

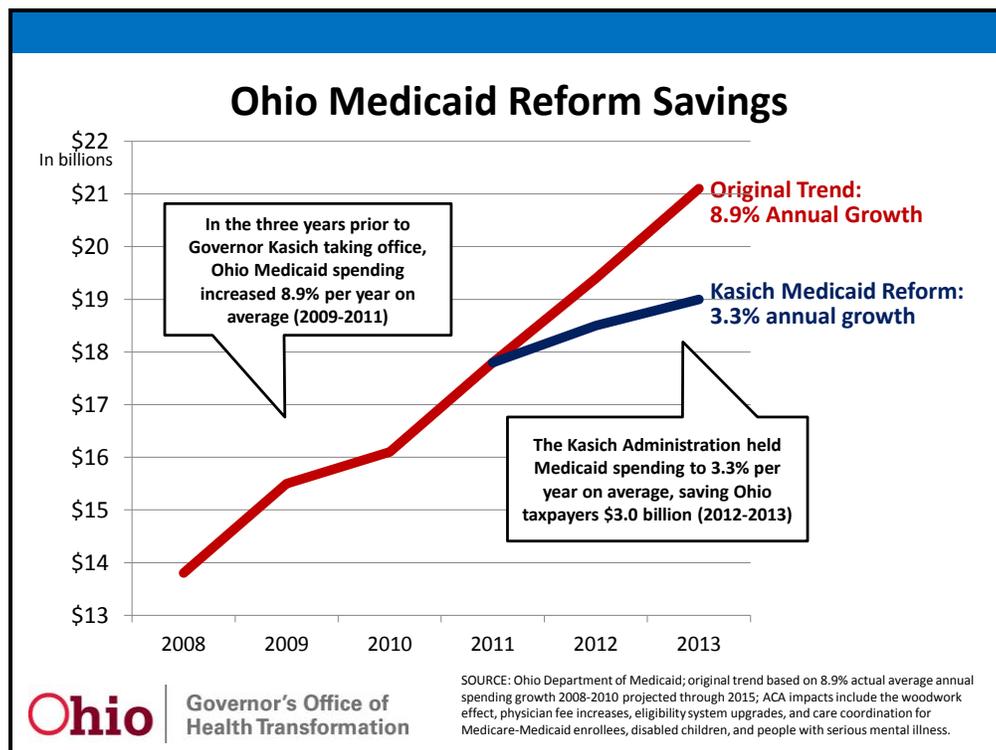
# Ohio Medicaid Reform

In January 2011, Governor Kasich created the Office of Health Transformation to control Medicaid spending and improve health outcomes. The new Office implemented an aggressive package of Medicaid reforms. By most accounts, Ohio now leads the nation in the scope and impact of its reforms, including initiatives to:

- **Privatize Medicaid** – today over 70 percent of Ohio’s Medicaid beneficiaries receive coverage through private managed care plans vs. 30 percent nine years ago;
- **Link payment to performance** – Ohio Medicaid now pays hospitals, nursing homes, and health plans based in part on how well they perform on quality and outcome measures;
- **Fight fraud and abuse** – aggressive new reforms are on track to save Ohio taxpayers \$74 million over the next two years; and
- **Provide better choices** – today Ohio Medicaid serves more seniors and people with disabilities in their own home or other community setting than in nursing homes.

## Jobs Budget Reforms (enacted June 2011)

Governor Kasich’s first Jobs Budget effectively “repealed and replaced” the old Medicaid program, transforming it from a program that was growing 8.9 percent per year on average (2009-2011) to 3.3 percent per year (2012-2013). **Governor Kasich’s Medicaid reforms saved Ohio taxpayers \$3.0 billion in just the first two years of reform.**



The Jobs Budget created new tools for Ohio Medicaid to improve care coordination, integrate behavioral and physical health care, rebalance long-term care spending, and modernize reimbursement to reward value instead of volume.<sup>1</sup> Highlights include:

- Linking nearly ten percent of nursing home reimbursement to quality,
- Increasing access to cost-effective home and community based services,
- Freeing local behavioral health from Medicaid match requirements,
- Creating health home for people with serious mental illness,
- Consolidating health plan regions to be more efficient,
- Linking one percent of health plan payments to performance,
- Integrating Medicare and Medicaid benefits into one care delivery system, and
- Implementing a new Medicaid claims payment system.

