



**Testimony of Miranda Motter
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House Finance Health and Human Services Subcommittee

Chairman Romanchuk, Ranking Member West and members of the Health and Human Services Subcommittee, thank you for allowing me to testify today. My name is Miranda Motter and I am the President and CEO of the Ohio Association of Health Plans. OAHP is the statewide trade association representing 15 health insurance companies that provide coverage to more than nine million Ohioans. Five of our member plans are public industry partners in Ohio's Medicaid managed care program and work diligently to provide coordinated, quality and cost-effective care to Ohioans receiving Medicaid benefits.

Managed Care is Driving Quality and Cost Savings. Since the 1970s, Ohio has utilized public-private partnerships to drive quality and cost savings in the Medicaid program. Ohio is not alone in this approach. Many other states currently utilize a managed care approach and others are moving to implement a managed care approach. Originally as a voluntary program and then a mandatory program in the 1990s, Ohio's managed care program was implemented in 2005, phasing in various mandatory and voluntary populations over time. The state leverages managed care to achieve value for the Ohio Medicaid program through budget predictability, risk protection, increased taxpayer savings, accountability, patient-centered care, and flexibility and innovation.

These public-private partnerships have resulted in improvements in quality and outcomes as well as cost savings, improving the health and lives of nearly 2.5 million Ohioans and yielding increased value for Ohio taxpayers. OAHP highlighted this private industry value in a recent Value of Managed Care report¹ which is intended to be a tool in evaluating both quality and cost savings in the Medicaid managed care program. The Report is a compilation of national and state data that can be independently verified and includes the complete actuarial certification from the actuary that completed the cost review analysis.

The Report reveals several areas of success that are the result of decades worth of work and provides visibility into areas of opportunity for further work and improvement. Data driven continuous improvement efforts are incredibly important to any program and we look forward to our work with Ohio policymakers and health care system stakeholders to advance quality and affordability on behalf of the Ohioans we serve and the taxpayers who financial support this access to care.

Highlights of the Report include:

- **Accountability.** Private industry is held accountable for achieving quality and outcome goals and meeting other requirements established by the Ohio Department of Medicaid (ODM), with financial incentives and penalties based on performance. **For 2016-2017, Ohio's Medicaid plans registered higher average quality scores than both national averages and averages of similarly sized and larger states according to National Committee for Quality Assurance (NCQA) metrics.** This type of accountability does NOT exist for Ohioans that are receiving services from providers paid through the state's government run/fee for service program.

¹ <https://oahp.org/wp-content/uploads/2019/02/OAHP-Value-Report-02252019.pdf>

In addition to oversight by ODM, Plans are licensed by the Ohio Department of Insurance and must meet solvency and regulatory requirements.

- ***Person Centered Care.*** Private industry empowers members to take responsibility for their health, providing patient centered care, extensive support, education, and care coordination that is a key differentiator between managed care and a government run program.
- ***Flexibility.*** Private industry provides Ohio flexibility not available in a government run/fee for service model. This includes the ability to provide services and social determinant support beyond those required under the State Plan, allowing each Plan to effectively respond to the unique characteristics of its enrolled membership, which change over time.
- ***Competition.*** Private industry also generates valuable market competition. The competition spurs innovation, driving program improvements as each Plan seeks to differentiate themselves and raise the bar over their competitors’ and their own previous performance. Plans are also nimble with respect to testing and adjusting to new programs and approaches in a way that the government run model cannot.
- ***Cost Savings.*** By minimizing fluctuations in spending due to changes in utilization, managed care provides greater budget predictability for policymakers who must set appropriations for a two-year period. Plans hold the financial risk for the care provided to enrollees over the rate period which means that taxpayers are protected from spending fluctuations in instances such as a bad flu season or changes in patient health.

In addition to budget predictability and protection from financial risk, ODM advances cost savings measures when the state’s actuary sets the price it intends to pay plans. For example, the state deducts both actual/achieved costs savings and target savings from the plans’ capitation rate. Examples of target savings include avoidable emergency room utilization, preventable inpatient hospital admissions, and increased generic drug utilization. In fiscal year (FY) 2018, these factors reduced spending for Ohio taxpayers by more than \$100 million.

