Building Momentum: Next Steps to Improve Overall Health System Performance

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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)

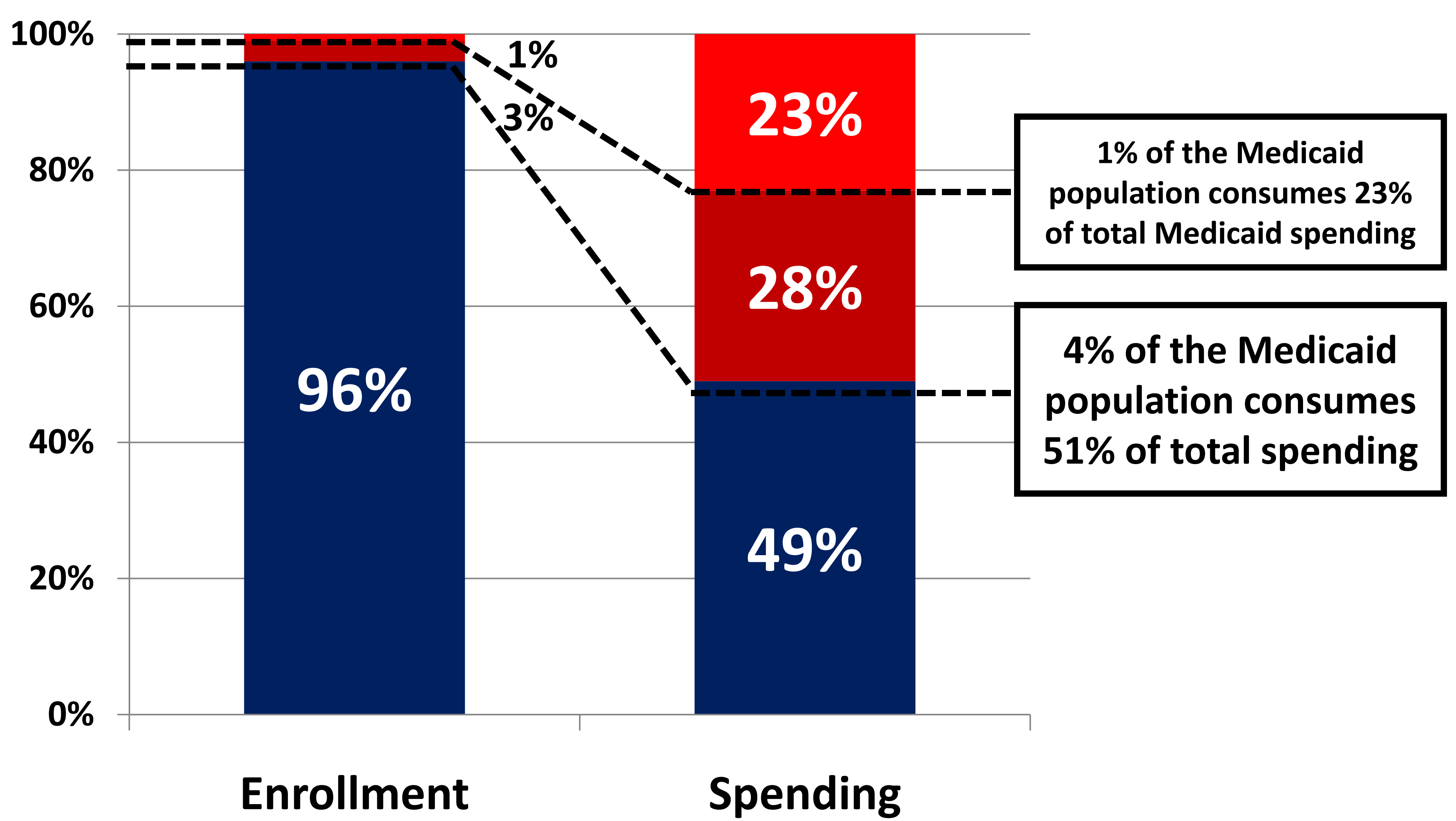
Medicaid is Ohio's largest health payer, covering 1 in 5 Ohioans and 2 in 5 births

