

# Medicaid Update

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# Agenda

**What did we learn from last year?**

**Band-Aid Budget: Medicaid gets a Quick Fix**

**Inpatient Rebasing**

**Disproportionate Share**

**Hospital State Directed Payment Program**

**Rural Health Transformation Program Updates**

# What Did We Learn From Last Year?

- **Medicaid forecast shortfall bled into FSSA payment & policy decision**
- **Every provider group and payment mechanism is at risk for cuts**
- **Administration is committed to lowering the cost of healthcare through their own policy**
- **OBBA means Medicaid payments/rates are at highest now, and will only decrease in future**
- **Right or wrong Medicare is what policy makers are using for rate comparisons**

# Band-Aid Budget: Medicaid Gets a Quick Fix

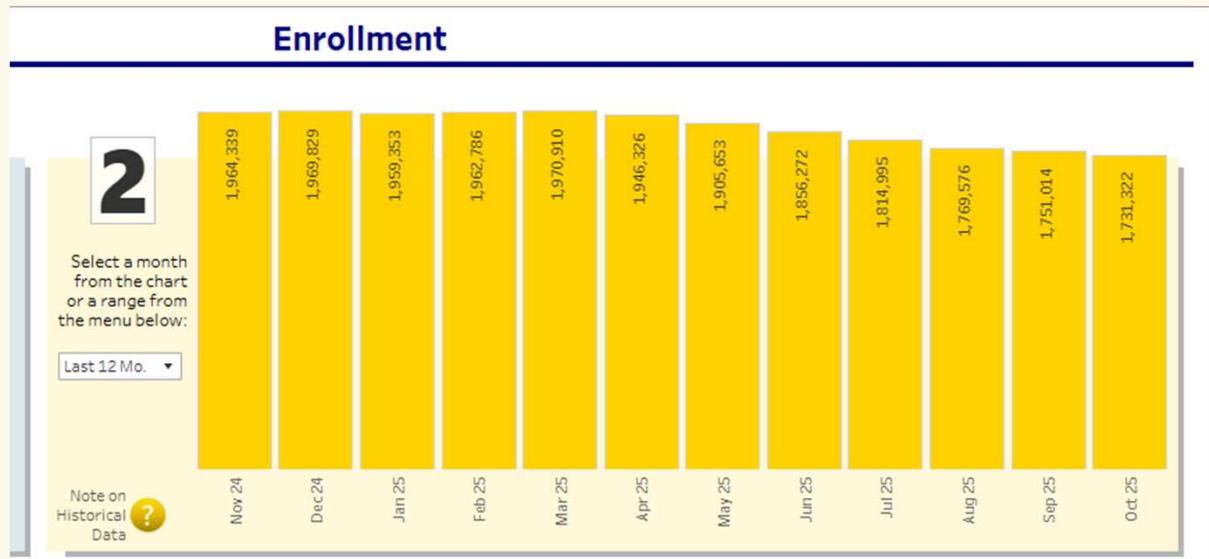
- **ABA Therapy\*\***
  - Increase from \$20M to \$611M from 2017 to 2023
  - Rate Standardization effective January 2024
- **PathWays Attendant Care\*\***
  - Increase from \$~161M to ~\$859M from SFY 2021 – 2024
  - HEA 1120 set mandatory wage pass-through, compliance attestation, administrative caps and rate transparency
- **On My Way Pre-K**
  - Enrollment reduced from 6,000 to 2,500 students
  - Voucher cap and tighter eligibility introduced
- **Hospital Provider Taxes**
  - HAF administrative fee and possible use of unspent tax dollars from FSSA payment tiers

*\*\*Source: FSSA Quarterly Financial Meeting <https://www.in.gov/fssa/files/FSSA-1Q26-QFR10-25.pdf>*

