

# Ohio Medicaid Basics update

## Recent trends in enrollment and spending

Medicaid pays for medical services for people with low incomes. The program is financed jointly by the federal government and states. Between 2008 and 2016, the uninsured rate for all Ohioans has decreased from 11.3 percent to 5.6 percent.<sup>1</sup> During the similar time period of State Fiscal Year (SFY) 2008 to SFY 2017, the number of people enrolled in Medicaid increased by 82 percent and spending increased by 86 percent.<sup>2</sup>

This is a brief update to the Health Policy Institute of Ohio's biennial publication, **Ohio Medicaid Basics 2017**. It provides new data about enrollment and spending during SFYs 2017 and 2018 and describes connections between enrollment and spending growth in Ohio's Medicaid program.

### Enrollment changes during SFY 2017

During SFY 2017, total average monthly Medicaid enrollment in Ohio increased by about 2 percent over SFY 2016, from 3.03<sup>3</sup> to 3.09<sup>4</sup> million people (see figure 1).

The Aged, Blind and Disabled (ABD) group accounted for most of this growth (see figure 2). The ABD group includes adults who are disabled, blind, or over the age of 65, and disabled children in families with low incomes.<sup>5</sup> Enrollment among this population will continue to increase as older adults make up a larger proportion of Ohio's total population (see figure 3).<sup>6</sup>

During SFY 2017, enrollment in the ABD group increased by 60,895 adults and 32,185 children.<sup>7</sup> Enrollment in the ABD-dual group — Ohioans eligible for both the ABD Medicaid group and Medicare — increased by 38,961 (see figure 2).

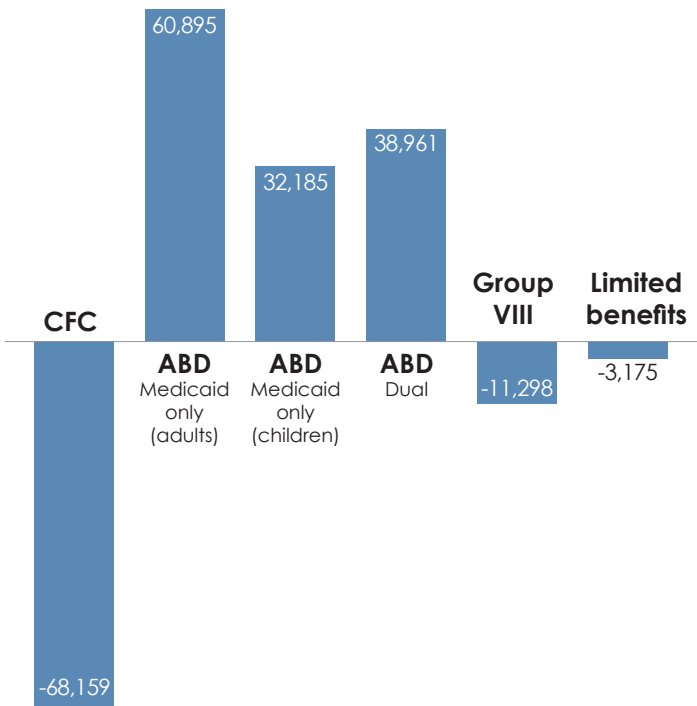
During the same period of enrollment, the Covered Families and Children (CFC) group decreased by 68,159 and Group VIII, which is sometimes referred to as the Medicaid Expansion group, decreased by 11,298. The CFC group includes children, pregnant women and adults in families with incomes below 90 percent of the federal poverty level (FPL) and Group VIII includes all Ohio adults, ages 18-64, with incomes under 138 percent FPL.

