



Governor's Office of
Health Transformation

Building Momentum: Improving Overall Health System Performance

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Governor's Office of Health Transformation

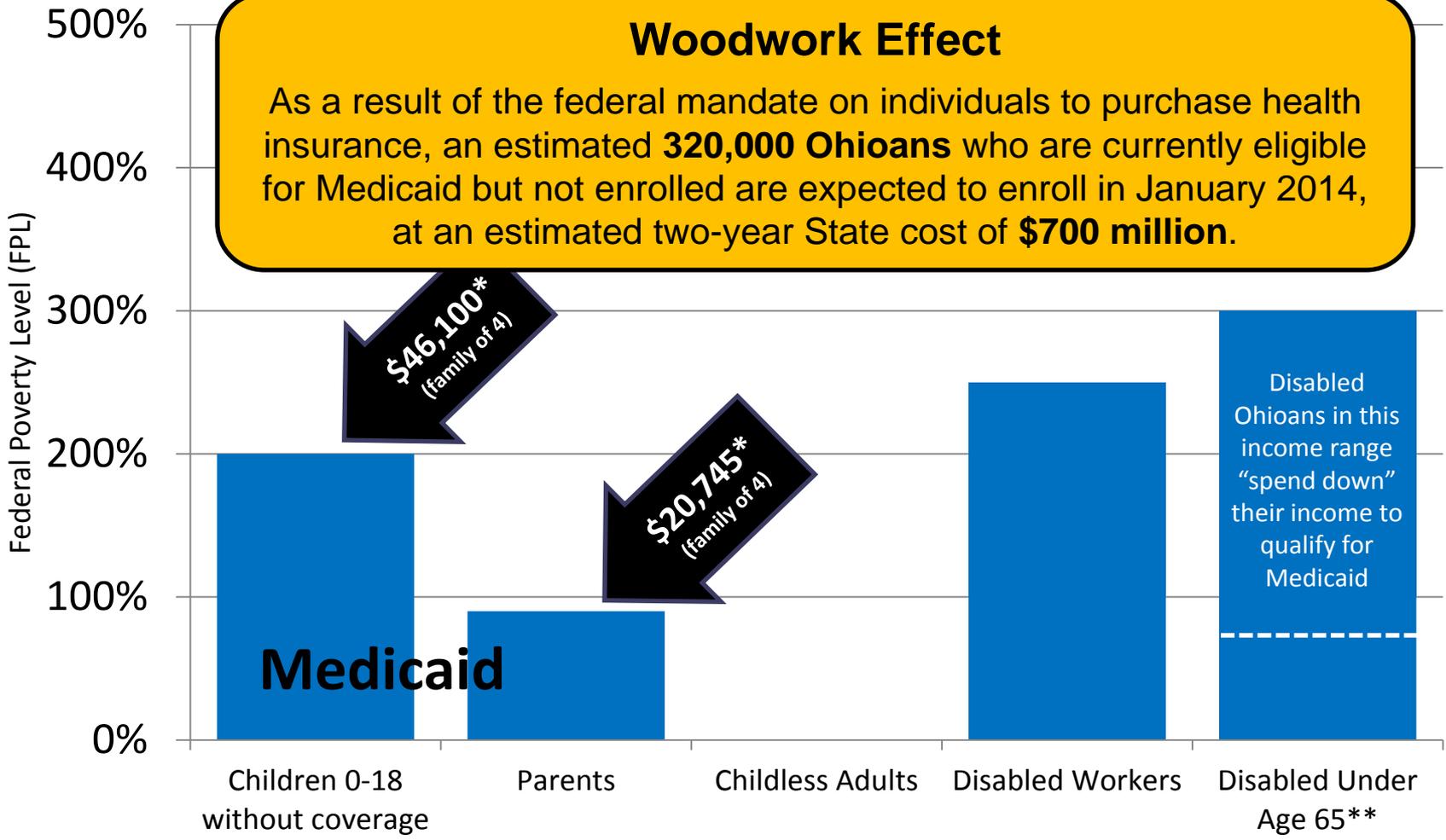
Columbus Medical Association
November 15, 2012

Federal Health Care Reform: Patient Protection and Affordable Care Act (ACA)

- Individual mandate to purchase health insurance
- Insurance market reforms: limit preexisting conditions, guaranteed issue, community rating
- Health benefit exchange: provide individuals with income between 100% and 400% of poverty a sliding-scale federal subsidy to purchase private insurance
- Expand Medicaid to everyone below 138% of poverty
- The Supreme Court upheld all provisions of the ACA but made the Medicaid expansion *optional* for states

