



1 Monday Afternoon Session,  
2 October 21, 2013.

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5 PRESIDENT COLE: Item 40, Ohio Department  
6 of Medicaid. Please introduce yourself to the Board.

7 DIRECTOR McCARTHY: Hello. I am John  
8 McCarthy, Director of the Department of Medicaid.

9 PRESIDENT COLE: Senator Coley.

10 SENATOR COLEY: Thank you, Mr. President  
11 and Director. As you know, the Buckeye Institute  
12 pointed out that the Ohio Revised Code Section 127.17  
13 limits this Board's authority to requiring that we  
14 carry out legislative intent. Of course, you are  
15 aware that the -- included in the recently passed  
16 budget the General Assembly specifically prohibited  
17 the Governor from expanding Medicaid as you did last  
18 week. I mean, that's a done deal. You've already  
19 expanded Medicaid per -- per the documents you sent  
20 to my office.

21 Are -- are you aware -- and we both know  
22 the Governor line item vetoed that section out of the  
23 budget bill. Are you aware of any other time where a  
24 Governor came to the Controlling Board in order to  
25 obtain funding for a program that the General

1 Assembly had tried to prevent?

2 DIRECTOR McCARTHY: President Cole,  
3 Senator Coley, I personally am not aware of such a  
4 situation.

5 SENATOR COLEY: Okay. And, Mr. President  
6 and Director, I thank you. You and I have met for  
7 many hours on this, and you and your staff have just  
8 been great to work with. Thank you for indulging all  
9 my questions.

10 I wanted to follow up with you. As you  
11 know, one of my concerns all along has been  
12 sustainability. And last night I sat there watching  
13 a speech that Milton Friedman gave to the Mayo Clinic  
14 back in 1978 and I still swear he could have gave  
15 that last night and it would have been just as  
16 timely. And I think he referred as schizophrenic  
17 organized medicines behavior towards government  
18 involvement in medical care.

19 Noble-awarded Milton Friedman then  
20 pointed out, and I quote, "Although initially it may  
21 appear as the purveyors of medical care could get  
22 additional resources by tapping the government till,  
23 that is a transitory phenomenon. When the government  
24 is taking over any activity, there is more money  
25 available. But what typically happens is once" --

1 "once the government has taken it over, the situation  
2 changes. There are no more votes to be gotten by  
3 taking it over some more. You" -- "you have to move  
4 on to new fields and take over a new areas in order  
5 to get some new votes. And the result of that is  
6 that those areas that are already taken over get  
7 starved and instead of there being more resources  
8 available, there are fewer."

9 Director, some of us hope to be here in  
10 2019 when we're doing that budget and beyond. Now  
11 that the Federal Government has expanded its takeover  
12 of this medical program, do you think that Milton  
13 Friedman was wrong in his analysis of history and his  
14 belief that there would actually be fewer resources  
15 available in the future?

16 DIRECTOR McCARTHY: President Cole,  
17 Senator Coley, I can't speak for Milton Friedman, but  
18 what I can say is what we have looked at in the  
19 program is the exact same question around  
20 sustainability of the Medicaid program.

21 As you know, the last couple of years we  
22 have been doing a lot of work to make sure that it is  
23 a sustainable program, and we have worked with the  
24 Governor. And that's been one of the things that he  
25 has said to me that no matter what we do it must be a

1 sustainable program.

2 And to do that we have made a number of  
3 reforms to ensure that the program is growing, the  
4 expenditures are growing, at a rate that's lower than  
5 the revenues coming into the State. And we have done  
6 that in the last budget and then in this current  
7 budget to the point of in this current budget we  
8 actually put in there the fact that we are capping  
9 the managed care plans at 3 percent growth going  
10 forward these two years. We have been able to do  
11 that through a number of different reforms over the  
12 last couple of years to make sure that's happening.

13 I also want to point out that the  
14 Medicaid program is not a takeover of the -- of  
15 medicine. I mean, we have privatized the program.  
16 Most of our enrollees in the program are in private  
17 managed care contractors that we did a procurement  
18 just a couple of years ago and actually redid how we  
19 procured the program so that we could drive more  
20 savings into the program.

21 As you know, one of the things we put  
22 forward both in this -- in this request and the  
23 budget was that we were able to drive down the costs  
24 of administrative costs in the managed care plans by  
25 another 1 percent which we have already done by being

1 able to consolidate. How did we do that? We used to  
2 have eight regions. We shrunk eight regions down to  
3 three. We used to have two -- two to three plans per  
4 region, two different contracts. We took those and  
5 shrunk those. We have one contract that they sign.  
6 We have five plans that are statewide. We're able to  
7 get out of that efficiencies to make sure that the  
8 program is able to be sustainable going forward.

9 PRESIDENT COLE: Follow-up, Senator?

10 SENATOR COLEY: Yes. Director, currently  
11 our State pays approximately 40 percent of the cost  
12 of our Medicaid program with the Federal Government  
13 picking up about 60 percent of that cost. If the  
14 Federal Government changes those predicted  
15 percentages in 2019 and beyond to more of that 60/40  
16 split, do you believe that our State could afford a  
17 40 percent -- a 40 percent share of this now expanded  
18 Medicaid program?

19 DIRECTOR McCARTHY: President Cole,  
20 Senator Coley, as you know, when we made the proposal  
21 in the budget and as we have put forward in this  
22 request, that a -- the decision was based on a deal  
23 between the Federal Government and the states.  
24 Specifically it says that for three years it's funded  
25 at 100 percent. Then the next three years it goes

1 95, 94, 93 to 90 into the future. If that was to  
2 change, we would put in our request, we have said it  
3 before, we would need to go back and revisit that  
4 decision.

5 I can't at this point in time say in 2019  
6 where the finances of the State will be to say one  
7 way or another if we could or could not afford it.  
8 What I do know is that is not the agreement that we  
9 have said we wanted to enter into. And if there is a  
10 change in that agreement, I think we should go back  
11 and take a look at that agreement and revisit that  
12 agreement and how the program moves forward.

13 PRESIDENT COLE: Senator, before your  
14 next question I just -- I respectfully want to remind  
15 everyone what is before this Board which is an  
16 increase in federal appropriation through June of  
17 2015. And I understand the long-term sustainability  
18 question. But whether it was in this budget or  
19 through an appropriation action of this Board, we  
20 cannot bind a future General Assembly or move beyond  
21 the biennium in an appropriation. And I know you  
22 know that, Senator.

23 SENATOR COLEY: Thank you, Mr. President.

24 PRESIDENT COLE: But I just wanted to  
25 remind everyone of that context as we're discussing

1 years well beyond that and multiple budgets down the  
2 road.

3 SENATOR COLEY: Thank you, Mr. President.  
4 And the Director has been wonderful to work with, and  
5 we have had these discussions. I just thought that  
6 the public would benefit from having a couple of them  
7 in public so that's why this one.

8 Director, one -- as you correctly point  
9 out, one of the hallmarks both in what you proposed  
10 in the budget that was submitted to the House of  
11 Representatives last winter and -- and what you are  
12 proposing here involves a mechanism for the State of  
13 Ohio to withdraw from the program if the Federal  
14 Government was to change those shares as far as the  
15 percentages being paid. There's -- you are aware and  
16 I know you and I have discussed the concerns that --  
17 that Chief Justice Roberts in his opinion on this  
18 never opined as to what happened if you got in, you  
19 know, could you get back out without -- without the  
20 Federal Government affecting your existing Medicaid  
21 program.

22 My question to you, sir, is what  
23 assurances have you gotten from your contacts in the  
24 Federal Government that if something should change  
25 and the Federal Government should decide to get its



1 fiscal house in order and try to pass huge  
2 percentages of this program for the State of Ohio,  
3 what protections are there for the taxpayers to make  
4 sure that we would be able to afford the program as  
5 it would then be positioned?

6 DIRECTOR McCARTHY: President Cole,  
7 Senator Coley, we obviously have talked to our legal  
8 counsel extensively and looked at the Roberts  
9 decision. Looking at the Roberts decision we believe  
10 that it is clear a state can enter and exit without  
11 penalty because they state -- they basically said in  
12 the decision there shall not be a penalty for a state  
13 to leave the program or to enter the program.

14 In addition to that, yes, I have had  
15 conversations with the Director of the Medicaid  
16 program at the federal level, Cindy Mann, about this  
17 and asked specifically could a state enter and exit.  
18 She said a state could enter and exit and asked me --  
19 I said if I would ask for a letter, would you put  
20 that in writing? And she said she would. We didn't  
21 even get a chance to do that. The State of New  
22 Hampshire asked for such a letter. They got the  
23 letter so that's on public record.

24 In addition, Secretary Sebelius in her  
25 testimony under oath said that a state could enter

1 and exit the program without penalty. So all of  
2 those things together we have said, you know,  
3 everything points to that we could exit the program  
4 without a penalty.

5 SENATOR COLEY: Thank you, Director.  
6 Thank you, Mr. President.

7 PRESIDENT COLE: Thank you, Senator.  
8 Senator Sawyer.

9 SENATOR SAWYER: Thank you,  
10 Mr. President.

11 Let me return to just a series of  
12 questions that go at the fundamentals of what the  
13 action that's before us today. And they go at the  
14 question of matters that have been before this  
15 General Assembly throughout most of this year. I  
16 suspect that one way or another everybody has heard  
17 these questions, but these questions have not been  
18 before the Controlling Board. So in summary,  
19 President Cole, I thought it would be a good  
20 opportunity to get these questions out on this table  
21 as a -- as well as some of the several others that  
22 have been before us throughout this legislative year.

23 So let me ask first, Director McCarthy,  
24 who will benefit from this Controlling Board action?

25 DIRECTOR McCARTHY: President Cole,

1 Senator Sawyer, there are a number of people who are  
2 going to benefit from this. I will start and answer  
3 and then turn it over to Director Moody to go into  
4 this a little bit further. But based on the numbers  
5 that we're looking at there's about 366,000  
6 individuals that we would estimate would enroll into  
7 the program. About half of them are currently  
8 working. They have some income.

9 The issue is many -- for many of those  
10 individuals who actually might be serving individuals  
11 on the Medicaid program because they are home health  
12 aide, some type of caregiver in a home, they're  
13 making below the federal poverty level or just  
14 slightly above it so about \$11,000 a year, a little  
15 over \$11,000 a year. Their employer either doesn't  
16 offer insurance or they can't afford the insurance.  
17 So those individuals are stuck in an area of having  
18 to decide between do I go to see the doctor, or do I  
19 eat, or how does it happen.

20 Now, I have heard many times, well, part  
21 of it they can always get health care. They can just  
22 go to an emergency room. That's true they could just  
23 go to an emergency room but when you go to an  
24 emergency room, you're probably putting off some  
25 chronic condition or some other piece of -- some

1 other issue that's coming up.

2           Additionally, this coverage is for  
3 parents. I think that's one of the things that  
4 people don't understand. In the State of Ohio we  
5 currently cover parents to 90 percent of the federal  
6 poverty level but we would be covering those parents  
7 above that also. So their children are currently  
8 enrolled and have health care insurance but they  
9 don't.

10           I also want to clear up the fact that  
11 many of the times people have said this is just for  
12 childless adults and people say, oh, well, you know,  
13 a childless adult means the person has never had a  
14 child. That's not true. A childless adult in the  
15 Medicaid world around eligibility means an individual  
16 who does not have a dependent child at home  
17 currently.

18           So, for instance, if I was 50 years old,  
19 I've had three kids, me and my wife have, you know,  
20 worked all our lives, our kids have grown up and left  
21 the home, something happens to my job and I'm laid  
22 off. Currently in the Medicaid program you cannot  
23 get on. You cannot get on the Medicaid program in  
24 that scenario if you have no dependent children.

25           The only way you might be able to get on

1 is if you were able to claim you were disabled. If  
2 you were actually disabled, then you could get on.  
3 So when we talk about childless adults, we have to  
4 remember it's not that a person has never had a child  
5 but that the person currently doesn't have -- does  
6 not have a child living at home.

7 And actually Director Plouck will come up  
8 now and talk about other individuals.

9 PRESIDENT COLE: Director, that's a  
10 frequent thing. I thought you were going to call for  
11 the lefty, and instead you called for the righty. So  
12 that's all right.

13 DIRECTOR PLOUCK: President Cole and  
14 Members of the Board, good afternoon. In listening  
15 to Director McCarthy speak just now, I was thinking  
16 about the many hundreds of people I've interacted  
17 with in this world over the last few years, people  
18 who are themselves struggling with mental health or  
19 addiction challenges or members of their family are.  
20 And I wanted to share just a couple of thoughts of  
21 folks I've encountered in the last week, literally in  
22 the last seven days.

23 Last week I was contacted by a man from  
24 Miami County. He has a 35-year-old son who is  
25 working, who is uninsured, and who is addicted to

1 opiates. The son desperately wants to get clean, has  
2 no insurance, doesn't make enough to fund his own  
3 treatment. The father has paid more than \$4,000 at  
4 this point to try to help his son and he is out of --  
5 of resource to help. And he's terrified that his son  
6 is not going to be able to manage this, is going to  
7 overdose, and is going to die. So that would be one  
8 example.

9 Another example on Friday afternoon last  
10 week, I was in -- in Wood County, and I met a woman  
11 in her late 20s who was born and raised in Wood  
12 County, seemingly, you know, middle class family.  
13 She's a recovering alcoholic. She has a young child,  
14 was able through Medicaid to access residential  
15 treatment, and is now in recovery. She is working.  
16 She's raising her son, and she is three semester away  
17 from a Bachelor's degree. So that's an example of  
18 what the interaction for a time limited period with  
19 services can do to help course correct someone on  
20 their path of life.

21 And, finally, I wanted to mention an  
22 individual from Wayne County who actually -- a young  
23 man, he had at an early adulthood stage begun  
24 exhibiting symptoms related to serious mental  
25 illness, and he decompensated, had interaction with

1 law enforcement, and through that interaction as  
2 unfortunate as that was was able to connect with  
3 treatment. And he's now involved in his local peer  
4 organization, and he is actually serving as an  
5 inspiration to other people who are struggling with  
6 recovery from the symptoms of mental illness in that  
7 area of the State. And he was just honored last  
8 Thursday night as the Person of the Year by the Wayne  
9 Homes ADAMH Board.

10 And so I think bottom line take away is  
11 that people from all walks of life are impacted by  
12 addiction and mental illness, and nobody asks for it.  
13 I think that it's not just the individuals, but it's  
14 the families. It's the loss of income and this  
15 offers an opportunity to really give people a hand up  
16 to help restore the lives that they had been leading  
17 or should be leading in many cases and assisting in  
18 rebuilding families, rebuilding relationships, and  
19 ultimately rebuilding our economy here in the State.

