



**Governor's Office of
Health Transformation**

The Transformation Journey: Ohio's Path Forward

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Governor's Office of Health Transformation

Summa 2011 Community Leadership Briefing
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Ohioans spend more per person on health care than residents in all but 13 states¹

Rising health care costs are eroding paychecks and profitability

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

41 states have a healthier workforce than Ohio²



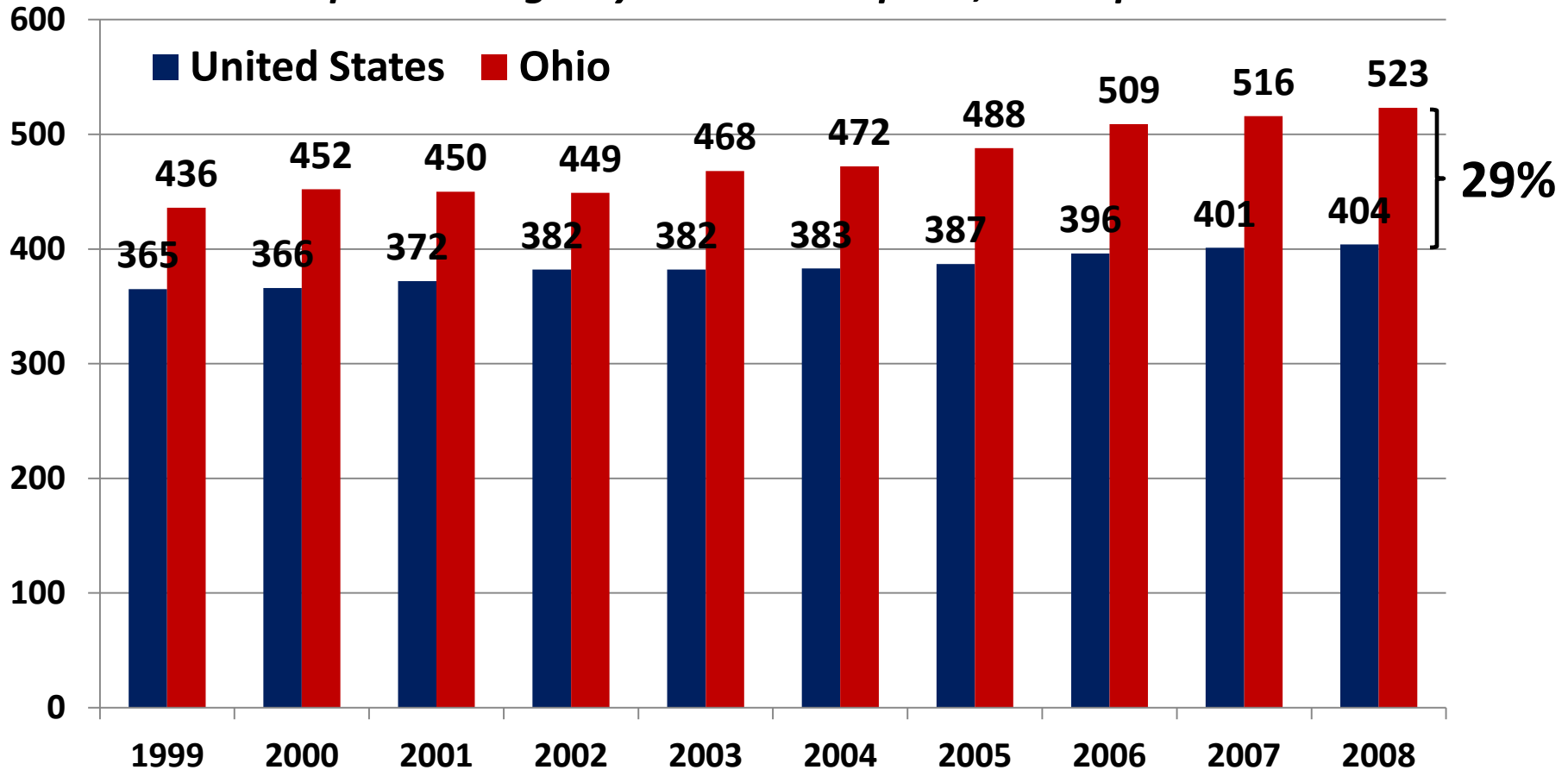
Medical Hot Spot: Per Capita Health Spending: Ohio vs. US

