



## Medicaid Comprises Over 80% of ODJFS Expenditures

Job and Family Services Spending by Component, FY 2010



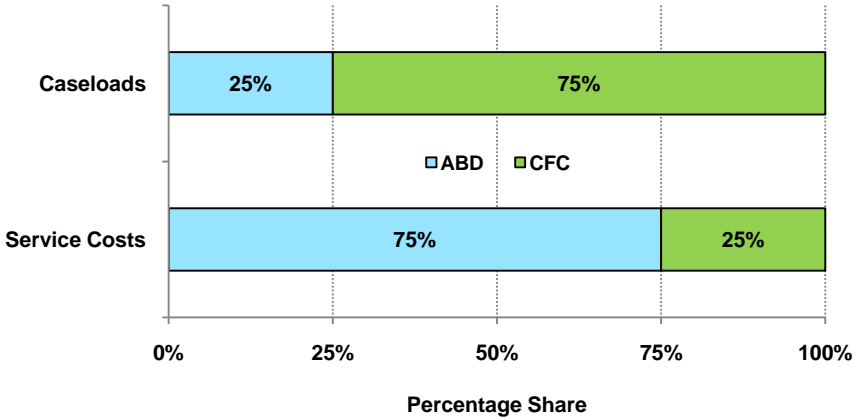
Source: Ohio Administrative Knowledge System

- In FY 2010, the Ohio Department of Job and Family Services (ODJFS) expended \$18.4 billion across all funds. Of this total, \$15.2 billion (82.4%) was spent on Medicaid, the largest single state program. Medicaid is funded by the state and federal GRF (\$8.6 billion) and non-GRF (\$6.6 billion) sources, including federal stimulus moneys of \$700.6 million deposited into the GRF and \$687.0 million deposited into non-GRF funds.
- The second largest spending component was Children and Families at \$1.4 billion (7.6%). This component includes adoption, child care, child support enforcement, child welfare, and foster care.
- Temporary Assistance for Needy Families (TANF) accounted for another \$1.1 billion (5.8%) of the total. TANF reduces the dependency of needy parents by promoting job preparation and work and provides cash assistance and noncash supports. It is mainly funded with a federal block grant and the GRF.
- Spending on Workforce Services was \$466.3 million (2.5%) of the total, and was supported by federal Workforce Investment Act grants and federal funds for the administration of the unemployment compensation program.
- The "Other" component was \$307.7 million (1.7%) and includes food assistance, computer projects, and support services.
- In FY 2010, 86.0% (\$15.8 billion) of ODJFS's total spending was distributed as subsidies to make payments to Medicaid providers and provide employment and financial assistance to families. In addition, transfers, including federal Medicaid reimbursement to other state agencies, accounted for 11.2% (\$2.1 billion) of the total. Payroll expenses and purchased personal services were \$287.6 million (1.6%) and \$113.1 million (0.6%), respectively.



