



June 15, 2017

Chairman Oelslager, Vice Chair Manning, Ranking Member Skindell, and members of the Senate Finance Committee, thank you for the opportunity to submit updated testimony on HB 49. This additional written testimony supplements our testimony to this committee on June 6, 2017.

My name is Kristen Morris and I am the Chief Government and Community Relations Officer at Cleveland Clinic. Cleveland Clinic is a nonprofit multispecialty academic medical center that integrates clinical and hospital care with research and education. Founded in 1921, our 3,000 physicians provide care to patients as we have over 7.1 million visits per year. Cleveland Clinic is Ohio's #1 hospital according to the U.S. News and World Report, and the state's second-largest employer with more than 51,000 caregivers. The foundation to the following testimony is the foundation of our health system – putting "Patients First."

Hospital Payment Structure

The Senate version of the budget includes a \$76 million cut to hospitals. We stand strongly opposed to these cuts. While we understand the financial strain the state is under, hospitals cannot and should not be asked to pay a disproportionate share. As active participants in many of the state's innovative value-based care initiatives, we have shown time and time again that we are good stewards of the financial investment the state makes in us. We are not only providing needed services to Ohioans from across the state, we are providing efficient high-quality care and keeping vulnerable populations, like Group 8, healthy and out of the hospital.

The Ohio Hospital Association (OHA) worked with the House to provide essential funding for hospital programs, while also providing predictability for the state budget. First, the House placed an appropriation cap each year on hospital payments. This cap provides the state with a guarantee that hospital spending over the next two years will remain controlled and consistent. Second, the House held rates steady, which provides predictability for hospitals. Finally, the Administration has the authority to reduce hospital rates should the funding for the Medicaid program approach the appropriation cap. Medicaid spending has been below budget. The innovative partnership between Ohio Medicaid and providers is working and will continue to work. The budget challenge is primarily one of revenue. We believe the gap should not be closed by cutting support for Medicaid patients and the state's largest employers – hospitals. Hospitals have already sustained significant cuts in this budget and can't afford to see further reductions in appropriations. We ask that the Senate reconsider this cut of \$76 million from our state's hospitals, and support the plan laid out in the House version of the budget.

Insurance Mandates

We ask that you remove the amendment in the Senate version of the budget which would place a two year moratorium on all insurance mandates. While we understand all too well the hesitancy for any industry to see mandates, we know that the power to create thoughtful public policy must remain in the hands of our policymakers. Giving one industry the ability to have a moratorium on all legislation passed creates not only an uneven playing field, but also sets up potential roadblocks to innovation and new standards of care in medicine. While we always prefer working directly with our partners in the insurance industry, we recognize that sometimes legislation is needed to ensure patients have access to the care they need.



Group 8 Population

Cleveland Clinic is supportive of continued funding of Medicaid expansion for Group 8, those individuals between 100% and 138% of the FPL. Keeping Ohioans healthier on a consistent coordinated primary care model instead of sporadic and costly emergency room visits enables providers to utilize resources in the most cost-effective manner. As more patients are cared for at a lower cost per patient and become healthier, they are more likely to work and become economically productive members. Our mutual goal with state policy makers is to have members of this population transition into the private pay model.

To this point, the most recent Ohio Department of Medicaid report revealed that among the Group 8 population in Ohio, since gaining access to Medicaid in 2014, 43% reported a reduction in unmet needs, 47% reported improvement in overall physical health, and 75% reported improvement in access to job opportunities. As such, we are concerned with a provision in the House Passed Version of the budget that requires a six month oversight review by the Controlling Board for the continued funding of the Group 8 Population. We believe this provision is counterproductive to patient health care outcomes and could revert the Group 8 population back to the emergency room.

Hospital Non-Contracting

We thank you for the continued elimination of the provision in the introduced version of HB 49 that significantly impairs hospitals' abilities to contract with Medicaid Managed Care Plans (MCPs). These negotiations create the framework for the relationship between MCPs and hospitals, and are vital to ensuring that free market principles can guide a fair process. We do not believe the state should be involved in these conversations between two private industries. Cleveland Clinic supported the removal of this language in the House-passed version of the budget bill and ask that the Senate continues to keep this provision out of the budget.

Thank you again for the opportunity to submit additional written testimony on behalf of Cleveland Clinic.