

Revised on 5/15/17 based on amendments adopted through 5/15/17.

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2017-18</b>		<b>FY 2018-19</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

LB 333, as amended, relates to the Developmental Disabilities Services Act. The bill requires the Department of Health and Human Services (HHS) to administer the Medicaid Home and Community-based services waivers upon approval by the federal Centers for Medicare and Medicaid Services. HHS is required to maximize federal funding and residents who are eligible for services are to apply for and accept federal benefits.

Beginning in FY2017-18, LB 333 repeals an entitlement to services for persons with developmental disabilities who graduate from high school or reach the age of 21. The bill also eliminates two priorities contained in current law regarding funding for developmental disability services and establishes five service priorities which are to be funded in the following order: (1) for persons in immediate crisis due to caregiver death, homelessness or a threat to life and safety or the individual; (2) for persons who have resided in an institution for at least 12 consecutive months and are requesting community-based services; (3) for providing residential services to wards of HHS or persons under the supervision of the Office of Probation Administration who are transitioning upon age 19; (4) for providing day services to persons transitioning from the education system at age 21; and (5) to serve other persons based upon the date of application.

Beginning in FY2019-20, the entitlement to services for persons with developmental disabilities who graduate from high school or reach the age of 21 is reinstated as an entitlement. The bill also eliminates language in current law which restricted the entitlement to only those who graduated after September 6, 2003.

LB 333 eliminates currently required quality review teams and requires HHS to develop and implement a quality management and improvement plan to promote and monitor quality relating the service and quality of life for persons with developmental disabilities. The plan is to be provided no later than September 30, 2017. An implementation report is to be provided on or before December 30, 2017 and March 30, 2018. Annual reports are required thereafter.

**Repeal of the Entitlement for Graduates in FY 18 and FY 19:** HHS indicates the bill brings the state into compliance with federal requirements. The existing entitlement to services for graduates prioritizes services for this group of individuals which violates federal requirements to first serve persons with the highest priority status. If the entitlement to services is not eliminated for graduates, then services for these individuals will be need to be provided entirely with state general funds until such time when they become eligible for services per the prioritization process. At that point in time, then federal Medicaid waiver funds can be accessed as a match for eligible services for these individuals.

The elimination of the entitlement in FY18 and FY19 will result in a savings of general funds for the state. Without LB 333, the services for graduates would be entirely provided with general funds. The estimated savings to the state from the elimination of the entitlement will be about \$2,815,000 in FY18 and \$4,775,000 in FY19.

**Future Entitlement to Services for Graduates beginning in FY2019-20:** Since the bill requires day services to be provided to graduates beginning in FY20, there will be a fiscal impact to provide such services. The estimated fiscal impact of the bill, beginning in FY20 is assumed to be all state general funds.

HHS indicates an estimated 455 individuals will be eligible for the entitlement in FY20. About 150 people will be new graduates turning age 21 in that fiscal year. Another 231 will be eligible based upon eliminating the language in the entitlement which only allowed services to those graduating after September 6, 2003. HHS recently had a legal interpretation that the state entitlement to services should also apply for high school graduates who move to Nebraska from other states. This has not been the case in the past. HHS indicates there are 74 individuals who meet this criteria.

Assuming 455 individuals are eligible for the entitlement for graduates in FY2019-20, the estimated general fund fiscal impact will be \$8,680,678. Assuming an additional 150 new graduates in FY21, the general fund fiscal impact will be about \$11,542,440.

It is possible the fiscal impact may be greater than these amounts if the general and federal funds appropriated in FY18 and FY19 to serve the waiting list and the coordinated program to leverage federal vocational rehabilitation funds for employment services are not adequate to serve those who graduate in the current biennium. If not, then services for these individuals will also be required per the entitlement in LB 333 beginning in FY20. It is possible the fiscal impact could be less than these amounts if the coordinated program with vocational rehabilitation is effective in serving individuals precluding the need for additional state resources.

**HHS Fiscal Impact:** HHS indicates the requirements of the bill to implement a quality management and improvement plan can be accomplished with existing staff and resources, so no additional fiscal impact is anticipated. The agency also indicates that no additional service coordinators will be necessary to provide services to the estimated 455 new individuals who will be served in FY 20.

**LB<sub>(1)</sub> 0333 AM1022 AM1197 FISCAL NOTE**

**2017**

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

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

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	<u>FY 2017-2018</u>		<u>FY 2018-2019</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$0		\$0	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$0		\$0	

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

LB 333 AM1022 AM1197 has no fiscal impact on the Division of Developmental Disabilities (DDD) in SFY 18 and 19.

LB333 AM1022 revises section 83-1216 in a way that would suspend the entitlement until July 1, 2019. The bill also removes the eligibility stipulation that the individual meets the criteria "on or after September 6, 1993".

There is a fiscal impact in the biennium beginning July 1, 2019 if this bill is passed. DDD estimates, based on information from the waitlist, that there are 455 individuals that will become entitled to vocational services in SFY2019-2020. The costs to serve these individuals is summarized in the table below:

<b>Reason for Eligibility</b>	<b>Number of Individuals</b>	<b>Estimated Costs</b>
Will turn 21 in the academic year ending May 2019	150	\$2,861,762
Met the eligibility criteria prior to September 6, 1993	231	\$4,407,113
Relocated to Nebraska after graduation from a high school located outside of Nebraska or reaching the age of 21	74	\$1,411,803
<b>TOTAL</b>	<b>455</b>	<b>\$8,680,678</b>

All estimated costs would be incurred in Program 424 (Developmental Disabilities Aid) and reflect state general funds.

LB 333 AM1197 strikes section one of the bill, so there is no fiscal impact to the Division of Children and Family Services (CFS).

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	NUMBER OF POSITIONS		2017-2018 EXPENDITURES	2018-2019 EXPENDITURES
	POSITION TITLE	17-18		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$0	\$0
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$0</b>	<b>\$0</b>