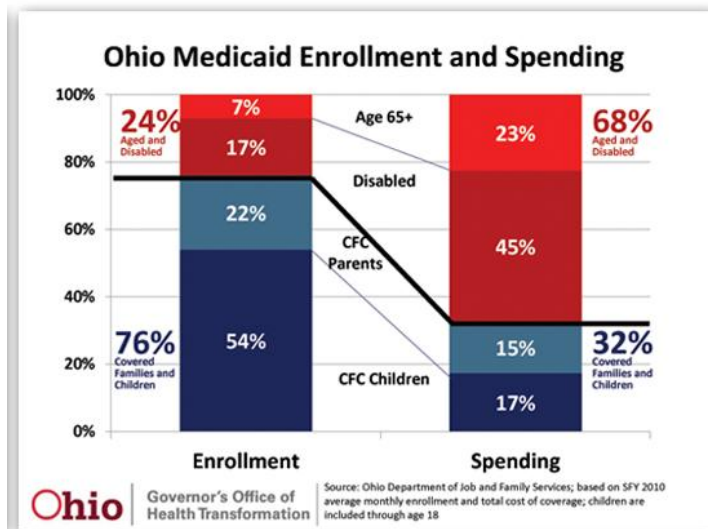


### Ohio's Medicaid Budget

*Better health, better care and cost savings through improvement*

Governor John Kasich established the Office of Health Transformation in January to modernize Ohio's Medicaid health coverage program for low income citizens, develop and implement Medicaid cost-containment strategies and improve overall health system performance. This budget includes the tools to implement that vision for Ohio's Medicaid system.

Medicaid is Ohio's largest health payer, providing medical care for 2.2 million Ohioans who cannot afford it—typically low-income children and their parents, as well as individuals who are elderly or disabled. Medicaid funding—totaling almost \$18 billion in Ohio in FY 2011—is a shared responsibility of the state and federal government, and spending in Ohio has increased steadily for years. Because the federal share is scheduled to decrease in 2012, the state share of funds provided by Ohio taxpayers to support the program is scheduled to grow by 43 percent in FY 2012 if Ohio does nothing to adjust the current trend.



Ohio pays a lot compared to other states for health care, ranking in or near the bottom quarter of states in affordability of health care (37<sup>th</sup>), hospital care (38<sup>th</sup>) and nursing homes (45<sup>th</sup>), and 44<sup>th</sup> in affordability of Medicaid for seniors. Unfortunately, Ohio's spending does not equate to quality health outcomes. Ohio ranks among the bottom eight states in preventing infant mortality and breast cancer deaths and avoiding Medicare hospital readmissions for preventable conditions.

In Medicaid, a fragmented system is at least partly to blame for poor health outcomes and wasteful spending. Currently in Ohio, long-

term care, home- and community-based services, behavioral health and physical health services are provided through eleven or more largely disconnected delivery systems, and many of the individuals receiving services are insured by both the Medicare and Medicaid programs. This fragmented system leads to higher costs, a lack of coordination, over utilization, poor health outcomes and patient confusion.

The common-sense reforms contained in this budget bill put the needs of consumers and taxpayers first by focusing on coordinated, patient-centered care and resetting Medicaid spending growth trends. Transformation of Ohio's Medicaid system will occur through significant change in four primary policy areas: (1) improving the coordination of care to achieve better health and cost savings, (2) treating the whole person by integrating behavioral health and physical health care, (3) giving Ohioans choices to live with dignity where they prefer, and (4) resetting payment rules to reward value, not volume. These proposals were created through an historic effort that drew on the expertise of every state agency involved in Medicaid service delivery, as well as external stakeholders. The following summaries provide additional details on these modernization strategies and their overall impact.