

ONE HUNDRED THIRD LEGISLATURE - FIRST SESSION - 2013
COMMITTEE STATEMENT
LB578

Hearing Date: Thursday February 28, 2013
Committee On: Health and Human Services
Introducer: Nordquist
One Liner: Create a fund to provide funding for medicaid services and change distribution of premium tax revenue

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 6 Senators Campbell, Cook, Crawford, Gloor, Howard, Krist
Nay: 1 Senator Watermeier
Absent:
Present Not Voting:

Proponents:	Representing:
Senator Jeremy Nordquist	District #7
David Holmquist	American Cancer Society Cancer Action Network
Sharon Lind	Nebraska Hospital Association
Mark Intermill	AARP
James Goddard	Nebraska Appleseed

Opponents:	Representing:
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Neutral:	Representing:
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Summary of purpose and/or changes:

LB 578 creates the Health Care Access and Support Fund. The fund shall be used to support the medical assistance program under the Medical Assistance Act, including the medicaid adult group pursuant to the Medicaid expansion portion of the Patient Protection and Accountable Care Act as it existed on January 1, 2013. The state investment office pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act shall invest any money in the fund available for investment. Any unexpended balance remaining in the fund at the close of the biennium shall be re-appropriated for the succeeding biennium.

LB 578 provides that, of the premium and related retaliatory taxes imposed by Neb. Rev. Stat. 44-150 or 77-908 and paid by insurers writing health insurance in Nebraska be distributed:

For fiscal year 2013-14, the director shall remit the first ten million dollars to the State Treasurer for credit to the Health Care Access and Support Fund.

For fiscal year 2014-15, the director shall remit the first eighteen million dollars to the State Treasurer for credit to the Health Care Access and Support Fund.

For fiscal year 2015-16 and each fiscal year thereafter, the director shall remit the first twenty-three million dollars to the State Treasurer for credit to the Health Care Access and Support Fund.

Finally, the director shall remit any remaining amount in any fiscal year to the State Treasurer for credit to the Comprehensive Health Insurance Pool Distributive Fund.

Explanation of amendments:

The Committee Amendment changes the distribution formula outlined in LB 578. LB 578 creates the Health Care Access and Support Fund to capture a portion of health insurance premium tax dollars under NECHIP. Under current statutes, the Nebraska Comprehensive Health Insurance Pool (NECHIP) provides health insurance to Nebraska residents who are unable to obtain it at an affordable price or without restrictions because of medical conditions. With the enactment of the Affordable Care Act the issues addressed through NECHIP will be addressed through the ACA and, if opted, Medicaid expansion which provides health coverage for a large percent of the NECHIP target population. The Health Care Access and Support Fund would capture a portion of the NECHIP funds to pay for coverage offered under the Medicaid program, specifically the new option to cover low-income working Nebraskans to 138% FPL.

The Committee Amendment accomplishes the following:

Beginning in SFY 2015-2016 creates a new distribution formula for unspent funds in the Comprehensive Health Insurance Pool Distributive fund, redirecting a percentage of the new savings from the elimination of NECHIP that would have been allocated to the General Fund.

In FY15-16 and beyond the Legislative Fiscal Office has identified \$9.2 million in savings from the NECHIP program that will flow to the General Fund. The Committee Amendment to LB 578 will utilize those for the Health Care Access and Support Fund. Other recipients of the insurance premium tax distribution formula will not be impacted by this amendment.

In the Committee Amendment any unspent health insurance premium tax dollars in the Comprehensive Health Insurance Pool Distributive Fund in SFY 2015-16 and beyond will be transmitted as follows:

- 50% to the State Treasurer to be received in the Insurance Tax Funds;
- 16.5% to the General Fund;
- 23.5 to the Health Care Access and Support Fund; and
- 10% to the Mutual Finance Assistance Fund.

The Committee Amendment does not redirect any health insurance premium tax dollars in this biennium (SFY 13-14 through SFY 14-15)

In summary, the Committee Amendment only captures the \$9.2 million from NECHIP identified for the General Fund. It allows all other recipients of insurance premium taxes to receive additional dollars from NECHIP savings, as under the current statute. The funds garnered for NECHIP for health insurance for Nebraska residents who are unable to obtain health insurance at an affordable price will be well utilized to provide health care coverage for low income Nebraska age 19-64 under the Medicaid option for new eligibles.

Kathy Campbell, Chairperson