



# **Preliminary Report from the JMOC Actuary**

Presentation to JMOC Committee

October 16, 2014

# Setting a Growth Target for Medicaid: JMOC Responsibilities

- **Under ORC Section 103.414, JMOC must**
  - Contract with actuary to determine the projected medical inflation rate for the upcoming biennium
  - Determine if it agrees with the actuary's findings
    - If not, JMOC must develop its own projected medical inflation rate
  - Complete a report and submit to Governor and General Assembly

# Setting a Growth Target for Medicaid: Medicaid Responsibilities

- **Under ORC Section 5162.70, the Medicaid Director must**
  - Limit growth at an aggregate PMPM level to the JMOC rate or 3 year average CPI, whichever is lower; ***and***
  - Improve the health of Medicaid recipients
  - Reduce the prevalence of comorbid conditions and mortality rates of Medicaid recipients
  - Reduce infant mortality rates among Medicaid recipients
  - Help individuals who have the greatest potential to obtain income move to private health coverage

# Consumer Price Index – Medical Care

	Midwest	US
August 2012	4.4%	4.1%
August 2013	2.8%	2.3%
August 2014	2.7%	2.1%
<b>3 Year Average</b>	<b>3.3%</b>	<b>2.8%</b>

Source: Bureau of Labor Statistics

# FY 2014-2015 Medicaid Budget: Recap

- FY 2014: Medicaid spending under estimate by 3.4%
  - Timing of the implementation of new programs
  - Lower than expected growth in caseloads
- To date: FY 2015 Medicaid estimates have been reduced by 4%
  - Lower than expected growth in caseloads
- Our analysis: FY 2015 Medicaid spending is on track to be even lower

# A New Way of Assessing Cost & Quality is Needed

## Old System

- Siloed agencies
- Volume based payments
- Focus on illness
- Outdated technology

## New System

- Defragmentation
- Increasing use of capitated and other alternative payment models
- Increasing availability of data to drive decision making
  - Focus on wellness and prevention
  - Focus on quality and outcomes

# Long Range Vision

- Develop better information to answer key policy questions
  - Ability to assess PMPM by population and key subpopulations, not by service
  - Ability to assess quality and outcomes against benchmarks
  - Ability to make comparisons over time and against other populations