Healthy Indiana Plan 2.0

HIP 2.0

HEALTHY INDIANA PLAN℠

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INDIANA FAMILY & SOCIAL SERVICES ADMINISTRATION

FSSA

Today's presentation

- ✓ Why HIP 2.0 and not Medicaid?
- ✓ How HIP 2.0 works
- ✓ Provider reimbursement
- ✓ HIP 2.0 financing

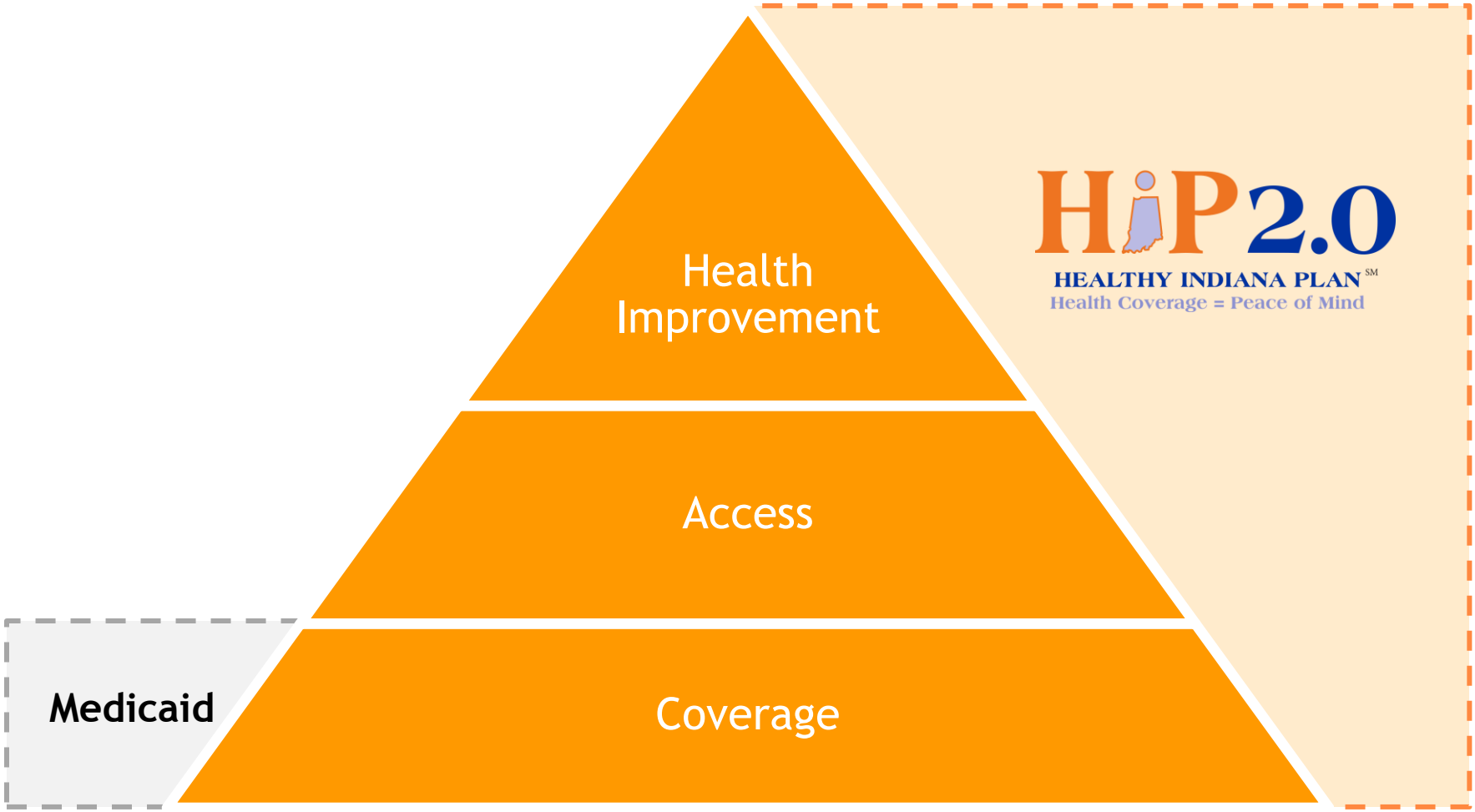
Medicaid Expansion

- ✓ ACA
- ✓ Supreme Court Decision – can't force states to expand Medicaid
- ✓ Allow states to be "incubators:
  - Chart own path
  - Establish own priorities
  - Devise own solutions
- ✓ Entice states with 100% federal match 1st 3 years
- ✓ 26 states + DC took $ - traditional Medicaid expansion

Problems with Traditional Medicaid:

- ✓ Income-based entitlement
- ✓ Out-dated Model
  - No co-pays/deductibles/co-insurance
  - No repercussions for no-show or non-compliance
  - Minimal choice
- ✓ Low incentives to “get healthy”
- ✓ Provider reimbursement doesn’t cover cost of care
- ✓ Poor access - Dwindling provider network
- ✓ Escalating costs with poor outcomes

HIP 2.0 vs. Medicaid Expansion



Hoosier Innovation: Health Savings Accounts

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1992: Hoosier pioneers medical savings accounts

2003: Tax advantaged HSAs authorized by Congress

2006: Indiana offers health savings accounts to state employees

2008: HIP coverage begins

2014: Submit HIP 2.0 waiver

2015: HIP 2.0 coverage begins

Medical Savings Accounts promote cost-conscious health care decisions

Indiana saves an average of 10.7% in health care costs annually, 2006-2010

Healthy Indiana Plan (HIP) integrates consumerism with Medicaid

HIP 2.0 builds on HIP:
- Expand consumerism
- Encourage personal responsibility
- Cover more Hoosiers

In 2013, 420,000 Hoosiers were enrolled in HSAs. This represents 9% of insured individuals – higher than the national average.

HIP Success

HIP improves health care utilization

- Lowers inappropriate emergency room use by 7% compared to traditional Medicaid
- 60% of HIP members receive preventive care - similar to commercial populations
- 80% of HIP members choose generic drugs, compared to 65% of commercial populations

HIP results in high member satisfaction

- 96% of enrollees satisfied with HIP coverage
- 83% of HIP enrollees prefer the HIP design to co-payments in traditional Medicaid
- 98% would enroll again

