2004

Summary of Estimating the Fiscal Impacts Of Changes in Eligibility and/or Premium Requirements For Nebraska's Medicaid Buy-In Program

David I. Rosenbaum
University of Nebraska Public Policy Center

Summary of Estimating the Fiscal Impacts Of Changes in Eligibility and/or Premium Requirements For Nebraska's Medicaid Buy-In Program

This is the third component in a series that estimates the fiscal impacts of varying the eligibility and premium requirements of the Nebraska Medicaid Buy-In program. The first component estimated how Buy-In program participation rates might differ when eligibility and premium requirements varied. (See McGarvey, Mary M., *Enrollment Projections for Nebraska's Medicaid Insurance for Workers with Disabilities,* 2003, University of Nebraska Center for Public Policy.) The second component was a calculator designed to estimate state and federal costs related to selected social programs. The third component puts these first two components together. (See Rosenbaum, David I., *Estimating the Fiscal Impacts of Changes in Eligibility and/or Premium Requirements for Nebraska's Medicaid Buy-In Program,* 2004, University of Nebraska Center for Public Policy.) It combines participation, income and cost estimates to determine the fiscal impacts of proposed changes in the Nebraska Medicaid Buy-In program. The findings of that analysis are summarized here.

Seven alternative Buy-In program scenarios are considered. Each scenario can vary eligibility and/or premium requirements. The alternate scenarios are described in Table 1.

Table 1
Alternative Buy-In Scenarios

Scenario	Description
1	− Asset Limit $10,000 Rather than $4,000
2	− Asset Limit $20,000 Rather than $4,000
3	− No Premium
4	− Premium Begins at 150% of FPG Rather than 200% − Unearned Income Disregarded
5	− SSI Countable Income Limit 450% of FPG Instead of 250% − Sliding Premium Scale for 250% to 450% of FPG
6	− Premium Begins at 150% of FPG Rather than 200% − Asset Limit $12,000 Rather than $4,000
7	− SSI Countable Income Limit 450% of FPG Instead of 250% − Unearned Income Disregarded − Asset Limit $20,000 Rather than $4,000 − Premium is 10% of Income Above 200% FPG

The fiscal impact analysis looks at both state and federal expenditures for energy assistance, AABD grants, block grants, food stamps, AABD Medicaid and the working disabled. The analysis also looks at state income tax receipts, as well as federal income and social security/Medicare tax receipts.

Initially, participation rates and both state and federal expenditures are estimated under the current eligibility and premium requirements of the Nebraska Medicaid Buy-In program. Then, participation rates and costs are estimated under each of the alternative scenarios. The alternative scenario results are compared to values under the current program to estimate overall participation and fiscal impacts. Finally, relative changes in participation rates and costs are calculated. These relative changes are summarized in Table 2.

David I Rosenbaum, Ph.D.
drosenbaum@unl.edu
402-472-2318

Department of Economics
University of Nebraska
Lincoln NE 68588-0690

Table 2
Summary of Relative Impacts of Alternative Medicaid Buy-In Scenarios

Scenario	Relative Change in Participation	Relative Change in State Expenditures	Relative Change in Federal Expenditures
1 - Asset Limit $10,000 Rather than $4,000	0%	0%	0%
2 - Asset Limit $20,000 Rather than $4,000	0%	0%	0%
3 - No Premium	16%	0.5%	1.2%
4 - Premium Begins at 150% of FPG Rather than 200% - Unearned Income Disregarded	34%	0.8%	1.6%
5 - SSI Countable Income Limit 450% of FPG Instead of 250% - Sliding Premium Scale for 250% to 450% of FPG	41%	1.2%	8.5%
6 - Premium Begins at 150% of FPG Rather than 200% - Asset Limit $12,000 Rather than $4,000	-5%	-0.1%	-0.2%
7 - SSI Countable Income Limit 450% of FPG Instead of 250% - Unearned Income Disregarded - Asset Limit $20,000 Rather than $4,000 - Premium is 10% of Income Above 200% FPG	70%	1.4%	1%

Scenarios 1 and 2 have no impact on participation or cost. Apparently the asset limit is not affecting individuals' decisions to participate in the Buy-In program. Scenario 3's removal of a premium increases participation by 16 percent. The state's total costs increase by only one half of one percent. Federal costs increase by 1.2 percent.

In Scenario 4, the premium threshold is reduced, but this is coupled with an unearned income disregard. Participation increases by one third while the state's overall costs increase by about one percent. Scenario 5 increases the countable income limit and introduces a sliding premium scale. Enrollments increase by 41 percent. State costs increase by 1.2 percent. Federal cost increases are more significant.

Results in Scenario 6 are driven by the reduction in the premium threshold since assets do not affect participation. Enrollments fall by five percent and expenditures are relatively unchanged. Scenario 7 combines many of the features that should make the Buy-In program attractive to the working disabled. Enrollments increase by 70 percent. Yet state overall costs increase by only 1.4 percent.

Changing Buy-In program eligibility and premium requirements can have an impact on enrollments and state expenditures. The relative enrollment effects, however, are much more pronounced than the expenditure effects. The alternative scenarios caused enrollments to go from a drop of 5 percent to an increase of 70 percent. In contrast, overall state expenditures never changed by more than 2 percent. The implication is that in relative terms, significantly more disabled individuals can be brought into the workforce at a small relative cost increase to the state.