



Governor's Office of
Health Transformation

ULTCS Stakeholder Workgroup

Thursday, March 17, 2011

Health Transformation Priorities

- Improve Care Coordination
- Integrate Behavioral/Physical Health Care
- Rebalance Long-Term Care
- Modernize Reimbursement
- Balance the Budget



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The 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



RECOMMENDATION:

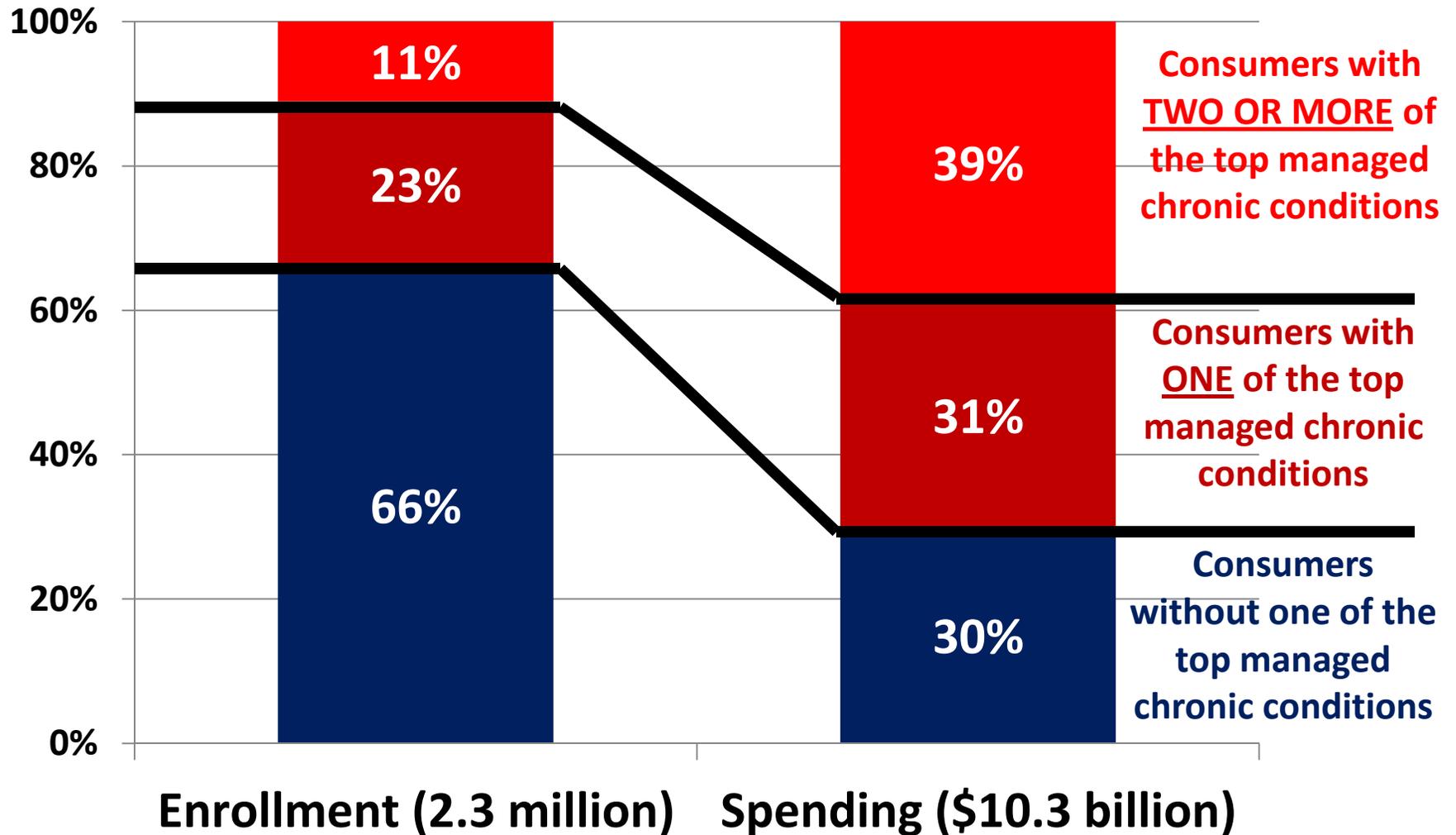
Create a Single Point of Care Coordination

Implement an Integrated Care Delivery System:

- Focus first on 113,000 dual eligibles in nursing homes and on waivers, and individuals with severe mental illness
- Explore options for delivery models, including managed care, accountable care organizations, health homes, and other
- Require providers to have one point of care coordination
- Triple aim: improve the experience of care, enhance the health of populations, and reduce costs through improvement
- Seek the necessary federal waivers
- Budget neutral (with potential for significant future savings)



Medicaid Hot Spot: Enrollment Spending by Top Managed Chronic Conditions



Source: Ohio Department of Job and Family Services. Institutionalized consumers excluded. Based on SFY 2010 total medical cost either by ODJFS or Medicaid managed care plans. Top managed conditions = Diabetes, CAD, CHF, Hypertension, COPD, Asthma, Obesity, Migraine, HIV, BH, & Sub. Abuse.



