

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

Michael R. Pence  
*Governor*

June 30, 2015

The Honorable Sylvia Burwell  
Secretary of the Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Madam Secretary:


On behalf of the people of Indiana, I respectfully submit the attached 1115 waiver renewal to extend existing authority to provide Medicaid coverage to certain individuals with end stage renal disease (ESRD). Such authority will provide continued access to kidney transplant services to a subset of current Medicaid enrollees who would otherwise lose their place on the kidney transplant waiting list. Without this waiver an estimated 350 enrollees will lose their Medicaid secondary coverage and risk losing access to life-saving treatment options.

The majority of waiver enrollees will transition to the 1915(i) ESRD State Plan option which is slated to begin July 1, 2016. Once the 1915(i) ESRD option is fully operational, the State also seeks the authority to preserve supplemental Medicaid coverage for individuals enrolled in the ESRD 1115 as of June 30, 2016 who are not eligible for the 1915(i) ESRD option.

Also attached is a copy of the State's evaluation of the enrollment experience of ESRD waiver enrollees from June 2014 through May 2015.

Thank you for your consideration.

Sincerely,

  
Michael R. Pence  
Governor of Indiana

# 1115 Renewal Waiver

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## End Stage Renal Disease

6/30/2015

This 1115 Demonstration waiver renewal requests continuation of the current authority to cover individuals with end stage renal disease who meet the applicable eligibility criteria.

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## **Section 1: Program Description**

This demonstration preserves dual coverage - Medicaid secondary health insurance coverage - for individuals on Medicare who would otherwise be unable to access kidney transplant services. The State seeks to extend existing authority to provide continued Medicaid coverage to approximately 350 dually eligible individuals with end stage renal disease (ESRD) currently receiving secondary coverage under Healthy Indiana Plan (HIP “1.0”) 1115 expenditure authority, as reauthorized by the Centers for Medicare and Medicaid Services (CMS) via a letter to Indiana Medicaid on November 14, 2014. The majority of these individuals will transition to the 1915(i) ESRD State Plan option that begins July 1, 2016. The State also seeks the authority to preserve supplemental Medicaid coverage for individuals enrolled in the ESRD 1115 as of June 30, 2016 who are not eligible for the 1915(i) ESRD option and are otherwise unable to purchase supplemental health insurance coverage. Without this waiver an estimated 350 Medicare-eligible individuals will lose their Medicaid secondary coverage and risk losing access to kidney transplants.

### **1.1 Summary**

In 2014, Indiana transitioned from a 209(b) state that operated with state defined disability eligibility criteria to a 1634 state that accepts the SSA disability determinations as Medicaid disability determinations. As part of this transition, Indiana eliminated its mandatory spend down program and increased the income eligibility threshold for the aged, blind and disabled to the federal poverty level (FPL). Additionally, the State increased income eligibility thresholds for the Medicare Savings Program to 150 percent FPL for Qualified Medicare Beneficiaries (QMB), 170 percent FPL for Specified Low-Income Medicare Beneficiaries (SLMB) and 185 percent FPL for Qualified Individuals (QI). Individuals who lost access to coverage through the spend down program were referred to other coverage options including the Federal Health Insurance Marketplace (Marketplace) and Medicare supplemental plans.

With the 1634 transition, there were approximately 350 individuals with ESRD at risk of losing access to supplemental coverage and potentially kidney transplant services. These individuals were dually eligible for Medicare and Medicaid, under age 65, and had household income over 150 percent FPL. Individuals with Medicare usually have access to either Medigap or Medicare Advantage plans for supplemental coverage. However, in states where there is no guarantee issue for enrollees age 65 and under for Medigap plans, health insurers that sell these plans can rate based on health conditions. Health insurers selling Medigap plans will not sell plans to individuals with ESRD who are under 65 years old. Medicare Advantage plans exclude individuals with ESRD from enrolling in these plans. In some states there are Special Needs Plans under Medicare Advantage that cover those with ESRD, however, Indiana has no such plans. Individuals eligible for Medicare also cannot access individual health insurance market policies that do not rate based on health conditions because insurers will not sell individual market plans to individuals with Medicare due to the federal prohibition on duplicative benefits being sold to Medicare enrollees. Since Indiana is not a state that requires guarantee issue for individuals under age 65, individuals with ESRD have no access to supplemental coverage. Medicare covers 80 percent of their outpatient costs, leaving the patient responsible for 20 percent of the cost. ESRD is a high cost condition, and this patient responsibility portion means that without access to supplemental coverage individuals with ESRD must prove that they are financially capable of funding the cost of the transplant and ongoing care to be eligible to receive a transplant. Individuals with ESRD who were previously on spend down and enrollees added

after the spend down program closed who have household income between 150 percent and 300 percent FPL have low resources and income levels, meaning that without supplemental coverage they will not be financially eligible to receive transplants and will likely be moved to “inactive” on hospital transplant lists. Without a kidney transplant, individuals with ESRD would likely need to continue renal dialysis indefinitely. This results in diminished quality of life, increased unemployment, and potential loss of life for impacted enrollees. Individuals who have a successful kidney transplant, however, will no longer be considered to have ESRD, will subsequently have new health insurance purchasing options, and will no longer need the supplemental coverage through this ESRD 1115 waiver.

In May 2014, CMS authorized continued coverage for approximately 350 individuals on a temporary basis through 1115 waiver authority. Since this authorization, the State has been developing a permanent solution to provide eligibility to otherwise Medicaid-ineligible individuals with ESRD through 1915(i) State Plan authority. The State is seeking an extension of the 1115 waiver authority (ESRD 1115) until the 1915(i) ESRD program is fully operational. The state is currently preparing to implement the 1915(i) program. Initial enrollment for the 1915(i) ESRD will begin July 1, 2016, and all ESRD 1115 enrollees who qualify for the 1915(i) ESRD will be transitioned by October 1, 2016. However, there will be some individuals eligible under the ESRD 1115 who will be ineligible for the 1915(i) ESRD program. The State estimates this will impact up to 50 individuals, including individuals who either do not meet the 1915(i) ESRD needs-based criteria or who exceed the 1915(i) ESRD income threshold of 300 percent FPL. Therefore, to provide supplemental coverage and to ensure placement on kidney transplant lists, the State requests authority to continue coverage for individuals who are enrolled under the ESRD 1115 as of July 1, 2016 but who are ineligible to transition to the 1915(i) ESRD program once it is fully operational. Beginning July 1, 2016, when the 1915(i) ESRD program becomes operational, the State will no longer accept new enrollees under the ESRD 1115 waiver. At such time, all new applicants with ESRD who are otherwise Medicaid-ineligible may seek for coverage through the 1915(i) ESRD program.

### **1.2 Demonstration Purpose**

The purpose of this demonstration is to preserve coverage for individuals with ESRD who cannot access supplemental health insurance coverage for their existing Medicare coverage. Continued Medicaid supplemental coverage ensures Medicare wrap-around coverage as well as continued access to kidney transplant services.

Eligible individuals typically have Medicare coverage but are unable to purchase supplemental insurance coverage and are otherwise ineligible for Medicaid. Without supplemental coverage, these individuals are removed from kidney transplant waiting lists as hospital financial policies forbid the costly procedure in the absence of sufficient health insurance coverage or personal financial resources. Offering supplemental coverage to eligible individuals will close an anticipated coverage gap and will ensure access to services, potential recovery from ESRD through a kidney transplant, and support their ability to seek gainful employment.

### **1.3 Demonstration Hypotheses**

The ESRD 1115 waiver will investigate the following hypotheses:

- a. ESRD 1115 waiver enrollees will maintain access to kidney transplant waiting lists.
- b. ESRD 1115 waiver enrollees will access kidney transplants, ending their diagnosis of ESRD and increasing their access to alternative forms of health insurance coverage.

To test these hypotheses, the ESRD 1115 waiver will utilize the following evaluation measures:

- Track waiver enrollment.
- Track waiver enrollees who are on the transplant list.
- Track how many on the waiver receive a kidney transplant.
- Track how many end coverage on the waiver due to no longer having ESRD diagnosis.

#### **1.4 Demonstration Area**

This demonstration will apply to eligible individuals across the state.

#### **1.5 Demonstration Timeframe**

The State requests a three year demonstration renewal period, effective January 1, 2016 through December 31, 2018.

#### **1.6 Demonstration Impact to Medicaid and CHIP**

This demonstration will not impact or modify components of Indiana's Medicaid or CHIP programs outside of eligibility or cost sharing for individuals eligible under the waiver.

### **Section 2: Demonstration Eligibility**

There are currently two distinct eligibility groups enrolled and receiving coverage through the ESRD 1115 authority.

- 1) The first group includes individuals enrolled in both Medicaid spend down and Medicare as of May 31, 2014, had income over 150 percent FPL, and were losing access to spend down due to Indiana's transition to a 1634 state. This group met the spend down eligibility requirements in effect under the State's 209(b) rules as of May 31, 2014, which did not impose an upper income limit. These individuals are referred to as "former spend down enrollees" in this waiver renewal request.
- 2) In addition to transitioning former spend down enrollees to the ESRD 1115 effective June 1, 2014, new enrollees were also permitted. However, an upper income limit of 300 percent FPL was added for new enrollees. This income limit aligns with the limit for the 1915(i) ESRD program that is currently under development. This income limit applies to all ESRD 1115 enrollees who were not on spend down as of May 31, 2014. Such enrollees are referred to as "new enrollees" in this waiver request.

Beginning July 1, 2016, no new individuals will be enrolled into the ESRD 1115. At this time, individuals with ESRD may be eligible for enrollment under the 1915(i) ESRD program and may apply for Medicaid coverage through that program instead. However, some individuals enrolled in the ESRD 1115 will not

qualify for the ESRD 1915(i) due to either income in excess of 300 percent FPL (i.e., former spend down enrollees) or not meeting the 1915(i) needs-based criteria. To preserve their access to supplemental Medicaid coverage, these individuals will have continued coverage on the ESRD 1115 through December 2018.

To gain full coverage under the ESRD 1115, each month all enrolled individuals, regardless of the enrollment dates, must incur medical expenses which bring their income to the Supplemental Security Income (SSI) federal benefit rate (FBR) by meeting their ESRD liability.

