

Revised to correct a federal fund

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	2,177,634		(4,504,616)	
CASH FUNDS				
FEDERAL FUNDS	274,232,894		317,597,058	
OTHER FUNDS				
TOTAL FUNDS	276,410,528		313,092,442	

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

This bill requires the Department of Health and Human Services to submit a state plan amendment to cover the new Medicaid adult group, commonly referred to as Medicaid expansion. The bill directs the department to apply for an alternative benefit plan to include full Medicaid coverage and other coverage required by the Affordable Care Act (ACA), including non-emergency transportation, early and periodic screening (EPSDT), diagnostic and treatment program, family planning, rehabilitative services and services covered by the federal Paul Wellstone and Pete Domenici Mental Health Parity Act of 2008.

The Department of Health and Human Services contracted with Milliman to project the costs of implementing the Affordable Care Act. Milliman provided a revised report in January 2013. Milliman provided two projection scenarios, full participation and what they call mid-range participation. The full participation assumes 100% of all eligible persons will apply for and utilize the services. The mid-range participation rates range from 80% to 85%; except of the category of “insured switchers” which are at 50%. The Milliman projections assume these will be the participation rates from the start and will continue at the same level throughout the seven years of their projections. Although Milliman provided the full participation scenario, in their report they state: “While we provided a full participation scenario, we do not expect full enrollment to occur.” The costs in the Department of Health and Human Services fiscal note are the midpoint between full and mid-range participation.

Note that the HHS fiscal note includes information extraneous to the impact of this bill. The HHS fiscal note describes the totality of the ACA on their agency. The bill only addresses coverage for non-elderly, non-disabled single individuals and parents, commonly called Medicaid expansion. Additionally, the HHS fiscal note describes totality of the Medicaid Program in Nebraska. The Legislative Fiscal Office fiscal note only addresses the impacts of LB 577.

The Legislative Fiscal Office also studied the impacts of the ACA and included their projections in a report released in November 2012. The participation rate in this report is 60%; except of the category of “insured switchers” which is at 25% in the first year. By the fourth year, the participation rate is anticipated to reach 75%; except for the “insured switchers” who remain at 25%. In this fiscal note, the aid costs are the midpoint between the mid-range estimates from the Milliman Report and the Legislative Fiscal Office projections. Administrative costs in this fiscal note are a combination of the Department of Health and Human Services estimates and the mid-range in the Milliman Report.

There is a great degree of uncertainty in projecting the cost of this provision. The Medicaid expansion covers a population that previously has never been covered by Medicaid. The pool of those potentially eligible coupled with assumptions regarding their behavior as to whether or not to participate and when, their health status and their decisions with regard to dropping insurance coverage and opting for Medicaid all make the impact difficult to project.

The Federal Medical Assistance Percentage (FMAP) is the percentage paid by the federal government for the aid costs of Medicaid. Initially the aid costs are fully funded by the federal government and are gradually phased down to 90% in 2020. The chart on the following page shows the federal match rates for the calendar years 2014 to 2020:

FMAP for Newly Eligible	
Calendar Year	FMAP
2014	100%
2015	100%
2016	100%
2017	95%
2018	94%
2019	93%
2020 and after	90%

The administration costs are 50% General and 50% federal. IT costs are at a 10-90% split with the federal government paying the higher percent.

This fiscal note and the one submitted by the Department of Health and Human Services both show projected costs through 2020. The projections beyond the next biennium are shown because of the changes in the FMAP and due to the assumption that participation will increase over time. If Medicaid is expanded per the provisions of this bill, the out-year projections will be revised based on the trends that occur in the initial years of implementation.