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Rebalance Long Term Care

Enable seniors and people with disabilities to live with dignity in the settings they prefer

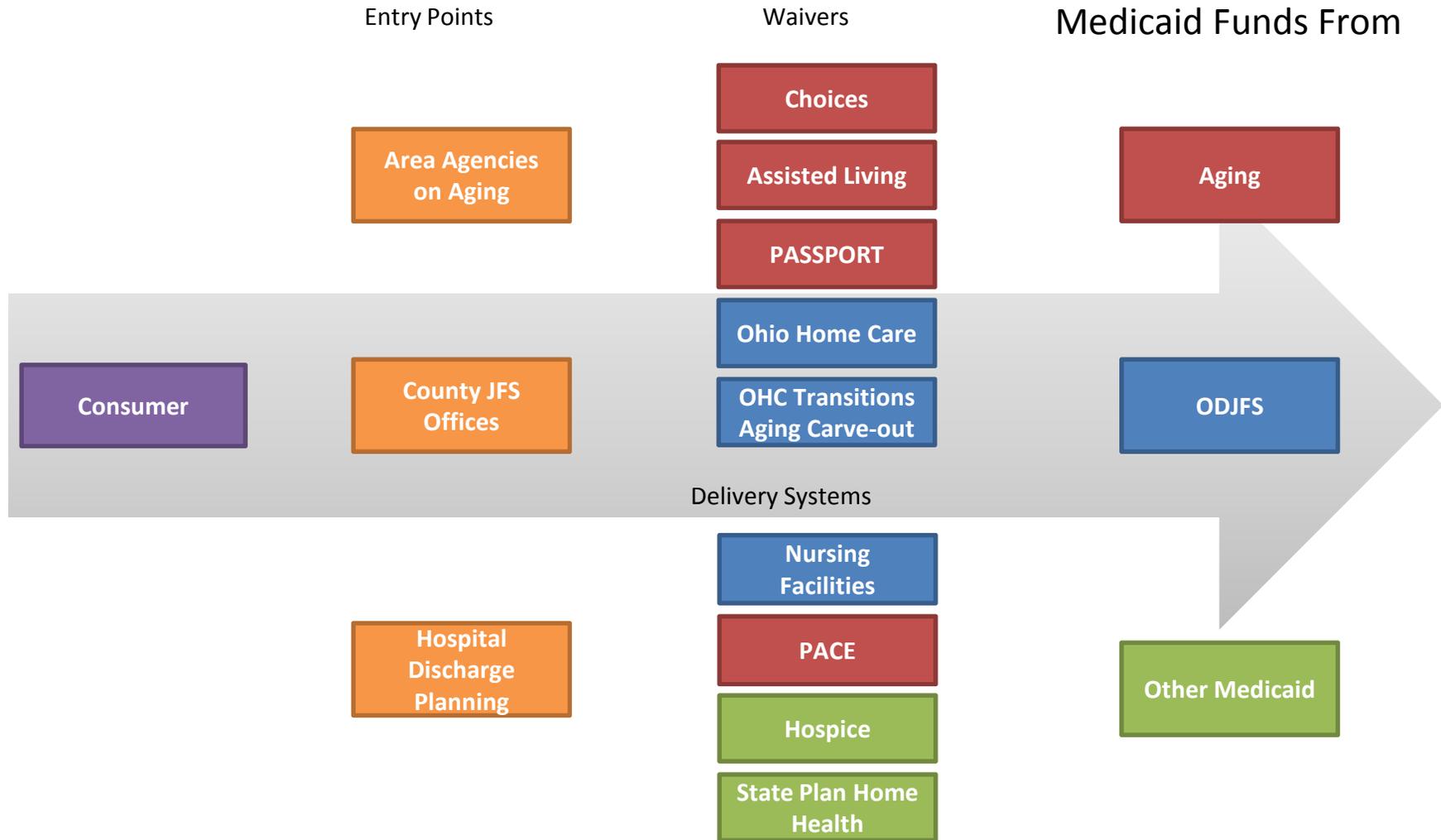
RECOMMENDATIONS:

- Align Programs for People with Developmental Disabilities
- Create a Unified Long-Term Care System
- Evaluate PACE
- Link Nursing Facility Payments to Person-Centered Outcomes



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Current Long-Term Care Delivery System



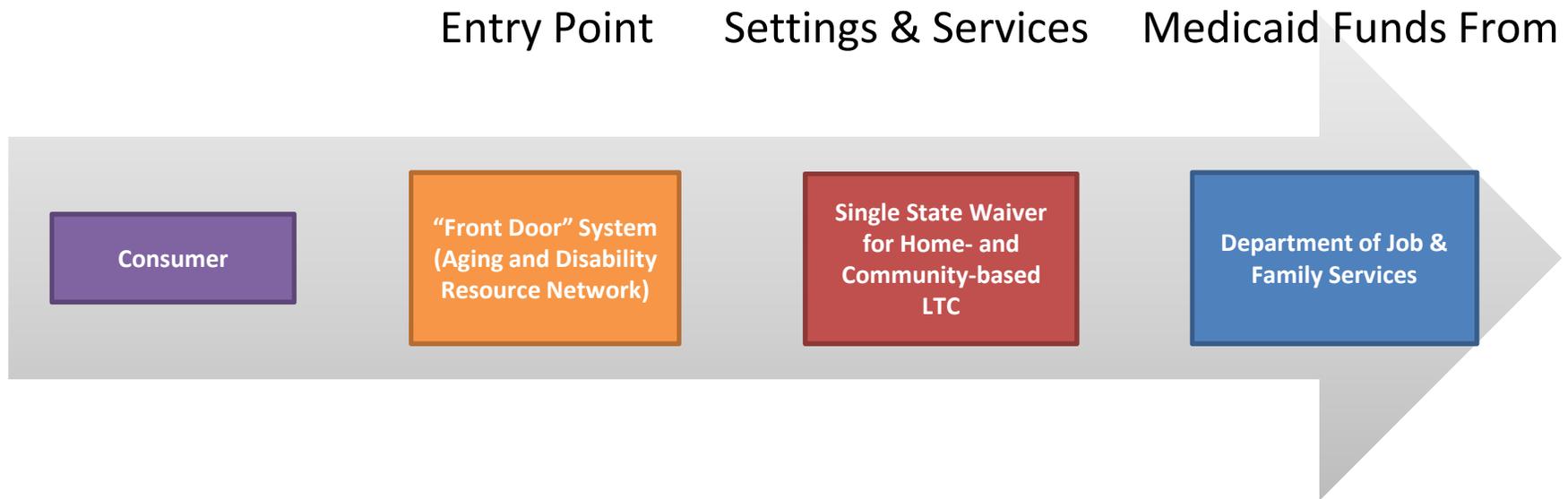
RECOMMENDATION:

Create a Unified Long-Term Care System

- Make services seamless for consumers and families
- Create a single point of access by consolidating PASSPORT, Ohio Home Care, Transitions/Aging, Choices, Assisted Living
- Transfer Medicaid waiver funding to ODJFS 600-525
- Create a clear “front door” into the delivery system
- Budget neutral



Unified Delivery System



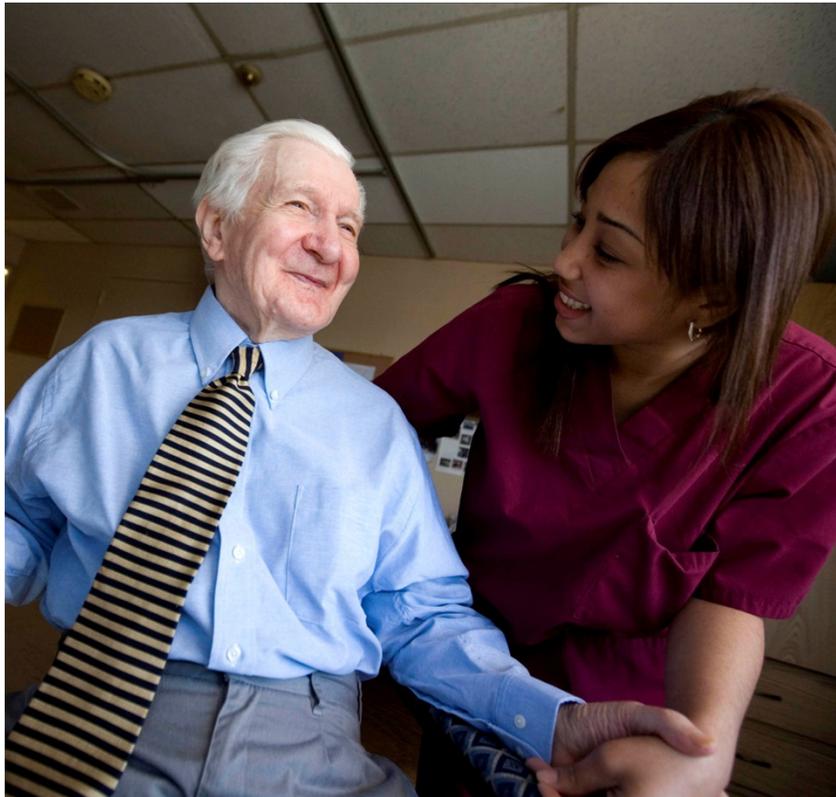
RECOMMENDATION:

