

PREPARED BY: Liz Hruska
 DATE PREPARED: February 18, 2021
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LB 129

Revision: 01

Revised based on new information

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$9,100,915		\$12,134,553	
CASH FUNDS				
FEDERAL FUNDS	\$14,420,606		\$19,227,474	
OTHER FUNDS				
TOTAL FUNDS	\$23,521,521		\$31,362,026	

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

This bill requires Medicaid benefits to be provided on a continuous basis without review for children under the age of nineteen regardless of changes to resources or income until the earlier of: 1) the anniversary date of the child's eligibility, 2) the child's nineteenth birthday or 3) the child moves out of Nebraska. The operative date of the bill is October 1, 2021

Federal law allows for continuous coverage for children. The department provided an estimate for LB 129 in the amount of \$211,721,398 (\$87,705,833 GF and \$124,015,565 GF) in FY 2022 and \$211,721,398 (\$100,393,407 GF and \$110,781,991 FF) in FY 2023. The first year costs are not adjusted for the October 1, 2021 effective date.

In the department's 2019 report to the Centers on Medicare and Medicaid, they reported that 9,127 children were dis-enrolled in the Medicaid Program and 3,318 in the Children's Health Insurance Program. The average monthly cost per child is \$425. Based on an average of six additional months per child per year, the cost would be \$23,801,063 (\$9,240,686 GF and \$14,560,377 FF) for three-quarters of FY 2022 and \$31,734,750 (\$12,320,915 GF and \$19,413,835 FF) for a full year in FY 2023.

Assuming a reduction of one hour in staff time per each child dis-enrolled, seven fewer social service workers would be needed. The staff savings would be \$379,542 (\$139,771 GF and FF) in FY 2022 and \$372,724 (\$186,362 GF and FF) in FY 2023.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	129	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-16-2021
		PHONE:	(402) 471-4180
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.			

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 2-12-2021

Phone: (5) 471-6719

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$87,705,833		\$100,939,407	
CASH FUNDS				
FEDERAL FUNDS	\$124,015,565		\$110,781,991	
OTHER FUNDS				
TOTAL FUNDS	\$211,721,398		\$211,721,398	

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

Explanation of Estimate:

LB0129 requires the agency to implement extended continuous eligibility (CE) for children under the age of 19 until the earlier of:

- The anniversary of the date on which the child’s eligibility was determined;
- The child’s nineteenth birthday; or
- The child moves out of Nebraska.

This impact summary assumes the proposed legislation includes children who are determined eligible for either Medicaid or CHIP.

The estimate was calculated using state fiscal year 2019-2020 data. There were on average 167,828 children per month who participated in either Medicaid or CHIP during this period.

The first group of children in the analysis are those who were originally determined to be eligible for either Medicaid or CHIP and did not change coverage from Medicaid to CHIP or CHIP to Medicaid; the estimate assumes they were continuously eligible for either Medicaid or CHIP. There were on average 127,987 children who remained in their originally determined eligibility group for an average of 9 months. The additional 3 months to annualize this group of children is estimated to be **\$162,970,268** per fiscal year.

The second group of children are those who were redetermined at some point during the fiscal year and were moved between eligibility groups. This scenario assumes all children would either be continuously eligible for Medicaid or CHIP because they would not be redetermined until their anniversary date or within a 12-month period. There were on average 39,841 children who were redetermined at some point during fiscal 2019 and had an average length of coverage of 7 months. The fiscal impact of the additional 5 months to annualize this group for Medicaid eligible children is **\$48,751,130** per fiscal year.

The state receives a lower Federal Medical Assistance Percentage (FMAP) for Medicaid of 56.47% vs. the CHIP FMAP of 69.53% for FY 2021-2022 and an FMAP of 57.8% for Medicaid vs. the CHIP FMAP of 70.46% for FY 2022-2023. If children are not redetermined and moved from Medicaid to CHIP the cost of continuous eligibility is higher for the state.

This fiscal note assumes the highest cost scenario of children remaining continuously eligible in Medicaid with no increase in participation or increase in rates.

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2021-2022	2022-2023
	21-22	22-23	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$211,721,398	\$211,721,398
Capital Improvements.....				
TOTAL.....			\$211,721,398	\$211,721,398