Gov. Mike Pence announced today federal approval of his state's Medicaid waiver to expand eligibility to all persons with incomes below 138 percent of the federal poverty level, according to the Indy Star [2] newspaper.

Pence has lobbied hard for what he calls HIP 2.0, expanding a smaller consumer-driven health plan called Healthy Indiana Plan, rather than expand the traditional Medicaid program.

“The expanded and updated HIP 2.0 is based on a program that has been serving 60,000 low-income Hoosiers in our state for seven years,” said Governor Pence in a press release [3]. “It is a proven model for Medicaid reform across the nation.”

Up to 350,000 people will be eligible according to the press release. The state will start taking applications today, Jan. 27, for coverage to begin on Feb. 1, 2015.

The Indiana plan is modeled after high-deductible health insurance plans with health savings accounts. Enrollees will pay a contribution between $1 and $25 per month depending upon their income. Those who fail to make their required contribution will be moved to a more basic plan that has fewer benefits and requires co-pays for health care.

Gov. Pence says no new taxes will be required to fund the plan. After the end of the 100 percent federal match on Dec. 31, 2016, cigarette tax revenues and a hospital assessment tax effective in 2017 will be used to make up the state’s match, which gradually increases to 10 percent in 2020 and beyond.

Indiana is the 28th state (plus D.C.) to expand Medicaid eligibility.

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