

NEBRASKA

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DEPT. OF HEALTH AND HUMAN SERVICES



Jim Pillen, Governor

NEBRASKA

Good Life. Great Mission.

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Draft

Section 1115 Sustainable Coverage Demonstration

February 23, 2026

Helping People Live Better Lives

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EXECUTIVE SUMMARY

The Nebraska Department of Health and Human Services (DHHS) submits this Section 1115 Demonstration Waiver application to limit retroactive Medicaid eligibility for the full Medicaid population. Nebraska is seeking federal authority to modify its Medicaid eligibility rules by limiting retroactive coverage to the month in which an individual submits an application. Through this Demonstration, Nebraska will evaluate how aligning coverage more closely with the time of application supports timely enrollment, promotes continuity of coverage, and strengthens the state's ability to focus resources on the most vulnerable Nebraskans who rely on Medicaid for essential care.

DHHS seeks approval of this Demonstration effective October 1, 2026.

1 PROGRAM DESCRIPTION

1.1 BACKGROUND AND APPROACH

Engagement in one's health is a fundamental component of wellbeing. With that in mind, DHHS is proposing to limit retroactive eligibility in the Nebraska Medicaid program with this Demonstration, aimed at promoting timely enrollment, continuity of coverage, and sustainability of the program.

Currently, retroactive eligibility in Medicaid allows individuals to receive coverage for medical services incurred up to 90 days prior to the date of their application, if they would have been eligible for Medicaid during that time. For example, an individual that applies in April 2026 can request eligibility for January, February, and March 2026. Under H.R. 1 (2025), these time periods will change as of 2027, such that an individual in the Medicaid Expansion population will receive one month of retroactive eligibility and all other individuals will receive two months of retroactive eligibility.

Via this waiver, Nebraska DHHS seeks to promote timely Medicaid enrollment and program sustainability. In particular, individuals will be encouraged to apply for Medicaid immediately, whether or not they have an immediate need for care, which will promote continuity of coverage. Medicaid will align better with the commercial market, which does not have retroactive eligibility, making individuals more prepared should they transition to commercial coverage in the future. The change to retroactive eligibility will also encourage providers to work with individuals to complete Medicaid applications in a timely manner.

The Demonstration also seeks to promote program sustainability not only by limiting the start of coverage but also by promoting proactive healthcare management and efficient use of healthcare resources. Individuals with ongoing coverage are more able to maintain primary care and receive care in the most appropriate and efficient settings.

Importantly, the waiver does not seek to eliminate retroactive eligibility in its entirety. Individuals will remain eligible for coverage effective with the first day of the month of application. This will ensure that individuals do not face gaps in coverage due to potential delays in application processing.

This Demonstration will apply to all Medicaid beneficiaries in Nebraska.

1.1 DEMONSTRATION GOALS AND OBJECTIVES

The Demonstration's goals and objectives are to evaluate how limiting retroactive eligibility to the month of application supports a more timely and continuous connection to Medicaid coverage while encouraging beneficiaries to engage with the program as soon as they become eligible. By aligning enrollment more closely with current health needs, the Demonstration aims to reduce avoidable program costs through proactive healthcare management and earlier access

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to appropriate services. Nebraska will assess whether this approach promotes more efficient use of healthcare resources and contributes to long-term program sustainability by strengthening predictable eligibility pathways and supporting stable coverage for individuals who rely on Medicaid. Through these objectives, the Demonstration seeks to generate evidence on how a shorter retroactive period may improve program performance and member outcomes.

1.2 DEMONSTRATION ELIGIBILITY

This Demonstration applies to all Medicaid eligibility groups.

1.3 RETROACTIVE ELIGIBILITY LIMITATIONS

Retroactive eligibility for all Medicaid populations will be limited to the first day of the month in which the beneficiary applied for Medicaid.

1.4 OTHER PROGRAM CHANGES

Except as outlined above, there are no other program features expected to be impacted by the proposed Demonstration.

2 DEMONSTRATION ENROLLMENT

The full Medicaid population will be subject to the retroactive eligibility waiver requirements.

Due to the exclusion of retroactive eligibility, DHHS estimates a reduction of 23,885 member months in demonstration year (DY) 1, or an average impact of 1,990 individuals per month. The estimated enrollment volume impact of the retroactive eligibility waiver is expected to be highest in DY1; this is a result of the retroactive eligibility changes effective beginning in 2027 under the passage of the One Big Beautiful Bill Act (OBBBA), namely:

1. For Medicaid Expansion adults, only the month directly preceding the month of Medicaid application, will be covered; therefore, this results in one month of retroactive coverage for this population once the change takes effect.
2. For all other Medicaid populations, only the two months directly preceding the month of Medicaid application, will be covered; therefore, this results in two months of retroactive coverage for this population once the change takes effect.

As a result, the following approach is being used in developing the estimated impact of the waiver:

1. The first three months of DY1 (October – December 2026) reflect the estimated impact of removing all 3 months of retroactive eligibility for all populations.
2. The remaining nine months of DY1 (January – September 2027), as well as all of DY2-5, reflect the estimated impact of removing only one retroactive month for the Medicaid Expansion adults, and two retroactive months for all other Medicaid and CHIP populations.