# Band-Aid Budget: Medicaid Gets a Quick Fix

**233,000 member decrease**

**11% decrease this year**

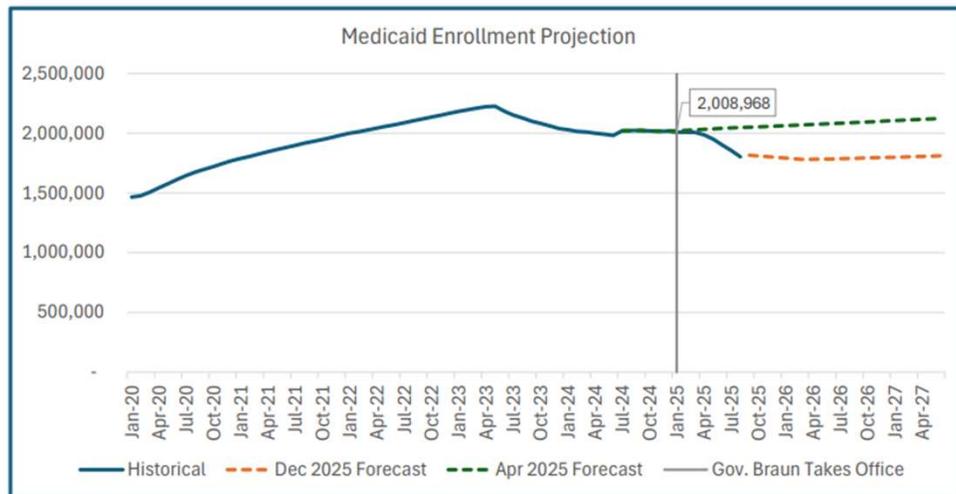


Source: FSSA Enrollment Dashboard <https://www.in.gov/fssa/ompp/medicaid-enrollment-dashboard/>

# Band-Aid Budget: Medicaid Gets a Quick Fix

## Enrollment Estimate

Total enrollment compared to the April 2025 Forecast Update



October 2025 enrollment levels, including assumed completion, are **11.9%** lower than previously estimated in the April 2025 Forecast (1,809,827 vs. 2,053,960).

## Estimate Notes

- October 2025 enrollment, including assumed completion, is 244,133 enrollees lower than the April 2025 forecast estimated.
- Enrollment declines are primarily driven by HIP and HHW, which have both declined by ~83,000 enrollees since March, as a result of May Return Mailer changes.
- HIP Emergency Services Only (ESO) enrollment has also decreased by ~22,000 over the same period
- It is important to monitor impacts of renewal processing changes and economic factors as enrollment experience continues to emerge.



December 2025

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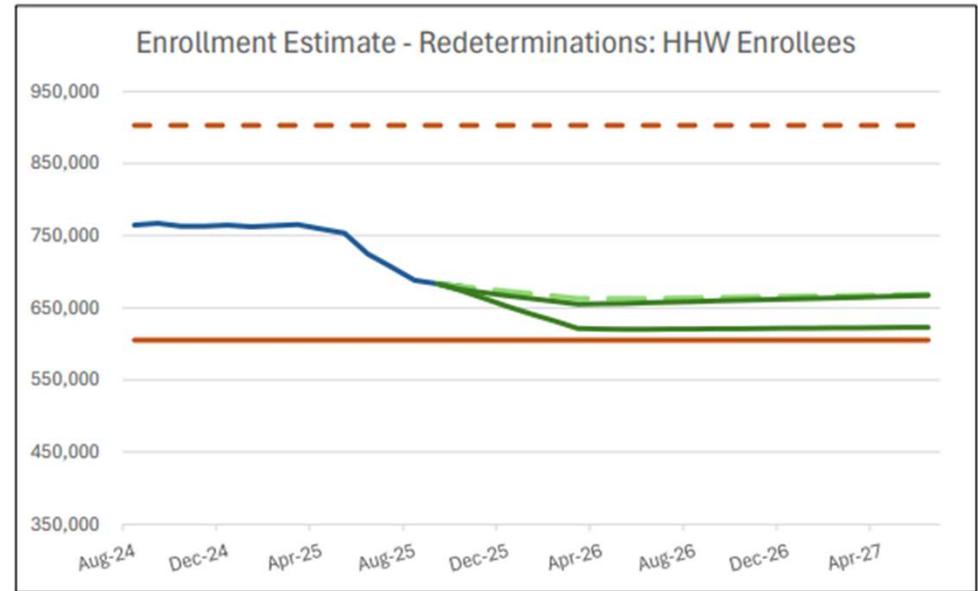
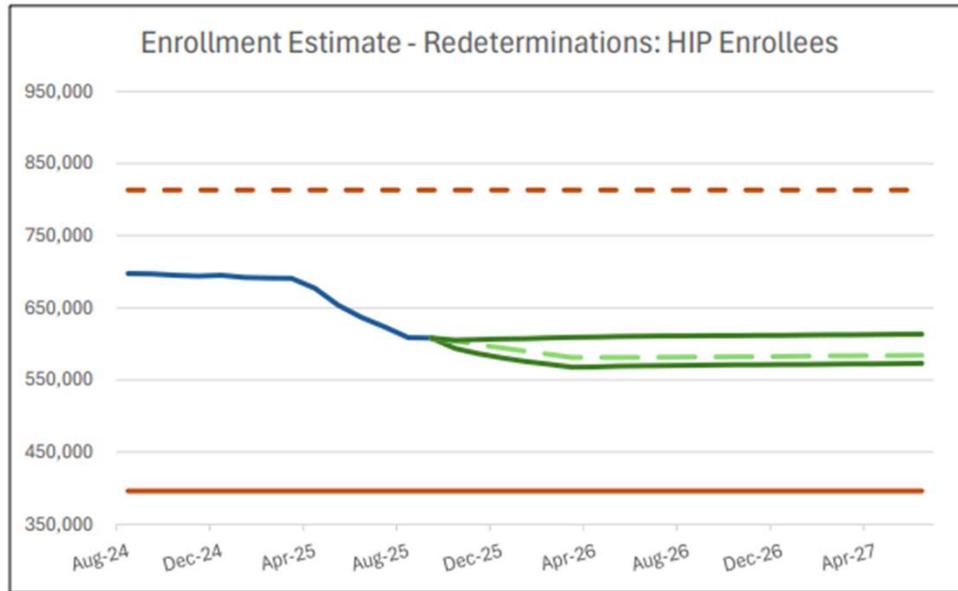
Source: FSSA December Budget Update <https://www.in.gov/sba/files/Final-December-2025-Medicaid-Forecast-12182025.pdf>



