

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	\$150,188		\$300,375	
CASH FUNDS				
FEDERAL FUNDS	\$212,584		\$425,169	
OTHER FUNDS				
TOTAL FUNDS	\$362,772		\$725,544	

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

This bill proposes to include human breast milk as a required Medicaid covered service for eligible recipients with a prescription. The bill requires that all human breast milk must be received from a human milk bank that meets quality guidelines established by the Human Milk Banking Association of North America or licensed by the Department of Health and Human Services (DHHS), the infant’s mother is medically or physically unable to produce sufficient quantities of maternal breast milk to meet the infants need or the maternal breast milk is contraindicated, and the milk has been determined to be medically necessary for the infant. Additional requirements depend on the age of the recipient:

1. An eligible infant less than six months of age must have one or more of the following conditions apply:
 - a. Birth weight below 1,500 grams
 - b. Congenital or acquired condition that placed the infant at high risk of necrotizing enterocolitis
 - c. Infant hypoglycemia
 - d. Congenital heart disease
 - e. Has or will have an organ transplant
 - f. Sepsis
 - g. Any other serious congenital or acquired condition for which donated human breast milk is medically necessary and supports the treatment and recovery of the infant
2. An eligible child at least six months of age and less than twelve months of age must have one or more of the following conditions apply:
 - a. The child has spinal muscular atrophy
 - b. The child’s birth weight was below 1,500 grams and the child has long-term feeding or gastrointestinal complications related to prematurity
 - c. Has or will have an organ transplant
 - d. The child has a congenital or acquired condition for which donated human breast milk is medically necessary and supports the treatment and recovery of the child
3. An eligible child twelve months or older must have spinal muscular atrophy to qualify.

For the purposes of estimating the minimum costs of expanding Medicaid coverage to include human breast milk for certain patients, DHHS uses an estimate of a cost of \$4.50 per ounce and is based on other states coverage which is in a hospital setting. DHHS estimates the annual cost of \$173,880 for patients under 6 months old, \$118,044 for patients between 6 and 12 months old, and \$433,620 for patients over 12 months. The total minimum annual estimate is \$725,544; there is no basis to disagree with this estimate.

The earliest effective date to include coverage of human breast milk by Nebraska’s Manage Care Organizations is January 1, 2024. Funding for coverage would be needed in Program 348 – Medical Assistance, and costs expenditures divided between federal funds and general funds based on the Federal Medical Assistance Percentage, FMAP, which is calculated to be 58.6% federal funds. DHHS indicates that administrative costs associated with implementation of this bill could be absorbed within current resources.

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

LB: 13 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 2-3-2023 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 2-2-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$150,188	\$0	\$300,375	\$0
CASH FUNDS				
FEDERAL FUNDS	\$212,584	\$0	\$425,169	\$0
OTHER FUNDS				
TOTAL FUNDS	\$362,772	\$0	\$725,544	\$0

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

Explanation of Estimate:

LB13 will require coverage of human breast milk under Medical Assistance Act. This bill adds human breast milk to the list of covered health care and related services in Section 2, Page 3, Line 10. This bill adds section 3 on Section 1, Page 2, Line 3. This bill adds coverage conditions in Section 3, Pages 4-6, Lines 1-28.

There have been no claims submitted or invoices paid for human donor milk for 2020-2022.

The estimate uses incurred claims data for State Fiscal Year (SFY) 2022 and the following criteria:

Patient Types:

1. Category 1: Age 0-6 months
 - a. 35 - Unique count of infants weighing < 1500 g
 - b. 46 Days - Length of Stay (LOS). Source: American Journal of Perinatology, February 2016
 - c. 24 ounces per day @ \$4.50 per ounce

Calculation assumes 35 infants x 46 days x 24 oz per day x \$4.50 per oz. (\$173,880)

2. Category 2: Age 6-12 months
 - a. 1 – Unique count of patients with Simulated Milk Adapted (SMA) Dx of G12.0, G12.1, G12.8, G12.9
 - i. 365-day use
 - b. 4 – Unique count of patients with transplant CPT Code
 1. 182-day stay
 - c. 24 ounces per day @ \$4.50 per ounce

Calculation is 1 infant x 365 days x 24 oz per day x \$4.50 per oz. (\$39,420)

Calculation is 4 patients x 182 days x 24 oz per day x \$4.50 per oz. (\$78,624)

3. Category 3: Age 12 months – 12 years)
 - a. 11 - Unique count of Children with SMA Dx of G12.0, G12.1, G12.8, G12.9.
 - b. 365-day use.
 - c. 24 ounces per day @ \$4.50 per ounce

Calculation is 11 children x 365 days x 24 oz per day x \$4.50 per oz. (\$433,620)

Patient Age	< 1500G	Transplant	SMA
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0 to 6 months	\$173,880		
6 to 12 months		\$78,624	\$39,420
12 months – 12 years			\$433,620
Subtotal	\$173,880	\$78,624	\$473,040
		Grand Total	\$725,544
Blended Federal Match Rate	General Fund	41.40%	\$300,375
	Federal Fund	58.60%	\$425,169
Total Aid			\$725,544

Note: The calculation assumes 100% of the participants will need Human Doner Milk. The bill is proposing coverage for children outside of the hospital and up to over 12 months of age for specific disease states. The fiscal estimate is based on what we are seeing in other states which is coverage in a hospital. The bill as written may have a higher fiscal impact but there is no way to estimate that impact. January 1, 2024 is the earliest effective date to allow MCOs to implement this change. Federal Match Rate is 58.60%.

The bill would require revisions to regulations, the Durable Medical Equipment Fee Schedule, any Information Technology (IT) changes needed in relation to claims processing, and staff time for review of claims for this service. The costs for revisions, changes, and/or review would be absorbed by current staff and is estimated as follows:

Title	Rate	Number of hours	Total Cost
Business Analyst	\$80	15	\$ 1,200

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.....			\$362,772	\$725,544
Capital Improvements.....				
TOTAL.....			\$362,772	\$725,544