## Aged, Blind, and Disabled Account For One-Fourth of Medicaid Caseloads but Three-Quarters of Service Costs

ABD and CFC Shares of Medicaid Caseloads and Service Costs, FY 2009

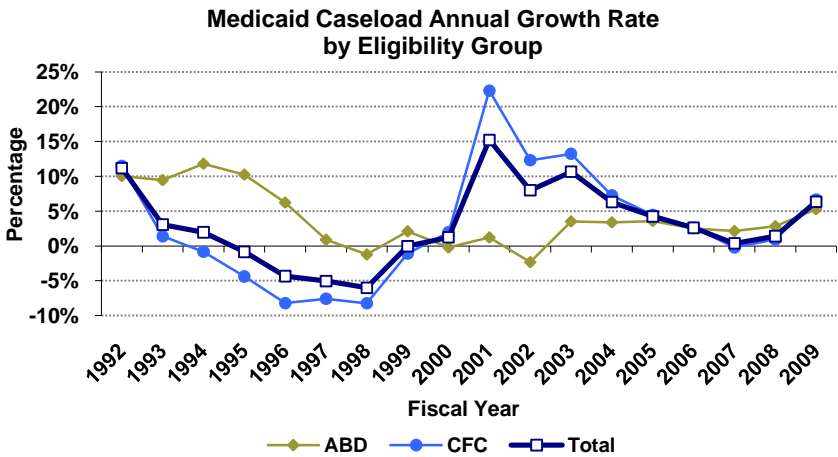


Source: Ohio Department of Job and Family Services

- In FY 2009, the aged, blind, and disabled (ABD) population made up 25% of the Medicaid caseloads but accounted for 75% of the service costs. In contrast, the covered families and children (CFC) population made up 75% of the Medicaid caseloads but only accounted for 25% of the service costs.
- Medicaid caseloads totaled 1.9 million in FY 2009, of which 0.5 million were ABD and 1.4 million were CFC. Of \$14.2 billion in Medicaid service costs in FY 2009, \$10.6 billion was incurred for the benefits of the ABD population and \$3.6 billion was incurred for the CFC population.
- In Ohio, Medicaid provides health insurance coverage to the ABD and CFC populations. The ABD population includes low-income elderly who are age 65 or older and individuals with disabilities. The CFC population includes children and parents from low-income families and low-income pregnant women.
- In FY 2009, the average monthly Medicaid cost was \$1,309 for an ABD member compared to \$225 for a CFC member.
- The cost of long-term care is one of the reasons for the higher expense of the ABD population. To illustrate, expenditures on nursing facilities alone, which are almost entirely for the benefit of the ABD population, accounted for 25% of the total Medicaid service expenditure in FY 2009. Moreover, the ABD population heavily utilizes some of the services that have the fastest growing costs, such as prescription drugs.



## Medicaid Caseloads Grew Rapidly in FY 2009



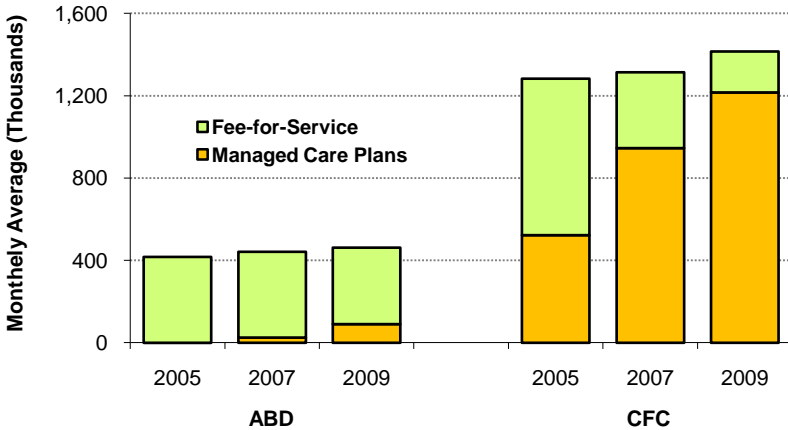
*Source: Ohio Department of Job and Family Services*

- Medicaid caseloads jumped in FY 2009 during the recent economic downturn. From FY 2008 to FY 2009, total caseloads increased by 6%, from 1.8 million to 1.9 million.
- Due to the economic slowdown and several eligibility expansions for family and child coverage, total Medicaid caseloads increased rapidly in the early 2000s. From FY 2000 to FY 2004, total Medicaid caseloads increased by 46%, from 1.1 million to 1.6 million. After FY 2004, caseloads grew modestly before leveling off at 1.7 million in FY 2007.
- The strong economy during most of the 1990s contributed to slower growth in Medicaid caseloads. From FY 1992 to FY 1999, total caseloads decreased by 11%, from 1.2 million to 1.1 million.
- In Ohio, Medicaid provides health insurance coverage to the covered families and children (CFC) and aged, blind, and disabled (ABD) populations. CFC includes low-income children and parents and low-income pregnant women. ABD includes low-income individuals who are age 65 or older and persons of all ages with disabilities.
- Due to the decline in the Ohio Works First cash assistance caseload as a result of welfare reform, CFC caseloads declined steadily in the 1990s, reaching a low of 0.7 million in FY 1999. CFC caseloads grew rapidly in the early 2000s, increasing 67% from FY 2000 to FY 2004 when they reached 1.2 million.
- ABD caseloads grew 10% annually, on average, in the first half of the 1990s. Then annual growth slowed to 0.4% on average from FY 1996 to FY 2000, followed by annual growth averaging 2.6% from FY 2001 to FY 2009.



## Medicaid Managed Care Caseloads Expand

Medicaid Caseloads, FY 2005-FY 2009



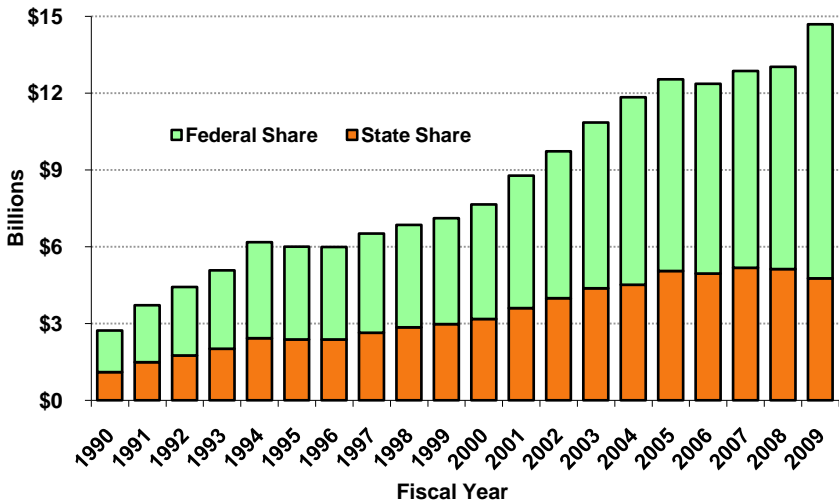
Source: Ohio Department of Job and Family Services

