# Testimony on HB 487 – Mid-Biennium Review
## Greg Moody, Director, Governor's Office of Health Transformation

**Senate Finance Committee**
**May 1, 2012**

Chairman Widener and Ranking Member Sawyer, thank you for the opportunity to testify today in support of HB 487.

In the Mid-Biennium Review (MBR), Governor Kasich challenged us to find new and better ways to deliver services. In some cases, simple program improvements can have a big impact on the services we provide to Ohioans. In other cases, the system itself is a barrier to innovation. The MBR provided an excellent opportunity to identify these barriers and propose reforms that will improve system performance.

Barriers to innovation are prevalent in health and human services, where policy, spending, and administration are split across five state agencies that administer Medicaid and at least 14 that administer other health and human services. Each of these state systems has a local counterpart, most in 88 counties, some regionally, and some in smaller units. The Governor created the Office of Health Transformation to coordinate across these jurisdictions and improve overall health system performance.

Our first priority in 2011 was to modernize Medicaid programs, and now we are implementing those reforms—integrating Medicare and Medicaid benefits, creating health homes for people with serious mental illness, supporting patient-centered medical homes, and other reforms. This year, we are focused on streamlining health and human services operations. The ultimate goal is to share services in a way that improves customer service and reduces costs for Ohio's taxpayers.

The Governor's Office of Health Transformation and the state's health and human services agencies have more than 50 initiatives in the MBR, most in HB 487. I would like to share a few examples of how these initiatives will streamline and improve program performance:

**Simplify Eligibility Reform.** Current eligibility processes for health and human services programs are fragmented, overly complex and rely on outdated technology. Ohio has more than 150 categories of eligibility just for Medicaid, and the computer we use to determine if someone is eligible is more than 30 years old. The Governor's Jobs Budget gave the Office of Health Transformation the authority to modernize Medicaid eligibility systems, and the MBR broadens the effort to other health and human service programs.

This change will allow Ohio to create a single eligibility solution and seek enhanced federal funding to upgrade eligibility and enrollment functions for other federal entitlement programs. Counties support this effort because it will free up resources that they can use for other projects.

**Accelerate Electronic Health Information Exchange.** Current state privacy law in some cases applies a standard for sharing health information that is different than federal law. This causes confusion about when health information can be shared and slows down electronic health information exchange. The MBR clarifies that for the purposes of electronic health information exchange, the federal law applies. This item is critically important to get the right information in the right place at the right time to improve care.

**Pay for Performance in Hospitals.** Paying for performance in hospitals is a natural next step in our Jobs Budget strategy to link nursing home and managed care plan reimbursement to quality. The MBR will expand this effort by linking some of the funds in the hospital reimbursement pool to meeting or exceeding new quality benchmarks. Ohio Medicaid Director John McCarthy has already initiated this conversation with the hospitals, and we look forward to working with them to design a payment system that rewards better value, not more volume.

**Target Regional "Hot Spots" in Mental Health Service Capacity.** During the MBR process, we identified a pressure point from last year's budget in community mental health. That system is in transition as we elevate Medicaid to the state level and local systems take more control of non-Medicaid services. The Governor recommends adding $3 million to smooth that transition, focus on "hot spots" in the system, and reward collaboration among local boards.

**Protect Individuals Receiving Home Care.** We identified gaps and inconsistencies in how agencies conduct criminal background checks and disqualify individuals from providing services if they have a prior criminal conviction. Offenders can use the gaps and inconsistencies in current statute as a defense against prosecution by the Ohio Attorney General's Office. The MBR creates a consistent policy across agencies, with a focus on home- and community-based services where personal safety is critically important, like home health care and transportation.

**House Action.** Except for a few cleanups and the transfer of two provisions to other bills, the health and human services proposals in the as-introduced version of HB 487 were unchanged. We appreciate the House's support for these proposals and for their work on this legislation.

The House also added a handful of new provisions, including codifying the Medicaid health plan payments to hospitals and a $30 million rate increase for nursing homes in 2013. We are not in favor of these two provisions. The Administration has been monitoring nursing home quality for any sign that the current rate is too low. Yesterday, the Ohio Department of Health released a quarterly Nursing Home Tracking Report, and the data does not indicate that there is cause for alarm or that a mid-biennium increase in funding for nursing homes is needed. We are currently reviewing the other new health and human services provisions that were added to the bill.

Mr. Chairman and members of the Committee, thank you for your consideration of these issues. I am happy to answer any questions you might have at this time.

Thank you.