Joint Medicaid Oversight Committee
Minutes
October 17, 2024
135th General Assembly

The Joint Medicaid Oversight Committee was called to order pursuant to the meeting notice at approximately 10:04 a.m. in the Senate South Hearing Room.

The clerk called the roll, and a quorum was present. The minutes of the September 19, 2024, meeting was approved without objection.

Chair Romanchuk opened with an introduction on the purpose of today's Committee, voting to cap Ohio's Medicaid Growth Rate for SFY 2026 and SFY 2027. He gave a summary of the days presenters; Executive Director, Jada Brady, to present an overview of the JMOC Rate and options for the Committee's consideration, along with Dan Skinner, FSA, CERA, MAAA, Senior Manager of CBIZ Optumas, JMOC's actuary, and who acted as project manager for the report.

Director Brady provided an overview of JMOC's creation and purpose, capping Ohio's Medicaid Growth Rate. Background was provided on the per member, per month formula (PMPM) and ORC 5162.70, Reforms to medicaid program, which requires the Director of Medicaid to limit the growth of Ohio's Medicaid by the JMCO's Rate *or* the Consumer Price Index (CPI) for medical care for the Midwest region for the most recent three-year period. The three (3) year average for the CPI of the Midwest is 1.5% for this budget. Director Brady also reviewed the CPI and the Centers for Medicare and Medicaid's actuaries projected national health expenditure trends for Medicaid from 2018 through 2032. Also reviewed was the projected annualized growth rate range recommended by Optumas (between 3.8% and 4.7% for FY 2026 and between 3.7% and 4.6%. for FY 2027). Weighted together equally, the projected growth rage is projected to be between 3.7% and 4.7% annually, over the course of the next biennium. Director Brady then turned the presentation over to Dan Skinner, Senior Manager of CBIZ Optumas.

Mr. Skinner presented on three (3) follow-up questions asked in last month's JMOC Meeting:

1. All Agency Administrative Cost - Administrative cost incurred by the Ohio Department of Medicaid (ODM) to administer the program monthly, which excludes medical care for recipients. Optumas noted the increases in administrative cost according to ODM's Budget Variance Reports due to the implementation of the Next Generation ($90 Million). They noted they do not have insight into the number of new employees or their functions, but it would be appropriate for JMOC to investigate further as part of its oversight duties.
2. Efficiency Adjustments - Creating offsets and replacement services that create efficiency at lower cost. Most states' actuaries reduce capitation rates to reflect efficiency gains, medical management, and care coordination. ODM's actuary (Milliman) made two adjustments for

CY 2024:

a. Lowered rates to account for potentially avoidable inpatient admissions or readmissions.
b. Created financial incentives to keep C-section births at thirty percent (30%) or lower as a target for all births.

This accounts for approximately twenty-three (23) million in value for the state per year.

3. The four (4) main drivers of the PMPM increases from the last biennium, 2022, to the current biennium of 2024:
   1. Pharmacy Cost, equaled one third (1/3) for total growth increase. Followed by
   2. Waiver and Home Health
   3. Long Term Care and Institutional Cost
   4. Mental Health and Addiction Services

Mr. Skinner also presented the many levers with the General Assembly and Executive's control that change the trajectory of spending.

Questions were asked.

Representative Gross sought clarification of what the Growth Rate vote means for Ohio's FY 2026 and FY 2027 Operating Budget. Director Brandy confirmed that by statute, the Director of Medicaid must use the JMOC Rate voted upon by the Committee. However, if the Director of Medicaid choses, not to, then the Director must use the 3-year average of the CPI, which is 1.5 percent. The JMOC vote limits the Governor's budget as introduced, but not the General Assembly.

Vice Chair, Holmes asked what the total funds dollar value of the difference between their recommended JMOC Growth Rate vs. ODM's suggested growth rate of 5.3 % for FY 2026 and 5.0% for SFY 2027.

Mr. Skinner explained that since ODM's rate projection is higher than their lower and upper bound range, therefore, the increased dollar difference between the suggested rates is greater. On an All-Funds Basis he stated the difference is the following:

SFY	JMOC Lower Bound vs. ODM	JMOC Upper Bound vs. ODM
2026	$450 Million - $500 Million	$175 Million - $225 Million
2027	$900 Million - $1 Billion	$325 Million – $375 Million
Avg. Annual All Funds Basis	**$1.35 Billion – $1.50 Billion**	**$500 Million – $600 Million**

Mr. Skinner confirmed Ranking Member, Liston's assumption that the states portion of the General Revenue Fund (GRF), for Medicaid equates to approximately thirty percent (30%) of the Medicaid budget. As well as confirming that the Medicaid enrollment numbers have stabilized with the assumption that unwinding is complete in 2024. He confirmed that their recommendations are based upon ODM having completed the unwinding in 2024. Mr. Skinner further agreed that if policy changes were to occur that improve public health, that would potentially have a cost savings benefit to the Medicaid Program and would decrease the overall growth projection needed.

Chair Romanchuk asked why the SPBM growth has been so much when the intent of utilizing a SPBM was to save on cost? Mr. Skinner reported that increased cost of SPBM has been a trend seen throughout all states in which they serve as actuaries. The increase is driven by several factors including: increased in utilization, price increase as well as introduction of new gene therapy and biologic drugs that are very costly for even one dose. Mr. Skinner further responded that states that have left the financial responsibility to their managed care plans have also seen large increases in their pharmaceutical cost.

Chair Romanchuk would like to know the cost difference if Ohio had left the pharmacy cost with the Managed Care plans vs. switching to SPBM. Optumas will follow up.

Barry Jordan of Optumas further explained that the average growth of pharmacy cost on an annual basis is approximately ten (10) percent per year. The Thirty six percent growth rate shared in the presentation is relative to the percentage of costs affecting the JMOC expenditures.

Vice Chair, Holmes made the motion to set the JMOC growth rate at 3.8% for SFY 2026 and 3.7% for SFY 2027. Representative Thomas seconded the motion.

Senator Ingram went on record expressing the importance of the JMOC Committee to explore and implement actions and policies within Ohio's control to improve efficiency, improve outcomes and lower cost in the next General Assembly. Vice Chair Holmes concurred with Senator Ingram's statement.

The Committee voted 8-1 to set the JMOC Rate as 3.8% for Fiscal Year 2026 and 3.7% for Fiscal Year 2027.

Without further business, Chairman Romanchuk adjourned the Committee at approximately 10:36 a.m.

Adam Holmes, Chair

Beth Liston, Secretary