

# HIP Rate Equalization Briefing

- HIP History
- Timeline: CMS concerns with current HIP rates
- Indiana Medicaid – Big picture
  - Provider types impacted by new Federal Regulation
  - Physician / Professional Services
  - Ancillary Services
- Timeline / HIP rate compliance plan

# HIP HISTORY

## Long-term engagement with CMS regarding HIP rates

- 2008: IN established HIP pilot program, predating Affordable Care Act (ACA)
  - IN statute required payment at Medicare Rates
- 2015: IN expanded Medicaid under the ACA (>300K newly eligible Hoosiers)
  - IN statute requires continued payment at Medicare rates for services delivered under HIP
  - State share of HIP rates funded by hospital assessment fees (HAF) and cigarette tax revenues
- 2017: IN equalizes reimbursement related to hospital facility fees
  - Inpatient and outpatient payments equal across all programs (HIP/HHW/HCC/FFS)
- 2020: HIP receives 10-year renewal
  - HIP continues to pay at Medicare rates

# Timeline: CMS and HIP Rates

## HIP's Medicare rates increased costs to the federal government (match 90:10)

- 2015: HIP 2.0 (added ~300K); statute requires HIP pay providers at Medicaid rate
  - CMS concerned with HIP's Medicare rates, wants equalization by 2018
- 2018: HIP renewed; Indiana urges HIP's Medicare rates be grandfathered in upcoming rule-making
- 2019: CMS issues proposed rule that would prohibit HIP's Medicare rates; IN submits public comment urging HIP's Medicare rates remain
  - IN outreach to providers and congressional delegation re: rate concerns
- 2020: [Oct] 10-year HIP renewal with HIP's Medicare rates
- 2020: [Nov] CMS final rule released; prohibits differential rates; applies to all states; negotiations ensue
- 2021: [Nov] CMS finds IN out of compliance; IN to claw back provider payments (\$500M); IN **appeals** to CMS
- 2021: [Dec] IN **appeal** to CMS **granted**
  - HIP rates (2021 to 2023) approved at Medicare
  - **No** claw back of \$500M in provider payments
  - IN must develop HIP Rate Compliance Plan for 2024

# HIP PANDEMIC AMENDMENT

## CMS approves emergency 1115 waiver on HIP rates

- 1115 Emergency Amendment – Allows continued payment at Medicare rates in HIP
  - Submitted January 28<sup>th</sup>, 2022
  - Approved July 26<sup>th</sup>, 2022
- Unique approval, not expected to be granted by CMS again
  - Waiver allows time to come into compliance via legislative, rule, and state plan changes. Initial time frame from final rule to compliance deadline was 48 days.
  - Ensures continued federal match for current provider rates, supporting continued access during the pandemic
  - Time limited waiver of rate setting requirements with retroactive approval through Jan 1, 2021 through December 31, 2023
  - Without this waiver federal match for all managed care at risk

