EXECUTIVE SUMMARY

In November 2018, a majority of Nebraska voters approved Initiative 427, electing the federal option to provide Medicaid coverage to otherwise ineligible adults up to 138% of the federal poverty level under the provisions of the Patient Protection and Affordable Care Act. Initiative 427 requires Nebraska Medicaid to submit a state plan amendment and all other necessary documents seeking required approvals or waivers to the federal Centers for Medicare and Medicaid Services (CMS) by April 1, 2019.

In order to implement this adult expansion program, Nebraska Medicaid is seeking approval to modify its current managed care program by creating the Heritage Health Adult Program. This particular program will include all adult members, except pregnant women, persons with disabilities, and the elderly.

The Heritage Health Adult Program will include a basic level of coverage (Basic Coverage) similar to coverage currently available on the commercial insurance market. Members can earn additional benefits (Prime Coverage) not traditionally covered by commercially available insurance, such as dental and vision services and over-the-counter medications. These benefits will be available if members complete certain wellness and personal responsibility requirements. Nebraska Medicaid believes all of the concepts outlined in this paper can be accomplished under the Section 1115 waiver demonstration authority.

Nebraska Medicaid is committed to working with CMS, the provider community, and Nebraska’s residents throughout the Section 1115 approval process. The Heritage Health Adult Program will implement Initiative 427 and achieve the goals of the Quadruple Aim to improve the patient experience of care, improve the provider experience of care, improve the health of populations; and reduce the per capita cost of health care.

BACKGROUND

Originally enacted in 1965 under Title XIX of the Social Security Act, Medicaid is a public health program that provides coverage for certain low-income individuals.
An increasing amount of taxpayer funds have been spent by the states and the federal government on Medicaid over the past fifty years. In 2008, Medicaid constituted 16.8% of total state general fund spending in Nebraska. In 2018, this figure increased to 19.4% of total state general fund spending. From 2015 to 2016, Nebraska Medicaid expenditures paid for with state general funds increased by 7.8%.

**Medicaid Populations Currently Served**

Nebraska Medicaid currently provides coverage for children; aged, blind, and disabled (ABD) persons; pregnant women; and, parent/caretaker relatives. Eligibility factors vary by group, and involve various income and resource requirements.

**Average Nebraska Monthly Enrollment for Medicaid and CHIP, SFY16 and SFY17.**

1 ADC (Aid to Dependent Children) Adults. These are already eligible adults in the Nebraska Medicaid program with minor children in their household.
Nebraska Medicaid intends to create a Heritage Health Adult Program leveraging the existing Heritage Health managed care model to foster a positive experience for participating members, providers, and controlling costs for state taxpayers. This innovative program design will fulfill the goals of the Quadruple Aim through Section 1115 demonstration waiver authority.

Eligibility and Enrollment

Initiative 427 requires that Medicaid eligibility be expanded to include adults ages 19 to 64 whose income is equal to or less than 138% of the federal poverty level. Nebraska Medicaid already covers adults with dependent children up to 58% of the federal poverty level. Because Initiative 427 requires that no greater or additional burdens or restrictions on eligibility, enrollment, benefits, or access to health care services be imposed on the adult expansion population due to their expansion status, the Heritage Health Adult Program will include all adult members, including currently eligible parent/caretaker relatives and adults aged 19 and 20. Due to their special status, pregnant women, persons with disabilities, and the elderly will retain existing coverage.

In order to assure benefits are properly received, the Nebraska Medicaid will seek to waive the provisions of 42 CFR § 435.916 for the Heritage Health Adult Program members. These members’ eligibility will be determined every six (6) months, rather than every 12 months.

Delivery System

Nebraska Medicaid delivers Medicaid and CHIP (Children’s Health Insurance Program) primarily through the Heritage Health managed care program. Heritage Health is a person-centered approach that combines physical health, behavioral health, and pharmacy benefits into one comprehensive plan. In Nebraska, there are three MCOs available to Heritage Health members, Nebraska Total Care (Centene), UnitedHealthcare Community Plan, and WellCare of Nebraska. At this time, dental services are covered by a separate managed care entity, Managed Care of North America (MCNA). This approach focuses holistically on each member’s specific needs and promotes preventative health care. This approach leverages the power of the private market by means of an at-risk managed care program. The State of Nebraska pays a monthly set amount per member as payment to the managed care organizations (MCOs). In return, the MCOs are responsible for the management and provision of specific Medicaid-covered services to members. Heritage Health will also cover members of the Adult Program.

