

**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>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			\$250,000	
CASH FUNDS				
FEDERAL FUNDS			See Below	
OTHER FUNDS				
TOTAL FUNDS				

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

LB 1052 changes provisions relating to Medicaid funds received by public schools for services provided for school-age students. The bill also provides intent language to appropriate funds for the Nebraska Whole Child Project in FY2017-18.

Current Law Pertaining to Medicaid in Public Schools Program: The Legislature passed LB 276 in 2014 to require school districts to submit claims for Medicaid reimbursement for several services in addition to physical therapy, occupational therapy and speech therapy services which were being funded at that point in time. The bill required federal reimbursement to be claimed for hearing or language disorders, early and periodic screening, diagnosis and treatment services for children, medical transportation, mental health, nursing, personal care, rehabilitation and vision-related service provided by school districts. A plan amendment was to be submitted to the federal Centers for Medicare and Medicaid Services (CMS) to allow these services to be funded.

The Department of Health and Human Services (HHS) and the State Department of Education (NDE) are in the process of designing and implementing an electronic billing system in preparation for the submittal of a plan amendment to the federal government. (An amendment submitted in August of 2014 was withdrawn.) The fiscal note for LB 276 estimated an increase in federal Medicaid funds of \$13 to \$16.2 million from the newly billed services. Originally, it was thought the plan amendment might be approved and federal funds received beginning in FY2014-15. However, the process has been delayed because CMS indicated the state would need to have a better billing system in place prior to approving the reimbursement of services. Based upon this delay, it is assumed Medicaid reimbursement for the additional services will begin sometime in FY2016-17.

Federal Medicaid Increases/TEEOSA Impact: If the plan amendment is approved by CMS in FY2016-17, Medicaid funds will be received for the extra services claimed by school districts. Under current law, 88.46% of the increased revenue for schools from services billed are to be included as an accountable receipt for state aid purposes. (Schools retain 11.54% for administrative purposes.) An increase in accountable receipts decreases state aid from the Tax Equity and Educational Opportunities Act (TEEOSA), two years after the increase occurs.

LB 1052 repeals provisions providing for federal Medicaid funds to be considered accountable receipts for state aid purposes. This means additional federal Medicaid revenue received by districts will not be considered a resource in the formula, so TEEOSA aid will increase beginning in FY2018-19 pursuant to the bill. Based upon the original estimates in LB 276, LB 1052 will increase general funds required for TEEOSA by \$1,417,000 in FY2018-19; \$7,684,000 in FY2019-20 and \$9,250,000 in FY2020-21.

Nebraska Whole Child Project: The bill provides intent language for the Legislature to appropriate \$250,000 of general funds to NDE to provide grants to the Nebraska Whole Child Project. The project is established as a joint entity under an agreement pursuant to the Interlocal Cooperation Act.

LB 1052 also provides for \$250,000 of federal funds received from the Medicaid in Public Schools program be retained by NDE to provide grants to the Nebraska Whole Child Project. NDE does not receive federal Medicaid funds, so the bill will need to be changed to reflect the receipt of these funds by HHS and to provide how the retention of the funds impacts Medicaid funds flowed to districts or retained by the state for administrative purposes.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1052	AM: 1897	AGENCY/POLT. Department of Health and Human Services
REVIEWED BY: James Van Bruggen	DATE: 1/29/16	PHONE: 471-4179
COMMENTS: The bill as currently written provides no basis to disagree with the Department of Health and Human Services.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1052	AM:	AGENCY/POLT. Nebraska Department of Education
REVIEWED BY: James Van Bruggen	DATE: 1/25/16	PHONE: 471-4179
COMMENTS: No basis to disagree with the Department of Education.		

Please complete ALL (5) blanks in the first three lines.

**2016**

**LB<sup>(1)</sup> 1052**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Department of Education

Prepared by: <sup>(3)</sup> Bryce Wilson/Greg Prochazka

Date Prepared: <sup>(4)</sup> 1/21/16

Phone: <sup>(5)</sup> 402-471-4320

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

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$1,950,000	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>\$1,950,000</b>	<b>=====</b>

**Explanation of Estimate:**

LB 1052 changes accountable receipts in TEEOSA so it no longer counts Medicaid in public schools as an accountable receipt. This change results in an additional \$1.7 million of TEEOSA funds which is the amount of the Medicaid in Public Schools going to equalized districts. This bill also appropriates \$250,000 to NDE to be passed through to the Whole Child Project. LB 1052 also directs NDE to retain \$250,000 from federal Medicaid funds (which NDE does not receive to provide grants to the Whole Child Project. The bill narrows the definition of "excess cost" that applies to fiscal years 2015-16 and each fiscal year thereafter to just fiscal years 2015-16 and 2016-17.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17 EXPENDITURES</u>	<u>2017-18 EXPENDITURES</u>
	<u>16-17</u>	<u>17-18</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	\$1,950,000
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>\$1,950,000</b>

**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) 2-1-16

Phone: (5) 471-6351

	<u>FY 2016-2017</u>		<u>FY 2017-2018</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>		\$0		\$0

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

**Explanation of Estimate:**

There is no Fiscal Impact to the Department of Health and Human Services.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2016-2017	2017-2018
		16-17	17--18	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....					
Travel.....					
Capital Outlay.....					
Aid.....					
Capital Improvements.....					
<b>TOTAL.....</b>				\$0	\$0