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August 16, 2010

Ms. Vivianne Chaumont, Director
Division of Medicaid & Long-Term Care
Department of Health and Human Services
State of Nebraska
P.O. Box 95026
Lincoln, NE 68509-5026

**RE: PATIENT PROTECTION AND AFFORDABLE CARE ACT WITH HOUSE
RECONCILIATION – FINANCIAL ANALYSIS**

Dear Vivianne:

Milliman, Inc. (Milliman) has been retained by the Nebraska Department of Health and Human Services, Division of Medicaid and Long-Term Care (DHHS) to provide consulting services related to the financial review of the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act (Affordable Care Act) as they relate to the provisions impacting the State's Medicaid program and budget. This correspondence documents the results of our analysis.

SUMMARY OF RESULTS

Milliman has developed two estimates of the enrollment and fiscal impact associated with the Medicaid expansion and other related provisions of the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act. We have developed (1) a mid-range participation scenario and (2) a full participation scenario. We have prepared our fiscal analysis to reflect the state impact for state fiscal years 2011 through 2020. We have adjusted all data to reflect the three month offset between the federal fiscal year and the state fiscal year as appropriate.

Enclosures 1 and 2 provide the fiscal impact results of the Affordable Care Act under a mid-range participation scenario (Enclosure 1) and a full participation scenario (Enclosure 2). The total fiscal impact to the Nebraska Medicaid budget during the next 10 years would be estimated to be in the range of approximately \$526.3 million to \$765.9 million based upon the assumptions outlined in this document. Table 1 illustrates the anticipated expenditure impacts to the Nebraska Medicaid budget for the period of SFY 2011 through SFY 2020 under each scenario.

Table 1

**Nebraska Department of Health and Human Services
Division of Medicaid and Long-Term Care**

**Patient Protection and Affordable Care Act
as Amended by the Health Care and Education Reconciliation Act**

**State Budget Fiscal Impact – SFY 2011 through SFY 2020
(Values Illustrated in Millions)**

Component	Estimated Fiscal Impact – State Only	
	Mid-Range Participation Scenario	Full Participation Scenario
Adults/Parents/Children Expansion to 138% FPL	\$465.1	\$617.3
Administration	82.4	106.8
Pharmacy Rebate Loss for Nebraska	68.1	74.4
Physician Fee Schedule Increase to Medicare Rates	0.0	56.8
Foster Children Coverage to Age 26	15.1	15.1
Medically Needy Expansion to 138% FPL	5.6	5.6
DSH Reduction	(18.8)	(18.8)
CHIP Enrollment Shift and FMAP Increase	(30.9)	(30.9)
State Disability Shift to Medicaid and Expansion to 138% FPL	(60.5)	(60.5)
Total	\$526.3	\$765.9

Note: Values have rounded

Estimated Medicaid Enrollment Impact

Table 2 illustrates the projected increase in Medicaid enrollment reflecting a 138% Federal Poverty Level (FPL) limit. The 138% FPL limit reflects the 133% FPL indicated in the Affordable Care Act with the 5% income disregard allowance. The values in Table 2 were derived from the 2009 Current Population Survey (2009 CPS) data from the U.S. Census Bureau collected in 2009 (representing 2008 insurance and income data) as well as Medicaid enrollment data provided by DHHS. Children were defined as ages 0 through 19. The Adult and Parent populations were defined as ages 20 through 64.

Table 2

**Nebraska Department of Health and Human Services
 Division of Medicaid and Long-Term Care**

**Patient Protection and Affordable Care Act
 as Amended by the Health Care and Education Reconciliation Act**

State Budget Enrollment Impact – 2009 CPS Census Data

Population	FPL Range	Enrollment Full Participation Scenario	Mid-Range Participation Assumption	Enrollment Mid-Range Participation Scenario
Uninsured Adults	0% - 138%	36,779	80%	29,423
Newly Eligible Parents	50% - 138%	20,510	85%	17,433
Woodwork Parents	< 50%	4,623	70%	3,236
Woodwork Children	<138%	23,119	80%	18,496
Insured Switchers – Adults	0% - 138%	23,916	50%	11,958
Insured Switchers – Parents	0% - 138%	21,429	75%	16,071
Insured Switchers – Children	0% - 138%	14,538	75%	10,903
State Disability ⁽¹⁾	0% - 138%	154	DHHS 133% FPL Assumption+ 5%	154
Medically Needy ⁽²⁾	43% - 138%	229	DHHS 133% FPL Assumption +5%	229
Sub-total		145,297		107,903

Notes: (1) State Disability currently covered with state funds to 100% FPL. Enrollment reflects shift to Medicaid and FPL expansion estimated as of 2014.
 (2) Enrollment reflects FPL expansion estimated as of 2014.