While the provision of this waiver does not preclude eligibility for any individual, it will reduce the total enrolled months as coverage will now begin during the month in which a beneficiary applied for Medicaid. Table 2.1 provides the total estimated annual member months and average monthly count, that will no longer be covered by Medicaid across all cohorts, due to the exclusion of retroactive eligibility.

Table 2.1: Total Estimated Impact of Retroactive Eligibility Limitation: Member Months

	Impact of Retroactive Coverage Limitation - Enrollment				
	DY1	DY2	DY3	DY4	DY5
Annual Member Months	23,885	21,169	21,381	21,595	21,811
Average Monthly Members	1,990	1,764	1,782	1,800	1,818

3 DEMONSTRATION BENEFITS AND COST-SHARING REQUIREMENTS

3.1 BENEFITS

This Demonstration does not propose changes to benefits. All beneficiaries will continue to receive the same benefit package as currently provided under the approved Nebraska Medicaid State Plan.

3.2 COST SHARING

This Demonstration does not propose changes to cost sharing. Cost-sharing requirements under the Demonstration will not differ from the approved Nebraska Medicaid State Plan.

4 DELIVERY SYSTEM AND PAYMENT RATES FOR SERVICES

This Demonstration will utilize Nebraska’s existing managed care delivery system. No changes to payment methodologies are proposed as part of this Demonstration.

5 DEMONSTRATION IMPLEMENTATION

Assuming timely federal approval of Nebraska’s Demonstration, Nebraska anticipates implementing the retroactive eligibility waiver effective October 1, 2026, and the retroactive eligibility limit will be applied to new applications submitted on and after October 1, 2026.

The Nebraska Sustainable Coverage 1115 Demonstration Waiver will be implemented on a statewide basis for all demonstration provisions and populations. The proposed implementation plan is included below:

Table 5.1: – Implementation Overview

Milestone	Target Start Date	Target Finish Date
Issue public notice of Demonstration	2/23/2026	2/23/2026
State public and tribal comment period	2/23/2026	3/26/2026
Conduct tribal consultation	3/2/2026	3/13/2026
Conduct public hearings	3/2/2026	3/13/2026
Submit waiver application to Nebraska Legislature Health and Human Services Committee	4/9/2026	4/9/2026
Submit waiver application to CMS	4/10/2026	4/10/2026
CMS completeness review	4/10/2026	4/27/2026

Milestone	Target Start Date	Target Finish Date
Federal public comment period	4/27/2026	5/18/2026
System and operational readiness	3/23/2026	9/30/2026
Monitoring and evaluation readiness	3/23/2026	9/30/2026
CMS waiver approval	9/30/2026	9/30/2026
Retroactive eligibility waiver effective	10/1/2026	10/1/2026

5.1 STAKEHOLDER ENGAGEMENT AND COMMUNICATION

Nebraska will implement a comprehensive stakeholder engagement strategy focused on providers, managed care organizations, and beneficiary-facing partners to support the transition to limiting retroactive Medicaid eligibility effective October 1, 2026. Nebraska will conduct structured outreach to hospitals, rural health clinics, federally qualified health centers, nursing facilities, and behavioral health providers. Engagement will occur through meetings, targeted webinars, provider bulletins, and opportunities for formal comment. These efforts will focus on ensuring operational readiness, clarifying the policy change and identifying any provider-specific concerns related to access, billing, and continuity of care.

Nebraska will also coordinate closely with managed care organizations, enrollment assisters, community-based organizations, and consumer advocacy groups to ensure consistent messaging and to help beneficiaries understand the importance of timely application for Medicaid. Nebraska will develop and provide resources (e.g., FAQs and Fact Sheets) prior to implementation to support clear communication across all channels. Nebraska’s engagement approach is designed to promote transparency, facilitate smooth adoption of the new requirements, and safeguard access to care for Nebraskans.

5.2 MEMBER AWARENESS AND OUTREACH

Nebraska will coordinate closely with the state’s Customer Service Center (CSC) and its managed care organizations (MCOs) to ensure all member-facing materials clearly communicate the retroactive eligibility changes effective October 1, 2026. Nebraska and the MCOs will update websites, handbooks, welcome packets, notices, and call-center scripts using standardized language to ensure consistent messaging. Nebraska will review and approve all revised materials and provide uniform training and job aids for both state and MCO call-center staff. Through these aligned updates and training efforts, Nebraska will ensure that members receive clear, accurate, and timely information about the transition away from retroactive eligibility.

5.3 SYSTEM AND OPERATIONAL READINESS

Nebraska will implement a structured system-readiness strategy to ensure a smooth transition to limiting retroactive eligibility effective October 1, 2026. Nebraska will update business rules, configure system logic, and conduct comprehensive end-to-end testing to validate correct application of the new policy across all eligibility pathways and coverage groups. This includes developing detailed test scenarios, performing regression testing, and coordinating with managed care organizations and other downstream partners to confirm alignment in enrollment, claims processing, and provider billing workflows. Nebraska will also update staff job aids and processing guides, and will conduct targeted training for eligibility workers, supervisors, and CSC representatives. Through this coordinated

readiness effort, Nebraska will ensure that systems, processes, and frontline operations are fully prepared to support the timely and accurate implementation of the new eligibility policy.

