

Revised based on full analysis of the bill

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,338,145		(3,306,948)	316,199
CASH FUNDS			267,369	230,441
FEDERAL FUNDS	3,003,236		157,529,510	
OTHER FUNDS				
TOTAL FUNDS	4,341,381		154,489,931	546,640

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

This bill establishes the Transitional Health Insurance Program Act. The Department is required to develop and submit a Medicaid demonstration waiver within 14 months after the effective date of this act and any other waivers or state plan amendments necessary to implement the act. Implementation is to begin 90 days after approval. The department is to establish three types of programs for newly eligible individuals under federal Medicaid Expansion as described below:

- 1) Transitional Health Insurance Premium Assistance Program: For newly eligible individuals who do not have access to cost-effective employer-sponsored insurance and who are not determined to be medically frail or are not otherwise exempt from enrolling in a qualified health plan on the exchange. They would be enrolled in a high value, one hundred percent actuarial value, silver-level health plan on the exchange. The department will pay copays, coinsurance and deductibles. Coverage is effective the first day of the month following the month of application. Until enrollment in a qualified plan, the individual will be covered under fee-for-service coverage. Wrap around benefits will be provided.
- 2) Employee Health Insurance Program: Newly eligible individuals who have access to cost-effective employer-sponsored insurance will have the employee portion of their premiums and the employees' share of copayments, coinsurance and deductibles paid for by the department. Wrap around benefits will be provided.
- 3) Innovation Health Improvement Program: Newly eligible who are medically frail or who are otherwise exempt from the Transitional Health Insurance Premium Assistance Program will be enrolled in Medicaid with the benchmark benefit package. Services include all mandatory and optional coverage, additional wrap-around benefits and coverage under the Paul Wellstone and Pete Domenici Mental Health Parity Act and Addiction Equity Act. Medically frail individuals or individuals with exceptional medical conditions would have health homes that provide intensive care management and patient navigation services by a multidisciplinary team.

Enrollees are covered for 12 continuous months. Eligibility shall be reviewed annually.

Each newly eligible participant whose income is above 50% of the Federal Poverty Level (FPL) will be required to make monthly contributions up to two percent of their income. Failure to make the monthly contributions will not impact eligibility but will constitute a debt to the state. The monthly contributions would be deposited into the Transitional Health Insurance Program Fund and used to support the cost of newly eligible participants. The Legislature is authorized to use the Health Care Cash Fund for the Transitional Health Care Insurance Program Act.

The bill states that if the Federal Financial Participation Rate (FFMAP) falls below 90%, the coverage for newly eligible individuals shall terminate as of the date the federal funding falls below that level. The bill has the emergency clause.

The Health Insurance Employment Program is created. It is a pilot program for individuals participating in Medicaid Expansion to receive assistance with referral to employment programs, adult basic education or GED Programs. The bill states legislative intent to appropriate \$500,000 each year through FY19-20.

Implementation Assumptions

In this fiscal note, it is assumed that implementation of the Medicaid Expansion would begin on January 1, 2018. For a Medicaid waiver to be approved, the costs must be budget neutral. This means the waiver cannot cost the federal government more than what would have otherwise been spent absent the waiver over the length of the waiver. An actuarial study is required for the waiver application to determine cost neutrality. For purposes of this fiscal note, the costs are assumed to be the same if implemented with or without a waiver.

There is a great degree of uncertainty in projecting the cost of this bill. Medicaid Expansion covers a population that previously has never been covered by Medicaid. The pool of those potentially eligible coupled with assumptions regarding their behavior as to whether or not to participate and when, their health status and their decisions with regard to continuing insurance coverage or opting for Medicaid all make the impact difficult to project. A review of Medicaid Expansion states showed mixed results. A survey of State Medicaid directors showed that 17 of 29 states that expanded coverage participation rates were higher than expected. However, the survey did not ask information on the initial assumptions behind the projections, so it is unknown if the take-up rates in the projections were high or low.

Comparison of LFO and Optumas

The Legislative Fiscal Office estimates differ from the Department of Health and Human Services. HHS contracted with Optumas for their projections. The LFO reviewed the Optumas report and made modifications. The major differences are in the areas of population, price, current eligible (woodwork), savings and member contributions.

Population

The U. S. Census conducts two surveys, the Current Population Survey (CPS) and the American Community Survey (ACS). The surveys produce different results. The LFO used the average of the 2014 data from the CPS and the ACS. Because of the changes in insurance coverage since the Affordable Care Act was implemented, the 2014 surveys reflect those changes. Optumas used data from 2010 through 2014.

Price

For the Employer-Sponsored Insurance and medically frail, the LFO used the same cost estimates as Optumas. For those in the Transitional Insurance Program, the LFO used the Silver Plan from the Health Insurance Exchange, since this is the plan participants would purchase. The cost of the Silver Plan was adjusted for anticipated premium increases and 20% for copayments and deductibles that would be covered by the state. Optumas created a rate based on Medicaid rates and applying the following increases: 22.3% for acuity, 37.3% for higher reimbursement rates and 15% for non-medical load. Although Optumas projected a higher level of acuity for this population, the highest level of acuity would not be placed in the insurance pool but would be in the regular Medicaid Program. Also, in their report they noted: "The influx of a large number of lives into the HIX could help stabilize premiums by providing a larger base of lives, and could also entice additional carriers to compete for business in Nebraska." However, they did not consider this in their assumptions.

Current Eligible (Woodwork)

With the implementation of the Affordable Care Act, states projected currently eligible individuals would sign up for Medicaid. This is referred to as the “woodwork” effect. In 2013, both the LFO and the HHS contractor, Milliman, projected increases in the low-income parent group and children. Although the number of children on Medicaid and the Children’s Health Insurance Program (CHIP) increased, the opposite occurred in parent group. Beginning in September 2013 through December 2015, the number of low-income parents in the Medicaid Program declined from 31,296 to 21,868; a decrease of 9,428 enrollees. Since the adult “woodwork” population never materialized and the low-income parents group declined by 30%, the LFO did not include any increases due to the “woodwork” effect.

