

**Recommendations from the Administration Subcommittee – Phase One (NF and NF-like services).**

The Administration subcommittee has three charges: develop the structure of the unified budget; propose an integrated IT system that supports the creation of a unified budget; and develop performance measurements that can be used in reporting on progress on long-term systems reform to the Governor and the General Assembly.

***Recommendation #1. Unifying the budget.***

Because the budget structure and the creation of a new unified management information system (MITS) are intertwined, the subcommittee recommends that the creation of a unified budget be accomplished in three stages: over the current biennium and the next two biennia.

Am. Sub. H.B. 119, the budget bill for the current biennium, created new state “long-term care” lines in the budgets of ODJFS, ODA, ODMH, and ODMRDD. OBM, with the approval of the Controlling Board, is given authority to transfer funds from existing long-term services and supports programs to these new lines within an agency’s budget and between agencies.

We recommend that in the next biennium, funding be appropriated directly to these new lines rather than individual programs (e.g., PASSPORT, Assisted Living, PACE). This will allow greater flexibility within agency budgets to adjust program spending based on consumer demand. For example, in the current biennium, ODA has sufficient appropriation to meet the current level of consumer demand for the PASSPORT waiver, but has a waiting list for enrollment into the PACE program. The proposed budget structure for the 2010/2011 biennium would allow funds not needed for PASSPORT to be used flexibly to support the existing demand for PACE.

For the 2012/2013 biennium, we propose that a single funding line for long-term services and support be created in the ODJFS budget that will truly create a unified budget for these services. Achieving this is contingent upon two factors:

1. Ohio has an integrated IT system that will support the integration of spending for all long-term services and supports; and
2. State agencies, and their regional or local instrumentalities, are able to access this integrated IT system with appropriate levels of security built in to the system.

***Recommendation #2 . Reporting Structure.***

The Administration subcommittee recommends the creation of three different levels of reporting categories that are necessary to support a unified budget: Performance, Decision-making, and Management reports.

At the highest level, *performance* reports are designed for the larger audience of key stakeholders. These include the Governor, members of the General Assembly, and key stakeholders. A performance report is required annually of the Directors of OBM and Aging. The purpose of an annual performance report is to update interested parties on implementation of

the unified long-term care budget through all of its phases. The report will track performance of the unified long-term care budget, and the programs contained within that budget, against established performance measures utilizing the State Profile Tool created by Thomson/Medstat for CMS. For example, one performance measure might be the proportion of consumers who access facility based or home and community based services. Another might be a reduction in the amount spent “per member per month” (PMPM) for the population accessing long-term services and supports.

A caseload forecasting group composed of staff from each of the affected agencies under the leadership of OBM will be created. This group would review monthly trends in service utilization. Quarterly reports would be provided to members of the General Assembly.

Initially, data will be drawn from ODJFS’s DSS, with some data from sister agencies. Eventually data will be derived directly from MITS.

*Decision-making reports* guide decisionmaking within the administration. There are several different decisions that must be guided by these reports. First, decisions must be made on when and how to transfer funds from one appropriation line to another. Even after all budget lines are consolidated, decisions still must be made to apportion spending. While OBM has the statutory authority to move state funding flexibly among programs and agencies, an objective process needs to be established to inform these transfers.

Second, a series of decisionmaking reports will be needed as Ohio’s existing HCBS waivers come up for renewal. One important consideration of this process is the evaluation of the future financing and organizational structure of Ohio’s system of long-term services and supports. In SFY 2009, EMMA will evaluate the options available to Ohio.

Third, decisionmaking reports will guide the administration in setting budget priorities for future biennia in how best to distribute funds to differing types of long-term services and supports, based on consumer demand for these services.

*Management reports* inform: 1) budget development, 2) quarterly realignments, 3) monthly tracking. These reports will contain more detail than the decisionmaking reports and are designed to guide decisionmaking by individual agencies on how to allocate and track funding by specific programs.

### ***Recommendation #3 – State Profile Tool.***

The State Profile Tool, created by Thomson/Medstat will be utilized to establish performance metrics for a more balanced system of long-term services and supports. This will allow Ohio to benchmark its progress against that of other states that have chosen to use the SPT.

Initially, the SPT will be completed by early fall, 2008 to establish a baseline for measuring Ohio’s future progress.

Recommendation #4 – Creation of an ongoing strategic planning process to guide Ohio’s future development of long-term services and supports.

The Subcommittee recommends that the work of the unified long-term care budget workgroup be continued in future years. While we recognize that the final report of the workgroup is due on June 1, 2008, the final report is simply a plan. This plan should be regarded as a “living” document. Previously, Ohio has not engaged in a systematic process that engages all stakeholders in rigorous strategic planning and contingency planning to ensure that Ohio has a vision and concrete goals to guide the development of long-term services and supports that are truly focused on consumers and their needs.

