

Department of Medicaid

Role and Overview

The Ohio Department of Medicaid (ODM) is the single state agency responsible for the administration of Ohio's Medicaid program. Established as a Cabinet level agency in 2013, the office currently employs 589 state employees. Ohio's Medicaid program provides health care access and related community support services to more than 3 million Ohioans, including low-income parents, children, pregnant women, seniors, and individuals with disabilities. All eligible individuals are guaranteed health care coverage under the program, and it is operated and financed under two federal provisions - Medicaid and the Children's Health Insurance Program (CHIP). The agency is dedicated to being a national leader in health care coverage innovation that improves the lives of Ohioans and strengthens families, and strives to be the best in class insurance company with a moral compass. Since 2011, ODM has made great strides in modernizing the state's Medicaid program and ensuring stability for future years. ODM contracts with six health plans to deliver person-centered, coordinated care and improve health outcomes for Medicaid beneficiaries, as well as reduce costs for taxpayers. Over 82 percent of the Medicaid population is currently served by a managed care plan, with that percentage growing over the next year as more individuals are transitioned to managed care. Ohio has become a national leader in transitioning individuals out of long-term care institutions and into home and community-based settings of care, and has directed 62 percent of long-term care spending to home and community-based services. Ohio also replaced its two disability determination systems with one system in August 2016, with the ultimate goal of providing every Ohioan with a disability to have a clear path to a stable source of health care coverage they can afford. Reforms of the past four years have reduced the annual rate of program growth while providing greater care coordination for beneficiaries.

More information regarding the Department of Medicaid is available at <http://medicaid.ohio.gov>.

Agency Priorities

- Modernize the state's Medicaid program and ensure stability for future years through innovative and transformative approaches aimed at improving the quality of health care in Ohio, improving the health of Ohioans receiving Medicaid, and practicing best evidence medicine.
- Continue the Behavioral Health Redesign, a transformative initiative aimed at rebuilding Ohio's community behavioral health system capacity. Changes will be implemented throughout 2017, and behavioral health services will be included in managed care in January 2018.
- Improve program integrity, in collaboration with the Ohio Auditor of State and the Ohio Attorney General, to ensure that those responsible for delivering services to Medicaid managed care plans are held accountable to Ohio taxpayers.

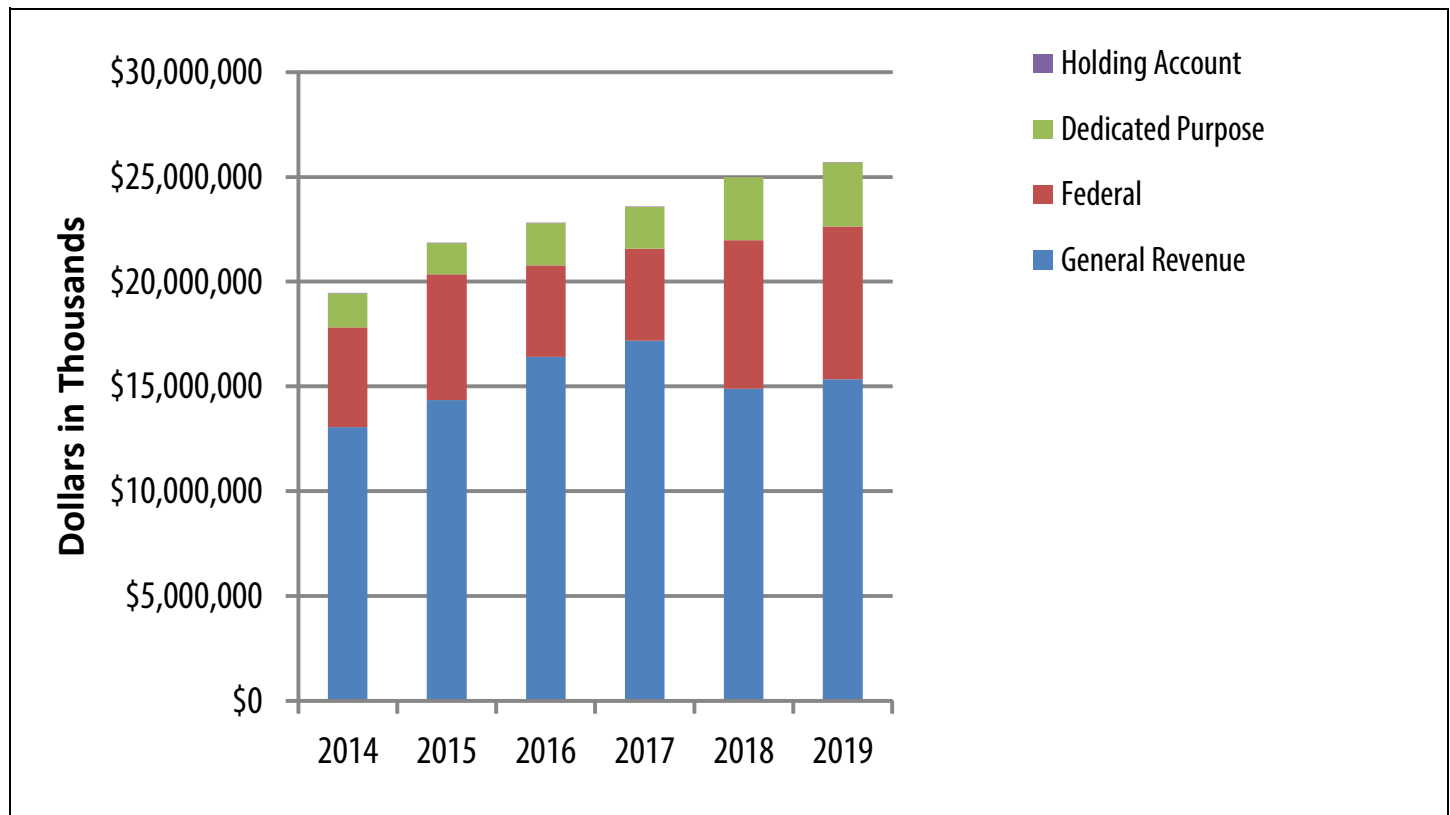
Funding Recommendation for 2018 and 2019