# HIP PANDEMIC AMENDMENT: cont'd

## CMS approves emergency 1115 waiver on HIP rates

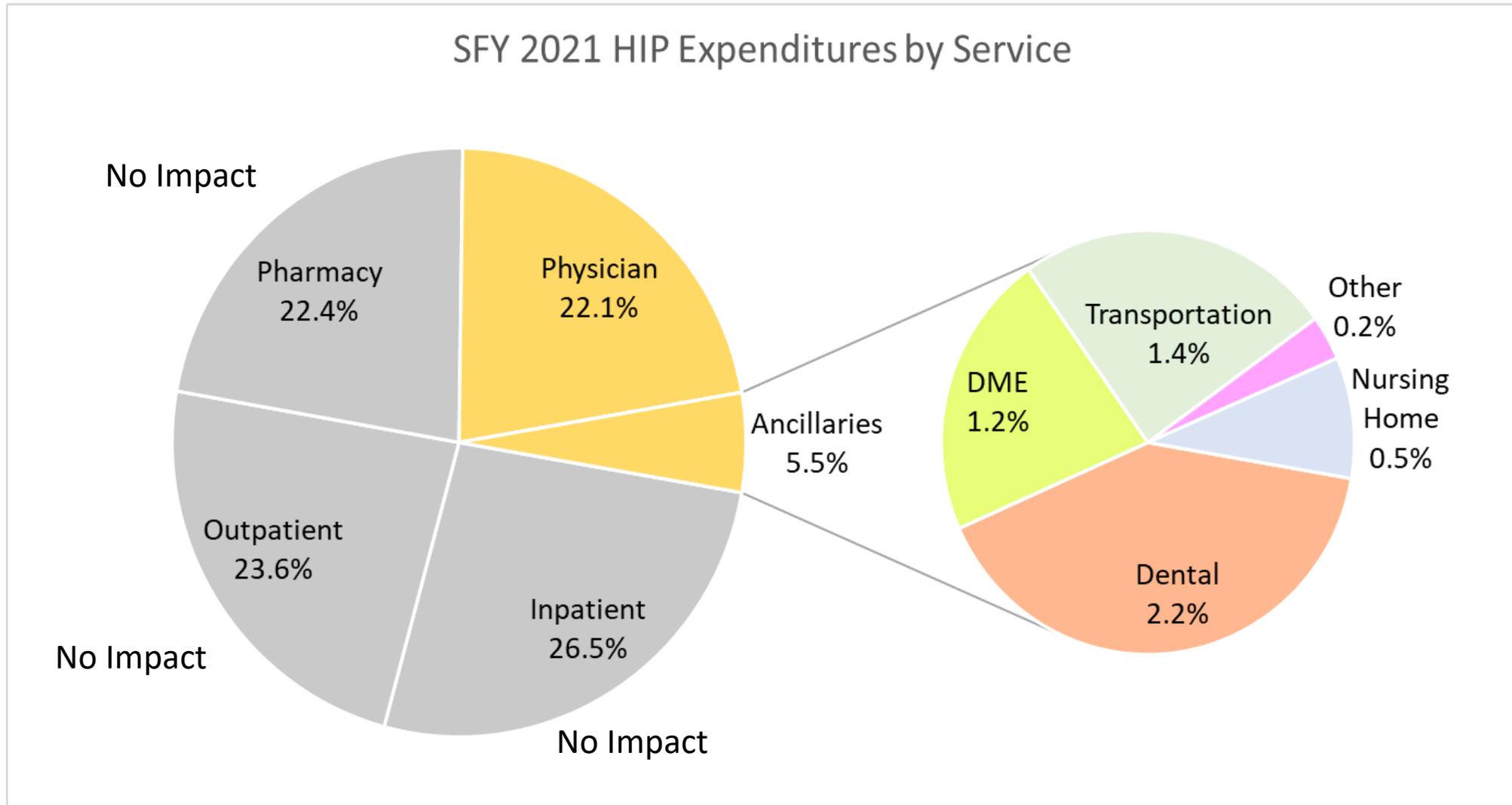
- IN must complete required CMS milestones through 2023 on time to maintain FFP for managed care programs
  - October 1, 2022: Public comment(s) submitted to CMS - Includes comment summary and copies of submitted comments
  - December 1, 2022: Draft rate methodology submitted to CMS
  - January 31, 2022: Draft legislation changing the HIP requirement to pay at Medicare rates submitted to CMS
  - July 1, 2023: Biennium budget approved with consideration for HIP rates changes, provide CMS notice of any intended directed payment arrangements, and provide CMS draft managed care plan contract language documenting changed rates
  - September 1, 2023: Any needed directed payment preprints submitted to CMS
  - October 1, 2023: Submit equalized fee schedule effective January 1, 2024, rate certification, and updated managed care plan contract language
  - **Jan. 1, 2024: new rates effective**

