

The Arc of Ohio

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Presentation Outline

1. National Economic Trends
2. National Programmatic Trends
3. Ohio Trends
4. Conclusion

National Economic Trends

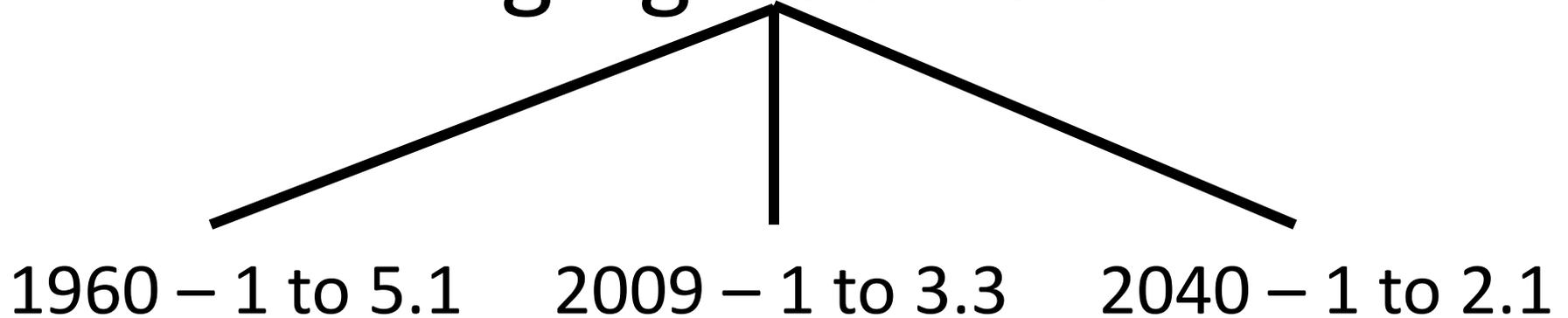
Three Big Problems:

One may be ending but two are with us for decades. Those are:

1. Economic Recession
2. Structural Deficits/Debt
3. Aging Baby Boomers

National Economic Trends

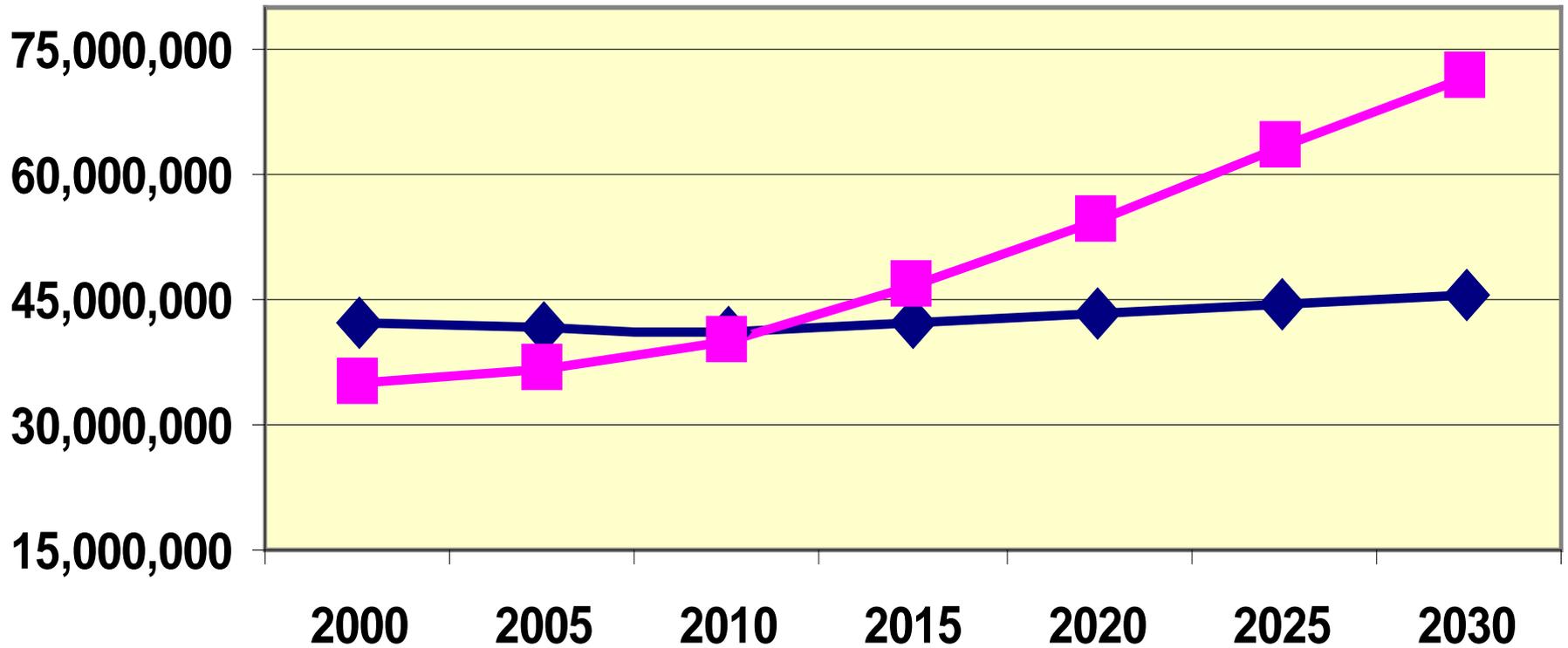
Aging Boomers



Creates two issues:

1. Economic
2. Workforce

Demographic Shift - Not Enough Workers to Take Care of the Baby Boomers

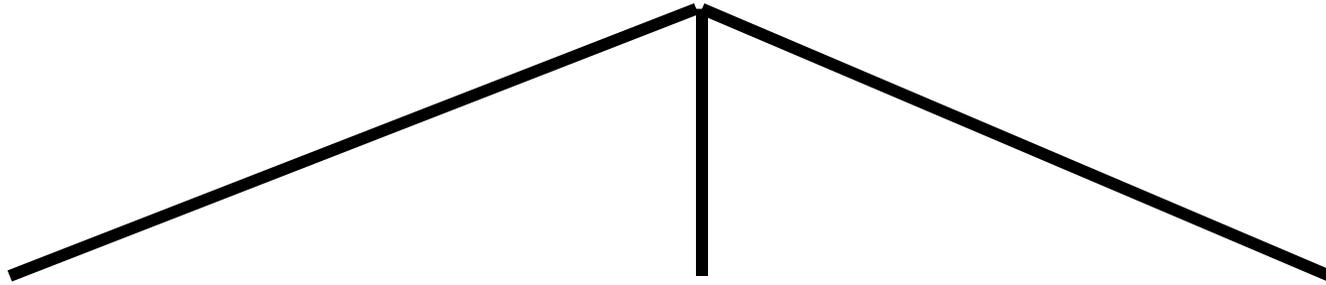


Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005

◆ Females aged 25-44 ■ Individuals 65 and older

National Economic Trends

Percent of National Budget Spent on
Medicaid – Medicare – Social Security



1966 – 15% 1986 – 30% 2006 – 40%

The structural deficit/debt will not be solved without addressing these issues.

National Economic Trends

Why do Federal problems matter?

Federal funds represent the largest part of our system:

Federal:	\$1,303,884,330	43%
State:	\$ 559,001,036	19%
Local:	\$1,143,844,002	38%
Total	\$3,006,729,368	100%

National Economic Trends

Over the past ten years,
federal funds have
increased 122% while
local funds have increased
by 70% and state funds
have been flat.

The dilemma and the need for a long-term strategy

- The flow of new dollars to our system may dramatically decrease.
- New people needing services will continue to increase.
- Changing our business practices/ business models can be slow and painful.

National Programmatic Trends

1. Olmstead and the Department of Justice (DOJ):

- Continued movement away from ICF/IID to waivers and smaller settings.
- Movement from “sheltered work” to supportive employment.

States with over 1,000 people in State Institutions age 16 and over

(2009 - 2011)

	State	% decreased in 2 years	CPD	# of Beds	Ranking *
1	New York	12%	1,430	1,313	24
2	California	19%	908	1,774	22
3	Pennsylvania	6%	753	1,174	32
4	New Jersey	2%	622	2,649	49
5	Virginia	7%	582	1,105	37
6	Illinois	12%	537	2,034	39
7	Ohio	14%	511	1,228	33
8	Texas	12%	474	4,331	45
9	North Carolina	4%	468	1,572	42
10	Mississippi	3%	310	1,333	51
	National	12%		29,574	

* Indicates overall ranking of all states and D.C., number of beds adjusted for population

States with more than 1,000 private ICF/IID Beds
16 beds and above for FY 11

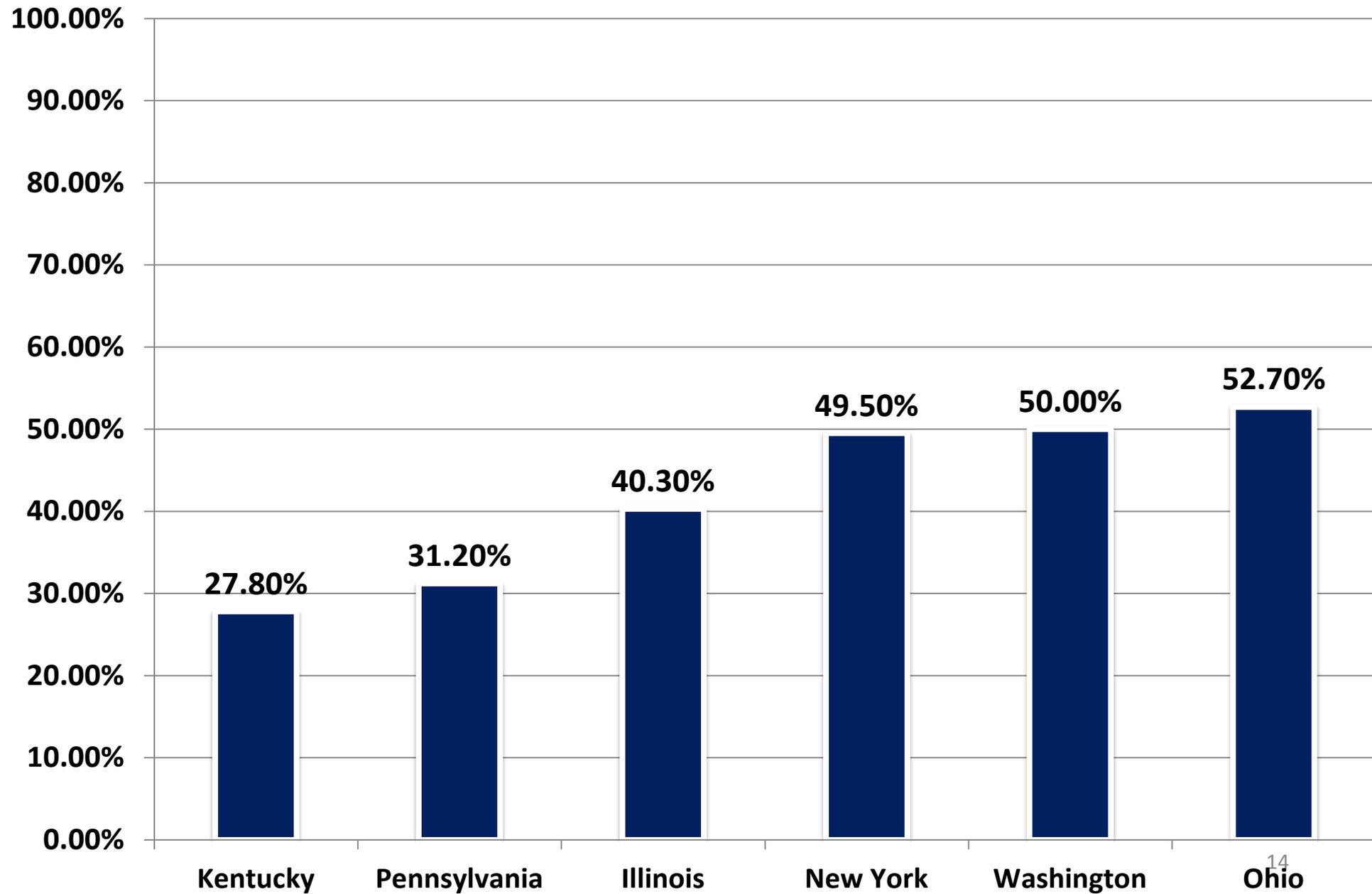
	State	# of Beds
1	Ohio	3,417
2	Illinois	3,384
3	California	2,092
4	New York	2,003
5	Pennsylvania	1,842
6	Florida	1,545
7	Iowa	1,454
	National	23,603