5.4 MONITORING AND EVALUATION READINESS

Nebraska will establish a comprehensive monitoring and evaluation framework to assess the impact of limiting retroactive eligibility, including contracting with an independent evaluator to ensure objective analysis of milestone outcomes. Prior to implementation, the state will collaborate with CMS to develop the annual monitoring report for this demonstration that defines performance metrics, data sources, and reporting timelines. Nebraska will coordinate with its managed care organizations and data analytics teams to support consistent data collection and timely reporting, while the independent evaluator conducts quantitative and qualitative assessments.

6 DEMONSTRATION PROJECTED SAVINGS

6.1 BACKGROUND

The five-year Demonstration is proposed to start October 1, 2026 and end September 30, 2031. Table 6.1 illustrates the Demonstration years for the projected savings calculations described in this section.

Table 6.1: Five-Year Demonstration Years

Demonstration Year (DY)				
DY1	DY2	DY3	DY4	DY5
10/1/2026 - 9/30/2027	10/1/2027 - 9/30/2028	10/1/2028 - 9/30/2029	10/1/2029 - 9/30/2030	10/1/2030 - 9/30/2031

The 1115 waiver authority requested in this Demonstration application limits retroactive eligibility for all populations. As a result, this Demonstration will by nature result in a reduction of enrollment months and savings in the state and federal share of expenditures. Therefore, in lieu of a budget neutrality projection, a savings projection for each DY1-5 is shown within this section.

The retroactive eligibility under this waiver proposal will remove all retroactive coverage periods except for the period dating back to the first month in which a member’s Medicaid application was received. All populations in Nebraska Medicaid will be subject to this retroactive eligibility policy change. This provision will be effective immediately upon the start of the waiver Demonstration, October 1, 2026.

The estimated fiscal impact of the retroactive eligibility waiver is expected to be higher in DY 1 than DY2 (and then increase thereafter due to trend), due to the retroactive eligibility changes effective beginning in 2027 under the passage of OBBBA, namely:

1. For Medicaid Expansion adults, only the month directly preceding the month of Medicaid application, will be covered; therefore, this results in one month of retroactive coverage for this population once the change takes effect.
2. For all other Medicaid populations, only the two months directly preceding the month of Medicaid application, will be covered; therefore, this results in two months of retroactive coverage for this population once the change takes effect.

As a result, the following approach is being used in developing the estimated impact of the waiver:

1. The first three months of DY1 (October – December 2026) reflect the estimated impact of removing all 3 months of retroactive eligibility for all populations.
2. The remaining nine months of DY1 (January – September 2027), as well as all of DY2-5, reflect the estimated impact of removing only one retroactive month for the Medicaid Expansion adults, and two retroactive months for all other Medicaid and CHIP populations

6.2 BASELINE EXPERIENCE AND SAVINGS PROJECTION

The baseline experience used to develop the savings estimates for this waiver reflect CY24 Heritage Health managed care enrollment and claims expenditures, limited to experience within members’ retroactive coverage windows (which varies based on the DY, as described above). Additionally, fee-for-service data for Heritage Health enrolled individuals during this same time period was used, and reflects the subset of services that are carved out of the Heritage Health program, predominantly long-term services and supports (Institutional and HCBS Waiver services).

The managed care data was first adjusted for non-medical load, consistent with the non-medical load assumptions used within the development of the CY26 Heritage Health capitation rates, to reflect the full estimated costs of retroactive eligibility months within managed care. Finally, all managed care and fee-for-service experience was trended to each Demonstration year, using the trends shown in Table 6.2 below:

Table 6.2: Enrollment and PMPM Trends

MEG	Trend	
	MMs	PMPM
ABD	1.0%	5.0%
CHIP	1.0%	4.8%
DUAL	1.0%	5.0%
EXP	1.0%	5.2%
FAM	1.0%	4.8%
WARD	1.0%	4.8%

The Medicaid populations have been aggregated into six Medicaid Eligibility Groups (MEGs), as shown in table 6.3 below, for purposes of savings Demonstration.

Table 6.3: Medicaid Eligibility Groups

MEG	Description
ABD	All AABD children and adults, including non-dual Waiver and LTC individuals
CHIP	All CHIP children and members covered under 599 CHIP
DUAL	All dual-eligible populations, including dual Waiver and LTC individuals
EXP	All Medicaid Expansion adults
FAM	All Family children and adults
WARD	All Foster Care/WARD individuals

Table 6.4 below illustrates the estimated impact of the limitation of retroactive coverage periods for each Demonstration year, to total funds (state plus federal):

Table 6.4: Retroactive Eligibility Limitation Impact

MEG	Impact of Retroactive Coverage Limitation - Estimated Savings				
	DY1	DY2	DY3	DY4	DY5
ABD	\$ 1,230,314	\$ 1,283,878	\$ 1,361,552	\$ 1,443,926	\$ 1,531,284
CHIP	\$ 582,116	\$ 600,951	\$ 636,095	\$ 673,294	\$ 712,668
DUAL	\$ 4,179,889	\$ 4,131,838	\$ 4,381,814	\$ 4,646,913	\$ 4,928,052
EXP	\$ 7,888,025	\$ 7,737,634	\$ 8,221,391	\$ 8,735,392	\$ 9,281,529
FAM	\$ 3,878,467	\$ 3,911,382	\$ 4,140,120	\$ 4,382,234	\$ 4,638,507
WARD	\$ 617,590	\$ 632,261	\$ 669,236	\$ 708,373	\$ 749,799
Total	\$ 18,376,400	\$ 18,297,944	\$ 19,410,207	\$ 20,590,132	\$ 21,841,838

The five-year savings estimates to enrollment and expenditures, by MEG and in aggregate are included within the accompanying appendix.