# Indiana Medicaid – Big Picture

<b>~ 2.0 Million Hoosiers on Medicaid</b> ~1.65 million managed care; ~330,000 fee-for-service				
<b>MEDICAID SUMMARY</b>	<b>Hoosier Care Connect</b>	<b>Hoosier Healthwise</b>	<b>Healthy Indian Plan</b>	<b>Fee for Service</b>
<b>Populations</b>	Aged, Blind and Disabled (Not Medicare Eligible or LTSS)	Children Pregnant Women	Expansion Adults Pregnant Women Low Income Caretakers	LTSS (Institutional and Waiver), PACE, Dual Eligible
<b>Members</b>	100K	800K	740K	330K
<b>Health Plans</b>	Anthem, MHS, United	Anthem, CareSource, MDwise, MHS	Anthem, CareSource, MDwise, MHS	N/A
<b>Physician/Ancillary Provider Reimbursement</b>	Medicaid Rate	Medicaid Rate	<b>Medicare Rate</b> (130% of Medicaid if there is not a Medicare Rate)	Medicaid Rate

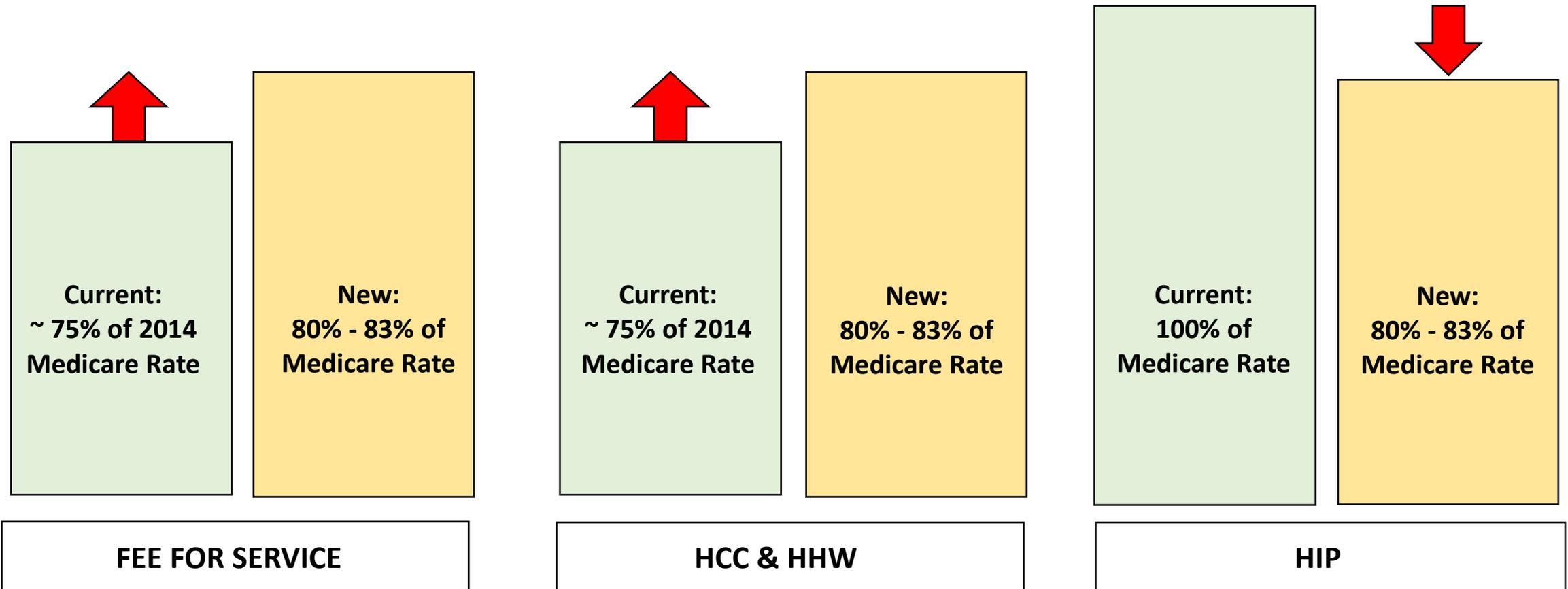
**FEDERAL REGULATIONS NOW REQUIRE UNIFORM REIMBURSEMENT ACROSS MANAGED CARE PROGRAMS** <sup>6</sup>