## 2.1 Eligibility Groups

Populations		
Waiver Time Frame	Group	Eligibility Criteria
January 1, 2016 to June 30, 2016	Former Spend Down Enrollees	<ul style="list-style-type: none"> <li>• <b>Enrolled in Medicaid spend down effective May 31, 2014</b></li> <li>• Have Medicare</li> <li>• Meet resource limit of \$1,500 for an individual and \$2,250 for a couple</li> <li>• Over 150 percent FPL</li> <li>• Have a diagnoses of ESRD</li> <li>• Not institutionalized</li> <li>• Meet all other Medicaid eligibility criteria</li> </ul>
	New Enrollees	<ul style="list-style-type: none"> <li>• <b>Have income between 150 percent and 300 percent FPL</b></li> <li>• Have Medicare</li> <li>• Are diagnosed with ESRD</li> <li>• Have resources less than \$1,500 for an individual or \$2,250 for a couple</li> <li>• Are not institutionalized</li> <li>• Meet all other Medicaid eligibility criteria</li> </ul>
July 1, 2016 to December 31, 2018	ESRD 1115 Enrollees Not Eligible for 1915(i) ESRD	<ul style="list-style-type: none"> <li>• Are enrolled in the ESRD 1115 effective June 30, 2016</li> <li>• Are found not eligible for the 1915(i) ESRD due to either: <ul style="list-style-type: none"> <li>○ Having income over the 300 percent FPL limit <i>or</i></li> <li>○ Not meeting the needs-based criteria</li> </ul> </li> </ul>



## 2.2 Eligibility Standards and Methods

As described above, this ESRD 1115 will consist of two eligibility groups when it is renewed on January 1, 2016: 1) former spend down enrollees and 2) new enrollees. Both groups who have ESRD 1115 eligibility as of the waiver renewal date will maintain seamless Medicaid coverage with no administrative action required due to the waiver renewal. Annual eligibility redeterminations will continue to be required for enrollees. Former spend down enrollees will maintain their ESRD 1115 eligibility during their annual redetermination if they meet the following criteria:

- Meet the eligibility criteria in effect May 31, 2014 for the aged, blind and disabled groups, including the use of a spend down.
- Continue to have a physician-verified ESRD diagnosis.

New enrollees are eligible for ESRD 1115 if they meet the following criteria, aligned with 1915(i) ESRD criteria:

- Have been diagnosed with ESRD.
- Have household income below 300 percent FPL.
- Have resources below \$1,500 for an individual or \$2,250 for a couple.
- Meet all other Medicaid eligibility criteria.

New ESRD 1115 applications will be accepted through June 30, 2016. Effective July 1, 2016 the ESRD 1115 will cease taking new applications; instead individuals will be evaluated for 1915(i) ESRD eligibility. The ESRD 1115 will continue to cover waiver enrollees as they transition to the 1915(i) ESRD program – anticipated to take place between July 1, 2016 and September 30, 2016. During this time, potential enrollees will submit an application and complete an in-person assessment. The State will assess these applications for 1915(i) ESRD eligibility. An individual's 1915(i) ESRD coverage effective date will be based on when he or she applies for the program and is determined eligible. As of October 1, 2016, all individuals eligible for 1915(i) ESRD will have coverage through that program. After the transition is complete, the ESRD 1115 will offer continued coverage through December 31, 2018, for those enrolled in the ESRD 1115 as of June 30, 2016 who were not eligible for the 1915(i) ESRD due to income over 300 percent FPL or not meeting the 1915(i) ESRD needs-based criteria. To maintain ESRD 1115 eligibility, individuals must continue to meet the applicable eligibility criteria.

In late spring 2016, the State will begin sending notices to all individuals on the ESRD 1115 waiver with income under 300 percent FPL. These notices will advise them of the 1915(i) ESRD program and the application process, as documented in the State Plan. Reminder notices will be sent in late summer 2016 for any individuals who have not completed an application by that time.

Individuals with income under 300 percent FPL who have not applied for the 1915(i) ESRD by September 30, 2016, will have their eligibility under the ESRD 1115 terminated and eligibility for another Medicaid eligibility category reviewed. Individuals determined ineligible for another Medicaid category will be discontinued with appeal rights.

ESRD 1115 enrollees who do apply for the 1915(i) ESRD by September 30, 2016, but are found ineligible either due to income or failure to meet the needs-based criteria will be assessed for eligibility under this

demonstration and will have continued coverage, provided they continue to meet the applicable eligibility criteria.

### **2.3 Enrollment Limits**

There are no enrollment limits through June 30, 2016. Individuals not covered under the ESRD 1115 as of June 30, 2016, will not be eligible for this demonstration. At such time, all new Medicaid applicants with ESRD who are otherwise Medicaid ineligible may apply for coverage through the 1915(i) ESRD program.

### **2.4 Projected Eligibility and Enrollment**

The ESRD 1115 is projected to cover approximately 350 individuals from January 2016 to June 2016. These individuals include both those currently covered and potential new enrollees. After June 2016, approximately 300 individuals are expected to transition to the 1915(i). Up to 50 individuals are expected to remain enrolled on the ESRD 1115 as of October 2016, because they have income above 300 percent FPL or they do not meet the 1915(i) needs-based criteria. By the end of the demonstration this population is expected to decrease by approximately half due to transplant, mortality, and no longer meeting income and needs-based criteria limits. Current projections indicate that 27 individuals will be enrolled in the ESRD 1115 in December 2018. These projections are based on current enrollment and expected 1915(i) eligibility. Projections are detailed in the attached Milliman, Inc. report.

### **2.5 Long-Term Services and Supports**

Individuals eligible under this waiver do not qualify for long-term services and supports through either a home and community-based services waiver or a nursing facility, as described in the State's original 1115 expenditure authority authorized in May 2014 and extended in November 2014. Therefore, post-eligibility treatment of income and spousal impoverishment rules are not applicable.

### **2.6 Changes to Eligibility Procedures**

This demonstration will not change eligibility procedures.

### **2.7 2014 Eligibility**

The State is not seeking to make any eligibility changes as a part of this demonstration.

## **Section 3: Benefits**

Individuals eligible under this demonstration will be eligible for State Plan benefits after they meet their ESRD liability, a cost sharing methodology described in Section 4.

### **3.1 Benefit Chart**

<b>Benefit Package Chart</b>	
<b>Eligibility Group</b>	<b>Benefit Package</b>
Former Spend Down Enrollees	Full State Plan – Package A
New Enrollees	
ESRD 1115 Enrollees Not Eligible for 1915(i) ESRD	

### 3.2 Section 1937 Alternative Benefit Plans

This demonstration does not cover individuals on alternative benefit plans.

### 3.3 Benefit Charts

This demonstration does not cover benefits outside of the State Plan.

### 3.4 Long-Term Services and Supports

Individuals eligible under the ESRD 1115 do not qualify for long-term services and supports through either a home and community-based services waiver or a nursing facility, as described in the State's original 1115 expenditure authority authorized in May 2014 and extended in November 2014.

### 3.5 Premium Assistance

Premium assistance for employer-sponsored coverage will not be available through the demonstration.

## Section 4: Cost Sharing

ESRD 1115 enrollees will be eligible for all medically necessary Medicaid covered services after meeting an ESRD liability, as authorized under the State's original 1115 expenditure authority in May 2014 and extended in November 2014. The liability will be calculated using spend down methodology based on incurred medical costs. Individuals who incur medical expenses that bring their income to the Supplemental Security Income (SSI) federal benefit rate (FBR) will have no further incurred costs subject to the ESRD liability, but will have some cost sharing as described below.

### 4.1 Premiums

This demonstration does not impose premiums on enrollees.

### 4.2 Copayments, Coinsurance and Deductibles

Once the ESRD liability, which is calculated using spend down methodology in effect under the State's 209(b) methodologies in place on May 31, 2014, is met, ESRD 1115 enrollees will be eligible for full Medicaid benefits and will be subject to State Plan cost sharing as outlined in the following table.

Copayment amounts

Service	Copayment Amount	
Transportation	\$0.50 each one-way trip	Transportation services that pay \$10 or less
	\$1 each one-way trip	Transportation services that pay \$10.01 to \$50
	\$2 each one-way trip	Transportation services that pay \$50.01 or more
Pharmacy	\$3	
Non-Emergency Use of the ED	\$3	

ESRD 1115 enrollees will not spend more than 5 percent of their household income on State Plan cost sharing requirements.

#### 4.3 Cost Sharing Justification

This demonstration preserves the benefits and cost sharing structure this population would have experienced as of May 2014 when the State operated under 209(b) authority. The demonstration will provide supplemental health insurance coverage to individuals above 150 percent FPL who are not eligible for any other form of supplemental coverage and would otherwise be removed from kidney transplant wait lists. To prevent removal from the transplant list and support access to coverage, this demonstration will serve as a supplemental coverage using spend down rules in place on May 31, 2014.

#### 4.4 Cost Sharing Exemptions

No individuals enrolled under the waiver will be exempt from the ESRD liability. This is in alignment with the methodology authorized by CMS when Indiana was a 209(b) state, and as extended for certain enrollees with ESRD in May 2014 and November 2014. However, individuals will not be subject to State Plan copayments once they have reached the 5 percent of household income limit.

### Section 5: Delivery System and Payment Rates for Services

Demonstration enrollees will receive services through a fee-for-service delivery system. Providers will receive payment in accordance with State Plan reimbursement methodologies once an enrollee meets his or her ESRD liability.

#### 5.1 Delivery System Reforms

Not applicable.

#### 5.2 Delivery System Type

This demonstration will utilize a fee-for-service delivery system.

#### 5.3 Delivery System Table

Eligibility Group	Delivery System	Authority
Former Spend Down Enrollees	Fee-for-service	State Plan
New Enrollees		
ESRD 1115 Enrollees Not Eligible for 1915(i)		

#### 5.4 Managed Care

Not applicable. This demonstration will not utilize a managed care delivery system.

#### 5.5 Excluded Services

Services excluded by the State Plan will be excluded for demonstration participants. There will be no difference in services covered by the State Plan and services covered by this demonstration.

#### 5.6 Long-term Services and Supports

Individuals eligible under the ESRD 1115 do not qualify for long-term services and supports through either a home and community-based services waiver or a nursing facility, as described in the State's original 1115 expenditure authority authorized in May 2014 and extended in November 2014.

#### **5.7 Fee-for-service**

Providers will receive payment in accordance with State Plan reimbursement methodologies once an enrollee meets his or her ESRD liability.

#### **5.8 Capitated Payments**

Not applicable. This demonstration will not utilize capitated payments.

#### **5.9 Quality**

Not applicable. This demonstration will not utilize quality-based supplemental payments.

### **Section 6: Implementation of the Demonstration**

This demonstration is an extension of coverage for individuals with ESRD ineligible for other supplemental coverage. The population covered by this demonstration has been covered through 1115 authority effective June 2014. Individuals initially covered by this ESRD 1115 who are eligible for the 1915(i) ESRD program will transition to that coverage when the program becomes available starting July 1, 2016. Individuals covered by this demonstration as of June 30, 2016 who are determined ineligible for the 1915(i) ESRD program but who continue to meet the applicable ESRD 1115 eligibility criteria would continue to be covered under this demonstration.

#### **6.1 Implementation Schedule**

This waiver is a renewal of authority that currently covers this population. On January 1, 2016, individuals covered by the current 1115 waiver authority as of December 31, 2015 will continue their coverage on this ESRD 1115. The State will continue to accept new applications and enroll eligible individuals through June 30, 2016. Beginning July 1, 2016, the State will no longer accept new applications for the ESRD 1115, but will begin to transition eligible individuals to the State's 1915(i) ESRD program.