# Band-Aid Budget: Medicaid Gets a Quick Fix

## Must Return Mailer & End of Advertising Impacts – Enrollment

HIP & HHW enrollment was estimated by analyzing changes in eligibility redetermination results beginning March 2025



Source: FSSA December Budget Update <https://www.in.gov/sba/files/Final-December-2025-Medicaid-Forecast-12182025.pdf>





# Inpatient Hospital Rates & Rebasing

## *HAF Factor Updates*

*Effective 8/1/25  
rebase to Version 42*

Service	SFY 23	SFY 24	SFY 25	SFY 26
<b>Inpatient</b>				
Base DRG	3.5	3.5	3.5	3.7
Psych	3.2	3.2	3.2	3.2
Rehab	2.6	3.2	3.2	3.2
Burn	1.0	1.0	1.0	1.0
<b>Outpatient</b>	3.9	3.9	3.9	3.9

Version	V36	V42
Base DRG	\$3,523.75	\$4,346.00
Capital DRG	\$64.50	\$64.50
Outlier	\$56,350	\$56,350
Med Ed Rate	No change from V36	

# What's Changing with Rebasing

APR-DRG Category	Level 1	Level 2
Diseases & Disorders of the Circulatory System	64.98%	63.23%
Disease & Disorder of the Nervous System	58.20%	108.40%
Diseases & Disorders of the Kidney and Urinary Tract	44.31%	51.16%
Newborns and Other Neonates with Conditions Originating in Perinatal Period	38.00%	39.29%
Factors Influencing Health Status & Other Contacts	36.03%	57.75%
Mental Diseases & Disorders	32.90%	37.08%
Diseases & Disorders of the Musculoskeletal System	27.54%	41.96%
Diseases & Disorders of the Skin, Subcutaneous Tissue & Breast	26.86%	19.88%
Alcohol or Drug Use or Induced Organic Mental Disorders	25.91%	21.65%
Diseases & Disorders of the Hepatobiliary System & Pancreas	17.40%	23.91%
Injuries, Poisonings & Toxic Effects of Drugs	14.57%	23.19%
Diseases & Disorders of Blood, Blood Forming Organs & Immunologic Disorders	13.22%	33.11%
Diseases & Disorders of the Eye	12.96%	30.13%
Diseases & Disorders of the Ear, Nose, Mouth & Throat	12.32%	24.55%
Pregnancy, Childbirth and the Puerperium	12.23%	8.36%
Myeloproliferative Diseases & Disorders, Poorly Differentiated Neoplasms	9.65%	22.88%
Diseases & Disorders of the Female Reproductive System	7.10%	17.04%
Infectious & Parasitic Diseases, Systematic or Unspecified Sites	6.63%	21.65%
Endocrine, Nutritional and Metabolic Diseases & Disorders	6.25%	15.14%
Other	5.77%	31.45%
Diseases & Disorders of the Male Reproductive System	3.00%	8.52%
Multiple Significant Trauma	2.11%	14.11%
Diseases & Disorders of the Digestive System	-0.08%	9.66%
Diseases & Disorders of the Respiratory System	-2.84%	5.78%
Human Immunodeficiency Virus Infections	-16.64%	-5.90%
Transplant	-19.05%	23.69%
ECMO	-37.41%	31.08%
<b>Grand Total</b>	<b>22.13%</b>	<b>35.77%</b>