20 PRESIDENT COLE: Follow-up, Senator?

21 SENATOR SAWYER: Yes, thank you, Chairman  
22 Cole.

23 We can certainly see how this affects the  
24 lives of individual Ohioans in large numbers. Can  
25 you comment about how this affects Ohio corporately?

1 How does this affect more broadly the Ohio economy  
2 and in that way touch the lives of all Ohioans?

3 DIRECTOR McCARTHY: President Cole,  
4 Senator Sawyer, there's a couple of different pieces  
5 to that. The one that's most obvious is the impacts  
6 of employers around penalties with the Federal  
7 Exchange. Jackson Hewitt, the tax company, estimated  
8 that the impacts on employers in the State of Ohio if  
9 Medicaid coverage is not extended somewhere between  
10 55 and 88 million dollars.

11 So the question is how accurate is that  
12 number? It's been interesting as I have been out  
13 talking to different home health care agencies and  
14 other small employers. A couple of them said to me I  
15 don't know how that number is so low. You know, just  
16 for us it's going to be a certain amount.

17 So how does that work so people  
18 understand? If an employer has over 50 employees,  
19 under the new laws they must offer health coverage  
20 equivalent to what's available through the Federal  
21 Exchange. If they don't and an employee chooses to  
22 go on to the Exchange, that employer must pay a  
23 penalty. If, however, we extend coverage up to 138,  
24 those individuals would go into the Medicaid program  
25 and, thus, there would not be a penalty to that



1 employer. So that's one -- one big piece.

2 A second one is around our Ohio  
3 hospitals. There is a program that's called the  
4 Disproportionate Share Hospital Program. That's  
5 usually called DSH. In the State of Ohio it's called  
6 the HCAP program. A part of the change to Title 19  
7 wants to reduce the amount of funds in that program  
8 flowing to hospitals who serve individuals that don't  
9 have insurance.

10 Our estimate on that is that it will be  
11 reduced, if we just do a straight line estimate -- we  
12 can't for sure say what the impact on Ohio is going  
13 to be right now because of the fact that the final  
14 rules are not out -- but we estimated that for the  
15 State of Ohio the hospitals would be looking at about  
16 a 48 percent reduction in those -- in those funds.

17 Additionally, then looking at the program  
18 overall, obviously from an economic impact,  
19 individuals currently are going someplace to get  
20 those services, whether it be to the emergency room  
21 or some other place. Those costs are borne by all of  
22 us through higher insurance premiums.

23 So part of the proposal here was to  
24 ensure that were able to cover the costs of those  
25 individuals, thus, driving down the amount of

1 uncompensated care to the tune in the second year,  
2 again just looking at the Controlling Board request,  
3 of nearly \$2 billion in the second year to cover  
4 those costs.

5 PRESIDENT COLE: Senator?

6 SENATOR SAWYER: President Cole, we --  
7 we -- there are two arenas that I haven't heard  
8 mentioned directly, but I can't believe that in a  
9 decision that reaches and touches so many lives that  
10 it doesn't touch both of these. Certainly the  
11 ability to affect job creation in counties all across  
12 the State is -- is a collateral benefit. But I'm  
13 thinking more in terms of the way in which an effort  
14 of this kind affects veterans and working poor across  
15 this State. Do we have any data on our expected  
16 consequence with regard to those populations?

17 DIRECTOR McCARTHY: President Cole,  
18 Senator Sawyer, I'm going to call on Department of  
19 Veteran Services to help answer that question.

20 DIRECTOR DOMINGUEZ: Mr. President,  
21 Senator, there are --

22 PRESIDENT COLE: Please, if you would  
23 please introduce yourself to the Board.

24 DIRECTOR DOMINGUEZ: Oh, excuse me.  
25 Jason Dominguez, the Interim Director of the Ohio

1 Department of Veteran Services. Mr. President --

2 PRESIDENT COLE: Thank you.

3 DIRECTOR DOMINGUEZ: -- Senator, my  
4 apologies. There are a couple of different dynamics  
5 when it comes to veterans and Medicaid expansion.  
6 One of the most significant is that under the V.A.  
7 rules for health care there are eight priorities for  
8 veterans. There are a number of veterans who fall  
9 within the pri -- the 7 and 8 priorities in terms of  
10 the lowest priority. Because of the demand for  
11 health care in the V.A. system priority 8 which is --  
12 are veterans who do not have a service connected  
13 disability but are classified under a veteran -- as a  
14 veteran under the federal terms. Those veterans are  
15 currently closed out of the V.A. system.

16 The next priority up is priority 7.  
17 Those veterans are low income veterans who do not  
18 currently have a service connected disability, have  
19 served this country honorably but on a case-by-case  
20 basis due to their income they are considered for --  
21 for care through the V.A. It's not guaranteed. It  
22 is a case-by-case basis.

23 However, underneath the rules for the --  
24 for the V.A., for the Veterans Health Administration,  
25 if a veteran is eligible for Medicaid, they

1 immediately are -- are taken from priority 7 and 8  
2 and moved up to priority 5. What that does for them  
3 is that greatly expands their ability to -- for us to  
4 draw down our federal drawdown, first off, and it  
5 greatly expands that veteran's access to services  
6 even though they may not even be paid for by  
7 Medicaid. That is just -- that's their ticket in the  
8 door to get there.

9 So things like mental health care, things  
10 like -- like some of our substance abuse, alcohol  
11 abuse programs that are within the U.S. Department  
12 of -- of Veterans Affairs programs, it greatly  
13 increases the access that veterans have for those  
14 programs.

15 I'll just give you a couple -- an idea of  
16 some of the numbers that we're dealing with. Data as  
17 of September, 2013, this is -- this came from the  
18 Director of the V.A. Medical Center in Cleveland who  
19 gave me numbers for all of Ohio. As of that date, in  
20 2000 -- I'm sorry, 251,495 veterans sought care from  
21 a V.A. facility here in Ohio. 3.69 percent of those  
22 were turned away as ineligible by V.A. standards so  
23 that's a approximately 9,277.

24 Now, those individuals were folks like --  
25 I love to use my case example, she is sitting in the

1 back room, Rachel Jones who works in our office.  
2 She's an Air National Guardsman who many of those  
3 National Guardsman were activated for 89 days. 89  
4 days is a -- is a key number because once you hit 90  
5 days, you are then eligible for V.A. benefits. If  
6 you reach a cumulative of two years on activation,  
7 you're eligible for V.A. benefits.

8 But because many of these guardsmen are  
9 oftentimes nationwide, and this comes down from the  
10 National Guard Bureau, something that General  
11 Ashenhurst has no control over, those guardsmen are  
12 then shut out of the V.A. health care system. So  
13 even though Rachel Jones, whose probably embarrassed  
14 right now, is -- has gone to -- deployed to multiple  
15 countries --

16 PRESIDENT COLE: We're okay. She's still  
17 smiling.

18 DIRECTOR DOMINGUEZ: Okay. Good. I've  
19 got to live with her after this.

20 Even though she's been to multiple  
21 countries and served our nation, she is not eligible  
22 for V.A. health care. She's eligible for our  
23 emergency financial assistance at the county level  
24 being cited by the Ohio Revised Code, but she is shut  
25 out of the system.

1           So in her case regardless of the  
2 priorities of the V.A., she can't be helped, but  
3 underneath Medicaid expansion though she would be  
4 able to be helped so that's another category that  
5 we're dealing with.

6           So going on with that 2,000 -- 251,000  
7 number, 21.9 percent of those were deemed priority 7  
8 or 8. That's approximately 52,556. So in total  
9 24.59 percent, a total combined, representing 61,833  
10 former service members who were turned away are lucky  
11 enough to be seen after their case was reviewed  
12 individually by -- in category 7. Those are some of  
13 the numbers that we had.

14           We know that 60 percent of the suicides  
15 that do occur amongst veterans, they do happen  
16 outside the V.A. health care system. Some veterans  
17 are too proud to reach out their hand for help. Some  
18 of them don't -- don't get help until we finally  
19 catch them down at Twin Rivers once they have been  
20 apprehended in a situation and they don't have access  
21 to health care and they fall in these situations.

22           So this -- these are vital services that  
23 are needed and I -- and I ask you for your support.

24           PRESIDENT COLE: Thank you. Follow-up,  
25 Senator? Did you want more information on this issue

1 or the job creation?

2 SENATOR SAWYER: President Cole, I -- I  
3 am concerned that there is a great deal of  
4 information we combined here today, and I don't  
5 intend to take the Committee's time this afternoon to  
6 do all of it. I'm just going to mention one that I  
7 didn't raise, the -- as a former local -- as a mayor,  
8 I looked at the effect of this on -- on law  
9 enforcement, jails, and the kind of pressure that  
10 communities all over the State of Ohio are facing in  
11 those terms and recognize that every mention that  
12 you've heard of the kinds of economic pressures that  
13 we've heard have an effect on that as well.

14 If the Director would care to mention any  
15 of that, I would be happy to entertain it, but other  
16 than that I have only one real closing observation.

17 PRESIDENT COLE: Director, can you assess  
18 or explain, you or your team, the local government  
19 impacts of Medicaid extension?

20 DIRECTOR McCARTHY: President Cole,  
21 Senator Sawyer, at the local government impact  
22 there's a couple of different levels that we would  
23 see. One of them has to do with the mental health  
24 system which I will turn back to Director Plouck here  
25 in a second to -- to answer.

1           Before that though I wanted to touch on  
2 one other group that was discussed and it's those  
3 that Mr. Dominguez talked about and that is the  
4 active duty, individuals on active duty. And that as  
5 Jason was talking about, there are individuals  
6 currently -- you know, this is -- this is an issue  
7 about national readiness and making sure people are  
8 prepared to go to combat. So we have General  
9 Ashenhurst here to speak to that issue.

10           GENERAL ASHENHURST: President Cole,  
11 Members of the Board, I am Debbie Ashenhurst, the  
12 Adjutant General. I command over 16,000 of your  
13 fellow Ohio citizens in the National Guard.

14           It's hard to categorize how many National  
15 Guard members would be subject to or be eligible for  
16 this because they have to self-report if they're  
17 unemployed. And many of our guardsmen don't report  
18 themselves as unemployed when they're students. And  
19 the members of this legislature are very generous  
20 with our guards members in that they pay 100 percent  
21 tuition so many of our guardsmen don't have to work,  
22 and they do just attend school.

23           Well, with the federal drawdown of funds  
24 and as the war in Afghanistan and Iraq are coming to  
25 a -- a reduction, I won't say a close, I have great



1 concerns about the medical readiness of our service  
2 members because throughout this war we were always in  
3 a state of preparing ourself to go to war, the  
4 Federal Government provided great funds to keep our  
5 service members at a pretty high state of medical  
6 readiness.

7 I'm already seeing a degradation of those  
8 services and those contracts that were available to  
9 our service members to keep them medically ready,  
10 dental and medical, that I have fears that -- that  
11 now it's going to be back on me and the cost of the  
12 individuals, whether they have insurance or don't  
13 have insurance, to maintain that state of readiness.  
14 And if post -- or pre911 is any indication of how  
15 ready our service members are, it wasn't good. It  
16 was not good.

17 So if a guardsman is solely reliant on  
18 their guard pay, meaning if they are a 100 percent  
19 paid tuition student, they go to school, and their  
20 only income is their drill weekends and their annual  
21 training, anybody under the grade of general officer  
22 would qualify -- would benefit -- could benefit from  
23 this expanded Medicaid. Now, I would say that's not  
24 the majority of our guardsmen, you know, the majority  
25 of our guardsmen where they are but particularly our

1 lower enlisted, our enlisted level 1s and 2s and 3s  
2 and 4s are the most at risk of not being employed in  
3 some manner in which they have access to other  
4 insurance and are most likely to suffer and that is  
5 the majority of our service members. I can't put a  
6 number to that, but I can tell you I have fear as of  
7 the impact of the reduction in medical services will  
8 be.

9 Now, they have the ability to purchase  
10 insurance through the military through Tricare. It's  
11 \$52 a month. For some reason it's that same category  
12 of young people that don't think they need to buy  
13 insurance because they are, of course, invincible.  
14 Just ask them.

15 So I have great concerns. You know, I  
16 put a number out there of 400 known that would  
17 certainly be impacted, but I will tell you the  
18 potential is much greater for our guardsmen, your  
19 fellow Ohioans, to be -- to benefit from this  
20 Medicaid expansion.

21 PRESIDENT COLE: Thank you. Director  
22 Plouck, follow-up on the local government impact?

23 DIRECTOR PLOUCK: President Cole and  
24 Senator Sawyer, I did want to follow up on the local  
25 government impact because, again, mental health and

1 addiction services is somewhat uniquely situated  
2 here. Today we partner with 53 ADAMH Boards, Alcohol  
3 and Drug Addiction Mental Health Services, around the  
4 state to fund services at the local level. And today  
5 these boards are purchasing a variety of clinical  
6 services as well as other kinds of recovery support.

7           And many of the clinical services will be  
8 able to be funded through Medicaid in the future if  
9 this proposal goes forward. And that will actually  
10 create a greater level of agility locally because  
11 today rather than having a board exact pay for a  
12 counseling service, Medicaid will reimburse that. So  
13 there could be a redirection of those funds into  
14 things like prevention partnerships and housing and  
15 employment supports, peer-led organizations, other  
16 things that are gaps in the safety net in many  
17 communities because, you know, funding is  
18 challenging.

19           But this would be able to occur without  
20 any additional dollars being added to the system;  
21 rather it's a redirection. And the nice thing about  
22 this is that it could be locally prioritized so if  
23 there is a concern particularly about let's say  
24 residential or sober housing for folks who are  
25 recovering from heroine in one area of the State,

1 they could make that sort of investment. If there is  
2 a greater interest in prevention services with  
3 schools in another area, they could make that  
4 decision. And so the boards as the local statutory  
5 planning authorities would have the ability to do  
6 what best meets the needs of their communities.

7 PRESIDENT COLE: Thank you, Director.

8 SENATOR SAWYER: President Cole, as I  
9 mentioned before, we could go on at some considerable  
10 length with this. I don't propose to do this today.  
11 But while this proposal has generated some  
12 controversy and represents a very large amount of  
13 money, I would submit, President Cole, that this is  
14 not fundamentally different from other items brought  
15 before this Board. The only difference is one of the  
16 scale of the request and not type.

17 Pursuant to Ohio Revised Code 131.35 one  
18 of the authorized purposes of the Controlling Board  
19 is to appropriate increases in available federal  
20 funds. That's why I believe this is a completely  
21 appropriate role for the Controlling Board to play.  
22 A lot of us, Democrats and Republicans, have been  
23 spending months working to expand Medicaid coverage  
24 to 275,000 Ohioans including 26,000 veterans. The  
25 expansion covers the working core who don't earn

1 enough money to purchase insurance through the new  
2 health care exchange. It also provides much needed  
3 assistance to Ohioans suffering from addiction,  
4 mental health problems so they can lead more  
5 productive lives.

