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DATE PREPARED: January 30, 2012  
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**LB 952**

Revision: 01

Revised to include 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				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

State statute requires that the Department of Health and Human Services cannot establish premiums, copayments or deductibles or place limits on the amount, scope or duration of services until after a regular session of the Legislature in which there has been an opportunity for legislative consideration. The department notified the Legislature in December of copayment changes and limits on services. This bill prohibits the department from implementing the following changes to copayments and services in the Medicaid and Children's Health Insurance Programs:

- Copayments physical, speech, occupational
- Copayments non-emergency visits
- Managed Care copayments
- Dental copayments
- Home Health limit 240 hours a year
- Private Duty Nursing
- Personal Assistance (NF eligible)
- Personal Assistance 3.5 hrs. per day/60 hrs. per month
- Nutritional supplements
- BH therapy to 60 per year

Eliminated Services:

- Dental for adults
- Dentures for adults
- Chiropractic services
- Eyeglasses for adults
- Hearing aids for adults
- Occupational therapy for adults
- Physical therapy for adults
- Speech therapy for adults

The Governor in his budget recommendations assumed a half year of savings in FY 13. The proposed savings are shown on charts at the end of this fiscal note along with fully annualized amounts for FY14. The following describes the proposed changes that this bill intends to prohibit.

### Copayments

The following changes are proposed to copayments:

Physical, speech and occupational therapy initial visits and evaluations only. The current copay is \$1. This would increase it to \$2. The number of patients impacted would be 1,838 adults.

A copay on non-emergency emergency room visits would be increased from \$3 to \$50. It would impact 11,247 adults. Nebraska exempts clients enrolled in managed care from copayments. Federal law requires copayments to be charged. Although dental services are not covered by managed care, those enrolled in managed care are exempted from the copayment.

### Home Health

Home health services would be limited to 240 hours per year. This would impact 160 adults and six children. The average number of hours those clients exceed 240 hours is 351. The average number of hours above the 240 limit is 156 hours. The highest number of hours a single child receives is 421 or 181 hours above the 240-hour proposed limit. The cost per hour range from \$20.57 for an aide; \$27.60 to \$36.80 for nursing services of 2 hours or less and \$81.41 a day for nursing services more than 2 hours.

These clients would be eligible for assisted living and/or nursing facility services and for home and community-based waiver services. The estimated savings assumes 20% of the costs would shift to other services.

### Private Duty Nursing

Private Duty Nursing Services are more individual and intensive nursing services than those provided by a visiting nurse. They are optional services under federal Medicaid. The department proposes to eliminate this coverage. Like the home health clients, these would be assisted living or nursing facility eligible. They would also be eligible for home and community-based waiver services. The cost savings assume a shift of 50% of the funding to other services such as personal assistance (which is proposed to be capped) or waiver services. Three hundred and forty one (341) clients would be impacted.

### Personal Care Services

There are two limits proposed for personal care services. First, is requiring clients to meet the nursing home level of care. The department estimates that clients who are using less than 60 hours of personal care services a month would be disqualified. Four hundred and two (402) clients would lose services. No shift to another service is assumed. Second, the department is proposing to limit services to 3.5 hours a day with a 60-hour cap per month. This will impact 842 clients. The department assumes 20% of the cost would shift to chore services under the waiver.

These proposed reductions will impact both low and high needs clients. The requirement to meet higher levels of care will eliminate services for the lower needs clients. The cap of 60 hours a month will impact the higher needs clients. Both could potentially increase institutional care. For the lower needs clients, if they are unable to receive services, their conditions could deteriorate. For the higher needs clients, those that are in need of more than 60 hours may not be able to stay in the community safely.

### Eliminate Nutritional Supplements

This proposal would eliminate coverage of oral nutritional supplements such as Boost and Ensure for adults and Isomil and Simialc for children. Nutritional supplements given intravenously would be covered. The oral nutritional supplements are covered under the Supplemental Nutrition Assistance Program (SNAP). This reduction would impact 2,732 clients.

### Behavioral Health Therapy Visits

Behavioral health therapy visits would be limited to 60 per year. On average, the number of visits above 60 is 17 for adults and 11 for children. If the services are needed but not covered by Medicaid, the problem(s) to be addressed could worsen. The total number of clients impacted would be 226.

The savings for FY 13 and FY 14 are shown on the following page.

