

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 requires the Department of Health and Human Services (DHHS) to amend the aged and disabled (A&D) home and community-based services (HCBS) waiver by September 30, 2025 to include an undetermined daily rate for memory care provided by assisted-living (AL) facilities. The bill indicates legislative intent to appropriate an undetermined amount of General Funds and Federal Funds for such rates. Given the lack of specificity in the bill, the fiscal impact is indeterminable.

The agency assumed the following in order to generate a potential fiscal impact for aid expenditures in Medicaid:

- Implementation date of 1/1/2026 (half of FY26)
- A daily rate of \$172 in alignment with findings from a recent rate study
 - (approx. \$125-100 more per day than [current AL rates](#) which depend on rural or urban and single or multi occupancy)
- 720 individuals who would qualify for the new rate due to diagnoses of Dementia
- 263,557 days of Assisted Living reimbursement that would qualify for the new rate.
- Indeterminable savings of clients moving from Nursing Facility rates to memory care AL rates

These assumptions generate an aid impact of \$27,337,324 in a full fiscal year, FY27, of which 54.76% would be covered by Federal Funds due to the Federal Medical Assistance Percentage, FMAP. In FY26, half of the aid cost of a full year, the FMAP is assumed to be 55.94% therefore the relative impact to state General Funds is less. FMAPs are based on the Federal Fiscal Year and finalized through FFY2026 which ends September 30, 2026.

DHHS also indicates the following operational expenses associated with this bill:

- One-time updates to technology systems including MMIS and NFOCUS \$492,250 (75% federally funded)
- Additional funding for service coordination which is administered by the Area Agencies on Aging (AAA). This funding would be considered an operational expense and have different FMAP than aid expenditures. DHHS estimates personnel expenses to be \$695,987 in FY26 and \$1,461,572 in FY27
 - 18 FTE AD Waiver Services Coordinators based on caseload levels of 1 coordinator: 40 clients
 - 2 FTE Service Coordinator Supervisors
 - 1 FTE Waiver Services Specialist to complete the level of care assessment and renewals.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	61	AM:	AGENCY/POLT. SUB: Nebraska Dept of Health & Human Services
REVIEWED BY:	Ann Linneman	DATE:	1-21-2025 PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health & 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 1-17-25

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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	\$6,452,127		\$13,028,620	
CASH FUNDS				
FEDERAL FUNDS	\$8,404,772		\$15,770,276	
OTHER FUNDS				
TOTAL FUNDS	\$14,856,899	\$0	\$28,798,896	\$0

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

Explanation of Estimate:

LB61 requires the Department of Health and Human Services (DHHS) to submit a waiver amendment to the Centers for Medicare & Medicaid Services (CMS) by September 30, 2025, to add a rate for memory care for Medicaid assisted living facility (ALF) services. The bill also states intent to appropriate funds from general funds (GFs) and federal funds (FFs) to pay for the services, but does not include an amount, rate, or other description of any intended rate for the service.

This bill would require the submission of waiver amendments for the Aged and Disabled (AD) and Traumatic Brain Injury (TBI) 1915(c) waivers. LB61 would also require CMS to approve a Medicaid State Plan Amendment (SPA). The waiver amendments would require the development of a new waiver service for memory care in ALFs, which would involve defining the service scope, target population and eligibility requirements, and specific supports, while ensuring compliance with federal guidelines. The Department must also develop new regulations, policies, and procedures to allow the use of rights restrictions in memory care settings under the AD waiver. These rights must be carefully designed and justified to meet the needs of individuals with memory care needs while aligning with CMS guidelines on participant rights. Due to the complexity and resource intensity of these efforts, including stakeholder engagement, federal approval processes, and internal policy changes, the Department anticipates that implementation will extend beyond the September 30, 2025, deadline for the waiver amendment submission. This fiscal note assumes an implementation date of January 1, 2026.

LB61 would also require the Department to develop and publish a new service rate and to work with Medicaid Management Information Systems (MMIS), Nebraska Family Online Client User System (NFOCUS), and other subsystems/modules managed by Medicaid, such as the provider screening and enrollment system, to add the services and associated authorization and payment edits as well as any provider screening requirements, which could carry change order related costs. The estimated total costs for MMIS updates are \$143,400, for NFOCUS updates are \$138,850, and for Project Management are \$210,000. Technology updates would qualify for a 75% FF and 25% GF match rate. Combined, this results in total costs of \$492,250 (\$369,188 FFs and \$123,062 GFs), which will be one-time charges in SFY26. Other system related costs are unknown at this time.

LB61 would require DHHS to promulgate any regulations and public guidance governing the new services. Changes would need to be made to NAC 175, 471, and 480. The Department would require assistance from the Data Office including the development of new reports based on existing data sets to appropriately identify the target population and the development of new data collection and reporting to monitor any new service.

This fiscal note utilized Medicaid data to estimate the effected population by looking at individuals with Dementia and Alzheimer’s within Assisted Living Facilities. Using this data, we determined a potential population to be 720 individuals.

This bill will require time from the provider screening and enrollment, rates and reimbursement, long-term care health services, and claims teams to implement provisions of this bill. The associated costs for this required time are unknown at this time. LB61 would also result in the need for an additional eighteen full-time AD Waiver Services Coordinators based on the current caseload ratio of one Service Coordinator per forty clients and an additional two full-time Service Coordination Supervisors. In addition, one full-time Waiver Services Specialist would be needed to complete the level of care assessments and renewals for these additional clients. The Area Agencies on Aging (AAA), who are contracted for Service Coordination, would submit increased budgets to DHHS to cover the additional service coordination staffing requirements. The Waiver Services Specialist would be an additional FTE for DHHS. The costs for these twenty-one additional full-time associates in SFY26 would be \$695,987 (\$389,335 FFs and \$306,652 GFs) and in SFY27 would be \$1,461,572 (\$800,357 FFs and \$661,215 GFs).

There will be an increase in aid expenditures for both GFs and FFs. Based on the number of ALF days in SFY24 that could receive the new memory care service rate (263,557) and an estimated daily rate of \$172, the increase in aid expenditures is \$13,668,662 (\$7,646,250 FFs and \$6,022,412 GFs) for SFY26. For SFY27, the increase in aid expenditures is \$27,337,324 (\$14,969,919 FFs and \$12,367,405 GFs). These values account for the rate differential between the estimated daily rate of \$172 and the current ALF daily rates. The \$172 daily rate estimate is based on a recent AD rate study. This rate is subject to change but is based on the best information we have available at this point.

This fiscal impact reflects individuals currently in general assisted living and the difference in cost between the current rate and a potential new rate. Conversely, there may be individuals who have entered a Nursing Facility that may be eligible for this service level. There would be cost savings for anyone moving from a Nursing Facility to Memory Care Assisted Living. We have no way of calculating the potential impact, so none is included in this fiscal note, but we wanted to state that as a possibility.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
	25-26	26-27	EXPENDITURES	EXPENDITURES
Waiver Services Specialist	0.5	1.0	\$21,401	\$44,942
Benefits.....			\$7,490	\$15,730
Operating.....			\$497,964	\$12,000
Travel.....				
Capital Outlay.....				
Aid.....			\$14,330,044	\$28,726,224
Capital Improvements.....				
TOTAL.....			\$14,856,899	\$28,798,896