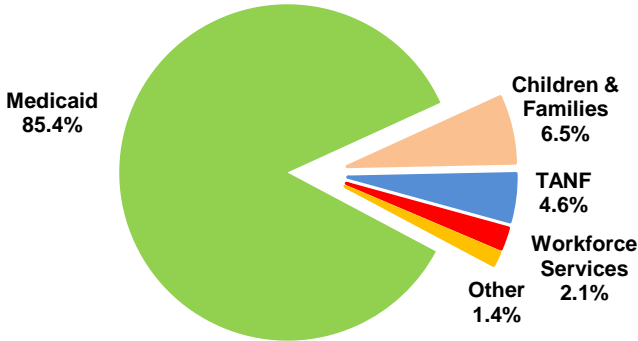


Medicaid Comprises Over 85% of ODJFS Expenditures

Job and Family Services Spending by Component, FY 2012

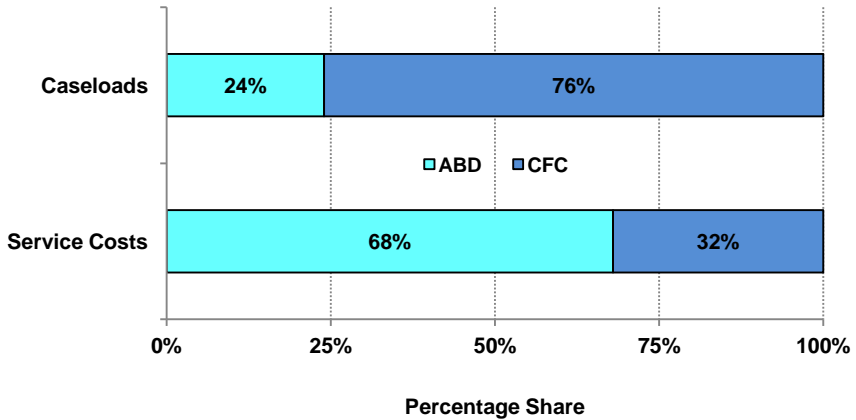


Source: Ohio Administrative Knowledge System

- In FY 2012, the Ohio Department of Job and Family Services (ODJFS) expended \$20.5 billion across all funds. Of this total, \$17.5 billion (85.4%) was spent on Medicaid, the largest single state program. Medicaid is funded by a combination of state and federal funds from GRF (\$11.7 billion) and non-GRF (\$5.8 billion) sources.
- The second largest spending component was Children and Families at \$1.3 billion (6.5%). This component includes adoption, child care, child support enforcement, child welfare, and foster care.
- Temporary Assistance for Needy Families (TANF) accounted for another \$1.0 billion (4.6%) 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 by a federal block grant and the GRF.
- Spending on Workforce Services was \$433.0 million (2.1% 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 includes food assistance, computer projects, and support services. Spending on this component was \$284.5 million (1.4%).
- In FY 2012, 89.1% (\$18.3 billion) of ODJFS's total spending was distributed as subsidies to make payments to Medicaid providers and provide employment and financial assistance to families. Transfers, including federal Medicaid reimbursement to other state agencies, accounted for 7.8% (\$1.6 billion) of the total. Payroll expenses and purchased personal services were \$295.3 million (1.4%) and \$124.3 million (0.6%), respectively.

Aged, Blind, and Disabled Account for 24% of Medicaid Caseloads but 68% of Service Costs

