

**FISCAL NOTE**  
LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to include provisions as adopted in AM 2270, AM2856, AM 5859, AM 2555, AM 2830 (corrected), and AM 2829

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	(6,761,317)	0	(8,111,796)	0	(14,873,113)
FY2027-2028	(10,544,471)	0	(12,650,582)	0	(23,195,053)
FY2028-2029	(14,327,625)	0	(17,189,368)	0	(31,516,993)
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.**

As amended by AM 2270, this bill includes amended provisions of LB 867, which changes and eliminates programs involving special need trusts, spousal impoverishment, and child support customer service. In addition, this bill changes provisions relating to fingerprints in compacts. The bill eliminates a provision requiring written notification to the applicant or recipient of assistance for the aged, blind, or disabled. The bill eliminates the Maternal and Child Health and Public Work Fund. These provisions have minimal fiscal impact.

As amended by AM 2555, the bill includes amended provisions of LB 845, which changes sections of statute that refer to the “Alzheimer’s Disease and Other Dementia Support Act” and the “Alzheimer’s Disease and Other Dementia Advisory Council” to refer to the “Aging, Alzheimer’s, and Dementia Support Act” and the “Aging, Alzheimer’s, and Dementia Advisory Council,” expands the Council from 12 voting members to 15 and modifies the required Council composition including modifying which divisions of DHHS are required to be represented in the non-voting membership of the Council. Expansion of the Council may result in additional compensatory expenses. The bill adds aging and specific data collection imperatives to aging to the purview of the Council. This provision has minimal fiscal impact.

As amended by AM 2270 and AM 2555, this bill includes amended provisions of LB 733, which modifies all references in statute to the Department of Health and Human Service’s (DHHS) Division of Developmental Disabilities to the Division of Disability and Aging. DHHS administers the Home and Community Based Services (HCBS) Medicaid Waiver within this division. DHHS is currently in the process of requesting changes to the Aged and Disabled (AD) waiver, including adding caps to annual care expenditures with limited exceptions, to the federal Centers for Medicare & Medicaid Services (CMS) and in 2025 began the process of administering the waiver in the Division of Developmental Disabilities instead of the Division of Medicaid and Long Term Care. There is no fiscal impact to changing the name of the Division.

As amended by AM 2270, this bill includes amended provisions of LB 1144, which expands the definition of health plan to include managed care organizations and adds required duties to the issuers of health plans including. Specifically, the bill sets a time frame for MCOs and other issuers of health plans to respond to claims submissions within three years and prevents denial of claims in certain circumstances. DHHS indicates there is no fiscal impact to this bill. The provisions may result in efficiencies in Medicaid.

As amended by AM 2830, this bill includes amended provisions of LB 1217, which authorizes schools to maintain epinephrine for emergency first aid. There is no fiscal impact to this provision.

As amended by AM 2859, this bill includes amended provisions of LB 959, which requires the Department of Health and Human Services to create a youth afterschool credential and an adult eligibility passport under the Child Care Licensing Act. DHHS would require federal approval of modification to the Child Care Development Block Grant plan in order to implement the provisions of the bill. Individuals who receive the newly created credentials and passport would still be required to complete necessary trainings and required background checks in order for the state to remain compliant with CCDBG requirements. System updates would be needed to implement these new license types. DHHS indicates costs to implement these policies can be absorbed by current appropriation.

As amended by AM 2829, this bill includes amended provisions of LB 1143, which requires the Department of Health and Human Services to submit an application, likely a state plan amendment, to the Centers for Medicare and Medicaid Services (CMS) to establish a money follows the person program to assist qualified individuals to transition from an institutional setting to a community setting while continuing to receive long term care. The bill also requires a report to the legislature from DHHS on nursing facility rate calculations to include the amount used and the number of projected nursing facility days. Based on a decrease in average quarterly nursing facility days (from 496,793 average quarterly days in CY2024 to 489,654 average quarterly days in CY2025) and an assumed 3% shift from institutional settings to home and community based setting in FY27 and 6% shift in FY28, DHHS expects to reduce Medicaid expenditures by \$14.9m total funds (\$6.8m General Funds and \$8.1m federal funds) in FY27 and \$23.2m total funds (\$10.5m General Funds and \$12.7m federal funds) in FY28. DHHS presents CMS data that shows Nebraska serves 71.3% of long-term care recipients in a home and community based setting an an average for surrounding states of 82.9%. While the assumptions appear to be reasonable, there is uncertainty regarding actualization of assumed savings.

