

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	22,290,570		22,290,570	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>22,290,570</b>		<b>22,290,570</b>	

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

This bill would provide for compensation and insurance benefits for family members who care for a person with disabilities who qualifies for the Disabled Persons and Family Support Program. The cost would need to be less than the cost of care in an institution. Compensation would be equal or higher than the rate paid a state employee doing the similar work at a state institution. Insurance would be covered as if the family member was a state employee.

The current limit per month under the Disabled Persons and Family Support Program is \$300 a month. Compensation and insurance costs would be substantially more. The Department of Health and Human Services estimates the total cost at \$22.2 million a year in General Funds. An additional staff person would also be needed to evaluate the cost effectiveness of the care for each individual.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 674	AM: 2172	AGENCY/POLT. SUB: HHS	
REVIEWED BY: Elton Larson		DATE: 2/29/16	PHONE: 471-4173
COMMENTS: HHS analysis and estimate of fiscal impact 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) Pat Weber

Date Prepared:(4) 1-7-16

Phone: (5) 471-6351

	<u>FY 2016-2017</u>		<u>FY 2017-2018</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$22,290,570		\$22,290,570	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$22,290,570		\$22,290,570	

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

**Explanation of Estimate:**

LB 674 would allow for financial compensation of family caregivers. The rate of compensation would be equal to or at a higher rate than a salaried state employee receives for similar work done at a state facility. The caregiver and the caregiver’s family would also be eligible for state health insurance as if the caregiver is a full-time state employee. This bill provides for an exemption to the \$300 per month limit for the compensation of caregivers.

The Disabled Persons and Family Support Program (DPFS) is not an entitlement program. The funding for this program is determined by the legislature through the appropriation provided for it. The current appropriation is \$910,000. Over the last 3 years the average number of persons served annually is 382. An average of 163 individuals lived with family each year. Any additional funding for this program for the expanded coverage would be determined by the legislature. If the intent is to cover family members of eligible persons with caregiver compensation and family coverage health insurance, the cost would be substantial.

Assuming clients are at nursing facility level of care, requiring continuous 24 hour care and further assuming the care is provided by the 163 family caregivers at a Developmental Technician II position that is exempt from overtime, the Department of Health and Human Services estimates \$13.439 per hour for 24 hours per day and 7 days per week totaling \$117,403 per year which makes the total annual compensation \$19,136,706 GF for the estimated 163 families. Additionally, family coverage health insurance cost is estimated based on the average cost of the State’s Regular and Wellness Family plans at an individual annual cost of \$18,956, which would be a total of \$3,089,815 GF for 163 family plans. It is assumed the caregiver would be responsible for paying the employee’s share of the health insurance premium. One full year cost of caregiver compensation and health insurance coverage would be \$22,226,521 GF.

Additionally, current practices do not require screening to see that an individual with a disability requires institutional care or to determine if in-home care would be cost-effective compared to institutional care, therefore one Social Services Worker FTE would be needed by DHHS to perform these duties at an estimated cost of \$64,049 GF annually.

The total cost to the Department of Health and Human Services will be \$22,290,570 GF in FY 2017 and \$22,290,570 GF in FY 2018.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2016-2017	2017-2018
		16-17	17-18	EXPENDITURES	EXPENDITURES
Social Services Worker		1	1	\$35,472	\$35,472

Benefits.....	\$3,098,152	\$3,098,152
Operating.....	\$20,240	\$20,240
Travel.....		
Capital Outlay.....		
Aid.....	\$19,136,706	\$19,136,706
Capital Improvements.....		
<b>TOTAL.....</b>	<b>\$22,290,570</b>	<b>\$22,290,570</b>

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2016

LB<sup>(1)</sup> 674

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Administrative Services (DAS) – State Personnel - Employee Wellness & Benefits

Prepared by: <sup>(3)</sup> Crystal A. Meyer Date Prepared: <sup>(4)</sup> 1-20-16 Phone: <sup>(5)</sup> 402-471-2832

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	40,743	40,743	39,576	39,576
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	40,743	40,743	39,576	39,576

Explanation of Estimate:

LB674 amends specific statutes to provide financial compensation to families who provide care within their home individuals qualified under the Disabled Persons and Family Support Act. LB674 also requires these families to be eligible for health insurance as if the caregiver is a full-time state employee.

Per DHHS, there are currently 163 families who would qualify under this program. If each family elected family coverage under the State of Nebraska’s regular health insurance plan, the current cost to the State in health insurance premiums would be \$3,369,797. Premiums for family coverage under the current regular plan are \$2,180.76 per month and the State pays 79% of the premium (\$2,180.76 premium/month x 12 months = \$26,169.12 annual premium; \$26,169 annual premium x 163 families = \$4,265,547 total annual premium; \$4,265,547 total annual premium x 79% state share = \$3,369,782).

In addition to premium costs, there may be other costs which could be significant but are unknown at this time, dependent upon the follows factors. Any of the additional costs listed below could impact the program and the premiums paid by the State and employees:

- Under coordination of benefits rules, the disabled individual may become eligible to enroll on the State’s Employee Health Insurance Plan if they meet dependent qualifications. This could significantly increase costs for the State and State employees.
- Caregivers and their families, if applicable, would need to be entered into the Employee Work Center to enroll in the State’s Health Insurance Plan and be included on the integration file to the medical vendor.
- Additional caregivers and their families might be identified, increasing the total number of enrollees.
- If premiums from these private individuals are collected by check, a manual system to track and collect payments would be required.
- The caregivers who enroll in the State’s Health Insurance Plan are automatically eligible for the State’s wellness program. Administrative costs related to the wellness program would increase with the addition of this new eligible class.

An additional part-time (.50 FTE) Personnel Benefits Specialist would be required in order for DAS State Personnel – Employee Wellness & Benefits to assist this new group with enrollment in the Employee Work Center and the wellness program and to collect and process their monthly premiums.

The estimated cost for this .50 FTE is \$40,743 in FY16-17 and \$39,576 for FY17-18. These costs include salary and benefits (health insurance is budgeted using the State’s current share of the highest costs family plan); and ongoing annual operating costs (communication/data processing, printing/publication, rent and depreciation surcharge and supplies). There would also be a one-time cost in FY16-17 for the purchase of new equipment and set-up costs of \$2,500.

These additional costs would result in the need for additional cash appropriation and an increase in the amount that is transferred annually from the State Employee Insurance Fund to the program’s operational fund. The operational costs of the State Personnel – Employee Wellness & Benefits program are a factor used when calculating health premium amounts.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Personnel Benefits Specialist	.50	.50	20,363	20,852
Benefits.....			14,262	15,106
Operating.....			3,618	3,618
Travel.....				
Capital outlay.....			2,500	
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>40,743</b>	<b>39,576</b>