

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	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 would require the Department of Health and Human Services (DHHS) to submit a state plan amendment for the Children’s Health Insurance Program (CHIP) to the Centers for Medicare and Medicaid Services (CMS) on or before October 1, 2025. The state plan amendment would allow DHHS to implement a health services initiative to provide postpartum coverage for at least six months for a mother whose child is covered under the unborn child option. LB 227, as amended and passed in 2023, included provisions to extend postpartum coverage to Medicaid enrollees for at least six months and this bill would extend those benefits to 599 CHIP mothers. The bill states legislative intent to utilize the Medicaid Managed Care Excess Profit Fund for the state fund portion of services created under this legislation. Note that revenue to the specified cash fund is not guaranteed and lack of funding may result in failure to execute the provisions of the program.

The CHIP Health Service Initiative (HSI) Program allows states to use part of their annual CHIP administrative allowance on dedicated programs to improve health outcomes of CHIP recipients. Funding for HSIs is limited to be within the CHIP 10% administrative cap and subject to the enhanced matching rate for other CHIP aid expenditures. Nebraska’s CHIP grant is approximately \$85 million therefore the administrative cap is approximately \$8.5 million. DHHS indicates CHIP administration expenses amount to \$5 million per year and Nebraska DHHS operates an existing HSI for the Poison Control program that utilizes around \$750,000 in recent years. Based on current spending levels, approximately \$2.7 remains in the administrative allowance and is currently used for aid. Additional spending on CHIP above the current total would result in a corresponding increase in administrative allowance. DHHS indicates the proposed legislation may fully expend the administrative cap and any additional expenditure would necessitate state funds.

The agency indicates administrative expenses amount to \$686,200 in one-time expenditures in FY26 to update IT systems. For an identical proposal in [LB153](#), DHHS noted there would be \$160,800 in one-time operational expenses in FY25 only to update systems to implement the bill. It is reasonable to assume moderate increases in cost from year to year however this estimate is 427% increase. Administrative costs should not exceed \$200,000 and would qualify for 75% federal participation.

The estimate of aid cost is based on the trend of 599CHIP utilization over the past two years and Per Member Per Month cost, \$441.06 for a population of 1,288. The agency assumes all newly qualifying mothers would utilize the new postpartum coverage for 12 months which is consistent with expansion of postpartum coverage for Medicaid recipients as passed in 2023 by LB 227. DHHS estimates the total aid cost of implementing the bill is \$5,143,293 in FY26 and \$6,926,302 in FY27 however this calculation is based on implementation in October 2025 which is the bill’s deadline for DHHS to seek approval for the HSI. It would be more reasonable to assume an implementation date of January 2025 which allows three months for federal partners to review and approve the submission and for DHHS to make needed system updates. Applying all of DHHS’s assumptions including 12 months of services to the implementation date of January 2025, the DHHS estimate for aid in FY26 should be \$3,463,151. Aid costs are covered by a fund mix of approximately 31.95% Cash Funds and 68.05% Federal Funds for FY27. The following chart shows the estimated aid cost of a full fiscal year of postpartum 599CHIP coverage at various periods of benefits that are allowed by the bill:

	Cash Funds	Federal Funds	Total Funds
6 months of coverage	\$1,089,019	\$2,319,492	\$3,408,512
8 months of coverage	\$1,452,026	\$3,092,657	\$4,544,682
10 months of coverage	\$1,815,032	\$3,865,821	\$5,680,853
12 months of coverage	\$2,178,038	\$4,638,985	\$6,817,023

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

LB: 153 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 3-13-2025 PHONE: (402) 471-4180

COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact.

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 13-13-2025

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	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$1,814,832		\$2,212,953	
FEDERAL FUNDS	\$4,014,661		\$4,713,349	
OTHER FUNDS				
TOTAL FUNDS	\$5,829,493	\$0	\$6,926,302	\$0

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

Explanation of Estimate:

LB153 requires the Department of Health and Human Services (DHHS) to seek approval to implement a Children’s Health Insurance Program (CHIP) Health Services Initiative (HSI) through a state plan amendment (SPA) to add at least 6 months of postpartum coverage, identical to the comprehensive postpartum benefits provided to a pregnant woman under Medicaid, to mothers whose child or children are covered under the unborn child option (599 CHIP). The intent of LB153 is to fund the non-federal share portion with the Medicaid Managed Care Excess Profit Fund. The usage of the Medicaid Managed Care Excess Profit Fund for the non-federal share portion is not a sustainable source of funding; this could lead to needing other funding sources, such as General Funds, in the future.

This bill will increase aid expenditures for program 344 – CHIP. Based on recent trending, the estimated births that will be impacted by LB153 for SFY26 is 1,288. The estimated per member per month (PMPM) cost for these mothers would be \$441.06 PMPM. The 1,288 births and \$441.06 PMPM applies to most mothers being covered being in managed care; a small portion of mothers are fee-for service (FFS). This bill requires 6 months of coverage with up to 12 months optional; however, since Nebraska expanded postpartum coverage for Medicaid and CHIP eligible months to 12 months, the state would be required to provide the same postpartum coverage to the proposed population as well.

Using these assumptions with annual FFS estimates of \$40,701, the total annual aid expenditures is estimated to be \$6,857,725 for SFY26. This bill is effective as of October 1, 2025, so the fiscal impact to SFY26 will be \$5,143,293 (\$1,643,282 Cash Funds and \$3,500,011 Federal Funds). For SFY27, assuming 1% growth, the total additional spend is estimated to be \$6,926,302 (\$2,212,953 Cash Funds and \$4,713,349 Federal Funds).

In addition to the increase in aid expenditures, there will be changes needed to systems in order to operationalize this bill. To make the necessary changes to the Nebraska Family Online Client User System (NFOCUS), the following hours are needed: 800 hours for an ES Technical Analyst, 755 hours for a Batch Technical Analyst, and 500 Hours for a Business Analyst. These hours result in total expenses of \$195,500. System changes are also needed for the Medicaid Management Information System (MMIS): requiring 50 hours for a Technical Analyst, 2,365 hours for a Business Analyst, 2,410 hours for a Developer, 260 hours for a Business Analyst Lead, 270 hours for a Lead Developer, 12 hours for a Technical Lead, and 12 hours for a Business Lead. These hours result in total expenses of \$490,700. The total expenses for system changes in SFY26 nets to \$686,200; technology updates would qualify for a 75% Federal Funds and 25% Non-Federal Funds match rate.

Under the CHIP HSI option, states may use part of their annual allotments and receive the federal CHIP matching rate for expenditures associated with HSIs. Funding for HSIs is subject to the CHIP 10 percent administrative cap. A state may use up to 10 percent of its total CHIP spending for certain allowable activities such as outreach and HSIs, after it covers CHIP state plan administrative expenses. Applying the annual fiscal impact from LB153 to SFY23 and SFY24 resulted in administrative and HSI spending over the 10 percent cap.

There may not be sufficient funding for FFP through the HSI as this bill proposes to fund the entirety of the federal share for 12 months. This would ultimately result in a higher state fund cost.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2025-2026 EXPENDITURES	2026-2027 EXPENDITURES
	26-26	26-27		
Benefits.....				
Operating.....			\$686,200	\$0
Travel.....				
Capital Outlay.....				
Aid.....			\$5,143,293	\$6,926,302
Capital Improvements.....				
TOTAL.....			\$5,829,493	\$6,926,302