



Governor's Office of
Health Transformation

Better Health, Better Care, and Cost Savings Through Improvement

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The Center for Community Solutions
March 24, 2011

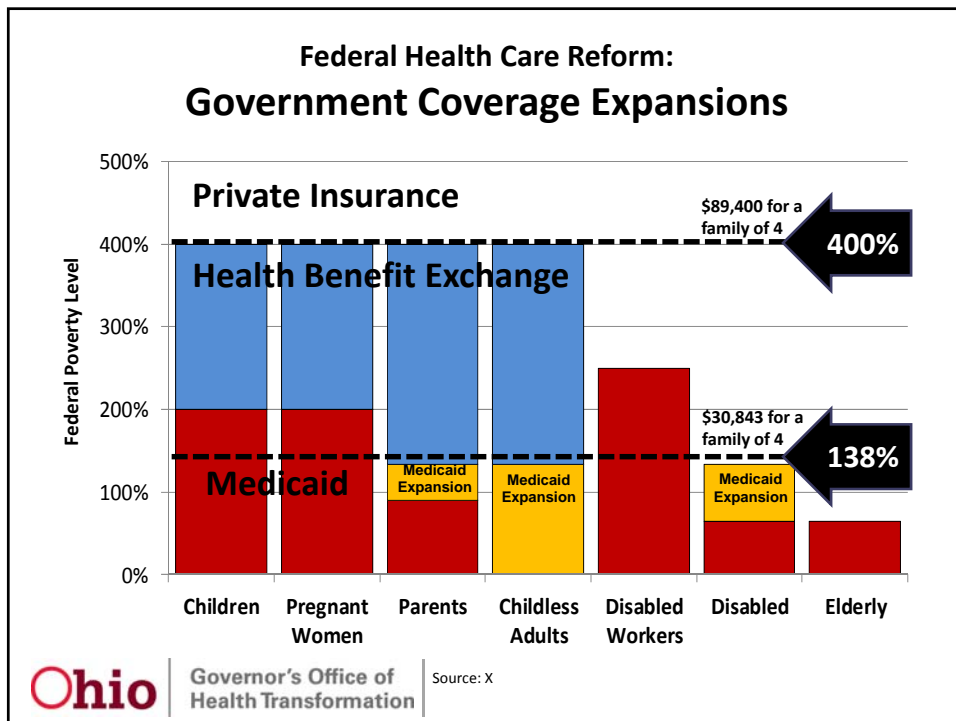
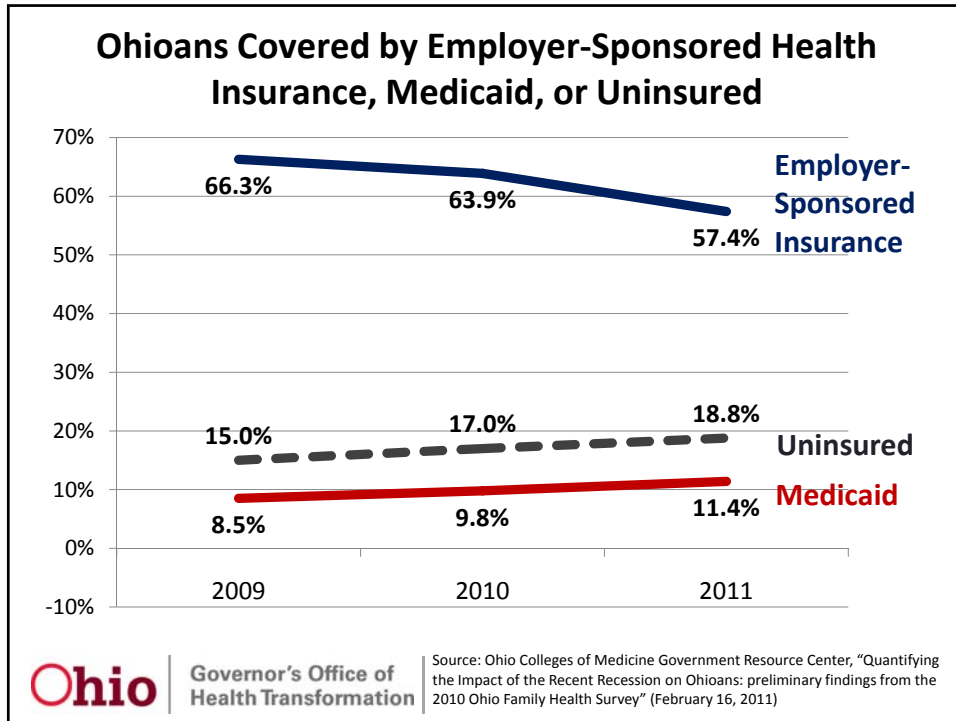
Medicaid is Ohio's Largest Health Payer

- Provides health coverage for low-income children, parents, seniors, and people with disabilities
- Covers 2.2 million Ohioans (1 in 5) including 2 in 5 births¹
- Spends \$18+ billion annually all agencies, all funds (SFY 2011)¹
- Accounts for 4.0% of Ohio's total economy and is growing²
- Funds are federal (63.69%) and state (36.31%)³



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SOURCES: (1) Ohio Department of Job and Family Services, (2) SFY 2011 estimate based on \$18.0 billion in Medicaid spending per ODJFS and \$498 billion Ohio gross domestic product per the State of Ohio Office of Budget and Management, and (3) Federal Register Vol. 76 No. 22 page 5811.



