

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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 to submit a Medicaid plan amendment or apply for a waiver to cover children’s day health services. Prior to January 1, 2014, the department is required to adopt and promulgate rules and regulations that provide for payment for all necessary and reasonable costs.

Currently, there are only two facilities in the state that would meet the definition of a children’s day health service. Child care services with a nursing component are covered by a state plan amendment under private duty nursing. The services are reimbursed based on a fee schedule. This bill would base payments on all necessary and reasonable costs of providing the service. There may be increased costs in shifting from a fee schedule to a cost-based reimbursement, as required by the bill. Additional information on the difference between the fee schedule and costs is needed.

Similarly, the cost of covering non-medical services through a waiver would increase Medicaid costs. Currently there are 329 children who are covered for private duty nursing services at a children’s day health center. The addition of non-medical services will increase costs that are paid for the 329 children who are Medicaid eligible, if a waiver is granted. It is unclear if a waiver would be approved and what additional services would be allowable, however. It is also unknown if there would be offsets from payments from other public assistance programs such as the child care subsidy.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 8	AM:	AGENCY/POLT. SUB: DHHS	
REVIEWED BY: Elton Larson		DATE: 1/22/13	PHONE: 471-4173
COMMENTS: Agency analysis and estimates appear reasonable.			

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 1-18-13

Phone: (5) 471-8072

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

Explanation of Estimate:

The full fiscal impact on the Department of Health and Human Services for providing children’s day health services cannot be determined. The increase in Aid expenditures would depend on the array of social, medical, rehabilitation or other support services that were included in the service. The potential impact could be substantial. In addition, the State general fund could take on a significantly higher fiscal responsibility for the new service created by the bill, since the new service is not currently allowable as a Medicaid service. Lastly, this bill envisions a cost-based reimbursement for this service. Such a reimbursement methodology will increase Medicaid expenditures.

Currently, some components of children’s day health services are paid to providers who are or would be licensed to provide this type of service. These components are private duty nursing and speech, occupational and physical therapies. There are approximately 329 children who are receiving such services by two providers at a cost to Medicaid of an estimated \$320,000 in SFY12. LB 8 would potentially increase Medicaid costs to cover the additional services included in children’s day health service, such as social services, nutrition, mental health services and respiratory care in this facility setting. Because of these unknown variables, a full fiscal impact cannot be determined.

The full fiscal impact on the Department of Health and Human Services for providing children’s day health services is unknown. However, it is known the Department would require one-half FTE Auditor to determine the cost-based reimbursement amounts for Children’s day health services. The cost for these administrative purposes would be \$17,864 GF and \$22,516 FF in FY13-14 (\$40,380 total) and \$17,864 GF and \$22,516 FF in FY14-15 (\$40,380 total).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2013-2014	2014-2015
	13-14	14-15	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			See Above	See Above