

Department of Medicaid

Role and Overview

The Department of Medicaid (MCD) is the single state agency responsible for the administration of Ohio's Medicaid program. Medicaid is a publicly funded health insurance program for low-income individuals. It is a federal-state joint program, administered by the states and funded with federal, state, and in some states, including Ohio, local revenues. The federal government establishes and monitors certain requirements concerning funding, eligibility standards, and quality and scope of medical services. Approximately 2.3 million Ohioans are currently covered by the Medicaid, making it the largest health insurer in the state. Medicaid is an entitlement for those who meet eligibility requirements. Those who are deemed to be eligible for the program are guaranteed benefits and the state is obligated to pay for them. In Ohio, the Medicaid program is operated and financed under two federal provisions; medical assistance and the state children's health insurance program (SCHIP). While MCD is Ohio's single Medicaid agency, several other agencies administer aspects of the program on a daily basis. Additionally, a variety of local entities assist with particular aspects of the program, including 88 county departments of job and family services, county boards of developmental disabilities, community behavioral health boards, and various area agencies on aging. MCD retains oversight and administrative control of the Ohio Medicaid Program and assures the federal Centers for Medicare and Medicaid Services (CMS) that federally set standards and requirements are met and maintained. MCD is led by a cabinet-level director who is appointed by the Governor. Its mission is to improve health care outcomes by assuring access to quality health care for eligible Ohioans.

More information regarding the Department of Medicaid is available at <http://jfs.ohio.gov/>.

Agency Priorities

- Enhance access and quality for covered populations by examining what Medicaid can do to drive better health outcomes, increase access, and reduce barriers, in addition to strengthening quality measures and outcomes.
- Continue to modernize Ohio's Medicaid program. Initial reforms focused on improving health outcomes while simultaneously controlling costs. The Administration will transform Ohio Medicaid into a cabinet-level agency effective July 1, 2014.
- Further program integrity initiatives by maintaining and improving efforts to combat fraud, waste, and abuse in the Ohio Medicaid program through a collaboration of federal, state, local, and private entities in the health care industry.

