

LB577
Change provisions relating to the medical assistance program.
Health & Human Services Committee of the Nebraska Legislature
Public Hearing
February 28, 2013

Comments by
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I am Jim Stimpson, director of the UNMC Center for Health Policy. I was invited to provide 1) revised estimates for the number of potential enrollees for Nebraska including those who are currently eligible, but not enrolled in the Medicaid program; and 2) the potential impact on individual and family private insurance premiums should Medicaid be expanded. I am here speaking for myself in a neutral position. I am not representing the University of Nebraska.

Regardless of whether Nebraska decides to expand Medicaid or not, there will be increased enrollment in Medicaid starting in 2014. There are now several estimates of the expected number and costs of new enrollees expected in Medicaid from 2014-2020. I revised the estimates from my previous report published August 2012 using the most recent data available. The UNMC Center for Health Policy estimate is nearly identical to the revised estimate produced by Milliman in a January 8, 2013 report to DHHS. Starting in 2014, there will be nearly 55,000 newly eligible, new enrollees in Medicaid, and approximately 21,000 new enrollees in Medicaid that are currently eligible to enroll, but are not currently participating.

Exhibit 1: Comparison of Estimates for New Enrollees in Medicaid, Nebraska 2014 & 2020

	<u>Newly Eligible</u>		<u>Currently Eligible</u>	
	2014	2020	2014	2020
Milliman	49,207	79,593	30,182	42,178
UNMC CHP	54,942	79,998	20,654	41,858

Impact of Medicaid Expansion on Private Insurance Premiums

One of the primary concerns with the size of the uninsured population is the level of uncompensated care that is provided by hospitals and other providers. Typically, these costs are financed by the providers, and by state and federal government. Eventually, this cost is shifted to individuals and employers in the form of higher insurance premiums, sometimes referred to as a “silent tax.” Increased numbers of persons participating in the health insurance market could have a significant impact on individual and group insurance premiums. As requested, we estimated the impact of Medicaid expansion on private health insurance premiums based on the expected decrease in uncompensated care. The impact of providing health care to the uninsured has been estimated to increase—or “markup”—private health insurance premiums by an average of 8% for state residents based on prior research by health economists. This “markup” was applied to the most current data available on private insurance premiums paid in Nebraska and the expected decrease in the uninsured population attributable to Medicaid expansion. Overall, the cumulative savings to a typical private insurance policy premium over 7 years (2014-2020) is estimated to be, on average, \$757 for individuals and \$2,099 for families. The following exhibits present the results of this analysis for the expected “markup” on annual individual and family insurance premiums and the net savings.

Exhibit 2: Markup in Annual Individual Private Health Insurance Premiums with and without Medicaid Expansion, Nebraska 2014–2020

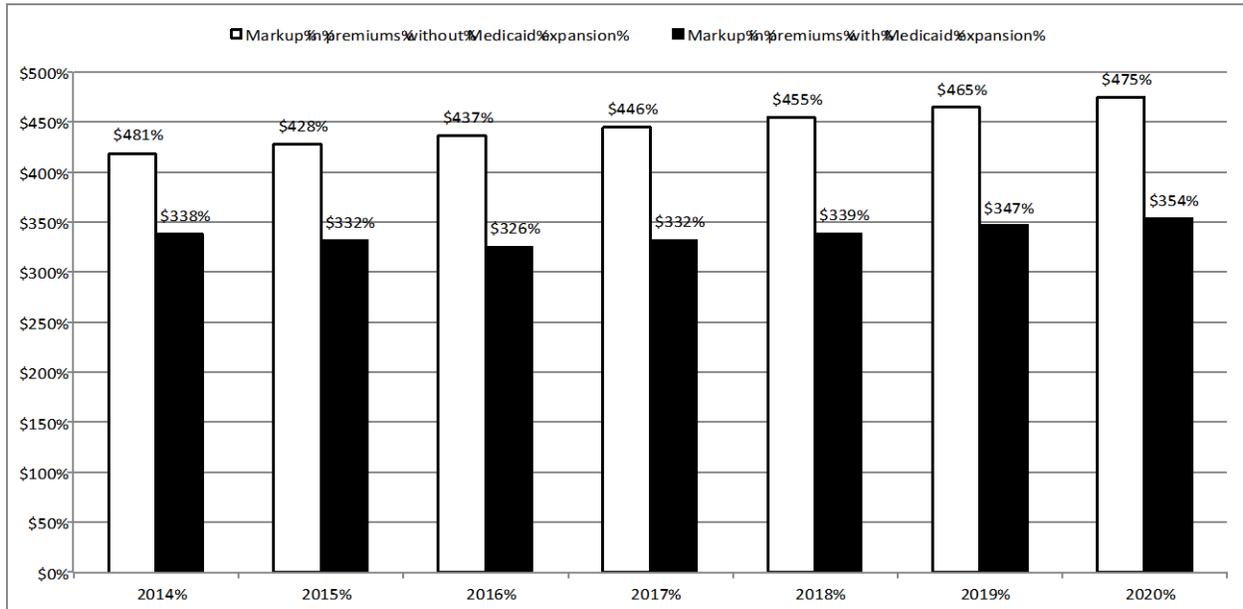


Exhibit 3: Markup in Annual Family Private Health Insurance Premiums with and without Medicaid Expansion, Nebraska 2014–2020

