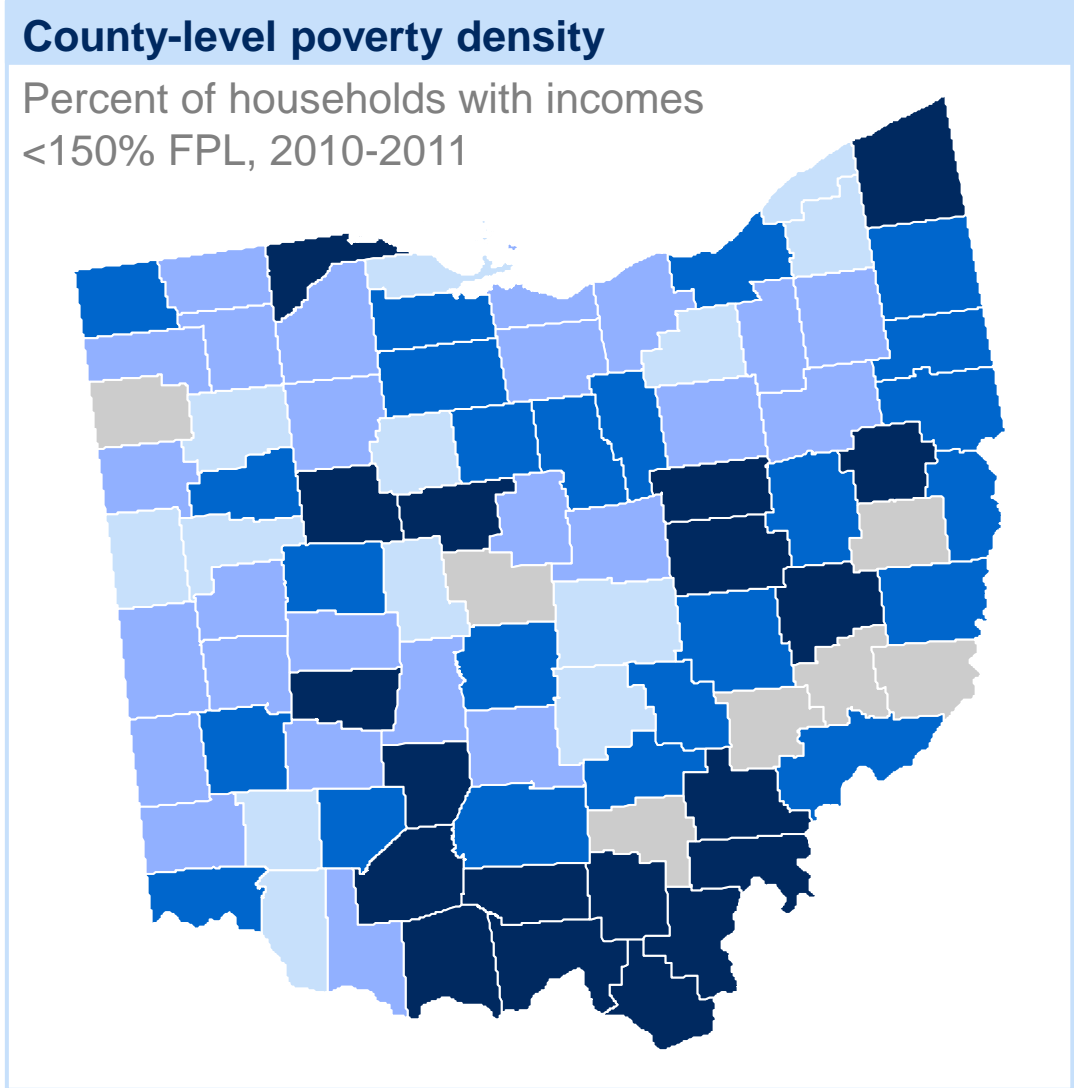
Population by urban/rural

Percent of population, 2010



A quarter of Ohio counties sees over 30% of households with incomes <150% FPL

- <20%
- 20-25%
- 25-30%
- >0.30
- No data



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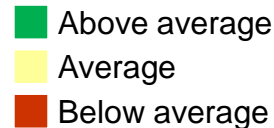
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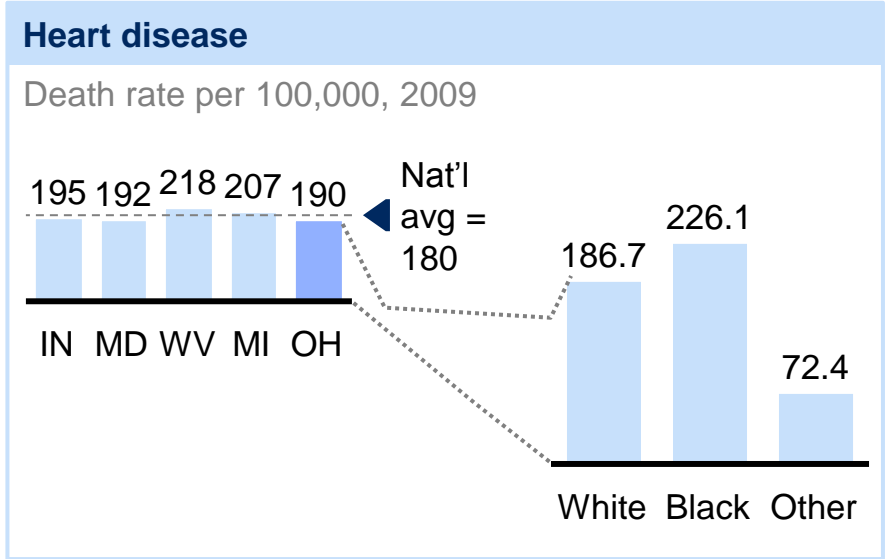
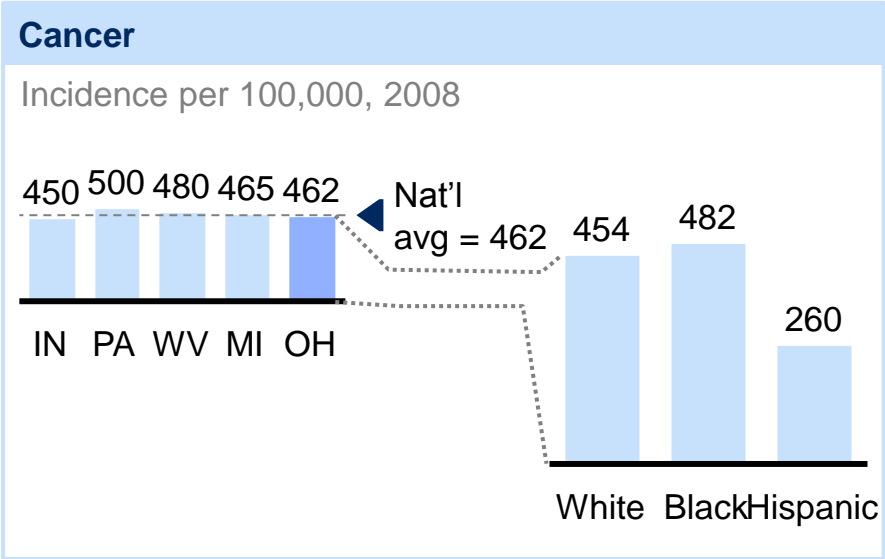
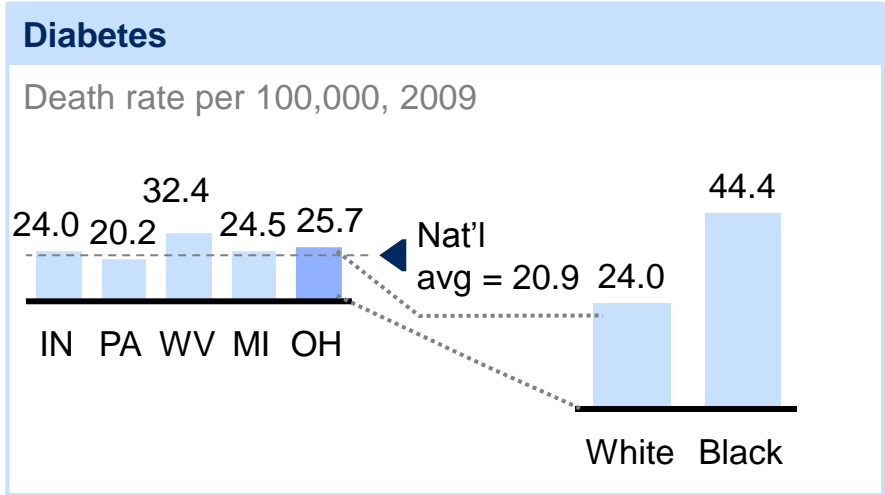
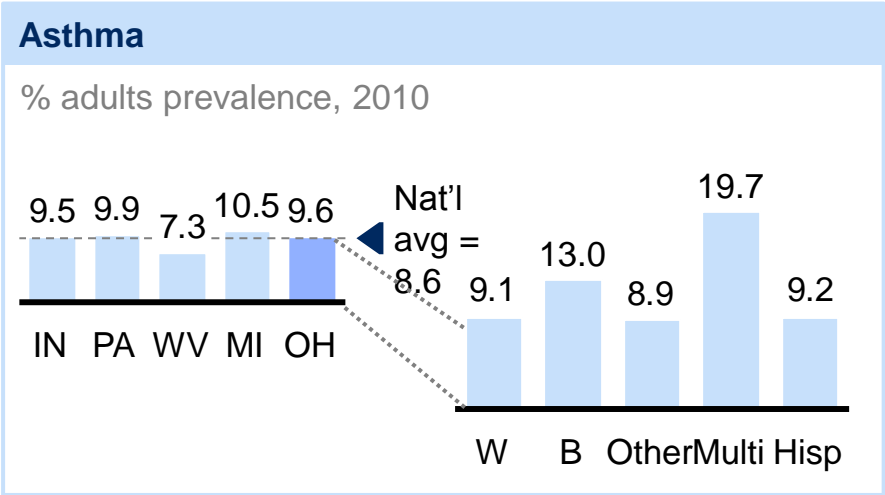
- Providers with alternative payment arrangements

Ohio's indicators of public health rank below average, with only its immunization coverage placing in the top third

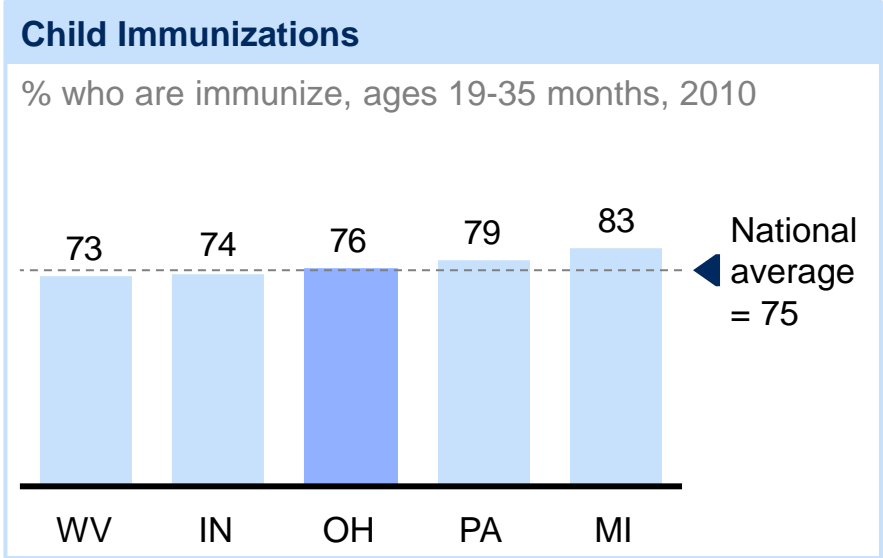
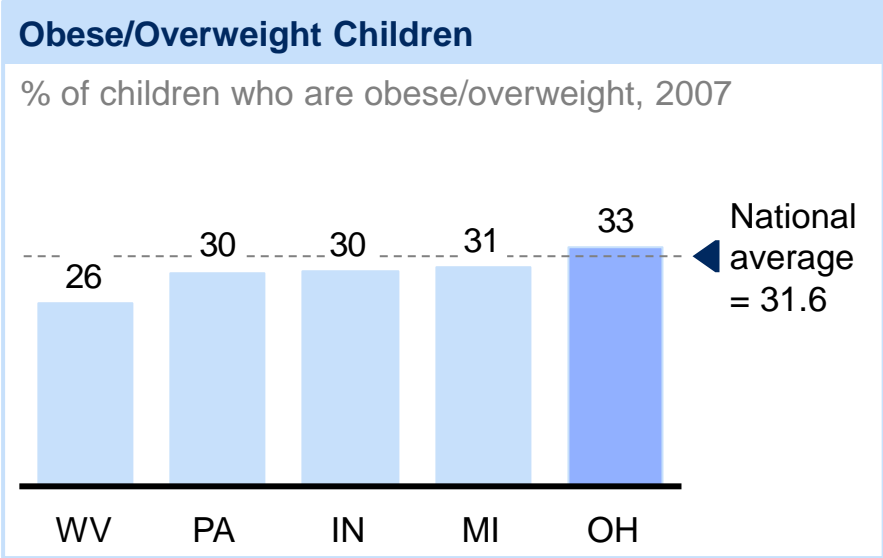
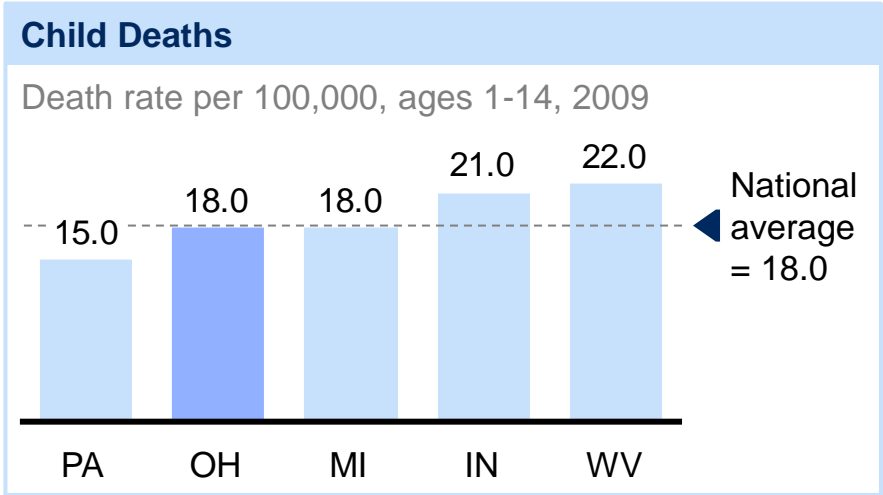
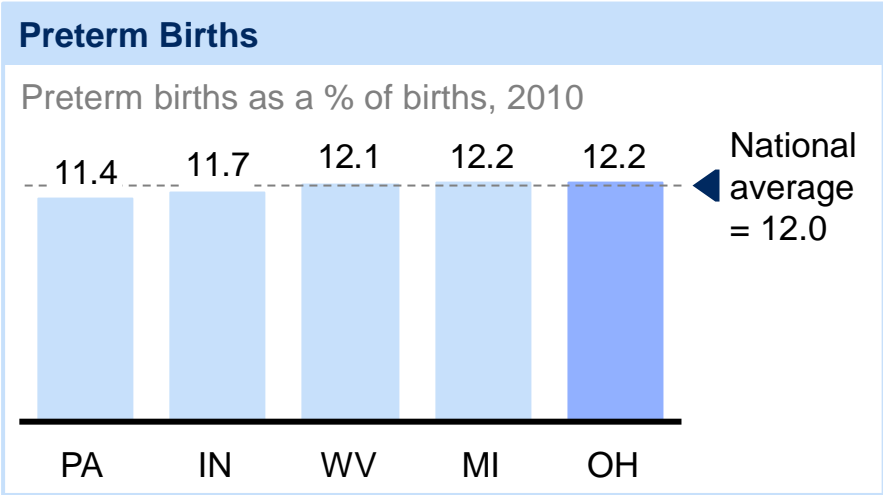


Measure	2012 value	State rank
<i>Determinants</i>		
Smoking (Percent of adult population)	25.1%	43
Obesity (Percent of adult population)	29.7%	38
Immunization coverage (Per of children 19-35)	92.25%	13
Preventable Hospitalizations (Per 1,000 Medicare enrollees)	78.5	42
<i>Health outcomes</i>		
Diabetes (Percent of adult population)	10%	30
Infant Mortality (Deaths per 1,000 live births)	7.7	42
Cardiovascular Deaths (Deaths per 100,000 population)	287.6	40
Cancer Deaths (Deaths per 100,000 population)	201.8	43
Premature Death (Years lost per 100,000 population)	8219	36
Poor Mental Health Days (Number of days in last 30 days person indicates their activities are limited due to mental health difficulties)	4.1	34

Chronic disease levels are on par with national average, with rates differing across subpopulations by disease category



Ohio's child health status meets the national average across indicators



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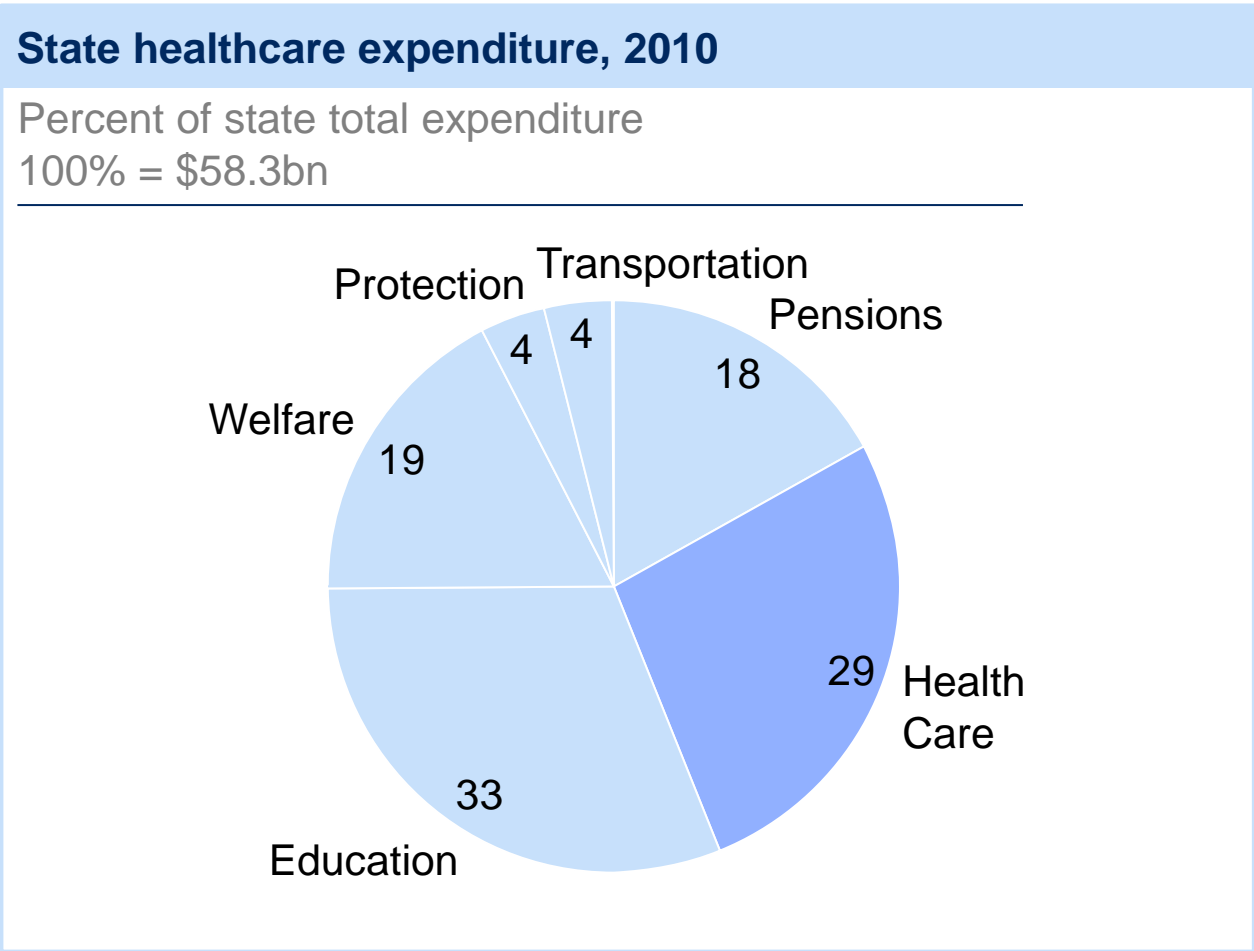
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Ohio spent ~30% of its state expenditures on health care services in 2010