Current Ohio Medicaid Coverage

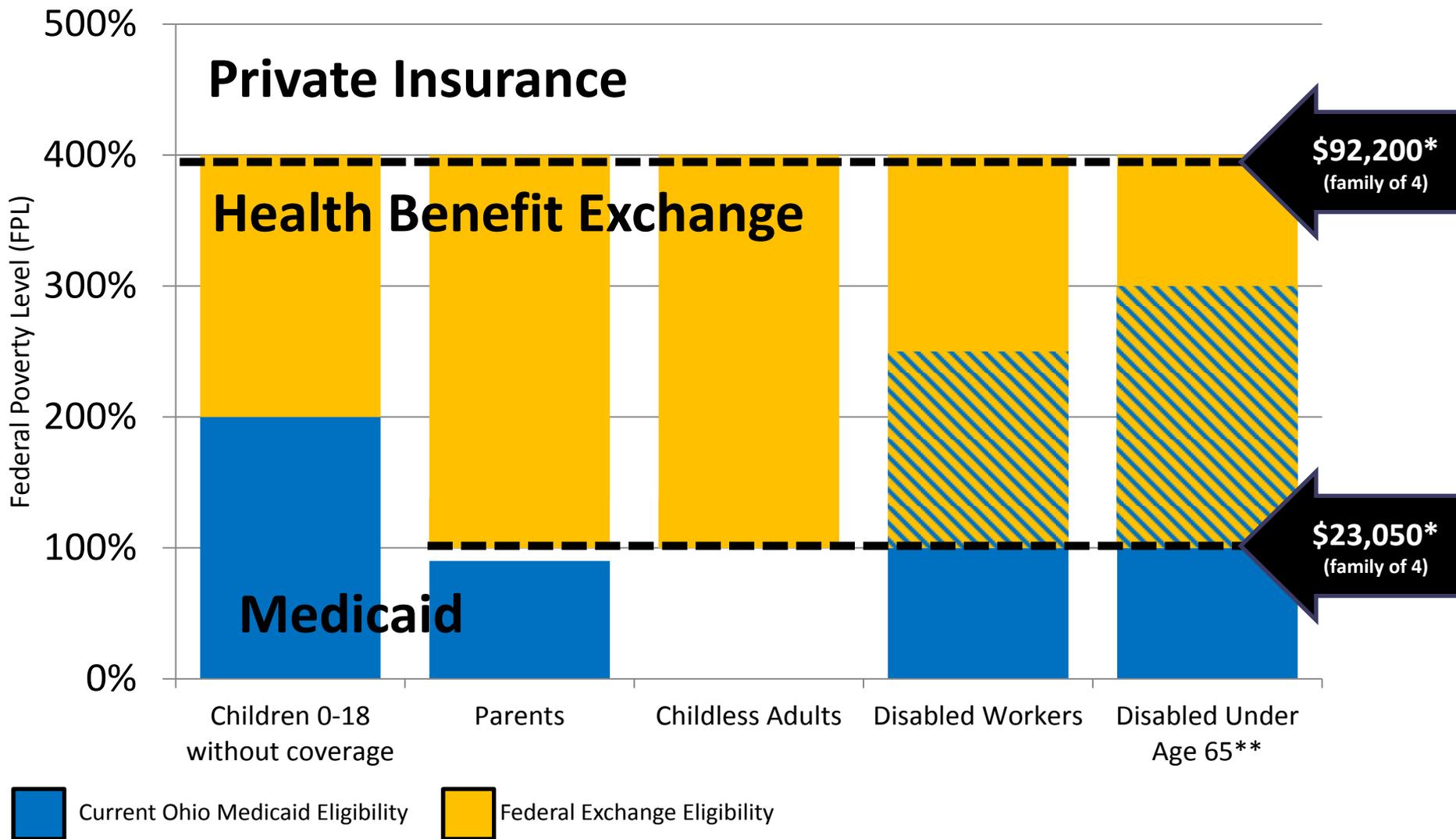
Woodwork Effect
 As a result of the federal mandate on individuals to purchase health insurance, an estimated **320,000 Ohioans** who are currently eligible for Medicaid but not enrolled are expected to enroll in January 2014, at an estimated two-year State cost of **\$700 million**.



 Current Ohio Medicaid Eligibility

* The 2012 poverty threshold is \$11,170 for an individual and \$23,050 for a family of four.

