HIP 2.0
HEALTHY INDIANA PLAN SM
Health Coverage = Peace of Mind

Seema Verma, President of SVC & Consultant to State of Indiana
Paradigm Shift

✅ Medicaid:
  • Appropriate for aged, blind, disabled, children & pregnant women
    o Retroactive coverage, presumptive eligibility
    o Limited cost sharing
    o Limited incentives for health improvement
    o Little to no disincentives for undesired behaviors
    o Plan changes
    o Robust benefits
  • Results:
    o Seek coverage only when sick, in ER rooms
    o Lack of focus on prevention, maintaining health, & preventing disease
    o Access issues
    o Over-consumption
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:
- High deductible plan paired with a Health Savings like account
- 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

$500 Free Preventive Care
- Smoking cessation
- Cancer screenings
- Diabetes care • Physicals

Personal Wellness and Responsibility (POWER) Account
$1,100 individual* & State contributions Controlled by participant to cover initial medical expenses

Insurance Coverage
$300,000 annual coverage
$1 million lifetime coverage

*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” for participants
  • Instill “consumer” concept
  • Member engagement
Additional Features

- Modeled after private market coverage
- No retroactive coverage
- Effective date:
  - Must make payment within 60 days to begin coverage
  - Once payment is made, plans changes only for cause
Healthy Indiana Plan (HIP) Success

**HIP improves health care utilization**
- Inappropriate emergency room use 7% lower than traditional Medicaid beneficiaries
- 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
- 82% of HIP enrollees prefer the HIP design to copayments in traditional Medicaid
- 98% would enroll again

**HIP promotes personal responsibility**
- 93% of members make required Personal Wellness and Responsibility (POWER) account contributions on time
- 30% of members ask their healthcare provider about the cost of services
HIP Members & POWER Account Contributions

HIP Member Survey

- 82% of members under 100% FPL prefer a regular fixed monthly payment to copayments

Members that pay a contribution

- 87% of members under 100% FPL said their contributions were just right or too low
- 88% of members under 100% FPL would continue to pay if their contribution increased by $10 per month

Members that did not pay a contribution

- 75% of members below 100% FPL said they would pay a $10 contribution to stay in the program
- 100% of members above 100% FPL said they would pay a $10 contribution to stay in the program

Development of HIP 2.0

✓ Maintain Principles of HIP
  • Preserve structure of incentives for positive behaviors & consequences for negative behaviors:
    o “Skin-in-the-game”
    o Familiarize participants with private market
    o Incentives to focus on prevention & improvement of health outcomes

✓ Limited tools to impose disincentives:
  • Population under 100% FPL
  • Cost sharing, benefits, & network

✓ HIP – 6 years of data
✓ Approved by CMS 4 times
HIP 2.0: Three Pathways to Coverage

**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.
  - ER copayments only

**HIP Basic**
- Fall-back for members with income <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 <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:

- **Income ≤100% FPL**
  - Moved from HIP Plus to HIP Basic
  - Copays for all services

- **Income >100% FPL**
  - Dis-enrolled from HIP*
  - Locked out for six months**

*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 even for individuals with no income & maximum contribution of $100 per month
- Employers & not-for-profits may assist with contributions

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<td>Less than $216</td>
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*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
POWER Account: Incentives for Completing Preventive Care

**HIP Plus**

**POWER account**
- Pays for $2,500 deductible
- Member contributes
- May double rollover

**Year-End Account Balance**
- Unused member contribution rollover to offset next year’s required contribution
- Amount **doubled** if preventive services complete – up to 100% of contribution amount
- **Example**: Member has $100 of member contributions remaining in POWER account. Credit is doubled to $200 if preventive services were completed.

**HIP Basic**

**POWER account**
- Pays for $2,500 deductible
- Cannot be used to pay HIP Basic copays
- Capped rollover option

**Year-End Account Balance**
- If preventative services completed, members can offset required contribution for HIP Plus by up to 50% the following year
- **Example**: Member receives preventive services and has 40% of original account balance remaining at year end. May choose to move to HIP Plus the following year and receive a 40% discount on the required contribution.
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

- $8 for the 1st non-emergent ED visit in the benefit period
- $25 for each additional non-emergent ED visit in the benefit period
HIP 2.0

✅ Benefits:

- No annual maximum limit on benefits
- All plans meet Essential Health Benefit (EHB) requirements
- Adds maternity coverage
- Dental & vision for HIP Plus members
- Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) for 19 & 20 year olds
- Medically frail receive current Medicaid benefits - no counseling required
Consistency with Marketplace Policies

- Reduces impact of Medicaid “churn”
  - Non-payment penalty
- Members can access HIP Plus:
  - Initial enrollment
  - Redetermination
  - During rollover (4 months into following year enrollment)
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 an average 25% 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

✓ Nation’s first
  • Ends traditional Medicaid for non-disabled adults
  • ER copayment
  • 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 announcement
✓ In the first month since Governor Pence announced HIP 2.0:
  • Transitioned 170,000 from Medicaid into HIP
  • Approx. 100,000 applications for health coverage
  • 70% Participating into HIP Plus
QUESTIONS?

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(AP Photo/Evan Vucci)