

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	789,520		(\$3,589,890)	
CASH FUNDS				
FEDERAL FUNDS	1,027,952		(\$2,462,138)	
OTHER FUNDS				
TOTAL FUNDS	1,817,472		(\$6,052,028)	

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 by September 1, 2017 to submit a plan amendment for the purpose of providing medical assistance for family planning services for persons whose family earned income is at or below 185% of the federal poverty level. The bill also states intent to appropriate \$500,000 annually for the Every Woman Matters Program.

The department estimates are based on the U. S. Census statistics that approximately 15,384 women who currently do not qualify would become eligible for family planning services at 185% of the federal poverty level. The approximate cost per recipient is \$160. The state match for family planning services is 10% with 90% paid by the federal government. It is assumed there would be a gradual increase in the take-up rate in the first fiscal year. The cost would be \$923,040 (\$92,304 GF and \$923,520 FF) in FY 2017-18 and \$2,510,669 (\$479,510 GF and \$2,488,045 FF) in FY 2018-19.

The bill has the emergency clause. The state plan amendment is a check off form. The amendment could be submitted and approved for implementation on October 1, 2017.

Eligibility would be based on income only. One eligibility worker is needed per 2,000 applicants. The cost for seven social service workers would be \$322,360 (\$161,180 GF and FF) in FY 2017-18 and \$387,816 (\$193,908 GF and FF) in FY 2018-19. A program specialist would be needed at a cost of \$72,071 (\$36,036 GF and \$36,035FF) in FY 2017-18 and \$69,071 (\$34,536 GF and \$34,535 FF) in FY 2018-19. One-time changes to MMIS are estimated to be \$91,420 (\$9,142 G and \$82,278 F). Updating the capitation rates to include the new eligible population would cost \$10,000 (\$5,000 GF and \$5,000 FF).

The Department's fiscal note references a 2008 study published in the Journal of Health Care for the Poor and Underserved that indicates that for every dollar spent on Medicaid family planning services, there is a savings for \$4.02. This same conclusions were reached in other similar studies. A different approach is used in this fiscal note. Currently pregnant women and infants to age one are eligible for services if their income is at or below 194% of FPL. Annual General Fund expenditures for the pregnant woman category is \$34.1 million; federal funds are \$36.9 million. Assuming access to family planning services would reduce the number of pregnancies by 20%, annual General Fund savings would be \$6.8 million. There would be no savings in for FY 2017-18. In FY 2018-19, due to the estimated gradual uptake rate in FY 2017-18, the savings would be \$9,519,583 (\$4,569,400 GF and \$4,950,183 FF).

The bill states the intent to appropriate \$500,000 General Funds each year for Every Woman Matters (EWM). EWM provides breast examinations, pap smears, mammograms and colposcopy for women ages 40 through 74.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

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Date Prepared:(4) 1-9-17

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	<u>FY 2017-2018</u>		<u>FY 2018-2019</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$821,438		\$1,023,705	
CASH FUNDS				
FEDERAL FUNDS	\$1,133,007		\$2,532,241	
OTHER FUNDS				
TOTAL FUNDS	\$1,954,445		\$3,555,946	

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

Explanation of Estimate:

LB 120 would require the Division of Medicaid and Long-Term Care (MLTC) to expand family planning coverage for individuals with a family earned income at or below 185% of the federal poverty level. This bill would require a new category of eligibility. The administration and funding of this program would be the responsibility of MLTC. Adding the family planning eligibility category would cause an increase in aid expenditures, additional staffing needs, and one-time systems changes to implement.

Family planning services apply to both males and females regardless of age as long as they are not pregnant, have income that does not exceed the income standard established by the state, and are not Medicaid eligible under another Medicaid category. Based on United States Census figures, if one in three uninsured Nebraska women and men under 185% of the federal poverty level who qualify choose to utilize the new family planning program, there would be an estimated population of 15,384 new family planning enrollees. The federal funds match rate for family planning is 90% federal funds (FF) and 10% general funds (GF). The estimated annual average cost for the more limited family planning benefit of \$160 per recipient. Assuming an implementation date of 10/1/17, with a gradual increase of new enrollment within the first year and a 2% annual price increase, Medicaid expenditures would increase for Program 348 by \$923,040 total funds (\$92,304 GF, \$830,736 FF) in SFY18 and \$2,510,669 total funds (\$251,067 GF, \$2,259,602 FF) in SFY19.

A 2008 study published in the *Journal of Health Care for the Poor and Underserved* of family planning demonstration waivers indicated that for every \$1 spent on family planning, there is an estimated \$4 in Medicaid savings. Nebraska Medicaid spends approximately \$34.1 million in general funds annually on the pregnant women eligibility category and could possibly realize a future savings. Specific savings in the future for pregnancy-related eligibility claims for Nebraska Medicaid is anticipated but cannot be determined.

Additional staffing would require one (1) Program Specialist starting 7/1/17 and seven (7) Social Services Workers starting 10/1/17 (roughly one social services/eligibility worker per 2,000 clients). Staffing increases would cost Program 263 approximately \$429,985 total funds (\$214,993 GF, \$214,992 FF) annually. One-time systems changes required to implement the new family planning category are estimated at \$91,420 total funds (\$9,142 GF, \$82,278 FF) in SFY18 for Program 263. Updating the managed care capitation rates to add a new category and the new integrated structure would cost Program 263 approximately \$10,000 total funds (\$5,000 GF, \$5,000 FF) in SFY18.

It is the intent of LB 120 to appropriate \$500,000 GF in health aid to Public Health Program 514 for the reimbursement of a range of services through the Every Woman Matters (EWM) program in SFY18 and \$500,000 GF in SFY19.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2017-2018	2018-2019
	17-18	18--19	EXPENDITURES	EXPENDITURES
Social Services Worker	7	7	\$190,707	\$254,276
DHHS Program Specialist	1	1	\$46,376	\$46,376

Benefits.....	\$85,729	\$108,715
Operating.....	\$208,593	\$135,910
Travel.....		
Capital Outlay.....		
Aid.....	\$1,423,040	\$3,010,669
Capital Improvements.....		
TOTAL.....	\$1,954,445	\$3,555,946