

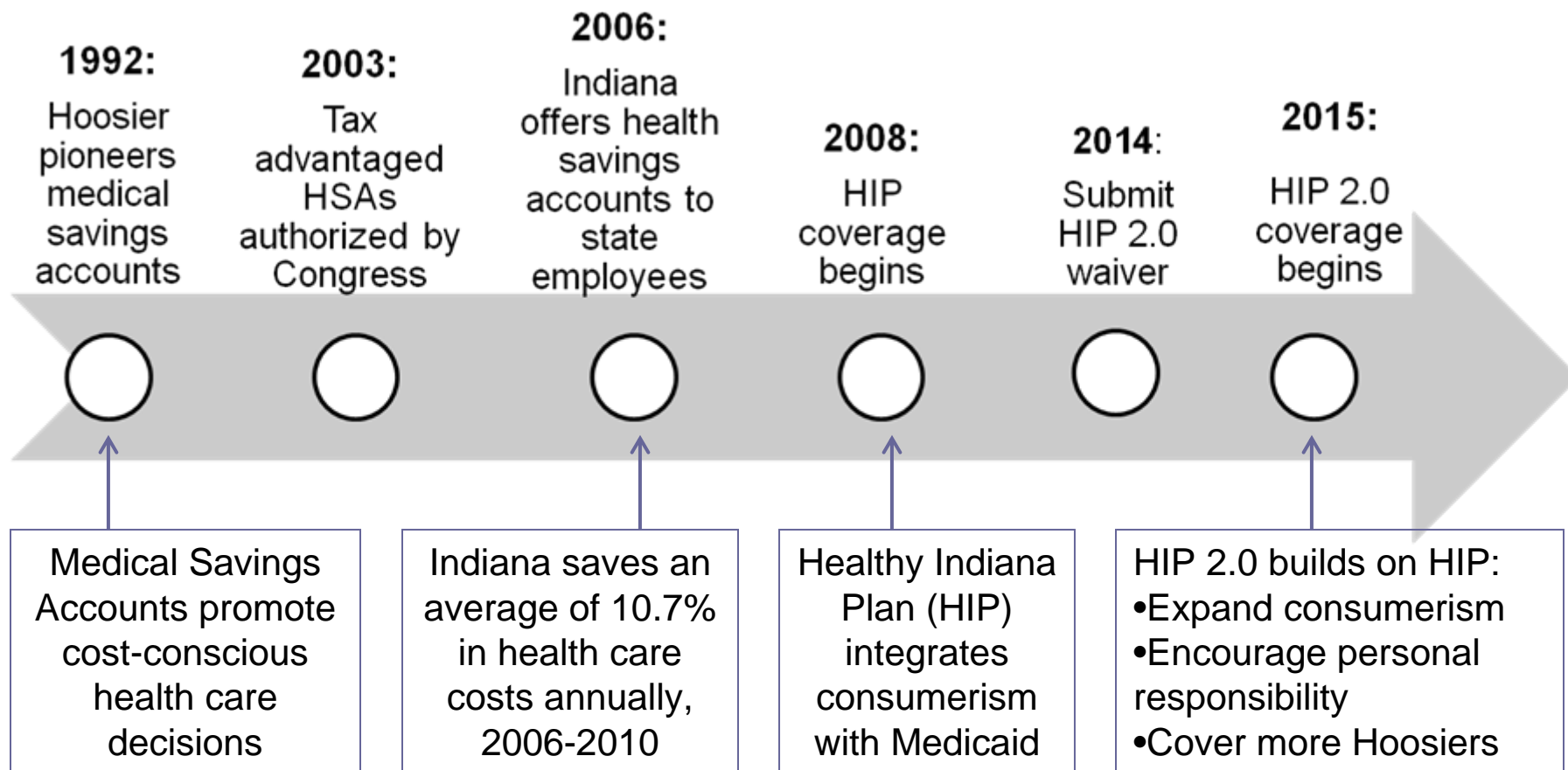


# Healthy Indiana Plan 2.0

**Brian Neale**, Health Policy Director, Office of Governor Mike Pence



# Hoosier Innovation: Health Savings Accounts (HSAs)



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

# Governor Mike Pence

---

- ✓ Fiscally sustainable
- ✓ Must preserve the principles of the Healthy Indiana Plan

