



Ohio Children's Hospital Association

Saving, protecting and enhancing children's lives

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Testimony before Ohio Senate Finance Subcommittee on Health and Medicaid

HB 166 – As Passed by the House

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Good morning Chairman Hackett, Ranking Member Thomas and members of the Ohio Senate Finance Subcommittee on Health and Medicaid. My name is Nick Lashutka and I am here to testify as an interested party to HB 166 as President & CEO of the Ohio Children's Hospital Association (OCHA).

Ohio has the world's best statewide network of children's hospitals – Akron Children's Hospital, Cincinnati Children's, Dayton Children's, Nationwide Children's Hospital, UH/Rainbow Babies & Children's Hospital and ProMedica Toledo Children's Hospital. Several of our institutions are ranked among U.S. News & World Report's best children's hospitals, and all our members are ranked best in class in the nation in various aspects of pediatric care.

All our members are members of the Ohio Hospital Association (OHA) and we partner very closely with OHA on issues affecting the hospital industry and specifically about policies affecting children's health and health care.

Ohio's children's hospitals are also significant employers. Our six hospitals employ 40,000 Ohioans – including 6,200 employed physicians – providing good paying, high quality jobs and serving as economic engines for our communities throughout Ohio. Our researchers and medical professionals are leading the nation in health care innovation, pediatric research, and quality and patient safety initiatives.

Ohio Children's Hospital Facts:

Before talking about specifics of HB 166, I wanted to share a few facts about our membership and the unique critical role children's hospitals play in Ohio's health care delivery system.

- Ohio is the only state in the nation with a flagship children's hospital within a two-hour drive of every family, including our most rural parts of the state. This is the direct result of the state making a priority to regionalize pediatric health care within specific perinatal regions as defined by the Ohio Department of Health.
- Ohio children's hospitals received more than \$294 million in competitively awarded pediatric research grants from the National Institutes of Health (NIH) and other funding last year – more than any other state in the country.
- OCHA members collectively provide more than \$1 billion in community benefit annually.

Ohio Children's Hospitals Solutions for Patient Safety (SPS):

In addition to being President & CEO of OCHA, I also have the privilege of serving as President of SPS which includes our six-member OCHA hospitals plus the Cleveland Clinic Children's Hospital and Mercy Children's Hospital in Toledo. SPS is the national leader in pediatric patient & employee safety. By partnering with Ohio's business community and specifically the Ohio Business Roundtable, we have brought the rigor of High Reliability Organizations into the health care setting and made a commitment to eliminate serious harm in our hospitals. SPS is one example of the incredible power of Ohio's children's hospitals – because by working together we are able to achieve better results faster – and help each other succeed in a way we could not do as effectively or efficiently as individual hospitals.

In January, we celebrated our 10-year anniversary in the Ohio Statehouse. These last 10 years have included numerous achievements – culminating with SPS earning the nation's most prestigious patient safety award in 2018 – the National Quality Form and the Joint Commission John M. Eisenberg Patient Safety & Quality Award.

More important than awards, however, are the children we have saved from serious harm with our work – almost 12,000. Additionally, we have saved more than \$177 million – costs that would have been associated with this harm had it not been prevented.

Our success has attracted interest from children's hospitals across the country – and continent – and our SPS network is the patient safety arm of our national Children's Hospital Association and consists of over 140 children's hospitals across North America. In short, we are exporting the knowledge, learning and leadership of Ohio's children's hospitals across the globe.

Importance of Medicaid & CHIP to Children and Pediatric Providers:

Stable, Predictable & Adequate Medicaid Funding: Stable, predictable and adequate funding mechanisms for children's health and children's health care in our state are mission-critical to our ability to continue to provide better outcomes and make important investments upstream in the health care delivery system on social determinants of health and population health initiatives.

