



HIP 2.0 KEY MESSAGES

The following background information and key messages will help your hospital in communication surrounding the new HIP 2.0 plan proposed by Governor Mike Pence. **It is especially important that media outlets throughout the state hear from hospitals about the importance of expanding coverage.** Please use these points in internal and external communication, public relations, op-eds and in interactions with community leaders and elected officials. **DO NOT DISTRIBUTE THIS DOCUMENT PUBLICLY.**

BACKGROUND

- Since taking office in January 2013, Governor Mike Pence has promoted the Healthy Indiana Plan (HIP), which has a focus on personal responsibility and wellness.
- After negotiating a one-year waiver for 40,000 HIP recipients, Gov. Pence has now developed plans to expand the program in the form of HIP 2.0 as an alternative to Medicaid using market-based reforms, employer-based plans and a health savings account-like mechanism to offer health care coverage to the Medicaid-eligible population in Indiana.
- IHA announced support for the HIP 2.0 concept, which will now be considered by the U.S. Department of Health and Human Services (HHS).
- If approved, the plan could provide health care coverage for up to 350,000 residents who are currently without health insurance.

ABOUT HIP 2.0

- HIP 2.0 will be an option for Hoosiers ages 19 to 64 with incomes up to 138 percent of the Federal Poverty Level, which for 2014 is approximately \$16,105 annually for an individual or \$32,913 for a family of four.
- Benefits of the new plan will include:
 - Higher reimbursement rates for providers to ensure better access for patients
 - Essential services such as maternity care and mental health treatment
 - Elimination of the waiting list that had been part of the first HIP program
 - Optional participation in employer-sponsored insurance plans
 - Use of Personal Wellness and Responsibility (POWER) accounts, from which members would pay for medical services
 - New option for families to be covered by the same health plan
 - Linkages to employment services and rewards for securing employment and moving off public assistance
- As proposed, there will be three packages as part of the HIP 2.0 umbrella:
 - HIP Link
 - Provides financial support to members who wish to access employer-sponsored insurance options
 - Eligible individuals can choose the employer-sponsored plan that works best for them
 - Allows HIP-eligible individuals to choose to either enroll in HIP Plus or receive a defined contribution POWER account funded by the State
 - Defined POWER account contribution can be used for all cost-sharing including premiums, co-pays or deductibles
 - Enrollment is optional
 - HIP Plus

- Medicaid alternative for Hoosiers with incomes below 138 percent of federal poverty level
- Available to all members who successfully make their monthly POWER account contributions
- Members and the State of Indiana jointly fund a \$2,500 POWER account, to which members contribute based on a sliding income scale
- No other required cost-sharing
- Offers enhanced benefits, including vision and dental services
- HIP Basic
 - Default plan for Hoosiers below 100 percent of federal poverty level who do not make required POWER account contributions
 - Requires co-payments for all services, which may exceed the cost of monthly POWER account contributions under HIP Plus
 - Members will use an entirely State-funded POWER account to cover their \$2,500 annual deductible
 - Reduced benefit package
 - Preserves incentives for members to be cost-conscious and to receive recommended preventative care services
- IHA and its 160 members throughout the state have been supportive of a fiscally responsible approach to expand coverage and will provide financial support for the program through an existing provider fee program.
- HIP 2.0 will be fully funded through Indiana's existing cigarette tax revenue and Hospital Assessment Fee program, in addition to federal Medicaid funding.

ADDITIONAL TALKING POINTS

- **The sense of urgency cannot be understated. Hospitals want to see HIP 2.0 quickly approved by CMS and implemented so that coverage can begin as early in 2015 as possible.**
- Approximately 860,000 Hoosiers, or 14 percent of the population, are uninsured.
- As many as 300,000 Indiana families in low-paying jobs do not earn enough to qualify for tax credits and subsidies through the Health Insurance Marketplace. But, they earn too much to qualify for Indiana's existing health care programs for the poor.
- If coverage expansion is approved, the average family could save as much as \$677 in premiums per year.
- Uncompensated care is rising rapidly, straining resources and shifting costs to other payers. Indiana hospitals provided nearly \$3 billion in uncompensated care in 2011. Expanding coverage will reduce the amount of uncompensated care while providing security for the most vulnerable in the state.
- An expansion through HIP 2.0 will leverage billions in federal matching dollars. By bringing those tax dollars back to Indiana, all Hoosiers will benefit from the positive economic impacts.
- In states that do not expand coverage, large employers may pay substantially higher federal tax penalties. In Indiana, the potential employer shared responsibility penalty could total \$23 to \$34 million.

ABOUT INDIANA HOSPITALS

- Create more than \$33 billion in state economic activity.
- Employ approximately 125,000 individuals and support an additional 260,000 jobs elsewhere in the Indiana economy.
- Spend nearly \$8 billion on Hoosier employee wages and benefits.
- Spend over \$16 billion on goods and services from other businesses in Indiana.
- Rank as the second largest source of private sector jobs nationally.

Learn more about the need for coverage expansion – visit ExpandINCoverage.org.