

FOR IMMEDIATE RELEASE
January 11, 2012

Contact: Benjamin Johnson
Phone: (614) 466-6650
E-mail: benjamin.johnson@jfs.ohio.gov

Ohio Medicaid Seeking Bids from Qualified Managed Care Organizations

COLUMBUS, OHIO — The Ohio Department of Job and Family Services (ODJFS) announced today that it has issued a request for applications (RFA) from qualified managed care organizations interested in providing service to Ohioans enrolled in Medicaid. The ODJFS Office of Ohio Health Plans (Ohio Medicaid) currently oversees seven health plans that serve the needs of more than 1.6 million low-income, Medicaid-eligible Ohioans.

“The purpose of managed care is to improve health outcomes for individuals enrolled in the Medicaid program,” said Ohio Medicaid Director John McCarthy. “As our partners, managed care organizations are expected to improve health outcomes by ensuring access to care and providing intensive case management services to those individuals who have the highest need and often the most complex medical and social conditions.”

The RFA is part of Ohio Medicaid’s commitment to paying for performance and value, which was a hallmark of the Medicaid reforms in the Jobs Budget (House Bill 153), which saved taxpayers \$1.5 billion and will improve care for vulnerable Ohioans. Ohio Medicaid will evaluate managed care plans that respond to the RFA based on their past performance in coordinating care and providing high-quality health outcomes. Ohio Medicaid will also use new managed care contract language that is based on model health plan contract language created by Catalyst for Payment Reform, a national, nonprofit organization dedicated to achieving better and higher-value health care. The new contracts will increase expectations regarding the national performance standards managed care plans must meet to receive financial incentive payments, and plans will be required to develop incentives for providers that are tied to improving quality and health outcomes for enrollees.

The new agreements reduce the number of service regions from eight to three and combine coverage for the Aged, Blind and Disabled (ABD) and Covered Families and Children (CFC) populations in each region. This new design:

- Increases individual choice and competition, because larger service regions will allow Ohio to offer beneficiaries four plan choices, up from two or three currently, while preserving the relationships beneficiaries have with their doctors and other medical professionals.
- Delivers efficiencies and program improvements envisioned in the state budget, because operating with fewer service regions reduces the administrative burden on the state and on managed care plans and increases competition in the managed care marketplace.

Through the RFA process, ODJFS will select a limited number of applicants to enter into Medicaid managed care provider agreements with the state of Ohio. Eligible RFA applicants will be qualified managed care organizations that best demonstrate the ability to offer the required health care services, agree to meet Ohio’s program specifications, and ensure accountability and cost-effectiveness.

The population to be served under the RFA includes approximately 1.6 million individuals enrolled in Ohio’s CFC program, 125,000 enrolled in the state’s ABD program, and 37,000 children with special needs. Ohio’s Medicaid program serves more than 2.1 million low-income Ohioans. Enrollment under the new contracts is expected to begin January 1, 2013. To view the RFA, go to <http://jfs.ohio.gov/RFP/>. Additional announcements and updates will be provided at <http://mcp.ohio.gov>.

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Restructuring Ohio's Medicaid Managed Care Program

Paying for Performance

- Ohio's Medicaid program is taking a new approach to paying providers by resetting Medicaid payment rules to reward value rather than volume. This commitment to paying for performance was a hallmark of the reforms in the state's biennial budget (House Bill 153), which saved taxpayers \$1.5 billion and gave Ohio Medicaid the tools to improve care for vulnerable Ohioans.
- Ohio Medicaid will evaluate managed care plans that respond to the request for applications (RFA) based on their past performance in coordinating care and providing high-quality health outcomes for enrollees.
- Ohio Medicaid will use new managed care contract language that is based on model health plan contract language created by Catalyst for Payment Reform (CPR), an independent, nonprofit organization that leverages the collective strength of private- and public-sector health-care purchasers to achieve better and higher-value health care. Ohio Medicaid recently became the first state Medicaid program in the nation to partner with CPR.
- The new contracts will increase expectations regarding the national performance standards managed care plans must meet to receive financial incentive payments. Plans also will be required to develop incentives for providers that are tied to improving quality and health outcomes for enrollees.
- This new approach creates a powerful financial incentive that will drive performance improvements in Medicaid managed care plans, which currently serve 1.6 million low-income Ohioans.
- The RFA also will require managed care plans that receive Medicaid contracts to operate their member call centers in Ohio, and it will require key senior staff positions to be located in Ohio. **These changes will retain or create 1,086 Ohio jobs.**