PMPM estimates by payer and category for Ohio beneficiaries

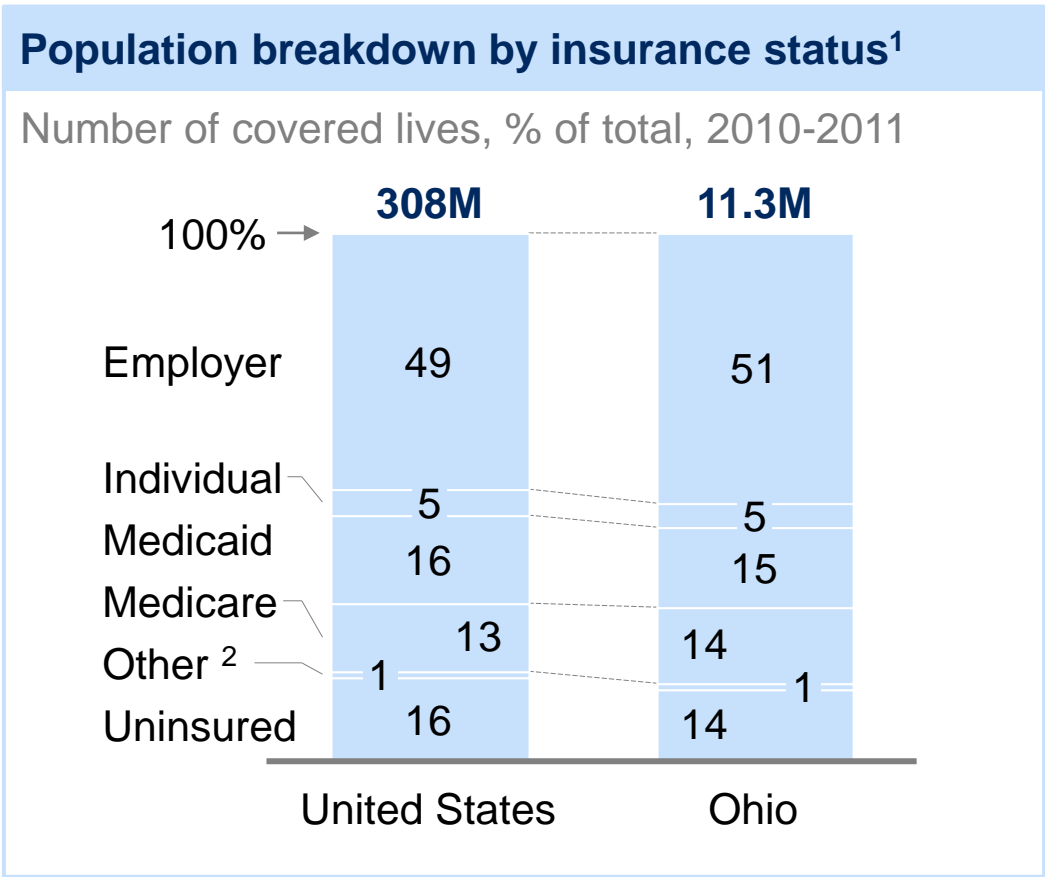
FROM SIM GRANT APPLICATION

Per capita health care cost and health care cost trend estimates

		Est. PMPM cost CY2010 \$ Dollars	Est. most recent annual trend rate Percent
Medicaid/CHIP	Adult	406.02	4.2
	Child	193.42	-0.5
	Duals (only)	2,118.51	1.1
	Disabled/Elderly (without duals)	1,874.26	3.3
Private/other	Individual	389.08	6.9
	Family	1,090.25	7.0
Medicare	Dual eligible	1,376.80	0.5
	Medicare FFS	809.59	4.1
	Medicare Part D	239.00	1.5
	Medicare Advantage	822.28	2.0

SOURCE: Ohio SIM Application. Listed sources include: Table From design grant application. Ohio Medicaid Decision Support System, AHRQ Medical Expenditure Panel Survey (MEPS), Institute of Medicine, Geographic Variation in Medicare Spending and Utilization database, Kaiser Family Foundation, CMS claims and coverage data

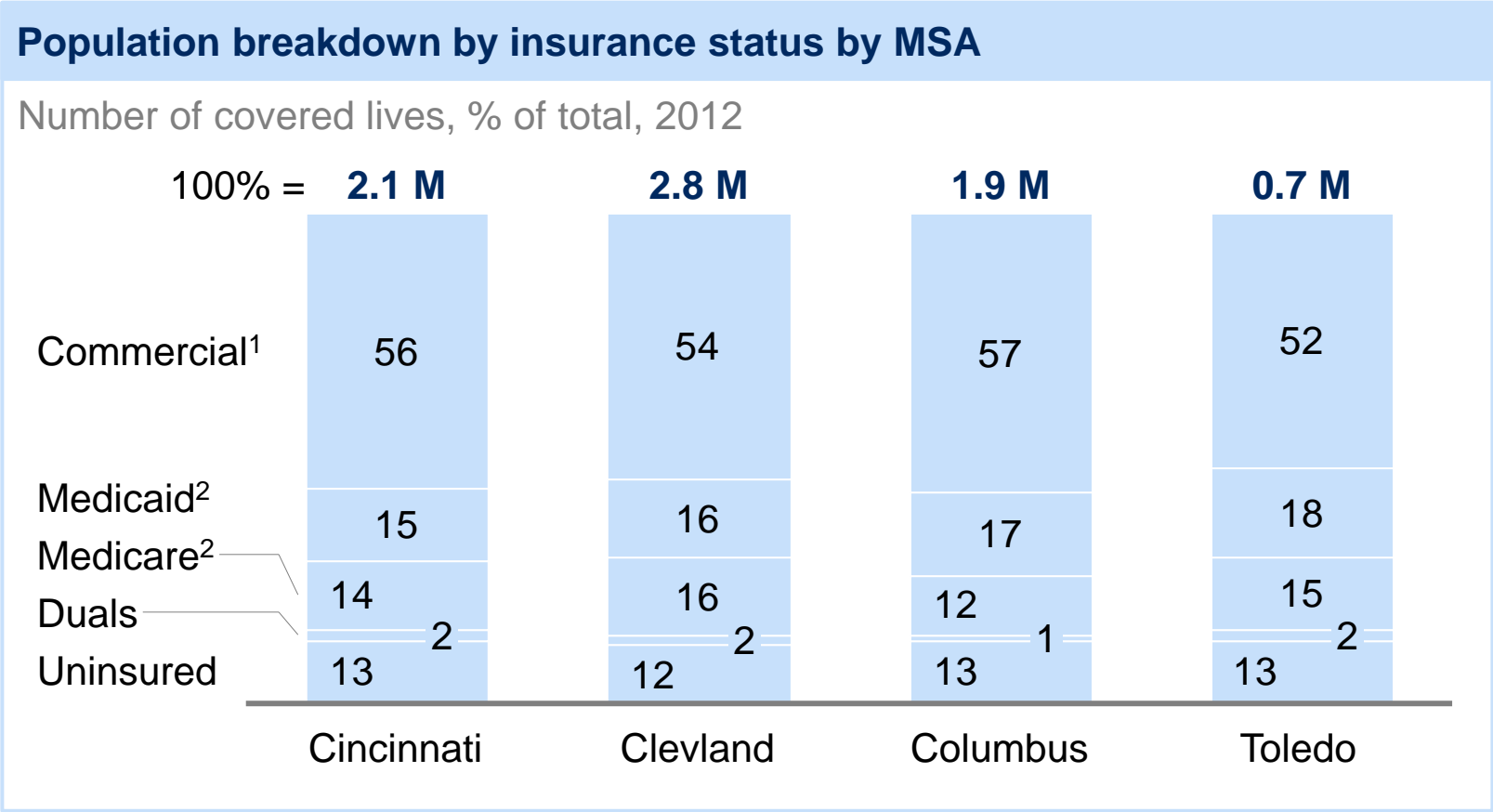
Ohio residents get 56% coverage through commercial market, with ~15% coverage from each of Medicare and Medicaid



¹ All two-year health coverage estimates were produced by Kaiser Family Foundation based on the Annual Social and Economic Supplement (ASEC) to the US Census Bureau's Current Population Survey (CPS). For current Medicaid and Medicare enrollment figures, please refer to slide 32 in the Medicaid section, which report enrollment data from the Centers for Medicare and Medicaid Services (CMS).

² Other Public (Federal) includes individuals covered through the military or Veterans Administration in federally-funded programs such as TRICARE (formerly CHAMPUS) as well as some non-elderly Medicare enrollees.

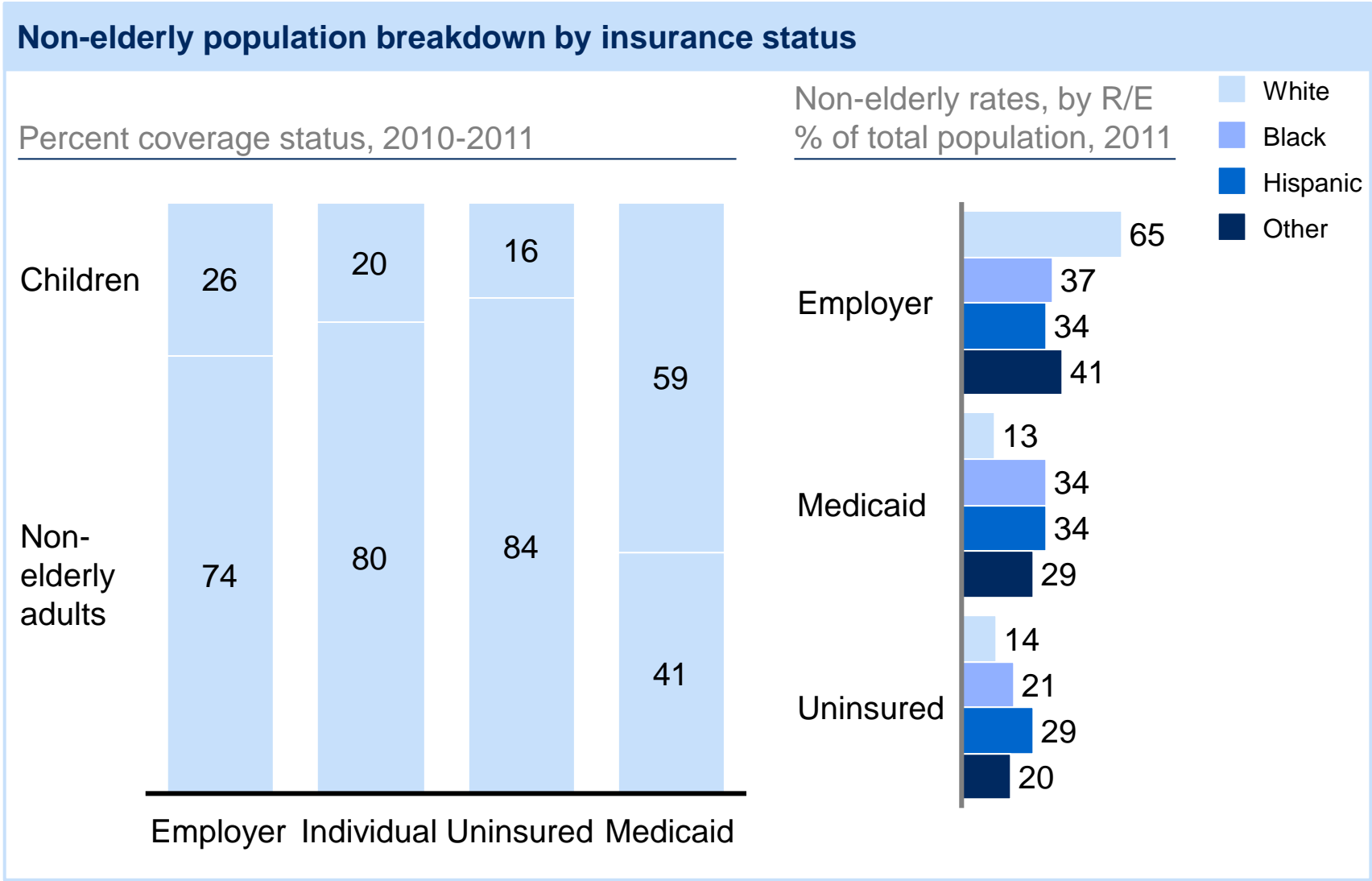
Coverage is largely consistent across major MSAs, with lowest commercial coverage in Toledo



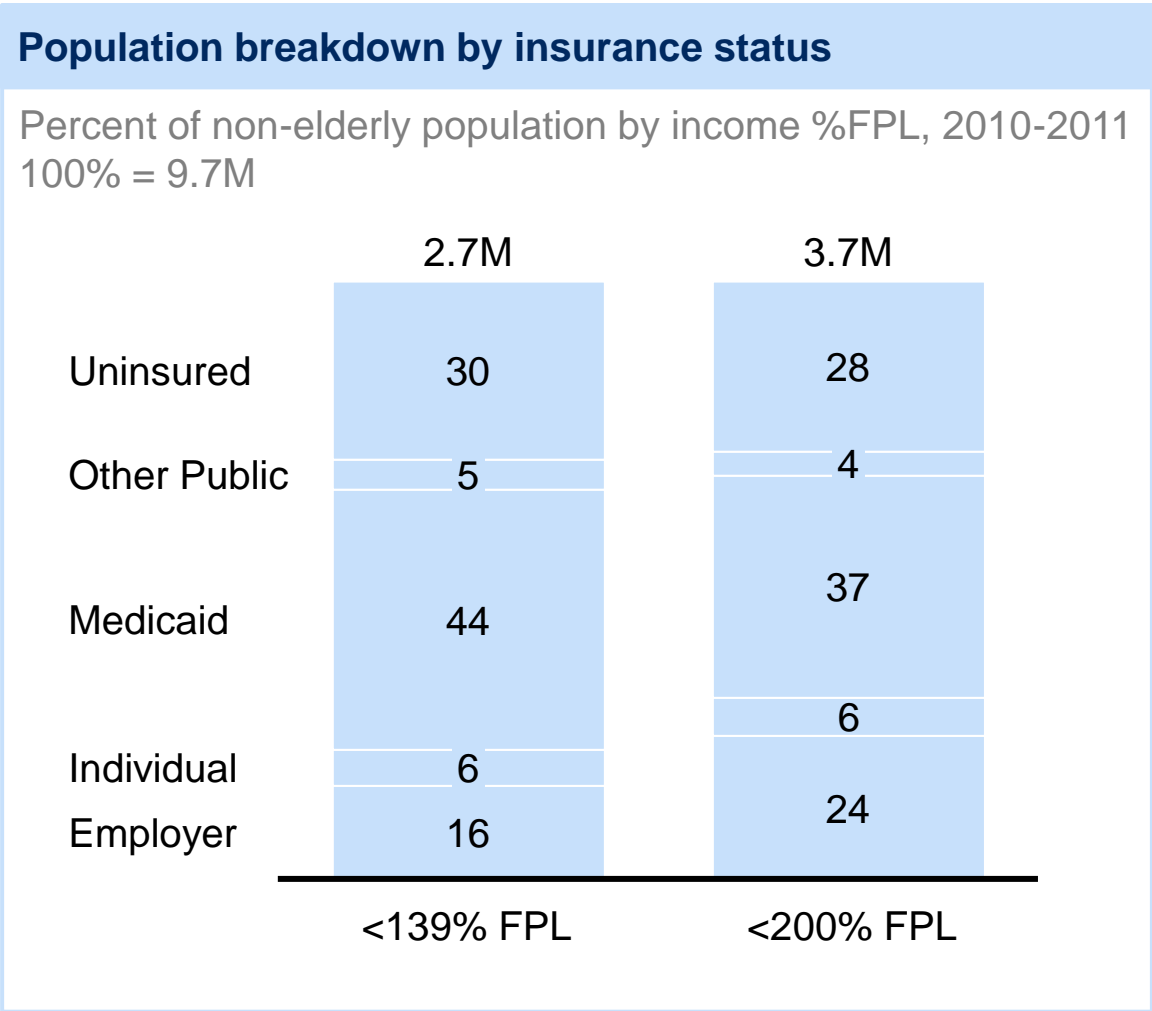
1 Commercial enrollment includes employer-sponsored and administrative-services-only

2 Without dual-eligibles

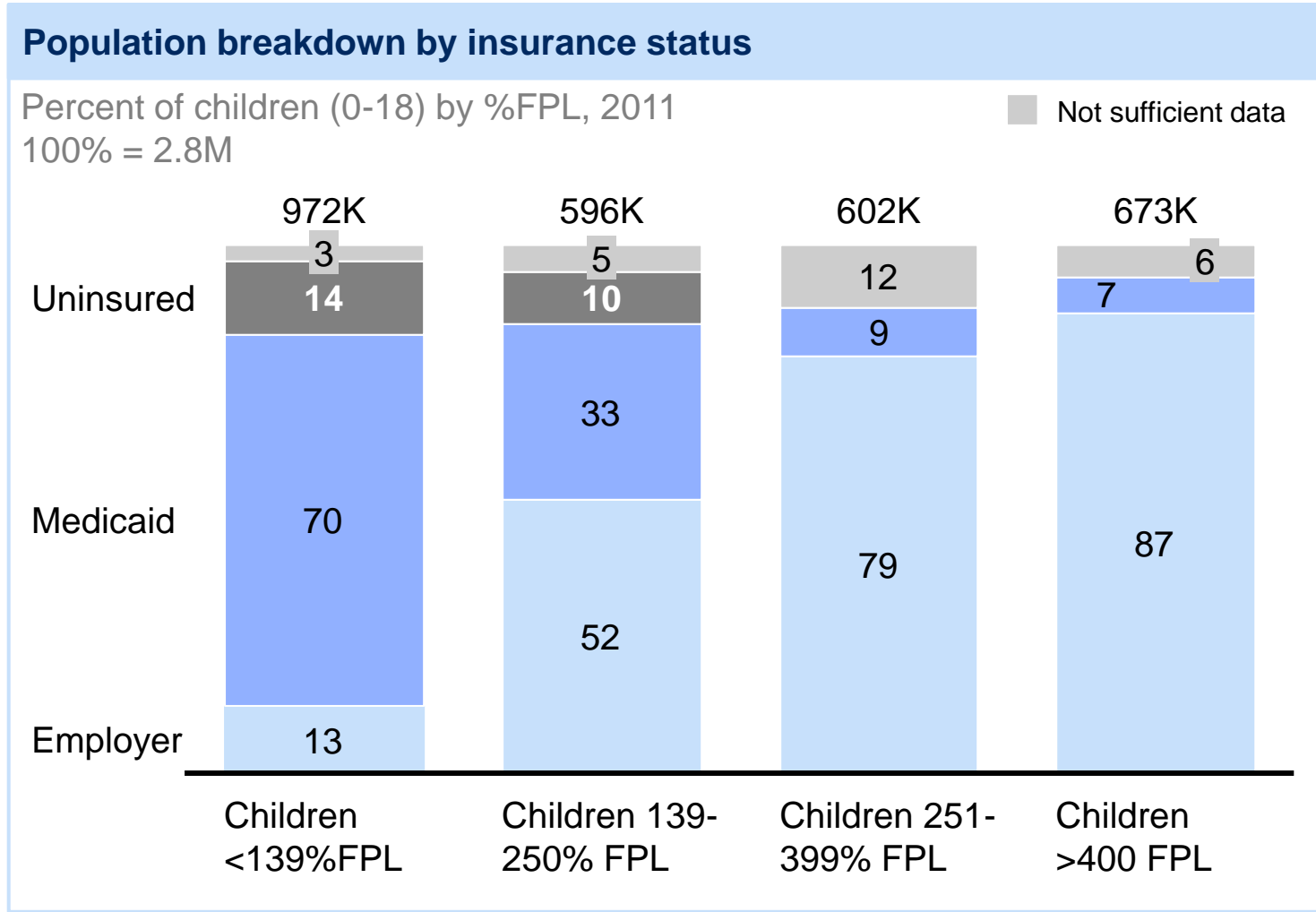
Majority of commercial lives are non-elderly adults and most Medicaid covered lives are children



28% of the non-elderly population with incomes up to 200% of Federal Poverty Level (FPL) are uninsured

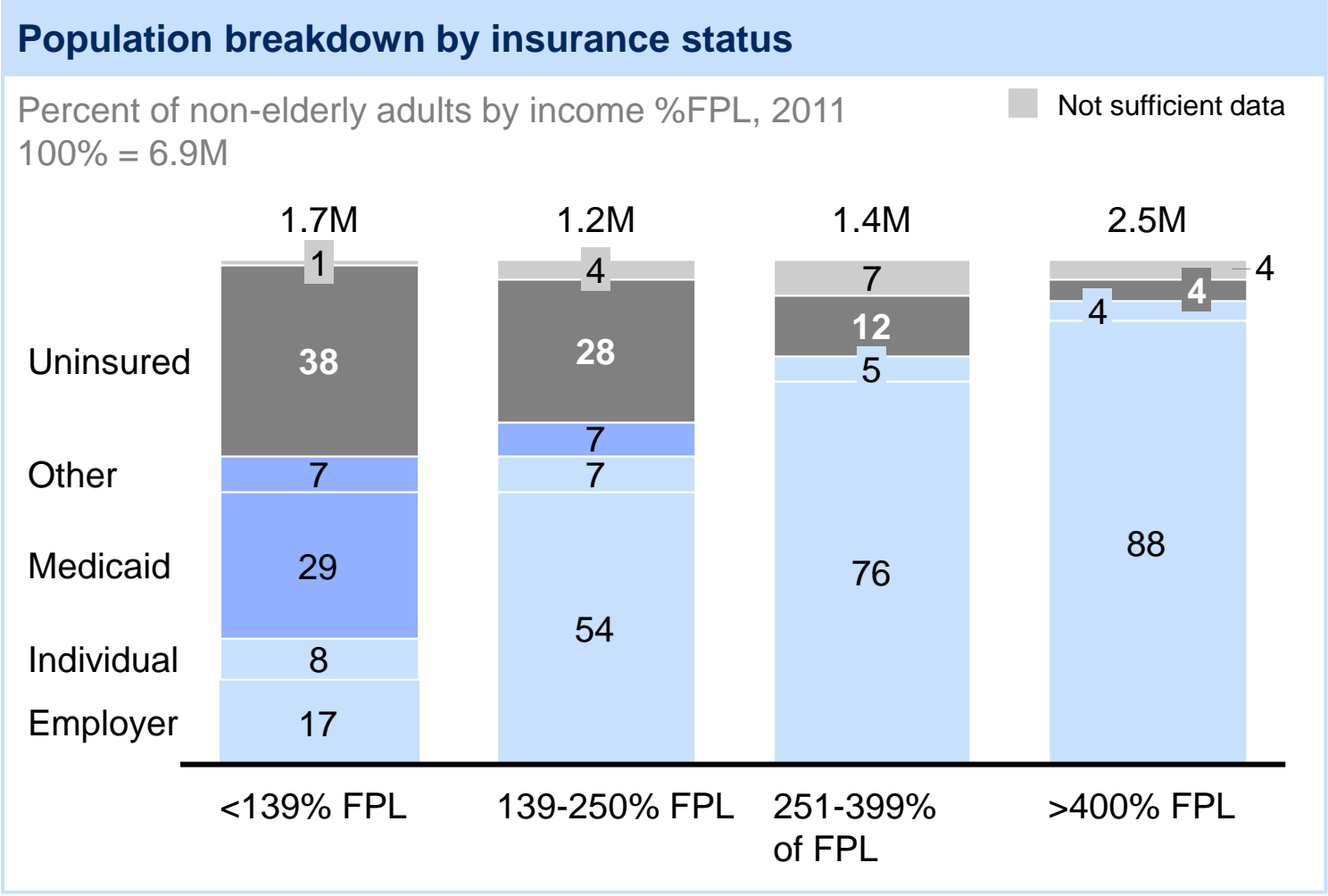


70% of children in households with incomes up to 139% of FPL are covered by Medicaid



Note: No data was reported on coverage by "Other Public" payer

>90% of non-elderly adults with incomes >400% of FPL are covered by commercial insurance, mostly by employers



