

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised based on amendments adopted through 7-30-20

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

This bill requires the Department of Health and Human Services to inform each applicant for medical assistance about job-skills programs within DHHS and the Department of Labor. There are reporting requirements of both the Department of Health and Human Services and the Department of Labor.

The Department of Health and Human Services currently refers applicants to job-skills programs. There is no cost to DHHS. The Department of Labor can handle the reporting requirements within existing agency resources.

Under this bill as amended, contracts for Medicaid at-risk managed care would require that contractors that fail to meet the minimum medical loss ratio return the excess funds to the State. The same applies to unearned incentive funds or any other funds in excess of contractor restrictions. The funds would be deposited into the Medicaid Managed Care Excess Profit Fund which is created in the bill.

Existing law requires the reinvestment of funds not meeting the medical loss ratio as well as unearned incentive funds. The original Medicaid managed care contracts, allowed the managed care organizations which did not meet the minimum medical loss ratio to retain the General fund amount and use them on reinvestments approved by the Department of Health and Human Services. Federal funds are required to be returned to the State. One contractor retained \$20 million in General Funds. The contracts have been since been amended, so future General Funds would be returned to the State to use for additional health care services. Under this bill the funds would be deposited into the Medicaid Managed Care Excess Profit Fund. The first use of the funds would be to offset losses per Medicaid managed care contracts and the second use would be to provide for services addressing the health needs of adults and children under the Medicaid Program.

The amount of any additional revenue to the Managed Care Excess Profit Fund is unknown, but is likely to be far less than the \$20 million the contractor was allowed to retain.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	1158	AM:	2851,2980	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services
REVIEWED BY:	Ann Linneman	DATE:	7-30-20	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health and Human Services' estimate of no fiscal impact.				

LB⁽¹⁾ 1158 AM2851 & FISCAL NOTE
AM2980

2020

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 7-23-2020

Phone: (5) 471-6719

	<u>FY 2020-2021</u>		<u>FY 2021-2022</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$0	\$0

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

Explanation of Estimate:

The bill, as amended, requires the Department of Health and Human Services (DHHS) to inform each applicant for medical services of the availability of various third-party resources that could help the applicant obtain job skills, training, employment, or related skills, including with the Department of Labor. Because the DHHS already refers applicants to voluntary third-party programs, no additional costs are anticipated. It would take time to receive information from Department of Labor, as well as various other third parties to compile a report. Costs to complete the reporting requirements of the bill would be nominal to the Department of Health and Human Services.

AM2980 revises dates on this amendment on page 3, line 1, strike "2021" and insert "2020"; in lines 12, 13, and 19 strike "2022" and insert "2021"; and in lines 14 and 19 strike "2023" and insert "2022". AM3174 strikes "July 1, 2020 and inserts "the effective date of this act."

New sections one, two, and three consist of LB836 (Senator's Arch's reinvestment funds bill), but as revised in to include some of the intent of LB1092 (Senator Stinner's reinvestment funds bill). The bill as amended creates the Medicaid Managed Care Excess Profit Fund. The fund shall contain remittances related to any failure to meet the minimum medical loss ratio, any unearned incentive funds, or any other funds in excess of the contractor limitations. The following table lists the absorbed cost to execute each contract amendment.

Title	Hour(s)	Hourly Cost	Absorbed Cost
Director	1	74.28	\$ 74
Attorney III	4	32.21	\$ 129
Procurement Mgr	2	27.01	\$ 54
Accountant III	3	22.57	\$ 68
Total Cost Per Contract Amendment	10		\$ 325

There is no fiscal impact to the Department of Health and Human Services.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2020-2021 EXPENDITURES	2021-2022 EXPENDITURES
		20-21	21-22		

Benefits.....		
Operating.....		
Travel.....		
Capital Outlay.....		
Aid.....		
Capital Improvements.....		
TOTAL.....		0 \$0