- All 2.6 million Ohio children receive the highest quality care in our hospitals when needed, regardless of their family's ability to pay – including the more than 1.25 million children enrolled in Ohio Medicaid.
- Over half of the patients in children's hospitals (53%) rely on Medicaid for their insurance coverage, by far the highest share of Medicaid patients of any hospital type.
- Ohio Children and Medicaid Coverage Facts:

FACT: Ohio's Medicaid costs for children are among the lowest of any state nationwide. Medicaid costs for children in Ohio are 20% below the national average. And Ohio ranks 47th nationally in costs per month for pediatric Medicaid expenditures. Children make up 40% of the enrollees in Ohio Medicaid but only account for 14% of the cost.

- Medicaid Hospital Shortfall: Medicaid reimbursement does not cover the costs of providing care to the children we're privileged to serve. According to the most recent data available, the gap between Medicaid payments and the cost to provide that care is \$384 million for our six members, despite the benefit of

supplemental payment programs such as the Hospital Franchise Fee and the Hospital Care Assurance Program (HCAP).

- The Ohio Hospital Association (OHA) and OCHA have worked diligently over the several months with Governor DeWine's policy team to advance creative and innovative proposals to reform Ohio's Medicaid program, and we support the language in the bill that realigns the Hospital Franchise Fee, as well as the language continuing the Hospital Care Assurance Program (HCAP).

Ohio's Children's Hospitals Call on Ohio Leaders to Come Together to Address Key Challenges Facing Ohio Children – Health Policy Institute of Ohio Assessment of Child Health and Health Care in Ohio:

In 2018, OCHA commissioned the Health Policy Institute of Ohio (HPIO) to provide a single, comprehensive, objective assessment of the state of child health in Ohio, contributing factors and recommended solutions because no statewide resource for child health exists. HPIO analyzed national and statewide data and worked with a multi-sector advisory committee of pediatric clinicians, experts and advocates to develop this assessment.

The Assessment was unveiled at our Vote for Ohio Kids Leadership Forum on September 27, 2018 – a statewide child advocacy event led by OCHA and Groundwork Ohio hosting over 700 business, healthcare, and early education leaders committed to investing in Ohio's next generation.

To our knowledge, this is the first comprehensive state level assessment of child health done anywhere in the country. We felt this work was necessary, as in order to improve child outcomes, we need to have accurate and robust data to inform policy interventions.

Executive Summary: Assessment of Child Health and Health Care in Ohio:

Despite the fact that Ohio has access to some of the most outstanding children's hospitals and network of pediatricians in the country, *Ohio ranked in the bottom half of states on 65 percent of national child health metrics.*

This disturbing metric is attributed to the fact that just 20% of child health is impacted by actual clinical health care (access, quality, care coordination and transition), while 80% of child health is impacted by non-health care factors, including:

- Health behaviors: physical activity, nutrition, impulse control and self-regulation and tobacco use
- Physical environment: housing, air quality, access to parks/green space
- Social/economic environment: education, income, neighborhood safety and racism/discrimination

Improved child health and wellbeing in Ohio can only be achieved if we work together to reach these goals:

- **Eliminate gaps in child outcomes.** All young Ohioans have the opportunity to make healthy choices and achieve optimal health, regardless of their race/ethnicity, family income, where they live or other social, economic or demographic factors.
- **Promote economic vitality for Ohio families.** All families in Ohio have the opportunity to achieve financial and housing stability.
- **Evaluate Ohio's progress toward improving child health.** Ohio makes strong investments in data collection, research and evaluation of strategies to improve the health of young Ohioans.

- **Pay for child health and wellbeing.** Payments to providers incentivize improved child health and wellbeing, are based on population-level outcomes, address the modifiable factors of health and are stable, predictable and adequate.

Ohio needs a comprehensive approach to address child health, focusing on these top three child health policy priority areas: **1) mental health and addiction 2) chronic disease, which in pediatrics is prevention and 3) maternal and infant health.**

Ohio's children's hospitals are drawing a line in the sand on these three issues and are ready to lead the charge to identify and implement opportunities for improvement, but this requires public and private sector collaboration from a wide variety of entities – specifically and importantly the Governor – state policymakers, providers of healthcare services, insurers, schools, community-based organizations and the support of parents, caregivers and families.

