



Scott Fitzpatrick **Missouri State Auditor**

Investigative Summary **Health Insurance Premium Payment Program**

Summary of Significant Complaint Reported

The Missouri State Auditor's Office Whistleblower Hotline received a complaint from a whistleblower with operational and fiscal concerns related to the Department of Social Services'(DSS) potential mismanagement of the Health Insurance Premium Payment (HIPP) program. The complainant expressed various concerns with the Department's administration of the program, including concerns with how Missouri uses HIPP in comparison to how other states use the program, and the perceived underuse of the HIPP program, resulting in significant unrealized cost savings to the State of Missouri's Medicaid program.

Background

The HIPP program is a federal program that allows the MO HealthNet Division of the DSS to use Medicaid dollars to pay for third party coverage for a Medicaid-eligible participant in the event the participant has health insurance through a third party. The MO HealthNet Division administers the program and is allowed discretion as it relates to which participants are eligible for the program and how the program will be used, with federal approval. During state fiscal year 2023 the MO HealthNet Division sought and received federal approval to tighten eligibility for the state's HIPP program to higher acuity participants such as the elderly, blind, and permanently disabled. This change reduced the number of HIPP program participants by 70 percent.

Complaint Review

To investigate these concerns we requested information from the MO HealthNet Division, including trends in the number of program participants, estimates of program cost savings over time, and information related to how Missouri's use of the HIPP program compares to other states. We also met with MO HealthNet Division personnel to clarify the information they provided. In addition, we met with the complainant twice to obtain additional information and clarification of the written complaint.

Reduction in Participants and Potential Cost Savings

Based on discussions with MO HealthNet personnel, the changes to Missouri's program to reduce the number of participants was intentional, and actually increased the cost savings of the HIPP program. Information provided by Division personnel support this position. This is primarily due to a significant number of former HIPP participants previously being enrolled in two plans paid for by the state, a managed care plan and private policy paid for by the HIPP program. Wrap around coverage for any approved services not covered by these two policies was also covered on a fee-for-service basis. While non-HIPP expenses could potentially be covered solely by a fee-for-service plan, the MO HealthNet Division does not consider this an efficient option due

to the additional cost and administrative effort it would require to implement relative to using managed care plans.

By removing participants from the HIPP program and covering these participants only with a managed care plan, the net cost savings achieved by the HIPP program more than tripled (fiscal year 22 vs. fiscal year 24). This was, in part, due to the elimination of duplicated coverage costs, and also due to the increase in the cost savings per participant from the change in the HIPP participant pool. As shown in the table, the cost savings per participant increased significantly to \$31,063 in fiscal year 24 from previous years, according to DSS data.

HIPP Cost Savings Fiscal years 22 through 24

	FY22	FY23 Pre Change	FY23 Post Change	FY24
HIPP Participants	1,767	1,917	707	531
Less MC/Medicare Participants	(1,334)	(1,396)	0	0
Net HIPP Participants	433	521	707	531
Cost Savings per participant	\$22,444	\$10,792	\$10,128	\$31,063
Estimated Cost Savings	\$9,718,102	\$5,622,595	\$7,160,179	\$16,494,306
Less MC/Medicare Premiums	(\$4,687,960)	(\$2,978,966)	\$0	\$0
Net Cost Savings	\$5,030,142	\$2,643,628	\$7,160,179	\$16,494,306

According to DSS personnel, the change in eligibility was not intended to reduce the number of HIPP participants to zero, but rather to be strategic about which participants are enrolled in the program to maximize cost savings to the state.

Comparison to Other States

The complaint suggested Missouri was administering and using their HIPP program in a manner different from other states. Specifically, the complaint expressed concern that Missouri was not using a fee for service model to supplement third party coverage for HIPP participants rather than dual enrolling these participants in managed care plans. Based on discussions with Department personnel, Missouri now uses the fee for service model for HIPP enrollees, but have restricted eligibility to the HIPP program based on how cost-effective it is for the state to pay for the participant's third party premiums. Cost effectiveness determinations are made based on a review of applicant healthcare usage and coverages to determine if HIPP enrollment of the applicant will result in lower costs to the state than the participant being only covered by a fee for service model. This is a common approach to the HIPP program based on a review of information available about other state's programs. Based on information provided by the Department, Missouri's current approach to HIPP is similar to how various states, including Alaska, Alabama, Colorado, Louisiana, North Carolina, Nevada, West Virginia and Wyoming structure their HIPP programs.

Conclusion

In our review of the complaint, we found the MO HealthNet Division's administration of the HIPP program is consistent with how the program is administered in other states, with eligibility dependent on the cost-effectiveness of the applicant's third party premiums relative to their Medicaid healthcare usage. In addition, while the program has experienced a reduction in the

number of participants, the overall cost savings of the program has increased. Based on our review of the HIPP program, we will issue a closure letter indicating our investigation is complete.