7 PROPOSED WAIVERS

Nebraska requests waivers of Section 1902(a)(34) of the Social Security Act to the extent necessary to enable the State to limit retroactive eligibility to the first day of the month in which an application is filed.

8 EVALUATION DESIGN

Nebraska’s 1115 Demonstration Waiver evaluation design will include an assessment of the impact of limiting retroactive Medicaid eligibility on continuity of care, continuity of coverage, cost of potentially preventable acute care, and member satisfaction. The State proposes the hypotheses and measures listed in Table 8.1 below.

Table 8.1: Demonstration Hypothesis and Measures

Hypothesis	Measures
The policy to limit retroactive Medicaid eligibility will not adversely affect continuity of care.	<ul style="list-style-type: none"> Continuity of Care (COC) Index¹, a measure of continuity calculated at the individual level that considers both the number of providers and number of visits to each within the measurement year
The policy to limit retroactive Medicaid eligibility will not adversely affect continuity of coverage.	<ul style="list-style-type: none"> Percent of members with at least a single gap in coverage of one month during the measurement year Percent of members with 2 or more gaps in coverage of one month each during the measurement year Average length of coverage

¹ Bice, T. W., & Boxerman, S. B. (1977). *A Quantitative Measure of Continuity of Care*. *Medical Care*, 15(4), 347–349. Accessed November 20, 2025, at: <https://www.jstor.org/stable/3763789>

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<p>The policy to limit retroactive Medicaid eligibility will lead to decreases in costs driven by potentially preventable acute care utilization.</p>	<ul style="list-style-type: none"> • Potentially preventable hospitalization rates and costs • Potentially preventable ED visit rates and costs • Reduction in services covered under Medicaid, that occur prior to Medicaid application month
<p>The policy to limit retroactive Medicaid eligibility will not lead to reduced member satisfaction.</p>	<ul style="list-style-type: none"> • Members’ satisfaction with overall health care experience, getting needed care, and getting care quickly, from the Consumer Assessment of Healthcare Providers and Systems (CAHPS®) health plan survey

An interrupted time series model will be constructed to compare performance on the measures before, and after, the policy change. Potential covariates will be identified and included in the models. Covariates may include demographics, clinical risk factors, and policy-related events.

DRAFT

APPENDIX I. DEMONSTRATION SAVINGS PROJECTION

Table A.1: Total Enrollment and Savings Projection

		Estimated DY1-DY5 Enrollment and Dollar Impact									
		DY1		DY2		DY3		DY4		DY5	
MEG		MMs	Dollars	MMs	Dollars	MMs	Dollars	MMs	Dollars	MMs	Dollars
ABD		579	\$ 1,230,314	544	\$ 1,283,878	549	\$ 1,361,552	555	\$ 1,443,926	560	\$ 1,531,284
CHIP		2,495	\$ 582,116	2,343	\$ 600,951	2,366	\$ 636,095	2,390	\$ 673,294	2,414	\$ 712,668
DUAL		1,607	\$ 4,179,889	1,491	\$ 4,131,838	1,506	\$ 4,381,814	1,521	\$ 4,646,913	1,536	\$ 4,928,052
EXP		7,423	\$ 7,888,025	5,723	\$ 7,737,634	5,780	\$ 8,221,391	5,838	\$ 8,735,392	5,896	\$ 9,281,529
FAM		11,436	\$ 3,878,467	10,742	\$ 3,911,382	10,850	\$ 4,140,120	10,958	\$ 4,382,234	11,068	\$ 4,638,507
WARD		345	\$ 617,590	327	\$ 632,261	330	\$ 669,236	334	\$ 708,373	337	\$ 749,799
Total		23,885	\$ 18,376,400	21,169	\$ 18,297,944	21,381	\$ 19,410,207	21,595	\$ 20,590,132	21,811	\$ 21,841,838

APPENDIX II. PUBLIC NOTICE AND TRIBAL CONSULTATION

PUBLIC NOTICE PROCESS

Nebraska DHHS conducted a thorough public engagement process in accordance with federal requirements set forth at 42 CFR 431.408. The following describes the actions taken by DHHS to ensure compliance with the federal public notice process requirements.

Nebraska DHHS has provided the public with an opportunity to review and comment on this waiver application. DHHS posted a notice of the waiver application on MLTC’s dedicated public notice page: <https://dhhs.ne.gov/Pages/Medicaid-Public-Notices.aspx>.

Public comments on the waiver application were accepted from February 23, 2026 to March 26, 2026.