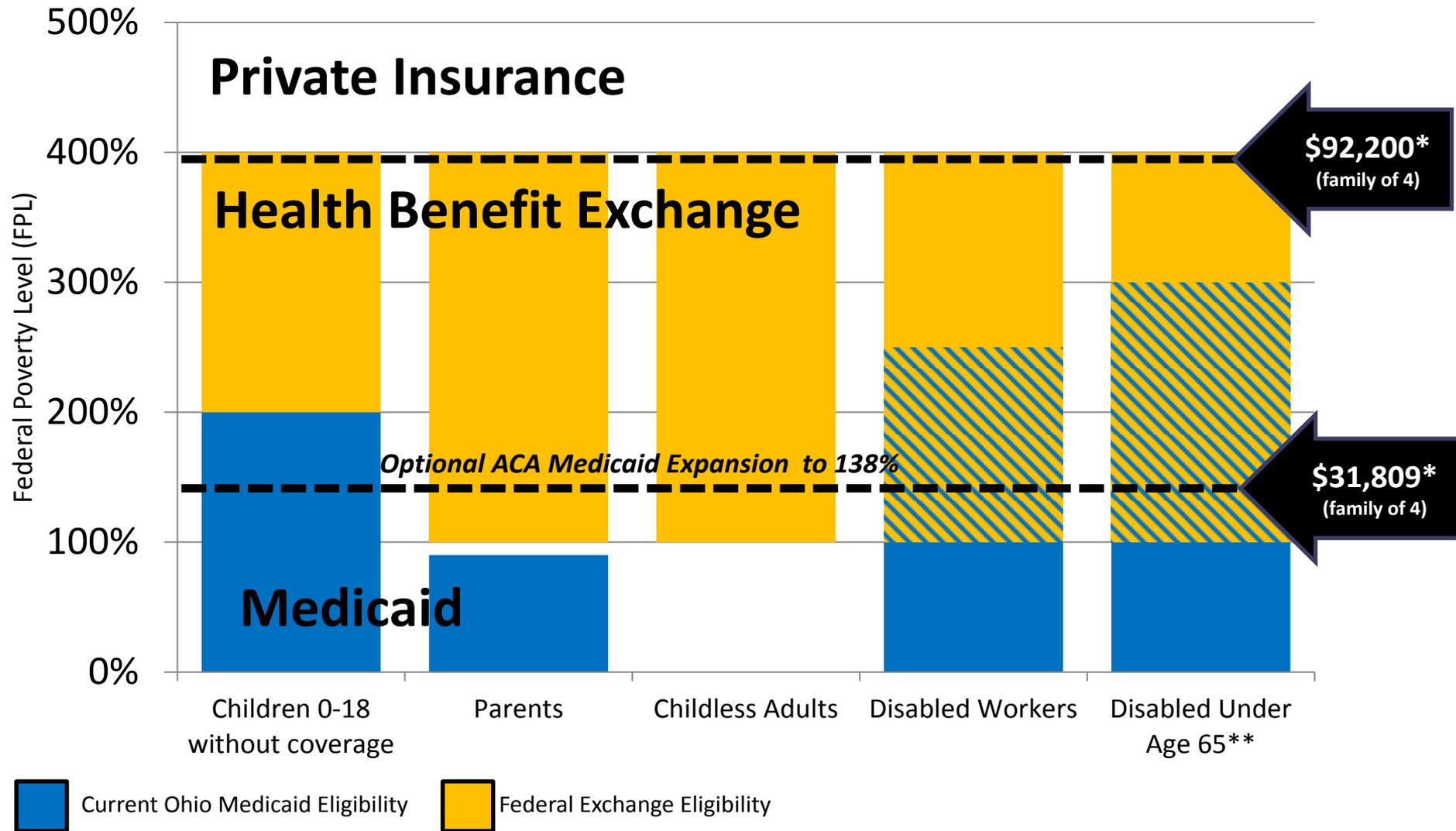
Affordable Care Act: Federal Income Eligibility Levels in 2014



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**Over age 65 coverage is provided through Medicare, not the Exchange.

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After the Supreme Court Decision: Key Health Policy Questions for Ohio

- Can Ohio further reform its insurance market to promote competition and affordability?
- Should Ohio build a state-run health benefit exchange or coordinate with a federal exchange?
 - *Leaning toward federal-run but retain plan oversight*
- Should Ohio expand Medicaid eligibility or not?

