



Medicaid Budget Update, Review of Major Cost Drivers & Next Budget Process

JMOC Staff Presentation

March 24, 2016

Today's Topics

- Medicaid Budget Update
 - Total enrollment
 - Total spending
 - Spending per person (PMPM)
- Cost drivers and major initiatives
 - In Ohio
 - Across the nation
- Preparations for FY 2018-2019 budget

Spending to Date by Fund

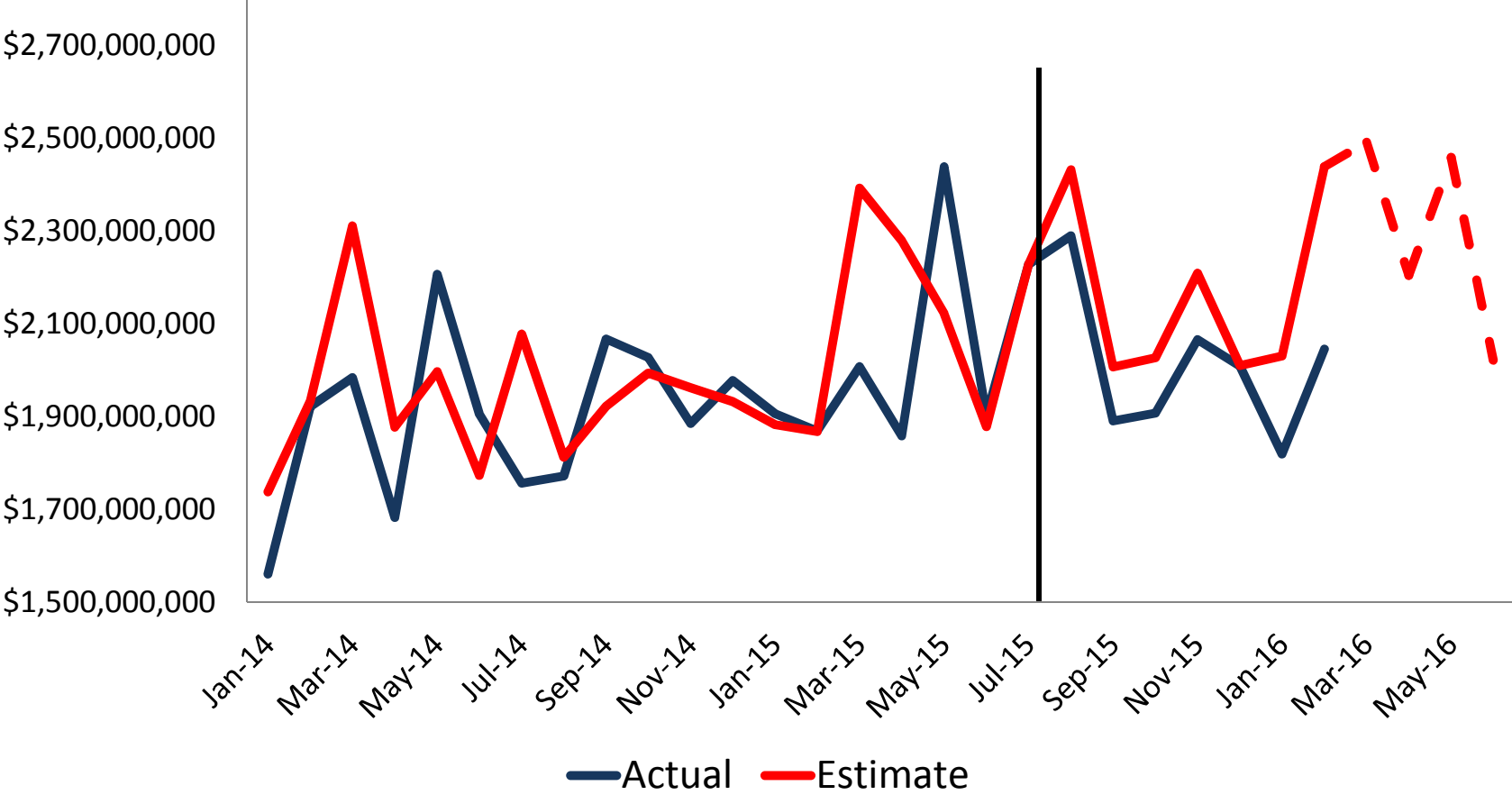
(\$ millions)

