



Highlights State of Ohio Executive Budget State Fiscal Years 2012 - 2013

Governor John Kasich introduced his proposed budget on March 15, 2011. The budget needed to fill an \$8 billion structural deficit. Governor Kasich assured Ohioans that this budget would not be balanced on the backs of the most vulnerable, but he also said no one would “get a pass” (on sharing the pain). The stakeholders taking the brunt of the cuts in this proposed budget are nursing homes, physicians, rehabilitation and correction, local governments and education.

This summary is based on the best information available at the time it was prepared, including the budget and related documents released by the Governor’s office, conversations with the administration, and DODD’s summary. OPRA staff continue to work through the Governor’s 634 page proposed budget for issues of interest to our members. We will keep you informed as we uncover additional areas.

Department of Developmental Disabilities 2012-2013 Budget

DODD Priorities

- Develop fair and logical payment systems that allow for seamless service delivery.
- Provide good stewardship of limited resources.
- Achieve quality outcomes through a combination of people and processes.
- Design service delivery models, in alliance with community supports, which respond to choices made by the people served.
- Continue to work with system stakeholders to refine and improve the service delivery system.

Funding Recommendation for FY2012 and FY2013

Funding Summary

- GRF: Funding for fiscal year 2012 is \$304.0 million (or an 8.2% decrease from fiscal year 2011). Funding for fiscal year 2013 is \$305.7 million (or a 0.6% increase from fiscal year 2012).
- All funds: Funding for fiscal year 2012 is \$1.8 billion (or a 4.6% increase from fiscal year 2011). Funding for fiscal year 2013 is \$2.0 billion (or a 9.9% increase from fiscal year 2012).

*Note from Director John Martin in the 3/16 DODD Pipeline newsletter: “It is important to note that the proposed budget had the potential to represent only 85% of the current budget, and that due to the Kasich Administration’s support of and commitment to the DODD mission of service to individuals with developmental disabilities and their families, the Department’s budget has been funded at 92%.”

The Executive Recommendation will fund the following objectives:

- Provide funding for the Individual Options (IO) waiver, serving approximately 17,900 individuals (16,309 enrolled as of 3/1/11).
- Provide funding for the Level One waiver, serving approximately 13,700 individuals (9,314 enrolled as of 3/1/11).

- Provide funding for the 1,500 IO waiver slots in compliance with the Martin v. Strickland Consent Order.
- Provide funding for a new participant-directed waiver, including 100 state-funded slots for children with intensive behavioral needs and 1,000 locally funded slots for adults. The SELF waiver is under consideration for approval by the Centers for Medicare and Medicaid Services (CMS).
- Provide subsidy funds to 88 county boards of developmental disabilities, which serve approximately 81,000 individuals.
- Fund staff in the developmental centers (DC) that will provide residential support services, 24-hour care, behavioral supports, therapy, and medical services for approximately 1,071 individuals by the end of fiscal year 2013. The DC census projection is based on the planned downsizing by 90 residents a year. This downsizing is planned for certain DC's. These DC's currently include Columbus, Gallipolis, Mount Vernon, Northwest, Tiffin and Warrensville with a combined census of 827 as of 2/28/11.

Budget Highlights

Consolidation of statewide programs for persons with developmental disabilities within the Department of Developmental Disabilities

This includes transfer of the administration of the ICF/MR program and the Transitions waiver from ODJFS to DODD. DODD will be the single point of contact for policy and programmatic issues. It needs to be decided however, where the claims adjudication, financial responsibility and other "back office" functions will reside. The Governor's Office of Health Transformation (OHT) will work with both ODJFS and DODD over the next few weeks, to determine the actual duties to be transferred to DODD.

Combining all Medicaid-funded line items into a single, unified budget line item

This would move line items Medicaid Waiver-State Match, Martin Settlement Agreement and Developmental Centers, Residential Facilities Operation Expenses and Residential and Support Services into a new line item Medicaid State Match. This is designed to allow for more flexibility for persons to move from one funding stream to another and have money follow them. It will allow DODD to use money that does not get spent for one area, to be spent on another area without going to the state Controlling Board.

3% waiver reduction in service utilization

DODD has expressed a desire to achieve a 3% waiver reduction in service utilization through collaborative efforts at sharing services, reducing service requests, and/or implementing cost-saving services as submitted to CMS for approval. This is designed to avoid cuts in waiver rates as waiver services continue. The per enrollee per month expenditure has increased an average 1.6% each year over the last few years. DODD plans to hold this growth flat while achieving a 3% reduction in service utilization cost. When combined, this is a 4.6% reduction in anticipated waiver cost.

Downsize Developmental Centers

DODD will continue to downsize state operated developmental centers by a total of 90 residents each year of the biennium. Savings will be available to support waivers in the community. An enhanced rate incentive will be proposed for waivers serving "high-needs" individuals leaving developmental centers. Proposed savings are estimated at \$9.9 million in FY 2012 and \$6.3 million in FY 2013.

