

Revised to include AM1182

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

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

**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, which was scheduled to terminate on June 30, 2021. As amended in AM1182, the entitlement would be extended until June 30, 2025. Extending the service entitlement has a significant impact on general funds following the 2019-21 biennium until FY25.

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The entitlement to developmental disability services for high school graduates or persons reaching age 21 was repealed by LB 333 in the 2017 Session in order to bring the state into compliance with federal requirements.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 The entitlement was repealed for FY2017-18 and FY2018-19.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LB 793, in the 2018 Session, repealed the reinstatement of the entitlement but provided safety net language insuring that graduates receive day services in FY2019-20 and FY2020-21, however, section that entitled services to graduates in FY20 and FY21 was set to terminate on June 30, 2021.

LB 540 Impact: LB 540 extends the termination date for the entitlement until June 30, 2025. 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 \$2,861,762 for 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.

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. HHS estimates that approximately 100 individuals may relocate to Nebraska to seek benefit from this entitlement with an estimated annual costs to serve non-residents of \$1,907,841. Thus it is estimated that the approximate total annual cost for DHHS would be \$4,769,603 based on the number of waiver recipients in FY21 and estimates of individuals moving to Nebraska to benefit from this entitlement.

In summary, the bill has the potential to have a general fund fiscal impact beginning in SFY22 since there are not sufficient Medicaid waiver funds available through the prioritization process to provide day services to eligible graduates. Extending the termination date will increase the cost to general funds through June 30, 2025.