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The Healthy Indiana Plan

House Enrolled Act 1678

A Pragmatic Approach

Governor Mitch Daniels

July 16, 2007

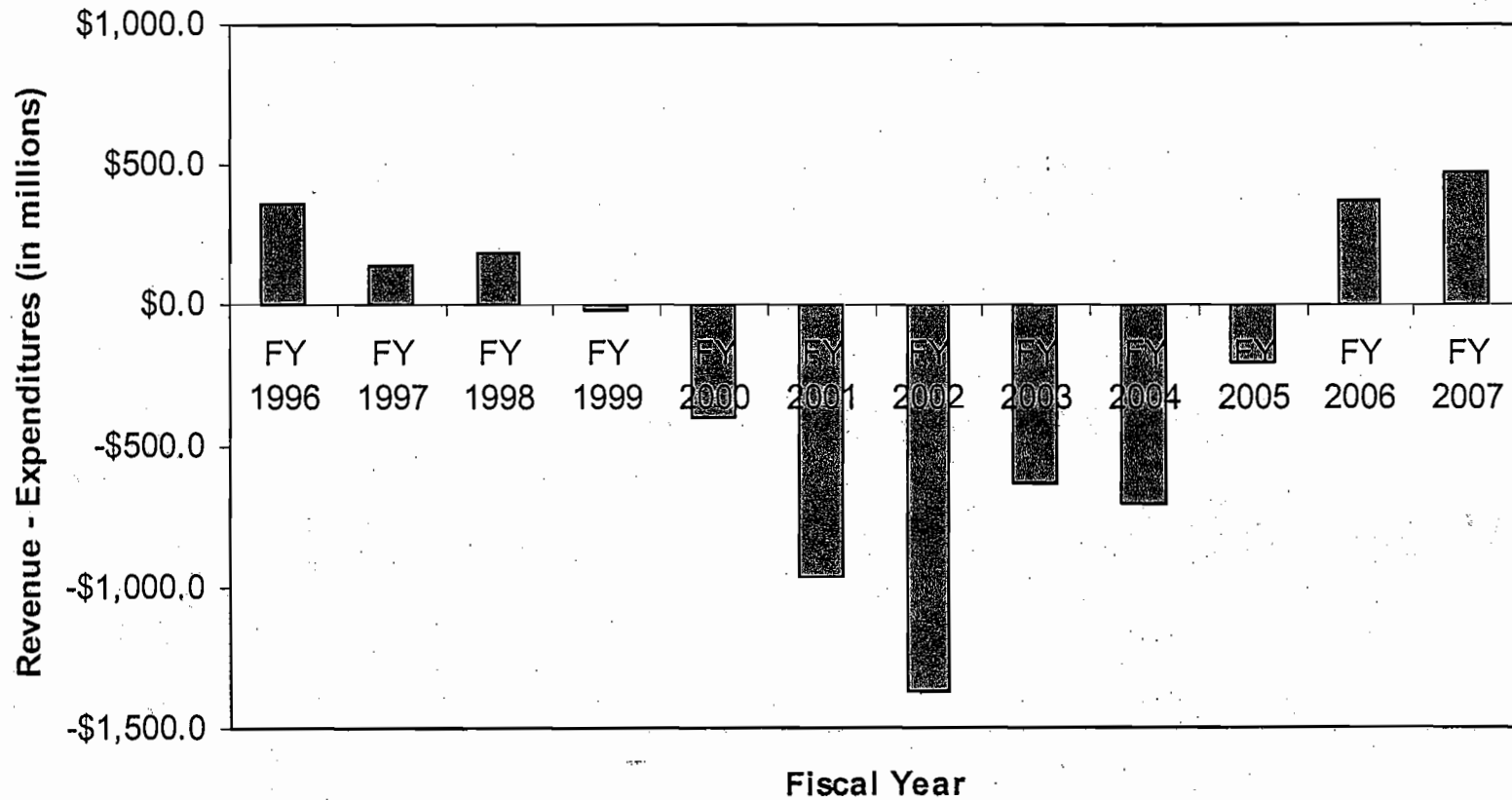
NCSL - Boston August 7, 2007



Healthy Indiana Plan: HEA 1678

Indiana's Fiscal Health is Good...