	Projection	Actual	Variance
GRF Services	\$12,497	\$12,048	(\$449)
GRF Administration	\$193	\$154	(\$39)
GRF Total	\$12,690	\$12,202	(\$488)
Non-GRF Services	\$4,094	\$3,695	(\$398)
Non-GRF Administration	\$600	\$364	(\$236)
Non-GRF Total	\$4,693	\$4,059	(\$634)
Grand Total	\$17,383	\$16,261	(\$1,122)
Total Services	\$16,590	\$15,743	(\$847)
Total Administration	\$793	\$518	(\$275)

Source: ODM All Agency Budget Variance Report for February 2016

Monthly Medicaid Spending

January 2014-June 2016



Spending to Date by Category

(\$ millions)

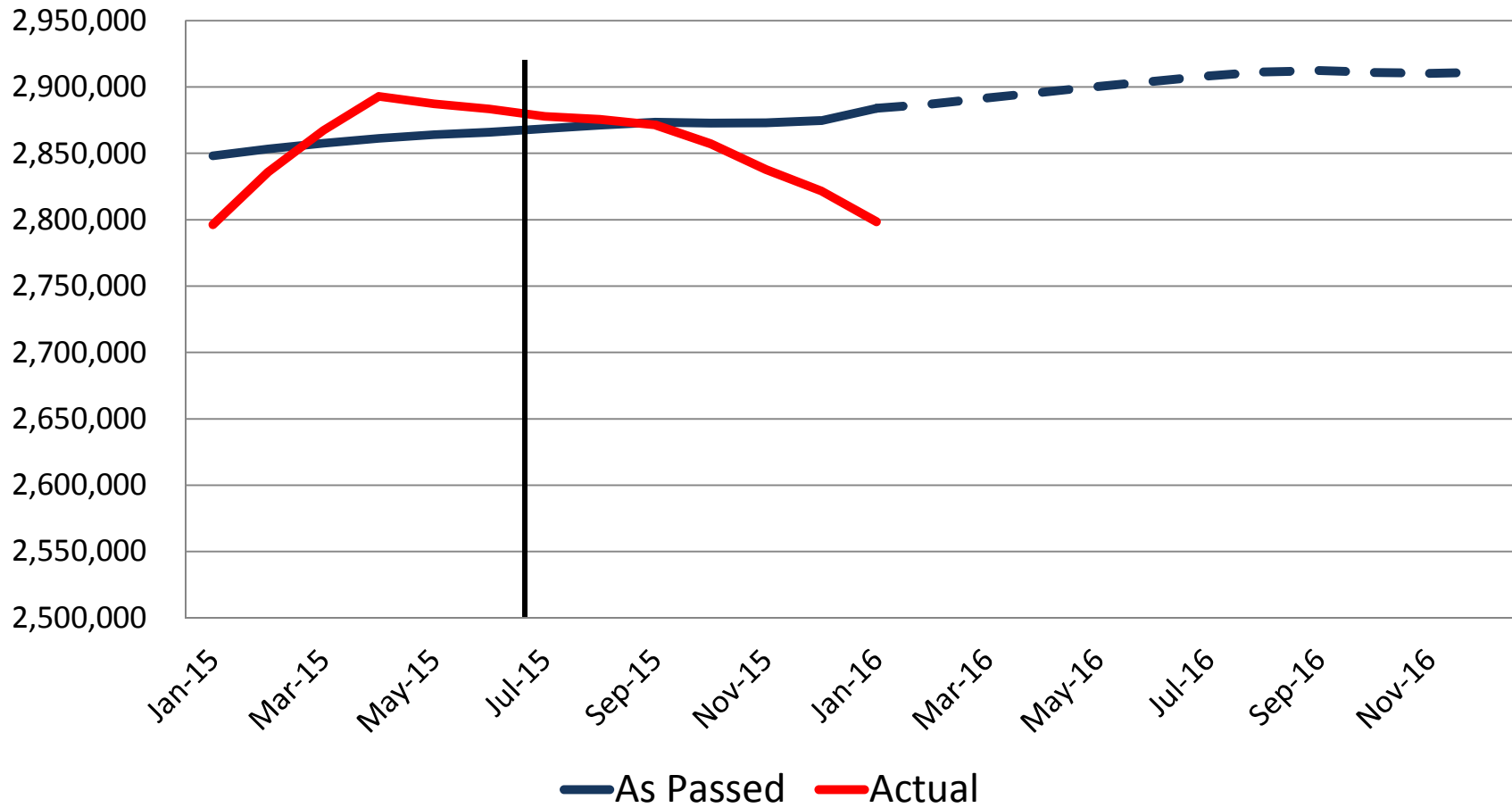
	Projections	Actual	Variance
Fee for Service	\$5,793	\$5,376	(\$417)
Managed Care	\$9,350	\$9,232	(\$119)
Hospital/Physician UPL/HCAP	\$926	\$609	(\$318)
Medicare Premium Assistance	\$494	\$500	\$6
Administration	\$820	\$545	(\$275)
Grand Total	\$17,383	\$16,261	(\$1,122)