Of the money spent in Adult Services

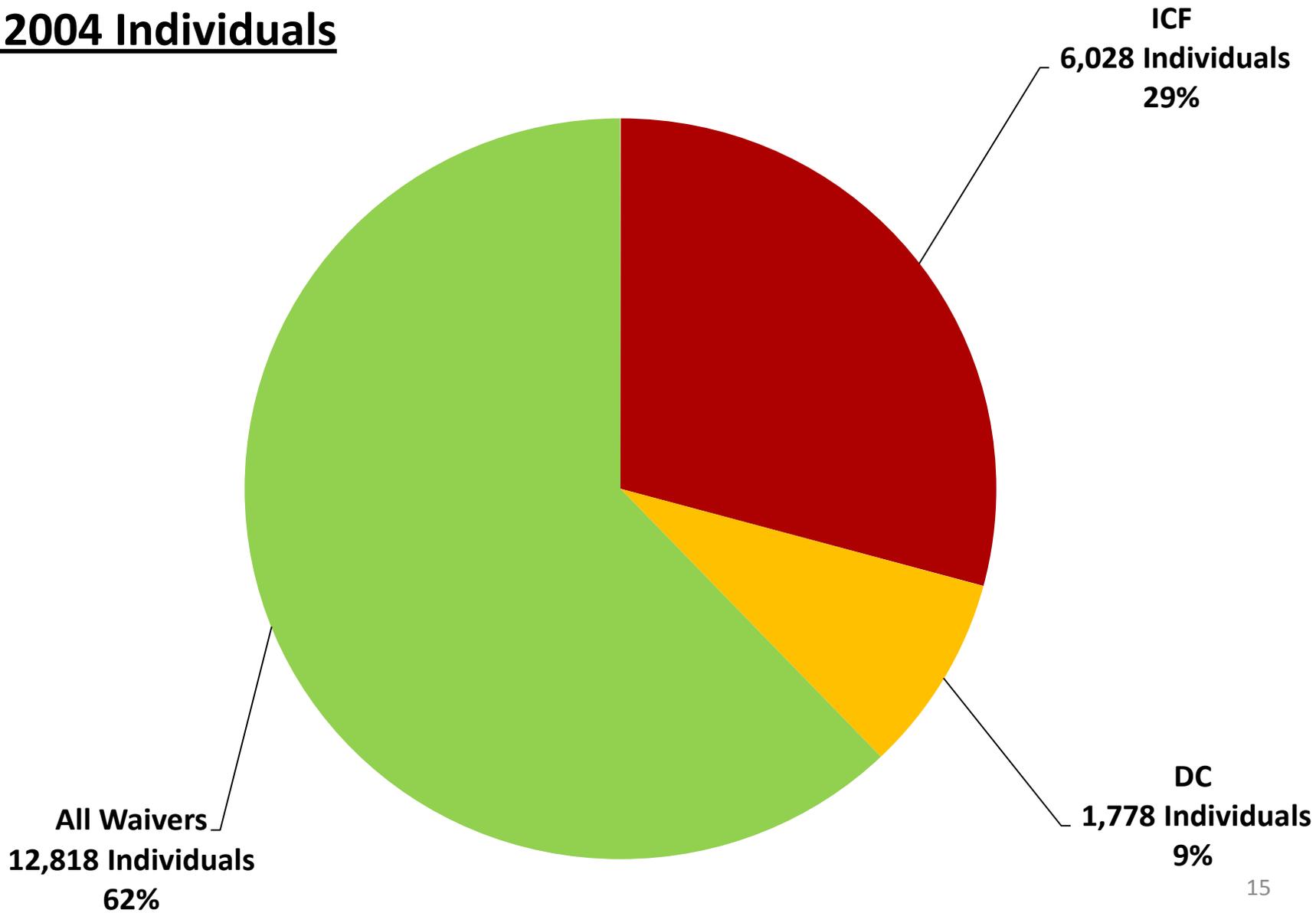
7% - Supported Employment

93% - Sheltered Work/Enclaves