# Provider Types Impacted by Reimbursement Rate Changes



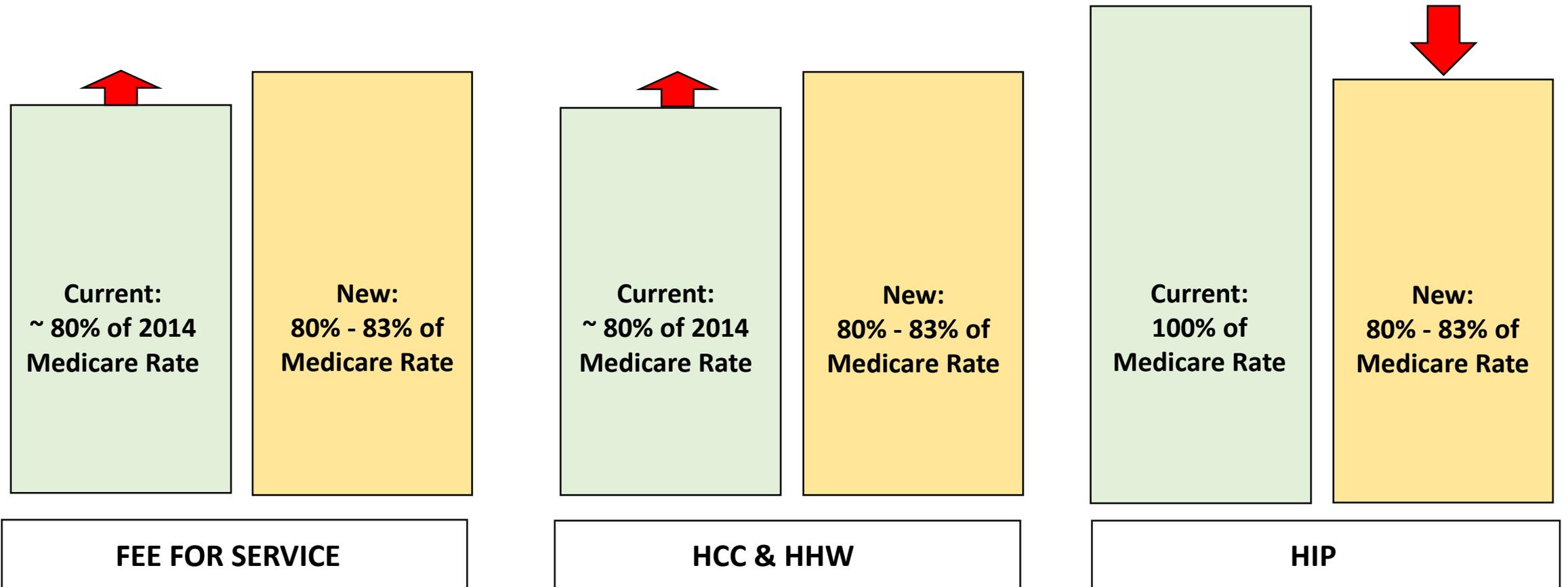
# HIP Rate Equalization Project

Physician/ Professional Reimbursement Rate Changes  
*Excluding Maternity and Behavioral Health Services*



