



STATE OF INDIANA  
OFFICE OF THE GOVERNOR  
State House, Second Floor  
Indianapolis, Indiana 46204

Mitchell E. Daniels, Jr.  
*Governor*

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December 28, 2011

The Honorable Secretary Kathleen Sebelius  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Sebelius:

The State of Indiana has operated the successful and popular Healthy Indiana Program (HIP) under an 1115 waiver for four years. We believe it has more than met the goals of a demonstration program to show conclusively that the Medicaid population is well served by a consumer driven health plan. Participants have responded positively to the prevention strategies we employ and have made more appropriate utilization of the health care system.

Today, on behalf of the 50,000 current HIP participants and the approximately 500,000 Hoosiers who will be newly eligible to receive Medicaid in 2014, we are submitting a request to extend the Healthy Indiana Plan (HIP) through an 1115 waiver request for the maximum allowable time period. This year, the Indiana Legislature passed a law (Indiana Code 12-15-44.2), on a bi-partisan basis, that calls for HIP to be the coverage vehicle for the Medicaid expansion in 2014. Our intent is to make HIP a permanent part of our Medicaid program. However, due to the delinquent release of regulations, your agency was unwilling to respond to our original request to amend our State Medicaid Plan. This waiver submission is our final attempt to save the HIP program.

HIP has proven to be far superior to a traditional Medicaid program. Over 99% of HIP participants that were surveyed would re-enroll in the program. Eighty percent of HIP participants completed their preventive services required for their personal POWER account rollover. Members have lower non-emergency ER use versus the traditional Medicaid population, higher generic drug use than a comparable commercial population, and over 97% pay their required contributions on time. HIP gives dignity to its participants. It believes in their ability to make consumer driven choices and value based decisions when they seek health care.

Because of the new federal law, Indiana will have to absorb between 350,000 and 500,000 new Medicaid participants in 2014. When combined with current participants, almost a fourth (1.5M individuals) of the state's population will be served by Medicaid. Should the Supreme Court uphold the Affordable Care Act and the Medicaid expansion, collectively our State's leadership believes that new Medicaid participants should not be consigned to a traditional paternalistic program that fosters dependency, raises costs and does not improve health outcomes.

The HIP waiver expires on December 31, 2012. While advocating for the passage of the Affordable Care Act, President Obama said, "If you are happy with your health insurance, you can keep it." We are hopeful you will prove that the administration will honor that commitment by granting our request. If your agency does not approve our waiver request, you will be ending coverage for thousands of Hoosiers. This transition, as outlined in our waiver, will take at least six months and therefore, we request a response no later than June 30, 2012.

Sincerely,

A handwritten signature in black ink that reads "ME Daniels, Jr." in a cursive, slightly slanted script.

Mitchell E. Daniels, Jr.