The aid costs by fund source are shown in the chart below along with the projected number of enrollees:

Fiscal Year	State	Federal	Total	# of Enrollees
FY 2013-14	0	263,250,919	263,250,919	46,738
FY 2014-15	0	301,672,058	301,672,058	53,640
FY 2015-16	0	354,205,813	354,205,813	63,091
FY 2016-17	7,353,752	360,333,834	367,687,586	64,824
FY 2017-18	18,958,585	360,213,120	379,171,705	65,209
FY 2018-19	23,463,109	367,588,702	391,051,811	65,597
FY 2019-20	32,264,442	371,041,088	403,305,530	65,989

In calendar year 2013 and 2014, the ACA requires states to pay primary care rates at the Medicare rates. The federal government is paying the full costs. After the expiration of the mandate, it is assumed the state would continue to pay at the higher rate. The impact of continuing those rates are included in this fiscal note. The FY 14 costs are \$2,600,000 FF, and \$3,100,000 FF in FY 15. In later years the state will share in the costs at the enhanced Medicaid expansion match rate.

The administrative costs in FY 14 and FY 15 are the same as those in the HHS fiscal note. Although their costs are based on much higher participation rates, the Milliman figures did not account for the need to hire and train staff earlier than the January 1, 2014 implementation date and the higher costs associated with the initial implementation of a new program of this magnitude. After the first two years, the costs shown are those in the Milliman mid-range, as the initial startup costs will not be needed. First year costs are \$11,700,000 (\$5,850,000 GF and FF). In FY 15, the costs are \$14,450,000 (\$7,225,000 GF and FF). One-time IT costs are projected to be \$257,750 (\$25,775 GF and \$231,750 FF) in FY 14.

The ACA established a new tax on insurers. The tax applies to managed care plans. Since the state contracts for managed care, it is anticipated that the cost of the contract will increase. The cost in FY 14 is \$2,300,000 FF and \$5,600,000 FF in FY 15.

The State Disability Program will be eliminated if Medicaid is expanded per this bill. The State Disability Medical Program covers individuals whose disability is expected to last not less than six month up through 12 months. After twelve months, if the disability continues Social Security and Medicare coverage begins. Although persons eligible under this program are considered disabled under the state's definition, they are not considered disabled under federal law, so their medical care would be covered under the Medicaid expansion. Savings in FY 14 would be \$3,033,333 and \$9,100,000 in FY 15. FY 14 costs assume a two-month lag in payments.

The state currently provides coverage for prescription drugs for low-income individuals who are HIV positive or have AIDS. These individuals would be eligible for drug coverage under the provision of this bill, so the state drug program will no longer be utilized. Savings in FY 14 would be \$300,000 in FY 14 and \$900,000 in FY 15. There is also a two-month lag in payments assumed in these savings.

The state provides behavioral health funding to the mental health regions to cover individuals who are not insured and services that not covered by insurance or Medicaid. Estimated savings, net of the costs that would not be covered by Medicaid, are up to \$6 million annually for those who would be covered by Medicaid expansion. However, to avoid a disruption in services, the savings will be gradually captured and additional anticipated savings will be placed in a separate budget program and if needed available for the regional behavioral health providers. In FY 15 the appropriation will be reduced by \$1 million and \$2 million moved into the separate set-aside budget program. In FY 16, the savings and set-aside amount are equal at \$2 million each. In FY 17, savings are \$3 million with \$1 million set aside. In FY 18 and thereafter, the savings are anticipated to be \$4 million with no funds set aside.

The Department of Health and Human Services did not include an estimate of the costs for providing habilitative services and EPSDT nor has the LFO calculated the impact of those services. Those services likely will result in additional costs but additional study of the impact is needed to determine those costs.

Inmates of correctional facilities are not eligible for Medicaid; however, if inmates are hospitalized outside of the correctional facility, they are eligible for Medicaid for the services provided while in the hospital. The Department of Corrections estimates savings of \$364,808 in FY 14 and full year savings of \$729,616. These savings are less than total inpatient hospital expenses due to the following reasons: some inmates may not be legal residents, some may not cooperate with the application process or the service provider may not accept Medicaid.