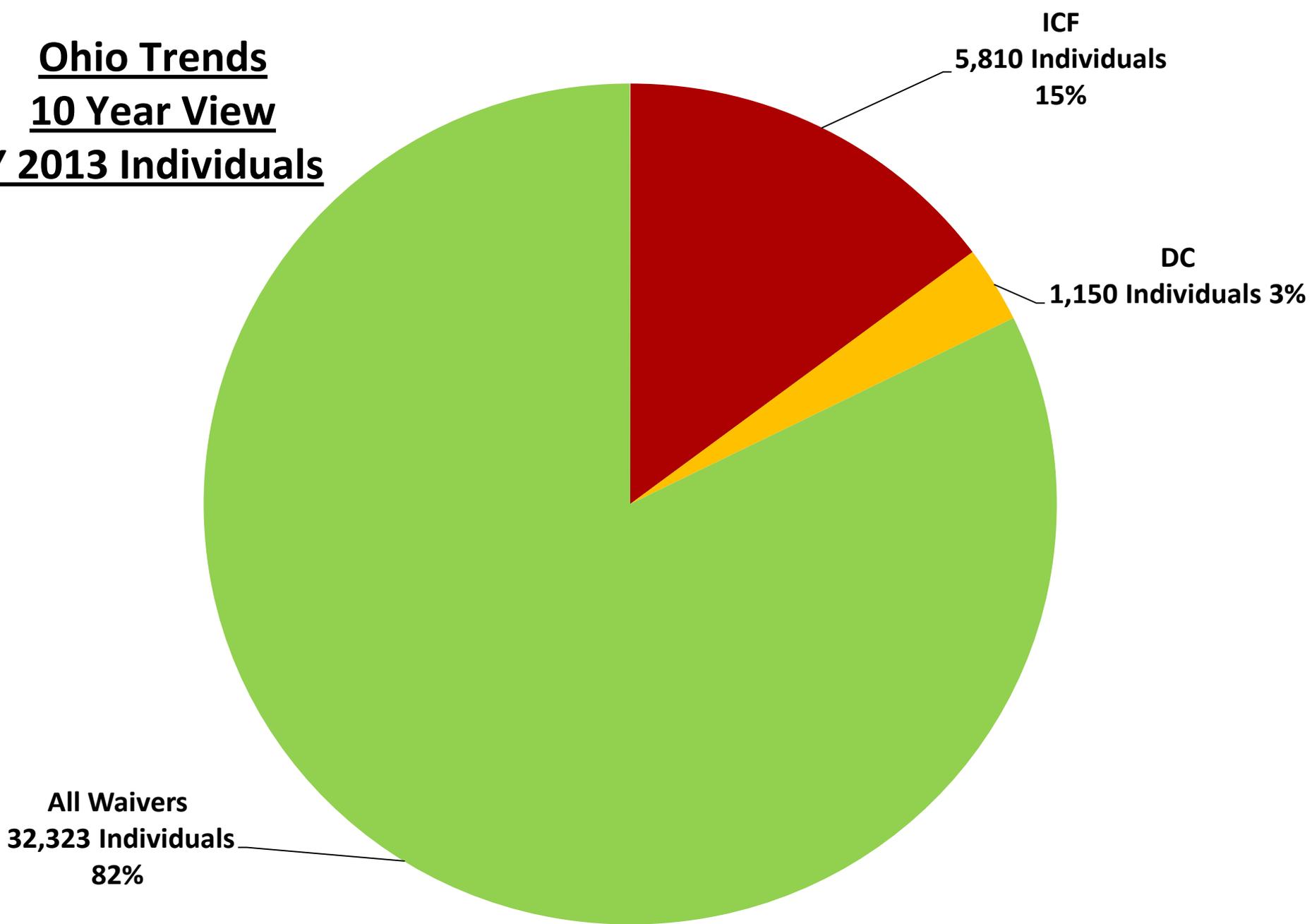
Individual does not have a job in the Community but would like one (46.4% is the average of NCI States)