To prepare individuals for the transition to the 1915(i) ESRD program, in late spring 2016, the State will begin sending notices to all individuals on the ESRD 1115 with income under 300 percent FPL, advising them of the new 1915(i) ESRD program and the application process, as documented in the State Plan. Reminder notices will be sent in late summer 2016 for any individuals who have not completed an application by that time. Individuals who have not applied by September 30, 2016, will have their eligibility under the ESRD 1115 terminated and eligibility for another Medicaid eligibility category reviewed. Individuals determined ineligible for another Medicaid category will be discontinued and informed of their appeal rights. Individuals who do apply for the 1915(i) ESRD but are found ineligible due to income or failure to meet the needs-based criteria will be assessed for continued eligibility under this demonstration.

For individuals on the ESRD 1115 who have a household income above 300 percent FPL, the State will determine if they had a recent kidney transplant, as evidenced by a medical claim submitted to the State for a transplant. Any such identified individuals will be sent a request for physician verification of the

continued ESRD diagnosis. Individuals with income over 300 percent FPL who no longer have an ESRD diagnosis will be evaluated for potential eligibility under another Medicaid aid category. If ineligible for another category, they will be sent a termination notice with appeal rights.

## **6.2 Enrollment**

This demonstration seeks to preserve benefits currently provided under 1115 expenditure authority, as reauthorized by CMS on November 14, 2014. Individuals enrolled under this authority as of December 31, 2015 will be automatically enrolled in this ESRD 1115 to continue their coverage. Individuals who had not been covered under current ESRD 1115 waiver authority as of December 31, 2015 may still enroll in the ESRD 1115 between January 1 and June 30, 2016. New enrollees must meet the applicable ESRD 1115 eligibility criteria. Applicants may request consideration under this criteria during their interview, or their dialysis or transplant provider may complete the request for consideration when the individual is filing his/her application for Indiana Health Coverage Programs. Dialysis and transplant centers that serve Indiana Medicaid enrollees are aware of the ESRD 1115 and the process for requesting eligibility consideration under this program.

Beginning July 1, 2016, individuals with income under 300 percent FPL covered by this ESRD 1115 will be assessed for 1915(i) ESRD program eligibility. These individuals will receive a notice advising them of the need to complete an in-person assessment with an ESRD Assessor Entity as described in the State Plan. Those who complete the assessment process and are found to not qualify for the 1915(i) ESRD will be automatically assessed for eligibility under this demonstration. After this date no new individuals will be enrolled into the demonstration, and the ESRD 1115 will only offer continued enrollment to those who were enrolled as of June 30, 2016, continue to meet the applicable eligibility criteria, and were not eligible for the 1915(i) ESRD.

## **6.3 Managed Care**

Not applicable. This demonstration will not include contracts with managed care entities.

## **Section 7: Demonstration Financing and Budget Neutrality**

Please see the attached documents prepared by Milliman detailing financing and budget neutrality.

## **Section 8: List of Proposed Waivers and Expenditure Authorities**

**Amount, Duration and Scope of Services – Section 1902(a)(10)(B):** To the extent necessary to enable the State to provide State Plan benefits only after an individual meets an ESRD liability, calculated using spend down methodologies.

**Cost-Sharing Requirements – Section 1902(a)(14) related to provisions in section 1916:** To the extent necessary to enable the State to impose a spend down methodology based on incurred medical costs. Individuals who incur medical expenses that bring their income to the Supplemental Security Income (SSI) federal benefit rate (FBR) will have no further incurred costs subject to the ESRD liability.

**Comparability – Section 1902(a)(17):** To the extent necessary to enable the State to apply a spend down methodology based on incurred medical costs.

## **Section 9: Public Comment Period**

The Indiana Family and Social Services Administration (FSSA) held a public comment period for this waiver renewal from May 20, 2015 through June 19, 2015 pursuant to 42 CFR 431.408, inclusive of public hearings. A copy of the full public notice that announced the two public hearings is included in Appendix A of this waiver application. The notice was posted on the agency's website on a page dedicated to providing information regarding the ESRD 1115 program at <http://www.in.gov/fssa/4898.htm>. In addition, notice was also published in the Indiana Register on May 20, 2015, and sent via email to Indiana Medicaid ESRD providers, including dialysis centers and transplant centers. The notice provided the option for any individual, regardless of whether he/she attended the public hearing, to submit written feedback to the State by email or by USPS mail. Electronic copies of all documents related to the ESRD 1115 waiver application were also available on the website and hard copies were available for public review at the FSSA offices.

In accordance with the notice, public hearings were conducted on May 28 and June 2, 2015 as scheduled and publicized, at the Indiana Government Center Conference Facilities and the Indiana State House. One individual testified regarding the proposal on May 28, 2015, and no individuals testified on June 2, 2015. The hearings were made available to the public via a live, free webcast.

On May 21, 2015, FSSA presented this 1115 ESRD application to the Medicaid Advisory Committee, the State's Medical Care Advisory Committee that operates in accordance with 42 CFR 431.12.

### **9.1 Summary of Public Comments**

The State received two written comments and one verbal comment via public hearing testimony. All comments received were in support of the waiver. Two comments were from Indiana hospitals providing kidney transplants. These comments indicated the waiver was a life-saving measure which provides services the target population would otherwise have been unable to afford. Confirmation was also sought that the waiver would continue to provide all Medicaid covered benefits, versus ESRD services only. The third comment was also supportive of the waiver and recommended two changes to the eligibility rules for the program. This included increasing the resource limit to \$2,000 for a single person and \$3,000 for a married couple and requiring enrollees to incur medical expenses to bring their income to 150% or 100% FPL rather than to the supplemental security income (SSI) federal benefit rate.

Two questions were posed at the Medicaid Advisory Committee meeting related to program structure. One individual asked if there was a capped number of slots, as in 1915(c) waivers. The other individual inquired about the income limit that will be put in place once the ESRD 1915(i) is operational and the potential impact on access to coverage.

### **9.2 Tribal Consultation**

The Medical Director of the Pokagon Band of Potawatomi was notified in writing on May 1, 2015 of the development of the waiver application and asked to submit comments or questions directly to FSSA by May 31, 2015. FSSA provided an opportunity for an in-person meeting to discuss the waiver and Tribal impact. FSSA received no response or comments in response to the notice of Tribal comment period.

## **9.2 State Response**

The State appreciates the feedback received on the waiver and the support expressed by commenters. The State made no changes or modifications to the waiver following the public comment period. As previously described, only one comment suggested changes to the eligibility requirements. The State seeks to maintain the guidelines that have been in place since the original authorization of this program in May 2014 and therefore has not modified this request.

## **Section 10: Demonstration Administration**

Name and Title: Joe Moser, Medicaid Director

Telephone Number: 317-234-8725

Email Address: [joe.moser@fssa.in.gov](mailto:joe.moser@fssa.in.gov)



## Appendix A: Public Notice

### **Indiana Family and Social Services Administration Notice of Public Hearing and Public Comment Period**

Pursuant to 42 CFR Part 431.408, notice is hereby given that: **(1) on Thursday, May 28, 2015, at 1:00 p.m., at the Indiana State House, Room 156A, 200 West Washington Street, Indianapolis, Indiana 46204-2786; and (2) on Tuesday, June 2, 2015, at 1:00 p.m., Indiana Government Center South, Conference Center Room 19, 402 West Washington Street, Indianapolis, Indiana 46204-2744,** the Indiana Family and Social Services Administration (“FSSA”) will hold public hearings to accept public comment on a proposed End Stage Renal Disease 1115 demonstration waiver (“ESRD Waiver”) application. The primary purpose of the ESRD waiver is to preserve Medicaid coverage for individuals with End Stage Renal Disease (“ESRD”) who would otherwise be unable to access kidney transplant services.

Both public hearings will be accessible via web conference at <http://webinar.isl.in.gov/fssain/>. In addition, FSSA will present the ESRD Waiver to the Medicaid Advisory Committee on Thursday, May 21, 2015 at 1:00 p.m., at the Indiana Government Center South, Conference Center Room B, 402 West Washington Street, Indianapolis, Indiana 46204-2744.

This notice also serves to open the **30-day public comment period, which closes June 19, 2015 at 4:30 p.m.**

#### **PROGRAM DESCRIPTION, GOALS & OBJECTIVES**

In 2014, Indiana Medicaid changed the disability determination process and began accepting the Social Security Administration (“SSA”) disability determinations as Medicaid determinations. This eliminated the more stringent state requirements previously in place and the spend-down program. Additionally, Indiana increased the income eligibility threshold for the aged, blind and disabled and the Medicare Savings Program. Individuals who lost access to Medicaid coverage through the spend-down program were transitioned to other coverage options including the Federal Health Insurance Marketplace and Medicare supplemental plans.

Such changes put approximately 350 individuals with ESRD at risk of losing access to kidney transplant services. These individuals were dually eligible for Medicare and Medicaid, under age 65 and with income over 150 percent of the Federal Poverty Level (“FPL”). Due to their Medicare enrollment, Federal law prevented them from purchasing insurance coverage through the Marketplace. Additionally, because Medicare supplemental plans are not guaranteed issue in Indiana for individuals under age 65, these individuals were also unable to receive supplemental coverage through Medicare options.

Thus, under applicable policies, individuals with ESRD who are unable to demonstrate the ability to pay for services are ineligible for kidney transplants and transplant services. The lack of supplemental coverage meant these individuals would be moved to “inactive” on hospital transplant lists and would be ineligible for a kidney transplant. Without a kidney transplant, individuals with ESRD would likely need to continue renal dialysis indefinitely.

In May 2014, the Centers for Medicare and Medicaid Services (“CMS”) authorized continued coverage for approximately 350 of such individuals on a temporary basis through emergency 1115 waiver authority. Eligible individuals included those with ESRD who met the eligibility criteria that were in effect prior to the State’s change in the disability determination process, including the use of a spend-down. Since this authorization, the State has been developing a program to provide Medicaid eligibility to individuals with ESRD through 1915(i) State Plan authority. The State is seeking an extension of the prior 1115 waiver authority to provide continued Medicaid coverage, and therefore access to kidney transplant services, for this population until the 1915(i) program is fully operational. Initial enrollment for the 1915(i) program will begin July 1, 2016 and all ESRD Waiver enrollees who qualify for the 1915(i) will be transitioned by October 1, 2016.

Additionally, the State is seeking waiver authority to provide continued Medicaid coverage to individuals who are enrolled under the ESRD Waiver but are ineligible to transition to the 1915(i) program once it is fully operational. This will include individuals who either do not meet the clinical criteria of the program or have income in excess of 300 percent FPL. Beginning July 1, 2016, when the 1915(i) program becomes operational, the State will no longer accept new enrollees under the ESRD Waiver. At such time, all new Medicaid applicants with ESRD that are otherwise Medicaid ineligible may apply for coverage through the ESRD 1915(i) program.

## **ELIGIBILITY**

There are currently two distinct eligibility groups enrolled and receiving coverage through the ESRD Waiver. The first group includes individuals with ESRD who were enrolled in Medicaid Spend Down and Medicare as of May 31, 2014, had income over 150 percent FPL, and were losing access to spend down due to Indiana’s transition to a 1634 state. This group was subject to a spend down requirement but did not have an upper income limit. The waiver requests authority to continue coverage of these individuals to prevent disruption in their care.

