Leveraging Medicaid to Integrate Physical and Behavioral Health Care Services

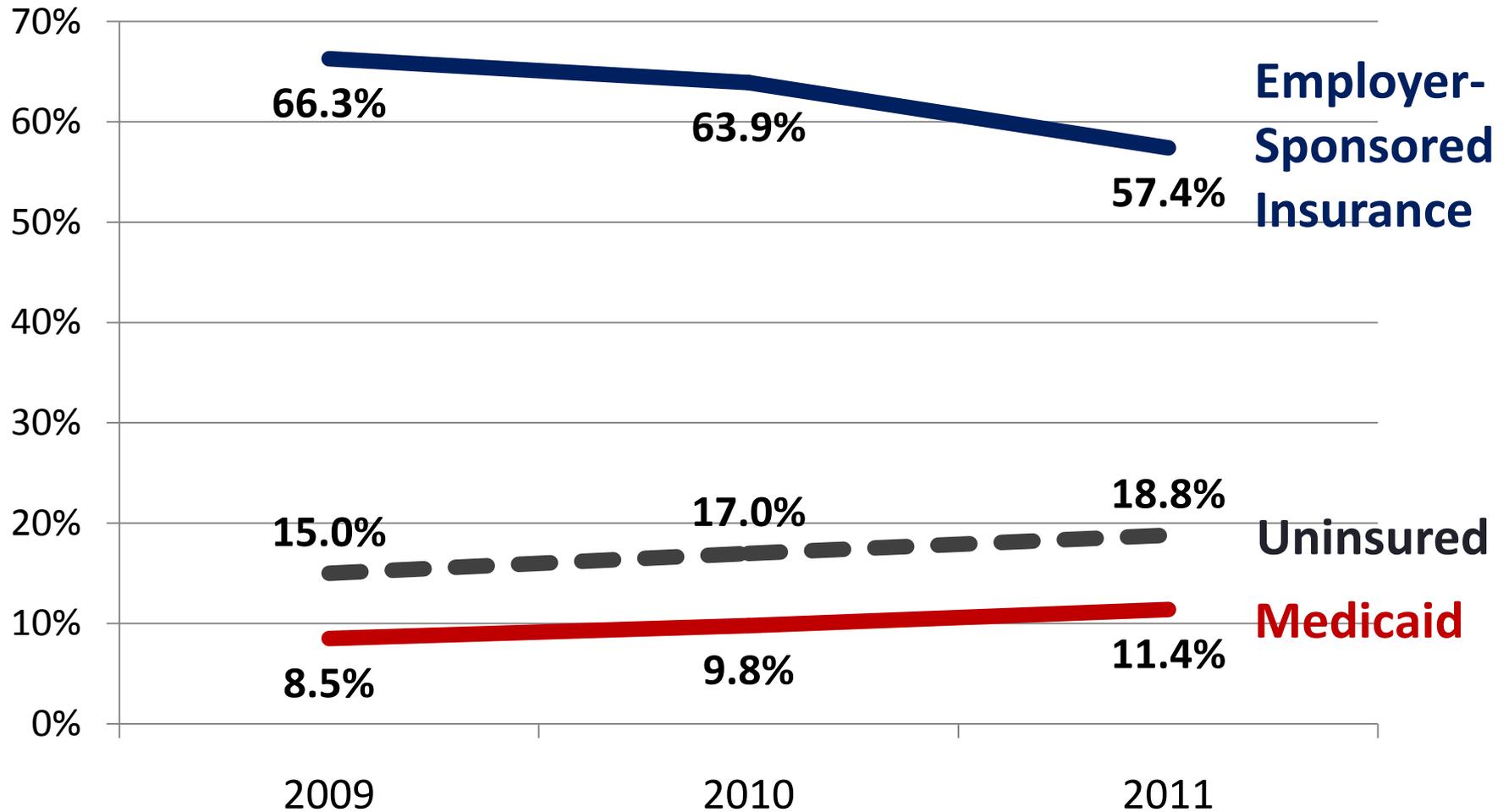Greg Moody, Director
Governor's Office of Health Transformation

