



Nebraska Appleseed Center
For Law in the Public Interest
941 O Street, Suite 105
Lincoln, NE 68508

February 9, 2006

Chairman Jensen and Committee Members
Health and Human Services Committee
Nebraska Legislature

RE: LB 1248, Creation of the Medical Assistance Act.

Dear Chairman and Committee Members,

My name is Rebecca Gould and I am a Staff Attorney and registered lobbyist for the Nebraska Appleseed Center for Law in the Public Interest. We are a non-partisan, non-profit, public interest law firm that advocates on behalf of low-income Nebraskans. I am here today to testify in opposition to LB 1248.

Nebraska Appleseed has been engaged throughout the Medicaid Reform process set in motion by LB 709 and had great expectations for positive reform. We, along with a number of other stakeholders provided concrete ideas for cost-savings reform. Unfortunately, LB 1248 does not represent the kind of reform that will ensure Nebraska can meet the needs of its most vulnerable children, seniors and people with disabilities while at the same time avoid shifting costs to providers, county governments, and Medicaid recipients who are least able to absorb the costs.

The primary feature of LB 1248 is the shift in decision making authority for the program away from the Legislature and into the hands of the Department of Finance and Support. In its present form, LB 1248 gives complete discretion to the department to determine what benefits will be provided, the amount duration and scope of those benefits, and the amount of cost sharing, such as premiums, deductibles, and co-pays, that will be required of Medicaid recipients. In addition, it allows the department to make other major public policy decisions such as whether we should have a separate state SCHIP (Kids Connection) program or whether we should pursue a waiver to completely change the structure and benefits offered by the program, without any legislative oversight.

In addition, the recent budget reconciliation bill passed at the federal level includes a number of state options for the Medicaid program, many of which would have a dramatic impact on Medicaid recipients. These options include the ability to increase premiums and co-pays for certain populations far beyond what is currently allowed under the program. For example, states have the option of charging unlimited premium amounts and co-payments up to 20% of the cost of medical services for families over 150% of the federal poverty level. States will also have the option of charging higher co-pays for all populations for certain “non-preferred” drugs. The federal legislation also allows for these cost sharing provisions to be enforceable, meaning that providers could deny services or access to drugs if a person was unable to pay the co-pay and the person could be terminated from Medicaid if they were unable to pay their premium. Another option would allow the state to reduce the mandatory benefits package for children.

Affiliated with the Appleseed Foundation of Washington, D.C.

These state options present major changes from the current Medicaid program and if adopted would gravely impact the ability of Nebraska's 200,000 Medicaid recipients to obtain needed medical care, continue to live independently, work and achieve self-sufficiency. These options should not be implemented without legislative oversight and careful study and public input from recipients, providers and county governments who would feel the impact of these provisions and would be asked to absorb the costs. In light of these new federal options, it is even more important that the Legislature maintain decision making authority and oversight over the program.

In order for us to support this legislation, we would need to see the list of benefits including optional benefits, codified in statute, clear guidelines to be used to determine amount, duration and scope of services, and parameters for determining appropriate premiums and co-pays. We would like to see legislative oversight of the waiver process and removal of the section that creates the option of setting up a separate state SCHIP program.

What level of care the state of Nebraska provides to its most vulnerable citizens is a decision that should remain with the Legislature, which is charged with the duty to set public policy for the state. Divesting that authority to the department creates great uncertainty for the program and the children, seniors, and people with disabilities served by the program. Therefore, I would ask that this committee not advance LB 1248.

Sincerely,

Rebecca L. Gould
Staff Attorney