Source: ODM All Agency Budget Variance Report for February
2016

What's Driving Underspending?

- IT and Administrative Delays
 - IE system and EHR incentive payments
- Caseload
 - Lower than estimated
 - Redetermination
- Timing
- Managed care rates
 - 85% of enrollees covered by MCPs

Medicaid Caseload, FYs 2016-2017



MCP Rates: Decline in Most Categories

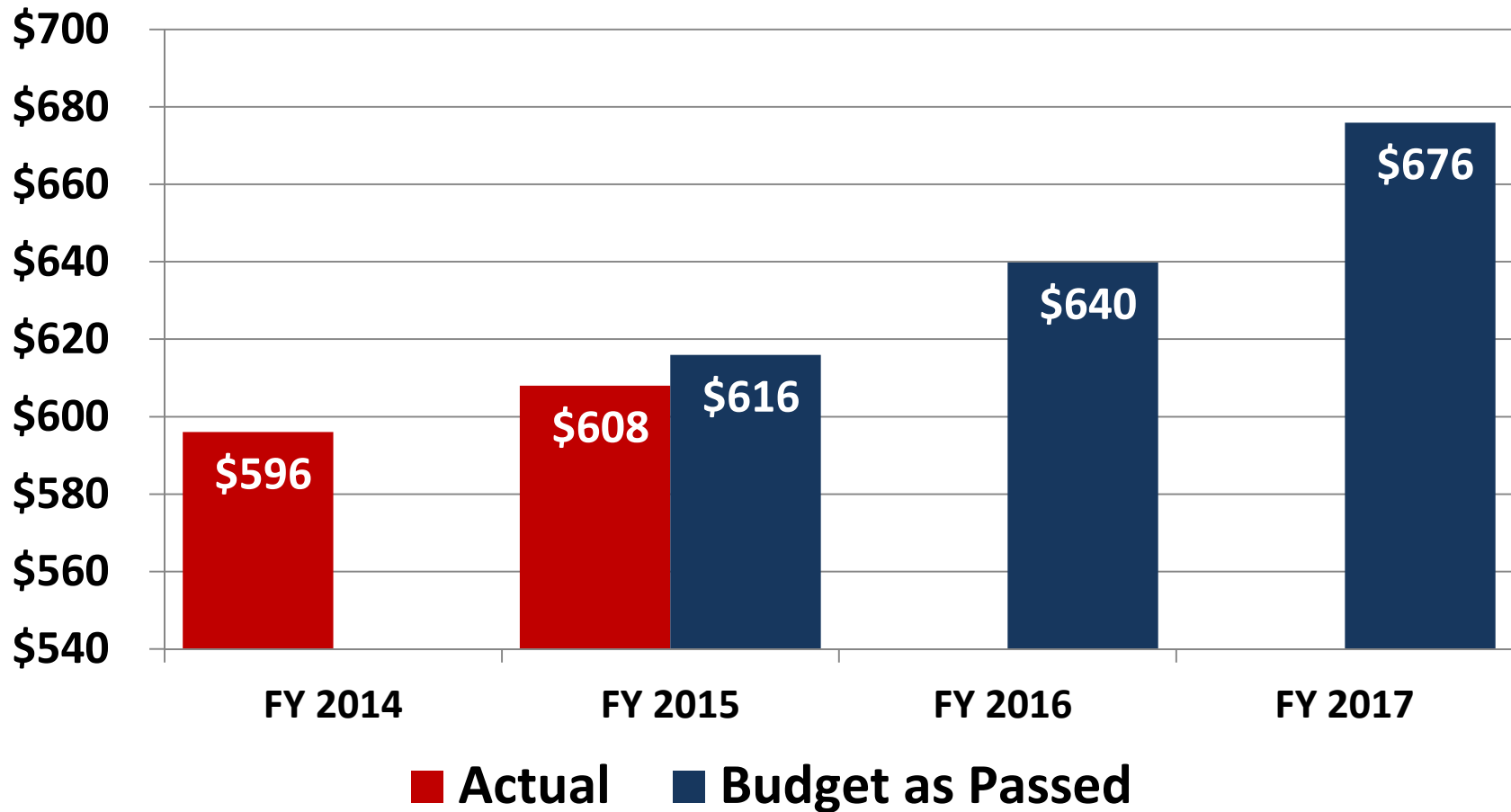
Traditional	CY 2015	CY 2016	Change
CFC	\$257	\$253	-1.6%
ABD <21	\$740	\$739	-0.2%
ABD >21	\$1,359	\$1,448	6.6%
Expansion	\$553	\$529	-4.4%
Delivery	\$6,354	\$5,669	-10.8%
Average	\$402	\$395	-1.6%