The Ohio State University Department of Psychiatry Grand Rounds
October 5, 2011

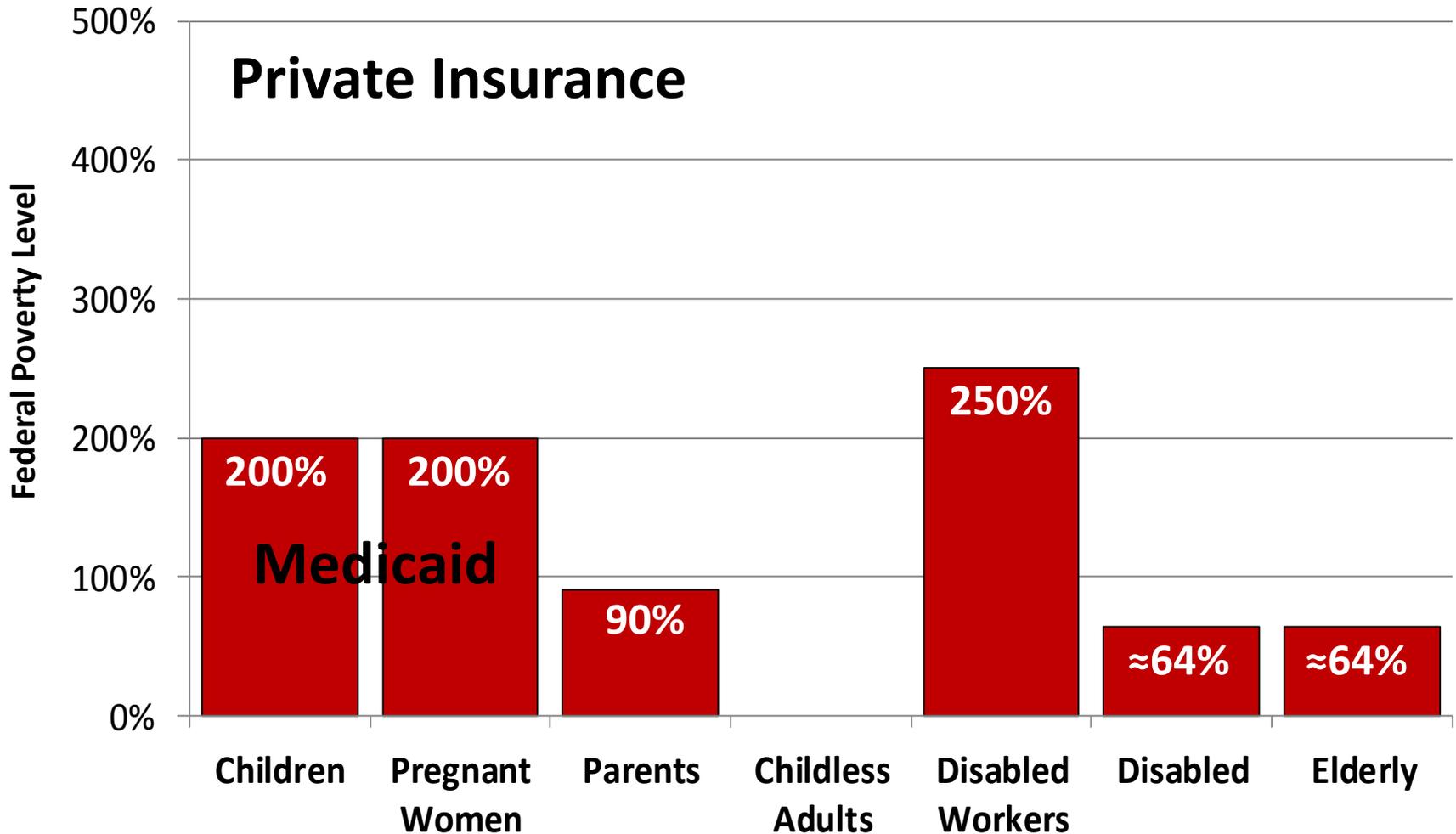# Medicaid is Ohio's Largest Health Payer

- 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 births[1]

- **Largest single payer for mental health services and the dominant purchaser of antipsychotic medications[2]**

- **Nearly 27% of all inpatient hospital days paid for by Medicaid are for mental health and addiction treatment[2]**

- Spends $18 billion annually all agencies, all funds (SFY 2011) [1]

- Accounts for 4.0% of Ohio's total economy, 30% of the state's budget, and is growing[3]