First Back-to-Back Balanced Budget in Eight Years



Healthy Indiana Plan: HEA 1678

Source: Indiana Office of Management and Budget (OMB)

....But Hoosiers' Physical Health is Not

- 5th Highest Rate of Smoking**
- 3rd Highest Rate of Cancer Deaths**
- 10th Highest Rate of Obesity**
- 12th Highest Rate of Heart Disease**



Indiana's Immunization Challenge

- **22% of Hoosier children don't receive recommended immunizations by age 2**
- **Indiana ranks 39th nationally in immunization for 2-year-olds**



Smoking in Indiana

- **10,200 kids under 18 start smoking each year**
- **9,800 adults die each year from smoking;
160,000 kids likely to die prematurely from smoking**
- **More than \$1 billion per year is spent in Indiana on healthcare directly related to smoking**
- **Indiana Medicaid spends more than \$400 million on smoking-related healthcare costs**

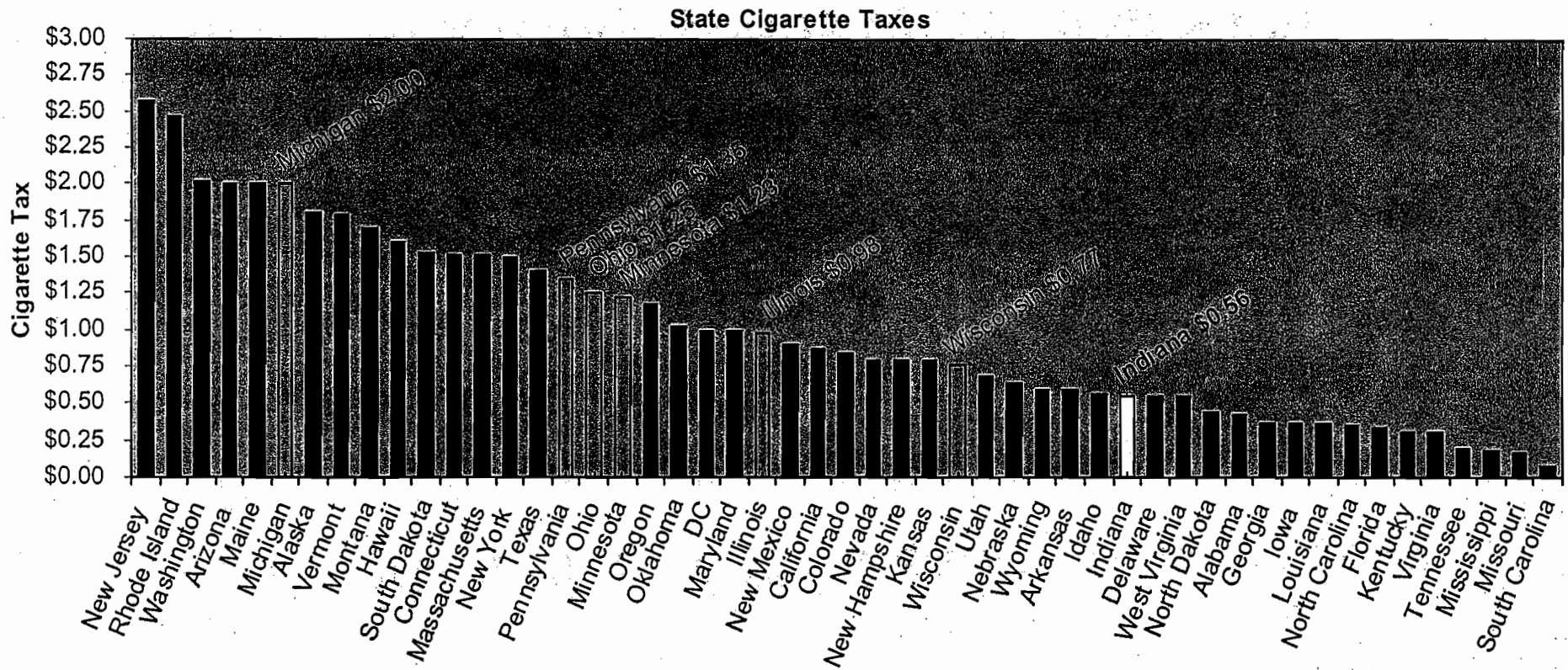


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Source: Indiana Tobacco Prevention and Cessation (ITPC); Indiana University Center for Urban Policy and Environment

