

**AUDIT REPORT  
OF THE  
NEBRASKA HEALTH AND HUMAN  
SERVICES SYSTEM - PROGRAM 344  
CHILDREN'S HEALTH INSURANCE PROGRAM  
JULY 1, 1999 THROUGH JUNE 30, 2000**

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

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NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

**BACKGROUND**

The Children's Health Insurance Program (CHIP) was authorized in the federal Balanced Budget Act of 1997 and enacted into law in Nebraska by LB 1063 during the 1998 legislative session. CHIP is contained in Title XXI of the Social Security Act and provides an enhanced federal fund match to States that provide health insurance to uninsured children in low-income families. Called Kids Connection, this program began on September 1, 1998 as an expansion of the Medicaid Program.

All children under age 19 and without health insurance coverage whose family income is at or below 185 percent of the federal poverty guidelines are eligible for medical services provided by this program. Children are continuously eligible for a 12-month period of time.

The benefit package for CHIP is the same as the core Medicaid Program. The primary services utilized by the CHIP population are inpatient hospital services, physician care, dental treatment, and prescribed drugs.

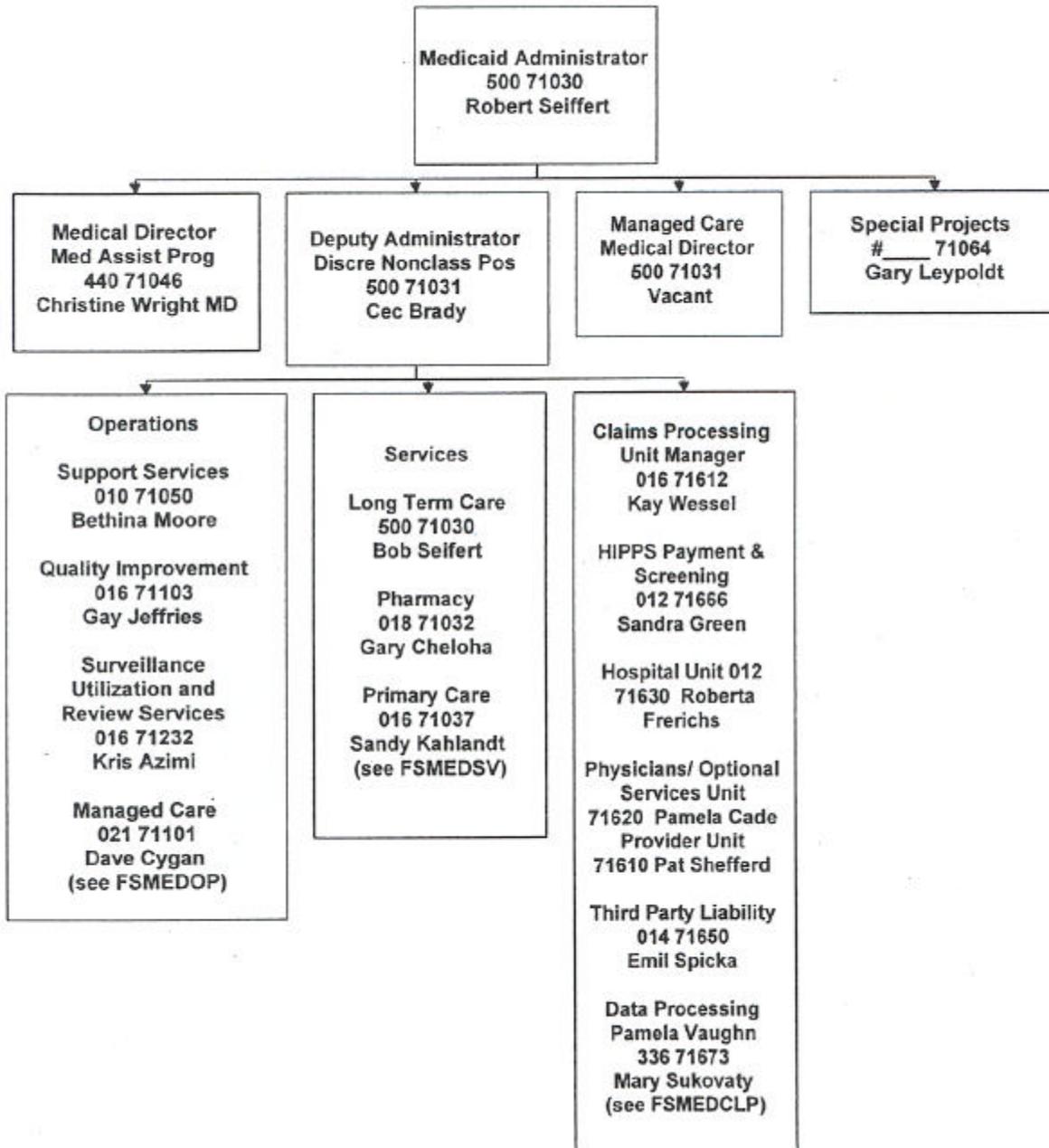
The State match for this program is provided from the Nebraska Health Care Trust Fund.

**MISSION STATEMENT**

The mission of the Nebraska Health and Human Services System is to create and sustain a unified, accessible, caring and competent health and human services system for each Nebraskan that maximizes local determination to achieve measurable outcomes. To this end, the state will work in partnership with communities and their public and private sector entities.