Ohio's Health System Performance

Health Outcomes – 42nd overall¹

- 42nd in preventing infant mortality (only 8 states have higher mortality)
- 37th in preventing childhood obesity
- 44th in breast cancer deaths and 38th in colorectal cancer deaths

Prevention, Primary Care, and Care Coordination¹

- 37th in preventing avoidable deaths before age 75
- 44th in avoiding Medicare hospital admissions for preventable conditions
- 40th in avoiding Medicare hospital readmissions

Affordability of Health Services²

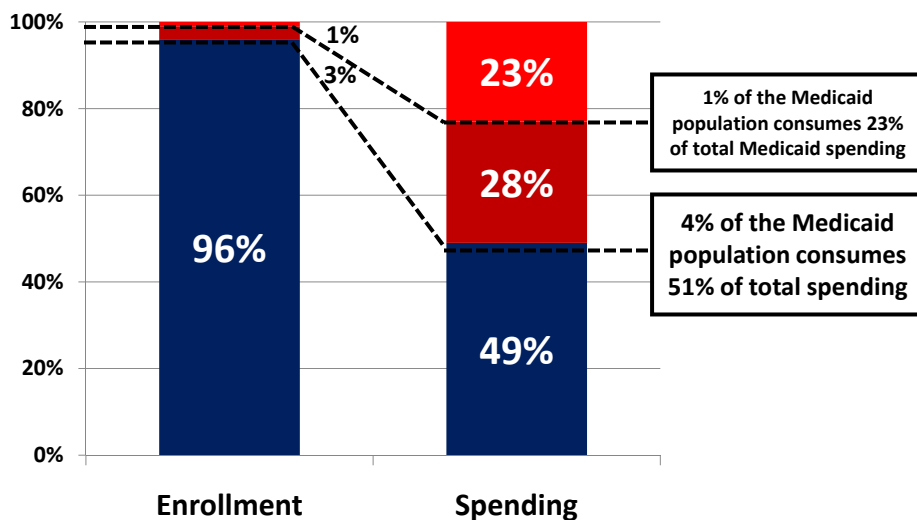
- 37th most affordable (Ohio spends more per person than all but 13 states)
- 38th most affordable for hospital care and 45th for nursing homes
- 44th most affordable Medicaid for seniors



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Sources: (1) Commonwealth Fund 2009 State Scorecard on Health System Performance, (2) Kaiser Family Foundation State Health Facts (updated March 2011)


A few high-cost cases account for most Medicaid spending



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Source: Ohio Department of Job and Family Services; SFY 2010 for all Medicaid populations and all medical (not administrative) costs

Fragmentation	vs.	Coordination
<ul style="list-style-type: none"> • Multiple separate providers • Provider-centered care • Reimbursement rewards volume • Lack of comparison data • Outdated information technology • No accountability • Institutional bias • Separate government systems • Complicated categorical eligibility • Rapid cost growth 		<ul style="list-style-type: none"> • Accountable medical home • Patient-centered care • Reimbursement rewards value • Price and quality transparency • Electronic information exchange • Performance measures • Continuum of care • Medicare/Medicaid/Exchanges • Streamlined income eligibility • Sustainable growth over time


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SOURCE: Adapted from Melanie Bella, *State Innovative Programs for Dual Eligibles*, NASMD (November 2009)


MEDICAL REPORT

THE HOT SPOTTERS

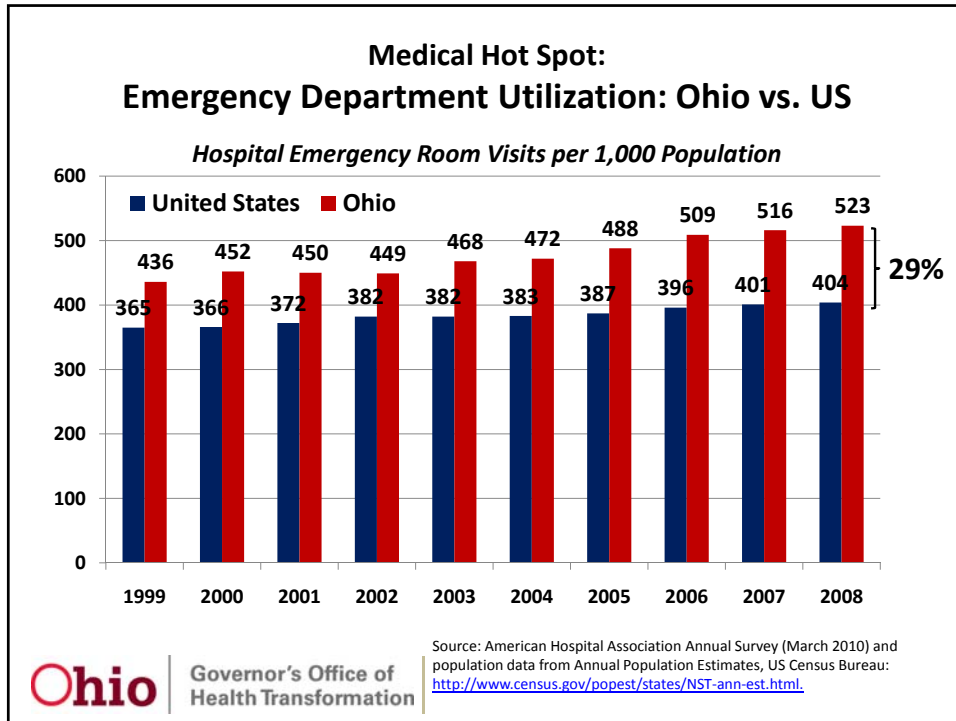
Can we lower medical costs by giving the neediest patients better care?

