

PREPARED BY: Liz Hruska
 DATE PREPARED: February 06, 2020
 PHONE: 402-471-0053

LB 1093

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

This bill states legislative intent to fully expend the appropriation provided from nursing facility payments. Any remaining expended funds earmarked for nursing facility payments would be distributed as an incentive payment to facilities with clean claims as of August 31 of this year and the following year. The utilization rate provided for in FY 2021 is decreased from 2.25% to .05%.

The General Fund amount available for nursing home reimbursement would be fully utilized in FY 2020 and FY 2021 under the provisions of this bill. It is unclear if the incentive payment would be approved by the Centers for Medicare and Medicaid. Nursing facility reimbursements are considerably below costs, but since the payment would be made on unaudited cost reports, the federal match may not be available. At the end of FY 2021, any unexpended appropriations not encumbered would lapse to the General Fund. The provisions in this bill may reduce the amount of the lapse.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1093	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-5-20
		PHONE:	(402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact.			

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Mike Michalski

Date Prepared 1-22-2020

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	<u>FY 2020-2021</u>		<u>FY 2021-2022</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$4,478,226		\$4,478,226	
CASH FUNDS				
FEDERAL FUNDS	\$0		\$0	
OTHER FUNDS				
TOTAL FUNDS	\$4,478,226	\$0	\$4,478,226	\$0

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

Explanation of Estimate:

This bill requires the Department of Health and Human Services (DHHS) to retroactively distribute monies appropriated for utilization (increased persons/services) that go unspent in State Fiscal Year 2020, State Fiscal Year 2021, and each subsequent State Fiscal Year due to no actual increased services rendered as an "incentive payment" to providers.

This bill directs DHHS Division of Medicaid & Long Term Care to perform incentive payments prior to all claims liability expenses being realized, creating an estimated deficit/fiscal impact. It also requires the Department to calculate and execute the payments on unaudited data.

Specifically, there are two types of payments that will occur after the incentive payment directed by this bill. One type of payment is for services that are paid after the incentive payment, but have a date of service from the prior state fiscal year where the incentive payment was calculated. This is referred to as claims lag, where providers can submit claims in a timely fashion for up to 6 months after the date of service. The estimated payable amount after 9-1-2020 is approximately \$7,719,139 with the State share being \$3,495,226.

The second type of Payment is for retroactive payments to Nursing Facilities. There will be approximately 30 "new provider/owner" Nursing Facilities that will have their State Fiscal Year 2020 interim rates and payments retroactively adjusted based on their State Fiscal Year 2020 cost reports. These cost reports are not due until November 2020. As the retro rates will not be known until late 2020, or early 2021, an accurate estimate of the projected settlement amounts is difficult. The estimate of retro settlements is \$500,000 to \$750,000, with the disclaimer that the actual retro settlements could be significantly different. The General Fund portion of this is estimated to be \$226,400 to \$339,600. For this fiscal note calculation uses the midpoint of \$283,000.

The Department of Health and Human Services division of Medicaid & Long Term Care is also concerned that Centers for Medicare & Medicaid Services may not approve the incentive payment as mandated, putting the federal portion of the incentive payment at risk for Federal Financial Participation. Based on expenditures through December 2019, we estimate this risk could be \$700,000 in additional General Funds to cover the Federal portion.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2020-2021	2021-2022
		20-21	21-22	EXPENDITURES	EXPENDITURES

Benefits.....		
Operating.....		
Travel.....		
Capital Outlay.....		
Aid.....	\$4,478,226	\$4,478,226
Capital Improvements.....		
TOTAL.....	\$4,478,226	\$4,478,226