November 2006

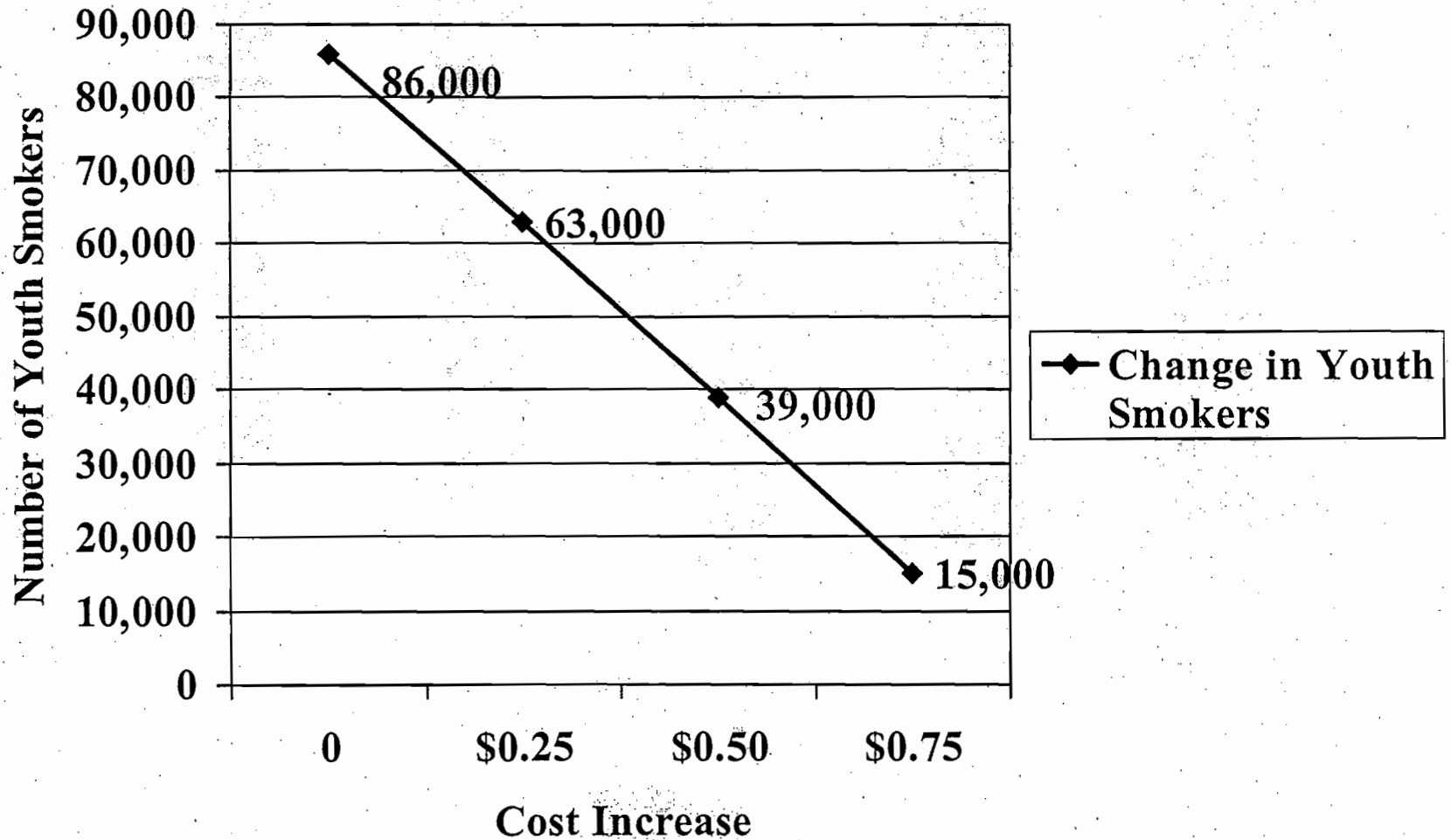
State Cigarette Excise Tax Rates and Rankings