### **Mid-Biennium Review (enacted June 2012)**

As the Administration began implementing Medicaid program reforms, it became clear that in some cases the system itself is a barrier to improvement. A mid-course correction was required to improve coordination across the state's six Medicaid-related agencies. Highlights include:<sup>2</sup>

- Implementing a new integrated eligibility system for Medicaid and all other programs that require income verification prior to receiving services,
- Accelerating the adoption of electronic health information exchange,
- Enhancing statewide data sharing through "agencies without walls" protocols,
- Protecting individuals in home and community based services,
- Supporting people with intellectual disabilities through Employment First, and
- Targeting regional "hot spots" in mental health service capacity.

### **Jobs Budget 2.0 Reforms (enacted June 2013)**

Governor Kasich's Jobs Budget 2.0 builds on the momentum of the first two years of reform, pushing Ohio forward against a headwind created by the federal Affordable Care Act (ACA). In January 2014, ACA health insurance mandates go into effect, creating anxiety among health care providers and disruptions in the health insurance marketplace. Despite these challenges, Ohio remains focused on improving overall health system performance. Highlights include:<sup>3</sup>

- Fighting Medicaid fraud and abuse,
- Capping Medicaid managed care spending at three percent annual growth,
- Reducing avoidable hospital readmissions,
- Targeting direct medical education funds toward workforce priorities,
- Assisting nursing facility residents with mental illness who want to move,
- Increasing provider rates for home and community based services,
- Committing Ohio to spend 50 percent of its Medicaid long-term care budget on home and community services (vs. 43 percent today),
- Creating a new cabinet-level Ohio Department of Medicaid, and
- Consolidating mental health and addiction services in a single agency.

## Future Medicaid Reforms

Governor Kasich has instructed his health policy team to innovate constantly and transform Ohio into a model of health and economic vitality. The Medicaid reforms described above are significant first steps, but only the beginning. Priorities for future Medicaid reforms include:<sup>4</sup>

- Resetting the basic rules of health care competition so the financial incentive is to keep people as healthy as possible;
- Making information about price and quality transparent, and getting the right information to the right place at the right time to improve care and cut costs;
- Transforming primary care from a system that reacts after someone gets sick to a system that keeps people as healthy as possible;
- Preventing chronic disease whenever possible and, when it occurs, coordinating care to improve quality of life and help reduce chronic care costs; and
- Enabling seniors and people with disabilities to live with dignity in the setting they prefer, especially their own home, instead of a higher-cost setting like a nursing home.

In addition, it is critically important to reward Ohioans who take responsibility to stay healthy and expect people who make unhealthy choices to be responsible for their decisions. Specific examples of future reforms that require accountability and reward responsibility include<sup>5</sup>:

- Setting Medicaid co-pays at the maximum allowed by law with the fewest number of exceptions, and allowing hospitals and other providers to deny services if an individual above 100 percent of poverty does not pay the co-pay;
- Aligning workforce programs to create a ladder up and out of public assistance by requiring health plans to determine if enrollee health status is a barrier to work and, if appropriate, connecting enrollees to existing employment programs;
- Fighting drug addiction and supporting recovery by requiring mandatory reporting by providers of individuals who are abusing controlled substances, and locking those individuals into a physician, pharmacy and drug treatment program assigned to them;
- Converting Ohio veterans on Medicaid to the federal benefits they earned, with first priority given to veterans residing in nursing homes; and
- Enacting a “circuit breaker” that automatically shuts down any Medicaid coverage expansion if the federal government reduces its financial commitment.

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<sup>1</sup> Jobs Budget: <http://www.healthtransformation.ohio.gov/LinkClick.aspx?fileticket=Fh-zoqkUbQU%3d&tabid=86>

<sup>2</sup> MBR: <http://www.healthtransformation.ohio.gov/LinkClick.aspx?fileticket=UpReqSPByaE%3d&tabid=134>

<sup>3</sup> Jobs Budget 2.0: <http://www.healthtransformation.ohio.gov/LinkClick.aspx?fileticket=fq-wVCfLXak%3d&tabid=136>

<sup>4</sup> Principles: <http://www.healthtransformation.ohio.gov/LinkClick.aspx?fileticket=C21EH6v1OYk%3d&tabid=84>

<sup>5</sup> The Administration proposed these reforms during consideration of the Jobs Budget 2.0, but the General Assembly did not enact the proposed reforms.