

One Hundred Third Legislature - First Session - 2013

Introducer's Statement of Intent

LB577

Chairperson: Senator Kathy Campbell

Committee: Health and Human Services

Date of Hearing: February 28, 2013

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The intent of LB 577 is to require Nebraska Medicaid to add the newly eligible adult population under the Patient Protection and Affordable Care Act to the Nebraska Medicaid state plan amendment; and outlines the health coverage provided under the program.

The bill provides for expanded eligibility to low-income adults who are age 19 to 65. The inclusion of this population will provide health coverage for uninsured childless adults from 0-133% of the Federal Poverty Level (FPL) For 2013 the FPL at 133% for an individual is \$15,282 per year. The Patient Protection and Affordable Care Act, the ACA, allows for a 5% income disregard so the threshold will effectively be at 138% FPL, for 2013 an individual income limit would be \$15,856. Additionally, some low income uninsured parents will also obtain coverage under this bill. Currently Nebraska parents are generally not covered by Medicaid above 54% FPL (\$8,375 for a family of two, \$10,546 for a family of three). In addition, LB 577 will address an inequity regarding subsidies within the ACA. Under the ACA adults, with incomes below 100% FPL, are not eligible for subsidies to purchase insurance in the health insurance exchanges. Without the Medicaid benefits provided by this bill adults with incomes under 100% FPL (\$11,490 a year in 2013) will not qualify for any assistance, leaving them uninsured and without any subsidies for purchasing coverage within the exchanges. Providing Medicaid coverage will provide essential health care coverage for the newly eligible adult population utilizing 100% federal funding from 2014 to 2016 then reducing by step down increments until 90% federal coverage by 2020.

The ACA provides four options from which states may choose as a benchmark benefit plan for the newly eligible adult population. The options are one of three commercial insurance products; or a fourth- Secretary-approved coverage. The Secretary-approved coverage can include the Medicaid state plan benefit package offered in the state. LB 577 identifies the Secretary-approved coverage as the option and specifies that the Medicaid benefit coverage for the new adult group shall include the mandatory and optional coverage under traditional Nebraska Medicaid. Choosing the state's current Medicaid benefit package as the benchmark allows for continuity of coverage for individuals currently enrolled; it provides equity of coverage between current Medicaid enrollees and new eligibles; and it assures the health care needs of this population is met in a way that provides appropriate preventive care for health cost savings. Additionally, it has the advantage of administrative simplicity in determining eligibility and administering benefits and making the program easier for enrollers to explain and for consumers to understand.

LB 577 specifies that the Medicaid new adult population benefit plan shall also include benefits required by the ACA and the benefit plan must comply with the requirements of the Mental Health Parity and Addiction Equity Act.

The bill provides that the Essential Health Benefits described in section 1302(b) of the ACA, including habilitative services, are covered in the benefit plan as required for the newly eligible adult population. LB 577 defines habilitative services "as services designed to assist a person in acquiring, retaining, and improving the self-help, socialization, and adaptive skills necessary for daily living". Currently in Nebraska none of the three

commercial benefit plans identified as alternative benefit benchmark options provide habilitative services as a distinct group of services. Accordingly, there is no current habilitative definition utilized and the state may define habilitative services. The definition in LB 577 is modeled after the habilitative services definition currently found in Medicaid's 1915 Home and Community Based waiver. Under this program, Nebraska Medicaid habilitative services means “services designed to assist individuals in acquiring, retaining, and improving the self help socialization and adaptive skills necessary to reside successfully in home and community based settings”.

As a contingency, LB 577 provides, in the event of an unforeseen complication regarding the Secretary-approved full Medicaid option, that the department is required to choose an alternative benchmark plan for the newly eligible adults under the ACA Medicaid expansion as specified. This requires the coverage of the newly eligible population to occur with an alternative option rather than not be implemented. Finally, the bill reiterates that the newly eligible low income adult population will qualify for the enhanced federal medical assistance percentage (FMAP) as outlined in the ACA.

Principal Introducer: _____

Senator Kathy Campbell