



HEALTH COVERAGE WORKS

Transforming Health Care, Modernizing Medicaid, Strengthening Accountability

Four years ago, Governor John R. Kasich enacted innovative new policies to modernize Medicaid, streamline health and human services, and improve overall health system performance. With the help of public and private partners, that work is beginning to pay off for Ohioans:

- **Better Value and Better Care:** Today, nearly 4 of every 5 individuals on Medicaid receive their benefits through a private managed care organization, not the old government-run fee-for-service system. Care is better and this budget holds Medicaid's cost growth to less than 3 percent per member per month next year. This is the result of new reimbursement policies, better primary and preventive care, and residents taking greater responsibility in their care.
- **More Home Care, Less Institutional Care:** In 2014, for the first time, Ohio Medicaid spent more on home and community-based services than it did on institutions. Governor Kasich is committed to providing all residents with options in determining what level and settings of care are right for them. Ohio is now a national leader in transitioning individuals out of institutions and back into their communities.
- **Streamlining Human Services Systems:** Eligibility determinations for all health and human service programs in Ohio were fragmented, overly complex, and relied on outdated technology. On October 1, 2013, the new online *Ohio Benefits* system went live and is transforming eligibility determination in Ohio by removing barriers for low-income residents to obtain health care benefits.
- **Incentivizing Better Care—Not Just More Care:** Ohio leads the nation in innovative efforts to improve the health of its citizens by resetting the basic rules of health care competition to reward better care, not just more care. On December 17, 2014, the federal Center for Medicare and Medicaid Innovation recognized the progress the state is making by awarding Ohio a four-year grant to test innovative new payment models that improve overall health system performance.

Building On Success, Taking Medicaid Modernization to the Next Level: While the improvements in recent years have succeeded in helping restrain costs and improve quality, Ohio's health care landscape requires additional reforms to further ensure that taxpayer dollars are protected and positive health outcomes are realized. The budget seeks additional innovations that improve health in a fiscally responsible way.

Rebalancing Long Term Services and Supports: Governor Kasich believes all Ohioans should be able to choose the setting for care that is right for them and this budget builds on the success of his first term to improve the quality and coordination of home and community-based alternatives to institutional

placements. Today, more than 50 percent of long-term care spending is directed to home- and community-based options, rather than institutional settings.

- **Unprecedented New Investments in Developmental Disabilities Services:** The budget makes historic new investments to ensure that more Ohioans with a developmental disability who wants to live and work in the community can do so. This proposal invests \$286 million over two years to increase home- and community-based services, create new options for individuals who want to leave institutions and support community work opportunities.
- **Rebuilding Community Behavioral Health Resources:** In the four years prior to the Kasich Administration, Ohio's mental health and addiction services system was in turmoil. State funding for mental health had been reduced by nearly 20 percent. The Kasich Administration reversed this trend by increasing mental health funding and extending Medicaid coverage to more individuals needing behavioral health services. This budget adds additional services to the Medicaid behavioral health benefit package, and improves care coordination through managed behavioral health care

Encouraging Healthier Families and Communities Across Ohio: Reforms included in this package connect directly to residents in our communities. By developing new methods to deliver health care and increase access, the Kasich Administration seeks to help all Ohioans lead healthier lives.

- **Reducing Infant Mortality:** It is not acceptable that more than 1,000 Ohio babies die each year before their first birthday; it is one of the worst infant mortality rates in the country. The budget provides enhanced maternal care coordination through Medicaid for women living in neighborhoods most at risk for poor infant health outcomes.
- **Reducing Tobacco Use:** Ohio ranks 8th in the nation in the percent of adults who smoke. In addition, 15 percent of high school students and nearly 4 percent of middle school students were current smokers in 2013. To combat these issues, the budget increases the current tax on cigarettes by 35 cents.
- **Improving Academic Achievement Through Better Health in Schools:** Currently, there are 580 school systems enrolled in the Medicaid in Schools Program serving 61,000 Medicaid eligible students with an Individualized Education Plan (IEP). This budget includes enhancements to pay for additional services provided to children at MSP sites, and significantly reduces the financial burden on local school districts.