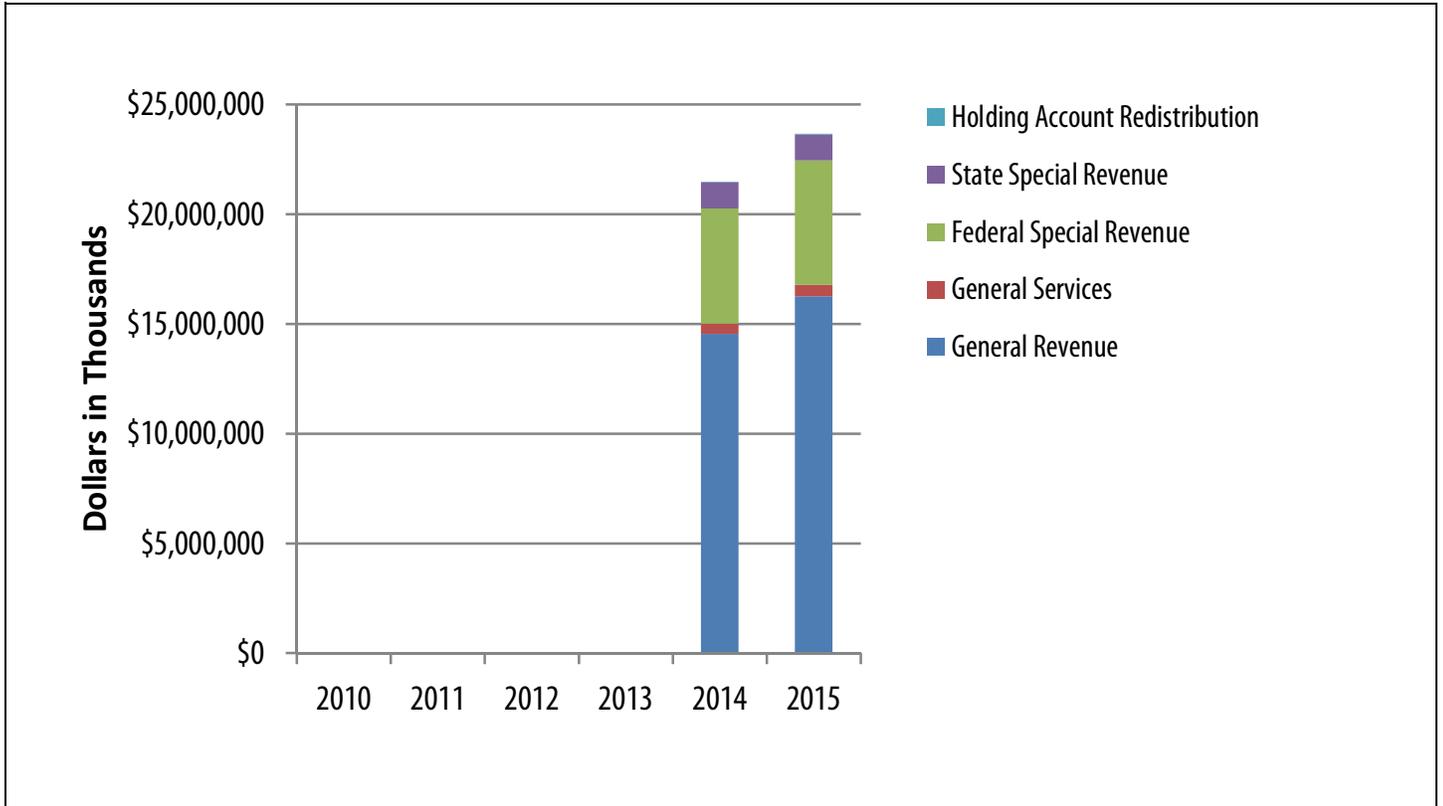
Funding Recommendation for 2014 and 2015

- GRF: Funding for fiscal year 2014 is \$14.5 billion (or a 0.0% increase from fiscal year 2013). Funding for fiscal year 2015 is \$16.3 billion (or a 11.8% increase from fiscal year 2014).
- All Funds: Funding for fiscal year 2014 is \$21.5 billion (or a 0.0% increase from fiscal year 2013). Funding for fiscal year 2015 is \$23.6 billion (or a 10.2% increase from fiscal year 2014).

The Executive Recommendation will fund the following objectives:

- Provide Medicaid services to more than 2.3 million low-income parents, children, pregnant women, seniors, and individuals with disabilities.
- Improve the quality of services and health outcomes by developing policies and implementing initiatives that support how Medicaid pays for services.
- Improve access to ensure people are getting services they need and in the appropriate setting.
- Support several Medicaid Health Information Technology initiatives, including promoting the adoption of electronic health record technology, health information exchange, modernizing Medicaid eligibility systems, and others.

