

Revised based on amendments adopted through 4-29-09

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	6,459,495		9,370,172	
CASH FUNDS				
FEDERAL FUNDS	7,296,290		10,676,000	
OTHER FUNDS				
TOTAL FUNDS	13,755,785		20,046,172	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 603 includes the provisions of five bills addressing behavioral health needs and the issues revealed in the state's original safe haven legislation. The fiscal impact of each of the five bills is shown below.

This bill establishes the Behavioral Health Workforce Act. The Behavioral Health Education Center is created and will be administered by the University of Nebraska Medical Center. The center shall provide funds for two additional medical residents in a Nebraska-based psychiatry program each year starting in 2010 until a total of eight residents are funded in 2013. The center shall provide residency training experiences in rural Nebraska and underserved areas. The training will include telehealth techniques. The center will analyze the geographic and demographic availability of behavioral health professionals, prioritize the need for additional professionals by type and location and establish learning collaborative partnerships. The center will also develop interdisciplinary behavioral health training sites until six sites have been developed. Four of the sites will be in counties with fewer than 50,000 residents.

The University of Nebraska Medical Center will incur expenditures of \$1,385,160 GF in FY 10 and \$1,563,993 GF in FY 11 relating to the cost of the Behavioral Health Education Center and requirements of the Behavioral Health Workforce Act.

LB 136 -- This bill increases income eligibility from 185% to 200% of the federal poverty level for the Children's Health Insurance Program (CHIP),

Expansion of the Children's Health Insurance Program (CHIP) will add approximately 5,430 children in FY 10 and 5,484 in FY 11. The FY 10 estimate assumes an implementation date of September. The total cost would be \$7,925,085 (\$2,188,116 GF and \$5,736,969) in FY 10 and \$10,885,740 (\$3,005,553 GF and \$7,880,187 FF) in FY 11.

Additional staff and related operating expenses are needed to process the additional applications. The FY 10 cost would be \$526,730 (\$263,360 GF and FF) and \$740,526 (\$370,263 GF and federal funds are match in the same amount) in FY 11.

The provisions of LB 346 and LB 356 are called the Children and Family Behavioral Health Support Act.

LB 346 -- This bill requires the Department of Health and Human Services to establish a Children and Family Support hotline, establish a Family Navigator Program and provide voluntary post-adoption or post-guardianship case management. The hotline would be a single point of access for behavioral health triage; operate 24-hours a day, seven days a week; be staffed by licensed mental health practitioners or other licensed practitioners engaged in activities of mental health; provide screening and assessment and referral to community-based resources. The Family Navigator Program would provide peer support and connection to community-based services by trained individuals compensated by the Department of Health and Human Services. An annual report evaluating the three programs in the bill would be conducted.

All costs in FY 10 are for seven months and in FY 11 for 12 months. The department intends to contract for all services.

The statewide hotline costs would be \$1,015,000 in FY 10 and \$1,700,000 in FY 11. This includes the cost of operating the hotline and an ongoing public information campaign. The Family Navigators Program would cost \$611,984 in FY 10 and \$1,056,047 in FY 11 for eight supervisors, a project manager and training. These costs would be paid from general funds.

The evaluation is anticipated to cost \$75,000 in FY 10 and \$150,000 in FY 11. These costs would be paid from general funds.

The post-adoption and post-guardianship services are estimated to cost \$840,000 in FY 10 and \$1,409,350 in FY 11. Thirteen caseworkers would be needed. The contracted costs would be \$358,800 in FY 10 and \$618,620 in FY 11. The federal Fostering Connections to Success and Increasing Adoptions Act provides new funding for state wards beginning October 1, 2010. Currently state general funds cover the cost for children not eligible for Title IV-E funds. This federal act eliminates the income requirement and allows a federal match for all children based on the individual child's needs. This will free up general funds. The freed up funds according to the act must be used to expand child welfare services. At this time the federal government has not published rules and regulations and any limitations or restrictions are unknown. For this reason, the general fund offset, although it may be allowable to use for the services in this bill, is not being utilized.

LB 356 -- This bill provides intent language to appropriate \$500,000 of general funds in 2009-10 and \$1 million of general funds in 2010-11 to the Department of Health and Human Services for aid to behavioral health regions to be used for behavioral health services for children. The services shall include, but not be limited to, the expansion of the Professional Partners Program.

A sliding-fee schedule shall be used by behavioral health providers receiving the funds. Counties are not required to match such funds. The funds are allocated to behavioral health regions based upon the 2008 allocation formula. The formula allocates 75% of the appropriation based upon a region's percentage of the total population of the state and 25% of the appropriation based upon a region's percentage of the three years average of total income of the state.

LB 601 -- This bill as amended requires the Department of Health and Human Services to submit a state plan amendment or waiver no later than July 1, 2009, to provide coverage under the Medicaid Program for community-based secure residential and subacute behavioral health services regardless of whether the recipient has been ordered to receive such services by a mental health board under the Nebraska Mental Health Commitment Act.

The state currently has a Medicaid Rehabilitation Option, so a state plan amendment would be the likely approach. A program specialist would be needed. The costs will be \$66,376 (\$33,188 GF and FF) in FY 10 and \$61,532 (\$30,766 GF and federal funds in the same amount) in FY 11.

Secure residential services are provided through the Behavioral Health Regions with approximately \$4.2 million of state general funds. It has been estimated that 70% of current clients are Medicaid eligible. Once the state plan amendment is approved for secure residential as a Medicaid service by the Centers for Medicare and Medicaid, a portion of the current general funds will be used to generate additional federal funds, resulting in general fund savings. In FY 10, assuming a half year of implementation, the general fund savings will be \$977,697 in FY 10. Full year savings in FY 11 will be \$1,871,577. Federal funds will increase by the amount general funds are decreasing.

The Medicaid-eligible clients in secure residential would be entitled to a personal needs allowance of \$60 a month. The cost would be \$23,040 GF in FY 10 and FY 11.

Currently Medicaid pays for subacute services in a hospital setting for voluntary and involuntary patients. The agency sent a notice to the legislature in December stating that only involuntary patients will be covered under Medicaid beginning July 1, 2009. No funding adjustment has been made to the department's budget due to this proposed policy change. By maintaining subacute services for all Medicaid eligible clients; this allows the Medicaid Program to continue to pay for services for Medicaid-eligible individuals without going through the commitment process. The amendment would also cover subacute in non-hospital settings, currently not paid for by Medicaid. The estimated cost is \$428,620 (\$143,544 GF and \$285,076 FF) in FY 10 and \$864,351 (\$314,117 GF and \$550,234 FF) in FY 11.

The bill also creates the Children's Behavioral Health Oversight Committee of the Legislature. The committee will consist of nine members appointed by the Executive Board. The committee will monitor the effect of the Children and Family Behavioral Health Support Act and other child welfare and juvenile justice initiatives. Staff for the committee will be provided by existing legislative staff. The committee has the authority to hire consultants if needed.

Resources of the operation of this committee will be handled within existing agency resources. If the committee chooses to hire consultants, the expenses can be paid from the Legislative Council's appropriation from the Health Care Cash Fund.