Restructuring Ohio's Medicaid Managed Care Program

Updating Service Regions to Increase Quality and Improve Efficiency

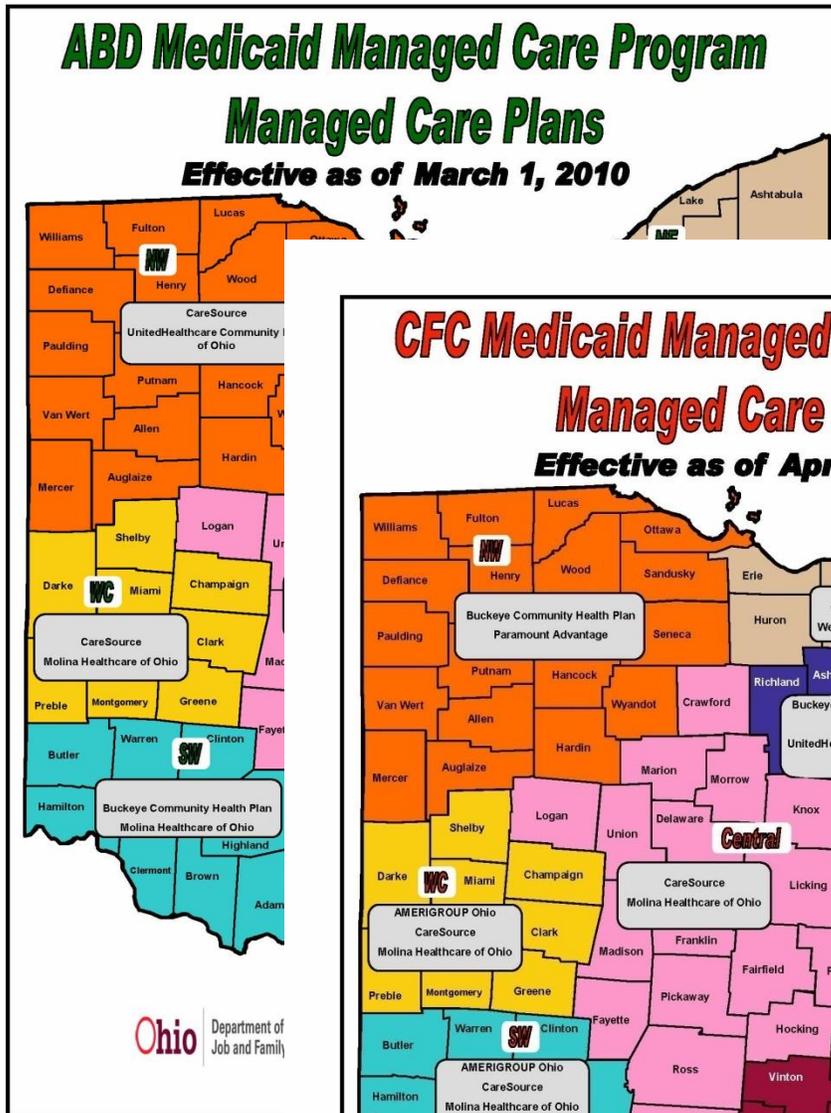
- Ohio's Medicaid managed care program is currently divided into eight service regions, with separate contracts administered for the Covered Families and Children (CFC) and the smaller Aged, Blind and Disabled (ABD) populations in each region. This format is outdated and inefficient.
- Ohio will merge the eight service regions into three regions that follow the boundaries of the current structure. Coverage for the CFC and ABD populations will be combined into a single contract in each region.
- This update will position Ohio's Medicaid managed care program to be a leader in the nation by increasing the stability of the program, providing consumers with more choices, and increasing efficiency for providers, payers and the state.
- **More choice and better care for Families:** The new service regions will preserve relationships consumers have with their doctors and other medical professionals. Larger regions will allow Ohio to offer beneficiaries four plan choices, up from two or three currently. The new design will also allow members of the same family to receive coverage through a single plan, rather than separate plans for CFC and ABD.
- **Reduced costs and better value for Taxpayers:** The new design will deliver efficiencies and program improvements, giving managed care plans the tools to adapt to the 1 percent reduction in administrative rates provided in HB 153, to create an estimated two-year savings of \$144 million. Larger regions will reduce administrative costs for both the state and managed care plans and increase competition in the managed care marketplace.

Current Medicaid Managed Care Program Structure

Very Complex: 38 health plan service arrangements

Less Stable: As few as 2,800 enrollees in a plan's service area

Less Choice: Only 2 plans in 10 contract regions



New Medicaid Managed Care Program Structure

Less Complex: 12 health plan service arrangements

More Stable: No fewer than 65,000 enrollees in each service area

More Choice: 4 plans in each region

