

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	\$726,177		\$1,452,354	
CASH FUNDS				
FEDERAL FUNDS	\$1,209,335		\$2,418,670	
OTHER FUNDS				
TOTAL FUNDS	\$1,935,512		\$3,871,024	

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 provide coverage for all necessary translation and interpretation services for eligible recipients utilizing a medical assistance program services no later than January 1, 2024. A review of various states' reimbursement models as well as other states' expenditures for language services produced by the National Health Law Program in 2017 can be found here: <https://healthlaw.org/wp-content/uploads/2017/02/Medicaid-CHIP-LEP-models-FINAL.pdf>

LB 62 requires DHHS to maximize federal funding for such services. For all adults on Medicaid, translation and interpretation services qualify for 50% federal matching rate (FMAP). The Medicaid federal matching rate for translation and interpretation services for children in families with English as a Second Language (ESL) is 75% as set forth in Section 1903(a)(2)(E) of the Social Security Act. The federal matching rate for translation services is calculated differently for children covered the Children's Health Insurance Program (CHIP) as set forth in Section 2105(a)(1)(D)(iv) of the Social Security Act: states are paid either the enhanced FMAP rate (used to reimburse states for both services and administrative costs under CHIP) +5 percentage points or 75% FMAP, whichever is higher. For the purposes of this fiscal note the 75% FMAP is used for children though the actual federal contribution may be higher for CHIP eligible children. The fiscal note for DHHS acknowledges the higher match rate is available but defers to the 50/50 due to concerns with system modifications. This fiscal note shows an estimated breakdown for adults and children, applying the higher federal match for children.

The total Nebraska Medicaid population in November 2022 was 383,505 total enrollees. The total number of children enrolled in both Medicaid and CHIP was 191,467 children or 49.93% of all Medicaid enrollees. DHHS also provides an estimate of 1,687,589 claims. During this time, no one was disenrolled from Medicaid due to changes in circumstances, which was a policy accompanying the Federal COVID-19 Public Health Emergency (PHE). This fiscal note assumes a 10% reduction in overall enrollees and number of claims due to the forthcoming redeterminations required over the 12-month period starting March 1, 2023. As such the basis for this fiscal note is 345,155 total Medicaid enrollees, 172,320 of which are children in either Medicaid or CHIP and 172,834 are adults, and 1,518,831 claims. The fiscal note for DHHS does not reflect any decline in eligible enrollees or claims due to the unwinding of the PHE.

DHHS provides an estimate sourced from the census website that 4.75% of Nebraskans have Limited English Proficiency (LEP) and an estimate sourced from the CDC that 1% of Nebraskans are Deaf. As such, there are an assumed 8,210 LEP adults, 8,185 LEP children, 1,728 Deaf adults, and 1,723 Deaf children in the Medicaid population who would be impacted by this legislation. For such individuals, there would be 87,333 of the 1,518,831 claims which would need translation and interpretation services – 36,126 claims for LEP adults, 36,019 claims for LEP children, 7,605 for Deaf adults, and 7,583 for Deaf children.

There is no basis to disagree with the estimated breakdown provided by DHHS for types of interpretation: 10% would require in-person translation services, 65% would require translation services over the phone, and 25% would require video remote interpretation. The average cost for in-person translation services is estimated to be \$97.50 per hour with a minimum requirement of 2 hours for an estimate of \$195 per visit. There is reason to dispute the estimated cost of \$2.13 per minute for over the phone translation which was used by DHHS (particularly government discounts available for such services), therefore this fiscal note uses an estimated cost of \$1.50 per minute for an estimated cost of \$22.50 for a 15-minute visit. The average cost for video remote translation is estimated to be \$2.72 per minute with a minimum length of 15 minutes for an estimated cost of \$40.80 for a 15-minute visit. The total estimated cost of

translation and interpretation services starting January 1, 2024 is \$1,935,512 in FY24 and \$3,871,024 in FY25. The following chart breaks down, for a full year such as FY25, costs by fund for adults and children.