6 We've heard that characterized in broad  
7 and general ways and with specific examples here this  
8 afternoon and it's one of the reasons why I  
9 enthusiastically support the matter before us this  
10 afternoon. And I thank you for your patience and  
11 endurance and your patience of my colleagues on the  
12 Controlling Board.

13 PRESIDENT COLE: Senator, you're just  
14 fine. I'm sure there's plenty more patience that  
15 will need to be exhibited this afternoon.

16 You do bring up a couple important points  
17 though that if I can just comment on, Senator, you're  
18 right, the scale is large but if you remember our  
19 June meeting, we had over \$1.6 billion in  
20 transactions approved at that June meeting. Now,  
21 that was the entire agenda, not one item, but it was  
22 a significant sum. And just this year 50 times we  
23 have approved a request for an increase in federal  
24 appropriations. That is a customary action of this  
25 Board. And I recognize the controversy, again, the

1 importance, but thank you, Senator, for putting that  
2 in context. Just because people don't always watch  
3 what we do it doesn't mean we're not doing it, right?  
4 Thank you, Senator.

5 Mr. McCarthy, I believe you have a couple  
6 more people who have questions for you.

7 Representative McClain.

8 REPRESENTATIVE McCLAIN: Thank you,  
9 Mr. President, and thank you, Director, for coming.

10 As has been mentioned earlier, expansion  
11 already happened. It happened a week ago. We're  
12 just here to okay the money. If this is to go  
13 through, my first question is during the  
14 introduced -- or rather in the introduced version of  
15 House Bill 59 the Office of Health Transportation  
16 linked about \$400 million in cuts. If this is  
17 approved today, what's the thought on that, how soon  
18 that's going to happen ,and just -- if you could  
19 explain that a little bit.

20 DIRECTOR McCARTHY: President Cole,  
21 Representative McClain, we stick by what we put in  
22 the budget. We believed in it then; we believe in it  
23 now. We are planning to move forward with all of the  
24 things that we proposed that we can move forward with  
25 that we are legislatively allowed to do. So does

1 that -- what are a couple of those things? For  
2 instance, making the change to the administrative  
3 portion of the managed care contracts, a reduction of  
4 1 percent, that's going through; the change in  
5 inpatient hospitalization, that will go through; and  
6 the other ones. Again, as long as it's allowed  
7 underneath the leg -- the current law, we're going to  
8 move forward with those.

9 Our goal is to hit all of those on  
10 January 1. Hopefully we will hit them January 1. Of  
11 course, some of them we have to go through rules  
12 processes and a couple of other things. We will  
13 expedite things as much as possible, but I don't see  
14 losing more than, you know, a month or two on -- on  
15 some of those. So we are moving forward with those  
16 as fast as we can. The -- assuming everything moves  
17 forward, things like the change in the managed care  
18 rates for sure will happen January 1 because we  
19 haven't given them their rates yet. We were planning  
20 to give them their rates at the end of the month. We  
21 actually had another issue we had to work through so  
22 we still have that ability to make that change.

23 REPRESENTATIVE McCLAIN: Yes. Director,  
24 as it's been well known for quite a while, there are  
25 a great number of members of the House and Senate

1 both that don't think this is the right way to go but  
2 at the same time have been working very hard,  
3 Republican and Democrat alike, to continue the  
4 reforms that -- to commend the administration in  
5 working with the House and Senate on a number of  
6 great things that have happened in the last three  
7 years. We applaud you for that.

8           But we want to make sure that going  
9 forward either way that we continue this process. I  
10 think you're aware of a lot of the discussions that  
11 have been going on and we want to continue to go on.  
12 So what would be the administration's take on this?  
13 We want to make sure, I guess, that you're ready to  
14 get right back into the ditches with us and make sure  
15 that we make the reforms we think are necessary  
16 because we can't just leave the program the way it is  
17 as I think you agree. So if you could just talk  
18 about that a little bit.

19           DIRECTOR McCARTHY: President Cole,  
20 Representative McClain, ever since I met you, which  
21 is about two and a half years ago, we have been on  
22 the same page with this. We have said we need to  
23 make changes to the program. Reform is -- is  
24 important. The reforms that we have done over the  
25 last few years I want to make sure that people



1 understand we have been able to reduce the growth  
2 rate of the program from 10 percent down to about  
3 3 percent. And we didn't kick anybody off. We  
4 didn't cut benefits or things like that.

5           What we did was we improved how the  
6 program will end. We started changing how we do  
7 payments, paying for quality instead of quantity. We  
8 put in a new claims payment system that greatly  
9 helped us pay more accurately on a fee-for-service  
10 side. All of those things we have done ensuring that  
11 people can get better health outcomes.

12           We've tied more of the managed care  
13 payments to improving health outcomes. We went to  
14 nationalized standards. I'll never forget, I think  
15 it was the second week on my job, I walk in and on my  
16 desk is a letter from one of the managed care plans  
17 saying that they disagreed with how we did their  
18 calculation for their bonus payment. So I  
19 immediately said we're not going to have Ohio  
20 specific measures any more. Let's get rid of that.  
21 Let's go to nationalized standards. There's no more  
22 fighting other than that. It reduced their administrative  
23 burden; it reduced our administrative burden. And we  
24 are all on the same page of that.

25           We want to continue to do those reforms

1 moving forward of how do we make the program more  
2 efficient and how do we improve health outcomes for  
3 Ohioans. I mean, that is what we have been focusing.  
4 Everything we have done is how do we get health  
5 outcomes to improve.

6 REPRESENTATIVE McCLAIN: Now, one of the  
7 ways we have been discussing, at least a lot in the  
8 House and the Senate the discussions have been about  
9 looking at different way, looking for the  
10 nontraditional, that maybe faith-based, maybe  
11 mission-driven kind of things. In fact, if I'm not  
12 mistaken, the gentleman Director Plouck was talking  
13 about is helped by a program that's about a third of  
14 the cost of the program that it replaced. And it  
15 really is peer led and appears to be very effective.  
16 We know those things are happening.

17 How are we going to continue to work with  
18 the administration? How is the administration going  
19 to cooperate with us, I guess, on looking at that to  
20 make sure we're doing -- getting the best result that  
21 we can for our constituents but in way that is  
22 manageable going forward?

23 DIRECTOR McCARTHY: President Cole,  
24 Representative McClain, we have been open to looking  
25 at all of those possibilities and trying to figure

1 out how to make sure we could get those to work, how  
2 do we weave those into the programs. We are  
3 committed to still doing that.

4           There -- you know, we have used a number  
5 of new interesting partnerships in the program. For  
6 instance, just -- many people don't know this but  
7 here in Franklin County there is an organization  
8 called Bread. It's a faith-based program here in  
9 Franklin County. They reached out to me saying,  
10 John, we -- we know many of the individuals on your  
11 program, and they are not getting services. They are  
12 not being -- their services aren't being coordinated  
13 and I said okay. They said, well, you know, can you  
14 contract with us to do something with them?

15           And I said, well, hold on. Most of those  
16 individuals are in the managed care plans. Managed  
17 care plans say, John, we can't find the individuals.  
18 So what do we do? We got the plans together with  
19 Bread, and the two of them are now working together  
20 to ensure that individuals in the program are found  
21 and then are getting the services that they need.

22           And how is that done? It's been kind of  
23 interesting. You can't share medical information.  
24 You can't say, oh, here is the people on the Medicaid  
25 program and, here, can you go find them in your

1 congregation. What we've seen is the opposite, is  
2 the congregations have approached us and said here  
3 are individuals that we think need help. Are they in  
4 your programs? And we're able to then identify them  
5 and hook them up and to make sure they get the  
6 services.

7 And I want to make clear the Department  
8 is not involved in that. We have stepped away from  
9 that. That is that faith-based organization along  
10 with the managed care plans working together to  
11 ensure that people are getting care.

12 So we are -- we are more than willing to  
13 work with you all and other entities to figure out  
14 how we can make those partnerships work because many  
15 of them do work very well.

16 REPRESENTATIVE McCLAIN: Well, I would  
17 just I think end on the fact I'm glad to hear that  
18 because I know, at least speaking for the House, a  
19 lot of the House members, our intention -- Russ is  
20 laughing. Our intention is -- is to continue to work  
21 very hard on this even this fall. We have a lot of  
22 great ideas, and we want to continue to do things  
23 that are going to help our citizens.

24 PRESIDENT COLE: Thank you,  
25 Representative.

1 Representative Redfern.

2 REPRESENTATIVE REDFERN: Thank you,  
3 Mr. President.

4 I actually have a few questions for  
5 the -- for the Director who has not yet appeared,  
6 Director Moody, who was kind enough to visit with me  
7 on Friday and -- and to rest your feet a bit,  
8 Director McCarthy, I would ask Director Moody to come  
9 and take the podium. And as he does, Director,  
10 you're Director of the Governor's Office of Health  
11 Transformation? Is that your title?

12 PRESIDENT COLE: We usually let the  
13 witnesses introduce themselves, Representative.

14 REPRESENTATIVE REDFERN: Since he didn't  
15 I was trying to be polite. I was trying to be  
16 polite.

17 PRESIDENT COLE: You're being -- you're  
18 being very polite. You're always civil,  
19 Representative.

20 REPRESENTATIVE REDFERN: Thank you.

21 DIRECTOR MOODY: And, Mr. President, the  
22 Representative is well informed. I'm Greg Moody, the  
23 Director of the Governor's Office of Health  
24 Transformation.

25 REPRESENTATIVE REDFERN: Does -- does

1 this document look familiar to you? It was I believe  
2 your testimony before Chairman Amstutz's House  
3 Finance Committee on February 14, 2013.

4 DIRECTOR MOODY: Mr. President, about six  
5 hours' worth of testimony.

6 REPRESENTATIVE REDFERN: Well, I will  
7 limit mine, about half that. Well, in your testimony  
8 you use the word Obamacare four times, and according  
9 to -- to notes taken by our caucus staff 24  
10 additional times in -- in answering questions from  
11 members of the Finance Committee. Do you use the  
12 term Obamacare as a descriptive term, a pejorative?  
13 Why not Affordable Care Act and why Obamacare?

14 DIRECTOR MOODY: Mr. President,  
15 Representative Redfern, after President Obama himself  
16 used the term Obamacare to describe the law, we did  
17 use it as a general term. However, whenever we can,  
18 we try to be as precise as we can, and for the action  
19 today mostly what we're talking about are amendments  
20 to Title 19 in the Social Security Act.

21 REPRESENTATIVE REDFERN: So you would  
22 reject it as a pejorative?

23 DIRECTOR MOODY: I --

24 REPRESENTATIVE REDFERN: As an insult to  
25 the President and those of us who believe the health

1 care is a right, not a privilege?

2 DIRECTOR MOODY: Mr. President,  
3 Representative, I would certainly never intend it in  
4 that tone.

5 REPRESENTATIVE REDFERN: Because in your  
6 testimony you point out that Obamacare is not the  
7 path Governor Kasich would have chosen for Ohio, but  
8 it is for now the law of the land. What is the path  
9 that the administration would have chosen had it not  
10 been for the simple -- implementation of the  
11 Affordable Care Act and the appropriated federal  
12 dollars that you're hoping the Controlling Board were  
13 to -- were to take action on today?

14 DIRECTOR MOODY: Mr. President,  
15 Representative Redfern, it is -- it is confusing in  
16 the complexity of the federal reform because it has  
17 many different components. And depending on the  
18 particular component that is being discussed, there  
19 are different levels of concern. So primarily the  
20 concern relates to the federal reforms that change  
21 health insurance in a way that includes new mandates,  
22 new requirements, new penalties, essentially the  
23 focus of Ohio's Issue 3 related to not compelling a  
24 person to participate in a health care program.

25 Consistently the administration has

1 expressed concern about some of those elements of the  
2 program. There is another set of issues related to  
3 health insurance exchanges. The idea of a  
4 marketplace which early on we were excited about the  
5 prospect of establishing a state-based health  
6 insurance exchange. But as the federal guidelines  
7 for that were clarified, it was clear that states  
8 actually had very little discretion as it relates to  
9 that issue. So Ohio eventually made the decision not  
10 to run our own state-based exchange but to allow that  
11 to be run by the Federal Government. And, in fact, I  
12 think folks saw that on October 1, the Federal Health  
13 Insurance Exchange activated here in Ohio. So  
14 concern in those areas.

15           There are other areas related to Health  
16 Care Delivery System Reform that the federal form  
17 really looked to states to see what seemed to be  
18 working and copied that. So, for example, a number  
19 of states had already pursued the idea of  
20 coordinating Medicare and Medicaid programs together.  
21 The federal reform picked that up. And then we acted  
22 on the authority to do a project like that here in  
23 Ohio. So some of the Health Care Delivery System  
24 changes we actually embraced. Many of them were  
25 originated by states.



1           And then the fourth big category is the  
2 one that's the subject of the hearing today. When we  
3 say we wouldn't have designed it a particular way,  
4 there are a lot of complex details related to  
5 eligibility levels and interactions with other  
6 programs, but the fact is it was designed a  
7 particular way. And given the federal law we posed  
8 the question to ourselves what is the most direct and  
9 efficient way to assure affordable coverage for all  
10 Ohioans. And that's ultimately what led them to the  
11 decision of -- to pursue expanding Medicaid.

12           REPRESENTATIVE REDFERN: Right. Mr.  
13 President, Director, when did you pose that question?

14           DIRECTOR MOODY: Mr. President,  
15 Representative, posed which question?

16           REPRESENTATIVE REDFERN: You spoke  
17 rhetorically "we posed the question to ourselves." I  
18 assume the working group that had been working on  
19 Medicaid starting January 11, 2011, that was the date  
20 you gave me on Friday, the first time you came  
21 together as a working group under the administration.  
22 You posed the question. We found ourselves with  
23 this -- these groups of facts, and we chose to take  
24 this path to paraphrase your presentation, the final  
25 point. Who are "we"?

1                   DIRECTOR MOODY: Mr. President,  
2 Representative Redfern, you'll remember that on  
3 January 10, 2011, when Governor Kasich took office --

4                   REPRESENTATIVE REDFERN: I remember.

5                   DIRECTOR MOODY: We -- I'm sorry?

6                   REPRESENTATIVE REDFERN: I remember.

7                   DIRECTOR MOODY: Yeah, you remember that  
8 day. Mr. President, that was also the first day I  
9 came into this current position. I came into that  
10 position knowing that we were under a federal mandate  
11 to extend Medicaid coverage. And on that day  
12 Medicaid was growing 8.9 percent. And we understood  
13 that if it grew at that rate, we would not be able to  
14 responsibly extend coverage.

15                   So we immediately put our focus on  
16 Medicaid reform. And through the first budget bill  
17 which many here assisted to enact, we were able to  
18 get reforms in place that Director McCarthy was  
19 describing that brought the rate of growth down to  
20 3.3 percent.