- Due primarily to the statewide expansion implemented in FY 2006, Medicaid managed care caseloads increased by 149% from FY 2005 to FY 2009. The managed care share of total Medicaid caseloads increased from 31% in FY 2005 to 70% in FY 2009.
- For the covered families and children (CFC) category, the managed care caseloads increased from 524,000 in FY 2005 to 1.2 million in FY 2009, increasing CFC's managed care share from 41% to 86%. For the aged, blind, and disabled (ABD) category, the managed care caseloads increased from 1,000 to 91,000, increasing its share from less than 0.3% to 20%.
- H.B. 66 of the 126th General Assembly required that the CFC population and certain ABD populations be enrolled in managed care plans.
- Ohio Medicaid began to use managed care in 1978. Prior to the mandated expansion in H.B. 66, Medicaid managed care was limited to large metro areas and exclusively focused on the CFC population.
- Under the traditional fee-for-service system, Medicaid reimburses health care professionals and institutions for providing approved medical services and products based on set fees for the specific types of services rendered.
- Under the alternative managed care system, a Medicaid enrollee typically receives all care through a single point of entry. The state pays a fixed monthly premium per beneficiary for any health care included in the benefit package, regardless of the amount of services actually used.



## Medicaid Expenditures Jumped in FY 2009

Medicaid Expenditures, FY 1990-FY 2009



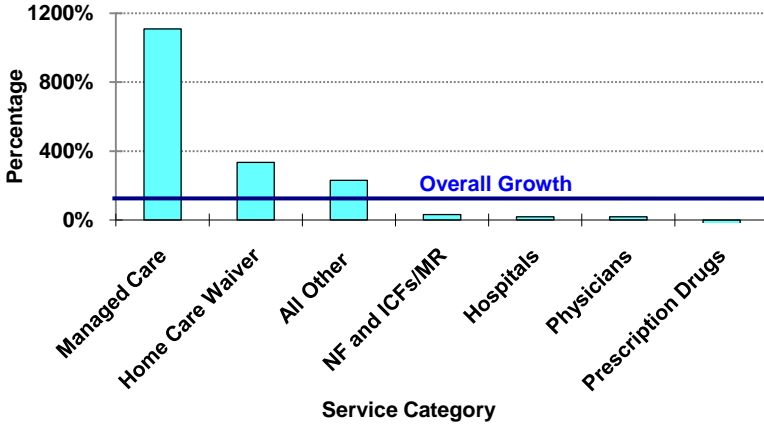
Source: Centers for Medicare & Medicaid Services

- Ohio's Medicaid expenditures jumped in FY 2009 mainly due to the recent economic slowdown. Medicaid expenditures grew by 12.8% from FY 2008 to FY 2009. Medicaid expenditures also rose rapidly in the early 1990s and early 2000s, averaging 22.9% per year from FY 1990 to FY 1994 and 11.5% per year from FY 2000 to FY 2004. Those high growth rates were a result of an economic downturn, poor labor market conditions, increasing health care costs, and eligibility expansions.
- Medicaid expenditures in FY 2009 totaled \$14.7 billion, 5.4 times greater than FY 1990 expenditures of \$2.7 billion. The average annual growth rate over this 20-year period was 9.3%.
- The only decrease in Medicaid expenditures in the 2000s occurred in FY 2006, due to the implementation of pharmacy benefits under Medicare Part D, which began January 1, 2006. As a result of Medicare Part D, Medicaid no longer pays for prescription drugs for individuals qualified for both Medicaid and Medicare.
- On average, the federal government pays for 60% of Ohio's Medicaid expenditures and the state pays the remaining 40%. The federal share is determined annually based upon the most recent per capita income for Ohio relative to that of the nation. For the period of October 1, 2008 through June 30, 2011, federal reimbursement for Medicaid is enhanced under the American Recovery and Reinvestment Act of 2009 and P.L.111-226.