Savings

Costs of some current programs funded entirely or partially with State General Funds would be shifted to Medicaid Expansion and result in General Fund savings. The major difference in the savings between the LFO and HHS is in the area of behavioral health. A study by the Behavioral Health Regions shows that up to \$37 million a year could be saved. LFO gradually increased the savings to \$24 million a year. HHS kept the savings flat at \$5.5 million. Another difference is in the first year. LFO adjusted the savings to reflect a half year of implementation; the HHS fiscal note showed a full year of savings.

Member Contributions

Optumas assumed the member contributions would all be applied to offset State General Fund costs. Contributions are considered federal cost sharing. The LFO shows the contributions offsetting State and federal funds at the match rate.

Administration

The staffing needs consists of medical, financial/accounting, eligibility, investigative and program/policy personnel. In FY 16-17, approximately seven staff positions would be needed. The costs would be \$792,988 (\$294,106 GF and \$498,882 FF). In FY 17-18, additional staff are added as implementation begins. The FY 17-18 costs are estimated to be \$5,705,032 (\$2,794,112 GF and \$2,910,920 FF); for a total of 92 FTE. Staffing costs in the subsequent years would increase based on inflation and caseloads. The Department estimated 16 staff in FY 17 and 114 in FY 18.

Information system changes are estimated to be \$1,825,393 (\$182,539 GF and \$1,642,854 FF) in FY 17 and \$2,595,132 (\$259,513 GF and \$2,335,619 FF) in FY 18. Additionally, there will be contractual costs associated with the waiver application. Those projected costs are \$1,723,000 (861,500 GF and FF) in FY 17 and \$369,000 (\$184,500 GF and F) in subsequent years. The

Aid

The Federal Medical Assistance Percentage (FMAP) is the percentage paid by the federal government for the aid costs of Medicaid. Initially the aid costs were fully funded by the federal government. They are gradually phased down to 90% in 2020. The chart on the following page shows the federal match rates for the calendar years 2015 to 2020:

Calendar Year	Fed. Match
2015	100%
2016	100%
2017	95%
2018	94%
2019	93%
2020 and after	90%

This fiscal note shows projected costs through 2021. The projections beyond the next biennium are shown because of the length of time to develop and apply for the waiver, the length of time for federal approval, changes in the FMAP and due to the assumption that participation will increase over time.

The LFO costs are based on the Silver Plan on the Health Insurance Exchange with wrap-around services added and adjusted for projected premium rate increases. The Per-Member Per-Month (PMPM) cost for the Transitional Health Program is estimated to be \$696 in FY 18 and for the Employer-Sponsored group, the costs are estimated to be \$392. The average monthly costs for the medically frail is \$1,302 in FY 18. The number of individuals under 138% of FPL who are uninsured using the 2014 average of the CPS and the ACS is 68,537 and the number with private insurance is 58,504. The eventual participation rate is projected to be 80%. The medically frail are assumed to 10% of the population. Some of the uninsured currently do not participate in their employer-sponsored insurance because of the cost. It is assumed in the LFO estimates that 5% of the uninsured would enroll in their employers' plans.

The aid costs by fund source by category are shown in the chart below:

Transitional	Total	General	Federal
FY 17-19	79,049,650	4,742,979	74,306,671
FY 18-19	461,711,031	30,011,217	431,699,814
FY 19-20	600,249,718	51,021,226	549,228,492
FY 20-21	655,327,210	65,532,721	589,794,489
ESI	Total	General	Federal
FY 17-19	25,833,817	1,550,029	24,283,788
FY 18-19	150,861,492	9,805,997	141,055,495
FY 19-20	196,071,235	16,666,055	179,405,180
FY 20-21	214,007,620	21,400,762	192,606,858
Medically Frail	Total	General	Federal
FY 17-19	60,764,100	3,645,846	57,118,254
FY 18-19	215,204,692	13,988,305	201,216,387
FY 19-20	233,488,847	19,846,552	213,642,295
FY 20-21	248,668,180	24,866,818	223,801,362
Total	Total	General	Federal
FY 17-19	165,647,567	9,938,854	155,708,713
FY 18-19	827,777,215	53,805,519	773,971,696
FY 19-20	1,029,809,800	87,533,833	942,275,967
FY 20-21	1,118,003,010	111,800,301	1,006,202,709

Program Savings

The State Disability Program will be eliminated if Medicaid is expanded per this bill. The State Disability Medical Program covers individuals whose disability is expected to last not less than six months up through 12 months. After twelve months, if the disability continues Social Security and Medicare coverage begins. Although persons eligible under this program are considered disabled under the state's definition, they are not considered disabled under federal law, so their medical care would be covered under the Medicaid expansion.

The state currently provides coverage for prescription drugs for low-income individuals who are HIV positive or have AIDS. These individuals would be eligible for drug coverage under the provision of this bill, so the state drug program will no longer be utilized.

The state provides behavioral health funding to the mental health regions to cover individuals who are not insured and services that not covered by insurance or Medicaid. A report by the Nebraska Association of Regional Administrators states that 93.2% of the persons served by the Behavioral Health Regions are under 138% of FPL. Estimated savings, net of the costs that would not be covered by Medicaid, are up to \$37 million annually for those who would be covered by Medicaid expansion. However, to avoid a disruption in services, the savings will be gradually captured.

For pregnant women, Women with Cancer and 599 CHIP legal residents eligibility would shift from Medicaid or CHIP to Medicaid Expansion. Savings result from the higher match rate for Medicaid Expansion.