BY ATUL GAWANDE

“The critical flaw in our health care system ... is that it was never designed for the kind of patients who incur the highest costs. Medicine’s primary mechanism of service is the doctor visit and the emergency room visit. It’s like arriving at a major construction project with nothing but a screwdriver and a crane.”


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Source: *The New Yorker* (Jan 24, 2011).



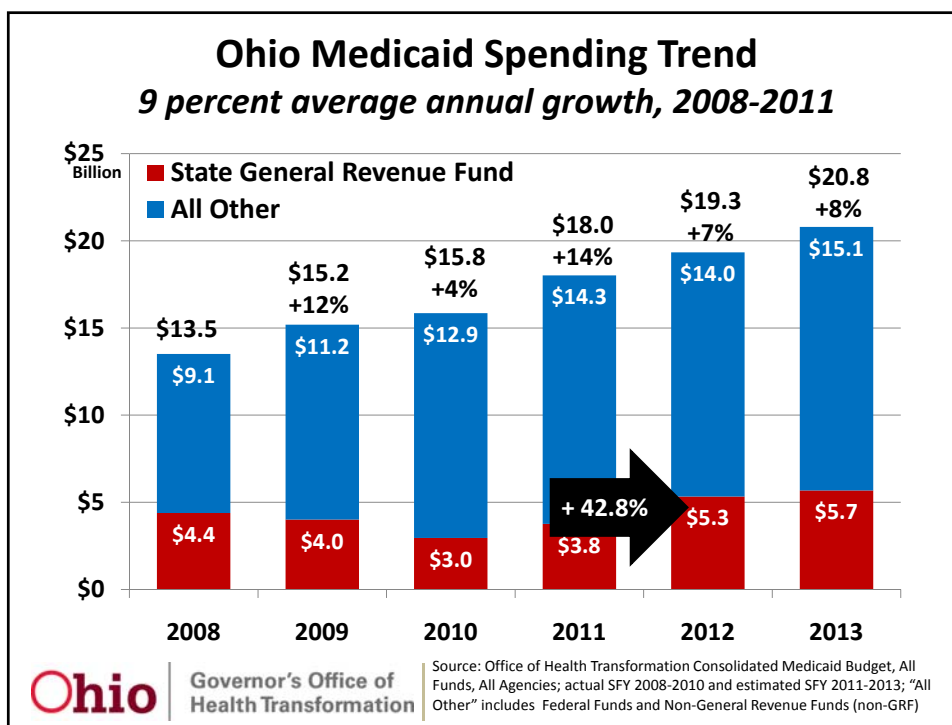
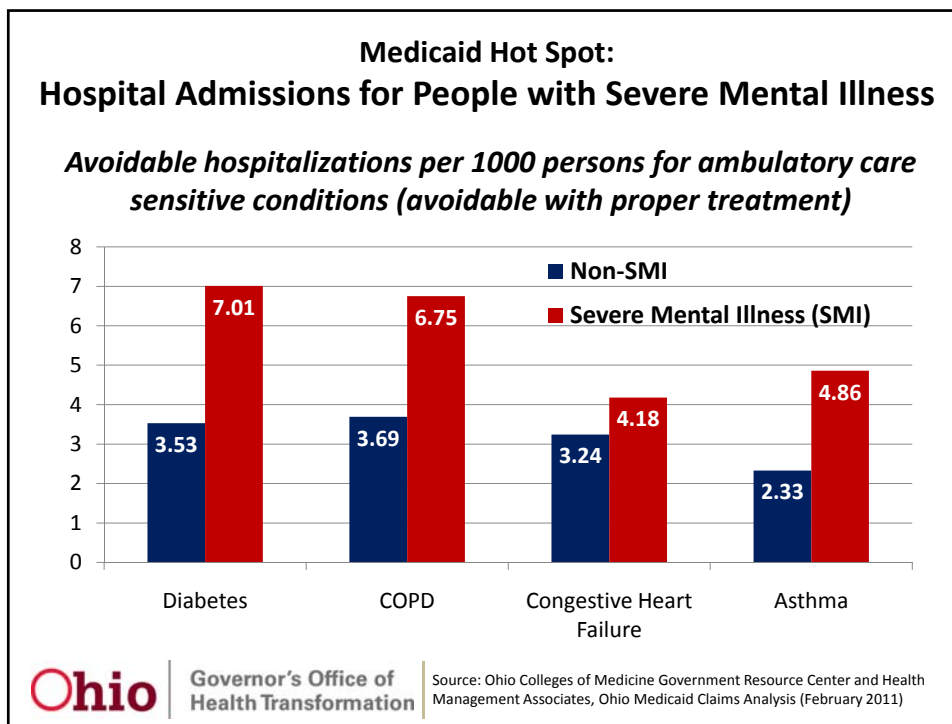
Medicaid Hot Spot: Medicaid Enrollees Who Get Care Primarily from Hospitals*

