

House Committee on Finance and Appropriations  
Subcommittee on Human Services  
Testimony of Cristal A. Thomas  
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Ohio Department of Jobs and Family Services  
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Mr. Chairman Stewart, Ranking Member Brown and members of the Subcommittee, I am Cristal Thomas, Ohio's Medicaid Director. I appreciate the opportunity to appear before you today to discuss the portion of ODJFS's budget that encompasses Ohio Medicaid and its related programs.

As you have already heard from Governor Strickland in the State of the State Address and the summary documents of the Executive Budget, Ohio Medicaid will play a critical role in accomplishing the Turnaround Ohio plan during the State Fiscal Year 2008-2009 Biennial Budget.

### **Overview of Ohio Medicaid**

Within ODJFS, the Office of Ohio Health Plans administers the Ohio Medicaid program, which includes the State Children's Health Insurance Program or SCHIP. In addition to Medicaid and SCHIP, we also administer three other important health related programs. We manage the Hospital Care Assurance program (or HCAP) to pay Ohio hospitals for some of their uncompensated care to uninsured Ohioans. Our office also administers a premium assistance program for low income Medicare beneficiaries. And finally, we administer the state-only funded health care safety net program, Disability Medical Assistance or DMA.

Ohio Medicaid is the largest health insurer in the state. In State Fiscal Year 2006, we provided health care services to 2.2 million people. That's one of every six Ohioans, one of every three children, and one of every three Ohio births. People enrolled in Medicaid all have modest incomes and resources and many are considered uninsurable in the private health care marketplace. It has been said that Medicaid is an out of control monster. Today I would like to suggest some alternate ways to complete the phrase, "Ohio Medicaid is..."

Ohio Medicaid is:

- Health insurance for children of working parents who are just getting by in low wage jobs or are uninsurable in the private market.

- Access to immunizations and well child care to help children enter school healthy and ready to learn.
- Prenatal care for pregnant women so they give birth to healthy, normal weight babies.
- Life saving medical transportation and emergency hospital care.
- Services that keep seniors, disabled adults and medically fragile children safe and able to stay in their own homes.
- Quality institutional care for those who need it.

In addition to helping over two million Ohioans get the health care they need, Ohio Medicaid is also a significant economic stimulus in Ohio. In SFY 2006, ODJFS Medicaid purchased about \$10.7 billion dollars of health care services from 77,000 health care providers in every one of Ohio's 88 counties. I'm sure that many of you recognize health care related businesses as being major employers in your districts. In many cases, Medicaid is one of their major sources of revenue, about 60 percent of which comes to Ohio from the Federal government. With the completion of Ohio's expansion of Medicaid managed care, about 75 percent of Medicaid consumers will receive their care via managed care arrangements. Ohio Medicaid will spend over \$5 billion on managed care plans, many of whom have set up Ohio business offices and created a number of jobs for Ohioans.

In short, our office views Ohio Medicaid not as a liability, but rather as a true asset to Ohio's economy, businesses, and families.

### **Accomplishments in the Current Biennium**

During this biennium, the Office of Ohio Health Plans took very seriously the challenge of living within our means. In fact, our cost containment strategies were so successful that we exceeded our budgeted savings for SFY 2006 and are on target to exceed them again for SFY 2007. So, while the nation's average health care spending grew at 7.7 percent<sup>1</sup>, Ohio Medicaid grew at 2.4 and 3.5 percent, including state and federal funds.

Unfortunately, we accomplished this by:

- Freezing provider rates;
- Increasing consumer cost sharing for certain pharmacy, dental and vision benefits and visits to emergency rooms that were not for emergency care; and
- Reducing coverage for certain optional populations and services.

We also implemented some major program changes and improvements including:

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<sup>1</sup> Kaiser Family Foundation, Employer Health Benefits Survey, September, 2006

- The statewide expansion of Medicaid managed care for all covered families and children and a subset of enrollees who are elderly or have disabilities;
- Expansions of the Medicaid waivers managed by ODJFS;
- Improvements in Medicaid program integrity.
- A new payment system for nursing facilities based on price rather than cost;
- Implementation of many requirements mandated by the Federal Deficit Reduction Act;
- Completion of the strategic planning and competitive bidding processes to make significant reforms in our information technology systems.

Our staff also worked extensively with several oversight groups studying various aspects of the Ohio Medicaid program. Two major efforts included the Medicaid Administrative Study Council, studying the question of separating Ohio Medicaid into its own state agency, and the Auditor of State's Performance Audit. Governor Strickland's budget contains funding for recommendations currently being implemented as well as initiatives suggested by these studies that we have not yet begun.

