



Health Insurance Premium Payment (HIPP)

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Purpose

The purpose of the Health Insurance Premium Payment program is to reduce Medicaid costs by obtaining private health insurance for Medicaid-eligible people when it is cost effective to do so.

Who

HIPP serves Medicaid-eligible people who have health insurance available either through an employer group plan or through an individual policy. If it is cost-effective to do so, HIPP pays the premiums.

In SFY 09, the HIPP program served 3816 Medicaid eligible people, plus an additional 4,275 family members. The total served, 8,091, is the same number served in SFY 2008, although the number of Medicaid eligibles decreased by 190 and the number of additional family members served increased by the same number.

What

- HIPP pays the employee's share of the cost of enrolling in an employer's group health plan or the cost of an individual plan, assuming the cost to do so is less than the cost of Medicaid. Savings result because private insurance becomes the primary payer of medical care and Medicaid the secondary payer.
- Medicaid continues and pays the co-insurances and deductibles for Medicaid eligible persons.
- When family coverage plans are purchased to provide coverage to Medicaid-eligible family members, other family members may also be covered. This results in decreasing the state's overall uninsured rate at no additional state cost.
- The HIPP unit evaluates about 1,025 referrals a month.

How are We Doing?

- The HIPP program has a significant return on investment because it reduces Iowa Medicaid costs by an estimated 23 percent to 30 percent per enrolled person. The average annual state cost of a Medicaid-eligible individual in SFY '09 was \$2,755.
- Growth in the HIPP program has stalled because the cost of insurance in the private sector continues to increase at a rate higher than Medicaid provider rate increases. As a result, fewer plans are being determined cost-effective.