



Governor's Office of
Health Transformation

Building Momentum: Improving Overall Health System Performance

Greg Moody, Director
Governor's Office of Health Transformation

Ohio Society of CPAs Health Care Conference
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Federal Health Care Reform

**“We are answering the call
of history”**

– President Barack Obama

It’s “Armageddon”
– Rep. John Boehner

**“National health reform will
save Maryland \$1 billion
over 10 years.”**

– Governor Martin O’Malley

**“Federal reform will increase
Virginia Medicaid spending \$1
billion over 12 years”**

– Governor Bob McDonnell

**43 percent of Americans
favor the new reform law**

– Kaiser Family Foundation

**45 percent of Americans do
not favor the new reform law**

– Kaiser Family Foundation

Sources: The White House, FOX News, Washington Post (March 21, 2010); and Kaiser Family foundation *Health Tracking Poll* (conducted August 16-22, 2010)

Ohioans spend more per person on health care than residents in all but 13 states¹

Rising health care costs are eroding paychecks and profitability

Higher spending is not resulting in higher quality or better outcomes for Ohio citizens

41 states have a healthier workforce than Ohio²



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

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/Clinical	\$1,341	\$1,337	- 0.3%	27
Nursing Home Care	\$392	\$596	+ 52%	45
Home Health Care	\$145	\$133	- 8.3%	35