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

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

Health Care System Choices

Fragmentation	vs. Coordination
• Multiple separate providers	• Accountable medical home
• Provider-centered care	• Patient-centered care
• Reimbursement rewards volume	• Reimbursement rewards value
• Lack of comparison data	• Price and quality transparency
• Outdated information technology	• Electronic information exchange
• No accountability	• Performance measures
• Institutional bias	• Continuum of care
• Separate government systems	• Medicare/Medicaid/Exchanges
• Complicated categorical eligibility	• Streamlined income eligibility
• Rapid cost growth	• Sustainable growth over time

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

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)

	Non-SMI	Severe Mental Illness (SMI)
Diabetes	3.53	7.01
COPD	3.69	6.75
Congestive Heart Failure	3.24	4.18
Asthma	2.33	4.86

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

Our Vision for Better Care Coordination

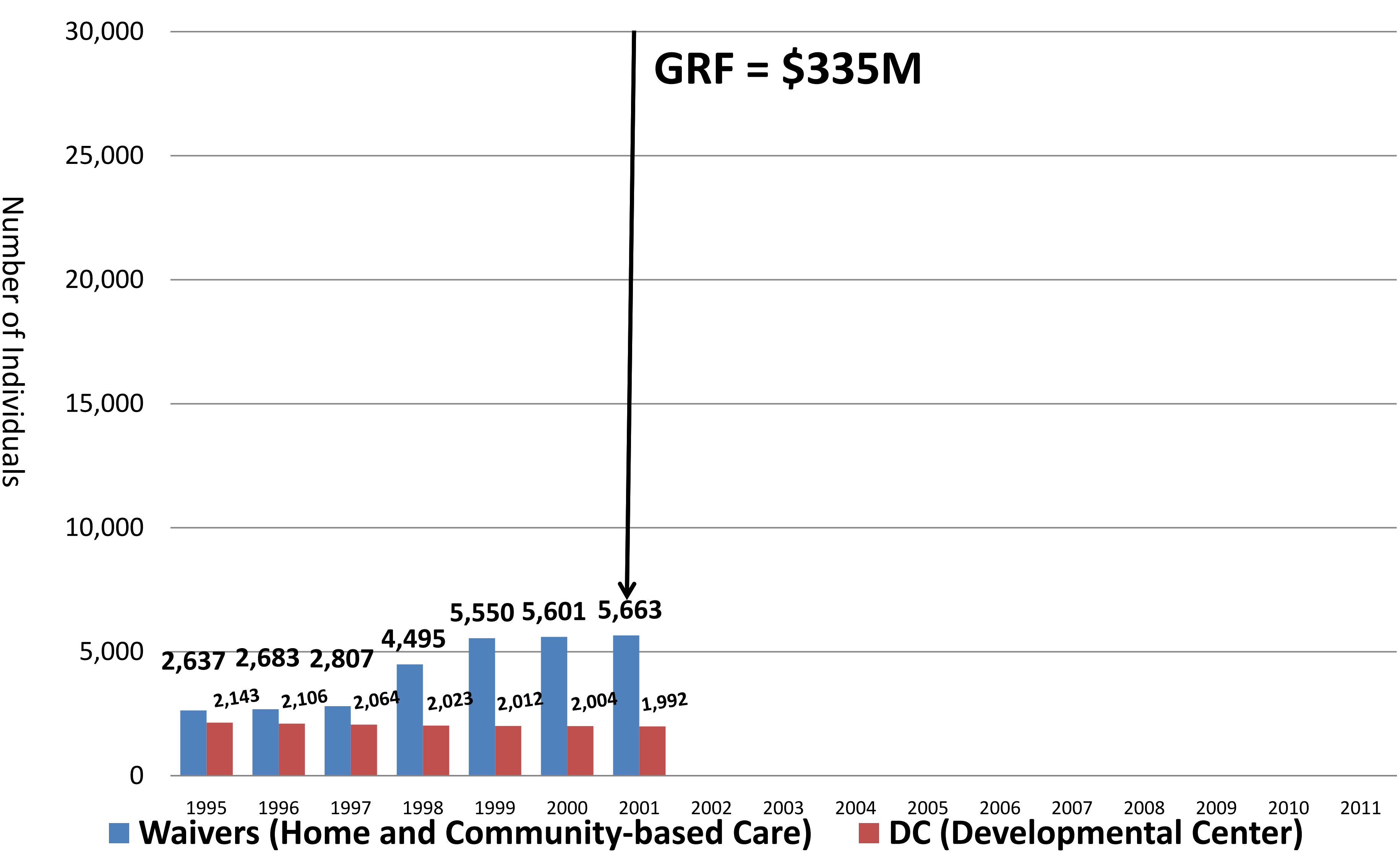
- The vision is to create a person-centered care management approach – not a provider, program, or payer approach
- Services are integrated for all physical, behavioral, long-term care, and social needs
- Services are provided in the setting of choice
- Easy to navigate for consumers and providers
-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