Counties would see a reduction in costs currently spent on covering individuals through General Assistance. The savings would vary from county to county; however county by county information is not available. The state's two largest counties Douglas and Lancaster provided projected cost savings. Douglas County estimates savings of \$1,650,000 annually in reduced reimbursements to medical providers and \$300,000 in payments for prescription drugs. They could have additional savings of \$1,869,000, if their Primary Health Care Clinic is closed. Lancaster County projects savings of \$2,500,000 annually in their General Assistance Program. Savings in FY 14 would be approximately one quarter of estimated annual savings.

As noted above, inmates of correctional facilities are eligible for Medicaid coverage for inpatient hospital services. Counties will have savings for inpatient hospital services for jail inmates, but as with General Assistance, those costs would vary from county to county. No estimate is available at this time.

The chart on the following page shows the state impact of the Medicaid expansion through FY 2019-20:

Summary	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
1							
2 Aid Costs New Eligibles							
3 General	0	0	0	7,353,752	18,958,585	23,463,109	32,264,442
4 Federal	263,250,919	301,672,058	354,205,813	360,333,834	360,213,120	367,588,702	371,041,088
5 Total	263,250,919	301,672,058	354,205,813	367,687,585	379,171,705	391,051,811	403,305,531
6							
7 Primary Care to Medicare							
8 General	0	0	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000
9 Federal	2,600,000	3,100,000	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000
10 Total	2,600,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
11							
12 Administration							
13 General	5,850,000	7,225,000	7,650,000	7,750,000	7,800,000	7,900,000	7,950,000
14 Federal	5,850,000	7,225,000	7,650,000	7,750,000	7,800,000	7,900,000	7,950,000
15 Total	11,700,000	14,450,000	15,300,000	15,500,000	15,600,000	15,800,000	15,900,000
16							
17 IT							
18 General	25,775	0	0	0	0	0	0
19 Federal	231,975	0	0	0	0	0	0
20 Total	257,750	0	0	0	0	0	0
21							
22 ACA Managed Care Fee							
23 General	0	0	0	136,000	350,000	432,000	584,000
24 Federal	2,300,000	5,600,000	6,800,000	6,664,000	6,650,000	6,768,000	6,716,000
25 Total	2,300,000	5,600,000	6,800,000	6,800,000	7,000,000	7,200,000	7,300,000
26							
27 Program Savings (All General)							
28 State Disability	(3,033,333)	(9,100,000)	(9,100,000)	(9,100,000)	(9,100,000)	(9,100,000)	(9,100,000)
29 AIDS Drugs	(300,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)
30 Behavioral Health	0	(1,000,000)	(2,000,000)	(3,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
31 Total	(3,333,333)	(11,000,000)	(12,000,000)	(13,000,000)	(14,000,000)	(14,000,000)	(14,000,000)
32							
33 Corrections							
34 General	(364,808)	(729,616)	(729,616)	(729,616)	(729,616)	(729,616)	(729,616)
35							
36 Grand Total							
37 General	2,177,634	(4,504,616)	(3,529,616)	3,060,136	13,928,969	18,615,493	27,618,826
38 Federal	274,232,894	317,597,058	370,205,813	376,297,834	376,213,120	383,806,702	387,257,088
39 Total	276,410,528	313,092,442	366,676,197	379,357,969	390,142,089	402,422,195	414,875,915