Measurement	US	Ohio	Percentage Difference	Affordability Rank (Out of 50 States)
Total Health Spending	\$5,283	\$5,725	+ 8%	37
Hospital Care	\$1,931	\$2,166	+ 12%	38
Physician/Clinical	\$1,341	\$1,337	- 0.3%	27
Nursing Home Care	\$392	\$596	+ 52%	45
Home Health Care	\$145	\$133	- 8.3%	35



Medical Hot Spot: Emergency Department Utilization: Ohio vs. US

Hospital Emergency Room Visits per 1,000 Population

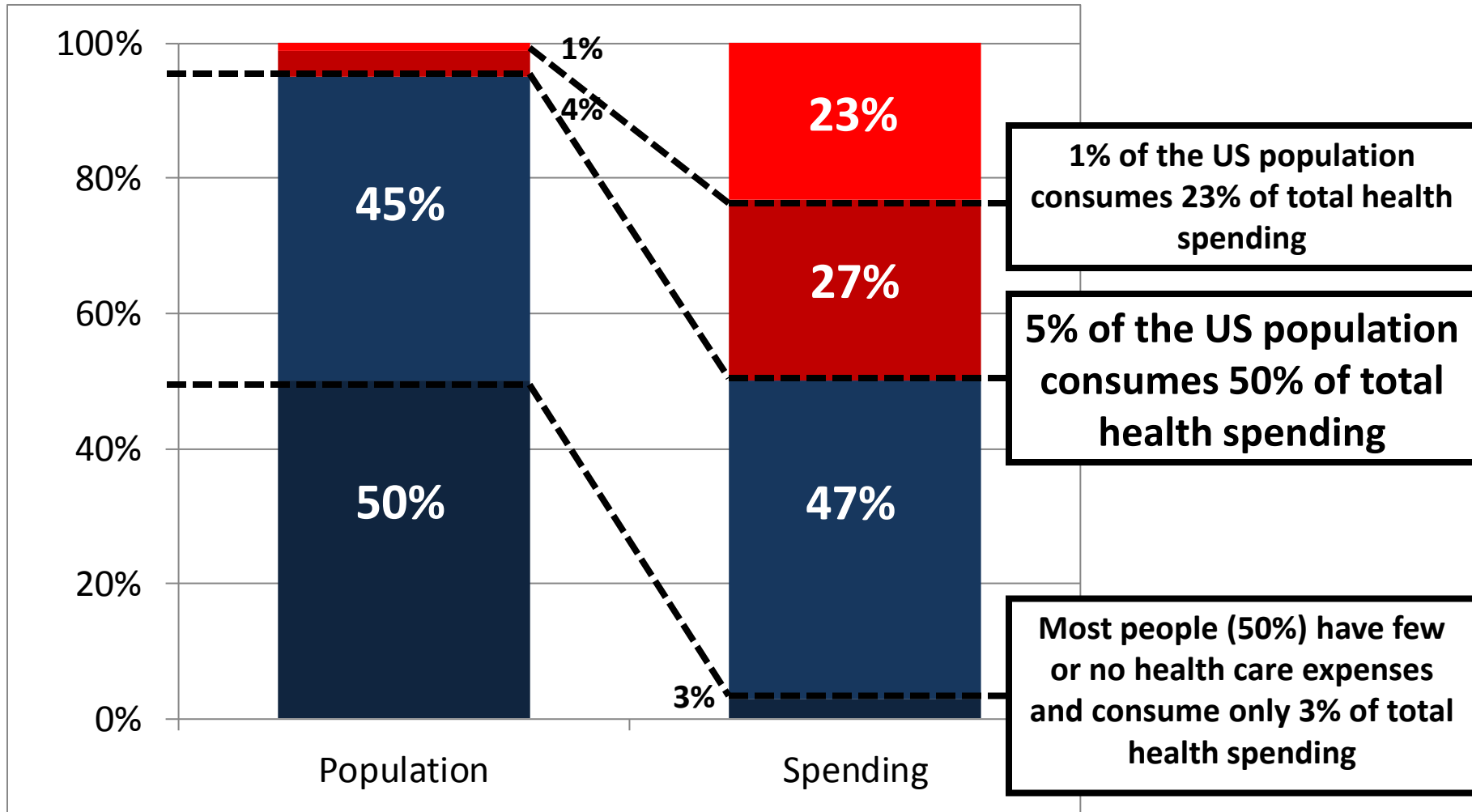


Source: American Hospital Association Annual Survey (March 2010) and population data from Annual Population Estimates, US Census Bureau: <http://www.census.gov/popest/states/NST-ann-est.html>.