Evaluate PACE

- Program of All-Inclusive Care for the Elderly (PACE) serves 750 people in two sites (Cleveland and Cincinnati)
- Most expensive community-based option – twice as expensive as PASSPORT but PACE enrollees have less need
- 80 percent of enrollees are also eligible for Medicare
- Evaluate cost-effectiveness of current PACE, seek cost-sharing with Medicare, and only then consider expanding
- \$200,000 in FY 2012



Quality Incentives in Nursing Homes



“Research suggests that person-centered care is associated with improved organizational performance including higher resident and staff satisfaction, better workforce performance and higher occupancy rates.”

2010 Annual Quality Report,
Alliance for Quality Nursing Home Care
and American Health Care Association



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RECOMMENDATION:

Reward Person-Centered Outcomes

- Nursing facility payments currently include a small (1.7 percent) quality incentive payment that averages \$3.03 per day
- The current incentive is linked to business process measures and results in winners and losers
- Focus instead on person-centered performance measures that emphasize resident control and choice
- Increase the quality incentive to 8.75 percent and make it available for every facility to earn based on performance
- Budget neutral



RECOMMENDATION:

Reform Nursing Facility Payments

- Nursing facilities are an essential service in the continuum of long-term care
- Many are diversified and also offer community-based services, but some are stuck in the past and need to adapt to the 21st Century demand for more personalized services
- Ohioans pay more per capita for nursing facility services than residents in all but 5 states
- Approximately 15 percent of nursing home capacity is unused
- Medicaid reforms in FY 2007 began the process of addressing these issues by transitioning to a price-based payment system



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 and Clinical Services	\$1,341	\$1,337	- 0.3%	27
Nursing Home Care	\$392	\$596	+ 52%	45
Home Health Care	\$145	\$133	- 8.3%	35



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Source: 2004 Health Expenditure Data, Health Expenditures by State of Residence, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, released September 2007; available at <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/res-us.pdf>

RECOMMENDATION (continued):

Reform Nursing Facility Payments

- Keep price at the 25th percentile of peer group cost experience for direct care and ancillary/support services, but eliminate the statutory add-on and set capital at the 25th percentile
- Increase the quality incentive payment from 1.7 to 8.75 percent of the rate and link to patient-oriented quality measures
- Increase the portion of the rate that is related to direct care and quality from 50 to almost 60 percent
- Limit Medicare cost sharing obligations to no more than Medicaid
- Decrease Medicaid payments to “hold” empty beds from 50% of the facilities rate for 30 days to 25% of the rate for 15 days
- Saves \$427 million over the biennium
- Reduces the nursing home franchise fee from \$11.95 per bed to \$11.38 in FY 2012 and \$11.60 in FY 2013



RECOMMENDATION:

Reform Other Benefits and Payments

- Reduce payment for the first 15 minutes of service from \$54.95 to 48.93 for nursing and \$23.98 to \$22.50 for home health aide
- Reduce PASSPORT, assisted living, and PACE provider rates 3 percent, PASSPORT emergency services rates 30 percent, and state support for federal Area Agencies on Aging 15 percent
- Limit physician payments to no more than Medicare would pay
- Set a maximum payment rate and prior authorize enteral nutrition products
- Implement a selective contracting program for diabetic test strips and incontinence garments, with authority to expand



Balance the Budget

Contain Medicaid program costs in the short term and ensure financial stability over time

RESULTS:

- A sustainable system
- \$1.4 billion in net savings over the biennium
- Align priorities for consumers (better health outcomes) and taxpayers (better value)
- Challenge the system to improve performance (better care and cost savings through improvement)



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What this budget does NOT do

- Does not cut eligibility
- Does not cut optional services, including dental
- Does not make arbitrary across-the-board cuts
- Does not resort to smoke and mirrors
- Does not count hypothetical savings