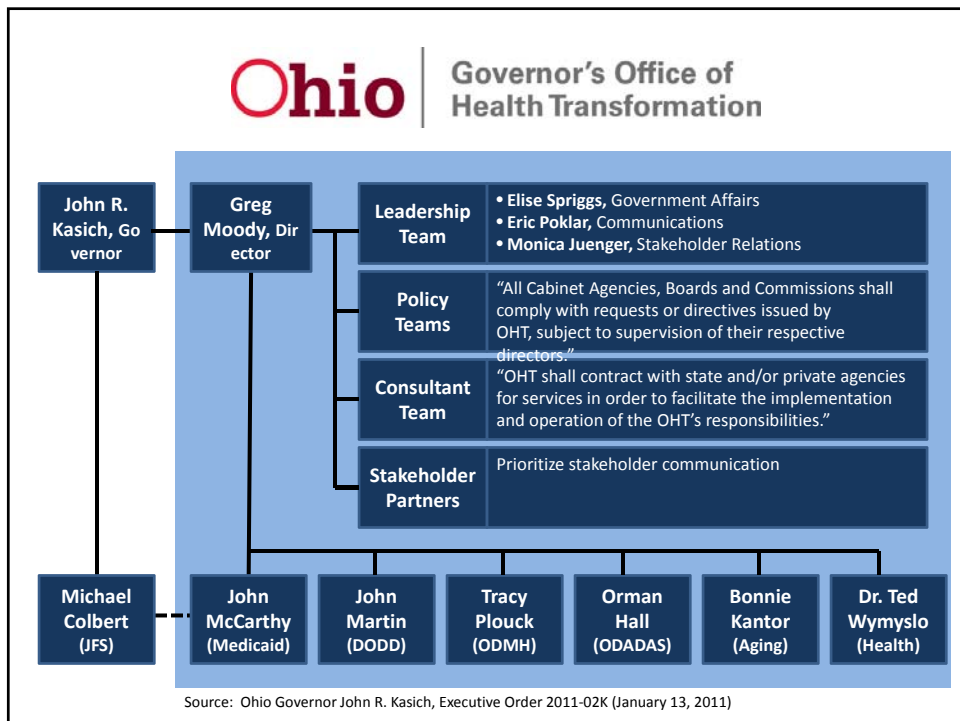
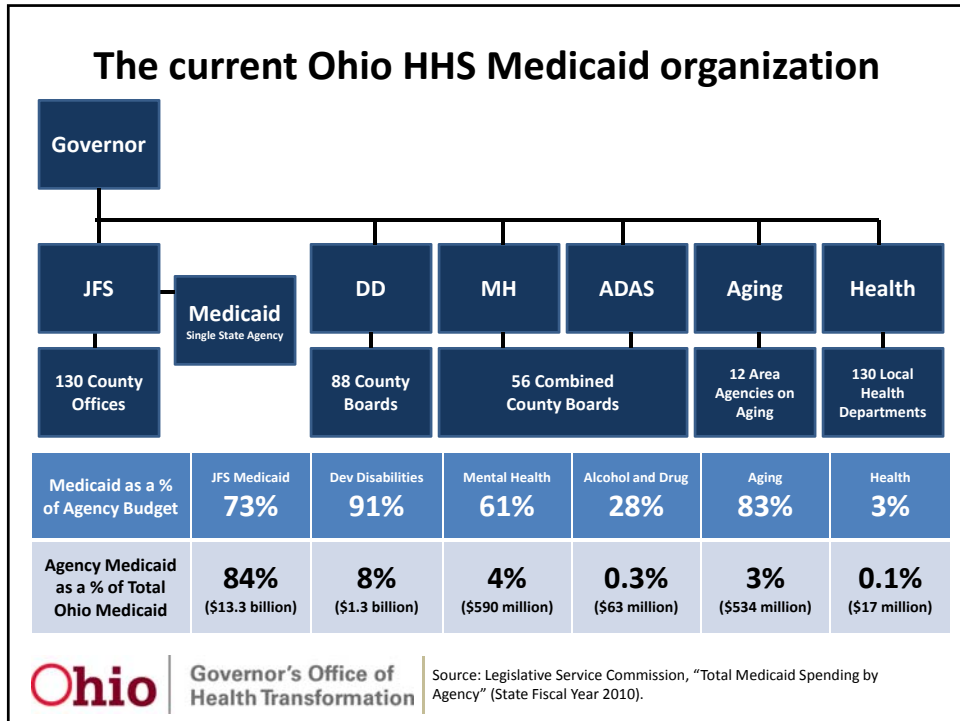
** Indicating a lack of primary care and/or care coordination*

Non-Institutionalized Medicaid Population	Enrollment		Spending		Average Cost
	Number	%	Amount	%	
Children	29,552	1.3%	\$510 million	5%	\$17,300
Adults	12,530	0.5%	\$841 million	8%	\$67,100
Total	42,082	1.8%	\$1.35 billion	13%	\$32,100

Source: Ohio Department of Job and Family Services for SFY 2010. Note that medical costs include those incurred by MCPs and paid by FFS, excluding institutionalized consumers and their costs. Consumers may have been in both FFS and MC delivery systems within SFY 2010. This analysis includes consumers costs in both systems.

