



Medicaid/HAF/HIP Fee Update

January 21, 2021

In Case You Missed It

- HIP Waiver was approved to extend the program through 2030
- United HealthCare to be added as MCE for Hoosier Care Connect population (4/1/21)
- Effective August 1, 2020:
 - APR-DRG weights and base rate were updated
 - DME and certain drugs (636) no longer receive HAF add-on
- Certain behavioral health specialists are now eligible to enroll in IHCP as Behavioral Health Providers
 - IHCP Bulletin BT2020108
 - Provider types 616-621 (Includes Licensed Psychologists, LCSW, LMFT, LMHC, LCAC)

Rough HAF/DSH Timeline

- SFY 2019 true-up occurred late September
- SFY 2020 interim true-up occurred late September
 - Anticipate final SFY 2020 true-up Summer 2021
- **SFY 2021 fees determined January 2021**
 - FSSA revised original timeline due to COVID to capture as much information on enrollment and utilization as possible
- SFY 2020/2021 DSH eligibility to be completed March/April 2021
 - Interim payments made for 2020 although eligibility has not been determined
 - SFY 2019 and 2020 HSLs in calendar 2021
- DSH cuts delayed until at least 2023

Important Notes Regarding Fees

SFY 2019/2020

- IHA was successful in getting the SFY 2019 fees decreased by \$14 M from FSSA “final”
- Fees estimated to decrease between SFY 2019 and SFY 2020 by an additional \$65 M
 - Decrease primarily due to 6.2% increase in federal match rate during COVID emergency
 - IHA advocated for the interim true-up so that hospitals would get immediate benefit of reduced FMAP
 - Not final - final true-up will occur sometime in 2021

SFY 2021

- HAF/HIP fees are estimated to increase from interim true-up of SFY 2020 to SFY 2021 by 15%
 - HAF fees increase - \$44 M
 - HHW and HCC enrollment increased by 121,000 since June 2019 and growing (18% increase)
 - Assumes COVID FMAP increase through March 2021 – fees will decrease if extended

Important Notes Regarding Fees

- SFY 2021 HIP fees increase - \$106 M
- Explained by:
 - Increased Utilization and Factor Increases - \$77 M
 - HIP Enrollment Increase of 205,000 members since June 2019 and growing (49% increase)
 - Overall increase in factors of 20% - **will result in an increased in reimbursement**
 - Final FMAP change to 90% (additional 1.5% between the two fiscal years) - \$48 M
 - Includes elimination of \$11.5 M into trust fund
 - **Current estimate assumes Federal DSH cuts will occur**
 - Not yet final
 - IHA has asked for relief from State through CARES funds or State budget
 - Potential relief from increase in cigarette tax

Estimated Fee Increase by Hospital Type



- Impact not equal among hospital types
- Estimated impact by hospital type:

Hospital Type	Sum of 2020 Interim True up - Total IP and OP Fees	Sum of 2021 Estimated - Total IP and OP Fees	Sum of \$ Change in Total Fees	Sum of % Change in Total Fees
Acute	936,261,962	1,069,075,400	132,813,437	14.2%
Psych	18,456,057	19,901,950	1,445,893	7.8%
CAH	46,026,115	61,179,783	15,153,669	32.9%
Grand Total	1,000,744,134	1,150,157,132	149,412,999	14.9%

*Estimates based upon overall SFY 2021 fees allocated to individual hospitals utilizing SFY 2020 hospital spread. Critical Access Hospitals (CAHs) are impacted more because increased fees are based upon OP revenue and CAHs have a much higher percentage of OP

Medicaid and HIP Enrollment Update

	HHW	HCC	FFS	HIP	Total
June 2019	596,304	90,488	312,793	417,174	1,416,759
December 2020	711,588	96,563	319,308	622,130	1,749,589
Change	115,284	6,075	6,515	204,956	332,830
% Change	19%	7%	2%	49%	23%