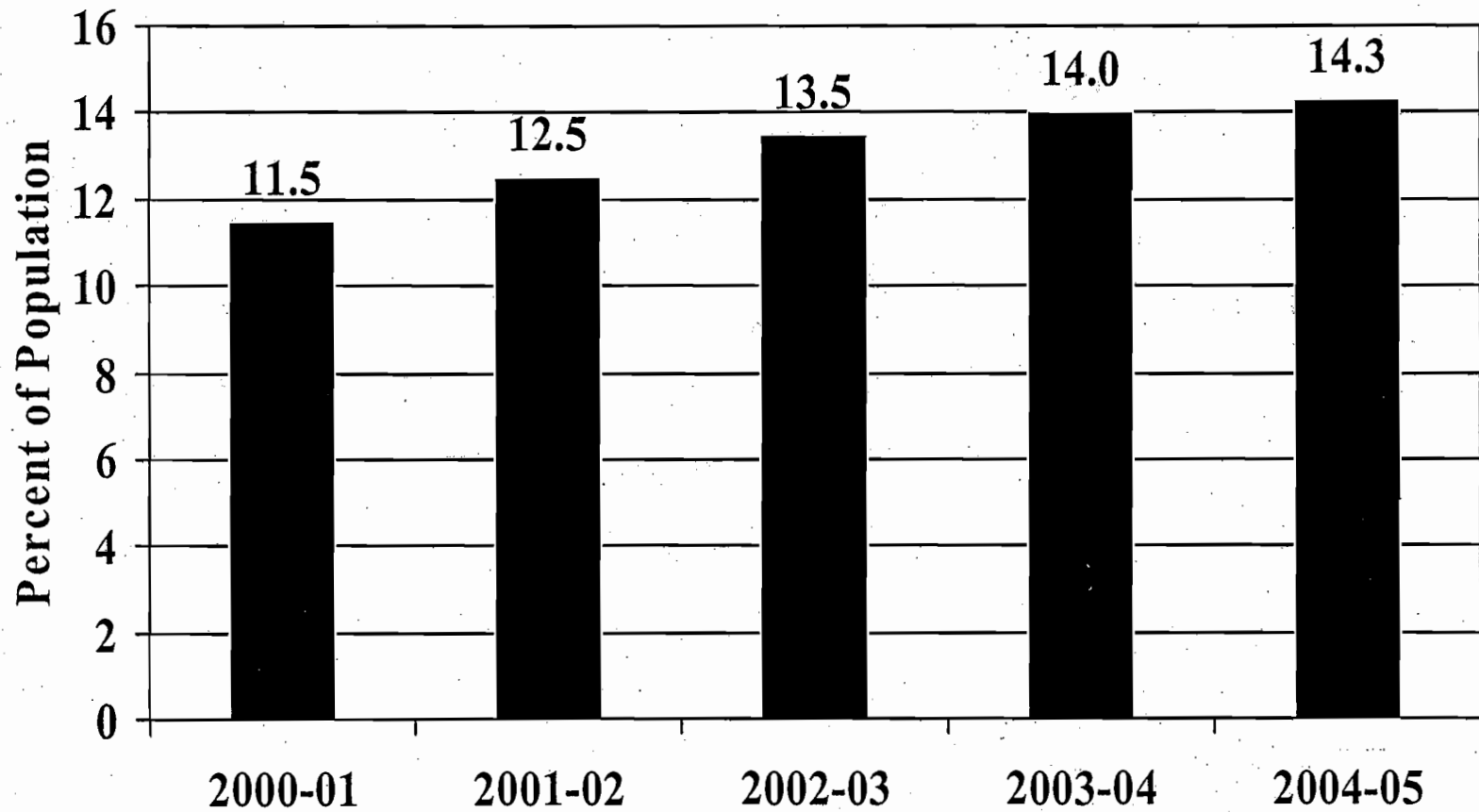
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Source: ITPC

Increasing the Cost of Cigarettes Will Reduce Youth Smoking



Uninsured in Indiana: A Growing Problem



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The Perfect Storm

- **Indiana Medicaid - 4th lowest coverage level (22% FPL) for non-disabled adults**
- **National Average for Medicaid coverage rate is 89% FPL**
- **From 1999 – 2004, Indiana had the second highest drop in employer-sponsored health insurance.**
- **Since 1990, the uninsured population has increased by 30%**



State Specific Bipartisan Solution

The Healthy Indiana Plan- HEA 1678

“The stars were aligned in order for us to do this...We have all come together to say that if we want to improve the quality of health care for the citizens of Indiana, then we need to take this bold step.”