The mid-range participation rates in Table 2 were reviewed for consistency with participation in the Medicare program which exceeds 95% and the Medicaid/CHIP programs for children which exceeds 85%. Actual participation in the Medicaid program after the expansion may exceed the participation rates noted in these other programs, since there will be an individual mandate for health insurance coverage under federal health care reform legislation.

Percentage increase in Medicaid in relation to the total number of Nebraskans

- Calendar Year 2008 Nebraska Census Estimate 1,783,000
- Increase would be approximately 6.1% to 8.2% more Nebraska residents on Medicaid
- Increase from 11.6% to range of 17.7% - 19.8% - or nearly 1 in 5 Nebraskans

The remainder of this letter discusses each of the Medicaid components of health care reform as listed in Table 1.

a. Adults/Parents/Children Expansion to 138% FPL

The fiscal impact associated with the Adults, Parents, and Children expansion to 138% FPL includes both currently insured and uninsured individuals below the 138% FPL amount and children not currently covered under Medicaid, who are also below the 138% FPL limit. The 138% FPL limit reflects the 133% FPL indicated in the Affordable Care Act with the 5% income disregard allowance. The analysis presented in this report reflects full participation (full participation scenario) as well as an alternate participation assumption (mid-range participation scenario). The participation assumptions by population are presented in Table 2. The assumed average annual cost per enrollee by population as of State fiscal year 2009 is provided in Table 3.

Table 3

**Nebraska Department of Health and Human Services
 Division of Medicaid and Long-Term Care**

**Patient Protection and Affordable Care Act
 as Amended by the Health Care and Education Reconciliation Act**

Average Cost per Enrollee as of SFY 2009

Population	Average Annual Cost
Uninsured Adults	\$5,467
Newly Eligible Parents	\$4,881
Woodwork Parents	\$4,881
Woodwork Children	\$2,654
Insured Switchers – Adults	\$5,900
Insured Switchers – Parents	\$5,268
Insured Switchers – Children	\$2,950
State Disability ⁽¹⁾	\$78,107
Medically Needy – Disabled ⁽¹⁾	\$85,390
Medically Needy – Long-Term ⁽¹⁾	\$109,932

Notes: (1) State Disability and Medically Needy costs provided by DHHS for FFY 2014.

The cost estimates for the State Disability and Medically Needy populations were obtained from the health care reform projection provided by DHHS. All other annual cost estimates were developed from SFY 2009 enrollment and expenditures provided in the *Nebraska Medicaid Reform Annual Report* dated December 1, 2009 with appropriate adjustments. The values in Table 3 reflect the age/gender mix of each population based upon the 2009 CPS census data. For example, the insured switcher adult population does not have the same age distribution as the uninsured adult population which impacts expected average cost. Milliman additionally used internally available data from other Medicaid expansion analyses to develop the cost relationship between adults and parents. Milliman assumed a composite annual trend of 3.0% to project the claim cost for the expansion population into future years. The 3.0% trend reflects the impact of enrollment growth as well as projected trend for utilization and intensity of services.

The Affordable Care Act reflects the following Federal Medical Assistance Percentages (FMAP) for the expansion populations.

- 100% FMAP in CY 2014, 2015, and 2016
- 95% FMAP in CY 2017
- 94% FMAP in CY 2018
- 93% FMAP in CY 2019
- 90% FMAP in CY 2020+

Milliman assumed that the projected FFY 2012 FMAP rate of 57.64% for Medicaid and 70.35% for CHIP would continue through 2020 for non-expansion populations.

b. Administration

In addition to the expenditures associated with providing medical services, Nebraska will incur additional administrative expenditures. The expenditures for the initial modifications to the current administrative systems, as well as establishment of an Exchange, are estimated to be \$25 million (State and Federal) or \$12.5 million (State only). On-going costs for the coverage of the additional 108,000 to 145,000 Medicaid enrollees are estimated to be \$21.5 to \$29.0 million per year (State and Federal) or \$10.8 to \$14.5 million per year (State only). The on-going costs were developed assuming approximately \$200 per recipient per year or approximately 3.75% of total expected medical expenditures. Based on my experience with Medicaid programs, the state Medicaid administrative costs range from 3.5% to 6.0% of the total medical costs. The administrative expenses would be anticipated to be incurred in calendar years 2012 and 2013 for the initial administrative expenditures and in calendar year 2014 forward for the on-going expenditures.

c. Pharmacy Rebate Loss for Nebraska

The Affordable Care Act includes increased rebate percentages for covered outpatient drugs provided to Medicaid patients. The minimum rebate percentage is increased from 15.1% to 23.1% for most brand name drugs and from 11% to 13% for generic drugs effective January 1, 2010. However, the Affordable Care Act indicates that the impact will be accrued 100% to the Federal government. Milliman has modeled that this could reduce Nebraska's rebates by 20.7% to 22.6% or more beginning on January 1, 2010. The 20.7% assumption used for the mid-range participation scenario corresponds to a 75%/25% distribution of brand-name/generic pharmacy expenditures. An 8% reduction for brand-name drugs and a 2% reduction for generic drugs equates to an average 6.5% reduction under the 75%/25% assumption. The 6.5% reduction is approximately 20.7% of the current 31.5% assumed rebate level. The 22.6% assumption used for the full participation scenario corresponds to an 85%/15% distribution of brand-name/generic pharmacy expenditures.