The second group includes current enrollees and new applicants who were not enrolled in Medicaid Spend Down and Medicare as of May 31, 2014, and who:

- have Medicare;
- are diagnosed with ESRD;
- have income between 150% and 300% of the FPL;
- incur medical expenses which bring their income to the Supplemental Security Income federal benefit rate (“SSI/FBR”);
- have resources less than \$1,500 for an individual or \$2,250 for a couple;
- are not institutionalized; and
- meet all other Medicaid eligibility criteria, including but not limited to, state residency and citizenship.

As previously described, effective July 1, 2016, no new ESRD Waiver enrollees will be accepted. Effective July 1, 2016, individuals with ESRD who are otherwise Medicaid ineligible may apply for coverage through the ESRD 1915(i) program.

## **ENROLLMENT & FISCAL PROJECTIONS**

The ESRD Waiver is projected to provide coverage to approximately 350 individuals between January and October 2016, the time period prior to full implementation of the 1915(i) program. It is projected once the 1915(i) program is implemented, approximately 50 individuals will remain covered by the ESRD Waiver. As of October 2016, no new enrollees will be permitted on the ESRD Waiver, and individuals with ESRD may seek Medicaid coverage through the 1915(i) program.

Over the three-year demonstration period (2016-2018), the program is expected to cost \$430,764 in state funds, and \$1,289,713 in total combined state and federal funds. The table below provides the estimated state and federal costs divided by year.

**Estimated State and Federal Program Costs 2016-2018 (in millions)**

Calendar Year	Demonstration Year	Federal Costs	State Costs	Total
2016	1	\$650,533	\$326,243	\$976,777
2017	2	\$117,087	\$58,719	\$175,807
2018	3	\$91,328	\$45,801	\$137,129

## **BENEFITS AND HEALTH CARE DELIVERY SYSTEM**

Individuals eligible under the ESRD Waiver will be enrolled in a fee-for-service delivery system. They will be eligible for all medically necessary Medicaid covered services after meeting an ESRD liability, as authorized under the State's original 1115 expenditure authority in May 2014 and extended in November 2014. The liability will be calculated using spend-down methodology based on incurred medical costs. This liability operates similarly to a deductible. Individuals who incur medical expenses that bring their income to the SSI/FBR will have no further incurred costs subject to the ESRD liability.

## **COST SHARING REQUIREMENTS**

Once the enrollee meets the ESRD liability, the enrollee will be eligible for full Medicaid benefits and will be subject to regular Medicaid State Plan cost-sharing as outlined below.

Service	Co-Payment Amount	
Transportation	\$0.50 each one-way trip	Transportation services that pay \$10 or less
	\$1 each one-way trip	Transportation services that pay \$10.01 to \$50
	\$2 each one-way trip	Transportation services that pay \$50.01 or more
Pharmacy	\$3	
Non-Emergency Use of the Emergency Department	\$3	

## **HYPOTHESES & EVALUATION**

The ESRD Waiver will investigate the following hypotheses:

#	Hypothesis	Evaluation Measures
1	ESRD Waiver enrollees will maintain access to kidney transplants.	<ul style="list-style-type: none"><li>• Track waiver enrollment.</li><li>• Track waiver enrollees who are on the transplant list.</li><li>• Track how many on the waiver leave the transplant list.</li><li>• Determine the reason why individuals on the demonstration left the transplant list.</li></ul>
2	ESRD Waiver enrollees will report greater quality of life as a result of the supplemental coverage and ongoing access to the kidney transplant list.	<ul style="list-style-type: none"><li>• Track responses from enrollee satisfaction surveys.</li></ul>

## WAIVER & EXPENDITURE AUTHORITIES

The following includes a list of waiver and expenditure authorities for the ESRD Waiver:

### 1. Amount, Duration, Scope

Section 1902(a)(10)(B)

To the extent necessary to enable the State to provide State Plan benefits only after an individual meets a monthly spend down.

### 2. Cost-Sharing

Section 1902(a)(14) related to provisions in section 1916

To the extent necessary to enable the State to impose a spend down methodology based on incurred medical costs. Individuals who incur medical expenses that bring their income to the SSI FBR will have no further incurred costs subject to the ESRD liability.

### 3. Comparability

Section 192(a)(17)

To the extent necessary to enable the State to apply a spend down methodology based on incurred medical costs.

## REVIEW OF DOCUMENTS AND SUBMISSION OF COMMENTS

The proposed ESRD Waiver documents are available for public review at the FSSA, Office of General Counsel, 402 W. Washington Street, Room W451, Indianapolis, Indiana 46204. The documents may also be viewed online at <http://www.in.gov/fssa/4898.htm>.

Written comments regarding the ESRD Waiver may be sent to the FSSA via mail at 402 West Washington Street, Room W374, Indianapolis, Indiana 46204, Attention: Amber Swartzell or via electronic mail at - [amber.swartzell@fssa.in.gov](mailto:amber.swartzell@fssa.in.gov) through June 19, 2015.

FSSA will publish a summary of the written comments, once compiled, for public review at <http://www.in.gov/fssa/4898.htm>.

## Appendix B: Tribal Consultation

### **Indiana Family and Social Services Administration Notice of Tribal Comment Period for Indiana End Stage Renal Disease 1115 Waiver Submission May 1, 2015**

Notice is hereby given to the Pokagon Band of the Potawatomi that the Indiana Family and Social Services Administration (FSSA) will be submitting an 1115 waiver renewal to the Centers for Medicare and Medicaid Services (CMS) to preserve Medicaid coverage for individuals with end stage renal disease (ESRD) who would otherwise be unable to access kidney transplant services.

This notice also serves to open the **30-day tribal comment period, which closes May 31, 2015 at 5:00 pm.**

#### **OVERVIEW**

In 2014, Indiana Medicaid changed the disability determination process and began accepting the Social Security Administration (SSA) disability determinations as Medicaid determinations. This eliminated the more stringent state requirements previously in place and eliminated the unpopular spend-down program. Additionally, Indiana increased the income eligibility threshold for the aged, blind and disabled and the Medicare Savings Program, which provides Medicare cost sharing assistance. Individuals that lost access to Medicaid coverage through the spend-down program were transitioned to other coverage options including the federal Health Insurance Marketplace and Medicare supplemental plans.

With this change, there were approximately 350 individuals with ESRD at risk of losing access to kidney transplant services. These individuals were dually eligible for Medicare and Medicaid, under age 65 and with income over 150 percent FPL. Due to their Medicare enrollment, federal law prevented them from purchasing insurance coverage through the Marketplace. Additionally, because Medicare supplemental plans are not guaranteed issue in Indiana for individuals under age 65, these individuals were also unable to receive supplemental coverage through Medicare options.

With only coverage through Medicare, due to the financial criteria required for placement on the kidney transplant list, individuals with ESRD who are unable to demonstrate the ability to pay for services are ineligible for kidney transplants. The lack of supplemental coverage meant these individuals would be moved to “inactive” on hospital transplant lists and would be ineligible for a kidney transplant. Without a kidney transplant, individuals with ESRD must continue dialysis indefinitely. This results in diminished quality of life, increased unemployment and potential loss of life for impacted enrollees.

In May 2014, continued coverage for these approximately 350 individuals was approved by CMS on a temporary basis through emergency 1115 waiver authority. Specifically, CMS authorized continued coverage for individuals with ESRD who meet the eligibility criteria that were in effect prior to the State’s change in the disability determination process, including the use of a spend-down. Since this authorization, the State has been working to develop a program to provide Medicaid eligibility to

individuals with ESRD through 1915(i) State Plan authority. The State is seeking continued 1115 waiver authority to provide continued Medicaid coverage for this population until the 1915(i) program is fully operational. This authority will permit the State to provide Medicaid eligibility to individuals meeting the following criteria:

- Have Medicare
- Are diagnosed with ESRD
- Have income between 150% and 300% of the federal poverty level
- Incur medical expenses which bring their income to the Supplemental Security Income (SSI) federal benefit rate (FBR)
- Have resources less than \$1,500 for an individual or \$2,250 for a couple
- Are not institutionalized
- Meets all other Medicaid eligibility criteria, including but not limited to, state residency and citizenship

Additionally, the State is seeking waiver authority to provide continued Medicaid coverage to individuals who are enrolled under the 1115 waiver authority but are ineligible to transition to the 1915(i) program once it is fully operational. This will include individuals who either do not meet the clinical criteria of the program or have income in excess of 300 percent FPL. Once the 1915(i) program is fully operational, the State will no longer accept new enrollees under the 1115 demonstration. At such time, all new Medicaid applicants with ESRD that are otherwise Medicaid ineligible may apply for coverage through the ESRD 1915(i) program.

## **BENEFITS AND HEALTH CARE DELIVERY SYSTEM**

Individuals eligible under the ESRD 1115 waiver will be enrolled in a fee-for-service delivery system. They will be eligible for all medically necessary Medicaid covered services after meeting an ESRD liability, as authorized under the State's original 1115 expenditure authority in May 2014 and extended in November 2014. The liability will be calculated using spend-down methodology based on incurred medical costs. This liability operates similarly to a deductible. Individuals that incur medical expenses that bring their income to the Supplemental Security Income (SSI) federal benefit rate (FBR) will have no further incurred costs subject to the ESRD liability.

## **COST SHARING REQUIREMENTS**

Once the ESRD liability is met, enrollees will be eligible for full Medicaid benefits and will be subject to cost-sharing as outlined in Table 1.

Table 1: Copayments

<b>Service</b>	<b>Co-Payment Amount</b>	
Transportation	\$0.50 each one-way trip	Transportation services that pay \$10 or less
	\$1 each one-way trip	Transportation services that pay \$10.01 to \$50

	\$2 each one-way trip	Transportation services that pay \$50.01 or more
Pharmacy	\$3	
Non-Emergency Use of the ER	\$3	

#### **TRIBAL IMPACT**

Members of the Pokagon Band of the Potawatomi located in Indiana who meet the eligibility criteria of the ESRD waiver, as described above, will be eligible for enrollment in the waiver. They will be enrolled in the fee-for-service delivery system and once they meet their ESRD liability, they will be exempt from co-payment requirements.

#### **SUBMISSION OF COMMENTS**

Written comments regarding the ESRD 1115 Waiver may be sent to the FSSA via mail at 402 West Washington Street, Room W374, Indianapolis, Indiana 46204, Attention: Angie Amos or via electronic mail at [angela.amos@fssa.in.gov](mailto:angela.amos@fssa.in.gov) **through May 31, 2015**. Additionally, we would be happy to schedule a phone or in-person consultation to discuss the program in further detail.



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# 1115 Waiver Renewal – ESRD Program

Calendar Year 2016 through 2018 (DY 09 – DY 11)

Healthy Indiana Plan 1.0

State of Indiana

Family and Social Services Administration

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## BACKGROUND

### 1115 WAIVER HISTORY

The original Healthy Indiana Plan 1115 Waiver, now referenced as the "HIP 1.0" waiver, was initially approved for a five year period from January 2008 through December 2012. During discussions that eventually led to the HIP 2.0 program, the HIP 1.0 1115 waiver was extended for three one-year periods: for calendar year 2013 (DY 06), calendar year 2014 (DY 07), and calendar year 2015 (DY 08).

