

PREPARED BY: Mikayla Findlay  
DATE PREPARED: February 24, 2025  
PHONE: 402-471-0062

**LB 381**

Revision: 00

# 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	See below		See below	
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 modifies provisions of Medicaid program integrity audits, adding requirements for documenting correspondence with providers, limiting the time for adjustments as a result of improprieties or errors to one year, and restricts recovery for improper payments due to clerical errors.

The Department of Health and Human Services indicates the provisions of the bill would significantly limit the work of the program integrity unit resulting in fewer recovered unfounded payments however the extent is indeterminable. Federal regulations require repayment of federal portions of all identified erroneous payment. Furthermore, the provisions of the bill would likely disqualify the state from participating with Unified Program Integrity Contractors (UPICs) which identified \$376,650 in recoveries in calendar year 2024.

In summation, the limitations in the bill would result in 1) decreased recoveries, 2) increased state expenditure due to unrecovered payments of which the federal portion is still obligated to be paid back, 3) potential disqualification from UPICs which contribute to Nebraska Medicaid's program integrity efforts.

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

LB:	381	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services		
REVIEWED BY:	Ann Linneman	DATE:	2-24-2025	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 2-24-25		Phone: (5) 471-6719
	FY 2025-2026		FY 2026-2027	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

Explanation of Estimate:

LB381 adds requirements to Medicaid program integrity and program integrity audits, and limits Medicaid program integrity contractors' capability to perform industry standard audits. This bill requires all program integrity contractors to include detailed information in correspondence with the provider, limits adjustments for improper or erroneous payments to one year from the date of payment and limits the recovery of erroneous or improper payments if due to clerical errors. This bill would significantly limit the program's ability to perform program integrity related work required of state Medicaid programs as established in federal regulations (42 CFR Chapter IV, Subchapter C, Part 455).

Limiting the recovery of erroneous or improper payments to one year after the date of payment and not allowing the department or its managed care organizations to recover payments that could be considered clerical errors will have a fiscal impact; however, the fiscal impact of limiting the managed care program integrity activity is indeterminable at this time. Per federal regulations, the program is required to return any federal financial participation for all identified erroneous payments. This could result in the state paying back the federal share out of general funds as a result of an erroneous billing of a provider.

The department also participates with federal unified program integrity contractors (UPICs) and this bill would likely result in the department no longer being able to participate. In calendar year 2024, UPIC recoveries were \$376,650.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....				