Figure 1. **Ohio Medicaid enrollment trend, 2003-2017**



**Note:** ODM caseload reports update each month to reflect retroactive and back-dated eligibility. SFY averages for 2012-2017 were retrieved from the January report for the end of the fiscal year.  
**Sources:** 2003 - 2011 Ohio Department of Job and Family Services, Public Assistance Monthly Statistics reports; 2012-2017 Ohio Department of Medicaid (ODM), caseload reports

Figure 2. Ohio Medicaid enrollment change, by eligibility group, July 2016 to June 2017



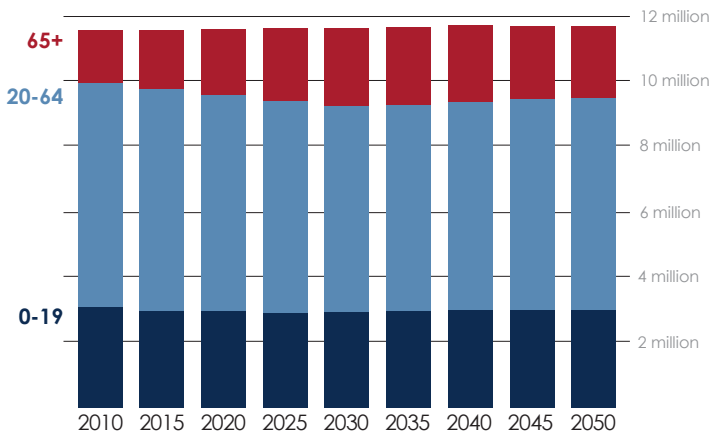
Source: Ohio Department of Medicaid, caseload report, January 2018

### Enrollment changes to date – SFY 2018<sup>8</sup>

Total enrollment in Ohio’s Medicaid program has decreased by more than 96,000 between July 2017 and March 2018.

During the same period of enrollment, the ABD group has decreased by about 1,200 people (0.2 percent). Enrollment in Group VIII decreased by more than 18,000 people (2.6 percent), and enrollment in the CFC group decreased by about 65,000 (3.7 percent).

Figure 3. Population projections, by age, Ohio 2010-2050



Source: Ohio Development Services Agency

### Factors that contributed to growth in ABD enrollment during SFY 2017

Between 2012 and 2016, ODM implemented policy and process changes that contributed to growth in ABD enrollment during SFY 2017.

#### Changes to income eligibility levels and enrollment processes

In 2012, ODM began the process of implementing a new online application portal, a new Medicaid eligibility determination system and simplification of eligibility groups.<sup>9</sup> In 2014, Ohio expanded Medicaid eligibility to all adults with incomes below 138 percent FPL. This made it possible for thousands of Ohioans who were previously uninsured to get Medicaid coverage through Group VIII.<sup>10</sup>

As these changes were implemented, some Medicaid applicants were enrolled in the CFC or Group VIII groups, including recipients of federal Supplemental Security Income (SSI)<sup>11</sup>, but should have been enrolled in the ABD group.

When Ohio implemented changes to ABD eligibility in August 2016 (described below), some enrollees were reclassified from CFC or Group VIII to ABD. This reclassification was responsible for some of the ABD enrollment growth during SFY 2017.<sup>12</sup>

#### Changes to ABD eligibility

In August 2016, ODM implemented two major changes specific to ABD eligibility that resulted in increased ABD enrollment.<sup>13</sup>