The HIP 2.0 program was effective February 1, 2015, one month into the last extension of the HIP 1.0 1115 waiver. As of February 1, 2015, most adults on the HIP 1.0 1115 waiver transitioned to the new HIP 2.0 1115 waiver. The only population remaining on the HIP 1.0 waiver at the current time is a small waiver population comprised of individuals with ESRD who would not otherwise qualify for Medicaid coverage. Authority for this waiver will expire on December 31, 2015.

This document requests a three year renewal, covering calendar years 2016 through 2018 (DY 09 through DY 11). The waiver is retained in its current form, covering only the ESRD population. Budget neutrality projections have been developed to support the submission:

### ESRD MEMBERS

Indiana transitioned from 209(b) status to 1634 status as of June 1, 2014. As part of the 1634 transition, Indiana no longer maintains a spend down program for higher income individuals with significant medical needs. To mitigate the impact on members, Indiana raised the disability income standard for full Medicaid eligibility to 100% FPL and also raised the income standard for the Medicare Savings Program to 150% FPL for QMB, 170% FPL for SLMB, and 185% FPL for QI.

Medicare enrollees with End Stage Renal Disease (ESRD) may continue to need Medicaid assistance even at higher income levels. In part, these individuals have significantly higher cost sharing than other Medicare enrollees. More significantly, Medicare supplement insurance of some kind (such as Medicaid) is required for members to maintain active status on kidney transplant lists.

To allow members with ESRD to remain on kidney transplant lists, Indiana has proposed a 1915(i) that will cover these members. Until Indiana is able to implement this program, the state has received approval to cover these members through 1115 waiver authority. The current approval extends through December 31, 2015, and Indiana is currently seeking a three year renewal of that authority.

This document supports projected expenditures for members with ESRD who are to be covered under 1115 waiver authority during the three year period CY 2016 through CY 2018.

### PROJECTED TIMELINE FOR THE 1915(I) TRANSITION

At the current time, there are approximately 350 members with ESRD who are covered under existing 1115 waiver authority. This is an open group for those with income below 300% FPL; new individuals with ESRD who need services and have income below 300% FPL may apply to receive coverage under the 1115 waiver.

The 1915(i) is proposed to be effective July 1, 2016. Starting on that date, and over the next 90 days, members with ESRD who have incomes under 300% FPL will be able to transition to the 1915(i). The 1915(i) includes additional services and reduced cost sharing, so we have assumed all eligible members will transition. After 90 days, as of October 1, 2016, ESRD member enrollment on the 1115 waiver is projected to be reduced to approximately 50 members with income over 300% FPL.

After the transition is complete, no new members will be enrolled on the 1115 waiver; it will be a closed group. From this point, enrollment on the waiver is projected to gradually decline.

## EXECUTIVE SUMMARY

### BUDGET NEUTRALITY

The Healthy Indiana Plan 1115 Waiver was originally approved for a five year period from January 2008 through December 2012, and extensions were approved through calendar year 2015 (DY 08). The project number for the waiver is 11-W-00237.

Table 1 summarizes budget neutrality results by demonstration year through DY 08, according to dates of services. Expenditures in Table 1 were provided by FSSA using CMS 64 Schedule C reports through March 31, 2015.

Because DY08 is currently in progress, expenditures for DY 08 reflect three months of reported Schedule C data and nine months of projected expenditures. Both with waiver and without waiver expenditures for DY 08 are lower than in prior years due to the implementation of HIP 2.0. Effective February 1, 2015, most populations on the 1115 waiver were transferred to the HIP 2.0 1115 waiver, leaving only the small ESRD waiver population

This document describes a request for a three year renewal, to be effective for calendar years 2016 through 2018 (DY 09 through DY 11). Table 2 illustrates budget neutrality projections that have been developed to support the submission:

<b>Table 1</b> <b>State of Indiana, Family and Social Services Administration</b> <b>1115 HIP Waiver Budget Neutrality Summary</b> <b>Initial Waiver Period and Approved Renewals</b> <b>(Values in \$Millions)</b>					
Calendar Year	Demonstration Year	Without Waiver Expenditures	With Waiver Expenditures	Annual Waiver Margin	Cumulative Waiver Margin
2008	1	\$ 1,723.3	\$ 1,591.2	\$ 132.1	\$ 132.1
2009	2	\$ 1,974.8	\$ 1,858.2	\$ 116.6	\$ 248.7
2010	3	\$ 2,171.7	\$ 1,786.6	\$ 385.1	\$ 633.8
2011	4	\$ 2,256.0	\$ 1,657.8	\$ 598.2	\$ 1,232.0
2012	5	\$ 2,363.9	\$ 2,408.1	\$ (44.2)	\$ 1,187.8
2013	6	\$ 2,233.5	\$ 2,031.8	\$ 201.6	\$ 1,389.4
2014	7	\$ 2,336.3	\$ 2,718.4	\$ (382.1)	\$ 1,007.3
2015	8	\$ 190.6	\$ 229.7	\$ (39.1)	\$ 968.2

Note: Values have been rounded.

<b>Table 2</b> <b>State of Indiana, Family and Social Services Administration</b> <b>1115 HIP Waiver Budget Neutrality Summary</b> <b>Proposed Renewal</b> <b>(Values in \$Millions)</b>					
Calendar Year	Demonstration Year	Without Waiver Expenditures	With Waiver Expenditures	Annual Waiver Margin	Cumulative Waiver Margin
2016	9	\$ 0.0	\$ 1.0	\$ (1.0)	\$ 967.2
2017	10	\$ 0.0	\$ 0.2	\$ (0.2)	\$ 967.1
2018	11	\$ 0.0	\$ 0.1	\$ (0.1)	\$ 966.9

Note: Values have been rounded.

The enclosures include additional detail in the budget neutrality format, including enrollment and expenditures for each population.

We have also enclosed an Excel version of the budget neutrality exhibits: "HIP Budget Neutrality: 2016 – 2018 Renewal.xlsx",

## EXPENDITURE PROJECTION DETAIL FOR ESRD MEMBERS

From February 1, 2015 through the December 31, 2015, the only population remaining on the 1115 waiver is the ESRD enrollees who are not otherwise eligible for Medicaid. Under the renewal submission, the waiver continues to cover solely the ESRD population. The majority of these members will transition to the 1915(i) when it becomes effective, projected for July 1, 2016.

Table 3 illustrates projected expenditures related to members with End Stage Renal Disease (ESRD) who are expected to be enrolled through 1115 waiver authority during calendar years 2016 through 2018.

<b>Table 3</b> <b>State of Indiana</b> <b>Family and Social Services Administration</b> <b>Projected Expenditures for 1115 Waiver ESRD Members</b>			
<b>Calendar Year</b>	<b>Federal Share</b>	<b>State Share</b>	<b>Total Projected Expenditures</b>
2016	\$ 650,533	\$ 326,243	\$ 976,777
2017	117,087	58,719	175,807
2018	91,328	45,801	137,129
<b>Total</b>	<b>\$ 858,949</b>	<b>\$ 430,764</b>	<b>\$ 1,289,713</b>

Values in Table 3 include 1115 waiver expenditures only. Specifically, they do not include expenditures for ESRD members who transition to the proposed ESRD 1915(i), projected to be effective July 1, 2016.

The federal share was estimated using the FFY 2016 Indiana FMAP of 66.60%.

## DATA, ASSUMPTIONS, AND METHODOLOGY

This section provides additional detail on the data, assumptions, and methodology associated with the 1115 waiver budget neutrality filing.

### DATA

#### Historical Budget Neutrality information

Historical budget neutrality information for the HIP 1.0 1115 waiver (project number 11-W-00237) was provided by the State of Indiana. Expenditures for DY 01 through the first quarter of DY 08 were taken directly from Indiana's CMS 64 Schedule C reports through March 31, 2015.

#### ESRD Enrollment

ESRD members who are enrolled on the 1115 waiver must meet the following conditions:

- ESRD diagnosis (diagnosis code 585.6)
- Excludes those residing in a long term care facility or receiving services through a HCBS waiver
- Dual eligible (non-dual individuals are able to acquire exchange coverage)
- Not otherwise eligible for Medicaid coverage

At the current time, FSSA reports there are approximately 350 members with ESRD who are covered under existing 1115 waiver authority. This is an open group for those who need services and have income below 300% FPL. Approximately 300 of the 350 members are believed to be eligible for the proposed 1915(i). The remaining 50 members do not appear to meet financial criteria for the 1915(i).

#### Cost Data

The average program cost for dual eligible members with ESRD during 2014 is estimated at \$318.27 per month and includes the following components:

- \$104.90 per month for the Medicare Part B premium
- \$86.33 for the Medicare clawback payment
- \$127.04 for other Medicaid costs (after meeting spend down).

The average Medicaid cost above reflects enrollee cost sharing, most significantly the ESRD liability. Costs were projected based on 2014 experience for the ESRD population subject to spend down cost sharing. Cost data was summarized from the Medicaid claims data for dual eligible spend down members with an ESRD diagnosis. Cost sharing for 1115 waiver enrollees is similar to spend down enrollee cost sharing, prior to the 1634 transition. Individuals who incur medical expenses to bring their income down to the Supplement Security Income (SSI) federal benefit rate (FBR) will have no further costs subject to the ESRD liability. Other cost sharing requirements are stipulated in the Medicaid state plan.

## ASSUMPTIONS AND METHODOLOGY

#### ESRD 1115 Waiver Enrollment Projections

The 1915(i) is proposed to be effective July 1, 2016. Starting on that date, and over the next 90 days, most members with ESRD who have incomes under 300% FPL will be able to transition to the 1915(i). The 1915(i) includes additional services and reduced cost sharing, so we have assumed all eligible members will transition. As of October 1, 2016, the transition is projected to be complete, and ESRD enrollment on the 1115 waiver is projected to decline to approximately 50 members.

After the transition is complete, no new members will be enrolled on the 1115 waiver, making this a closed group that includes only those who did not meet financial requirements of the 1915(i) (primarily those with income above 300% of FPL). Those who remain on the 1115 waiver (estimated 50 members) are projected to lapse at a rate of 25% per year due to a receipt of transplant or death.

Projected 1115 waiver enrollment for ESRD members is illustrated in Table 4. A line has been placed on the table after June 2016, to mark the point at which most members will begin the transition to the 1915(i). Another line has been placed before October 2016, at which point the transition is projected to be complete.