**Representative Charlie Brown
Democratic House Sponsor of HEA 1678**



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The HIP Plan

- **Not an Entitlement**
- **No Mandates**
- **Market Based Approach**
- **Empowers Low-income People With Health Savings Type Account for Low-Income Persons**
- **Lays the Foundation for Price & Quality Transparency**
- **Promotes Personal Responsibility & Consumerism in the Medicaid Population**
- **Focuses on Prevention & Promotes Health**



The Healthy Indiana Plan

\$500 Free Preventive Care

- Smoking Cessation
- Prostate Exam
- Mammogram
- Diabetes
- Physicals

POWER Account

\$1,100 Individual* and State Contributions

- Controlled by Participant to cover initial medical expenses

INSURANCE COVERAGE

\$300,000 Annual Coverage

\$1 Million Lifetime Coverage

Covered Services

- Physician Services
- Prescriptions
- Diagnostic Exams
- Disease Management
- Home Health Services
- Outpatient Hospital
- Inpatient Hospital

*Individual contribution not to exceed 4.5% of gross annual income



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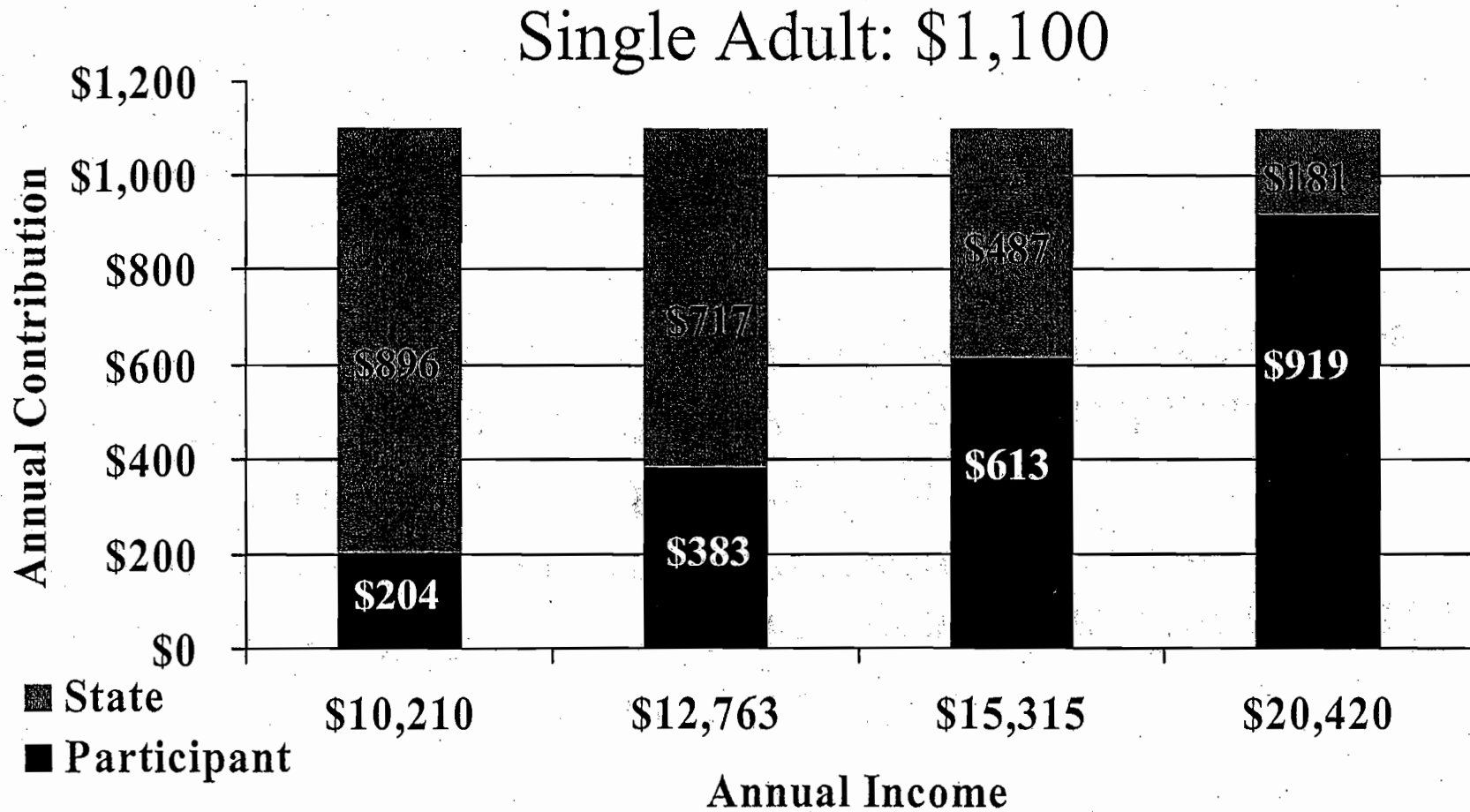
Personal Wellness Responsibility (POWER) Accounts

