

Medicaid Expansion 2018 Ballot Initiative Cost Projections

Senators Stinner and Bolz requested the Legislative Fiscal Office to project the potential cost of Medicaid Expansion as included in the initiative petition ballot issue. This is an update of LB 441 introduced in the 2017 session. This is the last time Medicaid Expansion was introduced as a statutory change. The bill in the 2018 session was a constitutional amendment, so no fiscal note was prepared. This is not an official fiscal note.

The General Fund costs would be \$19.8 million in FY 2020; \$32.2 million in FY 2021 and \$38.8 million in FY 2022. The federal funds generated would be \$342.8 in FY 2020; \$443.7 in FY 2021 and \$1359.4 in FY 2022. The attached spreadsheet shows the detail of the projections.

An implementation date of July 1, 2019 is assumed. If passed the actual start date may be different. The language states the Department of Health and Human Services is required to submit a state plan amendment by April 1, 2019. The application for straight up expansion is a simple statement that Nebraska will participate in Medicaid Expansion. Federal approval could take up to 90 days but it should not take that long as there aren't any issues or questions to resolve, unlike a waiver. The department will need lead time. The beginning of the fiscal year was used because it is more understandable and the actual timeline for federal approval and the time needed to prepare for implementation are unknown.

The number of participants increases over time before leveling off. The department's assumptions on the number of eligible was used. The ramp up will level off after the third year.

The per-member per-month (PMPM) costs are also those used by the department. The monthly per member costs are \$584 in FY 2020 and \$595 in FY 2021 and \$606 in FY 2022.

The match rate is incrementally declining. At the beginning of Medicaid Expansion, states were eligible for a 100% match rate. That has declined and will reach 90% on January 1, 2020. The first full state fiscal year at 90% is FY 2021.

Three years are projected. This was selected since the 90% match rate floor is in effect by the second year of implementation and the number of eligible is assumed to level off after FY 2022. Note: the Governor is using a ten-year projection.

Staffing levels and related benefits were inflated to reflect the July 1, 2019 implementation date. IT costs and other contracts are the same as those used in LB 441 by both DHHS and LFO. Program savings are the same as in the LFO fiscal note for LB 441 with a one adjustment. The savings for the State Disability Program was updated based on current expenditure patterns which are lower than previously shown. Program savings are the main difference between LFO and the department. Their estimated savings are lower; primarily for behavioral health. A study by the regions showed much higher savings than the figures used by LFO. The savings for Corrections is an old estimate that they provided and was not inflated.

LFO Estimate of Medicaid Ballot Initiative

	FY 19-20	FY 20-21	FY 21-22
(State Only Impact)			
PMPM	\$ 584.36	\$ 595.44	\$ 606.74
New Eligibles and Woodwork	53,201	68,789	87,214
Match Rate	91.5%	90%	90%
Aid			
General Fund Aid	\$ 31,710,307	\$ 49,151,667	\$ 63,499,467
Federal Fund Aid	\$ 341,352,129	\$ 442,364,999	\$ 571,495,201
Total	\$ 373,062,436	\$ 491,516,666	\$ 634,994,668
Administration			
General	\$ 1,127,278	\$ 1,247,537	\$ 1,247,537
Federal	\$ 1,127,278	\$ 1,247,537	\$ 1,247,537
Total	\$ 2,254,555	\$ 2,495,074	\$ 2,495,074
Contracts			
General	\$ 43,502	\$ 111,438	\$ 146,520
Federal	\$ 43,502	\$ 111,438	\$ 146,520
Total	\$ 87,004	\$ 222,876	\$ 293,040
IT			
General	\$ 31,055	\$ 634	\$ -
Federal	\$ 279,497	\$ 5,704	\$ -
Total	\$ 310,552	\$ 6,338	\$ -
Administration Total			
General Fund	\$ 1,201,835	\$ 1,359,609	\$ 1,394,057
Federal Fund	\$ 1,450,277	\$ 1,364,679	\$ 1,394,057
Total Admin	\$ 2,652,111	\$ 2,724,288	\$ 2,788,114
Subtotal Expansion Costs			
General Fund Total	\$ 32,912,142	\$ 50,511,276	\$ 64,893,524
Federal Fund Total	\$ 342,802,406	\$ 443,729,678	\$ 572,889,259
Total	\$ 342,802,406	\$ 494,240,954	\$ 637,782,783
Offsets			
	FY 19-20	FY 20-21	FY 21-22
State Disability	\$ (1,800,000)	\$ (1,800,000)	\$ (1,800,000)
AIDS Drugs	\$ (750,000)	\$ (750,000)	\$ (750,000)
Behavioral Health	\$ (4,800,000)	\$ (10,000,000)	\$ (18,000,000)
Pregnant Women	\$ (4,904,042)	\$ (4,904,042)	\$ (4,757,819)
Women with Cancer	\$ (736,676)	\$ (695,145)	\$ (666,006)
CHIP 599	\$ (18,119)	\$ (8,518)	\$ (1,067)
Total HHS Savings	\$ (13,008,837)	\$ (18,157,705)	\$ (25,974,892)
Corrections	\$ (127,000)	\$ (127,000)	\$ (127,000)
Total GF Savings	\$ (13,135,837)	\$ (18,284,705)	\$ (26,101,892)
Net Expansion with Offsets and Admin Costs			
	FY 19-20	FY 20-21	FY 21-22
General	\$ 19,776,305	\$ 32,226,571	\$ 38,791,632
Federal	\$ 342,802,406	\$ 443,729,678	\$ 572,889,259
Total	\$ 362,578,711	\$ 475,956,249	\$ 611,680,891