SOURCE: Ohio's Demonstration Model to Integrate Care for Dual Eligibles, a proposal to the Center for Medicare and Medicaid Innovation (February 1, 2011)

Medicaid Transformation Priorities

www.healthtransformation.ohio.gov

A Case Study in Transformation: Ohio Department of Developmental Disabilities



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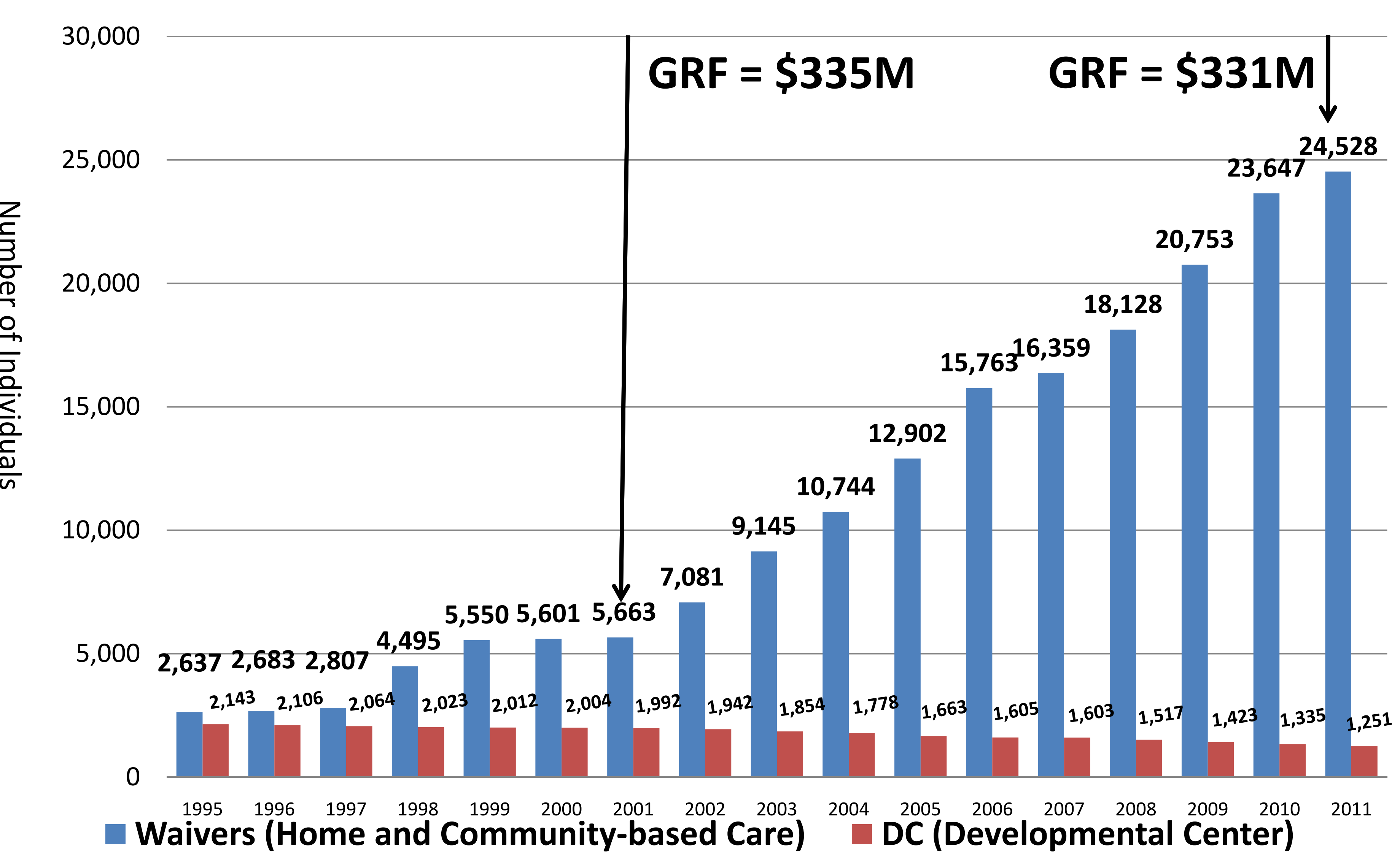
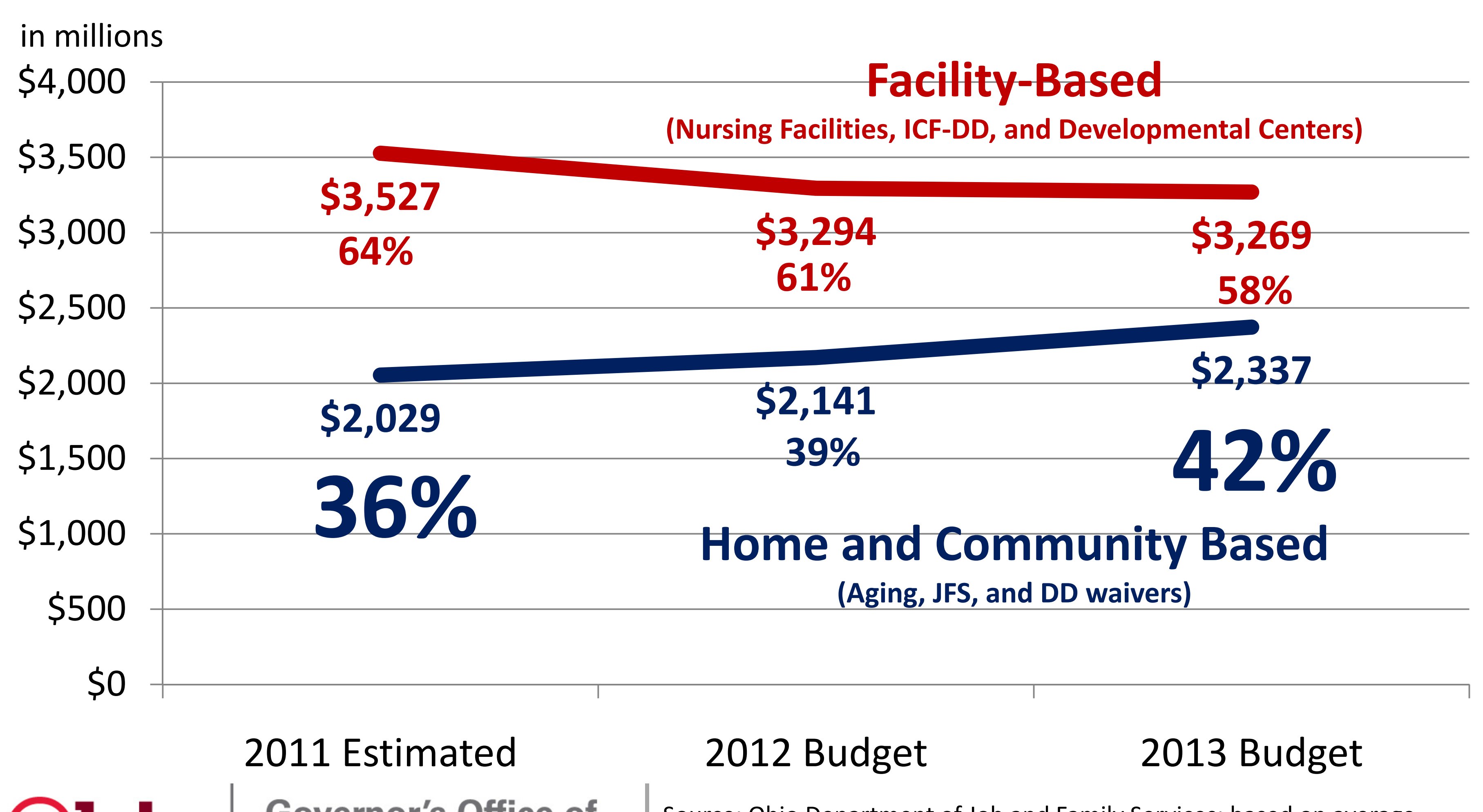