Ohio Trends
10 Year View
FY 2004 Individuals



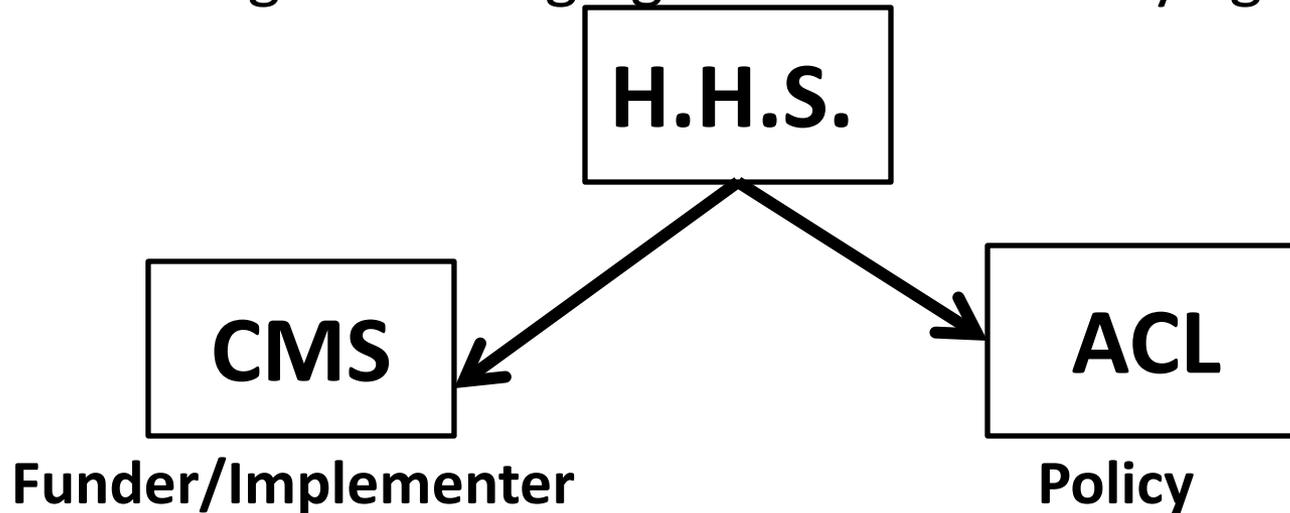
Ohio Trends
10 Year View
FY 2013 Individuals



National Programmatic Trends

2. Establishment of the Administration for Community Living (ACL)

(merge three agencies - aging and two disability agencies)



Implications

1. Elevates disability
2. Counter balance for CMS
3. Will strengthen and support DOJ efforts

National Programmatic Trends

3. Managed Care (MC) Initiatives

- Huge opportunities, but big companies do not have experience in long term care.
- MC organizations see that HCBS waivers have twice the rate of avoidable hospitalization.
- We will learn a lot from the dual eligibles proposals (most states are carving out DD).
- We will see more activity on 1115 Waivers (MC waivers). CMS is getting lots of pressure to turn around and approve in 6 months.

National Programmatic Trends

4. Block Grants

- Likely strategy to manage Medicaid by either party.
- Federal money becomes state money.
- Competition for those dollars:
 - Hospitals
 - Disabilities
 - Mental Health
 - Aging
 - Doctors

National Programmatic Trends

4. Con't - Block Grant Possibilities

- Changes the equation if federal dollars become state dollars.
- Some efforts to separate before block grant.
- May increase the likelihood of MC as States have to manage the federal dollars.

National Programmatic Trends

5. Emphasis on families and how we support them

- Lots of national interest – what is effective family support?
- ICF/IID and comprehensive waiver growth is slowing – waivers like the SELF waiver are increasing.
- Dependence on families as caregivers may increase, as workforce issues and financial issues intersect.

National Programmatic Trends

6. Federal Health Care Reform: Patient Protection and Affordable Care Act (ACA)

- Individual mandate to purchase health insurance.
- Insurance market reforms: limit preexisting conditions, guaranteed issue, community rating.
- Health benefit exchange: provide individuals with income between 100% and 400% of poverty a sliding-scale federal subsidy to purchase private insurance.
- Expand Medicaid to everyone below 138% of poverty.
- The Supreme Court upheld all provisions of the ACA but made the Medicaid expansion *optional* for states.

