

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

This bill states the Department of Health and Human Services shall apply for and utilize to the maximum extent possible any and all options to simplify enrollment and redetermination of eligibility as allowed under the Children’s Health Insurance Program and Medicaid, within limits established by the Legislature. The bill changes the authorization for monthly reviews of eligibility to annual reviews. After twelve consecutive months of eligibility only limited reviews of eligibility are allowed in between annual reviews.

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 two months of eligibility per child. The average cost per child per month is projected to be \$228 in FY 14 and \$233 in FY 15. Implementation of the Affordable Care Act is anticipated to increase the number of children served. The estimated number of children covered in FY 14 by Medicaid is projected to be 128,820 and 132,685 in FY 15. In CHIP the estimated number for FY 14 is 32,752 and 33,735 in FY 15. Assuming an implementation date of September 1, 2013, and adjusting downward average monthly expenditures by 30% for children who remain on the program for long period of time due to disabilities or major medical conditions, the increase in Medicaid would be \$34,266,120 (\$15,419,754 GF and \$18,846,366 FF) in FY 14 and \$43,281,847 (\$19,156,546 GF and \$24,125,301 FF) in FY 15. The increased cost in CHIP would be \$8,711,964 (\$2,744,307 GF and \$5,967,658 FF) in FY 14 and \$11,004,357 (\$3,486,181 GF and \$7,518,176 FF) in FY 15.

HHS is to pursue any and all options to simplify enrollment and redetermination within limits established by the Legislature. The options are automatic/administrative renewal, presumptive eligibility, express lane eligibility and premium assistance for private health insurance. The costs would depend on the limits established by the Legislature. The Department of Health and Human Services estimates that all options together could increase costs by 10%. If costs were to increase by 10%, the estimated costs of all the options would be \$25,421,229 (\$10,567,010 GF and \$14,854,219 FF) in FY 14 and \$47,492,286 (\$19,855,252 GF and \$27,637,034 FF) in FY 16.

Additional program staff would be needed depending on the options pursued. Eligibility determination staff may be reduced by some provisions and increased by others. Without knowing the options, the impact on staffing cannot be determined.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 220	AM:	AGENCY/POLT. SUB: DHHS	
REVIEWED BY: Elton Larson	DATE: 2/19/2013	PHONE: 471-4173	
COMMENTS: DHHS analysis and estimates appear reasonable.			

**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) 2-15-13

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	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$38,274,923*		\$53,961,259*	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$52,062,253*		\$74,601,258*	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$90,337,176*		\$128,562,517*	

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

**Explanation of Estimate:**

LB 220 requires DHHS to apply for any and all options allowed, under Title XIX and Title XXI of the federal Social Security Act, to simplify enrollment and redetermination of eligibility for children’s medical assistance. The options currently available are 12-month continuous eligibility, automatic/administrative renewal, presumptive eligibility for children, express lane eligibility, and premium assistance for private health insurance. The purpose of these options is to increase and expand enrollment in the children’s medical assistance program.

To implement expansion to 12-month continuous eligibility, DHHS would be required to prepare and submit two State Plan Amendments (SPAs), one for Medicaid and one for CHIP, which would be submitted with a 9-1-13 implementation date.

With current regulations, the average length of coverage per year is 10 months per child. This fiscal note assumes implementation on 9-1-13, and that changing to 12-month continuous eligibility will result in a coverage expansion of 2 additional months per child per year.

The additional expenditures for Medicaid expansion to 12-month continuous eligibility for children in Medicaid Program 348 are estimated at \$48,951,600 (\$22,028,220 GF, \$26,923,380 FF) for partial year FY14, and \$61,831,210 (\$27,366,494 GF, \$34,464,716 FF) for full year FY15. CHIP Program 344 expenditures are estimated at \$12,445,836 (\$3,920,438 GF, \$8,525,398 FF) for partial year FY14, and \$15,720,510 (\$4,980,258 GF, \$10,740,252 FF) for full year FY15. No expenditures for computer changes are anticipated for implementing 12-month continuous eligibility for children.

Administrative renewals will be implemented as required by the ACA on 1-1-14, so there will be no additional cost. Technology resources are fully committed to ACA implementation, so we will be unable to implement administrative renewals sooner than 1-1-14.

The other additional options currently available are presumptive eligibility for children, express lane eligibility, and premium assistance for private health insurance. If enrollment is increased by 10% as a result of these additional options, there would be an estimated 9,218 additional children served in FY14, and 14,035 additional children in FY15. Assuming implementation on 9-1-14, Medicaid Program 348 additional expenditures are estimated at \$18,957,946 (\$8,531,076 GF, \$10,426,870 FF) for partial year FY14, and \$35,417,492 (\$16,029,957 GF, \$19,387,535 FF) for full year FY15. For CHIP Program 344, additional expenditures are estimated at \$6,463,283 (\$2,035,934 GF, \$4,427,349 FF) for partial year FY14, and \$12,074,794 (\$3,825,295 GF, \$8,249,499 FF) for full year FY15.

Additional staff would be needed to serve the additional enrollees. Assuming the same implementation requirements and timeline as 12-month continuous eligibility, Administration Program 033 staff expenditures for

48 positions are estimated at \$3,518,511 (\$1,759,255 GF, \$1,759,256 FF) for FY14, and \$3,518,511 (\$1,759,255 GF, \$1,759,256 FF) for FY15.

\*Computer changes will likely be needed for the other additional options. Expenditures would depend on modifications needed to implement the specific options above. Technology resources are fully committed to ACA implementation on 1-1-14. The computer change process would have to begin after that date, which would delay implementation.

The original intent of this legislation was to make Nebraska eligible for CHIPRA bonus payments, which end in 2013. These provisions would have had to have been in place by 10-1-12 for Nebraska to be eligible for bonus payments.

<b>MAJOR OBJECTS OF EXPENDITURE</b>				
<b>PERSONAL SERVICES:</b>				
POSITION TITLE	NUMBER OF POSITIONS		2013-2014	2014-2015
	13-14	14-15	EXPENDITURES	EXPENDITURES
Social Services Workers	35	35	1,161,440	1,161,440
Social Services Supervisors	4	4	169,860	169,860
Social Services Unit Managers	2	2	98,146	98,146
Program Specialists	2	2	84,722	84,722
Quality Assurance Program Specialists	2	2	84,722	84,722
Payments Reviewers	2	2	57,998	57,998
Program Analyst	1	1	41,224	41,224
Benefits.....			679,258	679,258
Operating.....			1,141,141	1,141,141
Travel.....				
Capital Outlay.....			*	*
Aid.....			86,818,665*	125,044,006*
Capital Improvements.....				
<b>TOTAL.....</b>			<b>90,337,176*</b>	<b>128,562,517*</b>