



Department of Medicaid

John R. Kasich, Governor

John B. McCarthy, Director

HEALTHY OHIO SECTION 1115 DEMONSTRATION WAIVER

SUMMARY

WAIVER PROPOSAL SUMMARY

The Section 1115 demonstration waiver request complies with and is drafted in alignment with the Healthy Ohio Program, as established pursuant to the Ohio Revised Code sections 5166.40 to 5166.409. The Healthy Ohio Program builds upon Ohio's successful history with innovative managed care programs and introduces new consumer driven healthcare features to not only incentivize members to take responsibility for their health, but to also introduce them to commercial market features to ease the transition out of public assistance. In addition, the Healthy Ohio Program establishes an innovative program design aimed at supporting employment, encouraging private market coverage, and supporting individuals in their transition from public assistance. The Healthy Ohio Program not only ensures the long-term stability of Medicaid expansion in the State, but also introduces several key enhancements that will empower members to become active participants in their healthcare.

The centerpiece of the Healthy Ohio Program is the "Buckeye Account," which is modeled after a health savings account. Both the State and the member contribute to the account. The dollars contributed by the State will be used to fund the plan deductible, while the member-contributed funds will be used to pay for the member's required copayments, as well as additional qualified medically necessary services. The Buckeye Account will also be used to collect incentive dollars earned by the member for completion of specified healthy behaviors, such as completion of a smoking cessation program. The Buckeye Account is designed to actively engage members in managing their healthcare expenses while exposing the individual to the costs of their care. This exercise not only encourages appropriate use of the healthcare delivery system but also prepares the individuals to transition from the program and enter the commercial market. In addition, members can earn financial rewards to enhance their Buckeye Account by completing specified healthy behaviors. Through active participation in the management of the Buckeye Account, the Healthy Ohio Program aims to transform members into active and informed consumers of healthcare services.

The Healthy Ohio Program is unique as it also actively assists members to obtain and maintain private market coverage. A critical component of the Healthy Ohio Program connects individuals with job training and employment opportunities, as well as financially supports members as they transition from public assistance to ease the effects of the coverage cliff. All Healthy Ohio Program members working less than 20 hours a week will be offered a referral to a work force development agency. In addition, members who successfully transition off the program to commercial market coverage through either the individual market or employer-sponsored insurance will be provided a Bridge Account, which will contain the entire balance of the member's Buckeye Account. Former members may use this Bridge Account to cover the costs of premiums associated with the purchase of individual market commercial insurance, as well as out-of-pocket cost sharing expenses (i.e. copayments, deductibles and coinsurance) associated with an individual market or employer-sponsored

health insurance plan. The Bridge Account benefit rewards members for the prudent management of their Buckeye Account, and continues to support individuals in their transition from public assistance with the ultimate goal of helping these individuals maintain their commercial coverage thereby reducing churn.

GOALS & OBJECTIVES

The Healthy Ohio Program will introduce enrollees to a consumer directed healthcare model, in which members will be incentivized to utilize the healthcare delivery system in a cost-conscious manner. In addition, the demonstration project will implement a variety of initiatives aimed at encouraging members to seek employment and private market coverage.

The goals for the Healthy Ohio Program include:

1. Promoting member engagement in health and personal responsibility, including the appropriate use of healthcare services;
2. Increase the use of preventive services by members;
3. Increasing provider engagement in member healthy behaviors; and
4. Increasing the number of commercially insured individuals.

ELIGIBILITY

Eligibility for the Healthy Ohio Program is established in State statute. Pursuant to Ohio Revised Code section 5166.40(B), each adult Medicaid recipient, other than a ward of the state, must be enrolled in the Healthy Ohio Program if the individual is eligible for Medicaid either on the basis of being included in the category identified by the Ohio Department of Medicaid as the Covered Families and Children program or on the basis of being included in the new adult group category, as described in Section 1902(a)(10)(i)(VIII) of the Social Security Act, (the Act). The statute further defines “adult” as an individual at least eighteen years of age.

Therefore, consistent with the Ohio Revised Code, the Healthy Ohio Program will target all Medicaid eligible individuals age 18 years of age and older that qualify for Medicaid under any of the following eligibility categories:

- Individuals eligible in the new adult group pursuant to Section 1902(a)(10)(i)(VIII) of the Act;
- Low-income parents and caretaker relatives pursuant to Section 1931 of the Act;
- Individuals eligible for Transitional Medical Assistance pursuant to Section 1925 of the Act;
- Medicaid for low-income 19 and 20 year olds;
- Women eligible in the pregnant women category;
- Medicaid eligible children aged 18;
- Title IV-E eligible children;
- Foster youth to age 26; and
- Individuals eligible for the Breast and Cervical Cancer program.

Any individual that is eligible under one of these groups will be required to be enrolled in the Healthy Ohio Program, even if the individual also qualifies for additional home and community based waiver services.