<b>Table 4</b> <b>State of Indiana</b> <b>Family and Social Services</b> <b>Administration</b> <b>1115 Waiver ESRD Members</b> <b>Projected Enrollment by Month</b>	
<b>Month</b>	<b>ESRD Enrollment</b>
January 2016	349
February 2016	349
March 2016	349
April 2016	349
May 2016	349
June 2016	349
July 2016	274
August 2016	199
September 2016	124
October 2016	50
November 2016	49
December 2016	48
January 2017	47
February 2017	45
March 2017	44
April 2017	43
May 2017	42
June 2017	41
July 2017	40
August 2017	39
September 2017	38
October 2017	38
November 2017	37
December 2017	36
January 2018	35
February 2018	34
March 2018	33
April 2018	32
May 2018	32
June 2018	31
July 2018	30
August 2018	30
September 2018	29
October 2018	28
November 2018	27
December 2018	27

## Cost Trend

The historical 2014 per member per month (PMPM) cost for ESRD members reflects Medicare eligibility and spend down cost sharing. The PMPM cost is projected to grow at an annual rate of 4.0% per year.

## LIMITATIONS

The information contained in this report has been prepared for the State of Indiana, Family and Social Services Administration (FSSA). This report has been developed to assist with the renewal submission for ESRD members enrolled under 1115 waiver authority. The data and information presented may not be appropriate for any other purpose.

It is our understanding that the information contained in this report may be utilized in a public document. To the extent that the information contained in this correspondence is provided to any third parties, the correspondence should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the information presented.

Milliman makes no representations or warranties regarding the contents of this correspondence to third parties. Likewise, third parties are instructed that they are to place no reliance upon this correspondence prepared for FSSA by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

Milliman has relied upon certain data and information provided by the State of Indiana, Family and Social Services Administration and their vendors. The values presented in this letter are dependent upon this reliance. To the extent that the data was not complete or was inaccurate, the values presented in our report will need to be reviewed for consistency and revised to meet any revised data.

The services provided for this project were performed under the signed Consulting Services Agreement between Milliman and FSSA, approved May 14, 2010, and last amended December 24, 2014.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this report are members of the American Academy of Actuaries, and meet the qualification standards for performing the analyses in this report.

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## **ENCLOSURE 1: BUDGET NEUTRALITY EXHIBITS**



**Healthy Indiana Plan****Summary Budget Neutrality Estimates - Waiver Renewal**

Scenario: Reflects experience through March 31, 2015

Updated June 5, 2015

Without Waiver Summary	DY 01	DY 02	DY 03	DY 04	DY 05	DY 01 - DY 05
<b>XIX - Mandatory Populations</b>	1,616,049,521	1,802,640,241	1,961,741,870	2,042,550,850	2,139,471,319	9,562,453,801
<b>HIP Parents</b>	22,229,213	70,694,055	107,253,382	117,401,176	120,740,674	438,318,500
<b>HIP Adults</b>	-	-	-	-	-	-
<b>DSH</b>	85,001,705	101,417,834	102,754,618	96,003,617	103,648,918	488,826,691
<b>Total</b>	<b>1,723,280,439</b>	<b>1,974,752,130</b>	<b>2,171,749,871</b>	<b>2,255,955,642</b>	<b>2,363,860,911</b>	<b>10,489,598,992</b>
With Waiver Summary	DY 01	DY 02	DY 03	DY 04	DY 05	DY 01 - DY 05
<b>XIX - Mandatory Populations</b>	1,503,612,589	1,634,286,764	1,525,555,097	1,460,259,240	2,220,297,152	8,344,010,842
<b>HIP Parents</b>	29,202,264	72,746,234	119,542,246	112,689,270	106,644,161	440,824,175
<b>HIP Adult Optional Population</b>	-	-	-	-	-	-
<b>HIP Adult Waiver Population</b>	58,330,148	151,090,708	141,435,601	84,664,667	80,977,752	516,498,876
<b>ESRD Members</b>	-	-	-	-	-	-
<b>Waiver Administrative Expenditures</b>	19,108	56,476	107,593	144,085	163,400	490,662
<b>Total</b>	<b>1,591,164,109</b>	<b>1,858,180,182</b>	<b>1,786,640,537</b>	<b>1,657,757,262</b>	<b>2,408,082,465</b>	<b>9,301,824,555</b>
<b>Waiver Margin</b>	<b>132,116,329</b>	<b>116,571,948</b>	<b>385,109,334</b>	<b>598,198,380</b>	<b>(44,221,554)</b>	<b>1,187,774,437</b>
Coverage Estimates	DY 01	DY 02	DY 03	DY 04	DY 05	DY 01 - DY 05
<b>Test A</b>						
<b>Limit</b>	1,701,051,226	1,904,058,075	2,064,496,489	2,138,554,466	2,243,120,237	10,051,280,493
<b>Expenditures</b>	1,561,961,845	1,785,433,948	1,667,098,291	1,545,067,992	2,301,438,304	8,861,000,380
<b>Limit less Expenditures</b>	139,089,381	118,624,127	397,398,198	593,486,474	(58,318,067)	1,190,280,112
<b>Test B</b>						
<b>Limit</b>	22,229,213	70,694,055	107,253,382	117,401,176	120,740,674	438,318,500
<b>Expenditures</b>	29,202,264	72,746,234	119,542,246	112,689,270	106,644,161	440,824,175
<b>Limit less Expenditures</b>	(6,973,051)	(2,052,179)	(12,288,864)	4,711,906	14,096,513	(2,505,675)
<b>Combined Test A and Test B</b>	132,116,329	116,571,948	385,109,334	598,198,380	(44,221,554)	1,187,774,437
<b>Cumulative Combined Test</b>	132,116,329	248,688,277	633,797,611	1,231,995,991	1,187,774,437	

**Healthy Indiana Plan****Summary Budget Neutrality Estimates - Waiver Renewal****Scenario: Reflects experience through March 31, 2015**

Updated June 5, 2015

<b>Without Waiver Summary</b>		<b>DY 06</b>	<b>DY 07</b>	<b>DY 08</b>	<b>DY 01 - DY 08</b>
<b>XIX - Mandatory Populations</b>		2,116,716,326	2,217,951,706	180,244,658	14,077,366,491
<b>HIP Parents</b>		116,739,737	118,340,842	10,359,871	683,758,950
<b>HIP Adults</b>		-	-	-	-
<b>DSH</b>		-	-	-	488,826,691
<b>Total</b>		<b>2,233,456,063</b>	<b>2,336,292,548</b>	<b>190,604,529</b>	<b>15,249,952,133</b>
<b>With Waiver Summary</b>		<b>DY 06</b>	<b>DY 07</b>	<b>DY 08</b>	<b>DY 01 - DY 08</b>
<b>XIX - Mandatory Populations</b>		1,822,259,050	2,382,511,310	194,640,213	12,743,421,415
<b>HIP Parents</b>		123,645,499	132,716,491	12,072,494	709,258,659
<b>HIP Adult Optional Population</b>		-	-	-	-
<b>HIP Adult Waiver Population</b>		85,768,036	202,420,292	21,567,312	826,254,516
<b>ESRD Members</b>		-	763,850	1,386,234	2,150,084
<b>Waiver Administrative Expenditures</b>		160,778	11,558	-	662,998
<b>Total</b>		<b>2,031,833,363</b>	<b>2,718,423,500</b>	<b>229,666,253</b>	<b>14,281,747,672</b>
<b>Waiver Margin</b>		<b>201,622,700</b>	<b>(382,130,952)</b>	<b>(39,061,724)</b>	<b>968,204,461</b>
<b>Coverage Estimates</b>		<b>DY 06</b>	<b>DY 07</b>	<b>DY 08</b>	<b>DY 01 - DY 08</b>
<b>Test A</b>					
<b>Limit</b>		2,116,716,326	2,217,951,706	180,244,658	14,566,193,183
<b>Expenditures</b>		1,908,187,864	2,585,707,009	217,593,759	13,572,489,013
<b>Limit less Expenditures</b>		208,528,462	(367,755,303)	(37,349,101)	993,704,170
<b>Test B</b>					
<b>Limit</b>		116,739,737	118,340,842	10,359,871	683,758,950
<b>Expenditures</b>		123,645,499	132,716,491	12,072,494	709,258,659
<b>Limit less Expenditures</b>		(6,905,762)	(14,375,649)	(1,712,623)	(25,499,709)
<b>Combined Test A and Test B</b>		201,622,700	(382,130,952)	(39,061,724)	968,204,461
<b>Cumulative Combined Test</b>		1,389,397,137	1,007,266,185	968,204,461	

**Healthy Indiana Plan****Summary Budget Neutrality Estimates - Waiver Renewal**

Scenario: Reflects experience through March 31, 2015

Updated June 5, 2015

Without Waiver Summary	DY 09	DY 10	DY 11	DY 01 - DY 11
XIX - Mandatory Populations	-	-	-	14,077,366,491
HIP Parents	-	-	-	683,758,950
HIP Adults	-	-	-	-
DSH	-	-	-	488,826,691
<b>Total</b>	-	-	-	<b>15,249,952,133</b>

With Waiver Summary	DY 09	DY 10	DY 11	DY 01 - DY 11
XIX - Mandatory Populations	-	-	-	12,743,421,415
HIP Parents	-	-	-	709,258,659
HIP Adult Optional Population	-	-	-	-
HIP Adult Waiver Population	-	-	-	826,254,516
ESRD Members	976,777	175,807	137,129	3,439,797
Waiver Administrative Expenditures	-	-	-	662,998
<b>Total</b>	<b>976,777</b>	<b>175,807</b>	<b>137,129</b>	<b>14,283,037,384</b>
<b>Waiver Margin</b>	<b>(976,777)</b>	<b>(175,807)</b>	<b>(137,129)</b>	<b>966,914,748</b>

Coverage Estimates	DY 09	DY 10	DY 11	DY 01 - DY 11
<b>Test A</b>				
Limit	-	-	-	29,132,386,365
Expenditures	976,777	175,807	137,129	27,146,267,738
Limit less Expenditures	(976,777)	(175,807)	(137,129)	1,986,118,627
<b>Test B</b>				
Limit	-	-	-	1,367,517,900
Expenditures	-	-	-	1,418,517,318
Limit less Expenditures	-	-	-	(50,999,418)
<b>Combined Test A and Test B</b>	<b>(976,777)</b>	<b>(175,807)</b>	<b>(137,129)</b>	<b>966,914,748</b>
<b>Cumulative Combined Test</b>	<b>967,227,685</b>	<b>967,051,878</b>	<b>966,914,748</b>	

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## **ENCLOSURE 2: WITHOUT WAIVER PROJECTIONS**