# HIP Rate Equalization Project

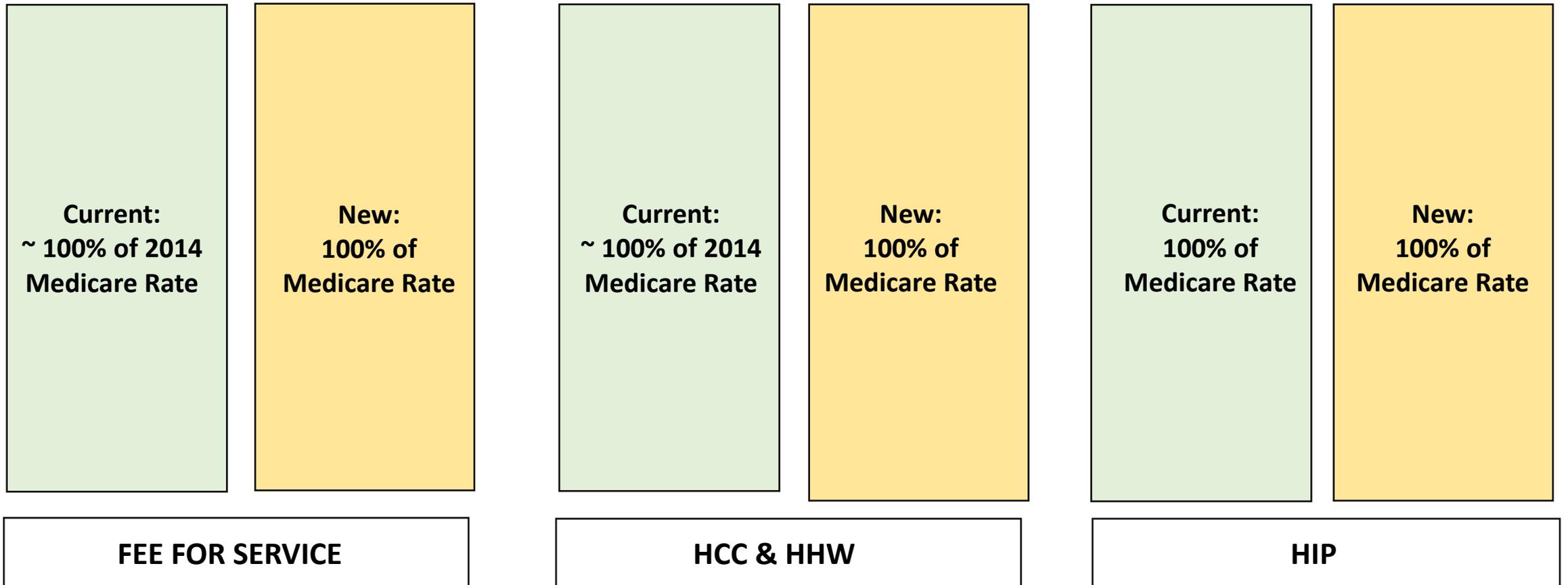
## Physician/ Professional Reimbursement Rate Changes *Behavioral Health Services*



# HIP Rate Equalization Project

## Physician/ Professional Reimbursement Rate Changes

### *Maternity Services*



# HIP Rate Equalization

## Ancillary Services that are Primarily Fee for Service

### **NURSING FACILITIES**

\$1.9B Spend  
99% FFS / 1% MC

**Rates for HIP will be aligned  
with the Rates for FFS and  
other Managed Care Programs**

### **HOME HEALTH**

\$396M Spend  
96% FFS / 4% MC

### **HOSPICE**

\$143M Spend  
94% FFS / 6% MC

# HIP Rate Equalization

## Additional Ancillary Services

New Dental rates will be set for use in HIP, FFS and other Managed Care Programs

DME rates will be aligned with Medicare as the second phase of DME rate updates

New NEMT rates will be set for use in HIP, FFS and other Managed Care Programs

EMS rates will be aligned with Medicare effective 7/1/23 due to recent legislation

**DENTAL**  
\$313M Spend  
11% FFS / 89% MC

**DME**  
\$226M Spend  
42% FFS / 58% MCE

**NEMT**  
\$85M Spend  
27% FFS / 73% MC

**EMS**  
\$89M Spend  
20% FFS / 80% MC

# Timeline / HIP Rate Compliance Plan

**Rates must be equalized across Medicaid by Dec 31, 2023**

- Currently open for public comments through September 2, 2022 at 5:00 PM
  - Two public hearings:
    - August 24, 2022, 1 PM (Day 2 of the MAC Meeting) – virtual
    - August 29, 2022, 10 AM – in person and virtual
    - [More information about attending public hearings and submitting public comment available on the Public Notice here: https://www.in.gov/fssa/hip/files/HIP-Waiver-Amendment-Public-Notice-Aug-22.pdf](https://www.in.gov/fssa/hip/files/HIP-Waiver-Amendment-Public-Notice-Aug-22.pdf)
- September 2022, opportunity for discussions with providers and associations
- January 2023, notice to nursing facilities of rate changes in alignment with legislative requirement
- June 2023, advanced notice to MCEs of rate changes
- October 2023, provider bulletin outlining new rates effective January 2024
  - Rate changes will be shared in advance of formal bulletin