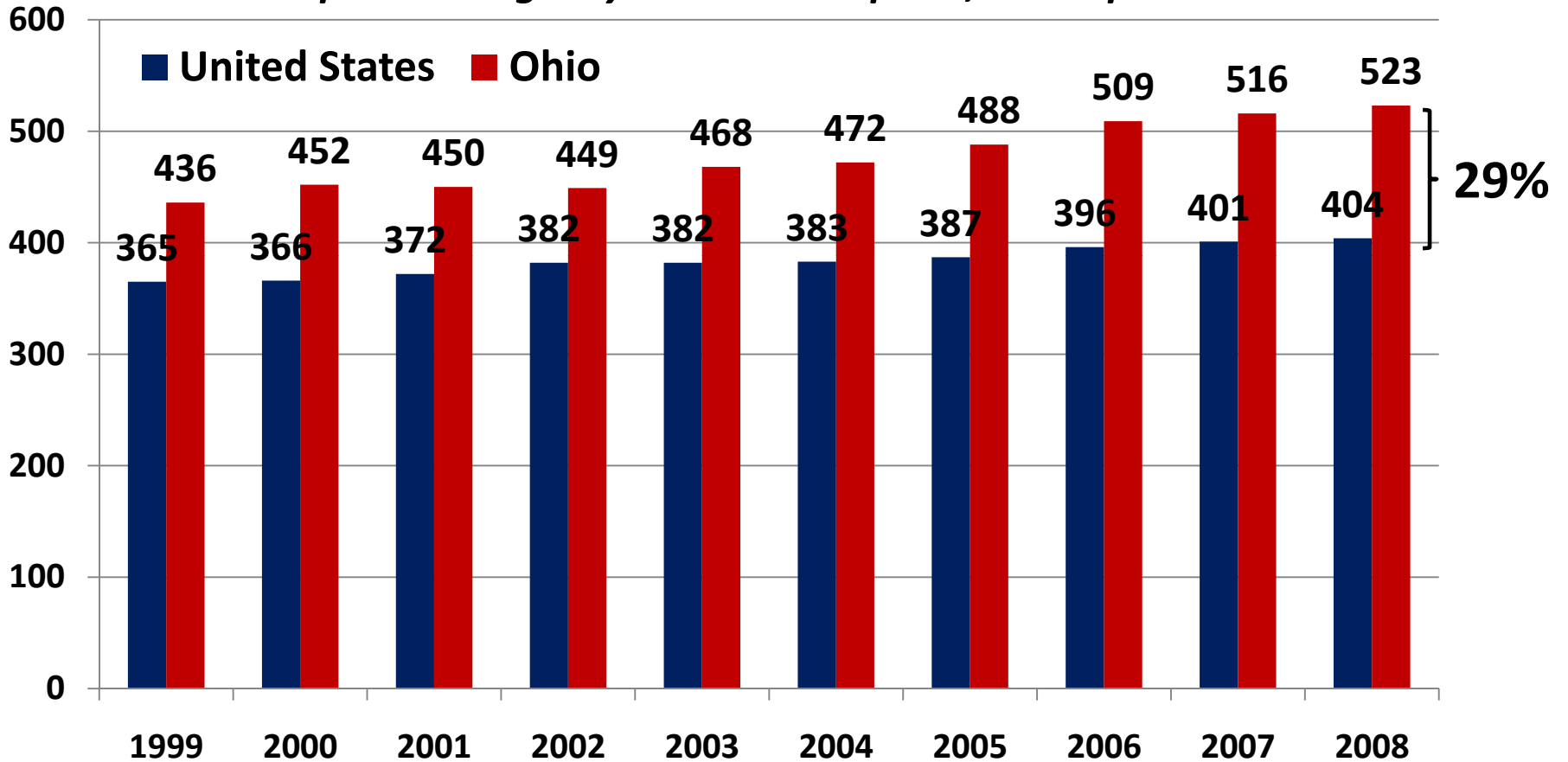


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Source: 2004 Health Expenditure Data, Health Expenditures by State of Residence, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, released September 2007; available at <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/res-us.pdf>

