

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

The bill requires the Department of Health and Human Services on or before July 1, 2021: 1) to implement a fourth tier of caregiving as a specialized level of care with standard rates for foster parents and child-placing agencies as those rates are recommended by the Foster Care Reimbursement Rate Committee in the report dated June 22, 2020 and 2) to implement the reimbursement rates for family treatment care in Medicaid and child welfare, as those rates are recommended by the Foster Care Reimbursement Rate Committee in the report dated June 22, 2020.

The department estimates 9,746 days of foster care would qualify for the fourth tier specialized rate. The costs would be \$132,516 (\$130,568 GF and \$1,948) in FY 2022 and \$145,825 (\$143,674 GF and \$2,151 FF) in FY 2023.

The department was unable to provide an estimate for family treatment care and this office is also unable to do so.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 541	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY: Ann Linneman	DATE: 1-27-2021	PHONE: (402) 471-4180	
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.			

**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 1-26-2021

Phone: (5) 471-6719

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$ 132,830		\$ 143,674	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$ 4,210		\$ 2,151	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$ 137,040	\$ 0	\$ 145,825	\$ 0

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

**Explanation of Estimate:**

LB 541 would require the Department of Health and Human Services to establish a 4<sup>th</sup> tier of specialized care and directs the Department to implement the rate recommendation for treatment family care services as recommended by the Foster Care Reimbursement Rate Committee. The recommended reimbursement rates will change incrementally in a step up increase over four years starting in SFY 2022.

The Department estimates that approximately 9,746 days of foster care services would qualify for the 4<sup>th</sup> tier specialized rate. The total increased amount is estimated to be \$132,516 in SFY 2022 and \$145,825 in SFY 2023.

Approximately \$3,413 of the costs in SFY 2022 and \$3,756 in SFY 2023 are IV-E claimable. Using a blended FMAP rate of 57.07% for SFY 2022 and 57.26% in SFY 2023, \$1,948 in SFY 2022 and \$2,151 in SFY 2023 can be paid with federal funds. State funds would be used for \$130,568 in SFY 2022 and \$143,674 in SFY 2023.

The Department would require NFocus system modifications. Service costs for system updates include 45 hours for a Technical Analyst at \$85 per hour and 20 hours for a Business Analyst at \$35 per hour. Fifty percent of the \$4524 service cost, \$2262, can be paid with federal funds, the remaining \$2262 will be paid with state funds.

By SFY 2025, the increased cost would be \$173,139 over the current paid for these cases.

The cost to implement Treatment Family Care services is indeterminable. This would be a new service and the Division of Children and Family Services would have to acquire contracts with providers that are able to provide this service.

There is no identified Fiscal Impact for the Treatment Family Care services as recommended in the report for Medicaid. Medicaid does reimburse for individual components of Treatment Foster Care, and this bill appears to bundle services for billing and reimbursement purposes.

DHHS will be required to complete a major rule and regulation change as a result of LB 541.

Title	Hours	Hourly Cost	Absorbed Cost
Director	4	\$ 74.28	\$ 297
Deputy Director	4	\$ 53.48	\$ 214
Administrator I	4	\$ 30.82	\$ 123
Program Specialist	8	\$ 22.52	\$ 180
Program Analyst	16	\$ 21.91	\$ 351
Attorney III	30	\$ 33.82	\$ 1,015
<b>Total Costs</b>	<b>66</b>		<b>\$ 2,180</b>

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2021-2022	2022-2023
	21-22	22-23	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$ 4,524	
Travel.....				
Capital Outlay.....				
Aid.....			\$132,516	\$145,825
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$137,040</b>	<b>\$ 145,825</b>