# Maintaining Financial Sustainability

---

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

Current Annual Cigarette Tax Funds  
earmarked for HIP

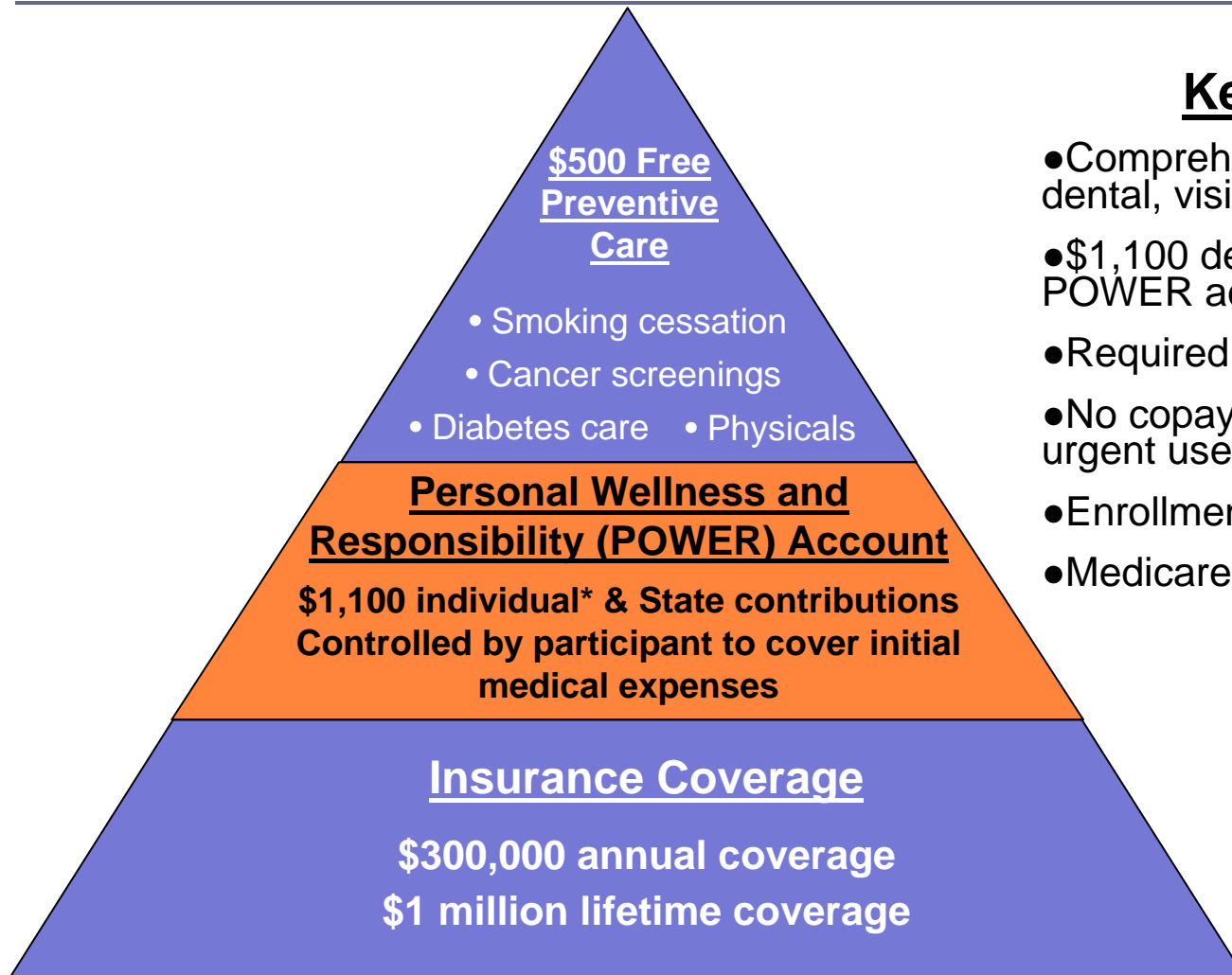
- Indiana hospitals will help support costs to expand HIP 2.0 starting in 2017
- HIP Trust Fund maintained to cover 1-year operational expenses

---

Waiver specifies HIP 2.0 continuity requires:

- Enhanced federal funding
  - Hospital assessment program approval
-

# Original Healthy Indiana Plan (HIP) Structure



## **Key Features:**

- Comprehensive benefits, but no dental, vision or maternity
- \$1,100 deductible paid by POWER account
- Required monthly contributions
- No copays, except for non-urgent use of ER
- Enrollment cap
- Medicare payment rates

\*Individual contribution not to exceed 5% of gross annual household income

# POWER Account

---

## ✓ **Members empowered to manage their account**

- Receive monthly statements
- Demand price & quality transparency
- Engaged in improving health