HIP promotes personal responsibility

- 93% of members make required POWER account contributions on time
- 30% of members ask their healthcare provider about the cost of services

HIP 2.0 Structure

- ✓ **Replaces traditional Medicaid for non-disabled adults**
- ✓ **Three pathways to coverage**
  - ***HIP Link:*** *NEW* defined contribution plan that helps pay for employer-sponsored health insurance
  - ***HIP Plus:*** Current program with enhanced benefits including dental and vision
    - Reduced non-payment lock-out period: 6 months instead of 12 months
    - Only option for individuals above 100% FPL
  - ***HIP Basic:*** Allows individuals below 100% FPL who do not make POWER account contributions to maintain coverage

New Affordable POWER Account Contributions

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HIP 2.0 POWER Account Contributions

FPL	Monthly Income Single Individual	Monthly Contribution
<22%	$214	$3
23%-50%	$224 to $487	$8
51%-100%	$496 to $973	$15
101%-138%	$983 to $1,342	$25

- ✓ Employers & Foundations may assist with contributions

HIP Plan Comparison

	HIP Link	HIP Plus	HIP Basic	Medically Fragile
Covered Groups	• Optional for individuals with access to cost-effective employer-sponsored insurance • Exception: Medically fragile	• Income up to 138% FPL • Consistent POWER account contributions	• Income below 100% FPL • Fail to make POWER account contribution	• High cost individuals including substance abuse & significant mental health issues • Very low income parents • Pregnant women
Cost-sharing	Enhanced POWER account can be used for premiums, co-payments, or deductibles	POWER account contributions **No Other Co-payments, except:** ○ Non-emergency ED visit: $25	**Co-payments for *all* services:** **More expensive than HIP Plus**	**Co-payments or POWER account contribution** ○ Exception: Pregnant women are exempt from cost-sharing
Benefits	• Employer Plan Benefits	• Comprehensive medical benefits incl. maternity • Vision & dental benefits • Increased service limits • Comprehensive drug benefit	• Comprehensive medical benefits incl. maternity • Lower service limits • Limited drug benefit	• Comprehensive medical benefits incl. maternity • Current Medicaid benefits as required by federal law • Enhanced behavioral health services

HIP 2.0 Basics

Who is eligible for HIP 2.0?

