

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				
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 376 proposes that the Department of Health and Human Services (DHHS) apply for a waiver to administer a pilot home and community-based services family support program for children with developmental disabilities and their caregivers. If the bill were enacted, the program would be developed by the Advisory Committee on Developmental Disabilities and be administered by the Division of Developmental Disabilities of DHHS. The program would offer an annual capped budget for long-term services and supports and provide a pathway for Medicaid eligibility for disabled children regardless of parental income. The bill provides for determination of eligibility and establishes priority status. DHHS would be tasked with submitting an annual report regarding the status of the program annually to the Legislature.

The bill specifically seeks to waive parental income as a resource as a barrier to accessing Medicaid and DHHS maintains that that the institutional level of care is required to disregard parental income to access Medicaid. However, DHHS may apply for a waiver as provided under the Family Opportunity Act (FOA) which allows states to increase the Medicaid Income eligibility limit up to 300% of the Federal Poverty Level (FPL) without the stipulation that the institutional level of care is required. In the 6 states that utilize this waiver, the FPL limit for eligibility ranges from 150% to 300%. Under the FOA option, states are permitted to charge Medicaid buy-in program premiums to no more that 5% of a family’s monthly gross income and receive federal matching funds for the cost of these services for those who qualify under the FOA option. States utilizing this waiver have varying approaches to the charging of premiums with Iowa not charging any premium to the families.

The DHHS fiscal note assumes a number of eligible participants to be 1,500 to allow for growth as there are 1,100 children currently on the waiting list. However, the majority of these children on the waiting list currently qualify for Medicaid. The last count of children on the DD waiting list who did not have Medicaid that was provided to the Fiscal Office on 2/16/21 was 403 children. To provide for growth, the Fiscal Office makes the assumption that 500 children would be eligible under the new program.

To account for the reduction of children who would be eligible, the staffing needs would be reduced to 1/3 of the original DHHS request, therefore, 20 FTE Services Coordinators, 3 FTE SC Supervisors would be required for the increase of workload. It is unclear as to whether the duties of the 1 FTE Service District Administrator, a 1 FTE program specialist, 2 FTE Program Accuracy Specialists, and 2 FTE Fiscal Project Analysts could be combined and/or absorbed by existing resources.

The additional costs for the Therap case management system to add the new waiver and all components of case management for this new waiver population would also need to be adjusted for the lower number of eligible participants. The contract for case management is structured on a per member rate of \$83.79/year. The additional cost of adding 500 participants is estimated at \$41,895 the first year, and \$83,790 for the second year.

The waiver for services would have a limited budget of up to \$12,000 per participant. This would require \$3,000,000 in the first year, and \$6,000,000 in the second year.

Additional Medicaid expenditures would be incurred due to the pathway to Medicaid eligibility required in this bill. Based on the 500 additional cases added to the Heritage Health per month per member capitation payments, the overall impact to Medicaid would be \$4,459,200 in the first year, and \$8,918,400 in the second year (500 x \$17,836 per member per year).

The actual cost for LB 376 cannot be determined with the known information. This is because the waiver details have yet to be determined regarding the maximum FPL eligibility limits which determines the number of eligible participants, whether the administrative and other support staff and corresponding benefits are in fact needed due to the decreased caseload, and an assumed decrease in operating costs.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 376	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>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$10,552,306		\$21,104,613	
CASH FUNDS				
FEDERAL FUNDS	\$14,441,314		\$28,882,628	
OTHER FUNDS				
TOTAL FUNDS	\$24,993,620		\$49,987,241	

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

Explanation of Estimate:

LB 376 would require the development and implementation of a family support waiver, which would be offered to minors with disabilities to prevent institutionalization and allow children to remain in their family homes. This offers services needed by families and a pathway to Medicaid eligibility.

The bill does not specify the eligibility level of the child, but an institutional level of care is required to disregard parental income and seek the federal funding of Medicaid. 42 CFR 435.602 states that a parent has financial responsibility for a child in Medicaid eligibility, while this bill specifically seeks to waive parental income from being counted as a resource. A new 1915(c) waiver would need to be submitted for approval first in order to implement this and other changes proposed in this bill.

This fiscal note assumes January 1st, 2022 as the implementation date due to the time needed to apply for and receive approval for the waiver.

This fiscal note assumes the number of participants would be 1,500 as there are approximately 1,100 children on the DD waitlist currently and 1,500 would allow for some growth. Using the current Service Coordination workload ratios, 60 FTE Services Coordinators, 9 FTE SC Supervisors, and 1 FTE Service District Administrator will be needed. There will also be a need for 1 FTE for the policy team (program specialist), 2 FTE for the Quality team (2 Program Accuracy Specialists), and 2 FTE for the financial and data management team (2 Fiscal Project Analysts).

There would be additional costs for the Therap case management system to add the new waiver and all components of case management for this new waiver population. The contract for case management is structured on a per member rate of \$83.79/year. The additional cost of adding 1,500 participants is estimated at \$62,843 the first year, and \$125,685 for the second year.

The waiver would have a limited budget of up to \$12,000 per participant. This would require \$9,000,000 in the first year, and \$18,000,000 in the second year.

Additional Medicaid expenditures would be incurred due to the pathway to Medicaid eligibility required in this bill. Based on the 1,500 additional cases added to the Heritage Health per month per member capitation payments, the overall impact to Medicaid would be \$13,377,600 in the first year, and \$26,755,200 in the second year (1,500 x \$17,836 per member per year).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2021-2022	2022-2023
		21-22	22-23	EXPENDITURES	EXPENDITURES
C72831	Developmental Disabilities Service Coordinator	30.0	60.0	\$1,117,147	\$2,234,294

V72832 Developmental Disabilities Service Coordination Supervisor	4.5	9	\$211,265	\$422,529
G78601 Developmental Disabilities Service District Administrator	0.5	1.0	\$31,350	62,700
C73210 DHHS Program Specialist	0.5	1.0	23,770	47,540
C72180 Program Accuracy Specialist	1.0	2.0	\$44,221	\$88,442
K19850 DHHS Fiscal Project Analyst	1.0	2.0	\$52,031	\$104,062
Benefits.....			\$502,497	\$1,004,995
Operating.....			\$633,739	\$1,267,479
Travel.....				
Capital Outlay.....				
Aid.....			\$22,377,600	\$44,755,200
Capital Improvements.....				
TOTAL.....			\$24,993,620	\$49,987,241