How It Works:

- State and participant contribute a combined total of \$1,100 per adult into account for initial medical expenses
- Individual controls spending from account
- Individual Required to Make Monthly Contribution
 - Must make contribution within 60 days, or terminated from program & can't re-enter for 12 months
- Remaining Balance
 - If preventive services are met, all funds roll over
 - If not met, State's portion reverts to State, only a prorated portion of the individual's contribution rolls over
 - Payout of pro-rated individuals contribution for those that leave the program



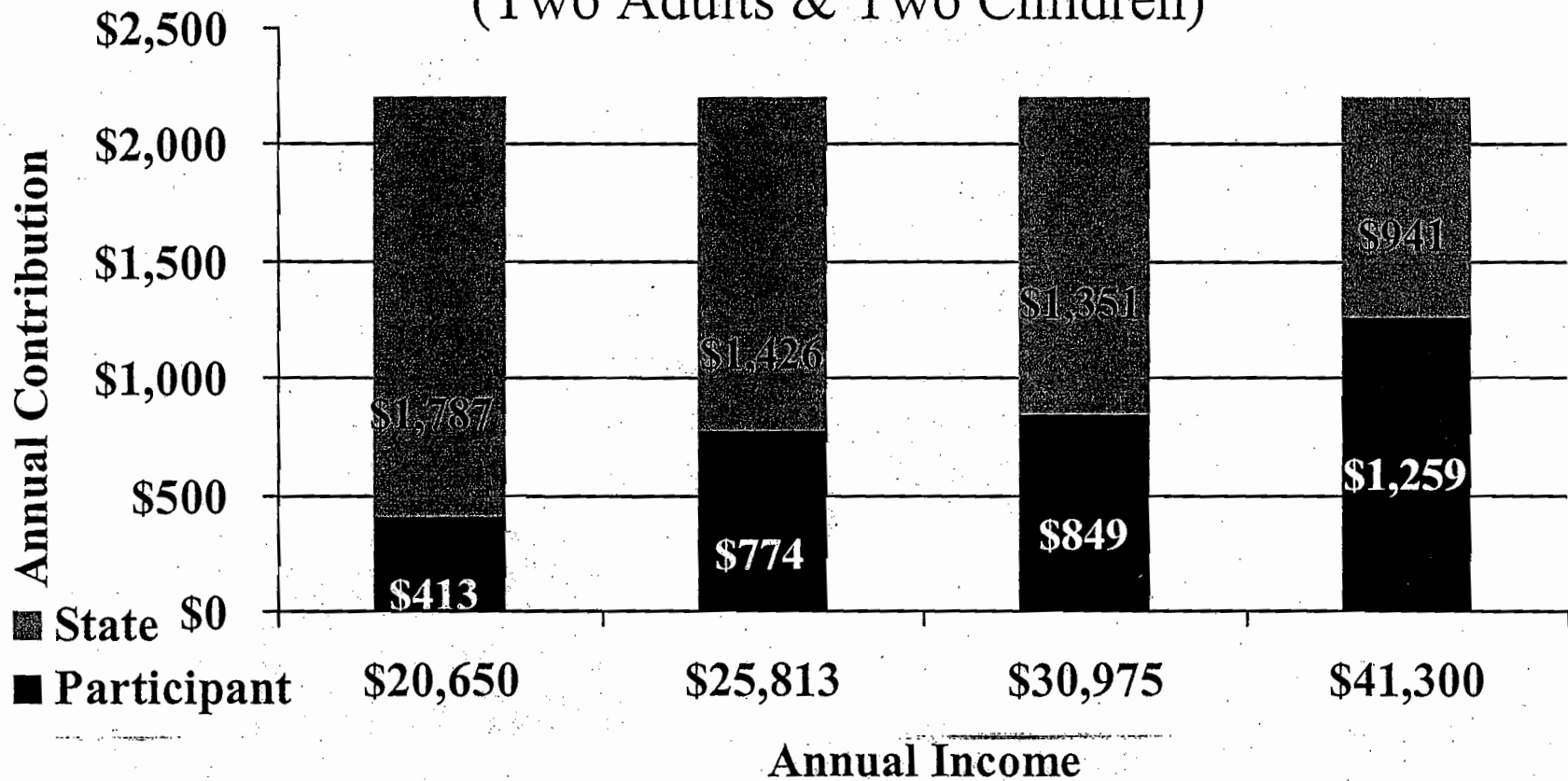
Funding for POWER Account



* Participant contribution on a sliding scale from 2-4.5% of annual income
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Funding for POWER Account