Ohioans spend more per person on health care than residents in all but 17 states¹

Rising health care costs are eroding paychecks and profitability

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

36 states have a healthier workforce than Ohio²

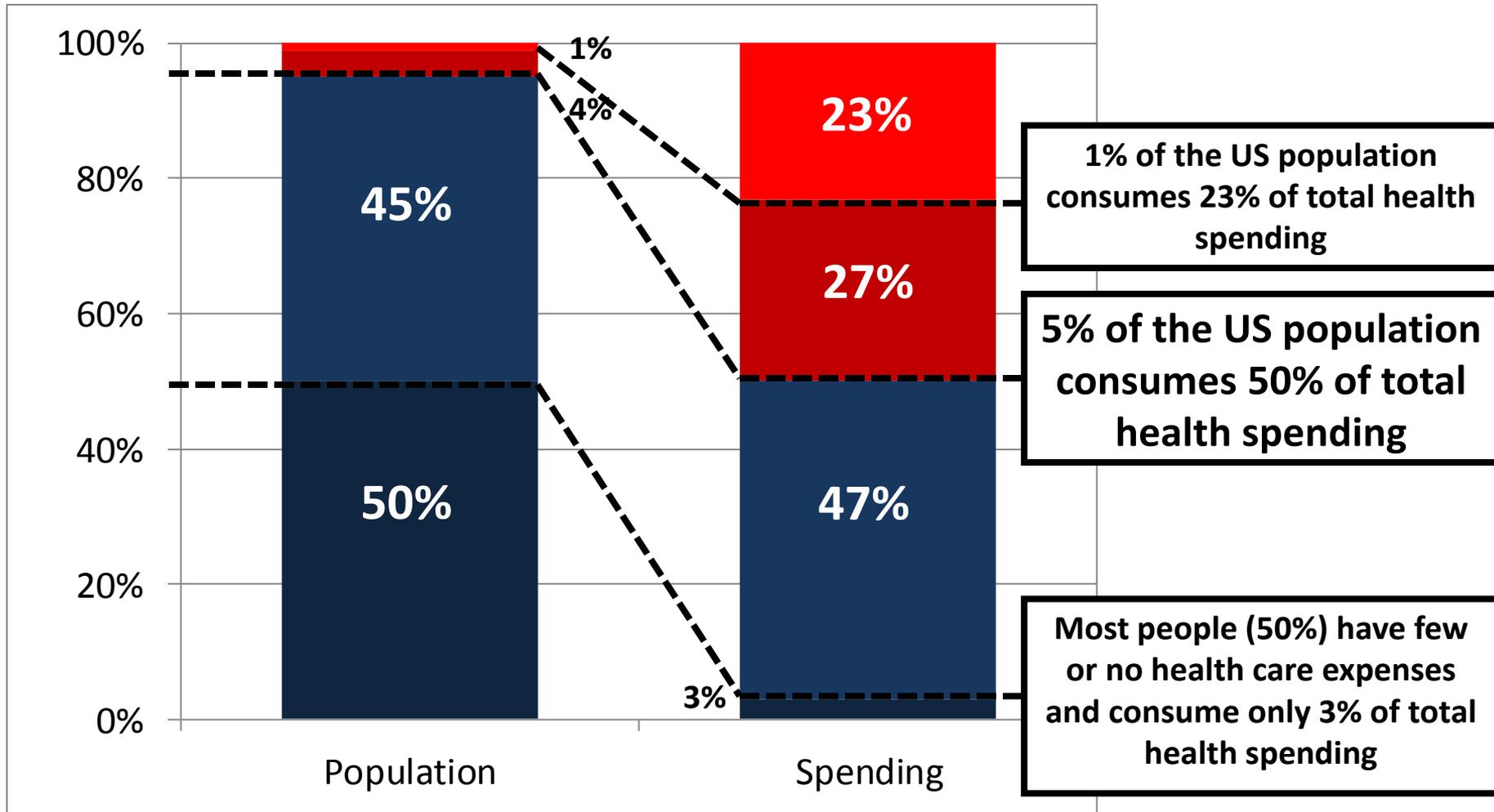


Medical Hot Spot: Per Capita Health Spending: Ohio vs. US

| Measurement | US | Ohio | Percentage Difference | Affordability Rank (Out of 50 States) |
|-----------------------|---------|---------|-----------------------|---------------------------------------|
| Total Health Spending | \$6,815 | \$7,076 | +3.8% | 33 |
| Hospital Care | \$2,475 | \$2,881 | +16.4% | 36 |
| Physician/Clinical | \$1,650 | \$1,456 | -11.8% | 12 |
| Nursing Home Care | \$447 | \$610 | +36.5% | 43 |
| Home Health Care | \$223 | \$223 | -- | 38 |



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



Health Care System Choices

Fragmentation

vs.