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

Hospital Emergency Room Visits per 1,000 Population

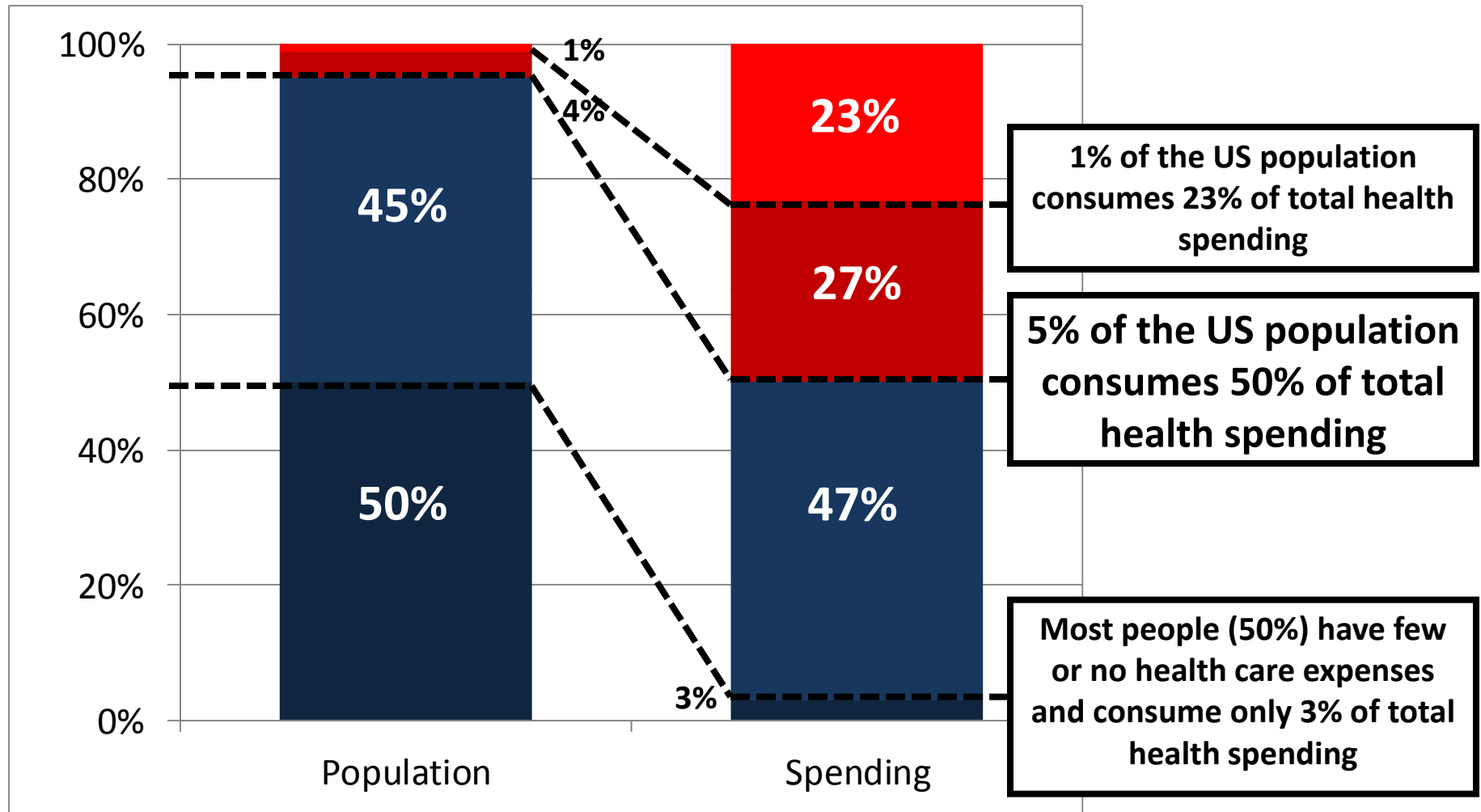


Source: American Hospital Association Annual Survey (March 2010) and population data from Annual Population Estimates, US Census Bureau: <http://www.census.gov/popest/states/NST-ann-est.html>.



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Medical Hot Spot: A few high-cost cases account for most health spending



Health Care System Choices

