



Proposal To Charge Ohio's Medicaid Enrollees Faces Critics, Negotiation

Written by: Sarah Jane Tribble, May 9, 2016

When Ohio's Gov. John Kasich pushed through a Medicaid expansion several years ago, many state lawmakers were not happy.

Behind the scenes, Republican lawmakers like Rep. Jim Butler were working on an alternative.

“We did not think that Medicaid expansion was a good idea, not because we were against people getting care and getting covered but (because) just simply expanding a health care system that was out of control without reform wasn't going to work,” says Butler, who began crafting reform legislation in 2013.

“It was throwing gas on the fire,” Butler says.

Since Kasich expanded Medicaid in Ohio, enrollment has grown by 648,000 to 3 million residents, according to his office.

Medicaid is a joint federal and state program created to ensure coverage for the disabled and poor. But instead of merely expanding the income requirements of who qualified for Medicaid, Butler and others say they believe the program should include incentives for enrollees to feel more invested in their health care.

“You see, nationally, everyone's talking about we need health care reform but what's their actual plan?” Butler asks. “Nobody really has a plan.”

While more than 30 states have expanded Medicaid since the 2010 passage of the Patient Protection and Affordable Care Act, some have asked federal regulators if they could waive or change certain parts of the program.

States including Arkansas, Michigan, Montana, Indiana and others have won approval to expand the 50-year-old federal program on their own terms.

Matt Salo, the executive director of the National Association of Medicaid Directors, testified on Capital Hill about federal waivers for Medicaid last year. He says in recent years some of the states asked for the changes as a condition of expanding the Medicaid program to provide coverage for all, a main goal of the Affordable Care Act.

Other states, like Ohio and Arizona, are asking for the changes after doing a traditional Medicaid expansion, Salo says.

A micro-trend among the requests, Salo says, is lawmakers asking enrollees to have more personal responsibility. They are “looking at different ways of trying to engage the consumer and engage the Medicaid beneficiary for their care,” Salo says.



Opponents of Ohio's proposal to alter the state Medicaid program listen at a public hearing in Columbus. [photo: Sarah Jane Tribble/ideastream]

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In Ohio, the proposal dubbed Healthy Ohio will be submitted to the federal government as a Section 1115 waiver proposal. It would require all enrollees to sign up for a managed care plan and contribute to a health savings account.

If approved, all enrollees - except those with zero income or who are pregnant - would be required to pay into the health savings account an amount equal to 2 percent of income but capped at \$8.25 a month. If payments are missed for 60 days, coverage is lost until they can make good.

Federal regulators have approved premiums and co-pays in a number of states. However, no state has been allowed to require many residents who earn less than 100 percent of poverty pay in as a condition of getting coverage, says John Corlett, president and executive director of the Center for Community Solutions, a non-partisan think tank in Ohio. The Center submitted public comments on the proposal, which can be found [here](#).

“I think CMS will take a very dim view of this waiver. And I think will ask a lot of questions of the state in terms of how it might work,” Corlett says. “They’ll be concerned about it reducing the availability of health care in this state.”

If passed as proposed, Ohio officials estimate Medicaid enrollment will be lower by 125,000 to 140,000 each year compared to what it would be without the program.

In e-mail correspondence, the Centers for Medicare and Medicaid stated it would review Ohio’s proposal. Kasich’s administration says they expect to submit the proposal this summer.

In comparison to other states, federal regulators have mandated coverage for those who earn less than 100 percent of poverty - which by federal definition is roughly \$12,000 dollars annually for an individual or \$24,000 for a family of four. And while the use of a health savings account – which Ohio has proposed - was approved in Indiana, Salo says there was a lot of push back on that approval.

“They are extremely reluctant to do the same for anyone else,” Salo says.

The creator of the Ohio proposal, Butler, says he used Indiana’s expansion as a blueprint of what could work when changing Ohio’s Medicaid program. But, he also acknowledges that the proposal was unlikely to get approval exactly as it is written.

“I don’t think the Obama administration is just going to say yes to our waiver request, I think there will be a negotiation,” Butler says.

There are key elements, Butler and others say they believe should be part of the Medicaid program.

For instance, Ohio Medicaid Director John McCarthy says the program would save the state nearly \$1 billion over the first five years of operation.

There are two reasons for that, McCarthy says. The first is because enrollees will choose not to pay into the program to participate. The second comes from decreased program spending as enrollees alter how they use health care services.

“If you look back at the principals that we have used since Day 1 under the Kasich administration, personal responsibility is in there. It is that a person has some responsibility around the services that they get.... It’s a how do we move people through the program and have them engage in their health care?.. how do we get a person to think about things like quitting smoking.”

Or, McCarthy asks, reducing their weight? Or get their diabetes under control?

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The federal government has approved some healthy behavior incentives in Iowa, Michigan and Indiana, for instance.

During a 90-minute public hearing on the proposal last month, a steady stream of opponents stood at the podium. No one commented in favor.

One advocacy worker stood at the podium and pleaded: “How is this good for anybody? How is it caring for anybody? It’s easy to sit in an office and vote and make decisions because you don’t have to talk to them, I do. And I have to cry with them and pray with them.”

Afterwards, as people filed out of the room, day laborer Wilfred Franklin stopped to talk. He says he takes issue “with being talked about like I’m incompetent.”

“Look, we sit here, you listen to this whole thing and they're talking about low-income individuals. We’re people,” Franklin says. “They talk about having to set up these courses so that we can learn how to move into commercial coverage. We’re broke. We don’t have any money.”

Greg Lawson, a policy analyst for Ohio’s conservative Buckeye Institute think tank, says he hopes the proposal is the start of a conversation.

“If it doesn’t work out today, it’s possible it could work out tomorrow or, of course, potentially you could modify the program somewhat and do some things that might make it go through on a second time.”

After all, Lawson says, the proposal “represents what should be a wave of the future for Medicaid.”