

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$43,886		\$43,886	
CASH FUNDS				
FEDERAL FUNDS	\$43,887		\$43,887	
OTHER FUNDS				
TOTAL FUNDS	\$87,773*		\$87,773*	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 276 requires the Department of Health and Human Services (HHS) to submit a state plan amendment or waiver to the federal Centers for Medicare and Medicaid to provide that occupational therapy, physical therapy, speech and audiology services, counseling, behavioral services, nursing, nutrition, personal assistance, social work, transportation and vision services provided by school districts and educational service units are direct reimbursable services. The plan or waiver request is to be submitted on or before October 1, 2013.

The bill provides that any federal funds received by school districts or educational service units in excess of \$3 million shall be remitted by HHS to schools and ESU's in proportion to the amount of federal Medicaid funds reimbursed for these services. The amounts remitted to the schools are excluded from accountable receipts for purposes of calculating state aid (TEEOSA).

Current Law: School districts currently are required to submit claims for Medicaid reimbursement for physical therapy, occupational therapy and speech therapy services. School districts received a little over \$4 million of Medicaid reimbursement for these services in FY2011-12. Schools do not currently submit Medicaid claims for the other services enumerated in the bill.

Current law also provides for the State Department of Education (NDE) and HHS to certify the amount of federal Medicaid funds paid to schools for special education services for children five years of age and older. An amount equal to the amount of federal Medicaid funds received by school districts for these services, which would have been appropriated as special education aid, is then reduced from the general funds appropriated to NDE to reimburse school districts for special education services. In other words, the federal funds are used in lieu of general funds for special education services. The freed up general funds are then appropriated to HHS to provide services coordination for infants and toddlers with disabilities and their families through the Early Intervention Act. School districts are allowed to keep a percentage of the federal funds reimbursed for administrative expenses related to claiming the funds.

Revenue Increase for School Districts & ESU's: LB 276 caps the amount allocated for the Early Intervention Act in the future at \$3 million. Federal funds received for claims submitted for services pursuant to the bill that are in excess of \$3 million will accrue to school districts and ESU's. The increased amount of federal funds received is dependent upon the services provided by school districts and ESU's and the claims submitted. The federal match rate for services will be 54.74% in FY14 for Medicaid and 68.32% for CHIP. The amount of increased federal revenue for services is unknown. It is assumed the revenue increase for schools will begin sometime in FY14, depending upon when a plan amendment or waiver is approved. Increased revenue for schools pursuant to the bill is excluded as an accountable receipt for state aid purposes, so state aid will not be impacted by additional federal funds received pursuant to claims made for these services.

Fiscal Impact for HHS: HHS currently has one FTE assigned in part to the Medicaid in Public Schools Program. The department indicates the need for an additional FTE to: submit the state Medicaid plan or waiver amendment; revise rules; clarify definitions for new school providers; and, assist schools with licensing and claims submittal. Estimated expenses for the additional Program Specialist are \$87,733 (\$43,886 G, \$43,887 F) in FY14 and FY15.

Future Fiscal Impact for the Early Intervention Act: In FY12, about \$2.2 million of general funds was allocated for the Early Intervention Act based upon current statute. It is assumed a \$3 million cap on funds provided for the Early Intervention Act will not impact services provided by HHS in the next biennium. However, at some point in the future, the cap will limit the funds provided for this program.

