

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill requires the Department of Health and Human Services to develop a voluntary demonstration program under Medicaid for bundling of payments for primary care physicians providing a medical home. The program shall be available no later than January 1, 2012 and continues through January 1, 2017. The department is required to seek a waiver to allow bundled payments and sharing of cost savings with the entity or entities that participate in the demonstration project. The department shall consult with public health clinics that use a medical home model regarding participation in the demonstration project. The department shall develop payment methods for entities participating in the demonstration project to include bundled payments and bids from entities for episodes of care.

An additional program specialist would be needed to develop the waiver at a cost of \$67,660 (\$33,830 GF and FF). If approved there would be additional costs, including changes to MMIS and contractual costs to develop the new payment methodology. The cost estimate provided by HHS is \$419,630 (\$209,815 GF and FF) in FY 12. Since this is a voluntary demonstration, it is unknown whether or not there would be entities that would participate in the demonstration project. Any savings would be divided equally between the provider and the Medicaid Program. Of the half retained by the Medicaid Program, 43% would offset state costs and 57% would be credited to the federal government. The amount of savings if any is unknown and would not materialize until the middle of FY 12.

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FEB 08 2011

LEGISLATIVE FISCAL

LB(1) 0662

FISCAL NOTE

2011

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Willard Bouwens Date Prepared:(4) February 8, 2011

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	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$277,475		\$76,086	
CASH FUNDS				
FEDERAL FUNDS	\$277,476		\$76,085	
OTHER FUNDS				
TOTAL FUNDS	\$554,951	\$0	\$152,171	\$0

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

Explanation of Estimate:

LB662 would require the addition of 2.0 FTE Program Specialists to develop and submit the waiver to the Centers for Medicare and Medicaid Services for approval and implement and oversee the demonstration project. The costs in SFY2012 would be \$164,951 and SFY2013 would be \$152,717. DHHS would require consultants to develop the methodology for the bundling of payments for an estimated cost of \$150,000. There would be an additional need for a contract with an actuarial consultant to develop a new capitation rate for the payment of the Managed Care Organizations of an estimated \$140,000. System changes to MMIS (Medicaid Management Information System) are estimated to be \$100,000.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012	2012-2013
	11-12	12-13	EXPENDITURES	EXPENDITURES
73210 Program Specialist	2	2	\$96,658	\$96,658
Consultants			\$150,000	
Actuarial Consultant			\$140,000	
Benefits.....			\$38,663	\$38,663
Operating.....			\$117,190	\$16,850
Travel.....				
Capital Outlay.....			\$12,440	
Aid.....				
Capital Improvements.....				
TOTAL.....			\$554,951	\$152,171