21                   REPRESENTATIVE REDFERN: Director, if I  
22 may interrupt --

23                   DIRECTOR MOODY: Subsequent to that --

24                   REPRESENTATIVE REDFERN: -- who are "we"  
25 in that first meeting of January 11, 2011? I

1 appreciate the encouraging remarks about the reforms  
2 and the process and the progress, absolutely, but I  
3 would like to know who was included so we can go down  
4 this path of asking some questions and ask ourselves  
5 from a Controlling Board standpoint why we are here.  
6 And these are questions that I'll be asking --

7 DIRECTOR MOODY: Mr. President --

8 REPRESENTATIVE REDFERN: -- to not  
9 belabor the point.

10 PRESIDENT COLE: Thank you for  
11 clarifying, Representative. Director.

12 DIRECTOR MOODY: President Cole,  
13 Representative Redfern, I -- I was attempting to make  
14 a distinction that at that earliest date we were  
15 under a mandate to expand coverage, and we considered  
16 it all hands on deck to reform the program. So, for  
17 example, the Office of Health Transformation was  
18 created to bring together the multiple separate  
19 agencies that involve Medicaid. So it involved the  
20 Directors of those different agencies and all -- all  
21 of our senior staff working together to build out  
22 that proposal.

23 What changed then was the Supreme Court  
24 decision in August the next year where we went from  
25 being under a federal mandate to extend Medicaid

1 coverage to technically still a federal mandate, that  
2 is still in the federal law. What changed was the  
3 Federal Government's ability to enforce that law on a  
4 state that chose not to extend coverage. So it  
5 effectively made extending coverage optional.

6 That was a different sort of decision  
7 where then we had to assess where we were at the  
8 time. Because we were growing the program at below  
9 3 percent and believe we had moved into a sustainable  
10 position, that's where we -- and when I say "we," I  
11 mean the administration -- collectively --

12 REPRESENTATIVE REDFERN: Well, with all  
13 due respect, Director --

14 DIRECTOR MOODY: -- the decision to  
15 proceed.

16 REPRESENTATIVE REDFERN: -- two weeks ago  
17 and four weeks before this very body the Department  
18 of Medicaid came before us with an appropriation  
19 request of additional dollars. And I asked  
20 specifically if thus -- this was a buildup for this  
21 particular vote and whether or not these were scaling  
22 questions. I was assured, at least by the  
23 representative, that that, in fact, was not the case.

24 I then inquired to the Controlling Board  
25 President whether or not the legislature was going to

1 take this issue up through the Finance Committee,  
2 perhaps through the Health Committee, rather than  
3 Controlling Board because there was some of us who  
4 felt maybe the end around the legislature process was  
5 occurring, right or wrong, legal or not,  
6 Constitutionally protected or not, but, in fact,  
7 gathering up as much information as possible.

8 At that January meeting in 2011, was the  
9 Lieutenant Governor in that meeting? And if she was,  
10 did she voice her exception to the notion that we as  
11 a State by policy should embrace the expansion of  
12 Medicaid to 138 percent of the poverty levels? But  
13 she's the Director of Insurance. She's not here  
14 today.

15 PRESIDENT COLE: Representative, were  
16 there two questions in that or just one?

17 REPRESENTATIVE REDFERN: I -- you can  
18 separate them, Mr. President, or I can come back.

19 PRESIDENT COLE: You counted five,  
20 Representative McGregor?

21 REPRESENTATIVE MCGREGOR: Five.

22 REPRESENTATIVE REDFERN: You can count  
23 30.

24 PRESIDENT COLE: Well, that's fine. I  
25 just wanted to help direct the witness.

1                   DIRECTOR MOODY: Mr. President,  
2 Representative Redfern, perhaps -- perhaps I'll pick  
3 the question to answer.

4                   REPRESENTATIVE REDFERN: Well, we could  
5 start with the January 11.

6                   DIRECTOR MOODY: Yeah.

7                   REPRESENTATIVE REDFERN: Who are "we"?

8                   DIRECTOR MOODY: The team -- the team was  
9 entirely in place in -- in January. We had all our  
10 Directors onboard. The Lieutenant Governor had been  
11 elected along with the Governor.

12                   We frequently meet in a group where  
13 everybody has an opportunity to share their opinions.  
14 As an administration, we move together in a unified  
15 manner. For example, in those other categories I  
16 mentioned, because we had -- both the Governor and  
17 the Lieutenant Governor had concerns about the  
18 insurance market reforms, as Insurance Commissioner,  
19 it was natural that she led out on those issues and  
20 also as it related to the exchange because the  
21 Department of Insurance had the formal authority as  
22 it related to the Federal Government.

23                   On the other areas, Medicaid -- extending  
24 Medicaid coverage and Health Care Delivery System  
25 Reform, those were more directly under the formal

1 authority of the Medicaid Director and the Office of  
2 Health Transformation. So we -- we took the lead on  
3 those.

4           However, when asked, I, of course,  
5 support the Lieutenant Governor in the decisions as  
6 they relate to insurance, and she has been clear she  
7 supports the decisions as they relate to Medicaid.

8           REPRESENTATIVE REDFERN: I'm sorry.  
9 Could you repeat that the final statement, the  
10 Lieutenant Governor supports the expansion of  
11 Medicaid --

12           DIRECTOR MOODY: Correct.

13           REPRESENTATIVE REDFERN: -- in this  
14 proposal? Because -- and it's an important -- and I  
15 hope -- I hope, Mr. President, fair point that I  
16 would like to explore either with the Director of  
17 Medicaid or Health Transformation. This is a  
18 temporary expansion as was stated, I think, in one of  
19 the first sentences. We are only bound by the  
20 actions of the Controlling Board through the end of  
21 the biennium.

22           Additionally, legislators come and go and  
23 so those of us who do believe that expanding Medicaid  
24 is a mere first step and not the last step, we want  
25 to ensure that we're stepping in the right direction.

1 And as you know, as we've spoken together, you were  
2 with Governor Taft's administration in 2003, I  
3 believe it was, when during difficult budget times  
4 decisions were made to -- to roll back the number of  
5 those who were guaranteed health care under a  
6 state-funded Medicaid program; is that correct?

7 DIRECTOR MOODY: Mr. President --

8 REPRESENTATIVE REDFERN: Feel free to  
9 paraphrase or to --

10 DIRECTOR MOODY: -- correct.

11 REPRESENTATIVE REDFERN: To -- I am a  
12 correct in that.

13 DIRECTOR MOODY: You are correct.

14 REPRESENTATIVE REDFERN: And difficult  
15 decisions were made to roll back from 100 percent to  
16 I believe 90 percent of the Federal Poverty  
17 Guidelines those who would be eligible for health  
18 care; is that correct?

19 DIRECTOR MOODY: Mr. President,  
20 Representative, as it relates to parents, that's  
21 correct.

22 REPRESENTATIVE REDFERN: And Adjutant  
23 Generals came forward and I'm sure Directors of Jobs  
24 and Family Services, of the other agencies that were  
25 named differently at the time came forward and



1 probably spoke heartfelt about these issues and its  
2 impact it would have on families. But you and the  
3 then Governor made the decision at the time to  
4 balance the budget without increasing other taxes  
5 perhaps, without cutting other areas or cutting more,  
6 that that would be the step we would take.

7 That's what concerns me going forward.  
8 This is a temporary increase you are requesting from  
9 the Controlling Board only through the end of this  
10 biennium. In your testimony to -- to the Finance  
11 Committee, you indicated that Ohio would receive  
12 \$13 billion over seven years including \$6 billion  
13 into hospitals and \$2 billion into doctors' offices  
14 under the subset Protect Ohio Jobs. Do you recall  
15 that? These aren't one time payments. Ohio is not  
16 going to receive -- we're not appropriately \$13  
17 billion according to the agenda item. We are -- how  
18 do you arrive at the \$13 billion figure over seven  
19 years including 6 billion into hospitals and 2  
20 billion into doctors' offices?

21 PRESIDENT COLE: Representative, before  
22 Director Moody response, again, just to clarify, I'm  
23 surprised that you and Senator Coley have compared  
24 notes today, but what is being approved today is an  
25 appropriation request through June of 2015. The same

1 way it would be through budgetary action or an  
2 appropriation request, we cannot bind future General  
3 Assemblies or make an appropriation beyond the  
4 biennium.

5 In that context, Director, how do you get  
6 to \$13 billion?

7 DIRECTOR MOODY: Mr. President,  
8 Representative Redfern, as it was described at the  
9 time, it is unusual for us to look out that far and  
10 certainly beyond the biennium. However, we did not  
11 want to mislead legislators at the time that this was  
12 somehow only federal funding.

13 We wanted to make sure it was clear that  
14 at a point in the future by making the decision to go  
15 in this direction that it would bring about an  
16 obligation at a point in the future where State funds  
17 would be involved.

18 And we proposed that even though we  
19 couldn't appropriate that in the current budget, that  
20 future budgets would appropriate the State funds to  
21 support the State share of the program. That's also  
22 where we clarified that if those terms changed as  
23 Director McCarthy was describing, then we would have  
24 to rethink the terms of the decision like that.

25 So the 13 billion was a projection into

1 the future, although I think -- I hope we were clear  
2 that what was in front of the legislature at the time  
3 were the appropriations related to the budget through  
4 June, 2015.

5 REPRESENTATIVE REDFERN: Sure. And,  
6 Mr. President and Director, it's a fair point but it  
7 hinges on promises that had been made yet not funded  
8 over the course of many years and health care as --  
9 as we've heard, it's the difference -- it stands in  
10 between a bankruptcy, a lost job, a lost opportunity  
11 of a 35-year-old son or daughter suffering from an  
12 addiction to opiates. Health care stands between  
13 that treatment or not.

14 And in two years it's not if the budget  
15 goes south or if somebody is elected to the office of  
16 President or Congress changes and the additional  
17 dollars that we hope are appropriated are redirected.  
18 We've just gone through this debate in Washington,  
19 and it's a telling point I hope for all of us having  
20 served in this body on and off since 1999 that you  
21 and I lived it in 2003 when I voted no.

22 And I don't want to be put in a position  
23 where we're doing really good things in the  
24 short-term to only let 366,000 Ohioans down in maybe  
25 24 months or 36 months or frankly whenever the

1 winds -- the political winds were to change. I don't  
2 believe that will happen if Hillary Clinton is  
3 elected president in 2016, but we all know -- but we  
4 all know that if Ted Cruz is -- and it's an important  
5 point.

6 PRESIDENT COLE: I understand,  
7 Representative.

8 REPRESENTATIVE REDFERN: That if I may,  
9 if Senator Cruz wins, he has made it a point that --  
10 that he is opposed to expanding Medicaid at the State  
11 level using federal dollars.

12 PRESIDENT COLE: Representative --

13 REPRESENTATIVE REDFERN: The hesitancy  
14 that I -- that I voice is in -- is prefacing this  
15 question. Governor Kasich said on August 15 that the  
16 Affordable Care Act and the expansion of Medicaid  
17 dollars was not Obama's plan; it's Hillarycare.  
18 Those -- Hillarycare. Those hyperbolic statements  
19 poison the well for those of us who care deeply about  
20 ex -- expanding health care for the parents, for the  
21 soldiers, for the enlisted men and women, for the  
22 veterans who are at the Ohio's largest nursing home  
23 in my district in Sandusky, Ohio. They mean a great  
24 deal. And using Obamacare in a pejorative fashion  
25 may -- some may take it in an pejorative way poisons

1 the well.

2 And what kind of assurances can you  
3 provide this Controlling Board that going forward  
4 that this administration, that your office, that the  
5 Director of Medicaid, that the Adjunct General, the  
6 Director of ODJFS who we lost on Friday, Director of  
7 Veterans Services, that these well-intentioned public  
8 leaders are going to continue to embrace the  
9 Affordable Care Act, a full throated embrace of  
10 Obamacare, as you stated, with the expansion of  
11 Medicaid? What kind of assurances that during the  
12 mid-biennium review there won't be any retreat as we  
13 saw in 2003?

14 PRESIDENT COLE: Director, you do not  
15 have to -- you do not have to comment on the 2016  
16 Presidential campaign. This hearing today has  
17 already received enough coverage without it being the  
18 kickoff of the Presidential race.

19 DIRECTOR MOODY: Mr. President,  
20 Representative Redfern, understood. Representative,  
21 I understand that priorities change over time. It's  
22 why legislatures don't commit future legislatures  
23 to the priorities of the future.

24 I can tell you that standing in front of  
25 you today the Governor has made extending Medicaid

1 coverage a priority. I have worked with him for many  
2 years. And in all of that time, if nothing, I have  
3 learned he is decisive. We do not make this decision  
4 to take federal money today and then avoid a  
5 responsibility in the future. We make the decision  
6 to proceed under the terms of the federal law into  
7 the future.

8 And we believe we have moved the program  
9 into a position of strength and sustainability that  
10 will allow that to be not only good for the Ohioans  
11 who will benefit from getting coverage but also for  
12 taxpayers over time by holding down the rate of the  
13 growth of the program.

14 REPRESENTATIVE REDFERN: (Inaudible)  
15 known and worked with the Governor for a period of  
16 time.

17 DIRECTOR MOODY: Mr. President,  
18 Representative, one of my first professional  
19 opportunities was on the House Budget Committee in  
20 Washington, D.C., when he was the chairman of the  
21 program.

22 REPRESENTATIVE REDFERN: At our Friday  
23 meeting I indicated to you that that was a concern of  
24 mine because in -- in his service on the Budget  
25 Committee he voted five times to cut Medicaid because

1 of difficult budget decisions. I'm not suggesting  
2 those were easy decisions, but past is prologue for  
3 many of us who lived through Governor Taft's  
4 decisions to roll back from 100 percent to  
5 90 percent.

6 Director McCarthy was -- was also with us  
7 on Friday and indicated that it was the Department's  
8 opinion that Medicaid expansion would be funded, his  
9 words, in perpetuity. Do you still stand by that  
10 statement, Director? Director Moody or Director  
11 McCarthy.

12 PRESIDENT COLE: Director.

13 DIRECTOR MOODY: President Cole,  
14 Representative Redfern, I believe the context of the  
15 conversation was a question about whether or not the  
16 Federal Government had rolled back at any point its  
17 financial commitment that it made to the Medicaid  
18 program. And we indicated we were -- we were not  
19 aware of that.

20 I understand that -- that -- that --  
21 that -- well, no. I'll leave it at that.

22 PRESIDENT COLE: Representative, do you  
23 have a follow-up?

24 REPRESENTATIVE REDFERN: Oh, sure. I  
25 would like to ask some questions about the exchange

1 program at the Department of Insurance because in a  
2 revealing conversation on Friday some exciting things  
3 were -- were provided to me by Director McCarthy in  
4 this case about how over the course of the next 24  
5 hours or perhaps over the next 90 days between now  
6 and January 1, 366,000 Ohioans would become aware  
7 that they are now qualified for Medicaid funding.  
8 How does that process begin, hopefully how does it  
9 end, and what's it going to cost?

