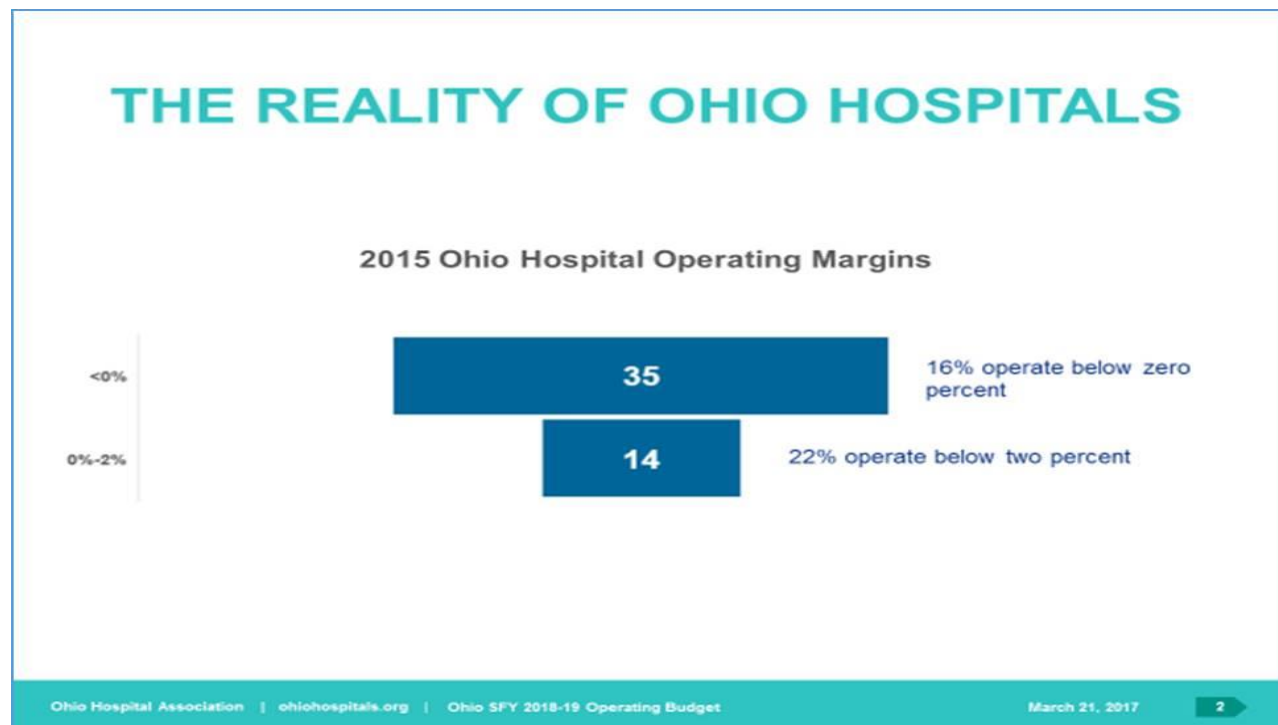


Testimony
Ohio Senate Finance, Health and Medicaid Subcommittee
May 17, 2017
Rick Frank
Director, Government Affairs
Ohio Hospital Association
Testimony

Chairman Hackett, Ranking Member Tavares and members of the subcommittee, I am Rick Frank, Director of Government Affairs at the Ohio Hospital Association. OHA represents 220 hospitals and 13 health systems throughout Ohio. I appreciate this opportunity to testify on House Bill 49, the state operating budget. OHA exists to collaborate with member hospitals and health systems to ensure a healthy Ohio, and we believe our work with the state of Ohio in recent years has largely enhanced the health of our state's citizens.

The current health care funding structure in Ohio is unsustainable. Hospitals are confronted by uncertainty with the Affordable Care Act and significant reimbursement cuts amid the backdrop of a rapidly evolving care delivery system. Even with the state's expansion of coverage through Medicaid, **sixteen percent of Ohio hospitals currently operate at or below a zero percent operating margin and nearly a quarter of Ohio hospitals are operating below a two percent margin.** Policy decisions made by the General Assembly and signed into law by the Governor will significantly impact hospitals' ability to continue to provide needed, quality care to patients, particularly in underserved areas.