# What's Changing with Rebasing

APR-DRG Category	Level 1		Level 2	
	Code w/ Increase	Code w/ Decrease	Code w/ Increase	Code w/ Decrease
Newborns and Other Neonates with Conditions Originating in Perinatal Period	13	15	20	8
Diseases & Disorders of the Digestive System	13	14	20	7
Diseases & Disorders of the Musculoskeletal System	20	12	25	7
Disease & Disorder of the Nervous System	21	9	24	6
Diseases & Disorders of the Circulatory System	27	9	32	4
Diseases & Disorders of the Respiratory System	11	7	13	5
Diseases & Disorders of the Female Reproductive System	6	6	9	3
Pregnancy, Childbirth and the Puerperium	11	5	9	7
Transplant	2	5	6	1
Endocrine, Nutritional and Metabolic Diseases & Disorders	8	5	8	5
Diseases & Disorders of the Male Reproductive System	3	4	4	3
Diseases & Disorders of the Kidney and Urinary Tract	13	4	15	2
Myeloproliferative Diseases & Disorders, Poorly Differentiated Neoplasms	5	3	4	4
Factors Influencing Health Status & Other Contacts	2	3	5	0
Infectious & Parasitic Diseases, Systematic or Unspecified Sites	5	2	7	0
Diseases & Disorders of the Ear, Nose, Mouth & Throat	9	2	10	1
Injuries, Poisonings & Toxic Effects of Drugs	8	2	9	1
Multiple Significant Trauma	2	2	2	2
Human Immunodeficiency Virus Infections	2	2	3	1
Diseases & Disorders of the Skin, Subcutaneous Tissue & Breast	8	2	7	3
Head Trauma with Coma	0	1	0	1
Diseases & Disorders of the Hepatobiliary System & Pancreas	9	1	10	0
Diseases & Disorders of Blood, Blood Forming Organs & Immunologic Disorders	5	1	6	0
ECMO	0	1	0	1
Alcohol or Drug Use or Induced Organic Mental Disorders	6	0	6	0
Other	3	0	3	0
Mental Diseases & Disorders	1	0	1	0
Diseases & Disorders of the Eye	2	0	2	0
Burns	0	0	0	0
<b>Grand Total</b>	<b>215</b>	<b>117</b>	<b>260</b>	<b>72</b>

# Disproportionate Share Payments

- **ACA-related Medicaid DSH cuts moratorium extended through FFY 2028**
- **Section 203 overturned prospectively, allowing dual eligible patients to once again be counted in hospital specific DSH limits**
- **Retroactive application of rule is allowed if state and federal regulators agree that funds exist**
  - **Unclear how FSSA will implement this**

