

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,380,569		\$2,023,658	
CASH FUNDS				
FEDERAL FUNDS	\$534,060		\$1,068,263	
OTHER FUNDS				
TOTAL FUNDS	\$1,914,629		\$3,091,921	

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

LB 801 is the Panhandle Beginnings Act. The act establishes a pilot project to provide therapeutic school, day treatment and intensive outpatient services for school-age children in a therapeutic facility in the Panhandle of Nebraska. The bill provides intent language to fund the project in FY2018-19 through FY2022-23 with the expectation it will reach self-sufficiency and be replicated in other areas of the state.

The pilot project provides services to enrollees through the end of the school year when they reach age 21 with preference given to those residing within Region I Behavioral Health Authority or Educational Service Unit #13 service areas. An enrollee must meet prescribed requirements to be admitted to the program and must be verified as a student with a disability. The program is to be collaborative with other governmental agencies and private mental health and behavioral health providers. A portion of the educational component of the program may include an outreach specialist. The length of stay is individualized with an expectation of 21 to 90 days within the therapeutic day treatment setting.

The bill establishes a seven member Panhandle Beginnings Advisory Board. The board is to appoint a clinical director to administer the day treatment program and a principal to administer the day school. It is charged with adopting rules and procedures for the management of the board and with keeping a record of proceedings.

Start-up/Facility Costs: LB 801 includes intent language to appropriate \$135,000 in FY2018-19 for startup costs. Intent language also provides that \$200,000 be appropriated in FY2019-10 through FY2022-23 for facility costs. It is assumed state general funds will be appropriated for these purposes. The bill does not specify a state agency to which the appropriation for start-up and facility costs will be provided. It is assumed the funds will be appropriated to the State Department of Education which will provide the funds as aid for the pilot project.

Day Treatment and Intensive Outpatient Services: The Department of Health and Human Services (HHS) indicates the department will be required to pay for day treatment and intensive outpatient services provided through the project to Medicaid eligible youth. It is unknown how many youth will be in the program each week. A needs assessment provided to school districts by ESU #13 indicated there could be up to 30 youth that could benefit annually from a day treatment program.

The fiscal note prepared by HHS is based upon serving 40 youth each week in treatment. It is assumed that 80% of the children will be Medicaid/CHIP eligible and the remaining 20% will be eligible for services through the aid appropriation for behavioral health. This fiscal note assumes the services through the pilot project will begin on January 1, 2019. Using this estimate, the cost to HHS to serve an estimated 40 youth will be \$1,112,292 (\$578,232 General, \$534,060 Federal) in FY2018-19 and \$2,224,584 in FY2019-20 (\$1,156,321 General, \$1,068,263 Federal) in FY2019-20.

Day School Program: LB 801 also provides intent language to appropriate \$667,337 for the educational costs of the pilot project in FY2018-19 and \$233,668 each year for educational costs in FY2019-20 through FY2022-23.

Current law provides for school districts to reimburse providers of educational programs for the approved program cost of a special education program. Schools are eligible for reimbursement of allowable costs of special education programs incurred in the prior year. School districts are currently receiving state aid reimbursement for about 50% of the allowable costs of special education programs provided in the preceding year. The school district sending a school-age child to the program will have to pay the entire cost of the special education program in FY2018-19 and will be reimbursed about 50% of the cost in FY2019-20. State aid will cover approximately 50% of the cost in the remaining years of the program through FY2022-2023.

It is unclear if the intent language to appropriate funds for the educational costs is to offset what a school district is supposed to pay. If so, the funding level is probably sufficient in the initial year for an educational program for about 20 children. However, the \$223,668 provided in each of the ensuing four years will provide services for less than eight children per year. This assumes a program cost of about \$30,000 per child.

Since the intent language in the bill provides that the funds are appropriated for the educational costs of the pilot project which serves children with disabilities, there will be a federal maintenance of effort required in the last four years of the bill. So, at least \$667,337 of general funds will also need to be appropriated in FY2019-20 through FY2022-23 to maintain effort.

In summary, the estimated fiscal impact of the bill in FY2018-19 and FY2019-20 is as follows:

Service	FY2018-19			FY2019-20		
	General	Federal	Total	General	Federal	Total
Start-up /Facility Costs	\$135,000	\$0	\$135,000	\$200,000	\$0	\$200,000
Day Treatment/Intensive Outpatient	\$578,232	\$534,060	\$1,112,292	\$1,156,321	\$1,068,263	\$2,224,584
Day School	<u>\$667,337</u>	<u>\$0</u>	<u>\$667,337</u>	<u>\$667,337</u>	<u>\$0</u>	<u>\$667,337</u>
Total	\$1,380,569	\$534,060	\$1,914,629	\$2,023,658	\$1,068,263	\$3,091,921

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

LB: 801 AM: AGENCY/POLT. SUB: Department of Education
 REVIEWED BY: Gary Bush DATE: 01/23/18 PHONE: (402) 471-4161
 COMMENTS: No basis to disagree estimate provided.