The savings for all programs is shown in the chart below:

Programs	FY17-18	FY18-19	FY19-20	FY 20-21	Four-Year Total
State Disability	(1,619,800)	(3,222,368)	(3,153,441)	(3,101,745)	(11,097,354)
AIDS Drugs	(450,000)	(900,000)	(900,000)	(900,000)	(3,150,000)
Behavioral Health	(2,400,000)	(10,000,000)	(18,000,000)	(24,000,000)	(54,400,000)
Pregnant Women	(11,626,791)	(22,978,847)	(21,879,906)	(21,055,701)	(77,541,245)
Women with Cancer	(331,405)	(650,897)	(603,247)	(567,510)	(2,153,059)
CHIP 599	(9,292)	(16,656)	(8,945)	(3,162)	(38,055)
Total HHS Savings	(16,437,288)	(37,768,768)	(44,545,539)	(49,628,118)	(148,379,713)
Corrections	-	-	-	-	-
Total Savings	(16,437,288)	(37,768,768)	(44,545,539)	(49,628,118)	(148,379,713)

Premiums

Enrollees are required to pay 2% of their income towards the premiums for individuals over 50% of FPL. Lack of payments would not disqualify individuals from the program but would be debt to the State. It is assumed 70% would make timely payments; the remainder could be collected through tax intercepts or other actions. The following chart shows the contributions by fiscal year and the state and federal split:

Fiscal Year	Contributions	State Share	Federal Share
FY 17-18	3,840,683	230,441	3,610,242
FY 18- 19	19,791,646	1,286,457	18,505,189
FY 19-20	23,428,576	1,991,429	21,437,147
FY 20- 21	23,694,360	2,369,436	21,324,924

Premium Tax

Enrollment of newly eligible individuals in insurance plans will increase premium tax revenue. Fifty percent is deposited into the Insurance Tax Fund. Of that amount, 60% is used to offset General Fund costs in TEOSA and 40% is divided between cities and counties. Of the remaining balance, forty percent is deposited into the General Fund and 10% into the Mutual Finance Assistance Fund. There is a lag in payments for TEEOSA and aid for cities and counties. The chart below show the distribution of the tax by fiscal year:

Insurance Premium Tax Distribution	FY 17-18	FY 18- 19	FY 19-20	FY 20-21	Four-Year Total
To the General Fund	316,199	1,824,784	2,381,933	2,596,307	7,119,223
Mutual Aid	79,050	456,196	595,483	649,077	1,779,806
Cities and Counties		912,392	1,190,967	1,298,154	3,401,512
TEEOSA		1,368,588	1,786,450	1,947,230	5,102,268

Insurance

The Department of Insurance would need one investigator beginning in the second half of FY 18. The Department is solely cash funded. The total cost would be \$36,928 in FY 18 and \$36,928 in FY 19 and thereafter.

Corrections

Inmates of correctional facilities are not eligible for Medicaid; however, if inmates are hospitalized outside of the correctional facility and they are deemed to be medically frail, they are eligible for Medicaid for the services provided while in the hospital. The Department of Corrections is conducting an analysis of the savings.

Counties

Counties would see a reduction in costs currently spent on covering individuals through General Assistance. The savings would vary from county to county; however county by county information is not available. The state's two largest counties Douglas and Lancaster provided projected cost savings. Douglas County estimates savings of \$1.8 million annually in reduced reimbursements to medical providers and in payments for prescription drugs. Lancaster County projects savings of \$2 million annually in their General Assistance Program. Savings in FY 18 would be approximately one half of estimated annual savings.

As noted above, inmates of correctional facilities are eligible for Medicaid coverage for inpatient hospital services. Counties will have savings for inpatient hospital services for jail inmates, but as with General Assistance, those costs would vary from county to county. No estimate is available at this time.

Transitional Health Insurance Employment Program

The bill establishes a pilot employment program for those enrolled in the Transitional Health Insurance Program with education and skills training. The program is voluntary for enrollees. The program sunsets on June 30, 2020. Legislative intent is stated to fund the program at \$500,000 each fiscal year.

