

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	See below			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below			

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

This bill expands the Rural Health Systems and Professional Incentive Act, requiring establishment of a loan repayment program by the Department of Health and Human Services (DHHS) for certain dentists who provide dental services to Medicaid patients. The provisions require participating dentists to enter into an agreement to ensure compliance with the set qualifications specified in Section 7 which includes provisions for repayment to the State in the case of a breach of agreement. The maximum payments are set to \$60,000 annually per recipient for up to five years for a maximum total payment of \$300,000 per person. DHHS indicates a need for one temporary employee to update systems to accommodate this change however that administration cost can be absorbed within current agency appropriations.

DHHS Program 175, Rural Health Professional Incentive Programs expended a total of \$6.5 million in FY25, \$5.5 million in FY24, and \$4 million in FY23. These expenditures are made up of General Funds, Cash Funds from the Rural Health Professional Incentive Fund which receives community match dollars, and Federal Funds including ARPA dollars which are no longer available for this use.

The bill modifies the provisions of the Medicaid Managed Care Excess Profit Fund to allow for utilization of these funds for loan repayment under the Rural Health Systems and Professional Incentive Act. The bill states legislative intent to appropriate \$1.5 million from the Medicaid Managed Care Excess Profit Fund for FY26 to DHHS. Note that the funds in this cash fund are based on relinquished Managed Care Organization profits which the agency correctly notes are not guaranteed in perpetuity. There is no specification that the newly appropriated Medicaid Managed Care Excess Profit Funds would be directed specifically to the newly qualifying Medicaid serving dentists. The new appropriation may be utilized for other medical professionals who apply for the program on a first-come-first-serve basis. Additionally, the bill notes that the \$1.5 million new cash funds is to be appropriated in FY26 but does not clarify if the intent is to continue the appropriation into future fiscal years.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	27	AM:	AGENCY/POLT. SUB: Nebraska Dept of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	1-17-2025	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health & Human Services assessment of fiscal impact.				
<u>Technical Note:</u> The amount of funding into the MCO Excess Profit Fund is unknown, so General Funds would be needed if this bill passes and there is not adequate funding available.				
<u>Technical Note:</u> 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 1-16-25

Phone: (5) 471-6719

	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$33,217			
CASH FUNDS	\$1,500,000			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,533,217	\$0	\$0	\$0

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

Explanation of Estimate:

LB27 will utilize the existing balance within the Managed Care Excess Profit Fund, which is not funded in perpetuity.

LB27 directs \$1,500,000 from the Managed Care Excess Profit Fund to the Department of Health and Human Services (DHHS) in state fiscal year 2025-2026 for changes and additions to existing (non-Medicaid) student loan repayment programs for healthcare professionals, specifically augmenting loan repayment for Medicaid participating dentists in Nebraska.

DHHS will require the development, testing, and implementation of a new RedCap system using Student Loan Repayment system as a template with modifications based on LB27. DHHS will need a part-time temporary employee for program implementation. See staff cost below:

POSITION(S)				FIRST FISCAL YEAR							
Job Code	Job Title	Hourly Rate	Hours per Year	E-Clause	FTE	Modified FTE	Pay	Benefits (35%)	Operating costs (26.7%)	Total	
K01014	Administrative Specialist	19.75	2,080	Yes	0.50	0.50	\$ 20,542	\$ 7,190	\$ 5,485	\$ 33,217	
		-	2,080		0.00	0.00	\$ -	\$ -	\$ -	\$ -	
		-	2,080		0.00	0.00	\$ -	\$ -	\$ -	\$ -	
		-	2,080		0.00	0.00	\$ -	\$ -	\$ -	\$ -	
					0.50	0.50	\$ 20,542	\$ 7,190	\$ 5,485	\$ 33,217	

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2025-2026 EXPENDITURES	2026-2027 EXPENDITURES
	26-26	26-27		
Administrative Specialist (K01014)	0.5		20,542	
Benefits.....			\$7,190	
Operating.....			\$5,485	
Travel.....			\$0	
Capital Outlay.....			\$0	
Aid.....			\$1,500,000	
Capital Improvements.....			\$0	
TOTAL.....			\$1,533,217	\$0