- **Indiana residents ages 19 to 64**
  - income **under 138%** of the federal poverty level **(FPL)**
  - who are not eligible for Medicare or otherwise eligible for Medicaid
- **Includes Individuals currently enrolled in:**
  - Healthy Indiana Plan (HIP)
  - Hoosier Healthwise (HHW)
    - Parents and Caretakers (MAGF)
    - 19 and 20 year olds (MAT)

HIP 2.0 Basics

When does service coverage begin?

- 2015
- HIP & applicable HHW members converted to HIP 2.0 without having to reapply
- New applicants may submit Indiana health coverage application and be considered for HIP coverage
  - No retroactive coverage

What types of services are covered?

- HIP Basic members
  - Minimum Essential Coverage providing the Essential Health Benefits
- HIP Plus members
  - HIP Basic benefits with additional services including bariatric surgery, TMJ treatment, and more allowed physical, speech and occupation therapy visits
  - **Vision**
  - **Dental**

Transition to HIP 2.0

Who provides services to HIP 2.0 members?

- Eligible Providers must enroll as Indiana Health Care Provider with Indiana Medicaid &
- Must enroll with Managed Care Entity (MCE) to provide in-network services to HIP members
- All HIP members will have a Primary Medical Provider (PMPs)

Who pays for services?

- **Risk-based MCEs**
  - Anthem
  - MDWise
  - Managed Health Services (MHS)

*Does not include emergency service providers

Transition to HIP 2.0

How will members be placed in a MCE?

- **Current members will stay with current MCE**
- **New members select MCE**
  - On application **OR**
  - Call enrollment broker after application **OR**
  - Auto-assigned by HP

How should one answer member questions?

- Refer members to their MCE
  - Anthem: (866) 408-6131
  - MDWise: (800) 356-1204
  - MHS: (877) 647-4848

*Does not include emergency service providers

Cost-sharing

1. Member does not pay co-payment after 5% of household income spent on out-of-pocket health care costs
2. Pregnant women and Native Americans exempt from cost-sharing
3. Provider cannot deny service based on member inability to pay

Co-payment Amounts- HIP Basic

Service	HIP Basic Co-Pay Amounts <=100% FPL
Outpatient Services	$4
Inpatient Services	$75
Preferred Drugs	$4
Non-preferred drugs	$8
Non-emergency ED visit	Up to $25 *

**$8 for first non-emergent emergency department (ED) visit; $25 for any additional*

HIP Reimbursement Rates

- Medicare rates for current and new HIP members
- Increase in legacy Medicaid reimbursement to around 75% Medicare