- GRF: Funding for fiscal year 2018 is \$14.9 billion (or a 13.3% decrease from fiscal year 2017). Funding for fiscal year 2019 is \$15.4 billion (or a 3.0% increase from fiscal year 2018).
- All Funds: Funding for fiscal year 2018 is \$25.0 billion (or a 6.1% increase from fiscal year 2017). Funding for fiscal year 2019 is \$25.7 billion (or a 2.8% increase from fiscal year 2018).

The Executive Recommendation will fund the following objectives:

- Provide Medicaid services to over 3 million low-income individuals, children, pregnant women, seniors, and individuals with disabilities.
- Administer and oversee the Medicaid program that contracts with more than 90,000 active providers and six managed care plans.
- Work with the federal Centers for Medicare and Medicaid Services (CMS) to ensure that federally set standards and requirements are maintained and met.
- Support innovative strategies that will modernize the Ohio Medicaid system and improve the quality of services and health outcomes.

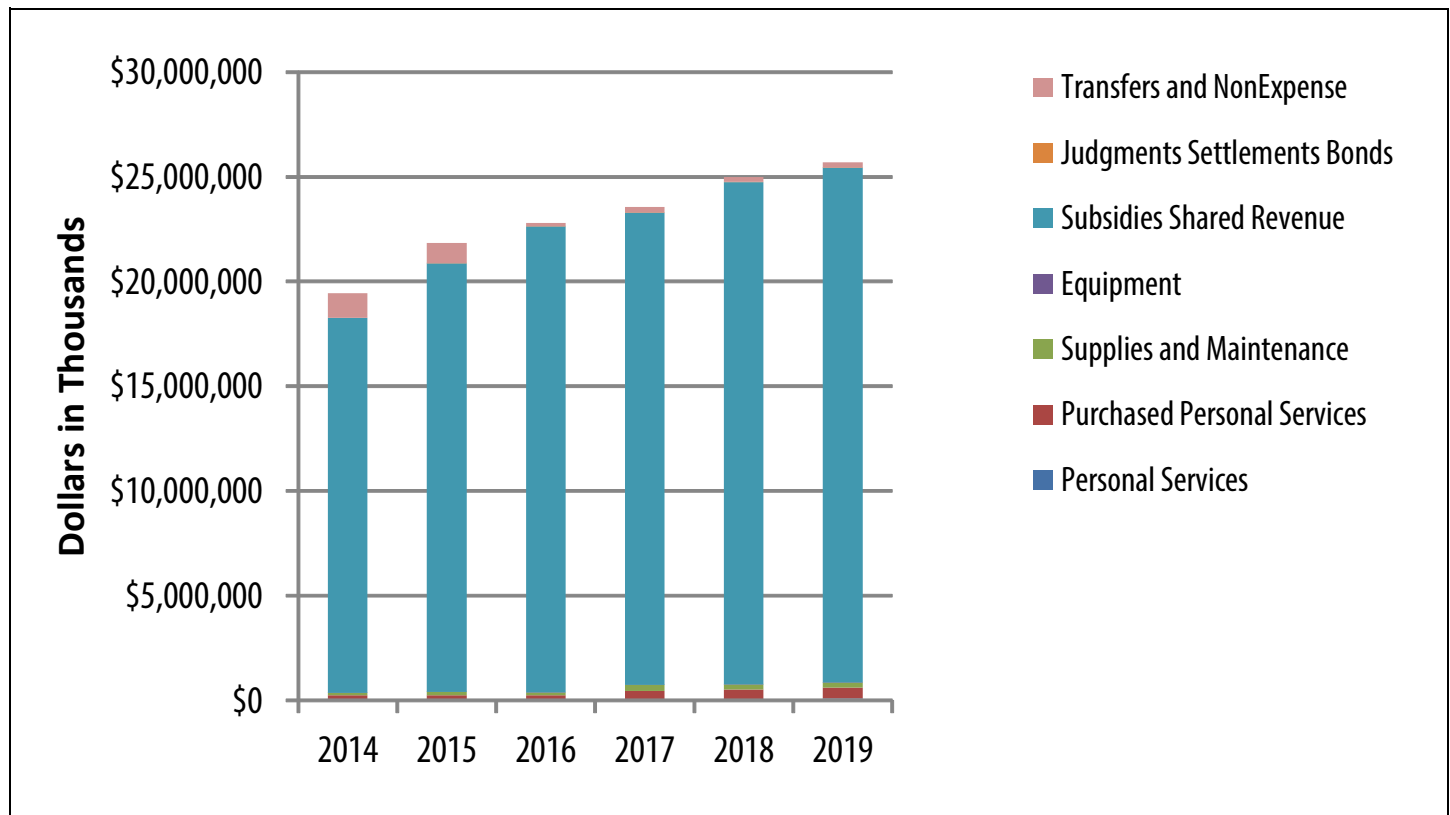
Budget Fund Group Information



