

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$1,418,386		\$1,999,668	
CASH FUNDS				
FEDERAL FUNDS	\$3,376,529		\$4,724,164	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$4,794,915</b>		<b>\$6,723,832</b>	

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

This bill would require the Department of Health and Human Services (DHHS) to submit a state plan amendment for the Children’s Health Insurance Program (CHIP) to the Centers for Medicare and Medicaid Services (CMS) on or before October 1, 2024. The state plan amendment would allow DHHS to implement a health services initiative to provide postpartum coverage for at least six months for a mother whose child is covered under the unborn child option. LB 227, as amended and passed in 2023, included provisions to extend postpartum coverage to Medicaid enrollees for at least six months and this bill would extend those benefits to 599CHIP mothers.

The estimate of fiscal impact is based on the trend of 599CHIP utilization over the past two years and Per Member Per Month cost, \$600, which are consistent with other DHHS responses, specifically the original postpartum bill that was amended into LB227, LB 419. DHHS assumes moderate inflation of 1.5% applied to FY25 and an additional 0.5% applied to FY26. The increase in enrolled mothers from 840 in FY25 to 910 in FY26, is consistent with the trend of 599CHIP utilization since the beginning of FY22. Finally, DHHS assumes all newly qualifying mothers would utilize the new postpartum coverage for 12 months. The bill only requires 6 months but the policy is expected to remain consistent with the expansion of postpartum coverage for Medicaid recipients which is now 12 months.

The total aid cost of implementing the bill is \$4,634,115 in FY25 and \$6,726,832 in FY26. Note that implementation is assumed to be October 1, 2024 therefore the cost of FY25 represents 75% of a full fiscal year. Aid costs are covered by a fund mix of approximately 30% General Funds and 70% Federal Funds which represents the State Fiscal Year fund mix, a blend of the Federal Fiscal Year Enhanced FMAP, Federal Medical Assistance Percentage.

There would also be \$160,800 in one-time operational expenses to update systems to implement the bill. These administrative expenses are technical therefore they qualify for a fund mix of 25% General Funds and 75% Federal Funds. All expenditures in FY26 and beyond solely represent aid costs.

DHHS provides some background on the CHIP Health Service Initiative (HSI) Program, particularly that states may use part of their annual allotments and receive the federal CHIP matching rate for expenditures associated with HSIs. Funding for HSIs is subject to the CHIP 10% administrative cap. The cap of 10% for admin does not prevent those funds from being used for regular CHIP aid expenditures. Nebraska’s CHIP grant is approximately \$85 million therefore the administrative cap is approximately \$8.5 million. DHHS indicates CHIP administration expenses amount to \$5 million per year and Nebraska DHHS operates an existing HSI for the Poison Control program that utilizes averages \$1 million over the past four years. Currently, any remaining funding out of the CHIP grant is expended on aid. As such, the fiscal note would be the same if the method of implementation would be an alternate method such as a state plan amendment rather than the proposed Health Service Initiative.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	913	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	1-30-2024	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health & Human Services’ assessment of fiscal impact.				

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

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

Prepared by: (3) John Meals

Date Prepared 1-30-2024

Phone: (5) 471-6719

	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$1,418,386		\$1,999,668	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$3,376,529		\$4,724,164	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$4,794,915	\$0	\$6,723,832	\$0

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

**Explanation of Estimate:**

LB913 requires the Department of Health and Human Services (DHHS) to seek approval to implement a Children’s Health Insurance Program (CHIP) Health Services Initiative (HSI) through a state plan amendment (SPA) to add at least 6 months of postpartum coverage, identical to the comprehensive postpartum benefits provided to a pregnant woman under Medicaid, to mothers whose child or children are covered under the unborn child option (599 CHIP).

This bill will increase aid expenditures for program 344 – CHIP. Based on recent trending, the estimated births that will be impacted by LB913 for SFY25 is 840. The estimated per member per month (PMPM) cost for these mothers would be \$600 PMPM. The 840 births and \$600 PMPM applies to most mothers being covered being in managed care; a small portion of mothers are fee-for service (FFS). This bill requires 6 months of coverage with up to 12 months optional; this fiscal note assumes 12 months of coverage to align with what is provided to Medicaid mothers as of January 1, 2024.

Using these assumptions with annual FFS estimates of \$40,100 and a 1.5% inflationary increase, the total annual aid expenditures is estimated to be \$6,178,820 for FY25. This bill is effective as of October 1, 2024, so the fiscal impact to SFY25 will be \$4,634,115 (\$1,378,186 General Funds and \$3,255,929 Federal Funds). For SFY26, using 910 estimated births, \$40,300 estimated FFS expenses, and a 0.5% inflationary increase, the total additional spend is estimated to be \$6,723,832 (\$1,999,668 General Funds and \$4,724,164 Federal Funds).

In addition to the increase in aid expenditures, there will be changes needed to systems in order to operationalize this bill. To make the necessary changes to the Nebraska Family Online Client User System (NFOCUS), the following hours are needed: 390 hours for an ES Technical Analyst, 139 hours for a General Technical Analyst, 430 hours for a Batch Technical Analyst, and 500 Hours for a Business Analyst. These hours result in total expenses of \$135,900. System changes are also needed for the Medicaid Management Information System (MMIS): requiring 128 hours for a Business Analyst, 120 hours for a Developer, 10 hours for a Business Analyst Lead, and 16 hours for a Lead Developer. These hours result in total expenses of \$24,900. The total expenses for system changes in SFY25 nets to \$160,800; technology updates would qualify for a 75% Federal Funds and 25% General Funds match rate.

Under the CHIP HSI option, states may use part of their annual allotments and receive the federal CHIP matching rate for expenditures associated with HSIs. Funding for HSIs is subject to the CHIP 10 percent administrative cap. A state may use up to 10 percent of its total CHIP spending for certain allowable activities such as outreach and HSIs, after it covers CHIP state plan administrative expenses. Applying the annual fiscal impact from LB1087 to SFY22 and SFY23 resulted in administrative and HSI spending over the 10 percent cap. There may not be sufficient funding for FFP through the HSI as this bill proposes to fund the entirety of the federal share for 12 months.

**MAJOR OBJECTS OF EXPENDITURE**

**PERSONAL SERVICES:**

POSITION TITLE	NUMBER OF POSITIONS		2024-2025	2025-2026
	24-25	25-26	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$160,800	\$0
Travel.....				
Capital Outlay.....				
Aid.....			\$4,634,115	\$6,723,832
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$4,794,915</b>	<b>\$6,723,832</b>