

Revised to include an agency response

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	150,000		150,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>150,000</b>		<b>150,000</b>	

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

This bill establishes the Health Care Services Transformation Act. The Program of Health Care Services Transformation is created within the Division of Public Health in the Department of Health and Human Services. A 23-member advisory committee is established. The purposes of the Health Care Services Transformation Act are (1) to create the Health Care Services Transformation Advisory Commission and establish its powers and duties, (2) to provide powers and duties for the Division of Public Health and the Office of Rural Health of the Department of Health and Human Services, (3) to provide powers and duties for the Department of Insurance, and (4) to authorize the Division of Medicaid and Long-Term Care of the Department of Health and Human Services and the Department of Administrative Services to participate in innovative health care programs such as patient-centered medical homes. The Department of Health and Human Services would staff the advisory committee and direct the work under the Act. The Department of Insurance is required to provide a forum for discussion among insurers and self-insured businesses and may develop and implement programs in which insurers collaborate on value-based payment mechanisms. The Department of Administrative Services may use insurance products that incorporate patient-centered care, medical homes and other similar initiatives. The Health Care Services Transformation Cash Fund is created for grants and donations. The bill states legislative intent to appropriate \$150,000 General Funds each year for the next two years.

The Department of Insurance indicates that they would need \$5,000 a year for the forums. The Department of Administrative Services indicates that participation on the advisory committee would be handled within existing resources. Any changes to insurance plans authorized in this bill would be made a later date and the fiscal impact would depend on the specific changes that would be made. The Department of Health and Human Services would need an additional position to staff the advisory committee and carryout the responsibilities in the bill. The Office of Rural Health has already started some of the activities outlined in the bill, so that work would continue within this process. HHS identified costs in FY 17 to changing payment processes. Those decision would be made at a later date the costs evaluated at that time.

The cost for the Department of Insurance and the Department of Health and Human Services plus the reimbursement of travel expenses for the advisory committee members can be handles within the \$150,000 General Fund appropriation stated as legislative intent in the bill.

Technical Note: The bill states that the Health Care Services Transformation Cash fund will be used to reimburse for actual and necessary travel expenses of the advisory committee members. Since there is no specific revenue source and grants and donations to the fund may or may not materialize, the expenses would be paid from the General Fund appropriation if and until such time other funds become available.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:333	AM:	AGENCY/POLT. SUB: Administrative Services
REVIEWED BY: Elton Larson	DATE: 1/26/15	PHONE: 471-4173
COMMENTS: Agency analysis of fiscal impact appears reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 333	AM:	AGENCY/POLT. SUB: HHS
REVIEWED BY: Elton Larson	DATE: 3/11/2015	PHONE: 471-4173
COMMENTS: Insufficient information included in HHS fiscal note to estimate impact on Medicaid rates.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 333	AM:	AGENCY/POLT. SUB: Dept. of Insurance
REVIEWED BY: Elton Larson	DATE: 1/30/15	PHONE: 471-4173
COMMENTS: Agency analysis and estimate of fiscal impact appear reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:333	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Elton Larson	DATE: 1/29/15	PHONE: 471-4173
COMMENTS: Agency analysis and estimate of fiscal impact appear reasonable.		



**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

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

Prepared by: (3) Mike Mason

Date Prepared:(4) 3-10-15

Phone: (5) 471-0676

	<u>FY 2015-2016</u>		<u>FY 2016-2017</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$126,686		\$847,294	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>			\$794,962	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$126,686	\$0	\$1,642,256	\$0

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

**Explanation of Estimate:**

LB333 creates the Program of Health Care Transformation within the Division of Public Health (references the Office of Rural Health) which includes staff support for the 23 member Health Care Services Transformation Advisory Commission created by this legislation. The purpose of the program and commission is to assist Nebraskans in obtaining high quality health care and assist health care providers in transforming their services to provide patient-centered care. Duties include collaborating with Medicaid, the Department of Administrative Services and the Department of Insurance, and data sharing systems to evaluate the effectiveness of programs and demonstration projects.

**Public Health:**

The hiring of one Health Program Manager will be necessary and operating costs of \$32,030 in FY2015-16 and for FY2016-17 and each subsequent year. Sixteen Commission Members are not state employee and estimated travel costs are at \$25,326 in FY2015-16 and for FY2016-17 and each subsequent year. These estimates include Commission Members subsistence for 16 members averaging 300 miles round trip with seven overnight stays for each of approximate six meetings.

**Medicaid Long Term Care:**

Once standards are developed and approved by the DHHS Division of Public Health, it is expected that Medicaid managed care capitation rates would require adjustments to increase the administrative load factor. Current Medicaid managed care contracts only require MCOs to support practices in achieving the limited standards developed through the Medicaid Medical Home Pilot.

Compliance with full, new standards, measures, and reporting for patient-centered medical homes (PCMH) would increase the administrative burden on the MCOs to comply with those new standards. Accordingly, the contracts for each of the managed care vendors, including behavioral health, would need to be amended to incorporate the PCMH standards and quality measures developed by the Program for Health Care Transformation.

The cost of the actuarial consultant for updating the capitation rates would be an estimated \$15,570 (\$7,785 GF; \$7,785 FF) in FY2016-17. The estimated fiscal impact to the department assumes the approval of standards, contract amendments, and rate updates occur in time to allow implementation for the final half of FY2016-17. The impact on the Medicaid MCO capitation rates are estimated to be an additional \$1.5 million (\$712,823 GF; \$787,177 FF) in FY2016-17.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2015-2016	2016-2017
	15-16	16-17	EXPENDITURES	EXPENDITURES
H724241 Health Program Manager I	1.00	1.00	\$52,231	\$52,231
Benefits.....			\$17,099	17,099
Operating.....			\$32,030	\$47,600
Travel.....			\$25,326	\$25,326
Capital Outlay.....				\$1,500,000
Aid.....				
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$126,686</b>	<b>\$1,642,256</b>

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

**2015**

**LB<sup>(1)</sup> 333**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Department of Insurance

Prepared by: <sup>(3)</sup> Robert M. Bell

Date Prepared: <sup>(4)</sup> 1/26/2015

Phone: <sup>(5)</sup> 402-471-4650

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	\$5,000	_____	\$5,000	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

Legislative Bill 333, in part, requires the Department of Insurance to provide a forum for discussion among health insurers and the self-insured related to the health care services, payments, and reform. The legislation also provides that the Department develop and implement programs in which insurers collaborate on value-based payment mechanisms for certain initiatives related to the delivery of health care services.

The establishment and moderation of a forum as required by LB 333 will lead to an increase in the operating expenses of the Department. It is estimated that \$5,000 will adequately support the new duty.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	\$5,000	\$5,000
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2015**

**LB<sup>(1)</sup> 333**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> University of Nebraska

Prepared by: <sup>(3)</sup> Michael Justus Date Prepared: <sup>(4)</sup> January , 2015 Phone: <sup>(5)</sup> 472-7109

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

The purposes of the advisory commission are to advise the Department of Health and Human Services, the Legislature, the Governor, the University of Nebraska, and the residents of Nebraska regarding aspects of transformation of the health care services system and to advise the Division of Public Health of the department and the Office of Rural Health of the department regarding the administration of the Health Care Services Transformation Act. The bill also places a member of UNMC on the advisory commission. There is no direct fiscal impact on the University.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____