## ✓ **Members “own” contributions**

- When member leaves the program: Remaining member portion refunded
- When member stays in program: At year end, remaining member portion rolls over to reduce required contribution
  - Remaining State contribution also rolls over *if member completes required preventative services*

# Monthly Contributions

---

## ✓ **2-5% of Monthly Income**

- 60 day grace period; outreach for missed payments
- Disenrolled for 12 months for non-payment

## ✓ **Preserve Dignity for Beneficiaries**

- “Provide a hand-up not a hand down”

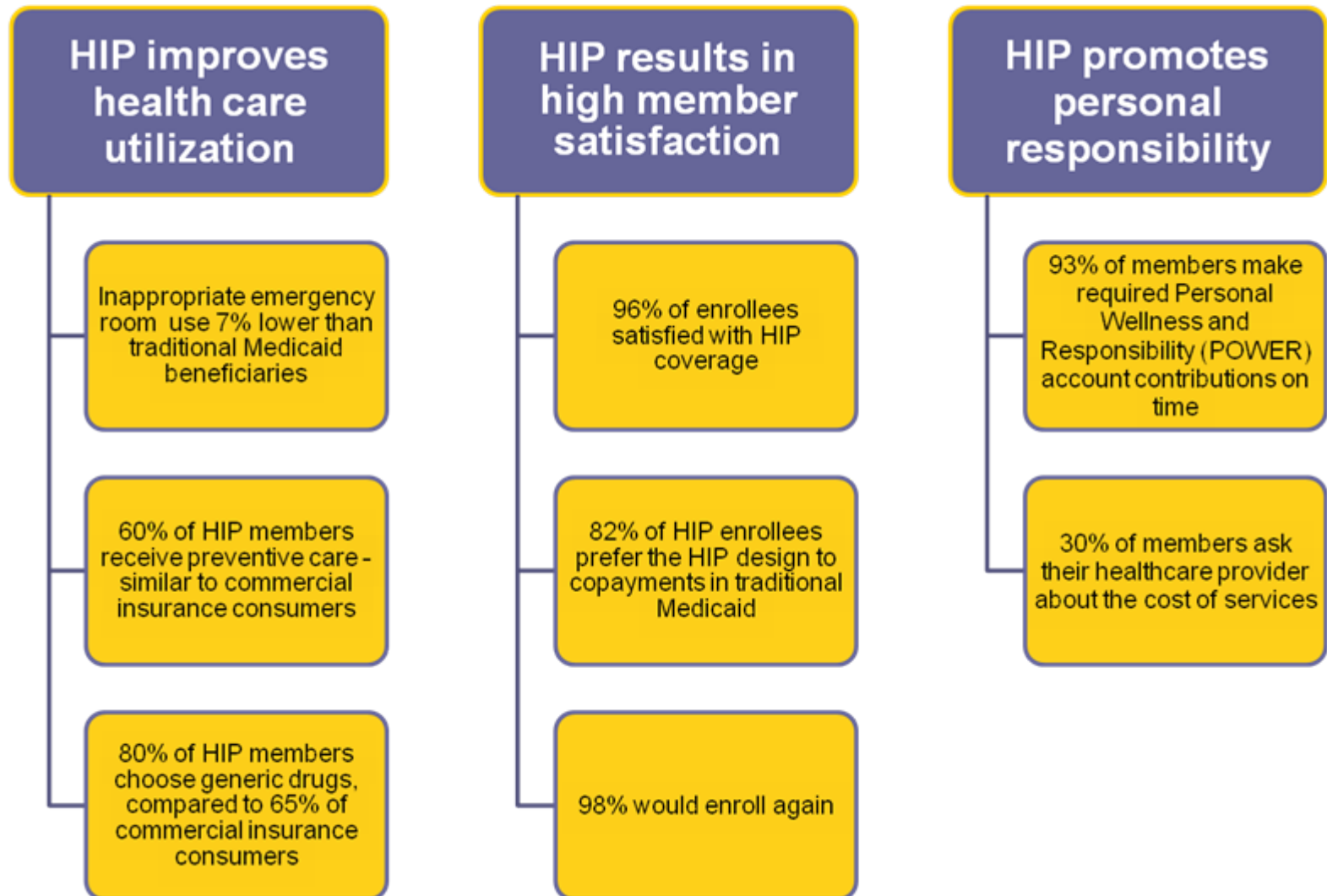
*-Governor Mike Pence, May 2014*

- Reduce stigma of public assistance

## ✓ **Create Value Proposition for Participants**

- Instill consumer concept
- Member engagement

# Healthy Indiana Plan (HIP) Success





# Development of HIP 2.0

---

- ✓ Maintain principles of HIP
  - Preserve structure of **incentives** for positive behaviors & **consequences** for negative behaviors
    - “Skin-in-the-game”
    - Familiarize participants with private market
    - Incentives to focus on prevention & improvement of health outcomes
- ✓ Limited tools to impose disincentives
  - Population under 100% FPL
  - Cost sharing, benefits, & network
- ✓ Precedent: eight-year program approved four times by CMS