LB 1032 Summary (State Only Impact)	FY 16-17	FY 17-18	FY 18- 19	FY 19-20	FY 20-21	Five-Year Total
Aid						
Transitional Health		79,049,650	461,711,031	600,249,718	655,327,210	1,796,337,608
Employer-Sponsored		25,833,817	150,861,492	196,071,235	214,007,620	586,774,164
Medically Frail		60,764,100	215,204,692	233,488,847	248,668,180	758,125,819
Total		165,647,567	827,777,215	1,029,809,800	1,118,003,010	3,141,237,592
State Fiscal Year Match Rate		0.94	0.935	0.915	0.90	
General Fund Aid		9,938,854	53,805,519	87,533,833	111,800,301	263,078,507
Federal Fund Aid		155,708,712.67	773,971,696	942,275,967	1,006,202,709	2,878,159,085
Administration						
General	294,106	2,794,112	2,794,112	2,794,112	2,794,112	11,470,554
Federal	498,882	2,910,920	2,910,920	2,910,920	2,910,920	12,142,562
Total	792,988	5,705,032	5,705,032	5,705,032	5,705,032	23,613,116
Contracts						
General	861,500	184,500	184,500	217,500	184,500	1,632,500
Federal	861,500	184,500	184,500	217,500	184,500	1,632,500
Total	1,723,000	369,000	369,000	435,000	369,000	3,265,000
IT						
General	182,539	259,513				442,052
Federal	1,642,854	2,335,619				3,978,473
Total	1,825,393	2,595,132				4,420,525
General Fund Admin	1,338,145	3,238,125	2,978,612	3,011,612	2,978,612	13,545,106
Federal Fund Admin	3,003,236	5,431,039	3,095,420	3,128,420	3,095,420	17,753,535
Total Admin	4,341,381	8,669,164	6,074,032	6,140,032	6,074,032	31,298,641
Subtotal Expansion Costs						
General Fund Total	1,338,145	13,176,979	56,784,131	90,545,445	114,778,913	276,623,613
Federal Fund Total	3,003,236	161,139,752	777,067,116	945,404,387	1,009,298,129	2,895,912,620
Total	4,341,381	174,316,731	833,851,247	1,035,949,832	1,124,077,042	3,172,536,233
Offsets	FY 16-17	FY 17-18	FY 18- 19	FY 19-20	FY 20-21	Five-Year Total
Savings						
State Disability		(1,619,800)	(3,222,368)	(3,153,441)	(3,101,745)	(11,097,354)
AIDS Drugs		(450,000)	(900,000)	(900,000)	(900,000)	(3,150,000)
Behavioral Health		(2,400,000)	(10,000,000)	(18,000,000)	(24,000,000)	(54,400,000)
Pregnant Women		(11,626,791)	(22,978,847)	(21,879,906)	(21,055,701)	(77,541,245)
Women with Cancer		(331,405)	(650,897)	(603,247)	(567,510)	(2,153,059)
CHIP 599		(9,292)	(16,656)	(8,945)	(3,162)	(38,055)
Total HHS Savings		(16,437,288)	(37,768,768)	(44,545,539)	(49,628,118)	(148,379,713)
Corrections		-	-	-	-	-
Total GF Savings		(16,437,288)	(37,768,768)	(44,545,539)	(49,628,118)	(148,379,713)
Contributions		3,840,683	19,791,646	23,428,576	23,694,360	70,755,265
State Match Cash		230,441	1,286,457	1,991,429	2,369,436	5,877,763
Federal		3,610,242	18,505,189	21,437,147	21,324,924	64,877,502
Insurance Premium Tax						
To the General Fund		316,199	1,824,784	2,381,933	2,596,307	7,119,223
TEEOSA			1,368,588	1,786,450	1,947,230	5,102,268
Insurance Premium Tax Offsets		316,199	3,193,371	4,168,383	4,543,538	12,221,491
Expansion with Offsets						
General	1,338,145	(3,806,948)	14,535,535	39,840,094	58,237,821	110,144,647
Cash		230,441	1,286,457	1,991,429	2,369,436	5,877,763
Federal	3,003,236	157,529,510	758,561,927	923,967,240	987,973,205	2,831,035,118
Non-Expansion Expenditures						
Employment Program (General Fund)		500,000	500,000	500,000		1,500,000
Department of Insurance (Cash Fund)		36,928	69,102	69,102	69,102	244,234
General	1,338,145	(3,306,948)	15,035,535	40,340,094	58,237,821	111,644,647
Cash		267,369	1,355,559	2,060,531	2,438,538	6,121,997
Federal	3,003,236	157,529,510	750,539,398	916,346,146	987,973,205	2,815,391,495
Total	4,341,381	154,489,931	766,930,492	958,746,771	1,048,649,564	2,933,158,138

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1032	AM:	AGENCY/POLT. SUB: Dept. of Education
REVIEWED BY: Elton Larson	DATE: 2/9/16	PHONE: 471-4173
COMMENTS: Dept. of Ed. analysis and estimate of fiscal impact appear reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1032	AM:	AGENCY/POLT. SUB: NACO
REVIEWED BY: Elton Larson	DATE: 2/8/16	PHONE: 471-4173
COMMENTS: Various counties surveyed by NACO estimated a reduction in general assistance programs, but not a corresponding reduction in revenue generated mainly through property taxes. This apparently indicates that the expenditure reduction will not be reflected in a reduction in the overall county budgets.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1032	AM:	AGENCY/POLT. SUB: Dept of Insurance
REVIEWED BY: Elton Larson	DATE: 2/8/16	PHONE: 471-4173
COMMENTS: Dept. of Insurance analysis and estimate of fiscal impact appear reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1032	AM:	AGENCY/POLT. SUB: Dept of Labor
REVIEWED BY: Elton Larson	DATE: 2/8/16	PHONE: 471-4173
COMMENTS: Dept. of Labor estimate of no fiscal impact to agency appears reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1032	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Elton Larson	DATE: 2/8/16	PHONE: 471-4173
COMMENTS: NU analysis did not identify savings associated with Transitional Health Insurance Program.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 1032	AM:	AGENCY/POLT. SUB: HHS
REVIEWED BY: Elton Larson	DATE: 2/9/16	PHONE: 471-4173
COMMENTS: Concur with HHS analysis and estimate of fiscal impact.		

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2016

LB⁽¹⁾ 1032

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Education

Prepared by: ⁽³⁾ Joel Scherling Date Prepared: ⁽⁴⁾ 1/21/16 Phone: ⁽⁵⁾ 471-4736

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

All permanent NDE employees who are .50 or greater are eligible to participate in the state employee group health insurance offerings. NDE currently has only one employee who is less than .50 FTE. No fiscal impact is anticipated.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Pat Weber

Date Prepared:(4) 1-22-16

Phone: (5) 471-6351

	<u>FY 2016-2017</u>		<u>FY 2017-2018</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$1,679,259		-\$13,718,736	
CASH FUNDS				
FEDERAL FUNDS	\$3,441,367		\$330,674,993	
OTHER FUNDS				
TOTAL FUNDS	\$5,120,626		\$316,956,257	

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

Explanation of Estimate:

LB 1032 seeks to adopt the Transitional Health Insurance Program Act to implement the optional adult category of the Affordable Care Act in Nebraska. This expansion of Nebraska Medicaid would offer services to the adult group not previously covered. Waivers shall be submitted no later than fourteen months of the effective date of the act with coverage beginning within ninety days after approval by the Centers for Medicare and Medicaid Services. Implementation is estimated for January 1, 2018, assuming the timely approval of submitted waivers. Due to the complex and rigorous waiver approval process, the anticipated implementation date could be delayed.