# Hospital State Directed Payment Plan

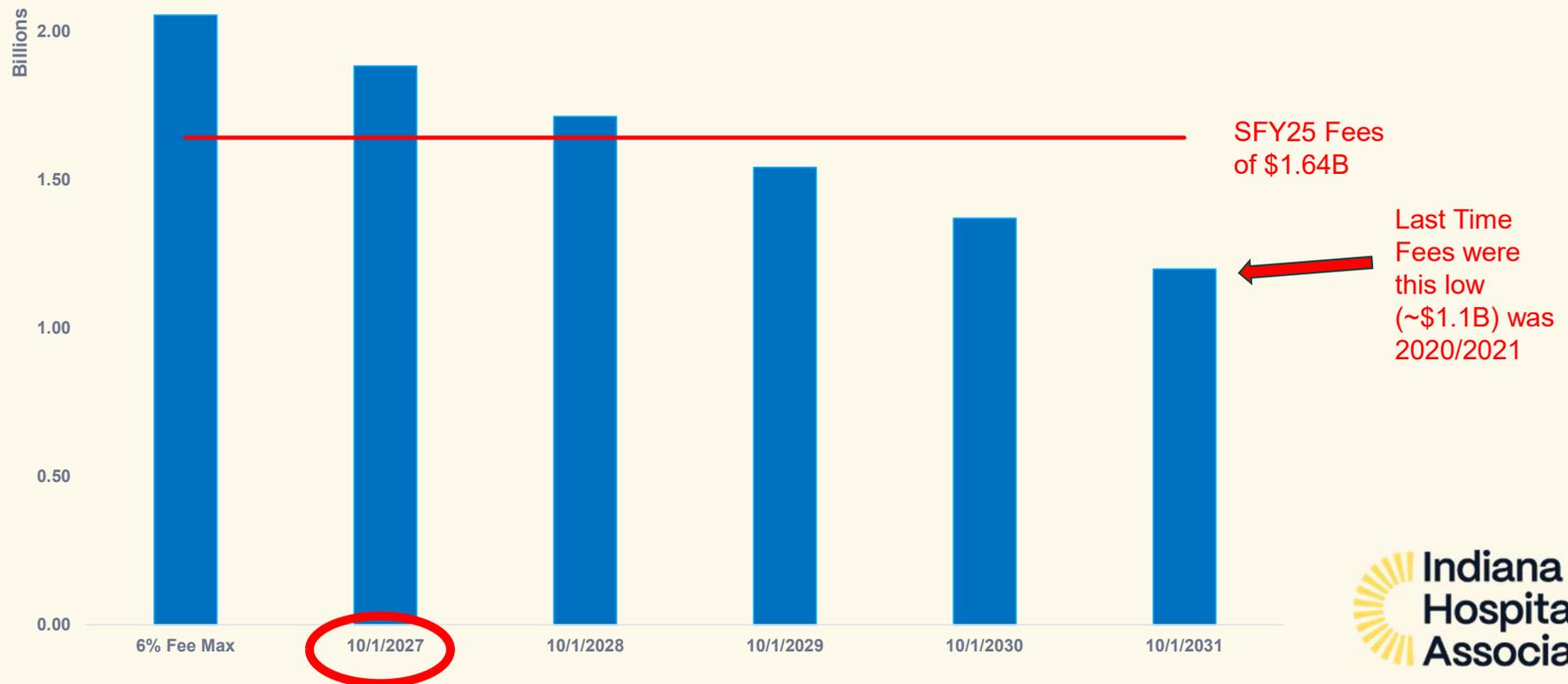
- 1. Tax Waiver (Source of Funds) = CMS provider tax rules apply**
  - Similar to IHA proposal (with differences in planned use of funds)
  - Excludes municipal hospitals from tax and includes IGT for “their share”
- 2. Pre-print (Use of Funds) = Request to make Medicaid payments > Medicare (or ACR)**
  - Both need to be approved by CMS and are on different tracks with CMS

# Hospital State Directed Payment Plan

- **Pre-print Timeline**
  - FSSA Submitted to CMS prior to July 4, 2025
  - July 2025 – FSSA unveils pre-print, holds ACR calculation meetings with NFP group
  - Revisions presented to FSSA in fall
  - Additional revised plans reviewed by FSSA and resubmitted to CMS in January 2026
- **Tax Waiver Timeline**
  - FSSA submitted to CMS in June 2025
  - FSSA received questions and provided answers during late summer/early fall