10 So, Director McCarthy, perhaps you  
11 could -- if, Mr. President, if that is germane to  
12 this particular request?

13 PRESIDENT COLE: If it involves the  
14 enrollment and how many citizens are available for  
15 this and through what purpose, it is germane. And I  
16 would just request respectfully, Representative, that  
17 following your comments about poisoning the well,  
18 that the line of questioning does not put us in a  
19 position that it makes it hard to act on this request  
20 today.

21 REPRESENTATIVE REDFERN: I didn't say all  
22 those things.

23 PRESIDENT COLE: Okay.

24 REPRESENTATIVE REDFERN: Director.

25 PRESIDENT COLE: Director.



1                   DIRECTOR McCARTHY: President Cole,  
2 Representative Redfern, as I said on Friday, if we --  
3 if we obtain approval here, we would move forward to  
4 change our eligibility systems, our new one, to be  
5 able to enroll individuals into the program.

6                   So your question is what is the  
7 additional cost? There is no additional cost. We  
8 are doing it all within our current budget that we  
9 have appropriated to us on our administrative  
10 services line. There is no request in this  
11 Controlling Board request to increase those funds.  
12 The request was purely to cover the services for  
13 those individuals. We are doing everything possible  
14 within the Department to operate within our budget,  
15 and we will operate within our current appropriated  
16 budget to enroll the individuals.

17                   REPRESENTATIVE REDFERN: And how?  
18 Mr. President, to the witness, how?

19                   DIRECTOR McCARTHY: Mr. President,  
20 Representative Redfern, the new eligibility system  
21 when it comes online for this group, individuals will  
22 be able to go online for the first time and directly  
23 enroll into the Medicaid program. They can also go  
24 to their local county JFS office to enroll. They can  
25 for the first time call in and do an online

1 application so we have opened up two new ways for  
2 people to get into the program besides going into  
3 their county JFS office.

4 PRESIDENT COLE: And, Representative, I  
5 think, if you remember, those were the answers  
6 consistent when that request was before this Board.

7 REPRESENTATIVE REDFERN: Mr. President,  
8 thank you for reminding me. Director, you indicated  
9 on Friday that those who are now eligible, the  
10 366,000, assuming the Controlling Board supports the  
11 request, wouldn't have to present any income  
12 eligibility documents like in past -- like in the  
13 past processes, that there is an overlay where you  
14 ping -- I think you used the word ping whether it was  
15 the Internal Revenue Service or some other body to  
16 access this information regarding income eligibility.  
17 Could you -- could you perhaps expand on that or  
18 correct me if I'm wrong?

19 DIRECTOR McCARTHY: President Cole,  
20 Representative Redfern, if you read any of the  
21 articles about the current healthcare.gov system and  
22 some of the issues that they've had and some of the  
23 technical pieces behind it, some of the articles I've  
24 read have talked about the fact that there's two  
25 pieces to that system. The piece that has been

1 working, I won't say well or good or bad or  
2 indifferent, but the piece that's been working is the  
3 federal data hub. That is the back end of the system  
4 for which we verify people's income.

5 So when we designed the current system,  
6 what we wanted to do was ensure we were able to get  
7 individuals into the program who deserve to be in the  
8 program and, of course, for individuals who don't  
9 deserve to be in the program make sure they're not  
10 enrolled and then put them -- point them in the  
11 direction we should be pointing them which would  
12 probably be the Federal Exchange.

13 So, correct, the way the online  
14 application works the person goes to the online  
15 application, and I want to clarify something on this.  
16 This isn't just for the 366,000 people we're talking  
17 about here. It is also the way the Federal  
18 Government has said that parents and children shall  
19 enroll also, go online to the website, you put in  
20 information. If you put in certain information,  
21 specifically if you're willing to put in your Social  
22 Security No., then you put in what your income is, we  
23 then -- and there is some other pieces of information  
24 obviously, name, birthdate, and things like that, we  
25 then ping the federal data system to determine if the

1 values you gave us are legitimate. Specifically are  
2 you a U.S. citizen? You must be a U.S. citizen to  
3 enroll in the Medicaid program. Is your Social  
4 Security number a valid Social Security number? And  
5 does your income match what's on the IRS files for  
6 the modified adjusted gross income under the new  
7 eligibility rules?

8 If the answer is yes, per federal law we  
9 must do an instantaneous eligibility decision for all  
10 three of those groups. Currently it takes the State  
11 of Ohio somewhere around 30 days to process an  
12 application. I don't believe that would meet the new  
13 definition of instantaneous. While there isn't been  
14 offered a definition of instantaneous we are hoping  
15 it's faster than that. It will come back and say if  
16 the person is eligible or not eligible. If they're  
17 eligible, it will say you're eligible for the  
18 program. We are still working out some of the pieces  
19 behind that.

20 But there -- we have also made changes to  
21 the Medicaid claim system where now it's a live  
22 connection back and forth. It's not even an  
23 overnight connection. There's a live connection that  
24 a person would obtain eligibility immediately. If  
25 they're not eligible, the system will then point them

1 in the direction that they should go, most likely  
2 then back to the Exchange itself or someplace else.

3 REPRESENTATIVE REDFERN: Mr. President,  
4 to the witness, when you mentioned "exchange," you --  
5 you're using it to describe the Federal Exchange  
6 because the State of Ohio does not operate a state  
7 exchange. You're participating with HHS through  
8 its -- its national exchange, that's correct, right?

9 DIRECTOR McCARTHY: President Cole,  
10 Representative Redfern, that is correct. The State  
11 did not choose to run its own exchange as just  
12 similarly the State did not choose to have the  
13 Exchange do Medicaid eligibility determinations. We  
14 could have let them do that, but we chose not to. We  
15 do our own eligibility determinations, and so then we  
16 have to exchange data with the Federal Change.

17 REPRESENTATIVE REDFERN: And,  
18 Mr. President, Director, this then would -- these  
19 activities that now Medicaid eligible individuals can  
20 choose from automated online or telephone or in  
21 person at a local county offices. If they would  
22 choose online, they go to insurance.ohio.gov or is  
23 there a stand-alone site? Will there be a  
24 stand-alone site tomorrow?

25 DIRECTOR McCARTHY: President Cole,

1 Representative Redfern, the current site so it's not  
2 a site tomorrow --

3 REPRESENTATIVE REDFERN: Okay.

4 DIRECTOR McCARTHY: -- that we brought up  
5 with the new eligibility system back on October 1,  
6 there's benefitsohio.gov. That is the portal for  
7 which people will move through to enroll in the  
8 program. Now, I will tell you, as I have said  
9 before, it will not be ready tomorrow. It's just I  
10 am good at what I do, but I can't make that happen  
11 that quickly, okay? So we are -- again, if approved,  
12 we would be working towards making those changes.

13 REPRESENTATIVE REDFERN: Fair, fair.  
14 And, Mr. President, Director, let's say a month or  
15 two, I don't -- I don't want to hold you to a date,  
16 but for 366,000 people we don't want to buy \$50,000  
17 worth of radio advertisement in Columbus, Ohio, to do  
18 it. How would we advise those people that this is  
19 something they ought to do? I would assume when they  
20 go to healthcare.gov and they enter their  
21 information, this is one of the avenues that is  
22 suggested that you are now Medicaid eligible and your  
23 state, assuming this vote occurs, will now allow you  
24 access into the Medicaid system.

25 DIRECTOR McCARTHY: President Goal --

1 President Cole, Representative Redfern, at some point  
2 in the future, yes, that is the way it is supposed to  
3 work is that if a person were to go through  
4 healthcare.gov first, that when they do the  
5 prescreen, it will say you are probably eligible for  
6 the Medicaid program in the State of Ohio. It passes  
7 that information over to us. We are then supposed to  
8 process that information to make a determination if  
9 the person is eligible or not. So that is one way.

10 REPRESENTATIVE REDFERN: Is there any --  
11 Mr. President, Director McCarthy, is there any way  
12 the State can participate without the direct  
13 involvement of pinging the Internal Revenue Service  
14 and the IRS providing that private information to --  
15 to the State? You have to have that access, don't  
16 you?

17 DIRECTOR McCARTHY: President Cole,  
18 Representative Redfern, it's actually unclear right  
19 now if you have to have that access because you could  
20 use State information instead of federal information  
21 for some of it.

22 REPRESENTATIVE REDFERN: Right.

23 DIRECTOR McCARTHY: Income, for instance.  
24 We are not done with our eligibility system. The  
25 problem with using the federal hub is that that

1 information is a year old because it's last year IRS  
2 information. We currently use their systems to  
3 determine if a Social Security Number is valid and if  
4 the person is a U.S. citizen using their -- that  
5 person's Social Security Number, name, date of birth.

6 But for the income information the  
7 federal system actually may cause more false  
8 negatives in that because it's looking at last year's  
9 data. As a part of the new eligibility system, we  
10 were also looking at the possibility of using  
11 state-based information too to make that  
12 determination if it would go quicker.

13 REPRESENTATIVE REDFERN: And we're  
14 budgeted for that particular activity. These  
15 resources are not being used for that activity. You  
16 are budgeted at the appropriate level to take this  
17 project on between now and the end of the year or you  
18 think you'll be back --

19 DIRECTOR McCARTHY: President Cole,  
20 Representative Redfern, we are appropriated to  
21 implement the new eligibility system and all the  
22 components of it, and as -- as people were here a  
23 couple weeks or a month ago asking for changes in  
24 those appropriations, I think -- I believe I told  
25 you, you know, some of the timelines we have for the



1 implementation of a system.

2 REPRESENTATIVE REDFERN: They did and  
3 that's why I asked them why, are expecting to come to  
4 the Controlling Board with this, and they said, no,  
5 we have not had that discussion yet. That's why I  
6 had to ask that, no offense.

7 If I may to Director Moody in his  
8 proposal, he indicates that there are \$400 million  
9 over this particular biennium will be saved by  
10 embracing Medicaid coverage at 136 to 138 percent of  
11 the poverty levels. And if I could, Mr. President,  
12 ask Director Moody to come to the podium if you agree  
13 to answer a couple of questions regarding that  
14 \$400 million savings.

15 PRESIDENT COLE: Director Moody.

16 DIRECTOR MOODY: Thanks. Representative,  
17 you know, along that line of the system itself and we  
18 got way down in the weeds there.

19 REPRESENTATIVE REDFERN: Yep. And I  
20 think, you know, given the fact that this thing isn't  
21 going through the legislature, I think the weeds is  
22 where we ought to start. No, offense, Mr. President.

23 Director Moody, on your -- on your  
24 particular handout that you provided to the Finance  
25 Committee which Chairman Amstutz chairs, you

1 indicated there would be a \$404 million savings if  
2 Ohio were to embrace extended Medicaid coverage over  
3 this biennium. That number there is some lucidity  
4 perhaps but that \$400 million number is still a  
5 pretty good number?

6 DIRECTOR MOODY: Mr. President,  
7 Representative Redfern --

8 REPRESENTATIVE REDFERN: It was February  
9 so I -- it was February.

10 DIRECTOR MOODY: Yeah. And -- and what  
11 that was was the discussion of the package of reforms  
12 as introduced with the budget seeking the legislative  
13 authority to move in combination all of the reforms.  
14 The items related to extending Medicaid coverage we  
15 did indicate were in the scale of 404 million. They  
16 don't necessarily happen outright. However, they --  
17 they would require an action.

18 REPRESENTATIVE REDFERN: And -- thank  
19 you, Mr. President, Director. And, yes, I understand  
20 budgeting -- budgeting. I would agree with you. So  
21 if the -- if the number is 400 million or given the  
22 reforms that Chairman McClain and others want to take  
23 up and legislation that we're considering -- or  
24 they're considering in the Senate, perhaps there'll  
25 be additional savings, what do we do with that

1 \$400 million? Do we set it aside so in the second  
2 biennium -- in a second term rather of a Governor  
3 reelected or first term of a new Governor that there  
4 will be resources once -- once the federal drawdown  
5 begins so we're not caught offguard by it?

6 DIRECTOR MOODY: Mr. President,  
7 Representative, that would be a decision for the  
8 legislature to make as it relates to reform.

9 REPRESENTATIVE REDFERN: And would that  
10 be something you could support as a 30-year veteran  
11 of these kinds of debates?

12 DIRECTOR MOODY: Mr. President, I'm  
13 sorry, support?

14 REPRESENTATIVE REDFERN: Would you  
15 support -- a few years ago, eight or nine years ago,  
16 there was a stabilization fund for -- for these kinds  
17 of funded programs actually in the legislature. And  
18 it again, it may be Senator Sawyer could correct me  
19 or someone whose been here longer, since '99, that  
20 fund was created to provide stability going forward  
21 knowing that General Assemblies change from time to  
22 time, the drawdowns occur from time to time, and for  
23 366,000 Ohioans, many with so many profound  
24 challenges that they ought not be -- be -- be really  
25 put in a position where legislatures in Columbus,

1 Ohio, are making decisions, where they have access to  
2 health care that you and I have. So would you  
3 support taking savings -- regardless of the amount,  
4 that are found because of this extended Medicaid  
5 coverage and the embrace of Obamacare by this  
6 administration, would you support taking those  
7 dollars and placing them in a lockbox of sorts?

8 DIRECTOR MOODY: Mr. President,  
9 Representative Redfern, clearly the idea of  
10 stewardship going forward is important. It's why we  
11 took the \$1.89 in the Budget Stabilization Fund and  
12 acted to raise that to a significantly higher number.  
13 There has in the past been Medicaid stabilization  
14 funds. We would include that like any of the number  
15 of reforms that are on the table as something that we  
16 are very willing to engage.

17 PRESIDENT COLE: Any additional  
18 questions, Representative?

19 REPRESENTATIVE REDFERN: I would like  
20 to -- Representative McGregor, he has been chomping  
21 at the bit to answer -- ask a couple of questions so.

22 REPRESENTATIVE McCLAIN: (Inaudible.)

23 REPRESENTATIVE REDFERN: If you could  
24 come back to me, I would appreciate that.

25 Thank you, Director.

1 PRESIDENT COLE: Representative McGregor.

2 REPRESENTATIVE MCGREGOR: Thank you,  
3 Mr. President.

4 As has been mentioned repeatedly, what we  
5 are looking at here today is really a temporary  
6 proposal to access federal funds until June of 2015.  
7 Absent any legislative action between now and then,  
8 one would expect that the administration would need  
9 to come back before Controlling Board to continue on  
10 beyond that point in time.

