MEDICAID 101

Presentation for the Health and Human Services Committee

November 27, 2012

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Department of Health and Human Services

www.dhhs.ne.gov/Medicaid/

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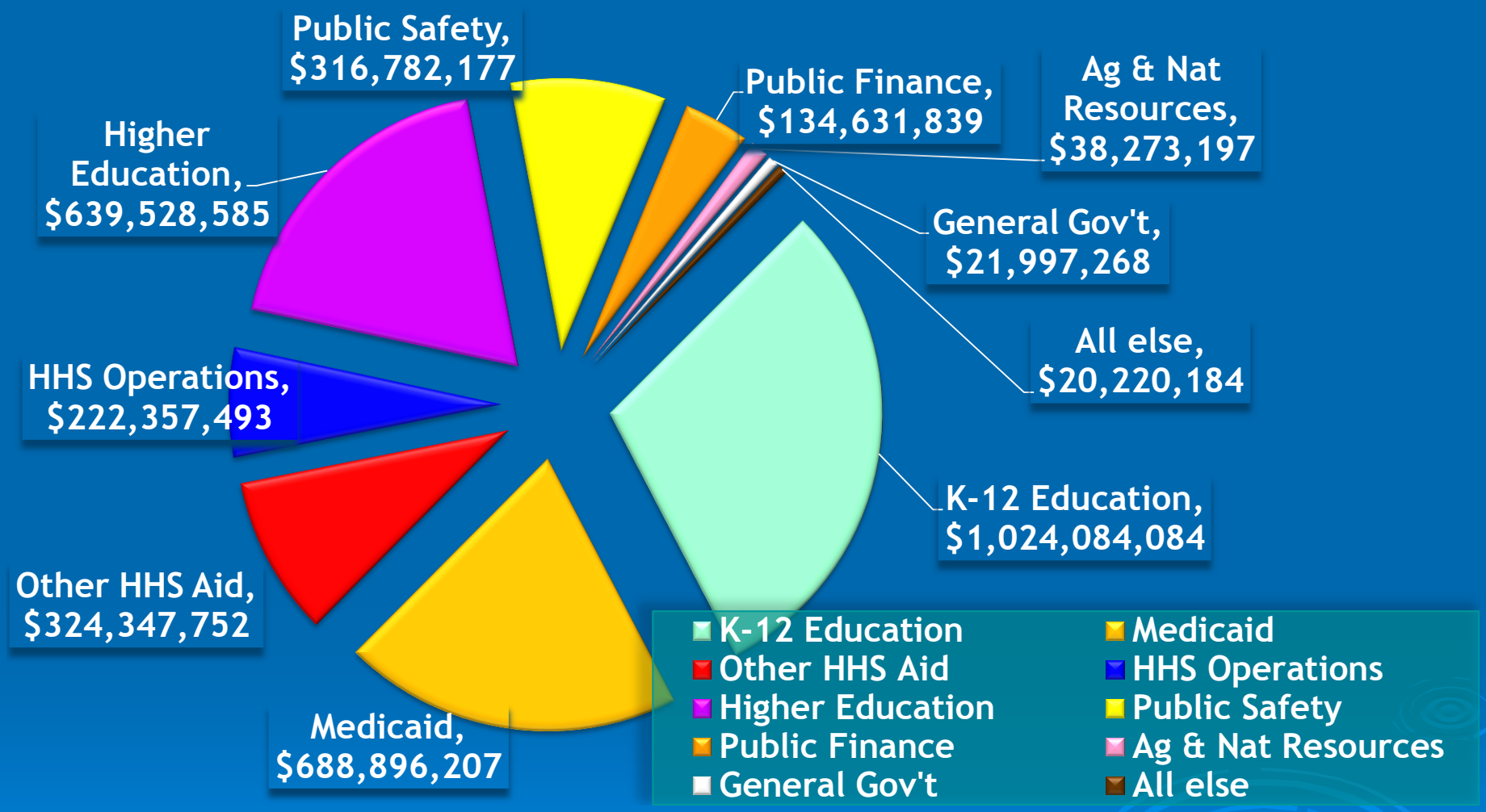
General Fund Expenditures FY11-12



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Medicaid Overview

- Title XIX of the Social Security Act
- Established by Congress in 1965
- Adopted by Nebraska in 1965
- Entitlement program to provide medical assistance for needy children, pregnant women, aged and disabled

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Children's Health Insurance Program (CHIP)

- Title XXI of the Social Security Act
- Established by Congress in 1997
- Adopted by Nebraska in 1998
- Health Insurance program for children whose family income is too high for the children to qualify for Medicaid

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Medicare vs. Medicaid

- Medicare was also established by Congress in 1965 – Title XVIII of the Social Security Act
- Medicare is a national program consistent across country; Medicaid is a statewide program that varies among states
- Medicare administered by federal government; Medicaid administered by state within federal rules

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Medicare vs. Medicaid (cont.)