**Ohioans spend more per person on health care
than residents in all but 17 states¹**

**Rising health care costs are eroding paychecks
and profitability**

**Higher spending is not resulting in higher quality
or better outcomes for Ohio citizens**

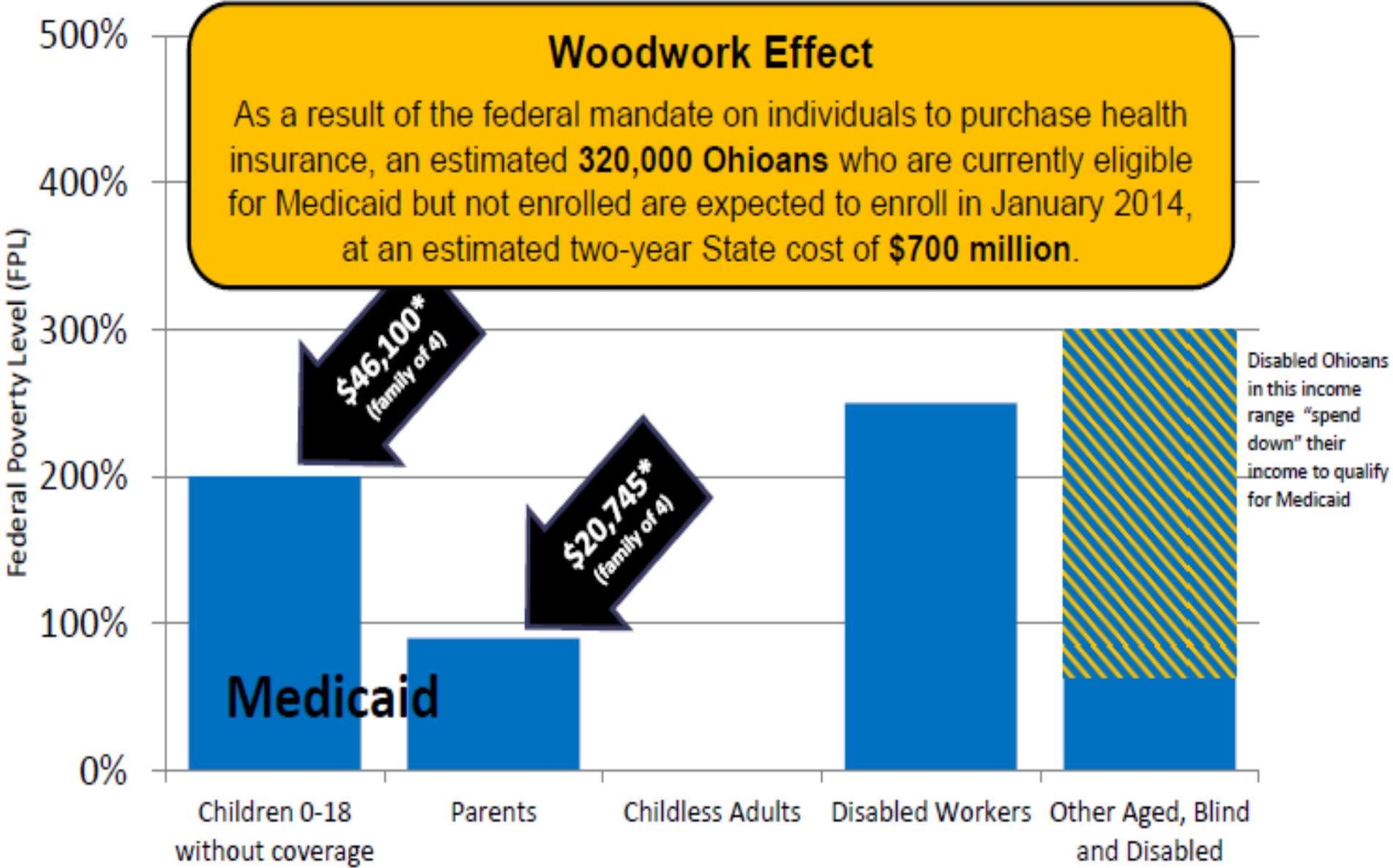
36 states have a healthier workforce than Ohio²

After the Supreme Court Decision: Key Health Policy Questions for Ohio

- Can Ohio further reform its insurance market to promote competition and affordability?
- Ohio will allow the federal to build the federal insurance exchange.
- Should Ohio expand Medicaid eligibility or not?

Current Ohio Medicaid Coverage

Woodwork Effect
 As a result of the federal mandate on individuals to purchase health insurance, an estimated **320,000 Ohioans** who are currently eligible for Medicaid but not enrolled are expected to enroll in January 2014, at an estimated two-year State cost of **\$700 million**.



*The 2012 poverty threshold is \$11,170 for an individual and \$23,050 for a family of four.

Ohio Medicaid Trends

1. The walls are coming down
2. DODD as part of the whole –
Medicaid rolled into one part:
 - ACA woodwork effect/
Medicaid trends
3. Lots of moving parts

**Medicaid is Ohio's largest health payer, covering
1 in 5 Ohioans and almost half of all births¹**

**Ohio Medicaid consumes 30% of total state
spending and 3.6% of the total Ohio economy²**

**When Governor Kasich took office, Medicaid was
growing four times faster than the Ohio economy**

**Governor Kasich's first Medicaid budget saved
Ohio taxpayers \$1.5 billion**

Source: (1) Medicaid enrolls 18.2% of Ohio's population and covers 44.6% of births based on Ohio Medicaid enrollment data and the 2010 US Census; (2) Ohio's Total Gross Domestic Product was \$483.9 billion in 2011 (US Department of Commerce: Bureau of Economic Analysis), and total Medicaid spending was \$17.5 billion (Ohio Governor's Office of Health Transformation)

Ohio Health and Human Services Innovation Plan

Modernize Medicaid	Streamline Health and Human Services	Improve Overall Health System Performance
<p>Medicaid Cabinet: Aging, ODADAS, ODMH, DODD, Medicaid; with connections to JFS</p>	<p>HHS Cabinet: DAS, OBM, OHT (sponsors); JFS, RSC, AGE, ADA, MH, DD, ODH, Medicaid; with connections to ODE, DRC, DYS, DVS, ODI, TAX</p>	<p>Payment Reform Task Force: Medicaid, BWC, DAS, DEV, DRC, JobsOhio, OHT, OPERS, ODI, TAX</p>
<ul style="list-style-type: none"> • Reform nursing facility payment • Update provider regulations to be more person-centered • Integrate Medicare and Medicaid benefits • Create health homes for people with mental illness • Restructure behavioral health system financing • Improve Medicaid managed care plan performance • Transfer ICF program to DD • Coordinate Medicaid with other state programs 	<ul style="list-style-type: none"> • Create a unified Medicaid budget, accounting system • Create a cabinet-level Medicaid department • Consolidate ODMH/ODADAS • Integrate HHS information capabilities, incl. eligibility • Coordinate housing and workforce programs • Coordinate programs for children • Share services across local jurisdictions • Recommend a permanent HHS structure (coming soon) 	<ul style="list-style-type: none"> • Participate in Catalyst for Payment Reform • Provide access to medical homes for most Ohioans • Use episode-based payments for acute medical events • Pioneer accountable care organizations • Accelerate electronic health information exchange • Decide Ohio's role in creating a Health Insurance Exchange • Promote insurance market competition and affordability • Support local payment reform initiatives

How can the State of Ohio
leverage its purchasing power
to improve overall health
system performance?