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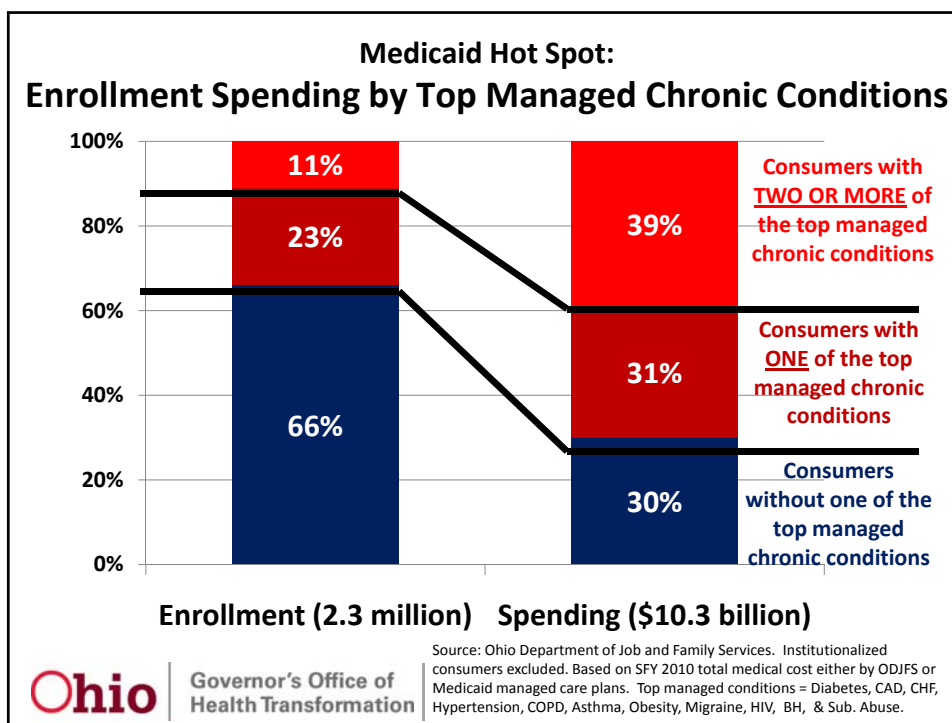
Plan for the long-term efficient administration of the Ohio Medicaid Program and act to improve overall health system performance. In the next six months:

1. Advance the Administration's Medicaid modernization and cost-containment priorities in the operating budget;
2. Initiate and guide insurance market exchange planning;
3. Engage private sector partners to set clear expectations for overall health system performance; and
4. Recommend a permanent Ohio health and human services organizational structure and oversee transition.

Source: Ohio Governor John R. Kasich, Executive Order 2011-02K (January 13, 2011)

The Vision for Better Care Coordination

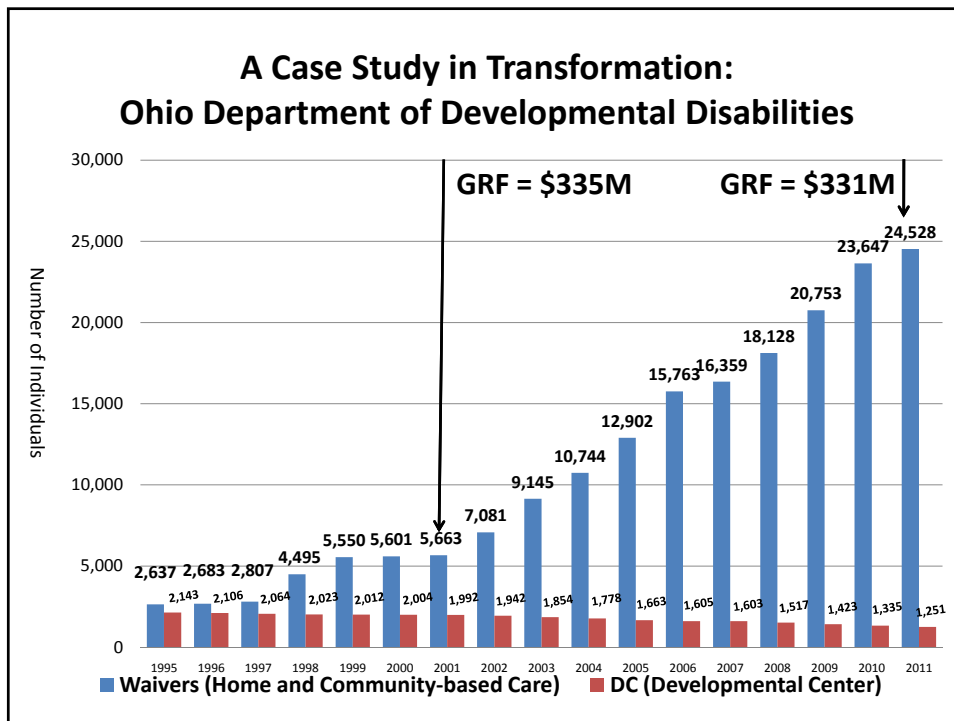
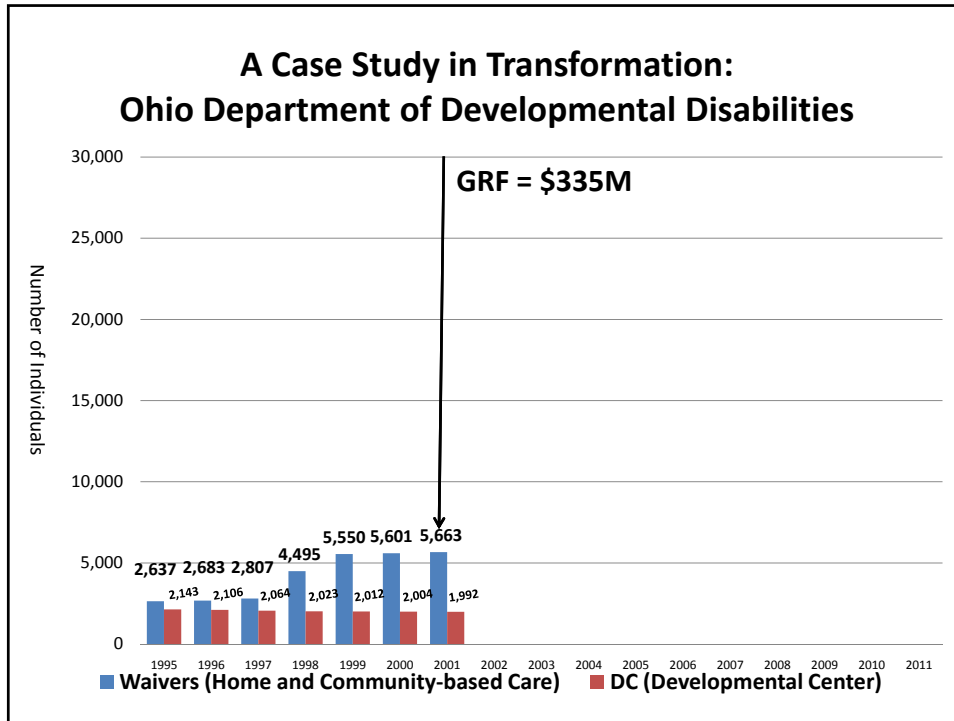
- Create a person-centered care management approach – not a provider, program, or payer approach
- Services are integrated for all physical, behavioral, long-term care, and social needs
- Services are provided in the setting of choice
- Easy to navigate for consumers and providers
- Transition seamlessly among settings as needs change
- Link payment to person-centered performance outcomes

