

PREPARED BY: Liz Hruska
 DATE PREPARED: January 19, 2022
 PHONE: 402-471-0053

LB 929

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	\$7,351,045		\$9,801,393	
CASH FUNDS				
FEDERAL FUNDS	\$10,097,435		\$13,463,247	
OTHER FUNDS				
TOTAL FUNDS	\$17,448,480		\$23,264,640	

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 on or before October 1, 2022, to submit a plan amendment to extend postpartum coverage from 60 day to 12 months.

The American Plan Rescue Amendment authorized states to extend postpartum coverage to 12 months through a state plan amendment. The monthly managed care cost is \$600 per enrollee. It is estimated that 2,370 women would have postpartum coverage extended for the full 10 month period. The cost would be \$10,665,000 (\$4,493,165 GF and \$6,171,835 FF) in FY 2023 and \$14,220,000 (\$5,990,886 GF and \$8,229,114 FF) in FY 2024. Approximately 2,284 women would receive coverage beyond 60 days but less than 12 months because they qualify under an eligibility category other than the Pregnant Woman category. The costs for an additional 6.6 months would be \$6,783,480 (\$2,857,880 GF and \$3,925,600 FF) in FY 2023 and \$9,044,640 (\$3,810,507 GF and \$5,234,133 FF) in FY 2024.

System changes would be handled within existing agency resources.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	929	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services
REVIEWED BY:	Ann Linneman	DATE:	1-24-2022
		PHONE:	(402) 471-4180
COMMENTS: The Nebraska Department of Health and Human Services' assessment of fiscal impact 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 1-22-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$7,351,045		\$9,801,393	
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Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The bill requires the Department of Health and Human Services (DHHS) on or before October 1, 2022, to seek federal approval for federal matching funds from the federal Centers for Medicare and Medicaid Services through a state plan amendment or waiver to extend postpartum coverage for beneficiaries from sixty days to twelve months. DHHS has two options: to apply for a waiver or State Plan Amendment (SPA).

The SPA option described in the American Rescue Plan Act of 2021 (ARP) (Pub. L. 117-2) give states a new option to provide 12 months of extended postpartum coverage to pregnant individuals enrolled in Medicaid and CHIP beginning April 1, 2022. This option is currently limited to a 5-year period.

Absent a state’s election to provide 12 months of continuous postpartum coverage, some individuals enrolled in the group for pregnant individuals would be redetermined as eligible for Heritage Health Adult (HHA), or Medicaid Expansion, at the end of the 60-day postpartum period and meet the definition of “newly eligible” in 42 C.F.R. § 433.204(a)(1) for purposes of claiming the increased federal medical assistance percentage (FMAP) described in section 1905(y) of the Act. States may claim the newly eligible FMAP for individuals receiving extended postpartum coverage. This bill would require additional social service worker staff time to determine eligibility for ‘newly’ eligible FMAP and maintain cases that remain open.

This bill would also have impact to the Medicaid eligibility system. Changes necessary would include updates to system logic to allow a 12-month postpartum period versus the current 60-day period. In addition to the current 60-day postpartum alert, a new 12-month postpartum alert would be needed. System updates would also be needed in order to implement the proxy methodology in the NFOCUS system, which will allow claiming of the expansion ‘newly eligible’ FMAP for individuals enrolled in the pregnant women’s Medicaid category who meet eligibility for this funding.

In order to implement the system updates and changes described above, an estimated 500 Business Analyst hours would be needed for analysis, design, and testing. The estimated cost for this time is \$32,500. An estimated 150 Technical Analyst hours would also be needed for analysis, design, coding, and testing. The estimated cost for this time is \$13,500. In total, for system updates and changes, the estimated cost is \$46,000. These costs would be absorbed by DHHS.

In state fiscal year (SFY) 2019, medical assistance coverage for 2,370 women ended after the sixty (60) day period after birth. There were 2,284 women whose medical assistance coverage ended at some point between sixty-one (61) days and eleven (11) months. The average cost of coverage for these persons is \$600 per month. The estimated cost is based on a minimum of 2,370 women x \$600 x 10 months = \$14,220,000 and 2,284 women x \$600 x 6.6 months = \$9,044,640 for a total estimate of **\$23,264,640** per year. Under an approved 1115 waiver or SPA the cost would receive Federal Financial Participation (FFP). Seventy five percent of this total was used in the fiscal note.

The estimate is based on the following:

- 1) The State will get an approved SPA by the implementation date of October 1, 2022.
- 2) The FY23 FMAP of 57.87% was used.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2022-2023	2023-2024
	22-23	23-24	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$17,448,481	\$23,264,640
Capital Improvements.....				
TOTAL.....			\$17,448,481	\$23,264,640