Program 348 Medicaid			
FY 13			
	General	Federal	Total
Copayments physical, speech, occupational	682	868	1,550
Copayments non-emergency visits	153,157	194,768	347,925
Managed Care copayments	23,788	30,251	54,039
Dental copayments	1,012	1,287	2,300
Home Health limit 240 hours a year	628,349	799,068	1,427,418
Private Duty Nursing	978,840	1,244,786	2,223,626
Personal Assistance (NF eligible)	237,059	301,467	538,526
Personal Assistance 3.5 hrs per day/60 hrs per month	1,038,175	1,320,241	2,358,416
Nutritional supplements	279,750	355,757	635,508
BH therapy to 60 per year	42,100	53,539	95,639
<b>Total</b>	<b>3,382,913</b>	<b>4,302,032</b>	<b>7,684,945</b>
Program 348 Medicaid			
FY 14			
	General	Federal	Total
Copayments physical, speech, occupational	1,365	1,735	3,100
Copayments non-emergency visits	306,313	389,537	695,850
Managed Care copayments	47,575	60,502	108,077
Dental copayments	2,024	2,575	4,599
Home Health limit 240 hours a year	1,256,698	1,598,137	2,854,835
Private Duty Nursing	1,957,680	2,489,572	4,447,252
Personal Assistance (NF eligible)	474,118	602,934	1,077,052
Personal Assistance 3.5 hrs per day/60 hrs per month	2,076,349	2,640,483	4,716,832
Personal Assistance 3.5 hrs per day/60 hrs per month	559,501	711,514	1,271,015
Nutritional supplements	84,201	107,077	191,278
BH therapy to 60 per year			
<b>Total</b>	<b>6,765,826</b>	<b>8,604,065</b>	<b>15,369,890</b>
Program 344 CHIP			
FY 13			
	General	Federal	Total
Private Duty Nursing	2,619	5,881	8,500
Nutritional supplements	3,081	6,919	10,000
<b>Total</b>	<b>5,700</b>	<b>12,800</b>	<b>18,500</b>
Program 344 CHIP			
FY 14			
	General	Federal	Total
Private Duty Nursing	5,238	11,762	17,000
Nutritional supplements	6,162	13,838	20,000
<b>Total</b>	<b>11,400</b>	<b>25,600</b>	<b>37,000</b>

The services that are proposed to be eliminated according to the December 1<sup>st</sup> letter from the Department will only be done if the federal budget crisis would create across-the-board reductions which include the Medicaid Program. On an annualized basis, the reductions total \$18 million (\$7.9 million GF and \$10.1 FF). In the event of large across-the-board cuts that impact state programs, the Legislature would likely address the specific reductions.

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LB(1) **0952**

**FISCAL NOTE**

LEGISLATIVE FISCAL

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 1-30-12

Phone: (5) 471-8072

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$3,341,632		\$6,683,264	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$4,257,637		\$8,515,274	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$7,599,269		\$15,198,538	

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

Explanation of Estimate:

Items 1-8, the program changes Nebraska Medicaid could implement as soon as practicable, had total annual potential savings of -\$15,306,616. In anticipation of implementation 1-1-13, the Nebraska Medicaid budget for FY13 was adjusted by a total of -\$7,711,945 in the Governor's Mid-Biennium Budget Adjustments, which included full-risk managed care adjustments required to be in compliance with CMS. For the items affected by the bill, the total adjustment made was -\$7,599,269. If LB 952 passes, Nebraska Medicaid would need an allocation for FY13 of \$27,000 (\$8,319 GF, \$18,681 FF) for Program 344, and \$7,572,269 (\$3,333,313 GF, \$4,238,956 FF) for Program 348; and for FY14, \$55,510 (\$17,192 GF, \$38,318 FF) for Program 344, and \$15,144,538 (\$6,666,626 GF, \$8,477,912 FF) for Program 348.

Items 9-18, the program changes that may be needed to offset potential funding reductions in the Federal Medicaid program, had total annual potential savings of -\$41,117,673. No budget adjustment has been made yet, since funding reductions have not yet been made to the Federal Medicaid program. If Federal Medicaid funding reductions are made, Nebraska Medicaid would need to limit mandatory and optional services or eliminate optional services, or have additional GF appropriated to cover the reduced FF.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2012-2013 EXPENDITURES	2013-2014 EXPENDITURES
	12-13	13-14		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$7,599,269	\$15,198,538
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$7,599,269</b>	<b>\$15,198,538</b>