New/Proposed E/M reimbursement structure

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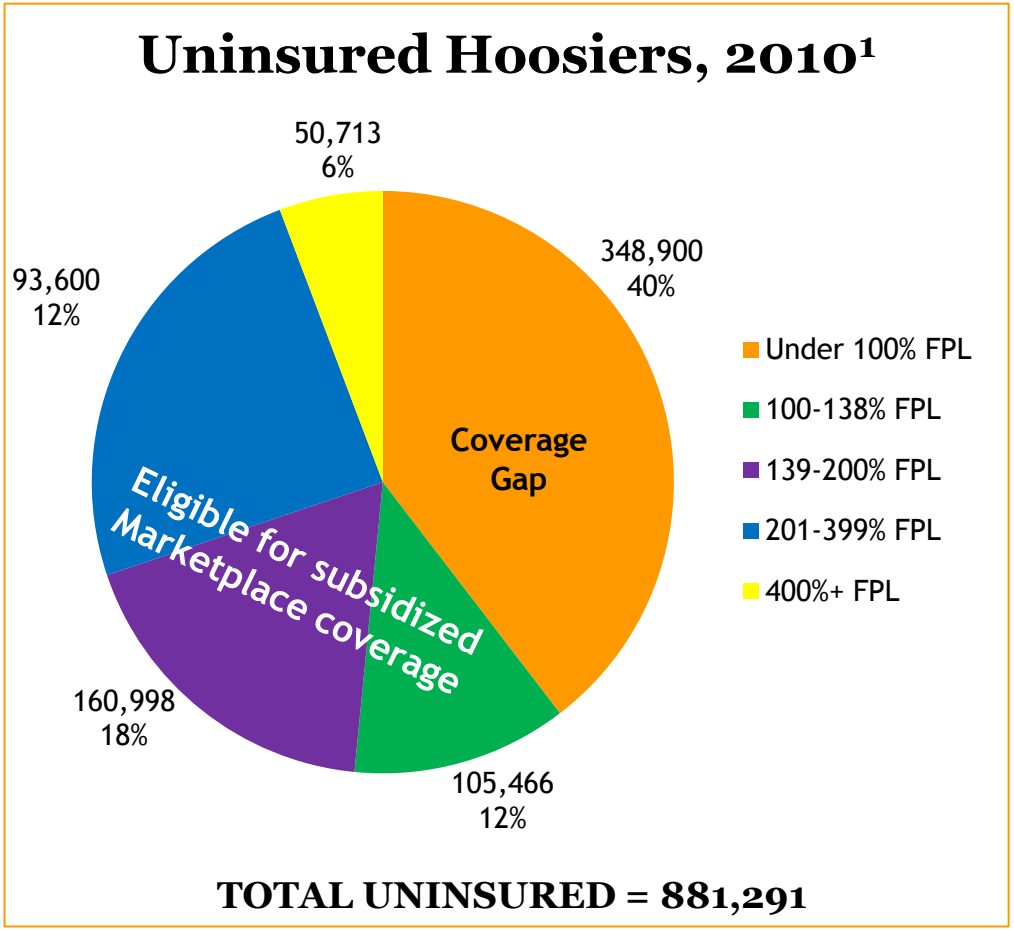
Procedure/code	Current Medicaid (Non Facility)	HIP/HIP 2.0	New "legacy" Medicaid (Non Facility)*
EGD biopsy single/multiple/ 43239	$181.60	$377.05	$282.78
Office visit (new)/99203	$47.44	$102.28	$76.71
Office visit (established)/99213	$31.96	$69.32	$51.99
Initial hospital care/evaluation/99222	$80.67	$132.80	$99.60
ER visit/99283	$43.82	$59.78	$44.84
Cataract removal/66984	$550.51	$630.34	$472.75
Chest x-ray 2 view/71020	$25.03	$29.13	$21.85
EKG/93000	$20.63	$15.78	$11.84

* These proposed rates are subject to change after final determination of rate methodology.
- Goal is to increase Medicaid aggregate payment at least 15%
- Some codes go down, most go up
- Net total new Medicaid reimbursement to be around 75% Medicare

State of the Uninsured in Indiana



How do the Federal Poverty Levels translate to annual income? - 2013

FPL[2]	Individual	Family of 4
Under 100%	< $11,490	< $23,550
100-138%	$11,490-15,970	$23,550-32,734
139-200%	$15,971-23,094	$32,735-47,335
201-399%	$23,095-45,959	$47,336-94,199
400%+	> $45,960	> $94,200

Indiana Uninsured: 13.6% in 2010

1. SHADAC Health Insurance Analysis. (2011). American Community Survey data. Retrieved from www.nationalhealthcare.in.gov.
2. Office of the Assistant Secretary for Planning and Evaluation. (2013). 2013 Poverty Guidelines. Retrieved from http://aspe.hhs.gov/poverty/13poverty.cfm.