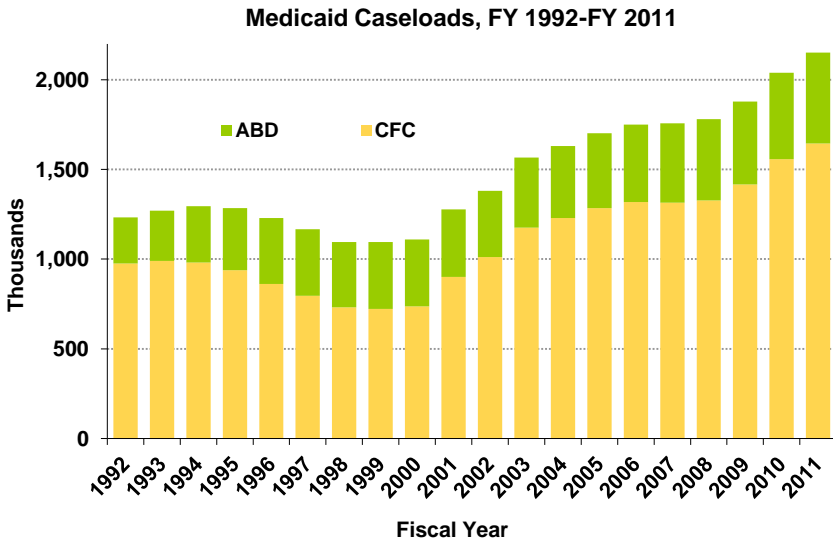
ABD and CFC Shares of Medicaid Caseloads and Service Costs, FY 2011



Source: Ohio Department of Job and Family Services

- In FY 2011, the aged, blind, and disabled (ABD) population made up 24% of the Medicaid caseloads but accounted for 68% of the service costs. In contrast, the covered families and children (CFC) population made up 76% of the Medicaid caseloads but only accounted for 32% of the service costs.
- Medicaid caseloads totaled 2.2 million in FY 2011, of which 0.5 million were ABD and 1.7 million were CFC. Of \$16 billion in Medicaid service costs in FY 2011, \$10.9 billion was incurred for the benefits of the ABD population and \$5.1 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 2011, the average monthly Medicaid cost was \$1,655 for an ABD member compared to \$251 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 21% of the total Medicaid service expenditure in FY 2011.

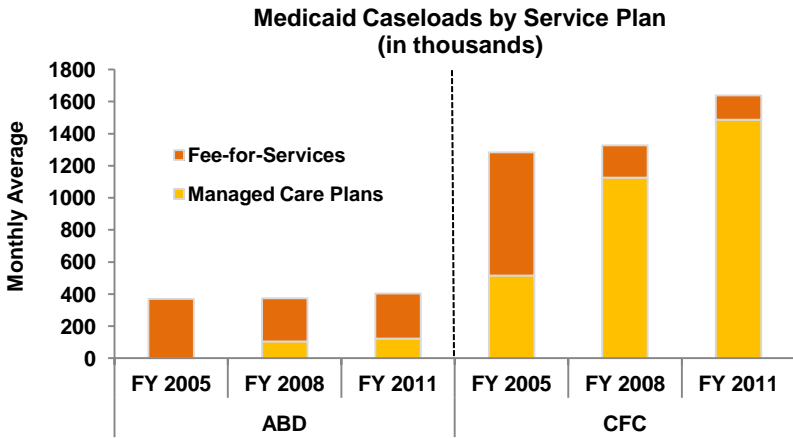
Medicaid Caseloads Continue to Increase



Source: Ohio Department of Job and Family Services

- Medicaid caseloads continued to increase in FY 2011 due to the recent economic downturn and weak recovery in labor markets. From FY 2008 to FY 2011, total caseloads increased by 21%, from 1.8 million to 2.2 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 47%, from 1.1 million to 1.6 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 late 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 3% from FY 2001 to FY 2011.