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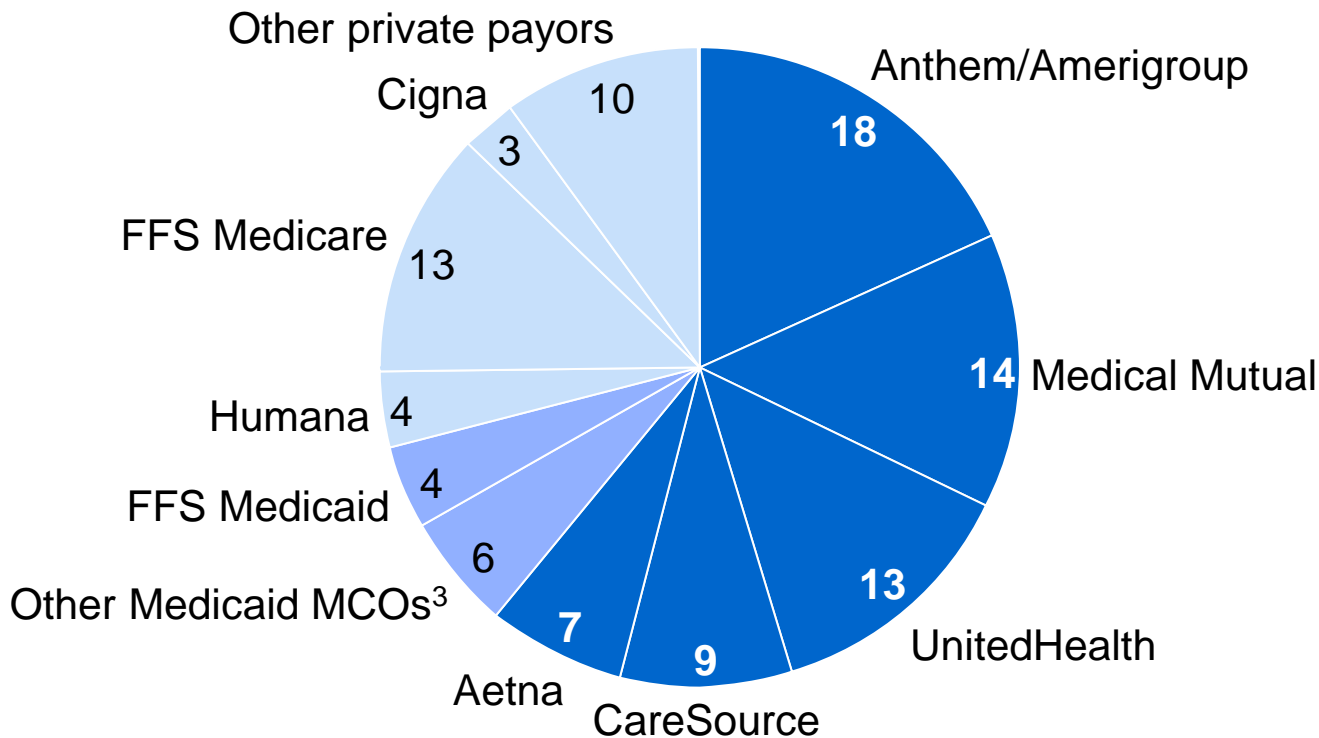
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The five SIM core team partners along with Medicaid make up over 70% of the Ohio market

Ohio market share, FY2012^{1,2}

Payer market share – Ohio total insured lives

100%=10.1mn lives



1 Includes Commercial risk and non-risk, managed Medicaid, managed Medicare

2 Some rounding error due as a result of using multiple data sources

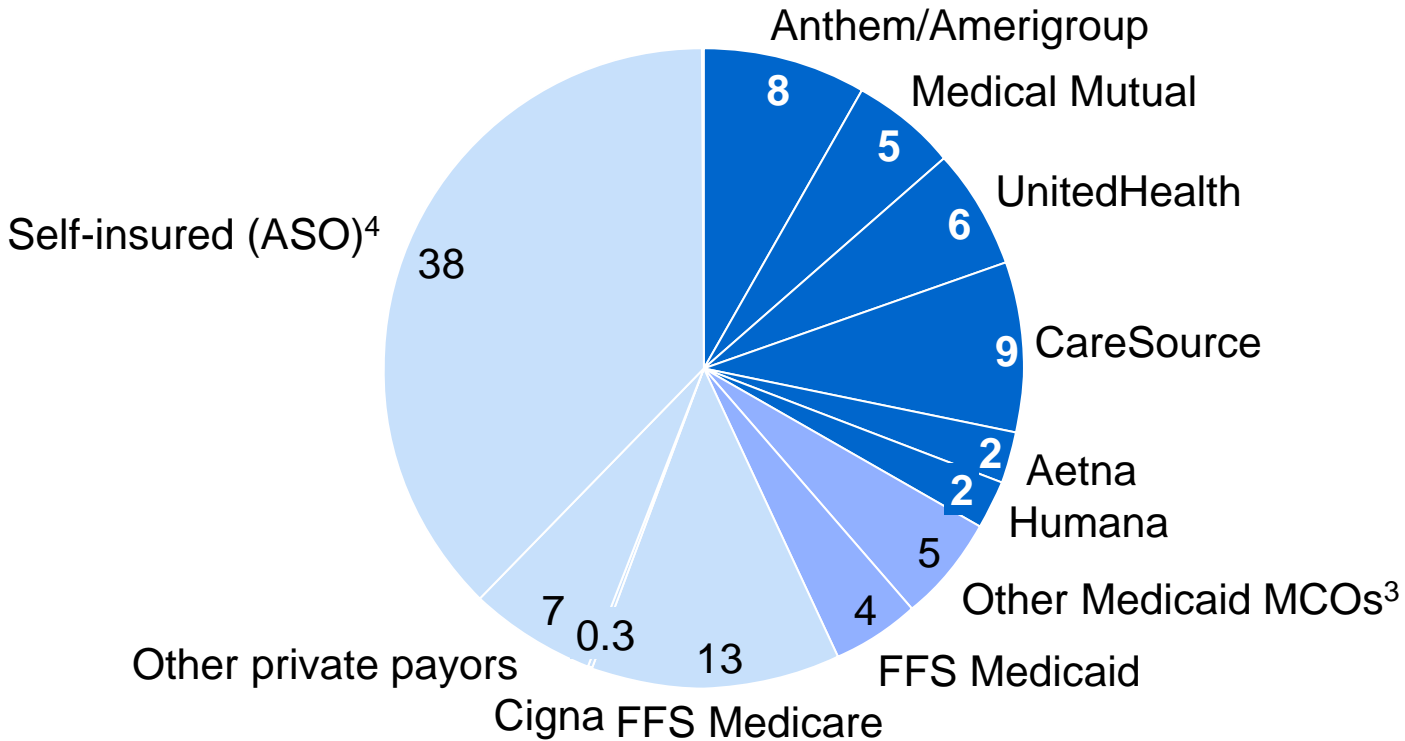
3 Molina, Centene/Buckeye, ProMedica/Paramount

Self-insured plans make up 38% of Ohio's insured market

Ohio market share, FY2012^{1,2}

Payer market share – Ohio total insured lives

100%=10.1mn lives



1 Includes Commercial risk and non-risk, managed Medicaid, managed Medicare

2 Some rounding error due as a result of using multiple data sources

3 Molina, Centene/Buckeye, ProMedica/Paramount

4 Includes all Commercial Non-Risk lives from InterStudy data

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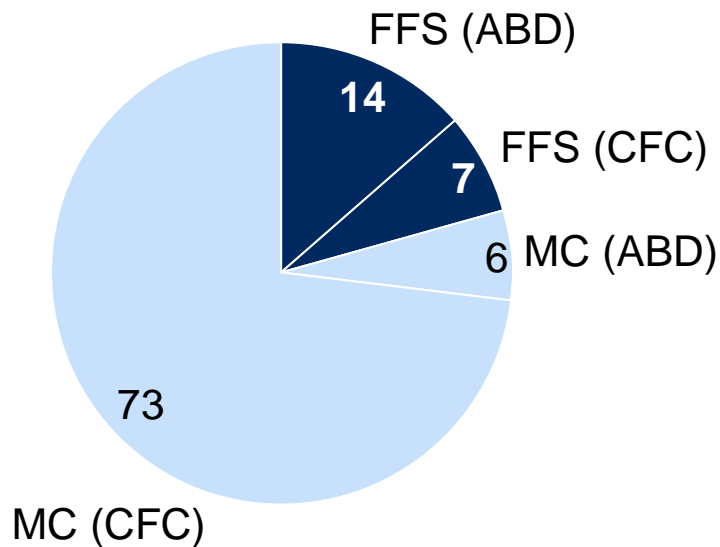
Managed care Medicaid makes up ~80% of enrollees but less than half of Medicaid spend

Managed care Fee-for-service

Distribution within FFS vs. managed care, FY2012

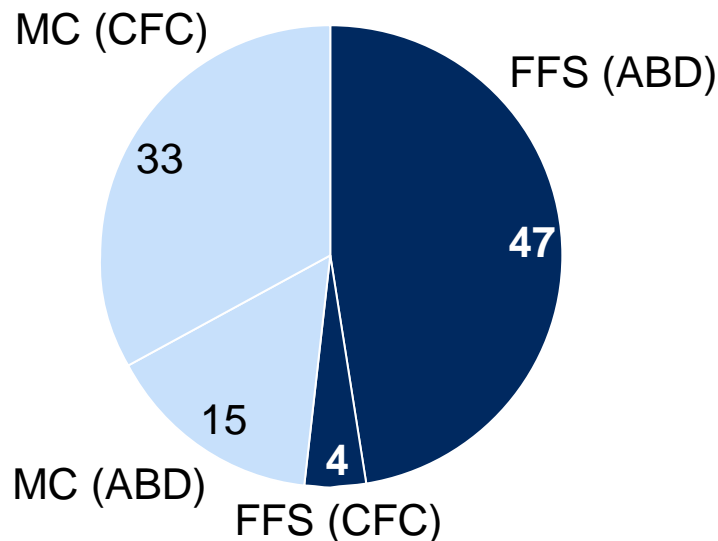
Enrollment

100%=2.08mn



Spend

100%= \$14.8bn²

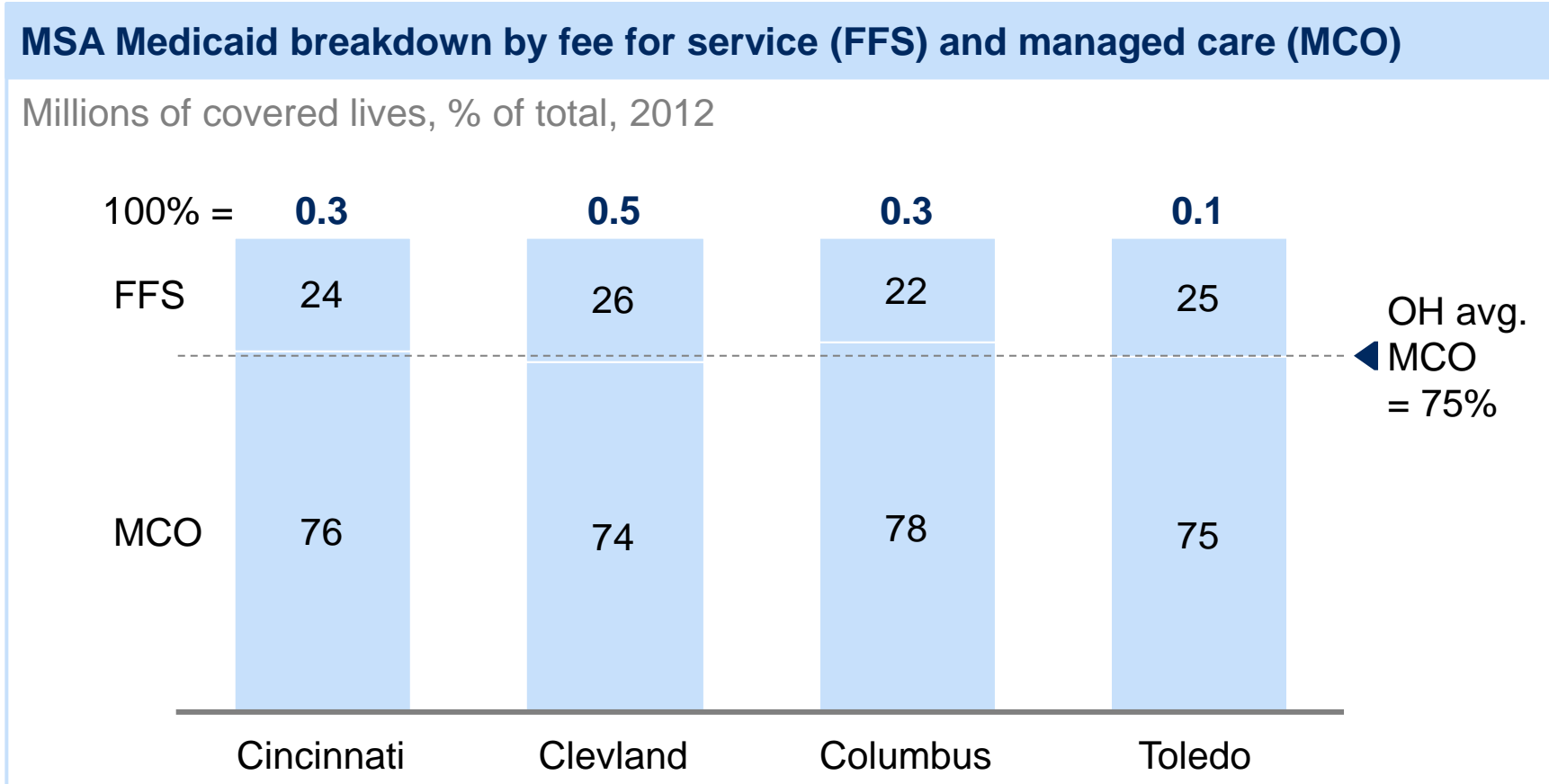


1 Supplemental Security Income

2 Total Medicaid spend in FY 2012 = \$17.01B, but only \$14.8B accounted for in this analysis

SOURCE: Health Policy Institute of Ohio

Prevalence of managed care is consistent across major Ohio cities



PAYERS: MEDICAID

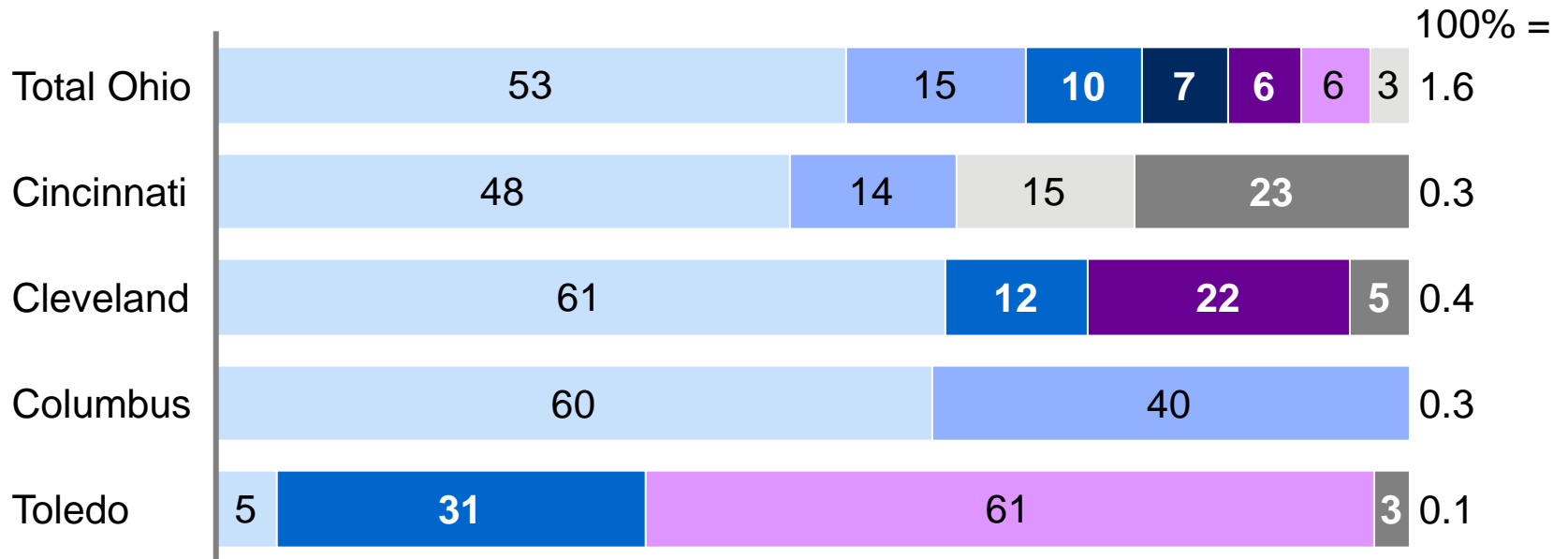
CareSource, Molina & Buckeye (Centene) make up >75% of Ohio managed Medicaid market



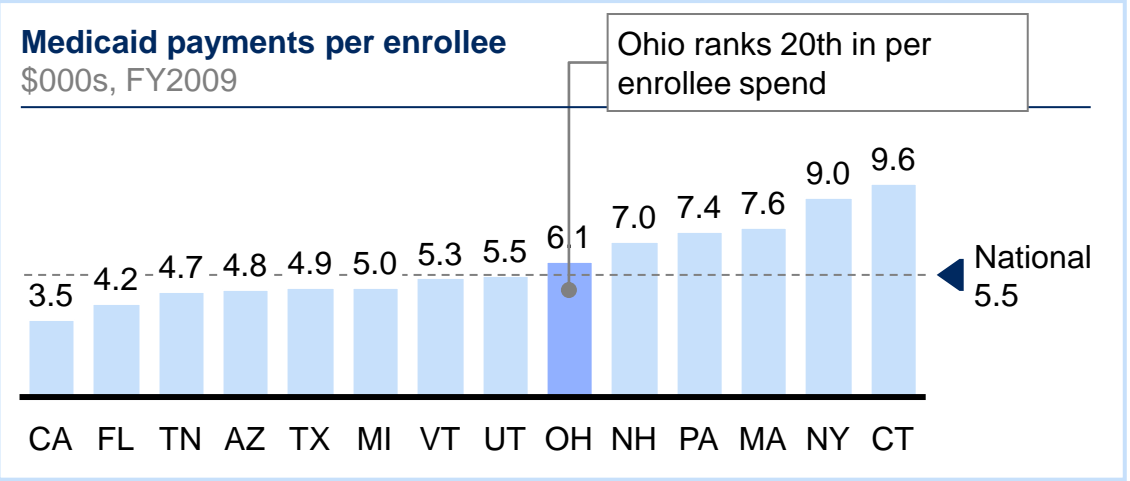
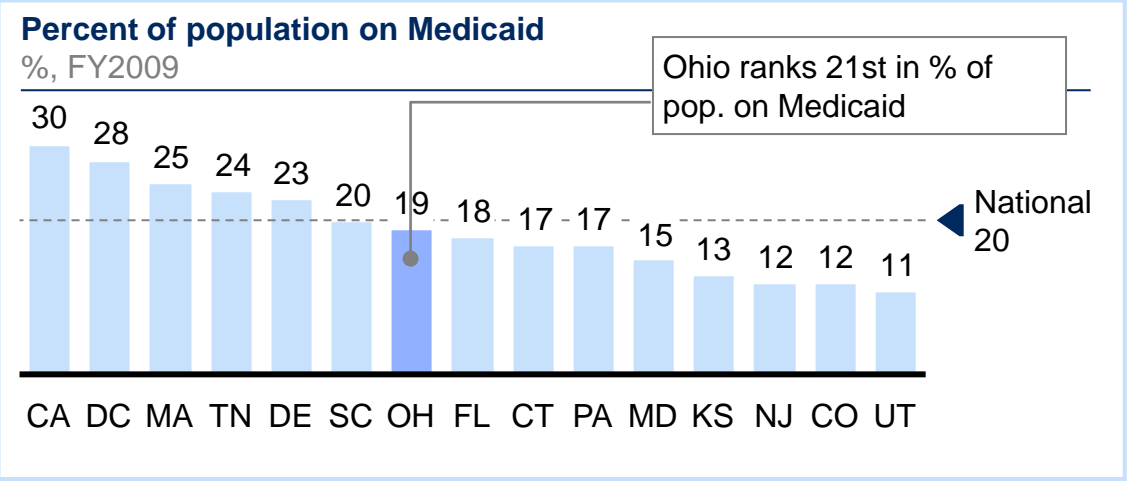
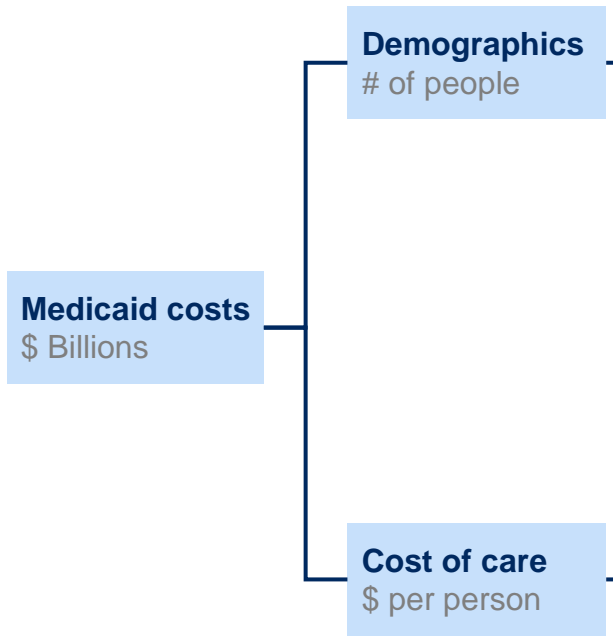
MCO managed Medicaid market share