Family of Four: \$2,200
(Two Adults & Two Children)



*Contributions reduced to account for SCHIP premiums

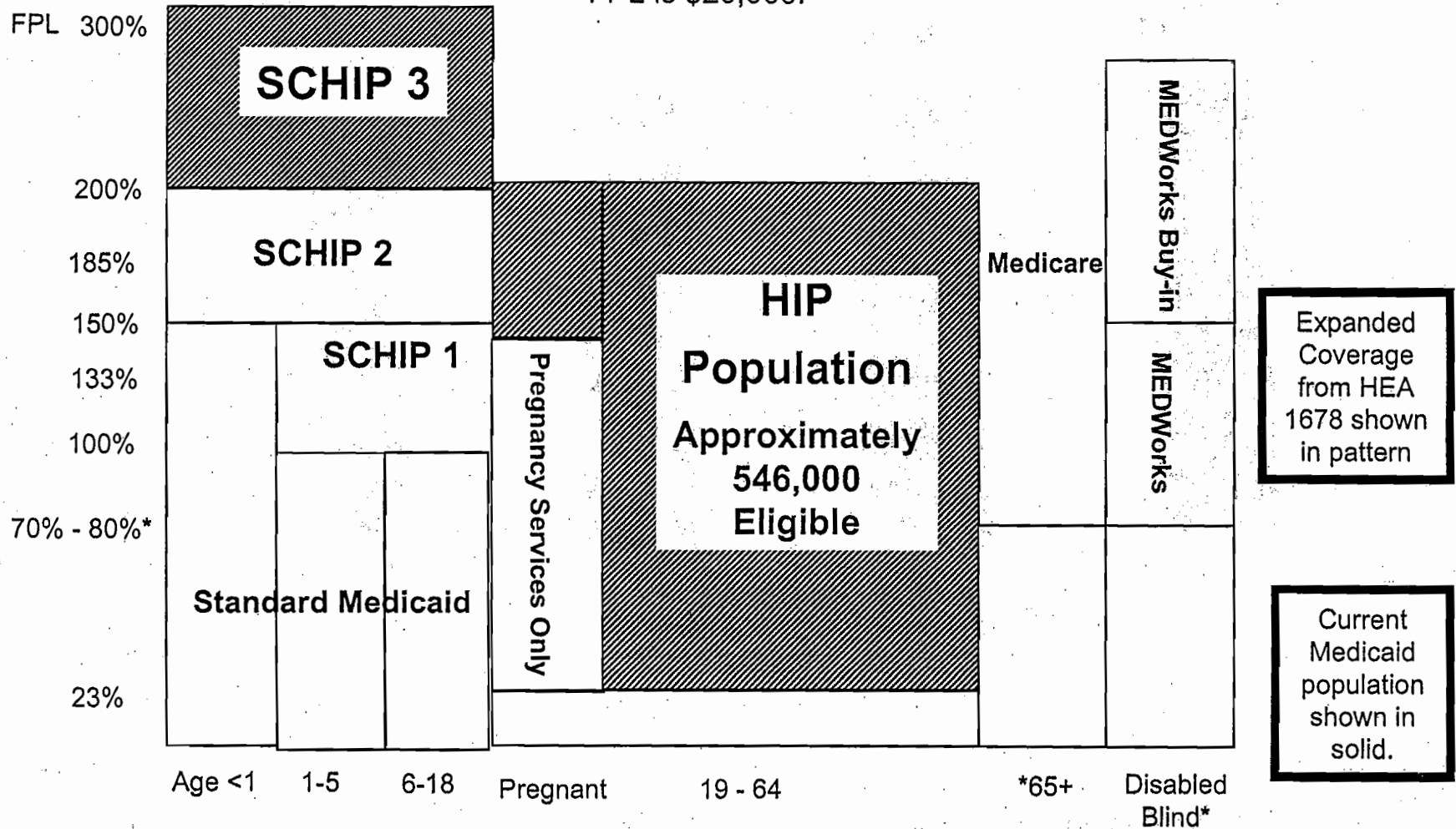
** Participant contribution on a sliding scale from 2-4.5% of annual income

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Healthy Indiana Plan Targeted Population

FPL is recalibrated annually and dependent on household size. In 2006 for a family of four, 100% of the FPL is \$20,000.



