

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$331,464		\$122,865	
CASH FUNDS				
FEDERAL FUNDS	\$831,464		\$122,864	
OTHER FUNDS				
TOTAL FUNDS	\$1,162,928		\$245,729	

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

This bill modifies references to the intergovernmental transfer program to be renamed as the certified public expenditure program as well as certain references to capitation payments which are renamed expenditures. The certified public expenditure program means an expenditure for which there is a certification that public funds for services provided have been expended as necessary for federal financial participation as required in section 1903(w) of the federal Social Security Act and federal code 42 C.F.R. 433.51 as exists on January 1, 2024. The bill contains an emergency clause and requires the Department of Health and Human Services (DHHS) to submit a state plan amendment. For the purposes of this fiscal note, DHHS assumes that if the amendment is submitted by September 1, 2024, then implementation would take place January 1, 2025.

The bill prevents expenditures for Medicaid ground emergency medical transport to be paid for via Medicaid Managed Care Organizations (MCOs), thus requiring all such payments to be made on a fee-for-service (FFS) basis. The cost of the claims would be the same but the method of payment would change from MCO to FFS therefore no additional funding is included for this purpose. DHHS notes that the total number of FFS claims paid is much smaller than the number of claims that are covered by contracts with MCOs. The agency indicates the changes proposed in this bill would require development of an alternative electronic payment system that would carry a significant cost.

DHHS would require additional staff, (one Medicaid Provider Fraud and Abuse Investigator, one Office Specialist, and one Reimbursement Analyst) to execute and oversee payments. Staffing expenses are covered by 50% federal funds as Medicaid administration. Updates to the state’s Medicaid Management Information System, MMIS, costing approximately \$1 million would be needed to take on the increased FFS capacity. MMIS updates are covered by 75% federal funds as IT administrative expenses.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1100	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-16-2024
		PHONE:	(402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health & Human Services’ assessment of 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 2-16-2024

Phone: (5) 471-6719

	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$331,464		\$122,865	
CASH FUNDS				
FEDERAL FUNDS	\$831,464		\$122,864	
OTHER FUNDS				
TOTAL FUNDS	\$1,162,928	\$0	\$245,729	\$0

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

Explanation of Estimate:

This bill amends existing statute to create a supplemental reimbursement program through certified public expenditure (CPE) for Medicaid Ground Emergency Medical Transport (GEMT) services under which all emergency transportation would be required to be paid on a Fee-For-Service (FFS) basis, requiring these services be carved out of the managed care program.

To implement these changes, the Department would require additional staff to calculate and process these supplemental payments, audit, and review CPEs, and process claims in FFS that are currently processed in managed care (Medicaid Provider Fraud and Abuse Investigator, Office Specialist, and Reimbursement Analyst). Staffing costs are matched 50% federal funds and 50% general funds.

This transition introduces considerable administrative costs for adapting the Medicaid Management Information System (MMIS), Provider Screening and Enrollment Management System, managed care encounter processor, and data warehouse changes with a total estimate of \$1,000,000. IT related administrative costs are matched 75% federal funds and 25% general funds.

Currently, other than long-term care services, the amount of Medicaid claims paid through fee-for-service is relatively small. The Department is moving towards placing all services into managed care and phasing out the current fee-for-service payment system, MMIS. To pay ground emergency transportation costs outside of managed care would require the department to develop an alternative electronic payment system that would carry a significant cost.

The bill states providers will pay for these changes and implementation expenditures, however that process is logistically unspecified. This bill allows up to 20% of the CPE value to be retained by the department to cover administrative costs to operate the programs; however, a CPE is not a source of revenue, and therefore this amount is not reflected in this fiscal note.

LB1100 has an emergency clause and requires the Department to submit a SPA by September 1, 2024. Due to the various changes in internal and external systems and processes, the implementation date of January 1, 2025, is used. This results in SFY25 expenditures reduced by 50%. SFY25 totals \$1,162,928 expenditures with state general funds totaling \$331,464 and federal funds totaling \$831,464. SFY26 expenditure totals \$245,729, with state general funds contributing \$122,865, and federal funds contributing \$122,864.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2024-2025	2025-2026
	24-25	25-26	EXPENDITURES	EXPENDITURES
X62440 - Medicaid Provider Fraud and Abuse Investigator	0.50	1.00	\$24,971	\$52,440
S01012 - Office Specialist	0.50	1.00	\$16,596	\$34,852
X21320 - Reimbursement Analyst	1.00	1.00	\$53,687	\$56,371

Benefits.....			\$33,339	\$50,282
Operating.....			\$1,034,335	\$51,784
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$1,162,928	\$245,729