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 577	AM:	AGENCY/POLT. SUB: Dept. of Corrections	
REVIEWED BY: Elton Larson		DATE: 2/22/2013	PHONE: 471-4173
COMMENTS: Department of Corrections estimates of fiscal impact to the department due to LB 577 appear reasonable.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 577	AM:	AGENCY/POLT. SUB: Douglas County	
REVIEWED BY: Elton Larson		DATE: 2/26/2013	PHONE: 471-4173
COMMENTS: Douglas County indicates that an estimated \$3.8 million currently spent on an annual basis by the county for General Assistance, support of the Douglas County Health Center, and for unreimbursed pharmaceutical costs will be shifted from county funds to state and federal funds with the passage of the Medicaid expansion provisions contained in LB 577.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 577	AM:	AGENCY/POLT. SUB: HHS	
REVIEWED BY: Elton Larson		DATE: 2/26/2013	PHONE: 471-4173
COMMENTS: Concur with HHS analysis and estimate of fiscal impact. The department is not able to estimate costs associated with the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) and habilitative services provided for in LB 577. Costs of these services would be in addition to the estimates identified in the agency fiscal note.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 577	AM:	AGENCY/POLT. SUB: Lancaster County	
REVIEWED BY: Elton Larson		DATE: 2/22/2013	PHONE: 471-4173
COMMENTS: Lancaster County indicates that the county will discontinue financing medical benefits for persons who currently qualify for county General Assistance and will qualify for the optional Medicaid benefits provided for in LB 577. This will result in a shift of \$1.1 million for FY2013-14 and \$2.5 for FY 2014-15 in estimated costs from Lancaster County to the state and federal governments as reflected in the Department of Health and Human Services LB 577 fiscal note.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 577	AM:	AGENCY/POLT. SUB: University – REVISED	
REVIEWED BY: Elton Larson		DATE: 3/4/2013	PHONE: 471-4173
COMMENTS: This version of University fiscal note was received on February 28, the day of the hearing, so too late for comment. Budget estimates for FY14 and FY15 based on DSH allotments being reduced, but no reductions to DSH payments in the FY2013--15 biennium.			

LB⁽¹⁾ 577 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Correctional Services (NDCS)

Prepared by: ⁽³⁾ Christina Peters Date Prepared: ⁽⁴⁾ 02/13/2013 Phone: ⁽⁵⁾ (402) 479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>(364,808)</u>	<u>0</u>	<u>(729,616)</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>(364,808)</u>	<u>0</u>	<u>(729,616)</u>	<u>0</u>

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

Explanation of Estimate:

If the program is expanded to include ages 19 – 64, it is difficult to estimate savings NDCS could realize: 1) we have inmates with “prior” enrollment in the program, who will not qualify for the 100% coverage; 2) some inmates will still not qualify under the new income guidelines; 3) if enrollment requires the inmate’s signature or release of financial information, authorization may not be granted; 4) it appears coverage still requires inpatient status, which is only a portion of our medical costs; and 5) having Medicaid coverage does not necessarily relate to the inmate’s access to a provider.

Information used in the estimated savings is based on the following:

- FY12 total inpatient claims (submitted to Medicaid or medical claims processing vendor) were \$3,799,295.
- FY12 total inpatient costs paid by NDCS (to medical claims processing vendor or DHHS) were \$2,213,620.
- Medicaid allowed 22.95% of submitted claims in FY12. For the first half of FY13, this rose to 27.33%.
- FY12 payments to NDCS’ medical claims processing vendor were 78.12% of the amount of claims submitted.
- Coverage is expanded by who is covered, not by what services are provided.
- NDCS currently reimburses DHHS the General Fund share of the NDCS Medicaid payments. When the Federal coverage reduces to 90% in 2016, NDCS will not be responsible for the 10% difference.
- The effective date for coverage expansion is January 1, 2014.

It is estimated that 50% of claims would still require payment by NDCS, due to inmates that may not qualify, refuse to authorize or were seen by non-Medicaid providers. Medicaid would cover most hospital costs, but other services may only be available by providers not accepting Medicaid. ($\$3,799,295 * 50\% = 1,899,648 * 78.12\% = \$1,484,004$)

Based on this information and assumption, \$364,808 estimated savings would be realized in FY14 and \$726,616 in FY15.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
			<u>0</u>	<u>0</u>
			<u>0</u>	<u>0</u>
Benefits.....			<u>0</u>	<u>0</u>
Operating.....			<u>(364,808)</u>	<u>(729,616)</u>
Travel.....			<u>0</u>	<u>0</u>
Capital outlay.....			<u>0</u>	<u>0</u>
Aid.....			<u>0</u>	<u>0</u>
Capital improvements.....			<u>0</u>	<u>0</u>
TOTAL.....			<u>(364,808)</u>	<u>(729,616)</u>

