

Ohio

Governor's Office of
Health Transformation

**Better Health, Better Care, and Cost
Savings Through Improvement**

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O4A Spring Conference

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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

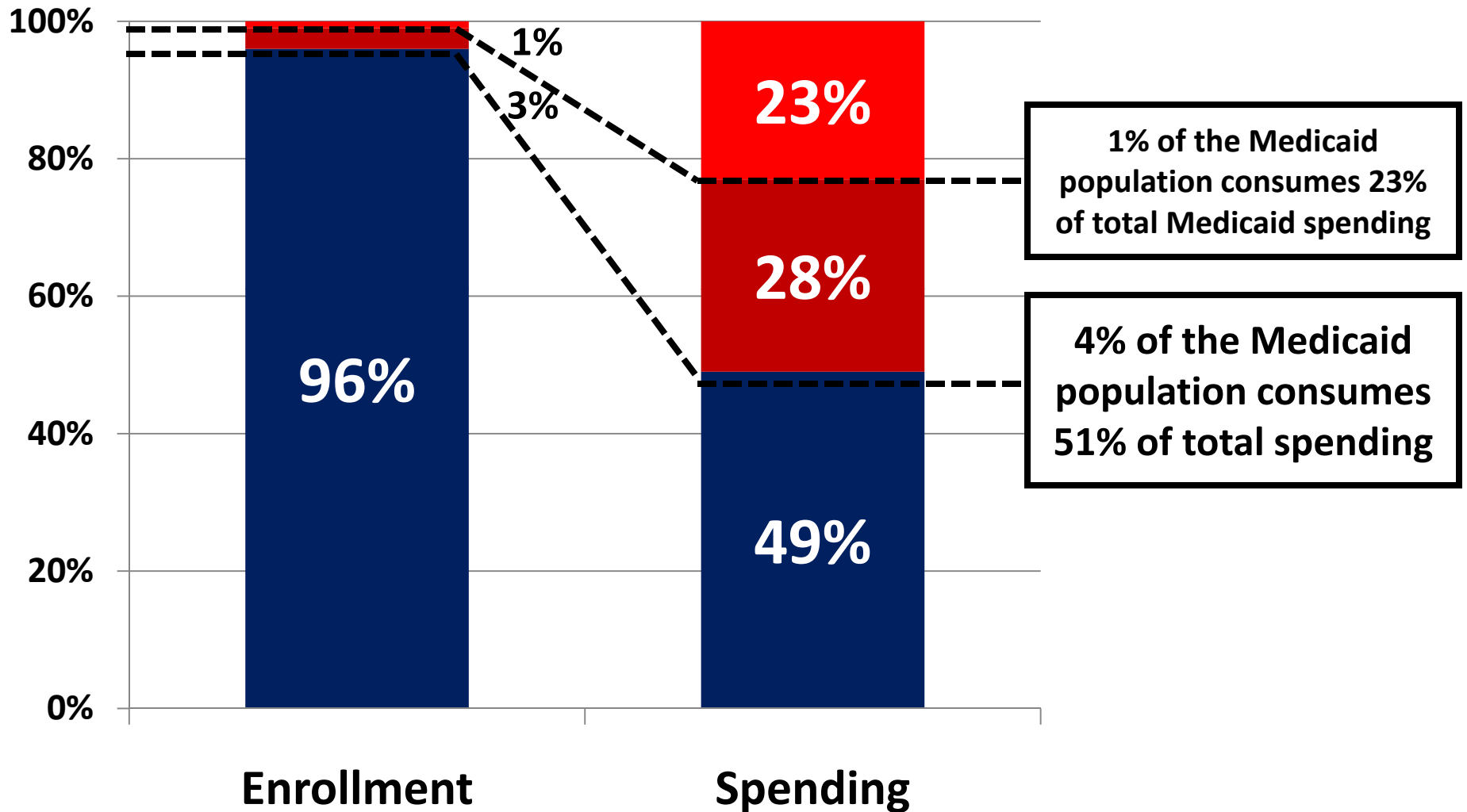
- 37th in preventing avoidable deaths before age 75
- 44th in avoiding Medicare hospital admissions for preventable conditions
- 40th in avoiding Medicare hospital readmissions

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



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

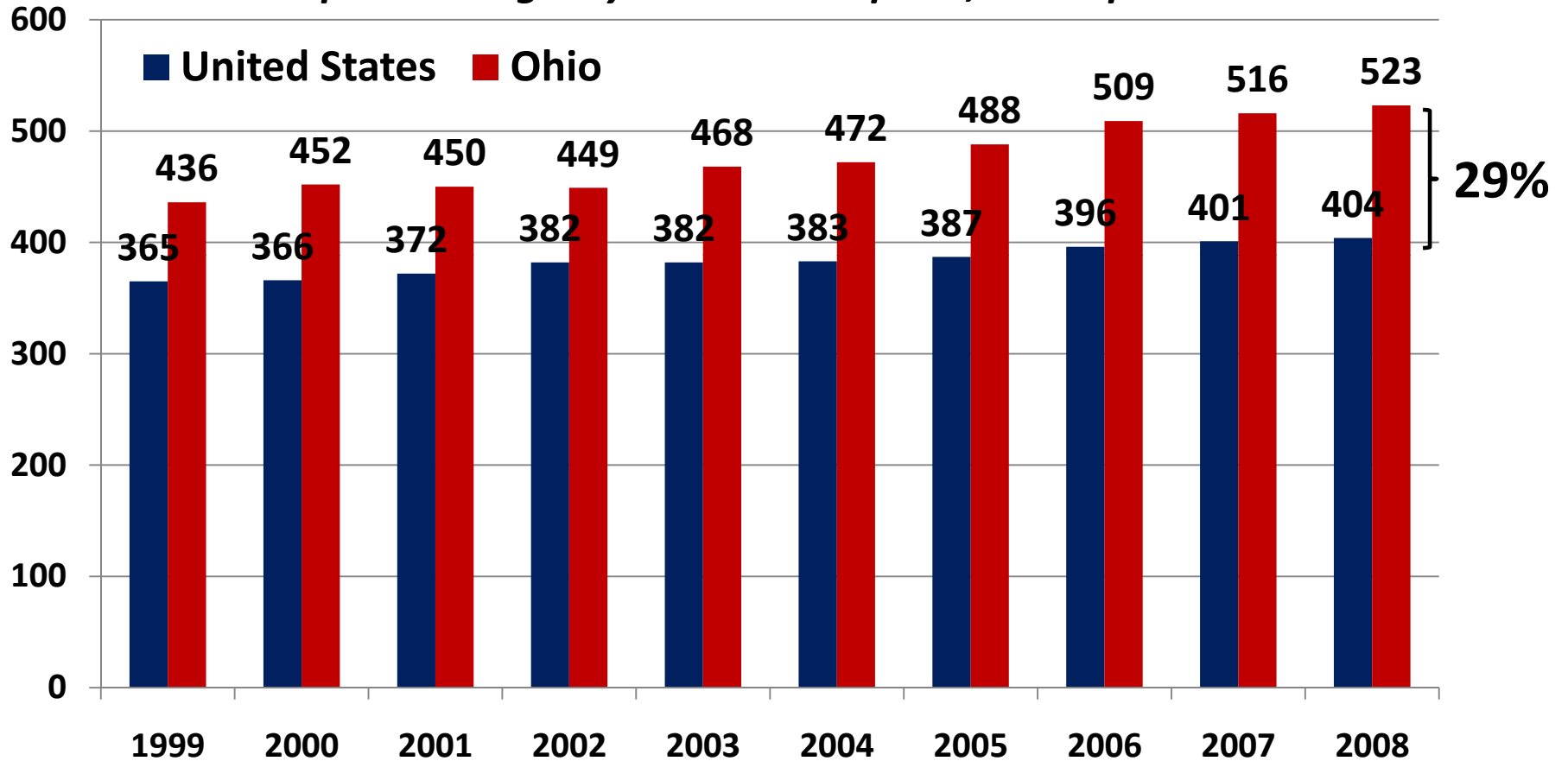
- Multiple separate providers
- Provider-centered care
- Reimbursement rewards volume
- Lack of comparison data
- Outdated information technology
- No accountability
- Institutional bias
- Separate government systems
- Complicated categorical eligibility
- Rapid cost growth

