

Nebraska Medicaid CHIP

Draft Recommended Alternatives Report

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Why this report?

- Medicaid Reform Report recommendation
- To ensure long-term savings and stability
- Required by state statute

Current Nebraska Model

- Medicaid benefits
- Medicaid delivery system
- Medicaid fee schedule
- Entitlement
- Federal Medicaid funding available after federal CHIP allotment exhausted



Current Nebraska Model

Limitations of current model:

- No flexibility of benefits
- No cost sharing
- Does not allow children with insurance to be covered under CHIP
- Does not have an enrollment cap
- Does not mirror commercial market



Option A

Medicaid expansion combined with Health Insurance Premium Payment

- Medicaid benefit package
- Allows CHIP children to maintain private insurance with Medicaid funding
- Administrative simplicity, but increased administration of private insurance

Option A

Main benefits:

- Administrative simplicity
- Medicaid look-alike
- Encourages private health insurance
- Can be approved by CMS within specific time period

Option A

Impact:

- Up to 6,000 additional children could enroll
- State's General Fund share could decrease by \$190,000

Option B

Medicaid expansion with modified benefits, combined with Health Insurance Premium Payment

- Allows modified Medicaid benefit packages but EPSDT still required
- Allows CHIP children to maintain private insurance with Medicaid funding
- Allows cost sharing
- Administratively more complicated
- Possible to mirror commercial markets for benefits

Option B

Main benefits:

- More flexible benefits
- Premiums and cost sharing
- Encourages private health insurance

Option B

Impact:

- Enrollment could decrease 0.5-4%
- Potential savings \$2.2 million to State General Fund for Option B1 (moderate premiums & no point of service cost sharing)
- Potential savings \$5.1 million to State General Fund for Option B2 (higher premiums and more cost sharing)

Option C

- Stand alone SCHIP program – no entitlement
- Benefit plan mirrors commercial health care market
- Typically uses private insurers and commercial payment rates
- Federal managed care requirements not applicable
- Administratively more complex

Option C

Main benefits:

- Allows maximum benefit flexibility
- Allows enrollment cap
- Mirrors commercial market
- Allows waiting lists
- Allows state to limit General Fund contribution
- Cost-sharing

Option C

Impact:

- Enrollment could drop (4-9% depending on the premiums & cost sharing)
- Increase State General Fund by \$3.3 million under Option C1 (no cost sharing & moderate premiums)
- Decrease State General Fund by \$175,000 under Option C2 (higher premiums & point-of-service cost sharing)

Next Steps

- Medicaid Reform Council comments due to DHHS November 1, 2007
- Final report due December 1, 2007
- *Questions*

www.dhhs.ne.gov/med/medindex.htm

www.dhhs.ne.gov/med/reform/

