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 DATE PREPARED: January 18, 2023
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LB 592

Revision: 00

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	\$3,243,840			
CASH FUNDS				
FEDERAL FUNDS	\$701,760			
OTHER FUNDS				
TOTAL FUNDS	\$3,945,600			

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

The Department of Health and Human Services (DHHS) indicates many systems would be impacted by provisions of the bill restricting close-loop systems collecting social care information by government entities. DHHS lists costs to the Children Have A Right To Support (CHARTS) System, the Behavioral Health Central Database System (CDS), the Level 1 Screen System, the Medicaid Management Information System (MMIS), and the Nebraska Family Online Client User System (N-FOCUS) as databases that would need substantial changes. There is no basis to disagree with the estimated total cost of \$3,945,600 in FY24 however ongoing costs to maintain updates performed to obtain compliance should be minimal. DHHS indicates the bill has a potential impact to federal funding: if an individual refuses consent for information sharing they would not be able to send referrals thus jeopardizing federal funding in that case.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	592	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

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$3,243,840		\$3,243,840	
CASH FUNDS				
FEDERAL FUNDS	\$701,760		\$701,760	
OTHER FUNDS				
TOTAL FUNDS	\$3,945,600	\$0	\$3,945,600	\$0

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

Explanation of Estimate:

LB592 places restrictions on close-loop systems collecting social care information provided by governmental entities.

An individual's personally identifiable information or social care information may be added to a closed-loop referral system only if: (1) The individual consents to its inclusion on each instance of a referral for services; and (2) The individual retains the right to revoke consent to be in the closed-loop referral system at any time. Sec. 8. (1) No participating organization utilizing a closed-loop referral system shall have access to an individual's personally identifiable information or social care information unless: (a) The individual has been referred to that participating organization for services; and (b) The individual has consented for that participating organization to access such information. (2) A participating organization shall have policies and controls in place defining staff roles necessary for the referral and provision of services and for the purpose of providing care coordination.

LB592 would impact multiple eligibility and enrollment systems and databases within the department. This fiscal impact is extremely difficult to project. The department consulted with the IT teams for our various systems and databases to create a projected fiscal impact.

Summary changes to these systems/databases and estimated impacts are as follows:

Children Have A Right To Support (CHARTS)

- Change to My Account web application to support electronic signature
- New document for the client to sign and return giving permission (or not) for the referral and monitoring
- Edits to existing referral process
- Updates to CHARTS security

Resource	Rate	Hours	Cost
Technical Analyst	\$100 per hour	2000	\$200,000
Business Analyst	\$80 per hour	2400	\$192,000
Total			\$392,000

Behavioral Health Central Database System (CDS)

Assumptions

- New consent screens
- New Revoke screens
- Database changes
- New reports

Work Involved

- Attend working meetings, gather requirement
- Development of screens
- Database changes
- Testing

Resource	Rate	Hours	Cost
Technical Analyst (4)	\$200 per hour	7040	\$1,408,000
Business Analyst (2)	\$120 per hour	1920	\$230,400
Total			\$1,638,400

Level 1 Screen System

Assumptions

- New Consent screens
- New Revoke screens
- Database changes
- New reports

Work Involved

- Attend working meetings, gather requirement
- Development of screens
- Database changes
- Testing

Resource	Rate	Hours	Cost
Technical Analyst (4)	\$100 per hour	7040	\$704,000
Business Analyst (2)	\$80 per hour	1920	\$153,600
Total			\$857,600

MMIS

Assumptions:

- The following MMIS interfaces would require consent
 - Managed Care Enrollment Broker
 - Managed Care Organizations
- Not included in our estimate
 - NF interfaces (PASRR / LOC / Casemix) – These are all inbound interfaces and would be estimated under the sending system if applicable
 - Therap – Eligibility information is coming from NFOCUS, they will just be sending MMIS auths and claims
 - Magellan FFS Pharmacy Benefits
- Consent would be tracked on the NFOCUS / iServe side, and would be checked at the point of application for Medicaid
- Consent not found would mean no managed care enrollment; we would simply cover FFS

Resource	Rate	Hours	Cost
Technical Analyst	\$100 per hour	1200	\$120,000
Business Analyst	\$80 per hour	1000	\$80,000
Total			\$200,000

NFOCUS

Assumptions

- New Consent screens
- New Revoke screens
- Database changes
- New reports

Work Involved

- Attend working meetings, gather requirement

- Development of screens
- Database changes
- Testing

(NFOCUS had a very difficult projection so a mid baseline matching the level one screening was used)

Resource	Rate	Hours	Cost
Technical Analyst (4)	\$100 per hour	7040	\$704,000
Business Analyst (2)	\$80 per hour	1920	\$153,600
Total			\$857,600

Summary by Fund Type

System	Total Funds	Federal	State
CHARTS	392,000	258,720	133,280
CDS	1,638,400		1,638,400
Lvl 1 Screen System	857,600		857,600
MMIS	200,000	100,000	100,000
NFOCUS	857,600	343,040	514,560
Total	3,945,600	701,760	3,243,840

Other Potential Impacts Not Included in the Fiscal Note Tables:

Child & Family Services (CFS)

There is a potential for this bill to require a system re-write as well as operational staff to support the re-write for the NFOCUS system. If this is required, the fiscal impact will be greatly increased.

LB592 has a possible impact on federal funding CFS receives. If an individual does not consent for their information to be shared, CFS would not be able to send referrals for programs that would be required for client participation. An individual would then **not be eligible for federally funded programs**. Fewer people participating in these programs would mean less Federal funding.

Developmental Disabilities (DD)

The fiscal impact of this bill is dependent on how the solution for tracking consent information is implemented. Costs associated with creation of a consent form and development of a procedure to utilize the consent form will occur regardless of how the solution is created. However, creating a robust solution that fully utilizes the IT systems used by DD will add more costs for the analysis and development of a solution.

Operations (OPS)

If a closed loop referral system were to be procured by the agency, IT and Procurement would need to be closely involved. Any agreements stemming from participation in a platform owned or operated by an outside entity would need to be reviewed by Legal and the Chief Data Strategist. The bill does not require participation in a closed loop system, it just sets out requirements if there is participation. To the extent that agency personnel participate in a closed loop referral system, the agency would need to draft consents and policies and procedures to ensure compliance.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:				
POSITION TITLE	23-24	24-25	2023-2024 EXPENDITURES	2024-2025 EXPENDITURES
Benefits.....				
Operating.....			\$3,945,600	\$3,945,600
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$3,945,600	\$3,945,600