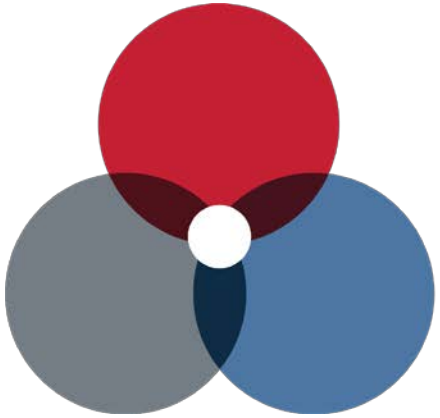

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Strategic Review of the Ohio Department of Medicaid

August 27, 2018

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Center for Medicaid Policy

Strategic Assessment

- Beneficiary Trends
- Driving Forces, Trends, and Regulatory Development
- Value Relative to Other States
- Forces of Regulatory Pressure
- Strategic Position Relative to Other States
- Capability Audit
- Value Transition Analysis
- Strategic Issue
- Overall Conclusions

Beneficiary Trends

	2011		2013		2015		2017	
Category	Enrollment	PMPM	Enrollment	PMPM	Enrollment	PMPM	Enrollment	PMPM
CFC	1,631,323	$ 274.53	1,721,135	$ 293.29	1,802,880	$ 302.22	1,756,731	$ 321.68
*ABD**	416,771	$ 2,093.40	415,777	$ 2,083.51	426,781	$ 1,980.26	440,401	$ 2,049.97
Expansion	0	$ -	0	$ -	511,390	$ 559.26	705,205	$ 612.88
Other	109,494	$ 88.22	246,800	$ 35.68	207,373	$ 94.34	186,676	$ 130.58
Total	**2,157,588**	////////////////////	**2,383,712**	////////////////////	**2,948,424**	////////////////////	**3,089,013**	////////////////////

- Overall population has increased, mainly due to expansion
- Expansion group is at 638,000 as of June 2018
  - Decrease likely due to improving economy/maturation of program
- Annual Expenditure Relative Cost: 1% change in population equals
  - CFC: $67M
  - ABD: $108M
  - Expansion: $51.8M
  - Other: $2.9M

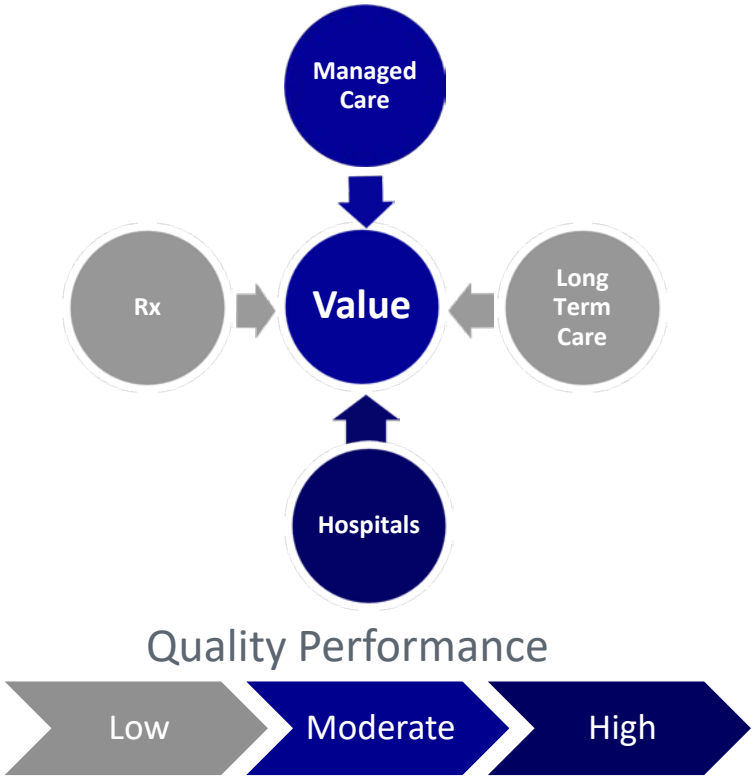
Source: ODM Medicaid Services Forecast, SFY 2016-2017

* Duals not counted in ABD expenditure

Driving Forces, Policy Trends and Regulatory Environment

	CFC	ABD	Expansion	Other
Driving Forces	• Primary source of coverage for children	• Aging population is fastest growing demographic group in the state • Significant political interests	• Politics of ACA • Financing • Improving economy has significantly reduced enrollment	• Uniqueness of populations
Policy Trends	• Major focus of managed care policy efforts in HEDIS, P4P and SIM • Existing ACOs in Medicaid for children	• Desire to carve-in • Movement to community-based options	• Personal responsibility policies via waivers and law • Adversarial federal administration	• Greater eligibility processing alignment within special populations • More efforts to leverage federal match
Regulatory Environment	• Largely privatized • Innovation driven by policy, not plans	• Revised Code rate protections for nursing homes • Movement away from DD Board provider status	• Greater oversight by legislature • More eligibility restrictions and county-based process likely	• Complex and varied depending on population