- MCD is replacing the sales tax on Medicaid health insuring corporations (MHIC) with a broad-based franchise fee on all health insuring corporations (HIC) as approved by the federal Center for Medicare and Medicaid Services (CMS). Consequently some Medicaid expenses paid from the GRF, where the sales tax is being deposited, will be paid from the new HIC Class Franchise Fee Fund (STN0), found under Dedicated Purpose Funds. In addition, in order to make the most use of non-GRF funds, some GRF expenses in FY 2018 will be off-set with funds in the Medicaid Support and Recoveries Fund (5DL0), also founded under Dedicated Purpose Funds. These changes also impact the Health Care Federal Fund (3F00), found under Federal Funds, which is where federal funds are deposited when the state share comes from a non-GRF fund.

(in Thousands)	Actual			Est.	% Change	Recommended			
Budget Fund Group	FY 2014	FY 2015	FY 2016	FY 2017	FY 16-17	FY 2018	% Change	FY 2019	% Change
General Revenue	13,065,250	14,342,937	16,422,115	17,184,617	4.6%	14,897,228	-13.3%	15,350,909	3.0%
Federal	4,759,077	6,004,212	4,354,155	4,387,424	0.8%	7,071,920	61.2%	7,290,080	3.1%
Dedicated Purpose	1,621,064	1,493,774	2,026,323	1,987,603	-1.9%	3,018,727	51.9%	3,038,243	0.6%
Holding Account	590	163	265	1,000	277.9%	1,000	0.0%	1,000	0.0%
Total	19,445,981	21,841,086	22,802,858	23,560,645	3.3%	24,988,875	6.1%	25,680,232	2.8%