Ohio MCO managed Medicaid, 2012

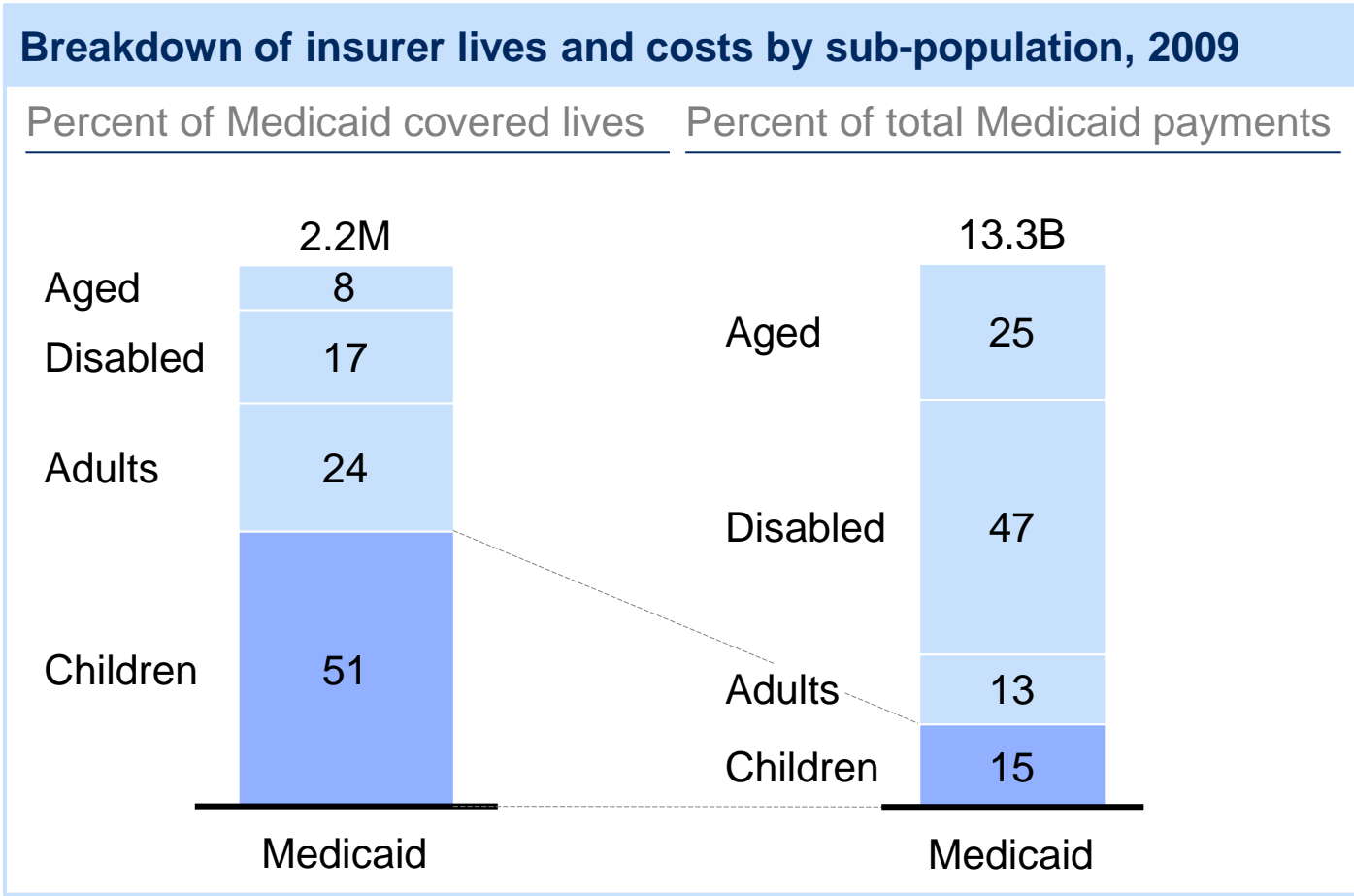
Percent of covered lives; 100%= 1.6M enrollees



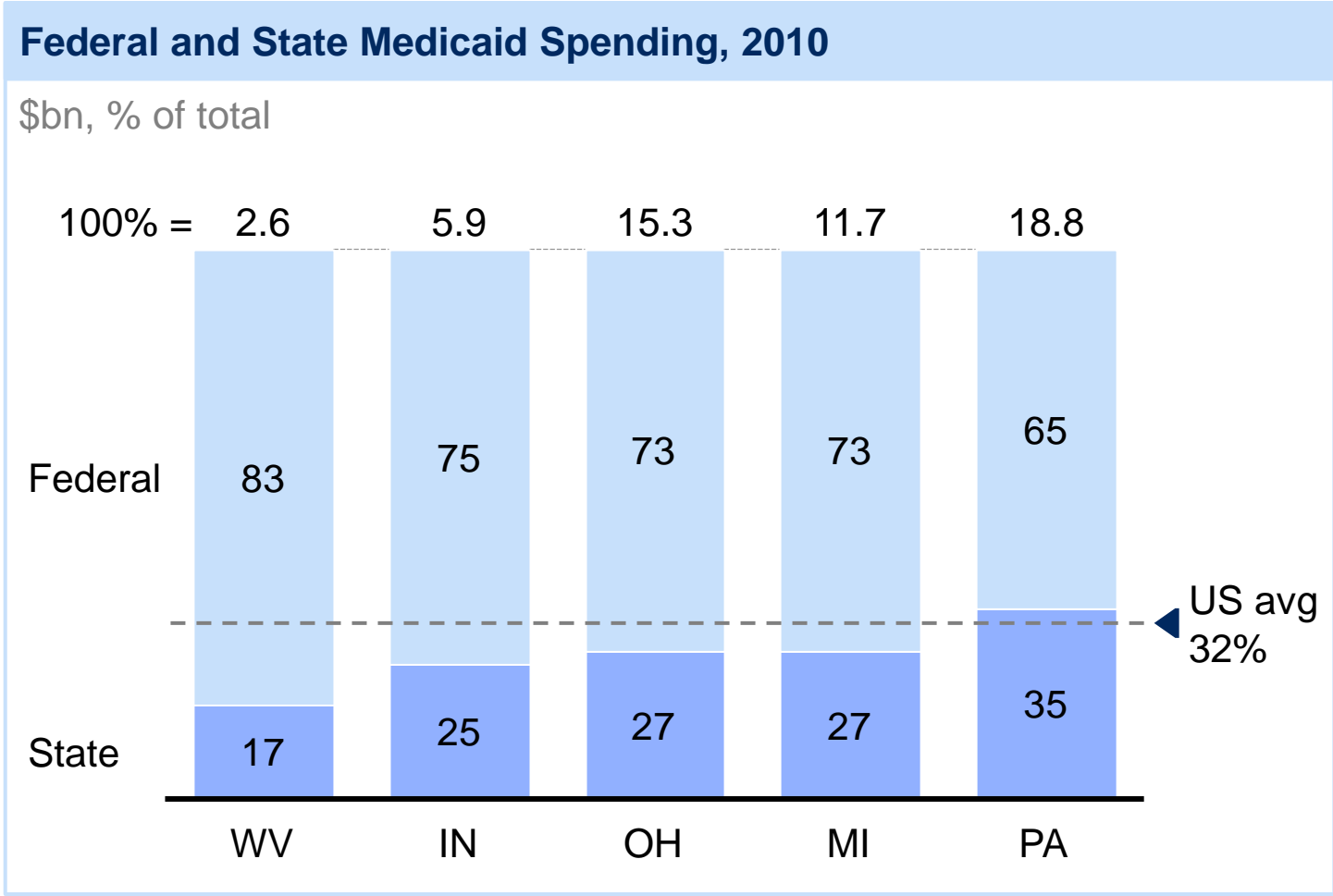
Ohio is average in both the proportion of its population enrolled in Medicaid and its per enrollee spending



Children account for >50% of Medicaid covered lives but only <20% of total Medicaid payments



Ohio and most neighboring states see a larger portion of federal funding for Medicaid due to lower income than the national average



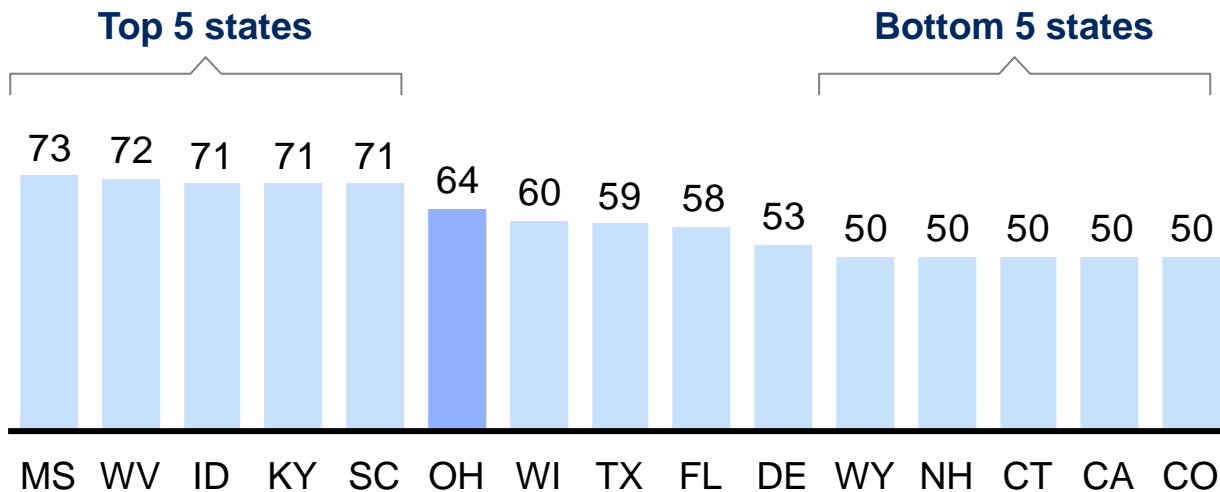
Its Federal Medical Assistance Percentage (FMAP) allocation ranks in the top half of all 50 states'

What is FMAP?

- CMS determines a reimbursement rate for each state's Medicaid expenditures
- The FMAP formula is driven largely by a state's income per capita, relative to the national average
- Minimum FMAP in 2013 is 50%
- For 2009-2010, minimum was increased to 62% through stimulus funding

FMAP rate by state

%, FY 2013



Total of 14 states currently receive the federal minimum FMAP rate of 50.0%

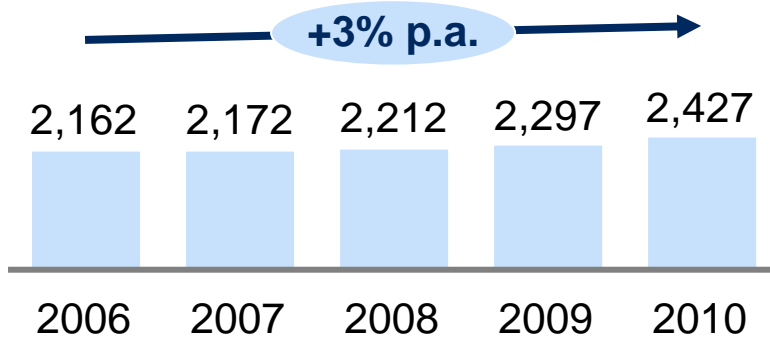
State share = 0.45 x [State Per Capita Income/U.S. Per Capita Income]

Both Medicaid enrollment and spending saw modest increases in recent years

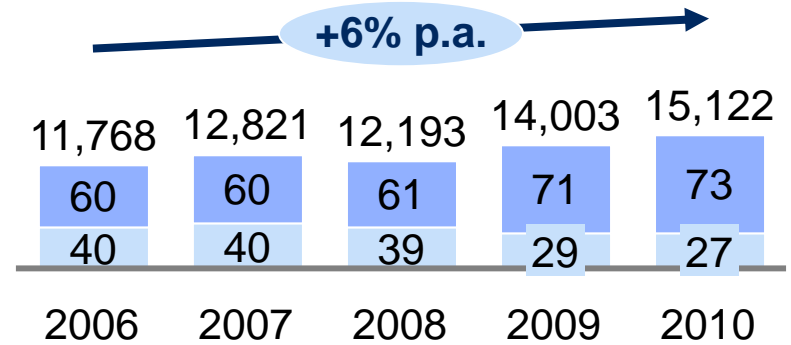
■ Federal
■ State

Medicaid Enrollment and Spending, 2006-2010

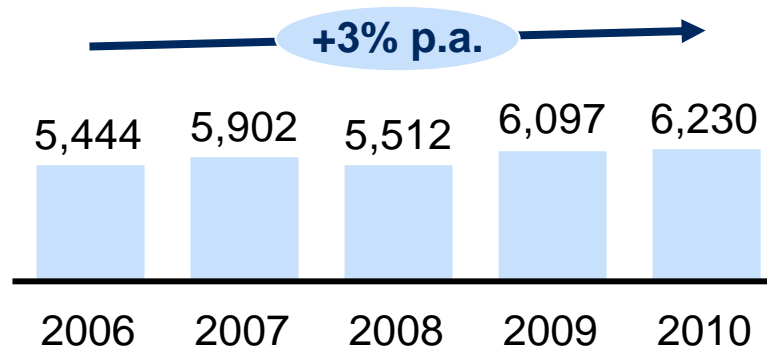
000s, Medicaid enrollment



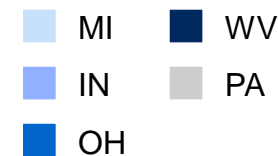
\$m, Medicaid spending



\$, Medicaid spending per enrollee

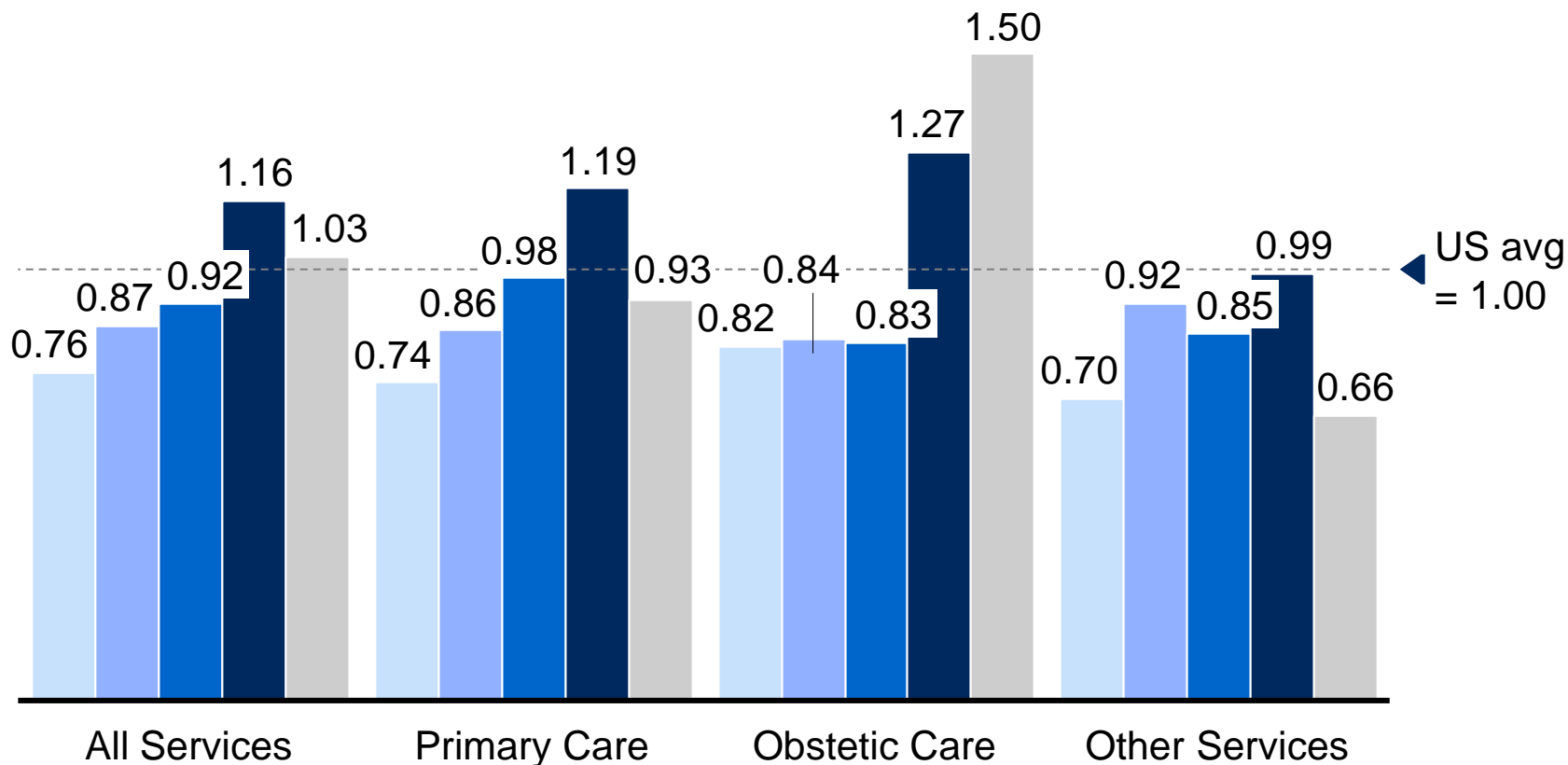


Ohio's Medicaid program reimburses physicians slightly below the national average



Relative reimbursement levels

Medicaid Physician Fee Index¹, 2012



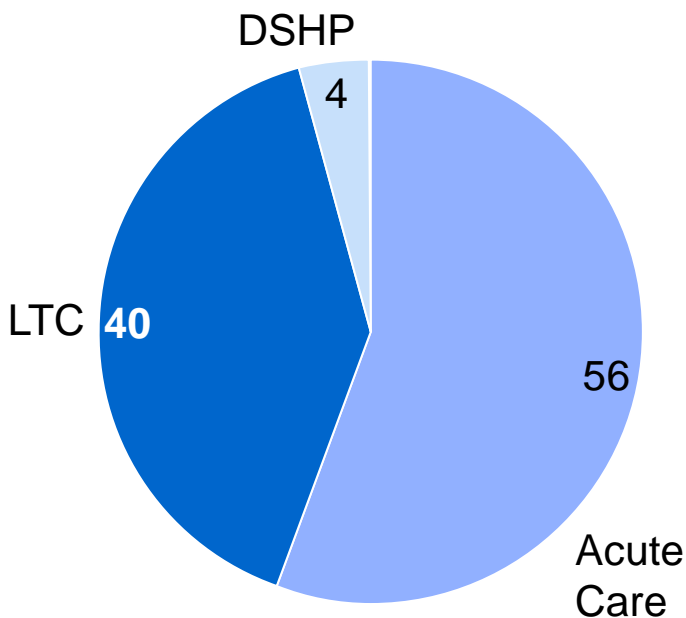
¹ Medicaid fee index measures each state's physician fees relative to national average Medicaid fees. These fees represent only those payments made under FFS Medicaid.

Ohio spends a higher portion of its Medicaid expenditures on long-term care than other states

Distribution of Medicaid Spending by Service, FY 2010¹

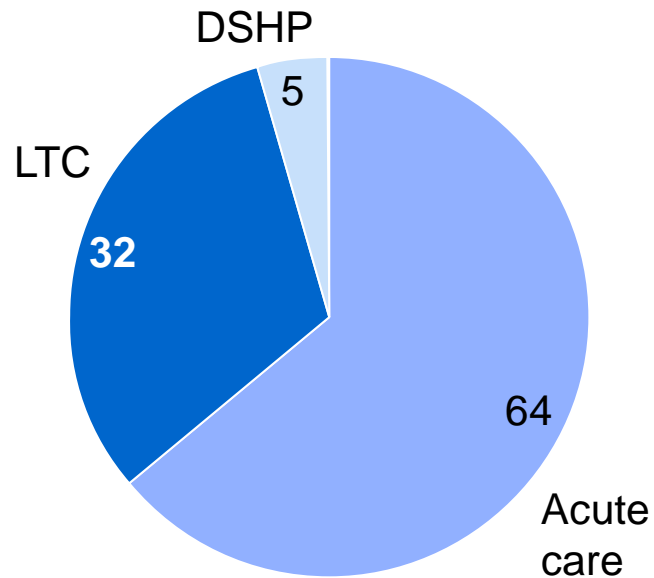
Ohio

100%=\$15.3bn



United States

100%=\$389bn



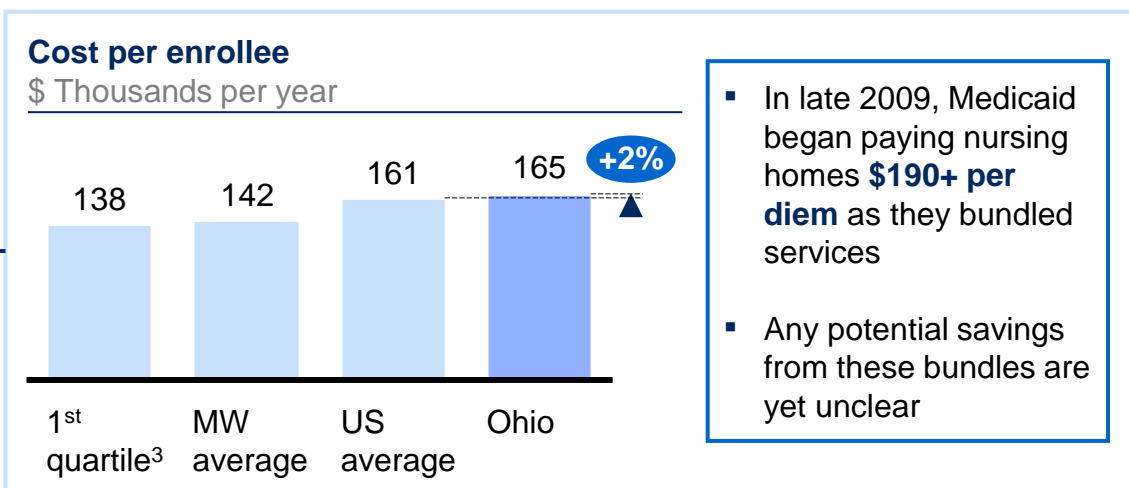
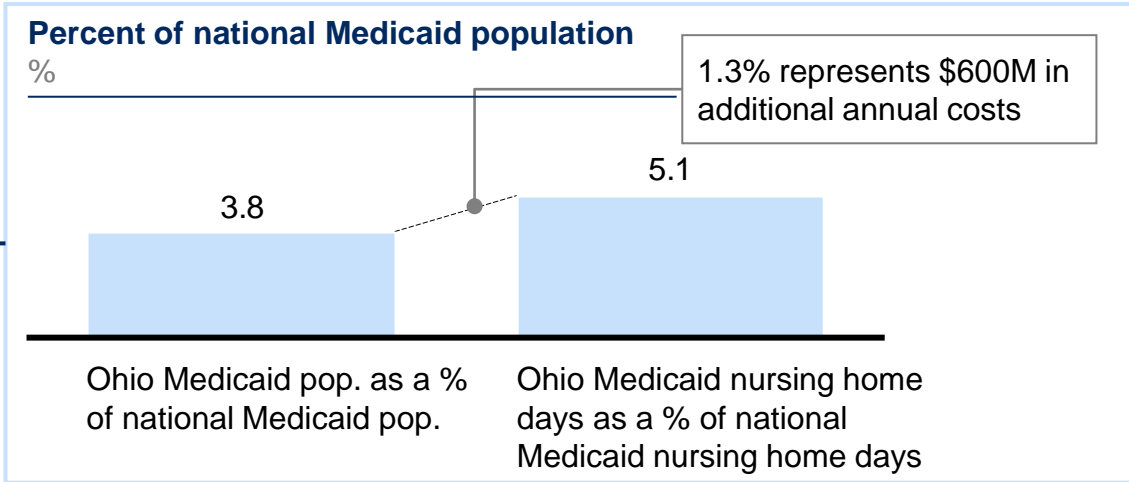
¹ DSHP = Disproportionate Share Hospital payments