My Care

Opt In	\$1,897	\$1,662	-12.4%
Opt Out	\$2,620	\$2,704	3.2%

Table shows composite rates based on statewide averages

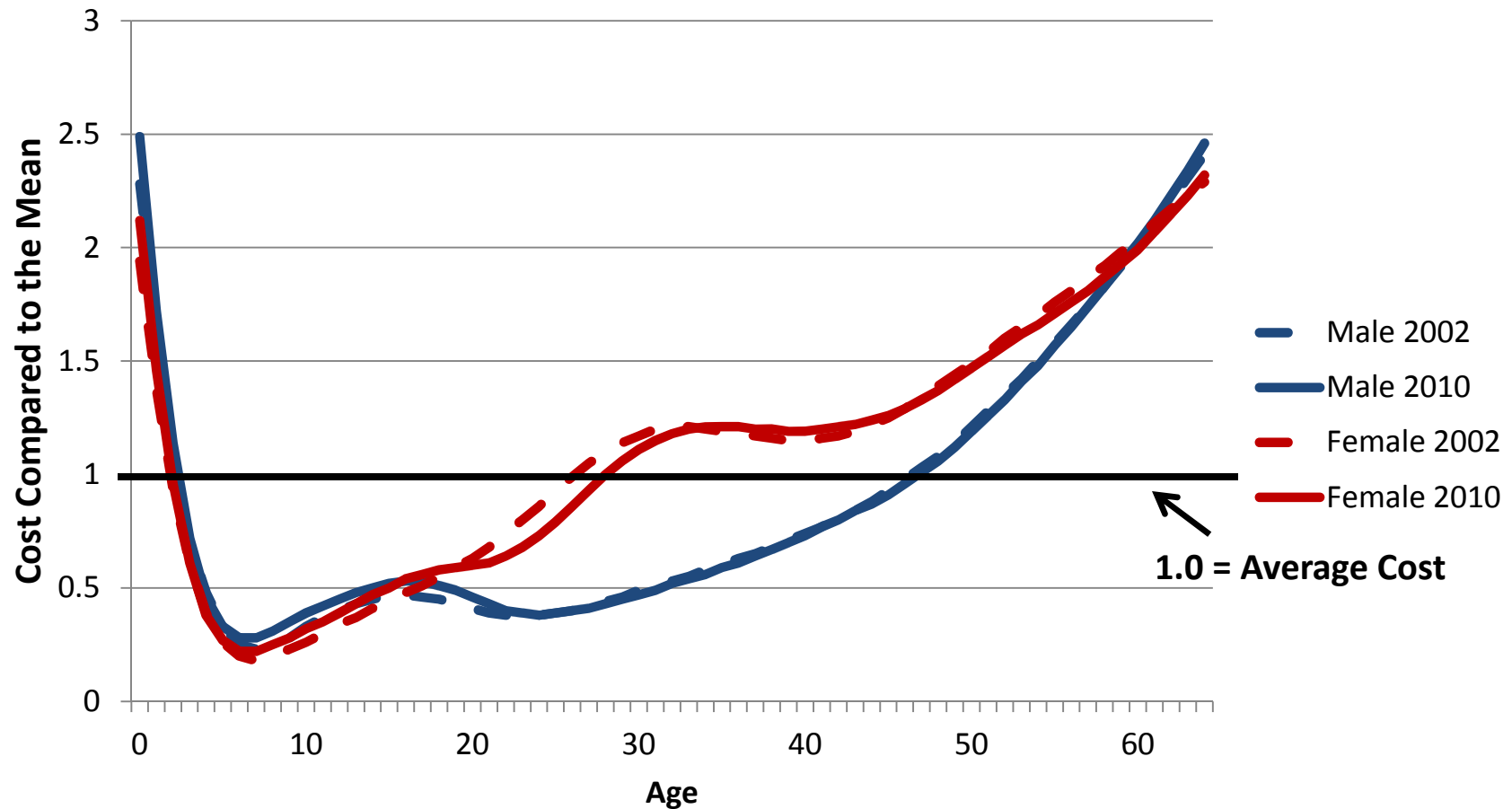
Ohio Medicaid Monthly Costs per Person (PMPPM)



