

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2018-19</b>		<b>FY 2019-20</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			(\$2,862,000)	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			(\$2,862,000)	

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

LB 793 eliminates an entitlement to services for persons with developmental disabilities who graduate from high school or reach the age of 21. The entitlement to services was repealed during the 2017 Session for FY2017-18 and FY2018-19. The entitlement is reinstated beginning in FY2019-20. LB 793 repeals the reinstatement of the entitlement.

The entitlement to developmental disability services for high school graduates or persons reaching age 21 was repealed by LB 333 in the 2017 Session in order to bring the state into compliance with federal requirements. The entitlement prioritized services for graduates or those reaching age 21 which violates federal requirements to first serve persons with the highest priority status.

When the entitlement to services is reinstated as required by current law in FY20, then services for graduates will be have to be funded entirely with state general funds until such time when the individuals become eligible for services per the prioritization process in statute. At that point in time, then federal Medicaid waiver funds can be accessed as a match for eligible services for these individuals.

Potential General Fund Savings for New Graduates: The elimination of the entitlement in FY20 and thereafter may save general funds for the state. The savings will be the amount of general funds that would be expended for graduates prior to the time the individuals are eligible for services per the services prioritization process. There are approximately 150 individuals who are new graduates or turn 21 each fiscal year who will be entitled to developmental disability services. The maximum savings to the state from the elimination of the entitlement is estimated to be about \$2,862,000 in FY20. This estimated savings may be lower depending upon the number of new graduates who are able to access services through the prioritization process. The Department of Health and Human Services indicates there has been sufficient funding in the current year offer services to 120 graduates thus far.

Potential General Fund Savings for Graduates in FY18 and FY19: If all persons graduating in FY18 and FY19 are not provided services in the fiscal years when the entitlement is not in effect, then they would be eligible to receive services entirely funded by general funds per current law in FY20. The bill will preclude this happening.

Potential General Fund Savings for Non-residents: HHS indicates the existence of an entitlement to services for this population could lead to individuals relocating to the state to receive services. The number of individuals who would relocate for this purpose is unknown, but the bill may deter persons from relocating to receive services, which would be a cost avoidance in the future.

**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 Michalski

Date Prepared: 1-5-18

Phone: (5) 471-5046

	<u>FY 2018-2019</u>		<u>FY 2019-2020</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$0		(\$4,769,603)	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$0		(\$4,769,603)	

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

**Explanation of Estimate:**

LB 793 has no fiscal impact on the Department of Health and Human Services – Division of Developmental Disabilities (DDD). LB 793 revises Nebraska Revised Statute 83-1216 to remove “Beginning July 1, 2019, persons determined to be eligible for specialized services...shall receive services in accordance with the Developmental Disabilities Services Act”. If this language is not removed, the Department could incur the following potential costs:

1. It could require DDD to deviate from the funding priorities found in 83-1216 and in the approved DD HCBS waiver applications. If this occurs, it would result in increased costs to DDD because it would have to provide these services with 100% General Funds. As an example, there are an estimated 150 individuals that will become entitled to vocational services in SFY2019-2020. The estimated costs to serve these individuals in SFY2019-2020 is \$2,861,762.
2. It may encourage relocation of non-Nebraska residents to relocate to Nebraska to benefit from the entitlement. The number of individuals that might relocate is unknown. For illustrative purposes, assume 100 individuals relocate to Nebraska to benefit from this entitlement. The estimated costs to serve these individuals in SFY2019-2020 is \$1,907,841 because the provision of the services require DDD to deviate from the funding priorities in 83-1216.

These estimates of General Fund cost avoidance are shown as revenue on this fiscal note.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2018-2019	2019-2020
		18-19	19-20	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....					
Travel.....					
Capital Outlay.....					
Aid.....					(\$4,769,603)
Capital Improvements.....					
<b>TOTAL.....</b>				\$0	(\$4,769,603)