Ohio spends more per bed day on nursing homes, and has tendency to move more people to institutional care

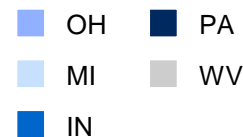
Medicaid costs
\$ Billions

Demographics
of people

Cost of care
\$ per person

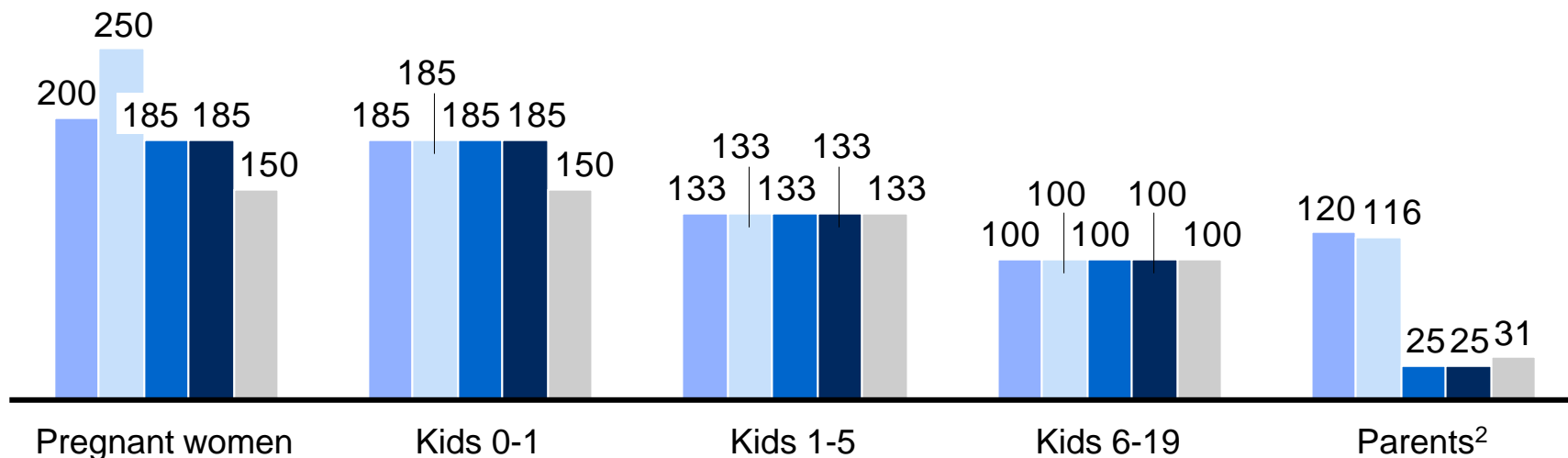


Ohio's eligibility levels for its Medicaid population are comparable to those of neighboring states



Medicaid coverage levels¹ for selected states

% of federal poverty level, January 2013



While states have historically had discretion in setting eligibility levels, **health care reform has handcuffed states in their ability to lower levels of eligibility** beyond where they were as the law was enacted

***Federal Poverty Level (FPL)** – defined as \$11,490 in annual income for an individual and \$23,550 for a family of four

1 Excludes CHIP (Title XXI) Funding

2 Medicaid benefits for parents of dependent children without jobs

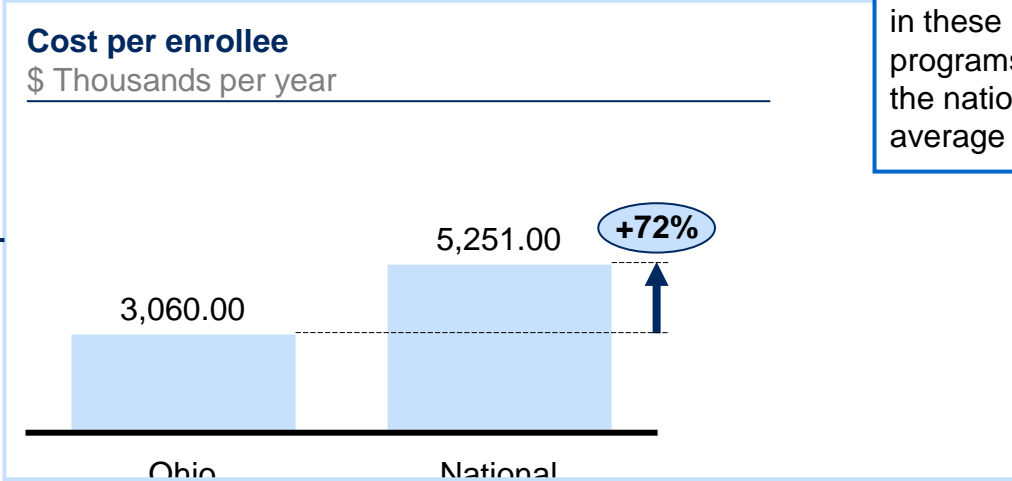
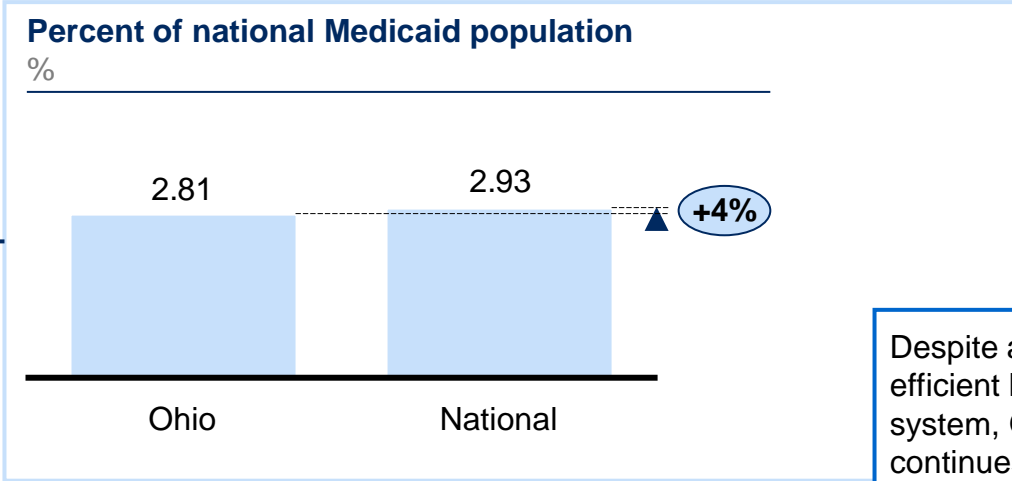
Ohio places a smaller percent of its long term care participants in Home and Community Based Services than the national average

HCBS is an alternative to nursing facilities and ICF-MRs, allowing for home care instead of institutional care

Medicaid costs \$ Billions

Demographics # of people

Cost of care \$ per person



Despite a cost efficient HCBS system, Ohio continues to enroll less people in these programs than the national average

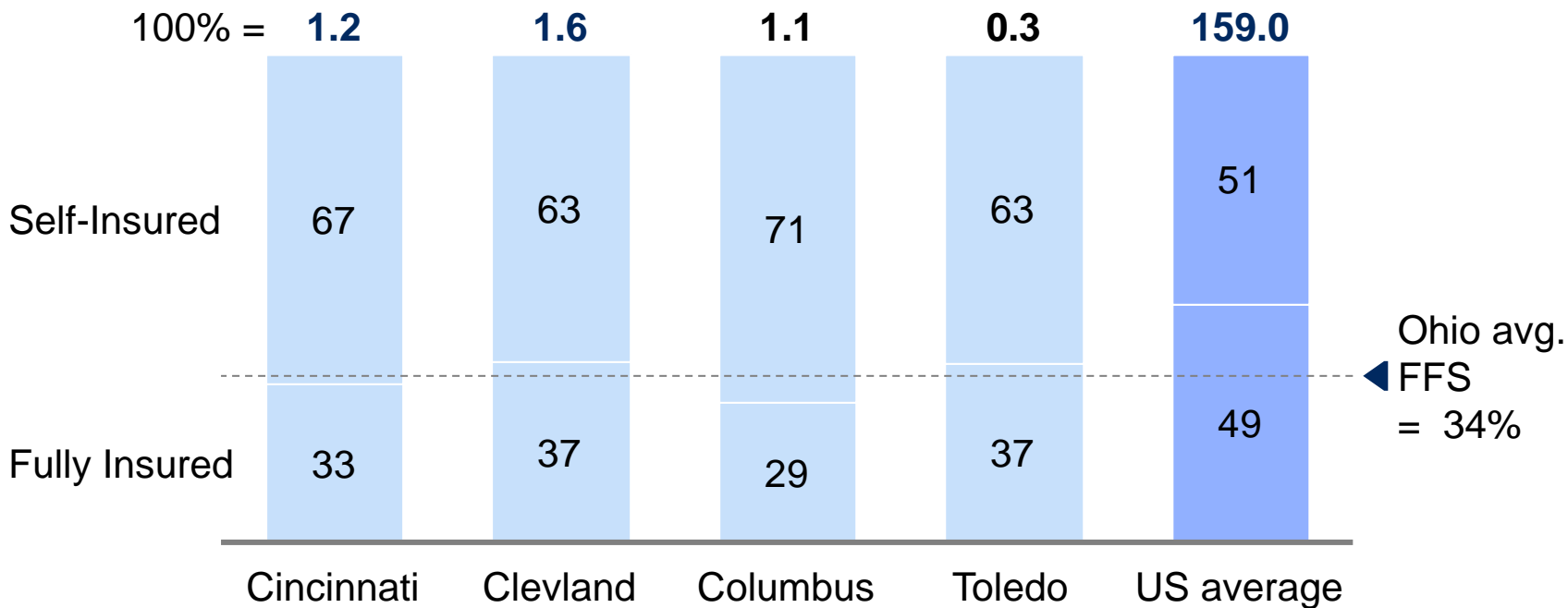
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Ohio has a higher proportion of self-insured lives than the US average

Commercial coverage breakdown between Fully Insured and Self-Insured

Millions of covered lives, % of total, 2012



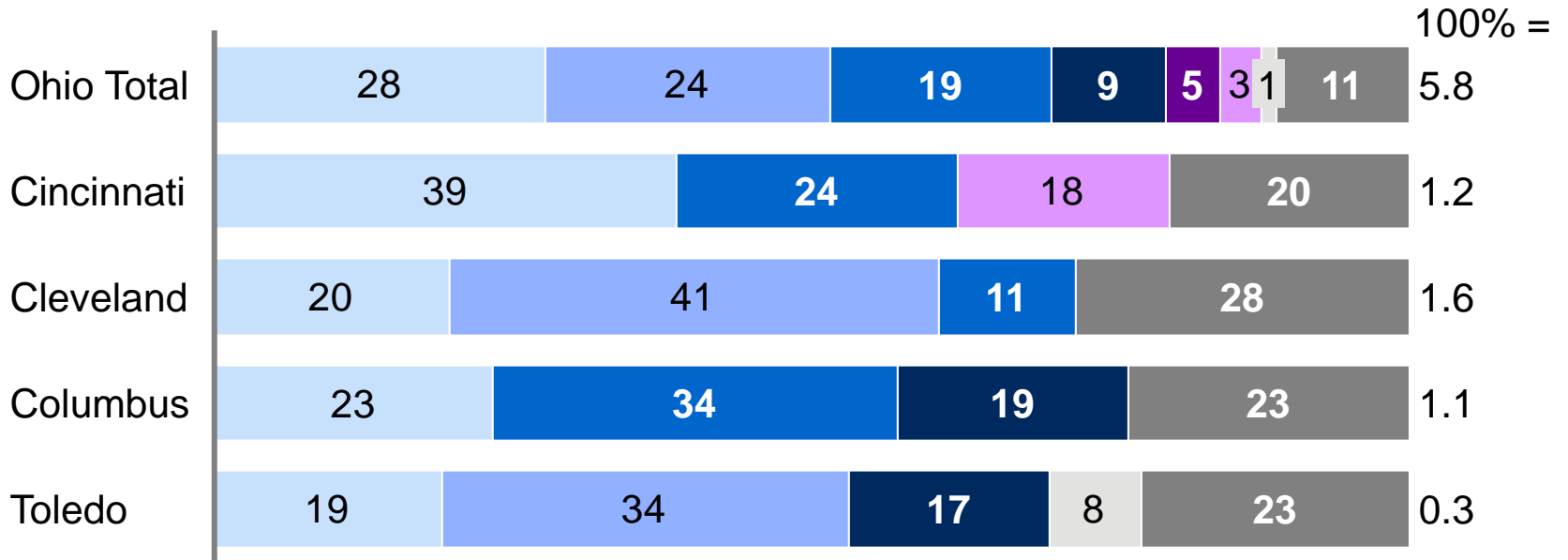
Anthem is not only the largest commercial payer, but is also the only payer with presence in the 4 major Ohio MSAs

- Anthem
- UnitedHealth
- Cigna
- ProMedica (Paramount)
- Medical Mutual of Ohio
- Aetna
- Humana
- Other or undisclosed

Commercial breakdown by payer

Ohio Commercial insured, 2012

Percent of covered lives; 100%= 5.8M enrollees



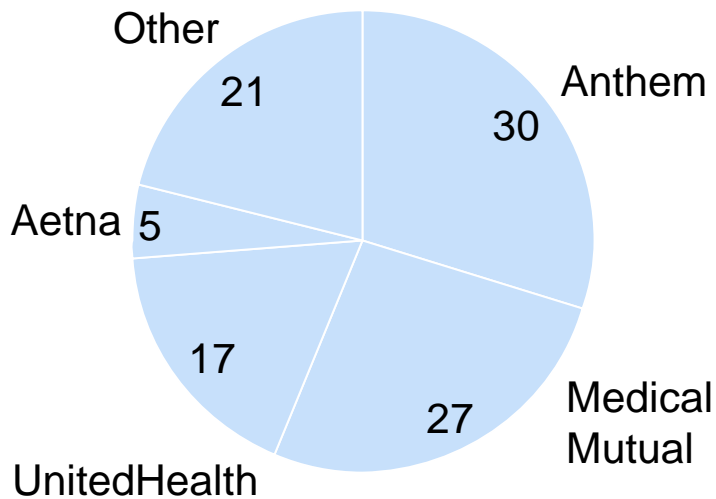
Payer market share is roughly consistent across risk members and ASO

Private insurer market share

Ohio Commercial Risk, 2012

Percent of covered lives, 2012

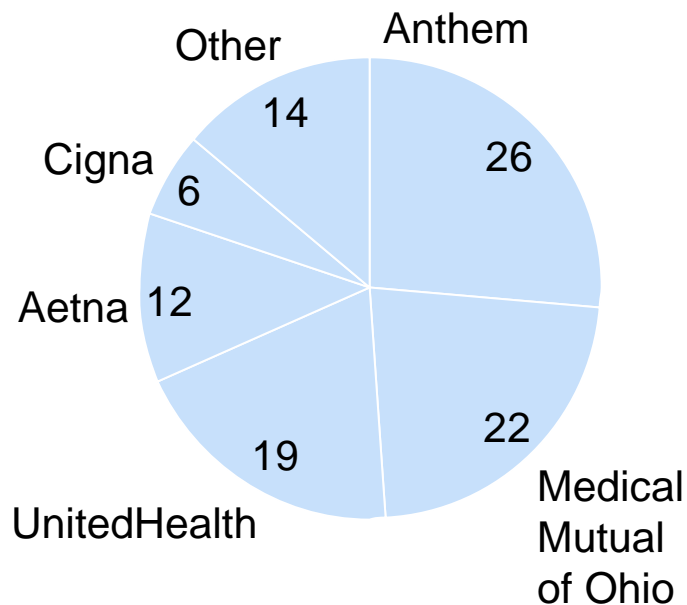
100%=2.0M lives



Ohio Commercial Non-Risk, 2012

Percent of covered lives

100%= 3.8M enrollees



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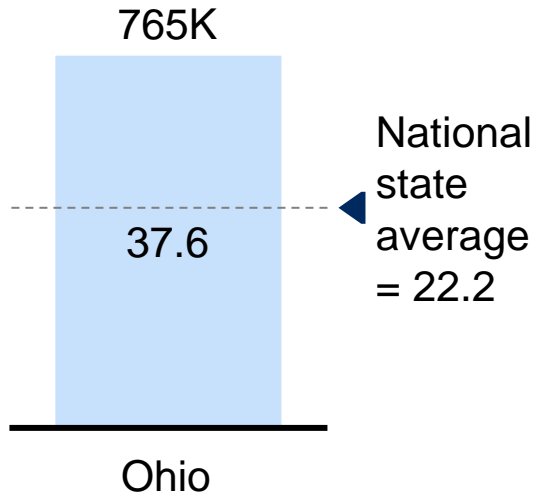
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Ohio's MA penetration is higher than that of other states, with its enrollment mostly concentrated in 4 payers

Medicare Advantage penetration and market share

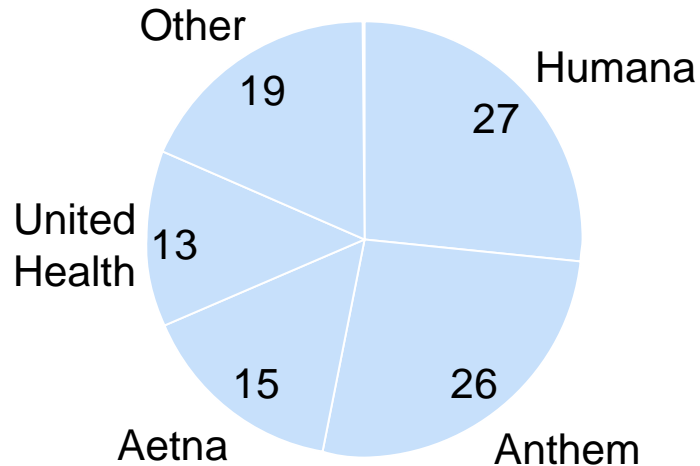
MA penetration by county

Number enrolled, % Penetration
Total eligibles = 2M



MA market share¹

Percent of enrollees
100%= 723K

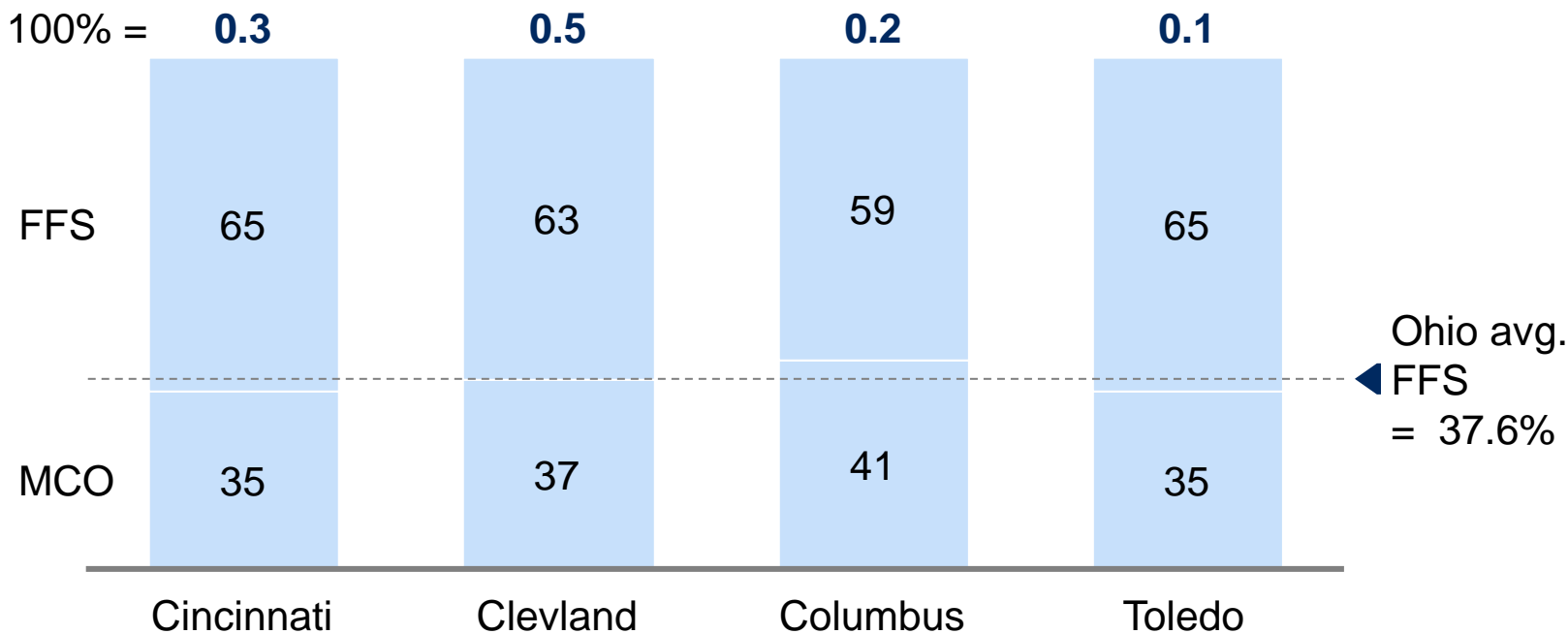


¹ Contracts with <10 enrollees were excluded

Columbus has higher proportion of Medicare Advantage than other major metropolitan areas

MSA Medicare breakdown by fee for service (FFS) and managed care (MCO)