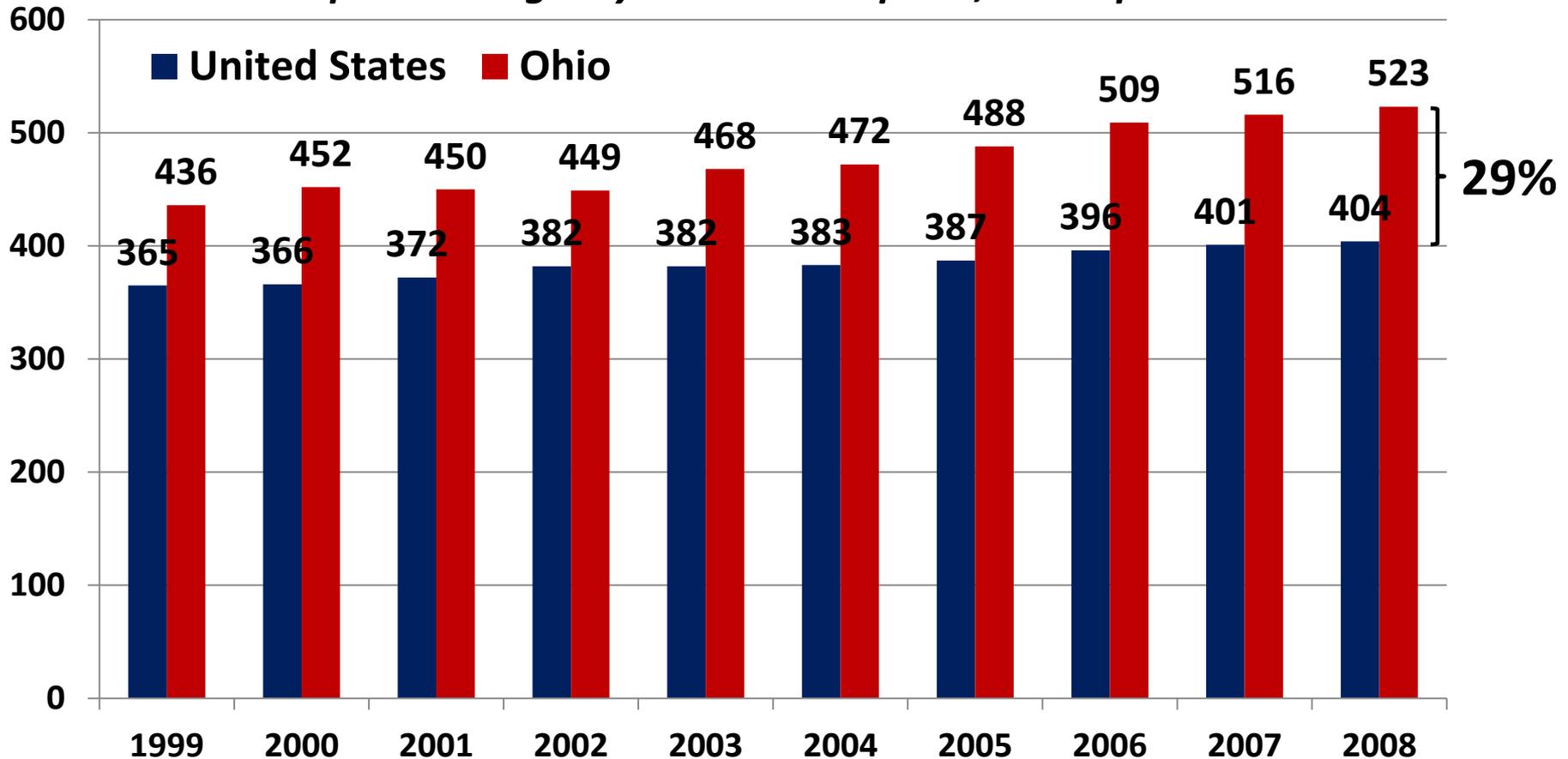
Coordination

- 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



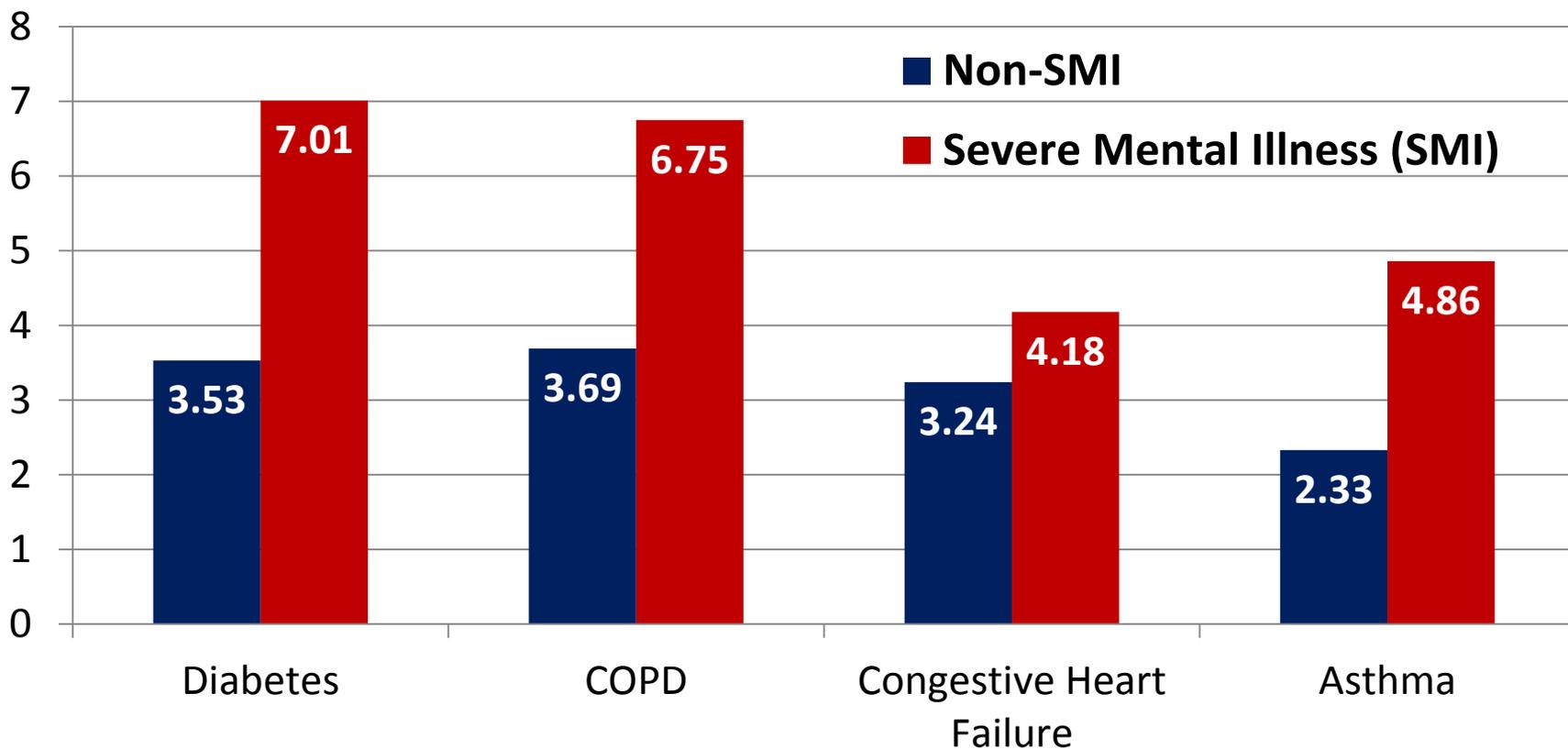
Source: American Hospital Association Annual Survey (March 2010) and population data from Annual Population Estimates, US Census Bureau: <http://www.census.gov/popest/states/NST-ann-est.html>.



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

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



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

- Executive Order creates authority to plan and budget across multiple agencies
- Align problems, policies and politics to create a window of opportunity for action
- Belief in individuals, the power of small teams, shared sense of responsibility, long-term view
- Coach counterparts in policy, communications, legislation, stakeholder, operations, technology
- Establish a comprehensive vision but focus on “hot spots” and “high value targets”
- Convene, Innovate, Disband, Convene ...