d. Physician Fee Schedule Increase to Medicare Rates

According to an April 2009 report by the Urban Institute's Health Policy Center, the current Nebraska Medicaid fee schedule reimburses at approximately 82% of the Medicare fee schedule for primary care services. The Affordable Care Act requires an increase in the Medicaid physician fee schedule for a

limited set of primary and preventive care services to 100% of the Medicare physician fee schedule. 100% Federal funding is available for calendar years 2013 and 2014. No additional funding is available for other physician services.

Full Participation Scenario –

The full participation scenario assumes that DHHS will increase the fee schedule for the required services for both primary care and specialty care providers and will continue the increased fee schedule after calendar year 2014 to assure continued access to physician care. In addition to increasing the expected cost of corresponding existing expenditures by approximately 22%, the analysis reflects an additional \$120 per year for the dual eligible population since Medicare only pays 80% of the fee schedule for Part B services.

Under the full participation scenario, the increased cost would be an estimated \$27 million (State and Federal) per year for the current Medicaid program and expansion populations. During calendar years 2013 and 2014, the state would have to pay the standard state portion of the increase for specialty providers for the existing Medicaid population. Therefore, the state share in these two calendar years would be approximately \$2.8 million (State only) per year. In 2015, the State only cost for the fee schedule expansion would grow to an estimated \$9 million (State only).

Mid-Range Participation Scenario –

The mid-range participation scenario assumes that DHHS will only increase the fee schedule for primary care providers, not specialty care providers. The mid-range participation scenario further assumes that the fee schedule increase will only continue through calendar year 2014 and will terminate when the Federal funding level decreases. The annual cost would be approximately \$18 million and reflects 100% Federal funding for the calendar year 2013 and 2014 period.

e. Foster Children Coverage to Age 26

It is Milliman's understanding that Nebraska currently provides Medicaid eligibility coverage to Foster Children to age 19. The Affordable Care Act includes mandatory coverage for Foster Children to age 26 beginning on January 1, 2014. Milliman has estimated the annual cost at \$5.5 million per year (State and Federal) or approximately \$2.3 million per year (State only).

f. Medically Needy Expansion to 138% FPL

The Medically Needy population is currently covered to 43% FPL. The population is limited to non-Dual eligibles under age 65. Effective January 1, 2014, the population will be covered to 138% FPL including the 5% income disregard allowance. Milliman has utilized the DHHS expenditure estimate for the Medically Needy population for fiscal year 2014 assuming expansion to 133% FPL under the Medicaid enhanced FMAP rate. Our projection adjusts the DHHS estimate by a factor of 1.05 to reflect expansion to the 138% FPL level. We have additionally adjusted the estimate provided by DHHS from a Federal fiscal year basis to a State fiscal year basis. Although these individuals would theoretically be included in the 2009 CPS data, the cost intensity needs to be additionally reflected.

g. DSH Reduction

Based upon the aggregate Disproportionate Share Hospital (DSH) payment reductions indicated in the Affordable Care Act, Milliman developed average Federal fiscal year DSH reduction percentages. Milliman adjusted the Federal fiscal year percentages to a State fiscal year basis. The baseline DSH expenditures of \$44.0 million provided by DHHS were ultimately reduced to two-thirds of the National reduction percentage. The reduction was reduced to two-thirds of the National percentage to reflect that Nebraska is a low DSH state.

Federal Fiscal Year	DSH Percentage Reduction	
	National Percentage	Nebraska Percentage
2014	4.4%	2.9%
2015	5.3%	3.5%
2016	5.3%	3.5%
2017	15.9%	10.6%
2018	44.1%	29.4%
2019	49.4%	32.9%
2020	35.3%	23.5%

Note: Nebraska percentage reduction was estimated at 2/3 of National percentage reduction since Nebraska is a low DSH state.

h. CHIP Enrollment Shift and FMAP Increase

Under the Affordable Care Act, the CHIP program is required to continue to 2019. However, the legislation provides an additional Federal matching rate of 23% beginning on October 1, 2015 and ending September 30, 2019. The additional 23% FMAP will increase the total FMAP for the CHIP program to approximately 93.35%. The enhanced FMAP will decrease expenditures for Nebraska and increase expenditures for the Federal share.

