

Back to Basics: Medicaid

Sen. Kathy Campbell, 2016

Medicaid

- **Medicaid:** provides health insurance coverage to certain eligible low-income individuals
 - Low-income parents, children, pregnant women, seniors, people with disabilities
- **Children's Health Insurance Program (CHIP):** provides health insurance coverage to children under age 19, up to a higher income than Medicaid
 - Also known as Kids Connection

Medicaid Basics

- Established in 1965
- Title XIX of Social Security Act
- State participation voluntary, but all states participate
- If state participates, has to follow federal rules for administering program

Medicaid Basics

- Federal and state cooperative system
 - Jointly funded and administered by state and federal governments
 - *Federal*: Dept. of Health and Human Services, Centers for Medicare and Medicaid Services (CMS)
 - *State*: Single state agency (Nebraska Dept. of Health and Human Services)

Medicaid Basics

- Federal law sets out:
 - Who is eligible
 - Which services must be covered and which services are optional
- Each state has flexibility
 - Can design and administer program
 - Make choices about eligibility groups and services covered

Medicaid Eligibility

- A person is *not* eligible for Medicaid just by having a low income
- A person must:
 - Have income below a certain level
 - AND
 - Fit into particular category (based on characteristics)
- Must also meet other requirements (citizen/immigration status; residency; assets)

Medicaid Eligibility: Who is Eligible?

- Low income individuals must fit into one of the following groups to be eligible:
 - Pregnant women
 - Children
 - Certain very low-income parents
 - Seniors
 - Individuals with disabilities

Medicaid Eligibility: Who is Eligible?

- Pregnant women
 - Earning less than \$3,199/month
- Children
 - In families earning less than \$3,515/month
- Certain very low-income parents
 - Earning less than \$940/month
- Seniors
 - Earning less than \$1,649/month
- Individuals with disabilities
 - Earning less than \$1,649/month

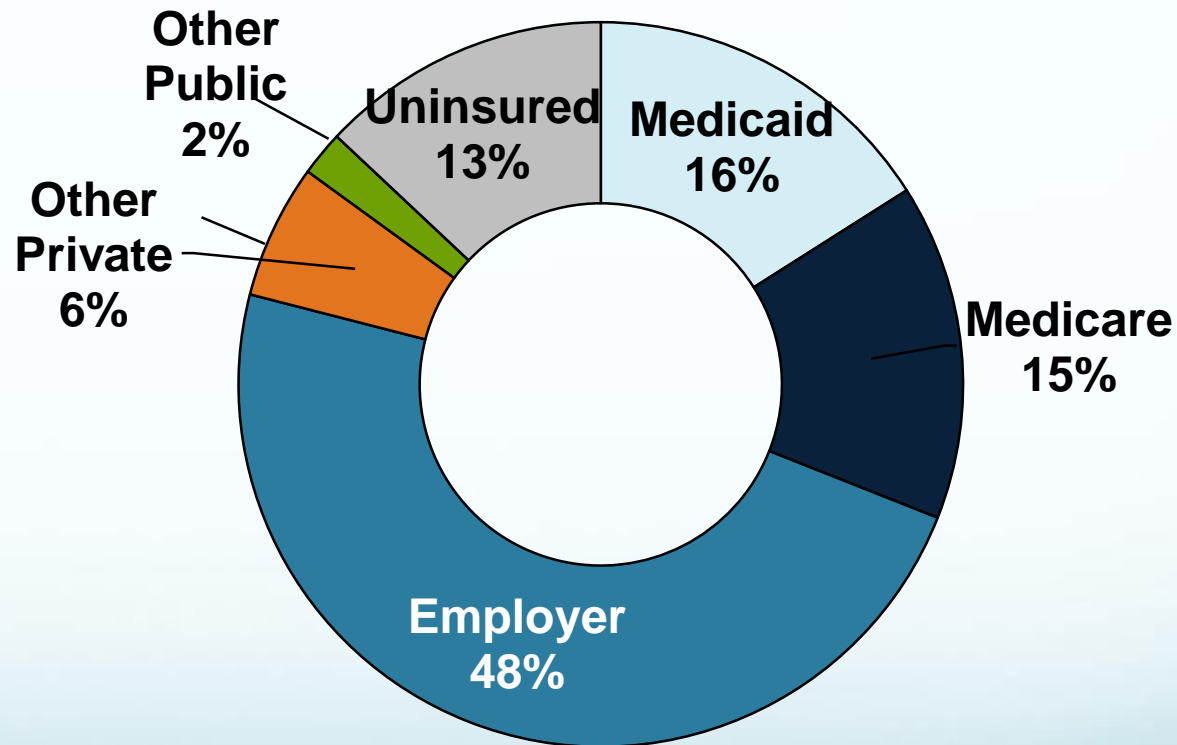
Who Participates in Medicaid?

- Pregnant women
 - Low percentage of participants
- Children
 - More than 65 percent of total participants
- Certain very low-income parents
 - 11 percent of total participants
- Seniors
 - 7 percent of total participants
- Individuals with disabilities
 - 15 percent of total participants

Medicaid Eligibility: Who is Ineligible?

- Adults without children
 - *Even if income is \$0*
- Some working families with children
 - Earning more than \$940/month for family of 3.

Medicaid and Medicare Together Provide Health Insurance Coverage for More than 3 in 10 Americans



Health Insurance Coverage, 2013
313.4 Million

Two Factors Affect State Medicaid Expenditures

- Total Medicaid Spending
 - Vendor Payments
 - Offsets or Rebates paid to the program
 - Additional costs incurred pursuant to federal rules
- Federal Medical Assistance Percentage (FMAP)
 - Calculated annually based on personal income in Nebraska as compared to the nation as a whole
 - Determines what share of cost will be borne by state government

Total Medicaid Expenditures Programs 344/348 (FY-14)

Vendor Payments	\$1,829,911,570
DSH/Rate Adjustments	\$51,614,426
Medicare Premiums	\$44,076,259
Intergovernmental Transfer (IGT)	\$4,182,764
Other Payments	\$55,378,773
Rebates/Refunds	(\$101,088,236)
Other GF Budget Programs	(\$131,800,856)
Phased Down Contribution	\$51,740,416
Net Medicaid and CHIP Expenditures	\$1,804,015,178

Medicaid Vendor Payments (billion \$)

SFY-08	1.497	
SFY-09	1.538	2.7%
SFY-10	1.572	2.2%
SFY-11	1.576	0.3%
SFY-12	1.602	1.6%
SFY-13	1.799	12.3%
SFY-14	1.830	1.7%

Source: Nebraska Medicaid Annual Report

FMAP Formula

State Share = $.45 \times (\text{State Per Capita Personal Income}^2 / \text{National Per Capita Income}^2)$

State and National Per Capita Income is an average of personal income data for a three-year period that begins five years before the fiscal year. FFY-15 FMAP was calculated in 2013 based on personal income from 2010-2012.

Nebraska's FMAP will drop to 51.16% next Thursday, which is the lowest FMAP level for Nebraska ever.

Nebraska's FMAP History

FY-16	51.16%	FFY-09	67.79%
FY-15	53.27%	FFY-08	58.02%
FY-14	54.74%	FFY-07	57.93%
FY-13	55.76%	FFY-06	59.68%
FY-12	56.64%	FFY-05	59.64%
FY-11	58.44%	FFY-04	62.84%
FY-10	68.76%	FFY-03	59.52%

Source: <http://kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/>

Nebraska Personal Income as % of U.S Personal Income



Questions?