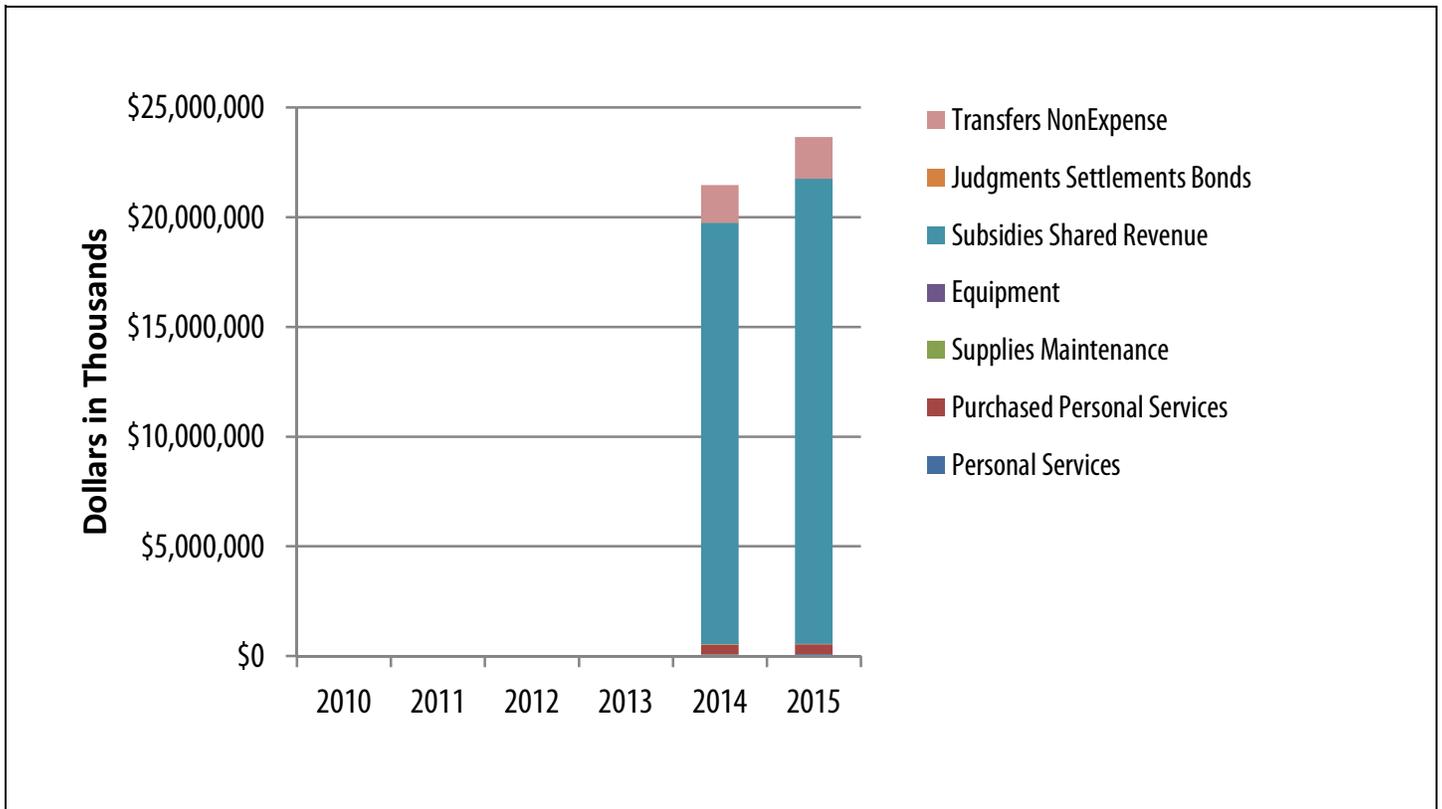
Budget Fund Group Information



- Prior to fiscal year 2014, the Department of Medicaid was housed within the Department of Job and Family Services
- The increase in General Revenue Fund use from fiscal year 2014 to fiscal year 2015 can mostly be attributed to baseline program growth associated with Medicaid subsidy expenditures, as well as increases in caseload attributed to the Affordable Care Act, including the Medicaid expansion population and individuals previously eligible, but not enrolled.

