

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$4,610,168		\$6,146,890	
CASH FUNDS				
FEDERAL FUNDS	\$12,838,312		\$17,117,750	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$17,448,480</b>		<b>\$23,264,640</b>	

**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 (DHHS) to submit a Medicaid state plan amendment to extend postpartum coverage to twelve months no later than October 1, 2023. Currently, postpartum coverage extends for 60 days. As of January 26, 2023, 29 states including DC have implemented twelve-month postpartum coverage and 6 additional states are planning to implement a twelve-month extension.

The total cost of additional coverage presented in this fiscal note, \$23,264,640 for a full year, is consistent with the total estimate provided in [LB929](#) brought in 2022 that is based on a monthly manage care cost of \$600 per enrollee and 2,370 newly eligible for the full 10-month extension and 2,284 newly eligible beyond 60 days but less than 12 months due to requalification under a different eligibility category. FY24 represents 9 months of costs whereas FY25 represents the full 12 months of increased eligibility. Updates to the Medicaid eligibility system can be absorbed within current resources.

The split of the total between general funds and federal funds differs due to a provision in the American Rescue Plan that allows states to claim the Medicaid expansion FMAP (Federal Medicaid Assistance Percentage) of 90% federal and 10% state. The following chart shows the break-down by fund type for the potential costs for a full year:

	Expansion	Regular	Total
General Funds	1,116,703	5,030,187	6,146,890
Federal Funds	10,050,324	7,067,426	17,117,750
<b>Total</b>	<b>\$11,167,027</b>	<b>\$12,097,613</b>	<b>\$23,264,640</b>

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

LB: 419 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 1-31-2023 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 1-30-2023

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	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$4,610,168		\$6,146,890	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$12,838,312		\$ 17,117,750	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$17,448,480	\$0	\$ 23,264,640	\$0

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

**Explanation of Estimate:**

The intent of the bill is to require a state plan amendment (SPA) to extend the postpartum coverage period from 60 days to 12-months for Medicaid beneficiaries. The SPA submission is required no later than October 1, 2023.

This bill would require additional social service worker staff time to determine eligibility for 'newly' eligible Federal Medical Assistance Percentage (FMAP) and maintain cases which remain open should the Centers for Medicare and Medicaid Services (CMS) approved proxy methodology not be elected.

Changes and/or updates to the Medicaid eligibility 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.

Additional system updates would be needed to implement the proxy methodology in the Nebraska Family Online Client User System (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.

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 \$40,000. An estimated 150 technical analyst hours would also be needed for analysis, design, coding, and testing. The estimated cost for this time is \$15,000. In total, for system updates and changes, the total estimated absorbed cost is \$55,000.

The identified population will have a longer eligibility period than is currently allowed. This results in an overall increase in capitation payments and fee-for-service claims paid for individuals who would otherwise become ineligible. Below is an estimate of the Aid fiscal impact for program 348, based on the original fiscal note from LB929 (2022) and information on the estimated number of individuals who may qualify in expansion based on Federal Poverty Level (FPL):

Original Estimate from LB929 in 2022	
Total Fund	\$ 23,264,640
Federal Fund	\$ 13,463,247
General Fund	\$ 9,801,393

To address state concerns regarding the loss of increased Federal Medical Assistance Percentage (FMAP) which results when women are transitioned into the adult expansion group after the 60-day postpartum period, the ARP introduces a method for states to make this change during the 12-month postpartum period. States

may claim the newly eligible FMAP for individuals receiving extended postpartum coverage if the state implements a Centers for Medicare and Medicaid Services (CMS)-approved proxy methodology to determine the proportion of expenditures for beneficiaries receiving extended postpartum coverage which are for individuals who would be eligible for the adult group and qualify as newly eligible if a redetermination was completed. This methodology will allow states to claim the newly eligible FMAP while not transitioning beneficiaries into the adult group during the postpartum period, effectively eliminating an administratively burdensome redetermination at the end of the 60-day postpartum period.

A review of the FPL of individuals eligible in August 2019 in pregnant women’s category, about 48% could be considered newly eligible (59%-133% FPL).

Potential Costs with "proxy" FMAP for expansion:			
	Expansion	Regular FMAP	Total
Total Fund (TF)	\$ 11,167,027	\$ 12,097,613	\$ 23,264,640
Federal Fund (FF)	\$ 10,050,324	\$ 7,067,426	\$ 17,117,750
General Fund (GF)	\$ 1,116,703	\$ 5,030,187	\$ 6,146,890

The fiscal impact estimate for State Fiscal Year (SFY) 2024 is for 9 months starting October 1, 2023.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2023-2024 EXPENDITURES	2024-2025 EXPENDITURES
	23-24	24-25		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$17,448,480	\$ 23,264,640
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$17,448,480</b>	<b>\$ 23,264,640</b>