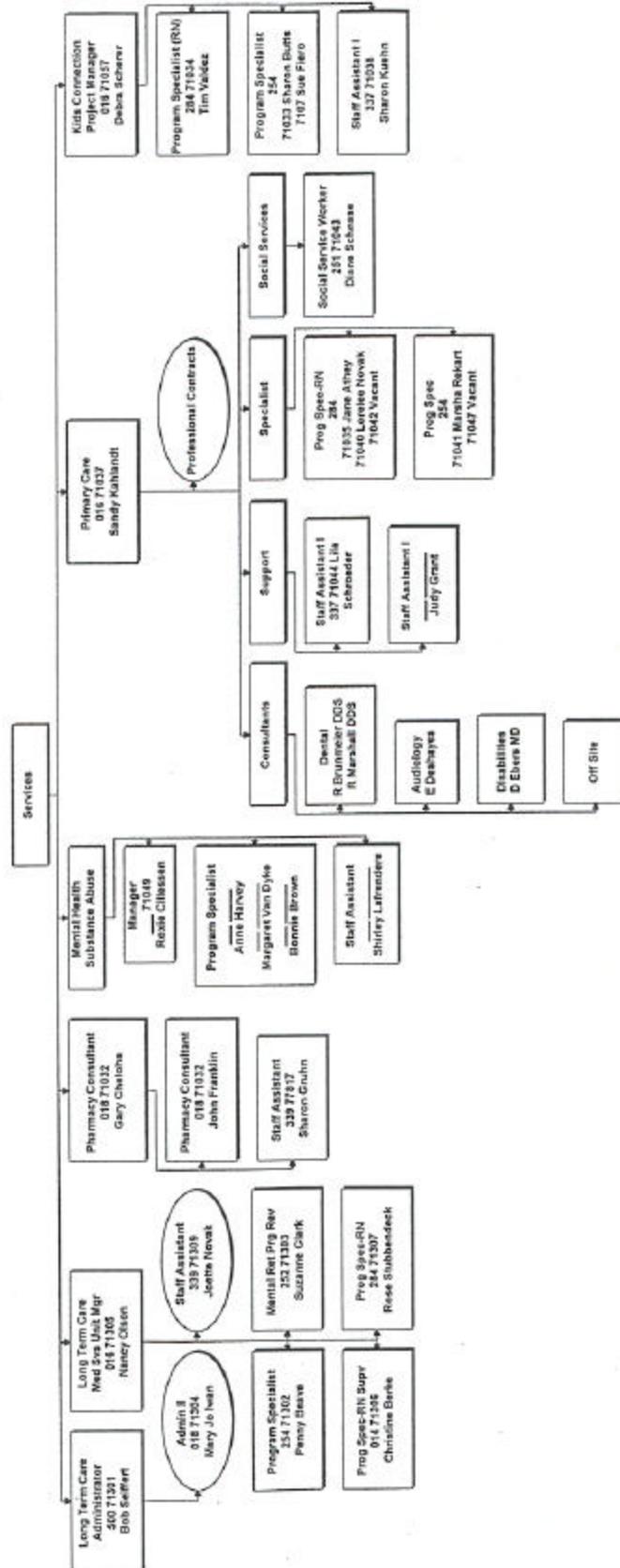
NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

ORGANIZATIONAL CHARTS



NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
 FINANCE AND SUPPORT  
 MEDICAID SERVICES

ORGANIZATIONAL CHART



NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

**COMMENT AND RECOMMENDATION**

During our audit of the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program (CHIP), we noted one matter involving the internal control over financial reporting and other operational matters that are presented here. This comment and recommendation is intended to improve the internal control over financial reporting, ensure compliance, or result in operational efficiencies.

**1. Eligibility**

Title 477 NAC 6-001 states, "Medical assistance is available to a child age 18 or younger if the family's income is at or below 185 percent of the Federal Poverty Level and the child is not covered by creditable health insurance." Title 477 NAC 4-001.02D states, "Children ages 6 through 18 are eligible for School Age Medical (SAM) if the family income equals 100 percent of the federal poverty levels."

During our review of twenty-five claims paid, we noted the following:

- One claim was paid for a client who was not eligible for assistance through CHIP. The client turned 19 in February 2000 and a claim was paid for the client in April 2000. The client was not removed from CHIP until September 2000.
- One claim was paid for a client who was enrolled in CHIP but who was eligible for assistance through SAM. The Federal Medical Assistance Percentage is enhanced for CHIP. Under Medicaid programs the State share would be 39.12%, under CHIP the State share would be 27.38%. SAM is a Medicaid program. Based on the above information, the State did not pay the correct share of the claim.

We recommend the Agency ensure they are in compliance with regulations to ensure only eligible children are enrolled in CHIP. We further recommend an adjustment be made for the client who should have been enrolled in SAM.

More detailed information on the above item is provided hereafter. It should be noted this report is critical in nature since it contains only our comment and recommendation on the area noted for improvement.

