

**Joint Legislative Committee for Unified Long-Term Services and Supports
Testimony of John McCarthy, Medicaid Director
Office of Ohio Health Plans, Ohio Department of Job and Family Services
May 3, 2012**

Thank you Chairman McClain, Chairwoman Jones and members of the Joint Legislative Committee for Unified Long-Term Services and Supports for the opportunity to testify today. I am John McCarthy, Ohio's Medicaid Director.

Since your last meeting in February, we have made significant progress to enhance system performance, improve care for vulnerable Ohioans and reduce costs for taxpayers. I am here to update you on our progress on key initiatives and provide you with additional information on next steps. I would also like to thank each of you, and the dedicated stakeholders we work with every day, for your partnership and input in this work.

Integrate Medicare and Medicaid Services

Ohio submitted its Integrated Care Delivery System (ICDS) proposal to the Centers for Medicare and Medicaid Services (CMS) on April 2, 2012. This proposal presents a new approach to meeting the needs of individuals who are eligible for both Medicaid and Medicare benefits. Ohio has chosen the capitated managed care model offered by CMS in a July 8, 2011 Medicaid Director's letter. CMS is currently in the process of working with 27 States (of the original 38 States) that submitted Letters of Intent to participate. To date, 25 States have posted their draft plans for public comment with seven States having submitted their plans to CMS.

Through the CMS Medicare-Medicaid Demonstration Program, Ohio will develop a fully integrated care system that comprehensively manages the full continuum of Medicare and Medicaid benefits for Medicare-Medicaid enrollees, including Long Term Services and Supports (LTSS). Ohio's ICDS Program will be implemented in selected regions across the state, beginning in January 2013. (see attached map)

Under Ohio's demonstration proposal, competitively selected ICDS health plans will manage a comprehensive benefit package for Medicare-Medicaid enrollees, utilizing a variety of care management tools to ensure that services are coordinated. The ICDS plans will:

- Arrange for care and services by specialists, hospitals, and providers of LTSS and other non-Medicaid community-based services and supports;
- Allocate increased resources to primary and preventive services in order to reduce utilization of more costly Medicare and Medicaid benefits, including institutional services;
- Cover all administrative processes, including consumer engagement, which includes outreach and education functions, grievances, and appeals;
- Use a person-centered care coordination model that promotes an individual's ability to live independently through a process that includes the individual in the development of their care plan; and

- Utilize a payment structure that blends Medicare and Medicaid funding and mitigates the conflicting incentives that exist between Medicare and Medicaid.

Ohio's vision for the ICDS program is to create a fully integrated system of care that provides comprehensive services to Medicare-Medicaid enrollees across the full continuum of Medicare and Medicaid benefits. Ohio anticipates that through this model more Medicare-Medicaid enrollees will receive the medical and supportive services they need in their own homes and other community-based settings, rather than in more costly institutional settings. Ohio will demonstrate that its model of integrated care and financing will:

- Keep people living in the community;
- Increase individuals' independence;
- Improve the delivery of quality care;
- Reduce health disparities across all populations;
- Improve health and functional outcomes;
- Reduce costs for individuals by reducing or avoiding preventable hospital stays, nursing facility admissions, emergency room utilization; and
- Improve transitions across care settings.

The reduction in costs through this model will allow Ohio to continue to expand its investment in home- and community-based services, as evidenced by the exclusion of enrollment caps on home- and community-based waiver participation in this proposal.

Ohio will continue to engage with and incorporate feedback from stakeholders during the implementation and operational phases of the demonstration. Ohio intends to conduct an ongoing process of monitoring individual and provider experiences through a variety of means, including surveys, focus groups, and data analysis. In addition, Ohio will require that ICDS plans develop meaningful consumer input processes as part of their ongoing operations, as well as systems for measuring and monitoring the quality of service and care delivered to eligible individuals.

The ICDS Request for Applications was released on April 24, 2012, and we have just begun negotiations with CMS on the memorandum of understanding that we will enter into for the demonstration. Our proposal received support from the Ohio Association of Area Agencies on Aging, AARP-Ohio and the Partnership for Quality Home Healthcare. We also received significant support from Ohio's Congressional delegation.