Major Cost Center Value Relative to Other States



Managed Care

- While quality has been getting better, an external review identified that there was improvement needed in preventative health care for children and adults; treatment and management of chronic conditions; and coordination of care
- Only 3.8% of HEDIS measures were above 75th percentile in 2017, nationally

Long Term Care

- Ohio has made significant strides in transitioning to more community-based options
- Nursing facility quality is significantly low and General Assembly has thwarted efforts to increase accountability

Hospitals

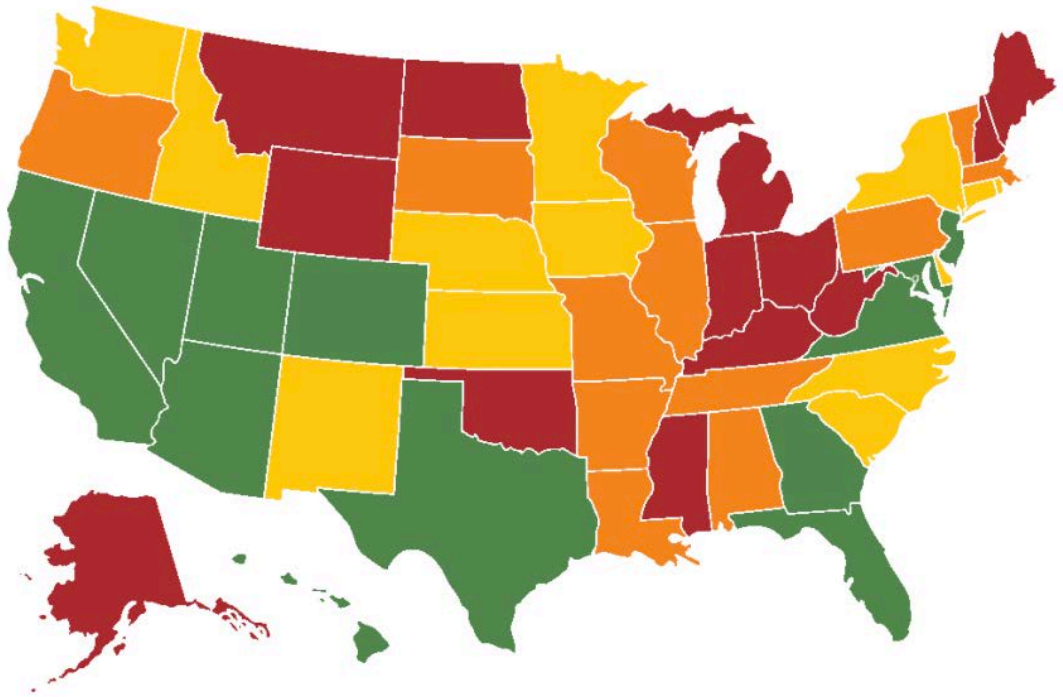
- Ohio hospitals rank first, nationally, in 'strong' to 'very strong' in Agency for Healthcare Research and Quality (AHRQ) rankings
- Setting is expensive with fragmented community coordination, though SIM presenting significant opportunity

Rx

- Ohio has no current efforts to transition pharmacy to value-based models
- ODM recently mandated plans cancel contracts with Pharmacy Benefit Managers
- Rebates are significant, other tools are limited

Managed Care Data: http://medicaid.ohio.gov/Portals/0/Medicaid%20101/QualityStrategy/Measures/OHSFY2017-LEQR-F1.pdf
LTC Data: https://www.cleveland.com/metro/index.ssf/2017/03/ohio_nursing_homes_among_the_nations_lowest_rated_in_quality_of_care_a_critical_choice.html
Hospital Data: https://nhqrnet.ahrq.gov/inhqrdr/Ohio/snapshot/summary/Setting_of_Care/Hospital