- Medicare eligibility based on age or disability – no income limitations
- Medicaid eligibility is based on income and resources
- Medicare is the primary payer of inpatient hospital services to the elderly
- Medicaid is the primary public payer of long-term care services
- Individuals may be eligible for both Medicare and Medicaid – duals

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Medicaid/CHIP Administration

- Federal/State partnership
- Centers for Medicare and Medicaid Services (CMS) is federal agency charged with administration of the Medicaid and CHIP programs
- State develops a State Plan for Medicaid and one for CHIP which must be approved by CMS
- State designates a single state Medicaid agency to be responsible for the State Plans

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Medicaid/CHIP Administration (cont.)

- Within federal guidelines,
  - States establish own eligibility standards
  - States determine type, amount, duration and scope of benefits
  - States set the rate of payment for services
- Eligibility, benefits and payment rates are in the State Plan approved by CMS

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Medicaid Funding

- If State complies with the State Plan and all federal requirements, State is eligible for federal financial participation (FFP)
- The FFP for each State is determined by each State's Federal Medical Assistance Percentage (FMAP)
- Nebraska's Medicaid FMAP for SFY 13 is @ 56.6% A State's FMAP changes from year to year

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CHIP Administration

- States have the option to administer the CHIP program in 3 different ways:
  - Stand-alone CHIP program or
  - Medicaid expansion or
  - Combination of the two above
- Nebraska has a combination CHIP with 599 CHIP operated as a stand-alone

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CHIP Funding

- CHIP and Medicaid have some key differences in federal funding
- Medicaid is an open-ended entitlement, CHIP is not
- CHIP is a grant/allotment system
- Nebraska's CHIP FMAP rate for SFY 12 is @ 69.6%

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Medicaid State Plan Benefits

- Mandatory Benefits = benefits required by federal law to be provided by State Medicaid Program
  - Examples: inpatient hospital, nursing home, physicians
  - States can put limits on mandatory benefits
- Optional Benefits = benefits State may choose to provide for which FFP will be available
  - Examples: dental, therapies, prosthetic devices
  - States can eliminate or limit optional benefits

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Medicaid Eligibility

- Basic rule of Medicaid eligibility is, to be eligible, a person must be a member of a GROUP
- Some groups are mandatory, some are optional
- Examples of groups: pregnant women with income under 185% of federal poverty level; TANF families; people receiving SSI benefits; medically needy
- Non-Financial requirements and financial requirements

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Non-Financial Requirements

- Non-Financial Requirements examples:
  - State residence
  - Citizen or qualified alien
  - Social Security Number
  - Assignment of rights to medical support and payment
- Categorical Requirements
  - Aged, blind or disabled
  - Children
  - Pregnant women
  - Parent or caretaker of a child

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Financial Requirements

- Two broad areas:
  - Income requirements = maximum amount of income a person can make and be eligible for Medicaid
    - Example: 185% of the Federal Poverty Level (FPL)
  - Resource requirements = maximum amount of resources a person can have and be eligible for Medicaid
    - Example: $2,000 (SSI resource standard)

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HCBS Waivers

- Home and Community-Based Services (HCBS) Waivers
- Nebraska has Aged and Disabled (A&D) HCBS waiver, Brain Injury (BI) HCBS waiver and several Developmentally Disabled (DD) waivers

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HCBS Waivers (cont.)

- HCBS waivers allow States to provide non-state plan services to people who are otherwise eligible for Medicaid when those services are needed to keep an individual in a non-institutional setting as an alternative to institutional care
- HCBS participants must be allowed choice between institutional and HCBS services
- HCBS must be cost neutral

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Managed Care

- At-risk managed care = pay a per member per month (PMPM) and company at risk for all services covered under contract
- As of July 1, 2012, Nebraska has at-risk managed care for physical health
- As of Fall, 2013, Nebraska will have at-risk managed care for behavioral health
- Next phase will involve at-risk managed care or long-term care services

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Nebraska FY 12 Medicaid/CHIP

- 237,543 eligible persons -- $1,602,347,345
- Aged -- 17,7768 (7.5%) -- $ 341,670,694 (21.3%)
- Disabled – 35,736 (15.0%) -- $ 711,031,873 (44.4%)
- ADC adults – 31,742 (13.4%) -- $ 170,704,198 (10.7%)
- Children – 152,297 (64.1%) -- $ 378,940,580 (23.6%)

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