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DATE PREPARED: February 08, 2012  
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LB 1028

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

\*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 apply for a grant under State Balancing Incentive Payment Program by September 1, 2012. The department is to report to the Health and Human Services Committee on or before December 1, 2012, on the status of the grant.

The State Balancing Incentive Payment Program provides states with enhanced federal matching funds in Medicaid to expand home and community-based services. States receiving the enhanced match must make structural changes which include establishing a single point of entry, optional presumptive eligibility, case management services and use of a statewide standardized assessment instrument for determining eligibility for home and community-based services. States with grants under this program may not adopt more restrictive eligibility standards than those in place as of December 31, 2010. The grants are available through September 2015.

Nebraska would be eligible to receive a 2% increase in federal matching funds to enhance home and community-based services. The additional enhanced match would be approximately \$3 million in FY 13 and \$5.9 million in FY 14. The enhanced match would generate \$5.3 million in FY 13 and \$10.7 million in FY 14. These funds likely would offset higher institutional costs. Further study would need to be done to determine the extent of the savings that would result from the shift to more home and community-based services.

The agency has identified costs totaling \$5.8 million (\$2.6 million GF and \$3.2 million FF) in FY 13 and \$ 11.0 million (\$4.9 million GF and \$6.2 million FF) in FY 14 as costs to administer the program and make the structural changes needed to comply with the State Balancing Incentive Payment Program. The enhance match does not apply to the structural changes.

The net impact of the bill is not known since the more information is needed on any shifts from institutional care to home and community-based care.

**LB<sup>(1)</sup> 1028 - Revised FISCAL NOTE**

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 2-8-12

Phone: (5) 471-8072

FY 2012-2013

	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$2,607,149		\$4,912,299	
CASH FUNDS				
FEDERAL FUNDS	\$11,533,603		\$22,765,207	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$14,140,752</b>		<b>\$27,677,506</b>	

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

Explanation of Estimate:

LB 1028 directs DHHS to apply for the Balancing Incentives Payment Program (BIPP) grant from CMS, with the application due by September 1, 2012.

In order to meet the September 1, 2012 application due date the Department of Health and Human Services would need to hire a contractor to prepare the application at an estimated cost of \$80,000 (\$40,000 GF and \$40,000 FF) in SFY13.

Assuming the grant is approved and the program begins January 1, 2013, DHHS would need 1 FTE Program Coordinator and 1 FTE Staff Assistant II to implement and monitor the program estimated at \$70,784 (\$35,392 GF and \$35,392 FF) for SFY 2013 and \$141,570 (\$70,785 GF and \$70,785 FF) for SFY14.

To comply with the required single point entry system, DHHS will need to provide services for screening clients, determining service eligibility and enrolling clients in services. It is further required to provide conflict free case management. DHHS would need to contract out these services with new or existing local entities. It is estimated that to provide on-going conflict free case management for clients not currently receiving this service, but who would be eligible for it under BIPP requirements, would cost approximately \$10,875,936 (\$4,811,514 GF and \$6,064,422 FF) annually, with the first full year being SFY14. The estimated cost of these services for January 1, 2013 to June 30, 2013 is \$5,437,968 (\$2,405,757 and \$3,032,211 FF.) This cost estimate is based on the number of clients (7,768) in SFY 2011 who received Personal Assistance Services, home health or private duty nursing, and were not enrolled on an HCBS waiver. This group of clients was further reduced by taking into consideration the number of clients that are expected to be enrolled in managed care beginning July 1, 2012. The remaining 4,696 clients make up the group of clients who would receive conflict free case management under BIPP. The case management cost for each new client is based on the current services coordination which is \$193 per month for 12 months.

To meet the system requirements as defined by the BIPP grant, DHHS would also need to make system changes that are estimated at \$192,000 (\$96,000 GF and \$96,000 FF) in SFY13. Due to the short time frame involved, it is possible that web-based assessment products already on the market may need to be purchased instead of developing or adding to current State systems. Additionally, a Single Point Entry System will require the development and maintenance of a website designed for community based long term services and supports which is estimated at \$60,000 annually (\$30,000 and \$30,000 FF.)

If the grant is approved, it is estimated that approximately \$5.9 million would be available for services annually, the first full year would be SFY14. Under BIPP, the amount available is based on an increased match rate of 2% of the \$297,556,094 total SFY11 expenditures for HCBS Waivers and community based long term care services, such as personal assistance services and home health services. The increased match rate which

increases the amount of Federal share used to pay the original expenditures would reduce the General fund expenditures by \$5.9 million. These reduced General funds must be used for new or expanded long term services and supports. The BIPP grant specifically restricts the funds from being used for administrative expenses. Therefore, all costs identified above cannot be paid for with these grant funds. It is assumed that the freed up General funds would be eligible to be used for match to draw down additional Federal funds as long as the new or expanded services are coverable and eligible for match. The additional Federal matching funds would be approximately \$10.7 million annually, the first full year would be SFY14. Because the start date is January 1, 2013, it is estimated that during SFY13 approximately \$3 million would be available for services due to the 2% increased match. There will also be approximately \$5.3 million in additional Federal match because of the \$3 million of General funds freed up in SFY13.

It is the expectation of CMS that the structural changes and services being created under the BIPP grant will continue to be used once the program ends. Taking this into consideration, it should be noted that when the BIPP grant ends September 30, 2015 the estimated \$5.9 million of Federal funds being received from the increased match would need to be replaced by General funds annually.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
DHHS Program Coordinator	1	1	\$21,259	\$42,519
Staff Assistant II	1	1	\$15,646	\$31,292
Benefits.....				
			\$14,762	\$29,525
Operating.....				
			\$351,117	\$98,234
Travel.....				
Capital Outlay.....				
Aid.....				
			\$13,737,968	\$27,475,936
Capital Improvements.....				
<b>TOTAL</b> .....			\$14,140,752	\$27,677,506