

July 28, 2016

Department of Health and Human Services
Centers for Medicare and Medicaid Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, MD 21244-1850

RE: Proposed Demonstration Waiver: “Healthy Ohio”

Submitted electronically via: medicaid.gov

Dear Secretary Burwell:

Cleveland Clinic is a not-for-profit, integrated healthcare system dedicated to patient care, teaching and research. Our health system is comprised of a main campus, nine community hospitals and 21 family health centers with over 3,400 salaried physicians and scientists. Last year, our system had nearly six million patient visits and nearly 165,000 hospital admissions. We appreciate the dedication of the Ohio Department of Medicaid in helping to ensure that all Ohioans are afforded high-quality, sustainably-delivered health care, as well as the Department’s diligence in conducting this proposed reform and feedback process.

The expansion of Medicaid by the State of Ohio in 2014 represented a landmark achievement and a shining example of the commitment of the State of Ohio to the health and wellbeing of its citizens. Since the expansion took effect in January 2014, nearly 630,000 Ohioans have obtained health insurance, many for the first time in years. Today, nearly 1 in 4 Ohioans has coverage for at least part of the year through the Ohio Medicaid program. Actuarial evaluations of the Ohio Medicaid system, and in particular the Group VIII expansion population, already demonstrate that goals for reducing improper utilization, per-member-per-month spending and primary care have been met or exceeded. The diligent action of the Ohio Department of Medicaid to educate beneficiaries, cooperate with care providers and streamline its own operations is to be applauded.

At the Cleveland Clinic, we have seen a marked increase in Medicaid patients in the last 24 months, including more than 150,000 new primary care Medicaid patients, nearly half of whom are children. Because these patients are receiving regular primary care, they are able to better maintain their wellness and employment. We expect to see a marked downturn in their use of emergency departments and in their incidence of preventable chronic disease as the effects of this regular primary care are revealed in the years to come.

In its Healthy Ohio Waiver application, the State of Ohio has stated it will require that ALL adult Medicaid recipients, both in the expansion population and in the traditional Medicaid population, take on the burden of premiums and co-payments, as well as additional health outcomes requirements in order to maintain Medicaid coverage.

Cleveland Clinic wishes to express its concerns about several aspects of the proposed demonstration project, and urges the Center for Medicare and Medicaid to reject the

requested waiver as detrimental to the health and well-being of Ohio's poor and medically underserved residents.

The Centers for Medicare and Medicaid Services requires that any proposed waiver to the Medicaid program accomplish four important goals:

- 1) It must strengthen overall coverage of low-income individuals
- 2) It must increase access to, stabilize, and strengthen providers and provider networks available to serve Medicaid and low-income populations
- 3) It must improve health outcomes for Medicaid and other low-income populations
- 4) It must increase the efficiency and quality of care for Medicaid and other low-income populations through initiatives that transform service delivery networks.

Cleveland Clinic strongly supports the objective of the Centers for Medicare and Medicaid Services in these four critically important areas. To this end, we must raise objections to the proposed Healthy Ohio waiver, as it not only does not further any of these four objectives, but in many cases, the proposal actually decreases the effectiveness of Ohio Medicaid in achieving these objectives.

To this end, we respectfully ask that CMS Reject the Health Ohio proposal, in its entirety. Our specific concerns and objectives are accounted in detail below.

The Healthy Ohio Proposal reduces coverage eligibility of vulnerable populations.

The Healthy Ohio Proposal has, at its center, a plan to charge premiums to Medicaid recipients that are already eligible for coverage under Ohio Medicaid. This cannot help but to reduce the total number of low-income Ohioans who have health care coverage.

Disenrollment: The Cleveland Clinic wishes to express its grave concern that this program, in contrast to its stated goal of improving the health of Medicaid beneficiaries, will have the net effect of reducing access to healthcare – in particular to preventive care – for a large number of Ohioans. In its analysis of the impact of the Healthy Ohio program, the State projects that **approximately 15% of adult Medicaid beneficiaries would become involuntarily disenrolled** due to non-payment of premiums or co-pays or non-adherence to new program requirements. Cleveland Clinic, like many of its peer organizations throughout the state as well as many advocacy organizations, estimates that the real attrition rate due to Healthy Ohio will be closer to 50% -- a figure that will result in fewer Ohioans being covered by Medicaid than before expansion in 2014.

Disenrollment would have a devastating negative effect on the health of already critically vulnerable populations, including the mentally ill, homeless, those with multiple chronic conditions, and newborn children. Lack of access to regular medical care is a key determinant in absenteeism, unemployment, chronic homelessness, increased hospitalization and substance abuse, all of which could have an overwhelming negative economic impact on a state whose economy has only recently recovered from the worst recession in a generation. Further, the adults affected by disenrollment often are in households with children, and data from HSA and premium pilots in other states has demonstrated that when adults lose their insurance coverage, they are less likely to maintain regular preventive care for covered children. This amplifies the probable negative

and, we are confident, wholly unintended consequences of the proposed plan. We strongly recommend CMS reject this waiver and encourage ODM to abandon its plan for premiums and co-payments, in favor of stronger preventive care and diversion of beneficiaries away from unnecessary and high-cost treatment modalities and settings.

No Exemptions for Vulnerable Populations. In stark contrast to other programs nationwide, and to the stated intention of CMS to increase insurance coverage for our nation's most vulnerable citizens, the Healthy Ohio proposal will leave many of the state's most vulnerable citizens without a safety net. While the plan provides an exemption for permanently disabled citizens and pregnant women, the plan does not provide exemptions for women in the post-partum period (during the child's first year of life), women with breast and cervical cancer, young adults aging out of foster care, domestic violence victims, Ribicoff eligible young adults, and adults making less than 100% of FLP. These eligible populations are exempted from nearly every other demonstration program nationwide, due to their recognized vulnerable population status.