- 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



Medical Hot Spot: Emergency Department Utilization: Ohio vs. US

Hospital Emergency Room Visits per 1,000 Population



Source: American Hospital Association Annual Survey (March 2010) and population data from Annual Population Estimates, US Census Bureau: <http://www.census.gov/popest/states/NST-ann-est.html>.



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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

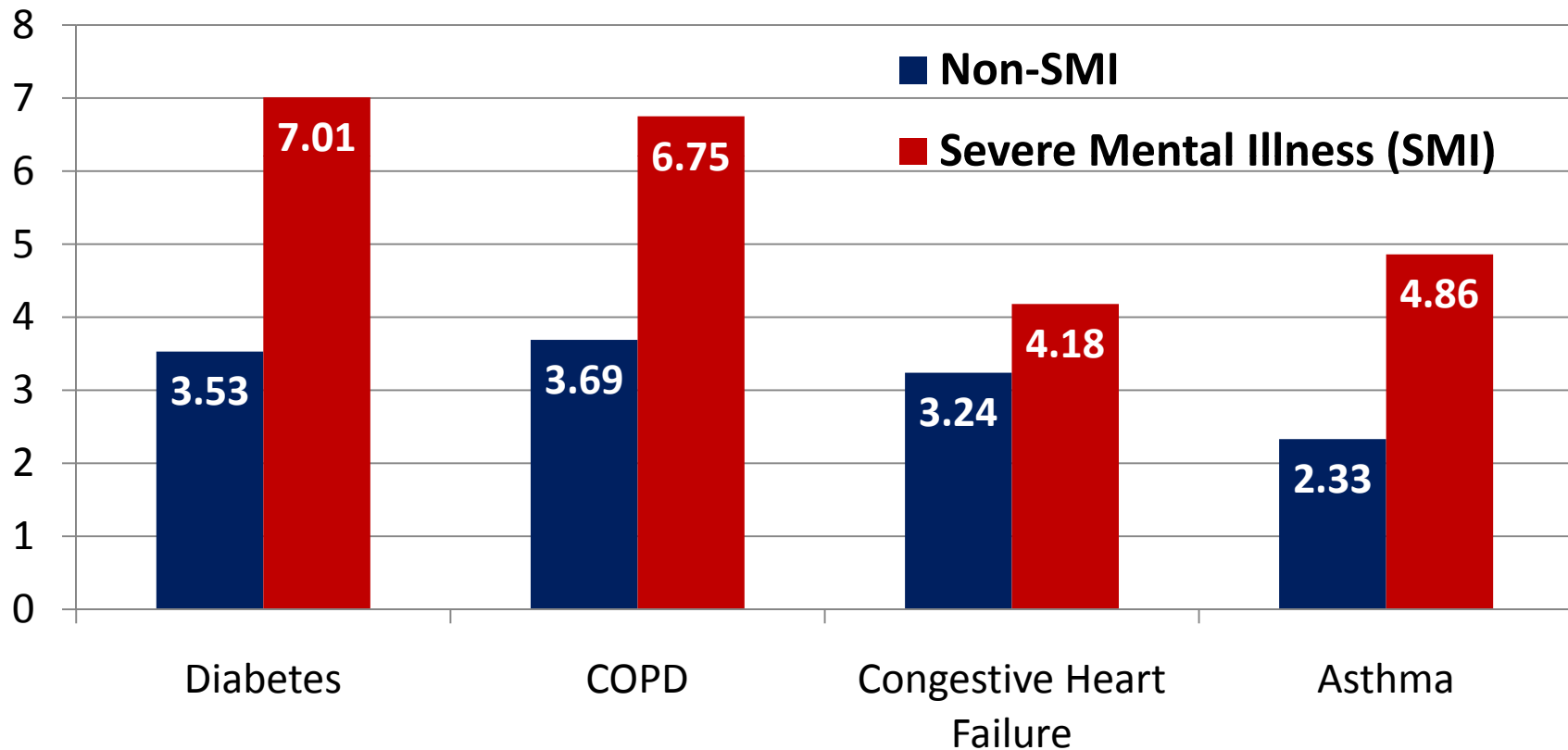
Source: Ohio Department of Job and Family Services for SFY 2010. Note that medical costs include those incurred by MCPs and paid by FFS, excluding institutionalized consumers and their costs. Consumers may have been in both FFS and MC delivery systems within SFY 2010. This analysis includes consumers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



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Medicaid Hot Spot: Hospital Admissions for People with Severe Mental Illness

Avoidable hospitalizations per 1000 persons for ambulatory care sensitive conditions (avoidable with proper treatment)