Expense Account Category Information



(in Thousands)	Actual			Est.	% Change	Recommended			
Expense Account Category	FY 2014	FY 2015	FY 2016	FY 2017	FY 16-17	FY 2018	% Change	FY 2019	% Change
Personal Services	64,878	66,106	71,134	79,124	11.2%	80,950	2.3%	83,794	3.5%
Purchased Personal Services	181,696	191,048	179,857	380,452	111.5%	446,001	17.2%	528,521	18.5%
Supplies and Maintenance	114,646	143,327	134,761	298,114	121.2%	247,723	-16.9%	249,207	0.6%
Equipment	1,789	1,570	859	973	13.2%	27	-97.2%	27	0.0%
Subsidies Shared Revenue	17,911,793	20,466,024	22,238,038	22,525,605	1.3%	23,976,236	6.4%	24,580,695	2.5%
Judgments, Settlements & Bonds	0	55	211	1,500	611.3%	1,500	0.0%	1,500	0.0%
Transfers and Non-Expense	1,171,178	972,956	177,997	274,877	54.4%	236,438	-14.0%	236,488	0.0%
Total	19,445,981	21,841,086	22,802,858	23,560,645	3.3%	24,988,875	6.1%	25,680,232	2.8%

Program Series 1: Medicaid/Health Care Services (9400A)

This program series houses four programs: The Health Care/Medicaid Program (9400B) provides publicly funded health insurance for more than 3 million low-income Ohioans, making it the largest health insurer in the state. Medicaid provides managed care, hospital stays, home- and community-based services, and nursing facility services. It is a joint federal-state program, administered by the states and funded with federal, state, and sometimes, local revenues. Medicaid services are an entitlement for those who meet eligibility requirements. The Medicare Part D Program (9401B) provides prescription drugs to individuals eligible for Medicare. In addition, through the Health Care Program Support Program (9402B) Ohio Medicaid engages in a number of administrative activities as one of the largest public health care purchasers in the United States, including: provider network management, quality assurance and improvement, coordination of benefits, benefit design and pricing, information services, and contract monitoring. Through its information technology projects, the Health Care Information Technology Program (9403B) maintains compliance with state and federal regulations, improves customer services, and enhances cost efficiencies. It includes the Medicaid Information Technology System (MITS) which processes about 64 million health care claims each calendar year for Ohio's 90,000 Medicaid providers and more than 3 million recipients.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2017	FY 2018	% Change	FY 2019	% Change
GRF	651425	Medicaid Program Support-State	170,522,987	196,812,968	15.4%	210,754,197	7.1%
GRF	651525	Medicaid Health Care Services	16,629,556,558	14,259,803,761	-14.3%	14,660,459,997	2.8%
GRF	651526	Medicare Part D	384,537,943	440,611,628	14.6%	479,694,803	8.9%
3ER0	651603	Medicaid and Health Transformation Technology	61,896,000	61,896,000	0.0%	61,896,000	0.0%
3F00	651623	Medicaid Services-Federal	3,589,139,022	6,213,919,469	73.1%	6,338,785,019	2.0%
3F00	651624	Medicaid Program Support-Federal	563,687,365	631,793,871	12.1%	725,032,537	14.8%
3FA0	651680	Health Care Grants-Federal	36,296,000	38,658,704	6.5%	38,664,967	0.0%
3G50	651655	Medicaid Intragency Pass Through	136,406,000	125,651,597	-7.9%	125,701,597	0.0%
4E30	651605	Resident Protection Fund	2,878,000	4,878,000	69.5%	4,878,000	0.0%
5AJ0	651631	Money Follows the Person	8,910,000	12,760,900	43.2%	12,373,500	-3.0%
5DL0	651639	Medicaid Services-Recoveries	561,317,000	845,691,438	50.7%	772,376,871	-8.7%
5DL0	651685	Medicaid Recoveries-Program Support	0	41,146,571	NA	46,328,516	12.6%
5FX0	651638	Medicaid Services-Payment Withholding	21,000,000	12,000,000	-42.9%	12,000,000	0.0%
5GF0	651656	Medicaid Services - Hospital Upper Payment Limit	613,303,715	619,104,791	0.9%	647,635,236	4.6%
5KC0	651682	Health Care Grants-State	10,000,000	20,000,000	100.0%	20,000,000	0.0%
5KW0	651612	Managed Care Performance Payment	46,000,000	0	-100.0%	0	0.0%
5R20	651608	Medicaid Services-Long Term	403,311,000	405,666,000	0.6%	405,666,000	0.0%
5SC0	651683	Medicaid Services-Physician UPL	30,000,000	30,000,000	0.0%	30,000,000	0.0%
5TN0	651684	Medicaid Services-HIC Fee	0	789,421,685	NA	887,734,374	12.5%
5U30	651654	Medicaid Program Support	53,834,000	0	-100.0%	0	0.0%
6510	651649	Medicaid Services-Hospital Care Assurance Program	237,049,000	238,057,429	0.4%	199,250,372	-16.3%
R055	651644	Refunds and Reconciliation	1,000,000	1,000,000	0.0%	1,000,000	0.0%
Total for Medicaid/Health Care Services			23,560,644,590	24,988,874,812	6.1%	25,680,231,986	2.8%

MCD ALI Analysis

651682, Health Care Grants-State: Increase in FY 2018 is due to greater number of special projects to be conducted in conjunction with other state agencies.