Findings On Ohio's Value



Sub-Domains of High Value

- None

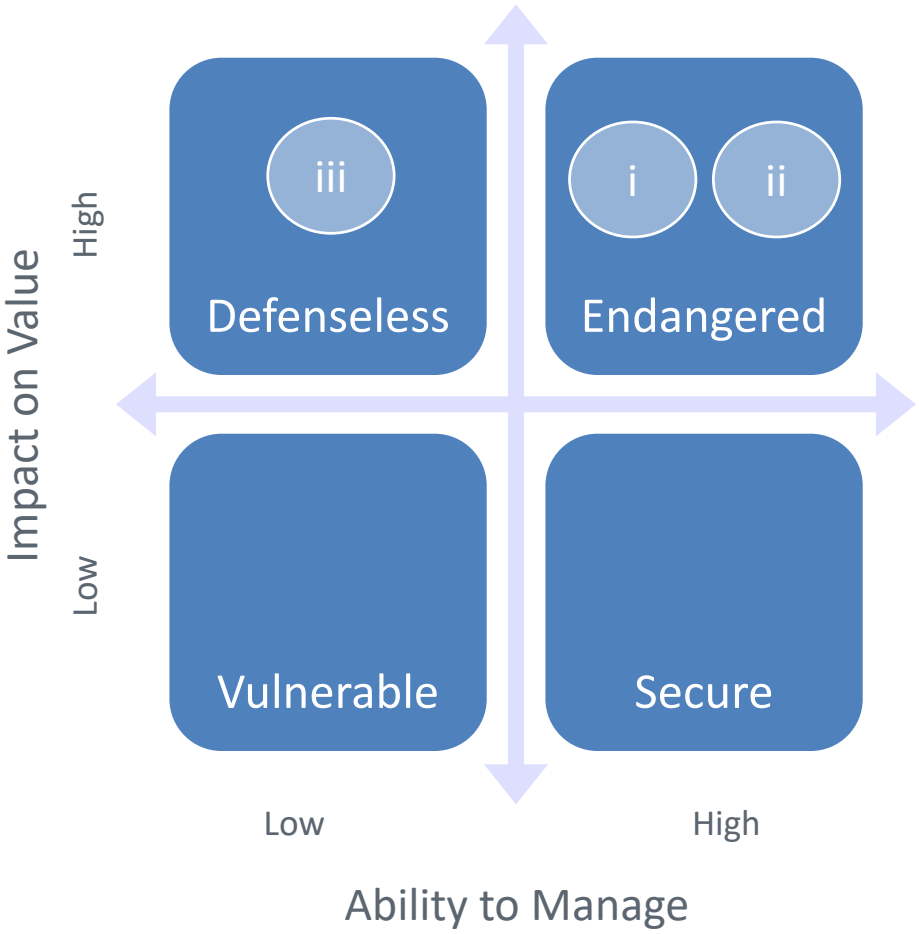
Sub-Domains of Low Value

- Behaviors
- Conditions and Diseases
- Marketplace Spending
- Preventative Services
- Hospital Utilization
- Communicable Disease Control and Environmental Health
- Emergency Preparedness
- Air, Water & Toxic Substances

46th Overall

Map and data from Ohio's Health Value Dashboard, Health Policy Institute of Ohio. Source: https://www.healthpolicyohio.org/wp-content/uploads/2017/07/2017Dashboard_FullWithAppendix.pdf

Capability Audit: CFC

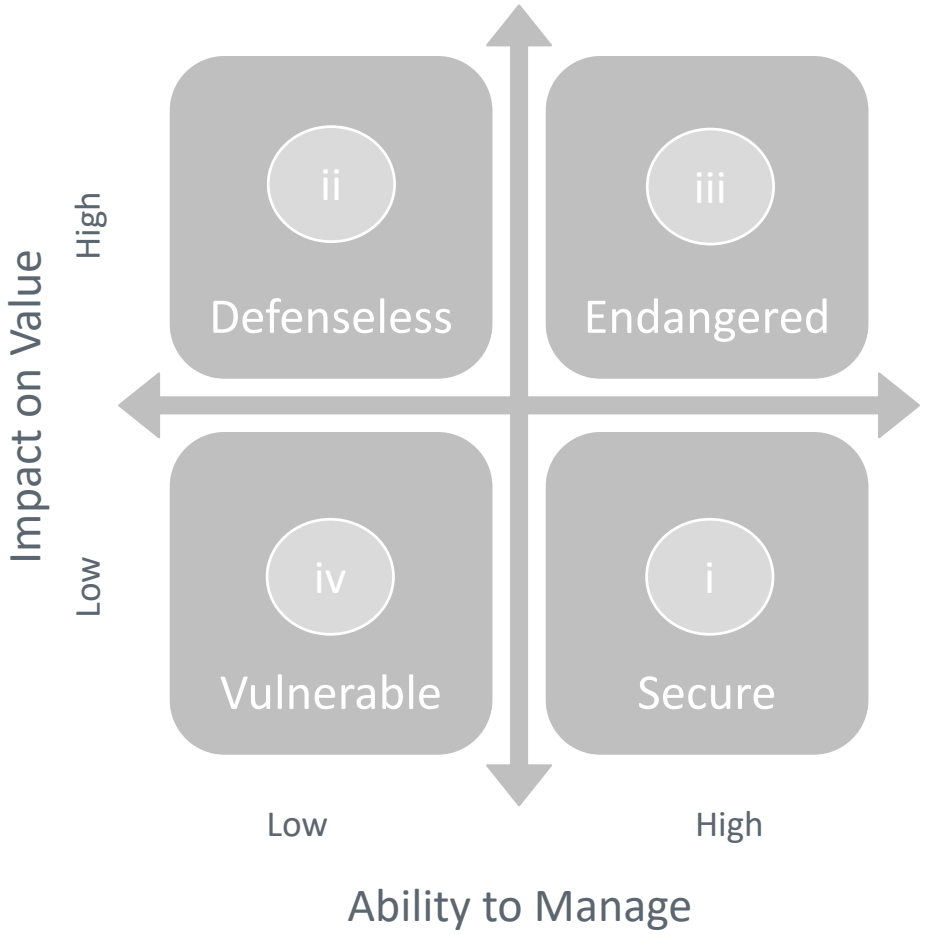


i. Social Determinants
   - Ohio has significant gaps in housing and food insecurity with deep pockets of poverty concentrated in rural and dense urban areas
   - Significant disparities along the lines of race and income

ii. Population Health
   - Infant mortality, substance abuse, chronic diseases and individual behaviors all affecting outcomes

iii. Utilization Imbalance
   - Preventative services lacking, hospital utilization is high
   - Regulatory capture in Ohio is significant, with data on current efforts to transition to value limited
   - Supplemental, graduate medical education and capital payments are not tied to value

