Was HIP program enough?
Candidates spar over impact of Daniels' health reforms

By J.K. Wall
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Just how big a deal was the Healthy Indiana Plan?
That seems to be the key question dividing Republican Gov. Mitch Daniels and his Democratic challenger, Jill Long Thompson, in their competing plans over health care reform.

Daniels' campaign for re-election points to his administration's ongoing rollout of the Healthy Indiana Plan as his entire plan for health care reform in his second term. The plan, which uses cigarette tax revenue to offer health insurance and health savings accounts for previously uninsured Hoosiers, was passed by the Legislature in 2007.

Meanwhile, Thompson and her surrogates contend that Indiana needs much more reform than Daniels so far has offered to truly tackle high costs and high rates of uninsured Hoosiers. Daniels' efforts could be improved, Thompson contends, by borrowing some recent changes made by Massachusetts.

"The Healthy Indiana Plan, it's an important step, but it's far from what you'd heard," said Rep. David Orentlicher, D-Indianapolis, while debating on Thompson's behalf at a health care forum Oct. 13.

"It has a lot of drawbacks," he added, noting that the plan requires participants to contribute up to 5 percent of their income. "So we need to do a lot more."

Meanwhile, Libertarian candidate Andy Horning says both candidates are heading in the wrong direction by expanding—or even continuing—a substantial government role in health care.

"We have been raised since the New Deal to think that politicians have to be involved in health care," Horning said at the Oct. 13 debate, which was held on the campus of IPUI.

To date, the Healthy Indiana Plan has signed up 35,000 Hoosiers, according to Daniels' point man on health care, Mitch Roob, secretary of the Indiana Family and Social Services Administration. But the goal of the plan was to sign up 332,000 people.

"We're really pleased, Roob said he's very pleased, with how the rollout has progressed so far, considering that the Daniels administration first had to persuade the Legislature to pass the bill and then had to negotiate with the Bush administration to approve part of the program. "We continue to see steady growth in the number of eligible recipients," said Roob, predicting that the Healthy Indiana Plan will have 75,000 or even 90,000 participants by November 2009. In a second Daniels term, Roob said, he would like to expand the Healthy Indiana Plan to cover more childless adults.

The Healthy Indiana Plan, also called HIP, accepts families who earn up to double the federal poverty limit. However, it asks all participants to contribute a percentage of their income, from 2 percent up to 5 percent. Each Healthy Indiana Plan participant gets $1,100 in a health savings account to help him or her cover medical expenses.

Daniels argues that this personal financial responsibility will help Hoosiers spend less on health care, driving down overall costs. But Thompson says a better approach to reduce costs is to allow individuals and small businesses to join a state-organized pool that could purchase health care coverage at the lower rates paid by large employers.

Thompson would provide incentives to small firms to join the pool, using 3 cents of the 44-cent cigarette tax increase that funded the HIP program.

In addition, Thompson wants to help Hoosiers shop for health insurance by creating a quasi-governmental agency that would compare health plans for them. This agency, modeled after one in Massachusetts, would use centralized applications to reduce costs and cut out the need for benefits brokers.

Eric Wright, director of the Indiana University Center for Health Policy, said Thompson's plan could help insured Hoosiers who want more coverage. Many of those people have applied to the Healthy Indiana Plan even though they aren't eligible.

"It's important that we keep talking about this regardless of who gets elected," said Wright, who moderated the Oct. 13 debate. "There are a lot of innovative ideas in the HIP plan, but I think there's a lot of [other] ideas that haven't been tested out there in the real world."

Mitch Daniels

Goal: Increase access to care and control rising costs by providing health insurance and health savings accounts to the uninsured through the Healthy Indiana Plan, or HIP.

Expansion coverage: Hopes to enroll 132,000 Hoosiers in HIP, 30,000 new enrollees. Hopes to substantially expand program.

Expansion of public programs: HIP is a public program funded by cigarette tax revenue and aimed at Hoosiers who earn too much to qualify for Medicaid and who have been uninsured for at least six months. Also trying to expand access to Hoosier Healthwise to the state's narrowest children's group for children aged 0 to 5.

Financing: In 2007, raised cigarette tax 44 cents per pack. HIP requires individual contributions as high as 5 percent of income for families making twice the federal poverty level and as low as 2 percent of income for those below the federal poverty line.

Subsidies: HIP is subsidized but requires individual contributions. No employer subsidies.

Tax changes: Legislation that avoided HIP also provided a tax credit to companies that provide wellness programs. Also, companies that do not provide employee health benefits can earn a tax credit by starting a Section 125 plan so workers can purchase health insurance with pre-tax dollars.

Rating: The Department of Insurance announced in September that HIP regulation will allow businesses to form consortia to purchase fully insured health policies for "large-group" rates.

Cost containment: Refining "Paid-in" responsibility inherent in HIP, health savings accounts, aka, private insurers that administer HIP plan after predetermined services in line even cost.

System quality: Require transparency by health care providers on medical outcomes, quality of care and cost.

Source: gubernatorial campaigns (Indiana University Center for Health Policy)

Jill Long Thompson

Goal: Provide affordable health care coverage and control rising costs through insurance pooling and a quasi-governmental agency to help Hoosiers find and select insurance plans.

Expansion coverage: Establish a health insurance pool to allow individuals and small businesses to buy insurance at lower rates.

Expansion of public programs: Create the Hoosier Health Connector, modeled after a similar agency in Massachusetts, that would help individuals and companies compare health plans on coverage options, provider networks, premiums and cost-sharing. The program would use a centralized application process to cut administrative and brokerage costs.

Financing: Use 3 cents of the 44-cent cigarette tax increase passed in 2007 to provide incentives to small companies to participate in the insurance pool. Change an administrative fee to companies and individuals that participate in the insurance exchange.

Subsidies: Employers subsidies to participate in insurance pool. No individual subsidies.

Tax changes: none.

Pooling: increase bulk purchasing of pharmaceuticals by combining purchasing of Indiana's Medicaid and the Department of Correction and other agencies.

Cost containment: Review the Indiana Health Information Corp. to develop a statewide system for electronic exchange of medical records and communications.

System quality: Implement a patient-friendliness program for medical school graduates who practice in rural and underserved areas. Work with vocational schools to expand the number of medical professionals.

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