Comprehensive information on the waiver application, public comment opportunities, and a copy of the full public notice were made available on the DHHS dedicated waiver webpage: <https://dhhs.ne.gov/Pages/Nebraska-Sustainable-Coverage-Demonstration-Waiver.aspx>

Members of the public could submit written comments electronically at DHHS.Demonstrationwaivers@nebraska.gov or at the following address:

Department of Health and Human Services
 Nebraska Medicaid
 ATTN: Ashiye Aator
 301 Centennial Mall South
 P.O. Box 95026
 Lincoln, Nebraska 68509-5026

[Additional information regarding the public hearings and comments will be added following the public comment period]

SUMMARY OF PUBLIC COMMENTS

[To be added following the public comment period]

TRIBAL CONSULTATION

On February 23, 2026, the Department sent electronic notification to representatives of the state’s federally recognized tribal organizations of the opportunity to review and comment on the waiver application. Tribal organizations were allowed 30 calendar days to provide comments, with a comment deadline of March 26, 2026.

[Additional information will be added following the public comment period]

PUBLIC AND TRIBAL NOTICE DOCUMENTS

Abbreviated Public Notice of Nebraska Medicaid

Section 1115 Sustainable Coverage Demonstration

February 23, 2026

In accordance with 42 CFR 431.408, the Nebraska Department of Health and Human Services (DHHS), is providing this abbreviated public notice of its intent to submit a new application to the Centers for Medicare and Medicaid Services (CMS) under Section 1115 of the Social Security Act.

DHHS is seeking approval of a five-year waiver to limit retroactive Medicaid eligibility for the full Medicaid population. This initiative, the Sustainable Coverage Demonstration, seeks to align coverage more closely with the time of application to support timely enrollment, promote continuity of coverage, and strengthen the state’s ability to focus resources on the most vulnerable Nebraskans who rely on Medicaid for essential care. DHHS and the Nebraska Division of Medicaid and Long-Term Care (MLTC) administer the Nebraska Medicaid program and are responsible for the implementation of this Medicaid Demonstration project.

Other than the program changes outlined in the Demonstration waiver application, no other changes are expected to the Medicaid program as a result of the proposed Demonstration.

DHHS will hold public hearings to receive comments on the Section 1115 Demonstration application.

The anticipated effective date for the Section 1115 Sustainable Coverage Demonstration is October 1, 2026.

DHHS seeks public comment and input on its proposed Demonstration application.

Public Meetings and Comment

The public is invited to review and comment on the State’s Demonstration request. A full public notice statement describing the Demonstration application in more detail can be found at <https://dhhs.ne.gov/Pages/Medicaid-Public-Notices.aspx> and a draft of the Demonstration application itself can be found at <https://dhhs.ne.gov/Pages/Nebraska-Sustainable-Coverage-Demonstration-Waiver.aspx>. Appointments may be made to view a hard copy of the full public notice document and a draft of the application by calling 402-471-9718. Appointments may be made during regular business hours, Monday through Friday. Appointments to view the documents will take place at the Nebraska State Office Building, 301 Centennial Mall South, Lincoln NE.

Comments will be accepted 30 days from the publication of this notice. The comment period ends March 26, 2026.

Comments may be sent to:

Department of Health and Human Services
 Nebraska Medicaid
 ATTN: Ashiye Aator
 301 Centennial Mall South
 P.O. Box 95026
 Lincoln, Nebraska 68509-5026

Comments may also be sent by email to: DHHS.Demonstrationwaivers@nebraska.gov.

Public hearings are scheduled at the following times/locations:

Hearing/Meeting Date	Time	Location	Teleconference #
Legislative Hearing Friday, February 27, 2026	1:30pm Central Standard Time	Nebraska State Capitol - Room 1510 1445 K St. Lincoln, NE 68508	Watch live: https://nebraskapublicmedia.org/en/watch/live/
Wednesday, March 11, 2026	3:00-4:30pm Central Standard Time	Charles H. Gere Branch Library - 2400 S 56 th Street Lincoln, NE 68506	Webex Link: https://sonvideo.webex.com/sonvideo/j.php?MTID=m2f01f43d3ebb99a68c660d4c066da659 Webinar number: 2483 635 0280 Webinar password: Px3uFT9tpa8 (79383898 when dialing from a phone or video system)

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			Join by phone: +1-408-418-9388
Tuesday, March 17, 2026	11:00am-12:30pm Central Standard Time	Kearney Public Library – 2020 1 st Ave Kearney, NE, 68847	Webex Link: https://sonvideo.webex.com/sonvideo/j.php?MTID=mf484d4cdb7adae0baf2d7c7db5479477 Webinar number: 2483 635 6006 Webinar password: fZ638wY6UMj (39638996 when dialing from a phone or video system) Join by phone: +1-408-418-9388

After the State reviews comments submitted during this state public comment period, it will submit a revised application to CMS. Interested parties will also have an opportunity to officially comment during the federal public comment period after CMS finds the application and public notice requirements met.

Public Notice of Nebraska Medicaid

Section 1115 Sustainable Coverage Demonstration

February 23, 2026

In accordance with 42 CFR 431.408, the Nebraska Department of Health and Human Services (DHHS) is providing public notice of its intent to submit an application to the Centers for Medicare & Medicaid Services (CMS) under Section 1115 of the Social Security Act.