Ohio's Largest Employers

Rank	Company	Estimated Ohio Employment	Headquarters
1	Wal-Mart	52,275	Bentonville, AR
2	Cleveland Clinic	39,400	Cleveland, OH
3	Kroger	39,000	Cincinnati, OH
4	Catholic Health Partners	30,300	Cincinnati, OH
5	Ohio State University	28,300	Columbus, OH
6	Wright-Patterson	26,300	Dayton, OH
7	University Hospitals	21,000	Cleveland, OH
8	JP Morgan Chase	19,500	New York, NY
9	Giant Eagle	17,000	Pittsburgh, PA
10	OhioHealth	15,800	Columbus, OH
11	Meijer	14,400	Grand Rapids, MI
12	Premier Health Partners	14,070	Dayton, OH

Source: Ohio Department of Development (September 2011)

Ohio Health Transformation Activities

“Very high costs with very poor outcomes”

“Ohio ranks 36 in health outcomes”

“Ohio outspends all but 17 states”

“Fragmented service delivery”

“\$8 billion Ohio budget gap”

“A few account for most costs”

“ED use is 29% higher in Ohio”

“Pay for volume not value”

“Outdated technology”

“Better coordination”

“Person-centered”

“PCMH, ACO, etc.”

“Health homes”

“Rebalance long-term care”

“Integrate Medicare/Medicaid”

“Standardize performance measurement”

“Publicly report performance”

“Pay to reward value instead of volume”

Problems

Policy Window

Policies

Politics

“New Governor”

“Term limits”

“No new taxes”

“Strong health lobbies”

“Economic downturn”

“Fraud, waste and abuse”

“Expiring Medicaid stimulus”

“Provider and consumer fear of change”

“Affordable Care Act vs. Obamacare”

“Medicaid is 30% of Ohio budget and growing”

Department Initiatives

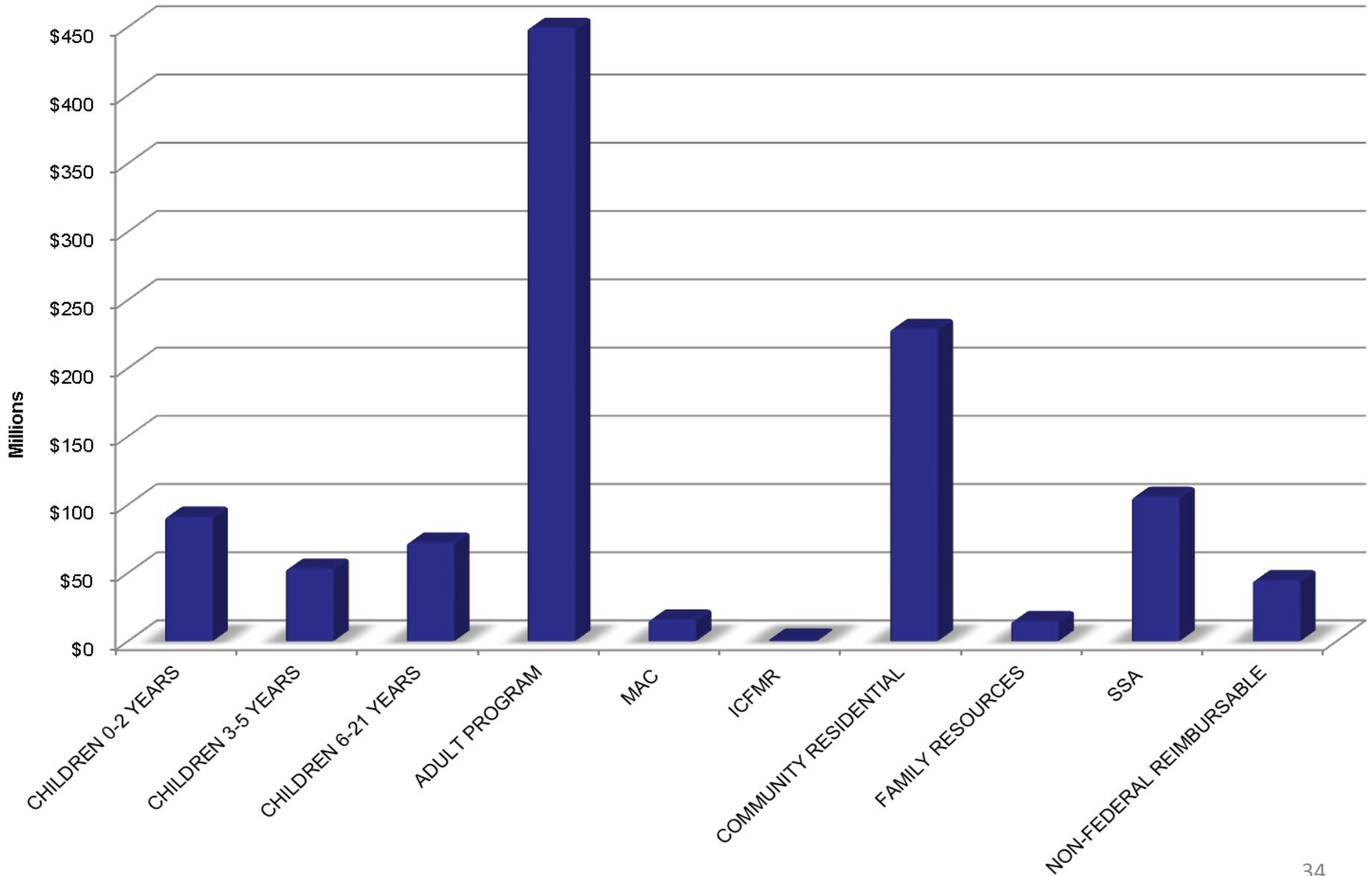
1. Employment First
2. Early Intervention (parents as experts)
3. SELF Waiver
4. Transitions Waiver
5. Efficiency in IO Waiver
6. Rebalancing the system
 - Private/CB ICF/IID Players & Developmental Centers
7. Dual Diagnosis/Positive Culture
8. Autism efforts
 - PLAY/Teens/System alignment/family support
9. Evolution of compliance systems
10. Medicaid IT system platform
11. Support shared services models
12. Restructure community capital program
13. Prepare for FY 14-15 budget (90%/100%)