This bill establishes three separate Medicaid expansion programs:

- Transitional Health Insurance Premium Assistance Program: A program for newly-eligible adults to enroll in private insurance on the federal health insurance exchange and have premiums, copayments, and cost-sharing paid for by Medicaid. Any services not covered by the private insurance plan will be provided through Medicaid.
- Employee Health Insurance Program: A program for newly-eligible adults and families to enroll in cost-effective employer-sponsored health insurance coverage and have premiums, copayments, and cost-sharing paid for by Medicaid. Any services not covered by the private insurance plan will be provided through Medicaid.
- Innovation Health Improvement Program: A program for newly-eligible adults who are determined to be “medically frail or otherwise exempt from Transitional Health Insurance Premium Assistance Program coverage.”

The Nebraska Division of Medicaid and Long-Term Care retained Optumas, an actuarial consulting firm specializing in health care reform, to assist in estimating the impact of the adult category to Nebraska Medicaid. The projected quantities of new enrollees and average annual cost per person are based on their analysis, which utilized Nebraska’s Medicaid data and program structure, Medicaid expansion statistics from other states, managed care data for capitation rates, Nebraska Medicaid service costs, and commercial health insurance exchange rates, rules, and regulations. Expenditures for benefits are estimated at \$14.7 billion through state fiscal year (SFY) 2027. Assuming a January 1, 2018, implementation date, the Department estimates LB 1032 will result in enrollment of an additional 136,524 new adults in Medicaid by SFY27 (79,990 for the Transitional Health Insurance Program, 37,364 for the Employee Health Insurance Program, 16,300 for the Innovation Health Insurance Program, and 2,870 woodwork adults).

Each population (transitional, employee, innovation, and woodwork) is anticipated to have a different per member, per month (PMPM) cost as set out in the “PMPM Cost” chart below:

PMPM Cost	Transitional	Employee	Innovation	Woodwork
SFY18	\$743.78	\$398.07	\$1,302.99	\$464.28
SFY19	\$788.72	\$421.15	\$1,347.37	\$481.36
SFY20	\$850.73	\$453.38	\$1,423.58	\$505.93
SFY21	\$926.84	\$493.50	\$1,509.54	\$535.61
SFY22	\$1,009.92	\$537.59	\$1,600.69	\$567.04
SFY23	\$1,100.47	\$585.62	\$1,697.35	\$600.30
SFY24	\$1,199.15	\$637.97	\$1,799.83	\$635.52
SFY25	\$1,306.70	\$695.01	\$1,908.51	\$672.81
SFY26	\$1,423.92	\$757.18	\$2,023.75	\$712.28
SFY27	\$1,551.66	\$824.92	\$2,145.95	\$754.06

The year-by-year analysis and breakdown by State Funds and Federal Funds is set out in the “Benefits & Enrollment” table below. This assumes member contributions of 2% of monthly household income at a 70% participation rate by required enrollees to offset the state cost of the program and additional program savings from other Medicaid categories.

Benefits & Enrollment	Total Funds	State Funds	Federal Funds	New Enrollees
SFY17	\$0	\$0	\$0	0
SFY18	\$305,003,393	-\$18,756,219	\$323,759,612	70,170
SFY19	\$863,625,223	\$11,950,773	\$851,674,450	96,727
SFY20	\$1,187,018,204	\$53,454,226	\$1,133,563,979	125,718
SFY21	\$1,316,633,408	\$83,319,822	\$1,233,313,586	128,778
SFY22	\$1,442,095,705	\$95,189,602	\$1,346,906,103	130,037
SFY23	\$1,579,600,156	\$108,266,582	\$1,471,333,575	131,308
SFY24	\$1,730,316,876	\$122,668,791	\$1,607,648,085	132,593
SFY25	\$1,895,530,863	\$138,525,824	\$1,757,005,039	133,890
SFY26	\$2,076,653,378	\$155,979,983	\$1,920,673,394	135,200
SFY27	\$2,275,234,435	\$175,187,533	\$2,100,046,902	136,524
Total	\$14,671,711,641	\$925,786,917	\$13,745,924,725	

Due to the possible need to increase reimbursement levels to certain Medicaid providers to ensure client access, the total cost for services may increase.

Also of note is that premiums are anticipated to rise by over 7% for all Nebraskans who purchase insurance on the marketplace due to the introduction of the expansion population into the market.

In order to handle the new adult population expected to enroll in Nebraska Medicaid due to LB 1032, the Department would need 35 eligibility and claims staff workers beginning 7-1-17 in SFY18. By SFY27, the Department would need up to 33 workers in addition to the positions added in SFY18, for a total of 68 additional positions. This staff is needed to determine eligibility, process claims, and administer Medicaid requirements.

On top of the eligibility and claims staff increases, 16 additional staff members in SFY17 and 63 additional staff members in SFY18 will be needed to administer the various requirements of the Transitional Health Insurance Program Act. These 79 total staff members are required for the following:

- Medical Team – 1 Physician, 3 Nurses, and 1 Staff Assistant II beginning 7-1-16 to determine the criteria for and oversee the medically frail population.
- Financial Team (Premium Assistance) – 1 Administrator I beginning 1-1-17; 2 Office Managers, 1 Staff Assistant I, and 35 Payments Reviewers starting 7-1-17 to coordinate and process payments for the premium assistance program.