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Medical Hot Spot: A few high-cost cases account for most health spending



Health Care System Choices

Fragmentation

vs.

Coordination

- Multiple separate providers
- Provider-centered care
- Reimbursement rewards volume
- Lack of comparison data
- Outdated information technology
- No accountability
- Institutional bias
- Separate government systems
- Complicated categorical eligibility
- Rapid cost growth

- Accountable medical home
- Patient-centered care
- Reimbursement rewards value
- Price and quality transparency
- Electronic information exchange
- Performance measures
- Continuum of care
- Medicare/Medicaid/Exchanges
- Streamlined income eligibility
- Sustainable growth over time



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- 1. Modernize Medicaid,**
- 2. Streamline health and human services, and**
- 3. Engage private sector partners to set clear expectations for overall health system performance**

SOURCE: Ohio Governor John R. Kasich, Executive Order 2011-02K (January 13, 2011)

**Medicaid is Ohio's largest health payer, covering
1 in 5 Ohioans and 2 in 5 births**

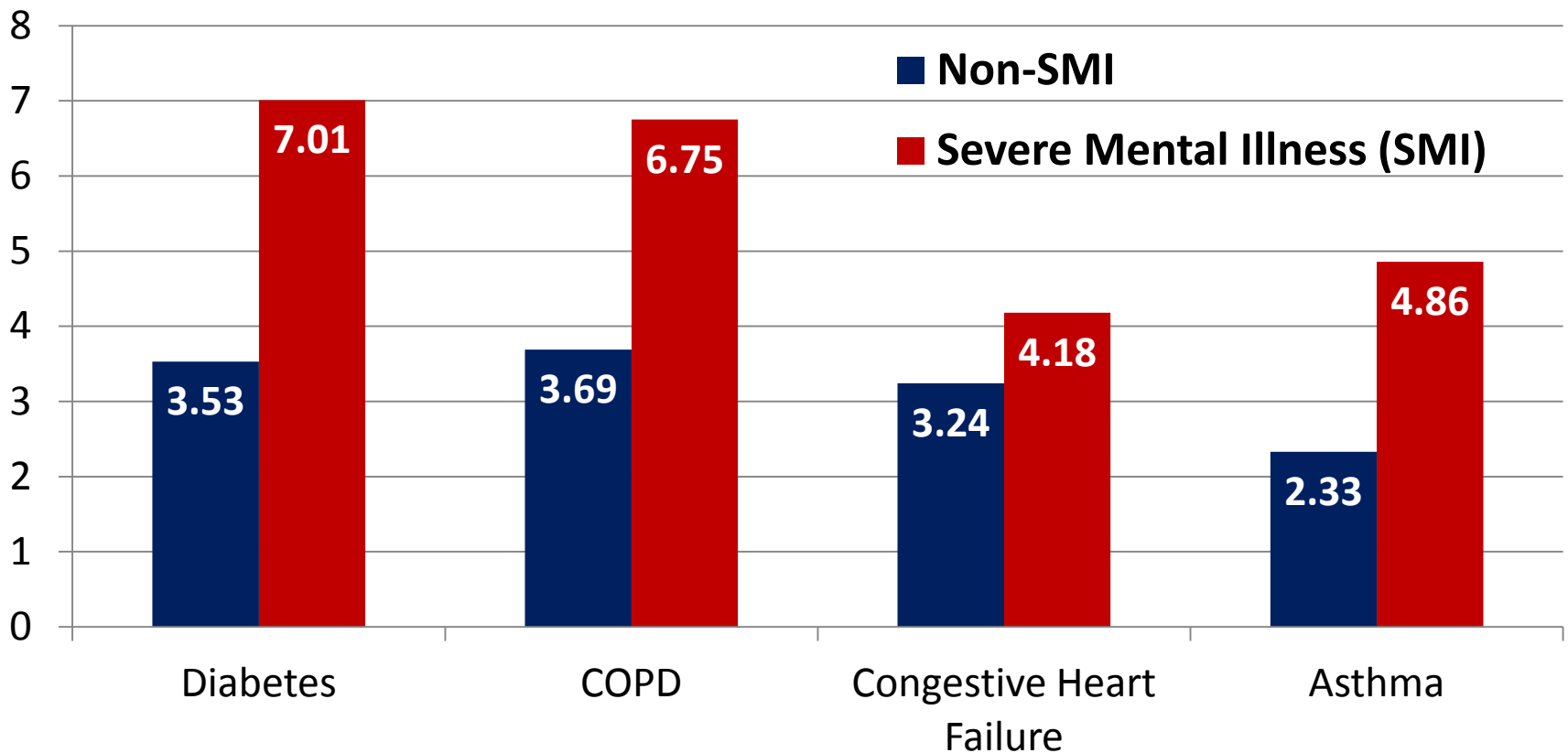
**In 2014, an estimated one million additional
Ohioans will become eligible for Medicaid**

