

Health and Human Services Committee

LB 8

February 20, 2013

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Department of Health and Human Services**

Good afternoon, Senator Campbell and members of the Health and Human Services Committee, my name is Vivianne Chaumont (V-I-V-I-A-N-N-E-C-H-A-U-M-O-N-T), Director of the Division of Medicaid and Long-Term Care for the Department of Health and Human Services. I am here to testify in opposition to LB 8.

LB 8 will increase Nebraska Medicaid expenditures by adding children's day health services as a service category. Nebraska Medicaid already covers services provided by children's day health services providers. However, Medicaid covers those services on an individual basis. For instance, Medicaid covers skilled nursing, behavioral health services, respiratory care, rehabilitation services and other services listed in the licensing regulations for this type of provider. What Medicaid currently does not do is pay a bundled rate for all of these services for each of the children in the facility. It has been the position of the Centers for Medicare and Medicaid Services (CMS) that Medicaid should not pay bundled rates for services but, instead, should pay only for the services required by each individual. Bundled rates can result in payment for services that the individual does not actually receive and may not even actually need. The consequence is higher Medicaid spending.

The bill also requires a special reimbursement methodology for these providers. Pursuant to this bill, Medicaid would reimburse these facilities for "all necessary and reasonable costs of providing services." We do not reimburse physicians "all necessary and reasonable costs." We do not reimburse hospitals for "all necessary and reasonable costs." We do not reimburse behavioral health providers, physical, speech and occupational therapists, dentists, home health providers or the other vast majority of Medicaid providers "all necessary and reasonable costs." What would be the public policy behind giving children's day health service facilities preferential treatment? Additionally, cost reimbursement is labor intensive and requires thorough examination of each submitted expense to assure the expenditure is reasonable and necessary.

For all of these reasons, the Department opposes LB 8. I would be happy to answer any questions.
