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Medicaid Expansion Frequently Asked Questions

In November 2018, Nebraska voters approved Initiative 427 which expands Medicaid coverage to adult individuals who earn less than 138% of the Federal Poverty guidelines. Any individual earning less than \$16,753 per year now will qualify for the Medicaid program. The State has named the program, Heritage Health Adult Program.

What is the timeline for implementation?

Initiative 427 did not state any timeline in terms of implementation. The only timeline requirement in Initiative 427 was that the Nebraska Department of Health and Human Services must file a State Plan Amendment (SPA) to the Center for Medicare and Medicaid Services by April 1, 2019. Medicaid has released a timeline for implementation. Currently it is the intent of Medicaid to implement the program not later than October 1, 2020. They would begin enrollment for the program in August 2020.

In some other states, the Governor and the Legislature have impeded the implementation of the voter approved expansion. Where does Nebraska's Governor stand on this matter?

The Governor has stated that he will follow the "will of the people" when it comes to implementation of Medicaid expansion. The Governor included full funding in his proposed budget, \$18.4 million for FY 2019 and \$44.7 million for FY 2020. Subsequent to the Governor's budget request, DHHS has revised the budget request to \$6.75 million in State Fiscal Year 2020 and \$56.45 million in State Fiscal Year 2021. The SFY 2020 amount is for administrative costs only. The SFY 2021 amounts include \$49.9 million for services and \$6.55 million for administrative costs. These amounts are for the expansion population only.

How will Medicaid expansion impact the provision of financial assistance, which includes charity care, that hospitals currently provide?

Medicaid expansion will impact the amount of financial assistance that hospitals provide to those individuals that do not have insurance. The amount of the impact will vary by hospital. Medicaid expansion will not eliminate all financial assistance that hospitals provide. There will be individuals who will not sign up for Medicaid benefits and there will continue to be assistance provided to those individuals that have high-deductible health plans and cannot afford their deductibles.

It has been said that Medicaid expansion will be a 'windfall' for hospitals due to the reduction in free or charity care. Is this true?

No, this is not true. The financial impact of Medicaid expansion on hospitals has yet to be determined. However, Medicaid reimbursement rates generally cover only 70% of the actual cost of care. Also, in a study commissioned by the Nebraska Hospital Association, the UNMC Office of Health Policy estimates that 40% of the individuals that will be eligible for expanded Medicaid services presently have private insurance coverage. Medicaid reimbursement rates are generally 50% less than the reimbursement hospitals receive from private insurers. This shift from private insurers to Medicaid will have a negative financial impact on hospitals.

If Medicaid expansion will have a negative financial impact on hospitals and Medicaid reimbursement does not cover the cost of care, why do hospitals support Medicaid expansion?

Nebraska hospitals support expansion because it creates access to care for individuals that previously did not have access. Generally, when these individuals required care, they present in hospital emergency rooms. Now individuals will have access to primary care services which is a more appropriate setting. Additionally, the Medicaid expansion population has the potential to have higher risk factors due to the lack of adequate care. These risk factors can be addressed in a more appropriate care setting and can be prevented from becoming more acute.

Who would be covered under the new Heritage Health Adult Program?

Generally, any individual age 19 to 64 would be covered under the new program. Exceptions would be pregnant women, the medically frail, disabled individuals and nursing home patients. Any adult beneficiary of the existing Heritage Health Program will be transitioned to the new program.

What are the benefits under the new Heritage Health Adult Program?

The new program provides coverage in two tiers. The tiers are Basic and Prime. The primary difference between these tiers is, Prime offers access to vision, dental, and over-the-counter medications. The difference between the coverages available in the new program versus those available under traditional Medicaid is primarily home and community-based services.

How does the two-tiered plan work?

All newly eligible Medicaid beneficiaries will be enrolled in Basic coverage initially. Any adult currently enrolled in the existing Medicaid program will be transitioned to Prime coverage. Eligibility for Medicaid will be reviewed every six months. If during the initial six-month period, a new enrollee participates in care and case management, establishes with a primary care provider and has at least one wellness checkup or physical, that enrollee will be eligible to transition to the Prime coverage.

What are the Community Engagement Requirements of the Adult program?

Beginning with year two of the program, every adult enrollee will be required to meet one of five community engagement requirements to maintain coverage in the Prime tier. Those requirements

include: 1) be actively employed, 2) be actively seeking a job or pursuing job training through the State, 3) enrolled in post-secondary school or apprenticeship, 4) actively engaged in volunteer work for a charity for at least 80 hours per month, or 5) be a caretaker relative. The State will review compliance with these requirements every six-months as part of the eligibility review. If the individual fails to meet the community engagement requirement, they will be transitioned from Prime coverage to Basic coverage.

An issue raised by providers is that some patients excessively miss medical appointments. How does Medicaid intend to address this issue?

Medicaid proposes that if an enrollee in Prime coverage misses three or more appointments with no notice to the provider during an enrollment period, the enrollee will be excluded from Prime coverage for the remainder of the current enrollment period and would be ineligible for Prime coverage for the following two enrollment periods.

If you have any additional questions please contact Mike Feagler, Vice President, Finance at 402-742-8144 or mfeagler@nebraskahospitals.org, or Andy Hale, Vice President, Advocacy at 402-742-8146 or ahale@nebraskahospitals.org. You can also find more information on the Advocacy page at www.nebraskahospitals.org.