Draft copies of this report were furnished to the Nebraska Health and Human Services System (NHHS) to provide them an opportunity to review the report and to respond to the comment and recommendation included in this report. The NHHS declined to respond.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

# STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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## NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

### INDEPENDENT AUDITORS' REPORT

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We have audited the financial statements of the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program as of and for the fiscal year ended June 30, 2000, as listed in the Table of Contents. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Nebraska Health and Human Services System has excluded administrative disbursements for the prior period and for the current period from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances for program 344, cash fund 2266 that, in our opinion, should be included in order to conform with generally accepted accounting principles. The administrative disbursements were reported in another program and were not assessed to this program until after fiscal year end. If the prior fiscal years and the fiscal year ending June 30, 2000 administrative disbursements had

been reported, the beginning cash fund balance on the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances for program 344 would be \$24,926,613, the total disbursements would be \$2,717,501, and the ending fund balance and the Cash in State Treasury (on the Statement of Assets and Fund Balances Arising from Cash Transactions) would be \$23,675,280.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also as discussed in Note 1, the financial statements present only the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program, and are not intended to present fairly the fund balances and the receipts and disbursements of the State of Nebraska in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, except for the effects of not including administrative disbursements for the prior fiscal years and for the fiscal year ending June 30, 2000 for program 344, cash fund 2266 as discussed above, the financial statements referred to above present fairly, in all material respects, the fund balances of the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program as of June 30, 2000, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 30, 2001, on our consideration of the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying combining statement and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects on the Combining Statement of Receipts, Disbursements, and Changes in Fund Balances, All Special Revenue Funds, as explained above, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.

May 30, 2001



Manager

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM  
**STATEMENT OF ASSETS AND FUND BALANCE**  
**ARISING FROM CASH TRANSACTIONS**

June 30, 2000

	<u>Governmental</u> <u>Fund Type</u> <u>Special Revenue</u> Childrens Health Insurance <u>Fund 2266</u>
<b>Assets</b>	
Cash in State Treasury	\$ 22,582,752
Total Assets	\$ 22,582,752
<b>Fund Balance</b>	
Fund Balance:	
Unreserved, Undesignated	\$ 22,582,752
Total Fund Balance	\$ 22,582,752

See Notes to Financial Statements.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES**

For the Fiscal Year Ended June 30, 2000

	<u>Governmental</u> <u>Fund Type</u> Special <u>Revenue</u>
<b>RECEIPTS:</b>	
Appropriations	\$ 5,517,320
Miscellaneous	<u>1,496,746</u>
TOTAL RECEIPTS	<u>7,014,066</u>
<b>DISBURSEMENTS:</b>	
Government Aid	<u>7,634,740</u>
TOTAL DISBURSEMENTS	<u>7,634,740</u>
Excess of Receipts (Under) Disbursements	<u>(620,674)</u>
FUND BALANCE, JULY 1, 1999	25,203,426
 Residual Equity Transfer (Note 4)	 <u>(2,000,000)</u>
 FUND BALANCE, JUNE 30, 2000	 <u><u>\$ 22,582,752</u></u>

See Notes to Financial Statements.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES**  
BUDGET AND ACTUAL  
Cash and Federal Funds  
For the Year Ended June 30, 2000

	CASH FUND	
	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
BUDGET	BUDGET	BUDGET
RECEIPTS:		
Appropriations	\$ -	
Miscellaneous	<u>1,466,168</u>	
TOTAL RECEIPTS	<u>1,466,168</u>	
DISBURSEMENTS:		
Government Aid	<u>5,360,666</u>	<u>2,086,842</u>
TOTAL DISBURSEMENTS	<u>5,360,666</u>	<u>3,273,824</u>
Excess of Receipts (Under) Disbursements	<u>(620,674)</u>	
FUND BALANCES, JULY 1, 1999	25,203,426	
Residual Equity Transfer (Note 4)	<u>(2,000,000)</u>	
FUND BALANCES, JUNE 30, 2000	<u>\$ 22,582,752</u>	

See Notes to Financial Statements.

**TOTALS**

<u>FEDERAL FUND</u>			<u>(MEMORANDUM ONLY)</u>		
<u>BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	\$ 5,517,320			\$ 5,517,320	
	<u>30,578</u>			<u>1,496,746</u>	
	<u>5,547,898</u>			<u>7,014,066</u>	
<u>13,876,868</u>	<u>5,547,898</u>	<u>8,328,970</u>	<u>19,237,534</u>	<u>7,634,740</u>	<u>11,602,794</u>
<u>13,876,868</u>	<u>5,547,898</u>	<u>8,328,970</u>	<u>19,237,534</u>	<u>7,634,740</u>	<u>11,602,794</u>
	<u>-</u>			<u>(620,674)</u>	
	<u>-</u>			<u>25,203,426</u>	
	<u>-</u>			<u>(2,000,000)</u>	
	<u>\$ -</u>			<u>\$ 22,582,752</u>	

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

**NOTES TO FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2000

**1. Summary of Significant Accounting Policies**

The accounting policies of the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program are on the basis of accounting as described in the Nebraska Accounting System Manual.

- A. Reporting Entity.** Program 344 - Children's Health Insurance Program (Program) is a Program within the Nebraska Health and Human Services System. The Nebraska Health and Human Services System is a State agency established under and governed by the laws of the State of Nebraska. As such, the Program is exempt from State and Federal income taxes. The financial statements include all funds of the Program.

The Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program is part of the primary government for the State of Nebraska's reporting entity.