<table>
<thead>
<tr>
<th>Eligibility Group</th>
<th>Benefit Package</th>
</tr>
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<tbody>
<tr>
<td>Basic Coverage</td>
<td>Secretary-approved coverage that is benchmarked to a commercial package.</td>
</tr>
<tr>
<td>Prime Coverage</td>
<td>Secretary-approved coverage that is benchmarked to a commercial package, with additional vision, dental, and over-the-counter medication coverage.</td>
</tr>
<tr>
<td>Medically Frail</td>
<td>Secretary-approved coverage with the same coverage as the state plan.</td>
</tr>
</tbody>
</table>

2 States who cover adults under the provisions of the ACA are required to provide benefits through ABPs. See 42 CFR Subpart C.
Benefits

Members of the Heritage Health Adult Program will receive an alternative benefit plan (ABP), which is a benchmark plan modeled on commercial insurance coverage, rather than the traditional Medicaid benefit plan. Nebraska Medicaid proposes to align the Heritage Health Adult Program coverage to the largest plan by enrollment of the three largest small-group insurance products in Nebraska’s small-group market, which is the same benchmark used for Nebraska’s health insurance marketplace.

To implement the Heritage Health Adult Program, including the expansion group, a tiered approach is proposed. Nebraska Medicaid seeks a waiver from the requirements of Section 1902(a)(10)(B), 42 CFR 440.230, 440.315, and 440.240, allowing for an innovative benefit structure to incentivize personal responsibility by promoting wellness activities and life success. This structure will also allow Nebraska Medicaid to utilize the benefits of managed care to its full potential through active care and case management.

Basic Coverage

The Heritage Health Adult Program will provide members with a basic level of services based on Secretary-approved coverage benchmarked to a commercial essential health benefits package.

Prime Coverage

Unlike other states with a tiered-benefit design, Nebraska Medicaid proposes rewarding personal responsibility by tying additional benefits to certain wellness activities and life success benchmarks. Those additional benefits will include items that have not traditionally been covered by commercially available insurance, such as dental and vision services and over-the-counter medications.

To earn Prime Coverage, a member will have to:
- Participate in care and case management; and
- Select a primary care provider and attend an annual wellness checkup or physical.

Beginning in year two of the demonstration, members must also meet certain community engagement requirements, which include:
- Be employed, actively participating in job-seeking activities through the State of Nebraska, satisfactorily attending a post-secondary school or apprenticeship, or actively engaged in volunteer activity for a public charity for at least 80 hours a month; or
- Be a caretaker relative.

All enrollees in the Heritage Health Adult program will have Basic coverage available for the first six (6) months of enrollment (enrollment period). If the requirements for participation are not met by the enrollee in the first enrollment period, he or she will receive Basic coverage for the next enrollment period. A member receiving Basic Coverage during an enrollment period may earn Prime Coverage for the next enrollment period if the requirements above are met. Currently eligible adults will be eligible for Prime Coverage during the first enrollment period.

Medically Frail

Members who Nebraska Medicaid determines to be medically frail will be enrolled in the Heritage Health Adult Program, but, due to their complex health needs, will receive all state plan services. ³

Early and Periodic Screening, Diagnostic and Treatment (EPSDT) for 19 and 20 Year Olds

EPSDT requires Nebraska Medicaid to cover medically necessary services that are mandatory or optional under federal law, even when not included in Nebraska Medicaid’s state plan, for recipients until they are 21 years old. In order to treat all adult mem-

³ See 42 CFR §440.315(f): “The individual is medically frail or otherwise an individual with special medical needs. For these purposes, the State’s definition of individuals who are medically frail or otherwise have special medical needs must at least include those individuals described in § 438.50(d)(3) of this chapter, individuals with disabling mental disorders (including children with serious emotional disturbances and adults with serious mental illness), individuals with chronic substance use disorders, individuals with serious and complex medical conditions, individuals with a physical, intellectual or developmental disability that significantly impairs their ability to perform 1 or more activities of daily living, or individuals with a disability determination based on Social Security criteria or in States that apply more restrictive criteria than the Supplemental Security Income program, the State plan criteria.”
bers in a similar manner, Nebraska Medicaid will seek a waiver from EPSDT requirements for adults aged 19 and 20.

**REFORMS TO IMPROVE THE PATIENT EXPERIENCE**

**Active Care and Case Management**

Care management helps members improve their health and the social determinants of health, including productivity at home and work. Case management helps members achieve their full potential by connecting them to community resources to help with housing, employment, or other needs. Both care and case management provide members with access to trained professionals who can help navigate the complex nuances of the continuum of care, while also helping members receive the right care at the right place and at the right time. To be eligible for Prime Coverage, an individual must participate in care and case management with their MCO.

Incentivizing Heritage Health Adult Program members to participate in care and case management will not only directly benefit these members, it will also allow Nebraska Medicaid to create a baseline of the newly eligible population’s health, develop metrics tailored to this population to improve the quality of their lives, and help control future costs.

**Wellness Initiatives**

In order to receive Prime Coverage, an individual must select a primary care provider and attend an annual wellness checkup visit or physical. Incentivizing Heritage Health Adult Program members to meet these wellness requirements will lead to better and more cost-effective health outcomes.

**REFORMS TO IMPROVE THE PROVIDER EXPERIENCE**

**Personal Responsibility**

A common issue raised by providers is that some patients excessively miss medical appointments. To help improve the provider experience, Nebraska Medicaid proposes disincentivizing Heritage Health Adult Program members from missing appointments.