**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 2-4-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	(\$6,761,317)		(\$10,544,471)	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	(\$8,111,796)		(\$12,650,582)	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	(\$14,873,113)	\$0	(\$23,195,053)	\$0

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

**Explanation of Estimate:**

LB1143 adds language to Nebraska Revised Statute § 68-949 to provide flexibility to the department to deviate from the legislative intent of the amount earmarked for nursing facility (NF) rates and include the basis for deviating in an existing legislative report. The bill also requires the department to submit a state plan amendment to establish a money follows the person program by December 31, 2026.

LB1143 does not inherently alter the earmarked appropriation for nursing homes but allows the department flexibility to deviate from the earmark if available information warrants deviation. Current available information would suggest deviating from the earmark for two scenarios.

The first is the current census for Nebraska Medicaid days in nursing homes has reduced from a quarterly average of 496,793 days in calendar year 2024 to a quarterly average of 489,654 days in calendar year 2025. This represents a 1.46% decrease in Medicaid days in nursing homes. A 1.46% reduction in the earmark would result in an annual decrease of \$6,551,173 (\$2,978,163 general funds and \$3,573,010 federal funds).

The second is increasing the ratio of long-term care (LTC) services being provided in home and community-based (HCBS) settings as opposed to institutionalized care. The department currently ranks in the bottom ten states nationally in the percentage of LTC users served in an HCBS setting. A 2022 study from federal Center for Medicare and Medicaid Services (CMS) shows that Nebraska serves 71.3% of LTC users in an HCBS setting. Comparisons to surrounding states show most serve LTC users in HCBS settings at a higher rate. Iowa is at 78.9%, Missouri at 76.5%, Kansas at 87.1%, Colorado at 90.5%, Wyoming at 79.4 %, Montana at 80.9%, North Dakota at 79.7%, Minnesota at 93.8%, and Wisconsin at 96.3%. The only surrounding state that serves LTC users in an HCBS setting at a lower rate than Nebraska is South Dakota at 65.8%. The average percentage for these surrounding states is 82.9% compared to 71.3% for Nebraska, a difference of 11.6%.

The importance of this is the cost of providing care in an HCBS setting is significantly lower than providing care in an institutionalized setting. The average annual cost per person in a nursing facility is approximately \$96,623 a year compared to HCBS, which is approximately \$46,187 per year. With approximately 5,500 individuals receiving LTC services in a nursing home in Nebraska, the following table represents potential cost reductions if DHHS is able to work with these individuals to transition to HCBS settings.

Increase in HCBS	#of Ind	Total Fund	General Fund	Federal Fund
3%	165	(8,321,940)	(3,783,154)	(4,538,786)
6%	330	(16,643,880)	(7,566,308)	(9,077,572)
9%	495	(24,965,820)	(11,349,462)	(13,616,358)
12%	660	(33,287,760)	(15,132,616)	(18,155,144)

Using a conservative approach and assuming an increase in HCBS of only 3% in year one, 6% in year two, etc, the department would recognize the following budget decreases with a July 1, 2026, start date.

Budget Decrease	Total Fund	General Fund	Federal Fund
FY27	(14,873,113)	(6,761,317)	(8,111,796)
FY28	(23,195,053)	(10,544,471)	(12,650,582)
FY29	(31,516,993)	(14,327,625)	(17,189,368)
FY30	(39,838,933)	(18,110,779)	(21,728,154)
<b>Total</b>	<b>(109,424,093)</b>	<b>(49,744,193)</b>	<b>(59,679,900)</b>

Projections for future years are based on the current cost of providing HCBS services. If those costs were to increase, these projections would need to be adjusted.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027	2027-2028
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			(\$14,873,113)	(\$23,195,053)
Capital Improvements.....				
<b>TOTAL.....</b>			<b>(\$14,873,113)</b>	<b>(\$23,195,053)</b>

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

LB: 867 AM: 2829 AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 3-25-2026 PHONE: (402) 471-4180

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