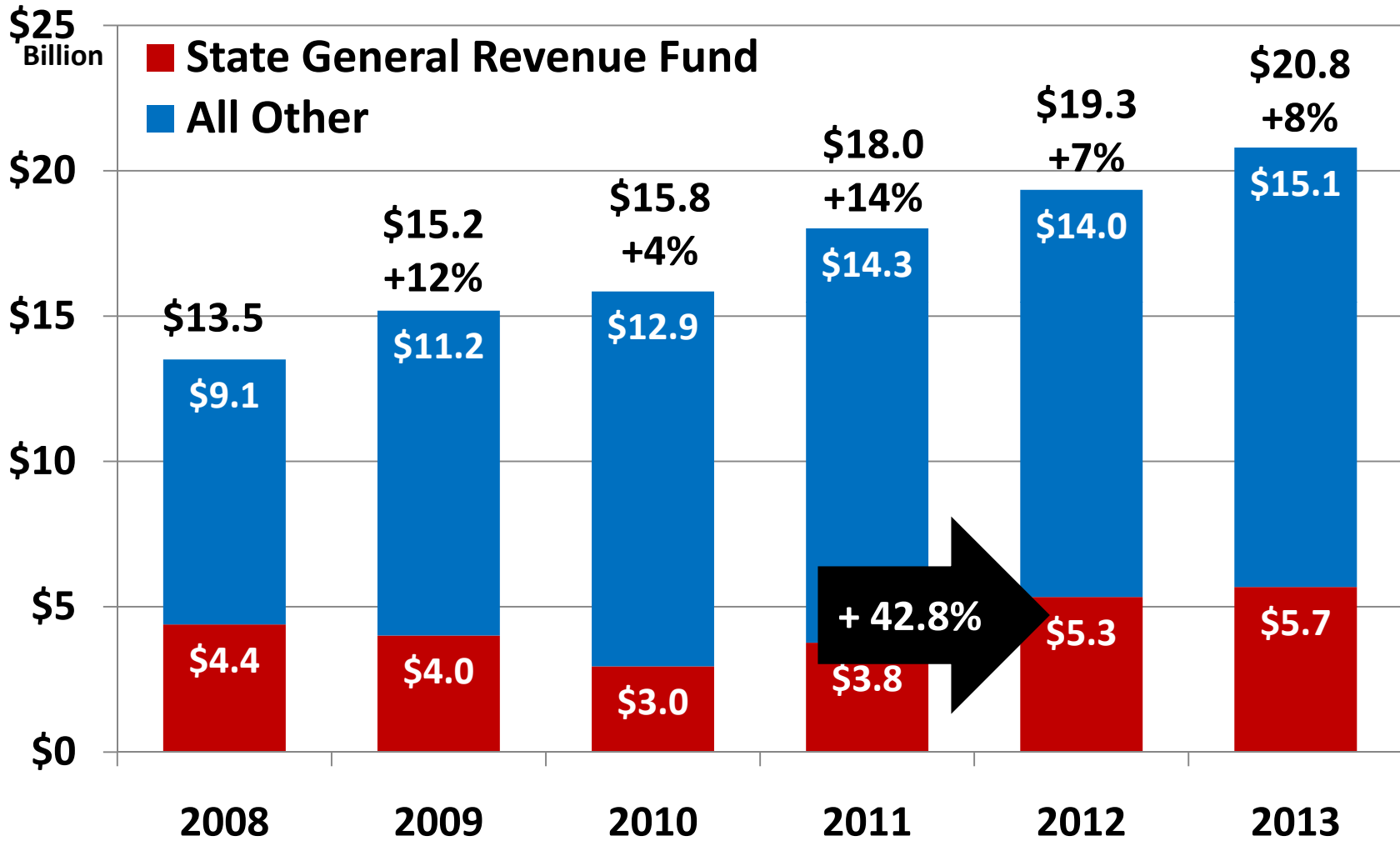


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Source: Ohio Colleges of Medicine Government Resource Center and Health Management Associates, Ohio Medicaid Claims Analysis (February 2011)

Ohio Medicaid Spending Trend

9 percent average annual growth, 2008-2011



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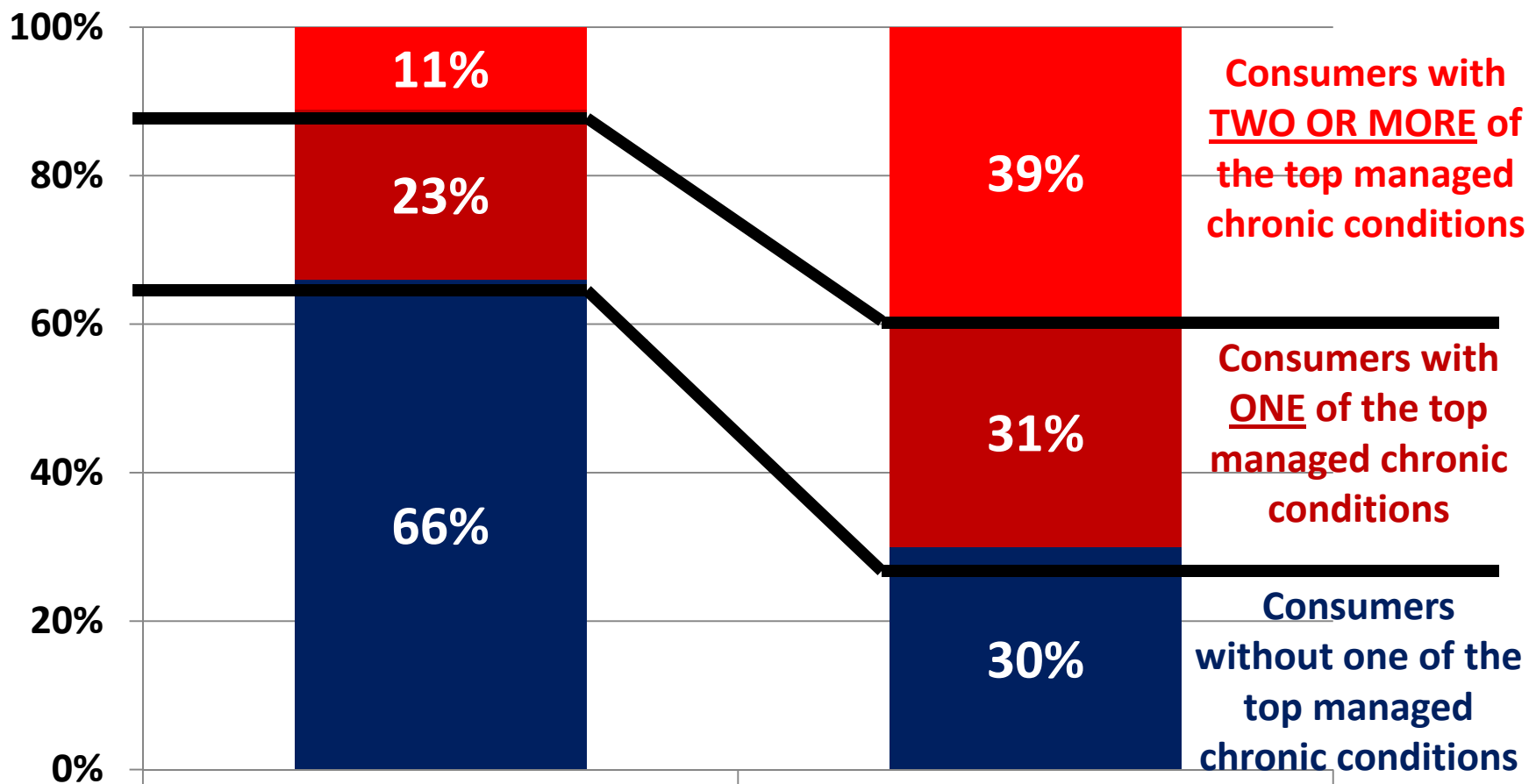
Source: Office of Health Transformation Consolidated Medicaid Budget, All Funds, All Agencies; actual SFY 2008-2010 and estimated SFY 2011-2013; "All Other" includes Federal Funds and Non-General Revenue Funds (non-GRF)

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



Medicaid Hot Spot: Enrollment Spending by Top Managed Chronic Conditions



Enrollment (2.3 million) Spending (\$10.3 billion)

Source: Ohio Department of Job and Family Services. Institutionalized consumers excluded. Based on SFY 2010 total medical cost either by ODJFS or Medicaid managed care plans. Top managed conditions = Diabetes, CAD, CHF, Hypertension, COPD, Asthma, Obesity, Migraine, HIV, BH, & Sub. Abuse.