Medicaid Managed Care Caseloads Expand

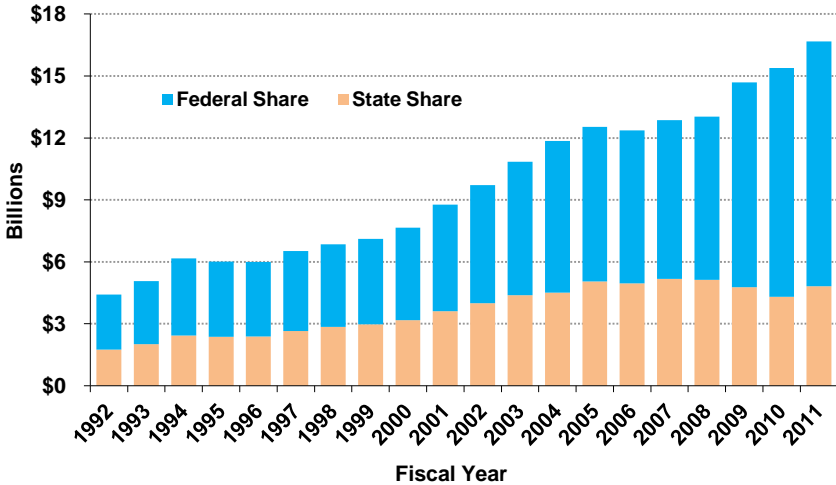


Source: Ohio Department of Job and Family Services

- Due primarily to the statewide expansion implemented in FY 2006, Medicaid managed care caseloads increased by 212% from FY 2005 to FY 2011. The managed care share of total Medicaid caseloads increased from 31% in FY 2005 to 79% in FY 2011.
- For the covered families and children (CFC) category, managed care caseloads grew from 517,000 in FY 2005 to 1.5 million in FY 2011, increasing CFC's managed care share from 40% to 91%. For the aged, blind, and disabled (ABD) category, managed care caseloads grew from 148 to 124,000, increasing its share from less than 0.3% to 31%.
- 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 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 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 Continued to Rise in FY 2011

Medicaid Expenditures, FY 1992-FY 2011



Source: Centers for Medicare & Medicaid Services

- Ohio's Medicaid expenditures continued to rise in FY 2011 mainly due to the recent economic slowdown. From FY 2008 to FY 2011, on average Medicaid expenditures grew by 8.6% per year.
- Medicaid expenditures also rose rapidly in the early 1990s and early 2000s, averaging 22.6% 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 2011 totaled \$16.7 billion, 3.8 times greater than FY 1992 expenditures of \$4.4 billion. The average annual growth rate over this 20-year period was 7.2%.
- 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.
- Generally, the federal government pays for 64% of Ohio's Medicaid expenditures and the state pays the remaining 36%. 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 was enhanced under the American Recovery and Reinvestment Act of 2009 and P.L.111-226.

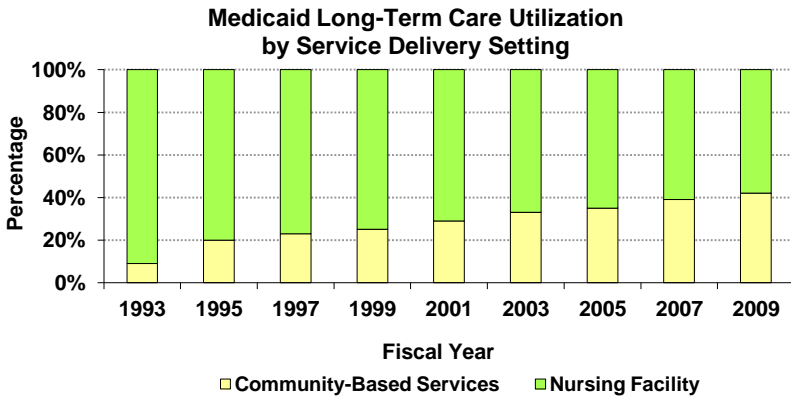
Managed Care Spending Outpaces All Other Medicaid Service Categories

ODJFS Medicaid Spending by Service Category (\$ in millions)					
Service Category	FY 2001		FY 2011		% Change
	Amount	% of Total	Amount	% of Total	
Managed Care	\$430	6%	\$5,112	37%	1,089%
NFs & ICFs/MR	\$2,679	39%	\$3,227	23%	20%
Drugs & Medicare Part D	\$1,057	15%	\$1,908	14%	81%
Other & Medicare Buy-in	\$659	10%	\$1,548	11%	135%
Hospital	\$1,495	22%	\$1,502	11%	0%
Physician	\$423	6%	\$338	2%	-20%
Home Care Waiver	\$141	2%	\$330	2%	134%
Total	\$6,884	100%	\$13,965	100%	103%

