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 DATE PREPARED: January 17, 2023  
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**LB 517**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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 the Department of Health and Human Services (DHHS) to pay discharge incentives to post-acute placement facilities. The proposal requires a hospital to notify DHHS when capacity is equal or greater than 90%. Once the hospital reaches this threshold, DHHS will pay the discharge incentives to a post-acute placement facility that accepts referrals from such a capacitated hospital \$6,000 for a patient with Medicaid as the primary source of reimbursement, \$3,000 for a patient with a referral that was made less than 60 days from the date of capacity notification to DHHS, and \$6,000 for a patient with a referral that was made 60 days or more from the date of capacity notification to DHHS.

DHHS indicates that additional staff would be needed to perform work associated with the bill: a Program Manager and an Accountant. The personnel cost totals to \$106,624 in FY24 and \$149,274 in FY25. Additional funds would be needed to create a notification system for hospitals to inform DHHS of capacity and track the incentives.

The total funds needed for aid is indeterminable. DHHS provides a chart detailing how the number of patients over 90% capacity fluctuates by month. Patient-level data to determine how many discharge-eligible complex patients exist in such populations is not available. Additionally, the number of placements available in eligible accepting facilities is also unknown.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	517	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-8-2023	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of non-determinable fiscal impact.				

**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 1-18-2025

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</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>	See Below		See Below	

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

**Explanation of Estimate:**

LB 517 proposes changes in the Health Care Facility Licensure Act that will require hospitals to notify the Department of Health and Human Services (DHHS) if the hospital reaches 90% capacity, and DHHS will be required to pay a discharge incentive to a post-acute facility for placement of the discharged patient.

The bill includes specific dollar amounts for patient scenarios, but DHHS does not have patient-level data needed to project the impact. The bill also does not address where the funding will be obtained and there are no limits to total expenditures under the program, which makes projecting costs difficult.

The below hospital capacity table illustrates that, while the number of patients exceeding the 90% capacity fluctuates daily, it averages around 80-90 patients on any given day. It is currently unknown as to how many discharge-eligible complex patients exist within this population.

Report Year	Report Month	Nbr Facilities	Facilities at 90% Occupied	Facilities at 95% Occupied	Facilities at 100%+ Occupied	Patients over the 90% Occupancy	Patients over the 95% Occupancy	Patients over the 100% Occupancy
2022	1	92	15	11	0	80	30	2
2022	2	92	12	8	0	62	20	0
2022	3	92	10	7	0	56	18	1
2022	4	92	9	7	1	60	22	7
2022	5	92	10	8	1	80	29	5
2022	6	92	10	7	0	82	32	0
2022	7	92	11	8	0	82	31	0
2022	8	92	11	8	0	82	29	0
2022	9	92	10	8	0	96	38	1
2022	10	92	10	8	1	158	102	67
2022	11	92	10	7	2	97	49	19
2022	12	92	9	6	1	113	62	27
2023	1	92	9	6	1	103	53	21

Additional staff will be needed to implement LB 517. A DHHS Program Manager I will be needed to notify the Division of Public Health (PH) when capacity is at 90% or greater, and to review discharge eligibility and authorize discharge incentive payments to facilities that can accept the discharged patient. An additional Accountant I will

be required to process incentive payments, set up accounts for payment, and track and monitor payments made to facilities that accept discharged patients.

The cost of these FTEs will be \$106,624 in FY24 and \$149,274 in FY25.

If necessary, DHHS would need to invest in a system for the hospitals to electronically notify PH of their capacity and implement a way to track the money spent for discharge incentives as outlined in the bill.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
<b>TOTAL.....</b>				