

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	\$3,000,000	(\$4,000,000)	\$5,400,000	(\$7,200,000)
CASH FUNDS	See Below	\$10,000,000	See Below	\$18,000,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 578 creates the Health Care Access and Support Fund to support the expansion of Medicaid under the Medical Assistance Act. A portion of the premium taxes paid by health insurers are to be appropriated to the fund each fiscal year beginning in FY2013-14. The bill provides for premium tax receipts to be remitted to the fund as follows: \$10 million in FY2013-14; \$18 million in FY2014-15; and, \$23 million in FY2014-15 and each year thereafter. The act is operative on July 1, 2013.

The passage of the federal Patient and Affordable Care Act allows individuals who are currently participating in the Nebraska Comprehensive Health Insurance Pool (CHIP) access to guaranteed issue insurance through an insurance exchange beginning January 1, 2014. The cost of insurance through the exchange will be more affordable than through CHIP, so the CHIP program will no longer be needed.

CHIP is currently funded by insurance premium taxes. Under current law, in the absence of the bill, 40% of the premium taxes not utilized to fund CHIP will be allocated to the General Fund, 10% to the Mutual Finance Assistance Fund, and the remaining 50% to schools, cities, and counties. Schools receive 60% of the share, cities receive 30% and counties receive 10%. The diversion of funds from these entities to the Health Care Access and Support Fund results in increased revenue for the fund and a like decrease in revenue as follows:

	FY2013-14	FY2014-15	FY2015-16
Health Care Access and Support Fund	10,000,000	18,000,000	23,000,000
General Fund	-4,000,000	-7,200,000	-9,200,000
Mutual Finance Assistance Fund	-1,000,000	-1,800,000	-2,300,000
Schools	-3,000,000	-5,400,000	-7,200,000
Cities	-1,500,000	-2,700,000	-3,450,000
Counties	<u>-500,000</u>	<u>-900,000</u>	<u>-1,150,000</u>
Total	-\$10,000,000	-\$18,000,000	-\$23,300,000

Premium tax revenue shown for schools is used in lieu of general funds to support the Tax Equity and Educational Opportunities Support Act (TEEOSA). So, the decrease in premium tax revenue for schools of \$3 million in FY14, \$5.4 million in FY15 and \$7.2 million in FY16 and thereafter will result in a like increase in expenditures for the state General Fund.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 578	AM:	AGENCY/POLT. SUB: HHS
REVIEWED BY: Elton Larson	DATE: 2/25/2013	PHONE: 471-4173
COMMENTS: Concur with DHHS estimate of fiscal impact.		

MINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 578	AM:	AGENCY/POLT. SUB: Dept. of Education
REVIEWED BY: Elton Larson	DATE: 2/19/2013	PHONE: 471-4173
COMMENTS: There is a General Fund impact to TEEOSA, administered by the Dept. of Education, due to the diversion of a portion of the premium tax paid by insurers writing health insurance from the Comprehensive Health Insurance Pool Distributive Fund to the newly created Health Care Access and Support Fund. Increases in General Fund appropriations of \$3.0 million for FY2013-14 and \$5.4 million for FY2014-15 will be required to offset the loss to TEEOSA resulting from the premium tax funds diverted in LB 578. For FY2015-16 and each fiscal year thereafter, General Fund annual appropriations of \$6.9 million will be required to offset the ongoing loss to TEEOSA.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 578	AM:	AGENCY/POLT. SUB: Dept. of Insurance
REVIEWED BY: Elton Larson	DATE: 2/12/2013	PHONE: 471-4173
COMMENTS: Concur with Dept. of Insurance analysis and estimates of fiscal impact.		

Please complete ALL (5) blanks in the first three lines.