- Financial Team (2% Client Contribution) – 1 Administrator I, 1 Accountant I, 1 Staff Assistant I, 10 Accounting Clerk II positions, and 1 Hearing Officer starting 7-1-17 to facilitate the collection of the 2% contributions by clients and track totals.
- Eligibility / Data Analytics Team – 1 Program Specialist starting 7-1-16 to assist in the development and administration of the waivers; 2 Statistical Analyst II positions starting 7-1-16 for data collection for the waiver application and establishing data quality metrics; 1 Business Analyst and 1 Office Manager beginning 1-1-17 to assist in the identification, design, and development of IS&T changes due to the waivers; 1 Program Accuracy Specialist, 2 Statistical Analyst II, 1 Staff Assistant I, and 1 Program Specialist starting 7-1-17 to facilitate quality measurement development, data gathering, and additional reporting.
- Special Investigative Unit (SIU) Team – 1 Quality Control Specialist and 1 Fraud Investigator starting 7-1-17 to investigate possible abuse and fraud.
- Program Team – 1 Program Manager II, 1 Program Coordinator, and 1 Program Specialist starting 7-1-16 to apply for and oversee the waivers; 2 Program Specialists starting 7-1-16 for quality and financial oversight of the Managed Care vendors in relation to the new population; 3 Program Specialists starting 7-1-17 to manage additional Managed Care contracts and financial oversight.
- CMS 64 Reporting – 1 Program Analyst starting 7-1-17 for additional CMS 64 reporting requirements associated with the waivers.

A total of 147 staff positions will be needed to be added through SFY27. The fiscal impact of staffing increases are estimated in the “Staff” table below and include all expenditures for salary, benefits, and facility/office overhead expenses.

Staff	Total Funds	State Funds	Federal Funds	Positions
SFY17	\$1,572,233	\$635,220	\$937,013	16
SFY18	\$8,488,732	\$4,093,470	\$4,395,262	114
SFY19	\$9,406,623	\$4,552,415	\$4,854,208	127
SFY20	\$10,465,728	\$5,081,968	\$5,383,760	142
SFY21	\$10,536,335	\$5,117,271	\$5,419,064	143
SFY22	\$10,606,942	\$5,152,575	\$5,454,367	144
SFY23	\$10,677,549	\$5,187,878	\$5,489,671	145
SFY24	\$10,677,549	\$5,187,878	\$5,489,671	145
SFY25	\$10,748,156	\$5,223,182	\$5,524,974	146
SFY26	\$10,818,763	\$5,258,485	\$5,560,278	147
SFY27	\$10,818,763	\$5,258,485	\$5,560,278	147
Total	\$104,817,373	\$50,748,827	\$54,068,546	

Information systems and technology (IS&T) changes would be necessary to meet business requirements for supporting the new Medicaid population. The cost of required systems changes is estimated at \$4,420,525 through SFY18. System changes are reflected in the IS&T table below. Additional costs might be required for linkages to private insurance carriers and the federally-facilitated exchange for payment of premiums and co-payments.

IS&T	Total Funds	State Funds	Federal Funds
SFY17	\$1,825,393	\$182,539	\$1,642,854
SFY18	\$2,595,132	\$259,513	\$2,335,619
SFY19	\$0	\$0	\$0
SFY20	\$0	\$0	\$0
SFY21	\$0	\$0	\$0
SFY22	\$0	\$0	\$0
SFY23	\$0	\$0	\$0
SFY24	\$0	\$0	\$0

SFY25	\$0	\$0	\$0
SFY26	\$0	\$0	\$0
SFY27	\$0	\$0	\$0
Total	\$4,420,525	\$442,052	\$3,978,473

In order to assist the Department with waiver development, procurement, and implementation of the Transitional Health Insurance Program Act, a contract will be needed at an estimated cost of \$1,250,000 total funds in SFY17. A contractor will also be needed each year to aid in the reporting requirements of the 1115 Demonstration and State Innovation Waiver at an approximate cost of \$250,000 total funds annually. Additional contracts are also needed to update the capitation rates annually through an actuarial contract and to review the managed care organizations yearly through an external quality review organization. Annual analysis of contracts costs are represented in the "Contracts" table below.

Contracts	Total Funds	State Funds	Federal Funds
SFY17	\$1,723,000	\$861,500	\$861,500
SFY18	\$369,000	\$184,500	\$184,500
SFY19	\$369,000	\$184,500	\$184,500
SFY20	\$435,000	\$217,500	\$217,500
SFY21	\$369,000	\$184,500	\$184,500
SFY22	\$369,000	\$184,500	\$184,500
SFY23	\$435,000	\$217,500	\$217,500
SFY24	\$369,000	\$184,500	\$184,500
SFY25	\$369,000	\$184,500	\$184,500
SFY26	\$435,000	\$217,500	\$217,500
SFY27	\$369,000	\$184,500	\$184,500
Total	\$5,611,000	\$2,805,500	\$2,805,500

The cost of total benefits and enrollment analysis assumes member contributions of 2% of monthly household income at a 70% participation rate by required enrollees to offset the state cost of the program. The bill requires these funds to be placed in the Transitional Health Insurance Program Fund for support of the program.

The legislation also created the Transitional Health Insurance Employment Program. It is the intent of the Legislature to appropriate \$500,000 state funds annually, on a pilot-program basis, to this program that will expire at the end of SFY20.

The state could see savings by moving certain population categories to the expansion population. The women with cancer category currently covers women up to 225% FPL and pregnant women category currently covers up to 194% FPL. These populations currently cost approximately \$38 million in state funds annually. This total also includes 599 CHIP clients. Medicaid clients in these eligibility categories below 138% FPL (except 599 CHIP) could qualify as newly eligible under the ACA.

Potential limited savings also exist outside of Medicaid for the state disability program, which incurs roughly \$3 million in state fund expenditures annually, as well as savings within behavioral health funding. The HIV/AIDS prescription program could also possibly see some degree of savings.

Approximate savings for the women with cancer Medicaid category, pregnant woman Medicaid category, 599 CHIP, state disabled, and behavioral health are reflected in the "Savings" table below, amounts of which are included in the "Benefits and Enrollment" table above.