Historical Payment Factors

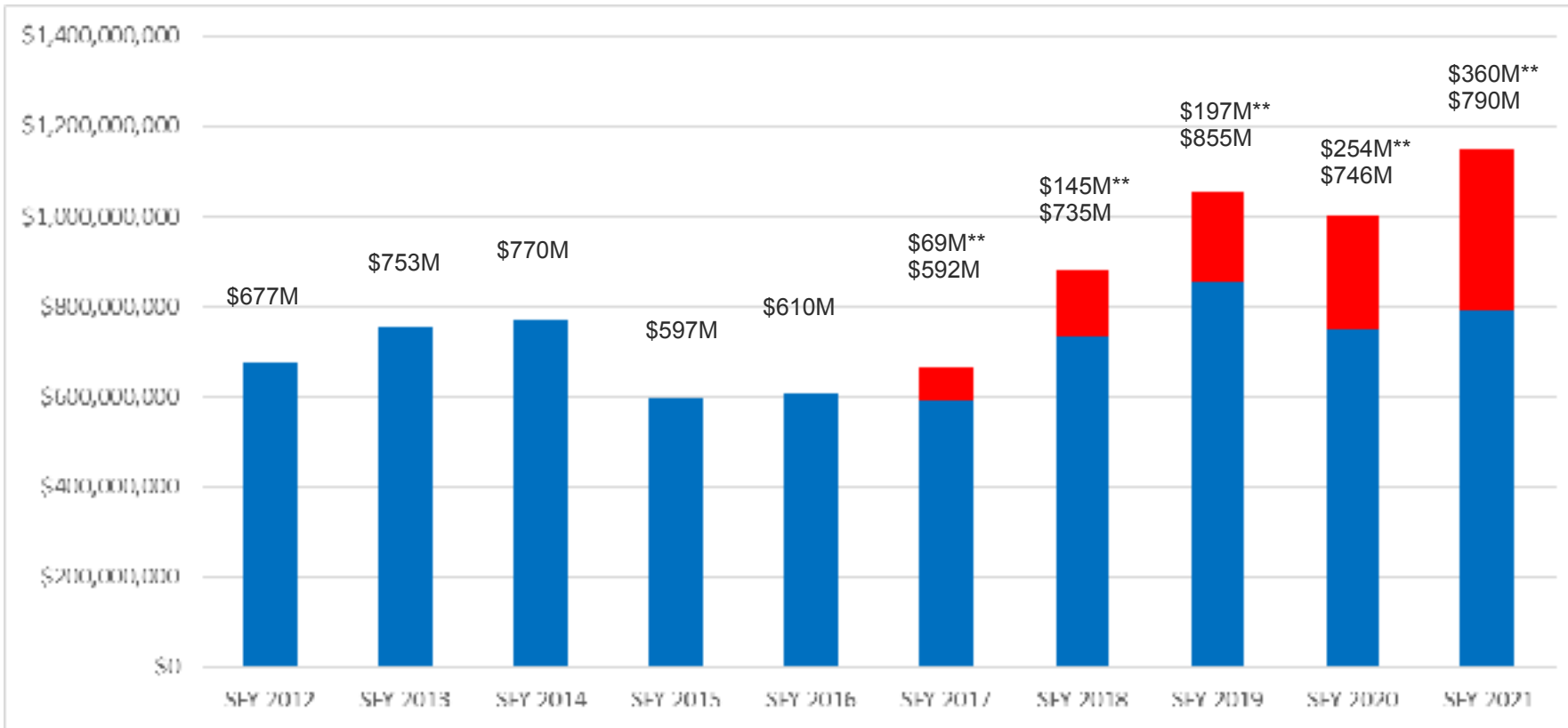
Service	SFYs 2012 -13	SFY 2014	SFY 2015 - 3/31/17	4/1/17 - 6/30/17	SFY 18**	SFY 19**	SFY 20**	SFY 21**
Inpatient								
Base DRG	3.0	3.0	2.1	2.5*	2.7	3.1	2.7	3.2
Psych	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Rehab	3.0	3.0	2.6	2.6	2.6	2.6	2.6	2.6
Burn	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Outpatient	3.5	3.2	2.7	2.0*	2.7	3.0	2.9	3.5

HIP 2.0 Federal Match

- Per Term Sheet, no HAF funding used until SFY 2017 for HIP 2.0 program (started July 1, 2016).
- Hospitals' obligation to fund these expenses ceases immediately if the waiver is terminated for any reason.