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

LB: 801 AM: AGENCY/POLT. SUB: Dept. of Health and Human Services
 REVIEWED BY: Gary Bush DATE: 01/29/18 PHONE: (402) 471-4161
 COMMENTS: No basis to disagree with the estimated provided. The estimate appears to be reasonable as it relates to the Dept. of Health and Human Services.

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2018

LB⁽¹⁾ 801

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Milliken/Prochazka Date Prepared: ⁽⁴⁾ 1/10/18 Phone: ⁽⁵⁾ 402-471-4324

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$802,337		\$802,337	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$802,337</u>		<u>\$802,337</u>	

Explanation of Estimate:

Specific appropriation amounts as stated in LB 801: FY 2018-19 \$802,337, FY 2019-20 \$433,668. An additional \$336,669 increase in FY2019-20 to General Funds provided as state aid for special education necessary to comply with IDEA Maintenance of State Financial Support (MFS). Reduced Panhandle Beginnings Act appropriation amounts as stated in LB 801 for fiscal years after the 2018-20 budget request would also require an increase to General Funds provided as state aid for special education. (See note)

Note: To receive federal IDEA funds to provide educational services to children with disabilities, states must meet certain eligibility requirements, including a requirement commonly referred to as "maintenance of state financial support" (MFS). 34 CFR 300.163(a) "A State must not reduce the amount of State financial support for special education and related services for children with disabilities, or otherwise made available because of the excess costs of educating those children, below the amount of that support for the preceding fiscal year".

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			\$802,337	\$802,337
Capital improvements.....				
TOTAL.....			<u>\$802,337</u>	<u>\$802,337</u>

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Mike Michalski

Date Prepared: 1-5-18

Phone: (5) 471-5046

	<u>FY 2018-2019</u>		<u>FY 2019-2020</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$1,156,463		\$1,156,321	
CASH FUNDS				
FEDERAL FUNDS	\$1,068,121		\$1,068,263	
OTHER FUNDS				
TOTAL FUNDS	\$2,224,584	\$0	\$2,224,584	\$0

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

Explanation of Estimate:

LB 801 would establish a collaborative therapeutic facility in the Panhandle of Nebraska, which mandates need for therapeutic day treatment, intensive outpatient and day school services for school aged children. Since the rural Nebraska currently has limited number of providers to treat kids with behavioral health issues in that area, this act would offer full day treatment, day school and intensive outpatient services to these kids with mental health and substance use disorder.

The Department of Health and Human Services would be required to pay for two out of the three requested services (Day treatment and Intensive-Outpatient Program) provided to the Medicaid eligible youth of Panhandle Nebraska counties. There is no impact calculation performed for the "Day School" service since it is not covered by Nebraska Medicaid.

The projected annual cost is based on the assumption that on an average 20 youth per week would receive day treatment and 20 youth per week would receive an intensive outpatient service, which includes: Individual therapy, Group therapy, Family therapy, and Psych education. The average length of stay is expected to be 90 days.

The estimated total annual cost of 40 youth every week in treatment is \$2,224,584 total funds. It is assumed that 80% of the children served will be eligible for Medicaid/CHIP reimbursement, the services of the remaining 20% will be paid for by the Division of Behavioral Health.

Assuming an implementation date of 10/1/18, below is the breakdown of cost:

- Medicaid expenditures would increase for program 348 by \$1,423,734 total funds (\$748,457 FF, \$675,277 GF) in SFY19 and (\$748,599 FF, \$675,135 GF) in SFY20.
- CHIP expenditures would increase for program 344 by \$355,933 total funds (\$319,664 FF, \$36,270 GF) in SFY19 and SFY20 using enhanced FMAP rates (*Note: If the CHIP program is not reauthorized claims paid at the regular Medicaid rate be (\$187,114 FF, \$168,819 GF) in SFY19 and (\$187,150 FF, \$168,784 GF) in SFY20*)
- Behavioral health expenditures for program 038 by \$444,917 GF in SFY19 and SFY20.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2018-2019	2019-2020
	18-19	19-20	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$2,224,584	\$2,224,584
Capital Improvements.....				
TOTAL.....			\$2,224,584	\$2,224,584