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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- 1. Modernize Medicaid,**
- 2. Streamline health and human services, and**
- 3. Engage private sector partners to set clear expectations for overall health system performance**

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

**Medicaid is Ohio's largest health payer, covering
1 in 5 Ohioans and 2 in 5 births**

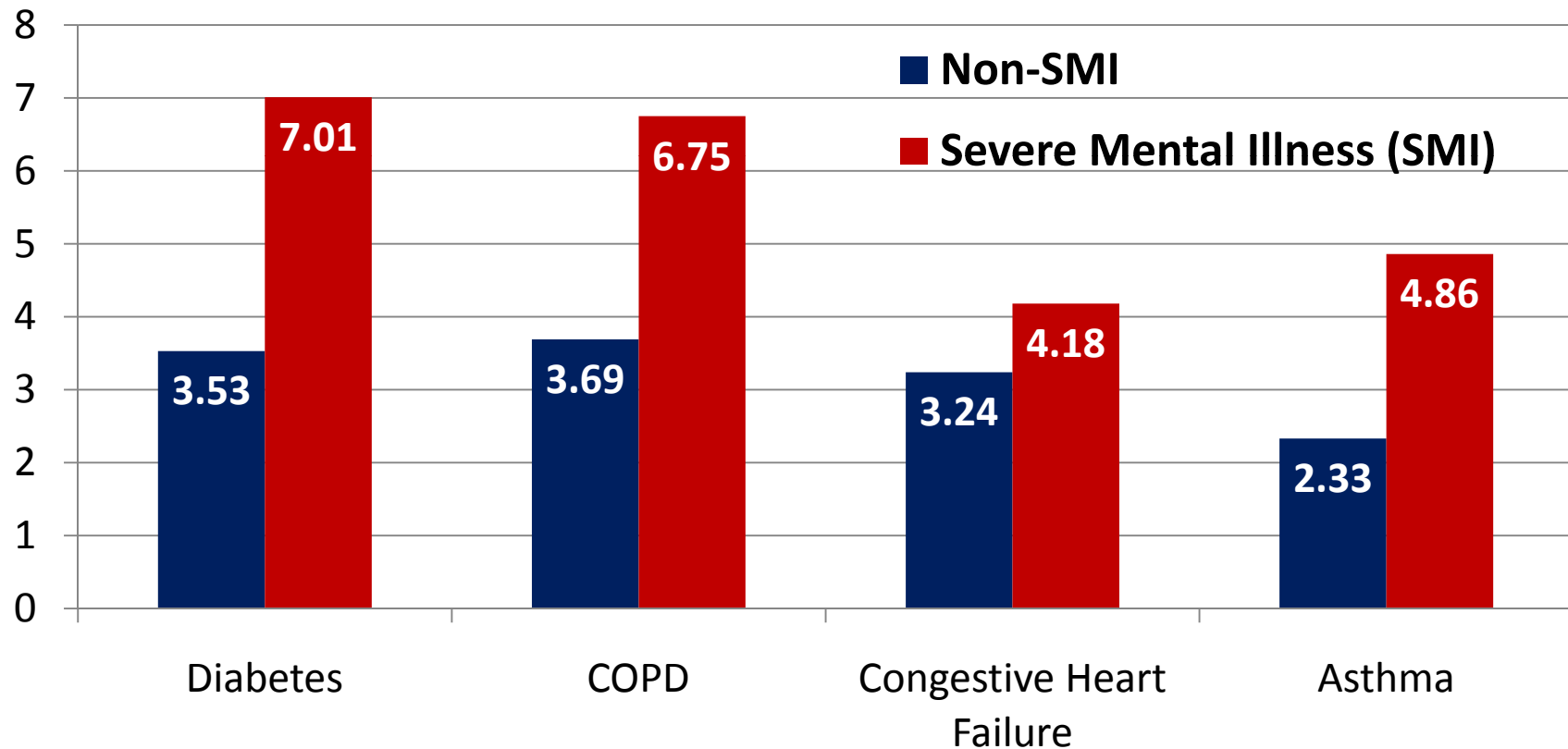
**In 2014, an estimated one million additional
Ohioans will become eligible for Medicaid**