11 Assuming that may be the case, what type  
12 of metrics for anticipated outcomes do you expect to  
13 see based on a positive vote today and accessing  
14 these federal funds? What would the story -- what  
15 would you hope the story is going to be and how are  
16 you going to measure it and analyze it for perhaps  
17 future considerations?

18 DIRECTOR MCCARTHY: President Cole,  
19 Representative McGregor, our plan if we move forward  
20 is to have the individuals that we are talking about  
21 today be enrolled in our privatized managed care  
22 plans.

23 As I talked about earlier, we use  
24 something called HEDIS measures. There's a whole  
25 bunch of them but we focus on the ones that mattered

1 the most to the program to get them focused. And  
2 what we look for is improvement in those HEDIS  
3 measures from year to year. So just like the rest of  
4 the populations, we're proposing the holdback 1  
5 percent of the cavitation payments so as to create  
6 the incentive to managed care plans to improve health  
7 care coverage and get those HEDIS scores to go up  
8 from where they are at now. That is one of the ways  
9 we measure our health plan performance in measuring  
10 those outcomes.

11 So we would be bringing that information  
12 forward along with much of the information we already  
13 bring forward around utilization, our utilization,  
14 impacts on individuals that we find, but also in no  
15 small part is financial impacts. We'll be measuring  
16 obviously the expenditures of the program and  
17 bringing that back and saying how does the growth in  
18 that population compare to other populations that we  
19 have? Is it greater? Is it lower? Is there  
20 something different in there? So it's all those  
21 different pieces we would be bringing forward to the  
22 legislature.

23 REPRESENTATIVE MCGREGOR: Thank you.

24 PRESIDENT COLE: Thank you,  
25 Representative.

1 Representative, Redfern.

2 REPRESENTATIVE REDFERN: Thank you,  
3 Mr. Cole, Mr. President. Thank you.

4 Director Moody, if I may, the dollars  
5 that are going to be used to -- if the Controlling  
6 Board agrees, what happens if the Controlling Board  
7 decides not to use? There's been some talk that  
8 these dollars will go elsewhere, that if Ohio doesn't  
9 get its fair share -- a similar argument was used, if  
10 you may recall, if Ohio doesn't use dollars that are  
11 available for high speed rail, that these dollars  
12 would go elsewhere and that we were just going to  
13 Washington with "a tin cup." What happens to these  
14 dollars if they are not used in Ohio today?

15 DIRECTOR MOODY: Mr. President,  
16 Representative Redfern, the disposition of those  
17 dollars are a matter of Congress. We did say in our  
18 testimony that if there was some way to return those  
19 dollars to the State directly, that would be relevant  
20 in our decision making but that is not within the  
21 authority of the legislature of the Governor's  
22 Office.

23 So the fact is that Ohio federal taxes  
24 will go to the Federal Government. The question is  
25 then do those services occur here or elsewhere? We

1 believe it is appropriate that they occur here.

2 PRESIDENT COLE: Follow-up,  
3 Representative?

4 REPRESENTATIVE REDFERN: My final  
5 question for either -- either Director McCarthy or  
6 Director Moody is -- is if this particular action is  
7 enjoined, what is the plan for those 366,000 Ohioans  
8 to achieve health care coverage if the Controlling  
9 Board's action today is enjoined? Is there a similar  
10 working group looking at going forward to -- with a  
11 ballot measure that's been talked about? I see John  
12 Allison over there with the Hospital Association or  
13 another approach to achieve this goal of embracing  
14 Obamacare?

15 DIRECTOR MOODY: Mr. President,  
16 Representative Redfern, it's the same team. As you  
17 might expect throughout this process, we've tried to  
18 identify what is both most appropriate to achieve the  
19 objective to extend coverage on January 1. We  
20 believe this action is appropriate. We were very  
21 careful to understand the nature of the authority  
22 that's involved. We believe a challenge -- that we  
23 would prevail in a challenge, but it is not within  
24 our control to predict what the nature of that  
25 challenge might be, if there is one. So today we are



1 acting on what we can choose to act on. The team is  
2 assembled and ready for whatever might follow.

3 REPRESENTATIVE REDFERN: Does that --  
4 final question, does that team include the Lieutenant  
5 Governor of this State, a vocal critic of Obamacare?

6 DIRECTOR MOODY: Mr. President --

7 REPRESENTATIVE REDFERN: The operator of  
8 the Exchange.

9 DIRECTOR MOODY: -- Representative  
10 Redfern, the team includes all of the senior  
11 leadership of the administration. Particularly in  
12 her role with insurance, it includes the Lieutenant  
13 Governor. It includes the Directors who have visited  
14 with you today and all of our staffs.

15 PRESIDENT COLE: That said, Director  
16 Moody, Senator Widener has some questions.

17 This is the final step. The (inaudible)  
18 was approved and under 131.35 there is no executive  
19 order required. The action of the Controlling Board  
20 finishes the appropriations process so you can  
21 proceed; is that accurate?

22 DIRECTOR MOODY: Mr. President, Members  
23 of the Committee, that -- that is correct. The group  
24 would be covered under existing eligibility rules so  
25 there are not other requirements, for example,

1 through the JCARR process. And the systems have been  
2 designed in a way to accommodate extending coverage  
3 January 1 so I would agree with you that we believe  
4 the final action to extend coverage on January 1  
5 would be approval of the appropriation by the  
6 Controlling Board.

7 PRESIDENT COLE: Senator Widener for the  
8 purpose of a question?

9 SENATOR WIDENER: Thank you,  
10 Mr. President. Director Moody, keep you up there for  
11 a few minutes longer, if you don't mind. So  
12 following up with what President Cole just said, I  
13 read your request today that says Ohio law gives the  
14 Medicaid Director express authority to seek a state  
15 plan amendment without additional legislation and  
16 that plan amendment has been received on October 10,  
17 2013.

18 So I would just like to clarify, maybe  
19 wrap up some of the loose ends of some of the  
20 questions all of the Cabinet Members have been asked  
21 today, your request is not before Controlling Board  
22 to expand Medicaid to additional persons in Ohio, is  
23 it?

24 DIRECTOR MOODY: Mr. President --

25 SENATOR WIDENER: I'll rephrase. You are

1 not asking Controlling Board to expand Medicaid, are  
2 you?

3 DIRECTOR MOODY: Mr. President, Senator  
4 Widener, we have requested from the Federal  
5 Government the authority to expand Medicaid. What we  
6 are asking of the Controlling Board is the authority  
7 for an appropriation to receive the federal dollars.

8 SENATOR WIDENER: Right. I just want to  
9 be clear for all the groups and organizations that  
10 have chosen to communicate with us as legislatures  
11 over the last week or two which is fine, and I'm  
12 perfectly fine with that, phone calls, e-mails,  
13 whatever, that the idea that the Controlling Board  
14 could stop the expansion, I just wanted to be clear,  
15 that's not what you are asking us to do today.

16 The Governor and his team and research of  
17 all the months and even years that you've described  
18 here today are going into this decision, and his  
19 decision is to expand. He asked the Federal  
20 Government to do that and that approval has already  
21 been received; is that right?

22 DIRECTOR MOODY: Mr. President and  
23 Senator Widener, and specifically it's Revised Code  
24 5163.03 that provides that the Medicaid program shall  
25 cover all mandatory eligibility group and may cover

1 any of the optional eligibility groups.

2 SENATOR WIDENER: Right.

3 DIRECTOR MOODY: And separately it's  
4 Revised Code 5162.07 that gives the Medicaid Director  
5 the authority to seek a state plan amendment to do  
6 that so we are acting under the authority of the  
7 administration to seek that approval.

8 SENATOR WIDENER: All right. And since I  
9 notice that you or someone brought a color chart over  
10 there by our Communications Director, whatever, do  
11 you mind if someone sets that up there in front of  
12 Representative Redfern and I can just ask a couple of  
13 questions? That looks like your chart, is it not?

14 (Inaudible.)

15 SENATOR WIDENER: Yeah, if you can just  
16 have them set it up there on the corner of the dias  
17 there.

18 Director Moody, okay. Okay, now, I can't  
19 see it. Just set it up there on the corner. Have  
20 Mr. McClelland hold it up there on the corner of the  
21 dias there so everybody can see that.

22 PRESIDENT COLE: This is the Senator's  
23 question. I'm not going to get involved in this.

24 SENATOR WIDENER: Okay. I just want to  
25 make sure that was the same one I thought it was. So

1 what we're talking about today is those folks not in  
2 the color column -- 1 through 5 columns that are in a  
3 wide area, I believe it says coverage gap; is that  
4 right?

5           DIRECTOR MOODY: That's correct.  
6 President Cole, Senator Widener, what you're looking  
7 at is -- is a fairly well circulated picture of  
8 eligibility for access to affordable coverage  
9 beginning January 1. What you're looking at in  
10 yellow are the income ranges from 100 percent of  
11 poverty to 400 percent of poverty where through the  
12 Federal Health Insurance Exchange Ohioans will have  
13 access to an income tax credit for insurance they  
14 purchased on the Exchange.

15           In the blue what you're looking at are  
16 the current eligibility categories for Ohio Medicaid  
17 so we cover children to 200 percent of poverty,  
18 parents to 90 percent and people with disabilities  
19 and seniors.

20           According to the federal law the  
21 eligibility for the the Exchange does not go below  
22 100 percent of poverty. So if we choose not to  
23 extend Medicaid coverage, then there is a group of  
24 Ohioans below 100 percent poverty that would not have  
25 access to Medicaid and not have access to the Federal

1 Exchange. That coverage gap is the group that you  
2 heard described earlier.

3 SENATOR WIDENER: And, Mr. President,  
4 Director Moody, it's fair to say that the ACA or  
5 Obamacare, as President Obama has referred to it  
6 himself, I believe his Presidential opponent got him  
7 to agree to that in a Presidential debate many years  
8 ago so it is a common term to define the ACA, those  
9 persons below 100 percent of poverty, single adults  
10 in the State of Ohio, and those single parents  
11 between 91 percent and 99 percent in that coverage  
12 bar that you're showing over there were not covered  
13 in ACA. They were not covered in an exchange. They  
14 were not covered by the President's law whatsoever.  
15 And the only thing in that federal law offered a  
16 little carrot to the states to decide for themselves  
17 as to whether to cover these folks by Medicaid or go  
18 on their own and pick some other plan; is that right?

19 DIRECTOR MOODY: Mr. President, Senator  
20 Widener, and technically there was an assumption that  
21 that group would be picked up under extending  
22 Medicaid as a mandate on states, and then it was the  
23 Supreme Court decision that opened up the coverage  
24 gap through the optional nature of the decision.

25 SENATOR WIDENER: So, Mr. President,

1 Director Moody, so between the law and the Supreme  
2 Court decision primarily an interpretation of the  
3 law, the federal law did not cover the working poor  
4 in the State of Ohio or in any other state as it was  
5 conceived or written; is that right?

6 DIRECTOR MOODY: Mr. President and  
7 Senator Widener, the circumstance we have today is  
8 that, yes, that is true, that this group without the  
9 decision of the Controlling Board would make to allow  
10 us to expend the funds related to the federal  
11 approval, that group would remain uncovered.

12 SENATOR WIDENER: Okay. Mr. President,  
13 moving on to the cost, you're asking in the  
14 Controlling Board request for approximately  
15 \$560,000,000 increase in FY14 and 2. -- well, about  
16 1.9 billion in FY15 so those costs have to come along  
17 with estimates that you make of the number of people  
18 and I think you and Director McCarthy have -- have  
19 been into the details on this and I happen to be  
20 aware that Cuyahoga County, and Metro Health in  
21 particular, had been running a pilot program which  
22 you helped them obtain the permission to do and in my  
23 mind that would kind of lead towards a field case as  
24 to whether these estimates of number of people and  
25 the costs per person per month, I suppose, of how

1 these estimates were derived are accurate. Are you  
2 still, A, believing that the Metro Health is a good  
3 test for how these people and those coverage gaps can  
4 be offered health care and that health care can be  
5 managed at a reasonable cost going forward?

6 DIRECTOR MOODY: President Cole, Senator  
7 Widener, we hired an outside actuary to do our  
8 projections and so these aren't internal numbers that  
9 we came up. It is an actuarial firm who put the  
10 numbers together both for the numbers of people and  
11 for the per member per month costs because at the  
12 time when we had asked them to do that, we assumed  
13 everyone would be in managed care so that's why they  
14 were putting those together.

15 The numbers that we used in our  
16 projections are based on -- based on past history  
17 assuming actually that individuals enrolled would be  
18 slightly healthier coming into the program, just  
19 slightly, so the number -- the prePM that we have put  
20 into our projections are slightly lower than our  
21 current managed care numbers.

22 So how does that compare with what's  
23 going on at Metro in Cuyahoga County? So the Metro  
24 System when it came up has a more limited network  
25 because of the fact that it's just individuals coming



1 through the Metro Hospital System. And also the  
2 benefit limits, there are benefit limits in there.  
3 They have seen a number that is coming in because  
4 we're watching that because there is a waiver cap.  
5 They originally proposed \$580 of the waiver cap or  
6 thereabouts. That's coming in about \$382 per member  
7 per month but that's just for the medical costs.  
8 That doesn't include the administrative load that is  
9 put on there which includes state sales taxes and  
10 things like that. So if you look at where the Metro  
11 costs are, they have been inching up actually every  
12 month slightly as more people are coming into the  
13 program.

14 They thought that the ramp up would be a  
15 little bit quicker than it has been. It's actually  
16 slowed down. It was a little slower than they  
17 thought it was going to be. But as they are looking  
18 at it and they are seeing the services that are  
19 covered, the reason that it's going up slightly is  
20 because those people that got in the program at the  
21 beginning are those that are chronically ill, and so  
22 now they're seeing their costs continue month to  
23 month.

24 So as that's been inching up a little  
25 bit, it's moving right into the range of the medical

1 component of our estimates. Again, as we do every  
2 budget, just this last budget and this budget, we use  
3 our actuaries to set an actuarial sound rate and then  
4 from there in addition -- in addition to that we go  
5 back and we will call it a negotiation, I guess, with  
6 our managed care plans but just because the number is  
7 in the budget doesn't mean that's the number they  
8 get.

9           Some of our savings that we've had over  
10 the last couple of years is that we budgeted at one  
11 level and we were able to negotiate a lower rate with  
12 the managed care plans going forward. We've proposed  
13 at this point in time the six-month rates for the  
14 managed care plans. And so what does that mean? We  
15 will put a rate forward six months and if the  
16 experience comes in a little lower than that, then we  
17 would go back and lower our per member per month that  
18 we offer to the plans.

19           SENATOR WIDENER: Mr. President, so just  
20 in summary the numbers you are asking for today in  
21 the increase of this federal Medicaid line item you  
22 believe are accurate as we know today based on  
23 population and the cost of health care that this  
24 group may consume over the next 18 months.