Ohio Health and Human Services Innovation Plan

| Modernize Medicaid | Streamline Health and Human Services | Improve Overall Health System Performance |
|--|--|--|
| <p>Medicaid Cabinet: Aging, ODADAS, ODMH, DODD, Medicaid; with connections to JFS</p> | <p>HHS Cabinet: DAS, OBM, OHT (sponsors); JFS, RSC, AGE, ADA, MH, DD, ODH, Medicaid; with connections to ODE, DRC, DYS, DVS, ODI, TAX</p> | <p>Payment Reform Task Force: Medicaid, BWC, DAS, DEV, DRC, JobsOhio, OHT, OPERS, ODI, TAX</p> |
| <ul style="list-style-type: none"> • Reform nursing facility payment • Update provider regulations to be more person-centered • Integrate Medicare and Medicaid benefits • Create health homes for people with mental illness • Restructure behavioral health system financing • Improve Medicaid managed care plan performance • Transfer ICF program to DD • Coordinate Medicaid with other state programs | <ul style="list-style-type: none"> • Create a unified Medicaid budget, accounting system • Create a cabinet-level Medicaid department • Consolidate ODMH/ODADAS • Integrate HHS information capabilities, incl. eligibility • Coordinate housing and workforce programs • Coordinate programs for children • Share services across local jurisdictions • Recommend a permanent HHS structure (coming soon) | <ul style="list-style-type: none"> • Participate in Catalyst for Payment Reform • Provide access to medical homes for most Ohioans • Use episode-based payments for acute medical events • Pioneer accountable care organizations • Accelerate electronic health information exchange • Decide Ohio's role in creating a Health Insurance Exchange • Promote insurance market competition and affordability • Support local payment reform initiatives |

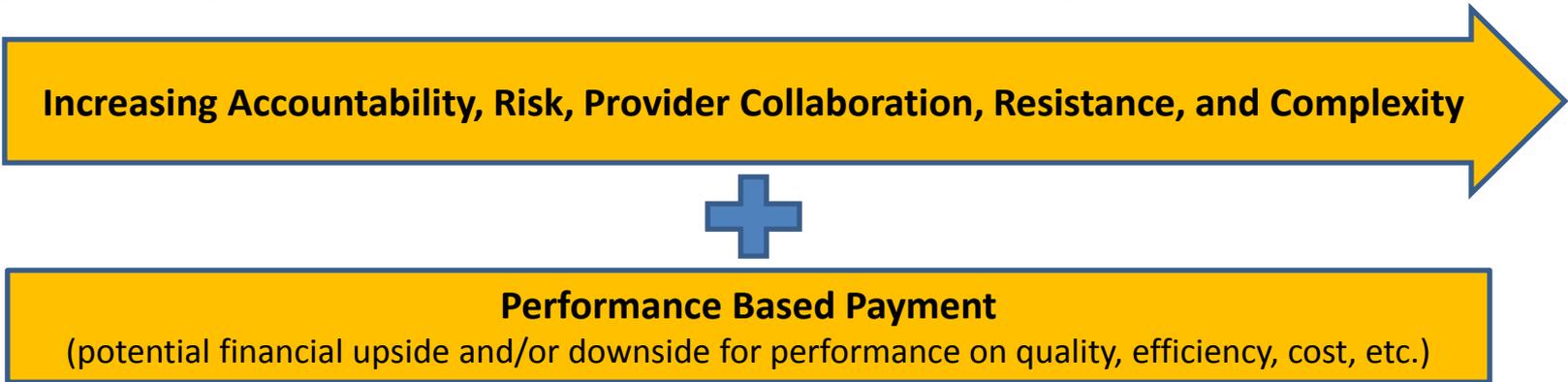
How can the State of Ohio leverage its purchasing power to improve overall health system performance?

10 Ways Market Changes Will Reshape Physician Practices

1. Reductions to traditional fee-for-service payments
2. New payment models are becoming more common
3. Public reporting of quality measures is here to stay
4. Electronic medical records are essential for practices
5. Consolidation at all levels
6. Health insurance exchanges are coming to Ohio
7. Dual eligible – the next frontier for managed care
8. Innovation is rewarded – and expected
9. Workforce expectations and new models of care
10. The rising expectations of consumers