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2013

LB⁽¹⁾ 577 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County, Nebraska

Prepared by: ⁽³⁾ M. San Martin Date Prepared: ⁽⁴⁾ 2/22/13 Phone: ⁽⁵⁾ 402.444.5116

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

Explanation of Estimate:

The following estimates represent the possible cost-savings to be realized by Douglas County if LB577 is implemented:

<u>Dept of General Assistance</u>	\$1.65MIL	(Client medical assistance Medicaid reimbursement)
	\$269K	(Staff reduction at the Primary Health Care Clinic, if Clinic is closed)
	\$240K	(Contracted clinic providers reduction at Primary Health Care Clinic, if Clinic is closed)
	TOTAL: \$2.16MIL	
<u>Douglas County Health Center</u>	\$1.36MIL	(reduction of the combined ancillary services costs provided to the Primary Health Care Clinic, if Clinic is closed)
	TOTAL: \$1.36MIL	
<u>Community Mental Health Center</u>	\$300K	(unreimbursed pharmaceutical costs)
	TOTAL: \$300K	
<u>Department of Corrections</u>	\$0	
<u>Douglas County Health Dept</u>	\$0	
TOTAL ESTIMATED SAVINGS:	\$3.82MIL	

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2013-14 EXPENDITURES	2014-15 EXPENDITURES
	13-14	14-15		
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) 2-25-13

Phone: (5) 471-8072

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$ 2,575,775*		\$ 650,000*	
CASH FUNDS				
FEDERAL FUNDS	\$ 149,931,975*		\$ 348,500,000*	
OTHER FUNDS				
TOTAL FUNDS	\$ 152,507,750*		\$ 349,150,000*	

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

Explanation of Estimate:

The Nebraska Medicaid program currently provides coverage for low-income individuals in specified categories: children to age 19, their qualifying caretaker relatives, pregnant women, the aged, and the disabled. The program provides a wide variety of medical services, as well as non-medical services designed to help the aged and disabled live in the community. In Fiscal Year 2012, Nebraska Medicaid covered a monthly average of 237,543 individuals, at a total annual cost of more than \$1.6 billion.

In 2010, President Obama signed the Patient Protection and Accountable Care Act (hereinafter the ACA), creating an individual mandate to have health insurance and establishing health insurance exchanges. Effective January 1, 2014, as a result of the changes required by the ACA in the insurance market, States are expecting a significant increase in the number of individuals who will seek assistance from the Medicaid program. In order to get assistance in estimating the impact of the ACA to the Nebraska Medicaid program, the Nebraska Department of Health and Human Services retained Milliman, Inc., an international actuarial and consulting firm with expertise in Medicaid and the private health insurance market.

Required Provisions of the Affordable Care Act

Nebraska Medicaid estimated that there will be 48,469 additional eligibles by Fiscal Year 2020, requiring an additional \$707.5 Million for benefits and \$62.65 Million for administration. For this required Medicaid expansion, the federal government will provide funding at the same match rate that is in effect pursuant to existing federal requirements. The additional costs to Nebraska Medicaid as a result of required ACA requirements will be more than \$770.15 Million through Fiscal Year 2020, without the optional expansion. The additional appropriation necessary to implement the required provisions of ACA are included in LB 195, the mainline budget bill.