**Medicaid spending is growing at an unsustainable
rate, four times faster than the Ohio economy**

**Ohio Medicaid now consumes 30% of total state
spending and 4% of the total Ohio economy**

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)

Our Vision for Better Care Coordination

- The vision is to 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



Health Transformation Priority: **Modernize Medicaid**

- Nursing facility reimbursement reform
- Medicare/Medicaid Integrated Care Delivery System
- Health homes for people with serious mental illness
- Behavioral health “elevation” and utilization control
- Medicaid managed care procurement
- Pediatric accountable care organizations

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SOURCE: House Bill 153, State of Ohio Operating Budget (enacted June 2011)

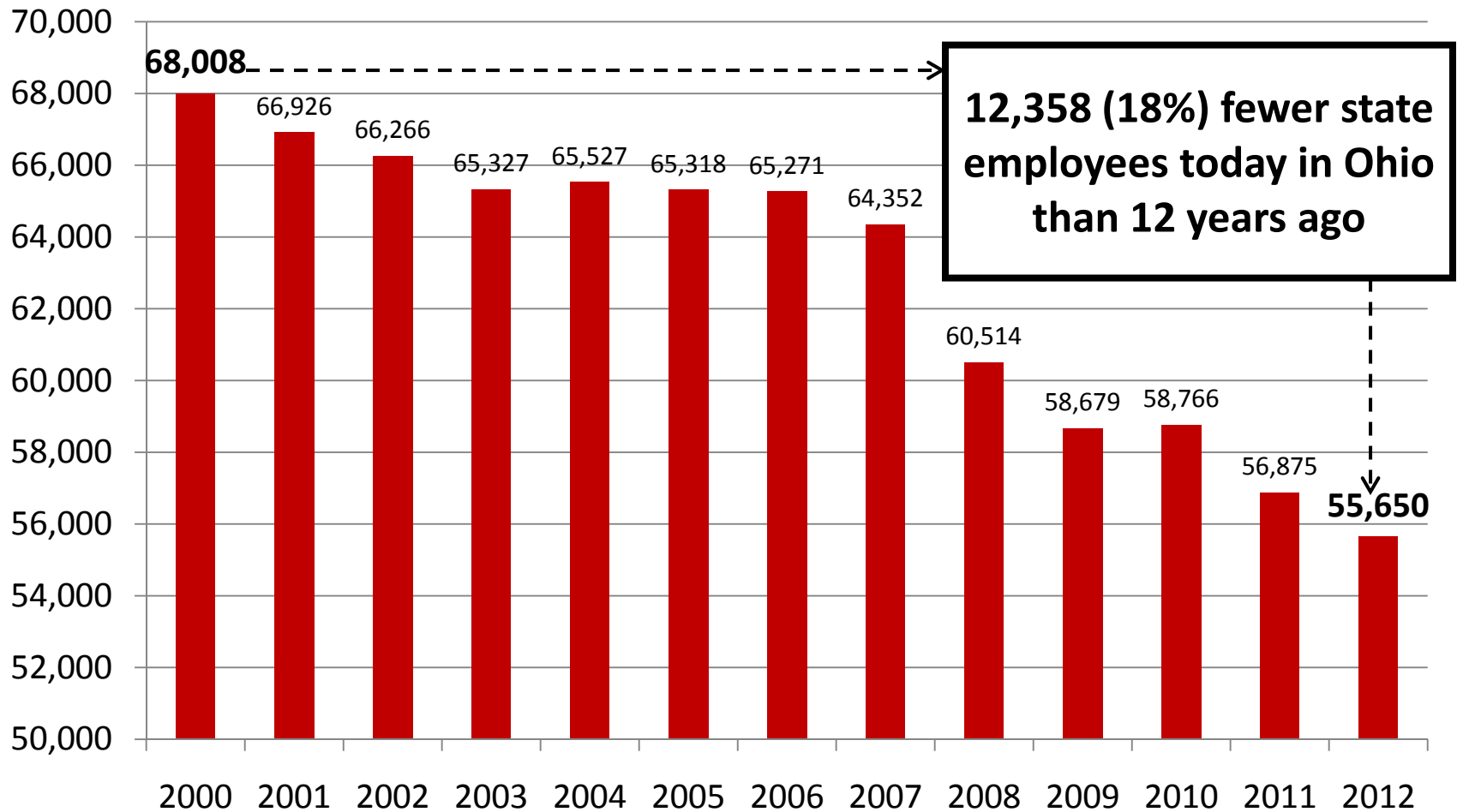


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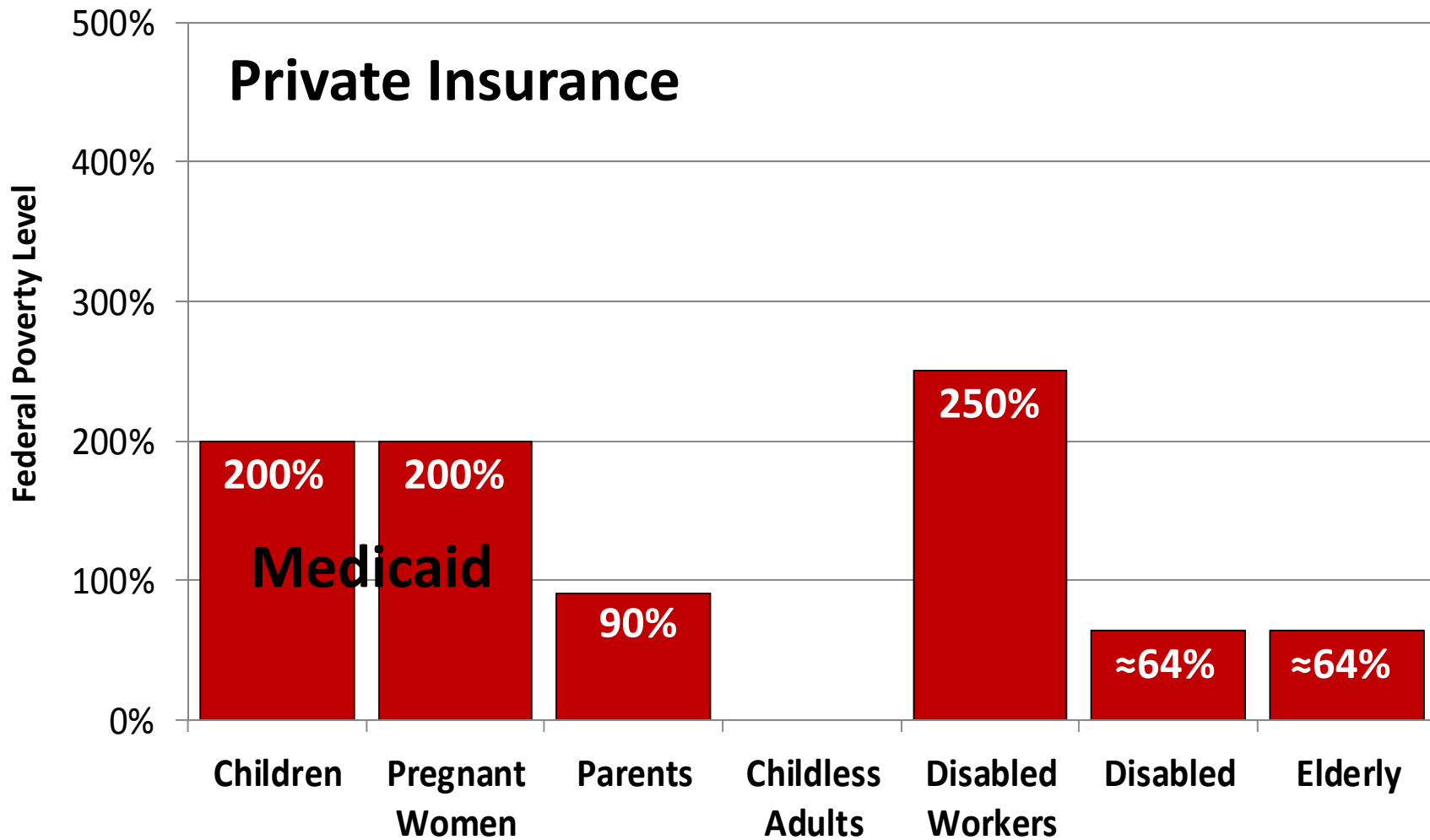
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Operational Hot Spot: Historic downward trend of state employee population