# HIP 2.0: Three Pathways to Coverage

Best  
Value

## HIP Plus

- Initial plan selection for all members
- **Benefits:** Comprehensive coverage with **enhanced benefits**, including vision, dental, bariatric, & pharmacy.
- **Cost sharing:**
  - Monthly POWER account contribution required.
  - Contribution is 2% of income with a minimum of \$1 per month.
  - Co-payments for non-emergency use of the emergency room.

## HIP Basic

- Fall-back for members with income  $\leq 100\%$  FPL who do not make POWER account contribution
- **Benefits:** Minimum coverage, **no vision or dental coverage**
- **Cost sharing:**
  - Must pay copayment ranging from \$4 to \$75 for doctor visits, hospital stays, and prescriptions.

## HIP Link

- ***Employer plan premium assistance paired with HSA-like account.***
- Enhanced POWER account to pay for premiums, deductibles and copays in employer-sponsored plans.
- Provider reimbursement at commercial rates.

# HIP Plus Creates Value Proposition for Members

---

**Healthy Indiana Plan (HIP) members with income below 100% federal poverty level (FPL)**

## **HIP Plus**

**Personal Wellness and Responsibility (POWER) account contributions grant access to HIP Plus.**

**HIP Plus offers enhanced benefits, including dental & vision.**

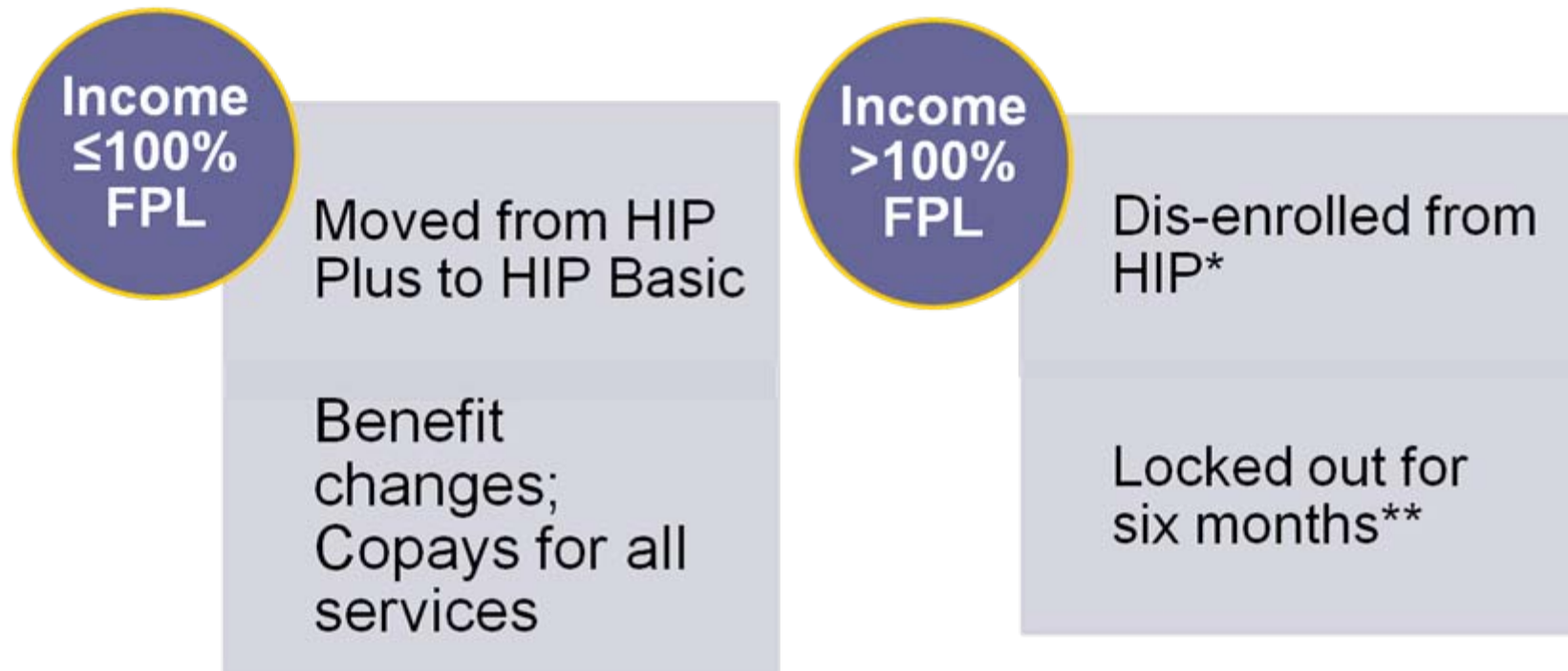
## **HIP Basic**

**Coverage maintained for members with income  $\leq$  100% FPL. Can only get into HIP Plus at rollover/eligibility determination.**

**Non-contributing members receive HIP Basic benefits & make copayments for all services.**

# Non-Payment Penalties

- ✓ Members remain enrolled in HIP Plus as long as they make POWER account contributions (PACs) and are otherwise eligible
- ✓ Penalties for members not making the PAC contribution:



\*EXCEPTION: Individuals who are medically frail.

\*\*EXCEPTIONS: Individuals who are 1) medically frail, 2) living in a domestic violence shelter, and/or 3) in a state-declared disaster area. If an individual locked out of HIP becomes medically frail, he/she should report the change to his/her former health plan to possibly qualify to return to HIP early.

# HIP Plus: POWER Account Contributions

- ✓ POWER account contributions are approximately 2% of member income.
- ✓ Minimum contribution of \$1 per month.
- ✓ Employers & not-for-profits may assist with contributions.
- ✓ Member contributions can “roll over” to the next plan year.

