

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				
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.

LB 540 reinstates the entitlement to day services for persons with developmental disabilities who graduate from high school or reach the age of 21. The entitlement was scheduled to terminate 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The entitlement to developmental disability services for high school graduates or persons reaching age 21 was repealed by LB 333 in the 2017 Session in order to bring the state into compliance with federal requirements.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. The entitlement was repealed for FY2017-18 and FY2018-19. However, LB 333 reinstated the entitlement beginning in FY2019-20.

LB 793 in the 2018 Session repealed the reinstatement of the entitlement but provided safety net language insuring that graduates receive day services in FY2019-20 and FY2020-21. The section that entitled graduates to day services in FY20 and FY21 was repealed by the bill on June 30, 2021.

LB 540 Impact: LB 540 eliminates the termination date for the entitlement which reinstates the entitlement beginning in FY2021-22. When the entitlement to services is in state law it is possible that services for graduates will be have to be funded by the Department of Health and Human Services (HHS) entirely with state general funds. However, as has been the case in the current year, Medicaid waiver funds have been accessed as match for eligible services for these individuals through the prioritization process.

There are about 150 individuals who are new graduates or who turn 21 each fiscal year who will be entitled to developmental disability services. The estimated cost to serve these individuals is approximately \$2,860,000 in FY20. 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.

HHS also indicates the existence of an entitlement to services for these individuals may encourage non-residents to move to the state in order to receive services. This could potentially cause the state to be in the position to have to spend general funds to serve an increased number of individuals.

In summary, the bill has the potential to have a general fund fiscal impact beginning in FY2021-22 if there are not sufficient Medicaid waiver funds available through the prioritization process to provide day services to eligible graduates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 540 AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)	
REVIEWED BY: Elton Larson	DATE: 2/25/2019	PHONE: (402) 471-4173
COMMENTS: Extending the service entitlement beyond 6/30/2021 introduces risk for significant General Fund fiscal impact for DHHS in fiscal years following the 2019-2021 biennium.		

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 1-24-19

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	\$0		\$0	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0		\$0	

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

Explanation of Estimate:

LB 540 eliminates the termination date for Nebraska Revised Statutes section 83-1216.02. The language in the section poses the following potential costs beginning July 1, 2019.

1. It could require the Department of Health and Human Services – Division of Developmental Disabilities (DD) to deviate from the funding priorities found in 83-1216 and in the approved Medicaid Home and Community-Based Waivers for the Developmentally Disabled (DD Waivers) that DD administers. If this occurs, it would result in increased costs to DD 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 DD to deviate from the funding priorities in 83-1216.

The risk for these potential costs would terminate on June 30, 2021 with the statute as currently written. Removing this termination date extends risks of incurring these potential costs indefinitely.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2019-2020	2020-2021
	19-20	20-21	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0