Required Provisions

TOTAL	Total	State Funds	Federal Funds
SFY2014	\$57,400,000	\$18,250,000	\$39,150,000
SFY2015	\$107,300,000	\$41,600,000	\$65,700,000
SFY2016	\$118,250,000	\$34,400,000	\$83,850,000
SFY2017	\$123,650,000	\$31,250,000	\$92,400,000
SFY2018	\$117,450,000	\$27,600,000	\$89,850,000
SFY2019	\$118,950,000	\$27,400,000	\$91,550,000
SFY2020	\$127,150,000	\$47,450,000	\$79,700,000
TOTAL	\$770,150,000	\$227,950,000	\$542,200,000

The ACA also required states to expand their Medicaid programs to cover non-pregnant individuals between 19 and 64 years old who are not otherwise eligible for Medicaid and who are not entitled to Medicare. Household income is based on a new Modified Adjusted Gross Income methodology, not to exceed 138% of the Federal Poverty Level. State challenges to this expansion were heard by the United States Supreme Court, which struck down the requirement that states expand their Medicaid programs to cover this new group. After the Supreme Court's ruling, expanding this new eligibility category was optional.

Optional Provisions of the Affordable Care Act

LB 577 seeks to implement the optional Medicaid expansion in Nebraska. The Department estimates that the expansion under LB 577 will result in enrollment of an additional 95,059 new individuals in Medicaid by Fiscal Year 2020. The average annual costs for the optional population are based on Milliman's analysis, which relied on July 1, 2012, through December 31, 2012, contracted managed care data on capitation rates, Fiscal Year 2010 Nebraska Medicaid service costs, the Medicaid Statistical Information System (MSIS) State Summary Datamart, and Medicaid expansion data from other states. The estimates are based on expenditures for current adult Medicaid enrollees. The annual estimates assume a 2.5% growth for capitated expenditures and a 3.5% growth for Fee-for-Service expenditures. Expenditures for benefits are estimated at \$2.592 Billion through Fiscal Year 2020. The year-by-year analysis and breakdown by State Funds and Federal Funds is set out in the Cost of Benefits table below.

In order to handle the additional 95,059 individuals estimated to enroll in the optional program created by LB 577, the Department would need 314 additional staff by State Fiscal Year 2020. This staff is necessary in order to determine eligibility, process claims, and administer Medicaid requirements such as contract management, program integrity, legal, financial, and data analysis. Additional staff expenditures are estimated at \$119.4 Million through Fiscal Year 2020. The year-by-year analysis and breakdown by State Funds and Federal Funds is set out in the Administrative Costs table below.

Optional	New Enrollees	Staff Positions
SFY2014	58,643	193
SFY2015	72,125	239
SFY2016	91,364	301
SFY2017	92,275	305
SFY2018	93,193	308
SFY2019	94,121	311
SFY2020	95,059	314

Optional Provisions – Cost of Benefits

Benefits	Total	State Funds	Federal Funds
SFY2014	\$140,550,000	-\$3,300,000	\$143,850,000
SFY2015	\$334,700,000	-\$6,550,000	\$341,250,000
SFY2016	\$410,150,000	-\$6,150,000	\$416,300,000
SFY2017	\$409,250,000	\$3,800,000	\$405,450,000
SFY2018	\$420,600,000	\$16,500,000	\$404,100,000
SFY2019	\$432,350,000	\$21,350,000	\$411,000,000
SFY2020	\$444,400,000	\$30,850,000	\$413,550,000
TOTAL	\$2,592,000,000	\$56,500,000	\$2,535,500,000

Optional Provisions – Administrative Costs

ADMIN	Total	State Funds	Federal Funds
SFY2014	\$11,700,000	\$5,850,000	\$5,850,000
SFY2015	\$14,450,000	\$7,200,000	\$7,250,000
SFY2016	\$18,250,000	\$9,100,000	\$9,150,000
SFY2017	\$18,500,000	\$9,200,000	\$9,300,000
SFY2018	\$18,650,000	\$9,300,000	\$9,350,000
SFY2019	\$18,850,000	\$9,400,000	\$9,450,000
SFY2020	\$19,000,000	\$9,450,000	\$9,550,000
TOTAL	\$119,400,000	\$59,500,000	\$59,900,000

*Additionally, LB 577 requires coverage for the optional population of at least two benefits not currently offered to the adult population. It would expand Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services to ages 19 through 21, and provide habilitative services to an undefined population. It is impossible for the Department to estimate what the costs would be, but they would be in addition to the costs of benefits referenced above.

