

Updated for the 2024 Legislative Session

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$6,475,787		\$7,631,418	
CASH FUNDS				
FEDERAL FUNDS	\$11,924,000		\$14,071,551	
OTHER FUNDS				
TOTAL FUNDS	\$18,399,787		\$21,702,696	

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

This bill states legislative intent to increase reimbursement rates for dental services provided by Medicaid by 25%. An estimate for the projected fee-for-service and MCO capitation costs for SFY25 was determined based on projected Public Health Emergency (PHE) unwind figures, projected other utilization changes, and the 25% rate increase. Projections for FY26 are based on projected PHE unwind figures, projected other utilization changes and an annual rate increase of 2%. Regular Medicaid expenses are eligible for federal funding based on the Federal Medical Assistance Percentage or FMAP of 57.79% federal funds whereas Medicaid expansion expenses are eligible for 90%.

The following charts shows the fiscal impact based on for two different scenarios depending on the interpretation of the bill:

Fiscal impact assuming one-time 25% increase occurring in FY25 starting in July 2024:

	FY25	FY26
General Funds	\$6,475,787	\$7,631,418
Federal Funds	\$11,924,000	\$14,071,551
Total	\$18,399,787	\$21,702,696

Fiscal impact assuming 25% increases occurring in both FY25 and FY26 starting in July 2024:

	FY25	FY26
General Funds	\$6,475,787	\$16,104,887
Federal Funds	\$11,924,000	\$29,818,021
Total	\$18,399,787	\$45,922,908

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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Date Prepared 12-20-2023

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	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$6,475,787		\$7,631,418	
CASH FUNDS				
FEDERAL FUNDS	\$11,924,000		\$14,071,551	
OTHER FUNDS				
TOTAL FUNDS	\$18,399,787	\$0	\$21,702,969	\$0

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

Explanation of Estimate:

LB 358 proposes to increase the provider rates for Medicaid dental services by 25%. The bill does not indicate the intended effective date or state fiscal year for the intended increases to be effective. This fiscal note assumes a start date of July 1, 2024.

This would increase Medicaid aid expenditures in programs 344 and 348 (for regular Medicaid and Medicaid expansion) for SFY25; there is no other anticipated fiscal impact to implement these rate changes. An estimate for the projected fee-for-service and MCO capitation costs for SFY25 was determined based on projected Public Health Emergency (PHE) unwind figures, projected other utilization changes, and the 25% rate increase. The result is an increased appropriation need of approximately \$18,399,787 for SFY25 (\$11,924,000 Federal Funds and \$6,475,787 General Funds).

Projections for SFY26 are based on the impacts from the PHE unwind estimates, projected other utilization changes, and an annual rate increase of 2%. The result for SFY26 is an increased appropriation need of approximately \$21,702,969 (\$14,071,551 Federal Funds and \$7,631,418 General Funds).

Should the intention of LB 358 be to incorporate a 25% increase in both FY25 and FY26, the increase to FY26 would be approximately \$45,922,908 (\$29,818,021 Federal Funds and \$16,104,887 General Funds).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2024-2025	2025-2026
	POSITION TITLE	24-25	25-26	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$18,399,787	\$21,702,969
Capital Improvements.....				
TOTAL.....			\$18,399,787	\$21,702,969