

PREPARED BY: Mikayla Findlay  
 DATE PREPARED: January 17, 2023  
 PHONE: 402-471-0062

**LB 525**

Revision: 00

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$4,783,896		\$5,501,480	
CASH FUNDS				
FEDERAL FUNDS	\$8,740,511		\$10,051,587	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$13,524,407</b>		<b>\$15,553,067</b>	

**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 Medicaid rate for psychiatric diagnostic evaluation and for evaluation and management follow-up visit services by 15%. LB 525 increases rates by 15% in FY23-24 and another 15% in FY24-25 for psychiatric diagnostic evaluation and for evaluation and management follow-up visit services. The bill does not limit the rate increase to any specific provider types or settings therefore the fiscal impact includes all currently coverable diagnostic and Evaluation and Management (E&M) services included on the “Mental Health and Substance Use” fee schedule, and others specified in the methodology described in the agency’s fiscal note. The total sum of the paid amount in state fiscal year 2022 for psychiatric services for Medicaid totaled \$89,997,807. In 2022, Children and Family Services spent approximately \$164,902 for psychiatric costs.

For Program 348 – Medical Assistance: 15% of the total services provided in SFY 2022 is estimated to increase Medicaid expenditures in FY23-24 by approximately \$13,499,671 and \$15,524,622 in FY24-25.

For Program 354 – Child Welfare: 15% of the total services provided in SFY 2022 is estimated to increase CFS expenditures in FY23-24 by approximately \$24,735 and \$28,445 in FY24-25.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	525	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	3-21-2023	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: The current appropriation language is not sufficient to create an appropriation. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804.				

**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 3-21-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$4,783,896		\$5,501,480	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$8,740,511		\$10,051,587	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$13,524,407	\$0	\$15,553,067	\$0

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

**Explanation of Estimate:**

The intent of LB 525 is to appropriate an unspecified amount from the General Fund for FY2023-24 and an unspecified amount from the General Fund for FY2024-25 to the Department of Health and Human Services (DHHS) for medical assistance for a fifteen-percent increase in rates for psychiatric diagnostic evaluation and for evaluation and management follow-up visit services.

The bill does not limit the rate increase to any specific provider types or settings. Fiscal impact includes all currently coverable diagnostic and Evaluation and Management (E&M) services included on the “Mental Health and Substance Use” fee schedule, along with E&M CPT codes that would reasonably be billed by a Physician, Doctor of Osteopathic Medicine (DO), Advanced Practice Registered Nurse (APRN), or Physician Assistant (PA), within their scope of practice. E&M claims for physicians, not limited to claims with a mental health or substance use diagnosis due to psychiatric disorders managed in the primary care setting or managed by physicians within a general office visit and the mental health or substance use diagnosis as a primary diagnosis, may not be entered on the claim as a primary reason for the office visit.

The estimate is based on SFY 2022 Expenditures for Psychiatric Diagnosis and E&M Codes:

Group A = Diagnosis and E&M Codes covered only the “Mental Health and Substance Use” fee schedule

Group B = E&M codes on the “Mental Health and Substance Use” fee schedule and would also be billable by physicians, DO, APRN, PA.

CPT Group	Sum of Paid Amount SFY 2022
A	\$21,986,060.32
B	\$68,011,746.80
<b>Total</b>	<b>\$89,997,807.12</b>

15% of the total services provided in SFY 2022 is estimated to be \$13,499,671 for SFY 2024 and \$15,524,622 for SFY 2025.

LB 525 increases rates by 15% in FY23-24 and another 15% in FY24-25 for psychiatric diagnostic evaluation and for evaluation and management follow-up visit services. In 2022, CFS spent approximately \$164,902 for the services in this bill. A 15% increase in rates for these services would increase CFS expenditures in FY23-24 by approximately \$24,735 and \$28,445 in FY24-25.

**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.....	\$13,524,407	\$15,553,067
Capital Improvements.....		
<b>TOTAL.....</b>	<b>\$13,524,407</b>	<b>\$15,553,067</b>