

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	182,988		(120,738)	
CASH FUNDS	87,750		93,701	
FEDERAL FUNDS	182,988		(148,307)	
OTHER FUNDS				
TOTAL FUNDS	453,726		(175,344)	

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

This bill makes changes to the notification relating to decedents estates and inheritance tax, provides and exemption from recording fees by the Department of Health and Human Services and changes to the recording of death certificates.

The Department of Health and Human Services used estimates for staffing based on a similar recovery unit in Iowa. In FY 17, staffing and operating costs would be \$365,976 (\$182,988 GF and FF). In FY 18, the cost of the unit would be \$420,171 (\$210,086 GF and \$210,085 FF). The costs for two staff assistants to handle the additional recording of death certificates and respond to inquiries as a result the new provisions would be \$87,750 in FY 17 and \$93,701 in FY 18. Vital statistics is cash funded. As this is a cost relating solely to recovery, the state may be able to claim 50% in federal funds with a 50% General Fund match. Additional research would need to be done to determine if this cost is eligible for federal matching funds.

Recoveries are expected to increase in FY 18 by \$689,216. Recoveries offset the cost of the Medicaid Program and are shared with the federal government at the match rate. In FY 18 there would be savings of \$330,824 GF and \$358,392 FF.

The chart below shows the costs:

LB 1103	FY 17			
	General	Cash	Federal	Total
Recovery Unit	182,988		182,988	365,976
Vital Stats		87,750		87,750
Offsets				
FY 17 Total	182,988	87,750	182,988	453,726
	FY 18			
	General	Cash	Federal	Total
Recovery Unit	210,086		210,085	420,171
Vital Stats		93,701		93,701
Offsets	(330,824)		(358,392)	(689,216)
FY 18 Total	(120,738)	93,701	(148,307)	(175,344)

The Department of Health and Human Services would be exempt from fees for the recording of certain instruments. Counties would receive less revenue. The impact would vary from county to county and is not anticipated to be significant for any county.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Pat Weber

Date Prepared:(4) 1-22-16

Phone: (5) 471-6351

	<u>FY 2016-2017</u>		<u>FY 2017-2018</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$338,881		\$61,663	
CASH FUNDS				
FEDERAL FUNDS	\$257,361		(\$61,663)	
OTHER FUNDS				
TOTAL FUNDS	\$596,242		\$0	

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

Explanation of Estimate:

LB 1103 would expand the scope of Medicaid estate recovery. If passed, this bill could potentially result in an increase in recovered Medicaid funds.

The staffing increase for the Division of Medicaid and Long-Term Care (MLTC) and the Department of Health and Human Services (DHHS) legal unit is based on a similar program administered by the Iowa Department of Human Services (DHS). Iowa was contacted because it is known as a particularly aggressive state for estate recovery, and it shares similar demographics with Nebraska. Staffing needs are calculated based on Iowa DHS's program size adjusting for Nebraska DHHS's program size.

The Iowa estate recovery program has approximately nine to twelve (9-12) FTEs. The unit has a head attorney, an assistant, and a clerical assistant to handle probate matters. In addition, three to four (3-4) FTEs handle letters and phone calls. There is one (1) FTE who deposits checks and researches problems with receiving funds, and one (1) FTE who deals with small estates, administrations, and communications with the state treasurer. Iowa DHS collects approximately \$12M in asset recoveries a year.

To implement a similar program in Nebraska, MLTC and DHHS legal estimate that two (2) full time attorneys, one (1) office clerk, and three (3) staff assistants will be required. First year expenditures are based on assumption of all staff beginning on September 1, 2016.

In SFY15, Nebraska Medicaid estate recoveries totaled \$4.2 million. Estate recoveries are reimbursements to the Department of Health and Human Services for previous Medicaid expenditures and are therefore considered a reduction of expenses, not revenue. Due to the time required to implement the program, recoveries are not expected until FY18. The recoveries are expected to cover the cost of the program. It should be noted that the expenditures related to LB 1103 are in budget program 033, but the reductions will be in budget program 348.

The staffing increase for Vital Statistics is due to the requirements in section 8 of the bill. Vital Statistics issues 17,000 death records annually with two (2) staff members. To meet the requirements of this bill, it is estimated that two (2) additional staff assistants will be required. Because this expands the scope of their current activities, it would require a supervisory level staff member to serve as a liaison with the public and the rest of DHHS. Marking and unmarking the death certificates as it relates to unresolved Medicaid debts will require explanations to family members and the general public who receive the death records.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2016-2017	2017-2018
	16-17	17--18	EXPENDITURES	EXPENDITURES
K01841 Staff Assistant I (estate recovery)	2.50	3	\$77,501	\$93,001
S01841 Staff Assistant I (vital statistics)	1.67	2	\$51,667	\$62,001
V02130 Statistics Supervisor (vital statistics)	0.83	1	\$29,853	\$35,824
K31113 Attorney III (legal)	1.67	2	\$113,370	\$136,044
R01112 Office Clerk II (legal)	0.83	1	\$18,337	\$22,004

Benefits.....		\$99,998	\$119,998
Operating.....		\$205,516	\$220,344
Travel.....			
Capital Outlay.....			
Aid.....		\$0	(\$689,216)
Capital Improvements.....			
TOTAL.....		\$596,242	\$0