OHA has reviewed the House passed version of the state budget thoroughly. While there are a significant number of issues in the budget bill that impact health care, to respect the committee's time, I will focus this testimony on four main issues.

HOSPITAL SERVICES

Hospital funding has been a focal point for appropriation reductions ever since Medicaid coverage was expanded to low-income individuals in Ohio. These reductions have totaled hundreds of millions of dollars each biennium over the last three budget cycles. While OHA appreciates the need to control the growth of the Medicaid budget, we also want to assure that hospitals have the resources available to care for patients throughout the state. The Administration's budget proposed a reduction of \$578 million for SFY 18-19 from their projections for the growth of the program. The House version of the budget further reduced hospital appropriations by an additional \$300 million over the biennium.

To address the issue of hospitals payments in the budget, 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. This provision 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. Hospitals have already sustained significant cuts in this budget and can't afford to see further reductions in appropriations.

We ask that the Senate work closely with hospital finance experts to try to reduce the negative impact of cuts on services and programs that the state has deemed essential, such as those targeted at addressing the opiate crisis and our high rate of infant mortality.

MEDICAID MANAGED CARE NON-CONTRACTING LANGUAGE

OHA strongly opposes the provision in the introduced version of HB 49 that significantly impairs hospitals' abilities to contract with Medicaid managed care plans (MCPs). Ohio hospitals currently negotiate with MCPs on prior authorization, timely payment, dispute resolution and payment rates, among other things. These negotiations create the framework for the relationship between MCPs and hospitals, and are vital to ensuring free market principles can guide a fair process. It is also important to note that many of the quality and cost savings programs that have produced strong results in reducing harm and providing more efficiency in Medicaid are included in this contract language.

The language in the executive version of HB 49 discourages these contracts and is completely unnecessary. It erodes the ability of two private entities to negotiate fair contracts. Ohio hospitals appreciate the removal of this language in the House passed version of the budget bill and ask that the Senate agree with the House change on this important issue.

CONTINUATION OF COVERAGE

The executive version of the budget included a continuation of current Medicaid eligibility levels. We know that expanded Medicaid coverage has helped low-income Ohioans achieve better health outcomes and is an important component of addressing the opiate and behavioral health crises in our state.

The House passed version of the bill includes new eligibility requirements for the expansion population. We recognize the need to have discussions regarding individual responsibility and ways to achieve the shared goal of moving low-income individuals off Medicaid and on to private health care coverage, but want to ensure that any guardrails added to the program maintain access to care for those who need it most.

The House version of the bill also includes a provision requiring Controlling Board approval of Medicaid funding every six months. As stated by the Administration in their testimony, this provision is not a practical way to budget for the Medicaid program. This system would create significant instability in the health care system, particularly for providers who see Medicaid patients and would have no guarantee of payment.

OHA supports the continuation of health care coverage for low-income Ohioans and maintaining much-needed funding stability for providers.

HEALTH CARE PRICE TRANSPARENCY

Ohio hospitals remain committed to providing Ohioans with the nation's most aggressive, comprehensive and consumer-friendly health care price transparency system. OHA's proposal includes providing a good faith estimate for any health care service upon request and making important price information for "shoppable" health care services available to all patients.

The House passed version of the budget reverts to current law and includes new language regarding enforcement of price transparency in the Controlling Board review of Medicaid appropriations. We maintain that the current law is unworkable. We will continue our diligent work with the General Assembly to reach an outcome that can be implemented by health care providers and will deliver meaningful price information to patients.

Again, Mr. Chairman and members of the committee, thank you for the opportunity to testify today. As I stated earlier, there are several other issues regarding health care that are important to hospitals and the health care community. The Ohio Hospital Association and our member hospitals stand ready and willing to meet with you and your colleagues to discuss these issues. I am happy to answer any questions that you may have.