

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	\$78,788		\$26,989	
CASH FUNDS				
FEDERAL FUNDS	\$236,364		\$80,967	
OTHER FUNDS				
TOTAL FUNDS	\$315,152		\$107,956	

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 to submit a state plan amendment no later than October 1, 2025, to implement express lane eligibility. The state plan amendment shall identify the Division of Children and Family Services of the Department of Health and Human Services (DHHS) as the express lane agency. Data from the Supplemental Nutrition Assistance Program (SNAP) shall be used for express lane eligibility determinations. Express lane eligibility will be used for initial eligibility determinations, redeterminations, automatic enrollment and renewals for children in Medicaid and the Children’s Health Insurance Program. DHHS shall take all actions to maximize federal funds for express lane eligibility costs.

The cost to implement express lane eligibility is for system changes and an additional Program Accuracy Specialist starting in October 2025 to implement and oversee quality assurance activities. The total cost of the additional FTE and the system changes is \$315,152 in FY26 and \$107,956 in FY27. These expenses are eligible for 75% federal administrative match.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	283	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	3-11-2025	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 3-11-25

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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	\$78,788		\$26,989	
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Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB283 would require the Department of Health and Human Services (DHHS) to implement Express Lane Eligibility (ELE) in Nebraska using the Supplemental Nutrition Assistance Program (SNAP) as the State’s Express Lane Agency. Nebraska Express Lane Agency would conduct eligibility determinations for Medicaid Eligible Children’s Medicaid and Children’s Health Insurance Program (CHIP) by utilizing SNAP data. An intra-agency data agreement or SOP is required in order to share the Office of Economic Assistance (OEA) SNAP data with Medicaid & Long Term Care (MLTC) division. With the ELE option the aim is to streamline enrollment, redetermination, and renewal without requiring a new application and without requiring re-verification of the same information that the clients have already submitted under SNAP. The CHIP Reauthorization Act of 2009 (Public Law No. 111-3) allows states the option to use factors of eligibility such as income and household size from another public benefit programs such as SNAP to facilitate enrollment of children in Medicaid or the CHIP program. Enactment of this bill would not change eligibility for the SNAP program but does require the applications, recertifications, and enrollment to automatically be determined for Medicaid upon approval for SNAP.

DHHS would be required to submit the Medicaid State Plan Amendment (SPA) to the Centers for Medicare & Medicaid (CMS) by no later than October 1st, 2025. The SPA would include an implementation date no later than January 1st, 2026, which is not feasible due to the mass system updates, process changes, and regulations changes required for the ELE option. Many states expressed concerns on the lengthy SPA approval process and the obstacles throughout the implementation process for the ELE option. Multiple states have suggested starting with ELE renewals before adopting ELE enrollment practices.

Although the bill does not require any new reporting requirements, states who adopt the ELE option must provide an annual report to CMS which includes statistically valid sample of children enrolled through the ELE option. This report mandates a full Medicaid eligibility review in order to determine the eligibility error rate. MLTC will need to collaborate with the OEA to determine any other additional requirements regarding error rates and reporting requirements. Technical assistance from CMS will be required to calculate statutorily required eligibility error rates for those enrolled under the ELE option, as the methodology currently does not exist. Furthermore, regulation updates to Title 477 NAC 1, 477 NAC 2, 477 NAC 3, and 477 NAC 16 will also need to be updated and revised with the enactment of this bill.

Timeliness for Children’s Medicaid or CHIP may potentially be affected if a client applies for SNAP but gets denied due to failure to provide. Moreover, timeliness standards for initial determinations may also be impacted as SNAP requires an interview before screening for potential Children’s Medicaid or CHIP eligibility. Furthermore, when a SNAP application gets denied then the Children’s Medicaid and CHIP application would concurrently be denied. The only exception is when a client applies for Children’s Medicaid/CHIP separately from SNAP application in which case the Medicaid case would be reviewed following the same standard guidelines which is within the 45-day time frame. Eligibility operations processes and procedures would need to be developed to ensure the state agency is meeting the timeliness requirements.

Implementation of this bill would require updates to the Nebraska Family Online Client User System (NFOCUS), client notices, correspondences, and the coding to identify cases as part of auditing purposes and to exclude from CMS Payment Error Rate Measurement (PERM) findings. Moreover, NFOCUS would need to have new budgeting rules to allow enrollment into the Medicaid program using SNAP data. Modifications to the AccessNebraska, iServe Economic Assistance Benefit Application, paper applications and renewal/recertification forms will be required to include ELE language in which a family can either 'opt-in' or 'opt-out' of the ELE enrollment, a provision that is required by the ELE option. Due to the updates required for iServe and NFOCUS systems, 1 Project Manager would be required.

Special rules and processes will also need to be updated to prevent Medicaid approvals during a period of expedited SNAP approvals and to hold these determinations until a full SNAP eligibility determination is completed. The Medicaid budgeting rules will need to be updated to allow a Medicaid eligibility determination based on an approved SNAP determination. Furthermore, notices will be updated to include any reporting requirements that is relevant to the information needed for Medicaid. The NFOCUS system alerts and work tasks will be created to prompt staff to screen for Medicaid eligibility after approval from SNAP and to complete Medicaid eligibility determination in cases where ELE determines the applicant is not eligible for Medicaid. The department must develop the necessary training materials for Medicaid and SNAP eligibility operations staff for the SNAP and Medicaid program outlining the roles.

Based on November 2024 data, there were 172,267 children who were enrolled in Nebraska Medicaid and/or CHIP program and out of those 71,338 children were receiving SNAP benefits. The number of children who were enrolled in both programs was 64,034, resulting in a 90% dual enrollment. This bill would have an impact on children who are receiving SNAP benefits or children who are applying for SNAP benefits who do not yet have Medicaid eligibility and have not applied for Medicaid eligibility. Currently, the Federal Poverty Level (FPL) for CHIP is 213% whereas SNAP has a threshold of 165% of the FPL. The dual enrollment does not fully capture children enrolled in CHIP or who are above the Modified Adjusted Gross Income (MAGI) limits for Medicaid participation. Utilizing the ELE option risks the loss of federal funds if the error rate of children enrolled in Children's Medicaid or CHIP exceeds 3%. Moreover, further federal funding could be lost if children are enrolled in Medicaid categories through the ELE process that would have been eligible for CHIP through regular eligibility-verification processes as the state receives an enhanced Federal Medical Assistance Percentage (FMAP) rate for CHIP beneficiaries.

OEA anticipates a potential savings in staff time from the implementation of this bill as the ELE process would allow a dual enrollment in Medicaid utilizing information provided on the SNAP application. As a result, this would potentially reduce the amount of time eligibility operations staff need to spend determining eligibility and obtaining verification documents. NFOCUS system updates would require Business Analysts (BA) at pay rate of \$80 per hour for 665 hours, Technical Analysts (TA) at pay rate of \$100 per hour for 1,714 hours, and Web Developers at pay rate of \$112 per hour for 120 hours. The total Information & Technology (IS&T) cost for NFOCUS system updates would be \$238,040.

LB283 is related to Medicaid eligibility so costs will be split 25% general funds and 75% federal funds.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2025-2026 EXPENDITURES	2026-2027 EXPENDITURES
	26-26	26-27		
G15400 – Project Manager	0.75	1	\$47,688	\$66,763
Benefits.....			\$16,691	\$23,367
Operating.....			\$250,773	\$17,826
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				

TOTAL.....

\$315,152

\$107,956
