

PREPARED BY: Mikayla Findlay
 DATE PREPARED: January 18, 2023
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LB 590

Revision: 00

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	\$1,105,310		\$1,473,747	
CASH FUNDS				
FEDERAL FUNDS	\$2,669,832		\$2,086,029	
OTHER FUNDS				
TOTAL FUNDS	\$2,669,832		\$3,559,776	

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

This bill changes the personal needs allowance for eligible aged, blind, and disabled persons from \$60 per month to \$100 per month if such person resides in an alternate living arrangement as defined.

The Department of Health and Human Services (DHHS) indicates that both the division of Medicaid and Long-Term Care (MLTC) and division of Children and Family Services (CFS) would be impacted by the bill. For the purposes of calculating a fiscal impact DHHS utilized a start date of October 1, 2023.

Additional funds would be needed within Program 348 – Medical Assistance. Increasing the personal needs allowance would result in Medicaid clients in nursing facilities would be able to retain the additional \$40 which currently they remit to the nursing facility. Because such clients are able to keep the additional \$40 monthly, Medicaid would be required to make up the difference and pay \$40 per client to the nursing facility.

According to the October 2022 Indicators report there were 5,710 monthly Medicaid enrollees living in nursing facilities. The increased allowance would result in a cost of \$228,400 monthly or \$2,740,800 annually for nursing facility residents. DHHS indicates an average of 1,796 monthly Medicaid enrollees in assisted living facilities of which approximately 95% are on eligible for a waiver and 5% are not. The added cost for Medicaid waiver clients living in assisted living facilities is approximately \$68,248 monthly or \$818,976 annually. The total annual cost to MLTC is \$3,559,776. The fund mix is determined by the assumed Federal Medical Assistance Percentage of 41.4% state contribution, \$1,473,747 annually, and 58.6% federal contribution, \$2,086,029 annually.

CFS would also be impacted by this bill as payments for the Aid to Aged, Blind, or Disabled (AABD) would increase by \$40 for each recipient. The total increase for all living arrangements would be \$29,120 monthly (728 recipients x \$40) or \$349,440 annually. DHHS indicates that currently, AABD makes supplemental payments to meet the Maintenance of Effort in this program and CFS could decrease the size of supplemental payments to meet the added personal allowance requirements of the bill. As such, CFS would not need additional funding.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	590	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-3-2023
		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 2-2-2023

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	\$1,105,348		\$1,473,797	
CASH FUNDS				
FEDERAL FUNDS	\$1,564,574		\$2,086,099	
OTHER FUNDS				
TOTAL FUNDS	\$2,669,922	\$0	\$3,559,896	\$0

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

Explanation of Estimate:

LB590 would require the Department of Health and Human Services (DHHS) to include in the standard of need for eligible aged, blind, and disabled persons at least one hundred dollars per month for a personal needs allowance if such persons reside in an alternative living arrangement.

An alternative living arrangement shall include board and room, a boarding home, a certified adult family home, a licensed assisted-living facility, a licensed residential child caring agency as defined in section 71-1926, a licensed center for the developmentally disabled, and a long-term care facility.

The personal needs allowance was changed to its current level of \$60 by LB 366 (2015), which was signed into law on May 27, 2015. Passage of LB590 would increase the personal needs allowance by \$40.00 per member.

The Nebraska Family Online Client User System (NFOCUS) would need to be updated to reflect the new personal needs allowance amount. Once the update is made, budgets will need to be re-run to calculate the new share of cost amounts for the affected living arrangement cases. The total NFOCUS estimate for the updates is 29 hours at a cost of \$2,412. The department will absorb these costs.

Two DHHS divisions, Medicaid and Long Term Care (MLTC) and Children and Family Services (CFS), would be impacted by this bill.

The impact to the MLTC division is due to the increase to the size of income disregard on Medicaid members. Rather than disregarding \$60 per month per Medicaid case (once they are determined eligible), Medicaid would disregard \$100 monthly. The additional \$40, per member per month, would shift from the member/client pay to be paid by Medicaid, for all current and future members who are or will be nursing home or assisted living waiver residents.

According to the October 2022 Indicators report, there was an average of 5,710 Medicaid members per month living in nursing facilities. This would translate to a monthly increase to the program of \$228,400, or \$2.74 million per year. An average of 1,796 Medicaid members per month lived in assisted living facilities over this same period, with approximately 95% in waiver and 5% in non-waiver cases. The estimated annual cost of waiver cases is \$818,976. The total annual cost for Medicaid would be \$3,559,776. There is no effective date in the bill. The estimate is based on an effective date of October 1, 2023.

The impact to CFS for the Aid to the Aged, Blind, or Disabled (AABD) grant is funded by State dollars for living arrangements received monthly. The payments to eligible individuals would increase \$40.00.

Living Arrangement	Cases	Total
Room and Board	4	\$ 160
Licensed Assisted Living	440	\$ 17,600
Certified Adult Family Home	9	\$ 360
Long Term Care Facilities	190	\$ 7,600
Center for the Developmentally Disabled	85	\$ 3,400
Child Caring Agency	0	\$ -
Monthly Increase		\$ 29,120
Annual Increase * 12 Months		\$ 349,440

Currently, AABD makes supplemental payments to meet the Maintenance of Effort (MOE) for this program. CFS could decrease the amount of supplementals each year to meet the requirements effectively absorbing the cost of the increase.

The total costs absorbed by DHHS would be \$349,440 which includes the CFS increase.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	23-24	24-25	2023-2024 EXPENDITURES	2024-2025 EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$2,669,922	\$3,559,896
Capital Improvements.....				
TOTAL.....			\$ 2,669,922	\$3,559,896