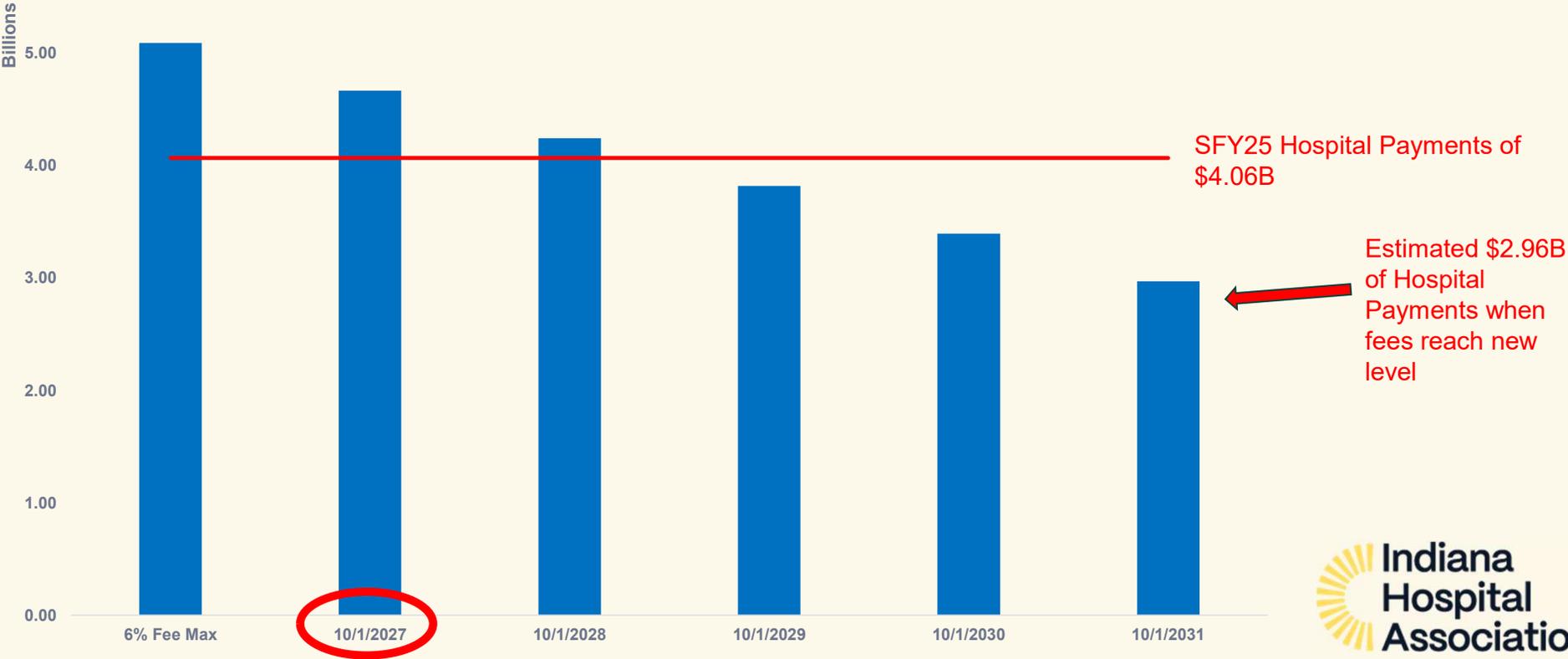
# OBBBA Impact to Hospital State Directed Payment Plan

Provider Taxes decrease from 6% to 3.5% starting 10/1/25 through 2032



# OBBBA Impact to Hospital State Directed Payment Plan

Hospital Payment Impacts when fees decrease (ignores mandatory decrease to take Medicaid payment to Medicare as a maximum rate)



## HAF Quiz Show

**Since 2012, how much have Hospitals paid in the 28.5% administrative fee in total?**

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**\$3.025 Billion**

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Expansion since program inception?**

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Expansion since program inception?**

**\$2.785 Billion**

## HAF Quiz Show

**Since HIP Expansion began, the total medical spend has been over \$30B.**

**What is the ratio of Hospital spending vs all other Medical spending**

## HAF Quiz Show

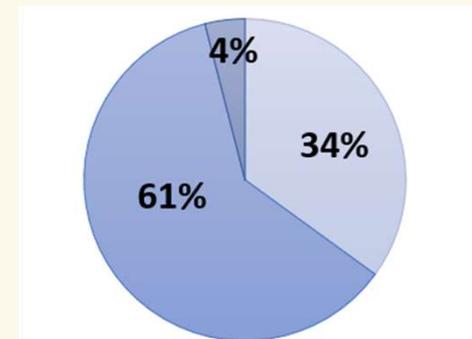
**Since HIP Expansion began, the total medical spend has been over \$30B.**