To encourage attendance at medical appointments, the Nebraska Medicaid proposes a waiver from Section 1902(a)(3) of the Social Security Act for the Heritage Health Adult Program population to exclude enrollment in Prime Coverage for any remaining time in the member’s current enrollment period and the following two enrollment periods if a member misses three or more appointments with no notice to the provider during the enrollment period.

Nebraska Medicaid also proposes that if a member does not inform the state of a change in status (for example, a change in the community engagement requirements) in a timely manner, a member will be locked out of Prime Coverage for any remaining time in the member’s current enrollment period and the following two enrollment periods and instead will receive Basic Coverage for that time period. This will promote personal responsibility and an individual’s involvement in their own health.

**REFORMS TO IMPROVE THE HEALTH OF POPULATIONS**

An important aspect to improving the health of populations and each individual’s self-reliance and independence is active engagement with the community. Nebraska Medicaid proposes incentivizing community engagement. This requirement will be consistent with the guidance issued by CMS for community engagement and, as much as possible, aligned with other work incentive programs administered by the Nebraska Department of Health and Human Services.

**Caretaker Relatives**

These are persons with either dependent children in the home or are caretakers for relatives who are elderly or disabled, who, but for their caretaking responsibilities, would be engaged in the workforce.
In order to promote these types of natural supports, Nebraska Medicaid proposes providing Prime Coverage to individuals who are caretakers for immediate relatives if the wellness requirements are being met.

**Educational Activities**

Nebraska Medicaid proposes Prime Coverage will be available for individuals who engaged in educational opportunities if the wellness requirements are being met. These activities can include enrollment in a college, university, or a trade school.

**Engagement with the Workforce**

Nebraska Medicaid proposes Prime Coverage will be provided to individuals who are employed or engage in volunteer activity with a public charity for at least 80 hours a month, if the wellness requirements are being met. The requirements will be consistent with the guidance issued by CMS for community engagement and, as much as possible, aligned with other work incentive programs administered by the Nebraska Department of Health and Human Services.

**REFORMS TO REDUCE THE PER CAPITA COST OF HEALTH CARE**

**Crowd-Out Provisions**

In order to promote the use of private insurance, Nebraska Medicaid proposes requiring Heritage Health Adult Program members to enroll in Nebraska Medicaid’s existing Health Insurance Premium Payment (HIPP) Program whenever those members have available private health insurance that Nebraska Medicaid determines, subject to any wraparound requirements, would cost less to pay for than provide this alternative coverage.

Nebraska Medicaid also proposes locking clients out of Prime Coverage for a year if the client voluntarily drops commercial coverage for Medicaid coverage.

**Retroactivity**

Nebraska Medicaid seeks to waive the provisions of Section 1902(a)(34) of the Social Security Act and 42 CFR § 435.915 that otherwise require Medicaid eligibility to be effective up to three months prior to the month of application. This provision is operationally difficult for providers and the program to administer, delays the transition away from the outdated MMIS system, and persons covered by commercial insurance receive no such benefit. The Nebraska Medicaid proposes to make eligibility retroactive only to the first day of the application month for most populations, including Heritage Health Adult Program members. Pregnant women, children under one (1) year old, and individuals in nursing facilities will be excluded from this change.

**IMPLEMENTATION**

State law requires the submission of a state plan amendment to CMS by April 1, 2019. With this concept paper for the proposed Section 1115 demonstration waiver, Nebraska Medicaid is also submitting the state plan amendments necessary to cover the newly eligible adults.

Negotiations with CMS will commence with the submission of this concept paper on April 1st. The state aims to submit the Section 1115 waiver formally in the last quarter of 2019 with an implementation date no later than October 1, 2020.

**BUDGET NEUTRALITY REQUIREMENT**

Nebraska Medicaid will ensure the Heritage Health Adult Program would not result in costs to the federal government that are greater than what the federal government’s costs would likely have been absent the proposed demonstration waiver.

**NOTICE AND COMMENT PERIOD**

Nebraska Medicaid plans to issue tribal notice, as required under its state plan.

Additional public notice and at least two public hearings will be held prior to the waiver’s submission, pursuant to the requirements set forth at 42 CFR 431.408. A copy of the public notice would be posted on the Nebraska Department of Health and Human Services’ website, when issued. Additional engagement opportunities for the public through the Medical Assistance Advisory Committee (MAAC) and other standing stakeholder meetings will also occur.

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- Health Center Association of Nebraska
- Members of the Nebraska Unicameral
- National Association of Medicaid Directors and its members including the states of Connecticut, Idaho, Louisiana, Montana, Utah, and Virginia
- Nebraska AARP
- Nebraska Academy of Family Physicians
- Nebraska Appleseed
- Nebraska Association of Behavioral Health Organizations
- Nebraska Chiropractic Association
- Nebraska Department of Insurance
- Nebraska Division of Behavioral Health
- Nebraska Division of Children and Family Services
- Nebraska Division of Developmental Disabilities
- Nebraska Division of Public Health
- Nebraska Hospital Association
- Nebraska Total Care
- UnitedHealthcare Community Plan of Nebraska
- WellCare of Nebraska