

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS	\$60,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$60,000,000		See Below	

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

This bill appropriates \$60 million in FY 2023 to Program 348 – Medical Assistance in the Department of Health and Human Services from the Coronavirus State Fiscal Recovery Fund under the American Rescue Plan Act (ARPA). The funds would be used at follows: \$45 million to Medicaid-certified nursing facilities divided proportionately by Medicaid-certified beds in such facilities and \$15 million divided equally among Medicaid-certified nursing facilities that were in the top 15% of Medicaid-certified with the highest percentage of bed-days paid by Medicaid in FY 2022. The funds shall be used to provide supplemental incentive payments for direct care staff to enhance recruitment and retention. Legislative intent is to expend the funds during FY 2023, FY 2024 and FY 2025. The bill contains the emergency clause.

The Treasury Department guidance on the use of SLFRF states, “SLFRF funds may not be used as the nonfederal share for purposes of a state’s Medicaid and CHIP programs. . .” This would be a state-only program for payments to nursing facilities. It is assumed the payments would be made in equal amounts over the three fiscal years specified in the bill. There would be administrative costs to process the payments and monitor the use of the funds in compliance with the provisions of this bill and the Coronavirus State and Local Fiscal Recovery Fund (SLFRF). The estimated costs are \$75,000 each year in FY 2023, FY 2024 and FY 2025. Assuming the restriction only applies to the FMAP and not the administrative match, the administrative costs of \$75,000 would be paid from 50% general funds and 50% federal funds.

The bill directs the use of a portion of American Rescue Plan Act (ARPA) funding available under the Coronavirus State and Local Fiscal Recovery Fund (SLFRF).

The following are the allowed uses of SLFRF:

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and storm water infrastructure, and to expand affordable access to broadband internet

Technical Note: The bill specifies Program 348 – Medical Assistance. Since this is a state-only program, new budget program number is needed to separate these funds from Medicaid funds.

Technical Note: To prevent unintended impacts on Medicaid payments, the term “supplemental incentive payment” needs to be changed to “provider relief program.”

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 1089 AM: AGENCY/POLT. SUB: Nebraska Department of Health and Human Services

REVIEWED BY: Ann Linneman DATE: 2-16-2022 PHONE: (402) 471-4180

COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' assessment of fiscal impact.
The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion, of which only \$520 million is currently available. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) John Meals

Date Prepared 2-16-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	37,500			
CASH FUNDS				
FEDERAL FUNDS	\$60,037,500			
OTHER FUNDS				
TOTAL FUNDS	\$60,075,000	\$0	\$0	\$0

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

Explanation of Estimate:

LB 1089 appropriates \$60,000,000 of federal funds for State Fiscal Year (SFY) 2022-23 to the Department of Health and Human Services from the federal Coronavirus State Fiscal Recovery fund pursuant to the federal American Rescue Plan Act of 2021, to provide money to licensed and Medicaid-certified nursing facilities. The monies will be allocated in the following manner:

- 1) \$45,000,000 to Medicaid-certified nursing facilities divided proportionately by the Medicaid-certified beds at such facilities
- 2) \$15,000,000 divided equally among the Medicaid-certified nursing facilities that were in the top twenty-five percent of Medicaid certified nursing facilities with the highest percentage of bed-days paid by Medicaid in fiscal year 2021-22.

The Department of Health and Human Services also estimates that this bill creates administrative costs to execute potentially well over 500 additional manual payments. The Department of Health and Human Services estimates contract costs of approximately \$75,000 to perform this work in SFY23, eligible for 50% Federal Financial Participation (FFP).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2022-2023	2023-2024
		22-23	23-24	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....					
Travel.....					
Capital Outlay.....					
Aid.....				\$60,075,000	\$0
Capital Improvements.....					
TOTAL.....				\$60,075,000	\$0