



*"People
helping people
help
themselves"*

Mitchell E. Daniels, Jr., Governor
State of Indiana

Indiana Family and Social Services Administration

402 W. WASHINGTON STREET, P.O. BOX 7083
INDIANAPOLIS, IN 46207-7083

Anne Waltermann Murphy, Secretary

August 30, 2010

Director Cindy Mann
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Director Mann:

Indiana's publicly funded health coverage programs evolved over decades in response to federal funding opportunities and the identification of gaps in health care coverage for various populations. The ACA expands Medicaid coverage to individuals below approximately 138% of the federal poverty level without regard to health status, age or other factors; these vast changes compel an examination of the State's current health programs. As we begin the immense task of implementing the Affordable Care Act (ACA), we seek clarifications on how 209(b) States will be treated under this new legislation.

The State of Indiana operates under 209(b) status, using our own criteria to determine eligibility for the aged, blind and disabled groups, but not more restrictive than those in effect on January 1, 1972. The State uses a lower asset level and different criteria for determining disability than is used to determine Supplemental Security Income (SSI). Under these rules not every individual in Indiana who receives SSI also receives Medicaid, either because they did not qualify under Indiana rules, or because they did not apply. Additionally, as a 209(b) state, Indiana operates a Spend Down program where individuals must first reduce their income to the SSI level through expenditures on qualified medical services in order to receive Medicaid benefits. When this condition is met the members' Medicaid benefits activate and they are covered for the remainder of the month.

Our analysis indicates there are approximately 23,100 individuals in Indiana that are receiving SSI, but are not receiving Indiana Medicaid. Under ACA, these individuals by virtue of their SSI eligibility are below 138% FPL and will be eligible for Medicaid in 2014. Indiana requests clarification as to whether these 23,100 individuals not currently on Medicaid will be considered as newly eligible under the Medicaid expansion mandate. Our State has estimated that providing coverage to these 23,100 individuals could cost the State of Indiana \$534.0 million by 2020 without the enhanced match rate. The State has no current capacity to take on these additional costs. In fact, the State has often contemplated moving to 1634 status, by which it would accept



the federal disability determination, but has never garnered the required funding to address the influx of the SSI recipients.

Additionally, Indiana has similar questions concerning coverage of the current Spend Down population that falls below 138% of the FPL. Indiana currently has 37,069 non-dual individuals that fall below 138% and above 75% of the FPL. On average, these individuals meet their Spend Down requirement and qualify for Medicaid benefits six months out of the year. The State clearly does not pay for all of their medical expenses. Under ACA, these individuals would become fully Medicaid eligible. Our actuaries have indicated that providing full coverage to the Indiana Spend Down population below 138% FPL and above 75% FPL would cost an additional \$277 million through 2020 without an enhanced match. The State wants to confirm that these individuals will be considered newly eligible under the new Medicaid expansion.

The newly eligible determination for the SSI population and the Spend Down population has significant financial implications to the State of Indiana. Our analysts estimate that without the enhanced match for these populations the State costs will be an additional \$670 million by 2020. Receiving the enhanced match reduces this burden to \$95 million over the same time period.

Additionally, the State has ongoing concerns surrounding guidance regarding the Healthy Indiana Plan (HIP). HIP is a home-grown program that works for Indiana and is the natural vehicle to provide coverage for Hoosiers who become Medicaid eligible under ACA's expansion. We hope that the federal government will allow Indiana to continue its innovative POWER account and other successful aspects of the program. The State sent a letter in May and requested a determination as to whether this program will be permitted to act as the coverage agent in Indiana for the Medicaid expansion. We are eagerly awaiting an official response.

On the issues of designating these specific populations as newly eligible or not, the State requests a swift and favorable response. The determination will affect our planning going forward, and the State needs this clarification to stay on track in order to meet the ACA implementation deadlines.

Sincerely,

A handwritten signature in black ink that reads "Anne W. Murphy". The signature is written in a cursive style with a large, flowing "A" and a long, sweeping underline.

Anne W. Murphy, Secretary

cc: Kathleen Sebelius, HHS Secretary
Cristal Thomas, HHS Regional Director
Dr. Donald Berwick, CMS Administrator
Verlon Johnson, CMS Associate Regional Administrator