- B. Basis of Accounting.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounting records of the Program are maintained and the Program's financial statements were prepared on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Combined Statement of Assets and Fund Balances for all funds of the Program. This differs from governmental generally accepted accounting principles (GAAP) which requires all governmental funds to be accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the cash receipts and disbursement basis of accounting, revenues are recognized when received and expenditures are recognized when paid. This presentation differs from governmental generally accepted accounting principles (GAAP), which requires the use of the modified accrual basis for governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when they are considered susceptible to accrual and expenditures are recognized when the liability is incurred.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**C. Fund Accounting.** The accounts and records of the Program are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts which record receipts, disbursements, and the fund balance. The fund type presented on the financial statements are those required by GAAP and include:

**Special Revenue Funds.** Reflect transactions related to resources received and used for restricted or specific purposes.

This fund type classification differs from the budgetary fund types used by the Nebraska Accounting System.

The fund types established by the Nebraska Accounting System that are used by the Program are:

**2000 - Cash Funds** - account for receipts generated by specific activities from sources outside of State government and the disbursements directly related to the generation of the receipts.

**4000 - Federal Funds** - account for all federal grants and contracts received by the State.

**D. Budgetary Process.** The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, the Program and all other State agencies must submit their budget request for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium. The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and submits the revised appropriation bill to the Governor for signature. The Governor can either: a) approve the appropriation bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths majority of the Legislature.

The appropriations that are approved will generally set spending limits for a particular program within the agency. Within the agency/program, the Legislature may provide funding from one to five budgetary fund types. Thus, the legal level

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

of control is fund type within program within agency. The central accounting system maintains this control. A separate publication titled "Annual Budgetary Report" shows the detail of this legal level of control. This publication is available from the Department of Administrative Services Accounting Division.

Appropriations are usually made for each year of the biennium with unexpended balances being reappropriated at the end of the first year of the biennium. For most appropriations, balances lapse at the end of the biennium.

All State budgetary disbursements for the cash and federal fund types are made pursuant to the appropriations that may be amended by the Legislature, upon approval by the Governor. State agencies may reallocate the appropriations between major object of expenditure accounts except that the Legislature's approval is required to exceed the personal service limitations contained in the appropriations bill. Increases in total general, cash, construction, and revolving fund appropriations must also be approved by the Legislature as a deficit appropriations bill. Appropriations for programs funded in whole or in part from federal funds may be increased to the extent that receipts of federal funds exceed the original budget estimate.

The Program utilizes encumbrance accounting to account for purchase orders, contracts, and other disbursement commitments. However, State law does not require that all encumbrances be recorded in the State's centralized accounting system and as a result, the encumbrances that were recorded in the accounting system have not been included in the accompanying financial statements except for the impact as described below.

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of the biennium are lapsed and reappropriated in the first year of the next biennium. The effect of the Program's current procedure is to include in the budget columns, Total Disbursement line, of the Statement of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual the current year's appropriations plus the amounts reappropriated for encumbrances outstanding at the end of the prior biennium. This procedure indicates the Program's intention to honor the encumbrances at the end of a biennium. The disbursements columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 1999, there were no budgetary funds in which disbursements exceeded appropriations.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

Budgets for object of expenditure accounts are included in the Nebraska Department of Administrative Services Budget Status Report.

Receipts are not budgeted and therefore there are no budgeted amounts shown on the Budget and Actual Statement.

**E. Fixed Assets.** General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds and the related assets are reported in the general fixed assets account group. The Statewide Inventory System has the cost information for fixed assets; however, currently the information cannot be retrieved by program.

**F. Cash in State Treasury.** Cash in the State Treasury represents the cash balance of a fund as reflected on the Nebraska Accounting System. Investment of all available cash is made by the State Investment Officer on a daily basis based on total bank balances. Investment income is distributed based on the average daily book cash balance of funds designated for investment. Determination of whether a fund is considered designated for investment is done on an individual fund basis. All of the funds of the Program were designated for investment during fiscal year 2000.

**G. Inventories.** Disbursements for items of an inventory nature are considered expended at the time of purchase rather than at the time of consumption.

**H. Receipts.** The major account titles and descriptions as established by the Nebraska Accounting System that are used by the Program are:

**Appropriations.** Appropriations are granted by the Legislature to make disbursements and to incur obligations. The amount of appropriations reported as receipts is the amount spent.

**Miscellaneous.** Receipts from sources not covered by other major categories, such as investment interest.

**I. Disbursements.** The major account title and description as established by the Nebraska Accounting System that is used by the Program is:

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**1. Summary of Significant Accounting Policies (Concluded)**

**Government Aid.** Payment of Federal and/or State money to governmental subdivisions, State agencies, local health and welfare offices, individuals, etc., in furtherance of local activities and accomplishment of State programs, such as payments to provide public assistance for medical services for eligible children.

**2. Totals**

The Totals "Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information since interfund balances and transactions have not been eliminated.

**3. Contingencies and Commitments**

**Risk Management.** The Program is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and health care insurance. The Program, as part of the primary government for the State, participates in the State's risk management program. The Nebraska Department of Administrative Services (DAS) Division of Risk Management is responsible for maintaining the insurance and self-insurance programs for the State. The State generally self-insures for general liability and workers compensation. The State has chosen to purchase insurance for:

1. Motor vehicle liability which is insured for the first \$5 million of exposure per accident. Insurance is also purchased for medical payments, physical damage and uninsured and underinsured motorists with various limits and deductibles.
2. Health care insurance for employees selecting certain coverage options. All health care insurance was purchased.
3. Crime coverage with a limit of \$1 million for each loss with a \$10,000 retention per incident.
4. Real and personal property on a blanket basis for losses up to \$250,000,000 with a self-insured retention of \$100,000 per loss occurrence. The perils of Flood and Earthquake are covered up to \$9,000,000. Newly acquired properties are only covered up to \$1,000,000 for 60 days or until the value of the property is reported to the insurance company.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3. Contingencies and Commitments (Concluded)**

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Risk Management Internal Service Fund through a combination of employee and State contributions. Worker's compensation is also funded in the Risk Management Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters would be funded through the State General Fund or by individual agency assessments as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program's financial statements.