*Aged, Disabled and Blind income eligibility is driven by SSI standards rather than FPL

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Next Steps: Federal Level

- **HIP Provides a Historical Opportunity to Reshape the Nation's Medicaid Program**
- **1115 Waiver Pending Approval from OMB & CMS**
 - Give Indiana “credit” for running a modest program, raising new revenue (\$150/million) and for implementing system efficiencies immediately upon taking office
 - Need adequate funding to assure program is robust and to achieve goals
 - Need timely decision



Next Steps: State Level

- **RFP released 5 days after legislation passed**
- **5 Proposals Received from Private Insurers**
- **Continue negotiations with CMS & OMB**
- **Enrollment by November 2007**
- **Go live in January 2008**

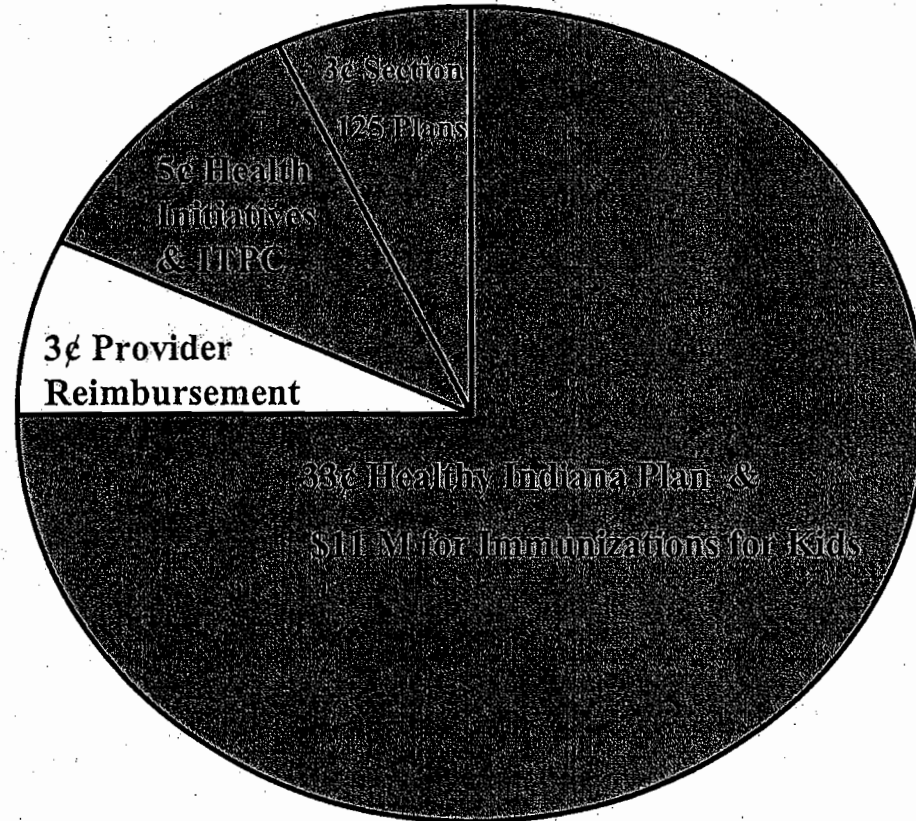


Other Initiatives Aimed At Low-Income Hoosiers

- **Expands SCHIP to 300% FPL**
 - (but *only* up to the current SCHIP allotment)
- **Presumptive Eligibility for Pregnant Women.**
- **Expands Coverage for Pregnant Women: from 150% FPL to 200% FPL**



44cent Voluntary Cigarette User Fee



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The HIP Plan

- **Protection:** Protect Hoosier children from smoking and disease
- **Prevention:** Encourage Hoosiers to seek preventive care
- **Peace of mind:** Offer health coverage to thousands of uninsured Hoosiers

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- **Personal responsibility:** Give individuals control of their health care decisions

