



Ohio Medicaid Reform

In January 2011, Governor Kasich created the Office of Health Transformation (OHT) to control Medicaid spending and improve health outcomes. OHT coordinates multiple state departments to implement aggressive Medicaid reforms. By most accounts, Ohio now leads the nation in the scope and impact of its reforms, including initiatives to:

- **Privatize Medicaid** – Today, 89 percent of Ohio's Medicaid beneficiaries receive coverage through private managed care plans vs. 30 percent nine years ago;
- **Reward value** – Ohio Medicaid now pays hospitals, nursing homes, and health plans based in part on how well they perform on quality and outcome measures;
- **Fight fraud and abuse** – Ohio runs the most advanced enrollment and claims payment systems in the country, and leads the nation in prosecuting fraud, waste and abuse; and
- **Provide better choices** – Ohio Medicaid invests more today to serve seniors and people with disabilities in their own home or other community setting, rather than in nursing homes.

Jobs Budget Reforms (enacted June 2011)

Governor Kasich's first Jobs Budget effectively "repealed and replaced" the old Medicaid program, transforming it from a program that was growing at an average rate of 8.9 percent per year (2009-2011) to 3.3 percent per year (2012-2013). ***Governor Kasich's Medicaid reforms saved Ohio taxpayers \$1.9 billion in just the first two years of reform (Figure 1).***

The Jobs Budget created new tools for Ohio Medicaid to improve care coordination, integrate behavioral and physical health care, rebalance long-term care spending, and modernize reimbursement to reward value instead of volume. Highlights include:

- Linking nearly ten percent of nursing home reimbursement to quality,
- Increasing access to cost-effective home and community based services,
- Freeing local behavioral health systems from Medicaid match requirements,
- Consolidating health plan regions to be more efficient,
- Linking one percent of health plan payments to performance,
- Integrating Medicare and Medicaid benefits into one care delivery system, and
- Implementing a new Medicaid claims payment system.

[More details](#)

Mid-Biennium Review (enacted June 2012)

As the Administration began implementing Medicaid program reforms, it became clear that in some cases the system itself is a barrier to improvement. A mid-course correction was required to improve coordination across the state's six Medicaid-related agencies. Highlights include:

- Implementing a new integrated eligibility system for Medicaid and all other programs that require income verification prior to receiving services,
- Enhancing statewide data sharing through "agencies without walls" protocols,
- Protecting individuals in home and community based services,
- Supporting people with intellectual disabilities through Employment First, and
- Targeting regional "hot spots" in mental health service capacity.

[More Details](#)

Jobs Budget 2.0 Reforms (enacted June 2013)

The federal Affordable Care Act health insurance mandates went into effect in 2014, creating anxiety among health care providers and disruptions in the health insurance market. Despite these challenges, Governor Kasich's second budget sustained the momentum of the first two years of reform and ***over the next two years saved Ohio taxpayers \$3.8 billion (Figure 1)***. Highlights include:

- Capping Medicaid managed care spending at three percent annual growth,
- Reducing avoidable hospital readmissions,
- Assisting nursing facility residents with mental illness who want to move,
- Increasing provider rates for home and community based services,
- Committing Ohio to spend 50 percent of its Medicaid long-term care budget on home and community services (vs. 43 percent in 2013),
- Creating a new cabinet-level Ohio Department of Medicaid, and
- Consolidating mental health and addiction services in a single agency.

[More Details](#)

Mid-Biennium Review (enacted June 2014)

As the Administration extended Medicaid coverage to more low-income Ohioans, it became clear that the system itself sometimes is a barrier to improvement. A mid-course correction was required to improve coordination across the state's health and human services agencies. Highlights include:

- Creating a new Office of Human Services Innovation,
- Converting Ohio veterans on Medicaid to the federal benefits they earned, with first priority given to veterans residing in nursing homes,
- Investing \$50 million to rebuild community behavioral health system capacity, and
- Automating background checks to protect vulnerable Ohioans.

[More Details](#)

2016-2017 Budget (enacted June 2015)

Governor Kasich's third budget continued the focus on better fiscal management, and initiated a complete system redesign in mental health and addiction services and developmental disabilities.