**Litigation.** The potential amount of liability involved in litigation pending against the Program, if any, could not be determined at this time. However, it is the Program's opinion that final settlement of those matters should not have an adverse effect on the Program's ability to administer current programs. Any judgement against the Program would have to be processed through the State Claims Board and be approved by the Legislature.

**4. Residual Equity Transfer**

As defined in the Codification of Governmental Accounting and Financial Reporting Standards as of June 30, 2000 1800.106a, residual equity transfers are "nonrecurring or nonroutine transfers of equity between funds." NHHS Program 344 had a transfer of \$2,000,000 from Program 344 to Program 348. This transfer was authorized per 2000 Neb. Laws LB 1217, Sections 102 and 104.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS**  
For the Fiscal Year Ended June 30, 2000

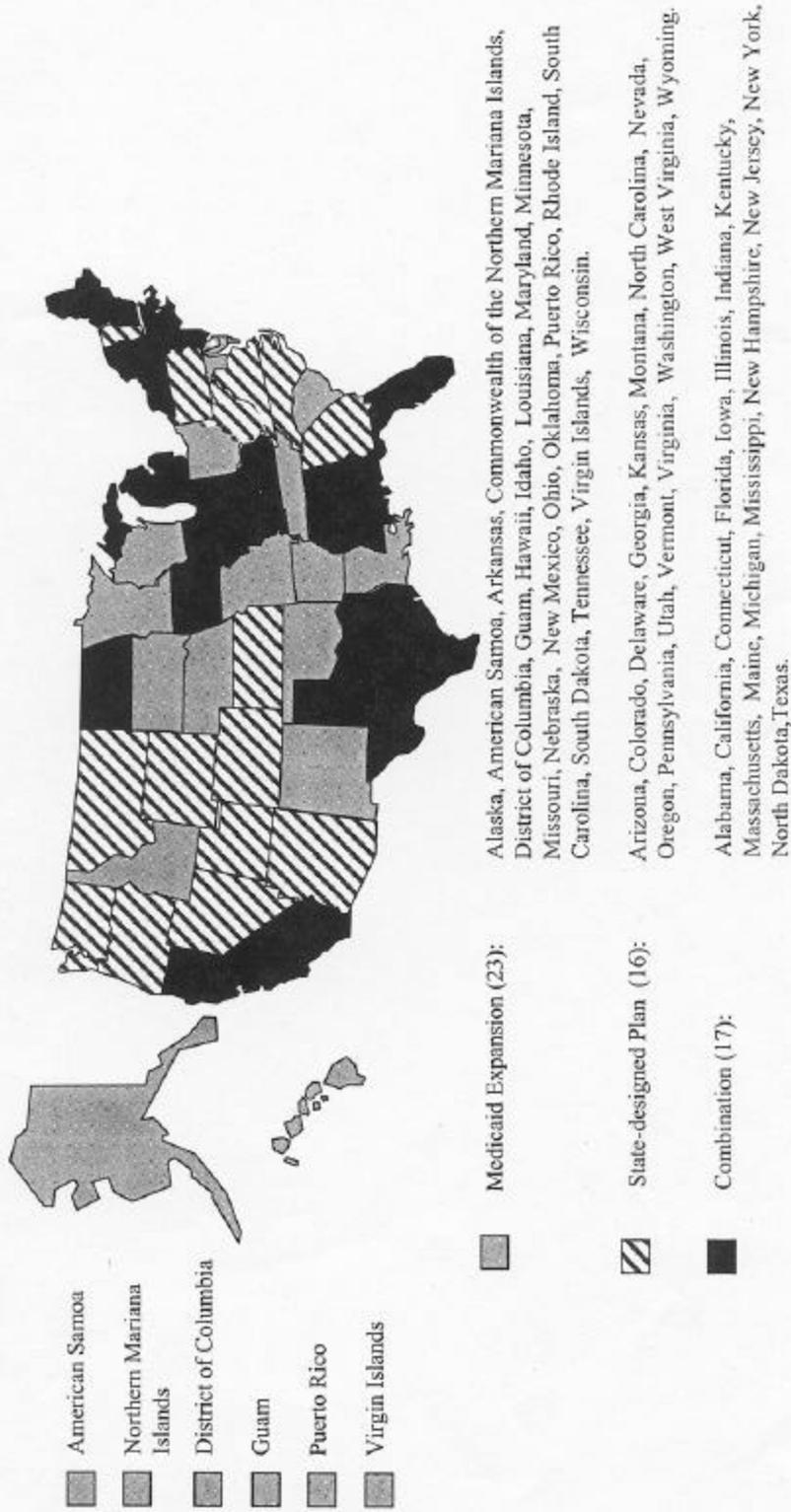
	Childrens Health Insurance Fund 2266	Federal Fund 4000	<b>Totals</b> (Memorandum Only)
RECEIPTS:			
Appropriations	\$ -	\$ 5,517,320	\$ 5,517,320
Miscellaneous	<u>1,466,168</u>	<u>30,578</u>	<u>1,496,746</u>
TOTAL RECEIPTS	<u>1,466,168</u>	<u>5,547,898</u>	<u>7,014,066</u>
DISBURSEMENTS:			
Government Aid	<u>2,086,842</u>	<u>5,547,898</u>	<u>7,634,740</u>
TOTAL DISBURSEMENTS	<u>2,086,842</u>	<u>5,547,898</u>	<u>7,634,740</u>
Excess of Receipts (Under) Disbursements	<u>(620,674)</u>	<u>-</u>	<u>(620,674)</u>
FUND BALANCE, JULY 1, 1999	25,203,426	-	25,203,426
Residual Equity Transfer (Note 4)	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
FUND BALANCE, JUNE 30, 2000	<u>\$ 22,582,752</u>	<u>\$ -</u>	<u>\$ 22,582,752</u>