### **Ohio Medicaid – A Cornerstone of Turnaround Ohio**

Governor Strickland's budget would increase access to healthcare and make targeted investments in the healthcare infrastructure while keeping the growth in all funds Medicaid spending to 1.2 percent in SFY 2008 and 4.7 percent in SFY 2009. GRF funding will grow 1.8 percent and 5.5 percent during SFYs '08 and '09.

The Medicaid program is a cornerstone of Governor Strickland's Turnaround Ohio Plan, serving as a major vehicle to increase Ohioans' access to affordable health care coverage. The Executive Budget proposes to expand Ohio Medicaid to cover all uninsured Ohio children, some through expanding Medicaid eligibility and others through Medicaid buy-in options scaled to fit a family's ability to pay.

Governor Strickland's budget also focuses on increasing access to health care for people with disabilities. For those who can work, but don't because they fear losing their Medicaid coverage, the SFY 2008-2009 budget offers a Ticket to Work program, which will provide a buy-in option for disabled workers earning up to 200 percent of the poverty level. We are supportive of the proposals being debated in the House and the Senate to implement a Medicaid buy-in program for disabled workers and look forward to working with Representative Jon Peterson and Senator Steve Stivers to make this a reality in Ohio. For elders and people with disabilities who cannot work, the budget offers expanded access to home and

community based care and a goal of more equally balancing Medicaid spending for long term care services provided in institutional and non-institutional settings.

Finally, Governor Strickland's budget proposes numerous initiatives to improve the efficiency of government operations, assuring programmatic and fiscal integrity, and implementing 21<sup>st</sup> Century business technology systems that are long overdue.

### **Summary of Medicaid budget Initiatives**

The following is a summary of the specific goals and initiatives proposed in the ODJFS Medicaid portion of the Executive Budget.

#### **Goal 1: Increase the number of Ohioans with health care coverage.**

The Executive budget proposes to accomplish this goal through a number of initiatives including:

- a. Expand Medicaid eligibility for the following groups:
  - Children in families with incomes between 200 and 300 percent of the Federal Poverty Level. About 20,000 children are expected to receive health coverage under this initiative.
  - Pregnant women with incomes between 150 percent and 200 percent of the Federal Poverty Level. This expansion will cover about 3,800 additional pregnant women.
  - Restore Medicaid coverage to working parents with incomes between 90 percent and 100 percent of the Federal Poverty Level. About 25,000 parents are expected to regain health coverage under this initiative.
  - Restore full dental, psychology and chiropractic coverage for adults.
- b. Reach out to Ohioans who are already Medicaid eligible but not enrolled.
- c. Create Medicaid "buy-in" options for:
  - People with disabilities up to 200 percent Federal Poverty Level (Ticket to Work Program)
  - Children in families with incomes above 300 percent of the Federal Poverty Level (Premium Participation Program)
- d. Increase Medicaid payment rates for certain safety net providers and community providers who haven't had a rate increase in many years. Providers for whom the budget proposes rate increases include hospitals and community providers such as: physicians, advance practice nurses, fee for service clinics, and dentists.

- e. Work with the Department of Insurance to create a Health Care Link as outlined in the Turnaround Ohio plan, in which uninsured Ohioans will be able to access affordable private health care coverage.
- f. Continue the state-only funded Disability Medical Assistance program as a safety net for those currently enrolled.

**Goal 2. Balance Ohio's spending for long-term care services for the most elderly and disabled citizens by providing greater choice and encouraging personal responsibility among individuals and families.**

The Executive budget proposes to accomplish this goal through a number of initiatives including:

- a. Implement Ohio's Money Follows the Person grant focused on moving people out of institutional settings into their own homes and balancing how Medicaid dollars are spent on institutional care and home and community based care. Ohio is one of 17 states to win this competitive grant opportunity and over its five year implementation period, will receive up to \$100 million in enhanced Federal matching funds to relocate about 2,200 Medicaid consumers from institutions to home based settings. ODJFS is coordinating with sister state agencies, community partners and consumer advocates to plan for the needed expansion to all Medicaid waivers to accommodate MFP participants.
- b. Increase the capacity of Medicaid waivers including those operated by ODJFS as well as PASSPORT and MR/DD waivers.
- c. Hold nursing facility rates flat in the aggregate while continuing to phase in the Medicaid pricing system. This is the continuation of the initiative in HB 66 transitioning from Ohio's historic cost based reimbursement system to one that is based on setting reimbursement prices for Medicaid nursing facility services.
- d. Increase the efficiency and consistency of admissions into institutional settings to ensure that Medicaid consumers are only admitted when it is the proper place for their care needs. ODJFS proposes to accomplish this through a complete review and revision of Ohio's current nursing home admission process to ensure that only individuals who really need a nursing home level of service are admitted. Our review and redesign of this process will occur during this biennium, with implementation to begin in 2010.

