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
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
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
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% of monthly income
  • 60 day grace period; outreach for missed payments

✓ 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

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
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 \( \leq 100\% \) 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

Maximum monthly HIP 2.0 POWER account contributions (PAC)

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<td>&lt;22%</td>
<td>Less than $216</td>
<td>$4.32</td>
<td>Less than $292</td>
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<td>$216.01 to $491</td>
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<td>$292.01 to $664</td>
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<td>51%-75%</td>
<td>$491.01 to $736</td>
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<td>101%-138%</td>
<td>$981.01 to $1,369.73</td>
<td>$27.39</td>
<td>$1,328.01 to $1,853.85</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
POWERS 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 1st non-emergent ED visit in the benefit period
- $25 for each additional non-emergent ED visit in the benefit period
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
Early Results

- Program began same day as announcement
- Transitioned 130,000 from Medicaid
- 329,000 Eligible
- 71% Average Making Contributions
  - 92% above 100% FPL
  - 63% < 50% FPL
  - .1% Assisted by employers/not-for-profits
- 6% Non-Payment Rate
- 82% ER Reduction for previous Medicaid –largest plan reporting
- ER use lower by 20% in HIP Plus
QUESTIONS?

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(AP Photo/Evan Vucci)