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

Employer-Sponsored Insurance

- 66.3%
- 63.9%
- 57.4%

Uninsured

- 15.0%
- 17.0%
- 18.8%

Medicaid

- 8.5%
- 9.8%
- 11.4%

2009   2010   2011

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Federal Reform:
Current Medicaid Income Eligibility Levels

Federal Poverty Level

Private Insurance

Medicaid

200%	200%	90%		250%	≈64%	≈64%
Children	Pregnant Women	Parents	Childless Adults	Disabled Workers	Disabled	Elderly

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Federal Reform:
2014 Health Coverage Expansions

Federal Poverty Level

- Private Insurance
- Health Benefit Exchange
- Medicaid
- Medicaid Expansion

$89,400 for a family of 4 — 400%

$30,843 for a family of 4 — 138%

Categories: Children, Pregnant Women, Parents, Childless Adults, Disabled Workers, Disabled, Elderly

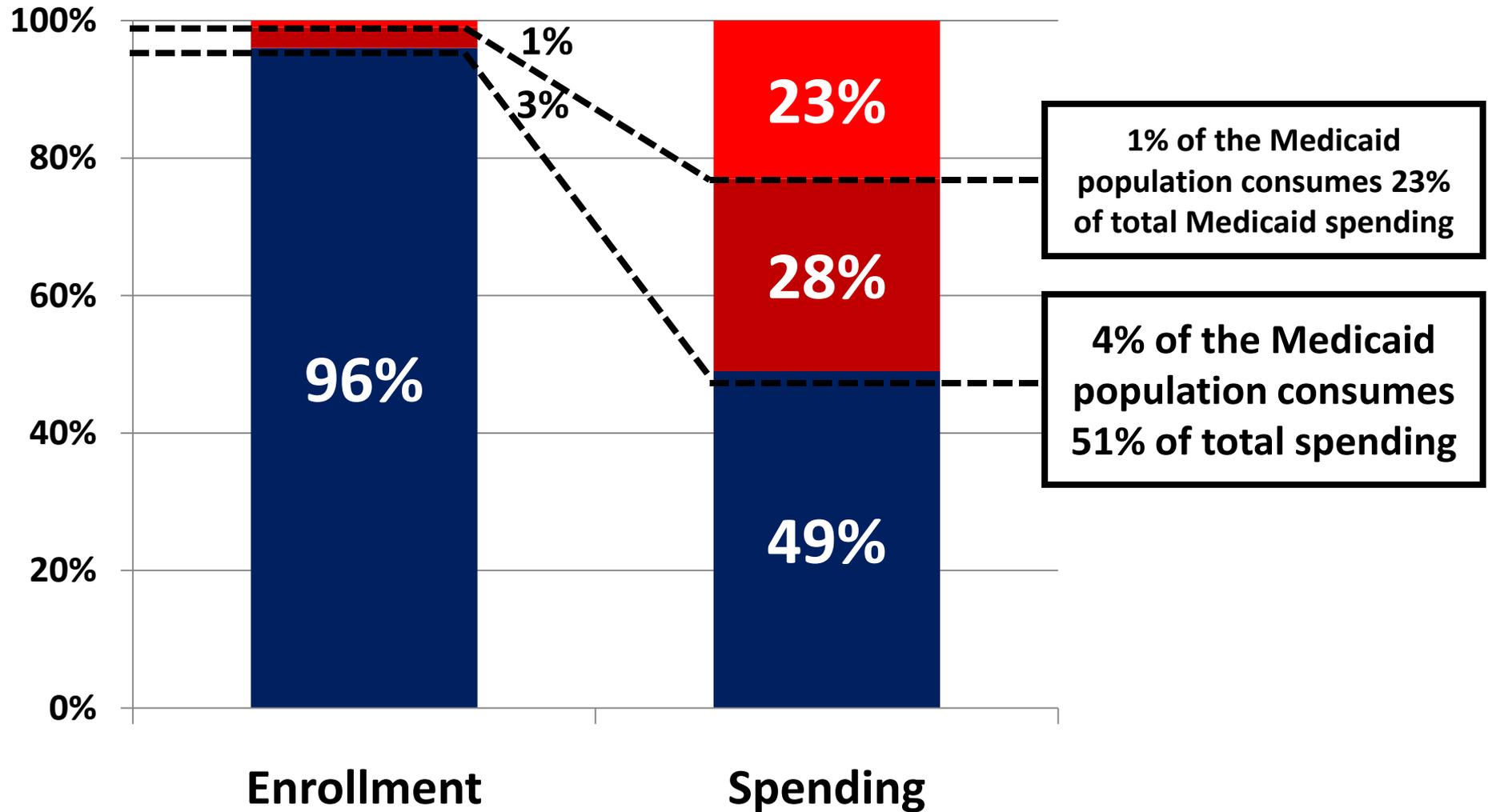Ohio | Governor's Office of Health Transformation
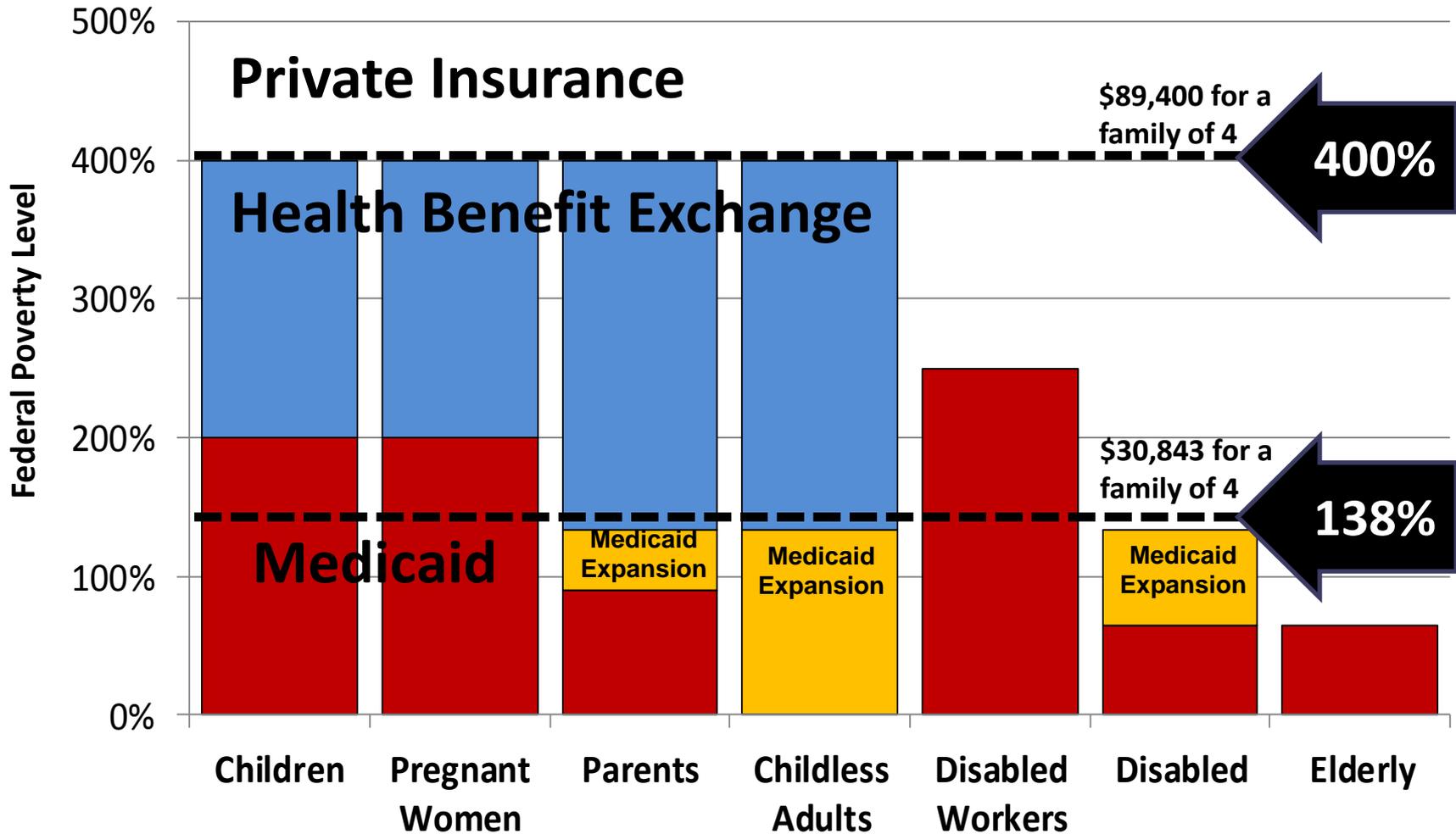
Don't let the fear of failure prevent you from taking the risk necessary to innovate.