Healthy Indiana Plan

DEMONSTRATION WITHOUT WAIVER (WOW) BUDGET PROJECTION

CY 2008

MANDATORY POPULATIONS								
ELIGIBILITY GROUP	TREND RATE	MONTHS OF AGING	DEMONSTRATION YEARS (DY)					TOTAL WOW
			DY 01	DY 02	DY 03	DY 04	DY 05	
<b>HHW Caretakers</b>								
Eligible Member Months		30	1,267,393	1,321,085	1,358,352	1,348,983	1,335,454	
Total Cost Per Eligible	4.40%	30	\$ 328.07	\$ 342.50	\$ 357.57	\$ 373.30	\$ 389.73	
Total Expenditure			\$ 415,793,622	\$ 452,471,613	\$ 485,705,925	\$ 503,575,354	\$ 520,466,487	\$ 2,378,013,000
<b>HHW Children</b>								
Eligible Member Months		30	5,766,985	6,234,677	6,574,005	6,601,342	6,662,194	
Total Cost Per Eligible	4.40%	30	\$ 180.51	\$ 188.45	\$ 196.74	\$ 205.40	\$ 214.44	
Total Expenditure			\$ 1,040,998,462	\$ 1,174,924,881	\$ 1,293,369,744	\$ 1,355,915,647	\$ 1,428,640,881	\$ 6,293,849,615
<b>HHW Pregnant Women</b>								
Eligible Member Months		30	334,455	352,518	351,958	337,855	336,528	
Total Cost Per Eligible	4.40%	30	\$ 476.17	\$ 497.12	\$ 519.00	\$ 541.83	\$ 565.67	
Total Expenditure			\$ 159,257,437	\$ 175,243,748	\$ 182,666,202	\$ 183,059,849	\$ 190,363,950	\$ 890,591,186
OPTIONAL POPULATIONS								
ELIGIBILITY GROUP	TREND RATE		DEMONSTRATION YEARS (DY)					TOTAL WOW
			DY 01	DY 02	DY 03	DY 04	DY 05	
<b>HIP Caretakers</b>								
Eligible Member Months			71,113	216,627	314,803	330,066	325,149	
Total Cost Per Eligible			\$ 312.59	\$ 326.34	\$ 340.70	\$ 355.69	\$ 371.34	
Total Expenditure			\$ 22,229,213	\$ 70,694,055	\$ 107,253,382	\$ 117,401,176	\$ 120,740,674	\$ 438,318,500

**Healthy Indiana Plan** WITHOUT WAIVER (WOW) BUDGET PROJECTION

CY 2013

MANDATORY POPULATIONS					
ELIGIBILITY GROUP	DEMONSTRATION YEARS (DY) DY 06	TREND RATE	DY 07	DY 08	TOTAL WOW
<b>HHW Caretakers</b>					
Eligible Member Months	1,331,459		1,419,852	96,678	
Total Cost Per Eligible	\$ 389.73	4.40%	\$ 406.88	\$ 424.78	
Total Expenditure	\$ 518,909,550		\$ 577,709,505	\$ 41,066,895	\$ 5,893,711,951
<b>HHW Children</b>					
Eligible Member Months	6,597,274		6,620,175	541,262	
Total Cost Per Eligible	\$ 214.44	1.94%	\$ 218.60	\$ 222.84	
Total Expenditure	\$ 1,414,719,477		\$ 1,447,170,173	\$ 120,614,735	\$ 15,570,203,616
<b>HHW Pregnant Women</b>					
Eligible Member Months	323,665		326,930	30,108	
Total Cost Per Eligible	\$ 565.67	4.40%	\$ 590.56	\$ 616.54	
Total Expenditure	\$ 183,087,299		\$ 193,072,027	\$ 18,563,028	\$ 2,175,904,726
OPTIONAL POPULATIONS					
ELIGIBILITY GROUP	DEMONSTRATION YEARS (DY) DY 06	TREND RATE	DY 07	DY 08	TOTAL WOW
<b>HIP Caretakers</b>					
Eligible Member Months	301,124		292,387	24,518	
Total Cost Per Eligible	\$ 387.68	4.40%	\$ 404.74	\$ 422.55	
Total Expenditure	\$ 116,739,737		\$ 118,340,842	\$ 10,359,871	\$ 1,122,077,450

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**Healthy Indiana Plan**

CY 2016

MANDATORY POPULATIONS			
ELIGIBILITY GROUP	TREND RATE	DY 09	TOTAL WOW
<b>HHW Caretakers</b> Eligible Member Months Total Cost Per Eligible Total Expenditure		DY10 DY 11	\$ 5,893,711,951
<b>HHW Children</b> Eligible Member Months Total Cost Per Eligible Total Expenditure			\$ 15,570,203,616
<b>HHW Pregnant Women</b> Eligible Member Months Total Cost Per Eligible Total Expenditure			\$ 2,175,904,726
OPTIONAL POPULATIONS			
ELIGIBILITY GROUP	TREND RATE	DY 09	TOTAL WOW
<b>HIP Caretakers</b> Eligible Member Months Total Cost Per Eligible Total Expenditure		DY10 DY 11	\$ 1,122,077,450

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## **ENCLOSURE 3: WITH WAIVER PROJECTIONS**



Healthy Indiana Plan

DEMONSTRATION WITH WAIVER (WW) BUDGET PROJECTION

CY 2008

MANDATORY POPULATIONS						
ELIGIBILITY GROUP	DEMONSTRATION YEARS (DY)					TOTAL WW
	DY 01	DY 02	DY 03	DY 04	DY 05	
<b>HHW Caretakers</b>						
Eligible Member Months	1,267,393	1,321,085	1,358,352	1,348,983	1,335,454	
Total Cost Per Eligible	\$ 320.07	\$ 329.53	\$ 292.59	\$ 277.97	\$ 464.89	
Total Expenditure	\$ 405,653,153	\$ 435,333,370	\$ 397,440,405	\$ 374,979,860	\$ 620,841,914	\$ 2,234,248,702

<b>HHW Children</b>						
Eligible Member Months	5,766,985	6,234,677	6,574,005	6,601,342	6,662,194	
Total Cost Per Eligible	\$ 164.50	\$ 166.30	\$ 149.68	\$ 141.17	\$ 205.01	
Total Expenditure	\$ 948,688,260	\$ 1,036,818,001	\$ 983,965,481	\$ 931,925,519	\$ 1,365,834,397	\$ 5,267,231,658

<b>HHW Pregnant Women</b>						
Eligible Member Months	334,455	352,518	351,958	337,855	336,528	
Total Cost Per Eligible	\$ 446.31	\$ 459.94	\$ 409.56	\$ 453.90	\$ 694.21	
Total Expenditure	\$ 149,271,176	\$ 162,135,393	\$ 144,149,211	\$ 153,353,861	\$ 233,620,841	\$ 842,530,482

OPTIONAL POPULATIONS						
ELIGIBILITY GROUP	DEMONSTRATION YEARS (DY)					TOTAL WW
	DY 01	DY 02	DY 03	DY 04	DY 05	
<b>HIP Caretakers</b>						
Eligible Member Months	71,113	216,627	314,803	330,066	325,149	
Total Cost Per Eligible	\$ 410.65	\$ 335.81	\$ 379.74	\$ 341.41	\$ 327.99	
Total Expenditure	\$ 29,202,264	\$ 72,746,234	\$ 119,542,246	\$ 112,689,270	\$ 106,644,161	\$ 440,824,175

WAIVER POPULATIONS						
ELIGIBILITY GROUP	DEMONSTRATION YEARS (DY)					TOTAL WW
	DY 01	DY 02	DY 03	DY 04	DY 05	
<b>HIP Adults</b>						
Eligible Member Months	112,673	316,527	226,367	168,786	170,079	
Total Cost Per Eligible	\$ 517.69	\$ 477.34	\$ 624.81	\$ 501.61	\$ 476.12	
Total Expenditure	\$ 58,330,148	\$ 151,090,708	\$ 141,435,601	\$ 84,664,667	\$ 80,977,752	\$ 516,498,876

<b>ESRD Members</b>						
Eligible Member Months						
Total Cost Per Eligible						
Total Expenditure						

**Healthy Indiana Plan**
**DEMONSTRATION WITH WAIVER (WW) BUDGET PROJECTION**

CY 2013

<b>MANDATORY POPULATIONS</b>				
<b>ELIGIBILITY GROUP</b>	<b>DY 06</b>	<b>DY 07</b>	<b>DY 08</b>	<b>TOTAL WW</b>
<b>HHW Caretakers</b>				
Eligible Member Months	1,331,459	1,419,852	96,678	
Total Cost Per Eligible	\$ 407.27	\$ 550.17	\$ 504.32	
Total Expenditure	\$ 542,262,263	\$ 781,166,727	\$ 48,756,461	\$ 3,606,434,153

<b>HHW Children</b>				
Eligible Member Months	6,597,274	6,620,175	541,262	
Total Cost Per Eligible	\$ 175.41	\$ 219.92	\$ 253.01	
Total Expenditure	\$ 1,157,239,042	\$ 1,455,916,166	\$ 136,944,354	\$ 8,017,331,220

<b>HHW Pregnant Women</b>				
Eligible Member Months	323,665	326,930	30,108	
Total Cost Per Eligible	\$ 379.27	\$ 444.83	\$ 296.91	
Total Expenditure	\$ 122,757,745	\$ 145,428,417	\$ 8,939,398	\$ 1,119,656,042

<b>OPTIONAL POPULATIONS</b>				
<b>ELIGIBILITY GROUP</b>	<b>DY 06</b>	<b>DY 07</b>	<b>DY 08</b>	<b>TOTAL WW</b>
<b>HIP Caretakers</b>				
Eligible Member Months	301,124	292,387	24,518	
Total Cost Per Eligible	\$ 410.61	\$ 453.91	\$ 492.40	
Total Expenditure	\$ 123,645,499	\$ 132,716,491	\$ 12,072,494	\$ 709,258,659

<b>WAIVER POPULATIONS</b>				
<b>ELIGIBILITY GROUP</b>	<b>DY 06</b>	<b>DY 07</b>	<b>DY 08</b>	<b>TOTAL WW</b>
<b>HIP Adults</b>				
Eligible Member Months	136,695	310,963	34,732	
Total Cost Per Eligible	\$ 627.44	\$ 650.95	\$ 620.96	
Total Expenditure	\$ 85,768,036	\$ 202,420,292	\$ 21,567,312	\$ 826,254,516

<b>ESRD Members</b>				
Eligible Member Months		2,400	4,188	
Total Cost Per Eligible		\$ 318.27	\$ 331.00	
Total Expenditure		\$ 763,850	\$ 1,386,234	\$ 2,150,084

## Healthy Indiana Plan

CY 2016

MANDATORY POPULATIONS				
ELIGIBILITY GROUP	TREND RATE	DY 09	DY 10	DY 11
<b>HHW Caretakers</b>				
Eligible Member Months				
Total Cost Per Eligible				
Total Expenditure				\$ 3,606,434,153

<b>HHW Children</b>				
Eligible Member Months				
Total Cost Per Eligible				
Total Expenditure				\$ 8,017,331,220

<b>HHW Pregnant Women</b>				
Eligible Member Months				
Total Cost Per Eligible				
Total Expenditure				\$ 1,119,656,042

OPTIONAL POPULATIONS				
ELIGIBILITY GROUP	TREND RATE	DY 09	DY 10	DY 11
<b>HIP Caretakers</b>				
Eligible Member Months				
Total Cost Per Eligible				
Total Expenditure				\$ 709,258,659

WAIVER POPULATIONS				
ELIGIBILITY GROUP	TREND RATE	DY 09	DY 10	DY 11
<b>HIP Adults</b>				
Eligible Member Months				
Total Cost Per Eligible				
Total Expenditure				\$ 826,254,516

