



**Joint Medicaid Oversight Committee
Testimony by Steve Ringel
President, Ohio Market, CareSource**

Chairman Burke and members of the committee, thank you for the opportunity to testify today. My name is Steve Ringel and I am the President of the Ohio Market for CareSource. CareSource is a nonprofit health plan based in Dayton, Ohio that serves over 1.2 million Ohioans who are enrolled in Medicaid. Additionally, we serve over 50,000 Ohioans enrolled through the Ohio Marketplace and over 25,000 in MyCare Ohio. CareSource was established 26 years ago by community leaders in Dayton and we currently employ over 3,000 people. CareSource currently operates in Ohio, Kentucky, Indiana and West Virginia.

The health care system continues to transform; it is important to understand the issues effecting health care costs and quality today. The fee for service payment system encourages more volume, incentivizing providers to deliver additional and more expensive services. Often times, there is variation between costs for similar treatments for patients with the same conditions across different providers that does not necessarily equate to better quality treatment or health outcomes. The underlining challenge remains - do we have aligned incentives and systemic relationships among all parties to improve the quality of the systems and the services being delivered. I believe we are on the right path.

CareSource believes that the only way we can improve quality and meet the quantity demands of the market is through collaboration between the State, health partners, and the people we serve. To that end, I would like to provide you with an update on CareSource's progress toward value based strategies in Ohio.

Status of making 50% of aggregate net payments to providers value oriented by 2020:

CareSource initiated efforts in 2012 to assess alternative strategies for driving quality outcomes; since then we have worked diligently to move toward making 50% of aggregate net payments to providers value oriented by 2020. As of today, 26% of total payments made to CareSource network providers are value based and over 50% of CareSource members are attributed to providers in VBR arrangements. We anticipate Ohio's participation in CPC, a multi-payer payment reform and primary care practice transformation model, will significantly increase value payments in 2017.

Our value based payment arrangements include large health systems, FQHC's and independent physician groups. Additional pilots are in progress targeting nursing facilities, CMHCs, oncology, maternal health and CPC practices. In recognition of the tremendous change these models contemplate for providers, we offer a glide path to risk sharing to

accommodate practices based on their current business model and infrastructure. These contracts start with no downside risk and are based on readiness of the provider. Over time, these arrangements build in quality targets and ultimately evolve to providers being ready to assume a total cost of care model.

CareSource has developed various VBR models to engage providers:

- Shared Savings Programs – decrease PMPM costs associated with ER & Rx
- Quality Performance Incentives
- Capitation – risk-based, all encompassing
- Population Management (PM/PM management fees)
- Bundled Payments

Partnering with providers to navigate change:

CareSource continues to partner with providers to navigate the changes required, to collaborate in a meaningful and efficient manner, and to ultimately drive quality health outcomes. Through our efforts, we acknowledge there is no one-size-fits-all model for the health system and the ability for health plans and providers to make adjustments and innovate along the path is paramount to the success of our value based partnerships.

Value based reimbursement models have provided a new avenue for communication and collaboration with our health providers and will have a positive impact on the health system as these arrangements mature. We are in the early stages of learning and implementing value based models but recognize several opportunities and obstacles to continued success.

For those providers actively engaged with us today, there are opportunities:

1. Ability for additional revenue with VBR opportunities
2. Desire to add VBR opportunities to existing agreement
3. Increased understanding of attribution and PCMH model
4. Clinical integration beginning to clarify roles and responsibilities between provider and plan staff
5. Increased focus on Quality

For those providers contemplating VBR opportunities, areas of continued concern are:

1. Still heavily reliant on FFS optimization model which encourages more procedures, more focus on rate negotiation
2. Adverse to any significant downside risk
3. Access still limited by willingness to accept Medicaid or new Medicaid members
4. Not invested in Health Information Exchange or management analytics- regional HIE not fully developed resulting in gaps in real-time clinical data exchange between plans and providers– provider focus is on EMR
5. Population Management systems and operational culture still developing

Moving forward:

CareSource has a 26 plus year track record in Ohio of working with the State and our health partners to collaborate and deliver better value and service to our stakeholders including social agencies, the communities at large and of course our members. We have created and piloted many value based models. We have learned from them, modified our approach and improved each and every time. Not all models will work. We recognize that. That is why it is important to test these ideas quickly and to fix, cancel or implement them as we go. The foundational

aspects of these models are built on national and local standards that we all understand and recognize.

The future of value based reimbursement is upon us. The largest areas of expense in the Medicaid program are inpatient and outpatient hospitalization, and prescription medication. CareSource, and our managed care colleagues, share the goals of this administration and this legislature in addressing the important payment reforms needed to control costs and ensure quality outcomes. CareSource is committed to being at the forefront of driving this transformation and we look forward to working with our health partners, the state and the members of this committee to create and promote change.

Thank you again for the opportunity to testify today. I would be happy to answer any questions you may have.