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Ohio Health Transformation Priorities

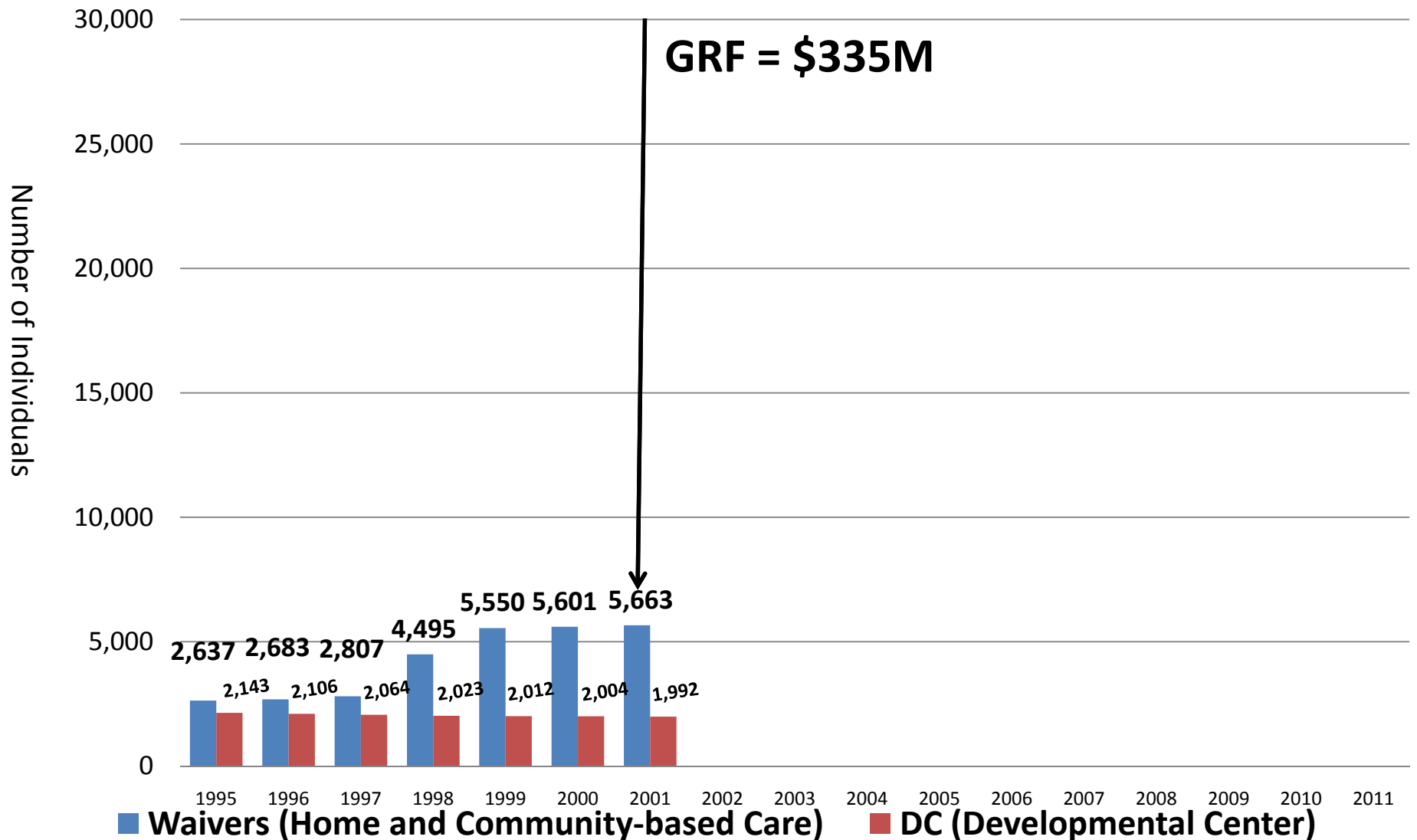
- Improve Care Coordination
- Integrate Behavioral and Physical Health
- Modernize Reimbursement
- Rebalance Long-Term Care

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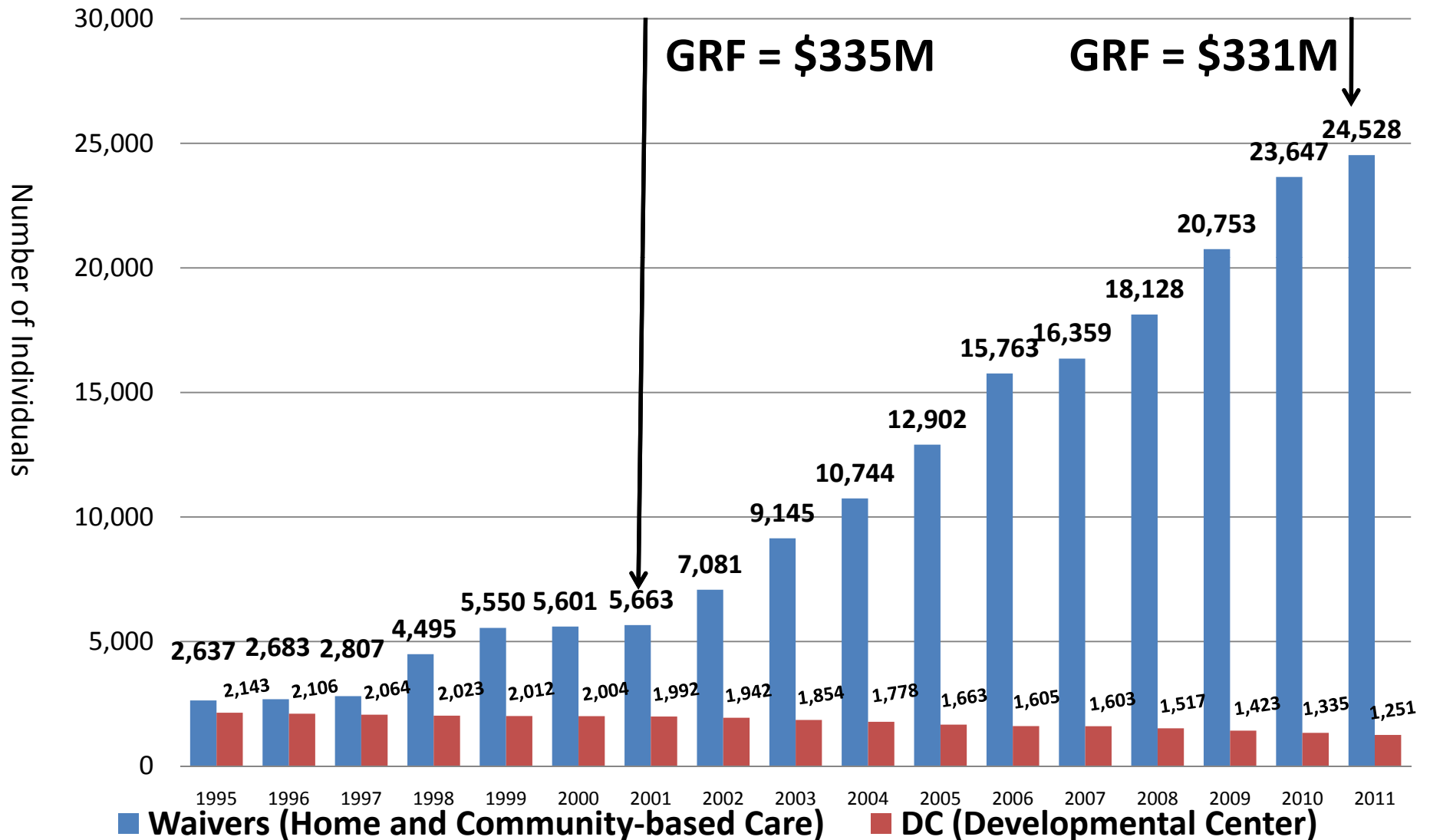