Improving Quality and Reforming Payments by Rewarding Value, Not Volume

- **Expanding Care Coordination Services:** The budget seeks to improve health care for children in foster care by providing them the coordinated care benefits of Medicaid's managed care plans instead of the old, government-run fee-for-service program. Additionally, individuals with developmental disabilities will have the option to enroll in private Medicaid through managed care plans.
- **Increasing Nursing Facility Quality:** Building upon the work of the previous four years, the budget strengthens the relationship between payment and quality for residents. Nursing facilities will be eligible to receive new performance payments if they reach more rigorous quality benchmarks. Every nursing facility in Ohio will be eligible to receive additional funds.
- **Reforming Hospital Payments:** By extending Medicaid in 2014, Ohio's hospitals now are able to receive payment for nearly all of the services they provide instead of having to simply absorb the costs

of care in many instances in which patients lacked coverage or could not afford to pay. This change has provided a significant improvement in many hospitals' fiscal health and provided needed financial stability, especially to many smaller hospitals in rural, under-served areas. As a result, a temporary 5-percent hospital rate increase provided by Ohio Medicaid to help hospitals weather recent financial hardships will be allowed to expire. In addition, Medicaid will launch new efforts to improve health outcomes and help hospitals control costs with new strategies that increase quality and prevent errors that can cause unnecessary and potentially harmful readmissions.

BOTTOM LINE: The budget continues to transform Ohio into a national leader in health care. This latest series of reforms focuses on improving the quality and outcomes associated with our state's health care programs, while staying accountable to Ohio taxpayers and finding new ways to support all Ohioans. Despite significant new investments in primary care, behavioral health care, and for persons with developmental disabilities, good program management will hold Medicaid's per member cost growth to below 3 percent next year.





Transforming Ohio for Growth

Stronger. Together.

HUMAN SERVICES INNOVATION

Helping Ohioans Rise Up and Out of Poverty and Into Jobs

Governor John R. Kasich established the Office of Human Services Innovation in fall 2014 to help bring badly needed reforms to the state's human services programs.

The new office is working with state and local agencies and stakeholders to pursue a better-coordinated, person-centered human service system that will help Ohioans get a job, succeed at work and prevent or move out of poverty. This budget will help turn those reform ideas into the reality of a more effective, more efficient system that gives taxpayers the value they deserve and low-income Ohioans the future they need.

Targeting Those With Highest Rates Of Unemployment: A strategy to strengthen services and work supports for Ohioans starts with a focus on teens and young adults, ages 16 to 24, where early intervention can have the greatest impact in breaking the cycle of poverty by preventing it.

Focusing On People, Not Programs to Help Ohioans Move Up and Out Of Poverty: The budget seeks to end the siloed, fragmented approach that for far too long has tried to treat the collected "symptoms" of poverty instead of seeking a cure for the underlying challenges that needy Ohioans face. The budget starts fixing this by allocating existing federal and state funding to create the framework for a comprehensive case management and employment initiative. The initiative will provide unique collections of services around individuals based on their needs and better support them as they move up and out of poverty. The goal is to expand this approach to all Ohioans on public assistance.

Removing Barriers to Moving Up: The lack of access to affordable and quality child care remains one of the biggest barriers to work. Furthermore, the loss of subsidized child care once a family's income grows above 200 percent of the federal poverty level (approximately \$3,298 a month for a family of three) is one the most detrimental benefit "cliffs" working poor encounter as their economic situations improve. Softening the impact of these types of "cliffs" removes a significant disincentive to economic advancement for the working poor and the budget does that by raising the income limit for initial child care eligibility and allowing families to keep subsidized child care longer as their incomes gradually increase. Families would instead have their child care subsidies phased out gradually until their income reaches 300 percent of the federal poverty level, or approximately \$4,948 a month for a family of three.

Bottom Line: The budget begins laying the foundation needed to move Ohio's disjointed array of human services and workforce programs into a better-coordinated, person-centered approach to support low-income Ohioans as they move up and out of poverty. By focusing first on teens and young adults, factors that contribute to life-long poverty can be addressed before they become insurmountable. In addition,

addressing the child care benefit “cliff” removes one of the biggest barriers to employment for the working poor.

