PREPARED BY: Mikayla Findlay
DATE PREPARED: April 14, 2025
PHONE: 402-471-0062

LB 380

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to include provisions of AM 728 & AM 814

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	$2,268,003	$2,268,003	$4,536,006	$4,536,006
FEDERAL FUNDS	$4,212,005		$8,424,011	
OTHER FUNDS				
TOTAL FUNDS	$6,480,008		$12,960,017	

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

This bill combines amended versions of provisions originally introduced this year in LB 380, LB381, and LB610.

Provisions originally introduced in LB 380

The bill adds requirements for the Division of Medicaid and Long-Term Care with the Department of Health and Human Services (DHHS) and places restrictions on contractors in the medical assistance program, specifically Managed Care Organizations (MCOs), through which a majority of Medicaid services are channeled.

Pertaining to new requirements of MCOs, the bill:
- prohibits MCOs from limiting mental health and substance use disorder coverage more than other conditions
- requires MCOs to maintain adequate provider networks for mental health and substance use disorder services
- requires MCOs to utilize generally recognized standards of care criteria and make utilization review policies public
- and prohibits MCOs from modifying including revoking authorization for mental health and substance use disorder services after the provider renders such service.

AM 728 strikes the provision prohibiting MCOs from reducing rates lower than what is published by DHHS which would have had a fiscal impact though the scope of the impact was indeterminable. DHHS notes additional staff time would be required to update regulations, the costs of which can be absorbed.

Provisions originally introduced in LB 610

This bill would require the Department of Health and Human Services (DHHS) to seek federal approval for a supplemental reimbursement for the actual and federally allowable costs within the Ground Emergency Medical Transport (GEMT) Act on or before January 1, 2026. The bill allows Medicaid to seek approval to increase managed care organizations (MCOs) capitation to pay increased rates effective January 1, 2025 however DHHS notes direct payments may not be retroactive therefore that portion is not efficacious.

DHHS indicates that to implement the bill changes would be necessary to MCO contracts and intergovernmental transfer (IGT) agreements. These administrative changes may necessitate an additional staff person. Should an additional FTE be needed, the GEMT Act permits DHHS to cover the administrative costs with a portion of the IGT collected for the enhanced payment.

The agency estimates are based off of other state's data from similar programs. The impact for a full year is estimated to be $12,960,017 of which $4,536,006 would be collected via IGT agreements. A fraction of the cash revenue would be dedicated to administrative expenses which DHHS indicates would be no more than $150,000 annually. DHHS uses a blended federal match rate of 65% for the purposes of this estimate. There is no basis to disagree with the agency estimate.

Provisions originally introduced in LB 381

This bill modifies provisions of Medicaid program integrity audits. AM 728 addresses concerns of DHHS including establishing definitions, procedures, and harmonizing the new requirements with federal regulations. The changes ensure that DHHS can maintain participation with Unified Program Integrity Contractors (UPICs). DHHS indicates indeterminable fiscal impact related to decreased audit recoveries overall.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 380		AM: 728,814		AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	4-14-2025	PHONE: (402) 471-4180	
COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact.					

LB (1) 380 AM728 AM814 FISCAL NOTE 2025

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 4-14-25 Phone: (5) 471-6719

	FY 2025-2026		FY 2026-2027	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	$2,268,003	$2,268,003	$4,536,006	$4,536,006
FEDERAL FUNDS	$4,212,005		$8,424,011	
OTHER FUNDS				
TOTAL FUNDS	$6,480,008	$2,268,003	$12,960,017	$4,536,006

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

Explanation of Estimate:

The Department of Health and Human Services (DHHS) estimates increased staff time that would need to be allocated to complying with sections of this bill. LB380/AM728/AM814 could require updates to regulations, MCO contracts and capitation rates, creating and publishing additional reports and information, and establishing a monthly communication system with all healthcare providers participating with Medicaid. The additional time and costs associated with these requirements will be absorbed by the Department.

LB380/AM728/AM814 adds requirements to Medicaid program integrity and program integrity audits and establishes limitations on Medicaid program integrity contractors' capability to perform industry standard audits required of state Medicaid programs as established in federal regulations (42 CFR Chapter IV, Subchapter C, Part 455). LB380/AM728/AM814, which incorporates amended language from LB381, does mitigate the most significant concerns noted by DHHS in the original fiscal note for LB381, but would still add additional requirements and limitations for the department. LB380/AM728/AM814 changes the look back period from four years to three years, which will likely decrease the overall recoveries. While there could be fiscal impact as a result of this portion of LB380/AM728/AM814, it is undeterminable and is not expected to be significant.

LB380/AM728/AM814, which also incorporates amended language from LB610, amends existing Neb. Rev. Stat. §§ 68-977 to 68-988, the Ground Emergency Medical Transport (GEMT) Act, to require the Department of Health and Human Services (DHHS) to gain federal approval to implement a new supplemental payment program for governmental ambulance service providers in Nebraska that participate with Medicaid. Provider participation in the program is voluntary, but it does require that participating providers submit an intergovernmental transfer (IGT) of funds to the Department for the nonfederal share of the supplemental payment.

This bill allows Medicaid to seek approval to increase managed care organization (MCOs) capitation (via a directed payment) to pay the supplemental payments for dates of service effective January 1, 2026. To implement this bill, Medicaid would need to obtain annual approval of a new directed payment program from the Centers for Medicare & Medicaid Services (CMS). The Department would also need to amend existing MCO and actuarial contracts or procure new contracts and the IGT agreements with all governmental providers participating in the program. There may be a need to absorb significant work or consider adding a full-time employee (FTE) to effectuate the GEMT Act, but statutory language allows the department to cover the costs through using a portion of the IGT collected for the enhanced payment.

DHHS estimates that this new program will result in significant enhanced payments to eligible participating providers, as it allows the department to pay participating governmental providers up to their cost. Given that DHHS does not currently have cost data for Nebraska GEMT providers, the department estimated the fiscal impact based on a review of other states, including Iowa, who have similar programs currently in place. The state estimates that the total directed payment for all providers could be around $13 million dollars per year. The department would then expect to collect approximately $4.5 million per year in funding through IGTs from participating providers. A small portion of the IGT collected would be used to fund the department operation of the program which the department estimates to be no more than $150,000 per year, with the majority remaining amount to be used as the source of the non-federal share to make supplemental (or directed) GEMT payments along with the federal match. DHHS estimates it would need $2,268,003 in new cash spending authority in SFY 26 and $4,536,006 in SFY 27 to pay out the additional funds proposed in this bill through a directed payment, as well as approximately $4,212,005 in SFY 26 and $8,424,011 in SFY 27 of additional Federal Fund appropriations in Medicaid for the FFP associated with the non-federal share (cash). There would not be any impact on general fund (GF) expenditures, as the IGT from governmental providers is intended to cover the non-federal share of the increased payments.

The department would recommend the establishment of a new cash fund to be utilized for the purposes of the GEMT program.

A blended federal rate of 65% was used based on the mix of eligibility groups that would utilize the services (Expansion, CHIP, Regular Medicaid).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS 26-26	NUMBER OF POSITIONS 26-27	2025-2026 EXPENDITURES	2026-2027 EXPENDITURES

Benefits		
Operating		
Travel		
Capital Outlay		
Aid	$6,480,008	$12,960,017
Capital Improvements		
TOTAL	$6,480,008	$12,960,017