See Notes to Financial Statements.

**Figure 1. States and Jurisdictions with SCHIP Plans, By Type of Plan**

September 30, 2000

Unaudited



Source: Health Care Financing Administration, September 2000.

Forum for State Health Policy Leadership

National Conference of State Legislatures

**NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM  
STATES WITH MEDICAID FOR CHILDREN OR CHIP INCOME ELIGIBILITY  
SET BELOW 200 PERCENT OF THE FEDERAL POVERTY LINE  
UNAUDITED**

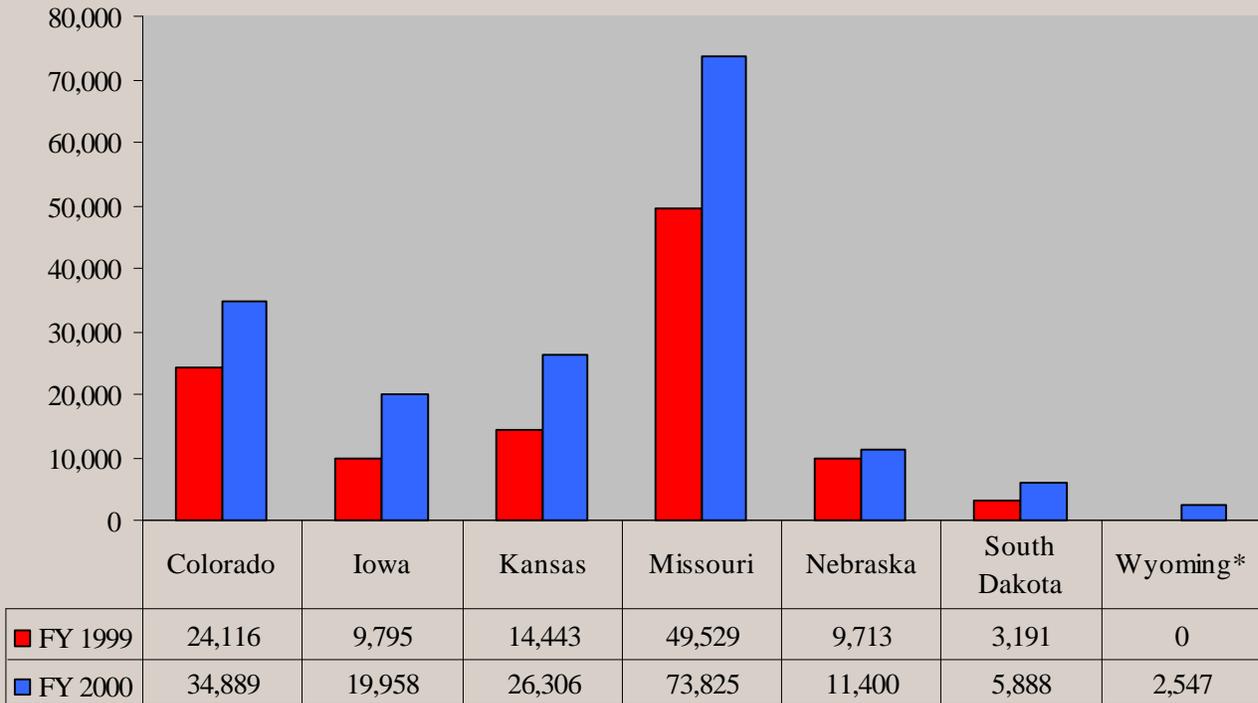
Colorado	185%
Idaho	150%
Illinois	185%
Louisiana	150%
Montana	150%
Nebraska	185%
North Dakota	140%
Oklahoma	185%
Oregon	170%
South Carolina	150%
South Dakota	140%
Virginia	185%
West Virginia	150%
Wisconsin	185%
Wyoming	133%

The other 36 states have set income-eligibility levels at or above 200 percent of the federal poverty line.

