

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
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 amends the Ground Emergency Medical Transport Act. The bill would require emergency medical transportation to reimburse solely on a fee-for-service basis. The Department of Health and Human Services is charged with designing and implementing a supplemental reimbursement program utilizing certified public expenditures from eligible providers. Eligible providers are ground emergency providers owned or operated by a governmental entity. The supplemental reimbursement shall be equal to the amount of federal financial participation received from claims submitted by the eligible providers for actual and allowable costs that are federally permissible. Participation by eligible providers are voluntary. The department would be required to submit a state plan amendment to provide for the supplemental reimbursement rate. Legislative intent is stated that the department not incur any unreimbursable costs and that no General Funds be used in carrying out the Ground Emergency Medical Transport Act.

The Department of Health and Human Services would be required to submit a state plan amendment to allow for the supplemental reimbursement rate. The department previously submitted a similar state plan amendment which was not approved. The prior plan amendment probably could be modified to reflect the changes in this bill either with existing staff or at a minimal cost. Per the intent in the bill, if there are costs the eligible providers would cover them.

The bill provides for a supplemental reimbursement rate to governmental entities providing ground emergency transportation. In order to operationalize the supplemental reimbursement rate, the claims must be paid through a fee-for-service methodology. The bill requires all ground emergency transportation claims to be carved out of managed care and reimbursed on a fee-for-service basis. Currently, other than long-term care services, the amount of Medicaid claims paid through fee-for-service is relatively small. The department is moving towards placing all services into managed care. Because of their intent to move to a total managed care system, the department is phasing-out the current fee-for-service payment system, MMIS. To pay ground emergency transportation costs outside of managed care would require the department to develop an alternative electronic payment system.

The department has outlined staff and contracting costs that would be required for both the alternative payment system and for staff to implement and administer the reimbursement rate. The costs identified are significant. More information is needed to evaluate the potential costs.

Local governmental entities that participate would receive additional revenue. It's unknown how many political subdivisions would participate, so an estimate of potential revenue cannot be determined without further study. Additional study is also needed to determine if the financial benefits are enough compared to the costs that would need to be reimbursed to the department.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	238	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-4-2021	PHONE: (402) 471-4180
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 238	AM:	AGENCY/POLT. SUB: City of Lincoln		
REVIEWED BY:	Ann Linneman	DATE:	1-19-2021	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with City of Lincoln's assessment of fiscal impact.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 238	AM:	AGENCY/POLT. SUB: City of Omaha		
REVIEWED BY:	Ann Linneman	DATE:	1-19-2021	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with City of Omaha's assessment of fiscal impact.				

**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 2-4-2021

Phone: (5) 471-6719

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$3,853,119		\$5,378,118	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$26,253,118		\$5,378,119	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$30,106,237	\$0	\$10,756,237	\$0

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

**Explanation of Estimate:**

LB 238 changes the existing statute (68-977 to 68-988) to create a supplemental reimbursement program for Medicaid Ground Emergency Medical Transport (GEMT) services under which all emergency transportation would be required to be paid on a Fee For Service (FFS) basis, requiring these services be carved out of the managed care program (Sec. 6(2), p. 5, lines 10-14). The bill mandates that the department submit a State Plan Amendment (SPA) to Centers for Medicare and Medicaid Services (CMS) on or before September 15, 2021 (Page 7, line 19) and implement the program effectively for July 1, 2021 (Page 7, lines 25 -30).

The operationalization of the proposed arrangement would require CMS approval of a SPA, as well as additional State Plan Amendments to revise the Alternative Benefit Plans (ABPs), amendment of the 1915b Waiver, amendments to Managed Care Organization (MCO) contracts, revision of capitation rates, potential additions to the provider enrollment system to capture eligible public providers, and changes to billing instructions. The estimated cost of this is **\$100,000**. Possible procurements for actuarial contractors or other specialized entities could be required as well.

Additional MMIS resources will be required to make MMIS system changes such as allowing FFS payment of these non-long-term care claims for managed care enrollees the estimated cost of this was **\$250,000**. The estimated cost of changes to encounter claim processing edits in Health Interactive (HIA) is **\$1,000,000**

Because the intent is to sunset legacy functionality, such as claims processing in the Medicaid Management Information System (MMIS) as everything moves into managed care, the cost estimates previously obtained by the department to procure a claims broker were \$24 million in 2016. It is estimated that this cost would be **\$28 Million** today. Implementation of a claims broker would receive 90% federal financial participation (FFP), though once implemented, the federal match would drop to 50% FFP in operations, until the system is certified by CMS, at which point the operations costs would be eligible at 75% FFP. Annual Operation costs for FY 2022-2023 are estimated at **\$10 Million**.

Additional full time employees would be required for implementation, operational monitoring, federal reporting, auditing, program integrity activities, procurements, as well as finance and accounting support.

<b>Position</b>	<b>FTE</b>
<b>MLTC Division</b>	
DHHS Fiscal Project Analyst	1.0
Auditor	2.0
Medicaid Provider Fraud & Abuse Investigator	1.0
DHHS Program Specialist	1.0
DHHS Program Manager I	1.0

**Operations Division**

Accounting Clerk	0.5
Accountant I	0.5
Budget Analyst (FAPA)	0.5
Internal Auditor	0.5

Staff resources would also be impacted for the planning, design, implementation, and maintenance of a claims broker contract. This would require the backfilling of staff positions, especially due to other large, ongoing IT projects.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES: POSITION TITLE	NUMBER OF POSITIONS		2021-2022	2022-2023
	21-22	22-23	EXPENDITURES	EXPENDITURES
DHHS Fiscal Project Analyst	1	1	\$52,031	\$52,031
Auditor	2	2	\$87,485	\$87,485
Medicaid Provider Fraud & Abuse Investigator	1	1	\$48,241	\$48,241
DHHS Program Specialist	1	1	\$46,837	\$46,837
DHHS Program Manager I	1	1	\$55,474	\$55,474
DHHS Payments Reviewer	2	2	\$65,083	\$65,083
Accounting Clerk	.5	.5	\$13,096	\$13,096
Accountant I I	.5	.5	\$18,119	\$18,119
Budget Analyst (FAPA)	.5	.5	\$26,016	\$26,016
Internal Auditor	.5	.5	\$29,165	\$29,165
Benefits.....			\$145,593	\$145,593
Operating.....			\$29,519,097	\$10,169,097
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$30,106,237</b>	<b>\$10,756,237</b>

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

**2021**

**LB<sup>(1)</sup> 238**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Lincoln

Prepared by: <sup>(3)</sup> James Van Bruggen Date Prepared: <sup>(4)</sup> \_\_\_\_\_ Phone: <sup>(5)</sup> 402-441-8301

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The estimated fiscal impact would be an increase in \$3 million of revenue.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2021**

**LB<sup>(1)</sup> 238**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Omaha

Prepared by: <sup>(3)</sup> Tyler Leimer Date Prepared: <sup>(4)</sup> 1/14/2021 Phone: <sup>(5)</sup> (402) 444-4514

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	\$4,000,000	_____	\$4,000,000
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: This bill would increase the City of Omaha's federal Medicaid funds to approximately \$4M per year.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____