

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 527

FINAL READING

Introduced by Jacobson, 42; Cavanaugh, M., 6.

Read first time January 22, 2025

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to insurance; to amend sections 44-32,180 and
2 44-4726, Reissue Revised Statutes of Nebraska, and section 77-908,
3 Revised Statutes Cumulative Supplement, 2024; to adopt the Medicaid
4 Access and Quality Act; to change provisions relating to taxes on
5 health maintenance organizations, prepaid limited health service
6 organizations, and insurance companies; to repeal the original
7 sections; and to declare an emergency.
8 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Sections 1 to 8 of this act shall be known and may be
2 cited as the Medicaid Access and Quality Act.

3 **Sec. 2.** The Legislature finds and declares that:

4 (1) Wide discrepancies between medicaid reimbursement rates and
5 rates of other payers have created challenges to health care access for
6 Nebraska residents covered by medicaid;

7 (2) Approximately one-third of pregnant women, newborns, and
8 children are covered by medicaid and access to health care services is
9 critical for them. Access to labor and delivery services is critical to
10 fostering healthy mothers and babies;

11 (3) Access to primary care is vital to the health of Nebraska
12 communities. Investment in preventative care will help reduce future
13 health care costs to the state and its residents. Improved health
14 outcomes are more likely when patients have access to, and positive
15 relationships with, their primary care provider;

16 (4) Health care access challenges in rural areas have reached a
17 critical point, which requires bold investment and leadership from the
18 state to maintain the health of our rural citizens and communities; and

19 (5) Investment in physical health care access and quality in the
20 medicaid program is an investment in bolstering Nebraska's health care
21 landscape as a whole, addressing health care deserts across the state,
22 and improving the health and prosperity of Nebraska communities.

23 **Sec. 3.** For purposes of the Medicaid Access and Quality Act:

24 (1) Nonhospital provider means a provider of physical health
25 services that does not hold a license as a hospital under the Health Care
26 Facility Licensure Act;

27 (2) Physical health services means services billed under the
28 medicaid practitioner fee schedule to meet the physical health needs of a
29 patient; and

30 (3) Rural means any county in Nebraska having a population of less
31 than one hundred thousand residents.

1 **Sec. 4.** (1) No later than January 1, 2026, the Director of
2 Insurance shall establish a schedule for the collection of a tax of six
3 percent of the gross amount of non-medicare direct writing premiums
4 written under a health maintenance organization certificate of authority
5 pursuant to section 44-32,115, to the extent not preempted by federal
6 law, during the current year for business done in the state. The director
7 shall remit the tax paid under this section to the State Treasurer. The
8 State Treasurer shall annually credit the entirety of the tax remitted to
9 the Medicaid Access and Quality Fund.

10 (2) No later than August 1, 2025, the Department of Health and Human
11 Services shall amend the medicaid state plan or file other federal
12 authorizing documents necessary to receive federal financial
13 participation for the Medicaid Access and Quality Act.

14 (3) The tax established by this section shall be effective January
15 1, 2026, and applies to premiums received during the current calendar
16 year and each year thereafter.

17 **Sec. 5.** The Medicaid Access and Quality Fund is created. Interest
18 earned on the fund shall be credited to the fund. Any money in the fund
19 available for investment shall be invested by the state investment
20 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
21 State Funds Investment Act.

22 **Sec. 6.** (1) The Department of Health and Human Services shall use
23 the Medicaid Access and Quality Fund for the following purposes:

24 (a) Beginning January 1, 2026, forty million dollars annually shall
25 be used to obtain federal financial participation for the purpose of
26 enhancing rates paid to nonhospital providers of physical health
27 services, as published in the medicaid practitioner fee schedule. This
28 funding shall not be used to replace or offset existing state funds paid
29 to providers for providing services under the medical assistance program.
30 In calculating a rate enhancement under this subdivision, the department
31 shall work with a statewide association exempt from taxation under

1 section 501(c)(6) of the Internal Revenue Code of 1986 that primarily
2 represents health care providers in multiple specialties who are licensed
3 to practice medicine and surgery under the Uniform Credentialing Act. It
4 is the intent of the Legislature that a rate enhancement provided by this
5 subdivision should aim to improve access to care through increasing rates
6 across a broad range of physical health services provided by nonhospital
7 providers, with an emphasis on evaluation and management services, labor
8 and delivery services, and rural services;

9 (b) Beginning no later than January 1, 2027, five million dollars
10 annually shall be used to obtain federal financial participation to pay a
11 monthly per-member fee of not less than seventy-five dollars to qualified
12 primary care providers who meet criteria established by the Department of
13 Health and Human Services to serve as a primary care medical home for
14 target populations; and

15 (c) Any remaining funds shall be transferred to the medical
16 assistance program and the Children's Health Insurance Program.