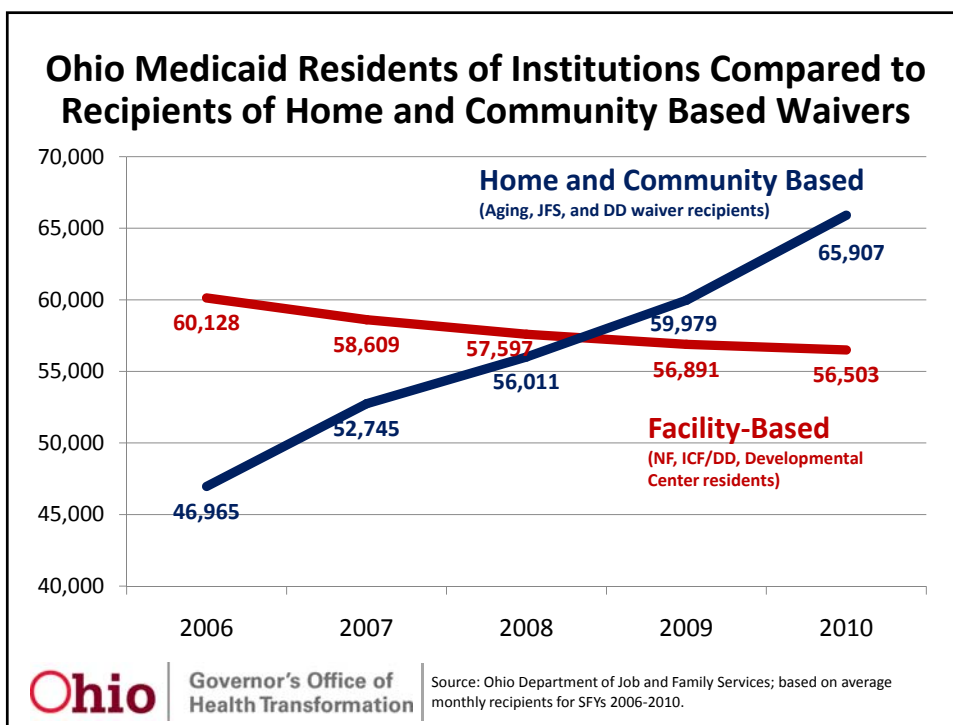
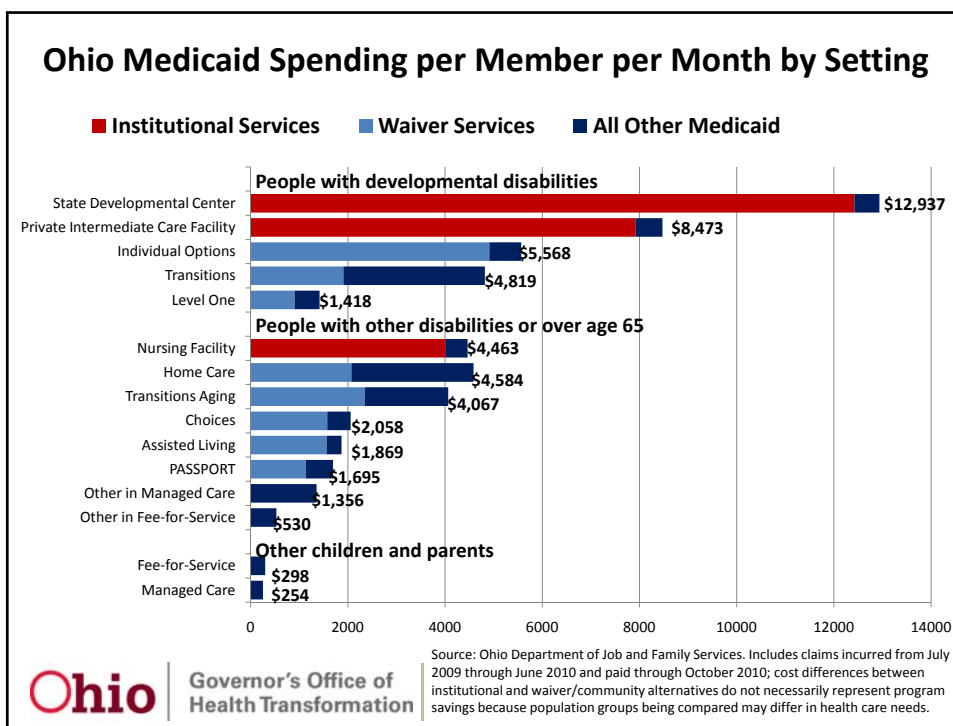