Reduction in County DD Board Subsidies

County board subsidies will be cut by \$26 million (34.3%) in fiscal year 2012. The cut will be partially restored by \$3.5 million (8.7%) in fiscal year 2013.

Tax equity is held harmless in both years, flat funded at \$14 million per year.

Family Support Services is cut by 10% in FY 2012 and remains unchanged in FY 2013. This means a reduction in funding from \$6.6 million per year to \$5.9 million per year.

APSI

APSI will be held harmless the first year of the biennium (fiscal year 2012) and will be cut 10% in the second (fiscal year 2013). Overall this reflects a 4% reduction in the APSI budget. DODD expects the

concurrently achieving savings without jeopardizing services.

Department of Job and Family Services 2012-2013 Budget Summary

ODJFS Priorities

- Preserve maintenance-of-effort funding for the TANF and child care line items, allow more parents to obtain and retain work, and leverage as many federal dollars as possible.
- Maintain child support enforcement services and work with counties to provide maximum flexibility with the loss of federal incentive match funding.
- Implement enhancements to several ODJFS systems including child support; cash, food, and medical assistance; unemployment; and child welfare. This includes the launch of the Medicaid Information Technology System (MITS). These improvements are necessary so benefits and services can be delivered efficiently, reliably, and in support of all policy and legislative initiatives.
- Support incumbent worker and on-the-job training which will keep working Ohioans employed and help unemployed workers return to work as quickly as possible with guaranteed jobs when training programs end.
- Support foster care and adoption services, including subsidy payments, to parents who adopt children with special needs.

Funding Recommendation for FY2012 and FY2013

Funding Summary

- GRF: Funding for fiscal year 2012 is \$12.9 billion (or a 12.0% increase from fiscal year 2011). Funding for fiscal year 2013 is \$14.3 billion (or a 10.7% increase from fiscal year 2012).
- All funds: Funding for fiscal year 2012 is \$22.2 billion (or a 3.2% increase from fiscal year 2011). Funding for fiscal year 2013 is \$23.4 billion (or a 5.7% increase from fiscal year 2012).

The Executive Recommendation will fund the following objectives:

- Provide employment assistance to 2.1 million Wagner-Peyser program participants; offer Rapid Response services for 50,564 workers; provide a web-based job bank to 1.4 million customers; establish 10 transitional centers statewide; process 80,000 Work Opportunity and Tax Credit applications; and provide unemployment compensation reemployment services to 33,423 individuals.
- Provide Ohio Works First (OWF) cash assistance for, on average, 107,432 assistance groups per month in fiscal year 2012 and 108,408 assistance groups per month in fiscal year 2013; offer disability financial assistance for 14,304 individuals in fiscal year 2012 and 14,604 in fiscal year 2013; provide food assistance to more than 1.8 million people; provide cash and medical assistance and supportive services to 2,782 newly arrived refugees in 2012 and 3,061 in 2013; and fund the Client Registry Information System-Enhanced (CRIS-E) system.
- Provide subsidized child care to 103,865 children in fiscal year 2012 and 104,350 in fiscal year 2013, license over 4,300 child care facilities throughout the state, and begin utilizing a real-time attendance and payment system.
- Provide child support program services to 1.4 million children; collect and disburse more than \$2 billion dollars in child support payments each fiscal year; fund the Support Enforcement Tracking System (SETS), which 3,454 county child support enforcement agency workers use; and centrally process 52,438 daily payments in excess of \$7.5 million per day.
- Provide Medicaid services for approximately 2.5 million Ohioans, including approximately 160,000 children enrolled in the Children's Health Insurance Program (CHIP), through innovative, transformative-solution-oriented strategies. Medicaid proposals in the Executive Budget were led by the Governor's Office of Health Transformation.
- Investigate 74,200 allegations of child abuse, provide social services to 333,055 individuals through the local allocations for social services, offer child protective services for approximately 108,039 children, provide adult protective services for 17,366 abuse reports, fund adoption assistance for 22,686 individuals in fiscal year 2012 and 22,508 in fiscal year 2013, and support foster care services for 23,000 children.
- Support 20 call and processing centers statewide that serve approximately 650,000 unemployment

- Provide administrative support for agency programs, including Ohio Works First, food assistance, foster care, adoption, Medicaid, and unemployment compensation; provide information technology (IT) support services for more than 25,000 state, county, and partner users; and offer customer service for internal and external customers.

DD Related ODJFS Budget Highlights

Consolidation of statewide programs for persons with developmental disabilities within the Department of Developmental Disabilities

This includes transfer of the administration of the ICF/MR program and the Transitions waiver from ODJFS to DODD. DODD will be the single point of contact for policy and programmatic issues. It needs to be decided however, where the claims adjudication, financial responsibility and other “back office” functions will reside. The Governor’s Office of Health Transformation (OHT) will work with both ODJFS and DODD over the next few weeks, to determine the actual duties to be transferred to DODD.

1% Reduction in ICF Funding

OPRA has been told that the ICF program funding will be cut 1%. Absent the budget language, it is not possible to accurately determine how this will be accomplished. OPRA is working with ODJFS and DODD to determine this.