(in Thousands) Budget Fund Group	Actual			Est.	% Change	Recommended			
	FY 2010	FY 2011	FY 2012	FY 2013	FY 12-13	FY 2014	% Change	FY 2015	%Change
General Revenue	0	0	0	0	0.0%	14,547,998	0.0%	16,259,120	11.8%
General Services	0	0	0	0	0.0%	468,900	0.0%	520,700	11.0%
Federal Special Revenue	0	0	0	0	0.0%	5,242,063	0.0%	5,662,405	8.0%
State Special Revenue	0	0	0	0	0.0%	1,203,441	0.0%	1,201,387	-0.2%
Holding Account Redistribution	0	0	0	0	0.0%	1,000	0.0%	1,000	0.0%
Total	0	0	0	0	0.0%	21,463,402	0.0%	23,644,613	10.2%

Expense Account Category Information



- Prior to fiscal year 2014, the Department of Medicaid was housed within the Department of Job and Family Services
- The increase in subsidy and shared revenue account category from fiscal year 2014 to fiscal year 2015 can mostly be attributed to baseline program growth associated with Medicaid subsidy expenditures, as well as increases in caseload attributed to the Affordable Care Act, including the Medicaid expansion population and individuals previously eligible, but not enrolled.

(in Thousands) Expense Account Category	Actual			Est.	% Change	Recommended			
	FY 2010	FY 2011	FY 2012	FY 2013	FY 12-13	FY 2014	% Change	FY 2015	%Change
Personal Services	0	0	0	0	0.0%	84,054	0.0%	86,172	2.5%
Purchased Personal Services	0	0	0	0	0.0%	448,909	0.0%	449,950	0.2%
Supplies & Maintenance	0	0	0	0	0.0%	26,586	0.0%	26,324	-1.0%
Equipment	0	0	0	0	0.0%	1,889	0.0%	1,826	-3.3%
Subsidies & Shared Revenue	0	0	0	0	0.0%	19,186,481	0.0%	21,182,586	10.4%
Judgments, Settlements, & Bonds	0	0	0	0	0.0%	500	0.0%	500	0.0%
Transfers & Non-Expense	0	0	0	0	0.0%	1,714,984	0.0%	1,897,255	10.6%
Total	0	0	0	0	0.0%	21,463,402	0.0%	23,644,613	10.2%

Program Series 1: Medicaid (9400A)

This program series houses four programs. The Health Care/Medicaid Program (9400B) provides publicly funded health insurance for more than 2.3 million low-income Ohioans, making it the largest health insurer in the state. Medicaid provides managed care, hospital stays, home- and community-based services, and nursing facility services. It is a federal-state joint program, administered by the states and funded with federal, state, and sometimes, local revenues. Medicaid services are an entitlement for those who meet eligibility requirements. The Medicare Part D Program (9401B) provides prescription drugs to individuals eligible for Medicare. A clawback payment system was developed by CMS to share the cost of pharmaceuticals for dual-eligibles with the states, and passes a percentage of the Medicare pharmaceutical costs to the Medicaid program. In addition, through the Health Care Program Support Program (9402B) Ohio Medicaid engages in a number of administrative activities as one of the largest public health care purchasers in the United States, including: provider network management, quality assurance and improvement, coordination of benefits, benefit design and pricing, information services, and contract

