

PREPARED BY: Sandy Sostad  
 DATE PREPARED: January 30, 2015  
 PHONE: 471-0054

Revised on 1/30/15 to include the fiscal note submitted by the Department of Health and Human Services

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$7,875		\$114,713	
CASH FUNDS				
FEDERAL FUNDS	\$7,875		\$139,204	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$15,750</b>		<b>\$253,917</b>	

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

LB 18 requires every student entering the 7<sup>th</sup> grade and entering the academic year after they reach age 16 to have a booster immunization containing meningitis vaccines. The requirement begins on or after July 1, 2016. The cost of the immunization is borne by the parent or guardian. The Department of Health and Human Services (HHS) pays for those students whose parent or guardian is financially unable to meet such cost.

HHS indicates the vaccines for students unable to pay are available at no charge from the federal government. However, HHS will pay an injection fee for every Medicaid or CHIP eligible child who will be required to get the booster shot. It is assumed expenditures for injections will not be incurred by HHS until FY2016-17. If so, the department will pay an estimated \$19.82 injection fee for about 12,811 children. The estimated increased cost for the Medicaid and CHIP programs is \$253,917 (\$114,713 G, \$139,204 F) in FY17.

The Medicaid program will also have increased expenses in FY16 for actuarial services to update managed care capitation rates. The federal government requires an actuarial study under managed care when a contract changes. The estimated increased cost is \$15,750 (\$7,875 G, \$7,875 F).

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB:18	AM:	AGENCY/POLT. Department of Health and Human Services
REVIEWED BY: James Van Bruggen	DATE: 1/23/2015	PHONE: 471-4179
COMMENTS: The costs would impact Fiscal Year 2016-17.		

Please complete ALL (5) blanks in the first three lines.

**2015**

**LB<sup>(1)</sup> 18**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Department of Education

Prepared by: <sup>(3)</sup> Julane Hill

Date Prepared: <sup>(4)</sup> 1-15-2015

Phone: <sup>(5)</sup> 402-471-4352

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	0	0	0	0
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
<b>TOTAL FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Explanation of Estimate:** There would be no additional cost burden to NDE or NE schools. The financial responsibility of providing the meningococcal vaccines would fall on the parents/guardians. The Department of Health and Human Services would be financially responsible for covering the cost of the vaccines if the parents/guardians are financially unable to meet such cost.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Mason

Date Prepared:(4) 1-16-15

Phone: (5) 471-0676

	FY 2015-2016		FY 2016-2017	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$61,154		\$114,713	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$77,857		\$139,204	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$139,011	\$0	\$253,917	\$0

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

Explanation of Estimate:

LB 18 would add a requirement for students to receive a meningococcal vaccination. This requirement would affect students entering the 7th grade and those students entering the grade following the year they turn sixteen.

There is a Fiscal Impact to the Department of Health and Human Services. Medicaid would pay the \$19.82 injection fee for every Medicaid eligible client who would be required to get the vaccine (these vaccines are provided at no charge from the federal government so the injection fee represents the total cost). The affected clients include both Medicaid Fee for Service (FFS) and Medicaid Managed Care (MC).

The costs of this bill are estimated using historical data from FY2013-2014. In the second half of the fiscal year, the six month average of Medicaid FFS eligible clients who met the age group targeted in the bill (11 to 16 year olds) was 4,544 and 656 eligible clients in this group received the vaccine. This represents a proportion of 14.4%. The six month average of Medicaid FFS eligible clients aged 11 or 16 was 1,537. Assuming the 14.4% vaccination rate in this population, the bill would require an additional 1,315 vaccinations (85.6% of 1,537) for Medicaid FFS per year.

The same method is used to calculate the impact for Medicaid MC eligible clients. In the second half of the fiscal year, the six month average of Medicaid MC eligible clients who met the age group targeted in the bill (11 to 16 year olds) was 36,450 and 5,151 eligible clients in this group received the vaccine. This represents a proportion of 14.1%. The six month average of Medicaid MC eligible clients aged 11 or 16 was 12,121. Assuming the 14.1% vaccination rate in this population, the bill would require an additional 10,409 vaccinations (85.9% of 12,121) for Medicaid FFS per year.

Using the methodology established and applied to FY2013-2014, the fiscal impact for FY2015-2016 and FY2016-2017 are estimated. Medicaid Program 348 expenditures are estimated at \$92,446 (\$43,200 GF, \$49,246 FF) for FY2015-2016 and \$190,438 (\$93,010 GF, \$97,428 FF) for FY2016-2017. CHIP Program 344 expenditures are estimated at \$30,816, (\$10,080 GF, \$20,736 FF) for FY2015-2016 and \$63,479 (\$21,703 GF, \$41,776 FF). Medicaid Program 033 expenditures are estimated at \$15,750 (\$7,875 GF, \$7,875 FF) for FY2015-2016 for actuarial services to update managed care capitation rates. The distribution of 75% Medicaid (25% CHIP) observed in December 2014 enrollment is used to allocate cost to the programs. The fiscal impact in FY2015-2016 assumes that payments for the vaccine will begin in the second half of FY2015-2016. The expenditures in FY2016-2017 reflect an estimated 3% growth rate in the Medicaid/CHIP population each year.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2015-2016	2016-2017
	15-16	16-17	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$15,750	
Travel.....				
Capital Outlay.....				
Aid.....			\$123,261	\$253,917
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$139,011</b>	<b>\$253,917</b>