

The Governor's Healthy Indiana Plan (HIP)

- **Protection: Protect Hoosier children from smoking and disease**
- **Prevention: Encourage Hoosiers to seek preventive care**
- **Peace of Mind: Provide health coverage to thousands of uninsured Hoosiers**
- **Personal Responsibility: Give individuals control of their health care decisions**

Governor Mitch Daniels proposes to utilize 100% of the proceeds from an increased cigarette tax to improve the health of Hoosiers. The Governor's plan, HIP, includes restoring funding for smoking reduction programs and assuring all children will have access to needed childhood immunizations. In addition, HIP will direct the remainder of the cigarette tax revenues to provide health insurance to uninsured Hoosiers least able to afford coverage. This innovative plan promotes personal responsibility for health and lays a foundation for greater transparency in health care costs and financing. HIP will reduce the number of uninsured in Indiana, thus slowing the trajectory of health care premiums created by cost shifting from uninsured to insured patients. Moving away from traditional subsidies to hospitals, this plan entrusts Hoosiers with the power to be value-conscious consumers of health care.

Smoking Reduction (\$24 million)

- Restores funding to federal recommended levels for the Indiana Tobacco Prevention and Cessation (ITPC) Agency, which supports local programs that help Hoosiers to stop smoking and prevent tobacco use
- Indiana currently has the 2nd highest smoking rate in the country
- Raising the cigarette tax lowers youth and adult smoking

Immunizations (\$11 million)

- Nearly 22% of Indiana's children do not receive recommended immunizations before the age of 2
- This additional funding will ensure that all Hoosier children have access to immunizations to prevent diseases such as hepatitis B, polio, mumps, measles, and whooping cough

Healthy Indiana Plan (HIP): Trusting Hoosiers to Make Value-Based Decisions (remainder of revenues)

- HIP provides:
 - A Personal Wellness Responsibility (POWER) Accounts valued at \$1,100 per adult will be available to pay for medical costs. Contributions to the account are made by the State and each participant (based on ability to pay). No participant will pay more than 5% of his/her gross family income.
 - A basic commercial benefits package will cover medical costs that exceed \$1,100.
 - Each participant will receive up to \$500 of preventive health services a year at no cost to participants.
- At the end of the year, individuals can withdraw a portion of unspent funds in the POWER Account, as long as a minimum balance is maintained and age and gender-appropriate preventive services have been completed.
- POWER Accounts give participants a financial incentive to adopt healthy behaviors that keep them out of the doctor's office. When they do seek health care, plan participants will seek price transparency so they can make value conscious decisions.

Financing: Assuring Fiscal Responsibility to Indiana's Taxpayers

- HIP will be financed through revenues from an increase in Indiana's cigarette tax, participant contributions to the POWER Accounts, and federal funds available to support low-income health care.
- Since hospitals will treat fewer uninsured patients, HIP proposes to redeploy some of the federal dollars currently provided to hospitals that serve low-income populations (known as "Disproportionate Share" or DSH payments).
- The number of Hoosiers that can be provided coverage under HIP depends on the amount of revenue raised. (A 25-cent cigarette tax increase would provide coverage for approximately 120,000 Hoosiers; a 50-cent increase would cover 200,000 people).