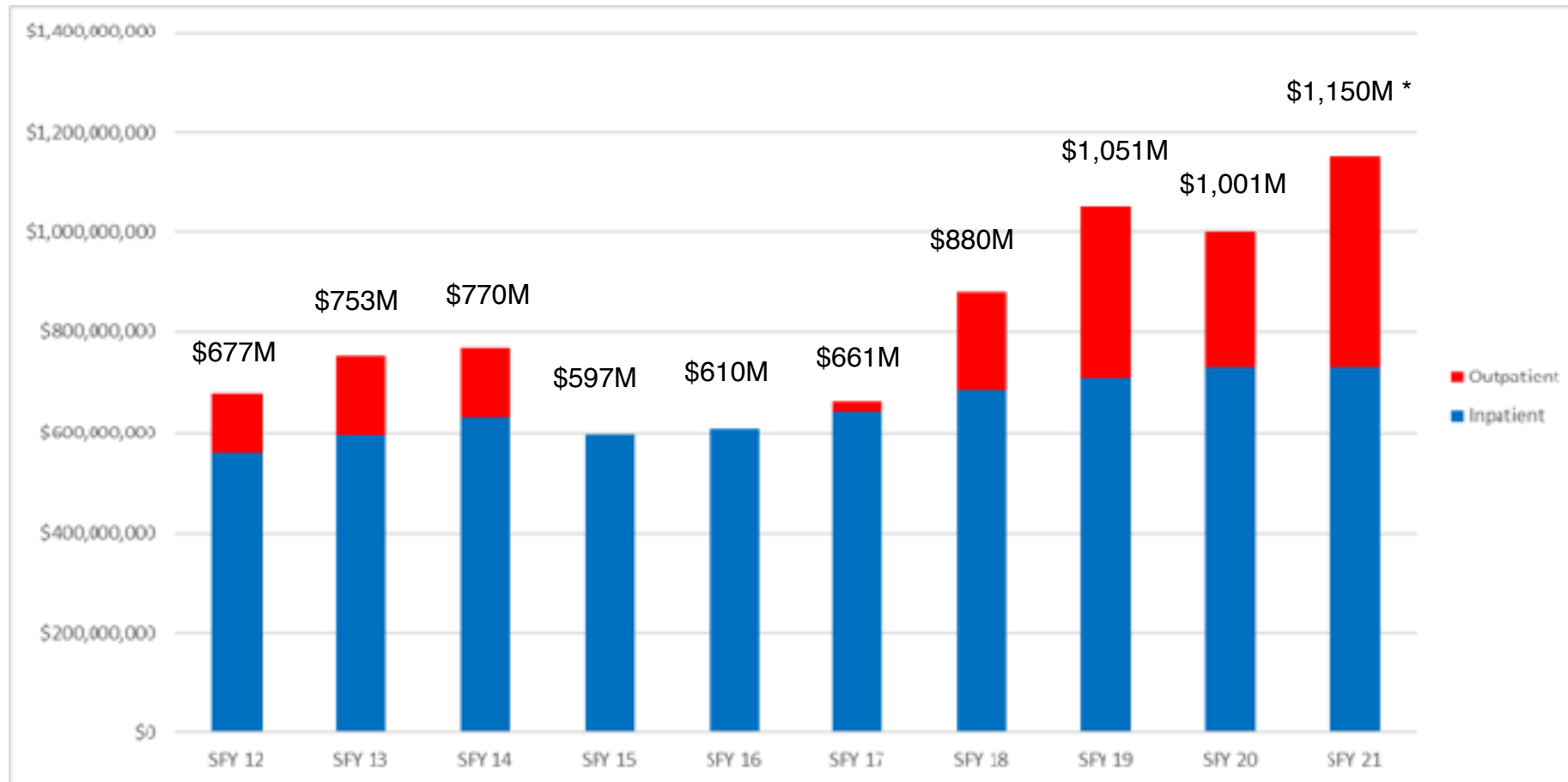
ACA Enhanced Medicaid Match		Enhanced Medicaid Match Applied to SFY	
CY	FMAP	SFY	FMAP
2014	100%	2014	100%
2015	100%	2015	100%
2016	100%	2016	100%
2017	95%	2017	97.5%
2018	94%	2018	94.5%
2019	93%	2019	93.5%
2020	90%	2020	91.5%
2021	90%	2021	90%

