



Report from the JMOC Actuary

Presentation to the JMOC Committee

October 17, 2024



Ohio SFY26/SFY27 Biennial – Follow Ups

AGENDA



1. Growth Rate Historical Information
2. All Agency Admin
3. Efficiency Adjustments
4. Drivers of Growth, 2022-2024
5. Q&A

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



Optumas Projection for FY 2026 – 2027 Budget

Figure 1 - CY 2024 PMPM Estimates

Rating Period	Lower Bound Estimate	Upper Bound Estimate
CY 2024	\$909	\$914

Figure 2 - FY 2026-2027 Projection of Annualized Growth

SFY	Annualized Growth	
	Lower Bound	Upper Bound
2026	3.8%	4.7%
2027	3.7%	4.6%
Avg. Annual	3.7%	4.7%

Figure 3 - FY 2026 - 2027 Projections

SFY	PMPM		Annualized Trend	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
2026	\$961	\$979	3.8%	4.7%
2027	\$996	\$1,025	3.7%	4.6%
2026 - 2027			3.7%	4.7%



Midwest and US Medical CPI (CPI – Medical Care for the Midwest Region)

Time Period	Medical CPI	
	Midwest CPI	US CPI
8/2021 - 7/2022	4.1%	4.8%
8/2022 - 7/2023	-1.0%	-1.0%
8/2023 - 7/2024	1.4%	3.1%
3 Year Avg. (Unweighted)	1.5%	2.3%



Centers for Medicare & Medicaid Services (CMS) Office of the Actuary

Trends as released June 2024

CMS' Projected National Health Expenditure Trends for Medicaid

Calendar Year	Total Expenditures	Per-Capita**
2018	3.1%	3.8%
2019	3.1%	3.9%
2020	9.3%	4.5%
2021	9.4%	-1.3%
2022	9.6%	2.3%
2023*	5.7%	5.2%
2024*	-2.2%	9.9%
2025-2026*	5.7%	5.8%
2027-2032*	6.2%	5.2%

* Estimated

**NHE per capita figures provided in JMOC report were converted to fiscal year estimates and therefore vary from table above.
Per-Capita figures provided here include Medicaid and CHIP, on Mix-Adjusted Basis



JMOC Rate Options: FY 2026 - 2027

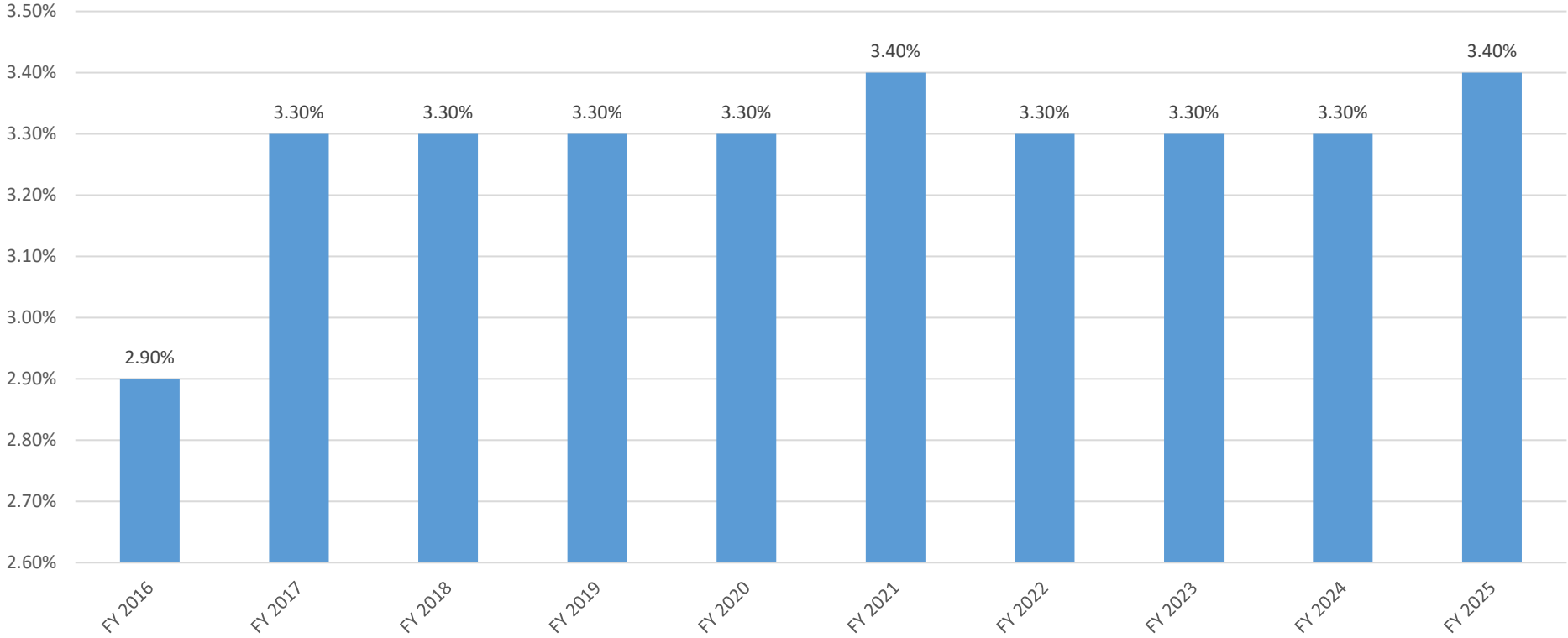
	FY 2026 Projection	Growth Rate	FY 2027 Projection	Growth Rate
Optumas Lower Bound PMPM	\$961	3.8%	\$996	3.7%
Midpoint	\$970	4.2%	\$1,011	4.2%
Optumas Upper Bound PMPM	\$979	4.7%	\$1,025	4.6%



