

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	125,000	0	1,427,515	0	1,552,515
FY2027-2028	125,000	0	1,427,515	0	1,552,515
FY2028-2029	125,000	0	1,427,515	0	1,552,515
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

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 to apply for a 1115 waiver under the Medicaid program for reimbursement of traditional healing services. The bill requires DHHS to consult tribal nations, at least as much as outlined in the bill, throughout the process.

DHHS estimates administrative expenses of \$250,000 annually to maintain contracts with external vendors and implement program reporting requirements. These expenses qualify for 50% federal match. DHHS estimates aid expenses of \$1,302,515 annually based on the assumption of 456.6 eligible individuals and average annual cost of \$475.44 per services and two services per month over a three month period. The annual cost per individual of \$2,853 for traditional healing services appears to be reasonable though it is unclear what this estimate is based on or if actual costs would be more or less. DHHS notes CMS reimburses Medicaid 100% for services provided to tribal member through the Indian Health Service or Tribal facilities. As such the only fiscal impact to the state is half the administrative costs for reporting and actuarial support. There is no basis upon which to disagree with the fiscal impact estimate.

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

LB: 1016 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 2-12-2026 PHONE: (402) 471-4180

COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact.

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 2-12-2026

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	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$125,000		125,000	
CASH FUNDS				
FEDERAL FUNDS	\$ 1,427,515		\$ 1,427,515	
OTHER FUNDS				
TOTAL FUNDS	\$ 1,552,515		\$ 1,552,515	

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

Explanation of Estimate:

LB1016 requires the Department of Health and Human Services (DHHS) to seek federal approval for Medicaid reimbursement of traditional healing services for Tribal members through an 1115 demonstration waiver if it passes. The department would need to submit the waiver application by July 1, 2026, including the proposed services and feedback provided by Tribal members.

This bill estimates 4,566 members are eligible, with a utilization rate of 10 percent, and assumes an average of two services per month over a three-month period, with a reimbursement of \$ 475.44 as an average service rate. Based on these assumptions, the total estimated cost for aid is \$ 1,302,515. This reflects the blend of applicable codes, which include H0051 (Traditional Healer) and T1016 (Natural Helper). CMS reimburses Medicaid at 100 percent of the federal match for services provided to Tribal members through the Indian Health Service (IHS) or Tribal facilities.

In addition to service costs, the program would require administrative and contractual support to implement and oversee the Section 1115 waiver and to prepare ongoing monitoring reports. Historically, the Department has contracted with external vendors to assist with drafting waiver applications, including benefit design and budget-neutrality modeling. Once implemented, the waiver would require quarterly budget-neutrality and monitoring reports, which typically require ongoing actuarial support. These administrative costs are eligible for a 50/50 federal-state match and are estimated at \$250,000 per year for 1115 waivers. Additionally, this would include costs associated with federal requirements to have an independent evaluation and monitoring of the outcomes of the 1115 Waiver.

It is currently uncertain how many services will be reimbursed under the IHS encounter rate versus billed separately. Some services may be paid under the all-inclusive rate, while others may be billed outside of it, potentially increasing costs. At the same time, some existing Medicaid services may be replaced by traditional healing services, which could offset costs, but these effects cannot be reliably quantified before the implementation.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027	2027-2028
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$250,000	\$250,000

Travel.....		
Capital Outlay.....		
Aid.....	\$1,302,515	\$1,302,515
Capital Improvements.....		
TOTAL.....	\$ 1,552,515	\$ 1,552,515