Medicaid Budget:

Rebalance Medicaid Spending on Institutions vs. Home and Community Based Services



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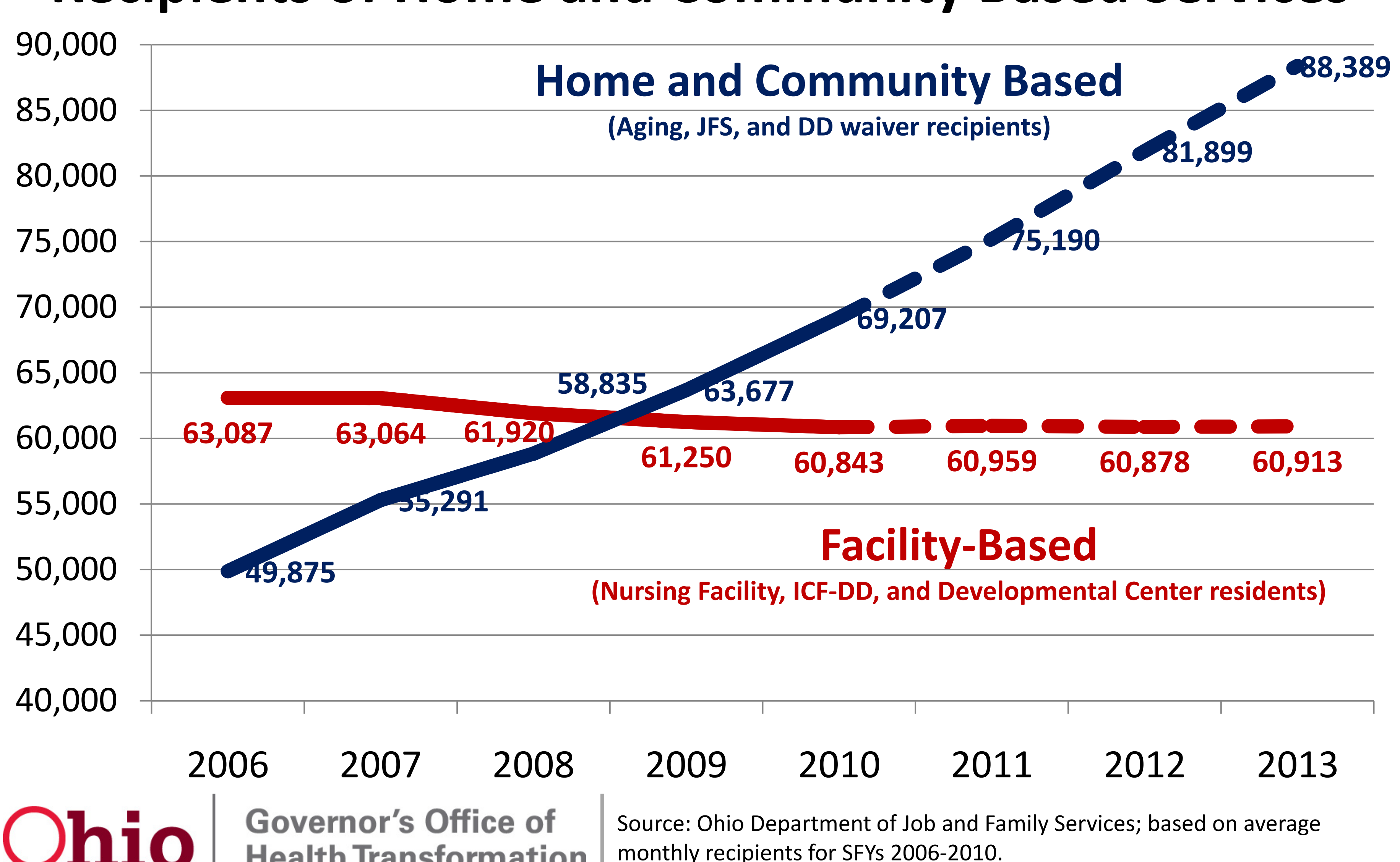
Source: Ohio Department of Job and Family Services; based on average monthly recipients for SFYs 2006-2010.