The Healthy Ohio Proposal will reduce access and strength of Medicaid provider networks, through reduction in reimbursement, increase in bad debt due to uncertainty about eligibility, and abandonment of 90-day retrospective eligibility of new beneficiaries.

It is not an overstatement in this context to characterize the economic impact to providers under this program as devastating. Cleveland Clinic, alone, is estimating the financial impact will exceed \$200 million annually in revenues and \$1 billion in charity care annually. Advocacy groups estimate the state-wide impact for health systems at between 5- and 10-times this number. This is at a time when the DSH (Disproportionate Share Hospital) payment is not being increased, and so there is no relief for those providers located in critically underserved areas. In short, those providers that are best able to confound the vicious cycle of poverty, health disparities and chronic disease are most negatively affected by a program with the stated intention of improving the health of the community. Coupled with the very significant administrative costs and burdens posed by tracking and collection of co-payments and mounting bad debt due to uncertainty of coverage and coverage interruptions, many providers, hospitals, and hospital systems may be forced to make the difficult and painful choice to limit services to Medicaid patients. Finally, several agencies and advocacy organizations, including the well-respected Center for Community Solutions have raised grave concerns about the legality of applying financial incentives in this context and potential violation of Stark Anti-kickback provisions.

The Healthy Ohio Proposal does not adequately improve health outcomes for Medicaid and other low-income populations

First, we wish to express support for one of the stated intentions of the waiver, which is to reduce chronic disease and increase wellbeing among Medicaid beneficiaries by incentivizing use of primary care, care coordination, and demonstration of healthy behaviors. Cleveland Clinic believes strongly in the power of coordinated care, education, and programmatic support of patients as key factors contributing to wellness. We have concerns, however, about the expressed implementation plan for this program and its likelihood of achieving the stated programmatic goals.

Generally, financial incentives for beneficiaries under the proposed plan are based largely on achieving outcomes, many of which may be outside the power of the beneficiary to achieve, regardless of intention or attempted behavior. Many of the lowest income beneficiaries have socio-economic barriers to healthy eating and exercise, due to food insecurity, lack of green grocers in their area, neighborhood safety issues (that may preclude activities as simple as outdoor walking), and poor transportation infrastructure. To further penalize these vulnerable citizens with additional out-of-pocket co-pays because they cannot achieve healthy behavior goals places them further at risk for poor financial and health status.

The linking of financial penalties to specific outcomes is surprising, given that the ODM has previously demonstrated success with programming such as enrolling beneficiaries in managed care programs that focus on educating beneficiaries about the positive impacts of timely primary care, how to take best advantage of limited healthy eating options, alternatives to emergency department visits for non-emergent health concerns and integration of physical and behavioral health for wellbeing. Demonstration projects such as MetroHealth System's Care Plus program have shown previously that such an approach to care coordination, chronic disease management, and care delivery can yield significant health improvement and cost savings. We would strongly recommend rejection of the current proposal and encourage re-examination of earlier successful programs for implementation through the State Innovation Model or similar vehicle.

The Healthy Ohio Proposal does not increase the efficiency and quality of care for Medicaid and other low-income populations through initiatives that transform service delivery networks

While the Healthy Ohio plan does allow not-for-profit groups, health provider and employers to subsidize part of the premium payments for beneficiaries, many questions remain regarding the process and guidelines for doing so. While these organizations will have an option to assist beneficiaries with payment of premiums, the process for making these premium payments does not take into account the high proportion of lowest-income Ohioans who are "un-banked" or "under-banked": that is, who do not have bank accounts or are unable to make payment by debit cards or electronic transfer of funds. While the monthly premiums or co-pays for these individuals may be only a few dollars a month, the service charges required by third-parties to transfer money to the State for payments could become prohibitive and themselves result in involuntary disenrollment.

Further, we cannot imagine how such a system could be implemented in a sufficiently cost-effective manner as to not result in a net increase in cost to the State. The overwhelming administrative burden posed by collection of premiums cannot help but erase the remarkable efficiencies and cost savings achieved by ODM in the 30 months since expansion. This policy violates both the spirit and letter of the requirement from CMS that any demonstration waiver be budget neutral or budget positive.

Finally, the abandonment of 90-day retroactive coverage for new Medicaid enrollees, either through standard or presumptive eligibility, will result in both administrative uncertainty and challenges for providers and unacceptable delays in coverage and treatment for beneficiaries. Indeed, advocacy organizations have estimated that the delay in service for a new beneficiary, from the time of application for coverage, could exceed six months.

In closing, while as an integrated health care system we share the desire of both the Centers for Medicare and Medicaid Services and the Ohio Department of Medicaid to make care more affordable, sustainable and equitable, we do not believe that the proposed Healthy Ohio Plan achieves these objectives. We respectfully suggest that the Agency reject the Waiver Proposal in its entirety.

Cleveland Clinic again appreciates the thoughtful and diligent approach of the Centers for Medicare and Medicaid Services in conducting this feedback process. We are eager to engage in dialog and further feedback as CMS continues its efforts to improve the quality and affordability of care for our nation's vulnerable and underserved populations. If you wish to further discuss these comments, please contact me at (216) 445-7445, or morrisk@ccf.org.

Sincerely,

A handwritten signature in black ink that reads "Kristen DW Morris". The signature is written in a cursive, flowing style.

Kristen Morris
Chief Government and Community Relations Officer
Cleveland Clinic