Ohio Health Transformation Priorities

- Improve Care Coordination
- Integrate Behavioral and Physical Health
- Rebalance Long-Term Care
- Modernize Reimbursement

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**Medical Hot Spot:
Per Capita Health Spending: Ohio vs. US**

Measurement	US	Ohio	Percentage Difference	Affordability Rank (Out of 50 States)
Total Health Spending	\$5,283	\$5,725	+ 8%	37
Hospital Care	\$1,931	\$2,166	+ 12%	38
Physician and Clinical Services	\$1,341	\$1,337	- 0.3%	27
Nursing Home Care	\$392	\$596	+ 52%	45
Home Health Care	\$145	\$133	- 8.3%	35



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Source: 2004 Health Expenditure Data, Health Expenditures by State of Residence, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, released September 2007; available at <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/res-us.pdf>

**Medicaid Hot Spot:
Per Enrollee Medicaid Spending: Ohio vs. US**

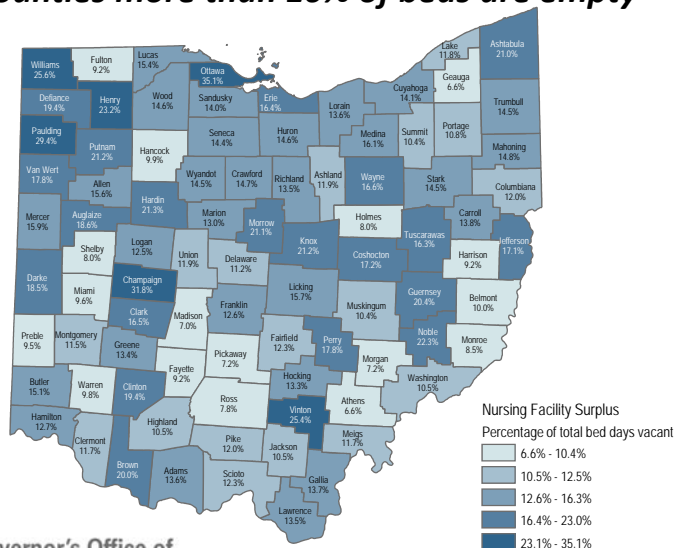
Measurement	US	Ohio	Percentage Difference	Affordability Rank (Out of 50 States)
All Enrollees	\$5,163	\$5,781	+ 12.0%	36
Children	\$2,135	\$1,672	- 21.7%	7
Adults	\$2,541	\$2,844	+ 13.5%	18
Elderly	\$12,499	\$18,087	+ 44.7%	44
Disabled	\$14,481	\$15,674	+ 8.2%	33



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Source: 2007 The Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on data from Medicaid Statistical Information System (MSIS) and CMS-64 reports from the Centers for Medicare and Medicaid Services (CMS), 2010.

Unused Nursing Home Capacity In 70 counties more than 10% of beds are empty



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Rebalance Long Term Care

Enable seniors and people with disabilities to live with dignity in the settings they prefer

RECOMMENDATIONS:

- Create a Single Point of Care Coordination
- Consolidate and Streamline Waiver Programs
- Reward Person-Centered Outcomes in Nursing Homes
- Expect Greater Efficiency from NF and Waiver Providers
- Decrease payments to "hold" empty beds
- Reduce the nursing home franchise fee
- Saves \$427 million all funds over the biennium

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Research suggests that person-centered care is associated with improved organizational performance including higher resident and staff satisfaction, better workforce performance and higher occupancy rates.



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Source: 2010 Annual Quality Report, Alliance for Quality
Nursing Home Care and American Health Care Association

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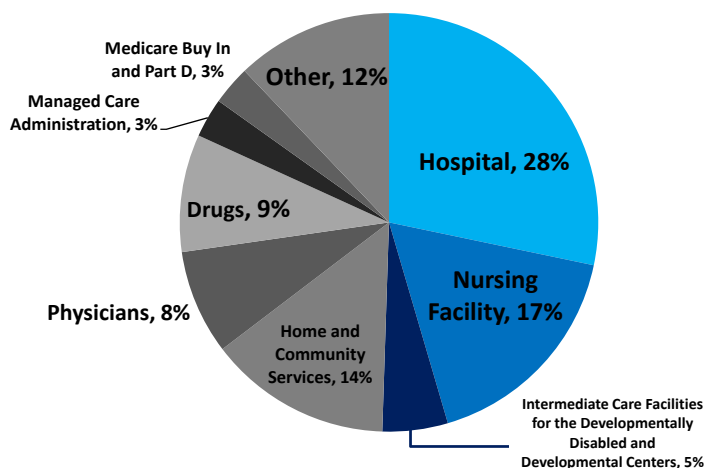
Balance the Budget