- e. Lay the groundwork for unified budgeting for Medicaid long term care spending. The Executive budget proposes that the Ohio Department of Aging convene a workgroup including key stakeholders to develop an implementation plan for a combined long-term care budget. The plan is to be developed by SFY 2009 with implementation in SFY 2010.
- f. Streamline the disability determination process for Medicaid and Social Security programs for people with disabilities. This initiative will implement recommendations of the Disability Determination Study Council established in HB 66. The Executive Budget proposes that ODJFS and the Ohio Rehabilitation Services Commission share medical records of consumers applying for eligibility under both Medicaid and Social Security. These changes will make the process more efficient for state government and the consumer.

### **Goal 3. Improve the efficiency, integrity, and business technology of Ohio Medicaid.**

There are two points I would like to make before listing these initiatives. First, these changes are essential to accomplishing the initiatives just discussed. In short, accomplishing them will be impossible without significant improvements to our current business technology systems.

Second, many of these initiatives were recommended by the Auditor of State's Medicaid Performance Audit.

The Executive budget proposes to improve program efficiency, integrity and business technology by:

- a. Improving the oversight and management of Medicaid providers operating in the fee-for-service payment system. Proposals include:
  - Phasing in criminal background checks for all Medicaid providers;
  - Phasing in an all electronic claims submission and payment system;
  - Requiring time limited Medicaid contracts with providers;
  - Imposing a probationary period for providers new to Ohio Medicaid;
  - Increasing ODJFS's authority to terminate contracts with providers who abuse the Medicaid system;
  - Rewarding providers who meet or exceed certain performance levels.
- b. Improving the coordination of insurance benefits ("third party liability") so that Medicaid is truly the payer of last resort and other insurers pay their share of health insurance costs. This function includes greater scrutiny

before claims are paid as well as more aggressive collection of any overpayments. Under this proposal, Medicaid Managed Care Plans will also be required to take on greater responsibility to help assure that Medicaid is payer of last resort.

- c. Implementing the Medicaid Information Technology System (MITS) to overhaul Ohio's 22 year-old information system. MITS is first and foremost a strategic project to transform human capital, business processes and health information technology so that Ohio Medicaid is positioned to respond to current and emerging business demands in the health care marketplace. We look forward to the implementation of this system and the far reaching positive impact it will have on Medicaid consumers and providers as well as other key stakeholders.
  
- d. Expanding and improving the Medicaid DSS and Data Warehouse  
Even though the current Medicaid Decision Support System informs the day-to-day program needs of Ohio Medicaid, we are not using the full potential of Ohio's Data Warehouse and other available data. Our proposal is to enhance both the existing Data Warehouse and the current Medicaid Decision Support System to improve data integration across the entire Medicaid delivery system. This advancement will allow data sharing and analytical capabilities across all sister agencies serving Medicaid populations. An expanded Data Warehouse and Decision Support System will improve the completeness and timeliness of our data analysis and will position us to measure and improve the quality of care to Medicaid consumers, ultimately measuring clinical information at the service delivery level by creating electronic medical records.
  
- e. Implement the Benefits Eligibility Network (BEN), ODJFS's replacement for the Client Registry Information System – Enhanced or CRIS-E. CRIS-E is the other major information technology system used extensively by ODJFS. For Ohio Medicaid, CRIS-E is the front door via County Departments of Job and Family Services, to Medicaid enrollment and eligibility determination. CRIS-E, like MMIS, is a 20 plus year old system with outdated programming and architecture. ODJFS is developing a strategic plan to replace CRIS-E with a web-based, enterprise architecture that is flexible and scalable allowing the Department to develop efficient outreach processes and provide the highest level of customer service.

#### **Goal 4. Control the growth of Medicaid spending through increased efficiencies.**

The Executive budget proposes to accomplish this goal through a number of initiatives including:

- a. Increasing Medicaid rates for Intermediate Care Facilities for people with Mental Retardation (ICF/MR) by 2 percent per year. The Executive Budget proposes this as an alternative to returning to the permanent statutory reimbursement which would increase rates by more than 10 percent in 2008.
- b. Implementing Medicaid selective contracting for certain goods and services. This will maximize competition and help assure that Ohio Medicaid gets the best price.
- c. Disciplining the cost growth of Medicaid managed care by requiring MCPs to adopt more expanded value purchasing strategies. ODJFS will accomplish this by hiring a staff actuary with the detailed expertise to work with our independent contracted actuary in setting actuarially sound rates.

#### **Conclusion**

On a personal note, I am excited to be back in Ohio and participating in the debate of these public policy issues with so much promise to make positive change in the lives of many Ohioans. My staff within the Office of Ohio Health Plans and I are prepared to work with you in the coming months as you review these proposals and ultimately adopt Ohio's budget for the next biennium.

I would be happy to respond to any questions