Source: Ohio Department of Job and Family Services

- Over the last decade, Medicaid spending growth has been concentrated in Managed Care. While overall Medicaid spending within the Ohio Department of Job and Family Services (ODJFS) increased by 103% from \$6.89 billion in FY 2001 to \$13.97 billion in FY 2011, spending for Managed Care grew more than ten times faster, by 1,089%. Consequently, Managed Care's share of total Medicaid spending increased from 6% in FY 2001 to 37% in FY 2011.
- The growth in Managed Care spending is largely due to H.B. 66 of the 126th General Assembly, which required that specific Medicaid populations be enrolled in managed care beginning in FY 2006.
- 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 service categories. It accounted for 23% (\$3.23 billion) of total Medicaid spending in FY 2011.
- Home Care Waiver spending had the third highest growth rate at 134% during this period although it only comprised 2% (\$330 million) of total Medicaid spending in FY 2011. Implemented in the FY 1997-FY 1998 biennium, Home Care Waiver 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.
- Physician spending is the only category that experienced a decrease during this period due largely to the expansion of managed care.

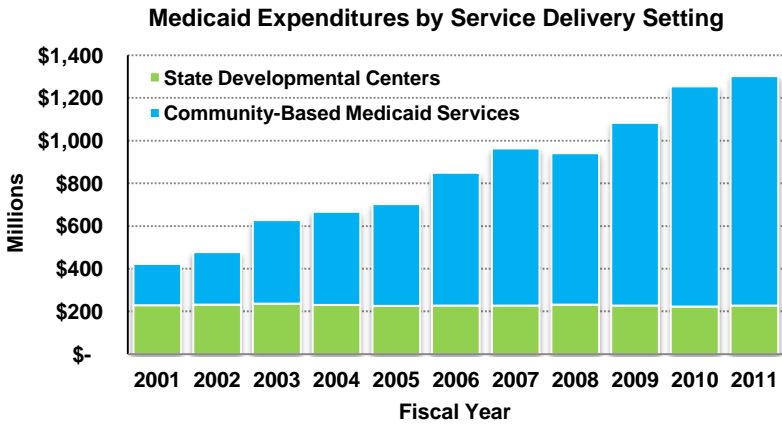
Percentage of Medicaid-Eligible Elderly Opting for Community-Based Long-Term Services Increases



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 42% in FY 2009. In contrast, the nursing facility share decreased from 91% to 58% over the same period.
- In FY 2009, the average daily census at nursing facilities for Medicaid consumers age 60 and over was 42,379. These individuals were served at an average cost of \$4,281 per month. Many consumers who enter a nursing facility stay for less than six months to receive rehabilitative or recovery care.
- PASSPORT, the largest Medicaid waiver program, and Choices provide in-home long-term care services to elderly consumers. In FY 2009, an average of 27,039 consumers were served each month by these two programs at an average monthly cost of \$1,067 and \$1,500, respectively.
- The Transitions Aging Carve-Out Program provides community-based services to elderly consumers with serious disabilities and unstable medical conditions. In FY 2009, an average of 1,573 consumers were served by the program each month at an average cost of \$1,701.
- The Program for All Inclusive Care (PACE) provides seniors with site-based managed care services in the Cincinnati and Cleveland areas. In FY 2009, an average of 668 consumers were served by the program each month at an average monthly cost of \$2,643.
- Assisted Living provides long-term care services in certified residential care facilities for persons age 21 and older. In FY 2009, an average of 989 consumers were served by the program each month at an average monthly cost of \$1,518.

Spending on Community-Based Services Increases as Spending on State Developmental Centers Stagnates