**What is the ratio of Hospital spend vs all other Medical Spend**

**34% - Hospital Spend**

**61% - All Other Medical Spend**

**4% - State Administrative Expenses**



# Rural Health Transformation Program

## ***\$50 billion over 5 budget periods:***

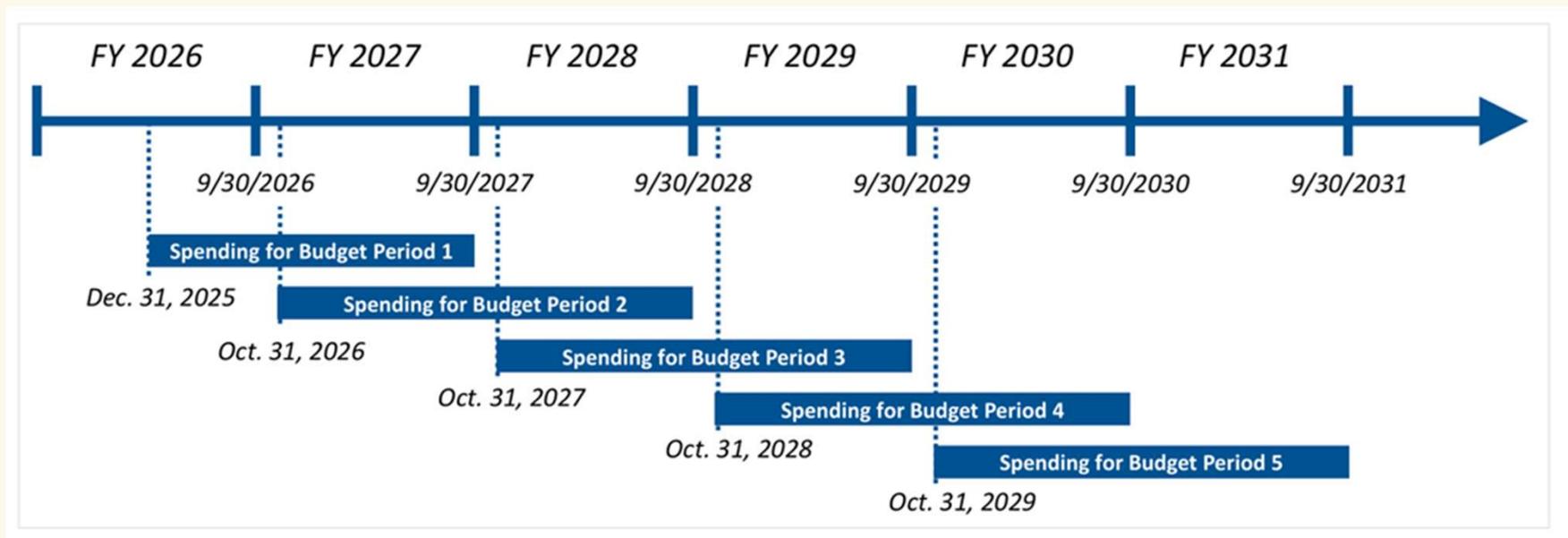
- \$25 billion distributed evenly amongst approved States
- \$25 billion allocated based on rural factors, application initiatives, State policies, and quality of application

## ***Other Funding Highlights:***

- Up to 50 awards
- One-time application opportunity
- For each budget period, recipients will have until the end of the following federal fiscal year to spend awarded funding

Source: CMS Rural Health Transformation Presentation on September 19, 2025 <https://www.cms.gov/files/document/rht-program-applicants-webinar-presentation.pdf>

# Rural Health Transformation Program



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# Rural Health Transformation Program

## Initiative Funding Distribution

Initiative	Total Amount (including Admin. Costs)	% of Total
1 - Growing Care Coordination	\$56,186,480.00	5.6%
2 - Growing Community Connections through Indiana 211	\$3,320,000.00	0.3%
3 - Growing Improved Patient Outcomes Through Enhanced Interoperability and Technology	\$66,485,376.03	6.6%
4 - Growing Pediatric & Obstetric Readiness in Rural Emergency Departments	\$45,350,263.07	4.5%
5 - Growing Cardiometabolic Health Standards of Care in Rural Indiana	\$15,302,000.00	1.5%
6 - Growing Access to Post-Discharge Medications	\$11,049,832.27	1.1%
7 - Growing Specialty Provider Access Through Expanded Tele-Consult Capabilities	\$2,638,899.07	0.3%
8 - Growing Tele-Health Access and Infrastructure	\$28,948,899.07	2.9%
9 - Growing the Rural Health Paraprofessional Workforce	\$11,776,398.84	1.2%
10 - Growing Clinical Training and Readiness	\$83,035,463.59	8.3%
11 - Grow our Rural Behavioral Health Workforce	\$5,316,701.33	0.5%
12 - Make Rural Indiana Healthy Again Regional Grants	\$604,198,834.17	60.4%
<b>Overall Administrative Costs (not initiative-specific)</b>	<b>\$18,771,804.92</b>	<b>1.9%</b>
<b>Indirect Costs (5% of all other costs)</b>	<b>\$47,619,047.62</b>	<b>4.8%</b>
<b>Totals</b>	<b>\$1,000,000,000.00</b>	<b>100%</b>

