

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	178,996 to 242,431		312,193 to 424,844	
CASH FUNDS				
FEDERAL FUNDS	268,493 to 363,645		468,289 to 637,266	
OTHER FUNDS				
TOTAL FUNDS	447,489 to 606,076		780,480 to 1,106,210	

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

This bill would require the Medicaid state plan to be amended to include coverage of tobacco cessation counseling and tobacco cessation pharmaceuticals.

The state currently has a tobacco quit line that provides counseling. The volume of calls is expected to increase if smoking cessation drugs are made available through Medicaid. The current contract has the capacity to handle the anticipated increase. The contract would need to be modified to gather the information required in the bill for tracking clients served and quit attempts by individuals on Medicaid. The contract modification would cost \$15,000 (\$6,000 GF and \$9,000 FF) annually.

Based on other states' experiences, it is estimated that 3% of the adult Medicaid population would seek smoking cessation assistance each year. This bill only expands coverage for adults: children are already covered. In Nebraska approximately 3,134 individuals would receive counseling and drugs. The cost for face-to-face counseling for 7 months in FY 09 would be \$271,862 (\$108,745 GF and \$163,117 FF) and \$482,790 (\$193,790 GF and \$289,674 FF) in FY 10. The cost for drugs would be \$208,704 (\$83,482 GF and \$125,222 FF) in FY 09 and \$370,629 (\$148,252 GF and \$222,378 FF) in FY 10. Some Medicaid programs only allow people to obtain treatment once a year. This bill does not indicate if there would be limits on the number of times treatment would be covered within a specified timeframe. If people who relapse are allowed to obtain treatment twice in a year, the costs for drugs and counseling would increase by \$158,587 (\$63,435 GF and \$95,152 FF) in FY 09 and by \$281,628 (\$112,651 GF and \$168,977 FF) in FY 10.

Most of the savings from preventing health problems would be over the long term. However, other states have seen savings in the first two years of the program. Those savings adjusted for the population in Nebraska would equate to \$48,077 (\$19,231 GF and \$28,846 FF) in FY 09 and \$87,939 (\$35,175 GF and \$52,763 FF) in FY 10.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Elton Larson	DATE	1/29/08	PHONE	471-2526
COMMENTS					
DEPARTMENT OF HEALTH AND HUMAN SERVICES: Concur.					