Auditor of State
Betty Montgomery

Ohio Medicaid Program Performance Audit

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R4.18	**Monitor the effect of Medicare Part D on supplemental prescription rebates and increase generic substitution:** The State Medicaid agency should monitor the impact of Medicare Part D and statewide managed care on the Medicaid prescription drug program, specifically its supplemental rebates from manufacturers. If Ohio Medicaid experiences a loss in purchasing power, it should explore opportunities to join a purchasing pool for prescription drugs. Furthermore, the Agency should work with CMS to have the Comptroller General or Director of the Congressional Budget Office review and compare states' drug costs, after supplemental rebates, on a routine basis. If the State Medicaid agency were to experience savings through joining a multi-state purchasing pool at a level similar to Michigan, the Agency could avoid costs of $2 million. If the State Medicaid agency were to increase the use of generics to 62 percent, the State could save $57 million annually in prescription drug costs. (Assuming that 75% of costs are shifted to Medicare Part D).
R4.19	**Use waiver programs to implement pioneering approaches to services and coverage:** The State Medicaid agency should actively pursue pioneering approaches, through federal waivers, to improve services to existing recipients and expand coverage. The Agency should use limited populations to pilot the projects but should ensure that, throughout the duration of the initial waiver, appropriate input, output and outcome data is maintained so that the efficacy and cost effectiveness of the program can be determined.
R4.20	**Implement a Cash and Counseling or Independence Plus program:** The State Medicaid agency should work with the sub-recipient agencies, specifically ODA and ODMRDD, to develop and implement a Cash and Counseling or Independence Plus program in Ohio. These programs would grant Ohio Medicaid participants greater flexibility and direction over their care. The new waiver currently under development by ODJFS and ODA could serve as a method to pilot these programs before implementing them statewide.
R4.21	**Implement a regular process to evaluate rates and rate setting methodologies, and set rates to achieve program purposes:** The State Medicaid agency should implement a regular process for the periodic evaluation of all Medicaid service rates and should examine each of its rate setting methodologies separately as it undertakes rate adjustment strategies. Furthermore, the State Medicaid agency should set rates to achieve specific public policy objectives, such as access to primary care, well-child care, or prenatal care. The overall goal of the State Medicaid agency's rate reimbursement cost reduction activities should be to ensure that all Medicaid recipients are provided access to necessary care, as well as high quality services. When determining rate setting cost reductions, the State Medicaid agency should establish a more rational process for periodically reviewing and adjusting payment rates, use Medicare rates as a benchmark, perform a comprehensive analysis of access to physician services and the quality of care provided, and offer proposals for periodic future adjustments to rates based on analysis. Although modifying the design of a state health care payment system presents risks, ignoring inequities and inefficiencies in Ohio's Medicaid payment approach also endangers the well-being of the overall health care system.
R4.22	**Improve the transparency of the rate-setting process:** The State Medicaid agency should make its rate setting process more transparent by consistently keeping stakeholders and providers informed of pending rate reimbursement changes and seeking their input. To ease stakeholder concerns about the nature and timing of rate changes, the State Medicaid agency and the sub-recipient agencies should establish a more formal schedule of rate reviews and include ample opportunity for stakeholder comment.

R4.23	**Document the rate setting process and prioritization goals:** The State Medicaid agency should develop a documented policy containing detailed goals for setting reimbursement strategies and rate reductions. The Agency should routinely determine if access and quality of care to Medicaid services are compromised when rate setting cost reduction strategies are proposed and implemented. Additionally, the State Medicaid agency should document service prioritization goals when determining rate setting cost reduction strategies to be implemented to ensure the most appropriate service rates are reviewed. The State Medicaid agency should use recommended rate reimbursement criteria including ensuring that payment rates are high enough to encourage program participation by efficient providers, payment rates are low enough to minimize taxpayer burden and enable the provision of program services and enrollee coverage; and payments rates are appropriate to the overall market and individual submarkets to sustain program viability across and within a state's market areas and to avoid under and over provision of care, recognizing practice variation from one market to the next.
	Managed Care/Care Management
General Assembly	
R5.26	**Implement a High Risk Pool program for uninsured Ohioans:** The General Assembly and the Governor, with the assistance of appropriate State agencies, should implement a High Risk Pool program for uninsured Ohioans. Ohio should also access funding available under U.S. Senate Bill 288.
R5.27	**Implement a Premium Assistance/Covered at Work program for uninsured Ohioans:** The State Medicaid agency should apply for a federal demonstration waiver to implement a Premium Assistance/Covered at Work program for uninsured Ohioans. The State Medicaid agency should design the program with the goal to make preventive and primary care services available to a portion of the uninsured population
R5.28	**Pilot and test programs for the uninsured in Ohio:** The State Medicaid agency should use Ohio state-funded universities to examine current programs for the uninsured in Ohio, their financial impact, and the impact of the uninsured on Medicaid. Using this data, the State Medicaid agency should develop pilot programs to test the viability of alternative programs for the uninsured and study the cost/benefit of these programs. Based on evaluation of the pilot programs, the State Medicaid agency should take a proactive approach and make recommendations, supported by data-driven evidence, to the General Assembly concerning the addition of programs for the uninsured in Ohio.
State Medicaid Agency	
R5.1	**Develop and use a meaningful system to monitor managed care and fee-for service delivery systems:** The State Medicaid agency should develop and use a robust and meaningful evaluation system to monitor managed care and fee-for service delivery systems. To assist in developing and collecting this information, State universities have expressed an interest and capability in forming a joint venture with the State to promote health services research. Also, the Care Management Working Group, developed as a result of HB 66, could assist in determining specific measures and criteria for defining positive health outcomes.
R5.2	**Pilot alternative care models and implement effective models in Ohio:** The State Medicaid agency should pilot and evaluate alternative care models to determine which programs would be most effective in Ohio, both under fee-for-service and managed care. In particular, those Medicaid recipients having multiple, chronic healthcare needs should be targeted as they may benefit the most from an enhanced care management plan or a primary care case management program. Furthermore, the State Medicaid agency should identify cutting-edge service delivery models and apply the lessons learned through evaluations of these models to Ohio Medicaid. Finally, the State Medicaid agency should be prepared to support decisions to continue or eliminate programs through data centered empirical evaluations.