[Link to full budget summary for GROW: Cultivating Hoosier Health](#)

Source: FSSA/IDOH GROW: Cultivating Hoosier Health Presentation on November 13, 2025 <https://www.in.gov/fssa/files/RHTP-WorkingGroupMeeting5Nov2025.pdf>



# Rural Health Transformation Program

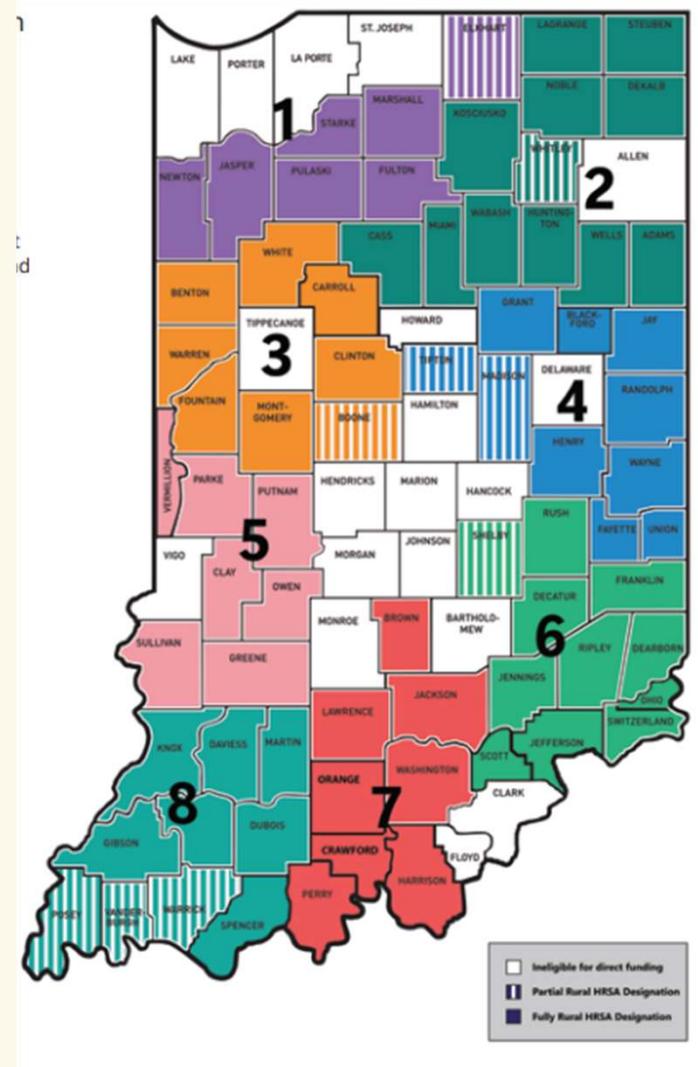
## Goals:

- Increased access to prenatal care
- Increased access to chronic disease prevention programs
- Increased access to oral health providers
- Improved patient quality and safety
- Improved community health worker workforce expansion and interoperability
- Improved transportation access
- Increased telehealth and community paramedicine utilization to reduce preventable ED visits
- Increased regional collaboration
- Improved sustainability

## Regional Committees

Regional oversight committees will consist of stakeholders within the individual region and have 11 regional members, approved by the State Executive Oversight body. Each Committee must include:

- 1 Member of the Indiana General Assembly
- 1 Provider Representative
- 1 Non-Provider Medical Workers Representative
- 1 Patient Representative
- 1 Pharmacy Representative
- 2 Regional Business Community Representatives
- 2 Community-based Organizations Representatives
- 1 Local Health Department Representative
- 1 Medicaid Managed Care Representative
- 1 Rural Hospital



Source: FSSA/IDOH GROW One-pager <https://www.in.gov/grow-rural-health/files/GROW-One-Pager.pdf>

Questions ???