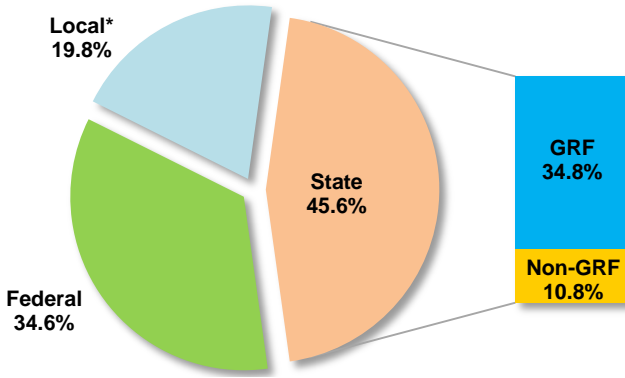


Source: Ohio Department of Developmental Disabilities

- From FY 2001 to FY 2011, Medicaid expenditures for home and community-based services increased 452% from \$194.6 million to \$1.07 billion, while Medicaid expenditures for individuals in state developmental centers held level at about \$229 million each year.
- The Department of Developmental Disabilities (DODD) administers two community-based Medicaid waiver programs that enable people with developmental disabilities to remain in their homes or community settings. Both programs provide services to increase skills, competencies, and self-reliance and to maximize quality of life while ensuring health and safety.
- Enrollment in DODD's two waiver programs grew from about 5,700 in FY 2001 to 25,400 in FY 2011, an increase of 346%. Enrollment levels must be approved by the federal government each year.
- DODD operates regional developmental centers that provide habilitative environments for individuals with severe disabilities. In FY 2001, there were 12 centers with about 1,970 residents. By FY 2011, two centers had closed and the number of residents had decreased 36% to 1,260. The average cost per person increased over this period, keeping total expenditures flat.
- In FY 2011, the average monthly cost of an individual in a developmental center was almost \$15,900, while the average monthly cost of an individual on a waiver program was about \$900 for the Level 1 waiver and about \$5,000 for the Individual Options waiver.
- In addition to state developmental centers and home and community-based services, Medicaid also pays for individuals in private intermediate care facilities. In FY 2011, payments to these facilities totaled \$550 million.

State Provided Close to 46% of Total Funding for Mental Health Services in FY 2011

Mental Health Services Spending by Funding Source, FY 2011



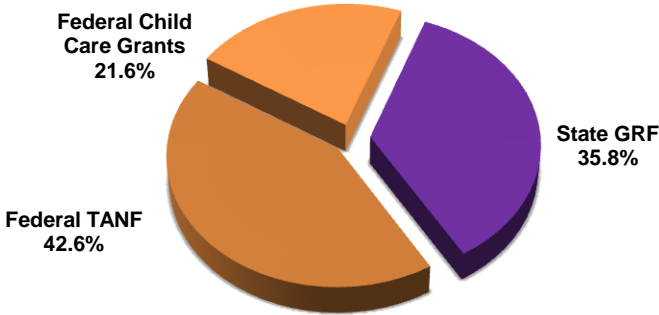
* Local funding includes levies for alcohol and drug addiction services.

Source: Ohio Department of Mental Health

- In FY 2011, mental health services spending totaled \$1.33 billion in Ohio. State funds comprised 45.6% of these expenditures at \$607.9 million, including \$464.1 million (34.8%) from the GRF and \$143.8 million (10.8%) from various non-GRF funds. The federal government provided \$461.2 million (34.6%) of the total, and the remaining \$264.5 million (19.8%) 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 2011, Ohio's 50 community-based behavioral health boards served over 360,000 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.
- In FY 2011, ODMH operated five behavioral healthcare organizations that provided inpatient services at seven hospital sites. During FY 2011, state hospitals served 6,730 individuals at a cost of \$214.6 million. Average daily cost per resident was \$602.
- In FY 2011, approximately 268,500 individuals received Medicaid mental health services through ODMH. Of the \$461.2 million provided by the federal government in FY 2011, approximately \$391.4 million (84.9%) was federal reimbursement for Medicaid services.

Two-Thirds of Subsidized Child Care Was Funded by Federal Grants in FY 2011

Child Care Expenditures by Funding Source, FY 2011



Sources: Ohio Department of Job and Family Services; Ohio Administrative Knowledge System

