

Budget & Medicaid

SHIFTING SANDS IN OHIO'S MEDICAID BUDGET**WENDY PATTON**

Medicaid, the state's largest program with the most federal dollars, was the primary point of contention as Ohio's lawmakers crafted the 2018-19 budget this past spring. Struggles over Medicaid structure and funding in Congress added uncertainty to historical rancor over Ohio's Medicaid expansion. The governor signed the budget bill into law more than a month ago, but it's not over yet: 11 of the Governor's 47 vetoes have been overridden by Ohio's House of Representatives. The Senate has sessions scheduled in August, to take action on the House overrides. In this issue brief, we review some of the most contentious Medicaid issues in the budget, with a focus on vetoes and overrides.

Work requirements: The House and Senate want Medicaid rules waived in Ohio so Medicaid expansion would only cover people with jobs, in school or with serious illness. Medicaid doesn't allow a work requirement because that contradicts the goal of expanding health care coverage to low-income people. The Governor did not veto this provision.

Medicaid expansion freeze: The Senate added a provision to the budget bill that would halt enrollment in the Medicaid expansion group as of July 1, 2018. This freeze means 500,000 could lose coverage, hurting the effort to reduce the drug epidemic. The governor vetoed the freeze. The House did not override the veto, so the Senate cannot concur.

Healthy Ohio: The so-called "Healthy Ohio" plan for Medicaid became law in the prior budget bill. It would – among other things – charge able-bodied, non-elderly Medicaid enrollees premiums and lock them out if they fell behind in paying. The federal government rejected the plan submitted in 2016. The legislature re-inserted it in the new budget. The governor vetoed the provision. The House overrode it (66-31). The Senate should let the veto stand.

Premiums: The Healthy Ohio plan would charge premiums for people earning less than the poverty level; Governor Kasich has a slightly less harmful, but still ill-advised plan of his own, to require non-elderly adults earning between 100 and 138 percent of the federal poverty level a monthly premium for Medicaid health coverage, beginning January 2018. If the Senate Healthy Ohio veto stands, the governor will probably apply for federal permission to implement both work requirements and his own plan for charging premiums.

Medicaid coverage of optional eligibility groups: Lawmakers proposed taking control of Medicaid eligibility for any new group, taking such authority away from the Ohio Department of Medicaid. The governor vetoed the proposal. The House overrode the veto (65-30).

Limits on Controlling Board authorization of federal funds: The General Assembly proposed limiting the amount of federal money the Controlling Board could approve; this related to contention over the governor's use of the Controlling Board to accept federal funds for the Medicaid expansion. The Governor vetoed the provision and the House overrode the veto (66-31). The Senate should let the Governor's veto stand.

Controlling Board authorization of state match: In the prior budget, a fund with Controlling Board oversight was created for state matching funds for the Medicaid expansion. The Legislature proposed continuing this approach in the new budget, but forbids Controlling Board release of funds if the share of federal matching funds for the Medicaid expansion changes. The Governor vetoed the new restrictions related to federal matching funds. The House overrode the veto (66-31). The Senate should let the Governor’s veto stand.

Legislative control of Medicaid rate structure: The General Assembly proposed a measure to take control of payment rates to Medicaid providers. The Governor vetoed the provision and the House overrode the veto (66-30).

Legislative control of Medicaid rates for nursing facilities: The legislature inserted measures to change the formulas used to set Medicaid provider rates for nursing home. They also voted to change accountability and quality measurements. The Governor largely vetoed these provisions. The House overrode the vetoes (96-1).

Infant mortality: The legislature proposed boosting Medicaid payment rates for neonatal and newborn specialists to encourage them to treat Medicaid enrollees. But it was not funded: the boost would come out of cuts to other Medicaid provider rates. The governor vetoed this provision. The House overrode it (96-0).

Long term services and supports (LTSS): The executive budget proposed moving LTSS — including home and community-based services and nursing facility care — under the coordination of the Medicaid managed care plans. The Legislature delayed the move, prohibited such a move without a vote of the General Assembly, and created a study committee. The governor vetoed the delay and vote. The House overrode the veto (95-2).

Mental health beds: Medicaid rules prohibited the use of federal Medicaid dollars to pay for psych beds in large hospitals. The legislature directed the Ohio Department of Medicaid to apply for a waiver from these rules, but the federal rules were changed. The governor vetoed this provision because of the federal changes. The House did not override it.

Behavioral health redesign: Behavioral health care for those covered by Medicaid is to be administered by Medicaid managed care plans, and the legislature delayed the implementation timeline. The governor vetoed the delay and the House overrode it (95-2).

Managed Care Organization tax: The budget bill takes one of the state’s provider taxes, the managed care organization tax, out of the sales tax base and places it into the base of the health insuring corporation tax. By 2019, counties and transit agencies that piggyback local taxes on the state sales tax base lose a revenue stream of more than \$200 million a year. The legislature proposed restoring revenues for counties and public transit. The governor vetoed the measure; the House overrode the veto (87-10). The Senate should also vote to override.

The “1332” waiver of Affordable Care Act laws on insurance: The Senate added a provision in the prior budget that directed the state to seek a waiver of federal rules pertaining to health care under the Affordable Care Act. They reinstated the waiver in the new budget bill. There is no veto action on this measure.

Perhaps the Congressional retreat from overhauling the Affordable Care Act and dismantling Medicaid will restore some certainty to the state budgeting process. It is time for lawmakers and the governor to finalize the budget and move forward with policies that help Ohioans live better lives.