

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				
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.

This bill states legislative intent to increase reimbursement rates for dental services provided by Medicaid by 25%. The Department of Health and Human Services (DHHS) used data from January 2023 Dental Capitation Expenditures to estimate annual expenditures (\$72,765,457 for regular Medicaid dental for all of FY24 reduced to \$54,574,093 for 9 months, and \$17,285,880 for Medicaid Expansion for all of FY24, reduced to \$12,964,410 for 9 months). DHHS assumes a 15% reduction in all eligibility in FY25 due to the end of continuous eligibility required by the Public Health Emergency. Regular Medicaid expenses are eligible for federal funding based on the Federal Medical Assistance Percentage or FMAP of 58.42% federal funds whereas Medicaid expansion expenses are eligible for 90%.

The following charts shows the fiscal impact based on for two different scenarios depending on the interpretation of the bill

Fiscal impact assuming one-time 25% increase occurring in FY24 starting in October 2023:

	FY24	FY25
General Funds	\$5,997,087	\$6,796,699
Federal Funds	\$10,887,538	\$12,339,210
Total	\$16,884,625	\$19,135,909

Fiscal impact assuming 25% increases occurring in both FY24 and FY25 starting in October 2023:

	FY24	FY25
General Funds	\$5,997,087	\$10,494,903
Federal Funds	\$10,887,538	\$19,053,192
Total	\$16,884,625	\$29,548,095

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	358	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-14-2023
		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 2-13-2023

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	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$5,997,087		\$6,796,699	
CASH FUNDS				
FEDERAL FUNDS	\$10,887,538		\$12,339,210	
OTHER FUNDS				
TOTAL FUNDS	\$16,884,625	\$0	\$19,135,909	\$0

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

Explanation of Estimate:

LB 358 proposes to increase the provider rates for Medicaid dental services by 25%. The bill does not indicate the intended effective date or state fiscal year for the intended increases to be effective. This fiscal note assumes a start date of October 1, 2023.

This would increase Medicaid aid expenditures in program 348 for SFY2024; there is no other anticipated fiscal impact to implement these rate changes. Extrapolating the January 2023 Dental Capitation Expenditures (by both non-expansion and expansion) and then applying a 25% rate increase results in an increased appropriation need of approximately \$16,884,625 for SFY2024 (\$10,887,538 Federal Funds and \$5,997,087 General Funds).

SFY2024 Fiscal Impact Chart

Expansion Annualized (9 months)	25% Increase		SFY 2024
\$12,964,410	\$3,241,102	General Funds	\$324,110
		Federal Funds	\$2,916,992
		Total Funds	\$3,241,102
Non-Expansion Annualized (9 months)	25% Increase		
\$54,574,093	\$13,643,523	General Funds	\$5,672,977
		Federal Funds	\$7,970,546
		Total Funds	\$13,643,523

The increase in SFY2025 has been adjusted to reflect the fact that Medicaid will be resuming eligibility redeterminations and continuing to perform those redeterminations throughout FY2025. The total count of Medicaid eligible beneficiaries is expected to decrease by 10-20%. The FY2025 fiscal impact estimate assumes a 15% reduction in Medicaid eligible beneficiaries to account for this decrease.

SFY2025 Fiscal Impact Chart

Expansion increase		SFY 2025
\$3,673,249	General Funds	\$367,325
	Federal Funds	\$3,305,924
	Total Funds	\$3,673,249
Non-Expansion increase		
\$15,462,660	General Funds	\$6,429,374
	Federal Funds	\$9,033,286
	Total Funds	\$15,462,660

Should the intention of LB 358 be to incorporate a 25% increase in both FY24 and FY25, the increase to FY25 would be as follows: (while still accounting for the 15% reduction of Medicaid eligible beneficiaries)

SFY2025 Fiscal Impact Chart

Expansion (25% increase in both FY24 & FY25)		SFY 2025
\$5,671,929	General Funds	\$567,193
	Federal Funds	\$5,104,736
	Total Funds	\$5,671,929
Non-Expansion (25 increase in both FY24 & FY25)		
\$23,876,166	General Funds	\$9,927,710
	Federal Funds	\$13,948,456
	Total Funds	\$23,876,166

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$16,884,625	\$19,135,909
Capital Improvements.....				
TOTAL.....			\$16,884,625	\$19,135,909