25           DIRECTOR MOODY: President Cole, Senator

1 Widener, they are pure best estimates for this  
2 population.

3 SENATOR WIDENER: And, Mr. President,  
4 just to confirm you've actually even had a case study  
5 in Cuyahoga County, been able to watch and compare  
6 their numbers up there based -- and compare back your  
7 actuarial numbers.

8 DIRECTOR MOODY: Mr. President, Senator  
9 Widener, our actuaries have worked with us very  
10 closely on this continuing to look at Metro, what's  
11 going on in Cuyahoga County, and any other changes  
12 that we've had in the program including budget  
13 changes.

14 SENATOR WIDENER: And, Mr. President, you  
15 mentioned Metro is right around 380, 390 per person  
16 per month in their pilot project and what is your  
17 person per month that you've based this estimate on  
18 here today?

19 DIRECTOR MOODY: President Cole, Senator  
20 Widener, it was \$445 per member per month.

21 SENATOR WIDENER: Mr. President, so you  
22 have some room built in there just in case something  
23 were to be different than what you know today then  
24 for the next 18 months.

25 DIRECTOR MOODY: President Cole, Senator

1 Widener, I want to make it clear the Metro number  
2 does not include the administrative load on there so  
3 you would have to add on another 12 percent to the  
4 383 that they are currently experiencing, again, with  
5 that going up. So when you put those two together  
6 and the numbers of people, it is very close.

7 SENATOR WIDENER: And, Mr. President,  
8 could you also then on the front page of your request  
9 you have a sentence if this federal Medicaid  
10 assistance percentage is lowered, meaning the  
11 100 percent, the State -- State funds will not be  
12 used to do supplant the federal funds. Can you  
13 describe what you mean by that?

14 DIRECTOR MOODY: President Cole, Senator  
15 Widener, it's what I spoke about earlier I believe to  
16 a question from Senator Coley and that is we're  
17 asking for the appropriation authority during the  
18 next -- during our biennium, the time limited span.

19 During that time limited span Title 19 of  
20 the Social Security Act says the federal matching  
21 rate for those individuals is 100 percent federal  
22 dollars. That's what it says.

23 The deal that we are entering into with  
24 the Federal Government is that that is 100 percent,  
25 and so we won't be using any State dollars as a State

1 match like we do for the other versions of the  
2 program. The reason we put that in there, as I said  
3 earlier, we believe in the deal that we put forward,  
4 and if that deal changes, then we need to go back and  
5 revisit that deal.

6 SENATOR WIDENER: Mr. President, if we  
7 could move maybe to talk a little bit about the  
8 people that are in that coverage gap area that  
9 Director Moody identified, I've got a couple of  
10 questions maybe for General Ashenhurst or Director of  
11 Veterans Affairs or together maybe, both. I have a  
12 couple of questions for them.

13 Mr. President, partly because I worked 10  
14 years at Wright-Patterson Air Force base I know not  
15 to leave the General sitting there without properly  
16 asking the questions that I believe she might have  
17 the information on.

18 General, you mentioned that many of our  
19 active guardsmen and women today may or may not have  
20 access to health care coverage. And I just wanted to  
21 ask a couple more detailed questions about that  
22 because obviously if they are a student, full-time  
23 student, of which I think we have about 14, 15  
24 hundred in Ohio that we provided guards scholarship  
25 for which is one of the reasons why your manpower is

1 normally well over 100 percent, as I recall. If  
2 they're a full-time student, their parents don't have  
3 health care coverage that they can be on as a  
4 student, if they just have the guard as their only  
5 income, and if they have no other health care, you  
6 mentioned -- really the only other thing I heard you  
7 mention they may be able to go to is Tricare which is  
8 the Federal Health Insurance Program.

9 And so my questions are how does Tricare  
10 compare to Medicaid, particularly in the areas of  
11 mental health, behavioral health? I mean, the  
12 Director mentioned some of the post-traumatic stress  
13 syndrome issues that we have in our guard as well as  
14 throughout the country. How does Tricare really  
15 compare and are those services really adequate as  
16 compared to Medicaid which is what we're being asked  
17 to look at today?

18 GENERAL ASHENHURST: President Cole,  
19 Senator Widener, although Tricare does cover some  
20 basic mental health and preventive care and some  
21 limited -- the coverage is very limited and more  
22 restrictive is the number of providers that will  
23 actual -- actually accept Tricare as their -- the  
24 provider. We are struggling and although we are  
25 continuing to expand the number of providers in Ohio,

1       there are certain areas that still are not covered  
2       and particularly in the areas of mental health we're  
3       struggling to get providers to accept Tricare. There  
4       are limited services and it -- it gets pretty  
5       detailed as to the initial service, whether it was an  
6       emergency service that starts the service and whether  
7       there are follow-on services. As with many insurance  
8       programs, it's somewhat -- it's very much restrictive  
9       for those services.

10                SENATOR WIDENER: And, Mr. President, I  
11       assume that probably even some restrictions on the  
12       prescriptions that are often prescribed as a part of  
13       mental health or behavioral issues?

14                GENERAL ASHENHURST: Mr. President and  
15       Senator, yes, as -- if you think of this as a very  
16       minimalistic insurance program, that is what Tricare  
17       is. It is really to make sure that basically our  
18       healthy guardsmen can retain their good health and be  
19       prepared to go to war.

20                SENATOR WIDENER: Right. And,  
21       Mr. President, so, General, I think you mentioned  
22       there's at least 4 -- maybe 400 or so guardsmen and  
23       women you've identified today that you think will be  
24       eligible based in this coverage gap area, based on  
25       their life circumstances, and what else they do

1 outside and above being a part of our National Guard  
2 here in Ohio. And you mentioned it might be more  
3 than that. What about the veterans, what about have  
4 you had a chance to look into the folks that have  
5 left the guard, either retired or retired early or  
6 something like that?

7 DIRECTOR DOMINGUEZ: Mr. President,  
8 Senator, once -- a challenge that we constantly face  
9 with the Department of Defense in general and this is  
10 something that, of course, General Ashenhurst has no  
11 control over is that the Department of Defense tends  
12 to not necessarily track their troops after they  
13 leave service.

14 And so oftentimes it's left up to us and  
15 the State to identify who those veterans are and to  
16 connect them to their benefits. So what we  
17 constantly work with the U.S. Department of Veteran,  
18 Affairs and even through the U.S. Department of  
19 Defense when we are working federal systems like DPRS  
20 that let's us access a veteran's military records in  
21 order to file for benefits.

22 We are constantly striving to bridge that  
23 gap but that's something that DOD as far as keeping  
24 track of the troops once they leave was not  
25 necessarily done in the past and is trying to get



1 better at here in the future with a couple of  
2 programs like Soldier for Life, Sailor for Life, and  
3 Marine for Life, but we still have a long way to go  
4 so.

5 SENATOR WIDENER: Thank you. And,  
6 Mr. President, I appreciate your description earlier  
7 to talk about the V.A. because I think many people  
8 I've talked to around Ohio assume that whether the  
9 folks are in the guard or whether they are retired,  
10 if they wore a uniform at any point in their life,  
11 they can go to the V.A. for services. And I think  
12 you identified very clearly and very well that's not,  
13 in fact, the truth.

14 I heard someone actually -- retired  
15 guardsman from my area mention to me, you know, the  
16 V.A. is a system. It's not insurance. Medicaid is  
17 like many others insurance with these coverages that  
18 the -- that we ask the general about and the  
19 prescription coverage and so on and so forth and  
20 there is a difference basically.

21 DIRECTOR DOMINGUEZ: Mr. President,  
22 Senator, that's absolutely correct.

23 SENATOR WIDENER: So I next would like to  
24 ask some scenarios of who these people are to  
25 Directors Moothy -- Moody or McCarthy, either one,

1 because I have talked to some people in my district  
2 and around the State of Ohio, and I'll just talk  
3 about the guards person even though it's not going to  
4 be a guard-related issue. If someone were to leave  
5 the guard, Director McCarthy, leave early, say at the  
6 age of 52, go home to attend to parents whose health  
7 is ailing and they were to leave with less than  
8 \$11,000 a year in retirement income because they had  
9 to leave early, have no V.A. benefits, have no  
10 federal Tricare, would that person be eligible for  
11 Medicaid in that coverage gap area over there on the  
12 chart, a single adult making less than \$1,000 a year?

13 DIRECTOR DOMINGUEZ: President Cole,  
14 Senator Widener, the answer to that is not only  
15 single adult but a husband and wife if they were  
16 making less than \$11,490 a year, yes, would be  
17 eligible for the program.

18 SENATOR WIDENER: So, Mr. President, so  
19 people that actually left military service after, you  
20 know, 20 plus years of the guard and federal service  
21 but never really falling in a deployment that  
22 actually led to these benefits that the Director and  
23 General mentioned to and didn't have access to  
24 federal health care, they served our country, they  
25 served our State, now they are going home to take

1 care of ailing parents to save our State health care  
2 costs and keep seniors in home aren't themselves  
3 going to have health care coverage under that  
4 scenario I described.

5 DIRECTOR McCARTHY: President Cole --

6 SENATOR WIDENER: They wouldn't be  
7 covered under this gap that I described.

8 DIRECTOR McCARTHY: President Cole,  
9 Senator Widener, that is correct. They would not be  
10 covered.

11 SENATOR WIDENER: Well, that is one  
12 person I talked to in Ohio. The second person I  
13 talked to in my district, Mr. President, is a senior  
14 at Wright State University, has no health insurance  
15 now, although has a part-time job. When she did have  
16 a full-time job and health insurance two years ago,  
17 she had brain surgery which obviously requires some  
18 follow-up and some ongoing visits. She's not able to  
19 get those visits now because she doesn't have that  
20 job any more.

21 She's trying to finish her degree to  
22 obtain a full-time job and full-time insurance, but  
23 right now, she's part-time, less than \$11,000 a year  
24 with her part-time job, and would she fall in that  
25 coverage gap?

1                   DIRECTOR McCARTHY: President Cole,  
2           Senator Widener, yes, she would fall in that gap.

3                   SENATOR WIDENER: Thank you,  
4           Mr. President. That's someone else from my district  
5           and she's also going to the emergency room for simple  
6           things like staph infections in her eye and so forth  
7           which you would admit, Director, that's our highest  
8           cost option for some procedure like that?

9                   DIRECTOR McCARTHY: President Cole,  
10          Senator Widener --

11                  SENATOR WIDENER: An emergency room?

12                  DIRECTOR McCARTHY: -- yes, the emergency  
13          room is one of the more expensive options to use  
14          in -- for routine care.

15                  SENATOR WIDENER: All right, thank you.  
16          And, Mr. President, another person I spoke to from my  
17          district lost her job from DHL two years ago, lost  
18          her -- obviously her health insurance with that job,  
19          is struggling with health care coverage for her son  
20          who has Asperger's, and she was forced to put off her  
21          own hernia surgery for the last two years while she  
22          didn't have health care or full-time employment.

23                  She's hoping to get full-time employment  
24          as a nurse since she went back to school and  
25          full-time health insurance. Would that person,

1 Director McCarthy, be in this coverage gap?

2 DIRECTOR McCARTHY: President Cole,  
3 Senator Widener, yes.

4 SENATOR WIDENER: Next, I would like to  
5 ask about the reforms that I think both  
6 Representative McClain and others asked you about. I  
7 think you're familiar with Senator Burke's work in  
8 the Senate to try to work alongside with you and OHT  
9 to continue to provide you the tools necessary to  
10 monitor costs and monitor health outcomes which I  
11 believe is an initiative that you all started since  
12 coming into office.

13 And Senator Burke's bill talks about not  
14 only the cap in terms of per person per month growth  
15 in health care costs going forward but I think may  
16 also lead us to some other work he's done. I think  
17 he had some work done and probably shared it with you  
18 that showed if we were to add 273, 300 thousand  
19 Ohioans to the Medicaid roles for which I know a lot  
20 of members in the House and Senate have had a lot of  
21 issue with, in particular related to sustainability  
22 obviously going forward, I think Senator Burke's had  
23 some work done that has shown the cost of increase  
24 coming down at the same time enrollment would meet  
25 somewhere out there in about the year 2019. Are you

1 familiar with that work that he had done and could  
2 you give us your opinion on that?

3 DIRECTOR McCARTHY: President Cole,  
4 Senator Widener, I am familiar with that. He asked  
5 my -- my understanding is he asked the Health Policy  
6 Institute of Ohio to do the analysis around that. It  
7 is similar to some of the analysis that we've done in  
8 looking at the sustainability of the program.

9 The -- we -- in looking at those  
10 projections and how they were put together, we agree  
11 that if the reforms that we all want to do go into  
12 place, that we will be able to significant --  
13 significantly curtail the growth of the program and  
14 keep the growth of the program within the growth caps  
15 that he has actually proposed in the bill.

16 Him and I have had conversations about  
17 that, specifically around those percentages and those  
18 are equal to the ones we've been looking at keeping  
19 the growth under. I think they've moved around a  
20 little bit in his latest version of the bill, but  
21 it's -- it's doable in the long run if we can keep  
22 the growth of the program somewhere around medical  
23 inflation, 3 percent, somewhere in there.

24 SENATOR WIDENER: And, Mr. President, I  
25 think at that study also showed that if we can keep

1 at or below the medical rate of inflation in Ohio  
2 going forward and you and your team, I think, are --  
3 deserve the credit to show us the light that's  
4 actually feasible and possible because of the work  
5 that's happened in the last two budgets here at that  
6 same percentage versus the -- versus the prior  
7 percentages that you inherited.

8 If that's, in fact, the case in going  
9 forward, I believe his analysis showed that this  
10 additional number of persons coming on to the roles  
11 could actually be sustained past 2019 at the standard  
12 call it 60/40 federal/state match. And do you  
13 believe that analysis to be accurate?

14 DIRECTOR MCCARTHY: President Cole,  
15 Senator Widener, that -- that is an accurate  
16 representation of -- of his analysis. Our numbers  
17 are very close to that. And, you know, I have  
18 nothing to dispute his numbers right now to say that  
19 his numbers are not accurate. I think we were  
20 differing by, you know, a few months on -- when those  
21 two things would happen, but the analysis we're  
22 pretty close together.

23 SENATOR WIDENER: And, Mr. President, so  
24 yours and Director Moody's assessment would be that,  
25 you know, certainly understand the skepticism of

1 adding another 270,000, 300,000 Ohioans to the  
2 Medicaid roles was something you would probably  
3 rather not do given a clean sheet of paper, but since  
4 we don't have a clean sheet of paper, we have the  
5 ACA, we have those coverage gaps over there on your  
6 chart, that providing coverage to these Ohioans so  
7 they can get back to work as quickly as they would  
8 like to, that that also can be done in such a way  
9 that we should reasonably expect with continued  
10 reforms of the Medicaid system we actually can  
11 sustain this number at the traditional 60/40 match  
12 going forward in the next few years; is that right?

