

December 1, 2011

Dear Senators:

As you are aware Medicaid reform was mandated by the Nebraska Legislature in LB 709 (2005), the Medicaid Reform Act. The act mandated the preparation of a Medicaid reform plan to make specific recommendations for “fundamental reform” of the Nebraska Medicaid Program.

The Division of Medicaid and Long-Term Care proposes to submit necessary State Plan Amendments and/or waivers and to amend Medicaid regulations in order to implement the following changes effective July 1, 2012 or as soon thereafter as is practicable:

1. Copayments. The Medicaid Reform report of 2005 included the finding that persons receiving Medicaid have responsibility, to the extent able, to contribute to the cost of their health care and to make informed decisions about the use of health care. Medicaid currently has copayments for a variety of services including pharmacy, physicians and inpatient hospital stays. The Division proposes the following additional copayments:
 - a. Nebraska Medicaid currently has a \$1 copayment on visits for physical, speech and occupational therapies. We would increase the copayment to \$2 per visit. This would affect 1,654 persons with additional savings of \$2,188.
 - b. Increase the copayment for non-emergency visits to the Emergency Department to \$50. This copayment would result in a reduction of \$695,850 and would affect 11,247 persons.

Additionally, Nebraska Medicaid currently does not allow the charging of a copayment to clients enrolled in managed care. This is in violation of federal Medicaid requirements. The capitation rates will be adjusted for a savings of \$86,682 to \$108,077 per year for the ten counties currently with full-risk managed care. Imposing a copayment for dental services for managed care clients equal to that paid by imposed on fee for service clients will affect 1,712 persons for a total savings of \$4,599.

2. Home health services are services provided to a client on a physician’s order as part of a written plan of care, reviewed by the physician every 60 days. Home health services (nursing and aide service codes G0151, G0152, G0154, G0156, S9122 and T1000) will be limited to 240 hours per year. This will affect approximately 166

clients for a savings of \$10,183,668. Some of these savings may be offset by an increase in Personal Assistance Services or chore services through the Home and Community Based Services waivers.

3. Private Duty Nursing services means nursing services provided to a client who requires more individual and continuous care than is available from a visiting nurse. Private Duty Nursing services are optional under federal law and will be eliminated. This includes service codes T1002, T1003, T1022, T1024, S9123 and S9124. This will affect 341 clients for a total savings of \$8,962,504. Some of these savings may be offset by an increase in Home Health, Personal Assistance Services or chore services through the Home and Community Based Services waivers.
4. Personal Assistance Services means services provided to an individual who is not an inpatient or resident of a hospital, nursing facility or ICF/MR, authorized in accordance with a service plan approved by the State. Personal Assistance Services are an optional service under federal law.
 - a. In order to receive Personal Assistance Services, clients will be required to meet the nursing facility level of care required for admission into a nursing facility or participation in the Home and Community Based Services waivers. Assuming that clients who are currently using less than 60 hours of Personal Assistance Services per month would not meet the nursing facility level of care, 402 clients would lose eligibility for Personal Assistance Services for a total savings of \$1,072,454.
 - b. Clients eligible for Personal Assistance Services will be limited to 3.5 hours of service a day with a 60 hour limit per month. This limitation will affect 842 clients and save \$5,896,040. Some of these savings may be offset by an increase in chore services through the Home and Community Based Services waivers.
5. Nutritional Supplements are provided in Nebraska through the Durable Medical Equipment program. Durable Medical Equipment is defined in federal regulations as “medical supplies, equipment, and appliances suitable for use in the home.” We are proposing to eliminate oral nutritional supplements. The supplements we are proposing to eliminate formula (e.g., Isomil, Similac) and nutritional drinks (e.g., Boost, Ensure). This change will affect 4,495 clients (may be duplicated) for a total savings of \$1,291,015.
6. Behavioral health services (mental health and substance abuse) are optional services under federal law. We propose to limit behavioral health therapy visits to 60 per year to match the limit of 60 per year physical health therapy visits. The codes subject to the limit are 90804-90809, 90817, 90822, 90847, 90853, H0005 (unmodified) and 90806, 90808 and 90847 with modifiers HA or HF. This limitation will affect 226 clients for a total savings of \$191,278.

The federal budget crisis creates uncertainties regarding the federal funding that will be available to the states for financing state Medicaid programs. Should the federal budget crisis create across the board cuts which include the Medicaid program, the Division of Medicaid and Long-Term Care proposes the following additional reductions:

1. The following services would be eliminated:
 - a. Dental services for adults excluding dentures -- 37,490 clients; total savings \$9,752,935
 - b. Dentures for adults -- 5,482 clients; total savings \$1,909,535
 - c. Chiropractic services -- 5,743 clients; total savings \$1,185,797
 - d. Eyeglasses for adults -- 14,941 clients; total savings \$695,333
 - e. Hearing aids for adults -- 2,356 clients; total savings \$489,279
 - f. Occupational therapy for adults -- 1,535 clients; total savings \$879,814
 - g. Physical therapy for adults -- 3,697 clients; total savings \$1,942,295
 - h. Speech therapy for adults -- 1,393 clients; total savings \$1,232,479
2. The following services would be limited:
 - a. Prescription drugs to 10 per month for adults -- 81,891 clients; total savings \$9,805,053
 - b. Inpatient hospital days to 45 days per year for adults -- 104 clients; total savings \$3,820,277. To 30 days per year for adults -- 238 clients; total \$6,739,447
 - c. Physician visits for adults to 12 per year (excludes pregnancy-related visits) -- 2,395 clients; total savings \$2,665,429

Should you have any questions, do not hesitate to contact me at vivianne.chaumont@nebraska.gov or 402-471-2135.

Sincerely,



Vivianne M. Chaumont, Director
Division of Medicaid & Long-Term Care
Department of Health and Human Services