The projection additionally reflects that approximately 30% of current CHIP program enrollees will shift to Medicaid eligibility effective January 1, 2014. The 30% reflects CHIP enrollees <138% FPL.

i. State Disability Shift to Medicaid and Expansion to 138% FPL

Nebraska currently covers the State Disability population to 100% FPL with 100% state funds. Milliman has utilized the DHHS expenditure estimate for the State Disability population for Federal fiscal year 2014 assuming expansion to 133% FPL under the Medicaid enhanced FMAP rate. Our projection adjusts the DHHS estimate by a factor of 1.05 to reflect expansion to the 138% FPL level. We have additionally adjusted the estimate provided by DHHS from a Federal fiscal year basis to a State fiscal year basis. Although these individuals would theoretically be included in the 2009 CPS data, the cost intensity needs to be additionally reflected.

OTHER CHANGES TO CURRENT PROGRAMS

Milliman anticipates potential savings from the following populations even if the programs are not discontinued. However, savings estimates have not been included in the total impact projection for either the full participation scenario or mid-range participation scenario.

Pregnant Women above 138% FPL

The State of Nebraska currently provides eligibility for pregnant women up to 185% FPL. It would be anticipated that the majority of pregnant women between 138% FPL and 185% FPL will receive care through the insurance exchange. We have estimated that approximately 10% of the current expenditures for the pregnant women population will no longer be incurred by the Nebraska Medicaid program. We have estimated the annual savings to be approximately \$3.4 million (State and Federal) per year or \$1.4 million (State only) per year beginning on January 1, 2014.

Breast and Cervical Cancer Program

The State of Nebraska currently provides eligibility under the Breast and Cervical Cancer program. The total annual expenditures under the program are approximately \$5.0 million (State and Federal) or \$1.5 million (State only). It is not anticipated that this program will be required to be continued with the expansion requirements below 138% FPL and insurance reforms for individuals above 138% FPL. Therefore, we have estimated that this program could be terminated beginning on January 1, 2014; although, some of these individuals will become eligible under the new Medicaid eligibility requirements.

LIMITATIONS

The information contained in this correspondence, including any enclosures, has been prepared for the Nebraska Department of Health and Human Services, Division of Medicaid and Long-Term Care and their advisors. These results may not be distributed to any other party without the prior consent of Milliman. To the extent that the information contained in this correspondence is provided to any approved third parties, the correspondence should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and health care modeling that will allow appropriate use of the data presented.

Milliman makes no representations or warranties regarding the contents of this correspondence to third parties. Likewise, third parties are instructed that they are to place no reliance upon this correspondence prepared for DHHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.



Ms. Vivianne Chaumont
August 16, 2010
Page 9

Milliman has relied upon certain data and information provided by DHHS as well as enrollment and expenditure data obtained from the Medicaid Statistical Information System (MSIS) State Summary Datamart and the *Nebraska Medicaid Reform Annual Report* dated December 1, 2009 as retrieved from the DHHS website. The values presented in this correspondence are dependent upon this reliance. To the extent that the data was not complete or was inaccurate, the values presented will need to be reviewed for consistency and revised to meet any revised data. The data and information included in the report has been developed to assist in the analysis of the financial impact of Nebraska Medicaid Assistance expenditures. The data and information presented may not be appropriate for any other purpose. It should be emphasized that the results presented in this correspondence are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this letter.



If you have any questions or comments regarding the enclosed information, please do not hesitate to contact me at (317) 524-3512.

Sincerely,

A handwritten signature in black ink that reads 'Robert M. Damler'. The signature is written over a faint, light blue watermark that says 'ELECTRONIC SIGNATURE'.

Robert M. Damler, FSA, MAAA
Principal and Consulting Actuary

RMD/lrb
Enclosures



ENCLOSURE 1

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
 Division of Medicaid and Long-Term Care
 Health Care Reform Projection - Mid-Range Participation Scenario
 (Values in Millions)