## Maximum monthly HIP 2.0 POWER account contributions (PAC)

FPL	Monthly Income, Single Individual	Maximum Monthly PAC*, Single Individual	Maximum Monthly Income, Household of 2	Maximum Monthly PAC, Spouses**
<22%	Less than \$216	\$4.32	Less than \$292	\$2.92 each
23%-50%	\$216.01 to \$491	\$9.82	\$292.01 to \$664	\$6.64 each
51%-75%	\$491.01 to \$736	\$14.72	\$664.01 to \$996	\$9.96 each
76%-100%	\$736.01 to \$981	\$19.62	\$996.01 to \$1,328	\$13.28 each
101%-138%	\$981.01 to \$1,369.73	\$27.39	\$1,328.01 to \$1,853.85	\$18.53 each

\*Amounts can be reduced by other Medicaid or CHIP premium costs

\*\*To receive the split contribution for spouses, both spouses must be enrolled in HIP

# Emergency Department (ED) Copayment Collection



- ✓ HIP features a graduated ED copayment model
- ✓ HIP requires non-emergent ED copayments unless:
  - Member calls MCE Nurse-line prior to visit *or*
  - The visit is a true emergency



# Addresses Access Issues

---

- ✓ Continues Medicare rates for providers in HIP 2.0
- ✓ Addresses access issues for current Medicaid participants:
  - HIP 2.0 financing includes rate increase for providers
  - Approximately 75% of Medicare rates
  - Translates to a 25 to 35% increase in rates

# Application Features: Gateway to Work

---



HIP 2.0 applicants and members referred to existing State workforce training programs and job search resources if:

- ✓ Unemployed or working less than 20 hours per week **AND**
- ✓ Not full-time students

**Notes:**

SNAP recipients who have already been sent to Gateway to Work will not be referred again

Not participating in the Gateway to Work program does not impact HIP 2.0 eligibility



# Final Agreement

---

## ✓ “Firsts” within Medicaid

- Ends traditional Medicaid for non-disabled adults
- Copayments for non-emergency use of the emergency room
- Defined contribution premium assistance program
- Minimum contributions for HIP Plus at all levels of poverty
- Two-tiered benefit structure

## ✓ Preservation of HIP

- Lock-out
- Effective date
- Retroactivity
- Plan changes

## Activity so far...

---

- ✓ Program began same day as January 27, 2015 announcement
- ✓ Approximately 180,000 immediately converted to HIP 2.0
- ✓ Over 190,000 new applications for health coverage
- ✓ HIP Plus enrollment
  - Over 70% of enrolled membership
  - Members at <5% FPL represent over 53% of HIP Plus members below the poverty line