



## Department of Medicaid

**John R. Kasich**, Governor

**John B. McCarthy**, Director

January 12, 2015 (Rev. February 6, 2015)

**Semi-Annual Cost Containment Report  
State Fiscal Year 2014: January 1 – July 31**

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".

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
<b>Reform Nursing Facility Payments</b>			
Unbundle oxygen, wheelchairs, and transportation from NF rate	\$0	-18,727,669	-\$18,727,669
<b>Prioritize Home and Community Based Services</b>			
Adult Day Care Rate Adjustment	-\$1,143,688	-\$2,188,036	-\$3,331,724
PASSPORT Services Adjustment (MCD93)	-\$2,650,031	-\$3,271,134	-\$5,921,165
<b>Reform Hospital Payments</b>			
Eliminate Hospital 5% inpatient (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
<b>Reform Other Provider Payments</b>			
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
<b>Fight Fraud and Abuse</b>			
RAC	-\$374,171	\$0	-\$374,171
Permedion	-\$17,432,923	-\$22,179,223	-\$39,612,146
<b>Reform Health Plan Payments</b>			
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
<b>TOTAL</b>	<b>-\$123,100,813</b>	<b>-\$311,166,484</b>	<b>-\$434,267,297</b>