Capability Audit: ABD



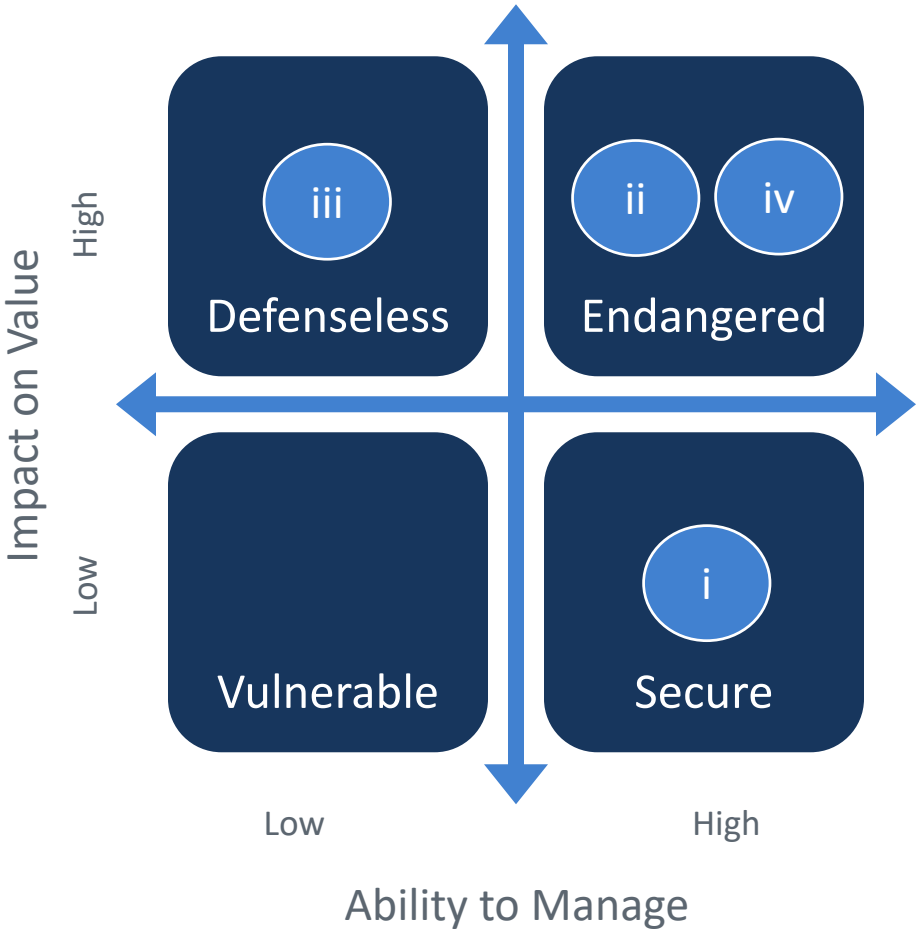
i. Transition to Community-Based Settings
   - Ohio has made significant strides in transitioning to community-based settings, so improvement may be limited
   - Independent providers remain a cost consideration given Electronic Visit Verification capacity and potential to unionize

ii. Nursing Facility Reform
   - Nursing facilities are the only provider type to be protected in statute and have no significant regulatory checks on creating value
   - Ohio's transition to MLTSS unlikely and currently disjointed

iii. Access for Aging Population
   - Fastest growing demographic is the elderly, putting strain on resources

iv. DD Waiting Lists and Privatization
   - Ohio has increased funding to shorten waiting lists for waiver services though there are still gaps
   - Federally required transition for Boards to no longer serve as providers is disruptive to traditional eligibility and service design