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monitoring. MCD also contracts with other cabinet-level state agencies to administer various aspects of the Ohio Medicaid program. Through its information technology projects, the Health Care Information Technology Program (9403B) maintains compliance with state and federal regulations, improves customer services, and enhances cost efficiencies. It includes the Medicaid Information Technology System (MITS), which replaced Ohio's 25-year old claims payment system in August 2012. MITS is designed to process about 64 million health care claims each calendar year, with state-of-the-art information technology services for Ohio's more than 84,000 Medicaid providers and more than 2.3 million recipients.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	651425	Medicaid Program Support - State	0	149,482,299	0.0%	156,064,636	4.4%
GRF	651525	Medicaid/Healthcare Services	0	14,089,766,607	0.0%	15,778,135,063	12.0%
GRF	651526	Medicare Part D	0	308,749,142	0.0%	324,920,518	5.2%
SDL0	651639	Medicaid Services - Recoveries	0	462,900,000	0.0%	514,700,000	11.2%
SFX0	651638	Medicaid Services - Payment Withholding	0	6,000,000	0.0%	6,000,000	0.0%
3ER0	651603	Medicaid Health Information Technology	0	123,074,778	0.0%	123,089,606	0.0%
3F00	651623	Medicaid Services - Federal	0	2,977,109,943	0.0%	3,214,589,109	8.0%
3F00	651624	Medicaid Program Support - Federal	0	408,996,401	0.0%	409,323,399	0.1%
3FA0	651680	Health Care Grants - Federal	0	20,000,000	0.0%	20,000,000	0.0%
3G50	651655	Medicaid Interagency Pass-Through	0	1,712,881,658	0.0%	1,895,403,348	10.7%
4E30	651605	Resident Protection Fund	0	2,878,319	0.0%	2,878,319	0.0%
5AJ0	651631	Money Follows the Person	0	5,555,000	0.0%	4,517,500	-18.7%
5GF0	651656	Medicaid Services - Hospitals/UPL	0	531,273,601	0.0%	531,273,601	0.0%
5KCO	651682	Health Care Grants - State	0	10,000,000	0.0%	10,000,000	0.0%
5R20	651608	Medicaid Services - Long Term Care	0	402,000,000	0.0%	402,000,000	0.0%
5U30	651654	Medicaid Program Support	0	36,205,843	0.0%	35,403,126	-2.2%
6510	651649	Medicaid Services - HCAP	0	215,527,947	0.0%	215,314,482	-0.1%
R055	651644	Refunds and Reconciliations	0	1,000,000	0.0%	1,000,000	0.0%
Total for Medicaid			0	21,463,401,538	0.0%	23,644,612,707	10.2%

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Appropriation Line Item Analysis for Fiscal Years 2014 and 2015

Line Item Restructuring Analysis

Some significant restructuring has gone along with the Department of Medicaid's transition from an office within the Department of Job and Family Services (JFS). In most cases, Medicaid has brought along its associated line items, changing their prefixes from 600-to 651-. Beside the change in prefix, deeper changes to the structure are described in this section.

Previously, Medicaid was viewed strictly as the health care expenditures housed within JFS. This budget seeks to give a more holistic view of Medicaid spending. The new agency, as well as the health and human services sister agencies, has restructured and simplified the entire Medicaid budget to make it more transparent. Medicaid line items, regardless of agency can be easily identified by their 65- prefix. The third number in the line item denotes the agency. Prior to fiscal year 2014, Medicaid spending had been mixed in with non-Medicaid expenditures. Among the agencies which draw federal Medicaid funding, Medicaid expenditures have been compartmentalized within the 65- line items, the non-Medicaid having been moved to other line items. In addition, service and administrative expenditures have also been segregated wherever possible. The result is a clean, transparent view of Medicaid expenditures, regardless of agency.

Beginning in fiscal year 2014 and continuing in fiscal year 2015, the state share of administrative funding previously appropriated in JFS's GRF line items 600321, Program Support, 600416 Information Technology Projects, 600417, Medicaid Provider Audits, 600425, Healthcare Programs, and 600525, Health Care/Medicaid is appropriated in Department of Medicaid line item 651425, Health Care Program Support - State. Additionally, the state share of administrative funding from ODJFS's non-GRF line items 600639 Healthcare/Medicaid Support - Recoveries, 600629, Healthcare Program and DDD Support, and 600608 will also be consolidated into line item 651425, Medicaid Program Support - State. As a result, 651425 will exist as a purely administrative, purely state share GRF line item. The associated federal match is appropriated in line item 651624, Medicaid Program Support - Federal, along with the federal match for administrative activities previously funded from 600623, Health Care - Federal.

In fiscal years 2014 and 2015, funds previously appropriated for administrative activities in ODJFS line items 600625 Healthcare Compliance will be consolidated into 651654, Medicaid Program Support. A portion of ODJFS line item 600625, Healthcare compliance, associated with managed care expenditures will be consolidated into ALI 651612, Managed Care performance Payments. To illustrate changes in funding levels due to this restructuring, estimated fiscal year 2013 spending in the following table is converted from the previous line-item structure to the current line-item structure.

