

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$32,181		\$45,054	
CASH FUNDS				
FEDERAL FUNDS	\$32,181		\$45,054	
OTHER FUNDS				
TOTAL FUNDS	\$64,362		\$90,107	

Any 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 (DHHS) to annually rebase the Medicaid rates for critical access hospitals (CAH) inpatient per diem rates. Currently, Medicaid performs outpatient cost to charge ratio rebasing for approximately 34 acute hospitals in fee-for-service annually. Medicaid also performs outpatient cost to charge ratio rebasing for approximately 63 CAH. The bill would add inpatient rate rebasing for the 63 CAH facilities to the rebasing workload.

Due to additional workload, an additional Fiscal Project Analyst would be required starting in October 2023 and paid for 50/50 with Federal Funds and General Funds in the amounts of \$64,362 (\$32,181 GF and \$32,181 FF) in FY24 and \$90,107 (\$45,054 GF and \$45,054 FF) in FY25. Additional costs to update rules would be absorbed within current resources.

DHHS anticipates the annual rebasing would increase the inpatient interim per diem payments. Current procedure is the CAH receive an interim per diem rate quarterly and at the end of the fiscal year the hospitals submit a cost report and then DHHS, via the Managed Care Organizations (MCOs), remits payment to CAH the difference of the actual cost less the interim per diem rate which is remitted in the quarter the cost is incurred. The bill would shift the timing of payments MCOs remit for CAHs of roughly \$12.5 million. DHHS accounts for the CAH settlement liability in the capitation rate paid to the MCOs, which is paid upfront. As such, the bill would not have a fiscal impact to DHHS beyond the administrative cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	219	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-3-2023
		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) John Meals

Date Prepared 2-3-2023

Phone: (5) 471-6719

	FY 2023-2024		FY 2024-2025	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$32,181		\$45,054	
CASH FUNDS				
FEDERAL FUNDS	\$32,181		\$45,054	
OTHER FUNDS				
TOTAL FUNDS	\$64,362	\$0	\$90,107	\$0

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

LB219 requires Medicaid to rebase Critical Access Hospital (CAH) inpatient interim per diem rates on an annual basis, within 90 days of receipt of the audited Medicare cost report. Today, Medicaid performs outpatient cost to charge ratio rebasing for acute hospitals in fee-for-service (FFS) on an annual basis. There are approximately 34 acute hospitals for which the Department of Health and Human Services (DHHS) completes outpatient rebasing for upon receipt of cost reports. Additionally, Medicaid performs outpatient cost to charge ratio rebasing for CAHs. There are approximately 63 CAHs for which DHHS completes the outpatient rebasing for upon receipt of cost reports. LB219 will add inpatient interim rate rebasing annually for all 63 CAH facilities to DHHS's workload for rebasing.

DHHS does not estimate a fiscal impact related to aid, even though we anticipate the rebasing will increase the inpatient interim per diem payment. This is because DHHS already cost settles with CAHs downstream. DHHS accounts for these costs in capitation payments today, so there should be no net increase in payments.

Due to the additional workload of rebasing 63 new hospital rates each year, DHHS will need to hire one additional Fiscal Project Analyst at a cost of \$25.515 per hour. Administration costs are assumed at 50% Federal Funds and 50% General Funds.

Position(s)	First Fiscal Year							Second Fiscal Year							
	Job Title	Hourly Rate	Hours per Year	E-Clause	FTE	Modified FTE	Pay	Benefits (35%)	Operating costs (26.7%)	Total	5% increase	FTE	Pay	Benefits (35%)	Operating costs (26.7%)
K19850 - DHHS Fiscal Project Analyst	\$ 25.515	2,080	No	1.00	0.75	\$ 39,803	\$ 13,931	\$ 10,628	\$ 64,362	\$ 26,791	1.00	\$ 55,725	\$ 19,504	\$ 14,879	\$ 90,107
	\$ -	2,080			0.00	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
	\$ -	2,080			0.00	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
				1.00	0.75	\$ 39,803	\$ 13,931	\$ 10,628	\$ 64,362		1.00	\$ 55,725	\$ 19,504	\$ 14,879	\$ 90,107

LB219 will require minor rule changes. These costs will be absorbed by DHHS and are as follows:

Title	Hour(s)	Rate	Absorbed Cost
<i>Director</i>	1	\$75.77	\$76
<i>Deputy Director</i>	1	\$54.55	\$55
<i>Administrator I</i>	1	\$31.44	\$31
<i>Program Specialist</i>	2	\$23.31	\$47
<i>Program Analyst</i>	4	\$22.69	\$91
<i>Attorney III</i>	10	\$34.50	\$345
		Total	\$645

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
Fiscal Project Analyst	.75	1.0	\$39,803	\$55,725
Benefits.....			\$13,931	\$19,504
Operating.....			\$10,628	\$14,879
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$64,362	\$90,107