

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	284,157		(502,256)	
CASH FUNDS				
FEDERAL FUNDS	1,725,483		2,004,696	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>2,009,641</b>		<b>1,502,440</b>	

ny 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, 2019 to submit a plan amendment for the purpose of providing medical assistance for family planning services for persons whose family earned income is at or below 194% of the federal poverty level (FPL).

Based on the U. S. Census statistics, approximately 8,000 women and 1,500 men between 138% and 194% of the FPL who are uninsured would enroll for family planning services only. The approximate cost per recipient is \$360 for services provided without utilization controls. The state match for family planning services is 10% with 90% paid by the federal government. Assuming a January 1, 2020 implementation date, the cost would be \$1,710,238 (\$171,024 GF and \$1,539,214 FF) in FY 2019-20 and \$3,420,570 (\$342,057 GF and \$3,078,513 FF) in FY 2020-21.

Eligibility would be based on income only. One eligibility worker is needed per 2,000 applicants. Two additional social service workers would be needed in FY 2019-20 and eight in FY 2021. The costs would be \$131,300 (\$65,650 GF and FF) in FY 2019-20 and \$431,550 (\$215,775 GF and FF) in FY 2020-21. A program specialist would be needed at a cost of \$62,486 (\$31,243 GF and FF) in FY 2019-20 and \$77,314 (\$38,657 GF and FF) in FY 2020-21. One-time changes to MMIS are estimated to be \$91,420 (\$9,142 G and \$82,278 F). Updating the capitation rates to include the new eligible population would cost \$10,000 (\$5,000 GF and \$5,000 FF). There would also be an ongoing increase cost for the enrollment broker of \$4,200 (\$2,100 GF and FF) annually.

A 2008 study published in the Journal of Health Care for the Poor and Underserved that indicates that for every dollar spent on Medicaid family planning services, there is a savings for \$4.02. This same conclusions were reached in other similar studies. A different approach is used in this fiscal note. Currently pregnant women and infants to age one are eligible for services if their income is at or below 194% of FPL. The capitation rate for the birthing package is \$4,700. Assuming access to family planning services would reduce the number of pregnancies by 33%, General Fund savings in FY 2021 would be \$1,100,844. There would be no savings in for FY 2019-20. Savings in FY 2021 would be greater as the utilization ramps up.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	498	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-20-19	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' assessment of fiscal impact.				

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

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

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Date Prepared 2-19-19

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	<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$156,613		\$1,397,618	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$156,613		\$5,972,322	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$313,226		\$7,369,940	

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

**Explanation of Estimate:**

LB 498 requires the Division of Medicaid and Long-Term Care (MLTC) to submit a state plan amendment (SPA) by September 1, 2019 to add a new eligibility category for individuals with income at or below the income eligibility level for pregnant women as of January 1, 2019 (194 percent FPL). The services for this eligibility group are limited to family planning and related services. If approved by Center for Medicaid and Medicare Services (CMS), the addition to the family planning eligibility category would result in increased aid expenditures, additional FTE, systems changes, existing staff resources for SPA and waiver development and submission, regulation changes, MCO contract amendments, and additional contract costs for development of a new capitation rating cohort, as well as additional enrollment broker contract costs.

The Family Planning eligibility includes males and females regardless of age, excluding those who are pregnant. These individuals must not otherwise be eligible under another Medicaid category. Based on the 2017 American Community Survey the estimated population of uninsured adults who would have income above the Medicaid expansion level (138 percent FPL) up to the Pregnant Woman income level, potential new Family Planning population is estimated to be 15,516. Coverage for these individuals would start on July 1, 2020. The enhanced FMAP for federally defined family planning services is 90 percent. Any family planning related services as outlined in LB 498 would only be eligible for regular FMAP (SFY20 54.19 percent, SFY21 est. 54.72 percent).

The bill defines coverage of the family planning services while mandating no imposition of utilization controls. This prohibits MLTC and the contracted Heritage Health MCOs from utilizing the management of drugs to only those that are rebatable, which would reduce the amount of rebates from drug labelers that MLTC would receive. It would put the state at risk of losing a portion of any federal financial participation for any non-rebatable drugs. Lacking utilization controls would require the state to cover family planning devices and drugs that are FDA approved and available, without the authority to manage for cost savings.

Additional staffing would require one (1) Program Specialist, starting October 2019, and eight (8) Social Services Workers, starting April 2020 (roughly one social services/eligibility worker per 2,000 clients). One-time systems changes required to implement the new family planning category are estimated at \$91,420 total funds in SFY20. Estimated costs for the state's contracted actuary would be approximately \$10,000 total funds (\$5,000 GF, \$5,000 FF) in SFY20. Enrollment broker contract costs would be an ongoing cost of \$4,200 per year. Staffing increases and other system changes are paid at 50% Federal Funds and 50% General Funds.

The Department of Health and Human Services (DHHS) will be required to complete a major rule and regulation change as a result of LB 498. DHHS will absorb the estimated costs listed below to complete this regulation change.

Title	Hours	Hourly Cost	Absorbed Cost
Director	4	72.115	\$ 288
Deputy Director	4	51.923	\$ 208
Administrator I	4	29.354	\$ 117
Program Specialist	8	21.466	\$ 172
Program Analyst	16	20.869	\$ 334
Attorney 3	30	32.213	\$ 966
Total Costs	66		\$ 2,086

LB 498 will also require additional analysis for federal reporting. DHHS will absorb the estimated costs for Budget Analyst to complete the yearly reporting.

	Hours	Cost/Hour	Total Cost
Salary	80	23.489	\$ 1,879
Benefits			\$ 730
Overhead			\$ 851
Total Costs			\$ 3,460

DHHS will absorb the estimated costs listed below to complete the SPA and Waiver required by LB 498.

Title	Hours	Hourly Cost	Salary Cost
Director	4	72.115	\$ 288
Deputy Director	4	51.923	\$ 208
Administrator I	16	29.354	\$ 470
Program Specialist	16	21.466	\$ 343
Program Analyst	16	20.869	\$ 334
Attorney III	15	32.213	\$ 483
Total Salary	71		\$ 2,126
Benefits			\$ 827
Overhead			\$ 963
Total Costs			\$ 3,916

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2019-2020	2020-2021
		19-20	20-21	EXPENDITURES	EXPENDITURES
	Social Services Worker	2	8	\$78,137	\$312,549
	DHHS Program Specialist	0.75	1	\$36,886	\$49,182

Benefits.....	\$44,710	\$140,605
Operating.....	\$52,073	\$163,761
Travel.....		
Capital Outlay.....		\$4,200
Aid.....		\$6,703,843
Capital Improvements.....	\$101,420	
<b>TOTAL.....</b>	<b>\$313,226</b>	<b>\$7,374,140</b>