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A Case Study in Transformation: Ohio Department of Developmental Disabilities

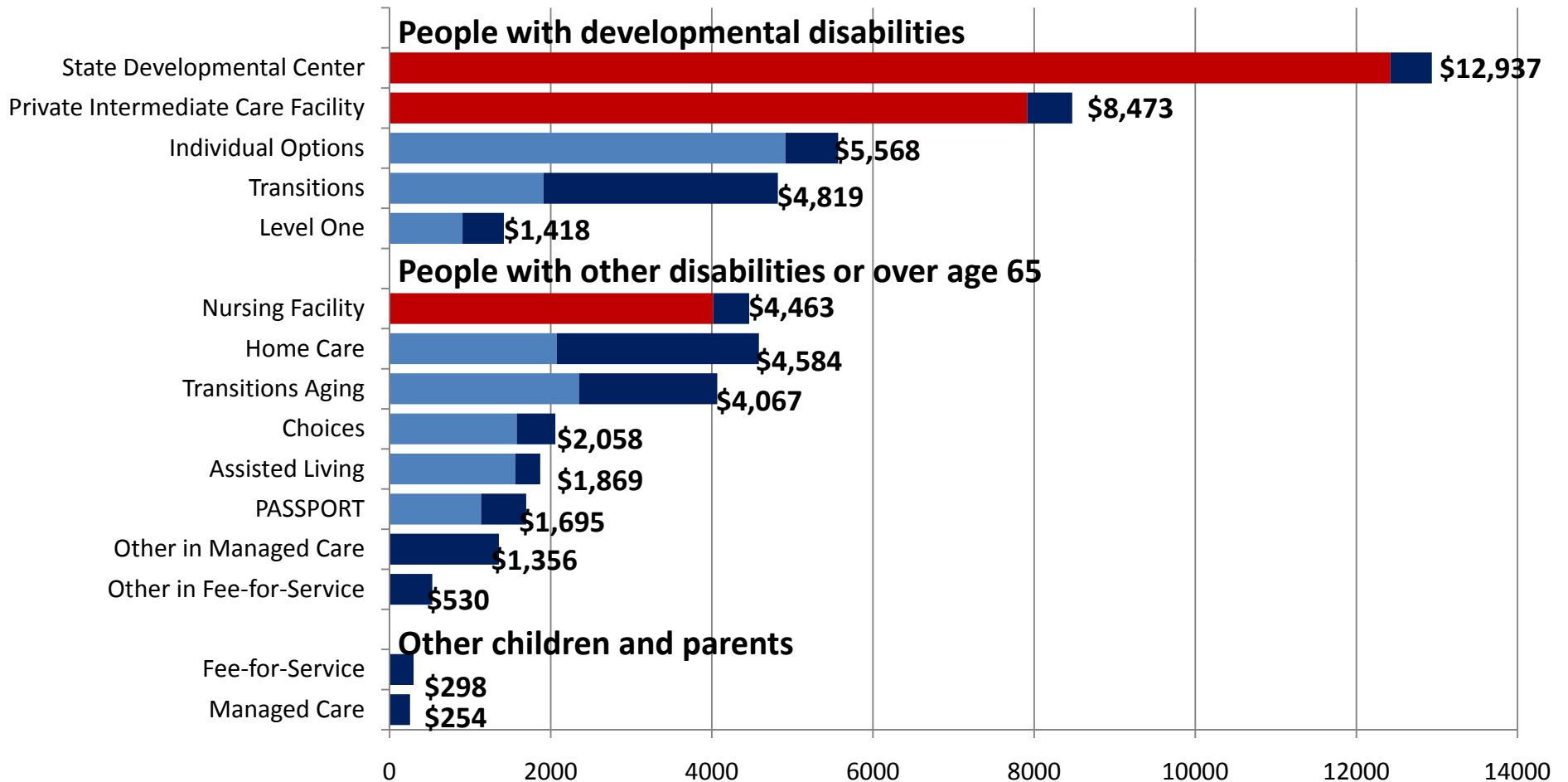


A Case Study in Transformation: Ohio Department of Developmental Disabilities



Ohio Medicaid Spending per Member per Month by Setting

■ Institutional Services
 ■ Waiver Services
 ■ All Other Medicaid

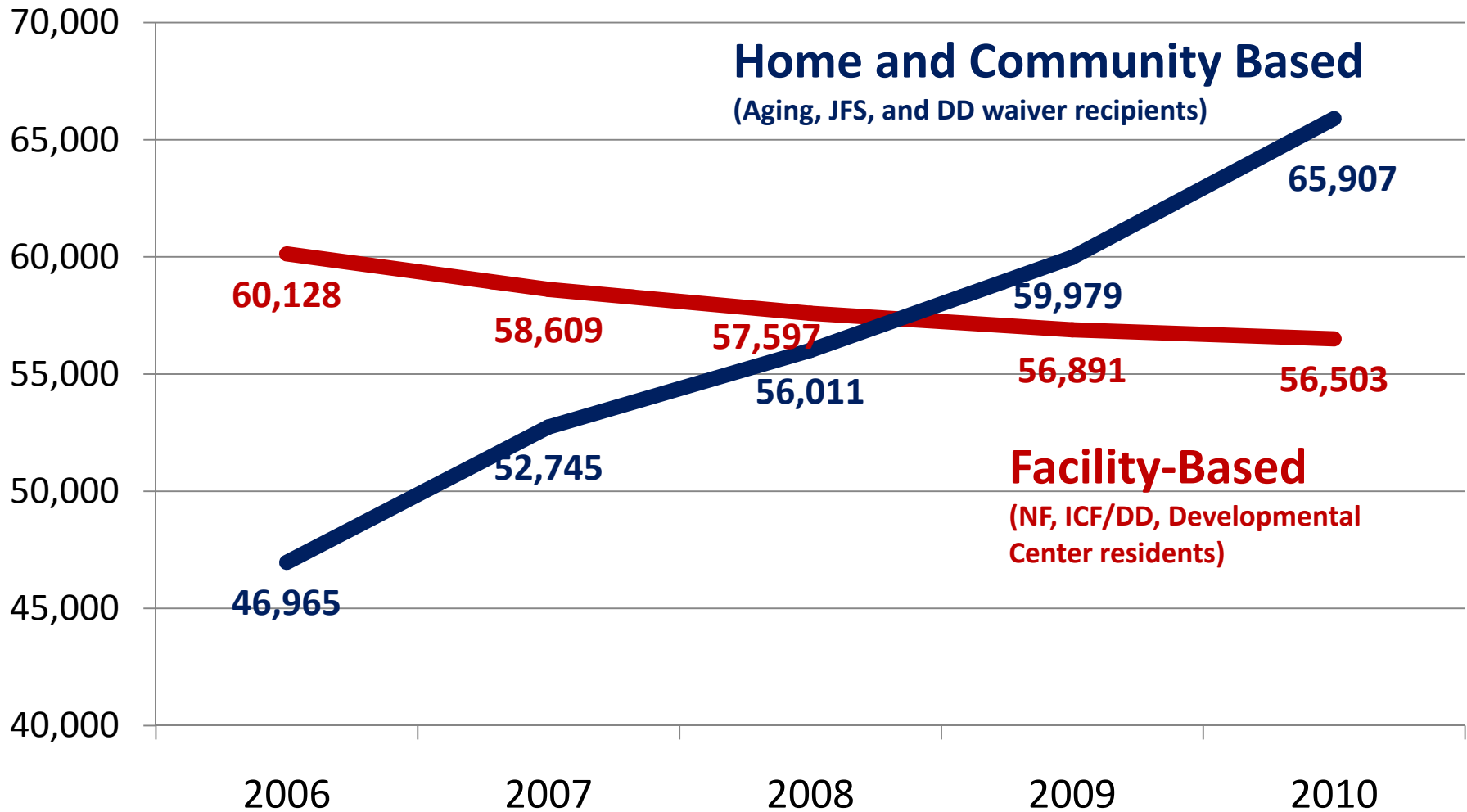


Source: Ohio Department of Job and Family Services. Includes claims incurred from July 2009 through June 2010 and paid through October 2010; cost differences between institutional and waiver/community alternatives