— Governor John Kasich

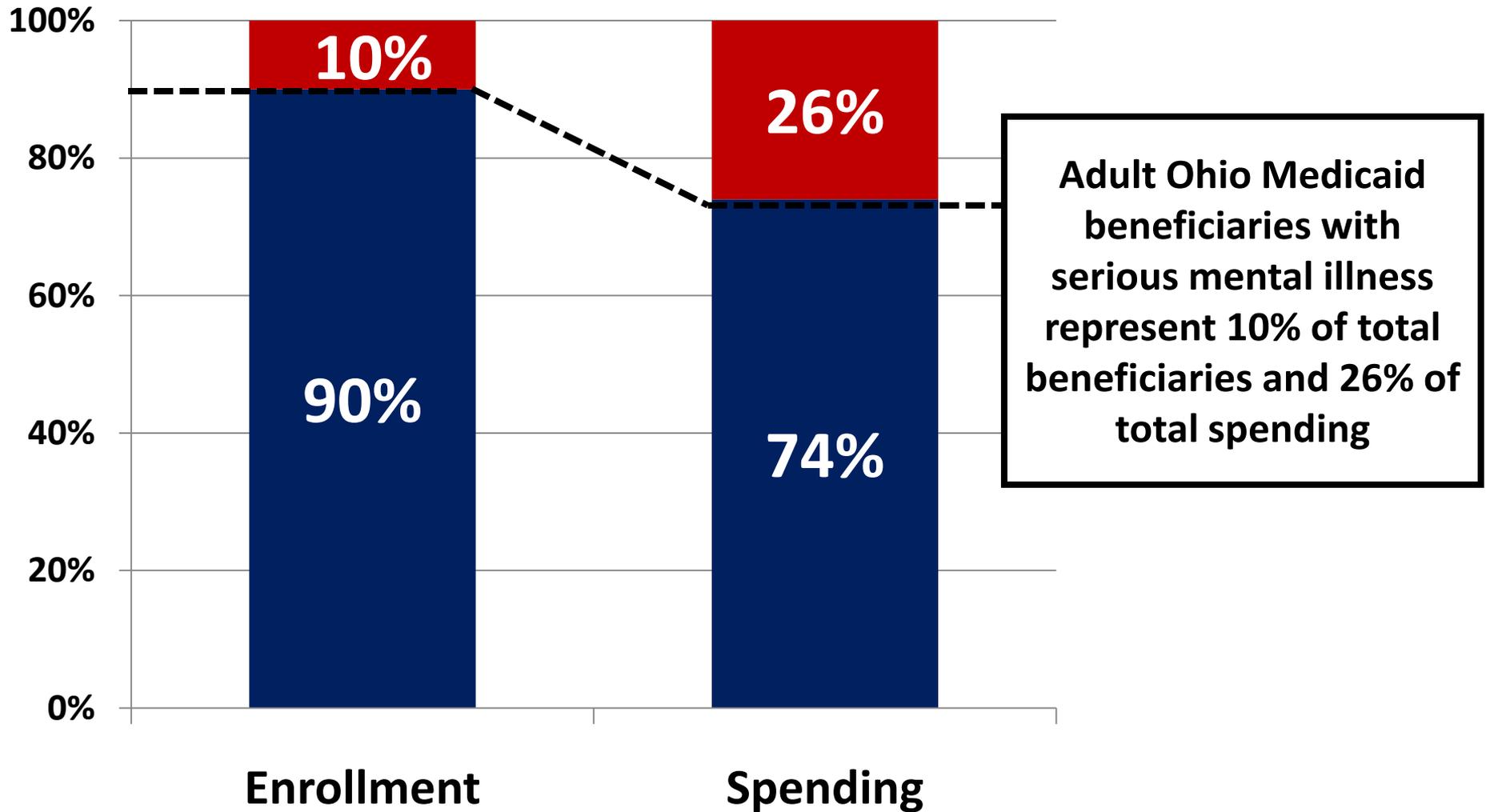# A few high-cost cases account for most Medicaid spending