8/17/2010
 3:07 PM

EXPENDITURES	<u>SFY 2011</u>	<u>SFY 2012</u>	<u>SFY 2013</u>	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2011 - SFY 2020</u>
Current Programs											
Medicaid											
Total (State and Federal)	\$1,745.1	\$1,792.5	\$1,841.2	\$1,891.3	\$1,942.7	\$1,995.5	\$2,049.7	\$2,105.4	\$2,162.6	\$2,221.4	\$19,747.6
Federal Funds	\$1,029.1	\$1,036.8	\$1,061.3	\$1,090.1	\$1,119.8	\$1,150.2	\$1,181.5	\$1,213.6	\$1,246.5	\$1,280.4	\$11,409.3
State Funds	\$716.0	\$755.7	\$780.0	\$801.2	\$822.9	\$845.3	\$868.3	\$891.9	\$916.1	\$941.0	\$8,338.3
CHIP											
Total (State and Federal)	\$63.2	\$65.1	\$67.0	\$69.0	\$71.1	\$73.3	\$75.4	\$77.7	\$80.0	\$82.4	\$724.4
Federal Funds	\$45.0	\$45.9	\$47.2	\$48.6	\$50.0	\$51.5	\$53.1	\$54.7	\$56.3	\$58.0	\$510.3
State Funds	\$18.1	\$19.2	\$19.9	\$20.5	\$21.1	\$21.7	\$22.4	\$23.0	\$23.7	\$24.4	\$214.1
State Disability											
Total (State and Federal)	\$8.1	\$8.4	\$8.6	\$8.9	\$9.2	\$9.4	\$9.7	\$10.0	\$10.3	\$10.6	\$93.3
Federal Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Funds	\$8.1	\$8.4	\$8.6	\$8.9	\$9.2	\$9.4	\$9.7	\$10.0	\$10.3	\$10.6	\$93.3
All Programs											
Total (State and Federal)	\$1,816.4	\$1,866.0	\$1,916.9	\$1,969.2	\$2,023.0	\$2,078.2	\$2,134.9	\$2,193.2	\$2,253.0	\$2,314.4	\$20,565.3
Federal Funds	\$1,074.1	\$1,082.7	\$1,108.5	\$1,138.7	\$1,169.8	\$1,201.7	\$1,234.6	\$1,268.2	\$1,302.9	\$1,338.4	\$11,919.6
State Funds	\$742.3	\$783.3	\$808.5	\$830.5	\$853.2	\$876.5	\$900.4	\$924.9	\$950.1	\$976.0	\$8,645.7

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
 Division of Medicaid and Long-Term Care
 Health Care Reform Projection - Mid-Range Participation Scenario
 (Values in Millions)

8/17/2010
 3:07 PM

EXPENDITURES	<u>SFY 2011</u>	<u>SFY 2012</u>	<u>SFY 2013</u>	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	SFY 2011 - <u>SFY 2020</u>
Health Care Reform											
Adults/Parents/Children - Expansion to 138% FPL											
Total (State and Federal) - Newly Eligible				\$142.6	\$293.7	\$302.5	\$311.6	\$320.9	\$330.5	\$340.5	\$2,042.2
Total (State and Federal) - Woodwork				\$37.6	\$77.5	\$79.8	\$82.2	\$84.7	\$87.2	\$89.8	\$538.7
Total (State and Federal) - Insured Switchers				\$108.6	\$223.8	\$230.5	\$237.4	\$244.5	\$251.8	\$259.4	\$1,556.0
Federal Funds				\$265.0	\$545.8	\$562.2	\$566.4	\$567.6	\$579.3	\$585.6	\$3,671.8
State Funds				\$23.8	\$49.1	\$50.6	\$64.8	\$82.4	\$90.3	\$104.1	\$465.1
Administrative Expenses											
Total (State and Federal)		\$6.3	\$12.5	\$17.0	\$21.5	\$21.5	\$21.5	\$21.5	\$21.5	\$21.5	\$164.8
Federal Funds		\$3.1	\$6.3	\$8.5	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$82.4
State Funds		\$3.1	\$6.3	\$8.5	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$82.4
Pharmacy Rebate Loss for Nebraska											
Total (State and Federal)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Funds	(\$5.0)	(\$5.5)	(\$5.8)	(\$6.2)	(\$6.5)	(\$6.9)	(\$7.4)	(\$7.8)	(\$8.3)	(\$8.8)	(\$68.1)
State Funds	\$5.0	\$5.5	\$5.8	\$6.2	\$6.5	\$6.9	\$7.4	\$7.8	\$8.3	\$8.8	\$68.1
Physician Fee Schedule Increase to Medicare Rates											
Total (State and Federal)			\$7.2	\$18.3	\$9.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$34.9
Federal Funds			\$7.2	\$18.3	\$9.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$34.9
State Funds			\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Foster Children Coverage to Age 26											
Total (State and Federal)				\$2.8	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$35.8
Federal Funds				\$1.6	\$3.2	\$3.2	\$3.2	\$3.2	\$3.2	\$3.2	\$20.6
State Funds				\$1.2	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$15.1
Medically Needy Expansion to 138% FPL											
Total (State and Federal)				\$10.6	\$21.8	\$22.5	\$23.2	\$23.9	\$24.6	\$25.3	\$151.9
Federal Funds				\$10.6	\$21.8	\$22.5	\$22.6	\$22.6	\$23.0	\$23.2	\$146.2
State Funds				\$0.0	\$0.0	\$0.0	\$0.6	\$1.3	\$1.6	\$2.2	\$5.6
DSH Reduction											
Total (State and Federal)				(\$1.0)	(\$1.5)	(\$1.6)	(\$3.9)	(\$10.9)	(\$14.1)	(\$11.4)	(\$44.3)
Federal Funds				(\$0.6)	(\$0.9)	(\$0.9)	(\$2.2)	(\$6.3)	(\$8.1)	(\$6.6)	(\$25.5)
State Funds				(\$0.4)	(\$0.6)	(\$0.7)	(\$1.7)	(\$4.6)	(\$6.0)	(\$4.8)	(\$18.8)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
 Division of Medicaid and Long-Term Care
 Health Care Reform Projection - Mid-Range Participation Scenario
 (Values in Millions)

