

PREPARED BY: Liz Hruska
 DATE PREPARED: January 14, 2022
 PHONE: 402-730-6296

LB 697

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$91,082		\$91,082	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$91,082		\$91,082	

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

This bill creates a new facility licensure category, Rural Emergency Hospital (REH). The conditions for licensure are described in the bill.

The Consolidated Appropriations Act of 2021 added REH as a new Medicare eligible provider type. Federal rules have not been finalized. Additional regulatory staff would be needed to establish the license requirements and regulate the REHs. A Facility Surveyor and administrative assistant are needed. The cost would be \$91,082 in FY 2023 and FY 2024. The costs would be paid from cash funds from licensing fees. Some federal funding may be available once the federal rules and regulations are established.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 697	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY: Ann Linneman	DATE: 1-14-2022	PHONE: (402) 471-4180	
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears 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) John Meals

Date Prepared 1-13-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$91,082	\$91,082	\$91,082	\$91,082
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$91,082	\$91,082	\$91,082	\$91,082

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

Explanation of Estimate:

LB 697 establishes a new Rural Emergency Hospital (REH) facility license in order for qualified facilities to receive additional Federal funding for eligible services. Section 125 of the Consolidated Appropriations Act (CAA) of 2021 added REHs as a new Medicare provider type. The CAA also provides that additional reimbursements will apply to eligible services provided on or after January 1, 2023. However, at this point in time, the Centers for Medicare and Medicaid Services (CMS) have not finalized their rules and regulations that need to be in place. These include health and safety standards, quality measures and reporting requirements, and payment policies for (REHs).

LB 697 would require an increase in the workload for existing staff. The initial work includes creating new applications for licensure and renewal and new regulations. There are currently sixty-three Critical Access Hospital facilities and one General Acute Hospital facility that meet the established eligibility requirements. It is estimated that 160 man-hour's would be used for training and 240 man-hour's for implementation tasks. Current license renewals for these facilities occur annually. It is estimated that the annual volume of work would increase by approximately 1,024 man-hour's for a Facility Surveyor and Staff Administrative Assistant. The work consists of reviewing submitted applications, verifying eligibility per documents submitted, surveys, and associated correspondence.

The cost to modify the new LANCE licensing system to add the REH license type with qualifications is unknown at this time, but expected to be minimal.

The Department of Health and Human Services (DHHS) will be required to complete a major rule and regulation change as a result of LB 697. DHHS will absorb the estimated costs listed below to complete this regulation change.

Title	Hour(s)	Hourly Cost	Absorbed Cost
<i>Director</i>	4	\$ 76	\$ 303
<i>Deputy Director</i>	4	\$ 55	\$ 218
<i>Administrator I</i>	4	\$ 31	\$ 126
<i>Program Specialist</i>	8	\$ 23	\$ 186
<i>Program Analyst</i>	16	\$ 23	\$ 363
<i>Attorney III</i>	30	\$ 35	\$ 1,035
Total Costs			\$ 2,231

The revenue and cost to issue this license would be established under Program 033 – Administration Program 262 – Public Health Administration using Cash Funds. Per Nebraska § 71-434, all licensure activities under the Health Care Facility Licensure Act are funded by license fees obtained from the facility. Fees for the new license would be determined during the rules and regulation process.

There may be some type of CMS cost share funding to support these activities once rules and regulations have been established and requirements for CMS certification have been clarified.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2022-2023	2023-2024
	22-23	23-24	EXPENDITURES	EXPENDITURES
K01014 Administrative Specialist	.5	.5	\$19,744	\$19,744
X62580 Nursing Services Surveyor Consultant	.5	.5	\$32,939	\$32,939
			\$18,033	\$18,033
Benefits.....			\$20,366	\$20,366
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$91,082	\$91,082