

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.

LB 433 establishes requirements for the distribution of funding for behavioral health regions. The bill would allow reassignment of funds between service categories of the behavioral health regions' approved budgets of no more than twenty percent to accommodate needs identified by regions without the approval of the director of the Division of Behavioral Health. If the reassignment of funds would exceed twenty percent, the director shall determine whether to approve the reassignment within thirty days of the request by a behavioral health region. Requests for reassignment of funding would be deemed as approved after the thirty calendar days unless approved or denied earlier than the thirty calendar days from the date of receipt. The director may deny a behavioral health region request only if the request is prohibited under state or federal law. If a behavioral health region's request is denied that region may request a hearing pursuant to the Administrative Procedures Act.

The Department of Health and Human Services (DHHS) anticipates that the proposed legislation would require additional FTEs. DHHS has estimated that the DHHS Hearing Office will add a new case appeal type for the denials of behavioral health regions and would require one Hearing Officer. The cost of this FTE is \$96,693 in FY 24 and \$121,838 for FY 25.

The Department further anticipates an additional ten FTEs for contract management, monitoring activities and to ensure compliance with federal regulations regarding maintenance of effort requirements to retain federal funding. The department has estimated that cost for the additional ten staff would be \$1,471,509 not including benefits or operating costs.

If funding were to continue to be awarded to behavioral health regions, the additional 10 FTEs would be required to monitor compliance with federal regulations.

If DHHS would remove block grants from the regional budget plans and directly contract/subaward the funding to behavioral health providers, the additional 10 FTEs would be used for contract/subaward management and monitoring the agreements.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	433	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-6-2023	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 1-17-2023

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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>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

Explanation of Estimate:

LB433 establishes requirements for the distribution of funding for behavioral health regions. Any appropriation to the Department of Health and Human Services (DHHS) that is designated as funding to be allocated to a behavioral health region is to be utilized to provide activities pursuant to an approved annual budget or as additional activities identified through need demonstrated by the region throughout the year.

Whenever circumstances occur that impact the initial budget, the director shall allow for reassignment of funds between service categories of no more than twenty percent to accommodate emerging needs identified by the region. Should the reassignment of funds exceed twenty percent, the director shall decide within thirty calendar days of the request. The request is deemed approved thirty calendar days after receipt unless approved or denied earlier than thirty days. The director may deny a request only if the request is prohibited under state or federal law. If a region’s request is denied that region may request a hearing pursuant to the Administrative Procedure Act.

The DHHS Hearing Office will add a new case appeal type. The impact of these appeals would require the addition of one FTE, Hearing Officer, classified as Attorney III. The cost of this FTE is \$96,693 in FY24 and \$121,838 in FY25.

The movement of funds, per LB433, without consideration of other overall impacts, places Nebraska in jeopardy of losing federal funding due to not meeting required maintenance of effort. Unmonitored moves could artificially inflate a spending level for a year with no consideration for maintenance in future years, thus the State not being able to meet the rolling average (two prior years’ expenditures are averaged to determine the minimum maintenance amount for the current year) and resulting in loss of funding. Unapproved reassignment of funds creates situations for unintended audit findings that would require payback of funds and a potential for the Department to be assessed as higher risk for lack of adequate monitoring. Being evaluated as high risk or not in compliance places all SAMHSA grants, not just the grants included in regional budget plans, in jeopardy. Loss of grants will impact the funding for staff and operational costs as well the aid available. For the two block grants that are incorporated into the regional budget plans, this equals \$648,262 in administrative costs (Program 268) and \$12,316,988 in aid (Program 038).

If the proposed legislation is passed a minimum of 10 additional FTEs (8 DHHS program specialists and 2 federal aid admins) would be needed in the Department of Behavioral Health for contract/subaward management and monitoring activities. If federal funds continue to be awarded to the regional behavioral health authorities, the additional staff would be needed to monitor compliance with federal regulations. Should the department instead remove block grants from the regional budget plans and direct contract/subaward funds to providers for services, the additional staff would be used for contract/subaward management and monitoring of a significant number of new agreements.

Title	FTE	Rate	Cost
<i>DHHS Program Specialist (FY24)</i>	6.66	\$23.78	\$549,028
<i>Federal Aid Admin (FY24)</i>	1.66	\$22.85	\$133,562
<i>DHHS Program Specialist (FY25)</i>	8.00	\$24.26	\$634,743
<i>Federal Aid Admin (FY25)</i>	2.00	\$23.31	\$154,176
		Total	\$1,471,509

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....				
