

## Ohio Medicaid Estimated Spending Growth

- The Ohio General Assembly’s Joint Committee on Medicaid Oversight (JMOC) is required to develop a projected medical inflation rate for the Medicaid program based on the per member per month (PMPM) cost of continuing current Medicaid policy.<sup>1</sup> JMOC then sets a goal for the Medicaid director to limit program growth to the lower of the JMOC rate or the three-year average Consumer Price Index (CPI) for medical services.
- In November 2014, [JMOC recommended](#) limiting growth in PMPM costs to 2.9 percent in 2016 (the JMOC upper bound) and 3.3 percent in 2017 (medical CPI), or 3.1 percent on average (Table 1).
- The final state operating budget enacted by the Ohio General Assembly almost exactly meets this test by holding growth in PMPM costs to 2.5 percent in 2016 and 3.8 percent in 2017, or 3.2 percent on average.
- Much of the PMPM increase is related to increases in spending on services for people with developmental disabilities. If Medicaid spending through the Ohio Department of Developmental Disabilities is excluded, then the remaining Medicaid growth in PMPM costs is 1.4 percent in 2016 and 3.1 percent in 2017, or 2.3 percent on average, which is well below the JMOC spending target.

**Table 1. Projected Rates of Ohio Medicaid Growth Per Member Per Month.<sup>1</sup>**

State Fiscal Year	JMOC Upper Bound	Medical CPI	JMOC Target	Ohio Medicaid Budget	
				All Programs	Excluding DODD
<b>2016</b>	<b>2.90%</b>	<b>3.30%</b>	<b>2.90%</b>	<b>2.53%</b>	<b>1.39%</b>
<b>2017</b>	<b>4.50%</b>	<b>3.30%</b>	<b>3.30%</b>	<b>3.76%</b>	<b>3.13%</b>
<b>Average</b>	<b>3.70%</b>	<b>3.30%</b>	<b>3.10%</b>	<b>3.15%</b>	<b>2.26%</b>

Optumas calculated the JMOC Upper Bound and Mercer calculated the Ohio Medicaid Budget estimates (January 2015) using the methodology developed by Optumas and adopted by JMOC. The [JMOC Report on Projected Medical Inflation](#) provides a detailed description of the PMPM methodology.