MCD Fund and ALI Restructuring and GRF Off-Sets**Medicaid Services**

MCD is replacing the sales tax on Medicaid health insuring corporations (MHIC) with a broad-based franchise fee on all health insuring corporations (HIC) as approved by the federal Center for Medicare and Medicaid Services (CMS). Consequently some Medicaid expenses paid from the GRF, where the sales tax is being deposited, will be paid from the new HIC Class Franchise Fee Fund (5TN0). In addition, in order to make the most use of non-GRF funds, some GRF expenses in FY 2018 will be off-set with funds in the Medicaid Support and Recoveries Fund (5DL0). These changes also impact the Health Care Federal Fund (3F00), which is where federal funds, for which the state share is found in a non-GRF fund, are deposited. The table below illustrates these changes.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2017	FY 2018	% Change	FY 2019	% Change
GRF	651525	Medicaid/Health Care Services	\$16,629,556,558	\$14,259,803,761	(14.3%)	\$14,660,459,997	2.8%
5TN0	651684	Medicaid Services HIC Fee	-	\$789,421,685	n/a	\$887,734,374	12.5%
5DL0	651639	Medicaid Services Recoveries	\$561,317,000	\$845,691,438	50.7%	\$772,376,871	(8.7%)
3F00	651623	Medicaid Services Federal	\$3,589,139,022	\$6,213,919,469	73.1%	\$6,338,785,019	2.0%

Medicaid Program Management

To more closely align the activities of the Health Care Services Administration Fund (5U30) with its funding in the coming biennium, this fund is being merged with the Medicaid Support and Recoveries Fund (5DL0). A new ALI has been created in fund 5DL0 to accommodate the former ALI in 5U30. The table below illustrates these changes.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2017	FY 2018	% Change	FY 2019	% Change
5U30	651654	Medicaid Program Support	\$53,834,000	\$-	(100.0%)	\$-	n/a
5DL0	651685	Medicaid Recoveries Program Support	\$-	\$41,146,571	n/a	\$46,328,516	12.6%

GRF to Non-GRF Shifts

The Executive Budget development process involves a thorough review of all programs, and appropriation items for both GRF and non-GRF funds. A number of non-GRF funds with ALIs that support programs also funded through a GRF ALI were identified to contain balances sufficient to support increased non-GRF appropriations in fiscal year 2018, 2019 or both. These available balances and increased non-GRF appropriation authority allowed for reductions in the associated GRF ALIs. The table below provides an overview of the program and ALIs that were adjusted as a result of this exercise for the Department of Medicaid.

State of Ohio**Department of Medicaid****Medicaid Services**

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2017	FY 2018	% Change	FY 2019	% Change
GRF	651525	Medicaid/Health Care Services	\$16,629,556,558	\$14,259,803,761	(14.3%)	\$14,660,459,997	2.8%
3F00	651623	Medicaid Services Federal	\$3,589,139,022	\$6,213,919,469	73.1%	\$6,338,785,019	2.0%
5DL0	651639	Medicaid Services Recoveries	\$561,317,000	\$845,691,438	50.7%	\$772,376,871	(8.7%)
5GF0	651656	Medicaid Services Hospitals/UPL	\$613,303,715	\$619,104,791	0.9%	\$647,635,236	4.6%
Total			\$21,393,316,295	\$21,938,519,459	2.5%	\$22,419,257,123	2.2%

- \$299,625,000 and \$120,385,000 in GRF funding for Medicaid health care services was shifted to non-GRF funding in fiscal years 2018 and 2019, respectively. The state share of this GRF shift totals \$112,000,000 in fiscal year 2018 and \$45,000,000 in fiscal year 2019. These changes were among a number of other changes that affected these line items as described above.