Governor Kasich's third budget included reforms that held Medicaid program growth to 3 percent in 2017 and saved Ohio taxpayers \$3.5 billion over two years (Figure 1). Highlights include:

- Holding per member per month cost growth below three percent over two years,
- Preserving Medicaid coverage for children and pregnant women up to 200 percent of poverty and everyone else up to 138 percent of poverty,
- Investing \$286 million over two years to increase opportunities for Ohioans with developmental disabilities to live and work in the community,
- Modernizing Medicaid mental health and substance abuse benefits and improving care coordination through managed behavioral health care,
- Moving additional populations into care coordination,
- Increasing affordable housing to avoid unnecessary institutional placements,
- Targeting resources to reduce infant mortality in the most at-risk neighborhoods,
- Transitioning all income-tested programs to the Ohio Benefits eligibility system,
- Replacing Ohio's two duplicative disability determination systems with one,
- Reducing potentially preventable hospital readmissions, and
- Expanding Medicaid in Schools to cover more services for children with special needs.

[More Details](#)

Figure 1.

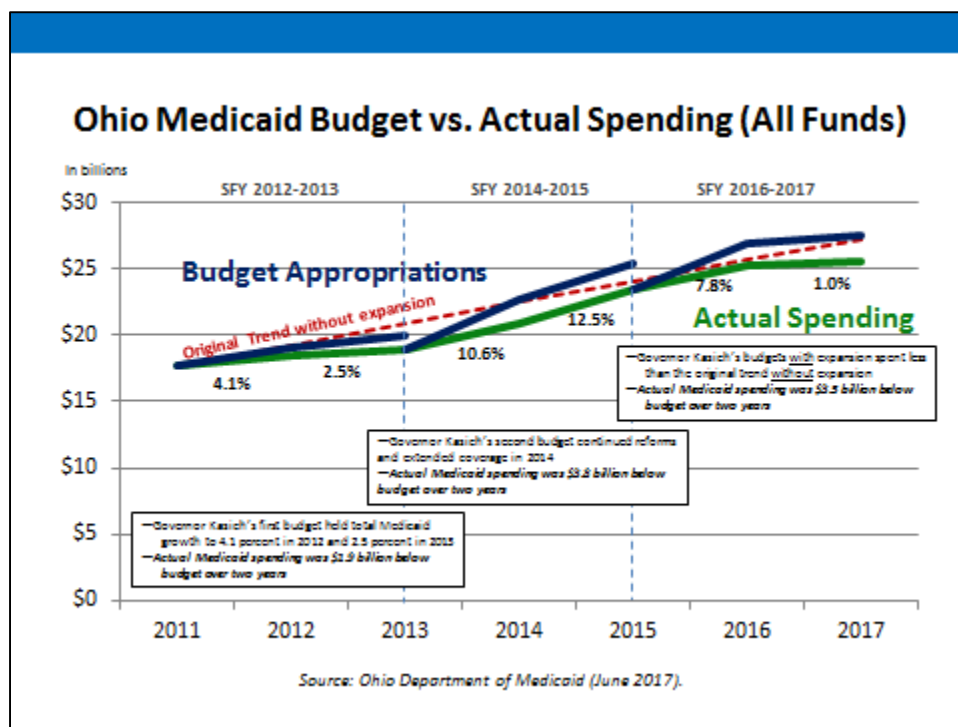


Figure 2.

Ohio Medicaid Budget vs. Actual Spending (All Funds in millions)

| Year | Budget | Actual | Savings | Percent Change |
|------|----------|----------|---------|----------------|
| 2011 | -- | \$17,681 | -- | -- |
| 2012 | \$19,097 | \$18,401 | \$696 | 4.1 |
| 2013 | \$20,042 | \$18,857 | \$1,185 | 2.5 |
| 2014 | \$22,749 | \$20,859 | \$1,890 | 10.6 |
| 2015 | \$25,401 | \$23,467 | \$1,934 | 12.5 |
| 2016 | \$26,858 | \$25,293 | \$1,565 | 7.8 |
| 2017 | \$27,525 | \$25,550 | \$1,975 | 1.0 |

Source: Ohio Department of Medicaid (June 2017).