- Of the \$612.1 million Ohio expended on subsidized child care in FY 2011, \$393.1 million (64.2%) was from federal grants. In that year, a monthly average of 107,868 children received subsidized child care, at an average monthly cost of \$473 per child.
- The federal TANF Block Grant accounted for most of these expenditures at \$260.6 million (42.6%). Ohio's TANF Block Grant is \$728 million per year and is also used for cash assistance and other programs for the indigent.
- Federal Child Care and Development Fund (CCDF) Grants accounted for \$132.5 million (21.6%) of the total. There are three separate CCDF grants: a discretionary grant, a mandatory grant, and a matching grant.
- State GRF dollars accounted for the remaining \$219.0 million (35.8%). Ohio is required by the federal government to expend about \$84.7 million each year to receive the CCDF mandatory grant and the CCDF matching grant.
- For families enrolled in or transitioning out of the Ohio Works First Program child care is guaranteed, but for most families, eligibility is based on income level. Families with incomes up to 125% FPG (\$23,863 annually for a family of three) are eligible for services if funding is available; families may remain eligible until their incomes rise above 200% FPG (\$38,180 annually). Families pay copayments to providers on a sliding scale based on income.
- In addition to paying providers for child care services, the federal CCDF and TANF grants are used for administration and licensing activities for all child care centers in the state. In FY 2011, \$45.6 million was expended for local and state level administration of subsidized child care and \$37.8 million was expended for licensing and inspecting child care facilities including the quality ratings program. At least 4% of CCDF funds must be used to improve child care quality.

Ohio's Percentage of Preterm Births and Infant Mortality Rate Exceed National Statistics

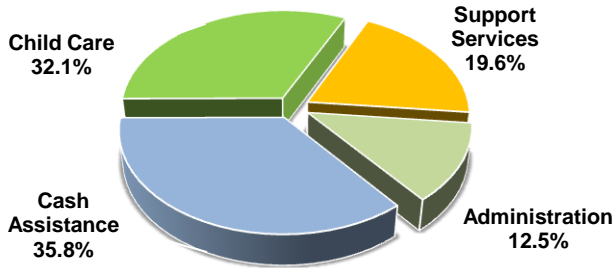
Ohio Infant Health Statistics by Race/Ethnicity		
Category	Ohio	U.S.
% of Preterm Births, 2009	12.3%	12.2%
Non-Hispanic White	11.1%	10.9%
Non-Hispanic Black	17.9%	17.5%
Hispanic	12.7%	12.0%
Infant Mortality Rate (per 1,000 births), 2005-2007	7.9	6.8
Non-Hispanic White	6.4	5.7
Non-Hispanic Black	15.3	13.4
Hispanic	6.6	5.5

Sources: Kaiser Family Foundation State Health Facts; Ohio Department of Health

- In 2009, 12.3% of all births in Ohio were preterm births (less than 37 weeks of gestation) compared to the national average of 12.2%. Similar to the national pattern, the percentage of preterm births in Ohio for non-Hispanic black infants (17.9%) was higher than the percentage for both non-Hispanic white (11.1%) and Hispanic (12.7%) infants.
- In 2009, there were a total of 17,824 preterm births in Ohio. Preterm birth makes infants more vulnerable to developmental and medical problems. The average hospital cost for a premature infant is approximately \$49,000 as compared to \$4,500 for a full-term, healthy infant.
- During 2005-2007, Ohio's overall infant mortality rate of 7.9 (infant deaths per 1,000 live births) ranked 11th highest among the states and was higher than the national rate of 6.8. The rate for non-Hispanic blacks in Ohio and in the United States was more than twice the rate for non-Hispanic white infants.
- The leading medical causes of infant mortality during the first year of life are premature birth, birth defects, and sudden unexpected infant deaths, including sudden infant death syndrome and accidental rollover or suffocation. Factors such as poverty, lack of education and prenatal care, and poor nutrition may increase the risk of infant mortality.

Cash Assistance Accounted for Almost 36% of Ohio's TANF Expenditures in Federal Fiscal Year 2011