Contain Medicaid program costs in the short term and ensure financial stability over time

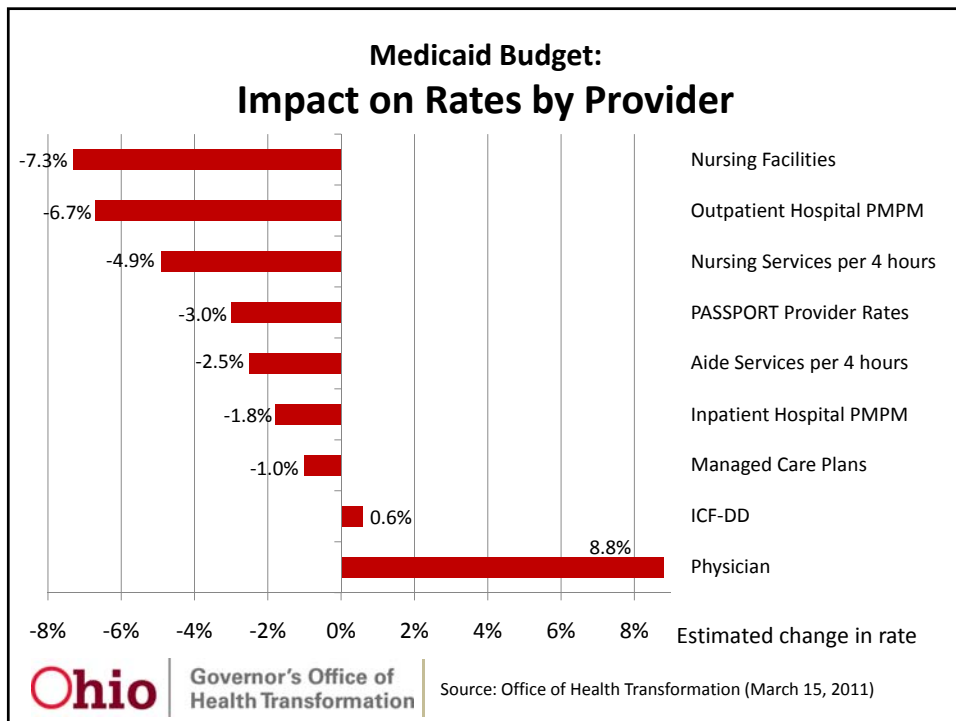
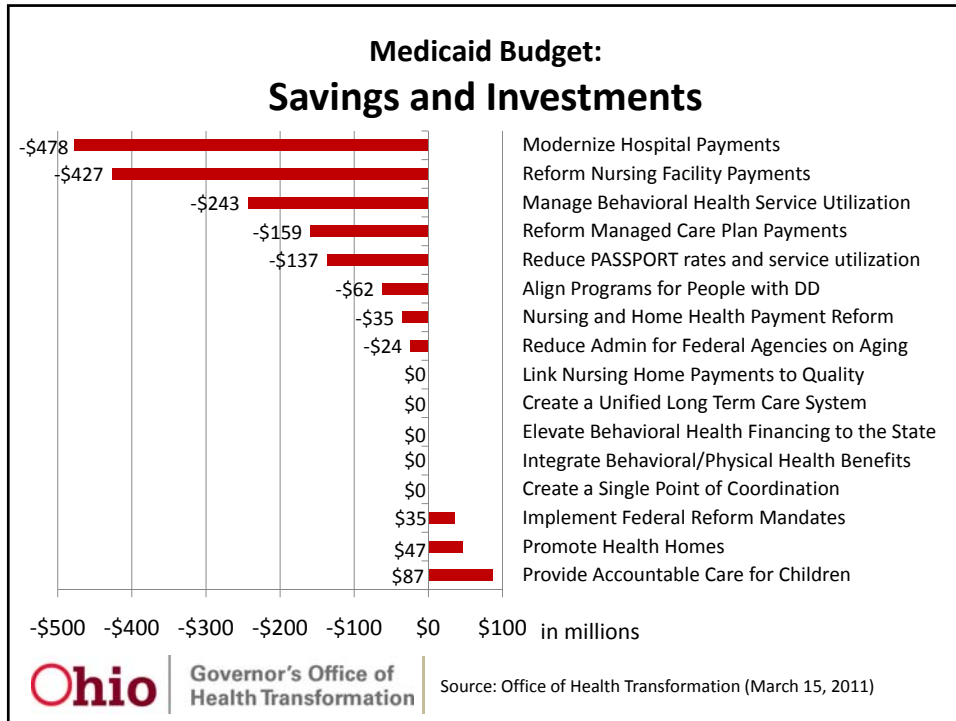
RESULTS:

- A sustainable system
- \$1.4 billion in net savings over the biennium
- Align priorities for consumers (better health outcomes) and taxpayers (better value)
- Challenge the system to improve performance (better care and cost savings through improvement)

Total Ohio Medicaid Expenditures, SFY 2010



Source: Ohio Department of Job and Family Services and the Governor's Office of Health Transformation. Managed care expenditures are distributed to providers according to information from Milliman. Hospitals include inpatient and outpatient expenditures as well as HCAP Home and community services include waivers as well as home health and private duty nursing.



What this budget does NOT do

- Does not cut eligibility
- Does not cut optional services, including dental
- Does not make arbitrary across-the-board cuts
- Does not resort to smoke and mirrors
- Does not count hypothetical savings



Thank you.

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