8/17/2010
 3:07 PM

EXPENDITURES	<u>SFY 2011</u>	<u>SFY 2012</u>	<u>SFY 2013</u>	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	SFY 2011 - <u>SFY 2020</u>
CHIP Enrollment Shift and FMAP Increase											
Total (State and Federal)				\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Funds				(\$1.3)	(\$2.7)	\$6.1	\$9.3	\$9.5	\$9.8	\$0.2	\$30.9
State Funds				\$1.3	\$2.7	(\$6.1)	(\$9.3)	(\$9.5)	(\$9.8)	(\$0.2)	(\$30.9)
State Disability Shift to Medicaid and Expansion to 138% FPL											
Total (State and Federal)				\$1.6	\$3.4	\$3.5	\$3.6	\$3.7	\$3.8	\$3.9	\$23.6
Federal Funds				\$6.1	\$12.6	\$12.9	\$13.0	\$13.0	\$13.2	\$13.3	\$84.0
State Funds				(\$4.4)	(\$9.2)	(\$9.4)	(\$9.4)	(\$9.3)	(\$9.4)	(\$9.4)	(\$60.5)
All Programs - After Expansion											
Total (State and Federal)	\$1,816.4	\$1,872.2	\$1,936.6	\$2,307.3	\$2,678.0	\$2,742.4	\$2,815.9	\$2,886.9	\$2,963.9	\$3,049.0	\$25,068.7
Federal Funds	\$1,069.1	\$1,080.3	\$1,116.1	\$1,440.7	\$1,763.2	\$1,811.5	\$1,850.1	\$1,880.8	\$1,925.7	\$1,959.2	\$15,896.7
State Funds	\$747.3	\$791.9	\$820.5	\$866.6	\$914.8	\$930.9	\$965.8	\$1,006.1	\$1,038.2	\$1,089.8	\$9,172.0
All Programs - Fiscal Impact											
Total (State and Federal)	\$0.0	\$6.3	\$19.7	\$338.1	\$655.0	\$664.2	\$681.0	\$693.8	\$710.9	\$734.5	\$4,503.4
Federal Funds	(\$5.0)	(\$2.3)	\$7.6	\$302.0	\$593.4	\$609.8	\$615.5	\$612.6	\$622.8	\$620.8	\$3,977.1
State Funds	\$5.0	\$8.6	\$12.1	\$36.1	\$61.6	\$54.4	\$65.5	\$81.2	\$88.0	\$113.7	\$526.3
Optional Changes to Current Programs											
Pregnant Women (133% - 185%)											
Total (State and Federal)				(\$1.6)	(\$3.3)	(\$3.4)	(\$3.5)	(\$3.6)	(\$3.7)	(\$3.8)	(\$22.8)
Federal Funds				(\$0.9)	(\$1.9)	(\$2.0)	(\$2.0)	(\$2.1)	(\$2.1)	(\$2.2)	(\$13.2)
State Funds				(\$0.7)	(\$1.4)	(\$1.4)	(\$1.5)	(\$1.5)	(\$1.6)	(\$1.6)	(\$9.7)
Breast & Cervical Cancer											
Total (State and Federal)				(\$2.4)	(\$5.0)	(\$5.2)	(\$5.3)	(\$5.5)	(\$5.6)	(\$5.8)	(\$34.8)
Federal Funds				(\$1.7)	(\$3.5)	(\$3.6)	(\$3.7)	(\$3.8)	(\$3.9)	(\$4.0)	(\$24.4)
State Funds				(\$0.7)	(\$1.5)	(\$1.5)	(\$1.6)	(\$1.6)	(\$1.7)	(\$1.7)	(\$10.3)



ENCLOSURE 2

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
 Division of Medicaid and Long-Term Care
 Health Care Reform Projection - Full Participation Scenario
 (Values in Millions)