## Managed Care Spending Outpaces All Other Medicaid Service Categories

Percent Growth by Service Category  
FY 1999-FY 2009

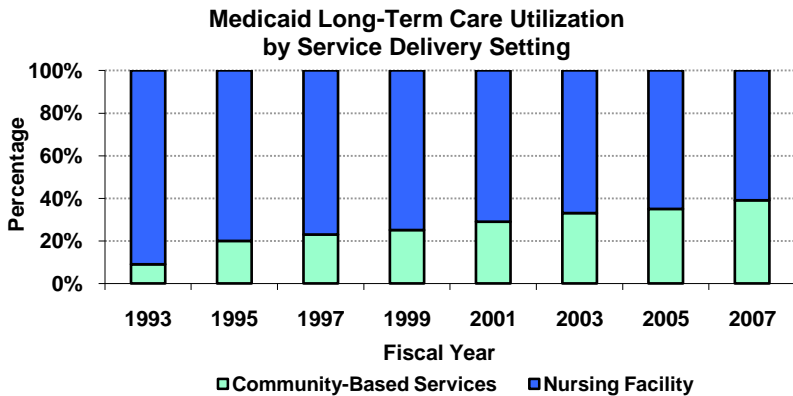


Source: Ohio Department of Job and Family Services

- Over the last decade, Medicaid spending growth has been concentrated in Managed Care. While overall growth for Medicaid was 120% from FY 1999 to FY 2009, spending for Managed Care grew by 1,108%.
- H.B. 66 of the 126th General Assembly, which required that specific Medicaid populations be enrolled in managed care beginning in FY 2006, is largely responsible for the growth in Managed Care spending.
- Implemented in the FY 1997-FY 1998 biennium, Home Care is a Medicaid waiver program providing home and community-based services to individuals with serious disabilities and unstable medical conditions who would otherwise be eligible for Medicaid nursing home services.
- Although spending for nursing facilities (NFs) and intermediate care facilities for the mentally retarded (ICFs/MR) grew slower than overall Medicaid spending, spending for NFs and ICFs/MR continues to be one of the major Medicaid spending categories.
- In FY 1999 Medicaid spending within the Ohio Department of Job and Family Services (ODJFS) totaled \$5.5 billion, broken down as follows: NFs and ICFs/MR (42%), Hospitals (22%), Drugs (14%), Managed Care (7%), All Other (9%), Physicians (5%), and Home Care Waivers (1%).
- In FY 2009, Medicaid spending within ODJFS totaled \$12.2 billion, broken down as follows: Managed Care (40%), NFs and ICFs/MR (25%), All Other (13%), Hospitals (12%), Drugs (4%), Physicians (3%), and Home Care Waivers (3%).



## Percentage of Medicaid-Eligible Elderly Opting For Community-Based Long-Term Services Increases



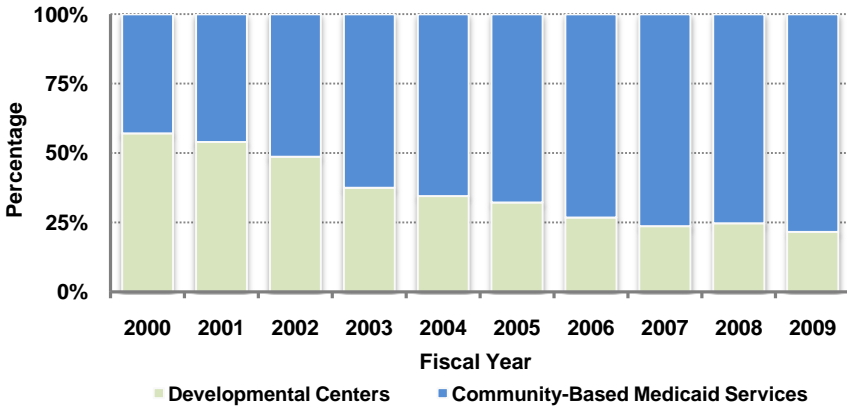
*Source: Scripps Gerontology Center, Miami University*

- Since FY 1993, the number of Medicaid-eligible elderly choosing community-based long-term care services has increased steadily. Consequently, the share of community-based long-term care services increased from 9% in FY 1993 to 39% in FY 2007. In contrast, the nursing facility share decreased from 91% to 61% over the same period.
- In FY 2007, 74,165 Medicaid-eligible elderly received long-term care services in Ohio, of whom 45,538 were served by nursing facilities at an average cost of \$136 per day. Many consumers who enter a nursing facility stay for less than six months to receive rehabilitative or recovery care. The remaining 28,627 consumers received community-based services through various Medicaid waiver programs discussed below.
- PASSPORT, the largest Medicaid waiver program, and Choices provide in-home long-term care services to elderly consumers. In FY 2007, these two programs served 26,292 consumers at an average daily cost of \$38 and \$51 per person, respectively.
- The Transitions Aging Carve-Out Program provides community-based services to elderly consumers with serious disabilities and unstable medical conditions. In FY 2007, the program served 1,439 consumers at an average daily cost of \$85 per person.
- The Program for All Inclusive Care (PACE) provides seniors with site-based managed care services. In FY 2007, the program served 662 consumers in the Cincinnati and Cleveland areas.
- Assisted Living started to provide long-term care services in certified residential care facilities for persons age 21 and older near the end of FY 2007. A total of 234 consumers age 60 or older were served that year.