State of Ohio

Department of Medicaid

Line Item Summary by Budget Fund Group

Fund	ALI	ALI Name	Actual			Estimated	Recommended			
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	% Change	FY 2019	% Change
GRF	651425	Medicaid Program Support-State	119,865,001	136,452,386	137,428,171	170,522,987	196,812,968	15.4%	210,754,197	7.1%
GRF	651525	Medicaid Health Care Services	12,649,886,537	13,916,554,640	15,979,052,612	16,629,556,558	14,259,803,761	-14.3%	14,660,459,997	2.8%
GRF	651526	Medicare Part D	295,498,625	289,929,893	305,634,132	384,537,943	440,611,628	14.6%	479,694,803	8.9%
Total General Revenue			13,065,250,163	14,342,936,919	16,422,114,915	17,184,617,488	14,897,228,357	-13.3%	15,350,908,997	3.0%
3ER0	651603	Medicaid and Health Transformation Technology	94,218,038	75,081,691	55,705,287	61,896,000	61,896,000	0.0%	61,896,000	0.0%
3F00	651623	Medicaid Services-Federal	3,297,569,129	4,747,960,860	3,841,522,208	3,589,139,022	6,213,919,469	73.1%	6,338,785,019	2.0%
3F00	651624	Medicaid Program Support-Federal	267,394,935	293,528,876	292,426,415	563,687,365	631,793,871	12.1%	725,032,537	14.8%
3FA0	651680	Health Care Grants-Federal	15,083,107	23,716,652	15,377,475	36,296,000	38,658,704	6.5%	38,664,967	0.0%
3G50	651655	Medicaid Intragency Pass Through	1,084,811,782	863,923,976	149,123,954	136,406,000	125,651,597	-7.9%	125,701,597	0.0%
Total Federal			4,759,076,991	6,004,212,055	4,354,155,339	4,387,424,387	7,071,919,641	61.2%	7,290,080,120	3.1%
4E30	651605	Resident Protection Fund	114,015	88,452	(5,201)	2,878,000	4,878,000	69.5%	4,878,000	0.0%
5AJ0	651631	Money Follows the Person	3,167,875	2,012,394	1,689,928	8,910,000	12,760,900	43.2%	12,373,500	-3.0%
5DL0	651639	Medicaid Services-Recoveries	461,475,246	514,518,815	537,876,341	561,317,000	845,691,438	50.7%	772,376,871	-8.7%
5DL0	651685	Medicaid Recoveries-Program Support	0	0	0	0	41,146,571	NA	46,328,516	12.6%
5FX0	651638	Medicaid Services-Payment Withholding	7,888,065	4,620,247	6,383,192	21,000,000	12,000,000	-42.9%	12,000,000	0.0%
5GF0	651656	Medicaid Services - Hospital Upper Payment Limit	513,446,176	554,871,802	568,275,051	613,303,715	619,104,791	0.9%	647,635,236	4.6%
5KC0	651682	Health Care Grants-State	2,865,400	3,890,037	1,263,823	10,000,000	20,000,000	100.0%	20,000,000	0.0%
5KW0	651612	Managed Care Performance Payment	10,934,614	6,265,253	48,507,051	46,000,000	0	-100.0%	0	0.0%
5R20	651608	Medicaid Services-Long Term	396,708,845	393,708,738	399,818,149	403,311,000	405,666,000	0.6%	405,666,000	0.0%
5SA0	651628	Maternal and Child Health	0	0	500,000	0	0	0.0%	0	0.0%
5SC0	651683	Medicaid Services-Physician UPL	0	0	3,503,537	30,000,000	30,000,000	0.0%	30,000,000	0.0%
5TN0	651684	Medicaid Services-HIC Fee	0	0	0	0	789,421,685	NA	887,734,374	12.5%
5U30	651654	Medicaid Program Support	13,528,786	13,797,997	12,994,292	53,834,000	0	-100.0%	0	0.0%
6510	651649	Medicaid Services-Hospital Care Assurance Program	210,934,631	0	445,516,981	237,049,000	238,057,429	0.4%	199,250,372	-16.3%
Total Dedicated Purpose			1,621,063,653	1,493,773,735	2,026,323,144	1,987,602,715	3,018,726,814	51.9%	3,038,242,869	0.6%
R055	651644	Refunds and Reconciliation	590,001	163,063	264,618	1,000,000	1,000,000	0.0%	1,000,000	0.0%
Total Holding Account			590,001	163,063	264,618	1,000,000	1,000,000	0.0%	1,000,000	0.0%
Grand Total Department of Medicaid			19,445,980,808	21,841,085,772	22,802,858,016	23,560,644,590	24,988,874,812	6.1%	25,680,231,986	2.8%