	Adults	Children	Total
General Funds	\$969,197	\$483,157	\$1,452,354
Federal Funds	\$969,197	\$1,449,473	\$2,418,670
Total	\$1,938,394	\$1,932,630	\$3,871,024

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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Date Prepared 2-24-2023

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	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$1,223,113		\$2,446,227	
CASH FUNDS				
FEDERAL FUNDS	\$1,223,114		\$2,446,227	
OTHER FUNDS				
TOTAL FUNDS	\$2,446,227		\$4,892,454	

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

Explanation of Estimate:

This bill mandates that the Medicaid program cover translation and interpretation services as a covered service.

Per Federal guidance, interpreters are not Medicaid-qualified providers; however, their services may be reimbursed when billed by a qualified provider rendering a Medicaid-covered service. Interpreters may not be paid separately.

The Centers for Medicare and Medicaid Services (CMS) allows for reimbursement at the standard 50% federal matching rate for this service. This must be claimed as an administrative expense if it is not included and paid for in the rate for direct services.

A higher match rate is available when claimed under administration and when services are provided to “children of families for whom English is not their primary language,” and family members of these children. The higher match rate is 75% under Medicaid; and 75% or the state’s enhanced Federal Medical Assistance Percentage (FMAP) + 5%, whichever is higher under CHIP, subject to the 10% statutory limit on CHIP administration.

The estimated direct impact to Nebraska Medicaid is expected to be approximately \$4,892,454 per year with the state fund and federal fund impact dependent on the match rates referenced above. MLTC is unsure if systems could be modified to allow for enhanced claiming and recommends using the standard 50/50 FMAP allowed for this service. The earliest effective/operative date is January 1, 2024. The estimate for one half of State Fiscal Year (SFY) 2024 is \$2,446,227.

Based off November 2022 enrollment, there’s an estimated population of 22,101 Medicaid eligible members who are likely to utilize translation and interpretation services. 18,258 members who have limited English proficiency and 3,844 members who are deaf. These members are estimated to account for 97,036 claims per year and represent 5.75% of Nebraska’s Medicaid population.

Estimates of in-person, telephone, and video remote interpreting and translation services from the January 2018 article "Medical Interpreters in Outpatient Practice" result in an average cost of \$50.42 per claim. This amount multiplied by the estimated number of claims (97,036) is the calculation for \$4,892,454 in annual cost.

The costs vary greatly for in-person services with an average cost per hour of \$97.50, requiring a two-hour minimum service time, even if the service lasts less than 30 minutes. Telephonic and remote video services average \$2.13 per minute and \$2.72 per minute respectively with typical minimum service units of 15 minutes.

In-person interpreter costs can range upwards of \$150 per hour and typically have required service time minimums of 2 hours. Other service options such as telephone and video remote interpreting typically see

minimums of 15 minutes per service and can cost up to \$3.49 per minute. The article is available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5758324/>

Covering this new service will also require internal and contract (actuary) time and resources to operationalize coverage. The department would estimate that this would be additional absorbed time to draft and submit a SPA for the coverage. The Health Services and Rates and Reimbursement team would need to research and implement a policy around how we will cover the service, and the state actuary would need to perform a program change analysis to include it in capitation rates for CY2024.

We estimate approximately 20 hours each for a Rates and Reimbursement program specialist and Health Services Program Specialist-RN for the policy and payment coverage determinations and standard hours for Medicaid SPAs. Absorbed costs are estimated at \$2,223.

Summary of Expenditures				
	FY2023-24 FTE	FY2024-25 FTE	FY2023-24	FY2024-25
PERSONAL SERVICES:				
K73210 DHHS Program Specialist	0.0	0.0	\$505	\$0
R73320 DHHS Program Specialist - RN	0.0	0.0	\$780	\$0
BENEFITS:			\$470	\$0
OPERATIONS			\$468	\$0
TOTAL			\$2,223	\$0

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2023-2024 EXPENDITURES	2024-2025 EXPENDITURES
	23-24	24-25		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$2,446,227	\$4,892,454
Capital Improvements.....				
TOTAL.....			\$2,446,227	\$4,892,454