8/17/2010
 3:10 PM

EXPENDITURES	<u>SFY 2011</u>	<u>SFY 2012</u>	<u>SFY 2013</u>	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2011 - SFY 2020</u>
Current Programs											
Medicaid											
Total (State and Federal)	\$1,745.1	\$1,792.5	\$1,841.2	\$1,891.3	\$1,942.7	\$1,995.5	\$2,049.7	\$2,105.4	\$2,162.6	\$2,221.4	\$19,747.6
Federal Funds	\$1,029.1	\$1,036.8	\$1,061.3	\$1,090.1	\$1,119.8	\$1,150.2	\$1,181.5	\$1,213.6	\$1,246.5	\$1,280.4	\$11,409.3
State Funds	\$716.0	\$755.7	\$780.0	\$801.2	\$822.9	\$845.3	\$868.3	\$891.9	\$916.1	\$941.0	\$8,338.3
CHIP											
Total (State and Federal)	\$63.2	\$65.1	\$67.0	\$69.0	\$71.1	\$73.3	\$75.4	\$77.7	\$80.0	\$82.4	\$724.4
Federal Funds	\$45.0	\$45.9	\$47.2	\$48.6	\$50.0	\$51.5	\$53.1	\$54.7	\$56.3	\$58.0	\$510.3
State Funds	\$18.1	\$19.2	\$19.9	\$20.5	\$21.1	\$21.7	\$22.4	\$23.0	\$23.7	\$24.4	\$214.1
State Disability											
Total (State and Federal)	\$8.1	\$8.4	\$8.6	\$8.9	\$9.2	\$9.4	\$9.7	\$10.0	\$10.3	\$10.6	\$93.3
Federal Funds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Funds	\$8.1	\$8.4	\$8.6	\$8.9	\$9.2	\$9.4	\$9.7	\$10.0	\$10.3	\$10.6	\$93.3
All Programs											
Total (State and Federal)	\$1,816.4	\$1,866.0	\$1,916.9	\$1,969.2	\$2,023.0	\$2,078.2	\$2,134.9	\$2,193.2	\$2,253.0	\$2,314.4	\$20,565.3
Federal Funds	\$1,074.1	\$1,082.7	\$1,108.5	\$1,138.7	\$1,169.8	\$1,201.7	\$1,234.6	\$1,268.2	\$1,302.9	\$1,338.4	\$11,919.6
State Funds	\$742.3	\$783.3	\$808.5	\$830.5	\$853.2	\$876.5	\$900.4	\$924.9	\$950.1	\$976.0	\$8,645.7

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
 Division of Medicaid and Long-Term Care
 Health Care Reform Projection - Full Participation Scenario
 (Values in Millions)

8/17/2010
 3:10 PM

EXPENDITURES	<u>SFY 2011</u>	<u>SFY 2012</u>	<u>SFY 2013</u>	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	SFY 2011 - <u>SFY 2020</u>
Health Care Reform											
Adults/Parents/Children - Expansion to 138% FPL											
Total (State and Federal) - Newly Eligible				\$174.6	\$359.6	\$370.4	\$381.5	\$393.0	\$404.8	\$416.9	\$2,500.8
Total (State and Federal) - Woodwork				\$48.6	\$100.2	\$103.2	\$106.3	\$109.5	\$112.8	\$116.2	\$696.8
Total (State and Federal) - Insured Switchers				\$172.1	\$354.5	\$365.1	\$376.1	\$387.4	\$399.0	\$411.0	\$2,465.2
Federal Funds				\$364.2	\$750.2	\$772.7	\$778.3	\$779.9	\$795.9	\$804.4	\$5,045.5
State Funds				\$31.1	\$64.1	\$66.1	\$85.6	\$109.9	\$120.7	\$139.7	\$617.3
Administrative Expenses											
Total (State and Federal)		\$6.3	\$12.5	\$20.8	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0	\$29.0	\$213.5
Federal Funds		\$3.1	\$6.3	\$10.4	\$14.5	\$14.5	\$14.5	\$14.5	\$14.5	\$14.5	\$106.8
State Funds		\$3.1	\$6.3	\$10.4	\$14.5	\$14.5	\$14.5	\$14.5	\$14.5	\$14.5	\$106.8
Pharmacy Rebate Loss for Nebraska											
Total (State and Federal)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Funds	(\$5.5)	(\$6.0)	(\$6.4)	(\$6.7)	(\$7.1)	(\$7.6)	(\$8.0)	(\$8.5)	(\$9.0)	(\$9.6)	(\$74.4)
State Funds	\$5.5	\$6.0	\$6.4	\$6.7	\$7.1	\$7.6	\$8.0	\$8.5	\$9.0	\$9.6	\$74.4
Physician Fee Schedule Increase to Medicare Rates											
Total (State and Federal)			\$10.1	\$27.3	\$28.1	\$28.9	\$29.7	\$30.5	\$31.3	\$32.2	\$218.0
Federal Funds			\$8.9	\$24.5	\$22.7	\$20.3	\$20.6	\$20.9	\$21.4	\$21.8	\$161.3
State Funds			\$1.2	\$2.8	\$5.4	\$8.6	\$9.0	\$9.5	\$9.9	\$10.4	\$56.8
Foster Children Coverage to Age 26											
Total (State and Federal)				\$2.8	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$35.8
Federal Funds				\$1.6	\$3.2	\$3.2	\$3.2	\$3.2	\$3.2	\$3.2	\$20.6
State Funds				\$1.2	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$15.1
Medically Needy Expansion to 138% FPL											
Total (State and Federal)				\$10.6	\$21.8	\$22.5	\$23.2	\$23.9	\$24.6	\$25.3	\$151.9
Federal Funds				\$10.6	\$21.8	\$22.5	\$22.6	\$22.6	\$23.0	\$23.2	\$146.2
State Funds				\$0.0	\$0.0	\$0.0	\$0.6	\$1.3	\$1.6	\$2.2	\$5.6
DSH Reduction											
Total (State and Federal)				(\$1.0)	(\$1.5)	(\$1.6)	(\$3.9)	(\$10.9)	(\$14.1)	(\$11.4)	(\$44.3)
Federal Funds				(\$0.6)	(\$0.9)	(\$0.9)	(\$2.2)	(\$6.3)	(\$8.1)	(\$6.6)	(\$25.5)
State Funds				(\$0.4)	(\$0.6)	(\$0.7)	(\$1.7)	(\$4.6)	(\$6.0)	(\$4.8)	(\$18.8)

