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LB 599

Revision: 03

Revised based on new information

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	654,626		650,017	
CASH FUNDS				
FEDERAL FUNDS	1,948,899		1,929,177	
OTHER FUNDS				
TOTAL FUNDS	2,603,525		2,579,194	

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

This bill requires the Department of Health and Human Services (HHS) to implement a separate program under the Children’s Health Insurance Program (CHIP) for unborn children of mothers who are ineligible for coverage under Medicaid. Within 30 days after the effective date of this act, the department is required to submit a state plan amendment for approval by the Centers of Medicare and Medicaid (CMS) to provide for the separate program delineated in this bill. The benefits provided under the separate program are as follows: 1) professional fees for labor and delivery, including live birth, fetal death, miscarriage, and ectopic pregnancy; 2) pharmaceuticals and prescription vitamins; 3) outpatient hospital care; 4) radiology, ultrasound, and other necessary imaging; 5) necessary laboratory testing; 6) hospital costs related to labor and delivery; 7) services related to conditions that could complicate the pregnancy, including those for diagnosis or treatment of illness or medical conditions that threaten the carrying of the unborn child to full term or the safe delivery of the unborn child; and 8) other pregnancy-related services approved by the department. Postpartum services will not be covered. The income limit for eligibility is set at 185% of the federal poverty level (FPL). The bill states that the legislature finds that unborn children do not have immigration status and therefore are not within the scope of section 4-108.

The following conditions apply to a targeted child health program for the unborn under CHIP. Under this program:

The unborn child is covered if not otherwise eligible for Medicaid. A targeted low-income child must not be found or potentially found to be eligible for Medicaid under policies of the State Plan.

The state is permitted to provide health care services to promote healthy pregnancies, regardless of the mother’s eligibility status.

States may set the income limits for the separate targeted children’s health program at a different level than the income limit set under the CHIP Medicaid expansion program that Nebraska offers to children in families with incomes below 200% of FPL. The income level in the separate program must be at least 185% of the federal poverty level (FPL) and cannot exceed 200% of FPL.

The state determines the benefit package. Since it is the unborn child who is covered, there must be a connection between the benefits provided and the health of the unborn child.

The implementation date of the separate state children’s health program is assumed to be July 1, 2012. The application for a targeted separate state program is a pre-printed form. Regional staff at the Centers for Medicare and Medicaid have indicated that the approval process would not take long and once approved can be retroactive to the beginning of the fiscal year.

This program would cover unborn children of undocumented women and women who do not otherwise qualify for Medicaid, such as incarcerated women. On an annual basis, 1,162 unborn children would be covered. The cost would be \$2,497,195 (\$773,381 GF and \$1,723,814 FF) in FY 13 and \$2,522,984 (\$781,368 GF and \$1,741,616 FF) in FY 14.

Incarcerated women would be covered. In the current biennium, the Department of Corrections requested and received an appropriation of \$215,500 General Funds to pregnancy and birth-related costs due to Medicaid no longer covering those costs. The Department of Corrections will have savings of \$215,500 General Funds in FY 13 and FY 14.

As stated previously, under federal law, coverage under CHIP can only be provided to an individual who does not qualify for Medicaid. Section 4 of the bill includes hospital delivery costs as part of the benefit package. However, undocumented women would be covered under a Medicaid provision that requires emergency services to be covered for them; therefore, the hospital delivery costs for undocumented women will be paid by the Medicaid Program and are not included in the calculations for this bill. Delivery costs for the unborn children of U. S. citizens would be covered under CHIP.

Computer changes would cost \$49,000 (\$12,250 GF and \$36,750 FF) in FY 13. Additional staff positions that would be needed are 2.0 Social Service Workers, 1.0 Program Specialist and a Program Analyst. The costs would be \$272,830 (\$84,495 GF and \$188,335 FF) in FY 13 and \$271,710 (\$84,149 GF and \$187,561 FF) in FY 14.

The problems that result from lack of prenatal care and the cost to benefit ratio of providing prenatal care is discussed in the National Conference of State Legislatures issue brief "Funding Prenatal Care for Unauthorized Immigrants: Challenges Lie Ahead for States." According to the report:

Early and continuous prenatal care provides women with opportunities for ongoing assessment for one of the most significant complications of pregnancy -- low birth weight. Low birth weight and very low birth weight which result from a failure of the fetus to fully develop (intrauterine growth retardation), the infant being born too soon (pre-term) or a combination of both, contribute substantially to infant mortality and childhood disabilities. Studies estimate that every dollar spent on prenatal care yields between \$1.70 and \$3.38 in savings by reducing neonatal complications. The savings increase dramatically when the long-term costs of caring for newborns with physical and developmental disabilities are considered, and are even greater when unforeseen maternal complications are avoided.

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) April 3, 2012

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	<u>FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$870,126		\$865,517	
CASH FUNDS				
FEDERAL FUNDS	\$1,948,899		\$1,929,177	
OTHER FUNDS				
TOTAL FUNDS	\$2,819,025	\$0	\$2,794,694	\$0

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

Explanation of Estimate:

This fiscal note is being amended based on the Medicaid data provided to Senator Nordquist on March 22, 2012, which was also the basis of the April 2, 2012, Fiscal Note of the Legislative Fiscal Office (LFO).

LB 599 would require the Nebraska Medicaid program to submit a SPA to create a separate, stand-alone CHIP program within 30 days of the effective date of the Act, with an implementation date of 7-1-12.

DHHS computer system changes would be required to create the new CHIP Unborn designation, at \$49,000 (\$12,250 GF, \$36,750 FF) for FY13. A 1.0 FTE Program Specialist would be required to develop and administer the program, and a 1.0 FTE Program Analyst would be required for the additional program reporting requirements. 2.0 FTE Social Services Workers would be required for the additional caseload. Staff expenditures are estimated at \$272,830 (\$84,495 GF, \$188,335 FF) for FY13, and \$271,710 (\$84,149 GF, \$187,561 FF) for FY14.

An estimated 1,162 unborns of ineligible aliens would be covered during FY13, and 1,174 in FY14. Predelivery expenditures, including full Medicaid coverage, are estimated at \$2,149 per unborn, and labor and delivery services would continue to be paid as Medicaid emergency services. Program 344 aid expenditures for ineligible alien pre-delivery services, effective July 1, 2012, are estimated at \$2,497,195 (\$773,381 GF, \$1,723,814 FF) for FY13, and \$2,522,984 (\$781,368 GF, \$1,741,616 FF) for FY14. Expenditures may be higher if the Unborn CHIP Program causes enrollees to sign up earlier, and receive Medicaid services for a longer period of time.

NOTE: The LFO estimate states that full Medicaid benefits would be provided to enrollees in the Unborn CHIP Program. If the intent of the bill is to create a limited benefits package, restricted to prenatal care, a 0.75 FTE Payments Reviewer and an 0.25 FTE Physician would be required to evaluate claims for pregnancy relatedness. Program 344 expenditures would be lower, but Program 33 expenditures would be higher for the additional staff.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
Program Specialist	1.0	1.0	48,329	48,329
Program Analyst	1.0	1.0	47,672	47,672
Social Services Workers	2.0	2.0	74,006	74,006
Benefits.....			68,003	68,003
Operating.....			34,820	33,700
Travel.....			0	0
Capital Outlay.....			49,000	0
Aid.....			2,497,195	2,522,984
Capital Improvements.....			0	0
TOTAL.....			\$2,819,025	\$2,794,694