Medicaid Budget:

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



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

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Ohio HHS policy, spending and administration is split across multiple state and local jurisdictions

This inefficient structure impedes innovation and lacks a clear point of accountability

We need to share services to increase efficiency and right-size state and local service capacity

Only after program and operational alignment occurs will governance changes make sense

Health and Human Service System Choices

Program-Centered	Person-Centered
• Service and benefit centered	• Client/patient/person centered
• Program specific services	• Integrated and coordinated services
• Complicated categorical eligibility	• Streamlined income eligibility
• Resource and process "counts"	• "Return on investment"
• No clear point of accountability	• Enterprise performance measures
• Deficit (problem) based model	• Strength (asset) based model
• Compliance and control	• Business intelligence
• Bureaucratic	• Entrepreneurial

SOURCE: Ohio Enterprise Decision Support Preliminary Strategic Findings, Recommendations, and Roadmap, Gartner (September 22, 2011)

Operational Hot Spot:
Eligibility Determination

Fragmented

- 88 county offices, each with different processes, results in inconsistent application of eligibility rules
- Two separate processes to determine disability (JFS and RSC) results in duplication and excessive cost

Overly Complex

- 160 categories of eligibility – just for Medicaid

Outdated technology

- CRIS-E is more than 30 years old
- Programmed in outdated computer language and cannot link with other health insurance programs

HHS Transformation Priorities

- ✓ Consolidate funding and control of Medicaid programs to be more efficient (HB 153)
- Consolidate HHS operations, including eligibility determination, enterprise decision support, and claims payment (planning now)
- Align cross-cutting initiatives, including housing, workforce, and early childhood (ongoing)
- After operational alignment, recommend a permanent HHS governance structure

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Ohioans spend more per person on health care than residents in all but 13 states[1]

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 Ohio[2]

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

Health System Performance Priorities

- Leverage Medicaid purchasing power to support delivery system reform (HB 153)
- Align public/private infrastructure, including health insurance exchange and electronic health information exchange (planning now)
- Leverage public/private purchasing power to pay for value not volume, including patient centered medical homes and other innovations