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
 Division of Medicaid and Long-Term Care
 Health Care Reform Projection - Full Participation Scenario
 (Values in Millions)

8/17/2010
 3:10 PM

EXPENDITURES	<u>SFY 2011</u>	<u>SFY 2012</u>	<u>SFY 2013</u>	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	SFY 2011 - <u>SFY 2020</u>
CHIP Enrollment Shift and FMAP Increase											
Total (State and Federal)				\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Federal Funds				(\$1.3)	(\$2.7)	\$6.1	\$9.3	\$9.5	\$9.8	\$0.2	\$30.9
State Funds				\$1.3	\$2.7	(\$6.1)	(\$9.3)	(\$9.5)	(\$9.8)	(\$0.2)	(\$30.9)
State Disability Shift to Medicaid and Expansion to 138% FPL											
Total (State and Federal)				\$1.6	\$3.4	\$3.5	\$3.6	\$3.7	\$3.8	\$3.9	\$23.6
Federal Funds				\$6.1	\$12.6	\$12.9	\$13.0	\$13.0	\$13.2	\$13.3	\$84.0
State Funds				(\$4.4)	(\$9.2)	(\$9.4)	(\$9.4)	(\$9.3)	(\$9.4)	(\$9.4)	(\$60.5)
All Programs - After Expansion											
Total (State and Federal)	\$1,816.4	\$1,872.2	\$1,939.5	\$2,426.7	\$2,923.6	\$3,004.8	\$3,085.9	\$3,164.7	\$3,249.7	\$3,343.0	\$26,826.5
Federal Funds	\$1,068.6	\$1,079.8	\$1,117.2	\$1,547.4	\$1,984.1	\$2,045.4	\$2,085.7	\$2,117.1	\$2,166.7	\$2,202.8	\$17,414.9
State Funds	\$747.8	\$792.4	\$822.3	\$879.2	\$939.6	\$959.3	\$1,000.1	\$1,047.6	\$1,083.0	\$1,140.3	\$9,411.6
All Programs - Fiscal Impact											
Total (State and Federal)	\$0.0	\$6.3	\$22.6	\$457.4	\$900.7	\$926.6	\$951.0	\$971.5	\$996.7	\$1,028.6	\$6,261.2
Federal Funds	(\$5.5)	(\$2.8)	\$8.8	\$408.7	\$814.3	\$843.7	\$851.2	\$848.8	\$863.8	\$864.4	\$5,495.3
State Funds	\$5.5	\$9.1	\$13.8	\$48.7	\$86.4	\$82.9	\$99.8	\$122.7	\$132.8	\$164.2	\$765.9
Optional Changes to Current Programs											
Pregnant Women (133% - 185%)											
Total (State and Federal)				(\$1.6)	(\$3.3)	(\$3.4)	(\$3.5)	(\$3.6)	(\$3.7)	(\$3.8)	(\$22.8)
Federal Funds				(\$0.9)	(\$1.9)	(\$2.0)	(\$2.0)	(\$2.1)	(\$2.1)	(\$2.2)	(\$13.2)
State Funds				(\$0.7)	(\$1.4)	(\$1.4)	(\$1.5)	(\$1.5)	(\$1.6)	(\$1.6)	(\$9.7)
Breast & Cervical Cancer											
Total (State and Federal)				(\$2.4)	(\$5.0)	(\$5.2)	(\$5.3)	(\$5.5)	(\$5.6)	(\$5.8)	(\$34.8)
Federal Funds				(\$1.7)	(\$3.5)	(\$3.6)	(\$3.7)	(\$3.8)	(\$3.9)	(\$4.0)	(\$24.4)
State Funds				(\$0.7)	(\$1.5)	(\$1.5)	(\$1.6)	(\$1.6)	(\$1.7)	(\$1.7)	(\$10.3)