Liz Hruska March 10, 2015 471-0053

LB 333

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201)16-17						
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE				
GENERAL FUNDS	150,000		150,000					
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	150,000		150,000					

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

This bill establishes the Health Care Services Transformation Act. The Program of Health Care Services Transformation is created within the Division of Public Health in the Department of Health and Human Services. A 23-member advisory committee is established. The purposes of the Health Care Services Transformation Act are (1) to create the Health Care Services Transformation Advisory Commission and establish its powers and duties, (2) to provide powers and duties for the Division of Public Health and the Office of Rural Health of the Department of Health and Human Services, (3) to provide powers and duties for the Department of Insurance, and (4) to authorize the Division of Medicaid and Long-Term Care of the Department of Health and Human Services and the Department of Administrative Services to participate in innovative health care programs such as patient-centered medical homes. The Department of Insurance is required to provide a forum for discussion among insurers and self-insured businesses and may develop and implement programs in which insurers collaborate on value-based payment mechanisms. The Department of Administrative Services may use insurance products that incorporate patient-centered care, medical homes and other similar initiatives. The Health Care Services Transformation Cash Fund is created for grants and donations. The bill states legislative intent to appropriate \$150,000 General Funds each year for the next two years.

The Department of Insurance indicates that they would need \$5,000 a year for the forums. The Department of Administrative Services indicates that participation on the advisory committee would be handled within existing resources. Any changes to insurance plans authorized in this bill would be made a later date and the fiscal impact would depend on the specific changes that would be made. The Department of Health and Human Services would need an additional position to staff the advisory committee and carryout the responsibilities in the bill. The Office of Rural Health has already started some of the activities outlined in the bill, so that work would continue within this process.

The cost for the Department of Insurance and the Department of Health and Human Services plus the reimbursement of travel expenses for the advisory committee members can be handles within the \$150,000 General Fund appropriation stated as legislative intent in the bill.

Technical Note: The bill states that the Health Care Services Transformation Cash fund will be used to reimburse for actual and necessary travel expenses of the advisory committee members. Since there is no specific revenue source and grants and donations to the fund may or may not materialize, the expenses would be paid from the General Fund appropriation if and until such time other funds become available.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 333 AM: AGENCY/POLT. SUB: Dept. of Insurance						
REVIEWED BY: Elton Larson DATE: 1/30/15 PHONE: 471-4173						
COMMENTS: Agency analysis and estimate of fiscal impact appear reasonable.						

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ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB:333 AM: AGENCY/POLT. SUB: University of Nebraska							
REVIEWED BY: E	Iton Larson		DATE: 1/29/15	PHONE: 471-4173			
COMMENTS: Agency analysis and estimate of fiscal impact appear reasonable.							

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES											
LB:333 AM: AGENCY/POLT. SUB: Administrative Services											
REVIEWED B	Y: Elton Larson		DATE: 1/26/15	PHONE: 471-4173							
COMMENTS: Agency analysis of fiscal impact appears reasonable.											

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 333					FISCAL NOTE		
State Agency OR Political Subdivision Name: ⁽²⁾		Department of I	Department of Insurance				
Prepared by: ⁽³⁾ Robe	ert M. Bell	Date Prepared: (4)	1/26/2015	Phone: (5)	402-471-4650		
	ESTIMATE PROVIDE	<u>D BY STATE AGENO</u>	CY OR POLITICAL S	UBDIVISIO	N		
	<u>FY 20</u>	015-16		<u>FY 2016-</u>	-17		
	EXPENDITURES	<u>REVENUE</u>	EXPENDITUR	<u>RES</u>	<u>REVENUE</u>		
GENERAL FUNDS							
CASH FUNDS	\$5,000		\$5,000				
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS							

Explanation of Estimate:

Legislative Bill 333, in part, requires the Department of Insurance to provide a forum for discussion among health insurers and the self-insured related to the health care services, payments, and reform. The legislation also provides that the Department develop and implement programs in which insurers collaborate on value-based payment mechanisms for certain initiatives related to the delivery of health care services.

