

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
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.**

This bill requires the Department of Health and Human Services (DHHS) to submit a State Plan Amendment (SPA) for the Medicaid program by October 1, 2025 to implement targeted case management (TCM) for evidence-based nurse home visiting services. The bill indicates that these services are for families who have children younger than three years of age who are enrolled in the Children’s Health Insurance Program (CHIP). The bill also states legislative intent to fund these services with cash funds from the Medicaid Managed Care Excess Profit Fund. Due to availability of Federal Medical Assistance Percentage (FMAP) for Medicaid, it is assumed that the cash funds would make up the state’s matching requirement and not be the exclusive fund source of this initiative. Note that revenue to the Medicaid Managed Care Excess Profit Fund is not guaranteed and lack of funding may result in failure to execute the provisions of the program.

Currently, the only program in Nebraska that offers nurse home-visiting is based out of the Lincoln-Lancaster County Public Health Department. Due to increased funding for home-visiting provided by the legislature, Douglas County is starting a similar program. If the SPA is approved, additional programs may launch state-wide.

DHHS notes that current Medicaid regulations do not define evidence-based nurse home visiting. In seeking a SPA approval from CMS, the Centers for Medicare & Medicaid Services, the definitions would be explicated for TCM for a specific patient population which may be considered similar to populations that are exempt from coverage. This may extend the approval process. DHHS assumes implementation by 1/1/2026 noting the possibility of later implementation depending on approval.

Though this bill exclusively references CHIP, the Medicaid and CHIP programs provide identical services for the child population. The programs funding sources differ but from the recipient side the programs are seamless meaning if a family’s income results in movement of the child or children between CHIP and Medicaid the services stay the same. DHHS indicates that in FY24 there were approx. 400,000 member months for individual children under the age of three. The agency uses a utilization assumption of 25% and assumed monthly rate of \$100 to calculate a total aid cost of \$10 million. Assuming implementation of 1/1/2026, the aid cost in FY26 would represent half a fiscal year. The agency uses a blended FMAP of 57.20% for FY26 and 56.15% for SFY27. The blended FMAP is based on the proportion of regular Medicaid member months and CHIP member months. This estimate appears to be reasonable at full program implementation. As noted above there is only one program fully operating and implementation of new programs statewide would take significant time to develop therefore the actual cost in the initial years of the program should be less.

DHHS indicates potential administrative expenses upwards of \$103,000 annually for a program manager depending on which division the program will fall within the Department. Current home visitation operates within the Division of Public Health however this bill would involve Medicaid and Long-Term Care. DHHS also notes that efforts to start the home-visiting program in Omaha may be duplicated under this bill.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	22	AM:	AGENCY/POLT. SUB: Nebraska Dept of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	1-21-2025	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health & Human Services assessment of fiscal impact.				
<u>Technical Note:</u> The amount of funding into the MCO Excess Profit Fund is unknown, so General Funds would be needed if there is not adequate funding available.				

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 1-17-2025

Phone: (5) 471-6719

	FY 2025-2026		FY 2026-2027	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>	\$2,139,845		\$4,385,383	
<b>FEDERAL FUNDS</b>	\$2,860,155		\$5,614,617	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$5,000,000	\$0	\$10,000,000	\$0

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

Explanation of Estimate:

LB22 requires Medicaid to submit a state plan amendment (SPA) to the Centers for Medicare & Medicaid Services (CMS) for targeted case management (TCM) for evidence-based nurse home visiting services available to all postpartum mothers and children less than three years of age enrolled in Medicaid or Children’s Health Insurance Program (CHIP). LB22 requires the non-federal share portion of the service be paid with the Managed Care Excess Profit Fund. The usage of the Managed Care Excess Profit Fund for the non-federal share portion is not a sustainable source of funding; this could lead to needing other funding sources, such as General Funds, in the future.

Current Medicaid regulations do not define evidence-based nurse home visiting. There are other programs and funding streams that provide targeted case management or nurse visits for postpartum mothers and children less than three years of age. The SPA will require CMS approval to limit the TCM service to a specific patient population that may be considered similar to patient populations exempt from the coverage. This will require special review by CMS, possibly a waiver, and the date of October 1, 2025, might not be met. This fiscal note assumes an implementation date of January 1, 2026. The expenses related to the effort and time needed for the SPA and potentially a waiver, as well as other operational costs to implement this new coverage, would be absorbed by the Department.

In state fiscal year 2024, there were approximately 400,000 unique member months for children under three years of age. Assuming a utilization rate of 25%, this fiscal note assumes 100,000 member months are to be covered at an estimated monthly rate of \$100. The resulting annual increase in aid expenditures is \$5,000,000 for SFY26 (\$2,860,155 Federal Funds and \$2,139,845 Cash Funds) and \$10,000,000 for SFY27 (\$5,614,617 Federal Funds and \$4,385,383 Cash Funds). The blended FMAP for SFY26 used is 57.20% and for SFY27 is 56.15%. The blended FMAP was based on the proportion of regular Medicaid member months and CHIP member months.

The Division of Public Health (DPH) currently oversees an evidence-based home visiting model that is not nurse-based called the Maternal Infant Early Childhood Home Visitation (MIECHV) program. DPH does not oversee any programs that would be considered “targeted case management”. DPH is currently in the process of implementing a local evidence-based nurse home visitation project, called Family Connects, which is localized in Omaha. If the services provided in LB22 are also provided through DPH’s existing home visiting program, then there would be a substantial impact to the Department. The existing home visiting program operates on a cost reimbursement basis through subawards to local implementing agencies. It is unclear whether the Department is intended to implement the program itself or if LB22 is meant to designate where the state share of costs associated with the SPA will be borne. If the Department is responsible for expanding the existing Omaha pilot project statewide, new full-time associates might be needed, including at minimum a program manager position with annual costs of \$103,000.

An expansion of a statewide nurse home visitation program for Medicaid and CHIP recipients may allow DPH's existing home visiting program to reprioritize existing aid resources. The nurse home visiting program pilot that is being launched in Omaha would appear to be redundant if LB22 were to pass and be implemented as-is. If LB22 eliminated the need for the Omaha nurse home visiting pilot project, there would be a reduction in \$500,000 in costs per year against the Medicaid Managed Care Excess Profit Fund.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$5,000,000	\$10,000,000
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$5,000,000</b>	<b>\$10,000,000</b>