Modernize Eligibility Determination Systems

Current eligibility processes for health and human services programs in Ohio are fragmented, overly complex and rely on outdated technology. Ohio uses more than 160 categories to determine eligibility just for Medicaid, and two separate processes are used to determine Medicaid eligibility based on disabling conditions. Ohio's Enhanced Client Registry Information (CRIS-E) system, which supports eligibility determination for Medicaid and the other primary public assistance programs, is more than 30 years old and costly to modify. The current processes will not be capable of administering eligibility for the estimated 935,000 Ohioans who will be newly eligible for Medicaid in 2014 as a result of the federal health-care law.

The Governor's Office of Health Transformation (OHT) is leading an initiative to simplify eligibility based on income, streamline the eligibility-determination process and develop an integrated eligibility system. These actions will improve the consumer experience and significantly reduce the costs associated with eligibility determination. OHT issued a concept paper on March 19, 2012 outlining Ohio's plans to simplify our eligibility processes. This concept paper has been shared with CMS. Ohio was awarded federal planning dollars for our new integrated eligibility system on March 23, 2012. Ohio's project will culminate in business and technical requirements sufficient for a request for proposals (RFP) to design and implement a new eligibility system prior to the federally mandated Medicaid eligibility expansion in January 2014.

Improve Medicaid Managed Care Plan Performance:

On April 6, Ohio Medicaid announced the selected managed care plans to provide service to Ohioans enrolled in Medicaid beginning January 1, 2013. Protests to the selections were due on April 16. ODJFS legal staff is currently reviewing protests from five applicants and we expect to rule on the protests soon.

Next steps in the process include:

- May-July: Readiness reviews
- August 31: Final plan provider agreements signed
- January 1, 2013: Individuals begin enrolling in the new plans

The contracts Ohio Medicaid signs with the selected health plans will increase expectations regarding the national performance standards the 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.

Additional Updates:

Provide Accountable Care for Children: HB 153 encourages children's hospitals, networks of physicians, and Medicaid managed care plans to provide additional attention and care for 37,000 disabled children in Medicaid. The budget bill established a phased approach for the development of pediatric ACOs, which allows Ohio's children's hospitals to first develop partnerships with managed care plans and ultimately make a decision whether to accept the full risk and responsibilities related to coordinating the care of children as a free-standing ACO. The bill requires Ohio Medicaid to develop rules to recognize pediatric ACOs by July 1, 2012. We are currently crafting these rules and have engaged stakeholders in this process.

In the MBR there is language that will delay the enrollment of children with hemophilia, cystic fibrosis or cancer into managed care until the later of January 1, 2014 or when ODJFS requires adults under the Medicaid grouping of ABD covered under managed care. We are supportive of this delay.

Expand and Streamline Home- and Community-Based Waivers: House Bill 153 made it easier for Ohioans to access and navigate Medicaid home- and community-based services by authorizing the state to create a single Medicaid waiver for more than 46,000 adults with disabilities and individuals age 65 and over with a nursing home level of care. On January 20, Ohio Medicaid and the Department of Aging released a concept paper that provides a high-level overview of the state's initial proposal for the design of the new waiver program. As you know, we have delayed our work until the ICDS demonstration project is implemented in January 2013 to limit any possibility of disruption in the care for individuals. We continue to solicit input from all interested parties as we work to modify and add important details to the original concept paper.

Pay for Performance for Hospitals: The Administration worked closely with hospitals during the budget process to adopt payment reforms for Medicaid inpatient hospital reimbursement. We are now beginning our work with stakeholders to adopt those reforms. Language in the MBR will expand this effort by linking some of the funds in the hospital reimbursement pool to meeting or exceeding new quality benchmarks. This pay-for-performance initiative will ensure that available funds are distributed to hospitals and promote better health outcomes for individuals in hospital settings.

Conclusion

Thank you again for the opportunity to update you on our progress on these important projects. All of the documents mentioned can be found on OHT's website at: www.healthtransformation.ohio.gov. The site provides all Ohioans with an opportunity to ask questions and share their ideas. I urge you to share this site with your constituents.

We are committed to working closely with the legislature and all stakeholders to ensure that the steps we take during the coming weeks and months are focused on improving services and outcomes for the Ohioans who receive their health care through Medicaid, and the taxpayers who pay the bill.