This group may be a subset of the current workgroup, but would meet on a regular basis to adjust the unified long-term care budget workplan.

The purpose of the Unified Long-Term Care Budget Workgroup is twofold:

1. To finalize the work for phases two, three, and four as outlined in the workgroup’s recommendations.
2. To track progress and, if necessary, adjust implementation plans for a system of unified long-term services and supports; and
3. Respond to changes in the long-term services and supports system since this area of state policy continues to evolve.

The Director of the Department of Aging should continue to lead this workgroup. The workgroup should meet at least quarterly, and more frequently as needed.

Recommendation #5 – Establish a consistent, systematic, and transparent process to review provider rates

The Subcommittee recommends that to ensure consumers are provided access to necessary care and services and that these services are of high quality, a consistently applied, systematic, and transparent process to develop sound rates should be established. This is consistent with the recommendation of the Medicaid performance audit by the Auditor of State:

The State Medicaid agency should use recommended rate reimbursement criteria including ensuring that payment rates are high enough to encourage program participation by efficient providers, payment rates are low enough to minimize taxpayer burden and enable the provision of program services and enrollee coverage, and payment rates are appropriate to the overall market and individual submarkets to sustain program viability across and within a state’s market area and to avoid under and over provision of care recognizing practice variation from one market to the next.

The Auditor of State went on to recommend that:

The state Medicaid agency should implement a regular process for the periodic evaluation of all Medicaid service rates and should examine each of its rate setting

methodologies separately as it undertakes rate adjustment strategies. It is further necessary that in order to ease stakeholder concerns about the nature of timing of rate changes, the State Medicaid agency and the sub-recipient agencies should establish a more formal schedule of rate reviews and include ample opportunity for stakeholder comment.

Recommendation #6 Savings realized in Ohio's system of long-term services and supports should be reinvested in making improvements to that system.

The Subcommittee recommends that all revenue savings achieved through the implementation of the unified budget be used to more expeditiously implement other recommendations contained in the final report that may not be revenue neutral on their face but that contribute to an overall balanced long-term services and supports system for Ohio.

Recommendation #7 A special analysis on long-term care should be created by OBM as part of the submission of the Executive Budget for SFY 2010 and 2011.

Finally, the workgroup recommends that OBM create a special analysis on long-term care to be delivered to the General Assembly as part of the Executive Budget submission for the next biennium.

***Process Chronology/Timeline related to budget development, reporting, and forecasting.***

***SFY 2008 – Fourth Quarter***

- Workgroup produces final report for the Governor and the Joint Committee on Medicaid Technology and Reform. The final report will short-term, intermediate-term, and long-term goals.
- Finalize short-term (i.e., SFY 2009 goals)

***SFY 2009 – First Quarter***

- Outline the goals or areas of focus during SFY 2010-2011.
- Obtain buy-in from cabinet/EMMA, General Assembly, major stakeholders
- EMMA determination on whether 1115 waiver required/desired
- Completion of the initial State Profile Tool.

***SFY 2009 – Second Quarter***

- Update projections for all long-term care programs

- To the extent transfers are needed to the new long-term care lines created by Am. Sub. H.B. 119, OBM initiates Controlling Board request (see attached chart)
- Set budget priorities for SFY 2010 and 2011 budget for long-term care.
- Completion of first “transfer decision” report based on caseload forecasts. (Discussion point – should these reports be done semiannually or quarterly.)

#### ***SFY 2009 – Third Quarter***

- Release of SFY 2010-2011 executive budget with special analysis devoted to long-term care
- Waiver renewal by CMS (assisted living, Choices, Home Care) assumes even if 1115 is sought, it will not be granted in time for the 2010/2011 biennium.

#### ***SFY 2009 – Fourth Quarter***

- Report to General Assembly on performance indicators using the State Profile Tool (this will occur every fourth quarter) – required of the Directors of Aging and OBM.
- State agencies reproject for all long-term care programs as part of a regular, annual reconciliation process. Funds not needed to balance the system are not stored in excess “rotaries” but are returned to the GRF. This reconciliation process will repeat at the end of each biennium, i.e., fourth quarter 2011, 2013.

#### ***SFY 2010 – First Quarter***

- MITS deployment

#### ***SFY 2010 Second Quarter (and subsequent years)***

- Update projections for all long-term care programs
- OBM initiates Controlling Board request as needed

#### ***SFY 2011 – First Quarter***

- MITS deployment final

#### ***SFY 2011 – Second Quarter***

- Finalize request for the 2012-2013 biennium.