

Revised on 4/11/18 to include Department of Health and Human Services fiscal note

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			(Up to \$2,862,000)	
CASH FUNDS	\$935,094		\$935,094	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$935,094			

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

LB 793 eliminates an entitlement to day 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 The entitlement to services was repealed during the 2017 Session for FY2017-18 and FY2018-19. Pursuant to current law, the entitlement is reinstated beginning in FY2019-20. LB 793 repeals the reinstatement of the entitlement but provides safety net language insuring that graduates receive services in FY2019-20 and FY2020-21. The section requiring services in FY20 and FY21 is repealed on June 30, 2021.

Background: The entitlement to developmental disability services for high school graduates or persons reaching age 21 was repealed by LB 333 in the 2017 Session in order to bring the state into compliance with federal requirements.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 by the Department of Health and Human Services (HHS) 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 Beginning in FY22: The total elimination of the entitlement in FY22 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 estimated maximum savings to the state from the elimination of the entitlement is estimated to be about \$2,862,000 based upon estimated costs in FY20. The estimated savings may be lower depending upon the number of new graduates who are able to access services through the prioritization process. HHS indicates there has been sufficient funding in the current year offer services to 120 graduates thus far.

Impact of Safety Net Language in FY2019-20 and FY2020-21: Even though LB 793 repeals the entitlement to services for graduates that is in current law, the safety net language included in the bill insures that graduates will receive day services in FY20 and FY21. If there are not sufficient funds available to serve graduates through the Medicaid waiver, then additional general funds will be needed to provide services to eligible individuals during the two-year period. The general fund savings pursuant to the bill in these two fiscal years could be \$2,862,000 if funds are available to serve graduates, but if that is not the case, then the savings will be somewhat less depending upon the amount of general funds that will be necessary to provide services for graduates not served through the Medicaid waiver.

LB 793 as amended, extends the Aging and Disability Resource Center Demonstration Projects (ADRC) that are set to terminate on June 30, 2018. The bill removes the termination date and makes the ADRC's permanent.

Aging and Disability Resource Center Demonstration Projects: The ADRC's were created in FY2016 and the demonstration projects are set to expire on June 30, 2018. Although the original act was for a demonstration project, seven of the eight Area Agencies on Aging participated. The bill continues the ADRC's at the current programmatic and funding level. Administrative costs are maintained at \$321,182. Aid costs are continued at \$613,912. The bill directs that the costs are to be paid from the Health Care Cash Fund in FY 2019 and FY 2020. Costs will be paid from general funds after the first two fiscal years. The bill also directs HHS to pursue federal matching funds for the ADRC's. Federal funds, if any, would not be available until FY2020.

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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Date Prepared 4-10-2018

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	<u>FY 2018-2019</u>		<u>FY 2019-2020</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$970,483	\$900,000	\$1,023,872	\$900,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$970,483		\$1,023,872	

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

Explanation of Estimate:

LB 793 as amended by AM 2906 does have a fiscal impact on the Department of Health and Human Services.

Aging and Disability Resource Centers (ADRC) are moved from a demonstration project to an ongoing Program. AM 2906 and AM 2871 increase the Nebraska Health Care Cash Fund amounts for State Fiscal Year 2018-2019 and 2019-2020 to offset the loss of general funds removed due to sunset legislation. The amendment increases the Health Care Cash Fund by \$900,000 each year to provide funding to ADRC. Total costs for the program will be \$970,483 in SFY 2019 and \$1,023,872 in SFY 2020. Program expenses in administration (\$321,182 each State Fiscal Year) and aid (\$613,912 in State Fiscal Year 2019 and \$631,912 in State Fiscal Year 2020) are expected to be similar to expenses allocated in amendment 2871 of \$935,094 for SFY 2019 and \$953,912 in SFY 2020. The increase of \$35,389 in SFY 2019 and \$70,778 in SFY 2020 are due to a required Federal Aid Administrator as noted in amendment 2871 Section four (4). The new staff member would pursue federal funding to offset expenditures. Staff costs include salary, benefits, and an increase in \$8,700 in operating costs in SFY 2019 and \$17,401 in operating costs in SFY 2020. These new operating costs were added to \$321,182 as noted above.

Beginning in SFY 2021, general funds would be required to pay for all the ADRC program expenses as no increase in the Heath Care Cash Fund transfer are noted in the bill as amended.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2018-2019	2019-2020
		18-19	19-20	EXPENDITURES	EXPENDITURES
	Federal Aid Administrator I	0.5	1	\$19,479	\$38,958
	Benefits.....			\$7,209	\$14,419
	Operating.....			\$329,882	\$338,583
	Travel.....				
	Capital Outlay.....				
	Aid.....			\$613,912	\$631,912
	Capital Improvements.....				
	TOTAL.....			\$970,483	\$1,023,872