100%

80%

60%

40%

20%

0%

96%

1%

3%

23%

28%

49%

1% of the Medicaid population consumes 23% of total Medicaid spending

4% of the Medicaid population consumes 51% of total spending

Enrollment

Spending

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MEDICAL REPORT

THE HOT SPOTTERS

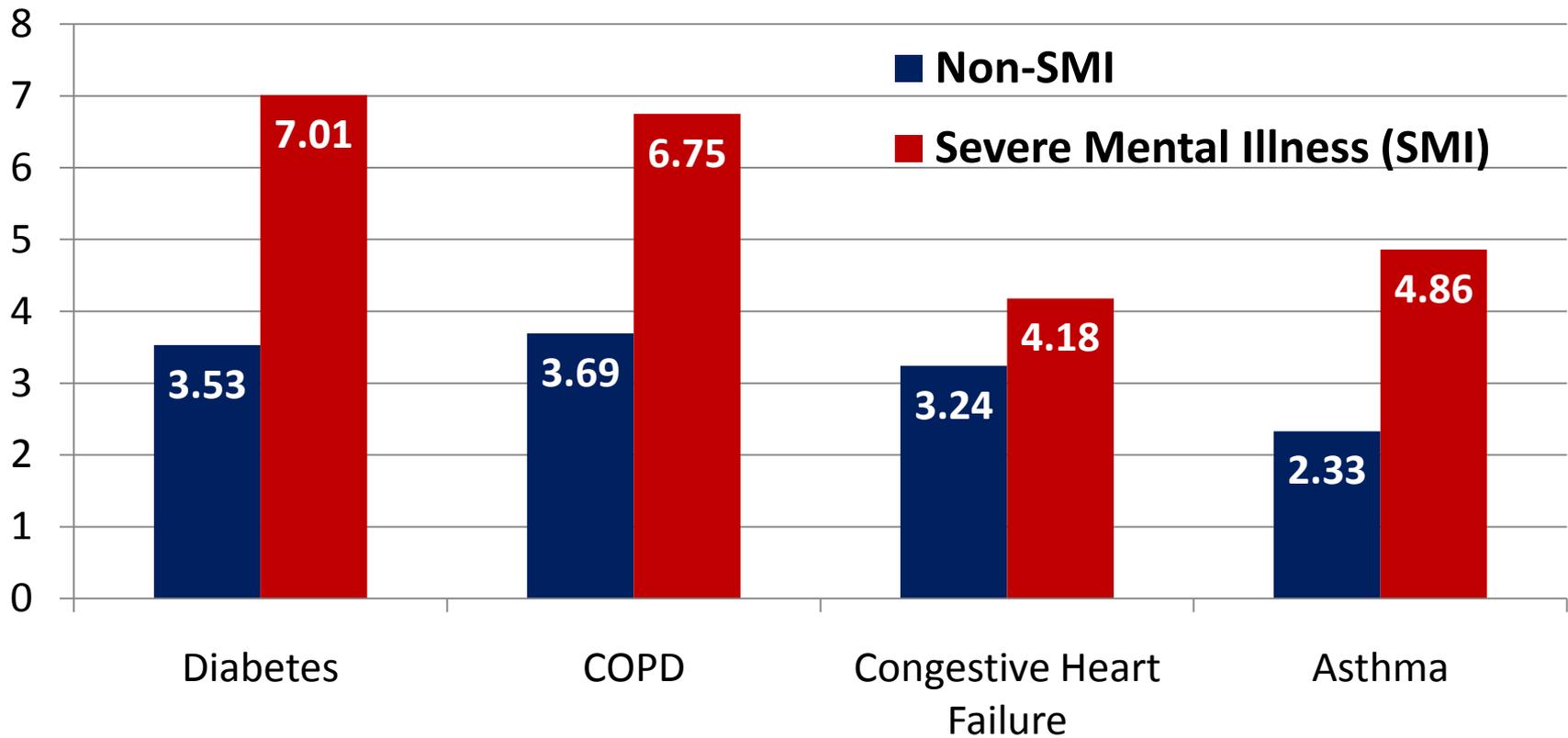*Can we lower medical costs by giving the neediest patients better care?*

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 Beneficiaries with Serious Mental Illness

Adult Ohio Medicaid beneficiaries with serious mental illness represent 10% of total beneficiaries and 26% of total spending

- Enrollment: 10% / 90%
- Spending: 26% / 74%

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

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

Legend:
- ■ Non-SMI
- ■ Severe Mental Illness (SMI)