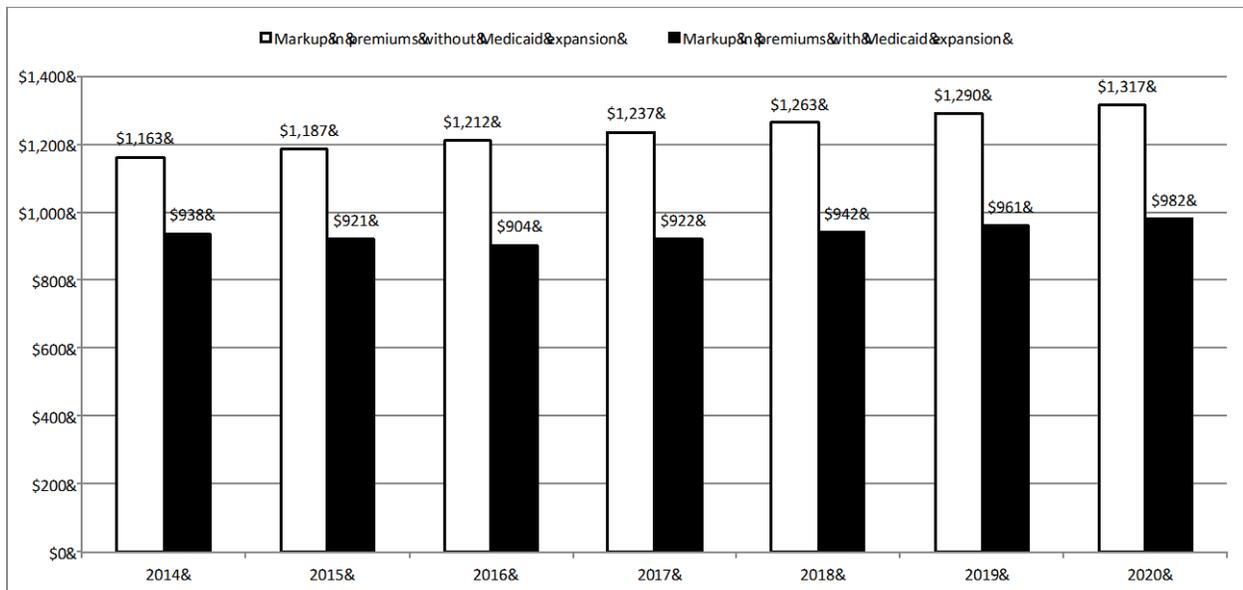
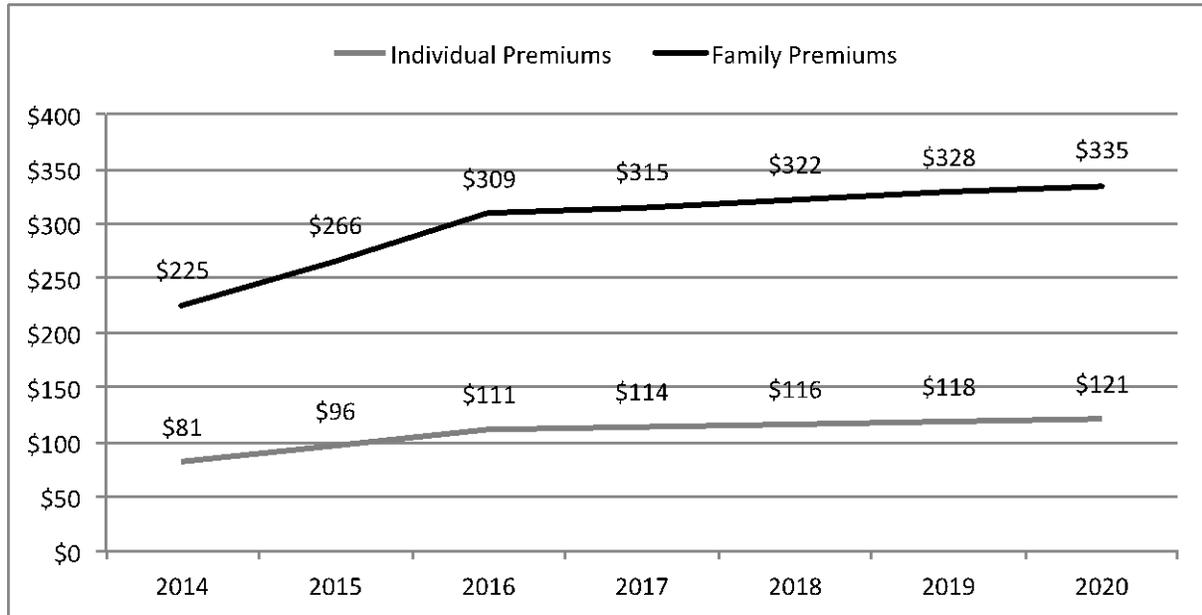


Exhibit 4: Estimated Savings on Annual Private Health Insurance Premiums After Medicaid Expansion for Individuals and Families, Nebraska 2014–2020



Thank you for this opportunity.