Maintaining Financial Sustainability

HIP 2.0 will be sustainable & will not increase taxes for Hoosiers

HIP 2.0 will continue to utilize HIP Trust Fund dollars

Indiana hospitals will help support costs to expand HIP 2.0 starting in 2017

Waiver specifies HIP 2.0 continuity requires:

-Enhanced federal funding

-Hospital assessment program approval

HIP 2.0 Gateway to Work

- ✓ **All individuals who complete the application for HIP coverage will be connected to job training and job search programs offered by the State of Indiana**

Hospital Assessment Fee (HAF) Background

- ✓ HAF **authorized in 2013**
- ✓ **Assessed against all** licensed acute hospitals and private psych hospitals
- ✓ Designed to increase hospital inpatient and outpatient reimbursement **to align with Medicare payments rates**
- ✓ **State maintains 28.5%** of HAF to cover Medicaid costs
- ✓ HAF Board oversees assessment formula
  - 2 Hospital Association Members
  - 2 State Appointees

State & IHA Term Sheet

- ✓ Annual Cigarette Tax Revenues **are used first** for HIP expansion

- ✓ Starting in 2017, recalculate HAF fund such that State HAF portion is sufficient to cover:
  - Cost of HIP expansion, including all administrative costs with cap
  - Cost of increasing provider reimbursement in current Medicaid program to 75% of Medicare rates.
  - Annual Contribution of $50M to Medicaid program
    - Divert Hospital Care for the Indigent (HCI) funding
    - $12M to HIP Trust Fund & together with current Trust Fund balance assures 1-year of operational costs

Total Cost of HIP Expansion (State and Federal)

	SFY 15	SFY 16	SFY 17	SFY 18	SFY 19	SFY 20	TOTAL
Federal Portion	$1,596.3	$2,836.1	$2,854.2	$2,949.7	$3,066.7	$3,160.4	**$16,463.4**
State Portion	$151.7	$100.7	$187.8	$284.7	$328.7	$408.5	**$1,462.1**
TOTAL Cost of HIP 2.0	***$1,748.0***	***$2,936.8***	***$3,042.0***	***$3,234.4***	***$3,395.4***	***$3,568.9***	***$17,925.5***