## Community-Based Services Comprises Larger Share of Medicaid Spending for the Developmentally Disabled

Percentage of Expenditures by Service Delivery Setting



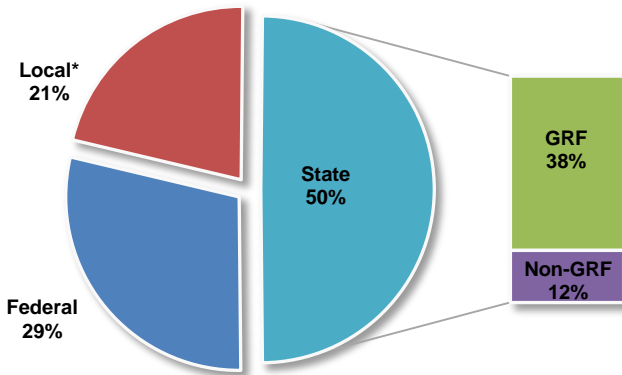
Source: Ohio Department of Developmental Disabilities

- In FY 2009, 78% of Medicaid expenditures for the developmentally disabled were for community-based services and the remaining 22% were for services provided by developmental centers. The shares were 43% and 57%, respectively, in FY 2000. Since FY 2002, community-based services have accounted for a larger share of Medicaid expenditures for the developmentally disabled.
- From FY 2000 to FY 2009, expenditures for community-based Medicaid services increased 381% from \$178.0 million to \$855.8 million, while developmental center expenditures hovered at \$231.7 million per year.
- The Department of Developmental Disabilities (DODD) administers two community-based Medicaid waiver programs, which enable people with developmental disabilities to remain in their homes or community-based settings. Both waiver programs provide services and support designed to maximize quality of life while also ensuring health and safety and to increase skills, competencies, and self-reliance.
- Enrollment in DODD's waiver programs grew from about 5,600 in FY 2000 to 22,400 in FY 2009, an increase of 300%. During the same period, the number of individuals served through developmental centers decreased 25% from 1,990 to 1,500.
- In FY 2009, community-based Medicaid services were made available to an additional 1,500 individuals as a result of the Martin Settlement (March 2007), which ended a class action lawsuit that sought to allow individuals with developmental disabilities to receive community-based services.



## State Provided Half of Total Funding for Mental Health Services in FY 2009

Mental Health Services Spending by Funding Source, FY 2009



\* Local funding includes levies for alcohol and drug addiction services.

Source: Ohio Department of Mental Health

- In FY 2009, mental health services spending totaled \$1.34 billion in Ohio. State funds comprised about half of these expenditures at \$665.2 million, of which \$511.9 million (38%) came from the GRF and \$153.3 million (12%) came from various non-GRF funds. The federal government provided \$386.1 million (29%), and the remaining \$287.1 million (21%) was from local levies and other county funds.
- The Ohio Department of Mental Health (ODMH) is responsible for ensuring that mental health services are available in the state through a system of local mental health boards and state mental hospitals.
- In FY 2009, Ohio's 50 community-based mental health boards served 325,000 individuals throughout the state. These boards include 47 alcohol and drug addiction and mental health service boards and three county mental health service boards. Boards contract with various service providers to deliver mental health services to clients in the community.
- ODMH operates five behavioral healthcare organizations that provide inpatient services at seven hospital sites. In FY 2009, the state hospitals served 6,790 individuals at a cost of \$217.7 million. Average daily cost per resident was \$589.
- In FY 2009, an average of 109,900 individuals each month received Medicaid mental health services through ODMH. Of the \$386.1 million provided by the federal government in FY 2009, \$313.5 million (81%) was federal reimbursement for Medicaid services.



