

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS	See below		See below	
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.

Section 1 of the bill includes in the appropriation \$1.4 million from the Nebraska Health Care Cash Fund in FY24 and \$1.4 million from the Nebraska Health Care Cash Fund in FY25 for Program 502 Public Health Aid administered by the Department of Health and Human Services (DHHS) to expand behavioral health services in the seven Federally Qualifies Health Centers (FQHCs).

Each of the following FQHCs is to receive \$200,000:

- Charles Drew Health Center,
- One World Community Health Center,
- East Central District Health Department – Good Neighbor Community Health Center,
- Community Action Partnership of Western Nebraska Health Center,
- Midtown Community Health Center,
- Bluestem Health, and
- Heartland Health Center.

Section 2 of the bill includes in the appropriation to Program 502 Public Health Aid administered by DHHS \$1.1 million from the Nebraska Health Care Cash Fund in FY24 and \$1.1 million from the Nebraska Health Care Cash Fund in FY25 for the seven FQHCs to be distributed proportionally based on the previous fiscal year’s number of uninsured clients based on federal reporting.

Section 3 of the bill includes in the appropriation to Program 502 Public Health Aid administered by DHHS \$15 million in General Funds in FY24 to award innovation grants to the seven FQHCs for any of the following purposes:

- a) Capital improvements;
- b) Hiring, training, maintaining, and enhancing the health center workforce; and
- c) Development of career development programs, including apprenticeship and pipeline programs.

The end of section 3 indicates legislative intent that award money for innovation grants is to be dispersed by June 30, 2026.

DHHS indicates administrative costs associated with Sections 1 and 2, the combined \$2.5 million in Health Care Cash Funds, would be minimal. DHHS indicates one add a full time Program Manger beginning in October 2023 which would transition to a 0.5 FTE beginning July 2024 as well as a 0.5 FTE Administrative Specialist also beginning October 2023 which would transition to a 0.25 FTE beginning July 2024. The additional personnel would be needed for the grant implementation phase, grant management, and closeout and completion of the process which may extend beyond the fund disbursement deadline of June 30, 2026. Total administrative costs amount to \$95,315 in FY24 and \$66,719 in FY25 which would need additional appropriations in Program 33 within Public Health Administration.

Technical note: The bill as drafted earmarks amounts within the current appropriation to DHHS. The overall appropriation would need to be increased in addition to earmarking funds for a particular purpose or the amounts listed here would reduce agency resources for other purposes.

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

LB: 108 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 3-22-2023 PHONE: (402) 471-4180

COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.

Technical Note: There is a great deal of uncertainty in projecting Tobacco Master Settlement Agreement payments into the Health Care Cash Fund. Any increase in spending from the fund will jeopardize the sustainability of this fund in the future.

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 1-9-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$15,095,314	\$0	\$15,066,719	\$0
CASH FUNDS	\$2,500,000	\$0	\$2,500,000	\$0
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$17,595,314	\$0	\$17,566,719	\$0

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

Explanation of Estimate:

LB 108 appropriates funding to the seven (7) Federally Qualified Health Centers (FQHCs) located in Nebraska to the Department of Health and Human Services (DHHS). Distribution of the funding is appropriated in three (3) separate sections as follows:

LB 108, Section 1: From Nebraska Health Care Cash Funds, distribute \$200,000 to each of the seven FQHCs to expand behavioral health care services in FY 2023-2024 and FY 2024-2025.

LB 108, Section 2: From Nebraska Health Care Cash Funds, distribute a total amount of \$1,100,000 to the seven FQHCs in FY 2023-2024 and FY 2024-2025. Each fiscal year’s amount is distributed based upon each Community Health Center’s proportional share of the total number of uninsured clients served for the previous fiscal year.

LB 108, Section 3: From Nebraska General Funds, award a total amount of \$15,000,000 in Innovation Grant Aid to the FQHCs. Grant funds are to be used for capital improvements and certain workforce management and development purposes as stated in LB 108. This funding is appropriated for FY 2023-2024 and shall be entirely disbursed by June 30, 2026. This fiscal note assumes the appropriation balance will be carried over each fiscal year until the end of FY 2025-2026.

Transactions related to Section 1 & 2 above would be included in the current distribution process specified in LB 1011, Section 103, Program No. 502. Each FQHC currently receives \$500,000 in State General Funds per fiscal year. Also, a total of \$825,000 in General Funds and \$750,000 in Nebraska Health Care Cash Funds is distributed amongst the FQHCs based on their proportional share of uninsured clients served for the previous fiscal year. Therefore, administrative costs associated with these sections would be minimal.

Implementing and executing Section 3 above would require additional resources be allocated to DHHS Program 033 – Administration. DHHS would need to develop a detailed grant opportunity program, including instructions, application packages, grant administration requirements and fund distribution guidelines. DHHS would review all applications for compliance to the guidelines prior to awarding a grant agreement. DHHS staff would work with DHHS Procurement staff to create the grant agreements, then approve and execute them. DHHS staff would monitor grantee performance, financial activity, and process quarterly payments up to the closeout phase of the grant program. All grant workplans must be completed by the FQHCs prior to June 30, 2026, to meet the specified deadline for disbursement of funds per LB 108.

This fiscal note includes 1.0 FTE Program Manager I for FY 2023-2024 and .5 FTE Program Manager I for FY 2024-2025. The Program Manager would be responsible for all work associated with the implementation phase and grant management duties in the execution phase. This position would require assistance from a .5 FTE Administrative Specialist for FY 2023-2024 and .25 FTE Administrative Specialist in FY 2024-2025. The

required staff for FY 2024-2025 will be needed for the future biennium until closeout of all grants have been accomplished. It is possible the closeout and completion process could go beyond June 30, 2026.

LB 108 includes grant aid funding appropriated to Program 502 – Health Aid. All administrative costs associated with LB 108 would be funded under Program 033 – Administration – Program 262 Public Health. Administrative costs for grant aid have been added to the General Fund amount above.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
		23-24	24-25	EXPENDITURES	EXPENDITURES
	V78791 DHHS Program Manager I	.75	.50	\$44,560	\$31,192
	A01014 Administrative Specialist	.38	.25	\$14,385	\$10,069

Benefits.....	\$20,631	\$14,441
Operating.....	\$15,738	\$11,017
Travel.....		
Capital Outlay.....		
Aid.....	\$17,500,000	\$17,500,000
Capital Improvements.....		
TOTAL.....	\$17,595,314	\$17,566,719