Fund	ALI	ALI Name	Estimated	Recommended		FY 2015	% Change
			FY 2013	FY 2014	% Change		
GRF	651425	Medicaid Program Support - State	\$97,860,133	\$149,482,299	52.8%	\$156,064,636	4.4%
GRF	651525	Medicaid/Health Care Services	\$11,768,024,115	\$14,089,766,607	19.7%	\$15,778,135,063	12.0%
GRF	651526	Medicare Part D	\$289,428,180	\$308,749,142	6.7%	\$324,920,518	5.2%
3ERO	651603	Medicaid Health Information Technology	\$142,252,984	\$123,074,778	-13.5%	\$123,089,606	0.0%
3FA0	651680	Health Care Grants - Federal	\$20,000,000	\$20,000,000	0.0%	\$20,000,000	0.0%
3F00	651623	Medicaid Services - Federal	\$2,638,180,963	\$2,977,109,943	12.8%	\$3,214,589,109	8.0%
3F00	651624	Medicaid Program Support - Federal	\$253,378,733	\$408,996,401	61.4%	\$409,323,399	0.1%

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3G50	651655	Medicaid Interagency - Pass-Through	\$1,380,391,478	\$1,712,881,658	24.1%	\$1,895,403,348	10.7%
4E30	651605	Resident Protection Fund	\$2,878,319	\$2,878,319	0.0%	\$2,878,319	0.0%
5AJ0	651631	Money Follows the Person	\$4,733,080	\$5,555,000	17.4%	\$4,517,500	-18.7%
5DL0	651639	Medicaid Services - Recoveries	\$368,905,288	\$462,900,000	25.5%	\$514,700,000	11.2%
5FX0	651638	Medicaid Series - Payment Withholding	\$6,000,000	\$6,000,000	0.0%	\$6,000,000	0.0%
5GF0	651656	Medicaid Services - Hospital/UPL	\$523,773,602	\$531,273,601	1.4%	\$531,273,601	0.0%
5KC0	651682	Health Care Grants - State	\$10,000,000	\$10,000,000	0.0%	\$10,000,000	0.0%
5KW0	651612	Managed Care Performance Payments	\$0	\$0	0.0%	\$0	0.0%
5R20	651608	Medicaid Services - Long Term Care	\$397,404,064	\$402,000,000	1.2%	\$402,000,000	0.0%
5U30	651654	Medicaid Program Support	\$38,738,000	\$36,205,843	-6.5%	\$35,403,126	-2.2%
R055	651644	Refunds and Reconciliation	\$0	\$1,000,000	0.0%	\$1,000,000	0.0%
6510	651649	Medicaid Services - HCAP	\$217,008,050	\$215,527,947	-0.7%	\$215,314,482	-0.1%

Line Item Notes

651644, Refunds and Reconciliations: This new line item will serve as a holding fund for the Department of Medicaid while the correct agency, provider, or other entity is found.

600603, Health Information Technology; 651603, Medicaid Health Information Technology: Line item 600603 will no longer be used after fiscal year 2013, with 651603 taking its place in fiscal year 2014. Appropriation levels peaked in fiscal year 2013 with several technology projects.

600623, Health Care Federal; 651623 Medicaid Services - Federal: Line item 600623 will no longer be used, with 651623 taking its place for service expenditures, and 651624 Medicaid Program Support for administrative expenditures. Appropriation levels for this line item reflect significant line item restructuring detailed in the previous section.

600650, Hospital Care Assurance – Federal: This line item is being discontinued in fiscal year 2014 as it is being included in line item 651623 Medicaid Services Federal.