Capability Audit: Medicaid Expansion



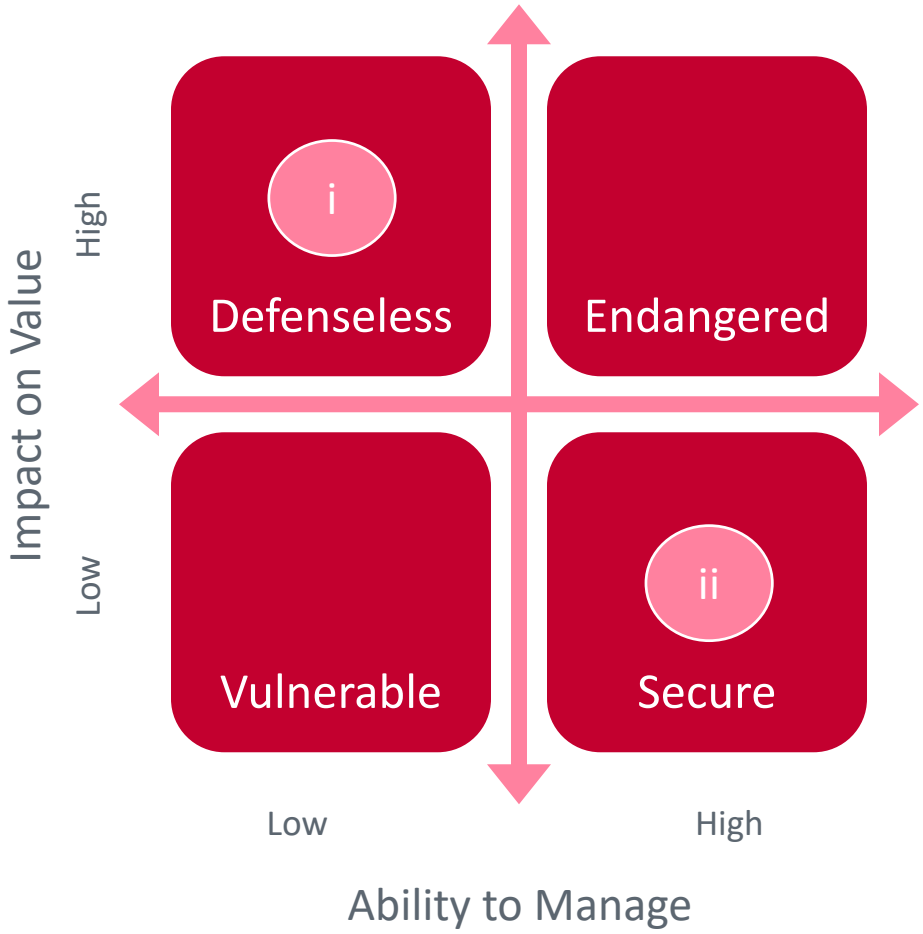
i. State Obligation of Financing
   - Ohio's direct spending for this population is low and will remain low as any law change in federal match ends expansion
   - Population is generally low-cost compared to other groups

ii. General Assembly Oversight
   - Political environment has destabilized administrative purview over program, notably in eligibility reform through waivers

iii. Federal Opposition
   - Trump administration opposed to ACA, generally, sees expansion as an opportunity to reconfigure entitlement

iv. Public Health and Economics
   - Coverage is key factor in addressing infant mortality and opioid crisis, representing nearly 1/3 of all state addiction spending
   - Healthcare is Ohio's second largest industry and rural providers have disproportionately benefitted
   - Expansion has stabilized household income