COST DRIVERS BY POPULATION

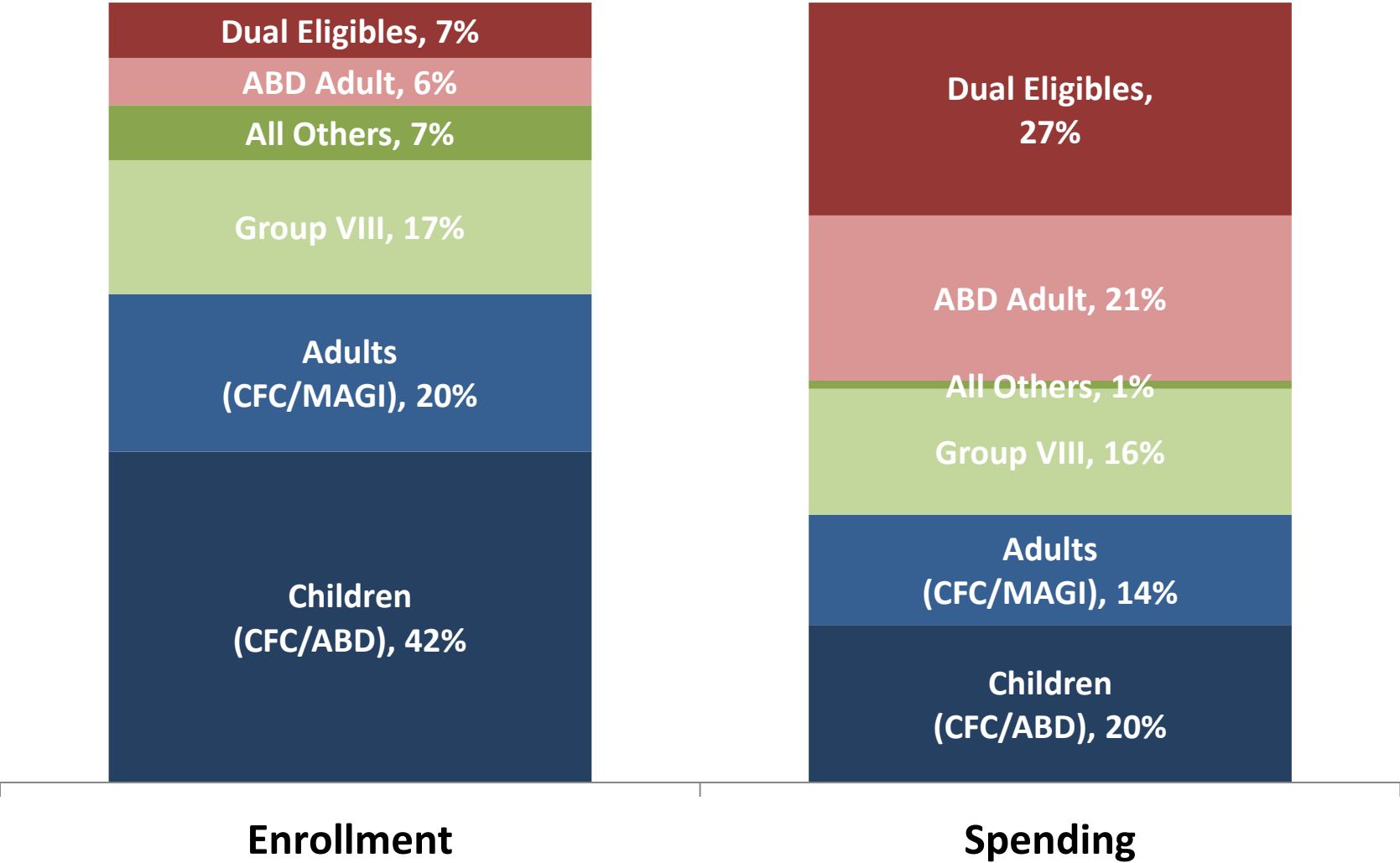
Health Care Costs Vary by Age and Gender