DHHS is seeking approval of a five-year waiver to limit retroactive Medicaid eligibility for the full Medicaid population. This initiative, the Sustainable Coverage Demonstration, seeks to align coverage more closely with the time of application to support timely enrollment, promote continuity of coverage, and strengthen the state’s ability to focus resources on the most vulnerable Nebraskans who rely on Medicaid for essential care. DHHS and the Nebraska Division of Medicaid and Long-Term Care (MLTC) administer the Nebraska Medicaid program and are responsible for the implementation of this Medicaid Demonstration project.

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Other than the program changes outlined below and in the Demonstration waiver application, no other changes are expected to the Medicaid program as a result of the proposed Demonstration.

DHHS will hold public hearings to receive comments on the Section 1115 Demonstration application.

The anticipated effective date for the Section 1115 Sustainable Coverage Demonstration is October 1, 2026.

DHHS seeks public comment and input on its proposed Demonstration application.

1. PROGRAM DESCRIPTION

The proposed waiver seeks to limit retroactive eligibility to the beginning of the month in which the individual applies for Medicaid.

Via this waiver, Nebraska DHHS seeks to promote timely Medicaid enrollment and program sustainability. In particular, individuals will be encouraged to apply for Medicaid immediately, whether or not they have an immediate need for care, which will promote continuity of coverage. Medicaid will align better with the commercial market, which does not have retroactive eligibility, making individuals more prepared should they transition to commercial coverage in the future. The change to retroactive eligibility will also encourage providers to work with individuals to complete Medicaid applications in a timely manner.

The Demonstration also seeks to promote program sustainability not only by limiting the start of coverage but also by promoting proactive healthcare management and efficient use of healthcare resources. Individuals with ongoing coverage are more able to maintain primary care and receive care in the most appropriate and efficient settings.

Importantly, the waiver does not seek to eliminate retroactive eligibility in its entirety. Individuals will remain eligible for coverage effective with the first day of the month of application. This will ensure that individuals do not face gaps in coverage due to potential delays in application processing.

This Demonstration will apply to all Medicaid beneficiaries in Nebraska.

2. GOALS AND OBJECTIVES

The Demonstration's goals and objectives are to evaluate how limiting retroactive eligibility to the month of application supports a more timely and continuous connection to Medicaid coverage while encouraging beneficiaries to engage with the program as soon as they become eligible. By aligning enrollment more closely with current health needs, the Demonstration aims to reduce avoidable program costs through proactive healthcare management and earlier access to appropriate services. Nebraska will assess whether this approach promotes more efficient use of healthcare resources and contributes to long-term program sustainability by strengthening predictable eligibility pathways and supporting stable coverage for individuals who rely on Medicaid. Through these objectives, the Demonstration seeks to generate evidence on how a shorter retroactive period may improve program performance and member outcomes.

3. HYPOTHESIS AND EVALUATION

Nebraska’s 1115 Demonstration waiver evaluation design will include an assessment of the impact of limiting retroactive Medicaid eligibility on continuity of care, continuity of coverage, cost of potentially preventable acute care, and member satisfaction. The State proposes the hypotheses and measures listed in the table below.

Hypothesis	Measures
The policy to limit retroactive Medicaid eligibility will not adversely affect continuity of care.	<ul style="list-style-type: none"> Continuity of Care (COC) Index², a measure of continuity calculated at the individual level that considers both the number of providers and number of visits to each within the measurement year
The policy to limit retroactive Medicaid eligibility will not adversely affect continuity of coverage.	<ul style="list-style-type: none"> Percent of members with at least a single gap in coverage of one month during the measurement year Percent of members with 2 or more gaps in coverage of one month each during the measurement year Average length of coverage
The policy to limit retroactive Medicaid eligibility will lead to decreases in costs driven by potentially preventable acute care utilization.	<ul style="list-style-type: none"> Potentially preventable hospitalization rates and costs Potentially preventable ED visit rates and costs Reduction in services covered under Medicaid, that occur prior to Medicaid application month
The policy to limit retroactive Medicaid eligibility will not lead to reduced member satisfaction.	<ul style="list-style-type: none"> Members’ satisfaction with overall health care experience, getting needed care, and getting care quickly, from the Consumer Assessment of Healthcare Providers and Systems (CAHPS®) health plan survey

4. ELIGIBILITY

The Demonstration applies to all Medicaid eligibility groups.

5. DEMONSTRATION ENROLLMENT IMPACT

The Demonstration will result in a reduction in overall enrollment. The total estimated impact (member months) of the Demonstration is outlined in the table below, showing the estimated reduction for each year:

	Impact of Retroactive Coverage Limitation - Enrollment				
	DY1	DY2	DY3	DY4	DY5
Annual Member Months	23,885	21,169	21,381	21,595	21,811
Average Monthly Members	1,990	1,764	1,782	1,800	1,818

² Bice, T. W., & Boxerman, S. B. (1977). *A Quantitative Measure of Continuity of Care*. *Medical Care*, 15(4), 347–349. Accessed November 20, 2025, at: <https://www.jstor.org/stable/3763789>

6. DEMONSTRATION BENEFITS AND COST SHARING-REQUIREMENTS

6.1 BENEFITS

This Demonstration does not propose changes to benefits. All beneficiaries will continue to receive the same benefit package as currently provided under the Nebraska Medicaid State Plan.

6.2 COST-SHARING

This Demonstration does not propose changes to cost sharing. Cost-sharing requirements under the Demonstration will not differ from the approved Nebraska Medicaid State Plan.