*Technical Note: The bill repeals provisions of current law which decrease the General Fund appropriation to NDE by the amount of federal Medicaid funds received by school districts. The repeal of the offset to the General Fund results in the bill having an additional fiscal impact of the amount (up to \$3 million) that is transferred to HHS for the Early Intervention Act.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 276	AM:	AGENCY/POLT. SUB: HHS
REVIEWED BY: Elton Larson	DATE: 3/12/2013	PHONE: 471-4173
COMMENTS: HHS analysis and estimate of fiscal impact to the agency appear reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 276	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: Matthew Eash/Elton Larson	DATE: 3/13/2013	PHONE: 402-471-4175
<p>COMMENTS: The intent language in LB 276 would likely result in an increase of General Fund State Aid to school districts by approximately \$2,300,000 in FY 2013-14 and FY 2015. The most recent (2012) certification of federal expenditures for Medicaid in Public Schools (MIPS) to children of school age with special education needs was \$2,296,002.67. Under current law, in 2012, \$2,031,572.95 in General Funds were constructively transferred from the Department of Education (NDE) to the Department of Health and Human Services (DHHS) to reimburse the federal expenditures. The difference, \$264,429.72, remained accounted for as federal aid to schools.</p> <p>LB 276 would have resulted in 100% of the federal expenditures being reimbursed with new General Funds. NDE funds would not have been transferred but still would have been provided as State Aid to schools through NDE's regular special education distribution. Therefore, in 2012, General Fund State Aid to schools for all special education purposes would have increased by \$2,296,002.67.</p> <p><u>Impact to TEEOSA.</u> TEEOSA State Aid would not change with regard to General Fund MIPS reimbursements up to \$3,000,000. All such General Fund reimbursements to federal aid would still be accountable as TEEOSA Formula Resources, which would offset schools' corresponding expenditures approximately 1-to-1, and resulting in nominal or no change in TEEOSA State Aid.</p> <p>However, TEEOSA State Aid could be reduced by an amount up to the total of General Funds no longer transferred from NDE to DHHS because those funds would still be distributed as special education aid and counted as Formula Resources (not related to MIPS); but schools would not necessarily react by increasing their own expenditures (contributing to Formula Need) by the same amount. Depending on the distribution among schools competing for TEEOSA Basic Funding, TEEOSA State Aid could be reduced by none, some, or all of the variance between the amount of NDE's increased special education aid and schools' resultant increase in expenditures.</p> <p>With regard to MIPS federal expenditures exceeding \$3,000,000: assuming LB 276's intent is to require DHHS to reimburse all these expenditures with State General Funds, then the amount exceeding \$3,000,000 would be specifically excluded from schools' Formula Resources, but not from Formula Need. Depending on the distribution among schools competing for TEEOSA Basic Funding, none, some, or all of the General Funded MIPS Aid exceeding \$3,000,000 would be provided again to schools via an increase in TEEOSA State Aid.</p> <p>Because TEEOSA Aid is computed from schools' financial reports two years' prior, TEEOSA Aid would not be impacted by LB 276 until at least FY 2015-16.</p> <p><u>Impact to Medicaid:</u> Elimination of the General Fund reimbursement would result in the Medicaid program having less General Fund to serve as state match for the Medicaid program. For FY2012-13, the General Fund impact to Medicaid would have been more than two million dollars. An appropriation of General Funds for Medicaid (Program 263 and 348) would be required to replace the loss of state match resulting from LB 276.</p>		

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2013

LB⁽¹⁾ 276 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Education

Prepared by: ⁽³⁾ Sherman/Prochazka Date Prepared: ⁽⁴⁾ 1/24/13 Phone: ⁽⁵⁾ 402-471-2471

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____ *	_____ **	_____ *	_____ **
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____ *	_____ **	_____ *	_____ **

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

Explanation of Estimate:

*Expenditures: Increased administration/accounting costs for school districts cannot be determined.

**Revenue: School district Special Education budget information not submitted to NDE by individual services; cannot calculate

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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) 2-21-13

Phone: (5) 471-8072

	FY 2013-2014		FY 2014-2015	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$43,886		\$43,886	
CASH FUNDS				
FEDERAL FUNDS	\$43,887		\$43,887	
OTHER FUNDS				
TOTAL FUNDS	\$87,773*		\$87,773*	

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

Explanation of Estimate:

LB 276 affects the DHHS Early Intervention (EI) Program in Section 1, and allowable Medicaid services in Section 2. This fiscal note assumes that the additional Medicaid services will be provided through the Medicaid in Public Schools (MIPS) program.

*In addition to the estimate in Expenditures above, in Section 1, the funding formula that appropriated Department of Education GF to the DHHS EI program is removed, and the Department of Education GF transfer to DHHS is capped at \$3 million. DHHS is to remit any certified amount in excess of \$3 million to school districts and ESUs. There is no funding source for DHHS to remit money to the schools, so DHHS would need an additional appropriation equal to the certification amount that exceeds \$3 million. The certified amount fluctuates, depending on the annual expenditures for MIPS.

*In addition to the estimate in Expenditures above, in Section 2, DHHS is required to submit a SPA and/or waiver to provide additional services in the schools. Additional Medicaid expenditures for MIPS cannot be estimated until the additional services are clearly defined. This fiscal note assumes that the Department of Education would provide the state and/or local match funds needed for the additional services through the MIPS program, and DHHS would need additional federal funds spending authority for the related FF. Expenditures for the additional services will cause the certification amount above to exceed the \$3 million cap.

DHHS would need 1 FTE Program Specialist to submit a SPA and/or waiver by 10-1-13; revise rules and regulations; clarify definitions for the new services to be provided; develop rates for the new services; establish Medicaid enrollment requirements for new school providers; and assist new school providers with licensing and claims submittal. Program 033 expenditures are estimated at \$87,773 (\$43,886 GF, \$43,887 FF) for FY14, and \$87,773 (\$43,886 GF, \$43,887 FF) for FY15.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2013-2014	2014-2015
		13-14	14-15	EXPENDITURES	EXPENDITURES
	Program Specialist			\$42,361	\$42,361
	Benefits.....			\$16,945	\$16,945
	Operating.....			\$28,467	\$28,467
	Travel.....				
	Capital Outlay.....				
	Aid.....				
	Capital Improvements.....				
	TOTAL.....			\$87,773*	\$87,773*