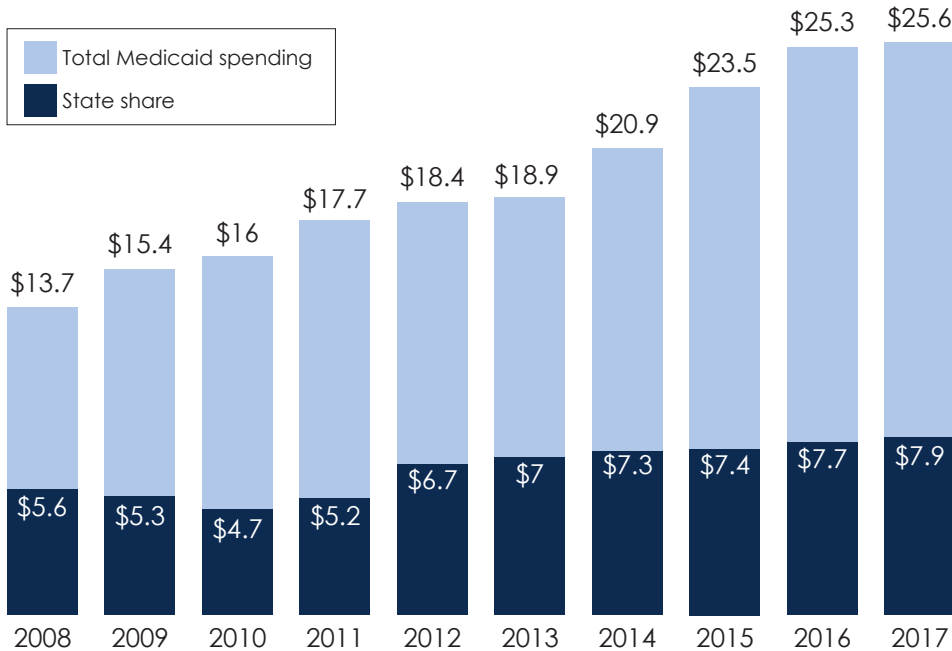
First, the income eligibility level was increased from 64 percent FPL to 75 percent FPL. This change increased enrollment in the ABD-dual group because people who were previously only eligible for the Medicare Premium Assistance Program – a program that pays Medicare premiums, deductibles and coinsurance, but does not provide other Medicaid benefits – became eligible for full Medicaid benefits.

Second, ODM began automatically enrolling everyone who receives federal SSI into the ABD group. Before this change, some Ohioans receiving SSI were not enrolled in Medicaid or were enrolled in CFC or Group VIII as described above.

#### Ohio’s changing demographics

As illustrated in figure 3, Ohio’s population is expected to age over the next several decades. Enrollment in the ABD eligibility group will increase in response to this demographic shift.

Figure 4. Ohio Medicaid spending, in billions, SFY 2008-2017



Source: Data from Ohio Legislative Services Commission, *Historical Revenues and Expenditures* table 4

## Spending

In Ohio, total Medicaid spending was \$25.6 billion in SFY 2017, with \$17.6 billion, or about 69 percent, coming from the federal government.<sup>14</sup> Since 2008, total Medicaid spending in Ohio, including state and federal funding, has increased by 86 percent from \$13.7 billion in SFY 2008 to \$25.6 billion in SFY 2017. In contrast, the state share of Medicaid spending has increased by only 41 percent (see figure 4).<sup>15</sup>

The state share of Medicaid spending has not grown as quickly, in part, because the federal government provided enhanced reimbursements during the Great Recession and through the Affordable Care Act. For example, the federal government reimbursed states for 100 percent of costs for Group VIII enrollees during calendar years 2014-2016. The match rate was 95 percent for calendar year 2017. The match rate is 94

percent for 2018 and will go down to 93 percent in 2019 and 90 percent in 2020, where it will remain.<sup>16</sup> As a result of this change, the state share for providing Medicaid to this group will gradually increase.

Figure 5. Ohio Medicaid per member per month cost, by eligibility group, SFY 2017

Type	Cost
CFC	\$296
Group VIII	\$575
ABD – children	\$1,777
ABD – adults	\$2,225
ABD – dual	\$2,048
Other	\$60

Source: Optumas

## Joint Medicaid Oversight Committee

To focus on reducing healthcare costs and improving health outcomes the legislative Joint Medicaid Oversight