**Medicaid spending is growing at an unsustainable
rate, four times faster than the Ohio economy**

**Ohio Medicaid now consumes 30% of total state
spending and 4% of the total Ohio economy**

Medicaid Hot Spot: Hospital Admissions for People with Severe Mental Illness

Avoidable hospitalizations per 1000 persons for ambulatory care sensitive conditions (avoidable with proper treatment)



Our Vision for Better Care Coordination

- The vision is to create a person-centered care management approach – not a provider, program, or payer approach
- Services are integrated for all physical, behavioral, long-term care, and social needs
- Services are provided in the setting of choice
- Easy to navigate for consumers and providers
- Transition seamlessly among settings as needs change
- Link payment to person-centered performance outcomes

Health Transformation Priority: **Modernize Medicaid**

- Reform nursing facility reimbursement
- Integrate Medicare/Medicaid benefits
- Streamline home/community services for seniors
- Create health homes for people with mental illness
- Restructure behavioral health system financing
- Improve Medicaid managed care plan performance
- Provide accountable care for children

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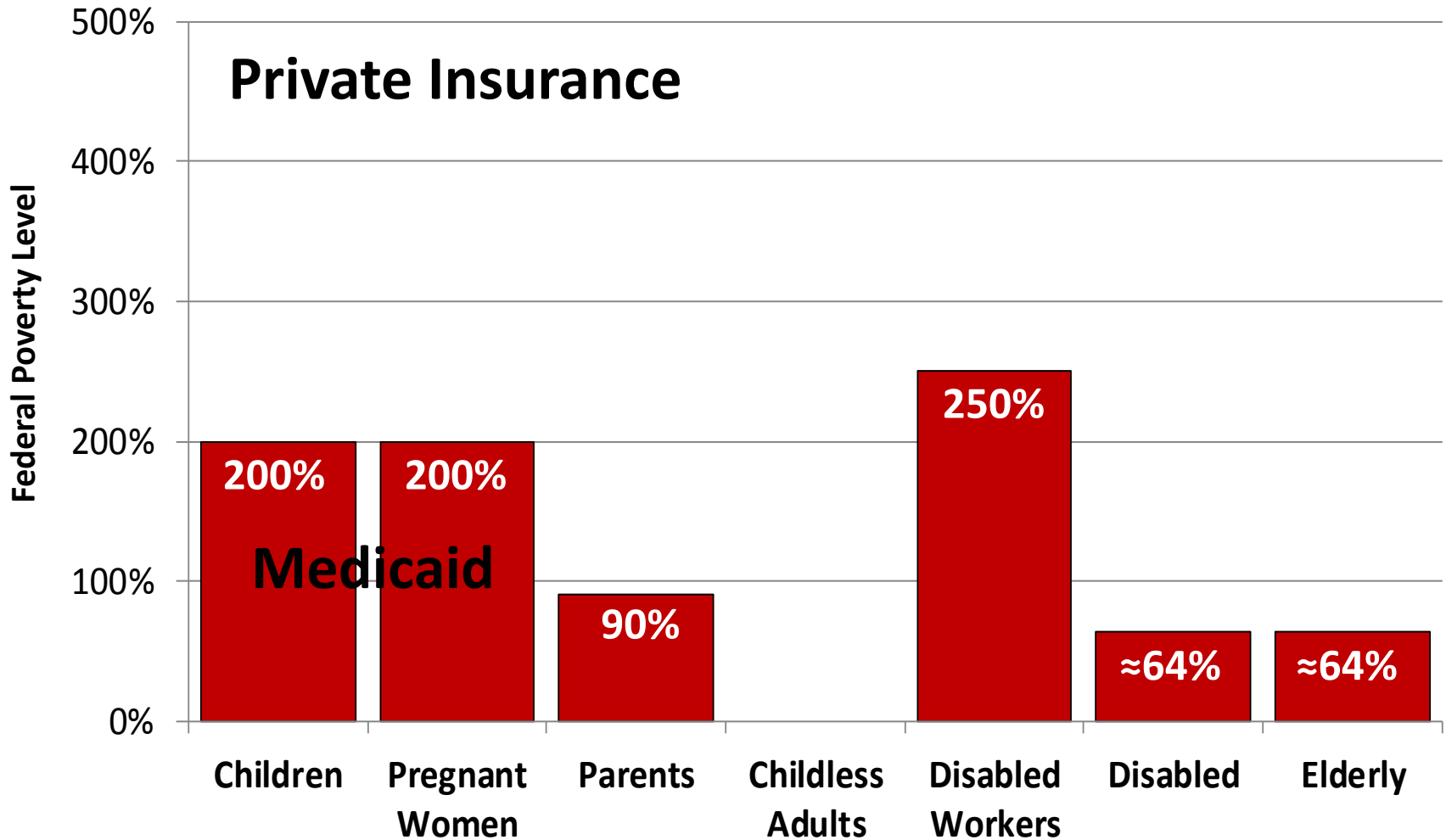