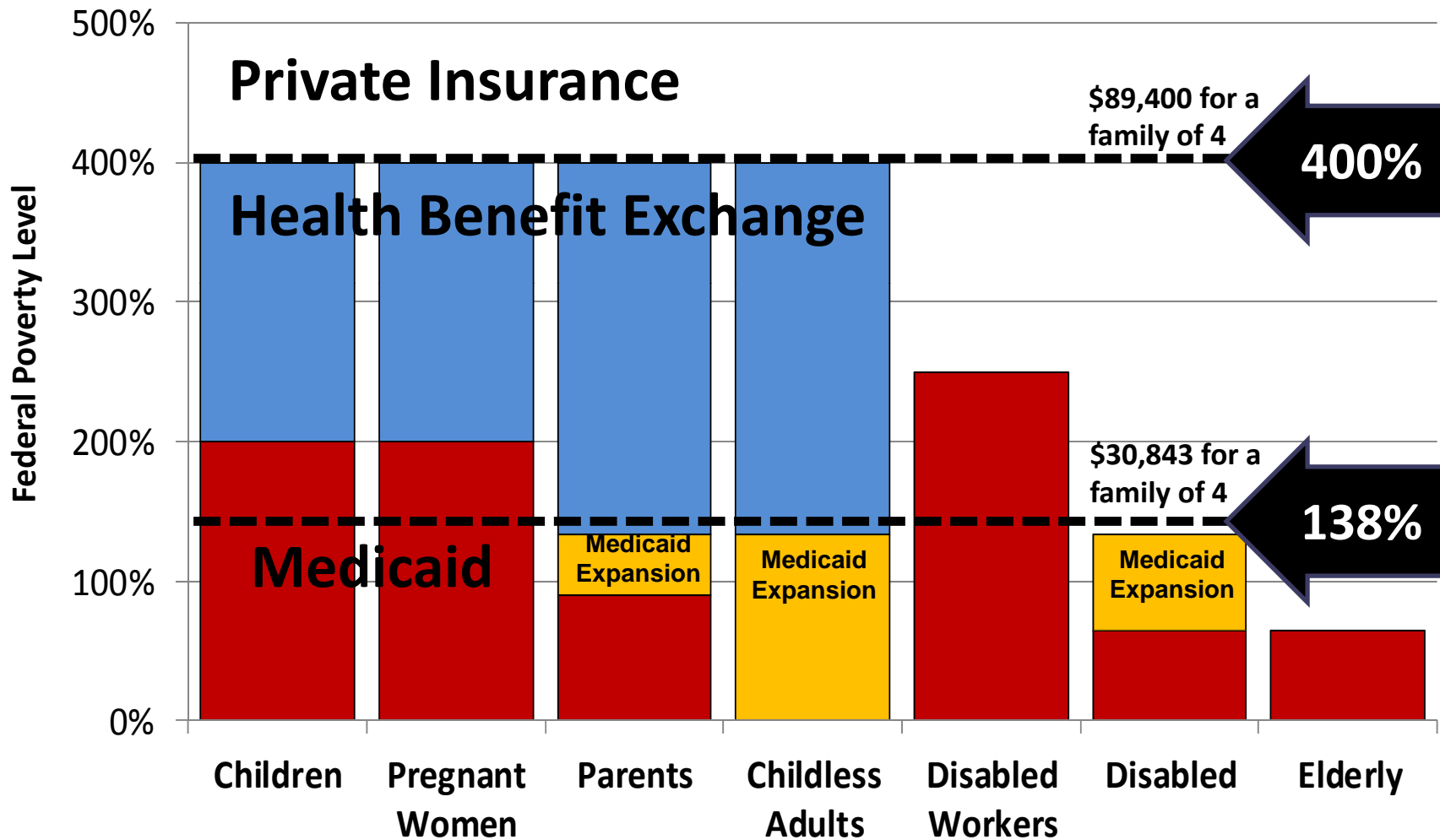


Federal Reform: Current Medicaid Income Eligibility Levels



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Federal Reform: 2014 Health Coverage Expansions



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Health Transformation Priority:
Streamline Health and Human Services

- Eligibility modernization
- Statewide data sharing
- Integrated claims payment
- Health insurance exchange
- Electronic health information exchange

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How can the State of Ohio leverage its purchasing power to improve overall health system performance?

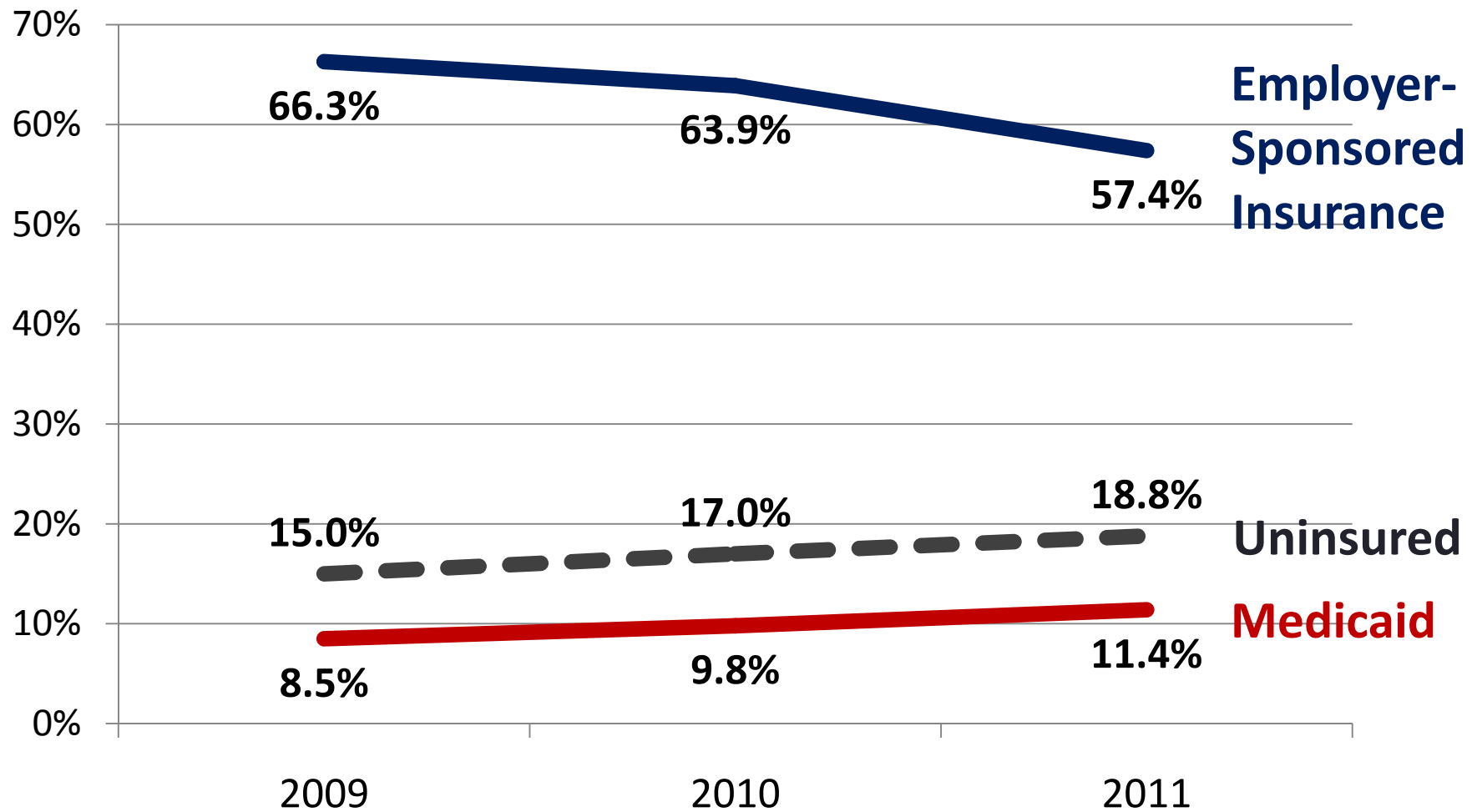
State of Ohio Health Care Purchasing Power