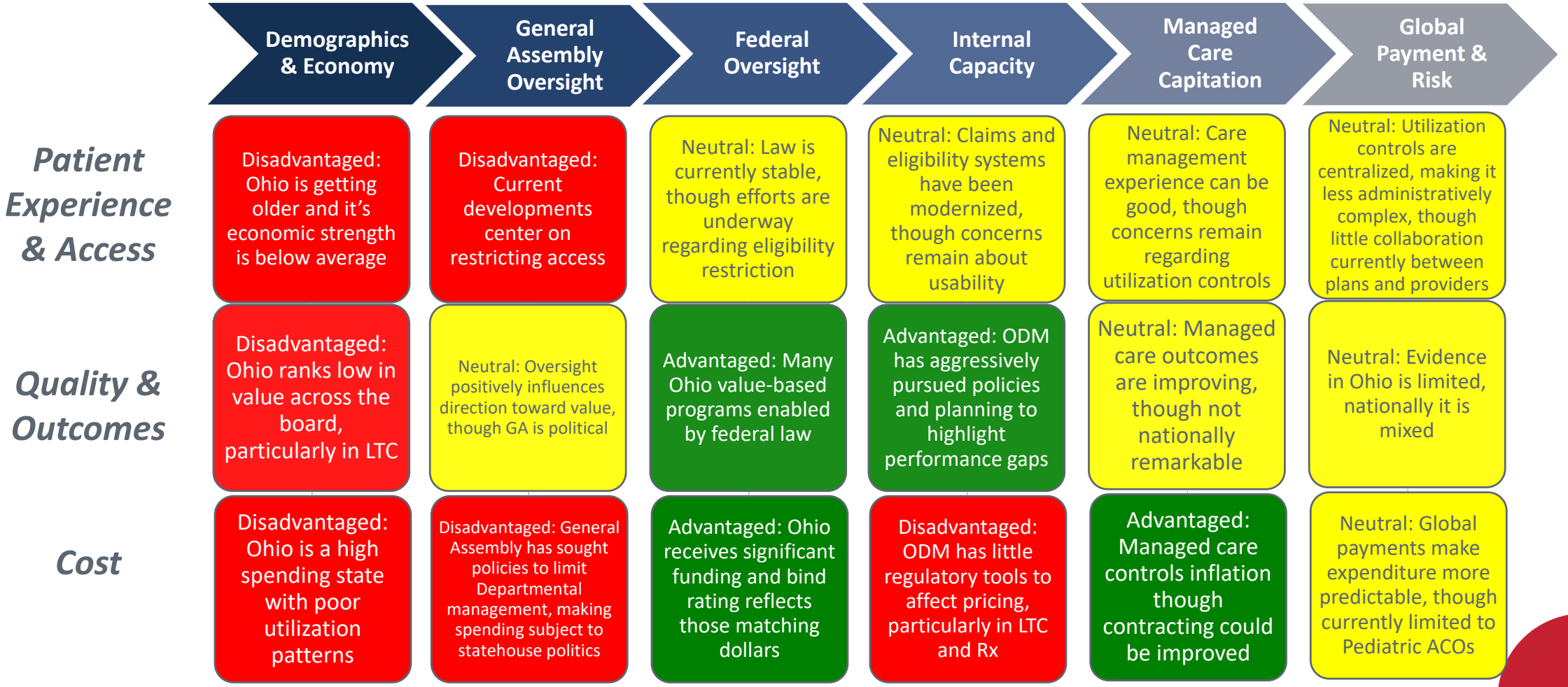
Capability Audit: Other



i. Federal Block Granting
   - Due to complex nature of populations in this category, any change in the program, generally, compromises coverage for specialized groups due to complexity

ii. Special Interest Influence
   - Specialized populations have segmented interests, meaning coordination is less likely across beneficary group

Value Transition Analysis

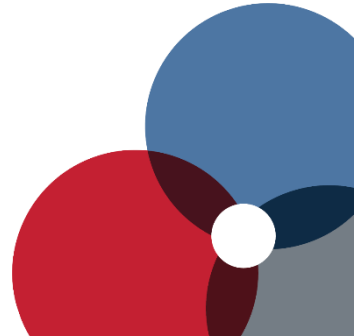


Strategic Issue

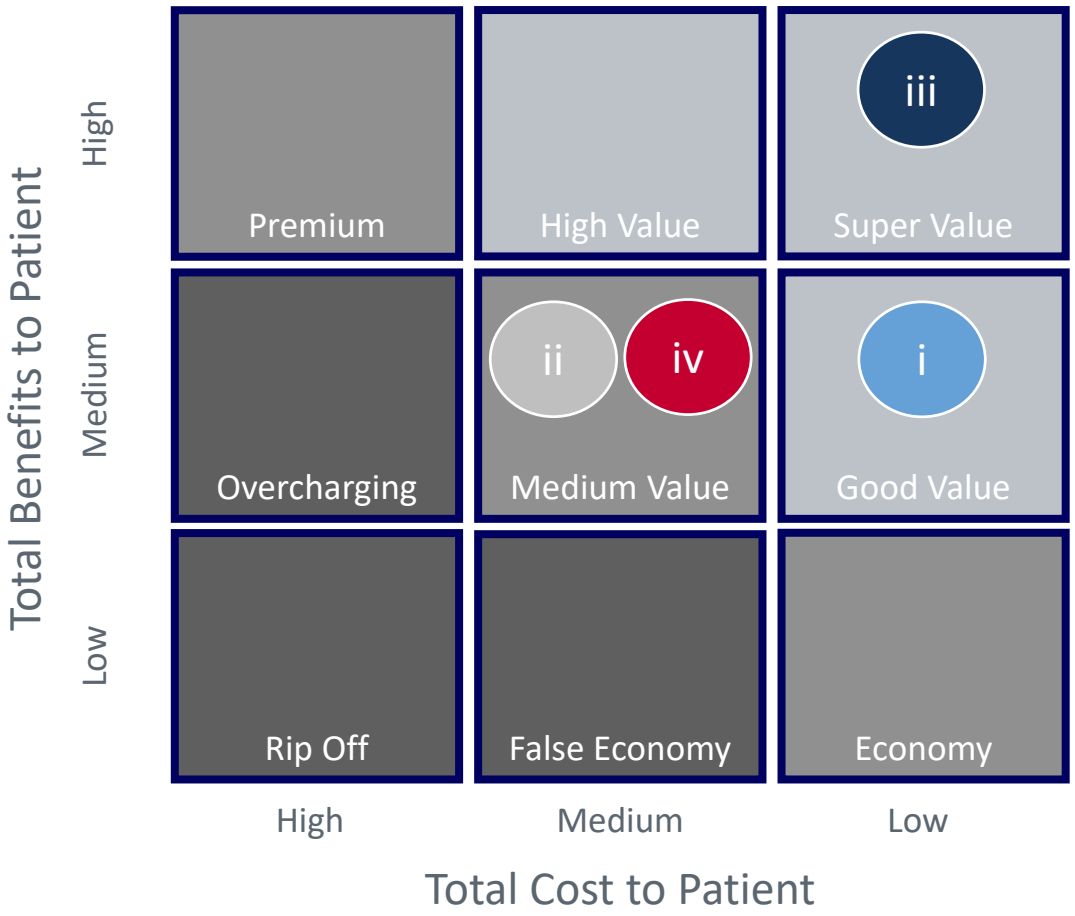
A real, currently occurring, problem that the department has been operating under because it has tried, but not been able, to solve that has either put a damper on performance and/or is likely to cause future financial problems.

