



Department of Medicaid

John R. Kasich, Governor

John B. McCarthy, Director

January 12, 2015

Semi-Annual Cost Containment Report
State Fiscal Year 2014: January 1 – June 30

Dear Sirs and Madams:

Section 5162.131 of the Revised Code requires the Ohio Department of Medicaid to report semi-annually on the cost-containment initiatives related to the administration of Ohio's Medicaid program.

This latest edition of the Semi-Annual Cost Containment Report concludes reporting for state fiscal year 2014. Included in the following table are a number of initiatives that illustrate the innovative and reform-minded approach that has defined Ohio Medicaid over the past four years. Each one of these efforts plays an important part in our overall goal of ensuring accountability to our taxpayers and modernizing Ohio's Medicaid program.

Sincerely,

A handwritten signature in blue ink that reads "John B. McCarthy". The signature is written in a cursive style.

John B. McCarthy
Director

CC: Ohio House Speaker Cliff Rosenberger
Ohio Senate President Keith Faber
Ohio House Minority Leader Fred Strahorn
Ohio Senate Minority Leader Joe Schiavoni
Joint Medicaid Oversight Committee Executive Director Susan Ackerman
Legislative Service Commission Director Mark Flanders

**OHIO MEDICAID SEMI-ANNUAL COST CONTAINMENT REPORT
SFY 2014**

Initiative	SFY 2014 Actual- 7/1/2013 to 12/31/2013	SFY 2014 Actual- 1/1/2014 to 06/30/2014	Total SFY 2014- Actual
Reform Nursing Facility Payments			
0% Rate Cut, Stark and Mahoning Peer Group Changes	\$0	-11,373,425	-\$11,373,425
Related Increase in Franchise Fee Revenue	\$0	-1,064,314	-\$1,064,314
Unbundle oxygen, wheelchairs, and transportation from NF rate	\$0	-\$18,727,669	-\$18,727,669
Prioritize Home and Community Based Services			
Adult Day Care Rate Adjustment	-\$1,143,688	-\$2,188,036.00	-\$3,331,724
PASSPORT Services Adjustment (MCD93)	-\$2,650,031	-\$3,271,134.00	-\$5,921,165
Reform Hospital Payments			
Eliminate Hospital 5% inpatient rate increase (1/1/2014 FFS & 7/1/2014 MCP)	\$0	-\$41,000,000	-\$41,000,000
Modify Outpatient Fee Schedule	\$0	-\$22,200,000	-\$22,200,000
Cap Capital to 85% of Cost with No FFS Settlement	\$0	-\$19,200,000	-\$19,200,000
Pay DRG Exempt Hospitals (including the James Cancer Hospital) at 90% of cost/no FFS settlement	\$0	-\$2,100,000	-\$2,100,000
Reform Other Provider Payments			
Multiple procedure pricing reduction for radiology	\$0	-\$1,680,828	-\$1,680,828
Facility/ Non-Facility pricing for physician services	\$0	-\$3,781,886.41	-\$3,781,886
Remaining Part B categories of service reduced to Medicaid Maximum- Except Physicians	\$0	-\$25,837,707	-\$25,837,707
Fight Fraud and Abuse			
RAC	-\$374,171	\$0	-\$374,171
Permedion	-\$17,432,923	-\$22,179,223	-\$39,612,146
Reform Health Plan Payments			
Reduce PA Requirements for MCP pharmacy and adjust pharmacy component by 5%	-\$22,100,000	-\$16,600,000	-\$38,700,000
Adjust Managed Care Admin down by 1%	\$0	-\$26,000,000	-\$26,000,000
Managed Care Cap Trend Rate Growth at 3%	-\$79,400,000	-\$106,400,000	-\$185,800,000
TOTAL	-\$123,100,813	-\$323,604,222	-\$446,705,036