In addition, computer changes would be necessary to meet business requirements for processing the optional population. The cost of the necessary computer changes are estimated at \$257,750 (\$25,775 GF, \$231,975 FF) for FY 14.

***Total of Optional Provisions that can be estimated**

TOTAL	Total	State Funds	Federal Funds
SFY2014	\$152,507,750	\$2,575,775	\$149,931,975
SFY2015	\$349,150,000	\$650,000	\$348,500,000
SFY2016	\$428,400,000	\$2,950,000	\$425,450,000
SFY2017	\$427,750,000	\$13,000,000	\$414,750,000
SFY2018	\$439,250,000	\$25,800,000	\$413,450,000
SFY2019	\$451,200,000	\$30,750,000	\$420,450,000
SFY2020	\$463,400,000	\$40,300,000	\$423,100,000
TOTAL*	\$2,711,657,750*	\$116,025,775*	\$2,595,631,975*

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2013-2014	2014-2015
	13-14	14-15	EXPENDITURES	EXPENDITURES
Administration/Staff	193	239	\$ 11,700,000*	\$ 14,450,000*
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....			257,750*	
Aid.....			\$ 140,550,000*	\$ 334,700,000*
Capital Improvements.....				
TOTAL.....			\$ 152,507,750*	\$ 349,150,000*

*Does not include the estimated impact for the provisions of LB 577 requiring the expansion of EPSDT and adding habilitative services.

Please complete ALL (5) blanks in the first three lines.

2013

LB⁽¹⁾ 577 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Lancaster County General Assistance

Prepared by: (3) Gary Chalupa Date Prepared: (4) February 22, 2013 Phone: (5) 402-441-7380

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$1,050,000</u>	<u>0</u>	<u>\$2,500,000</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>\$1,050,000</u>	<u>0</u>	<u>\$2,500,000</u>	<u>0</u>

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

Explanation of Estimate:

Currently, Lancaster County provides medical services to those who qualify for General Assistance. Passage of LB 577 would no longer require Lancaster County to provide funding for these medical services. This estimate does not include any costs for Mental/Behavioral Health Services.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			<u>\$1,050,000</u>	<u>\$2,500,000</u>
Capital improvements.....				
TOTAL.....			<u>\$1,050,000</u>	<u>\$2,500,000</u>

Please complete ALL (5) blanks in the first three lines.

2013

**LB⁽¹⁾ REVISED
577 FISCAL NOTE**

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ Feb 20, 2013 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</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:

It would likely result in some increase in available funding to UNMC in 2013 and could result in a significant loss in 2014.

UNMC-Physicians provides charity care of about \$6M a year, but that includes individuals who have incomes above 133% of poverty (the limit in the Medicaid bill). Medicaid only pays at about 37 cents on a dollar, but that information does not translate into what their additional revenue might be for a full year. Coverage would increase revenue nominally in 2013.

Medicaid Expansion is considered the replacement funding for Disproportionate Share Hospital payments (DSH) to hospitals that serve disproportionately large numbers of uninsured patients, like the Nebraska Medical Center (TNMC). Under the ACA, the DSH payments are scheduled to be reduced starting in 2014, the same year the federal law calculated that hospitals would begin receiving reimbursements from Medicaid Expansion. It is estimated that DSH cuts to TNMC in 2014 could be at least \$8 million. The UNMC College of Medicine and other UNMC units are dependent upon UNMCP & TNMC support to fulfill their academic mission. If TNMC loses at least \$8 million in DSH payments in 2014 that is not replaced by reimbursements from Medicaid Expansion it could negatively affect the financial support TNMC and UNMC Physicians is able to provide to UNMC. The UNMC College of Medicine receives about 58% of its funding from UNMC Physicians and TNMC.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

TOTAL.....