Committee (JMOC) was created in 2014. Ohio statute requires that the Medicaid director limit per member per month spending growth to a rate set by JMOC.<sup>17</sup> Since creation of JMOC, per member per month spending growth for Ohio Medicaid has slowed and consistently come in under the limit set by JMOC.<sup>18</sup> The PMPM spending growth rate limit set for SFY 2016 was 2.9 percent and actual growth was 1.1 percent. The limit set for SFY 2017 was 3.3 percent and actual growth was 2 percent.<sup>19</sup> The limit set for SFYs 2018 and 2019 is 3.3 percent.<sup>20</sup>

## Spending by eligibility group

Similar to other healthcare programs, a small number of Medicaid enrollees account for a high percentage of total

expenditures. In Ohio during SFY 2017, ABD enrollees represented 13.3 percent of total Medicaid enrollment, but accounted for 47.3 percent of expenditures (see figure 6).

## Impact of increased ABD enrollment on Medicaid spending

As the proportion of ABD enrollees in Ohio's Medicaid program increases, total Medicaid spending and the state share for operating the program will continue to increase.<sup>21</sup>

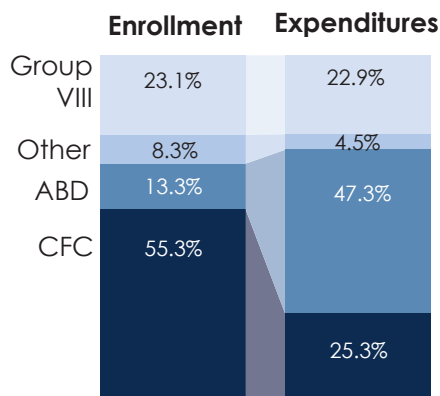
## Total Medicaid spending

One major factor that will drive overall spending is the high cost of providing health care to people enrolled in the ABD group. Figure 5 shows per member per month cost for the Medicaid program during SFY 2017 by eligibility group.<sup>22</sup> Ohio experienced enrollment growth in the groups with the highest per member per month costs during SFY 2017, while enrollment decreased in the lowest cost groups.

## State share

State share for the Medicaid program will increase in Ohio as a result of enrollees being reclassified from Group VIII and CFC to ABD during SFY 2017. Ohio is reimbursed at about 63 percent for ABD enrollees<sup>23</sup>, compared to 94 percent for Group VIII enrollees in 2018.<sup>24</sup> This means that, in 2018, Ohio will receive only about \$63 in federal reimbursement for every \$100 of healthcare provided to an individual who was shifted from Group VIII to ABD, compared to the \$94 the state would have received if the individual remained in Group VIII.

Figure 6. **Cost differences between types of Medicaid enrollees, SFY 2017**



**Source:** Ohio Department of Medicaid, Medicaid eligibles and expenditures reports (SFY 2017). Additional analysis by HPIO.

## Conclusion

Overall, Medicaid enrollment appears to be stabilizing and per member per month spending growth has averaged 1.6 percent since SFY 2015, within the limits set by JMOC.

Policy and process changes related to the ABD eligibility group implemented during SFY 2017 increased ABD enrollment. This trend is likely to continue as older adults are projected to make up a larger proportion of Ohio's population. Since people enrolled in the ABD category generally have more healthcare needs and higher healthcare costs than

other groups, Ohio's changing demographics will impact future Medicaid spending.

The federal government, Ohio and other states have pursued strategies to reduce Medicaid spending growth, while ensuring that people with low incomes have access to care. Often these strategies focus on high cost, high need populations. Many new models of payment and care coordination have emerged, with variations in results.

Over the past several years, Ohio has focused on transitioning most groups to managed care and advancing patient-centered primary care and episode-based payments. Going forward, Ohio could build on these efforts by furthering effective, comprehensive coordinated care models that tie payment to population health outcomes and include a shared savings component. The state could do more to prevent high-cost conditions, such as by supporting the Diabetes Prevention Program and tobacco cessation, and other evidence-based policies that address behaviors and the social determinants of health as outlined in the [2017-2019 State Health Improvement Plan](#).