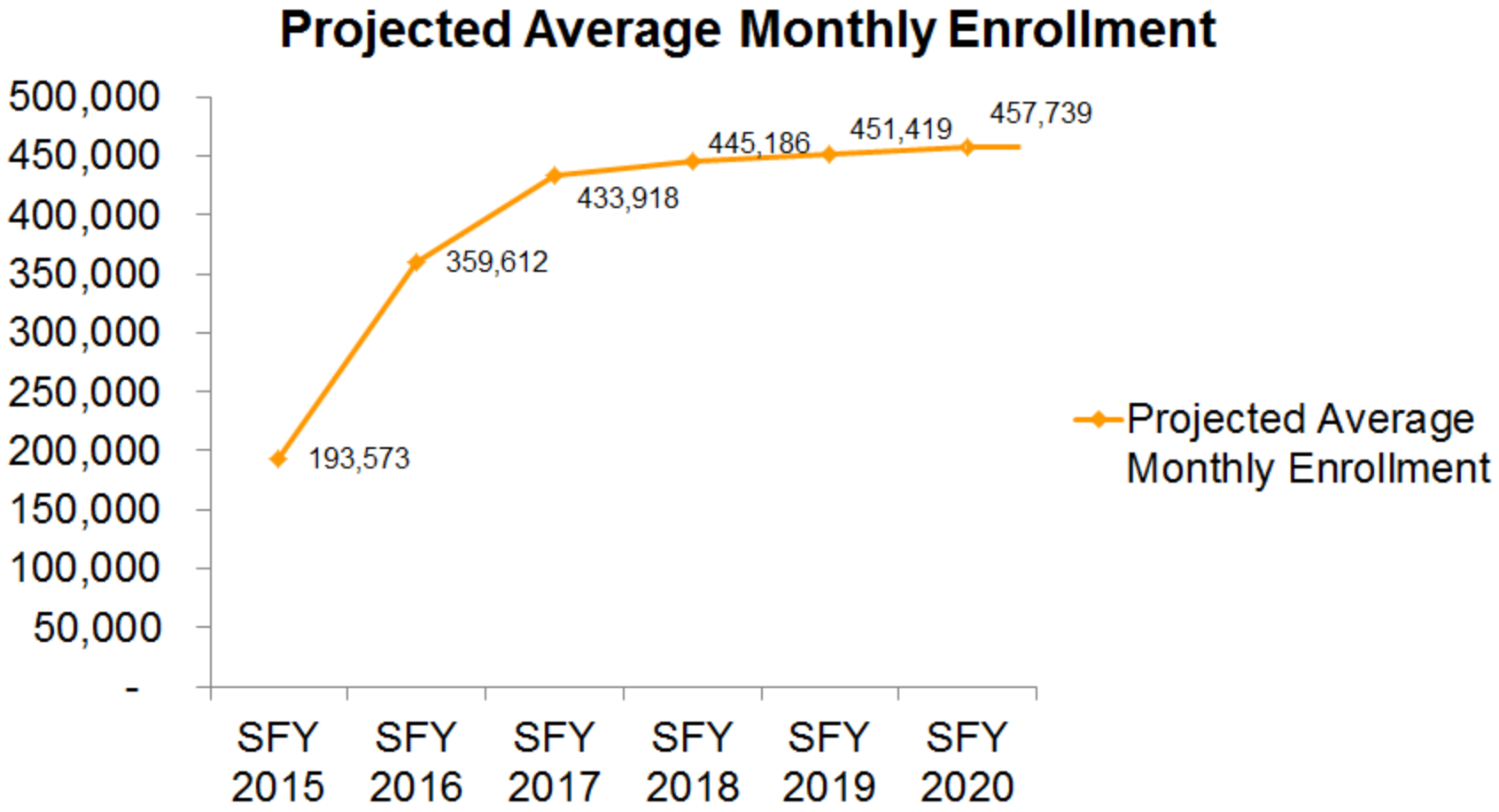
HIP 6 -Year State Budget
SFY 2015-2021

REVENUE	
Cigarette Tax Revenue	$ 676M
HAF Revenue	$ 959M
Total Revenue	***$1,635M***
COSTS	
HIP Expansion Costs (Admin & Provider Rate Increase in Medicaid)	$1,462M
Contribution to Medicaid & HIP Trust Fund	$ 173M
Total Costs	***$1,635M***