17 (2) Use of the funds described in this section is subject to all
18 required federal approvals including any approvals necessary for use of
19 such funds to obtain federal financial participation.

20 **Sec. 7.** It is the intent of the Legislature that the medicaid
21 practitioner fee schedule rates and the General Fund appropriations for
22 rates established in the fee schedule shall not be reduced in amounts
23 lower than the rates published as of July 1, 2024.

24 **Sec. 8.** The Department of Health and Human Services may adopt and
25 promulgate rules and regulations necessary to implement the Medicaid
26 Access and Quality Act.

27 **Sec. 9.** Section 44-32,180, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 44-32,180 (1) Any health maintenance organization subject to the
30 Health Maintenance Organization Act shall also be subject to (a) the
31 premium taxation provisions of Chapter 77, article 9, to the extent that

1 the direct writing premiums are not otherwise subject to taxation under
2 such article, ~~and~~ (b) the retaliatory taxation provisions of section
3 44-150, and (c) the tax levied by section 4 of this act.

4 (2) Any capitation payment made in accordance with the Medical
5 Assistance Act shall be excluded from computation of any tax obligation
6 imposed by subsection (1) of this section.

7 **Sec. 10.** Section 44-4726, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 44-4726 ~~(1)~~—The same taxes provided for in section 44-32,180 shall
10 be imposed upon each prepaid limited health service organization, and
11 such organizations also shall be entitled to the same tax deductions,
12 reductions, abatements, and credits that health maintenance organizations
13 are entitled to receive.

14 ~~(2) Any capitation payment made in accordance with the Medical~~
15 ~~Assistance Act shall be excluded from computation of any tax obligation~~
16 ~~imposed by subsection (1) of this section.~~

17 **Sec. 11.** Section 77-908, Revised Statutes Cumulative Supplement,
18 2024, is amended to read:

19 77-908 (1) Every insurance company organized under the stock,
20 mutual, assessment, or reciprocal plan, except fraternal benefit
21 societies, which is transacting business in this state shall, on or
22 before March 1 of each year, pay a tax to the director of one percent of
23 the gross amount of direct writing premiums received by it during the
24 preceding calendar year for business done in this state, except that (a)
25 ~~(1)~~ for group sickness and accident insurance the rate of such tax shall
26 be five-tenths of one percent, (b) and (2) for property and casualty
27 insurance, excluding individual sickness and accident insurance, the rate
28 of such tax shall be one percent, and (c) for health maintenance
29 organizations subject to the Health Maintenance Organization Act, the tax
30 levied by section 4 of this act shall be in addition to the tax paid
31 under this section.

1 (2) A captive insurer authorized under the Captive Insurers Act that
2 is transacting business in this state shall, on or before March 1 of each
3 year, pay to the director a tax of one-fourth of one percent of the gross
4 amount of direct writing premiums received by such insurer during the
5 preceding calendar year for business transacted in the state.

6 (3) The taxable premiums shall include premiums paid on the lives of
7 persons residing in this state and premiums paid for risks located in
8 this state whether the insurance was written in this state or not,
9 including that portion of a group premium paid which represents the
10 premium for insurance on Nebraska residents or risks located in Nebraska
11 included within the group when the number of lives in the group exceeds
12 five hundred. The tax shall also apply to premiums received by domestic
13 companies for insurance written on individuals residing outside this
14 state or risks located outside this state if no comparable tax is paid by
15 the direct writing domestic company to any other appropriate taxing
16 authority. Companies whose scheme of operation contemplates the return of
17 a portion of premiums to policyholders, without such policyholders being
18 claimants under the terms of their policies, may deduct such return
19 premiums or dividends from their gross premiums for the purpose of tax
20 calculations. Any such insurance company shall receive a credit on the
21 tax imposed, except the tax paid under subdivision (1)(c) of this
22 section, as provided in the Creating High Impact Economic Futures Act,
23 the Nebraska Job Creation and Mainstreet Revitalization Act, the New
24 Markets Job Growth Investment Act, the Nebraska Higher Blend Tax Credit
25 Act, the Relocation Incentive Act, the Sustainable Aviation Fuel Tax
26 Credit Act, the Nebraska Shortline Rail Modernization Act, and the
27 Affordable Housing Tax Credit Act.

28 **Sec. 12.** Original sections 44-32,180 and 44-4726, Reissue Revised
29 Statutes of Nebraska, and section 77-908, Revised Statutes Cumulative
30 Supplement, 2024, are repealed.

31 **Sec. 13.** Since an emergency exists, this act takes effect when

1 passed and approved according to law.