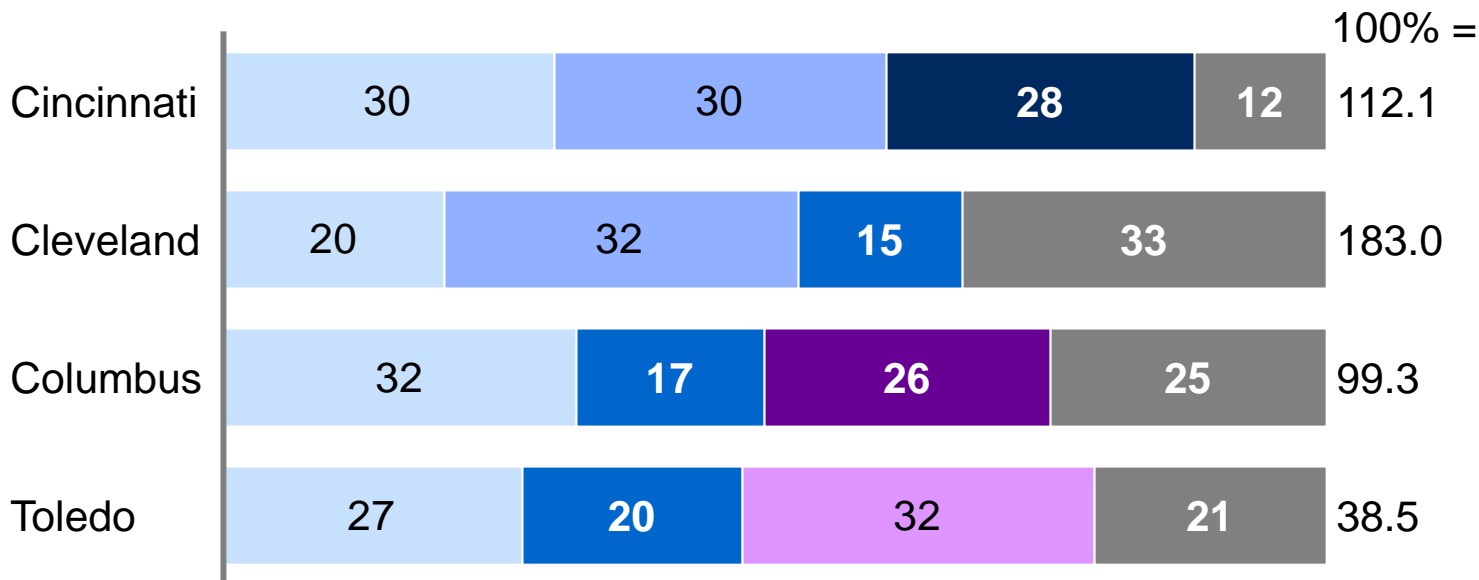
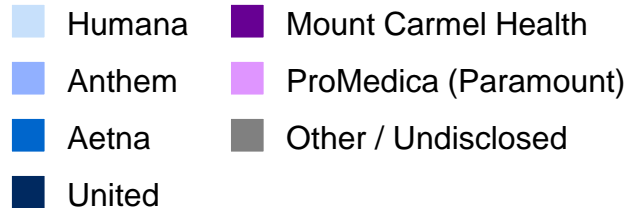
Millions of covered lives, % of total, 2012; OH average from 04/13



Humana is only managed Medicare payer with presence in all 4 MSAs

MSA Medicare breakdown by payer

Thousands of covered lives, % of total, 2012



Ohio is involved in multiple CMMI pilots across the state

Measure	Ohio	U.S.
INFORMATION TECHNOLOGY		
<i>Percent of physicians who have adopted electronic health records, 2011</i>	48.5%	33.9%
<i>Percent of community-based pharmacies filing prescriptions electronically, 2011</i>	95.0%	92.0%
<i>State all-payer claims database (APCD) in place, 2012</i>	No	15 states
INITIATIVES TO SUPPORT DELIVERY SYSTEM TRANSFORMATION		
<i>CMS initiatives involving state government</i>		
▪ Multi-payer advance primary care practice demonstration	No	8 states
▪ State demonstration grants to integrate care for dual eligible individuals	No	15 states
▪ Medicaid incentives program for the prevention of chronic diseases	No	10 states
<i>CMS initiatives involving providers and health plans</i>		
▪ Pioneer ACOs	No	18 states
▪ Advance payment ACOs	No	12 states
▪ Medicare shared savings program	Yes	40 states
▪ Comprehensive primary care initiative	Yes	8 states
▪ FQHC advanced primary care practice demonstration	Yes	47 states
▪ Health care innovation awards	Yes	26 states
▪ Community-based care transition program	Yes	20 states
<i>State initiatives</i>		
▪ Medicaid/CHIP ACOs	No	6 states
▪ Medical home/care coordination initiatives in Medicaid/CHIP	Yes	39 states
▪ Episode-based payment	No	1 state

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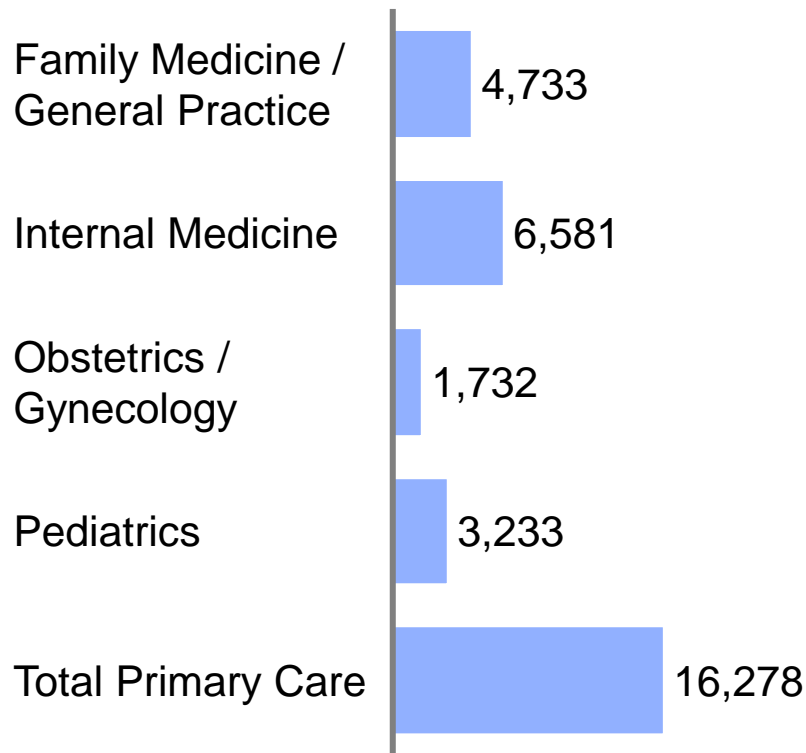
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Primary care providers and extenders in Ohio

Detailed workforce diagnostic pending data from Medical and Nursing boards

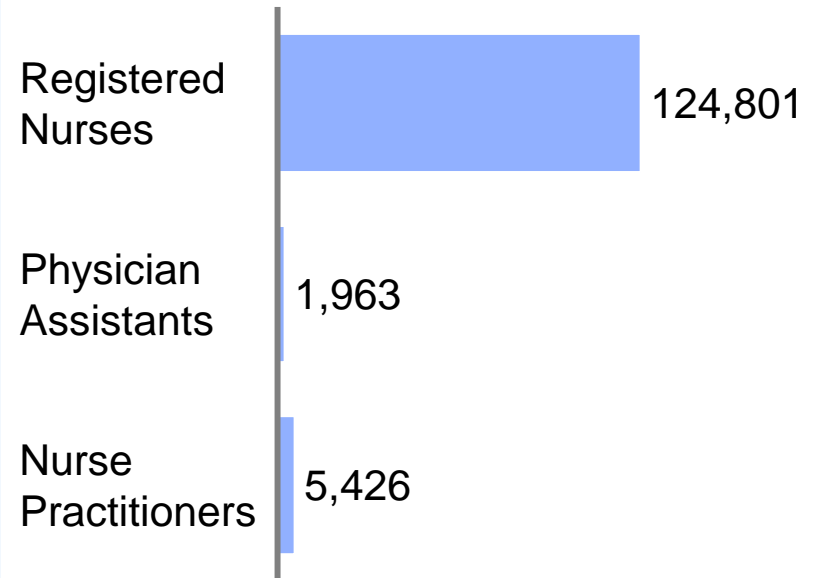
Number of primary care physicians in OH, 2012

Total FTEs in Ohio



Physician extenders

Total FTEs in Ohio, 2011

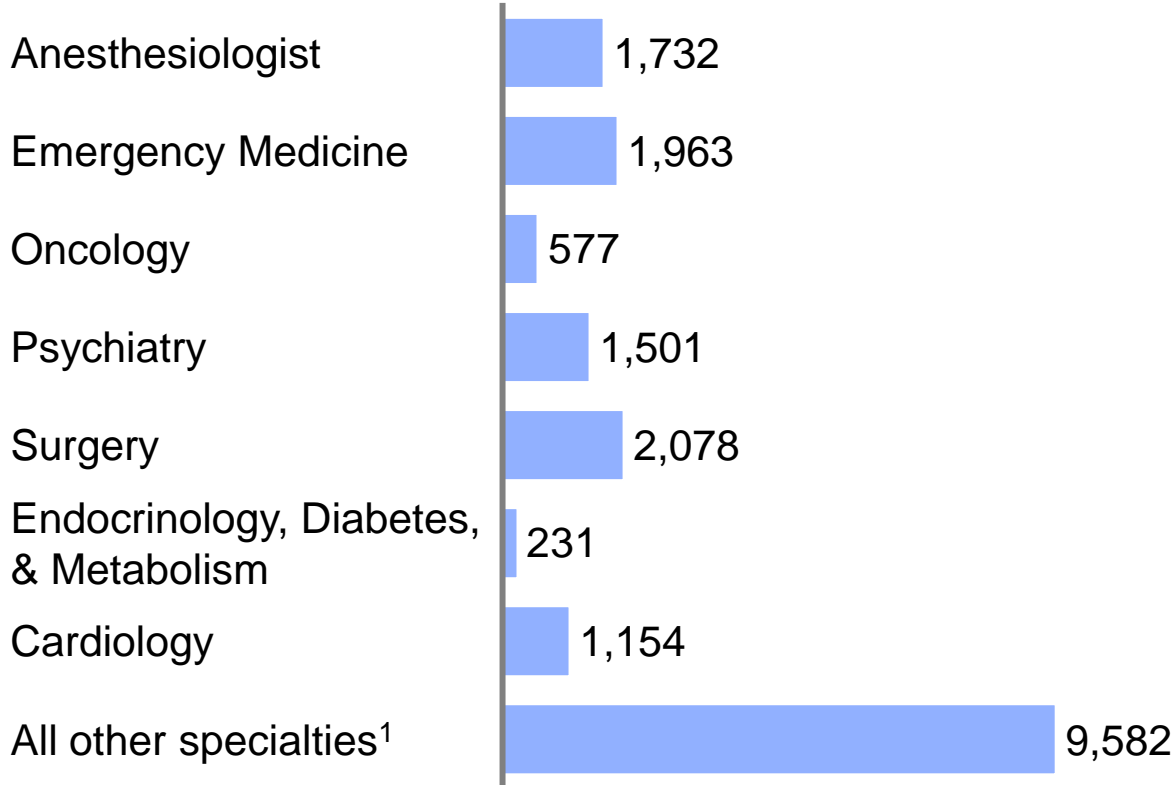


Specialists in Ohio

Physicians by Specialty Area, 2012

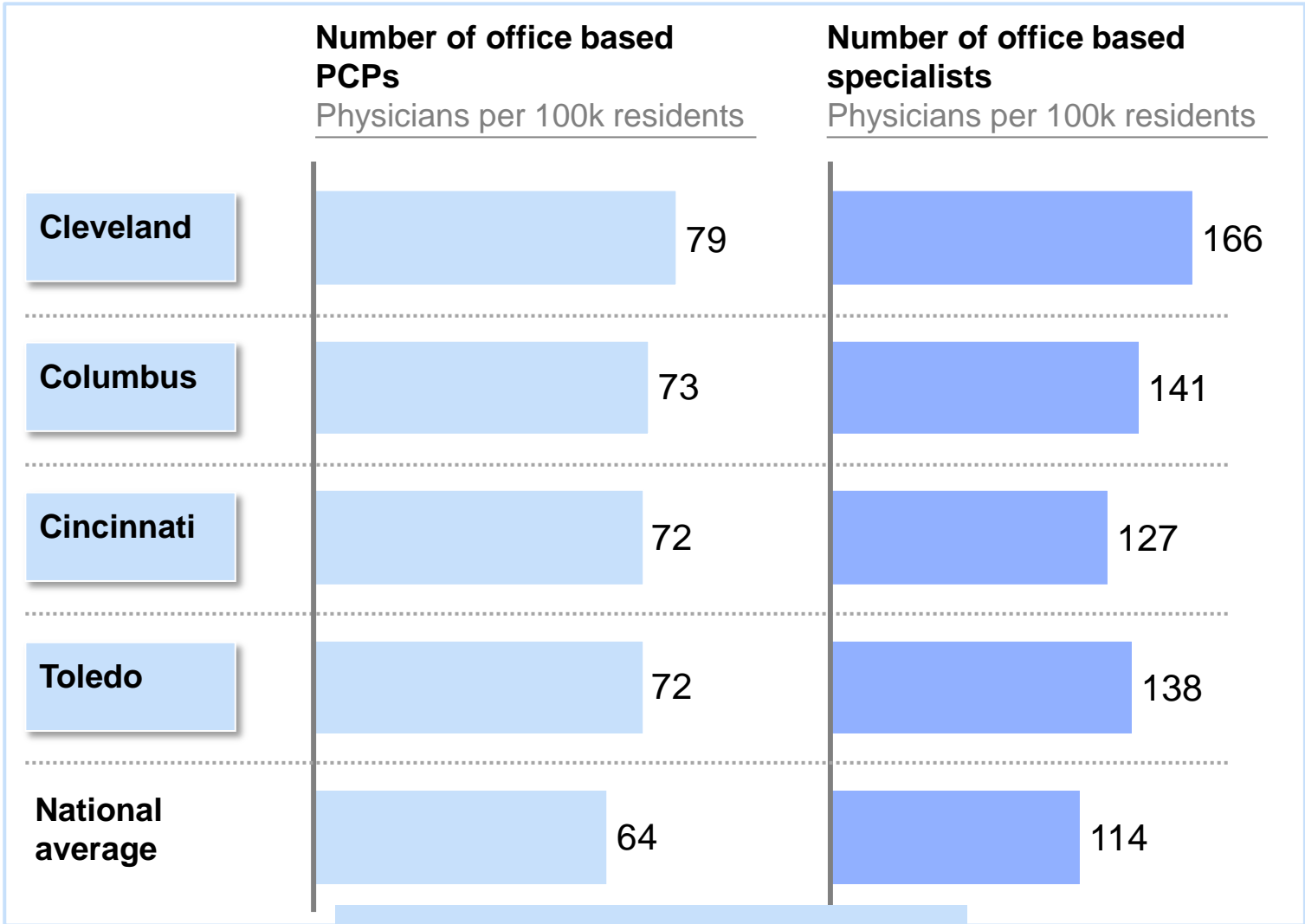
Detailed workforce diagnostic pending data from Medical and Nursing boards

Total FTEs in Ohio



¹ Other specialties include but are not limited to: allergy and immunology, dermatology, geriatrics, medical genetics, neurology, ophthalmology, orthopedics, otolaryngology, pathology, plastic surgery, radiology, and urology.

Major markets have an increased number of physicians per capita vs. the national average



Detailed workforce diagnostic pending data from Medical and Nursing boards

Physician groups by market

Top physician groups by market, 2012

Cleveland

- Cleveland Clinic Community Physician Partnership ▪ >5,000
- University Hospitals Physicians Services ▪ 4,100
- Summa Health Network ▪ 1,300

Columbus

- Medical Group of Ohio/OhioHealth Group ▪ 2,040
- Mount Carmel Health Partners ▪ 1,500
- Partners for Kids ▪ 760

Cincinnati

- UC Physicians ▪ 688
- TriHealth Physician Enterprise Corp. ▪ 245
- St. Elizabeth Physicians ▪ 230

Toledo

- ProMedica Physician Group ▪ 315
- University of Toledo Physicians Clinical Faculty ▪ 220
- Mercy Medical Partners ▪ 188

Detailed workforce diagnostic pending data from Medical and Nursing boards

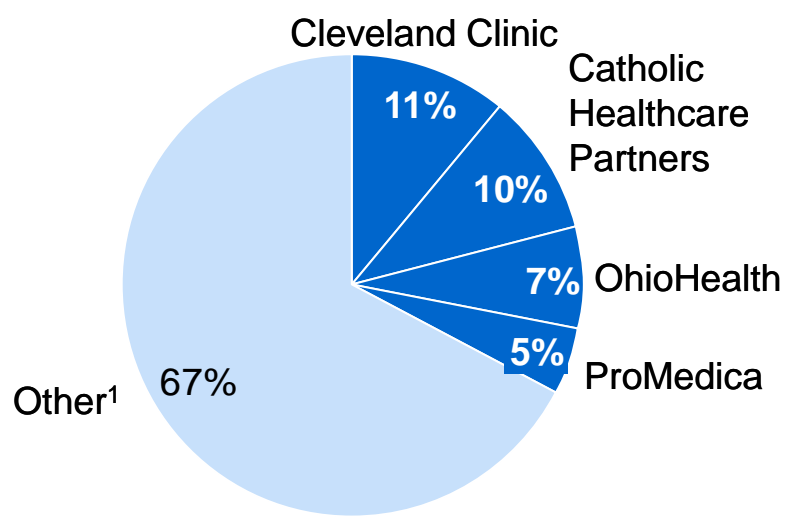
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Top 4 providers account for only 33% of inpatient discharges

