

Revised based on amendments adopted through 4-28-09

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			(93,280)	
CASH FUNDS				
FEDERAL FUNDS			(137,510)	
OTHER FUNDS				
TOTAL FUNDS			(230,790)	

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

This bill requires the Department of Health and Human Services to submit a Medicaid state plan amendment by July 1, 2010, seeking a waiver for treatment of pediatric feeding disorders through interdisciplinary treatment means prior to any attempt to utilize invasive surgical techniques. The provisions of the bill terminate on January 1, 2015, unless extended by the legislature. The bill has the emergency clause.

Treatment of pediatric feeding disorders through interdisciplinary treatment means is only available in Nebraska at the Munroe Meyer Institute at the University of Nebraska. The program has documented success in preventing the need for the surgical placement of G-tubes or the more invasive intravenous feedings called total parenteral nutrition (TPN) in 90% of the children treated.

When a state plan amendment is sought from the federal Centers for Medicare and Medicaid (CMS), the time for approval to be granted or denied varies and is controlled by CMS. It could be approved in 90 days or take longer than six months. For the purposes of this fiscal note, an implementation date of January 1, 2011 is assumed.

Since the program at Munroe Myer has limited service capacity and it is the only provider of this service in the state, it is estimated that 50 Medicaid eligible children per year could be served. An evaluation would need to be done before treatment is started. The cost per child is \$280. The annual treatment costs at Munroe-Meyer are estimated to be \$27,810. The traditional G-Tube surgical treatment costs that would be avoided for 45 children per year are \$41,118. The behavioral/psychological treatment program is only required for two years. Surgical G-Tube treatment, on the other hand, has ongoing annual costs of approximately \$37,000. The chart below show the potential impact of covering the alternative treatment over a three-year time period:

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		Total	GF	FF
Evaluation	60 kids @280	16,800	5,756	11,044
Annual Traditional Treatment Costs	50 kids @ 20,952	(1,047,600)	(419,040)	(628,560)
Alternative treatment costs	50 kids @ 13,905	695,250	278,100	417,150
10% need traditional treatment	5 kids @ 20,952	104,760	41,904	62,856
Half year savings FY 11		(230,790)	(93,280)	(137,510)
Evaluation	60 kids @ 280	16,800	6,720	10,080
Annual Traditional Treatment Costs	50 kids @ 41,811	(2,090,550)	(836,220)	(1,254,330)
Alternative treatment costs	50 kids @ 27,810	1,390,500	556,200	834,300
10% need traditional treatment	5 kids @ 41,811	209,055	83,622	125,433
Full year savings FY 12		(474,195)	(189,678)	(284,517)
Additional savings in 3rd year	45 kids @ \$37,000	(1,665,000)	(666,000)	(999,000)
Total 3rd year savings (annual savings plus children no longer requiring treatment)		(2,139,195)	(855,678)	(1,283,517)

For the children who successfully complete the non-surgical treatment who otherwise would have needed the more extensive TPN treatment, the estimated costs savings per child could be as much as \$73,000 (\$29,200 GF and \$43,800 FF) annually.