



Ohio Children's Hospital Association

Saving, protecting and enhancing children's lives

Nick Lashutka

President & CEO, Ohio Children's Hospital Association

Testimony before Ohio Senate Medicaid Committee

Am. Sub. HB 96 – As Passed by the House

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Good morning, Chairman Romanchuk, Vice Chair Huffman, Ranking Member Liston, and members of the Ohio Senate Medicaid Committee. My name is Nick Lashutka, and I am writing today in support of Am. Sub. HB 96 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 Russell J. Ebeid 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. 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.

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 more than 46,000 Ohioans, 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.

Amended Substitute House Bill 96 is a continuation of the investments for kids that were prioritized through the previous General Assembly. We are grateful for the Governor's and Ohio General Assembly's long-term vision for Ohio that recognizes the future health of our state depends on how we care for our most precious asset – our children and future workforce. This historical support will be essential to Ohio's future economic vitality.

Medicaid

This budget maintains stable, predictable, and adequate funding for Medicaid at a time when those who serve our highest risk citizens need it most. It strengthens supports for children and their families, along with a focused attention to support behavioral health, maternal and infant health, and rural communities.

Children represent over 40% of Ohio's Medicaid population and deliver the highest return on investment. Medicaid supports the entire continuum of care for our youth. This includes coverage for preventative well child visits to keep kids from needing more expensive services to the critical supports in our inpatient units, including our Neonatal Intensive Care Units, Pediatric Intensive Care Units, and Cardiac Intensive Care Units. For kids with chronic and complex conditions, specialty care in a children's hospital services as the child and family's primary support. As the payer of last resort, Medicaid also provides wraparound coverage in limited circumstances for care when private insurance will not cover.

Importantly, this budget allows for a Hospital Franchise Fee that is more closely aligned to other state provider taxes. We emphatically support these efforts. It is important to note supplemental payments are critical for Medicaid providers. To keep costs stable, Ohio has joined 48 other states to create supplemental support programs. **Even with the Hospital Franchise Fee, children's hospitals alone in Ohio sustained losses of \$730M in 2023.** This means, on average, children's hospitals get paid 76 cents for every dollar in Medicaid costs. With an average of 54% Medicaid patient case mix, continued support for the Hospital Franchise Fee as proposed by the Governor and Ohio House is essential.

340B

The introduced version of the budget included a proposed policy change to Medicaid pharmacy protocols for the federal 340B drug discount program. This program was created for eligible high Medicaid providers, deemed 340B covered entities, to stretch limited resources to vulnerable populations. We understand this program has dramatically expanded, particularly through the use of contract pharmacies, and we recognize it has a direct impact on the state's drug rebate program. However, children's hospitals in Ohio have used the 340B program to establish specialty pharmacy programs that support chronic and complex pediatric health conditions.

Children's hospitals in Ohio have operated 340B programs in a conservative fashion for the last 20 years. This program supports children with complex conditions including Cystic Fibrosis, Cancer, Lupus, Crohn's, and many other rare and complicated diseases. The program allows families to have a robust support team providing medication management to keep them from needing to go to the hospital. These include infusions that can take place at home to minimize exposure to germs inside the hospital for immune-compromised individuals. Specialty pharmacy at children's hospitals delivers a level of care to avoid hospitalization, directly lowering costs to the Medicaid program. We firmly believe children's hospitals are best positioned to use these resources to support families, improve children's health, and further reduce costs to the system.

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

Ohio's children's hospitals have a long history of commitment to patient safety beyond behavioral health. 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/staff 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 –our efforts have saved over 30,000 children from serious harm. Additionally, we have saved over \$668 million – costs that would have been associated with this harm had it not been prevented. This international effort consists of over 140 children's hospitals in North America. It all began right here in Ohio.

Am. Sub. HB 96 continues the importance of investments in Ohio children made by the Ohio General Assembly in the previous state budget, ensuring Ohio's children have access to critical services and quality health care they need to thrive.

In closing, we are proud of our collaboration with our patients, families, and communities to provide the right care in the right place at the right time efficiently and effectively. We look forward to working with the Ohio General Assembly and Governor DeWine and his Administration to raise child health outcomes in Ohio.

Thank you as always for your time, and I would be pleased to answer any questions.