Payment Innovation Framework

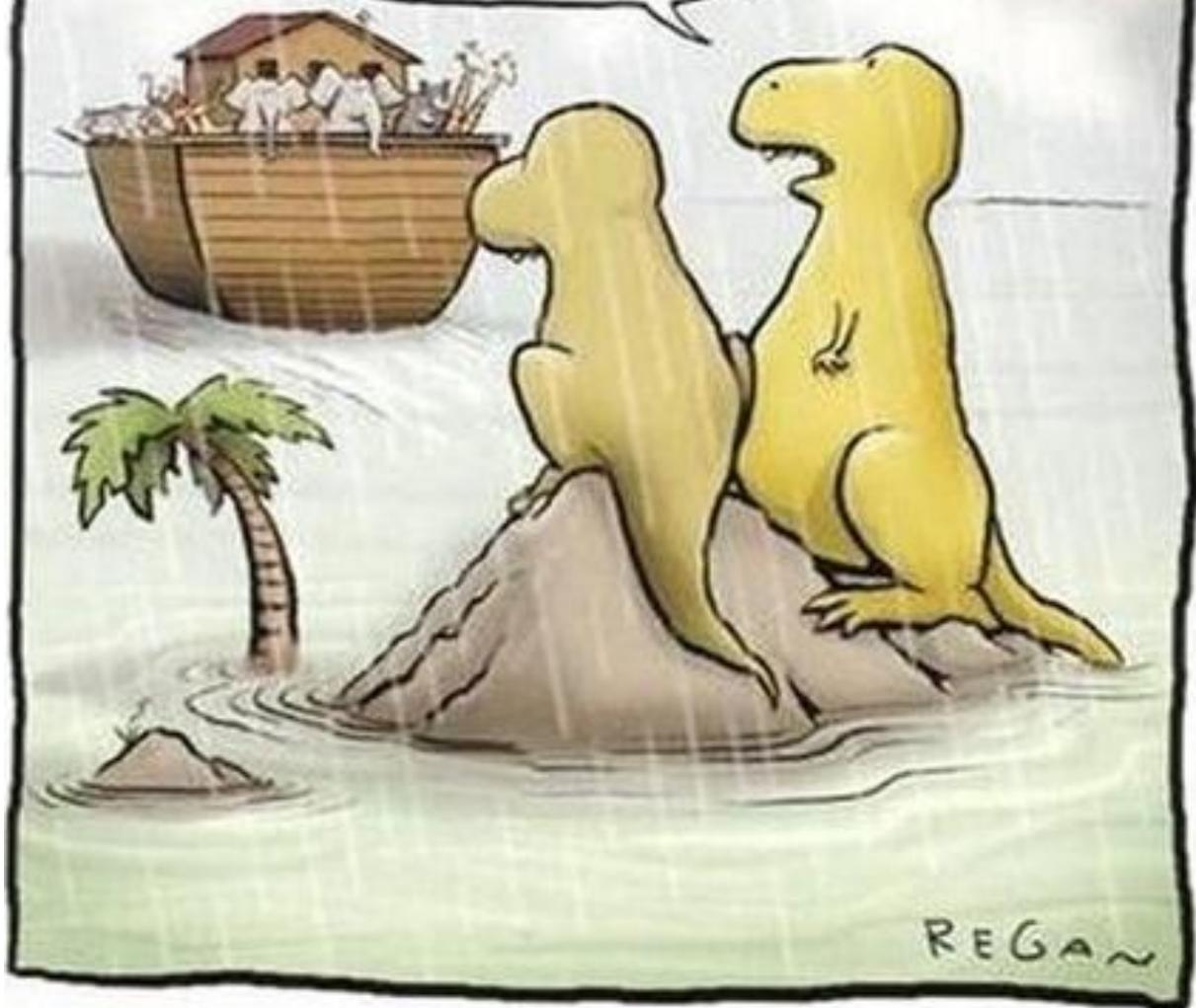
| MODEL: | Fee for Service | | Bundled Payments | | | Global Payment | |
|-----------|--|--------------|---|-----|-------------------|---|-----------------|
| GOAL: | Discrete service and related incentives, including “pay for performance” | | Achieving a specific patient objective and including all associated upstream and downstream care and cost | | | Total health, quality of care, and total cost of a population of patients over time | |
| EXAMPLES: | Charges | Fee Schedule | Per Diem | DRG | Episode Case Rate | Partial Capitation | Full Capitation |



While some are hunkering
down to “survive,” others are
seizing the opportunity to lead.

— MedScape Newsroom

Oh, crap!
Was that
TODAY?



REGAN~



Current Initiatives

Modernize Medicaid

- Reform nursing facility reimbursement
- Integrate Medicare and Medicaid benefits
- Rebalance spending on long-term services and supports
- Create health homes for people with mental illness
- Restructure behavioral health system financing
- Improve Medicaid managed care plan performance

Streamline Health and Human Services

- Consolidate mental health and addiction services
- Create a cabinet-level Medicaid department
- Modernize eligibility determination systems
- Integrate HHS information capabilities
- Coordinate programs for children
- Share services across local jurisdictions

Improve Overall Health System Performance

- Pay for health care based on value instead of volume
- Encourage Patient-Centered Medical Homes
- Accelerate electronic Health Information Exchange

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[OHT submits a State Innovation Model Design Grant Application](#)

[Update: Final Tentative Selection of ICDS Plans](#)

[OHT releases detailed estimates of Medicaid enrollment](#)

[Press Release: Kasich Administration Announces Next Steps to Modernize Medicaid](#)

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