do not necessarily represent program savings because population groups being compared may differ in health care needs.



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Ohio Medicaid Residents of Institutions Compared to Recipients of Home and Community Based Waivers



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Source: Ohio Department of Job and Family Services; based on average monthly recipients for SFYs 2006-2010.

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



Rebalance Long Term Care

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

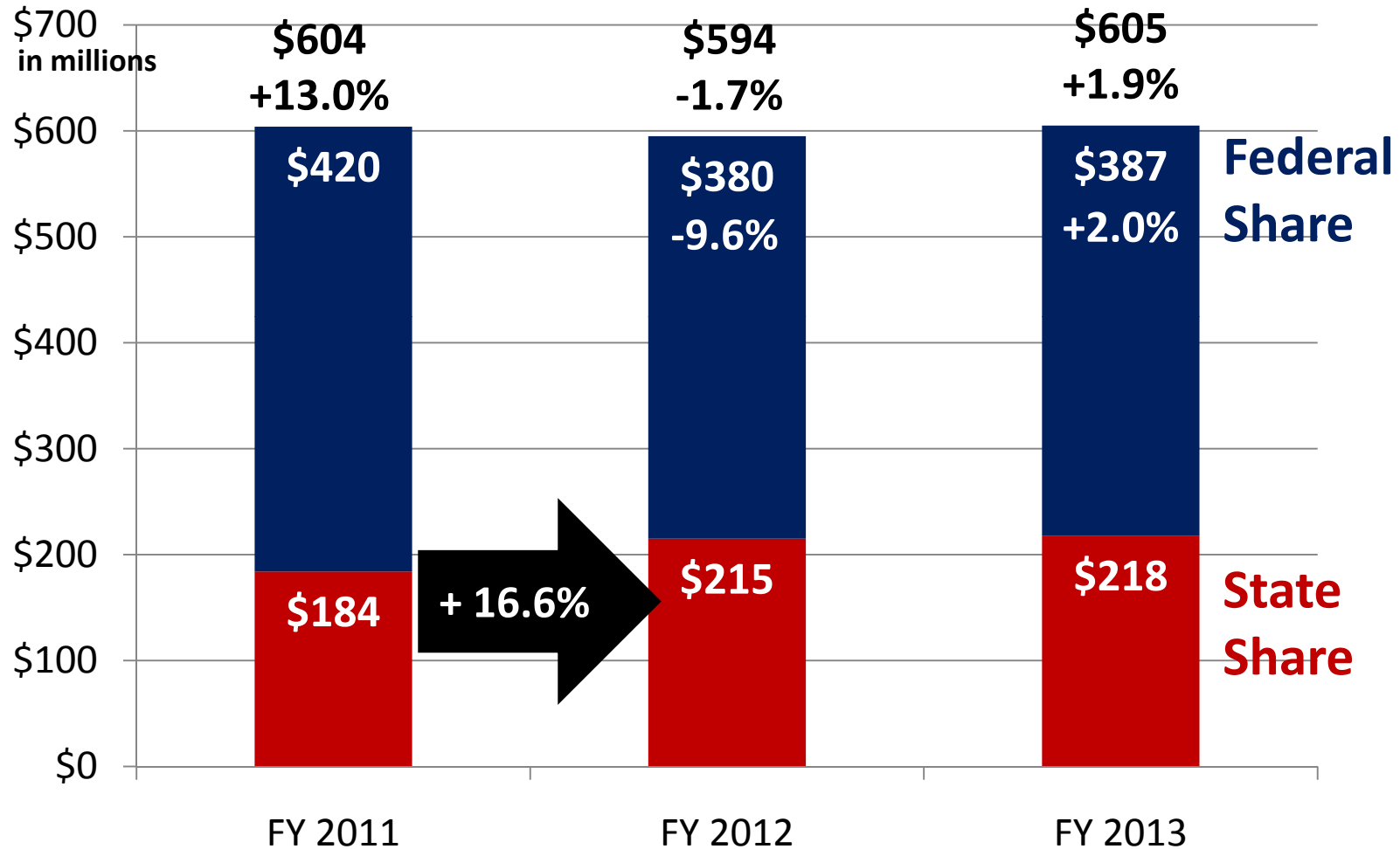
RECOMMENDATIONS:

- 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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PASSPORT/Choices, Assisted Living, and PACE Executive Budget Proposed Spending

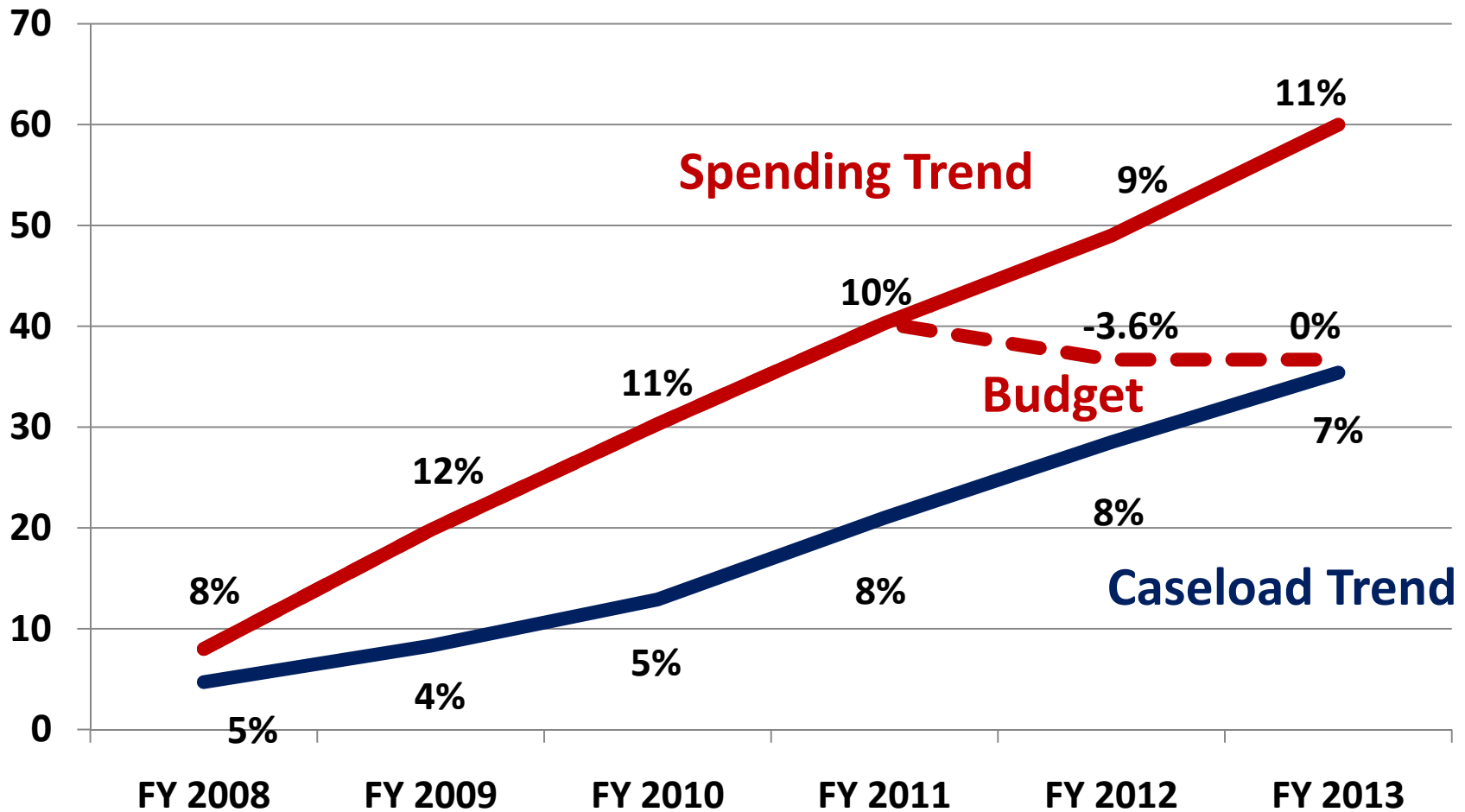


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Source: Ohio Department of Aging; State Share includes state general revenue funds (GRF) and non-GRF state funds.

PASSPORT/Choices Caseload and Total Spending

Annual Percent Change



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Source: Ohio Department of Aging; average monthly caseload; spending includes PASSPORT/Choices Waiver services and PASSPORT Administrative Agency (PAA) case management and administration.

PASSPORT/Choices

All Funds	FY 2011	FY 2012	%	FY 2013	%
Initial Trend	\$ 518,685,418	\$ 563,984,920	8.7%	\$ 626,211,384	11.0%
Budget	\$ 518,685,418	\$ 499,788,037	-3.6%	\$ 499,992,491	0.0%
<i>Service Payment</i>	\$ 440,251,980	\$ 434,235,954	-1.4%	\$ 432,429,461	-0.4%
<i>PAA Payment</i>	\$ 78,433,438	\$ 65,552,083	-16.4%	\$ 67,563,030	3.1%
<i>PAA % of Budget</i>	15.1%	13.1%		13.5%	
Caseload	32,158	34,570	7.5%	36,958	6.9%
PMPM	\$ 1,344	\$ 1,205	-10.4%	\$ 1,127	-6.4%