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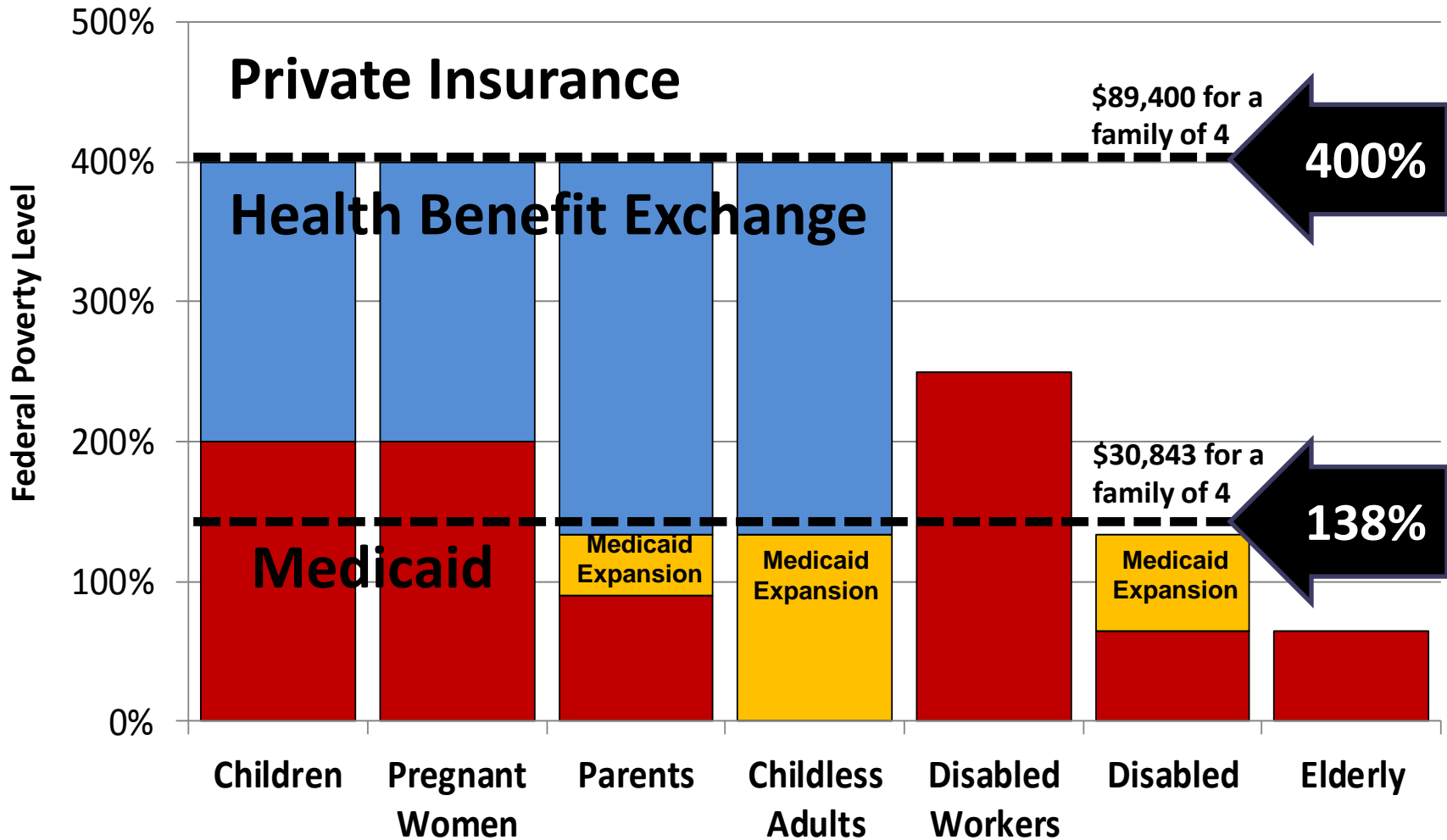
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Federal Reform: Current Medicaid Income Eligibility Levels



