

PREPARED BY: Liz Hruska
 DATE PREPARED: February 15, 2011
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LB 696

Revision: 00

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	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 apply for and utilize to the maximum extent possible, within limits established by the Legislature, any and all options as allowed under Medicaid and the Children's Health Insurance Program to simplify enrollment and redetermination of eligibility.

HHS is to pursue any and all options to simplify enrollment and redetermination within limits established by the Legislature. This part of the bill would have a fiscal impact that cannot be determined. It would depend on the limits established by the Legislature which are unknown.

Since the average length of coverage per year, per child is 10 months, expanding continuous eligibility from six to twelve months will add an additional month of eligibility. The average cost per month for a child on Medicaid is \$259; for CHIP it is \$156. Assuming an implementation date of January 1, 2012, the increase in Medicaid would be \$18,558,386 (\$7,423,354 GF and \$11,135,032 FF) in FY 12 and \$38,972,507 (\$15,589,003 GF and \$23,383,504 FF) in FY 13. The increased cost in CHIP would be \$2,376,036 (\$712,811 GF and \$1,663,225 FF) in FY 12 and \$4,989,504 (\$1,496,851 GF and \$3,492,653 FF) in FY 13. Staffing would be reduced by 25 Social Workers. The savings would be -\$913,869 (-\$456,935 GF and FF) in FY 12 and -\$1,505,737 (-\$752,869 GF and FF) in FY 13.

The state may qualify for bonus payments under the CHIP reauthorization. The amount cannot be determined.

The state may be eligible for bonus payments in FY 2013. However, the amount is unknown.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Elton Larson	2/15/11	PHONE 471-2526
COMMENTS			
DHHS – Concur.			

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LEGISLATIVE FISCAL

2011

LB⁽¹⁾ 0696

FISCAL NOTE

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 *W Bouwens* Date Prepared: (4) February 15, 2011

Phone: (5) 471-8072

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	16,667		7,687,565	
CASH FUNDS				
FEDERAL FUNDS	16,666		12,349,656	
OTHER FUNDS				
TOTAL FUNDS	\$33,333	\$0	\$20,037,221	\$0

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

Explanation of Estimate:

To implement the 12 months' continuous eligibility expansion, DHHS would be required to prepare and submit a State Plan Amendment (SPA) for Medicaid and CHIP. Administrative renewals can be implemented without a SPA. When funding is received for FY2012, DHHS would hire a contractor to prepare the waiver and participate in the approval process, and to pursue "any and all options" to simplify enrollment and eligibility processes, at an estimated cost of \$33,333 (\$16,667 GF, \$16,666 FF) in FY12, and \$16,667 (\$8,334 GF, \$8,333 FF) in FY13. It is anticipated that the waiver application process would take at least six months to complete, with an estimated waiver submittal date of 1/1/12. At that point, the CMS review and question/answer process would begin, and would be expected to last a year before approval is received, estimated at 1/1/13.

This fiscal note assumes that the intent of the bill is to make Nebraska eligible for CHIPRA bonus payments. Nebraska currently meets 3 out of the 8 criteria for bonus payments. Changing Nebraska DHHS requirements to expand coverage to 12 months' continuous eligibility and providing for administrative renewals would mean that Nebraska would meet 5 out of the 8 criteria. If the changes are implemented prior to 4/1/13, Nebraska would be eligible for a bonus payment for FFY13. CHIPRA bonus payments end in FFY13, due to federal health care reform implementation on 1/1/14.

With current regulations and at current staffing levels, the average length of coverage per year is 10 months per child. This fiscal note assumes implementation on 1-1-13, and that changing to 12 months' continuous eligibility will result in 1 additional month of coverage per child per year. Medicaid coverage for children is estimated at \$259 per month x 71,654 additional months of coverage for half of FY13, and CHIP coverage at \$156 x 15,231 additional months.

Program 348 Medicaid expansion expenditures are estimated at \$18,558,386 (\$7,423,354 GF, \$11,135,032 FF) for half of FY13. Program 344 CHIP expansion expenditures are estimated at \$2,376,036 (\$712,811 GF, \$1,663,225 FF) for half of FY13. Program 33 staffing reductions of 25 Social Security Worker FTEs are estimated at -\$913,869 (-\$456,935 GF, -\$456,934 FF) for half of FY13. For the period covered by this fiscal note, total DHHS expenditures are estimated at \$33,333 (\$16,667 GF, \$16,666 FF) in FY12, and \$20,037,220 (\$7,687,564 GF, \$12,349,656 FF) in FY13.

The first full year of expansion expenditures and salary savings would be FY14. Although federal health care reform will be implemented effective 1/1/14, this fiscal note illustrates the net effect that expansion would have compared to current Medicaid policies. Program 348 Medicaid expansion expenditures are estimated at \$38,972,507 (\$15,589,003 GF, \$23,383,504 FF) for FY14. Program 344 CHIP expansion expenditures are estimated at \$4,989,504 (\$1,496,851 GF, \$3,492,653 FF) for FY14. Program 33 staffing reductions of 25 Social Security Worker FTEs are estimated at -\$1,505,737 (-\$752,869 GF, -\$752,868 FF) for FY14. The net effect of eligibility expansion is estimated at \$42,456,274 (\$16,332,985 GF, \$26,123,289 FF) for FY14. Due to implementation of federal health care reform, there would be no CHIPRA bonus payment for FFY14.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012 EXPENDITURES	2012-2013 EXPENDITURES
	11-12	12-13		
Social Services Workers	0	-12.5	0	(462,540)
Benefits.....				(185,016)
Operating.....			33,333	(94,146)
Travel.....				
Capital Outlay.....				(155,500)
Aid.....				20,934,422
Capital Improvements.....				
TOTAL.....			\$33,333	\$20,037,221