Savings	Total Funds	State Funds	Federal Funds
SFY17	\$0	\$0	\$0
SFY18	\$0	-\$32,505,503	\$32,505,503

SFY19	\$0	-\$32,814,766	\$32,814,766
SFY20	\$0	-\$32,080,408	\$32,080,408
SFY21	\$0	-\$31,658,166	\$31,658,166
SFY22	\$0	-\$32,291,329	\$32,291,329
SFY23	\$0	-\$32,937,156	\$32,937,156
SFY24	\$0	-\$33,595,899	\$33,595,899
SFY25	\$0	-\$34,267,817	\$34,267,817
SFY26	\$0	-\$34,953,173	\$34,953,173
SFY27	\$0	-\$35,652,236	\$35,652,236
Total	\$0	-\$332,756,453	\$332,756,453

Total of all anticipated Medicaid expenditures that can be estimated:

Total	Total Funds	State Funds	Federal Funds
SFY17	\$5,120,626	\$1,679,259	\$3,441,367
SFY18	\$316,956,257	-\$13,718,736	\$330,674,993
SFY19	\$873,900,846	\$17,187,688	\$856,713,158
SFY20	\$1,198,418,932	\$59,253,694	\$1,139,165,239
SFY21	\$1,327,538,743	\$88,621,593	\$1,238,917,150
SFY22	\$1,453,071,647	\$100,526,677	\$1,352,544,970
SFY23	\$1,590,712,705	\$113,671,960	\$1,477,040,746
SFY24	\$1,741,363,425	\$128,041,169	\$1,613,322,256
SFY25	\$1,906,648,019	\$143,933,506	\$1,762,714,513
SFY26	\$2,087,907,141	\$161,455,968	\$1,926,451,172
SFY27	\$2,286,422,198	\$180,630,518	\$2,105,791,680
Total	\$14,788,060,539	\$981,283,296	\$13,806,777,244

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2016-2017	2017-2018
		16-17	17--18	EXPENDITURES	EXPENDITURES
Staff		16	114	\$789,874	\$4,267,254
Benefits.....				\$285,526	\$1,539,000
Operating.....				\$4,045,226	\$5,646,610
Travel.....					
Capital Outlay.....					
Aid.....				\$0	\$305,503,394
Capital Improvements.....					
TOTAL.....				\$5,120,626	\$316,956,258

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

2016

LB⁽¹⁾ 1032

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Insurance

Prepared by: ⁽³⁾ Robert M. Bell

Date Prepared: ⁽⁴⁾ 2/8/2016

Phone: ⁽⁵⁾ (402) 471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	36,928		69,102	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>36,928</u>		<u>69,102</u>	

Explanation of Estimate:

Legislative Bill 1032 would adopt the Transitional Health Insurance Program Act. Among other provisions, LB 1032 would require the Department of Health and Human Service to submit to the Center for Medicare and Medicaid Services any waivers or stat plan amendments necessary to implement and establish a premium assistance program known as the Transitional Health Insurance Premium Assistance Program, to allow health insurance coverage for all newly eligible individuals, as defined in the legislation. This program would provide full cost premium and cost-sharing assistance to newly eligible individuals on the health benefit exchange or pay for premiums for certain employees who have access to certain cost-effective employer-sponsored insurance.

The Department of Insurance anticipates the need of an Insurance Claims Investigator I to handle the increase in the number of consumer questions and complaints against insurers from newly eligible individuals. This note presumes that the investigator would begin on January 1, 2017.

Section 8 of the legislation requires DHHS to establish a plan and enter into data-sharing agreements with a variety of state agencies, including the Department of Insurance. This requirement can be accomplished within existing staffing and resources of the Department of Insurance.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Insurance Claims Investigator I	.5	1.0	23,481	48,019
Benefits.....			8,218	16,807
Operating.....			2,079	4,276
Travel.....				
Capital outlay.....			3,150	
Aid.....				
Capital improvements.....				
TOTAL.....			<u>36,928</u>	<u>69,102</u>

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

2016

LB⁽¹⁾ 1032

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Labor

Prepared by: ⁽³⁾ Kim Schreiner Date Prepared: ⁽⁴⁾ 1/20/2016 Phone: ⁽⁵⁾ 402-471-2492

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: There will be no fiscal impact on the Nebraska Department of Labor.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 2/8/2016				
Approved by: Tony Fulton		Date Prepared: 2/5/2016				
		Phone: 471-5896				
	FY 2016-2017		FY 2017-2018		FY 2018-2019	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	See below	See below	See below	See below	See below	See below
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	See below	See below	See below	See below	See below	See below

LB 1032 adopts the Transitional Health Insurance Program Act. It is to provide private health insurance to Nebraska resident individuals between the ages of 18 and 65, who would have been covered within the expanded Medicaid population under the federal Affordable Care Act had Nebraska opted in. The Department of Health and Human Services (DHHS) would seek a Medicaid waiver to allow three types of programs: 1) a high-value, 100% actuarial value, silver-level plan for which the DHHS will pay the full cost; 2) a premium subsidy plan for those who have access to cost-effective employer-sponsored insurance either directly or through a parent or spouse; and 3) a benchmark benefit package for those individuals who are medically frail. Medically frail is defined as a serious mental condition or two or more chronic conditions which impair the ability to perform one or more daily activities.

The waiver is to include provisions to ensure personal responsibility and cost-conscious behavior. Persons whose income exceeds 50% of the federal poverty level are to contribute 2% of their monthly household income to purchase the plan. DHHS is to collect the contributions through garnishment, lien foreclosure, or recovery in an action at law. The waiver is to be sought no more than 14 months after the effective date of this Act. Coverage is to begin 90 days after approval of the waiver.

The plans must provide for primary care providers and the medically fragile must also be enrolled in a health home to provide intensive management and patient navigation services. DHHS is also to develop measures to determine clinical outcomes and quality health benchmarks that meet specified goals.

