

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	1,069,125		125,000	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>1,069,125</b>		<b>125,000</b>	

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

This bill makes several changes to the Prescription drug Monitoring Program (PDMP).

The PDMP is currently funded through a federal grant. The funding ends on August 31, 2019. A new competitive grant is available starting on September 1, 2019. It is very likely the federal funding will be available to cover the costs of this bill. For the purposes of this fiscal note, it is assumed federal funding will be available to cover all the costs.

Most of the costs are for software and computer program modifications. In FY 2020, the estimated cost for software and IT work is \$1,069,125. In FY 2021, the only ongoing costs are for software maintenance and fees. The costs would be \$125,000.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 556 AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)	
REVIEWED BY: Elton Larson	DATE: 2/11/2019	PHONE: (402) 471-4173
COMMENTS: No basis to disagree with DHHS estimate of fiscal impact to the agency.		

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 556 AM:	AGENCY/POLT. SUB: Department of Administrative Services (DAS)	
REVIEWED BY: Elton Larson	DATE: 2/1/2019	PHONE: (402) 471-4173
COMMENTS: No basis to disagree with DAS estimate of no fiscal impact to the agency.		

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

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

Prepared by: (3) Mike Michalski

Date Prepared 1-24-19

Phone: (5) 471-6719

	<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$1,069,125	\$0	\$125,000	\$0
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$1,069,125	\$0	\$125,000	\$0

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

**Explanation of Estimate:**

LB 556 modifies multiple provisions to the Prescription Drug Monitoring Program (PDMP) including the purpose of the PDMP, required reporting elements, and which persons or entities are allowed access to obtain and/or release data. LB 556 states the requirements that each person or entity must meet in order to be allowed to access and/or release PDMP data.

The Prescription Drug Monitoring Program (PDMP) is currently funded by a federal grant through the Centers for Disease Control and ends August 31, 2019. A new competitive grant opportunity is anticipated to be available September 1, 2019. Additional grant funding is anticipated to be available from H.R.6 through the Centers for Medicare and Medicaid Services. Should federal funding not become available after August 31, 2019, then state appropriations would be required to execute program modifications per LB 556.

**Estimate of Expenditures:**

Start-up Expenses:

The estimate breaks down the cost to make software modifications per section and paragraphs of LB 556 along with estimated timeframes. This breakdown is provided for evaluation purposes only.

LB 556 Section	Tasks & Time Frames	Cost
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Estimated costs charged from software vendor:

3	Changes to reported drug information Estimated time: 7 weeks	\$60,000
7a,b,e	Modify software and set up connections to allow interstate data sharing. Estimated time: 40 weeks	\$150,000
7c,d	Changes to allow certain DHHS Medicaid Personnel, Medicaid Insurers, boards to have data Access. *Should the viewing of PDMP data through the Health Information Exchange be sufficient for all parties named, then no software changes will need to be made. Estimated time: 5 weeks	\$50,000
7f	The cost to set up access with facilities' medical records software or pharmacy dispensing software is	

dependent upon the facilities' bed capacity. This estimate is based upon 45 facilities with less than 500 beds at a one-time fee of \$5,000 and 40 facilities with more than 500 beds at a one-time fee of \$10,000. An annual maintenance fee is assessed per facility and is included below in recurring costs.

Estimated time: 5 weeks plus time required to implement at each facility. This could be as much as 1 week per facility.

40 facilities @ \$10,000	\$400,000	
45 facilities @ \$5,000	<u>\$225,000</u>	
		<u>\$625,000</u>
Total Software Vendor Costs		\$885,000

Estimated labor costs are for the Department of Health and Human Services (DHHS) personnel to coordinate work with the software vendor on tasks for each section as listed above:

LB 556 Section	Position	Cost
3	IT Business Systems Analyst/Coordinator 40 hours @ \$25.95	\$1,038
	PDMP Surveillance Coordinator 20 hours @ \$29.23	\$584
6	IT Business Systems Analyst/Coordinator 20 hours @\$25.95	\$518
	PDMP Surveillance Coordinator 20 hours @\$29.23	\$584
7a,b,e	IT Business Systems Analyst/Coordinator 40 hours @\$25.95	\$1,038
	PDMP Surveillance Coordinator 60 hours @\$29.23	\$1,752
	Attorney III 8 hours @\$35.52	\$284
7c,d	IT Business Systems Analyst/Coordinator 20 hours @\$25.95	\$518
	PDMP Surveillance Coordinator 20 hours @\$29.23	\$584
7f	IT Business Systems Analyst/Coordinator 20 hours @\$25.95	\$518
	PDMP Surveillance Coordinator 20 hours @\$29.23	<u>\$584</u>
	Subtotal Raw Labor Costs	\$8,001
	Benefits	\$2,738
	<u>Operations Cost</u>	<u>\$3,501</u>
	Total DHHS Labor Costs	<u>14,240</u>

Additional labor costs will be incurred using an existing contract for the PDMP Director position that works closely with the Nebraska Health Information Initiative. The contract is based on an hourly rate that includes wages, taxes, and fringe benefits.