Federal Reform: 2014 Health Coverage Expansions



Health Transformation Priority: **Streamline Health and Human Services**

- Modernize eligibility determination systems
- Share information across state/local data systems
- Integrate claims payment systems
- Plan Ohio's health insurance exchange
- Accelerate electronic health information exchange

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

State of Ohio Health Care Purchasing Power

Department	Enrollment	Insurance Contracts (in millions)	Provider Contracts (in millions)	TOTAL (in millions)
Medicaid	2,100,000 ¹	\$5,112 ²	\$8,852 ³	\$13,964
Public Employee Retirement System	221,000	\$1,560 ⁴	--	\$1,560
Administrative Services	118,000 ⁵	\$522 ⁶	--	\$522
Workers Compensation	213,574 ⁴	--	\$779 ⁷	\$779
Rehabilitation and Corrections	50,250 ⁵	--	\$211 ⁷	\$211
TOTAL	2,702,824	\$7,194	\$9,842	\$17,036

Notes: (1) average monthly enrollment FY 2011, (2) private managed care plans, (3) includes Medicare premium assistance and Part D (an additional \$2.8 billion in Medicare spending for Medicare/Medicaid dual eligibles could potentially be managed by the State of Ohio), (4) CY 2010, (5) current population as of October 2011, (6) self insured and contract with third party administrators, FY 2010, (7) FY 2011



Health Transformation Priority:

Improve Overall Health System Performance

- Standardize performance measurement
- Publicly report performance
- Reform the health care delivery payment system
- Support regional innovation in payment reform

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What will deliver better health for Ohioans and cost savings for Ohio businesses?

- Medical Homes?
- Health Homes for People with Chronic Conditions?
- Accountable Care Organizations?
- P4P or Bundled Payments or Global Payments?
- Market Competition?
- Other innovations?

Ohio's Top 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



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Five Health Plans Cover 83% of Insured Ohioans

Health Plan	Total Ohio Enrollment	Percent of Total
Wellpoint	3,370,000	42%
UnitedHealthcare	1,080,000	13%
CareSource	840,000	10%
CIGNA	750,000	9%
Medical Mutual	600,000	8%
Other	1,360,000	17%
Total	8,000,000	100%

Notes: "Total Ohio Enrollment" includes individual, small and large group, self-insured, and Medicaid managed care markets



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Source: Milliman Inc. prepared for the Ohio Department of Insurance (August 31, 2011) and Ohio Medicaid managed care enrollment reports (October 2011)

Don't let the fear of failure
prevent you from taking the
risk necessary to innovate.

— Governor John Kasich