## Ohio Ranks 13th Highest in Adult Obesity

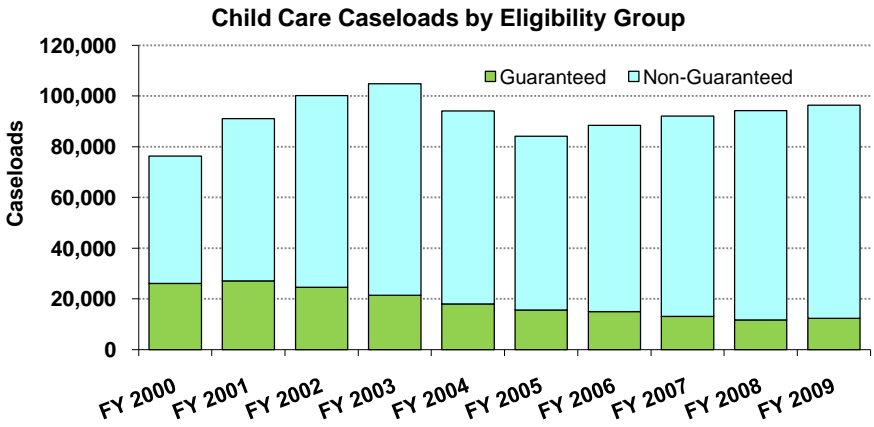
Ohio Obesity and Related Health Statistics		
Category	Ohio	National Rank
Adult Obesity, 2007-2009	29.0%	13th
Adult Diabetes, 2007-2009	9.8%	9th
Adult Hypertension, 2005-2009	29.1%	13th
Childhood Obesity, 10-17 Year Olds, 2007	18.5%	12th

Source: Robert Wood Johnson Foundation

- For 2007-2009, Ohio had the 13th highest adult obesity rate (29.0%) in the nation. Mississippi had the highest rate (33.8%); Colorado had the lowest (19.1%). Individuals with a Body Mass Index (BMI) of 30 or higher are classified as obese. BMI is a measure of an individual's weight in relation to his or her height.
- Obesity has been linked to higher incidences of chronic diseases such as diabetes and hypertension. For 2007-2009, Ohio had the 9th highest rate of adult diabetes (9.8%) and for 2005-2009 the 13th highest rate of adult hypertension (29.1%). West Virginia had the highest adult diabetes rate (11.7%); Colorado had the lowest (5.7%). Mississippi had the highest rate of adult hypertension (34.8%); Utah had the lowest (20.5%).
- For 2007, Ohio had the 12th highest rate of obesity (18.5%) in the nation among children age 10 to 17 years old. Mississippi had the highest rate (21.9%); Oregon had the lowest (9.6%). Childhood obesity is defined as having a BMI that is greater than the 95th percentile for the child's age group. Obese children over six years of age are 50% more likely to be obese as adults.
- The 128th General Assembly enacted S.B. 210 to combat the growing problem of child obesity in Ohio. S.B. 210 establishes nutritional standards for certain foods and beverages sold in schools, requires students to have periodic body mass index measurements, establishes a pilot program requiring daily physical activity for students, makes other changes regarding physical education, and establishes the Healthy Choices for Healthy Children Council.
- Obesity has been associated with higher healthcare costs. In 2006, obesity-related medical costs were almost 10% (\$147 billion) of overall annual medical spending in the United States.



## Growth Rates for Child Care Caseloads Vary Between Two Publicly Funded Eligibility Groups



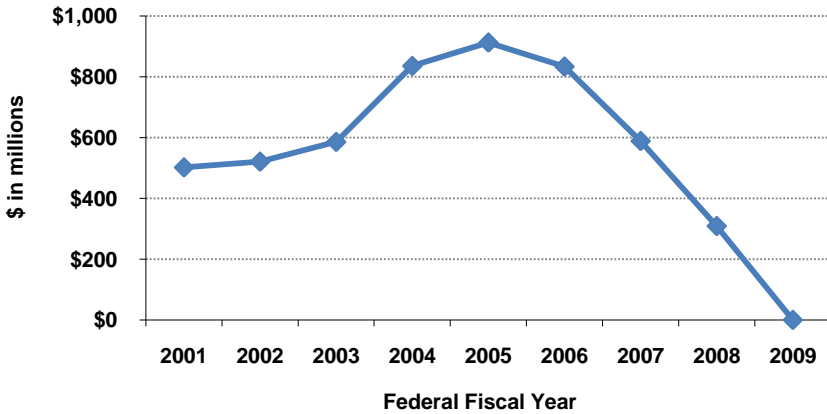
Source: Ohio Department of Job and Family Services

- Over the last ten years, the caseloads for the "non-guaranteed" category of publicly funded child care have increased by an average of 6.5% per year, whereas guaranteed caseloads have decreased by an average of 7.7% per year. Overall, child care caseloads increased by 26% from about 76,300 in FY 2000 to 96,300 in FY 2009.
- The non-guaranteed category includes families that are not enrolled in the Ohio Works First (OWF) Program but have incomes below the threshold established by the state. The guaranteed category includes families enrolled in or transitioning out of OWF.
- Non-guaranteed caseloads generally fluctuate with changes made to the income eligibility threshold. From FY 2000 to FY 2003, caseloads for this category increased 61% to 83,400. Caseloads subsequently dropped 18% to about 68,500 in FY 2005 due to a reduction in eligibility from 185% to 150% of the federal poverty guidelines (FPG).
- The state increased eligibility back to 185% FPG in FY 2006 and to 200% FPG in FY 2009. Caseloads have since grown to about 84,000, a 23% increase from FY 2005 to FY 2009.
- As OWF caseloads for cash assistance have continued to decline as a result of welfare reform, the number of families receiving guaranteed child care subsidies has also continued to decline, decreasing by 53% from about 26,100 in FY 2000 to 12,300 in FY 2009.
- In FY 2009, Ohio spent \$563.7 million on child care subsidies. Funding sources include the state GRF, the federal Temporary Assistance for Needy Families (TANF) block grant, and other federal grants.