Voluntary partial conversion of ICF to Waiver

A voluntary ICF downsizing project will permit 200 ICF beds to convert to waivers. An ICF will be permitted to do a partial conversion and will not be required to convert all beds in an ICF. The beds will need to be closed and the details on the transfer of match are being worked out.

Other Budget Highlights of Possible Interest to OPRA Members

Help Me Grow

The Help Me Grow program remains in the Ohio Department of Health and was cut 7.7% in 2012, from \$36.5 million to \$33.7 million.

Child welfare

The budget includes proposed cuts to child welfare and adoption services, including elimination of the cost-effective Kinship Permanency Incentive Program that places children with grandparents and other relatives.

Community-Based health centers

The budget calls for elimination of state funding for community-based health centers.

Optional services, including dental and vision

Dental and vision services for Medicaid recipients has been retained, along with all other optional services currently offered.

Mental Health

Integration of behavioral and physical healthcare

Over two years, the responsibility for the non-federal share of Medicaid matching funds will move from the local mental health/ADAMH boards to the state level.

The state will look into ways to provide better integration of care across systems for individuals with involvement in Ohio’s mental health system. This may include managed care, accountable care organizations and/or health homes. The latter two methods are from the Affordable Care Act (federal healthcare reform legislation).

Nursing facilities

Reports vary about the cuts to nursing homes. Some estimate that about \$400 million is cut out of the

cost for nursing facilities over the biennium. The portion of nursing facility rates based on quality of care/life will increase significantly, from 1.7% to 8.75%.

Hospitals and physicians

The franchise permit fee (bed tax) on hospitals will be increased. The distribution of some of those dollars will be evaluated with a goal of more equitable distribution. Hospital payments will be based more on outcomes. Governor Kasich commented that if a readmission occurred due to a nosocomial infection that the hospital would not be paid for the readmission.

The proposed budget cuts Medicaid reimbursement to physicians about an average of \$550 million per year in the biennium.

Managed care

Managed care will be expanded into children with disabilities who are not on an Home and Community-Based Services waiver.

Summary of cost savings

Columbus Business First provided the following summary of the major saving initiatives in the Governor's proposed budget:

- “• Selling five state prisons to the private sector to raise an estimated \$200 million.
- Transferring the state's liquor sales franchise to JobsOhio, Kasich's new private, nonprofit economic development entity. JobsOhio would pay the state approximately \$1.2 billion for the franchise and retire the bond debt with future liquor profits. Liquor sales revenue also would provide JobsOhio a stream of money to support its economic development efforts, including investments in private companies.
- Trimming \$1.4 billion in Medicaid costs over two years through a series of reforms that include improved coordination of care for Medicaid recipients, moving more patients from nursing homes to home care and cutting payments for doctors, hospitals and nursing homes. The plan would not raise income eligibility standards for Medicaid recipients, Kasich said.
- Cutting state support of local governments by \$139 million in fiscal 2012 and \$187 million in fiscal 2013. In return, the state would reduce costly mandates that municipalities, counties and townships must follow, encourage them to share and centralize services such as purchasing, transportation, human resources and other operations, allow them to join the state's health pool to reduce medical insurance costs and replace multiple prime construction contractors with a single contractor to cuts building costs.
- \$2.3 billion in cuts to state agencies.
- Not replacing \$875 million in federal stimulus for primary and secondary education - kindergarten through 12th grade - and \$598.8 million for colleges and universities but providing small increases in state payments for K-12 and higher education in 2012 and in fiscal 2013.
- Capping state college tuition increases at 3.5 percent.
- Receiving a still-to-be-determined amount of revenue from leases allowing oil and gas drilling in state parks.”

Office of Health Transformation Policy Objectives

Improve Care Coordination

Coordinate care to achieve better health and cost savings through improvement.

1. Create a Single Point of Care Coordination
2. Promote Health Homes
3. Provide Accountable Care for Children

Integrate Behavioral and Physical Health Care

Treat the whole person, including physical and behavioral health care needs.

4. Integrate Behavioral and Physical Health Benefits
5. Elevate Behavioral Health Financing to the State
6. Manage Behavioral Health Service Utilization
7. Consolidate Housing Programs

Rebalance Long-Term Care

Enable seniors and people with disabilities to live with dignity in the settings they prefer.

- 8. Create a Unified Long-Term Care System
- 9. Evaluate PACE
- 10. Link Nursing Home Payments to Person-Centered Outcomes
- 11. Align Programs for People with Developmental Disabilities

Modernize Reimbursement

Reset Medicaid payment rules to reward value instead of volume.

- 12. Modernize Hospital Payments
- 13. Reform Managed Care Plan Payments
- 14. Reform Nursing Facility Payments
- 15. Reform Other Benefits and Payments

Balance the Budget

Contain Medicaid program costs in the short term and ensure financial stability over time.

- 16. Overall Impact of Transformation

The process has now moved to the legislature. Please watch the OPRA web site www.opra.org and your email for future updates on Ohio's budget.