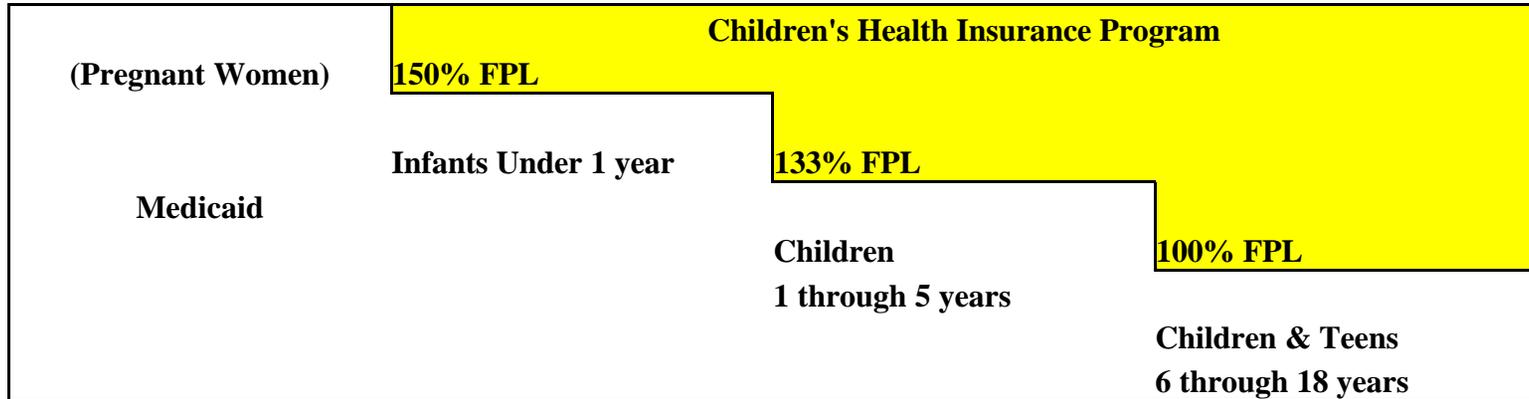
Source: Kaiser Commission on Medicaid and the Uninsured, October 2000

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 – CHILDREN’S HEALTH INSURANCE PROGRAM

**CHIP Enrollment for Nebraska and Surrounding States**  
Federal Fiscal Years 1999 and 2000  
Unaudited



NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM  
**KIDS CONNECTION**  
**ELIGIBILITY LEVELS FOR CHILDREN BY AGE OF CHILD AND FAMILY SIZE**  
**UNAUDITED**

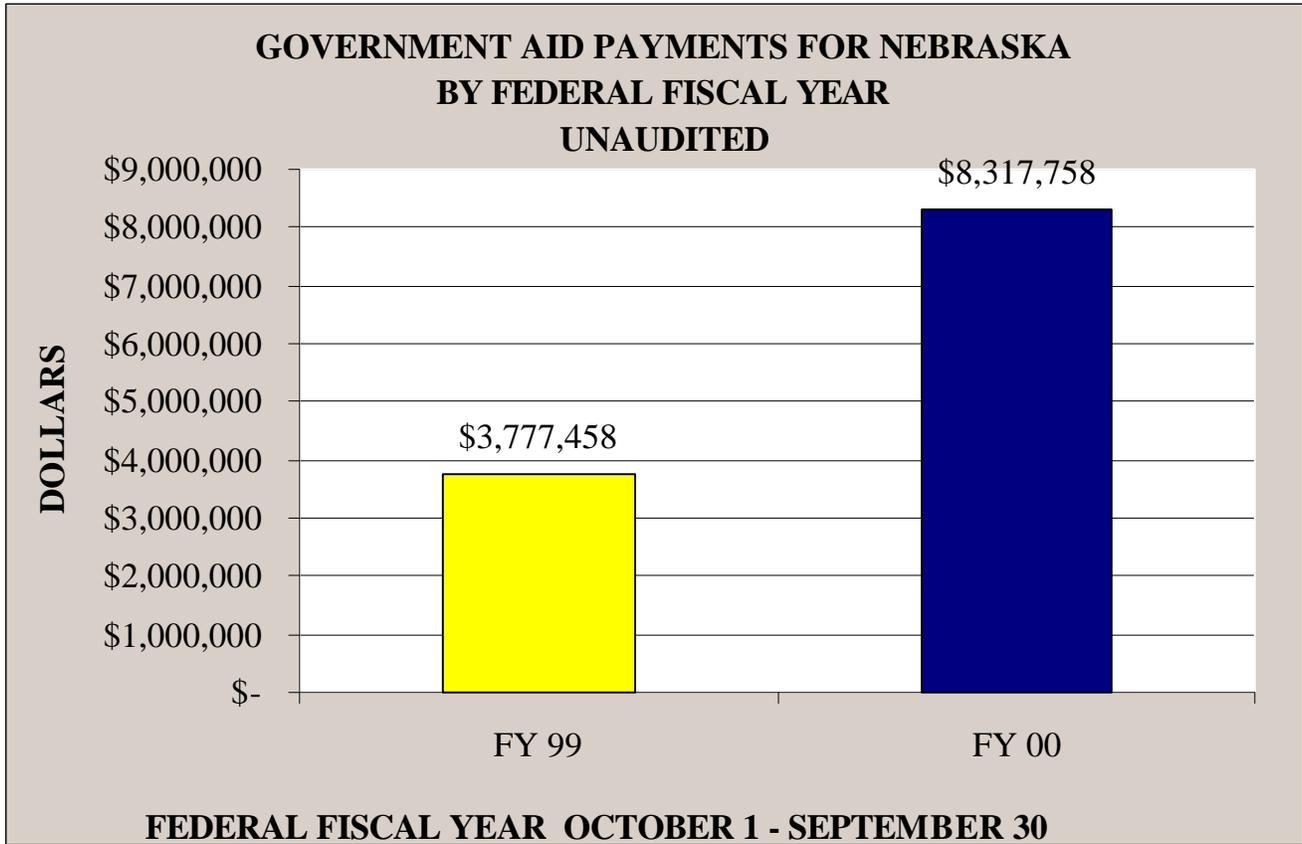


Family Size	185% FPL	150% FPL	133% FPL	100% FPL
1 Person	\$1271	\$1031	\$914	\$687
2 People	\$1706	\$1383	\$1226	\$922
3 People	\$2140	\$1736	\$1539	\$1157
4 People	\$2575	\$2088	\$1851	\$1392
Each Add'l	+\$435	+\$353	+\$313	\$235