2013

LB⁽¹⁾ 578 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NDE/School Finance & Organization Services

Prepared by: ⁽³⁾ Wilson/Inbody Date Prepared: ⁽⁴⁾ February 13, 2013 Phone: ⁽⁵⁾ 1-3323

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$16,000,000</u>	<u> </u>	<u>\$19,400,000</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>\$16,000,000</u>	<u> </u>	<u>\$19,400,000</u>	<u> </u>

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

Explanation of Estimate: The insurance premium fund is currently used to subsidize the general fund in paying for the total cost of TEEOSA funding paid to public schools. This bill would require TEEOSA to be funded completely by the general fund resulting in additional general fund expenditures of \$16 million and \$19.4 million respectively for the 13/14 and 14/15 years.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014 EXPENDITURES</u>	<u>2014-2015 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
Benefits.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u>16,000,000</u>	<u>19,400,000</u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u>16,000,000</u>	<u>19,400,000</u>

Please complete ALL (5) blanks in the first three lines.

2013

LB⁽¹⁾ 578 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Insurance

Prepared by: ⁽³⁾ Eric Dunning Date Prepared: ⁽⁴⁾ 2-6-12 Phone: ⁽⁵⁾ 402-471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	(\$4 million)	_____	(\$7.2 million)
CASH FUNDS	_____	(\$1 million)	_____	(\$1.8 million)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	(\$5 million)	_____	(\$9 million)
TOTAL FUNDS	=====	(\$10 million)	=====	(\$18 million)

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

Explanation of Estimate:

LB 578 would divert a portion of the insurance premium tax paid by insurers writing health insurance to the Health Care Access and Support Fund. LB 578 would divert \$10 million dollars in fiscal year 2013-14, \$18 million dollars in fiscal year 2014-15, \$23 million dollars in fiscal year 2015-16 and succeeding years. The remaining funds would be sent to the Comprehensive Health Insurance Pool Distributive Fund. The funds diverted under LB 578 would otherwise be distributed pursuant to Neb.Rev.Stat. § 77-912.

Pursuant to Neb. Rev. Stat. § 77-912, the distribution of premium taxes paid by insurers which is otherwise spent by the CHIP Distributive Fund is forty percent to the General Fund, ten percent to the Mutual Assistance Fund, and fifty percent to the Insurance Tax Fund. Of the Insurance Tax Fund, the distribution is ten percent to counties, thirty percent to the Municipal Equalization Fund, and sixty percent distributed under TEEOSA.

In Fiscal Year 2015-16 and subsequent years, General Fund revenue would be reduced by \$9.2 million, with a total of lost revenue to other funds of \$13.8 million.

The per fund revenue loss is as follows:

	2013-14	2014-15	2015-16	2016-17
General Fund	\$ 4 million	\$ 7.2 million	\$ 9.2 million	\$ 9.2 million
MFA Fund	\$ 1 million	\$ 1.8 million	\$ 2.3 million	\$ 2.3 million
Counties	\$.5 million	\$.9 million	\$ 1.15 million	\$ 1.15 million
Municipal Equalization	\$ 1.5 million	\$ 2.7 million	\$ 3.45 million	\$ 3.45 million
TEEOSA	\$ 3 million	\$ 5.4 million	\$ 6.9 million	\$ 6.9 million

	2017-18	2018-19	2019-20	2020-21
General Fund	\$ 9.2 million	\$ 9.2 million	\$ 9.2 million	\$ 9.2 million
MFA Fund	\$ 2.3 million	\$ 2.3 million	\$ 2.3 million	\$ 2.3 million
Counties	\$ 1.15 million	\$ 1.15 million	\$ 1.15 million	\$ 1.15 million
Municipal Equalization	\$ 3.45 million	\$ 3.45 million	\$ 3.45 million	\$ 3.45 million
TEEOSA	\$ 6.9 million	\$ 6.9 million	\$ 6.9 million	\$ 6.9 million

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL				

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) 2-21-13

Phone: (5) 471-8072

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$10,000,000		\$18,000,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$10,000,000		\$18,000,000

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

Explanation of Estimate:

LB 578 provides a funding source from the Department of Insurance for part of the state share for the ACA Medicaid expansion. It is unclear whether the funding is intended for the required portion of the ACA, as addressed in the Governor's budget request, or the optional portion addressed in LB 577. The Health Care Access and Support Fund would provide \$10,000,000 CF for FY14, \$18,000,000 CF for FY15, and \$23,000,000 annually from FY16 forward.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2013-2014 EXPENDITURES	2014-2015 EXPENDITURES
	13-14	14-15		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....				