THE ISSUE:

The political environment around Medicaid currently centers on access for low-value populations and increasing legislative oversight despite the limited ability of the department to address pricing and regulatory capture by an influential industry.



Policy Positioning: Beneficiary Perspective



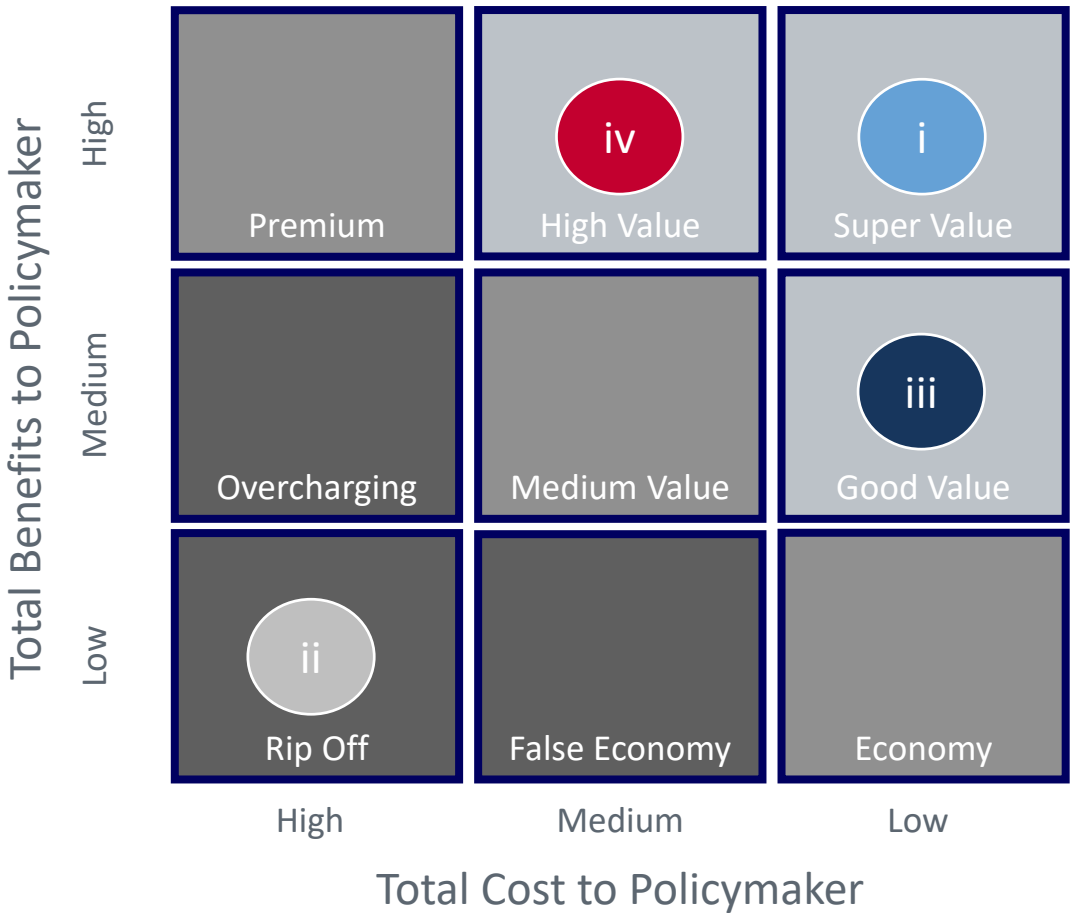
i. CFC
   - No current significant cost sharing, but case management success is low in key areas

ii. ABD
   - Some cost sharing, requirements to meet income standards
   - Benefits may vary depending on access to waivers, provider of service

iii. Expansion
   - Previous insurance created greater preventative and primary care access with little to no current costs

iv. Other
   - Population variance changes potential individual cost and benefit design, though it address gaps in coverage of current system

