

PREPARED BY: Mikayla Findlay
 DATE PREPARED: January 04, 2024
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LB 944

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below			

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

This bill would modify Neb. Rev. Stat. § 68-996 which authorizes the provisions of the Medicaid Managed Care Excess Profit fund. It would specify that the secondary purpose of the fund, after offsetting losses, would be to provide for services addressing the behavioral health needs of adults and children under the Medical Assistance act by increasing behavioral health service rates in order to increase access of care as determined by the legislature. Though the bill changes the authorized uses, it does not designate any amount of funds be used for the purpose of behavioral health service rates.

The Department of Health and Human Services (DHHS) indicates concerns with using the cash fund for funding behavioral health rates and income to the fund is not predictable or guaranteed as it is dependent on managed care utilization. DHHS also notes that if current uses of the fund are disallowed there would be a \$3.2 million impact to the General Fund needed for iServe, the state's economic assistance and Medicaid application and client interface system.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	944	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-8-2024	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health & Human Services' assessment of fiscal impact.				
<u>Technical note:</u> The agency requested cash spending authority for the MCO Excess Profit Fund in FY25 to complete the PHE unwind of Medicaid. Funds could not be used for this purpose if this bill passes.				

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 2-7-2024

Phone: (5) 471-6719

	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$3,227,500			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$3,227,500	\$0	\$0	\$0

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

Explanation of Estimate:

LB944 narrows the allowable use of funds deposited into the Managed Care Excess Profit Cash fund (fund 22585) from use to address Medicaid “health needs” to only Medicaid “behavioral health needs” with the intent to use the funds to increase Medicaid provider rates for behavioral health services as determined by the legislature. These changes limit the use of funds created from the overall program array of services, to just being used on one subset of services within the Medicaid program.

This bill could result in ongoing sustainability concerns for the general fund being used for increasing behavioral health service rates in Medicaid, given that deposits into the cash fund are not predictable nor consistent. Also, the restriction on the use could create an issue with intended use of the cash funds in SFY25 for iServe, which this bill’s language would appear to disallow, creating additional general fund costs. For SFY25, \$3,227,500 from this cash fund was earmarked to be used for iServe and would need to be replaced with state general funds.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2024-2025	2025-2026
		24-25	25-26	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....					
Travel.....					
Capital Outlay.....					
Aid.....					
Capital Improvements.....					
TOTAL.....					