Ohio Revised Code §5166.402(E) prohibits a Healthy Ohio Program participant from receiving benefits under the program until after the initial contribution is made by the individual to their Buckeye Account. Therefore, an individual’s eligibility for the program will begin the first day of the month in which the first contribution is made to the Buckeye Account. Contributions are discussed in more detail below under “Cost Sharing Requirements”.

ENROLLMENT & FISCAL PROJECTIONS

Estimated Enrollment Projections

Year	Without Waiver	Healthy Ohio Program	Difference
1 (2018)	1,412,054	1,286,179	(125,875)
2 (2019)	1,448,885	1,319,700	(129,185)
3 (2020)	1,486,679	1,354,097	(132,582)
4 (2021)	1,525,461	1,389,393	(136,069)
5 (2022)	1,565,257	1,425,610	(139,647)

It is anticipated that enrollment in the Healthy Ohio Program will fluctuate over time as individuals become more familiar with the advantages of the program, such as the Bridge Account. Further fluctuations may continue over time as more people gain and maintain private insurance coverage. Projected eligibility during the demonstration period reflects estimated Medicaid enrollment without the demonstration and an assumed 85% composite penetration rate (15% of eligible population elects not to enroll in Medicaid).

Over the five-year demonstration period (2018-2022), the Healthy Ohio Program is expected to save nearly \$1 billion. The table below provides the estimated State and federal costs divided by year.

Estimated Fiscal Projections

Demonstration Year	Expenditures			State Share of Expenditure Diff
	Without Waiver	Healthy Ohio	Difference	
1 (2018)	\$8,947,092,000	\$8,777,739,000	(\$169,353,000)	(\$28,861,000)
2 (2019)	\$9,647,247,000	\$9,464,281,000	(\$182,966,000)	(\$31,811,000)
3 (2020)	\$10,406,866,000	\$10,209,219,000	(\$197,647,000)	(\$37,739,000)
4 (2021)	\$11,231,401,000	\$11,017,765,000	(\$213,636,000)	(\$40,231,000)
5 (2022)	\$12,126,701,000	\$11,895,654,000	(\$231,047,000)	(\$42,900,000)

Notes:

1. Values have been rounded.
2. Negative values reflect reductions in expenditures under the Healthy Ohio Waiver.
3. State share of expenditures was developed based on a 62.47% FMAP for the CFC population, and varying Extension FMAP by year (94% in CY 2018, 93% in CY2019, and 90% in CY 2020+).
4. FMAP values assume that all extension enrollees are newly eligible.

BENEFITS & HEALTH CARE DELIVERY SYSTEM

Using a managed care delivery system, Healthy Ohio Program enrollees will receive all of the benefits currently outlined in the Ohio Medicaid State Plan. Individuals eligible in the adult group will continue to receive the benefits documented on the current Alternative Benefit Plan that aligns with the Ohio Medicaid State Plan. Members receive these benefits up to a three-hundred thousand dollar (\$300,000) per year or one million dollar (\$1,000,000) lifetime benefit threshold under

the Healthy Ohio Program. When individuals reach either of these benefit thresholds, they will transition to coverage under either the State’s traditional managed care program or the traditional fee-for-service Medicaid program, as applicable based on the member’s eligibility.

MEMBER COST SHARING REQUIREMENTS

The Healthy Ohio Program’s cost sharing structure differs from the State Plan, which may require a minimal copayment for certain medical services up to \$3.00. By contrast, the Healthy Ohio Program utilizes two forms of cost-sharing: Buckeye account contributions and co-payments. Each member will maintain a Buckeye Account to cover costs associated with the plan. All members (with the exception of pregnant women) will be required, as a condition of eligibility, to make up upfront monthly contributions to the Buckeye account equal to 2% of income but not to exceed \$99 per year, or \$8.25 per month. Members who fail to make a required monthly payment within 60 days of its due date will be dis-enrolled from the program, and required to pay back the debt prior to re-enrollment.

Estimated Contribution Amounts by FPL

FPL	Monthly/Annual Income	Monthly/Annual Contribution
0%	\$0	\$0
10%	\$99/\$1,188	\$1.98/\$23.76
25%	\$248/\$2,970	\$4.95/\$59.40
50%	\$495/\$5,940	\$8.25/\$99
75%	\$743/\$8,910	
100%	\$990/11,880	
138%	\$1,366/\$16,394	

Member contributions to the Buckeye Account are held separately in the “core” portion of the Buckeye Account and utilized to pay for required copayments, which can be collected by the provider at the point of service via the Buckeye Account debit card. Healthy Ohio Program copayments are indexed to the maximum allowable copayment amounts (listed below). Copayment will only be applied if there are dollars in the core portion of the Buckeye Account to cover the copayment, otherwise, copayments are waived.