Condition	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

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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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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

Medicaid Transformation Priorities

- Improve Care Coordination

- Integrate Behavioral/Physical Health Care

- Rebalance Long-Term Care

- Modernize Reimbursement

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Dayton Daily News

Wednesday, March 9, 2011

Medicaid is 30% of state budget and growing

THE BLADE

Wednesday, February 9, 2011

Editorial - Medicaid realism

The Columbus Dispatch

Sunday, May 1, 2011

Editorial: Serve the seniors

Lawmakers should reduce funding to nursing homes, boost in-home services

AKRON BEACON JOURNAL

Sunday, April 3, 2011

Editorial - Ambitious for Medicaid

John Kasich wants to save money. He also has a plan to improve quality and outcomes

Dayton Daily News

Wednesday, March 9, 2011

Editorial - Kasich needs to be bold and effective

THE PLAIN DEALER

Sunday, April 10, 2011

Medicaid proposal by Gov. John Kasich would transform system in Ohio

THE REPOSITORY

Tuesday, March 22, 2011

Editorial - Medicaid needs more than tweaking.

Kasich tackles big problem areas without neglecting recipients' needs

The Columbus Dispatch

Thursday, April 7, 2011

Editorial: Rightsize it

Lawmakers should continue effort to give seniors care options

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Ohio Medicaid Transformation Priority:
Integrate Behavioral and Physical Health Care

- Elevate Medicaid behavioral health financing to the state and free up local levies for non-Medicaid services

- Manage behavioral health service utilization (previously no limit on amount, frequency, duration; saves $243 million over 2 years)

- Align functions in the Ohio Departments of Mental Health and Alcohol and Other Drug Addiction Services

- Create "health homes" for people with serious mental illness

Medicaid Health Homes

- New program created in the federal Affordable Care Act

- Provides 8 quarters of 90% federal matching funds for:

  — comprehensive care management,

  — care coordination and health promotion,

  — comprehensive transitional care/follow up,

  — patient and family support,

  — referral to community and social support services, and

  — use of health information technology to link services

- Eligible Medicaid beneficiaries have:

  — two or more chronic conditions,

  — one condition and the risk of developing another, or

  — at least one serious and persistent mental illness (SPMI) condition

- ≈ 200,000 Ohio Medicaid consumers meet the SPMI criteria

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SOURCE: Affordable Care Act Section 2703

Potential Integrated Care Models

Primary Care Setting	Behavioral Health Setting
• Enhanced collaboration between settings	
• Mental health consultation • Behavioral health screening • Behavioral health treatment	• Primary care screening • Primary care treatment
• Unified behavioral health and primary care • Comprehensive care management • Shared care planning/joint treatment plan development	

Health Home Design Questions

- On what care management model will health home services be based?

- On what scale will the implementation occur?

- What chronic conditions will be addressed?

- What role will Medicaid managed care organizations play?

- Which providers should serve as health homes?

- What measures will be used to track processes and outcomes?

- How will health information technology be used?

- How will health homes demonstrate whole-person care?

- What will be the reimbursement methodology?

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Ohio Medicaid Health Home Design Timing

- Summer 2011   Gather input

- Fall 2011   Design health home program details

                           Gather input from key participants

- Winter 2012   Gain CMS approval

- Spring 2012   Roll out to providers in a limited number of regions

- Summer 2012   Identify, assess, and enroll consumers

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* *Fall 2011* *Spring 2012*	**Phase I: Enact Medicaid Transformation (HB 153)** • Enact common-sense Medicaid modernization and cost containment proposals **Phase II: Implement Medicaid Transformation** • Oversee rules process and initial implementation • Secure federal support to implement reforms	**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 II: Consolidate HHS Operations** • Eligibility determination ———— • Health Insurance Clearinghouse • Enterprise Decision Support ———— • Electronic Health Information Exchange • Unified claims payment (MITS next phase) **Phase III: Streamline HHS Governance** • Recommend and transition to a permanent HHS structure	**Phase I: Leverage Medicaid Purchasing Power (HB 153)** • Reward best practices in health care delivery system reform (e.g., health homes, accountable care organizations) **Phase II: Align Public/Private Health System Priorities** **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)

Ohio | **Governor's Office of Health Transformation**

Thank you.

Greg Moody, Director
Governor's Office of Health Transformation

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