The bill also provides that individuals receiving assistance under the Act receive employment programs, adult basic educational programs, GED programs, or English reading and writing. The programs are to target specific workforce needs and use educational best practices. The bill provides legislative intent to appropriate \$500,000 for this part of the Act. The bill also provides for data collection and evaluation including data-sharing agreements with the Departments of Education, Labor, Revenue, and Insurance. This is to establish whether the programs increase transitions from Medicaid to traditional health insurance, increased employment, increased education, and decreased public assistance. DHHS is to prepare a report for the Health and Human Services Committee of the Legislature each December 1, beginning in 2017.

The bill also creates the Transitional Health Insurance Program Fund and provides that if the rate of federal funding falls below 90%, the coverage provided will terminate. The DHHS must adopt rules and regulations to carry out the Act and the bill contains a severability clause.

It is estimated that there will be an impact on General Fund revenues through DHHS and Medicaid above the \$500,000 appropriation for employment and educational programs.

It is estimated that there will be no cost to the Department to implement this bill.

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

2016

LB⁽¹⁾ 1032

FISCAL NOTE

State Agency OR Political Subdivision Name: (2) University of Nebraska

Prepared by: (3) Michael Justus Date Prepared: (4) January 30, 2016 Phone: (5) 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Our analysis of the bill, which creates the Transitional Health Insurance Program (Act), indicates that there is likely no fiscal impact to the University.

We would like to point out that there is a small section of our University benefits eligible population that might be eligible for premium assistance under the Act. The University's health plan meets all the necessary thresholds of eligibility and affordability under the federal Patient Protection and Affordable Care Act (PPACA). We have a small number of employees that are eligible for our benefits plan for whom the University pays less than fifty percent of the total cost of the employee's health premiums (an eligibility guideline in the bill). These employees do not work the PPACA threshold of 30 hours a week. They are employed for 20 to 29 hours a week and per our section 125 cafeteria plan, they are eligible for participation in the University's health plan at prorated premium costs. Under the prorated premium for these employees, the University would not pay 50% of the total health insurance premium. There are approximately 300 active employees in this category (out of a total benefits eligible population of about 13,000).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2016

LB1032⁽¹⁾ Adopt the Transitional Health Insurance Program Act and provide duties for the Department of Health and Human Services

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ MARCOS SAN MARTIN, DOUGLAS COUNTY ADMINISTRATION Date Prepared: ⁽⁴⁾ 2/8/16 Phone: ⁽⁵⁾ 402.444.5116

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Explanation of Estimate:

DOUGLAS COUNTY DEPARTMENT OF GENERAL ASSISTANCE (GA):

If LB1032 is implemented, Douglas County GA could potentially anticipate a cost savings related to client medical assistance reimbursement. Douglas County currently spends \$1.75 million per year on medical assistance reimbursement. Depending on the actual 'expansion', enrollment and participation of these persons, the County could potentially experience some reduction in this recurring \$1.75 million expense/cost per year.

PHARMACY (DOUGLAS COUNTY HEALTH CENTER (DCHC) / COMMUNITY MENTAL HEALTH CENTER (CMHC)):

Providing medications for uninsured individuals costs the County approximately \$250,000 per year. LB1032 may reduce this cost if some of these individuals gained access to private insurance. However, the bulk of individuals currently being served may be homeless, unemployed, and/or suffer from severe mental illness, therefore, these persons may or may not become eligible.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____

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

2016

LB⁽¹⁾ 1032

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Lancaster County

Prepared by: ⁽³⁾ Sara Hoyle

Date Prepared: ⁽⁴⁾ 01/22/16

Phone: ⁽⁵⁾ (402) 441-6868

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>(\$2,469,369)</u>	<u>(\$457,130)</u>	<u>(\$2,469,369)</u>	<u>(\$457,130)</u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>(\$2,469,369)</u>	<u>(\$457,130)</u>	<u>(\$2,469,369)</u>	<u>(\$457,130)</u>

Explanation of Estimate:

Estimates include the current amount spent on providing medical services (including pharmaceuticals and assisted living expenses) to the indigent population in Lancaster County. This amount is referenced in the "Aid" section outlined below. Since providing medical assistance is the bulk of services provided through Lancaster County General Assistance, it is estimated we could reduce our workforce by 2 General Assistance Caseworkers and 2 General Assistance Representatives.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
General Assistance Caseworker	<u>2</u>	<u>2</u>	<u>\$101,366</u>	<u>\$101,366</u>
General Assistance Representative	<u>2</u>	<u>2</u>	<u>\$94,768</u>	<u>\$94,768</u>
Benefits.....			<u>\$88,296</u>	<u>\$88,296</u>
Operating.....			<u>\$11,203</u>	<u>\$11,204</u>
Travel.....			<u>-</u>	<u>-</u>
Capital outlay.....			<u>-</u>	<u>-</u>
Aid.....			<u>\$2,173,736</u>	<u>\$2,173,736</u>
Capital improvements.....			<u> </u>	<u> </u>
TOTAL.....			<u>(\$2,469,369)</u>	<u>(\$2,469,369)</u>

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

2016

LB⁽¹⁾ 1032

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/125/2016

Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1032 would create the Transitional Health Insurance Program Act. In 2014, general assistance funds spent for medical needs/costs for indigent individuals, including mental health and substance abuse for the following select counties was:

Dawson	\$72,500
Douglas	\$1,831,877
Lancaster	approximately \$2.8 million
Sarpy	\$145,000
Seward	\$80,000

As noted in the above costs, LB 1032 will vary county by county and is projected to provide savings to counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17 EXPENDITURES</u>	<u>2017-18 EXPENDITURES</u>
	<u>16-17</u>	<u>17-18</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____