Analysis of National Commercial Insurance Data, Ages 0 to 64



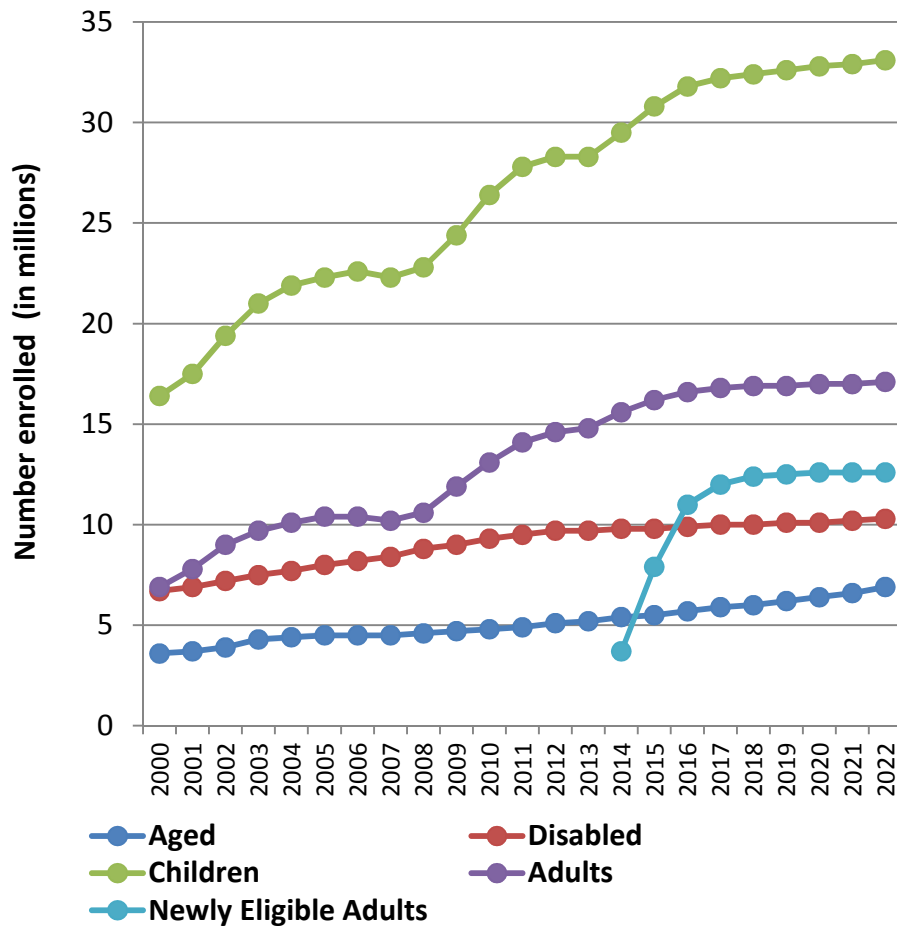
Source: Daniel Yamamoto, "Health Care Costs – From Birth to Death," Health Care Cost Institute, June 2013