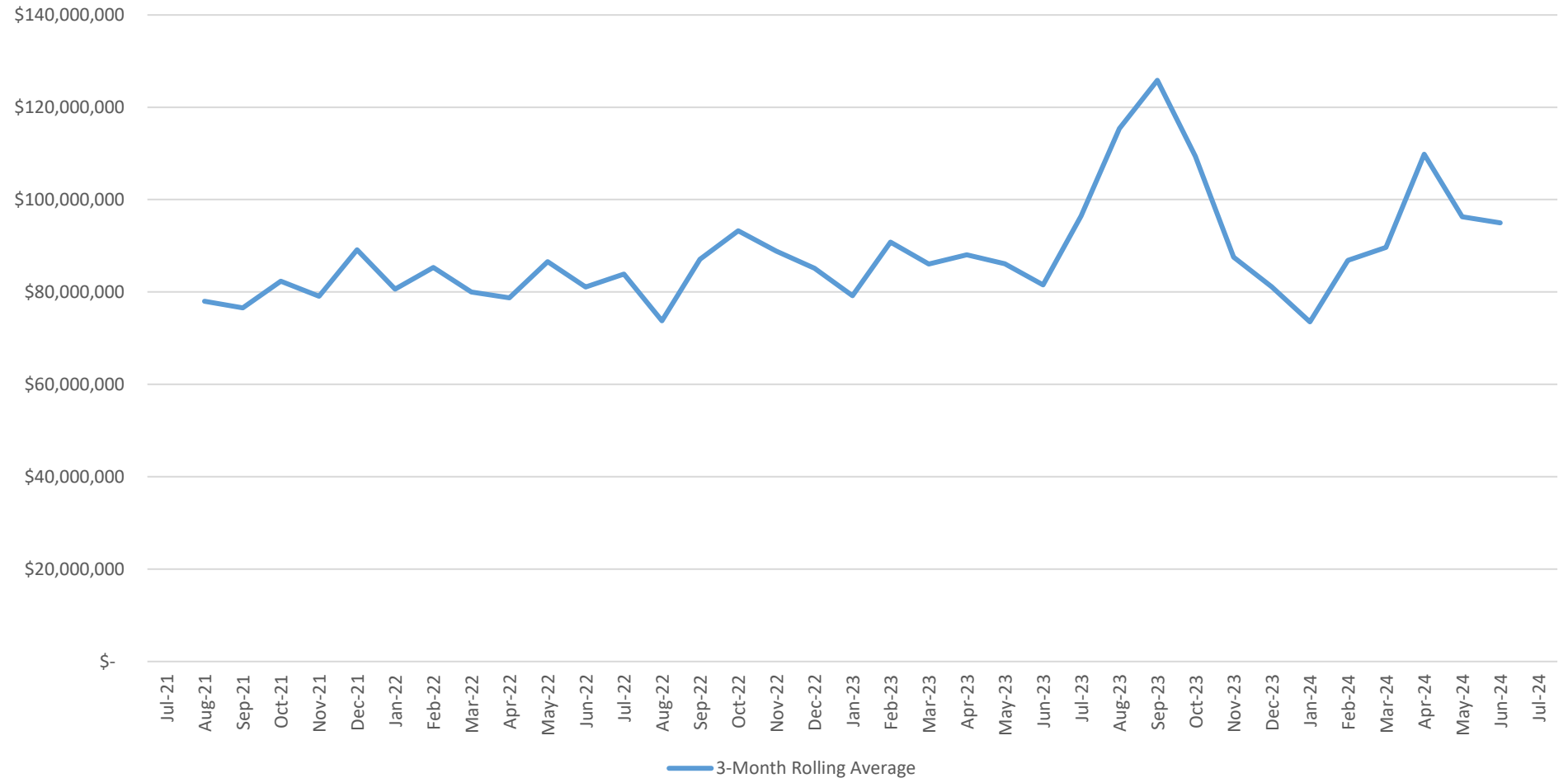
Expenditure Exclusions

- Excludes one-time funds and spending that is not tied to a recipient
 - All-Agency State Administration
 - Hospital Care Assurance Program (HCAP)
 - Hospital Upper Payment Limit (UPL)
 - Hospital Pass Through Payments
 - Health Insuring Corporation (HIC) Franchise and Premium Tax
 - Care Innovation and Community Improvement Program (CICIP)
 - MCP/Hospital Incentive
 - Other settlements and rebates paid outside of the claims system and outside of the Managed Care capitation rates
 - Medicaid recipient share of cost (SOC)
 - **One exclusion of particular note is the American Rescue Plan Act (ARPA) related one-time provider relief payments, which were made outside of the claims adjudication system**