Healthy Ohio Program Copayments

Service	Copayment	Note
Inpatient Services	\$75	Copayments apply to all enrolled members except for pregnant women. Copayments apply provided members have funds in the core portion of their Buckeye Account. Copayments are waived for members with no funds in the core portion of their Buckeye Account.
Outpatient Services	\$4	
Preferred Rx	\$4	
Non-preferred Rx	\$8	
Non-emergency use of the ER	\$8	

IMPLEMENTATION

The State is seeking a January 1, 2018 implementation of the Healthy Ohio Program. Implementation will require a new competitive procurement process for managed care plans to serve the Healthy Ohio Program population (tentatively scheduled for July 1, 2016 through March 1, 2017), a readiness review process for the selected plans (tentatively scheduled for March 1, 2017 through December 31, 2017), and execution of a transition plan for members currently enrolled in managed care or fee-for service. The State will diligently work to update systems, policy and operations in

preparation for management and oversight of the Healthy Ohio Program and implementation of the transition plan for members and applicants. Member transition (i.e., notification and education) will occur during fall 2017 prior to the targeted January 1, 2018 implementation date.

HYPOTHESES & EVALUATION

The Healthy Ohio Program Section 1115 demonstration waiver will investigate the following research hypotheses related to each program goal:

Goal 1: Promote member engagement in health and personal responsibility, including the appropriate use of health care services

- Hypothesis: Healthy Ohio Program policies will promote member compliance with required contributions and provide incentives to monitor and manage Buckeye Account funds.
 - Track Healthy Ohio Program members making initial and subsequent Buckeye Account contributions.
 - Track and compare average remaining Buckeye Account balances at the end of a benefit period.
 - Track member pro-rata share of Buckeye Account balances carried forward and the average amount by which contributions are reduced in the next benefit period
 - Track the copayment application rate for Healthy Ohio Program members.
- Hypothesis: Healthy Ohio Program policies will improve member access to services not traditionally covered under the State Plan (such as over the counter medications).
 - Track and compare the core portion of Buckeye Account expenditures on qualified additional health-related benefits.
- Hypothesis: Healthy Ohio Program will promote member engagement in a healthy lifestyle through the Healthy Incentives Point System.
 - Track and compare member achievement of healthy incentive point goals.

Goal 2: Increase the use of preventive services by members

- Hypothesis: Healthy Ohio Program will promote member use of preventive and primary care.
 - Track and compare health service utilization rates between the Healthy Ohio Program and Medicaid members in the State's fee for service and traditional managed care program.
 - Track preventive care utilization rates and trends among different age and gender groups.

Goal 3: Increase provider engagement in member healthy behaviors

- Hypothesis: Healthy Ohio Program policies will encourage provider engagement in healthy member behavior by allowing incentive payments.
 - Track and compare incentive reward points awarded to a member's Buckeye Account by providers.

Goal 4: Increase the number of commercially insured

- Hypothesis: Healthy Ohio Program's Bridge Account will increase the proportion of Ohio residents covered by employer-sponsored insurance (ESI) or individual market coverage.
 - Track Ohio residents covered by ESI and individual market coverage over the demonstration, and those with a Bridge Account.

- Hypothesis: Healthy Ohio Program’s Bridge Account will decrease churn back into Medicaid program.
 - Track Ohio residents awarded a Bridge Account who reenter the program.

WAIVER & EXPENDITURE AUTHORITIES

The State is working with CMS to obtain the necessary federal authority to implement the Healthy Ohio Program, and is seeking a January 1, 2018, effective date. The following waivers will be requested:

- 1902(a)(10)(A) Eligibility – To enable the State to waive or modify the requirement to provide medical assistance for members who fail to make a Buckeye account payment.
- Section 1902(a)(34) Retroactive Eligibility – To enable the State to waive or modify the requirement to provide medical assistance for up to three months prior to the month of application.
- Section 1902(a)(14) Cost Sharing – To enable the State to impose co-payments, premiums or other cost-sharing to Demonstration populations that exceed the statutory limitations.
- Section 1902(a)(10)(B) Amount, Duration, and Scope of Services – To enable the State to provide benefit packages to Demonstration populations that differ from the State plan benefit package.
- Section 1902(a)(3)/Section 1902(a)(8) Reasonable Promptness – To enable the State to make enrollment in the plan contingent on the payment of the required contribution to the Buckeye Account.
- 1902(a)(23) Freedom of Choice – To enable the State to require that Demonstration participants receive benefits through certain providers.

PUBLIC HEARINGS

Public hearings will be held on the following dates:

- April 21, 2016 at 2:00 pm at the Medical Care Advisory Committee –Ohio Department of Medicaid, 50 W. Town Street, Columbus, Ohio 43215
- April 26, 2016 at 2:00 pm at Mercy Health Home Office, 1701 Mercy Health Place, Cincinnati, Ohio 45237 in Rooms S144A & B. Visitors need to use the main entrance.