December 3, 2015

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

Dear Secretary Burwell,

I am writing to update you on the successful implementation of the Healthy Indiana Plan 2.0 (HIP) and inform you about my concern with the approach the Centers for Medicare and Medicaid Services (CMS) is taking with regard to the HIP evaluation.

After the approval of the HIP waiver in January, we immediately began enrollment. As of November 30, 2015, more than 355,000 Hoosiers are enrolled in HIP. The program continues to draw the attention of policy leaders across the nation for its success at applying consumer-health care principles to the Medicaid population. We have nearly 70% of all HIP participants making contributions to an HSA-like account in the HIP Plus plan. More than 87% of these individuals paying monthly contributions earn below the poverty level. Since the launch of the program, HIP has welcomed over 2,200 new providers to serve beneficiaries. In addition, we have launched the HIP Link program, our defined contribution premium assistance program for employer-sponsored health insurance, and the new Gateway to Work program that refers unemployed and underemployed HIP participants to job training and search programs. The state is also in the midst of a $2.8 million awareness campaign to boost enrollment in HIP. Our early results are encouraging and we will continue our efforts to bring high quality health care to eligible Hoosiers through HIP.

Throughout the duration of the HIP program, going back to its original approval in 2007, Indiana has produced multiple reports, as well as contracted with an independent evaluator – Mathematica – to evaluate the program. We strongly believe in a robust evaluation that supports our constant efforts to advance quality in the program. To this end, we willingly agreed to extensive evaluation protocols set forth in the Special Terms and Conditions (STC’s) that outlined the approval of HIP. The STC’s require Indiana to conduct an independent evaluation and for CMS to approve our evaluation plan. Indiana conducted a competitive procurement and selected the Lewin Group to provide an independent evaluation. The Lewin Group has nearly 40 years of evaluation experience, and does not advocate for any policy, program or legislation. We have also dedicated significant internal staff and technology resources to this evaluation.

CMS is utilizing Mathematica, which was previously under contract with Indiana to evaluate the original HIP program, to oversee the Indiana HIP evaluation. Given Mathematica’s past relationship with Indiana and knowledge of the HIP program from our previous years of working together, we would ask that HHS provide us with a copy of the Mathematica contract to ensure there is no conflict of interest with Mathematica’s confidentiality agreement with the State of Indiana.
In addition, we were recently informed that CMS has decided to conduct a separate, simultaneous federal evaluation of HIP in addition to the Lewin Group evaluation. CMS has contracted with its own vendor, Social Scientific Systems (S3) with the Urban Institute as its subcontractor, to conduct this second evaluation. Independent federal review of this kind is extremely rare.

I am concerned that two evaluations being conducted at the same time has the potential to create contentious outcomes which can impede fair, impartial, and empirical analysis of demonstration projects.

Furthermore, the second review by CMS raises concerns about its impartiality. The contractors hired to conduct the evaluation have previously written publications asserting that the policies within HIP are inconsistent with the goals of an 1115 waiver, the ACA, and the Medicaid program in general. Specifically, in a report funded by the Robert Wood Johnson Foundation and published in May of this year, the Urban Institute wrote, “The use of the Health Savings Account model . . . is likely to be inefficient,” and concluded that “using HSA principles in Medicaid seems dubious.” Based on the statements made in this article, it is clear that the contractors selected by CMS have a demonstrated bias against the HIP program, and will not be able to conduct a fair and impartial evaluation of the program.

In conclusion, HIP is enjoying a successful rollout and we are very excited about our accomplishments to date. We have invested significantly in an independent evaluation and have worked diligently with CMS to develop a robust evaluation plan. However, at the same time the vendors selected by CMS to assist in the Lewin Group Indiana evaluation and conduct the second federal evaluation raise significant and likely insurmountable concerns. I do not believe HIP will be objectively assessed by the chosen contractors. I ask that you intervene in this matter immediately to terminate the second federal evaluation. We look forward to continuing our work with CMS to conduct an impartial and effective evaluation of the HIP program on behalf of the people of Indiana and appreciate your continued support.

Sincerely,

Michael R. Pence
Governor of Indiana

Cc: Indiana Congressional Delegation