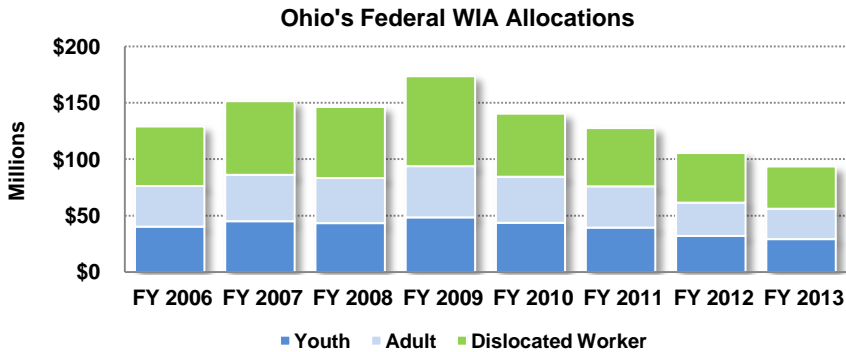
Ohio's TANF Expenditures, FFY 2011



Source: U.S. Department of Health and Human Services

- In FFY 2011, cash assistance payments, provided under the Ohio Works First (OWF) program, accounted for \$440.1 million (35.8%) of Ohio's \$1.23 billion in total Temporary Assistance for Needy Families (TANF) expenditures. In FFY 2011, an average of 99,470 assistance groups received OWF benefits each month with an average monthly benefit of \$369.
- Eligible OWF assistance groups must include a minor child or pregnant woman and have income of no more than 50% of the federal poverty guidelines (\$9,545 annually for a family of three). Heads-of-household must sign a self-sufficiency contract that includes a work plan. Benefits are time-limited to 36 months, but time and income limits and work requirements do not apply to "child-only" cases (about half of OWF assistance groups), in which a relative caregiver receives the benefit on behalf of a child.
- Subsidized child care, which accounted for \$395.0 million (32.1%) of TANF expenditures, is available to children in families with incomes up to 125% FPG (\$23,860 for a family of three). In FY 2011, a monthly average of 107,870 children received subsidized child care. In addition to TANF funds, other state and federal funds are used to pay child care providers.
- Support services (\$241.2 million) are short-term noncash benefits provided at the local level and may include shelter, job-required clothing, household necessities, home repair, transportation, and other services allowable under federal law. Administration (\$154.4 million) includes both state and local activities such as eligibility determination and case management.
- Ohio's TANF resources total about \$1.15 billion each year: \$728 million from the federal TANF Block Grant and \$417 million in state funds to meet the TANF maintenance of effort requirement. In FFY 2011, TANF expenditures exceeded regular TANF resources due to the additional federal TANF funds Ohio received under the American Recovery and Reinvestment Act of 2009.

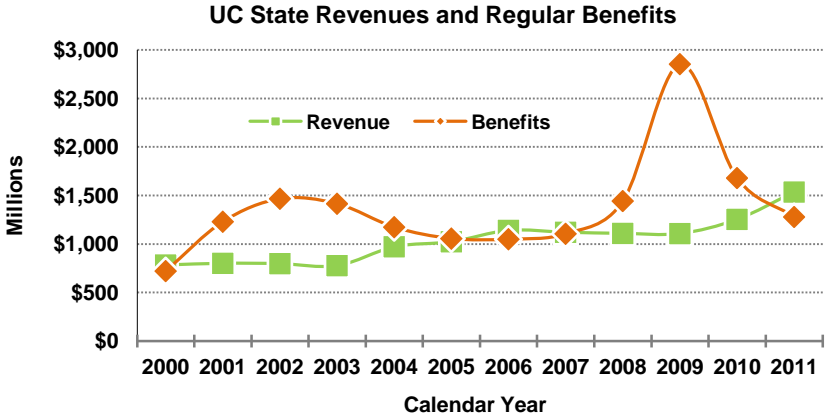
Ohio's Federal Workforce Investment Act Grants Decreased 46% Over Last Four Fiscal Years