Department	Enrollment	Insurance Contracts (in millions)	Provider Contracts (in millions)	TOTAL (in millions)
Medicaid	2,100,000 ¹	\$5,112 ²	\$8,852 ³	\$13,964
Public Employee Retirement System	221,000	\$1,560 ⁴	--	\$1,560
Administrative Services	118,000 ⁵	\$522 ⁶	--	\$522
Workers Compensation	213,574 ⁴	--	\$779 ⁷	\$779
Rehabilitation and Corrections	50,250 ⁵	--	\$211 ⁷	\$211
TOTAL	2,702,824	\$7,194	\$9,842	\$17,036

Notes: (1) average monthly enrollment FY 2011, (2) private managed care plans, (3) includes Medicare premium assistance and Part D (an additional \$2.8 billion in Medicare spending for Medicare/Medicaid dual eligibles could potentially be managed by the State of Ohio), (4) CY 2010, (5) current population as of October 2011, (6) self insured and contract with third party administrators, FY 2010, (7) FY 2011



Ohioans Covered by Employer-Sponsored Health Insurance, Medicaid, or Uninsured



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Source: Ohio Colleges of Medicine Government Resource Center, "Quantifying the Impact of the Recent Recession on Ohioans: preliminary findings from the 2010 Ohio Family Health Survey" (February 16, 2011)

Ohio's Top Employers

Rank	Company	Estimated Ohio Employment	Headquarters
1	Wal-Mart	52,275	Bentonville, AR
2	Cleveland Clinic	39,400	Cleveland, OH
3	Kroger	39,000	Cincinnati, OH
4	Catholic Health Partners	30,300	Cincinnati, OH
5	Ohio State University	28,300	Columbus, OH
6	Wright-Patterson	26,300	Dayton, OH
7	University Hospitals	21,000	Cleveland, OH
8	JP Morgan Chase	19,500	New York, NY
9	Giant Eagle	17,000	Pittsburgh, PA
10	OhioHealth	15,800	Columbus, OH
11	Meijer	14,400	Grand Rapids, MI
12	Premier Health Partners	14,070	Dayton, OH



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Five Health Plans Cover 83% of Insured Ohioans

Health Plan	Total Ohio Enrollment	Percent of Total
Wellpoint	3,370,000	42%
UnitedHealthcare	1,080,000	13%
CareSource	840,000	10%
CIGNA	750,000	9%
Medical Mutual	600,000	8%
Other	1,360,000	17%
Total	8,000,000	100%

Notes: "Total Ohio Enrollment" includes individual, small and large group, self-insured, and Medicaid managed care markets



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Source: Milliman Inc. prepared for the Ohio Department of Insurance (August 31, 2011) and Ohio Medicaid managed care enrollment reports (October 2011)

Health Transformation Priority:

Improve Overall Health System Performance

- Standardize performance measurement
- Report performance measurement results publicly
- Reform the health care delivery payment system
- Support regional innovation in payment reform

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What will deliver better health for Ohioans and cost savings for Ohio businesses?

- Medical Homes?
- Health Homes for People with Chronic Conditions?
- Accountable Care Organizations?
- P4P or Bundled Payments or Global Payments?
- Market Competition?
- Other innovations?

Don't let the fear of failure
prevent you from taking the
risk necessary to innovate.

— Governor John Kasich

Ohio

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Thank you.

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