651624, Medicaid Program Support: This new line item will house the federal share of the majority of Medicaid’s administrative spending, the state share of which can mostly be found in line item 651425 Medicaid Program Support – State. Also included are contracts previously found in the main Medicaid service line item, 600525, Health Care/Medicaid. The federal share of other administrative spending previously found in line items 600623, Health Care Federal, 600321, Program Support, and 600416, Information Technology Projects is also included in this line item.

600680, HealthCare Grants – Federal; 651680 Health Care Grants - Federal: Line item 600680 will no longer be used after fiscal

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year 2013, with 651680 taking its place in fiscal year 2014.

600655 Interagency Reimbursement/651655 Medicaid Interagency Pass-Through: Line item 600655 will no longer be used after fiscal year 2013, with 651655 taking its place in fiscal year 2014. Appropriation levels in fiscal years 2014 and 2015 are higher due to increased transfers to other agencies, including the new transfers to the Department of Job and Family Services, which were not necessary before fiscal year 2014 due to Medicaid being housed within that department.

600417 Medicaid Provider Audits: This line item will no longer be used. In fiscal years 2014 and 2015, the federal share of its responsibilities will be included in 651624, while the state share will be housed in 651425.

600425 Health Care Programs/Medicaid Program Support – State: Line item 600425 will no longer be used after fiscal year 2013, with 651425 taking its place in fiscal year 2014. A large increase can be seen from 600425 to 651425. The majority of the increase is due to restructuring as described in the ALI restructuring section. In addition, certain service contracts previously categorized subsidy expenditure has now been reclassified as an administrative expenditure in accordance with the definition used by the Centers for Medicare and Medicaid Services (CMS).

600526, Medicare Part D; 651526, Medicare Part D: Line item 600526 will no longer be used after fiscal year 2013, with 651526 taking its place in fiscal year 2014. Higher appropriations are due to expected increases in clawback payments to the federal government.

600537, Children's Hospital: This line item will no longer be used after fiscal year 2013. Amounts in the line item have been rolled into 651525, Health Care/Medicaid Services.

600525, Health Care/Medicaid; 651525 Medicaid/Health Care Services: Line item 600525 will no longer be used after fiscal year 2013, with 651525 taking its place in fiscal year 2014. This line item's increase is due to upward baseline trend as well as increases in caseload attributed to the Affordable Care Act, including the Medicaid expansion population and individuals previously eligible, but not enrolled.

600671, Medicaid Program Support: This line item was discontinued beginning in FY13.

600639 Health Care/Medicaid Support- Recoveries; 651639 Medicaid Services – Recoveries: Line item 600639 will no longer be used after fiscal year 2013, with 651639 taking its place in fiscal year 2014. Increases are mainly due to restructuring and the increased rebates expected, which would have been housed in 600692, Health Care/Medicaid Support – Drug Rebates.

600692 Health Care/Medicaid Support – Drug Rebates: This line item will no longer be used after fiscal year 2013. Beginning in fiscal year 2014, expenditures previously housed in this line item will be included in 651639, Medicaid Services – Recoveries.

600638 Medicaid Payment Withholding; 651638 Medicaid Services – Payment Withholding: Line item 600638 will no longer be used after fiscal year 2013, with 651638 taking its place in fiscal year 2014.

600682 Health Care Grants – State; Health Care Grants – State: Line item 600682 will no longer be used after fiscal year 2013, with 651682 taking its place in fiscal year 2014.

651612 Managed Care Performance Payments: Appropriation will be shifted to this line item from 651525, Health Care/Medicaid Services for the 1% withheld from managed care organizations pending qualification for performance pay.

600649 Hospital Care Assurance Program Fund; 651649 Medicaid Service – HCAP: Line item 600649 will no longer be used after fiscal year 2013, with 651649 taking its place in fiscal year 2014.

600605 Resident Protection Fund; 651605 Resident Protection Fund: Line item 600605 will no longer be used past fiscal year 2013, with 651605 taking its place in fiscal year 2014.