## TANF Surplus Depleted in Federal Fiscal Year 2009

### Ohio's Cumulative Unspent TANF Balance



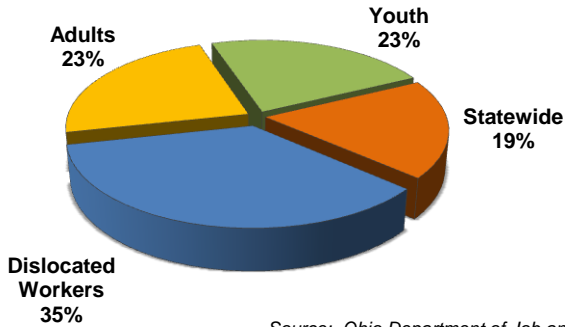
Source: Ohio Department of Job and Family Services

- Ohio's cumulative Temporary Assistance for Needy Families (TANF) surplus (unobligated and unliquidated dollars from previous grant years) was depleted by September 30, 2009, the end of federal fiscal year (FFY) 2009. The TANF surplus peaked at \$913 million in FFY 2005, and then declined four years in a row before the balance was exhausted at the end of FFY 2009.
- The federal government allows states to reserve any unobligated and unliquidated TANF grant funds at the end of a grant year. The surplus is held by the federal government and is available for future spending on benefits that meet the federal definition of "assistance." In Ohio, the only benefit that meets that definition is cash assistance under the Ohio Works First (OWF) Program.
- As surplus TANF dollars were used for OWF, current-year TANF dollars were used for other forms of assistance for TANF-eligible individuals such as child care, short-term support services, and welfare diversion programs.
- Ohio accrued a relatively large surplus between FFYs 2000 and 2005 due to a number of factors including underspending by counties. Since 2005, the state has made programmatic changes and eliminated county underspending.
- Ohio receives its \$728 million annual federal TANF Block Grant in quarterly installments. To receive this grant, the state must spend \$417 million per year in state funds for purposes that meet the TANF maintenance of effort requirement.



## Dislocated Workers Account For the Largest Share of Workforce Investment Act Expenditures

WIA Expenditures by Program, FY 2009



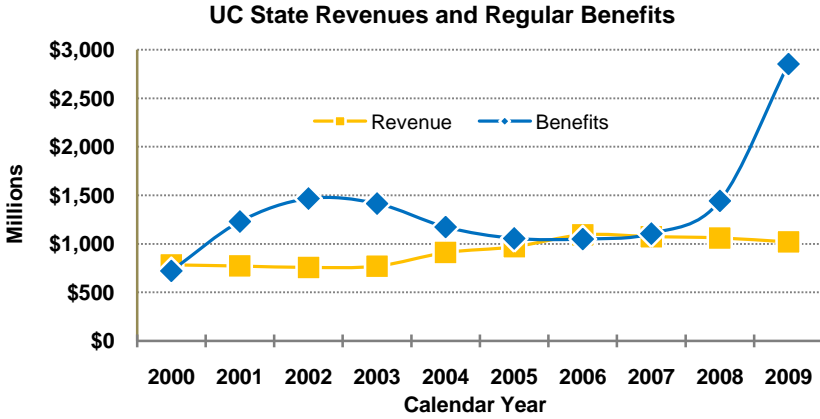
Source: Ohio Department of Job and Family Services

- In FY 2009, the state expended \$171.2 million in federal Workforce Investment Act (WIA) funds, which includes \$8.8 million in WIA stimulus funds. The Dislocated Workers program, which mainly serves those who have been laid off, accounted for the largest share of expenditures at \$60.3 million (35%). Of this total, \$14.7 million was used to fund Rapid Response, which provides additional assistance to areas that experience substantial increases in the number of unemployed individuals.
- The Adults program, which serves job seekers aged 18 or older, accounted for \$40.0 million (23%) of FY 2009 WIA expenditures. The Youth program, which serves low-income and at-risk youth aged 14 to 21, accounted for another \$39.2 million (23%) of the total.
- In FY 2009, WIA served 45,890 Ohioans,<sup>1</sup> including 18,900 (41%) Adults participants, 14,770 (32%) Dislocated Workers, and 12,220 (27%) Youth.
- WIA is a federally funded program for employment and workforce development activities. The federal government allocates WIA funds by the number of eligible participants in each of the three programs. The Ohio Department of Job and Family Services distributes the state's WIA allocation to local workforce investment boards to provide workforce development activities through local One-Stops.
- One-Stops act as the primary public resource for job and career counseling, training, job searching, employment services, and other services. Twenty workforce investment boards administer 90 One-Stops in the state with at least one in each county.

