

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$200,000		\$200,000	
FEDERAL FUNDS	\$200,000		\$200,000	
OTHER FUNDS				
TOTAL FUNDS	\$400,000		\$400,000	

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

LB 276 would adopt the Certified Community Behavioral Health Clinic Act (Act). LB 276 defines the intent of the Act and defines certified community behavioral health clinics. The bill further directs the Department of Health and Human Services (DHHS) to develop a prospective payment system under the medical assistance program for funding certified community behavioral health clinics with such system permitting either daily or monthly payment rates; to submit to the federal Centers for Medicare and Medicaid Services any approval request necessary for a Medicaid state plan amendment to implement this section; implement the payment system before January 1, 2026; and to solicit input from current certified community behavioral health clinics during the development of the Medicaid state plan amendment. The bill contains an emergency clause thus the Act would take effect when passed and approved according to law.

For the up-coming biennium (FY 2023-24 to FY 2024-25) the Department of Health and Human Services (DHHS) anticipates additional administrative costs for the Division of Medicaid and Long-Term Care. These costs include contracting to establish Pay Per Service (PPS) rates which is estimated to cost \$75,000. DHHS also anticipates the use of subject matter experts and project management support to implement this service authority at an estimated cost of \$75,000. In addition to these costs, DHHS anticipates a need for other consulting and contracting support to start up this service for a total administrative cost of \$200,000 in Cash Funds and \$200,000 in Federal Funds for each year in the up-coming biennium.

As the implementation date is January 1, 2026, the aid and additional operations costs will be incurred in the following FY26-27 biennium. Several divisions of DHHS will be impacted including the Division of Behavioral Health, the Division of Medicaid & Long-Term Care and the Division of Public Health. If LB 276 would be passed, these costs would have to be appropriated in the FY26-27 biennium. It can be assumed that there would be ongoing costs in future years. See the following page for the estimated costs:

LB276 ADMINISTRATIVE COSTS						
	FY26			FY27		
	GF	CF	FF	GF	CF	FF
Behavioral Health	190,189	-	-	199,698	-	-
Public Health	111,836	-	-	117,428	-	-
MLTC	-	-	-	-	-	-
TOTAL	302,025	-	-	317,126	-	-

LB276 AID COSTS						
	FY26			FY27		
	GF	CF	FF	GF	CF	FF
Behavioral Health	1,093,500	-	256,500	2,187,000	-	513,000
Public Health	-	-	-	-	-	-
MLTC	1,171,182	-	3,682,452	2,342,364	-	7,364,905
TOTAL	2,264,682	-	3,938,952	4,529,364	-	7,877,905

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB:	276	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services			
REVIEWED BY:	Ann Linneman	DATE:	2-21-2023	PHONE:	(402) 471-4180	
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears 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) John Meals

Date Prepared 2-21-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$0		\$0	
CASH FUNDS	\$200,000		\$200,000	
FEDERAL FUNDS	\$200,000		\$200,000	
OTHER FUNDS				
TOTAL FUNDS	\$400,000	\$0	\$400,000	\$0

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

Explanation of Estimate:

LB 276 proposes to adopt the Certified Community Behavioral Health Clinic Act (CCBHC) and to declare an emergency. The intent is to increase access to mental health and substance use treatment on an outpatient basis, expand the capacity for comprehensive and holistic services, as well as establish care coordination for the delivery of service with community partners.

The **implementation date** (and beginning of Aid payments) for LB276 is estimated to be **January 1, 2026**, and the following Divisions of the Department of Health and Human Services (DHHS) will be impacted:

Behavioral Health

Based on the scope of services within the federal certification criteria, the bill mandates that CCBHCs provide several behavioral health services.

The primary cost would be for Aid payments from adopting a similar reimbursement rate to Medicaid for services provided to non-Medicaid covered low-income persons in agencies approved as a CCBHC.

Administrative Costs:

One 1 FTE DHHS Administrator I (G78801) would be required for CCBHC implementation.

One 1 FTE Accountant II (A19012) would be required for fiscal support for payment determination and management.

Additionally, staff to implement, monitor, and report on the CCBHC impact may be needed.

These FTEs would not be needed during the FY24-25 biennium. The annual cost of these FTE's is \$190,189 in FY26 and \$199,698 in FY27.

Aid Costs:

DBH funds are targeted for individuals who do not have insurance or are underinsured and not eligible for Medicaid. A review of billing information submitted in FY22 for the six agencies currently under SAMHSA CCBHC Planning grants indicate that 4,545 unduplicated persons were served in 21,263 visits, totaling \$5 million in payments. Transitioning these services and persons to a CCBHC payment model of \$292 per visit and factoring in a small increase for persons losing Medicaid coverage, would cost an estimated \$7.7 million in Aid payments, or an additional \$2.7 million compared to FY22. It is anticipated that those persons will need fewer services from other providers or a higher level of care.

The current payments are funded approximately 81% general funds and 19% federal funds. The same funding ratio would be used for the additional \$2.7 million.