Knowing Where the Money Is

Medicaid Cost by Service Delivery System

Delivery System	Average Annual Cost	Number of People Served
Level One	\$11,501	10,812
SELF	\$20,000	2
TDD	\$24,262	2,837
IO	\$60,377	17,077
ICF	\$103,266	5,877
DC	\$173,831	1,181

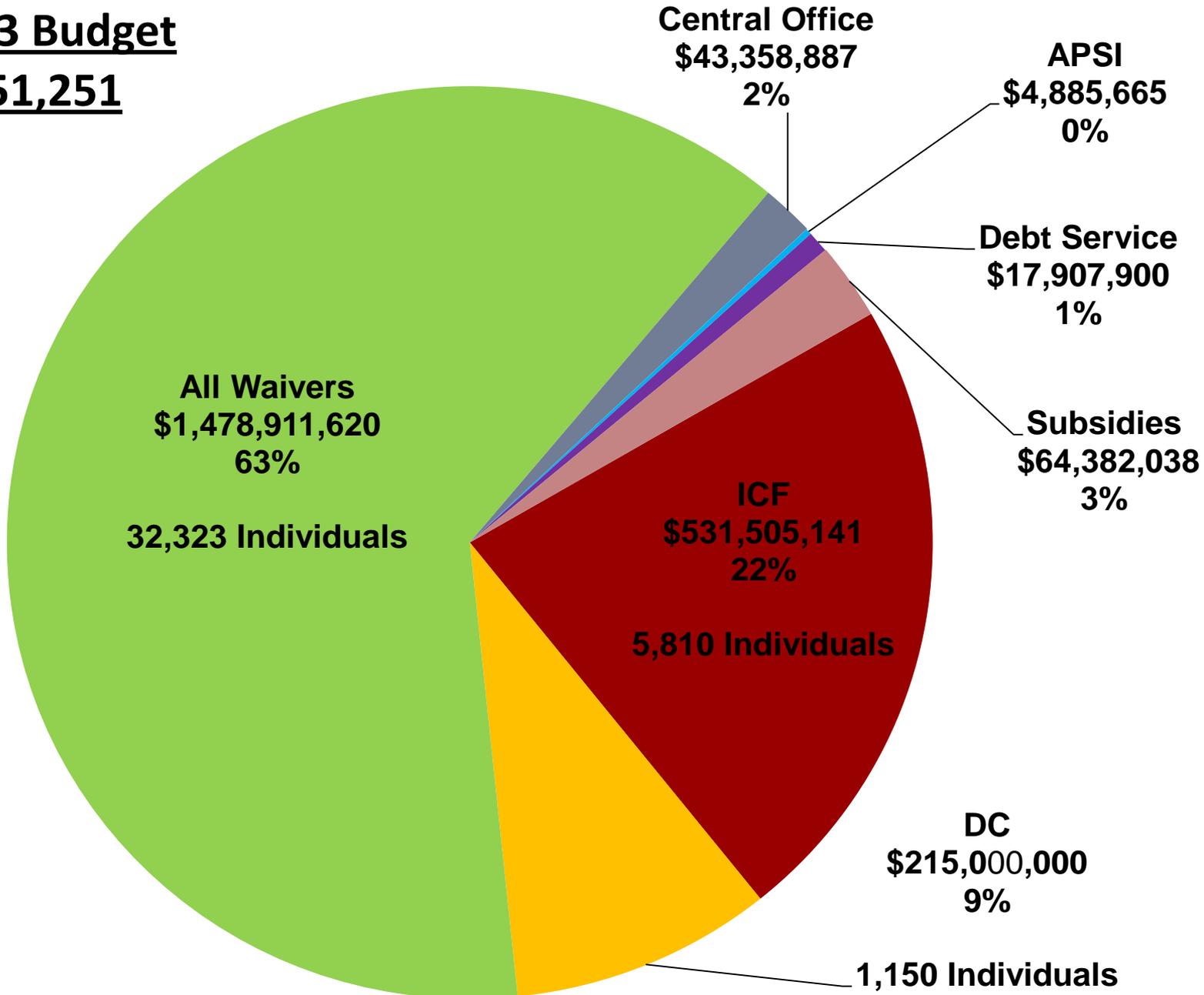
Knowing Where the Money Is



County Board Expenditures

Current FY13 Budget

\$2,355,951,251



*Does not include all appropriation; only includes primary program areas

*ICF does not include the bed tax

Conclusion/Questions

1. The future will be more complex. How will we make that an advantage?
2. Funding limitations will present heightened tension between those on waiting list, those who have services, and provider rates. How will we maintain peace?
3. Changing legacy programs can be tough work. What do we need to change and how will we do it?