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Chair Romanchuk, Vice Chair Huffman, and members of the Medicaid Committee, thank you for the opportunity to speak about Senate Bill 386. All of us involved in Medicaid realize how complicated our Medicaid system is. We have seven different managed care plans, a complex system of state directed payment plans, special carve-out populations and programs across multiple different agencies. In our system we have limited view into how money is actually being spent by the Managed Care Organizations despite the transparency that all of us involved in Medicaid oversight are always looking for. As a result of this complexity, we have health care providers dealing with seven different systems. Each MCO with different processes and approaches. Each doctor's office or hospital negotiating different contract terms, navigating different systems for denials, prior authorizations and even just figuring out what services people can receive.

Do we really need all this complexity? Every time Ohio has simplified this system, whether it was a unified drug list, or a single PBM things have been easier for patients and providers. And as Senator Blessing pointed out, we saved money.

So let's stop with all the excessive layers of administrative barriers. Let's remove one of the middlemen taking a bite at the healthcare apple, taking 15% of Medicaid dollars without decreasing cost or improving outcomes

Senate Bill 386 simply does this. It removes managed care organizations from our Medicaid system and changes Ohio to a fee-for-service model. Ohio would then contract with an Administrative Services Only (ASO) organization who is paid a set fee to efficiently administer Ohio Medicaid. This would improve transparency, decrease administrative waste, allow improved provider payments and likely improve health outcomes. This approach is modeled after the Medicaid system in Connecticut who switched away from managed care in the early 2010s. They have had notable success and many other states are looking out how to replicate this success within their Medicaid programs.

In the first year Connecticut enacted this ASO model, provider participation increased by 33%. They increased primary care physician payments to match Medicare rates and solidified the concept of a 'medical home' by paying primary care doctors to do the care coordination. Instead of paying insurance companies to try to organize patient needs, Connecticut asked trusted health care providers to do this. As you can imagine, satisfaction and outcomes improved – emergency room visits decreased – this is how you decrease actual healthcare cost. The per person per month spending went down and is still notably lower than their regional peers. Connecticut's costs remain just below national average despite being one of the highest cost of living states, a feature that drives up labor costs. Medicaid administrative costs are only 3.8% of their expenditures – compared with the estimated 9.6% administrative costs in MCO programs. Connecticut's model spends their Medicaid dollars on patient care, complicated not red tape.

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Did CT identify a magic bullet that will fix all challenges in Medicaid? Clearly the answer is no. All states still work to make sure reimburses are correct, costs are controlled and that outcome measures are met. However, given the federal cuts scheduled in the next few years and the changes to provider taxes and state directed payment plans that will hit Ohio hard, it is time to question our approach. We need to pro-actively look at how our program is going to weather these changes and continue to provide care to Ohioans who rely on it.

A little more than a decade ago, Ohio switched to our majority managed care model with the idea that competition and capitation rates would decrease costs for the state – and that insurance companies would do a better job of care coordination for Medicaid recipients. That simply hasn't happened both here and across the country. We have added complexity without value. We can fix that with Senate Bill 386. Thank you. We look forward to answering any questions that you have.

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