600621, DDD Support – Franchise Fee: The appropriation for this line item has been transferred to the Department of Developmental Disabilities

600631 Money Follows the Person; 651631 Money Follows the Person: Line item 600631 will no longer be used after fiscal year 2013, with 651631 taking its place in fiscal year 2014.

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600656, Health Care/Medicaid Support – Hospitals/UPL; 651656, Medicaid Services – Hospitals/UPL: Line item 600656 will no longer be used after fiscal year 2013, with 651656 taking its place in fiscal year 2014.

600608 Long-Term Care Support; 651608, Medicaid Services - Long-Term Care: Line item 600608 will no longer be used after fiscal year 2013, with 651608 taking its place in fiscal year 2014.

600629, Health Care Program and DDD Support: This line item will no longer be used after 2013. In 2014, the Intermittent Care Facilities for Individuals with Intellectual Disabilities will be housed in the Department of Developmental Disabilities.

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Fund	ALI	ALI Name	Actual			Estimated	Recommended			
			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	651425	Medicaid Program Support - State	0	0	0	0	149,482,299	0.0%	156,064,636	4.4%
GRF	651525	Medicaid/Healthcare Services	0	0	0	0	14,089,766,607	0.0%	15,778,135,063	12.0%
GRF	651526	Medicare Part D	0	0	0	0	308,749,142	0.0%	324,920,518	5.2%
Total General Revenue			0	0	0	0	14,547,998,048	0.0%	16,259,120,217	11.8%
SDL0	651639	Medicaid Services - Recoveries	0	0	0	0	462,900,000	0.0%	514,700,000	11.2%
SFX0	651638	Medicaid Services - Payment Withholding	0	0	0	0	6,000,000	0.0%	6,000,000	0.0%
Total General Services			0	0	0	0	468,900,000	0.0%	520,700,000	11.0%
3ERO	651603	Medicaid Health Information Technology	0	0	0	0	123,074,778	0.0%	123,089,606	0.0%
3F00	651623	Medicaid Services - Federal	0	0	0	0	2,977,109,943	0.0%	3,214,589,109	8.0%
3F00	651624	Medicaid Program Support - Federal	0	0	0	0	408,996,401	0.0%	409,323,399	0.1%
3FA0	651680	Health Care Grants - Federal	0	0	0	0	20,000,000	0.0%	20,000,000	0.0%
3G50	651655	Medicaid Interagency Pass-Through	0	0	0	0	1,712,881,658	0.0%	1,895,403,348	10.7%
Total Federal Special Revenue			0	0	0	0	5,242,062,780	0.0%	5,662,405,462	8.0%
4E30	651605	Resident Protection Fund	0	0	0	0	2,878,319	0.0%	2,878,319	0.0%
5AJ0	651631	Money Follows the Person	0	0	0	0	5,555,000	0.0%	4,517,500	-18.7%
5GF0	651656	Medicaid Services - Hospitals/UPL	0	0	0	0	531,273,601	0.0%	531,273,601	0.0%
5KCO	651682	Health Care Grants - State	0	0	0	0	10,000,000	0.0%	10,000,000	0.0%
5R20	651608	Medicaid Services - Long Term Care	0	0	0	0	402,000,000	0.0%	402,000,000	0.0%
5U30	651654	Medicaid Program Support	0	0	0	0	36,205,843	0.0%	35,403,126	-2.2%
6510	651649	Medicaid Services - HCAP	0	0	0	0	215,527,947	0.0%	215,314,482	-0.1%
Total State Special Revenue			0	0	0	0	1,203,440,710	0.0%	1,201,387,028	-0.2%
R055	651644	Refunds and Reconciliations	0	0	0	0	1,000,000	0.0%	1,000,000	0.0%
Total Holding Account Redistribution			0	0	0	0	1,000,000	0.0%	1,000,000	0.0%
Grand Total Department of Medicaid			0	0	0	0	21,463,401,538	0.0%	23,644,612,707	10.2%