Ohio Health Transformation Strategic Framework

	MODERNIZE MEDICAID	STREAMLINE HEALTH AND HUMAN SERVICES	IMPROVE HEALTH SYSTEM PERFORMANCE
Executive Order	Advance the Governor's Medicaid modernization and cost containment priorities in the operating budget	Recommend a permanent health and human services organizational structure and oversee transition to that structure	Engage private sector partners to set clear expectations for overall health system performance
Problem	Medicaid spending is growing at an unsustainable rate, four times faster than the Ohio economy, and now consumes 30 percent of total state spending and 4 percent of the Ohio economy	Ohio HHS policy, spending and administration is split across multiple state and local government jurisdictions, and this inefficient structure impedes innovation and lacks a clear point of accountability	Ohioans spend more per person on health care than residents in all but 13 states, yet higher spending is not resulting in higher quality or better health outcomes for Ohio citizens (Ohio ranks 42 in overall)
Policy Priorities	• Improve care coordination • Integrate behavioral and physical health care • Rebalance long-term care	• Share services to increase efficiency • Right-size state and local service capacity • Streamline governance	• Get the right information in the right place at the right time • Make health care price and quality information transparent • Pay for value not volume
Initiatives *Spring 2011*	**Phase I: Enact Medicaid Transformation (HB 153)** • Enact common-sense Medicaid modernization and cost containment proposals	**Phase I: Consolidate HHS Medicaid Programs (HB 153)** • Reorganize funding and control of Medicaid programs to be more efficient (e.g., unified long-term care budget)	**Phase I: Leverage Medicaid Purchasing Power (HB 153)** • Reward best practices in health care delivery system reform (e.g., health homes, accountable care organizations)
Fall 2011	**Phase II: Implement Medicaid Transformation** • Oversee rules process and initial implementation • Secure federal support to implement reforms	**Phase II: Consolidate HHS Operations** • Eligibility determination • Enterprise Decision Support • Unified claims payment (MITS next phase)	**Phase II: Align Public/Private Health System Priorities** • Health Insurance Clearinghouse • Electronic Health Information Exchange
Spring 2012		**Phase III: Streamline HHS Governance** • Recommend and transition to a permanent HHS structure	**Phase III: Leverage Public/Private Purchasing Power** • Priorities TBD through regional innovation initiatives
Governance	**Office of Health Transformation (OHT) Cabinet** AGE, ADA, MH, DD, ODH, Medicaid with connections to JFS	**HHS Shared Services Project Office** (sponsors: DAS, OBM, OHT) JFS, RSC, AGE, ADA, MH, DD, ODH, Medicaid with connections to ODE, DRC, DYS, DVS, ODI, TAX, others welcome	**Ohio Health System Performance Task Force** DAS, BWC, OHT, ODI, TAX, JobsOhio, others welcome
Current Work Teams	• NF reimbursement (Greg Moody) • Dual waiver (Harry Saxe) • Single aging waiver (Sara Abbott) • Health home for people with chronic conditions (Jon Barley) • BH elevation/integration/utilization control (Tracy Plouck) • Medicaid managed care procurement (John McCarthy) • Pediatric accountable care (Patrick Beatty) • ICF/Transitions (Patrick Stephan)	• Eligibility determination (Rick Tully) • Business intelligence (Deven Mehta) • MITS next phase (John McCarthy) • Housing (Tracy Plouck) • Early childhood (Anne Harnish) • Permanent structure planning (Greg Moody)	• Health Insurance Exchange (Carrie Haughawout) • Health Information Exchange (Greg Moody) • Patient-Centered Medical Home (Ted Wymyslo) • Regional innovation (Monica Juenger) • Medical corridor (Dawn Larzelere) • Payment reform planning (Greg Moody)

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SOURCE: www.healthtransformation.ohio.gov

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

— Governor John Kasich