

PREPARED BY: Liz Hruska
 DATE PREPARED: March 29, 2019
 PHONE: 402-471-0053

LB 468

Revision: 01

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	792,919		3,230,125	
CASH FUNDS				
FEDERAL FUNDS	792,919		20,630,125	
OTHER FUNDS				
TOTAL FUNDS	1,585,837		23,860,250	

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

This bill prohibits the Department of Health and Human Services from adding additional services or populations to at-risk capitated managed care until January 1, 2020, or until a critical evaluation is performed that proves the success of managed care whichever is later.

The bill as written would require substantial costs to develop a new system to cover the Medicaid Expansion population. The costs are \$1,585,857 (\$792,919 GF and \$792,918 FF) in FY 2020 and \$23,860,250 (\$3,220,125 GF and \$20,630,125 FF) in FY2021.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 468	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY: Ann Linneman	DATE: 2-27-19	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' assessment of fiscal impact.			

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 1-30-19

Phone: (5) 471-6719

	<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$792,918		\$3,230,125	
CASH FUNDS				
FEDERAL FUNDS	\$792,919		\$20,630,125	
OTHER FUNDS				
TOTAL FUNDS	\$1,585,837		\$23,860,250	

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

Explanation of Estimate:

The proposed legislation would prohibit the inclusion of any additional services or populations into the Medicaid managed care program effective January 1, 2017, until January 1, 2020, or until a study of the success of Medicaid managed care is proven, whatever is later.

The Medicaid expansion population would not be eligible for managed care coverage and would be placed into Fee for Service (FFS). This would be administratively burdensome to Medicaid and Long Term Care (MLTC). To accommodate the increased staff time for approximately 90,000 new individuals, MLTC would need to hire multiple staff starting in October 2019 (see table below).

If LB 468 were to pass, MLTC would need to create a new system that would allow a whole new population in the FFS model. A recent bid for the design, development, and implementation (DDI) of a CMS Certifiable claims broker system (CBS) was \$22.6 million. Federal funding for the DDI would be approximately \$20 million while general funds would be used for the remaining \$2.6 million. It is anticipated that this would be completed in SFY 2021. After the project is complete, there is an ongoing maintenance cost of approximately \$10 million per year. Total Federal Funds per year would be \$7.5 million with General Funds paying the remaining \$2.5 million, for a certified system. To manage the project and ongoing CBS, MLTC would need to hire a Program Manager on 7/1/2019. All administration costs would be 50/50 General and Federal Funds.

LB 468 would also require an evaluation study. A recent MLTC LTSS study for needs/design assessment was completed in SFY18, costing \$584,000. Based on historical costs and a 5% inflationary rate, initial estimates for the cost of the new LTC study would be \$613,200 in SFY 2020. The study assumes a 50% Federal Fund match rate.

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2019-2020	2020-2021
	19-20	20-21	EXPENDITURES	EXPENDITURES
DHHS Program Manager II	1	1	\$59,634	\$59,634
Psychologist/Licensed	0.75	1	\$49,074	\$65,433
DHHS Payments Reviewer	3	4	\$96,183	\$128,244
Medicaid Provider F&A Investigators	1.50	2	\$72,362	\$96,483
Pharmacist	.75	1	\$45,649	\$60,865
DHHS Program Specialist-RN	3	4	\$170,171	226,895
DHHS Program Specialist	.75	1	\$35,128	\$46,837

Benefits.....			\$205,311	\$266,024
Operating.....			\$852,325	\$309,835
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				\$22,600,000
TOTAL.....			\$1,585,837	\$23,860,250