

FSSA Backgrounder

BACKGROUND ON THE HEALTHY INDIANA PLAN WAIVER

Indianapolis (September 3, 2013) - This morning, the State of Indiana received approval from the Centers for Medicare and Medicaid Services (CMS) to continue operation of the Healthy Indiana Plan through 2014 under a one-year Medicaid waiver. The following information puts this extension into the context of our ongoing relationship with CMS on this program and highlights some of the key issues during this negotiation.

The Healthy Indiana Plan (HIP) began in 2008 under a five-year waiver from the federal government. It is the nation's first consumer directed plan for Medicaid recipients. Since passage of the Affordable Care Act, Indiana has sought to continue the program and better understand its future through a series of discussions and waiver requests with the Centers for Medicare and Medicaid Services (CMS), a division of the U.S. Department of Health and Human Services (HHS).

In July 2012, the State requested and CMS approved a one-year waiver to renew the program through 2013. The Pence Administration submitted another waiver request in February of 2013 to further extend the Healthy Indiana Plan and ensure coverage for the plan's enrollees. Absent a waiver extension, the State would have had no choice but to shut down the program entirely.

Throughout this year, the Pence Administration has been in regular dialogue with CMS and HHS, including conversations between Governor Pence and Secretary Sebelius. During initial discussions with CMS, both parties mutually agreed that the first priority was to secure an extension of the current Healthy Indiana Plan and achieve certainty for the plan's enrollees in 2014.

One key point of discussion was the State's commitment to maintaining the Healthy Indiana Plan's innovative, consumer-driven, health savings account-based model. Through negotiation, the State successfully preserved this model in its entirety, including the program's personal responsibility component.

Another key point for the State was the ability to manage enrollment in the program. CMS agreed with the State that maintaining a fiscally responsible Healthy Indiana Plan is of paramount importance. To that end, new language in the waiver provides the State additional tools to manage enrollment. If at any point during the year the State projects that the cost of the program will exceed the amount of dedicated cigarette tax revenues, CMS will allow the State to amend the waiver to adjust eligibility and maintain the program's fiscal sustainability.

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