

A New Way for Medicaid

Today, Ohio's Medicaid program uses a care coordination system for many of its consumers, which is built on the idea that promoting the delivery of care in the right setting, at the right time, and in a coordinated manner, is the best delivery model to provide value to Medicaid consumers in a fiscally responsible manner. Currently, 1.5 million Medicaid consumers are served by this care coordination model, which has proven to be cost effective, producing a **\$1 Billion fiscal benefit** currently and budget predictability to the state - all while helping to improve the lives of those Ohioans most in need.

Through a four step process, Ohio can begin to capture the ability to have an integrated program that is effective in improving care for consumers and create efficiencies that provide **\$1.78 Billion fiscal benefit SFYs 2012 – 2013**:

- Maximize Care Coordination
- Integrate Medicaid Benefits
- Modernize Ohio's Reimbursement System
- Do Business Differently

Maximize Care Coordination

Today, Ohio excludes some 500,000 Medicaid consumers from care coordination. These consumers are in Ohio's Fee-For-Service delivery model, and lack comprehensive care coordination that is currently benefiting the other parts of the Medicaid system.

It is this population outside of care coordination that account for 70 % of the costs in Ohio's Medicaid program. Individuals excluded from Medicaid Care Coordination today include:

- Dual eligibles (those individuals on Medicaid and Medicare)
- Individuals on Spenddown
- Home and Community Based Waiver Participants
- Institutionalized Individuals (Nursing Facility and ICF/MR)
- Children with disabilities

Long Term Care – Today, Medicaid consumers in need of long-term care services fall outside of the care coordination model. These are individuals who are receiving long term care services both in a nursing facility as well as through community based programs. Yet these individuals account for a significant portion of Medicaid spending in this state. Other states have successfully integrated their Medicaid long-term care services into a care coordination model, and have seen their costs decrease as a result. Ohio cannot sustain its current level of spending on long-term care.

Children with disabilities – Children with disabilities currently being served by the Medicaid program are some of the most vulnerable and needy individuals in Ohio. Integrating this population into the care coordination model can result in managing the care of these individuals in a fiscally responsible manner while ensuring the delivery of quality care.

Integrating these consumers into the existing care coordination model is a solution that is projected to save Ohio **\$400 Million in SFYs 2012 – 2013**.

Integrate Medicaid Benefits

Pharmaceuticals are a driving force in any health care system. While they provide for the complete health of consumers they are also an opportunity for abuse. Drugs must be coordinated and Ohio should immediately reverse a shortsighted policy decision and include the Medicaid pharmacy benefit in the care coordination program. Additionally, federal law changes (the Drug Rebate Equalization Act) allow the state to access the greatest rebates for drugs even when administered through the care coordination program.

Pharmacy Benefits - Ohio should reverse this policy decision since both from a programmatic and economical perspective it makes the most sense to include the pharmacy benefit in the Medicaid Care Coordination Program. Such a reversal of policy would save Ohio approximately **\$184 Million in SFYs 2012 -2013**. If a decision is made to reverse this policy direction a "carve in" could be implemented by April 1, 2011 providing better care coordination and generating fiscal benefits to the state.

Behavioral Health – In Ohio’s Medicaid program, some behavioral health services are carved away from the existing care coordination model. This fragmented model does not support the need to view a Medicaid consumer’s healthcare in its entirety, especially given the close connection between a person’s physical health and emotional health. Integrating these services into the existing care coordination model would facilitate the needed holistic view of a Medicaid consumer’s healthcare needs, and in the process produce projected savings to the state of **\$52 Million in SFYs 2012 -2013**.

Modernize Ohio’s Reimbursement System

Today, certain requirements regarding medical provider reimbursement results in a market that doesn’t allow for fair negotiation between care coordination plans and medical providers. This in turn results in increased costs to the Medicaid program. Ohio requires Medicaid health plans to contract with certain providers but doesn’t provide any incentive for those providers to contract with the plans. This doesn’t allow the market to work and some of those providers demand reimbursement at rates that far exceed what is fair and reasonable. Ohio should remove these barriers that lead to higher costs in the Medicaid program. Such a move would allow for fair negotiation of rates and would align reimbursement consistent with Medicare. It would also be consistent with the way Ohio pays for hospital services through the Department of Rehabilitations and Corrections. Making this change would allow Ohio to save approximately **\$145 million over SFYs 2012-2013**.

Additionally, further changes in the Medicaid fee schedule would result in additional savings. Areas Ohio should focus on include:

- Consistent with Medicare – move to the current DRG version for hospital charges
- Move to a cost to charge ratio for unlisted codes
- Change the methodology for hospital outlier payments
- Implement changes in the way emergency department services are paid
- Change Capital reconciliation methodology for hospitals – use care coordination data with fee-for-service data

Do Business Differently

Legislators, administrators and the public expect value from Ohio’s Care Coordination program. This is due to the nature of the performance-based contract, the inherent flexibility of a care coordination system, and the emphasis on prevention, care coordination and disease management. Today, Ohio is receiving significant value for the dollars expended as evidenced by the cost savings, budget predictability and improved outcomes in the care coordination program over the last several years. Ohio’s Medicaid Plans strive to improve and realize that in Ohio’s current fiscal environment everyone must find additional efficiencies in their business operations. Medicaid plans believe that they are no exception and are ready to help rebalance the long-term care system, fully integrate benefits and enhance care coordination. Ohio’s Medicaid plans propose to accomplish this through:

- Common Sense Initiative
- Administrative Efficiencies
- Enhancing Performance Based Contracting
- Support Innovations in the health care delivery system

State Fiscal Years 2012 –2013 Benefit:

Current program	\$1 Billion
Maximize Care Coordination	\$400 Million
Integrate Prescription Benefits	\$184 Million
Integrate BH Benefits	\$52 Million
Modernize Reimbursement	\$145 Million

Fiscal benefit \$ 1.78 Billion