The Wakely analysis found that Ohio managed care saved taxpayers \$3.6 to \$4.4 billion in 2016 and 2017 compared to what would have been spent in the government run fee-for-service program. Put another way, if Ohio had utilized a government run/fee for service approach in 2016 and 2017, Ohio taxpayers would have paid up to \$4.4 billion more in Medicaid spending.

From cost-savings to improved health outcomes, Ohio has been well-served by the innovation, state and national expertise, and community and provider collaboration realized through these public-private partnerships.

Before turning to the Plan panel, I want to take an opportunity to address three (3) areas of recent focus:

MyCare Ohio. In 2014, Ohio partnered with CMS to implement MyCare Ohio to bring better health outcomes to dual-eligible individuals who have both Medicare and Medicaid benefits. Prior to MyCare, Ohioans had to navigate two very complex, fragmented systems to ensure they received the care they needed. Ohio recognized the need to provide better, integrated care through a single source accountability

and today the MyCare Ohio Program is nationally recognized for its achievements. Key achievements include:

- ***Ohioans choose My Care Ohio*** with 70% of eligible Ohioans electing to participate in MyCare Ohio.
- ***MyCare Ohio is helping bend the cost curve*** with a 21% decrease in inpatient hospital utilization, a 15% decrease in facility admissions, and an 8% reduction in long-stay nursing facility placements.
- ***MyCare Ohio members like their care managers.*** Approximately 70% of members indicated satisfaction with their care manager and over 93% expressed satisfaction in their relationship with their care manager.
- ***MyCare Ohio has empowered more Ohioans to live in community-based settings.*** MyCare Plans have achieved an estimated 2% incremental rebalancing, with an estimated annual savings of approximately \$30 million above what would have been achieved under the traditional Medicaid fee-for-service program. For each person who transitions from a nursing facility to home and community-based setting, the average per member per month cost savings is \$3,000.

Behavioral Health Integration. On July 1, 2018, Ohio moved forward to ensuring Ohioans receiving Medicaid benefits have both their physical and behavioral health needs provided in a coordinated model. The state, providers and plans have been working tirelessly to ensure patients are receiving the care they need and that providers are receiving the technical, financial and educational support they need throughout the transition. Recent updates include:

- Plans have delayed voluntary recoupment of any contingency payments until further notice.
- ODM is using of data to focus efforts to address outstanding claims payment to providers.
- At risk providers have on-going access to technical assistance.
- Ongoing policy development is underway to further stabilize the system.

Ohioans deserve comprehensive and quality physical and mental health care services provided through a coordinated model and Plans remain committed to this important work.

Pharmacy Costs. Ohio, like many other states, is exploring ways to manage the unsustainable costs of drugs. States are demanding transparency and accountability across the drug supply chain. Ohio efforts are currently focused on demanding price visibility of pharmacy benefit manager (PBM) services and on January 1, 2019, Plans implemented a transparent pass-through model for PBM services. Through this model, pharmacies will be paid exactly what the Plan pays the PBM per transaction, while the PBM's will charge the Plans an administrative fee in addition to the claim cost. These fees will vary depending on a variety of factors including the work conducted for each Plan and will be reportable to ODM. On-going reporting of data and subsequent analysis will be conducted to advance additional pharmacy strategies.

PBM transparency is an important step in understanding the cost of pharmaceuticals and this information will serve to advance transparency strategies across the entire drug supply chain. Understanding how a high list price impacts the behavior and actions across the entire pharmaceutical chain is imperative to understanding what is driving drug costs, the impact those costs are having on Ohio's purchasers of pharmacy care and the solutions that might offer relief to all impacted.

Conclusion. Ohio's approach to program structure, regulation, and rate setting have created a stable and mature environment where the state and managed care plans have been able to focus on improving efficiency and effectiveness. The Medicaid managed care plans will now provide you further testimony on how private industry is providing value to Ohioans.