Am. Sub. HB 166: As Passed by the Ohio House
Provisions of Importance to Children's Hospitals

ISSUE 1: Stable, Predictable and Adequate Medicaid Funding:

HB 166 maintains physician and hospital Medicaid reimbursement rates. Importantly, HB 166 updates the Hospital Franchise Fee methodology to realign and balance the program.

ISSUE 2: Investing in Kids:

HB 166 builds on the Executive version of the budget to make important investments to improve child health outcomes. OCHA supports these important provisions including; Healthy Moms & Babies – evidenced based home visitation, Lead Testing and Poisoning, Behavioral Health Care in Ohio Schools, Improving Wellness for Kids through Comprehensive Primary Care, and Tobacco 21.

ISSUE 3: Medicaid Managed Care (MCD50):

This provision was added to the substitute version of the bill. It contains significant and complex changes to Medicaid managed care that have not had the benefit of any hearings or discussions, including insertion of language on Medicaid managed care non-contracting that the legislature has time and time again removed from previous budget bills. The legislature has repeatedly removed this egregious provision because it forces hospitals into non-negotiable contracts with managed care plans.

We respectfully request for these provisions to be removed from the bill.

ISSUE 4: Medicare Hospital Value Based Purchasing Program (MCD37):

OCHA has always and continues to support efforts to align financial incentives for providers with health care delivery system goals and objectives. Over the past six years, the state of Ohio has significantly invested in State Innovation Model (SIM) work – specifically Episode Based Care and Comprehensive Primary Care. Our members and other hospitals are actively engaged in these value-based efforts, which are designed and operated by the state of Ohio, principally the Ohio Department of Medicaid.

The substitute version of the bill includes language that requires Medicaid managed care organizations to cut hospital rates up to 6% and offer incentive payments based on the federal Medicare Hospital Value Based Purchasing

program. The Medicare program was designed over several years with measures specific to its population and would be inappropriate for the Medicaid population, specifically the kids we serve. It's important to note that children account for 40% of the Medicaid population in our state. While we support efforts to enhance quality of healthcare, we believe there are alternative and more appropriate and effective solutions to delivering this goal than the Medicare Value Based Purchasing program.

In fact, the budget bill supports additional work in a pediatric focused value-based program – Comprehensive Primary Care for Kids, which OCHA supports. However, the Medicare provision in the bill would 1) base the program on a population children's hospitals don't serve with adult measures and 2) require the Medicaid managed care plans to implement the program.

We would respectfully request for this provision to be removed from the bill.

ISSUE 5: Medicaid Payment Rates for Emergency Medical Services (MCD44):

This provision was added to the substitute version of the bill. It is a significant change impacting hospitals that has not had the benefit of any hearings or discussions. If enacted, this provision would negatively impact patients by effectively allowing for retroactive denial for patient care if care provided was later determined to not be an emergency.

Hospitals have been working to reduce emergency department utilization for years. We recognize the importance of ensuring our patients receive the right care in the right setting with the highest outcome. More effective triage of patients to urgent cares and an increasing children's hospital care management approach have all contributed to significant reductions in emergency department utilization for children.

We respectfully request for this provision to be removed from the bill.

ISSUE 6: Health Care Price Transparency (INSCD9):

This provision was added to the substitute version of the bill. We are supportive of efforts to further price transparency in a manner that is meaningful for patients through a system that can be complied with through partnership with other stakeholders.

We respectfully ask that this provision be modified.

ISSUE 7: Reimbursement for Out-Of-Network Emergency Care (INSCD7):

This provision was added to the substitute version of the bill. We are supportive of efforts to protect patients from surprise medical bills. However, we are concerned language in the bill may have unintended consequences for providers. OCHA is supportive of current efforts by physicians and other stakeholders to arrive at a solution that protect patients and protects the integrity of provider ability to negotiate with insurers.

We respectfully ask that this provision be modified.

Chairman Hackett, Ranking Member Thomas, members of the Committee, thank you for your time. I'd be pleased to try to answer any questions you may have.