Prior JMOC Growth Rates



All Agency Admin



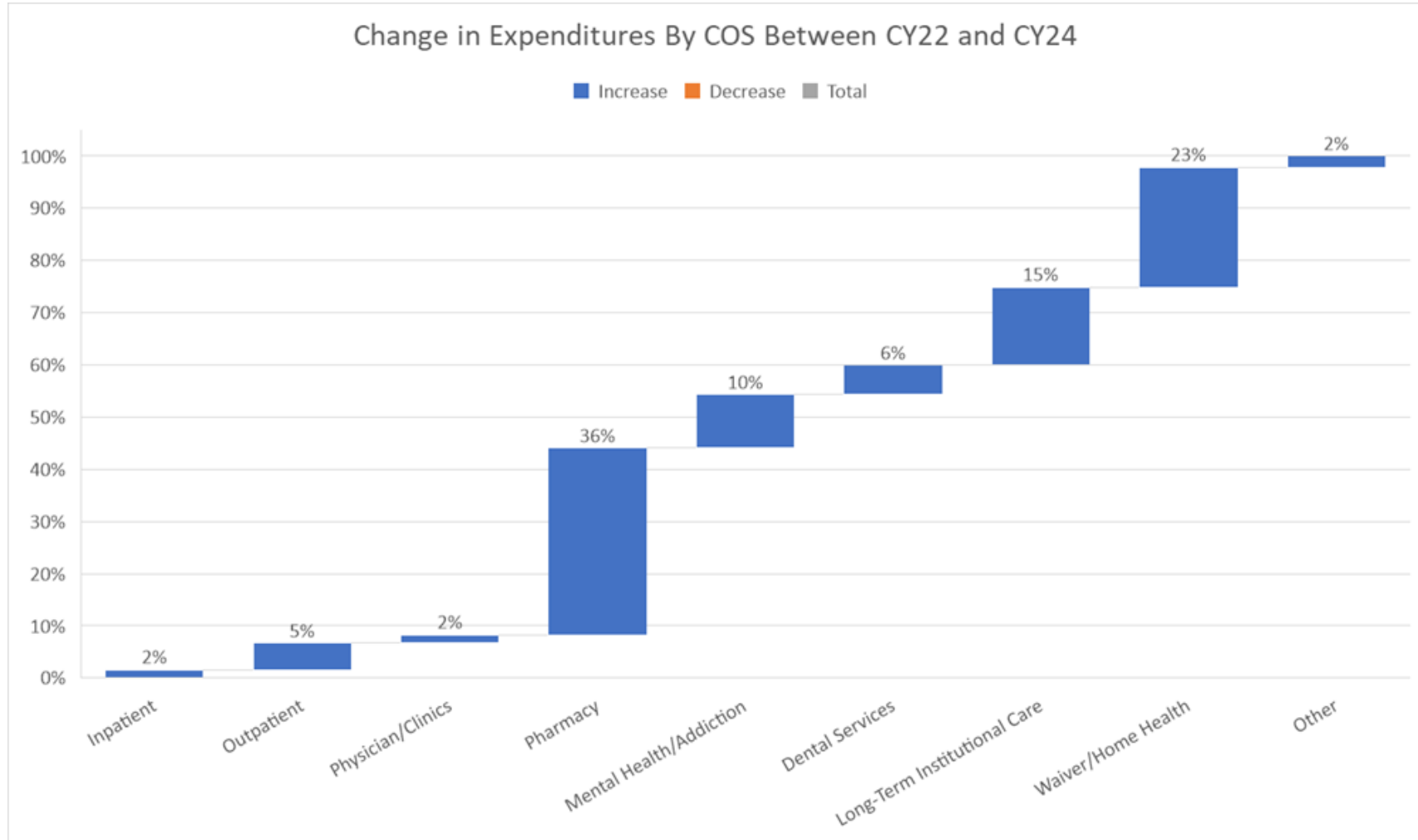
All Agency Admin

- ODM's administrative expenditures were gathered from the monthly Variance Reports
- Total spend about \$80M per month from July 2021 to September 2022, \$90M per month from October 2022 forward
- Elevated spend occurred in August-September 2023 before returning closer to previous levels
- This differential is roughly the same as the administration funds removed from the managed care organizations through the Single PBM initiative, so this appears to reflect a shifting of funding from the MCOs to ODM
- There is an additional increase in spending observed mid-way through 2024. We do not have insight into the number of new employees hired or their function; it would be appropriate for JMOC to investigate these matters as part of its oversight duties

Efficiency Adjustments

- Most states' actuaries reduce the capitation rates to reflect efficiency gains, medical management, and care coordination
- ODM's actuary made two adjustments for CY 2024 rates:
 - Potentially avoidable inpatient admissions/re-admissions
 - Maternal delivery pricing to discourage excessive C-section births (target no more than 30% of births)
- Total value: about \$23M

What is driving the PMPM increase from 2022 – 2024?



What is driving the PMPM increase from 2022 – 2024?

- Largest single driver was pharmacy costs, accounting for over 1/3rd of the total increase
 - Due to increased unit price and utilization across a wide variety of drugs as well as the introduction of new specialty drugs and biologics
- Other significant drivers were price changes:
 - Nursing facility per diems
 - Wages for waiver workers (including in-home care)
 - Increases to the fee schedule for behavioral health services

Changing Spending - What Levers Can Be Pulled?

Outside Ohio's Control

- Federal Requirements
- Federal Reimbursements
- Mandated Coverage of Certain Populations and Benefits
- Market-Driven Prices

Within Ohio's Control

- Coverage of Optional Populations and Benefits
- Value Based Purchasing
- Policies
- Innovation
- Identifying Low Value Care
- Improving Outcomes (Infant Mortality, Diabetes, Tobacco)
- Helping to Move People Off Medicaid
- Delivery Systems Efficiency
- Operations Decisions
- Structure of Payments to Providers
- Eligibility Standards
- Efficiency and Quality of Care
- Alternative Payment Methodologies
- SPBM
- Non Market-Driven Prices

QUESTIONS



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