

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

This bill requires the Department of Health and Human Services by September 1, 2013 to apply for a waiver or an amendment to an existing waiver for the purpose of providing medical assistance for family planning services for persons whose family earned income is at or below 185% of the federal poverty level.

The department estimates are based on the U. S. Census statistics that approximately 27,000 women who currently do not qualify would become eligible for family planning services at 185% of the federal poverty level. The approximate cost per recipient is \$252. The state match for family planning services is 10% with 90% paid by the federal government. Annually the cost would be \$6,804,000 (\$680,400 GF and \$6,123,600 FF).

The application for the family planning waiver is a simple check off form. Approval would be relatively quick, as this a straightforward, single service waiver that is based on income only. Although the waiver could be submitted by September 1, 2013, and approval would be assumed to within 30 to 90 days, the department has indicated that due to the amount of work that must be done to meet the implementation requirements of the Affordable Care Act (ACA) by January 1, 2014, as a practical matter, the family planning waiver implementation would need to be delayed until July, 1, 2014. It may be possible, however, to add the IT adjustments required by this bill onto the work being done for the ACA, it is an income-only eligibility requirement and only a limited range of services are covered.

Eligibility would be based on income only. One eligibility worker is needed per 1,000 applicants. The cost for 27 social service workers and 3 supervisors would be \$1,585,500 (\$792,750 GF and FF) annually. Other staff that would be required are: one program specialist at \$65,000 (\$32,500 GF and FF); one program analyst at \$63,000 (\$31,500 GF and FF) and one payment reviewer at \$45,600 (\$22,800 GF and FF). A contractor would also be needed to calculate managed care rates at a one-time cost of \$60,000 (\$30,000 GF and FF). One-time changes to MMIS are estimated to be \$270,000 (\$103,500 GF and FF).

An evaluation of other states family planning waivers was conducted by the CNA Corporation under contract with the federal Centers for Medicare and Medicaid (CMS). The report published in 2003 showed family planning waivers saved millions of dollars in all six state programs that were evaluated. The states were Alabama, Arkansas, California, New Mexico, Oregon and South Carolina. The department fiscal note takes the average of savings from more recent studies by the Guttmacher Institute, Iowa Public Health Association and the National Campaign to Prevent Teen and Unplanned Pregnancy. Savings of \$4.17 in Medicaid is assumed for every dollar spent on family planning services or \$28,458,649 (\$12,880,385 GF and \$15,578,264) annually.

Technical Note: The bill limits services to family planning services and devices. However, the Centers for Medicare and Medicaid require other related services to be covered, such as testing and treatment of STDs. There would be an additional cost for these services which are matched at the regular Medicaid match rate.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 452	AM:	AGENCY/POLT. SUB: HHS
REVIEWED BY: Elton Larson	DATE: 3/4/2013	PHONE: 471-4173
COMMENTS: HHS analysis and estimate of fiscal impact to the agency appear reasonable.		

**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) 3-4-13

Phone: (5) 471-8072

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$986,324*		-\$9,003,526*	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$986,323*		-\$6,241,713*	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$1,972,647*		-\$15,245,239*	

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

**Explanation of Estimate:**

LB 452 would require Nebraska Medicaid to submit a State Plan Amendment (SPA) to create a family planning eligibility group, limited to family planning services. A CHIP SPA would not be needed, because family planning services are already covered by CHIP, and CHIP serves children through age 18 to 200% FPL.

LB 577 would provide full Medicaid coverage for approximately 70% of the potential enrollees in this fiscal note. If both bills pass, reconciliation will be necessary.

Computer changes would be needed to create the new eligibility group with limited services. Administration Program 033 expenditures for the computer changes are estimated at \$207,500 (\$103,750 GF, \$103,750 FF) for FY14. Current technology resources are fully committed to 1-1-14 ACA implementation. The computer change process would begin after that date. For the purpose of this fiscal note, a 7-1-14 implementation date is assumed.

Under current ACA guidelines, DHHS cannot limit the ages for enrollees. This fiscal note assumes that 30% of the uninsured population over age 19 will enroll in the family planning waiver to obtain the limited free medical coverage. Based on Census data, 30% enrollment is estimated at 27,088 for FY15.

Two Program Specialists and one Program Analyst would be needed during FY14 to define the benefits package, submit the SPA, work with CMS for SPA approval, coordinate with managed care organizations and service providers, and work with IT staff to implement computer changes. The 85 additional staff positions needed to serve the additional enrollees would be hired 4-1-14, for training and to handle applications for enrollment effective 7-1-14. Administration Program 033 staff expenditures are estimated at \$1,705,147 (\$852,574 GF, \$852,573 FF) for FY14, and \$6,388,794 (\$3,194,397 GF, \$3,194,397 FF) for FY15.

A contractor would be needed to calculate managed care rates for the limited benefits package. Administration Program 033 expenditures for the contractor are estimated at \$60,000 (\$30,000 GF, \$30,000 FF) for FY14.

Family planning services expenditure estimates are based on current expenditures per patient for family planning services, which have a 90% federal match rate. For 27,088 enrollees at \$252 per person, Medicaid Program 348 expenditures are estimated at \$6,824,616 (\$682,462 GF, \$6,142,154 FF) for FY15.

\*CMS requires states to provide at least one family planning-related service (for instance, treatment of STDs) in addition to family planning services. That requirement conflicts with LB 452, which is limited to family planning services. Related services would increase the expenditures for this eligibility group, and would be funded at the regular Medicaid match rate, not at the 90% family planning rate.

Averaging recent study findings from the Guttmacher Institute, the Iowa Public Health Association, and The National Campaign to Prevent Teen and Unplanned Pregnancy, an estimated \$4.17 is saved for every \$1 spent on family planning services. Potential savings are estimated at -\$28,458,649 (-\$12,880,385 GF, -\$15,578,264 FF) for FY15, at the estimated Medicaid match rate of 54.74%.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2013-2014	2014-2015
	13-14	14-15	EXPENDITURES	EXPENDITURES
Staff	88	88	\$822,942	\$3,083,373
Benefits.....			\$329,183	\$1,233,375
Operating.....			\$553,022	\$2,072,046
Travel.....				
Capital Outlay.....			\$267,500	\$0
Aid.....			\$0	-\$21,634,033*
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$1,972,647</b>	<b>-\$15,245,239</b>