

7/11/12

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FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to reflect new information

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,158,697		(1,415,367)	
CASH FUNDS				
FEDERAL FUNDS	3,322,601		(807,332)	
OTHER FUNDS				
TOTAL FUNDS	4,481,297		(2,222,699)	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill requires the Department of Health and Human Services by July 1, 2012 to apply for a waiver or an amendment to an existing waiver for the purpose of providing medical assistance for family planning services for persons whose family earned income is at or below 185% of the federal poverty level.

With the passage of the Affordable Care Act, there is a new eligibility group that has been established. The new eligibility covers family planning services for individuals with incomes set at a level established by the state that does not exceed the highest income level for pregnant women under the state's Medicaid plan. Nebraska's income limit is 185% which is the same limit established in this bill. Only a state plan amendment is needed to carry out the provisions of this bill, instead of the waiver that previously would have been required.

The department estimates are based on the U. S. Census statistics that approximately 26,000 women who currently do not qualify would become eligible for family planning services at 185% of the federal poverty level. The approximate cost per recipient is \$198. The state match for family planning services is 10% with 90% paid by the federal government. Assuming an implementation date of September 2012 and due to the lag time in billings and payments, the cost of family planning services in FY 13 would be \$2,574,000 (\$257,400 GF and \$2,316,600 FF). Beginning on January 1, 2014, this service will be covered under federal health care reform at 100% of federal funds for women with incomes up to 133% of the federal poverty level, with the cost for those above 133% provided at the regular 90/10 match. The FY 14 costs would be \$1,801,800 (\$180,180 GF and \$1,621,620 FF).

Eligibility would be based on income only. One eligibility worker is needed per 1,000 applicants. The department estimates that 35 additional eligibility workers and three supervisors would be needed, in addition to a payment reviewer and fraud investigator. The cost would be \$1,776,417 (\$888,209 GF and FF) in FY 13 and \$1,184,278 (\$592,139 GF and FF) in FY 14. Changes to MMIS are estimated to be \$130,880 (\$13,088 GF and \$117,792 FF) in FY 13.

An evaluation of other states family planning waivers was conducted by the CNA Corporation under contract with the federal Centers for Medicare and Medicaid (CMS). The report published in 2003 showed family planning waivers saved millions of dollars in all six state programs that were evaluated. The states were Alabama, Arkansas, California, New Mexico, Oregon and South Carolina. In calculating the potential savings in Nebraska, the department assumes 4% of the women receiving services would have otherwise had a birth that would be covered by Medicaid. Using this assumption, the savings would be \$12,638,080 (\$5,479,871 GF and \$7,158,209 FF) full year savings. Partial year savings would be -\$5,208,777 (-\$2,187,686 GF and -\$3,021,091 FF) in FY 14. This is based on the cost of prenatal care and delivery at \$10,034 and medical services for an infant up to one year of age at \$2,118. Prenatal care, delivery and medical care for a newborn is matched at 60% from the federal government with 40% paid by the state.

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AM 1859 & 1719

FISCAL NOTE

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LEGISLATIVE FISCAL

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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Date Prepared:(4) 2-23-12

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	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$57,270		\$1,145,609	
CASH FUNDS				
FEDERAL FUNDS	\$57,270		\$3,204,809	
OTHER FUNDS				
TOTAL FUNDS	\$115,440		\$4,350,417	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB0540 AM1719 and AM1859 would require the Nebraska Medicaid program to complete the waiver application process by July 1, 2012, which would not be possible. When funding is received for FY2013, DHHS would hire a contractor to prepare the waiver, gather and analyze all necessary data, and participate in the approval process, at an estimated cost of \$50,000 (\$25,000 GF, \$25,000 FF) in FY13. It is anticipated that the waiver application process would take at least three months to complete, with an estimated waiver submittal date of September 30, 2012. At that point, the CMS review and question/answer process would begin, and would be expected to last six months before approval is received, April 1, 2013.

Programming changes to MMIS and NFOCUS would be required to create a family planning waiver program for enrollees with incomes up to 185% FPL, with benefits restricted to family planning services. After waiver approval is received, the NFOCUS and MMIS change process would begin, which is estimated to take 6 months and cost \$130,880 – with one-half the expense in FY13 and one-half in FY14 or \$65,440 (\$32,720 GF, \$32,720 FF) in both years. That would put program implementation at October 1, 2013.

According to U.S. Census Bureau statistics for 2009, there are 87,040 uninsured Nebraskans in the age group eligible for family planning waiver services. Assuming that approximately 30% of those eligible would enroll for waiver services, there would be approximately 26,000 new enrollees in the family planning waiver program. 35 Eligibility Technician FTEs would be needed, at a ratio of one worker to 750 enrollees. Three FTE DHHS Social Services Supervisors would be needed to provide supervision and administrative support to the new Eligibility Technicians. One Payments Reviewer FTE and one Fraud and Abuse Investigator FTE would be needed to handle the additional claims. Assuming an October 1, 2013 implementation date, Program 33 personnel expenditures for all staff are estimated at \$1,710,977 (\$855,489 GF, \$855,488 FF) in FY14.

Program 348 Aid expenditures for family planning waiver services are estimated to be \$198 per enrollee per year. Due to the enrollment process and claims lag, no additional expenditures are expected in Program 348 until the second half of FY14. Expenditures are estimated at \$2,574,000 (\$257,400 GF, \$2,316,600 FF) for FY14, at the 90% federal match rate for family planning services.

The first full year of salaries, aid, and potential pregnancy-avoidance savings is FY15. Assuming that 4% of the waiver population would avoid Medicaid expenditures estimated at \$10,034 per pregnancy and \$2,118 per baby for the first year of life, potential full year pregnancy-avoidance savings are estimated at -\$12,638,080 (-\$5,479,871 GF, -\$7,158,209 FF), at the estimated blended federal match rate of 56.64%. No births would be avoided until FY15. The net effect of implementing a family planning waiver for the first full year of total (aid and administration) expenditures and aid savings is estimated at -\$5,208,777 (-\$3,824,420 GF, -\$1,384,357 FF) for FY15. (NOTE: The first full year estimate is intended to illustrate the net effect of the program as opposed to

current Medicaid policies. Actual costs and savings may be impacted by federal health care reform implementation, which is scheduled for January 1, 2014.)

There would be no fiscal impact related to the requirement that DHHS ensure that no funds received be paid to an entity that performs or promotes elective abortion services.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2012-2013 EXPENDITURES	2013-2014 EXPENDITURES
	12-13	13-14		
DHHS Eligibility Technician		35		\$746,207
DHHS Payments Reviewer		1		21,323
Medicaid Prov Fraud & Abuse Investigator		1		31,771
DHHS Social Services Supervisor		3		92,762
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Benefits.....				356,825
Operating.....			\$115,440	527,529
Travel.....				
Capital Outlay.....				
Aid.....				2,574,000
Capital Improvements.....				
TOTAL.....			\$115,440	4,350,417