Spending Varies by Eligibility Group

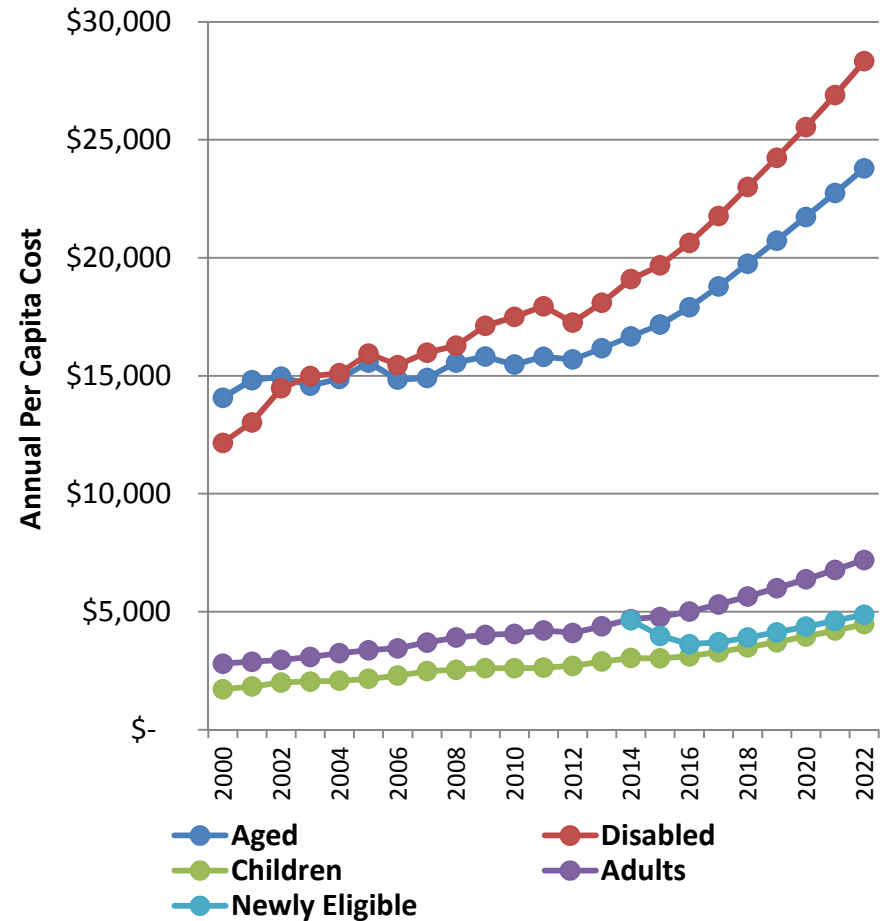


National Medicaid Estimates

Enrollment by Category



Annual Per Capita Spending by Category



Data Source: CMS Office of the Actuary, 2013 Actuarial Report on the Financial Outlook for Medicaid (April 2014)

POLICIES THAT IMPACT COSTS

Major Ohio Medicaid Initiatives

- Long term care waivers
- Managed care expansions
- Payment reform
 - Episodic payments
 - Patient centered medical homes
- Behavioral health redesign

What are other states doing to hold down Medicaid costs?

- Managed care expansion
- Delivery system and payment reform
- Rebalancing long term care services and supports
- Streamlined eligibility
- Prescription drug utilization controls
- Improving population health

Source: Kaiser, Medicaid Reforms to Expand Coverage, Control Costs and Improve Care: Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2015 and 2016

What are employers/commercial sector doing to hold down health care costs?

Medical Strategies

- Shift to high deductible plans
- Adding narrow or restrictive provider networks
- Contracting with value-based providers
- Focusing on wellness design and incentives
- Expanding access to lower cost treatment (like telemedicine)
- Introducing reference-pricing

Prescription Drug Strategies

- Tiered cost sharing
- Limiting specialty pharmacy network
- Expanding prior authorization
- Expanding step therapy

Source: 2016 Segal Health Plan Cost Trend Survey;
2015 Kaiser Employer Health Benefits Survey

NEXT BUDGET

Next Budget: FY 2018-2019

- **Setting the JMOC PMPM Limit**

- Requirements

- Actuary Report: September 25th
- JMOC Report: October 25th

- **PMPM Methodology**

- Assumes current population mix

- Includes expenses tied to person

- Excludes state admin, HCAP/UPL, and P4P