PREPARED BY: Liz Hruska
DATE PREPARED: May 13, 2019
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LB 323

Revision: 02

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised based on amendments adopted through 4-15-19

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		18,125		72,500
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	18,125	See Below	72,500

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

This bill as amended converts and updates the current Medical Insurance for Workers with Disabilities coverage to the federal Ticket to Work Program standards. The bill removes the trial work period. The Ticket to Work Program allows for continued coverage with a medically-improved condition. Current income requirements are not changed. The graduated premium amount that currently can be assessed is 2% to 10% of income. The bill changes the cap to 7.5%.

The current application process is complex and cumbersome. The Ticket to Work Program streamlines the application and eligibility process. Changing to the Ticket to Work Program will save administrative time, but the extent to which it will be reduced has not been quantified. Because of the complexity of the application process, the Department of Health and Human Services has indicated that currently eligible individuals are not receiving coverage either because of errors in determining eligibility or applicants submitting incorrect applications. Although the bill does not change income and resource eligibility, more individuals are anticipated to make it through the application process successfully under the streamlined process. The number of additional applicants that would make it through the new process is unknown. The program currently serves 70 individuals. The department estimates that up to 50 additional individuals a year would make it through the new process, but the number could be lower.

The department's fiscal note shows an estimate of 80% of the estimated new successful applicants would be dual eligible with Medicare. The capitation rate would be $279 a month. They also estimate that 20% would be non-duals. However, they would only be non-duals on a temporary basis as they are waiting the federal Medicare determination. The higher monthly capitation rate for these individuals would be $1,822. The estimated start date is January 1, 2020. The cost in FY 20 could be up to $89,971 ($40,739 GF and $49,231 FF) for half year and up to $356,356 ($161,358 GF and $194,998 FF) in FY 21. Those with an improved condition may stay on the Medicaid Program but would lose Medicare coverage. The impact would not occur until the out years and that number is unknown, also. There would be a one-time cost of $29,746 ($14,873 GF and FF) in FY 20 to modify NFOCUS.

The change in premiums would increase the amount collected to offset costs. The offsets are estimated to be $18,125 ($8,207 GF and $9,918 FF) in FY 2020 and $72,500 ($32,828 GF and $39,672 FF) in FY 21.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 323	AM: 678	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services
REVIEWED BY: Ann Linneman	DATE: 4-17-19	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' assessment of fiscal impact.		

LB(1) 323 AM678 FISCAL NOTE 2019

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 4-15-19   Phone: (5) 471-6719

	FY 2019-2020		FY 2020-2021	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	$55,612	$8,207	$161,358	$32,828
CASH FUNDS				
FEDERAL FUNDS	$64,104	$9,918	$194,998	$39,672
OTHER FUNDS				
TOTAL FUNDS	$119,716	$18,125	$356,356	$72,500

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

Explanation of Estimate:

LB 323 AM 678 modifies Nebraska's Medical Insurance for Workers with Disabilities (MIWD) program. LB 323 proposes replacing the current MIWD program with two new programs authorized under the Ticket to Work act: (1) Basic Coverage Group (BCG) and (2) Medical Improvement Group (MIG). The AM maintains the current income limit for the MIWD program at 250% of the federal poverty level (FPL). The AM maintains the SSI income counting methodology that most Medicaid programs for the disabled use.

LB 323 proposes premiums with a cap of 7.5% of family income which is mandated under the Ticket To Work Program. Some of the additional costs would be offset by charging premiums, albeit at a lower percentage than currently allowed. It is also important to note that, under federal guidelines, any participant who has taxable income of $75,000 or more is required to pay 100% of the cost for their premiums. This would be a change to current premium structure that does not have caps.

These changes in LB323 and AM 678 will require amendment of the state plan, changes to 3 home and community based waivers, change to the managed care waiver, and contract amendments with the managed care entities. Capitation rates will have to be developed by the states actuarial contractor. All of these changes require review and approval by the Centers for Medicare and Medicaid Services (CMS). Based on this, the implementation timeline is estimated to be January 1, 2020 or SFY20.

The current approval of individuals into MIWD is administratively cumbersome and complex. Staff spend on average 30-45 days (some as long as 3 months) obtaining needed eligibility information from the Social Security Administration (trial work period (TWP) information) for approving the application. With this change, the Department will no longer have to consider the TWP and therefore save administrative time. Due to the complexity of the current approval process, individuals who may be otherwise qualify, are not due to the burden of the TWP process and identifying potential eligibles. LB 323 seeks to streamline the application process by eliminating the need to track the TWP and simplifying the budgeting process by only using the SSI income counting methodology currently in income test part B rather than both tests A and B. This type of methodology is currently being used by other eligibility programs within the Department of Health and Human Services (DHHS) for application approvals.

DHHS estimates that 50 new people would become eligible for the program due to the new elimination of the TWP, Part A budgeting methodology and an increase in knowledge about the program. There would be 25 new individuals in the program starting January 2020 (6 months of capitation payments) and the remaining 25 would start in the program by July 2020 (1 full year of capitation payments). It is estimated that each new case application would take 1 hour of processing time and that each accepted case requires 4 yearly case management hours. The applications and ongoing case management will be handled by existing staff. The staff time saved in processing yearly cases will be used for the estimated new individuals in the program.

One-time costs associated with accommodating the new approval methodology would require updating NFOCUS with estimated costs of $29,745. Admin is assumed at 50/50.

It is assumed that 80% of the cases (20 in SFY 20 and 40 in SFY 21) would be dual eligible and would be subject to a blended dual capitation rate of approximately $265/month plus a $14/month dental capitation rate for a total monthly rate of $279/month. The other 20% (5 in SFY 20 and 10 in SFY 21) would be non-dual capitation rate of $1,808/month with a similar dental rate. There is also a potential for waiver services for this population. In SFY 2018, the current population in MIWD had services of $471,000 per year. For the new cases, a prorated additional waiver services would be approximately 1% of the annual aid cost. This would also be added to the total capitation payments. Total aid costs for SFY 2020 would be $89,971 in total funds. Total aid in SFY 2021 would be $356,356 in total funds. FMAP of 54.72% for FF is anticipated for SFY 2020 and 2021.

The bill outlines parameters for participants to pay a premium as required under federal law. Annual premium revenues of $1,450 per applicant ($121 monthly) is based on the average MIWD annual premium for a one person household from the fee schedule for SFY 2019. Total premium revenue would be $18,125 in SFY 20 and $72,500 in SFY 21. FMAP of 54.72% FF would be also be applied to the premium revenues to offset the aid costs of the program.

Note: Individuals in this program receive a dual capitation rate for 2 years after enrolling in MIWD if they are already in Medicare. Once they are outside of the two year eligibility, the capitation rates would grow to the non-dual rate of $1,808/month. If all 50 applications would have the higher capitation rate with the dental capitation rate, total aid costs per for year beginning in SFY 2023 would be $1,095,247 without any inflation factor of costs.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS 19-20	NUMBER OF POSITIONS 20-21	2019-2020 EXPENDITURES	2020-2021 EXPENDITURES

	2019-2020 EXPENDITURES	2020-2021 EXPENDITURES
Benefits		
Operating	$29,745	
Travel		
Capital Outlay		
Aid	$89,971	$356,356
Capital Improvements		
TOTAL	$119,716	$356,356