

The Impact of Private Industry on Public Health Care

Managed Care is Reshaping Ohio Medicaid

The relationship between leveraging best practices and innovations to improve quality and reduce cost demonstrates why states, including Ohio, continue to expand the use of Medicaid managed care plans.

Medicaid managed care has been part of the Ohio Medicaid program since the late 1970s. Today, managed care plans (MCPs) coordinate health care services for nearly 2.5 million Medicaid beneficiaries in Ohio, representing 86 percent of the total Medicaid population. MCPs are incentivized to control costs and improve quality through innovative initiatives. MCPs provide Ohio's Medicaid program with the ability to modernize care delivery and improve health outcomes through care coordination, value-added services, and partnerships with providers and communities.



Cost Savings in Medicaid Managed Care

MCPs help control Medicaid costs by improving the delivery of health care through evidence-based practices and market innovations. MCPs are incentivized to lower health care costs through strategies that promote preventive care services and care coordination for members with complex conditions, as well as improving population health outcomes and enhancing provider network management.

In an analysis conducted on behalf of the Ohio Association of Health Plans (OAHHP), Wakely Consulting Group, Inc. estimates that the capitation rates paid to the MCPs were 8.9 percent (\$2.5B) to 11.3 percent (\$3.2B) lower in the period from CY 2013 through CY 2015 than the estimated costs had the Ohio Department of Medicaid (ODM) served those same members in the fee-for-service (FFS) program.¹

Medicaid Managed Care Quality Performance

Unlike traditional FFS Medicaid—which does not offer any accountability for quality outcomes—MCPs are held accountable to ensure that members receive quality care. ODM's contract with the MCPs incorporates quality metrics that measure the plans' success in improving quality and reducing costs.

Ohio MCPs score higher than both the national and large state subgroup averages on National Committee for Quality Assurance (NCQA) metrics for 2016-2017. All of Ohio's Medicaid managed care plans are NCQA accredited, which is a rigorous and detailed process that many MCPs elsewhere are not required to meet.

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1. Ohio Medicaid Managed Care Savings Analysis – January 2013 through December 2015, Wakely Consulting Group, Inc.

Managed Care Drives Innovation

Single-payer systems, like the traditional FFS Medicaid program, are bogged down by barriers that inhibit change and innovation. The private sector managed care approach, however, provides Ohio with the ability to implement innovative programs that meet the policy goals of the State and the health care needs of beneficiaries. MCPs have partnered with the State and providers to implement strategies to address population health issues as well as to create a more value-based program.

MCPs are required to have at least 50 percent of provider contracts value-based by 2020. To date, all MCPs can link—at a minimum—20 percent of payments to value-based arrangements and are on target to meet the 2020 requirement.

The Future of Medicaid Managed Care

Further integration of all populations and services into managed care will not only reduce Ohio Medicaid costs, but will also improve the quality of care received by Ohioans. Evidence shows that individuals fare better when their physical and behavioral health and long-term services and supports (LTSS) are coordinated through a single delivery system. The addition of benefits such as LTSS and behavioral health will further improve care coordination as members are able to receive all their health care and support needs through one plan of care.

Ongoing innovation is critical to providing the best services to Medicaid members while at the same time being responsible partners to the Ohio Medicaid program. Ohio’s MCPs have a track record of innovation and partnership with the State and provider community to enhance the health status of Ohioans and to reduce the total cost of care. Ohio’s health plans continue to test, develop and implement programs and payment modalities with the goal of enhancing care coordination, increasing provider access and accountability, improving health outcomes and paying for quality. Any future legislation considered by the General Assembly must avoid policy changes that may limit the MCPs’ ability to be creative in the areas of payment reform and health care delivery improvements.

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