<sup>1</sup> Participant data does not include individuals served with WIA stimulus funds. About half (\$4.3 million) of WIA stimulus funds were expended for the Youth program.



## Ohio's Unemployment Compensation Benefit Payments Exceeded Revenues by \$1.83 Billion in 2009



*Source: Ohio Department of Job and Family Services*

- In 2009, regular unemployment compensation (UC) benefit payments totaled \$2.85 billion, \$1.83 billion higher than UC revenues of \$1.02 billion. Benefits payments almost doubled in 2009 from the prior-year level due largely to the recent economic downturn, which resulted in a substantial increase in unemployed Ohioans.
- UC benefits exceeded revenues in eight of the past ten years. During the years of shortfall, the state used the balance in Ohio's Unemployment Compensation Trust Fund to pay benefits. The balance of the fund peaked in August 2000, at \$2.42 billion, and steadily declined until January 2009, when the fund was depleted.
- Once the trust fund was depleted, Ohio began borrowing from the federal government to pay benefits. Ohio has borrowed \$2.31 billion as of July 2010. Thirty other states have also borrowed federal dollars to pay benefits. States must pay back borrowed amounts out of their trust funds once balances have been restored.
- The federal government has waived interest on borrowings through December 31, 2010. After that, interest will begin to accrue and the first interest payment will be due on September 30, 2011. Interest must be paid from state funds.
- State UC revenue consists of taxes paid by Ohio employers and accrued interest on the trust fund balance. Ohio employers are taxed on the first \$9,000 of each employee's wages. Rates are set in state law and are based on an employer's "experience" of unemployment. In 2009, the tax rates ranged from 0.5% to 9.2% and averaged about 3.0%, or \$270 per employee.



## Workers' Compensation Paid Close to \$2 Billion in Benefits to Ohio's Injured Workers in FY 2009

<b>Workers' Compensation Claim and Paid Benefit Statistics</b>			
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Benefits (\$ in millions)</b>			
Medical	\$788.7	\$839.5	\$833.5
Lost Time	\$1,162.0	\$1,224.4	\$1,130.8
<b>Total</b>	<b>\$1,950.8</b>	<b>\$2,063.9</b>	<b>\$1,964.3</b>
<b>Number of New Allowed Claims</b>			
<b>Total</b>	<b>154,677</b>	<b>143,199</b>	<b>118,855</b>
<b>Number of Open Claims</b>			
<b>Total</b>	<b>1,540,543</b>	<b>1,415,491</b>	<b>1,321,214</b>

Source: Ohio Bureau of Workers' Compensation

- The Bureau of Workers' Compensation (BWC) paid \$1.96 billion in benefits for lost time and medical claims to Ohio's injured workers in FY 2009. This was almost \$100 million lower than the \$2.06 billion paid in FY 2008 but close to \$14 million higher than the \$1.95 billion paid in FY 2007.
- Of the \$1.96 billion paid in FY 2009, 57.6% (\$1.13 billion) was for lost time benefits and 42.4% (\$833.5 million) was for medical benefits.
- The total number of new allowed claims – the net of total new claims and dismissed claims – decreased from 154,677 in FY 2007, to 143,199 in FY 2008, and to 118,855 in FY 2009.
- The total number of open claims also decreased from 1.54 million in FY 2007, to 1.42 million in FY 2008, and to 1.32 million in FY 2009.
- In FY 2009, BWC collected a total of \$2.36 billion in premiums and assessments to insure against claims. This was \$222.5 million higher than what was collected in FY 2008 but \$34.5 million lower than in FY 2007.
- As of June 30, 2009, BWC had total assets of \$22.42 billion and total liabilities of \$19.91 billion among all funds, for a total of \$2.52 billion in net assets. BWC's net assets totaled \$2.31 billion at the end of FY 2007 and \$2.50 billion at the end of FY 2008.
- BWC administers the largest exclusive workers' compensation system in the country, covering roughly 261,000 employers in FY 2009, including close to 4,000 state and local public employers. An exclusive system is one in which the state provides coverage for all public and private employers, excluding those who qualify to self-insure. Nearly 1,200 employers qualified to self-insure in FY 2009.