

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</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 requires that encounters with more than one health care professional and multiple encounters with the same health care professional which take place on the same day at a federally qualified health center (FQHC) constitute a single visit unless: 1) the health care provider is a psychiatrist, psychologist, licensed mental health practitioner, certified diabetes educator, dietician or pharmacist or 2) the patient subsequent to the first encounter suffers an illness or injury requiring additional diagnosis or treatment.

The current rules and regulations are almost identical to the language in the bill. The rules and regulations state: Encounter means a face-to-face visit between a Medicaid-eligible patient and a physician, physician assistant, nurse practitioner, nurse midwife, specialized nurse practitioner, visiting nurse, clinical psychologist, or clinical social worker during which an FQHC service is rendered. Encounters with more than one health professional and multiple encounters with the same health professional which take place on the same day and at a single location constitute a single visit, except for cases in which the patient, subsequent to the first encounter, suffers an illness or injury requiring additional diagnosis or treatment. Psychiatrists are added to language. Those services are currently a Medicaid-covered service and are reimbursed. The bill also adds language that includes certified diabetes educator, registered dietician and pharmacist to the list of health care professionals. Currently those services are not Medicaid provided services. If those services were to be reimbursed, it would require a state plan amendment to cover all Medicaid-eligible individuals, not just those served by FQHCs.

The rules and regulations for reimbursement to FQHCs define an encounter rate which is a single rate for all FQHC services. Behavioral health services are paid based on a fee schedule, however. The Department of Health and Human Services' fiscal note assumes the inclusion of the definition of an encounter in the bill is intended to have all listed encounters covered at the FQHC encounter rate. It is unclear if this is the intent of the bill.

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

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

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Date Prepared:(4) 2-13-14

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	<u>FY 2014-2015</u>		<u>FY 2015-2016</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$755,754		\$791,576	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$877,296		\$902,359	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$1,633,050		\$1,693,935	

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

**Explanation of Estimate:**

LB 1107 allows encounters with more than one health care professional at a Federally Qualified Health Center (FQHC) to count as a separate encounter for certain services. Behavioral health services are reimbursed based on a mental health fee schedule, and this bill would increase that reimbursement to the current encounter rate. SFY13 FQHC expenditures for behavioral health totaled \$139,168 for 2,989 units of service at an average price of \$46.56 per unit. If these expenditures were paid at the higher encounter rate, they would total \$440,728 for 2,989 units of service at the encounter rate of \$147.45 per unit. This would cause an increase in expenditures of \$276,430 total (\$128,153 GF, \$148,277 FF) for 11 months in SFY15, and \$301,560 total (\$140,919 GF, \$160,641 FF) for 12 months in SFY16. An actuarial contract to rebase the behavioral health rate to include the encounter rate being paid to FQHC providers would cost \$63,275 total (\$31,637 GF, 31,638 FF) in SFY15. Paying at the encounter rate would require MMIS computer programming changes at a cost of \$17,000 total (\$4,250 GF, \$12,750 FF) in SFY15. LB 1107 could cause an increase in utilization of approximately 1.3% annually and is estimated to cost \$1,276,344 total (\$591,713 GF, \$684,631 FF) for 11 months in SFY 15 and \$1,392,376 total (\$650,658 GF, \$741,718 FF) for 12 months in SFY 16.

Diabetes educators and registered dietitians are not Medicaid covered professionals. If these services were added as a result of LB 1107, it would cause an expansion of services to all Medicaid clients. Pharmacist services would cover tobacco cessation counseling paid at the encounter rate. Diabetes educators, registered dietitians, and pharmacist services are included in the overall estimated utilization increase above.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	NUMBER OF POSITIONS		2014-2015	2015-2016
	POSITION TITLE	14-15	15-16	EXPENDITURES
Benefits.....				
Operating.....			\$80,275	\$0
Travel.....				
Capital Outlay.....				
Aid.....			\$1,552,774	\$1,693,936
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$1,633,049</b>	<b>\$1,693,936</b>