Historical HAF/HIP Fees

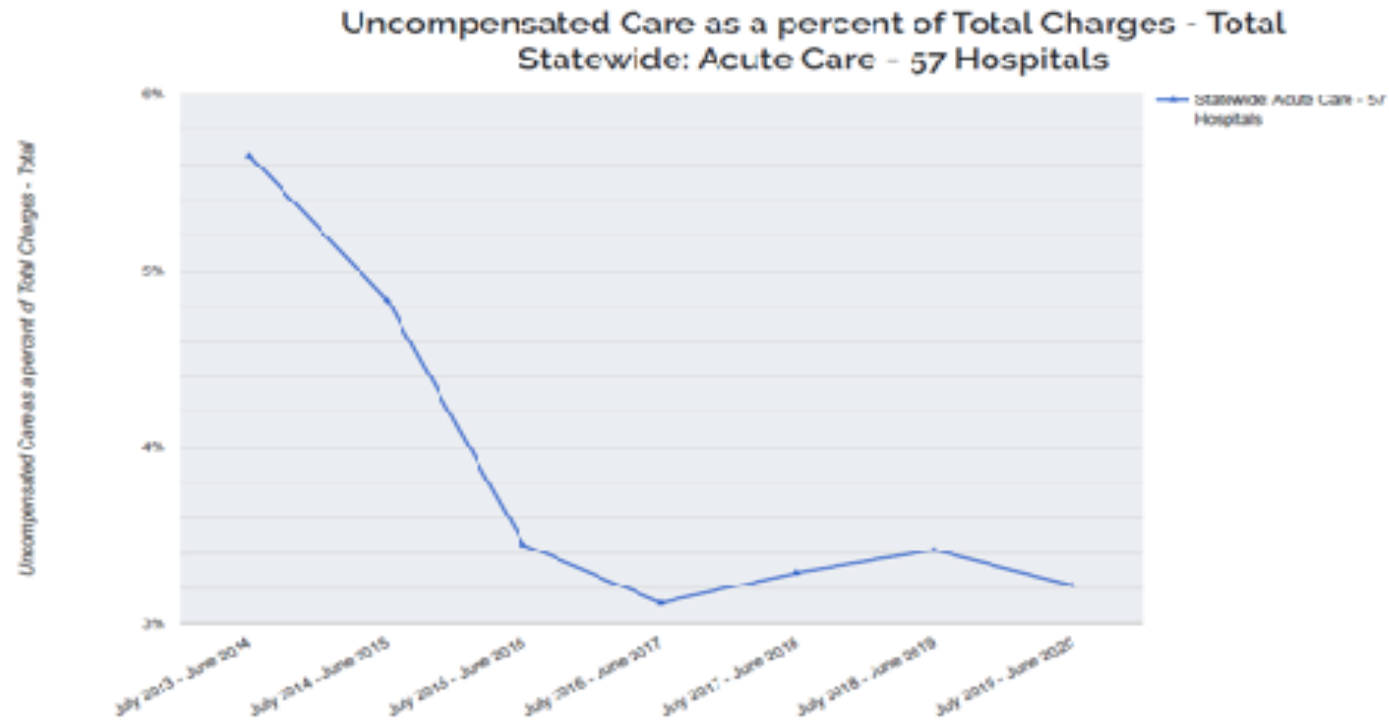


** HIP 2.0 fees

Inpatient vs Outpatient Fees



HIP Impact on Uncompensated Care



Uncompensated Care as a percent of Total Charges - Total	July 2013 - June 2014	July 2014 - June 2015	July 2015 - June 2016	July 2016 - June 2017	July 2017 - June 2018	July 2018 - June 2019	July 2019 - June 2020
Statewide: Acute Care - 57 Hospitals	5.651%	4.859%	3.452%	3.123%	3.203%	3.420%	3.222%



Supplemental and Historical Information for HAF and HIP Programs

HIP/HAF Fee basics

- IP Fees assessed on total days (not Medicaid days), capped at 6% of net statewide inpatient revenue
- Days are net of out-of-state and swing bed days
 - “Day is a day”; cannot be manipulated like other statistics
- Outpatient fee assessed for amount over 6% of net statewide inpatient revenue (not assessed until IP fees hit cap)
 - Outpatient fee based on OP-equivalent patient days
 - Excludes same days as above
 - Historical OP portion of total fees:
 - Between 14%-21% of total fees for SFY 2012 – 2014
 - 0% in SFY 2015 and SFY 2016
 - Projected to be 27% for SFY 2020 and 36% for SFY 2020

HAF vs HIP Fees

HAF Fees Fund...

- Difference between Medicaid fee schedule and “Medicare” for Traditional & Managed Care population (FFS, HHW, HCC)
- IP, OP, Psych and Distinct Part Rehab
- Medicaid DSH

HIP Fees Fund...

- Expansion population
- Medical expenses
- Limited administrative costs
- Increases to physician payments to 75% of Medicare