7. DELIVERY SYSTEM AND PAYMENT RATE FOR SERVICES

This Demonstration will utilize Nebraska’s existing managed care delivery system. No changes to payment methodologies are proposed as part of this Demonstration.

8. PROPOSED WAIVERS AND EXPENDITURE AUTHORITY

Nebraska requests a waiver of Section 1902(a)(34) of the Social Security Act to the extent necessary to enable the State to limit retroactive eligibility to the first day of the month in which an application is filed

9. BASELINE EXPERIENCE AND SAVINGS PROJECTION

Federal policy requires that section 1115 demonstration applications be budget neutral to the federal government. This means that an 1115 demonstration cannot cost the federal government more than what would have otherwise been spent absent the 1115 demonstration. The particulars of budget neutrality, including methodologies, are subject to negotiation between DHHS and CMS.

This section presents DHHS’s approach for demonstrating expected savings resulting from the Demonstration. CBIZ Optumas (Optumas) worked in conjunction with DHHS to model these savings for the demonstration period. The table below illustrates the estimated impact of the limitation of retroactive coverage periods for each demonstration year, to total funds (state plus federal):

Impact of Retroactive Coverage Limitation - Estimated Savings					
MEG	DY1	DY2	DY3	DY4	DY5
ABD	\$ 1,230,314	\$ 1,283,878	\$ 1,361,552	\$ 1,443,926	\$ 1,531,284
CHIP	\$ 582,116	\$ 600,951	\$ 636,095	\$ 673,294	\$ 712,668
DUAL	\$ 4,179,889	\$ 4,131,838	\$ 4,381,814	\$ 4,646,913	\$ 4,928,052
EXP	\$ 7,888,025	\$ 7,737,634	\$ 8,221,391	\$ 8,735,392	\$ 9,281,529
FAM	\$ 3,878,467	\$ 3,911,382	\$ 4,140,120	\$ 4,382,234	\$ 4,638,507
WARD	\$ 617,590	\$ 632,261	\$ 669,236	\$ 708,373	\$ 749,799
Total	\$ 18,376,400	\$ 18,297,944	\$ 19,410,207	\$ 20,590,132	\$ 21,841,838

10. PUBLIC HEARINGS AND COMMENTS

The public is invited to review and comment on the State’s Demonstration waiver request.

The full draft can be found at <https://dhhs.ne.gov/Pages/Nebraska-Sustainable-Coverage-Demonstration-Waiver.aspx> . Paper copies of the full public notice document, and a draft of the application, can be picked up during regular business hours at the Department of Health and Human Services, 301 Centennial Mall South, Lincoln, Nebraska 68509.

Comments will be accepted 30 days from the publication of this notice. The comment period begins February 23, 2026 and ends March 26, 2026. Comments may be sent to:

Department of Health and Human Services
 Nebraska Medicaid
 ATTN: Ashiye Aator
 301 Centennial Mall South
 P.O. Box 95026
 Lincoln, Nebraska 68509-5026

Comments may also be sent by email to DHHS.Demonstrationwaivers@nebraska.gov.

Public hearings are scheduled at the following times/locations:

Hearing/Meeting Date	Time	Location	Teleconference #
Legislative Hearing Friday, February 27, 2026	1:30pm Central Standard Time	Nebraska State Capitol - Room 1510 1445 K St. Lincoln, NE 68508	Watch live: https://nebraskapublicmedia.org/en/watch/live/
Wednesday, March 11, 2026	3:00-4:30pm Central Standard Time	Charles H. Gere Branch Library - 2400 S 56 th Street Lincoln, NE 68506	Webex Link: https://sonvideo.webex.com/sonvideo/j.php?MTID=m2f01f43d3ebb99a68c660d4c066da659 Webinar number: 2483 635 0280

Nebraska Medicaid Section 1115 Sustainable Coverage Demonstration

			<p>Webinar password: Px3uFT9tpa8 (79383898 when dialing from a phone or video system)</p> <p>Join by phone: +1-408-418-9388</p>
Tuesday, March 17, 2026	11:00am-12:30pm Central Standard Time	Kearney Public Library – 2020 1 st Ave Kearney, NE, 68847	<p>Webex Link: https://sonvideo.webex.com/sonvideo/j.php?MTID=mf484d4cdb7adae0baf2d7c7db5479477</p> <p>Webinar number: 2483 635 6006</p> <p>Webinar password: fZ638wY6UMj (39638996 when dialing from a phone or video system)</p> <p>Join by phone: +1-408-418-9388</p>

After the State reviews comments submitted during this state public comment period, it will submit a revised application to CMS. Interested parties will also have an opportunity to officially comment during the federal public comment period after CMS finds the application and public notice requirements met.