Sources: U.S. Department of Labor; Federal Funds Information for States; ODJFS

- From FY 2009 to FY 2013, Ohio's federal Workforce Investment Act (WIA) grants decreased 46% from \$173.7 million to \$93.6 million. Over this time, Ohio's Dislocated Worker grant decreased by about 53%, while grants for Youth and Adults decreased by 40%.
- The recent decreases are due to reductions in: (1) the national WIA allocations, which are set by Congress each year, and (2) Ohio's proportion of unemployed and economically disadvantaged youth and adults compared to other states. Prior to FY 2010, Ohio's proportion of these individuals was increasing relative to other states, while the national WIA allocations remained fairly level.
- From FY 2009 to FY 2011, the decreases in Ohio's WIA grants were mitigated by \$138.1 million in additional WIA dollars received under the federal American Recovery and Reinvestment Act of 2009 (ARRA). Most ARRA WIA funds were expended in FY 2010; all were expended by the end of FY 2011.
- WIA is a federally funded program that delivers workforce services. At the state level, the program is administered by the Ohio Department of Job and Family Services (ODJFS). At the local level, 20 regional workforce investment boards administer the delivery of workforce services through 90 local One-Stop locations, with at least one in each county.
- Each year, in accordance with federal law, ODJFS distributes 85% of the state's total WIA grants to Ohio's workforce investment boards to deliver services. Boards have two years to expend WIA grants. The remaining WIA dollars are used by ODJFS to help areas in the state that experience mass layoffs (10%) and for administration and other statewide workforce programs (5%). ODJFS may expend WIA funds over three years for these purposes.

Ohio's Unemployment Compensation Revenues Exceeded Benefit Payments by \$257 Million in 2011



Source: Ohio Department of Job and Family Services

- In 2011, regular unemployment compensation (UC) revenues totaled \$1.54 billion, \$257 million higher than net benefit payments of \$1.28 billion. This was the first time in four years that revenues exceeded benefits.
- In 2011, benefits were 55% below their peak in 2009, while revenues were 39% greater. Generally, revenues increase a year or two after an increase in benefits, as employers' UC tax rates are adjusted upward to compensate for the years of higher benefits.
- UC revenue is derived from taxes paid by Ohio employers 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 2011, the tax rates ranged from 0.7% to 9.1% and averaged about 3.8%, or \$342 per employee.
- UC benefits exceeded revenues in eight of the past twelve 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 \$2.88 billion as of July 2012. Thirty other states also borrowed federal dollars to pay benefits. States must pay back borrowed amounts out of their trust funds once balances have been restored. In 2011, Ohio made principal payments of \$533 million.
- Interest on borrowed amounts must be paid from state funds. The federal government waived interest in 2009 and 2010. In 2011, Ohio made an interest payment of \$70.7 million.

Workers' Compensation Paid \$1.8 Billion in Benefits to Injured Workers in FY 2011

Workers' Compensation Claim and Paid Benefit Statistics			
	FY 2009	FY 2010	FY 2011
Benefits (\$ in millions)			
Medical	\$833.5	\$800.8	\$778.9
Indemnity	\$1,130.8	\$1,085.6	\$1,053.7
Total	\$1,964.3	\$1,886.4	\$1,832.6
Number of New Allowed Claims			
Total	118,855	104,151	104,835
Number of Open Claims			
Total	1,321,214	1,221,302	1,129,873

Source: Ohio Bureau of Workers' Compensation

- The Bureau of Workers' Compensation (BWC) paid \$1.83 billion in indemnity benefits and medical claims in FY 2011. This was approximately 2.7% less than the \$1.89 billion paid in FY 2010 and approximately 6.6% less than the \$1.96 billion paid in FY 2009.
- Of the \$1.83 billion paid in FY 2011, 57.5% (\$1.05 billion) was for indemnity benefits and 42.5% (\$778.9 million) was for medical benefits.
- The total number of allowed claims in FY 2011 was 104,835, almost unchanged from the 104,151 allowed claims in FY 2010. The FY 2011 figure, however, was 11.8% lower than the 118,855 claims allowed in FY 2009.
- Continuing a recent trend, the total number of open claims decreased to 1.13 million in FY 2011, from 1.22 million in FY 2010 and 1.32 million in FY 2009.
- In FY 2011, BWC collected a total of \$1.86 billion in premiums and assessments to insure against claims. This was \$262.0 million less than what was collected in FY 2010 and \$504.5 million less than in FY 2009.
- BWC's net assets increased substantially between FY 2010 and FY 2011. As of June 30, 2011, BWC had total assets of \$26.10 billion and total liabilities of \$20.33 billion, for a total of \$5.77 billion in net assets. Net assets at the end of FY 2010 were \$3.83 billion. The increase was largely attributable to investment gains.
- BWC issued policies to roughly 256,000 employers in FY 2011, including close to 4,000 state and local public employers. Slightly more than 1,200 employers qualified to self-insure in FY 2011.