Many opportunities remain for Ohio to invest in evidence-based policies that prevent health conditions and address root causes of poor health and costly care. Strategic investments and a commitment to continual evaluation could lead to sustainable spending growth and improved health outcomes.

## Notes

- Data from the U.S. Census Bureau, American Community Survey, 1-year estimates. "Health Insurance Historical Tables – HIC Series, Table HIC-4. Health Insurance Coverage Status and Type of Coverage by State – All Persons: 2008 to 2016." U.S. Census Bureau. Accessed April 26, 2018. <https://www.census.gov/data/tables/time-series/demo/health-insurance/historical-series/hic.html>
- Enrollment calculations based on Ohio Department of Job and Family Services, Public Assistance Monthly Statistics Report, State Fiscal Year 2008. Accessed April 26, 2018. <http://jfs.ohio.gov/pams/Reports/PAMS-SFY-2008.pdf> and Actual vs. Estimated Medicaid Eligibles – SFY 2018. Columbus, OH: Ohio Department of Medicaid, January 2018. Accessed April 26, 2018. <http://medicaid.ohio.gov/Portals/0/Resources/Reports/Caseload/2018/01-Caseload.pdf>. Spending calculations based on data from the Ohio Legislative Service Commission. "Table 4 – All-Funds Medicaid Expenditure History." Accessed April 24, 2018. <https://www.lsc.ohio.gov/pages/reference/current/historicalrevandexpenditure.aspx>
- Actual vs. Estimated Medicaid Eligibles – SFY 2017. Columbus, OH: Ohio Department of Medicaid, January 2017. <http://medicaid.ohio.gov/Portals/0/Resources/Reports/Caseload/2017/01-Caseload.pdf>
- Actual vs. Estimated Medicaid Eligibles – SFY 2018. Columbus, OH: Ohio Department of Medicaid, January 2018. <http://medicaid.ohio.gov/Portals/0/Resources/Reports/Caseload/2018/01-Caseload.pdf>
- For more information on Medicaid eligibility in Ohio see Ohio Medicaid Basics 2017.
- Population Projections by Age and Sex, 2015 to 2050: State of Ohio. Columbus, OH: Ohio Development Services Agency, April 2018. Additional analysis by HPIO. <https://development.ohio.gov/files/research/P6001.pdf>
- Change during SFY 2017 by eligibility groups was calculated using numbers for July 2016 and June 2017 as reported by this report: Actual vs. Estimated Medicaid Eligibles – SFY 2018. Columbus, OH: Ohio Department of Medicaid, January 2018. <http://medicaid.ohio.gov/Portals/0/Resources/Reports/Caseload/2018/01-Caseload.pdf>
- Recent enrollment reports are subject to change from month-to-month. The enrollment numbers reported in this section were reported by ODM in March 2018. Actual vs. Estimated Medicaid Eligibles – SFY 2018. Columbus, OH: Ohio Department of Medicaid, March 2018. <http://medicaid.ohio.gov/Portals/0/Resources/Reports/Annual/Group-VIII-Assessment.pdf?ver=2016-12-30-085452-610>
- "Integrated eligibility." Ohio Governor's Office of Health Transformation. Accessed April 8, 2016. <http://healthtransformation.ohio.gov/Portals/0/Eligibility%208.pdf?ver=2013-09-24-08071-1-327>
- According to an ODM report published during SFY 2017, 75 percent of Group VIII enrollees did not have insurance prior to enrolling in Medicaid. Ohio Medicaid Group VIII Assessment: A Report to the Ohio General Assembly. Columbus, OH: Ohio Department of Medicaid, December, 2016. <http://medicaid.ohio.gov/Portals/0/Resources/Reports/Annual/Group-VIII-Assessment.pdf?ver=2016-12-30-085452-610>
- SSI is a program administered by the Social Security Administration that pays a cash benefit to people who are disabled or over the age 65 and do not qualify for benefits through the federal Social Security Disability Insurance (SSDI) program.