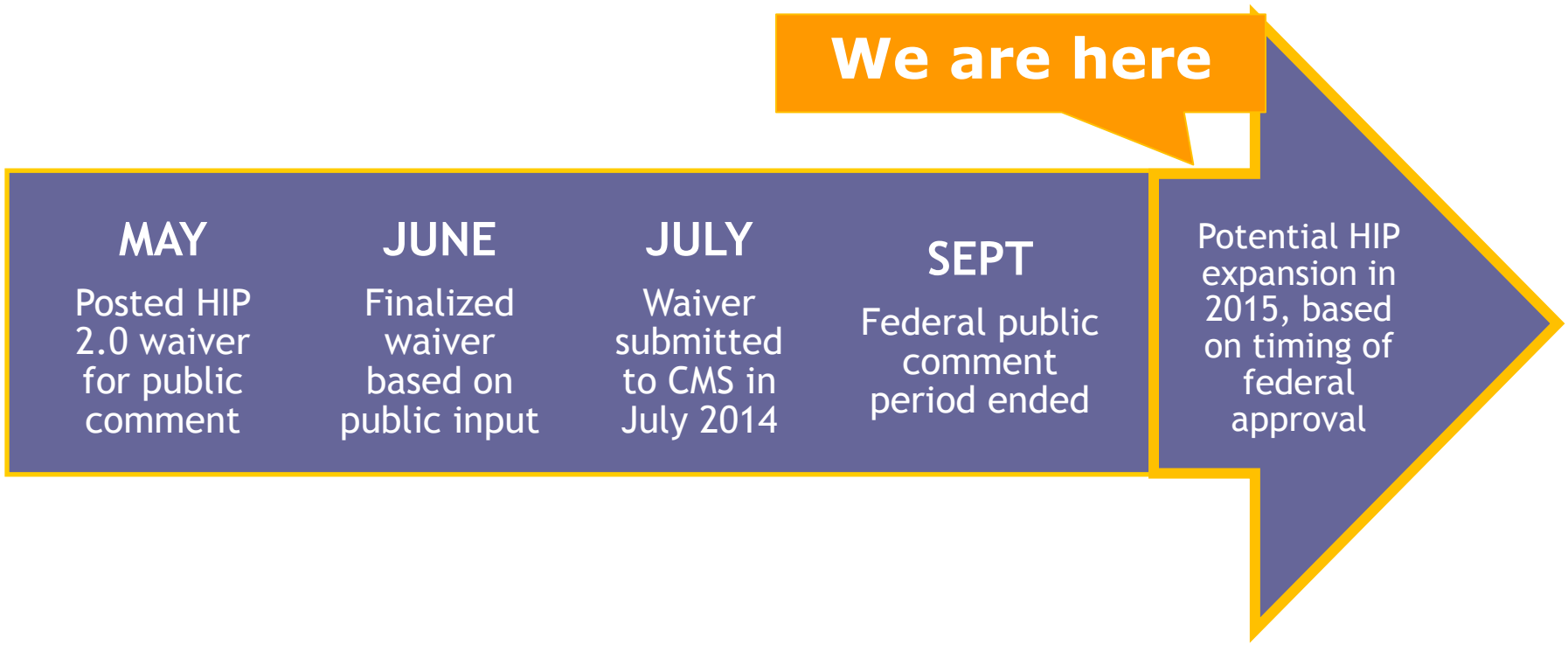
Current & Projected HAF

	SFY 15	SFY 16	SFY 17	SFY 18	SFY 19	SFY 20	*TOTAL*
Projected HAF on current program	$889.4	$941.4	$979.2	$993.0	$1,046.5	$1,134.6	***$5,984.1***
New HAF	-	-	$125.2	$222.1	$266.1	$345.9	***$959.3***

Projected Average Monthly Enrollment



Next Steps


We are here
MAY
Posted HIP 2.0 waiver for public comment
JUNE
Finalized waiver based on public input
JULY
Waiver submitted to CMS in July 2014
SEPT
Federal public comment period ended
Potential HIP expansion in 2015, based on timing of federal approval

Public Education Phases:

- I – Introduction
  - Governor Pence announcement
  - Web resources
  - Public hearings
  - “Road show”
- II – Waiver submission/negotiation
- ***III – Rollout/Public education***
- IV - Production

In summary: HIP 2.0…

- ✓ Is Indiana-specific solution
  - Establishes our own priorities
  - Builds off of successful program
- ✓ Expands coverage AND improves access
- ✓ Consumer-directed (ownership)
  - Price transparency
  - Patient/provider partnership
  - Focus is on outcomes

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Questions?

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Supplemental material

New/Proposed E/M reimbursement structure: Total expenditures ("legacy Medicaid")

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Service Category/ Description	At Current Rates (in millions)	At Proposed Rates (in millions)	Percent change	Proposed Modification
501: Surgery	$70.7	$83.1	17.6%	
502: Maternity Delivery	$24.4	$21.7	(10.8%)	0-10%
503: Maternity Non-Delivery	$3.0	$6.1	102.2%	
504: Office Visits/Consults	$101.9	$159.6	56.6%	
505: Well Baby Exams	$1.4	$2.2	63.3%	
506: Hospital inpatient visits	$57.2	$66.3	16.0%	
507 ER Visits	$47.0	$51.5	9.5%	
508: Radiology/ Pathology	$42.8	$39.4	(7.9%)	
509: Outpatient Behavioral Health	$61.7	$59.4	(3.9%)	0-5%