

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.

LB 601 contains intent to appropriate an unspecified amount of funding to the Department of Health and Human Services (DHHS) for Developmental Disability (DD) provider rate increases of 8.7% for both FY 2023-24 and FY 2024-25.

The DD base budget appropriation for FY 2022-23 was \$174,638,509 for individuals currently receiving DD Waiver Aid. For FY 2023-24, an 8.7% increase would be \$15,193,550 in state aid general funds and \$21,346,974 in federal funds for Medicaid. For FY 2024-25, the 8.7% increase would be \$16,515,389 state aid general funds and \$23,376,855 in federal funds for Medicaid

DHHS notes that there are 147 children in the custody of the state who have been determined to be eligible for Developmental Disability Services. However, only 10 of these children are receiving DD waiver services and the remaining 137 of these children are currently on the waiting list/registry for DD waivers. For these 137 children, any developmental disability related service is paid for with the Child and Family Services (CFS) state general funds.

As LB 601 intent is to increase DD provider rates, CFS would be required to pay the same rate to providers of DD services for the children that are in the custody of the state through letters of agreement. The increased costs to provide DD services for these children is borne completely by state general aid funds due to these children are not receiving waiver services that are matched with federal funds for the Medicaid component. The costs for the DD provider rate increase to serve this population are \$2,365,077 in FY 2023-24 and \$2,570,839 in FY 2024-25.

See the following for the funding distribution table for DHHS:

	FY 2023-24		FY 2024-25		FY 2023-24		FY 2024-25	
	DD Aid		CFS DD Services		TOTAL - DD Rate Increases			
GF	\$15,193,550	\$16,515,389	\$2,365,077	\$2,570,839	\$17,558,627	\$19,086,228		
FF	\$21,346,974	\$23,376,855	\$0	\$0	\$21,346,974	\$23,376,855		
Total	\$36,540,524	\$39,892,244	\$2,365,077	\$2,570,839	\$38,905,601	\$42,463,083		

Additionally, it should be noted that the Nebraska Supreme Court is providing services for youth that are under the supervision of Juvenile Probation who are court-ordered to participate in services provided by developmental disability providers. While there is no intent in LB 601 to include this program in the DD provider rate increases, there are approximately 40 youth under the supervision of Juvenile Probation that are currently participating in DD services. The agency reports that some of these youths are on the DD waiting list/registry and some have not been determined to be eligible by DHHS. The anticipated costs for the increased provider rates that serve the youth in Juvenile Probation is \$607,958 in FY 2023-24 and \$1,268,807 in FY 2024-25.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	601	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services		
REVIEWED BY:	Ann Linneman	DATE:	3-20-2023	PHONE:	(402) 471-4180
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.					
<u>Technical Note:</u> The current appropriation language is not sufficient to create an appropriation. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	601	AM:	AGENCY/POLT. SUB: Nebraska Supreme Court		
REVIEWED BY:	Ann Linneman	DATE:	3-20-2023	PHONE:	(402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Supreme Court's estimate of fiscal impact of increasing the rates of developmental disability service providers, however the Supreme court is not named in this appropriations bill, so as written, no fiscal impact to the agency.					

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 3-17-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$17,558,627		\$19,086,228	
CASH FUNDS				
FEDERAL FUNDS	\$21,346,974		\$23,376,855	
OTHER FUNDS				
TOTAL FUNDS	\$38,905,601	\$0	\$42,463,083	\$0

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

Explanation of Estimate:

The intent of LB 601 is to appropriate funds of an unspecified amount in State Fiscal Years (SFY) 2024 and 2025 to the Department of Health and Human Services (DHHS), Program No. 424, Developmental Disability (DD) Aid, to increase reimbursement rates paid to providers of developmental disability services by 8.7% in both FY24 and FY25.

The DD base budget appropriations for FY22-23 for program 424 was \$174,638,509. For State Fiscal Year (SFY) 2024 the 8.7% increase is \$15,193,550 state general funds (Program 424) and \$21,346,974 federal funds (Medicaid Program 348) for a total of \$36,540,524. The 8.7% increase for SFY 2025 is \$16,515,389 State (Program 424) and \$23,376,855 Federal (Medicaid Program 348) for a total of \$39,892,244.

If the DD fee schedule is updated with increased rates, this would also impact Division of Children and Family Services (CFS). Currently, CFS pays the DD fee schedule rates for services provided to youth involved with CFS. CFS enters into letters of agreement for these services with providers.

CFS is the legal custodian of approximately 147 state wards and non-court involved children who have been determined eligible for DD. However, 137 of the youth are not currently DD funded. For the 137 children who are not DD funded, all DD-related services provided to those children are paid for with CFS state general funds. DD rates are significantly higher than the highest CFS foster care tier. This rate differential can cause permanency barriers with families because CFS cannot offer DD rates post-adoption.

If the DD fee schedule for services related to developmental disabilities, increases, CFS will pay the same rates to the developmental disabilities providers through Letters of Agreement for CFS youth. The increased costs through Letters of Agreement for DD services will be approximately \$4,935,915 in total over the next two years. This increase in expenditures would be paid through state general funds.

		Out of Home Structure	Day Hab	total
Current Spending		\$20,766,488.04	\$6,418,303.40	
FY 23-24	8.70%	\$1,806,684.46	\$558,392.40	\$2,365,076.86
FY 24-25	8.70%	\$1,963,866.01	\$606,972.53	\$2,570,838.54

The combined effect of the 8.7% increase for DD Program 424, CFS, and Medicaid is listed below.

	FY24	FY25	FY24	FY25	FY24	FY25
FMAP	58.42%	58.60%	0%	0%		
State	41.58%	41.40%	100%	100%		
	Program 424		CFS		TOTAL	
State	\$ 15,193,550	\$ 16,515,389	\$ 2,365,077	\$ 2,570,839	\$ 17,558,627	\$ 19,086,228
Federal	\$ 21,346,974	\$ 23,376,855			\$ 21,346,974	\$ 23,376,855
Total	\$ 36,540,524	\$ 39,892,244	\$ 2,365,077	\$ 2,570,839	\$ 38,905,601	\$ 42,463,083

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	23-24	24-25	2023-2024 EXPENDITURES	2024-2025 EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$38,905,601	\$42,463,083
Capital Improvements.....				
TOTAL.....			\$38,905,601	\$42,463,083