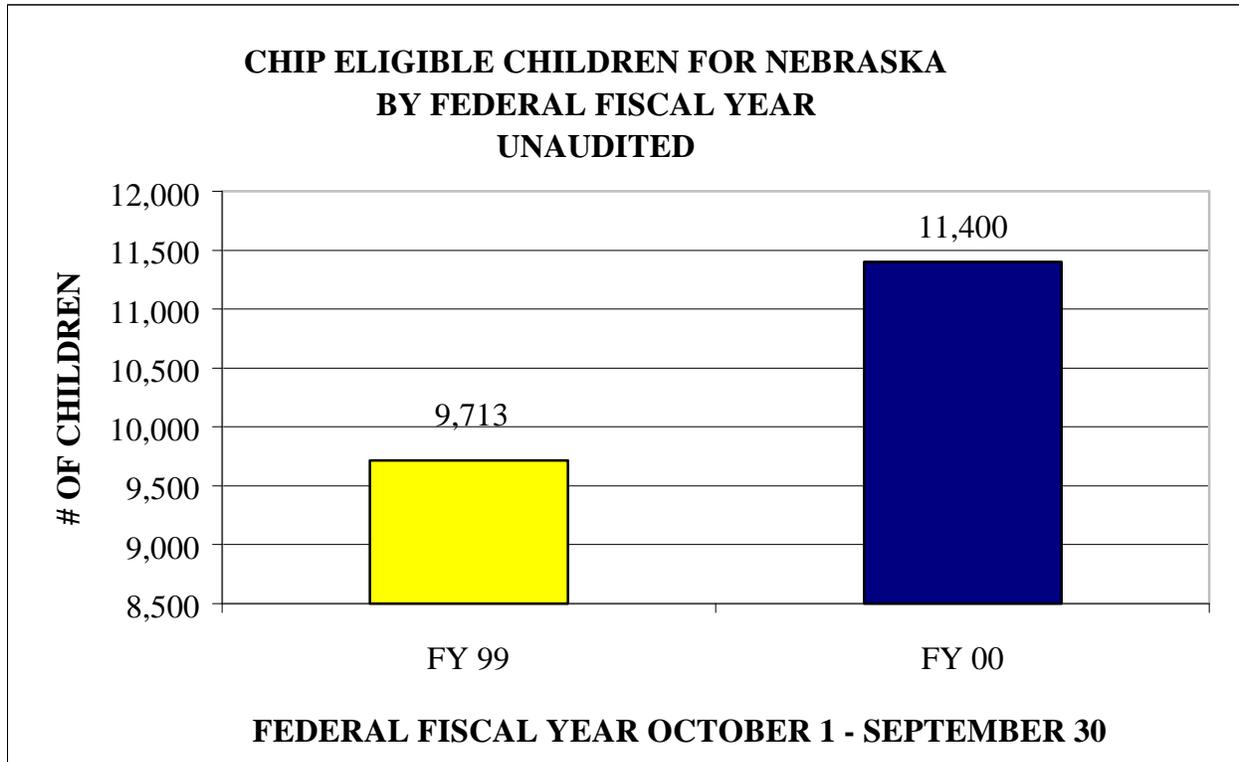
Monthly income effective 10/01/1999

FPL = Federal Poverty Level (US Department of Health and Human Services)  
Figures are approximate due to rounding and illustration is not drawn to scale

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 – CHILDREN’S HEALTH INSURANCE PROGRAM



NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM  
PROGRAM 344 – CHILDREN’S HEALTH INSURANCE PROGRAM



Fiscal year 1999 was the first year for Program 344. Enrollment began September 1, 1998. Claims were incurred every month, but no claims were paid until December 1998. These figures do not include claims for presumptive eligibility. Since a child is eligible for a 12-month period, there is a carry-over of recipients between fiscal years.

# STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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## NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM PROGRAM 344 - CHILDREN'S HEALTH INSURANCE PROGRAM **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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We have audited the financial statements of the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program as of and for the year ended June 30, 2000, and have issued our report thereon dated May 30, 2001. The report notes the financial statements were prepared on the basis of cash receipts and disbursements, was modified to emphasize that the financial statements present only the funds of the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program, and was qualified as the Nebraska Health and Human Services System has excluded the administrative disbursements for the prior fiscal years and for the fiscal year ending June 30, 2000 for program 344, cash fund 2266. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to

management of the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program in the Comments Section of this report as Comment Number 1 (Eligibility).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Nebraska Health and Human Services System - Program 344 - Children's Health Insurance Program in the Comments Section of this report as Comment Number 1 (Eligibility).

This report is intended solely for the information and use of the agency, the appropriate Federal and regulatory agencies and citizens of the State of Nebraska and is not intended to be and should not be used by anyone other than these specified parties.

May 30, 2001



Manager