



January 31, 2021

Clerk of the Legislature
Legislative Fiscal Office
P.O. Box 94604
Lincoln, NE 68509

Dear Clerk of the Legislature:

In accordance with Neb. Rev. Stat. 68-995, please find the attached report summarizing administrative spending by the state's contracted Medicaid managed care plans.

The attached report denotes the quarterly revenue, administrative expenses, and calculated administrative expense rate for the most recently completed quarter with information available as reported by the managed care plans through their required quarterly reporting to DHHS. It is important to note that revenue and expenses can vary quarter to quarter, and DHHS follows federal guidance in performing official Medical Loss Ratio Administrative Spend, and Profit Cap calculations after sufficient run out of specified contract periods.

This quarterly report is informational only, and is not utilized to perform official end-of-contract period calculations. DHHS would also clarify that Medicaid does not reimburse managed care plans for administrative expenses at cost, but rather pays a prospective capitation rate inclusive of administrative cost, and the managed care plans are at risk for any administrative expenditures above the administrative expense rate loaded in the capitation rates.

Please note, Medicaid will be submitting a separate report regarding the requirements in LB 1158 (2020) that Medicaid report on the status of referrals of Medicaid applicants to job-skills programs.

If you have any questions, please contact the department at Kevin.Bagley@Nebraska.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Bagley".

Kevin Bagley, Director
Division of Medicaid and Long-Term Care
Department of Health and Human Services

Attachment

Managed Care Administrative Spending Report (Neb. Rev. Stat. 68-995)

Time Period: Calendar Year 2020 - Quarter 3 (July 1 - September 30)

Health Plan	United Healthcare	Wellcare of Nebraska	Nebraska Total Care	MCNA Dental
Revenue	\$ 118,480,405	\$ 89,573,296	\$ 115,563,221	\$ 14,783,716
Administrative Expenses	\$ 13,165,189	\$ 10,769,699	\$ 15,498,400	\$ 1,442,464
Administrative Expense Rate	11.1%	12.0%	13.4%	9.8%