- According to Ohio Office of Budget and Management director, Tim Keen, the growth in the ABD category "reflects the Department of Medicaid's continued effort to properly place people in the appropriate eligibility category per federal regulations." Timothy S. Keen, Director, to the Honorable John R. Kasich, Governor and The Honorable Mary Taylor, Lt. Governor, Memorandum, Ohio Office of Budget and Management, Monthly Financial Report, July 10, 2017. [https://www.obm.ohio.gov/Budget/monthlyfinancial/doc/2017-07\\_mfr.pdf](https://www.obm.ohio.gov/Budget/monthlyfinancial/doc/2017-07_mfr.pdf); also, Ackerman, Susan. E-mail including a document about enrollment changes during Fiscal Year 2017.
- These changes were implemented through a state plan amendment to shift Ohio's eligibility process from section 209(b) to section 1634. For more information, see "Disability Determination Redesign." Ohio Department of Medicaid. Accessed March 29, 2016. <http://www.medicaid.ohio.gov/INITIATIVES/DisabilityDeterminationRedesign.aspx>
- Legislative Service Commission. "Table 4. All-Funds Medicaid Expenditure History, FY 2008-FY2017 (\$ in millions)." July 14, 2017. Accessed April 8, 2018. <https://www.lsc.ohio.gov/documents/reference/current/historicalrevenue/table4.pdf>
- Ibid.
- Rudowitz, Robin. "Understanding How States Access the ACA Enhanced Medicaid Match Rates." Henry J. Kaiser Family Foundation, Sept 29, 2014. Accessed April 8, 2018. <https://www.kff.org/medicaid/issue-brief/understanding-how-states-access-the-aca-enhanced-medicaid-match-rates/>
- Report on JMOC Limit for Medicaid Program for FY 2018-2019 Budget. Columbus, OH: Joint Medicaid Oversight Committee, October, 2016. <http://www.jmoc.state.oh.us/Assets/documents/reports/JMOC%20Rate%20FY%202018-2019.pdf>
- Slowing Ohio's Medicaid Per Capita Spending – Progress to Date. Columbus, OH: Joint Medicaid Oversight Committee, January 2017. <http://www.jmoc.state.oh.us/Assets/documents/reports/Medicaid%20Per%20Capita%20Spending%20Slows.pdf>
- Optumas. "Ohio JMOC 2018 Big Picture Kick-Off Meeting." Presentation to the Joint Medicaid Oversight Committee, Columbus, OH, January 25, 2018. <http://www.jmoc.state.oh.us/assets/meetings/OptumasPresentation1.18.pdf>
- Report on JMOC Limit for Medicaid Program for FY 2018-2019 Budget. Columbus, OH: Joint Medicaid Oversight Committee, October, 2016. <http://www.jmoc.state.oh.us/Assets/documents/reports/JMOC%20Rate%20FY%202018-2019.pdf>
- Information provided by the Joint Medicaid Oversight Committee. "Fiscal Year 2017 Year in Review: Case Mix Drives Major Changes." Unpublished report. Accessed October 30, 2017.
- Optumas. "Ohio JMOC 2018 Big Picture Kick-Off Meeting." Presentation to the Joint Medicaid Oversight Committee, Columbus, OH, January 25, 2018. <http://www.jmoc.state.oh.us/assets/meetings/OptumasPresentation1.18.pdf>
- "Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier." Henry J Kaiser Family Foundation. Accessed March 29, 2016.
- Under current law, reimbursement rates will reduce to 93% in calendar year (CY) 2019 and 90% for 2020 and beyond. Rudowitz, Robin. "Understanding How States Access the ACA Enhanced Medicaid Match Rates." Henry J. Kaiser Family Foundation, Sept 29, 2014. Accessed April 8, 2018. <https://www.kff.org/medicaid/issue-brief/understanding-how-states-access-the-aca-enhanced-medicaid-match-rates/>