Total Behavioral Health Implementation Cost

FY24/25

Program 038 DBH Aid: FY24: \$0, FY25: \$0

Program 033 DBH Admin: FY24: \$0, FY25: \$0

FY26/27

Program 038 DBH Aid: FY26: \$1,093,500 GF \$256,500 FF, FY27: \$2,187,000 GF, \$513,000 FF
Program 033 DBH Admin: FY26: \$190,189 GF, FY27: \$199,698 GF

Public Health

The Division of Public Health (DPH) has determined that LB276 will require a state certification system for CCBHCs. DPH will be impacted as follows:

- A new facility license/certification type for CCBHCs will need to be created. This will require modification of the CMS database which maintains facility licensure/certification information. If CMS does not allow such modification, the License Information System (LIS) used for other licensure/certification information would need to be modified to track this licensure/certification information. This new work would require an additional 40 hours for the IT Business Systems Analyst.
- New regulations for CCBHCs will need to be created to set out requirements to achieve state certification as a CCBHC. A DHHS Program Manager II will need an additional 80 hours to develop these regulations.
- Additional staff will be needed to conduct surveys (inspections) of CCBHCs to determine compliance with state licensure/certification requirements. One new Nursing Services Surveyor Consultant will be required to take on this additional work.

This FTE will begin in FY26, and the cost will be \$111,836 in FY26 and \$117,428 in FY27.

Medicaid & Long-Term Care

Administrative Costs:

The Department would note that associated administrative costs will be incurred. Some of the costs cannot be estimated until an alternatives analysis is completed as part of program planning, given the various alternatives available to implement payment for this service. The department can expect the need to procure or amend a contract to include a scope of work to set PPS rates, which is estimated to cost \$75,000.

The department can also expect to utilize SME and project management support to implement this service authority, at an estimated cost of \$75,000.

In addition to these costs, DHHS will also require other consulting and contracting support to stand up the service, bringing the total estimate for administrative costs over the next two fiscal years to **\$800,000**.

Any administrative costs would normally be matched roughly 50/50 with federal funds. At this time, however, the Department anticipates that these Medicaid-related development costs **may be offset by a pending request** to CMS to use enhanced Federal Medical Assistance Percentage (FMAP) funding as allowable under Section 9817 of the American Rescue Plan Act of 2021 (ARPA) for initiatives that strengthen Home and Community Based Services. These ARPA funds will cover the state match portion of administrative costs associated with LB276 for FY24 and FY25. State match for any necessary Medicaid administrative costs in FY26-27 would be general funds.

Aid Costs:

Based on the current CCBHCs in Nebraska, the Department looked at the utilization and reimbursement for those National Provider Identifiers (NPIs), which worked out to the following average counts:

- Monthly claim lines paid to these providers (limited to the NPIs associated with their behavioral health provider specialty codes): 7,007
- Avg monthly payments made to these providers: \$ 1,094,219

The Department made a reduction in the figures, to reflect the end of the Public Health Emergency Maintenance of Eligibility provisions, resulting in a 15 percent reduction in the final amounts:

- Monthly claim lines paid to these providers (limited to the NPIs associated with their behavioral health provider specialty codes): 5,956
- Avg monthly payments made to these providers: \$930,086

Then, the Department estimated a **CCBHC payment model of \$292** per visit multiplied by the reduced monthly claim line count and annualized, resulting in a 12-month estimate of \$ 20,868,306. Calculating the offset from the paid claim amounts, this results in a 12-month cost estimate of approximately \$ 9,707,269.

It is estimated that 55% of the population that would be served through this Act would qualify for coverage under Medicaid Expansion at an enhanced FMAP of 90% Federal, 10% State. The remaining costs would be allowable under the non-enhanced FMAP of 58.6% Federal, 41.4% State.

This would result in the following fund split: \$2,342,364 General Funds (GF) and \$7,364,905 Federal Funds (FF) over a 12-month period.

Total Medicaid & Long-Term Care Implementation Cost

FY24/25

Program 348: FY24: \$0, FY25: \$0

Program 033 MLTC Admin: FY24: \$200,000 CF, \$200,000 FF, FY25: \$200,000 CF, \$200,000 FF

FY26/27

Program 348: **FY26:** \$1,171,182 GF; \$3,682,453 FF **FY27:** \$2,342,364 GF; \$7,364,905 FF

SUMMARY:

Projected costs incurred during the FY24-25 biennium will be administrative costs in MLTC covered by federal and cash funds.

Projected costs incurred during the FY26-27 biennium are as follows:

LB276 ADMINISTRATIVE COSTS						
	FY26			FY27		
	GF	CF	FF	GF	CF	FF
Behavioral Health	190,189	-	-	199,698	-	-
Public Health	111,836	-	-	117,428	-	-
MLTC	-	-	-	-	-	-
TOTAL	302,025	-	-	317,126	-	-

LB276 AID COSTS						
	FY26			FY27		
	GF	CF	FF	GF	CF	FF
Behavioral Health	1,093,500	-	256,500	2,187,000	-	513,000
Public Health	-	-	-	-	-	-
MLTC	1,171,182	-	3,682,452	2,342,364	-	7,364,905
TOTAL	2,264,682	-	3,938,952	4,529,364	-	7,877,905

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
		23-24	24-25	EXPENDITURES	EXPENDITURES

Benefits.....		
Operating.....	\$400,000	\$400,000
Travel.....		
Capital Outlay.....		
Aid.....		
Capital Improvements.....		
TOTAL.....	\$400,000	\$400,000