13 DIRECTOR McCARTHY: President Cole,  
14 Senator Widener, we agree completely that we must  
15 sustain the reforms that we've started and continue  
16 to do those. I mean, we have said those continuously  
17 and, you know, have -- all of our work has pointed  
18 towards that, and we keep proposing more and more.  
19 And so assuming that all of those can happen and then  
20 even some more happen, that possibility of  
21 sustainability at the current FMAP is a possibility.

22 SENATOR WIDENER: And, Mr. President, so  
23 the question's, I think, been asked but I just wanted  
24 to hear a short, direct answer, if you could, between  
25 you and Director Moody, if not Medicaid to cover this



1 group that's identified on your chart there as not  
2 currently obtaining coverage, what by January 1 is  
3 the answer or answers to provide these persons in  
4 Ohio with the health care much like the three  
5 scenarios I mentioned to you for Andrea and Taylor  
6 and Victor, which I didn't give you the names before  
7 but now I just did? For them what is the answer come  
8 January 1 and their call it midlife crisis that we  
9 have health carewise? What else can be done?

10 DIRECTOR McCARTHY: President Cole,  
11 Senator Widener, if we were unable to extend Medicaid  
12 coverage to those individuals, on January 1 they will  
13 continue where they're at, receiving services --  
14 either putting them off or receiving services in the  
15 emergency rooms. There is nothing else for us to do  
16 at that point.

17 SENATOR WIDENER: And, finally, that's --  
18 Mr. President, that's interesting. I thought that  
19 the answer myself, although some national experts  
20 that were in town last week talking to legislatures  
21 said, well, you know, we have federally qualified  
22 health care clinics. We have FQHC lookalikes. We  
23 have other things hospitals can do, doctors can do,  
24 we have free clinics and described to me basically  
25 status quo because my community has an FQHC in

1 Springfield, Ohio, and I think it started about 10  
2 years ago is about how long it took us to get  
3 established, to get it qualified, to get it to see  
4 adults and kids, and so on and so forth so I don't  
5 see any of those options as anything that can be done  
6 by January 1 or frankly, Director, by next January 1,  
7 do you? Am I missing something?

8 DIRECTOR McCARTHY: President Cole,  
9 Senator Widener, I am aware of some of the  
10 discussions around using more FQHCs. You are  
11 correct, that is a federal program. That is not a  
12 state program. The State cannot create federally  
13 qualified health centers. There's a process they  
14 have to go through. First, you usually have to be  
15 lookalike before they become a federally qualified  
16 health center and that process does not happen  
17 overnight. It takes a while for that to actually  
18 happen.

19 So I agree, there's no way that could  
20 happen by January 1 of next year. I doubt it would  
21 happen by January 1 of the following year. It still  
22 takes resources to put those together, and I'm sure  
23 the federally qualified health center in your  
24 district got those resources from somewhere else to  
25 pull together to move forward. It would not

1     happen -- it does not happen in a very quick manner.  
2     We work with fairly qualified centers right now in  
3     the Medicaid program, and they are a provider to the  
4     program but a very small percentage of individuals in  
5     the program just because there's not -- although  
6     there seems like a large number there's not that many  
7     in the State of Ohio to cover everyone.

8             SENATOR WIDENER: President Cole, I was  
9     just pointing out the irony of some groups that say  
10    that we should not before additional dollars from the  
11    Federal Government to cover those people on the chart  
12    over there but we should take federal dollars to do  
13    FQHCs in our community. It just seems a little bit  
14    ironic to me. I don't have to answer that. That  
15    was -- that was a statement.

16            PRESIDENT COLE: Additional questions,  
17    Senator?

18            SENATOR WIDENER: I just have one,  
19    Mr. President, and so since you didn't bring this  
20    chart along, Director Moody or McCarthy, this was  
21    also part of that presentation that was a PowerPoint  
22    and I just want to clarify in terms of the taxpayer  
23    relief here in Ohio and I just want to clarify your  
24    intent that if this is approved today, your other  
25    budget implications that you talked about in both the

1 House and Senate testimonies, I believe, or maybe  
2 less in the Senate because of the -- of the House  
3 testimony. But prison costs, \$27 million in the GRF  
4 will not be spent in DRC. I believe I confirmed that  
5 with Director Keen. Hospital rates will be reduced  
6 by 5 percent which is savings of about \$96 million to  
7 the GRF. The hospital capital payments will be  
8 reduced \$21 million. Health plan administrative  
9 savings, Director, I think you already said will be  
10 reduced \$52 million from the current rates and, thus,  
11 there will be sales tax revenue. That will all add  
12 up to about \$404 million in the current GR -- GRF and  
13 I think the other representatives asked perhaps maybe  
14 an unfair question what do we do that with. That's  
15 our job as appropriators.

16 But are all those basically planned to be  
17 done administratively, no future legislation  
18 required? The taxpayers of Ohio will have those  
19 dollars for legislators to reappropriate over the  
20 next 18 months; is that right?

21 DIRECTOR McCARTHY: President Cole,  
22 Senator Widener, everything that we are able to do  
23 without legislative change we are planning to do  
24 moving forward.

25 SENATOR WIDENER: And, Mr. President, all

1 those things that I just mentioned are able to be  
2 done administratively through your actions as the  
3 Director of Medicare?

4 DIRECTOR McCARTHY: President Cole,  
5 Senator Widener, they're all able to be done except  
6 for the -- on the hospital reimbursement rate there  
7 is a portion of that that is tied to specific  
8 outpatient rates at -- in current Ohio Administrative  
9 Code locks in the rate. This is the one area that we  
10 have not been able to figure out a way  
11 administratively to do. So that is a small reduction  
12 to that \$96 million.

13 SENATOR WIDENER: Thank you and thank the  
14 rest of the Governor's cabinets for your answers  
15 today. Thank you.

16 PRESIDENT COLE: Senator Coley,  
17 follow-up?

18 SENATOR COLEY: Yeah, thank you,  
19 Mr. President and to Director McCarthy. As we've  
20 said, the Governor and your -- Director has expanded  
21 Medicaid coverage in the State. There are not  
22 sufficient funds in the GRF in the budget that we  
23 already approved last summer. If this panel does not  
24 approve these funds, how long will the existing  
25 Medicaid program have funds to operate without

1 approval of the funds that you would -- are asking  
2 for approval of the expenditure today?

3 DIRECTOR McCARTHY: President Cole,  
4 Senator Coley, that is an analysis that the -- it  
5 depends on where we come in below our current  
6 appropriation levels. We are obviously running under  
7 budget slightly for this fiscal year. So sometime at  
8 the end of this fiscal year we would probably run out  
9 of money.

10 Into next fiscal year though, I mean,  
11 obviously the extension happens January 1 and so it's  
12 only a half of a year and we weren't expecting  
13 everyone coming in January 1 and so it's ramped up to  
14 366. Then when we get into the next fiscal year,  
15 '15, we would have a serious budget crisis fairly  
16 quickly because we're looking at about \$2 billion  
17 that would be needed and -- for the expenditures.

18 So it would be either at the end of this  
19 fiscal year or the beginning of next fiscal year.  
20 It's hard for me to paint an exact date down right  
21 now just because of the variables in our current  
22 budget. I mean, but the good news is that with all  
23 the things we're doing we are still running under  
24 budget for this year.

25 SENATOR COLEY: Thank you, Mr. President.

1 Thank you.

2 PRESIDENT COLE: Thank you, Senator.

3 Representative Redfern.

4 REPRESENTATIVE REDFERN: Thank you,  
5 Mr. President. Just a couple of follow-ups, if I  
6 may. The number is 366,000 income eligible Ohioans  
7 that would be covered by this extension -- this  
8 temporary extension of Medicaid. 366,000, that's the  
9 number Director Moody gave me on Friday and the  
10 number, Director McCarthy, you said earlier. Not  
11 275, not 250, 366.

12 DIRECTOR McCARTHY: President Cole,  
13 Representative Redfern, I will clarify why there's  
14 two different numbers. I'm assuming your question  
15 goes on that path. It's 366,000 would be added to  
16 the program under the change in the eligibility  
17 levels. The net change as we talked about in our  
18 budget presentation in the House and in the Senate  
19 was due to changes in the eligibility groups and  
20 other affordable options for individuals and where  
21 they would fall.

22 REPRESENTATIVE REDFERN: Sure.

23 DIRECTOR McCARTHY: So between those two  
24 things it's a net number of 275 but it's 366,000  
25 coming up.

1                   REPRESENTATIVE REDFERN:  And you --  
2   Mr. President, you scale for 366, or do you scale for  
3   275?

4                   DIRECTOR McCARTHY:  President Cole,  
5   Representative Redfern, we always scale to meet the  
6   needs of what's coming in.  366 is the number that we  
7   would be ready for.  If it's slightly higher than  
8   that, we're ready for it.  If it's below that, we're  
9   ready for it.

10                  REPRESENTATIVE REDFERN:  And to Director  
11   McCarthy, Mr. President, Director McCarthy, in the  
12   required explanation of requests, the last sentence,  
13   if I may read, if this federal medical assistance  
14   percentage is lowered, State funds will not be used  
15   to supplant federal funds.  And that's been the  
16   position both of you and Director Moody to myself and  
17   to the Board for this biennium.  And you've made  
18   assurances that it's not the intent to -- to find GRF  
19   moneys to supplant federal losses if in the -- in the  
20   following bienniums there would be a retreat from at  
21   that 100 percent number.

22                  But after three years, I think it is,  
23   Director Moody, we do begin the process of scaling  
24   down.  90 -- if I may, Mr. President, 99 percent, 98,  
25   97, 2 or 3 per year or 1 percent per year.  And



1 according to your actuarial study what is the number  
2 of Ohioans that will lose health insurance, those  
3 people that Senator Widener has spoken so eloquently  
4 about and myself and many others who believe that  
5 expanding health care for all Ohioans is a necessity,  
6 how many would lose that health care coverage per  
7 year in that fourth year, the fifth year, sixth, and  
8 the seventh, those stories that would not have a good  
9 ending? How many of those folks are we talking  
10 about?

11 DIRECTOR McCARTHY: President Cole,  
12 Representative Redfern, I -- I'm a little con -- is  
13 there -- I'm a little confused by your question. Are  
14 there two questions in there?

15 REPRESENTATIVE REDFERN: You can accept  
16 as many as you'd like, Director.

17 DIRECTOR McCARTHY: The way I heard the  
18 question was what -- was when we have to start  
19 picking up the State's share, we would be asking to  
20 remove people from the program and that is not what  
21 we have proposed or what we talked about in the -- in  
22 this proposal or in the budget.

23 What we proposed in the budget was that  
24 we would move forward with this coverage as long as  
25 the federal deal stays intact which for the first

1 three years, '14, '15, and '16 is 100 percent federal  
2 funding; '17, '18, and '19, it drops down 95, 94, 93;  
3 and then 2020 goes to 90 percent. When we proposed  
4 this in moving forward, we assumed that that is the  
5 deal that would stay in place.

6 What we were saying about not using  
7 additional federal dollars was in this biennium if  
8 that number changed, we wouldn't use State dollars.  
9 We weren't saying that in the future because this  
10 proposal isn't about the future. What we were  
11 talking about these two years but in our budget  
12 proposal in the budget when we were asked about it,  
13 we said we are assuming that the federal matching  
14 percentage will stay in place at phased down to  
15 90 percent and that we were working towards a program  
16 that Senator Widener talked about ensuring that we  
17 were able to sustain coverage for this group if it  
18 was at 90 percent as it is in the law.

19 REPRESENTATIVE REDFERN: Through reforms.

20 PRESIDENT COLE: So, Director, the same  
21 thing you said during the budget is the same thing  
22 you're saying here today.

23 DIRECTOR MCCARTHY: That is correct,  
24 President Cole.

25 REPRESENTATIVE REDFERN: And similar

1 things, quite frankly, Mr. President, were said in  
2 2003, similar assurances. We were going to achieve  
3 this through reform. And then there were ideas that  
4 we would send people out picking up litter so they  
5 could keep their health care. Or we would drug test  
6 everybody who was Medicaid eligible so as to ensure  
7 that they get Medicaid coverage.

8 Reform to you is different to you than it  
9 is to others, and I want to be sure that third and  
10 fourth year that the same level of strong commitment  
11 that I've heard from you and Director Moody and the  
12 other directors continues going forward in  
13 perpetuity, that we make this a -- a -- a goal, a  
14 shared goal, Republican, Democrat, old and young,  
15 rich and poor, that more Ohioans have access to  
16 health care rather than fewer.

17 And that sentence gives me pause knowing  
18 full well that during this request it will be fully  
19 funded. I cede you that argument, absolutely. But  
20 there are no guarantees, are there not, Director, in  
21 the third or fourth or fifth year? There are no  
22 guarantees as there were no guarantees in the -- in  
23 the biennium review of, I believe, Director Moody,  
24 2003 or 2004.

25 DIRECTOR McCARTHY: President Cole,

1 Representative Redfern, even going back to clarifying  
2 which you said I said on Friday, no, there are no  
3 guarantees to anything in life.

4 PRESIDENT COLE: Thank you, Director.  
5 Thank you for all of the questions and the  
6 deliberation today. Thank you, Directors, and  
7 everyone who was involved in this.

8 I think we've come to that moment  
9 everyone was waiting for. And I would just say  
10 quickly in a strange twist I have heard from hundreds  
11 of people across the State of Ohio who want me to  
12 both vote for this and against it via e-mail, phone  
13 call, letters, and no one has actually, that I know,  
14 asked me to vote for this, Director.

15 But just like the 65 other things on this  
16 agenda, they don't get to this agenda without my  
17 review and OBM and the attorneys and everyone else  
18 making sure it's something that should come before  
19 this Board. So it's reached that but I'll let you  
20 have the last word. Would you like me to vote for  
21 this request, Director McCarthy?

22 DIRECTOR McCARTHY: President Cole, yes,  
23 I would please ask you to vote for this request.

24 PRESIDENT COLE: As a father with young  
25 children and a Gen-Xer that has to live for this

1 decision for the rest of their careers, I very  
2 happily support your request.

3 DIRECTOR McCARTHY: Thank you.

4 PRESIDENT COLE: Are there any objections  
5 to the request?

6 SENATOR COLEY: Objection.

7 REPRESENTATIVE McCLAIN: Objection.

8 PRESIDENT COLE: Senator Coley objects.  
9 Representative McClain objects.

10 Secretary, please prepare a yellow sheet.

11 This request is approved with two  
12 objections. Thank you, Directors.

13 DIRECTOR McCARTHY: Thank you.

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CERTIFICATE

I do hereby certify that the foregoing is a true and correct transcript of the proceedings recorded by audiotape and transcribed by me in this matter.

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Karen Sue Gibson, Registered  
Merit Reporter.

(KSG-5771)

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