<b>ESRD Members</b>				
Eligible Member Months	-32.25%	2,837	491	368
Total Cost Per Eligible	4.00%	\$ 344.24	\$ 358.01	\$ 372.33
Total Expenditure		\$ 976,777	\$ 175,807	\$ 137,129
				\$ 3,439,797

## **Indiana's End Stage Renal Disease 1115 Experience June 2014 to May 2015**

The goal of the End Stage Renal Disease (ESRD) 1115 demonstration is to allow individuals with ESRD who meet the eligibility qualifications in effect as of May 2014, to continue to access coverage comparable to the coverage available in May 2014. This allows these individuals to continue to receive supplemental coverage for the costs of care associated with their condition, including the ability to remain on hospital transplant lists and receive dialysis. During Indiana's transition to 1634 status, all individuals, except individuals eligible for Medicare, who had a diagnosis of ESRD had access to other coverage options, including coverage through other Medicaid categories and the Medicare Savings Program, premium tax credits on the federal marketplace, Medicare Advantage Plans, or Medicare Supplement Plans. However, individuals with ESRD are not eligible for enrollment in Medicare Advantage due to federal rules and there are no Medicare Advantage Special Needs Plans for ESRD in Indiana. In addition, Indiana's Insurance Code does not require Medicare Supplement policies to be guaranteed issue to individuals under age 65. Therefore, ESRD recipients under age 65 had no access to Medicare supplement policies. Further, these individuals could not access coverage through the federal marketplace due to the federal prohibition on duplicative coverage for Medicare enrollees. This left lower income individuals with ESRD transitioning off of spend down with significant health care needs and no supplemental coverage options. This coverage gap initiated Indiana's ESRD 1115 demonstration and the development of the ESRD 1915(i) which will phase in beginning in the summer of 2016.

### **Data Analysis Limitations**

Data displayed is for the period of June 2014 to May 2015. It is likely that claims for care received from the later part of this analysis period are not yet fully processed and are thus not reflected in this analysis of member utilization or expenditures. Since all ESRD enrollees are dually eligible for Medicare, all claims for Medicare covered services are processed by Medicare prior to being processed by Medicaid. This increases the expected lag on claims. Utilization and expenditure data for the period is a point in time estimate on the claims received as of June 23, 2015 for the period of service from June 1, 2014 to May 31, 2015. Review of utilization and expenses for this period at a later date after the claims process has finalized will likely yield increased expenditures and service utilization.

### **Beneficiary Characteristics**

The primary defining characteristics of beneficiaries in the ESRD program is that they have a diagnosis of ESRD. To be eligible individuals must also:

- Be eligible for Medicare,
- Living in a community setting (non-institution),
- Meet the resource limits in effect in for Indiana's former spend down program as of May 2014 of \$1,500 for an individual and \$2,250 for a family, and
- Be unable to obtain other coverage or supplemental coverage due to their age, Medicare eligibility and income level.

Since Medicare Savings program through the Qualified Medicare Beneficiary (QMB) category extends to individuals with income up to and including 150 percent of the federal poverty level in Indiana, individuals that maintain coverage through the ESRD program have income above that level when they enroll. All individual enrollees are dually eligible, since non-duals have the option to enroll in coverage with premium tax credits on the federal marketplace.

Of the individuals enrolled over the last year the majority (61 percent or 265 individuals) had income less than 200 percent of the federal poverty level (\$23,540 for an individual or \$48,500 for a family of four) as noted by the following table.

**Table 1: Observed FPL of ESRD Enrollees June 2014-May 2015<sup>i</sup>**

FPL	<200% FPL	200-250% FPL	250%-300% FPL	>300 % FPL
Percent of ESRD Enrollees	61%	23%	8%	8%
Number of Enrollees	265	102	34	34

Considering all ESRD enrollees, 92 percent or 401 out of 435 enrollees have observed countable income equal to or less than 300 percent of the FPL (\$35,310 for an individual and \$72,750 for a family of four), indicating that the program is continuing to offer coverage to individuals that otherwise would struggle to afford continued dialysis treatment and would lose the ability to remain active on hospital transplant lists. Individuals with income above 300 percent of the federal poverty level may have more supplemental coverage options through spousal coverage or early retiree programs and are also less likely to meet the 2014 resource limitation that is a requirement of eligibility through the ESRD 1115 program. With the implementation of the ESRD 1915(i) in summer of 2016, which will not include a resource limitation, an increase in the numbers of individuals covered between 200 percent and 300 percent of the federal poverty level is expected compared to the current 1115 program.

## Enrollment

The ESRD program began offering coverage in June of 2014. In June 2014, 381 individuals were covered on the ESRD program. Experience over the initial year of operation shows that the program covered a total of 435 unique individuals. A total of 54 new unique individuals have been covered on the program at some point over the course of the initial year of the program. Enrollment as of May 2015 showed 315 active individuals.

**Table 2: ESRD Observed Enrollment June 2014 to May 2015<sup>ii</sup>**

	Individuals enrolled June 2014	Individuals Enrolled June 2015	Total Unique Individuals Enrolled
Number of individuals	381	315	435

## Disenrollment

Individuals in this population have a high morbidity and mortality rates directly linked to their ESRD diagnosis. Attrition from the ESRD program has been observed due to beneficiary death, beneficiaries transitioning from a home setting to a long term care facility for residential treatment and changes in eligibility status including decreases or increases in income or resources, or aging out of the program (at age 65 individuals with ESRD are eligible to purchase guarantee issue Medicare Supplemental Policies in Indiana).

While covered on the ESRD program a total of 48 individuals have died. Though the ESRD program has a small sample size, the mortality rates are in line with or less than expected rates for individuals with ESRD. The adjusted annualized cause mortality rate from ESRD as detailed in the United States Renal Data System was approximately 200 per 1,000 individuals<sup>iii</sup> in 2010, the most recently reported year. The observed mortality rate of 48 individuals out of 435 individuals is equivalent to a mortality rate of 110 per 1,000 individuals in the 1115 ESRD population which is substantially less than the reported 2010 rate.

Based on the mortality rate it appears that the ESRD 1115 program is serving its goal of continuing to provide supplemental care that guarantees continued access to services essential to individuals with ESRD.

## ESRD Recipient Medical Claims

Individuals covered under the ESRD 1115 continue to receive services for the full set of benefits covered on the Medicaid State Plan, as the ESRD 1115 coverage is not limited to only transplant or dialysis care. This coverage includes all Medicaid covered physician, inpatient, and outpatient services, dental care and short term stays in long term care facilities. Once individuals become residents in a Long Term Care Facility they are no longer eligible for the ESRD 1115 program. The below table shows the number of recipients, the number of claims and the expenditures by service category for the ESRD program for June 2014 to May 2015. As noted above in limitations, at this time it is expected that not all claims for services rendered during this period have been received and processed by Medicaid due to claims lag. The following provides a point in time estimate as of June 23, 2015 for utilization and expenditures for the June 2014 to May 2015 period.

**Table 3: Services Provided to ESRD 1115 Participants June 2014- May 2015<sup>iv</sup>**

	<b>Recipient Count</b>	<b>Claim Counts</b>	<b>Total Expenditures (State and Federal)</b>
Physician	409	22,003	\$ 403,948.27
Inpatient	184	340	\$ 117,058.23
Pharmacy	112	955	\$ 61,685.32
Outpatient	389	4,590	\$ 230,249.18
Dental	58	118	\$ 16,836.65
Home health	9	340	\$ 88,824.54

Long term care	17	122	\$ 205,955.46
<b>Total</b>			<b>\$ 1,124,557.65</b>

### Transplants and Dialysis

As expected a primary source of expenditures for the ESRD program was transplant and dialysis services. This is due to the cost of the transplant procedure and the ESRD enrollee's need for ongoing dialysis while awaiting a transplant. These ESRD specific services accounted for 37 percent of current observed claims expenditures.

At the time of the data analysis, claims records indicated that a total of 48 individuals enrolled in the ESRD 1115 received transplants between June 2014 and May 2015. The ability to remain on transplant lists and receive transplants is one of the primary goals of the ESRD program. The fact that out of 435 enrollees covered by the program at some point during the year that over ten percent of them have received a transplant indicates that this program is meeting this goal.

While the sample size for this program is small, on a national basis, the National Kidney Foundation reports that in 2014 out of 101,662 individuals on waiting lists for kidney transplants that 17,105 individuals received transplants.<sup>v</sup> The observed rate of transplants in the ESRD group is lower than the rate reported by the National Kidney Foundation. It is possible that claims may not have been received for all transplant procedures performed during this timeframe and analysis once the claims process concludes may be more in line with the national rate. However, the attrition of the group may play a role as well, as the total 435 individuals are comprised of all individuals ever enrolled as an ESRD participant during the period from June 2014 to July 2015, so some individuals may have received transplants after their transition from the ESRD 1115. Individuals on the ESRD transplant list could also include more individuals that are not eligible for transplants, or the discrepancy could merely be a function of the small sample size of this group. Monitoring of the transplant rate for ESRD individuals will be ongoing over the next year of the demonstration.

### Enrollee Cost and Cost Sharing

On average, the cost of operating the ESRD program on a per enrollee per month basis is \$254.94 as of the analysis of the current data. Since Medicare is the primary payer on the majority of services received by ESRD enrollees, the ESRD 1115 program's claims liability is limited to the difference between the amount Medicare pays and the Medicaid allowed amount for the service. In addition, the ESRD 1115 program continues the spend down methodology for these individuals that was in effect in Indiana in May 2014 as a 209(b) state. Spend down programs require individuals to reduce their income to the 2014 disability eligibility level through incurred medical expenses prior to Medicaid paying claims. Indiana's spend down program implemented a monthly spend down amount, and when individuals met this amount Medicaid would begin to pay claims. This process is continued for individuals covered on

the ESRD 1115. Individuals enrolled in the ESRD 1115 for the period for June 2014 to May 2015 had an average monthly spend down amount of \$787.26.

### **Conclusion and Ongoing Monitoring**

Data on the first year of operation of the ESRD program indicates that the program is meeting its goal of providing ongoing access to transplant services for individuals with ESRD who would otherwise be unable to receive needed kidney transplants. Data will continue to be monitored for this population over the next year and through the implementation of the 1915(i). Data on services received and associated expenditures will continue to become clearer as the claims for services continue to be resolved over the next year.

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<sup>i</sup> Source: ICES data. 6-19-2015.

<sup>ii</sup> Source: EDW data. 6-23-2015.

<sup>iii</sup> [http://www.usrds.org/2012/view/img\\_v2\\_05.html#fig14](http://www.usrds.org/2012/view/img_v2_05.html#fig14)

<sup>iv</sup> Source: EDW data. 6-23-2015. Claims excluded for individuals that transition to residential Long Term Care.

<sup>v</sup> National Kidney Foundation. 2014 Organ Donation and Transplant Statistics.

<https://www.kidney.org/news/newsroom/factsheets/Organ-Donation-and-Transplantation-Stats>