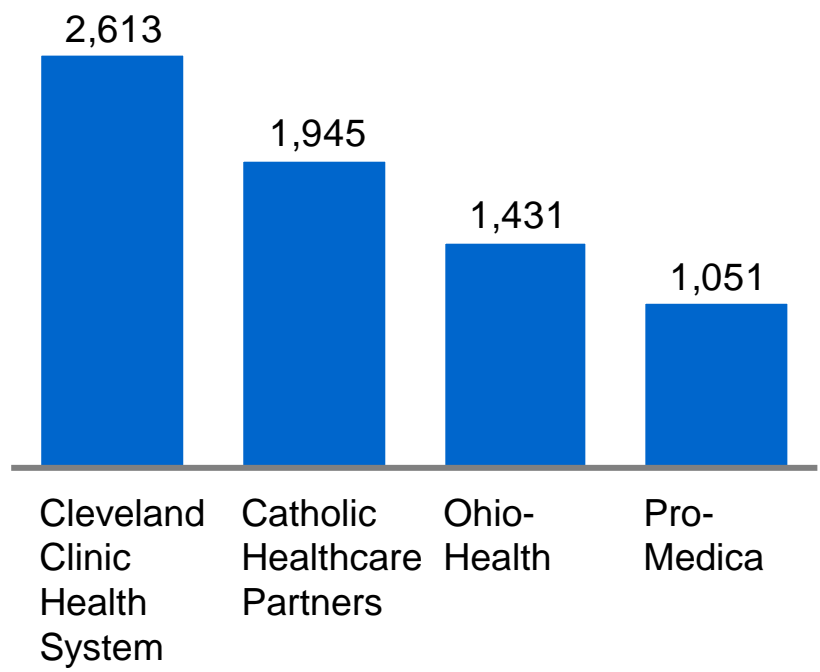
Hospital market share

Percent inpatient discharges, 2011



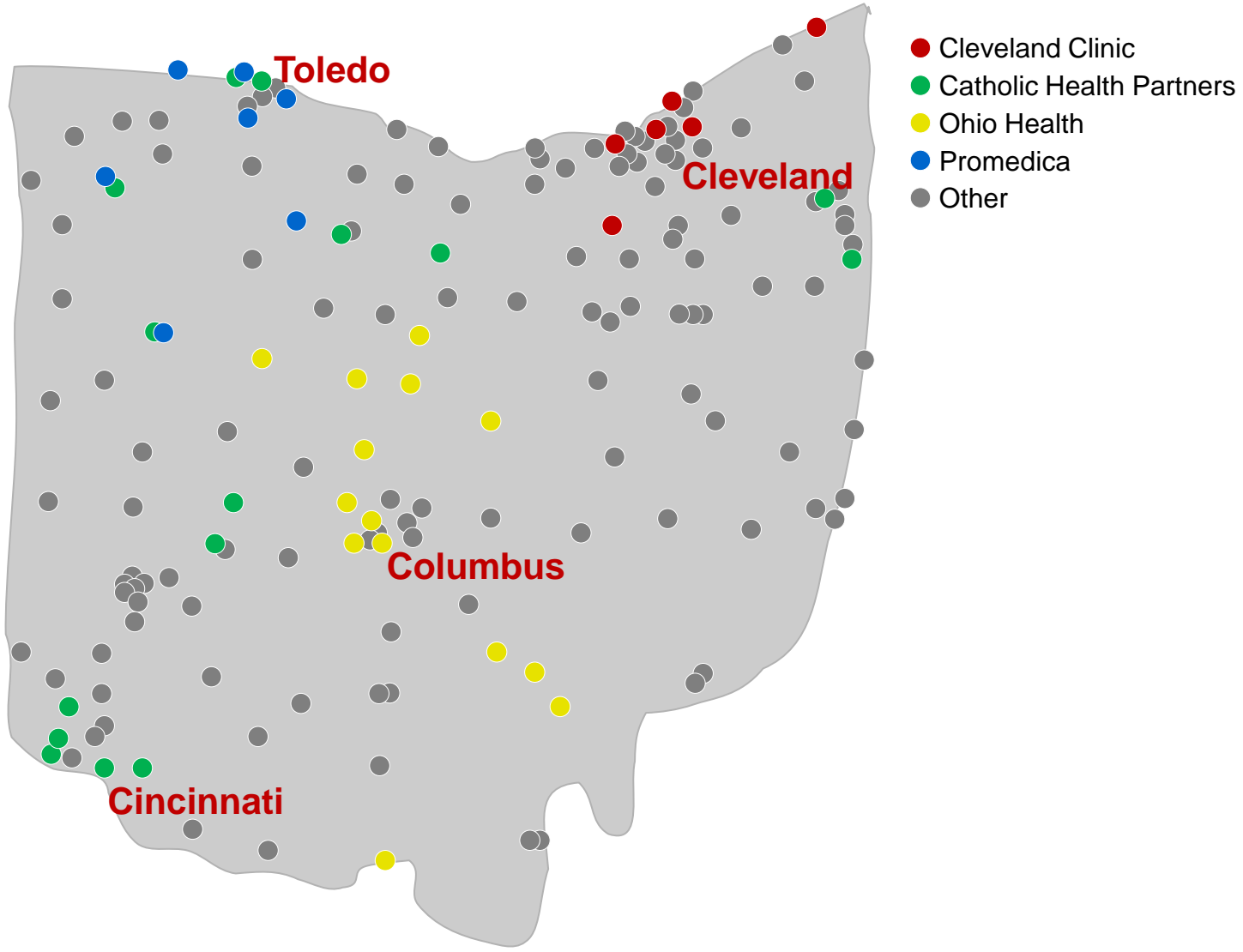
Health Systems by bed size

Number of beds, 2011



¹ Includes 37 provider systems

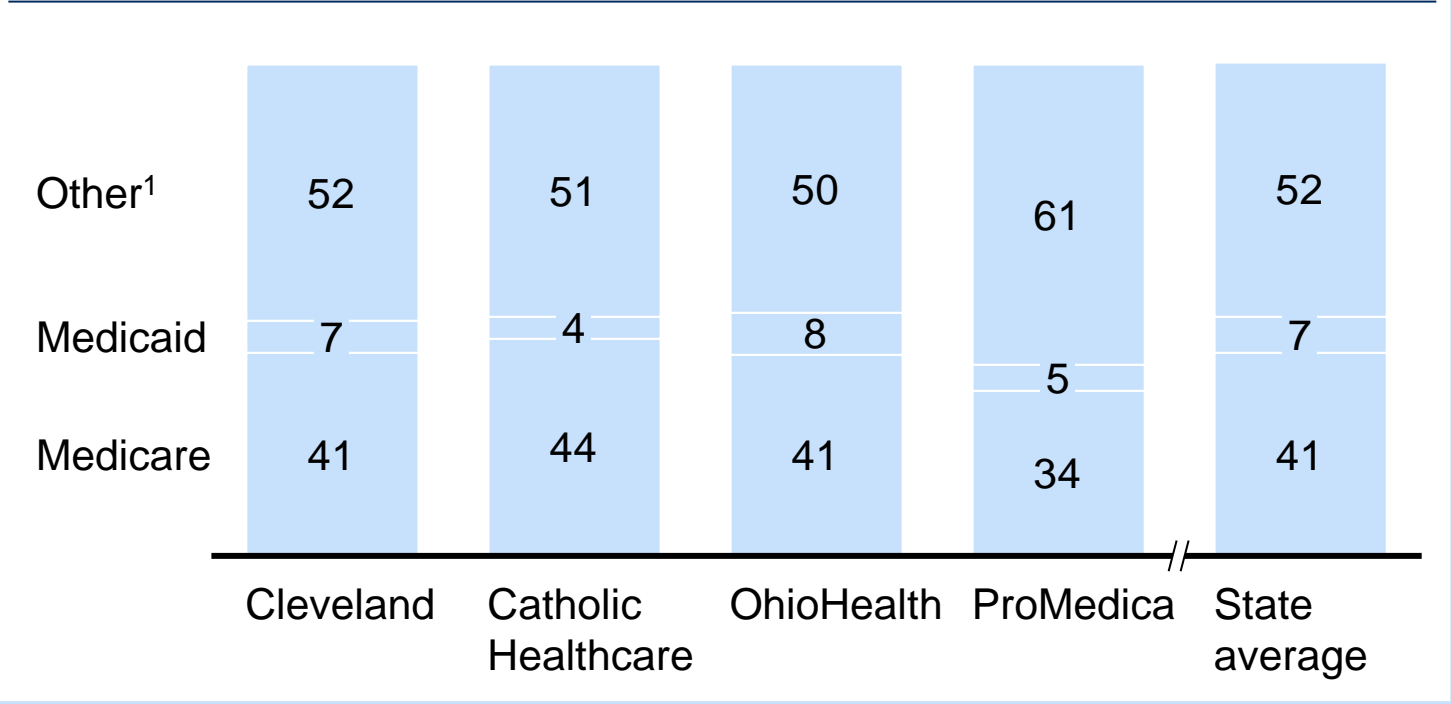
Ohio's hospitals are dispersed throughout the state; the largest health systems are focused in major metropolitan areas



Payer mix is mostly consistent across the largest health systems, with ProMedica seeing slightly fewer of its hospital days funded by Medicare

Payer mix for hospital services

Hospital patient days, % by payer, 2011

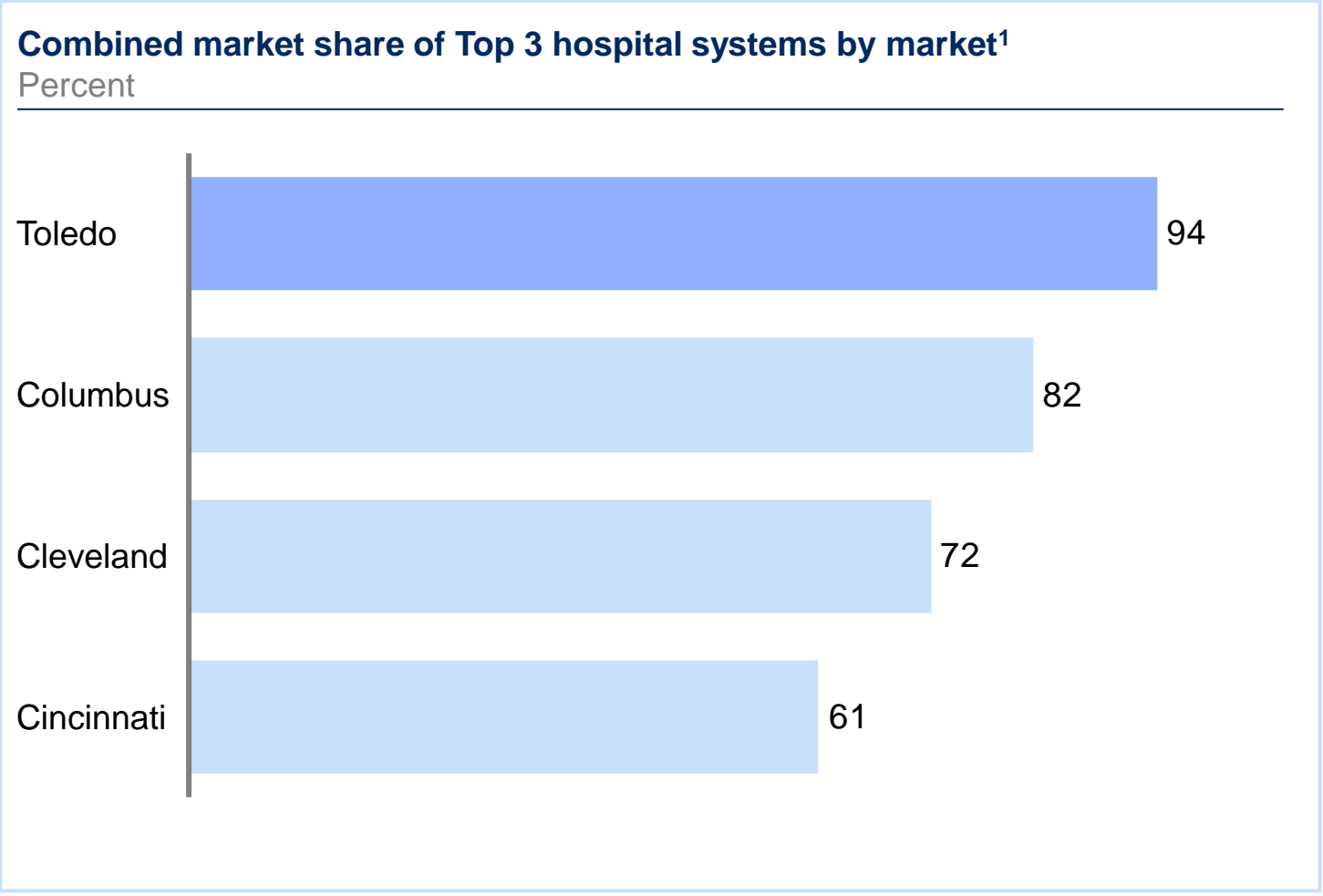


¹ Includes commercial payers and other public funding sources

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Level of consolidation varies across markets

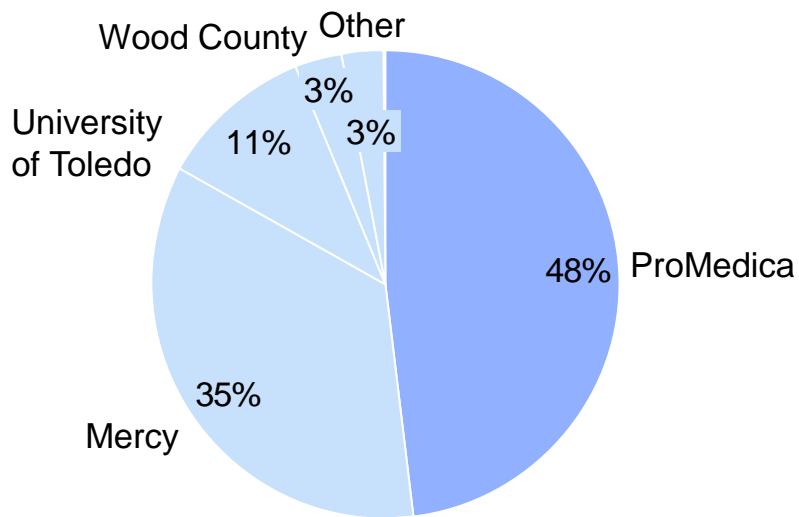


¹ Market defined as the entire MSA surrounding each city

ProMedica accounts for 48% of inpatient discharges and 53% of total acute-care beds in the Toledo market

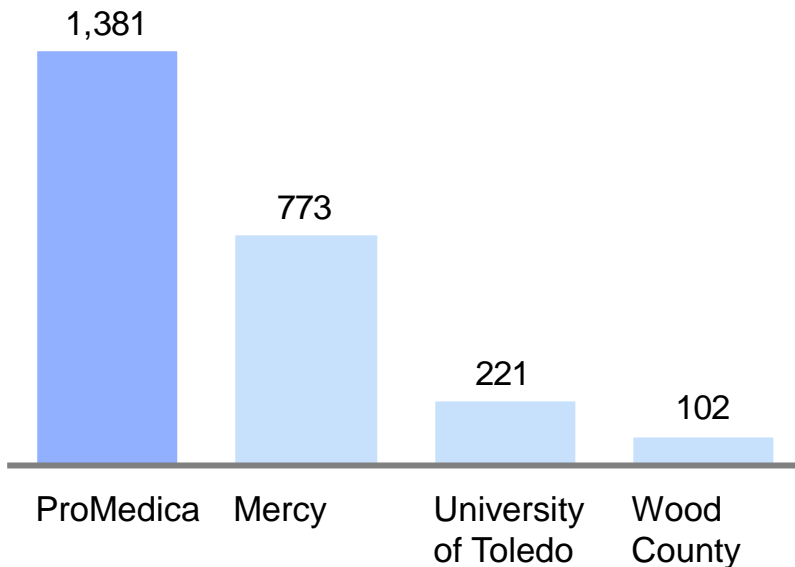
Hospital market share

Percent of 2010 discharges, 100% = ~85K discharges



Health Systems by bed size

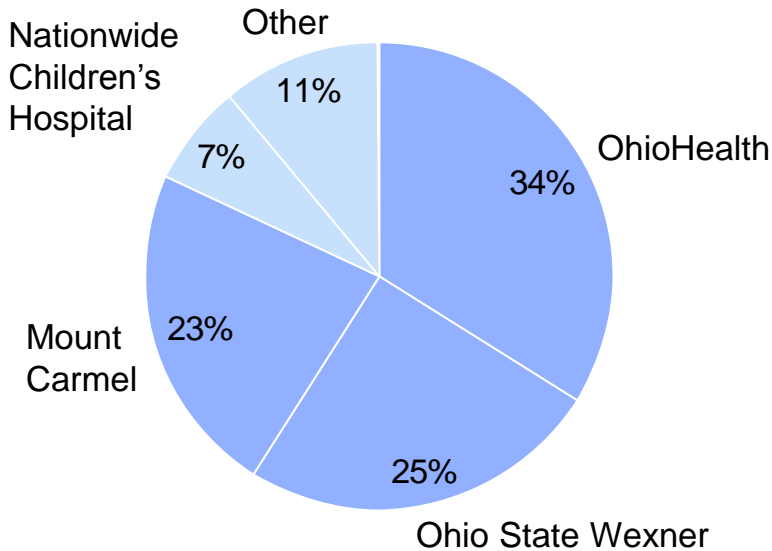
Number of beds, 2010



The 3 largest health systems in Columbus account for >80% of activity

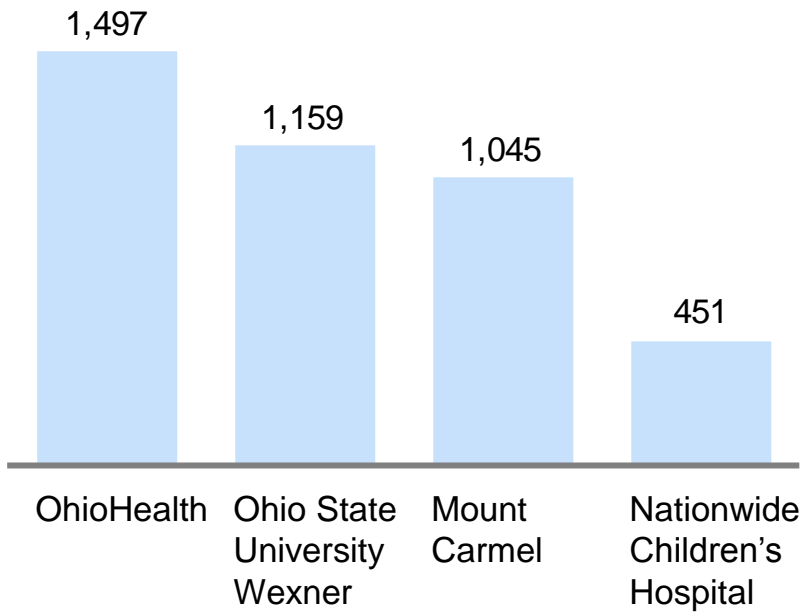
Hospital market share

Percent inpatient discharges, 2012



Health Systems by bed size

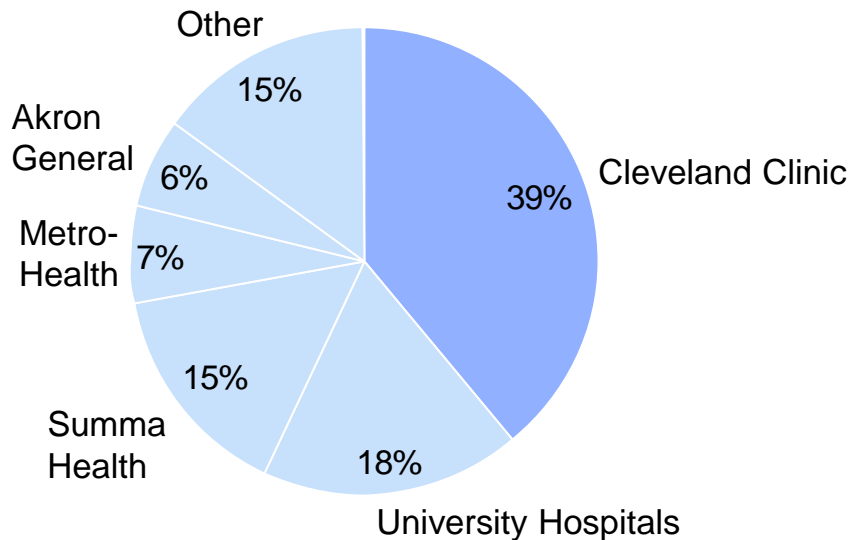
Number of beds, 2012



Cleveland Clinic accounts for ~40% of hospital activity in the Cleveland market

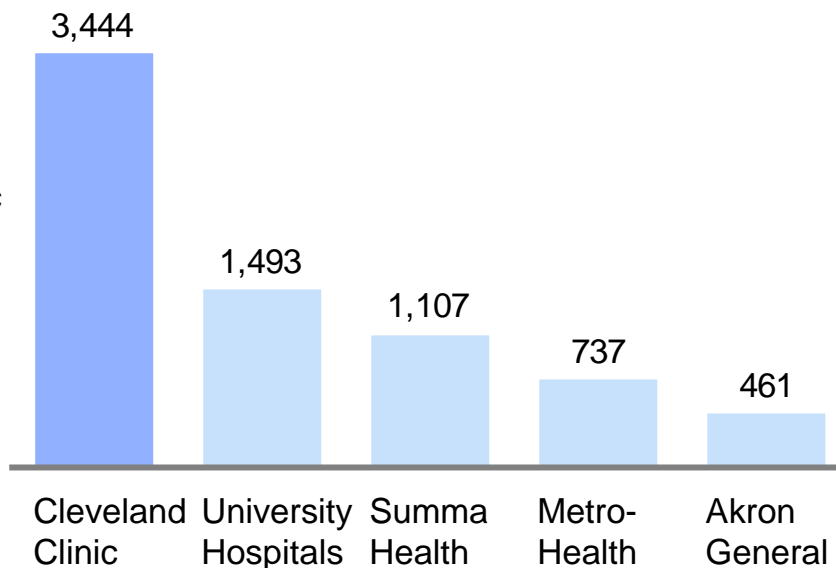
Hospital market share

Percent of inpatient discharges, 2012



Health Systems by bed size

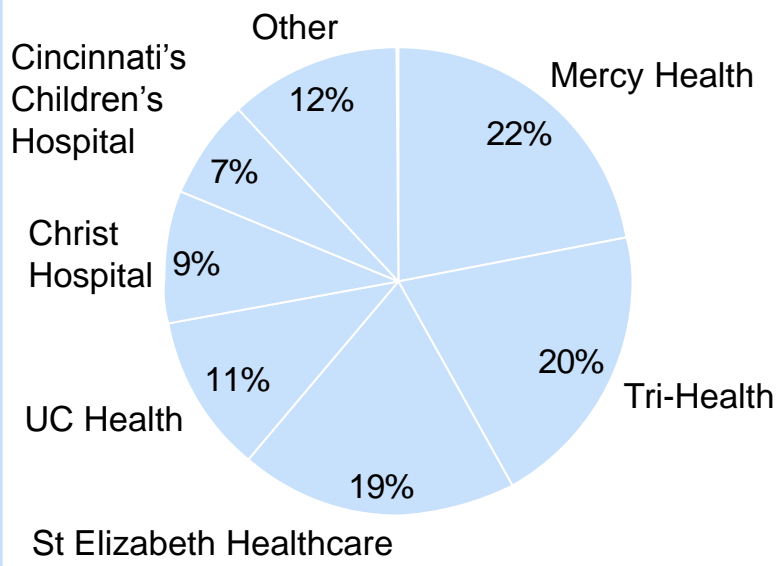
Number of beds, 2012



Relative to other Ohio markets, the Cincinnati hospital market is less concentrated

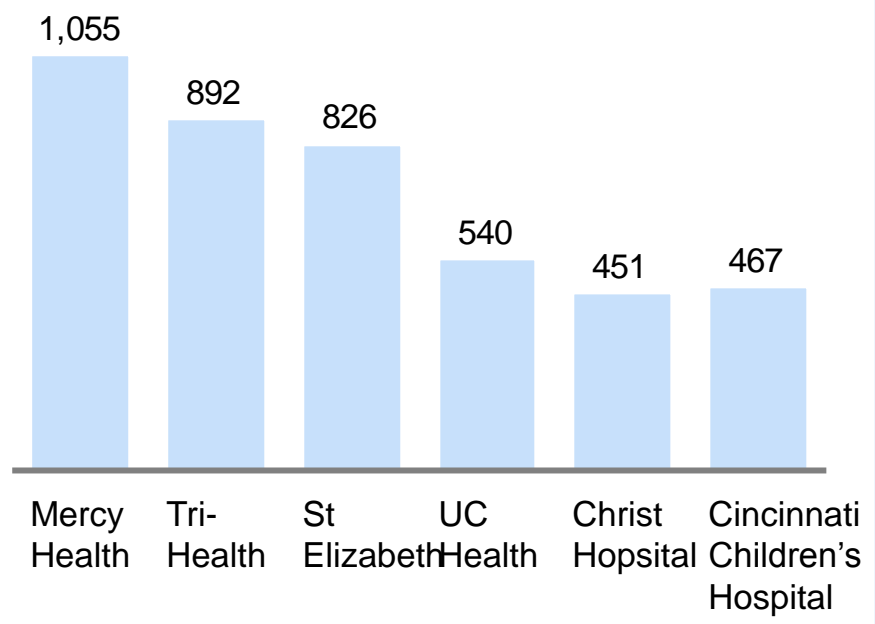
Hospital market share

Percent inpatient discharges, 2012



Health Systems by bed size

Number of beds, 2012



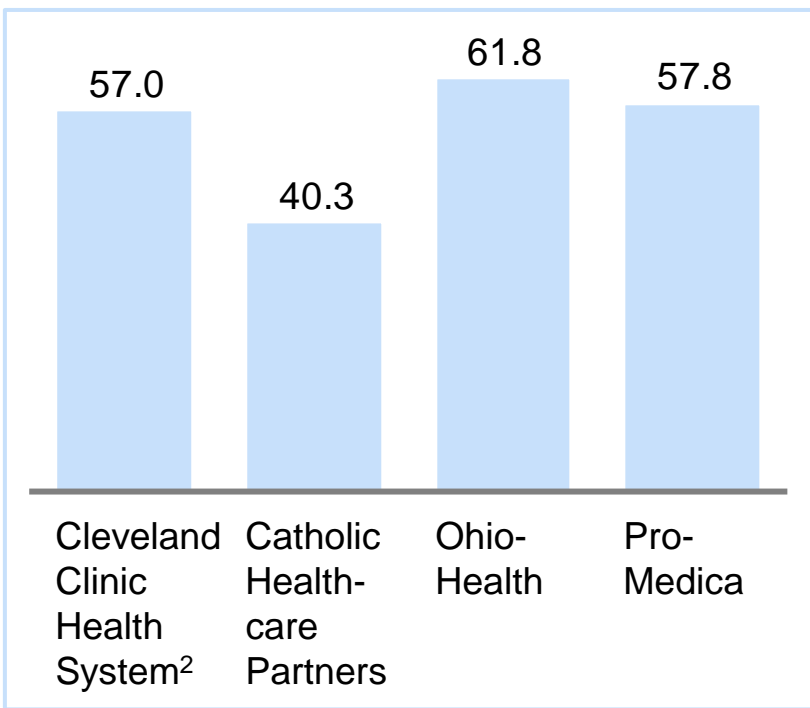
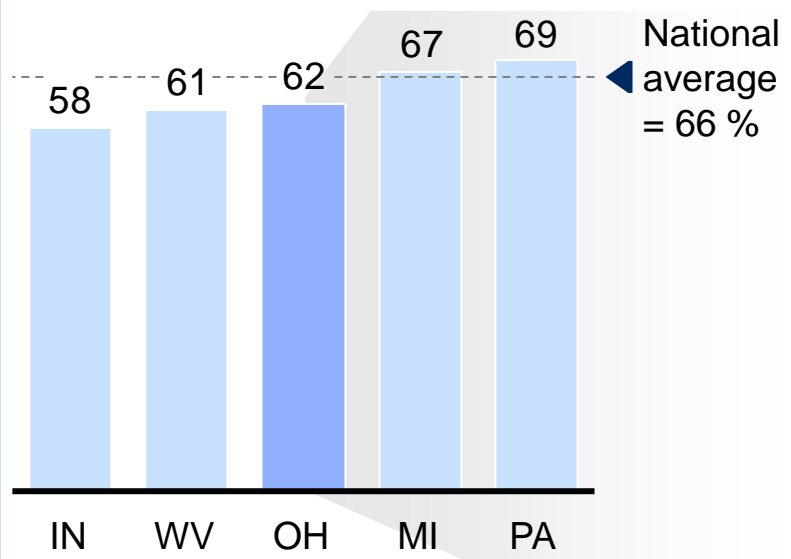
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For top provider system, average occupancy of 62% falls slightly below national average but is comparable to that of neighboring states

