

PREPARED BY: Mikayla Findlay  
 DATE PREPARED: February 25, 2025  
 PHONE: 402-471-0062

**LB 486**

Revision: 00

**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>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$37,557,672		\$38,608,029	
CASH FUNDS				
FEDERAL FUNDS	\$48,701,445		\$49,274,271	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$86,259,117</b>		<b>\$87,882,300</b>	

**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 implement a standardized rate for the Aged and Disabled (A&D) waiver consistent with the December 7, 2022 dated CBIZ Optumas rate study. The bill also requires A&D rates to be rebased no less than every two years. In order to implement such rate changes DHHS must submit for approval a waiver amendment to the Centers on Medicare and Medicaid Services (CMS).

Based on data from FY24, DHHS estimates the cost to implement the rate changes required by the bill is \$86,159,117 in FY26 and \$87,882,300 in FY27. The agency notes that a portion of the 2,105 A&D service providers, a minority would experience rate reductions and may choose to no longer participate in the program.

Additionally, DHHS indicates the expected cost to rebase rates is \$100,000 which would be incurred at least every two years. It is unclear when the provisions of this bill would be implemented; the first rebase would depend on when the initial rates are implemented.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	486	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-25-2025	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 2-25-25

Phone: (5) 471-6719

	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$37,557,672		\$38,608,029	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$48,701,445		\$49,274,271	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$86,259,117	\$0	\$87,882,300	\$0

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

**Explanation of Estimate:**

LB486 would require the Department of Health and Human Services (DHHS) to implement a standard reimbursement rate for service providers under the Aged and Disabled (A&D) 1915(c) Home and Community-Based Services (HCBS) waiver. The rate shall be consistent with the rate study report provided by CBIZ Optumas and shall be rebased not less than once every two years.

There is no operational date specified in this bill, but it is assumed that the effective date would be July 1, 2025. DHHS could likely meet this date but would need to obtain Centers for Medicare & Medicaid Services (CMS) approval for waiver amendment. Currently, personal care service providers in the A&D waiver negotiate their established rates, so this bill would require all providers to be paid on a fee schedule rate. To implement this bill, DHHS would need to amend the A&D waiver for both the increased costs and to update the rate methodology established in the waiver application as approved by the CMS. DHHS estimates that the contract costs associated with performing a rebase for this service are \$100,000 (total funds) per rebase.

There are currently 2,105 service providers under the A&D waiver. The majority of these providers would receive a rate increase. However, some providers would experience a rate reduction with the implementation of LB486. These providers may leave the A&D waiver program, resulting in fewer service providers to serve participants who require this care. The Social Services for the Aged and Disabled (SSAD) Program chore service provider rates follow the Medicaid (MLTC) personal assistance service rates. If the State Plan personal assistance services rates are increased to the same rate as required for personal care services in this bill, then the SSAD chore service providers rate must also be adjusted. This bill would result in a significant increase in aid expenditures in program 348 (Medicaid).

Based on the SFY 24 claims data for Aged and Disabled individuals, and using the rates approved by CBIZ Optumas for personal care assistance services provided by both independent and agency providers, the estimated increase in programs 348 would be \$86,159,117 in total funds, \$48,651,445 in federal spending (FS), and \$37,507,672 in general funds (GF) in SFY 26 and \$87,882,300 in total funds, \$49,274,271 FS and \$38,608,029 GF in SFY 27.

**MAJOR OBJECTS OF EXPENDITURE**

<u>PERSONAL SERVICES:</u>	POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
		26-26	26-27	EXPENDITURES	EXPENDITURES

Benefits.....

Operating.....	\$100,000	
Travel.....		
Capital Outlay.....		
Aid.....	\$86,159,117	\$87,882,300
Capital Improvements.....		
<b>TOTAL.....</b>	<b>\$86,259,117</b>	<b>\$87,882,300</b>