The establishment and moderation of a forum as required by LB 333 will lead to an increase in the operating expenses of the Department. It is estimated that \$5,000 will adequately support the new duty.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE								
Personal Services:								
	NUMBER O	F POSITIONS	2015-16	2016-17				
POSITION TITLE	<u>15-16</u>	<u>16-17</u>	EXPENDITURES	EXPENDITURES				
Benefits								
Operating			\$5,000	\$5,000				
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 333					FISCAL NOTE	
State Agency OR I	Political Subdivision Name: (2)	University of Nebraska				
Prepared by: ⁽³⁾	Michael Justus	Date Prepared: ⁽⁴⁾	January , 2015	Phone: ⁽⁵⁾	472-7109	
	ESTIMATE PROVID	<u>ED BY STATE AGEN</u>	NCY OR POLITICA	L SUBDIVIS	ION	
	FY 20	015-16		FY 2016	-17	
	EXPENDITURES	REVENUE	EXPENDIT	URES	REVENUE	
GENERAL FUN	DS		<u> </u>			
CASH FUNDS						
FEDERAL FUN	DS					
OTHER FUNDS						
TOTAL FUNDS						

Explanation of Estimate:

The purposes of the advisory commission are to advise the Department of Health and Human Services, the Legislature, the Governor, the University of Nebraska, and the residents of Nebraska regarding aspects of transformation of the health care services system and to advise the Division of Public Health of the department and the Office of Rural Health of the department regarding the administration of the Health Care Services Transformation Act. The bill also places a member of UNMC on the advisory commission. There is no direct fiscal impact on the University.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE								
Personal Services:								
POSITION TITLE	NUMBER OF <u>15-16</u>	POSITIONS <u>16-17</u>	2015-16 <u>EXPENDITURES</u>	2016-17 <u>EXPENDITURES</u>				
Benefits								
Operating								
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 333						FISCAL NOTE
State Agency OR P	olitical Sub	odivision Name: (2)	AS-Personnel-V	Vellness & Benefit	S	
Prepared by: ⁽³⁾	Crystal N	Meyer	Date Prepared: ⁽⁴⁾	1-22-15	Phone: (5)	402-471-2832
	ES	TIMATE PROVIDE	ED BY STATE AGEN	CY OR POLITICAL	<u>SUBDIVIS</u>	ION
		<u>FY 20</u>	<u>15-16</u>		<u>FY 2016-</u>	<u>-17</u>
	E	EXPENDITURES	<u>REVENUE</u>	<u>EXPENDITUI</u>	RES	<u>REVENUE</u>
GENERAL FUNI	DS	0		0		
CASH FUNDS	-					
FEDERAL FUNI	DS _					
OTHER FUNDS	-					
TOTAL FUNDS	-	0		0		

Explanation of Estimate:

LB333 adopts the Health Care Services Transformation Act. This Act would create a Health Care Services Transformation Advisory Commission and establish powers and duties for the Commission.

Section 6, paragraph (5) of LB333 says one representative from the Benefits section of the Personnel Division of the Department of Administrative Services will serve on the Advisory Commission. An existing internal resource will be used to serve on this Commission, therefore, no fiscal impact to AS-Personnel-Wellness & Benefits.

Section 12 of LB333 would allow Administrative Services-Employee Benefits to incorporate patient-centered care, patient-centered medical homes, similar initiatives, and value-based payment mechanisms for health care services into the State Health Insurance Plan for employees and retirees.

We are unable to determine a fiscal cost or savings until the programs are developed and made available to the State Health Insurance Plan. Current requirements prohibit the payment of bonuses and require, with few statutory exceptions, fixed pricing for contracts. If allowed by law, and if the value-based payment mechanism is a variable payment model, additional resources could be required to monitor and substantiate the variable payments.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE								
Personal Services:								
POSITION TITLE	NUMBER OF <u>15-16</u>	POSITIONS <u>16-17</u>	2015-16 <u>EXPENDITURES</u>	2016-17 EXPENDITURES				
Benefits	•							
Operating								
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								