Ohio hospital occupancy

State average occupancy rates¹, 2009



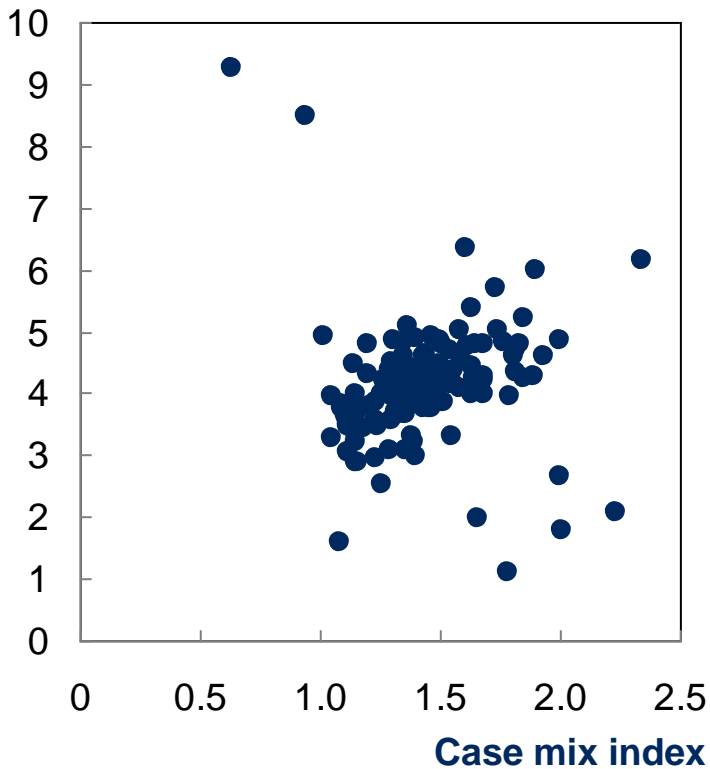
¹ State averages were calculated by the American Hospital Association and only include community hospitals, which represent 85% of all hospitals. Federal hospitals, long term care facilities, psychiatric hospitals, institutions for the mentally retarded, and alcoholism and other chemical dependency hospitals are not included

² System-level occupancy rates were calculated as an average of rates of all hospitals within the health system

Costs and ALOS are consistent across providers, with few outliers with higher costs

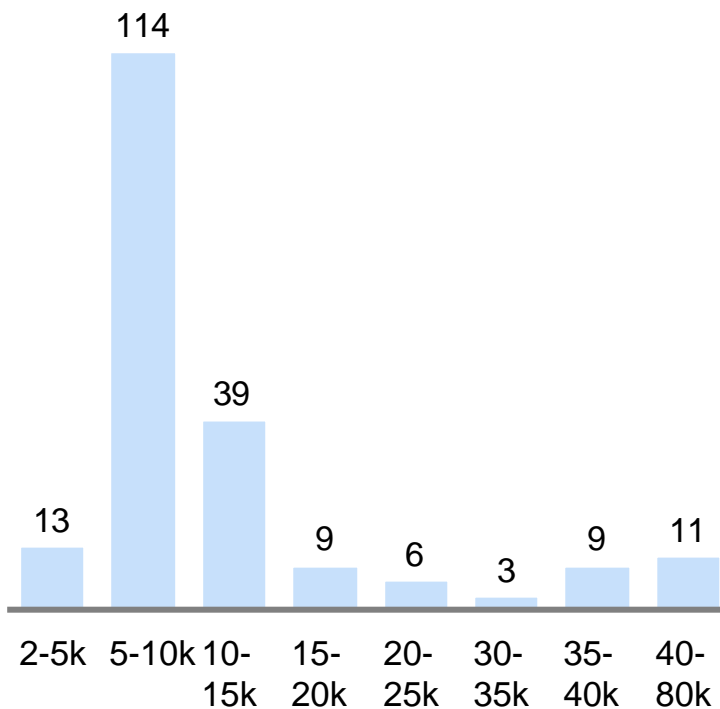
Average length of stay vs. case mix index¹

Hospital ALOS



Expense per adj. hospital discharge²

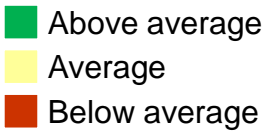
Number of hospitals, 2010



1 Hospitals that did not report both CMI and ALOS were excluded

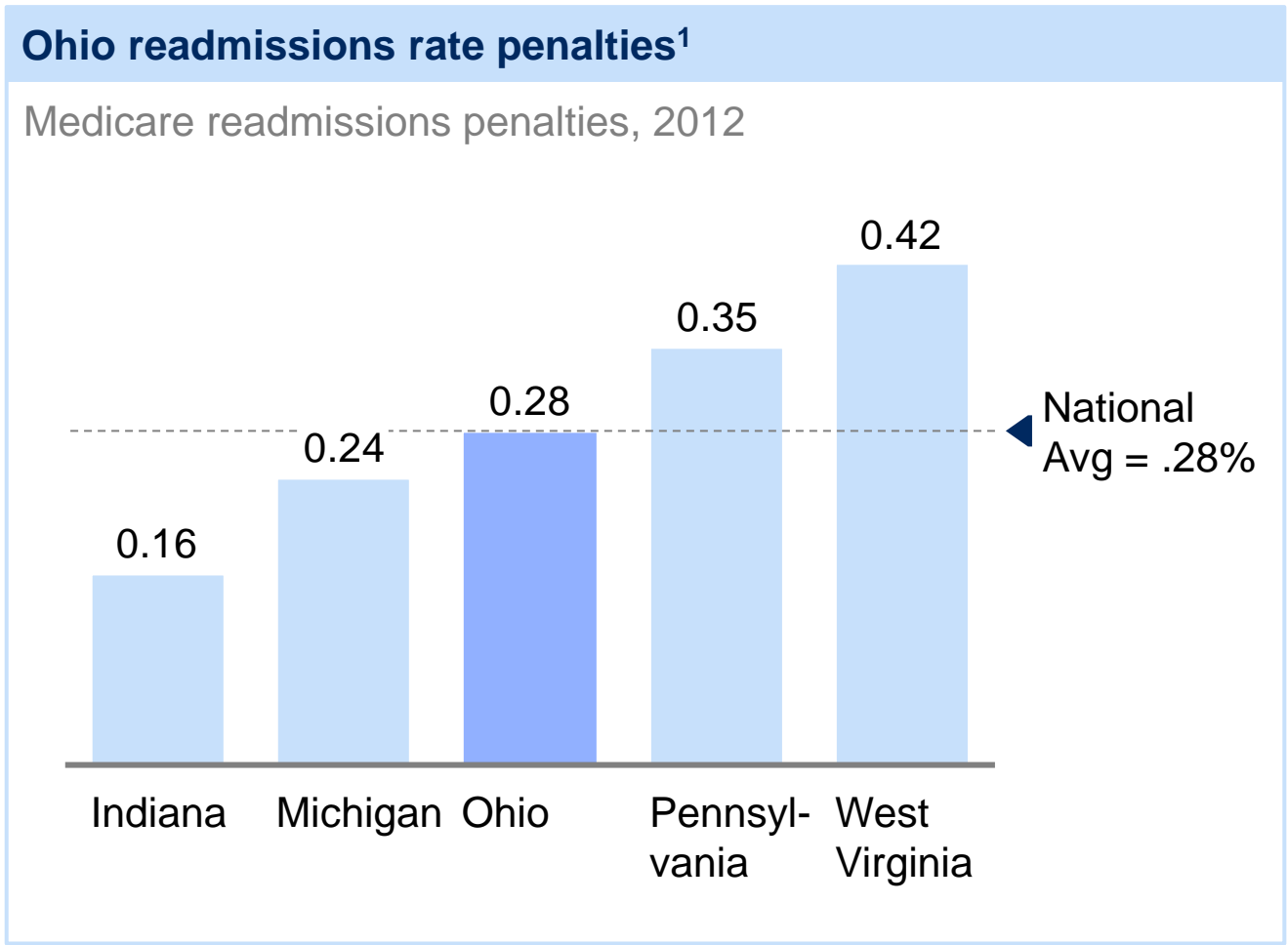
2 Case Mix Index is used to account for severity-of-illness differences between hospitals

Patient experience and treatment effectiveness are on par with or better than national averages



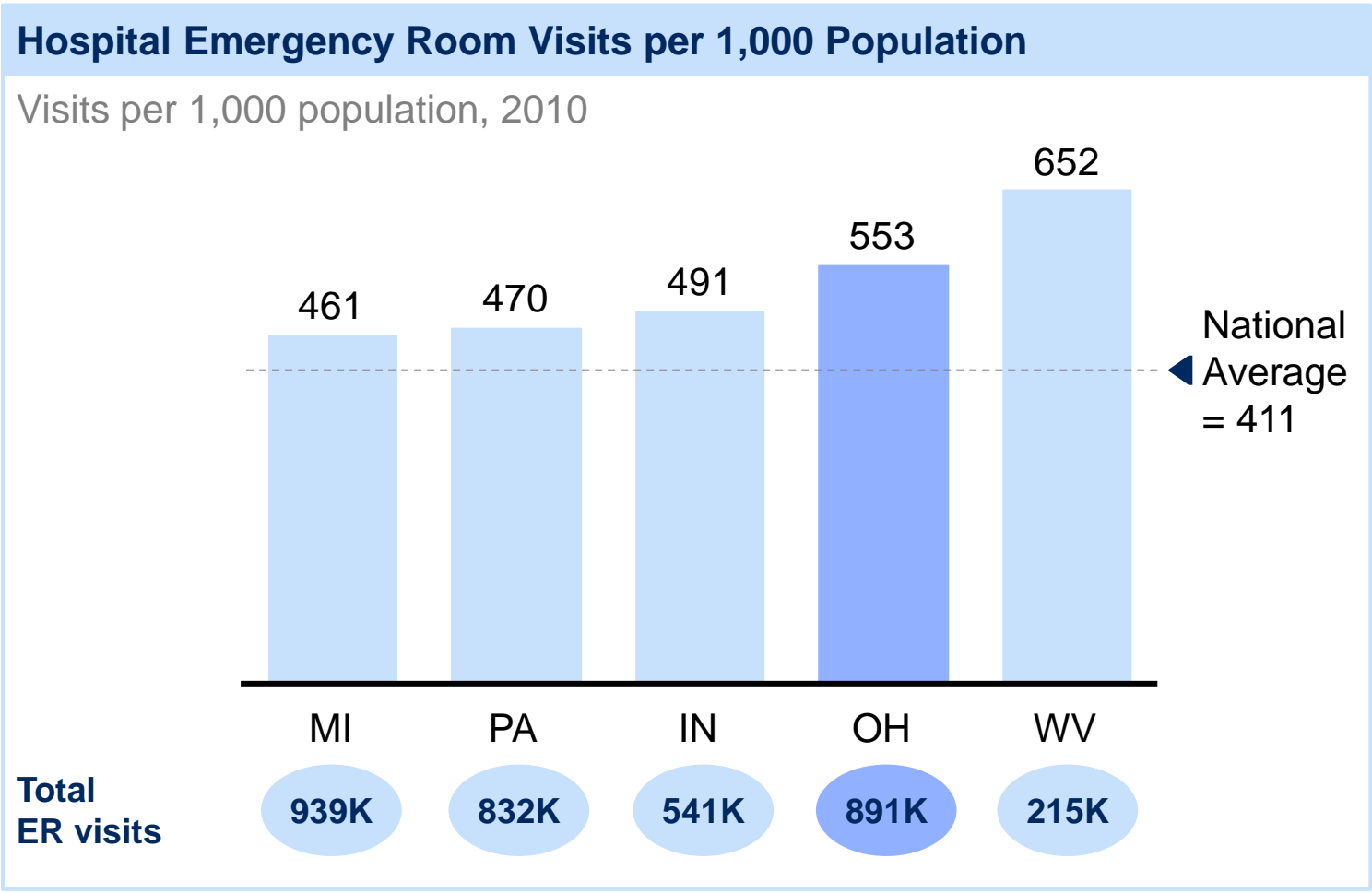
	Ohio average	National average
Patients who reported they would recommend the hospital	71%	70%
Patients who reported that their pain was “Always” well controlled	71%	70%
Patients who gave their hospital a rating of 9 or 10 out of 10	71%	69%
Patients assessed and given influenza vaccination	92%	86%
Pneumonia patients given the most appropriate initial antibiotics	96%	95%
Outpatients having surgery who got the right kind of antibiotic	97%	97%
Avg time before patients w chest pain/possible HF got an ECG	6 minutes	7 minutes
Time patients with broken bones had to wait before pain med	59 minutes	62 minutes
Time patients spent in ED before admission as inpatient	270 minutes	277 minutes

Ohio's average readmissions rate penalty is the same as the national average



¹ 137 hospitals in Ohio will receive Medicare readmissions penalties

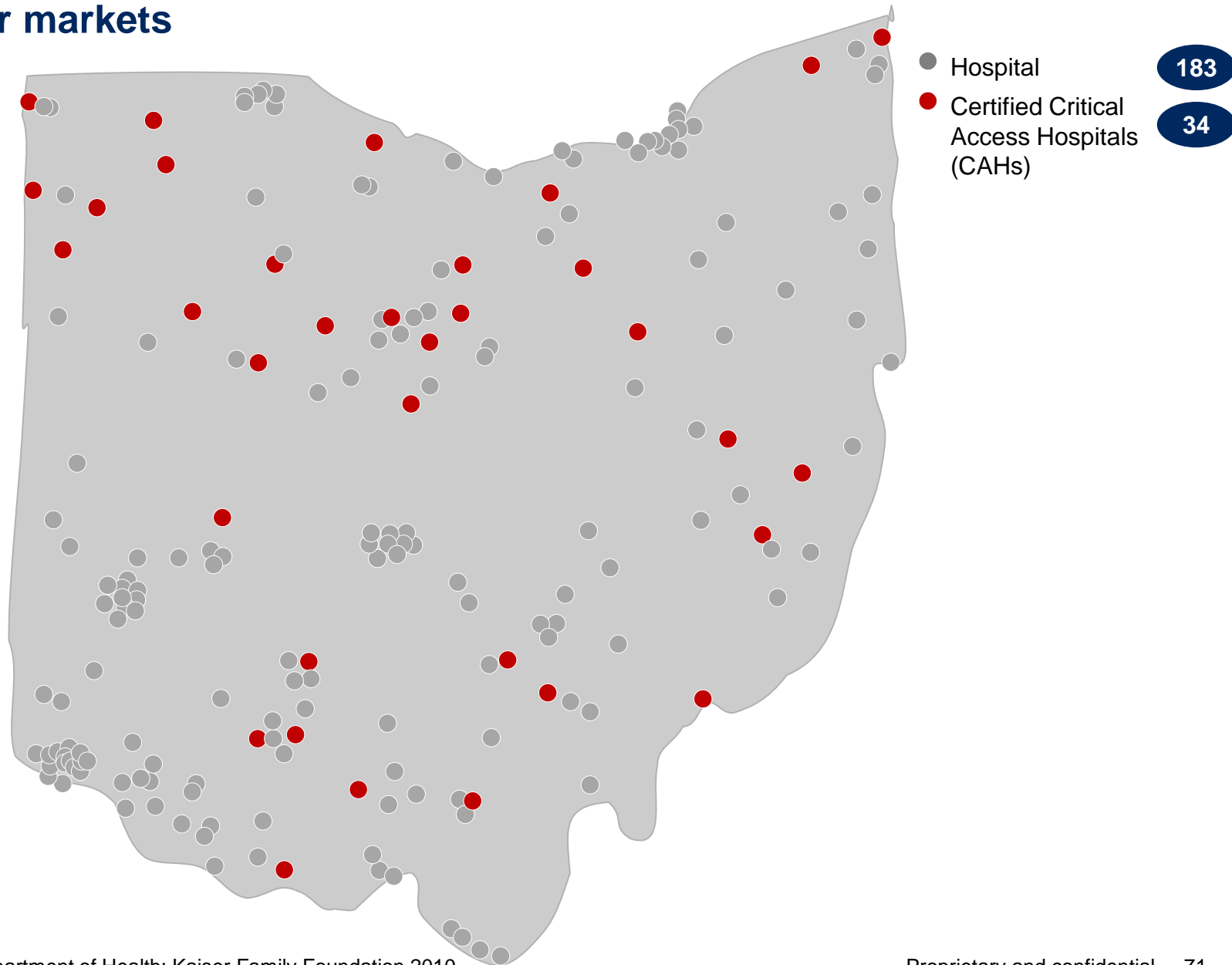
Ohio exceeds the national average in emergency room visits per 1,000 population



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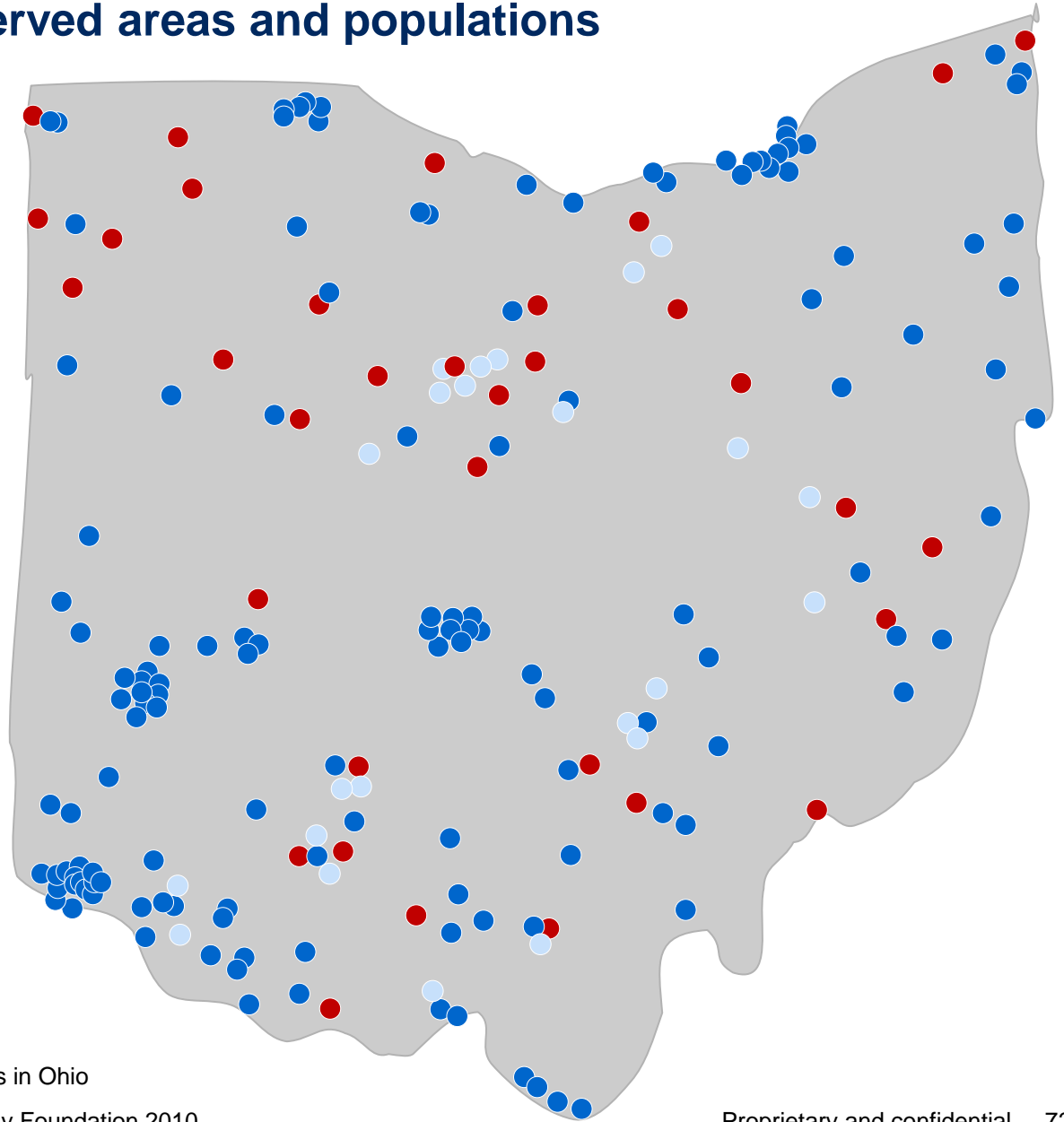
Critical access hospitals are dispersed in areas outside Ohio's four major markets



FQHCs and RHCs complement Critical Access Hospitals to provider care for underserved areas and populations

x Total number

- Certified Critical Access Hospitals (CAHs) 34
- Federally Qualified Health Centers (FQHCs)¹ 32²
- Rural Health Clinics (RHCs) 22



1 Includes FQHC Look-Alikes
2 There are 32 FQHCs that have a total of 160 sites in Ohio