

LB 1032 - The Transitional Health Insurance Program Act

What is LB 1032 - The Transitional Health Insurance Program Act?

LB 1032 creates the Transitional Health Insurance Program (or “T-HIP”). T-HIP is a unique Nebraskan alternative to Medicaid expansion that provides nearly 97,000 currently uninsured Nebraskans with access to health coverage. T-HIP ensures personal responsibility, utilizes the private market, and encourages workforce development. And it has no general fund impact.

How does LB 1032 close the coverage gap?

T-HIP would seek a federal waiver to use Medicaid dollars to create an alternative program that uses the private insurance market. T-HIP allows for health insurance coverage in three ways, each catered to the needs of a specific group of enrollees:¹

Private Marketplace Coverage – Medicaid dollars are used to enroll the majority of T-HIP participants into private insurance plans. This program supports continuity of coverage and a smooth transition for enrollees working their way up the economic ladder to access private coverage individually or through an employer.

Employer-Sponsored Coverage – Medicaid-eligible enrollees with an offer of cost-effective employer-sponsored coverage² can receive help purchasing that coverage. In addition to extending coverage to employees through private plans, this approach ensures that businesses continue to offer health insurance.

Innovation Health Insurance Program – Individuals exempt from being enrolled into premium assistance, including medically frail enrollees³ or people with chronic conditions, will receive Medicaid coverage through the Innovation Health Insurance Program.

How long will the program last?

T-HIP will be a pilot program that *automatically ends after three years without legislative action*. This provides a reasonable time frame to look at the effectiveness of the program, both for its participants and within the state’s budget. All enrollees will be informed when they enroll that the program will be time-limited. Prior to the end of the program, an independent consultant will assess how the program has worked, including analyzing savings and revenue generation.

How will we pay for LB 1032?

T-HIP will have *no general fund impact*, by using \$63 million from the Health Care Cash Fund to pay for the state’s share of the cost of the program.⁴ Federal dollars will pay for the remainder of the cost of providing coverage under LB 1032. The federal government pays 95% of the costs in 2017, 94% in 2018,

¹ LB 1032, Sec. 4(1).

² LB 1032, Sec. 3(1). For employer-sponsored coverage to be considered cost-effective, an employer must pay no less than 50% of the total cost of the employee’s coverage.

³ Under federal law, enrollees determined by the Nebraska Department of Health and Human Services to be “medically frail” cannot be enrolled in premium assistance. Medically frail enrollees include those with serious and complex medical conditions, physical or mental disabilities, disabling mental disorders, or those with chronic health conditions.

⁴ The Health Care Cash Fund currently has more than \$460 million dollars in the fund.

93% in 2019, and 90% thereafter. More than \$2 billion in *our* tax dollars would be returned to our state in these funds between now and 2020, which we could invest in our economy.⁵

Does LB 1032 require enrollees to contribute to the cost of their care?

Yes. T-HIP requires most enrollees to contribute 2% of their monthly household income as a premium. While enrollees cannot lose coverage for nonpayment, unpaid premiums are a collectable state debt. Additionally, individuals that use the emergency room (ER) for a non-emergency will also face a copayment of up to \$50. Enrollees are not responsible for any deductibles or other cost sharing on the private plans.⁶

How does LB 1032 help our overall health care system?

T-HIP incorporates innovation and health care best practices. It uses patient-centered medical homes and health homes⁷ for all enrollees and requires integrated providers and services. Additionally, the bill encourages access to primary care providers.⁸

How will passing LB 1032 benefit our state's economy?

LB 1032 would allow Nebraska to stop the flow of our tax dollars to other states. We can instead bring our taxes back to boost our own economy and improve the health of our people. Between now and 2020, a program like T-HIP would generate almost \$175 million in Nebraska state revenue and create an estimated 10,000 sustained jobs.⁹

How does LB 1032 encourage employment and education and skills training?

Under LB 1032, enrollees can be referred to various education and employment programs to help them advance in their careers. Additionally, LB 1032 creates the Transitional Health Insurance Employment Program,¹⁰ which provides education and training for enrollees to gain skills they can use in in-demand sectors in our state's economy. Therefore, LB 1032 provides enrollees with the tools they need to move up the economic ladder and transition into the private insurance market.

What's the bottom line?

LB 1032 is a time-limited program that uses the private insurance market, encourages personal responsibility, promotes increased employability, brings billions of federal dollars into our state, *and has no general fund impact*. And it will let nearly 100,000 Nebraskans finally afford health coverage, addressing what everyone agrees is one of our state's biggest problems.

⁵ LB 472 Fiscal Note, Rev. 3, March 31, 2015

⁶ LB 1032, Sec. 5(1). Enrollees with incomes above 50% FPL are responsible for contributions.

⁷ Patient-centered medical homes and health homes are innovative ways of structuring primary care that emphasize a patient-centered approach, high quality coordinated care, and communication between providers.

⁸ *Id.*

⁹ Allan Jenkins & Ron Konecny, "Nebraska Medicaid Expansion," University of Nebraska-Kearney, Apr. 1, 2015, p. 40, http://www.nebraskahospitals.org/file_download/inline/9eb5a4d7-8725-4385-959f-0f404c895128; Jim P. Stimpson, "Medicaid Expansion in Nebraska Under the Affordable Care Act," UNMC Center for Health Policy, Aug. 2012, <http://www.unmc.edu/publichealth/chp/research/medicaidexpansion.pdf>.

¹⁰ LB 1032, Sec. 7.