To: Omaha Tribe of Nebraska, Ponca Tribe of Nebraska, Santee Sioux Nation, Winnebago Tribe of Nebraska, Carl T. Curtis Health Center, Fred LeRoy Health & Wellness Center, Santee Sioux Clinic, Winnebago Tribal Health Department, Winnebago Indian Hospital, Nebraska Urban Indian Health Coalition, Aberdeen Area Indian Health Service, Great Plains Tribal Chairmen’s Health Board, Oglala Sioux Tribe, Oglala Sioux Lakota Nursing Home

Tribal Notice of Nebraska Medicaid

Section 1115 Sustainable Coverage Demonstration

February 23, 2026

In accordance with 42 CFR 431.408, the Nebraska Department of Health and Human Services (DHHS) is providing notice of its intent to submit to the Centers for Medicare and Medicaid Services (CMS) a Section 1115 Demonstration waiver application to implement a waiver of retroactive Medicaid eligibility for the full Medicaid population. The proposed waiver will have an

Nebraska Medicaid Section 1115 Sustainable Coverage Demonstration

impact on Indians and/or Indian health programs. Other than the program changes outlined below and in the Demonstration waiver application, no other changes are expected to the Medicaid program as a result of the proposed Demonstration.

The Demonstration seeks to limit a retroactive eligibility for all Medicaid populations to the first day of the month in which the beneficiary applied for Medicaid. This initiative, the Sustainable Coverage Demonstration, seeks to align coverage more closely with the time of application to support timely enrollment, promote continuity of coverage, and strengthen the state's ability to focus resources on the most vulnerable Nebraskans who rely on Medicaid for essential care. DHHS and the Nebraska Division of Medicaid and Long-Term Care (MLTC) administers the Nebraska Medicaid program and is responsible for the implementation of this Medicaid Demonstration project. The retroactive eligibility limitation will apply to tribal members enrolled in Medicaid eligibility groups that are subject to this Demonstration.

The anticipated effective date of the Demonstration is October 1, 2026.

Tribal governments and the public are invited to review and comment on the State's Demonstration request.

Comments from Tribes will be accepted from now until 30 days following the date when the State gives notice to the general public, which the state expects to be on February 23, 2026. Thus, the state will accept comments until March 26, 2026.

Comments may be sent to:

Department of Health and Human Services
Nebraska Medicaid
ATTN: NE Sustainable Coverage Waiver
301 Centennial Mall South
P.O. Box 95026
Lincoln, Nebraska 68509-5026

Comments may also be sent by email to: DHHS.Demonstrationwaivers@nebraska.gov.

Starting February 23, 2026, a full public notice document describing the Demonstration application in more detail will be available at <https://dhhs.ne.gov/Pages/Medicaid-Public-Notices.aspx> and a draft of the Demonstration application itself will be found at <https://dhhswebsiteauthoring/Pages/Nebraska-Sustainable-Coverage-Demonstration-Waiver.aspx>. Appointments may be made to view a hard copy of the public notice document and a draft of the amendment application by calling 402-471-9718. Appointments may be made during regular business hours, Monday through Friday. Appointments to view the documents will take place at the Nebraska State Office Building, 301 Centennial Mall South, Lincoln NE.

Public Hearings are scheduled at the following times/locations:

Nebraska Medicaid Section 1115 Sustainable Coverage Demonstration

Date (Agenda)	Time	Location	Call-in Information
Legislative Hearing Friday, February 27, 2026	1:30pm Central Standard Time	Nebraska State Capitol - Room 1510 1445 K St. Lincoln, NE 68508	Watch live: https://nebraskapublicmedia.org/en/watch/live/
Monthly Tribal Call Wednesday, March 4, 2026	9:00am Central Standard Time	Webex Meeting	Webex Link: https://sonvideo.webex.com/sonvideo/j.php?MTID=m058e5fdcd31dda5ad6fde6e2651a2ea9 Webinar number: 2483 611 2756 Webinar password: SPvnYJSi332 Join by phone: +1-408-418-9388
Wednesday, March 11, 2026	3:00- 4:30pm Central Standard Time	Charles H. Gere Branch Library - 2400 S 56 th Street Lincoln, NE 68506	Webex Link: https://sonvideo.webex.com/sonvideo/j.php?MTID=m2f01f43d3ebb99a68c660d4c066da659 Webinar number: 2483 635 0280 Webinar password: Px3uFT9tpa8 (79383898 when dialing from a phone or video system) Join by phone: +1-408-418-9388
Tuesday, March 17, 2026	11:00am- 12:30pm Central Standard Time	Kearney Public Library – 2020 1 st Ave Kearney, NE, 68847	Webex Link: https://sonvideo.webex.com/sonvideo/j.php?MTID=mf484d4cdb7adae0baf2d7c7db5479477 Webinar number: 2483 635 6006 Webinar password: fZ638wY6UMj (39638996 when dialing from a phone or video system) Join by phone: +1-408-418-9388

Nebraska Medicaid Section 1115 Sustainable Coverage Demonstration

If any Tribal Government would like an additional in-person meeting to discuss the demonstration application, please contact Jacob Kawamoto, Program Manager, Division of Medicaid and Long-Term Care, at Jacob.Kawamoto@Nebraska.gov or:

Jacob Kawamoto
Program Manager
Nebraska Department of Health and Human Services
Nebraska Medicaid
301 Centennial Mall South
P.O. Box 95026
Lincoln, NE 68509-5026

Thank you in advance for your participation.

Respectfully,

A handwritten signature in black ink that reads "Jacob Kawamoto". The signature is written in a cursive style with a large initial "J" and "K".

Jacob Kawamoto
Program Manager
Nebraska Department of Health and Human Services