LB 556 Section	Position		Cost
6	PDMP Director	20 hours @ \$87.57	\$1,751
7a,b,e	PDMP Director	200 hours @ \$87.57	\$17,514
7c,d	PDMP Director	20 hours @ \$87.57	\$1,751
7f	PDMP Director	20 hours @ \$87.57	
	Estimate is based on this position working closely with the software vendor's team and also providing technical coordination and assistance with the estimated 85 facilities @ 20 hours each.		<u>\$148,869</u>
	Total Contracted Labor Costs		\$169,885

**Summary of Implementation Expenditures per LB 556 sections and paragraphs:**

LB 556 Section	Expenditure Item		Cost
3	Software vendor		\$60,000
	DHHS Personnel Cost		\$1,622
	Benefits		\$555
	Operations		<u>\$709</u>
	Total Section 3		\$62,886
6	DHHS Personnel Cost		\$1,102
	Benefits		\$378
	Operations		\$482
	Contracted Labor Cost		<u>\$1,751</u>
	Total Section 6		\$3,713
7a,b,e	Software vendor		\$150,000
	DHHS Personnel Cost		\$3,074
	Benefits		\$1,052
	Operations		\$1,346
	Contracted Labor Cost		<u>\$17,514</u>
Total Section 7a,b,e		\$172,986	
7c,d	Software vendor		\$50,000
	DHHS Personnel Cost		\$1,102
	Benefits		\$377
	Operations		\$482
	Contracted Labor Cost		<u>\$1,751</u>
Total Section 7c,d		\$53,712	
7f	Software vendor		\$625,000
	DHHS Personnel Cost		\$1,102
	Benefits		\$377
	Operations		\$482
	Contracted Labor Cost		<u>\$148,869</u>
Total Section 7f		\$775,830	
	Estimated Grand Total Cost to implement LB 556		<u>\$1,069,125</u>

Development timeframes are estimated to begin after bill signature plus time required for procurement and contract execution.

Annual Recurring Estimated Costs beginning FY2020-2021:

The only expected annual recurring cost would be for the software maintenance and support fees for facilities as outlined in Section 7(f). These fees are assessed by the software vendor at 20% of the start up cost for each facility. Costs are based upon the estimated number of facilities per size above. Fees for each of the 45 facilities under 500 beds would cost the department \$1,000 per year. Fees for each of the 40 facilities over 500 beds would cost the department \$2,000 per year.

Annual Software Vendor Maintenance and Support Fees		
Facilities less than 500 beds	45 @ \$1,000	\$45,000
Facilities more than 500 beds	40 @ \$2,000	\$80,000
<u>Total Estimated Annual Cost</u>		<u>\$125,000</u>

\*Due to rounding of hourly wages to 2 decimal points, totals may vary +/- \$1.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2019-2020	2020-2021
	19-20	20-21	EXPENDITURES	EXPENDITURES
IT Business Systems Analyst/Coordinator	.05	0	\$3,629	\$0
Surveillance Coordinator	.06	0	\$4,088	\$0
Attorney III	.0038	0	\$283	\$0
Benefits.....			\$2,738	\$0
Operating.....			\$1,058,387	\$125,000
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$1,069,125</b>	<b>\$125,000</b>

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**2019**

**LB<sup>(1)</sup> 556**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Jennifer Norris Date Prepared: <sup>(4)</sup> 1/25/2019 Phone: <sup>(5)</sup> 402/471-4147

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

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 556 pertains to the continuation, expansion and clarification of current prescription reporting regulations by the dispenser or their designee. Daily any prescription drug that is dispensed in this state or to an address in this state is to be entered into the monitoring system. The bill outlines the data that is to be provided. These requirements are reported per Section 71-2455, to the Department of Health and Humans Services (DHHS) and the information is available to the statewide health information exchange.

As introduced, LB556 has no financial impact to the State of Nebraska Health and Pharmacy plans.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____