

# Indiana wins federal OK for state-run Medicaid alternative

January 27 2015, by Rick Callahan

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Indiana has received federal approval to expand health coverage to about 350,000 uninsured residents through a state-run program Gov. Mike Pence said Tuesday will help the state's working poor families.

Surrounded by state officials and staffers at an Indianapolis hospital, Pence announced that the Centers for Medicare and Medicaid Services had approved Indiana's waiver request for the plan his administration calls HIP 2.0.

The approval makes Indiana the 28th state to expand Medicaid under President Barack Obama's health care law, and the 10th state to do so with a Republican in the governor's mansion.

The plan builds off the Healthy Indiana Plan that began under former Gov. Mitch Daniels. That initial program currently enrolls some 60,000 low-income Indiana residents, who will be moved into the new HIP 2.0.

Pence said the waiver's approval will enable low-income residents to "take greater ownership of their health" and help them provide for themselves and their families. But the governor, who again called for a repeal of the Affordable Care Act, stressed that HIP 2.0 is not intended as a "long-term entitlement program."

"Healthy Indiana Plan 2.0 is a victory for the working poor in Indiana—hardworking Hoosiers who currently don't have access to coverage they can afford," he said during a speech at St. Vincent

Hospital.

HIP 2.0 will cover those with incomes below 138 percent of the federal poverty level, or the equivalent of a family of four that has an annual income of about \$33,000.

Although Pence argued that HIP 2.0 isn't a Medicaid expansion but a form of Medicaid reform, Sylvia M. Burwell, the federal secretary of Health and Human Services, called it a Medicaid expansion under the Affordable Care Act.

But Pence's plan takes an alternative approach.

State and federally funded Medicaid programs can vary greatly by state, but the coverage generally doesn't come with a health savings account like Indiana's, which involves state contributions based on income levels, said MaryBeth Musumeci, a Medicaid expert with the nonpartisan Kaiser Family Foundation.

Pence's plan also creates two levels of coverage.

The basic level for those below 100 percent of the federal poverty level—the equivalent of a family of four that earns about \$24,000 a year—does not require payments from enrollees. But they are required to make co-pays for all services.

A second tier of improved coverage is available if enrollees pay a monthly fee ranging from \$1 to \$25 into a health savings account.

Those who fail to make payments would face penalties that include mandatory co-payments for services and loss of coverage.

The HIP 2.0 plan includes co-payments for emergency room use that are

designed to encourage appropriate use of emergency services.

And it will offer low-income residents help purchasing private-market insurance through their employers and will refer applicants to job training and job search programs offered by the state.

Pence said HIP 2.0 will not require any new state funding or additional taxes.

The federal government will pick up the majority of the \$16 billion expansion of Medicaid coverage in Indiana over the program's first six years, said Pence spokeswoman Christy Denault.

Indiana's share of the program's cost for state fiscal years 2015-2021 is projected to be about \$1.65 billion, which will come from cigarette tax revenue and hospital assessment fees.

Pence said the state's Family and Social Services Administration would immediately begin taking applications Tuesday for coverage starting Feb. 1.

Senate Minority Leader Tim Lanane hailed the expansion, saying it would drive down health insurance premiums for insured Indiana residents and eliminate use of emergency rooms for primary care.

"By any name, this is the right thing to do," the Anderson Democrat said.

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