# Indiana's Section 1115 Medicaid Waiver & Its Impact on Health Equity

By Mara Youdelman

Earlier today, HHS approved an extension with amendments for the "Healthy Indiana Program (HIP) 2.0" section 1115 waiver.[1] The approval allows Indiana to ignore numerous critical and long-standing Medicaid protections for eligible Hoosiers. It both extends existing waivers and adds ones that will worsen the problems the program already had. The approved project, effectively a health care cut, will worsen or eliminate access to Medicaid for low-income individuals. Indiana's own independent evaluator already reported substantial barriers to coverage and care for low-income Hoosiers due to premiums and lockouts in the state's existing waiver. This approval doubles down on those provisions and adds more red tape, as well as an onerous a work requirement. All told, hundreds of thousands of Hoosiers living below the poverty level or nearly in poverty will be hurt by this 1115 project, and tens of thousands will lose coverage.[2]

Under the law, HHS is only allowed to approve section 1115 demonstration programs that are experimental and likely to promote the objective of Medicaid — which is to help *furnish* health services to enrollees.[3] HHS's approval raises a number of legal questions involving not only the purported demonstration quality of the project but also whether the harm that the project will cause – reducing access to coverage and care for low-income Hoosiers – reflects Medicaid's objectives.

For more specific information on the approved proposal, see NHeLP's *HHS Approves Harmful 1115 Waivers in Indiana – Including Work Requirements, Lockouts, and Waiting Periods*.

This proposal will have a significant detrimental impact on people of color, women, and people with disabilities. Here's why:

**Medicaid is an important source of health coverage for people of color**, who represent 31% of non-elderly Medicaid enrollees (17% African American, 9% Hispanic, and 5% Other[4]) in Indiana.

- People of color face significant disparities in access to and utilization of care**.** Nonelderly Asians, Hispanics, Blacks, and American Indians and Alaska Natives face increased barriers to accessing care compared to Whites and have lower utilization of care.
- People of color face barriers to and discrimination in employment that will make it difficult to comply with work requirements. Unemployment is higher for African Americans, American Indians and Alaska Natives, and Hispanics than Whites.

- Work requirements, coverage lock-outs, waiting periods, and premiums will mean more people of color will be uninsured. Continuing to eliminate retroactive coverage will mean people of color will have higher medical costs for care received before they became Medicaid eligible.

**Medicaid is an important source of health coverage for women** – Almost 40 million women rely on Medicaid, and make up the majority of Medicaid enrollees. Medicaid is a critical program for reproductive-aged women of color in particular; 31% of black women and 27% of Latina women aged 15-44 receive Medicaid coverage.

- 19% of women in Indiana between the ages of 19-64 are on Medicaid. Twenty percent of women in Indiana between the ages of 15 and 49 receive their coverage through Medicaid.
- In Indiana, Medicaid covers 50% of births**.**
- In 2014, 446,230 women in Indiana were in need of publicly supported contraceptive services and supplies. 29% of these were women of color, and 41% were women with incomes of 137% FPL or less. Publicly funded family planning – 71% of which is covered by Medicaid – is cost effective, saving over $7.00 for every dollar spent.
- The continued elimination of retroactive coverage will mean more women will be forced to pay medical bills before they enrolled in Medicaid. Some women are not able to apply for Medicaid immediately due to hospitalization, disability, or other circumstances. Women and families in Indiana could avoid unexpected financial burdens and medical debt if there were retroactive coverage.
- In Indiana, the preterm birth rate for Black women is 44% higher than it is for all other women. Black women experience higher rates of certain chronic conditions such as diabetes, hypertension, and sexually transmitted infections, which can result in poor birth outcomes if these conditions are not identified or managed before women become pregnant. Premiums, work requirements, and other harmful provisions in Indiana's waiver will prevent women, particularly Black women, from getting the health care they need prior to pregnancy.

**Medicaid is an important source of health coverage for people with disabilities.** In Indiana, approximately 225,400 individuals with disabilities are on Medicaid.

- Many individuals on Medicaid expansion in Indiana have disabilities and chronic conditions but may not meet Medicaid's strict definition of disability.[5] For example, an evaluation of Ohio's Medicaid expansion identified 21% of newly eligible enrollees (who are not eligible for Medicaid on the basis of a disability) with claims histories that correspond to a serious disability. These individuals could be subject to work requirements and could lose their Medicaid coverage for noncompliance even if they cannot work due to their disability or chronic condition.

- The continued elimination of retroactive coverage will mean more people with disabilities will be forced to pay medical bills before they enrolled in Medicaid. For example, if an individual has a stroke or is in a car accident before enrolling in Medicaid, retroactive coverage would traditionally cover these expenses for the three months prior to the application date. Indiana's change means a person newly diagnosed with a disability and eligible for Medicaid will be responsible for the full cost of their health care and treatment that may have been the *cause* of their disability.

**Medicaid is an important source of health coverage for people with HIV/AIDS.**

- Medicaid is the single largest source of health care for people with HIV/AIDS and covers ***nearly half*** of all people getting regular treatment for HIV, many of whom were covered only due to the ACA's Medicaid expansion.
- States like Indiana that expanded Medicaid were able to shift over half of the individuals currently enrolled in the AIDS Drug Assistance Programs (ADAPs) into the Medicaid expansion, thereby freeing up ADAP funding for improved HIV/AIDS care in the state. Medicaid supports community health clinics and reduces their uncompensated care costs.
- Work requirements, coverage lock-outs, waiting periods, and premiums will mean fewer people will get access to timely HIV treatment. It is not medically sound to take people off of HIV medication for periods of time which could happen if they lose coverage. Waiting periods undermine the need to have access to treatment as soon as an individual receives a diagnosis of HIV or AIDS.

[1] Centers for Medicare and Medicaid Services, Indiana Health Approval Letter and Special Terms and Conditions (Feb 1. 2018), https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/in/Healthy-Indiana-Plan-2/in-healthy-indiana-plan-support-20-ca.pdf. .

[2] Indiana's actuary estimates that about 25,000 people will lose coverage due to the work requirement alone. This does not include people who lose coverage due to administrative problems verifying their exemption or their employment hours. See Milliman's report in Indiana's § 1115 application, at page 75-76 of the application PDF (July 20, 2018), at https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/in/in-healthy-indiana-plan-support-20-pa5.pdf.

[3] See Social Security Act §§ 1115 and 1901.

[4] According to the Kaiser Family Foundation, "Other" includes Asians, Native Hawaiians and Pacific Islanders, American Indians, Aleutians, Eskimos and persons of "Two or More Races."

[5] For examples of individuals who, without access to Medicaid through the catchall adult group, would likely have no access to affordable coverage at all. See NHeLP, *The Faces of Medicaid Expansion: Filing Gaps in Coverage*, http://www.healthlaw.org/publications/browse-all-publications/faces-of-medicaid-expansion-filling-gaps-in-coverage#.WlPlFFWnHIU.