

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				
CASH FUNDS				
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.

This bill states legislative intent to increase the reimbursement rates for Child Welfare providers by an amount determined by a third party to be hired by the Department of Health and Human Services (DHHS). In order to implement the Request for Proposal for the third party, DHHS would need 1.25 additional personnel to implement the contract and update funding as information is received and to implement rate changes and analysis based on the requirements of the bill. DHHS estimates the cost of the third-party contract to be at least \$250,000. The estimated cost of the RFP including the personnel amounts to \$75,344 in FY24 and \$355,483 in FY25.

The impact on rates is indeterminable. DHHS indicates the annual budget request would include any retroactive payments identified by the third-party for each unique provider. The bill will result in different providers receiving different rates for the same services.

The bill specifies reimbursement rates for child welfare services paid out of DHHS Program 354 however child welfare services are also paid for by the Supreme Court Program 437 Juvenile Justice. The parity of child welfare rates is essential for maintaining access to services.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	509	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	3-20-2023	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 3-17-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$75,344		\$355,483	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$75,344		\$355,483	

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

Explanation of Estimate:

LB 509 provides for an increase for reimbursement rates for Child Welfare services. Children and Family Services (CFS) is unable to determine when providers would have increased costs or decreased revenue and it would vary from provider to provider. The earliest full operative date would be January 1, 2025. The Department of Health and Human Services (DHHS) would need to initiate a Request for Proposal (RFP) process to identify and hire a third party (by March 2024), who will determine the amount of the increased costs or decreased revenue through an analysis of provider cash flow. This would result in increased staff time for Procurement and Central Office Program Specialist's staff hours. The third party would have to complete the analysis and report provider findings to DHHS. It is estimated that this RFP would be at least \$250k a year. The first report for the SFY 2024 contract period is estimated to be completed at the earliest on January 1, 2025.

The exact impact of the third-party report is indeterminable. There will be a budget request each year to pay for any retroactive payments that are identified by the third party for each unique provider. This will result in different providers receiving different rates for the same service.

DHHS would need 0.25 FTE Program Specialist to implement the contract and update funding as new information is received and 1 additional Budget Analyst to implement rate changes and analysis as the requirements of this bill are met.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
		23-24	24-25	EXPENDITURES	EXPENDITURES
	C73210 - DHHS Program Specialist	0.19	0.25	\$8,659	\$12,123
	K19330 - Budget Analyst	0.75	1.00	\$37,936	\$53,111

Benefits.....	\$16,308	\$22,832
Operating.....	\$12,441	\$267,417
Travel.....		
Capital Outlay.....		
Aid.....		Unknown
Capital Improvements.....		
TOTAL.....	\$75,344	\$355,483