

Revised to include provisions adopted in AM 2775 and AM 2734

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				
CASH FUNDS	\$330,000			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$330,000			

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

LB 904 amends Neb. Rev. Stat. § 43-536, which directs how the Department of Health and Human Services (DHHS) calculates child care reimbursement rates. The bill eliminates the provision requiring DHHS to conduct a market rate survey and inserts an alternate provision directing DHHS to assess the rates and costs for provision of services of child care providers in the state utilizing an approved methodology in accordance with federal code as it exists as of January 1, 2024.

DHHS notes that conducting the market rate survey is currently a federal requirement however there is no federal requirement to use the findings. This bill grants DHHS discretion to use an alternate methodology. As such, there is no fiscal impact due to no required changes. DHHS reports that if an alternate methodology is utilized, then new rates would be effective July 1, 2025 as Neb. Rev. Stat. § 43-536 requires the agency to adjust rates every odd-numbered year.

LB 904 as amended would also require DHHS to develop and implement the Intergenerational Care Facility Incentive Grant Program in collaboration with statewide associations representing nursing homes and other stakeholders to develop. Nursing homes and assisted living facilities that are certified for Medicare or Medicaid are eligible for a startup grant of up to \$100,000 to provide child care in their facilities by modifying the space, buying child care equipment and supplies, or any combination of such purposes. A facility applying for the grant is not required to own or operate the child care services.

The bill states legislative intent to appropriate \$300,000 from the Medicaid Managed Care Excess Profit Fund in FY25 for this grant program. In the fiscal note for [LB 1178](#), DHHS estimated needing an additional \$62,206 to fund temporary staff to administer the program. However, the amount appears to be disproportionate to the amount of work the new grant program would generate. A more reasonable estimate of administrative expenses is approximately \$30,000 or 10% of the aid funding.

The Intergenerational Care Facility Incentive Grant Program depends on the availability of funds in the Medicaid Managed Care Excess Profit Cash Fund. If the cash fund lacks sufficient funding, required provisions may result in future deficit requests for General Funds.