2012 PMPM reduction includes:
 -3.0% rate cut
 -15% administrative cut
 Other utilization controls

2013 includes:
 Utilization controls



Balance the Budget

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

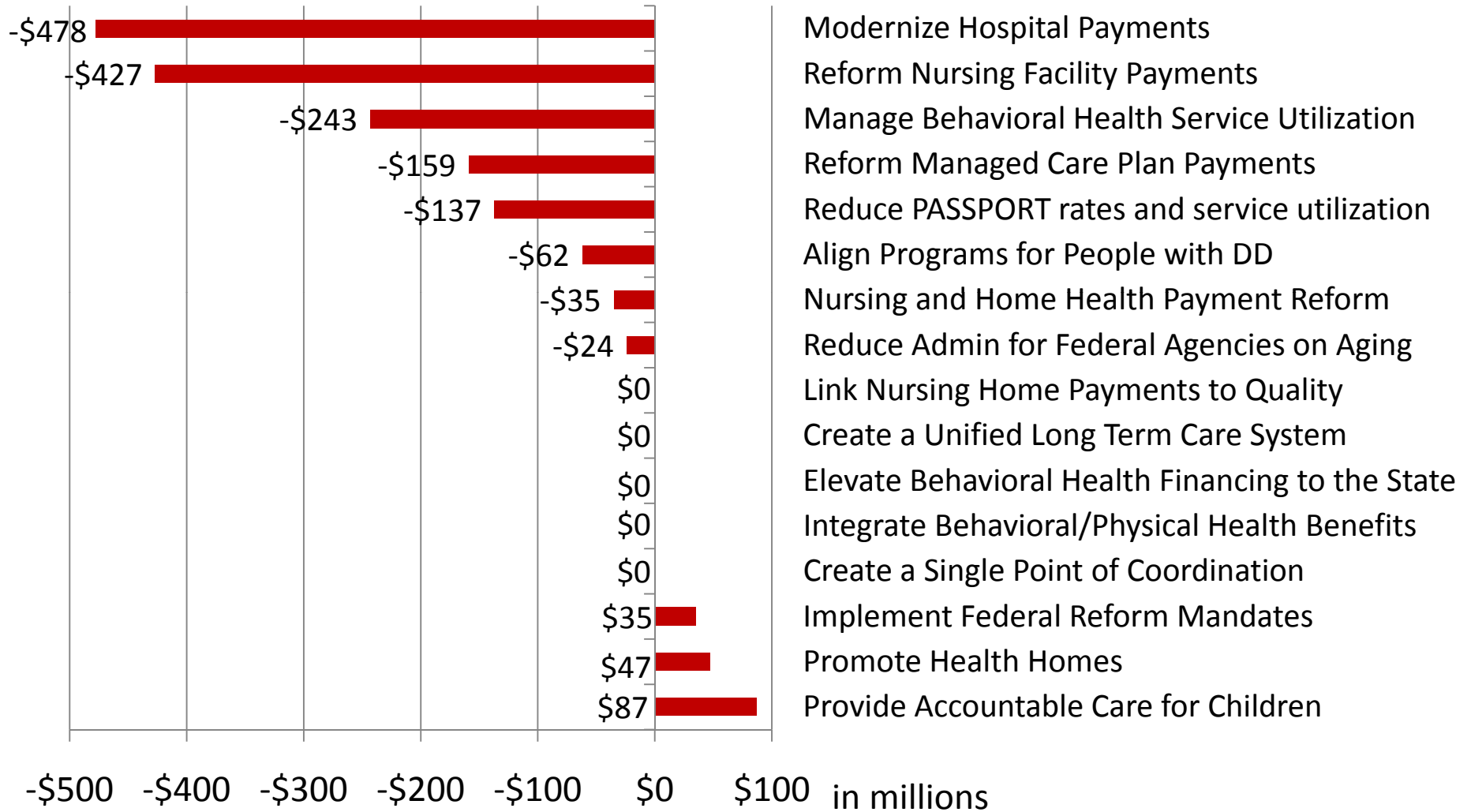
RESULTS:

- 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)



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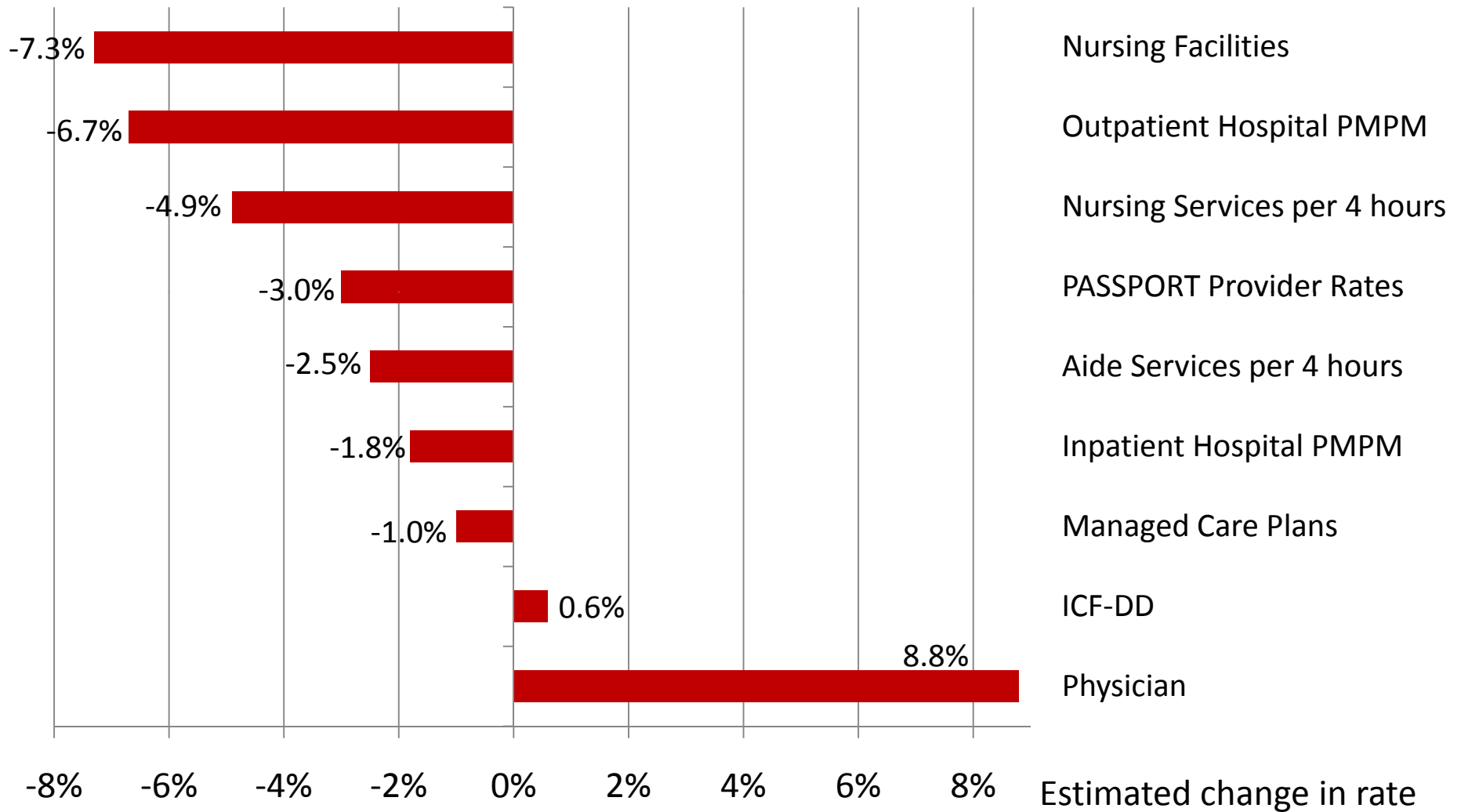
Medicaid Budget: Savings and Investments



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Source: Office of Health Transformation (March 15, 2011)

Medicaid Budget: Impact on Rates by Provider



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Source: Office of Health Transformation (March 15, 2011)

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





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Thank you.

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