Policy Positioning: Policymaker Perspective



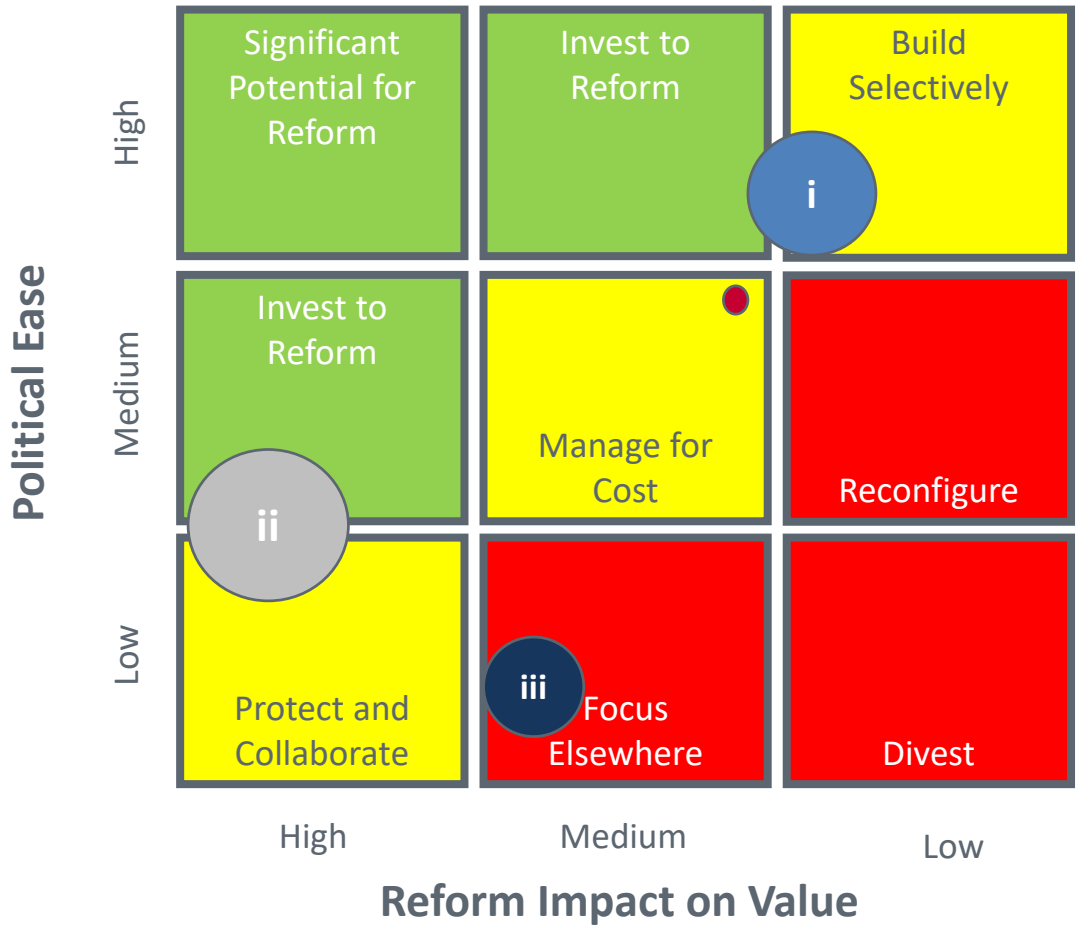
i. CFC
   - Children's coverage is politically popular and relatively inexpensive

ii. ABD
   - Costs for population are high
   - Overall quality and demonstrable positive outcomes are low
   - Industry is largely fragmented

iii. Expansion
   - Depending on district, politics may be very positive or negative, in need of reform or stability
   - Federal financing rate provide significant flexibility for the state

iv. Other
   - Specialized populations are politically tenable though cost can vary widely

Policy Reform Potential



i. CFC

- CFC does not have many political challenges though is a relatively low cost group, on the whole
- Reform should be incremental and population-focused

i. ABD

- ABD group has disproportionate investment and most complex population
- Political will required to make significant change

iii. Expansion

- Expansion group most politically charged
- Fiscally manageable, reform for value would be incremental, though current focus is on eligibility and cost sharing waivers

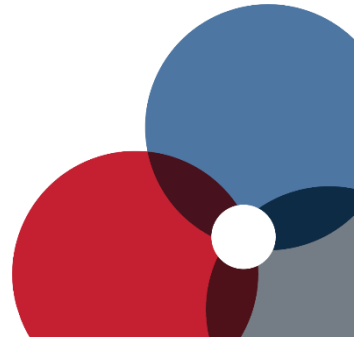
iv. Other

- Political interests varied and specific
- Reform would be incremental and population-oriented, so management centers on sustainability and access

Size is relative to total spending, position relative to political east and potential for impact

Summary Diagnosis

- Majority of spending, particularly state-based funds, tied to CFC and ABD populations
- Legislature's political conditions, driven by expansion, create desire for more legislative oversight of executive branch, increasing exposure of program design to special interests and legislation
- Ohio is a low-value state relative to other states, with significant need to improve in the areas of population health, disease management and pricing
- Ohio faces significant regulatory capture by industry which occupies key positions in benefit administration and specific regulatory oversight



Summary Diagnosis

- The strategic direction of Medicaid has changed significantly during the Kasich administration with the creation of a standalone Medicaid Department, the creation of the Office of Health Transformation and investments in IT
- Major policy decisions center around increasing access, privatization and movement to value-based reimbursement
- Long Term Care continuum, and services associated with ABD population, have the greatest potential for reform on beneficiary and expenditure levels, something made more urgent given demographic shift in Ohio
- The potential use of waivers continue to threaten access through expansion