

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	\$382,877		\$122,421	
CASH FUNDS				
FEDERAL FUNDS	\$999,333		\$156,379	
OTHER FUNDS				
TOTAL FUNDS	\$1,382,210		\$278,800	

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 submit a State Plan Amendment to Centers for Medicare and Medicaid (CMS) by September 30, 2025 to implement Medicaid and Children's Health Insurance Program (CHIP) coverage for specific populations of incarcerated youth.

Aid expenditures are anticipated to be \$278,800 for a full fiscal year which is based on an average monthly cost of \$278,80 per month for an estimated 1,000 youths for one month each. DHHS utilized a fund mix that assumes 90% of the population falls in the regular Medicaid category and 10% qualify for CHIP at a higher federal match rate. The blended FMAP amounts to 57.15% for FY26 and 56.07% for FY27.

Administrative expenditures to update IT Systems (NFOCUS and MMIS) total \$1,173,110 and are eligible for 75% federal participation. Such estimates appear to be high however there is no basis on which to disagree. Additional operational tasks to effectuate the bill would be absorbed within existing agency appropriations.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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Date Prepared 3-11-25

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	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>
	EXPENDITURES	REVENUE	EXPENDITURES
GENERAL FUNDS	\$382,877	\$0	\$122,421
CASH FUNDS	\$0	\$0	\$0
FEDERAL FUNDS	\$999,333	\$0	\$156,379
OTHER FUNDS	\$0	\$0	\$0
TOTAL FUNDS	\$1,382,210	\$0	\$278,800

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

Explanation of Estimate:

LB318 requires the Department of Health and Human Services (DHHS) to submit a state plan amendment (SPA) to the Centers for Medicare and Medicaid (CMS) to implement Medicaid and Children's Health Insurance Program (CHIP) coverage for certain individuals. The new population to be covered are individuals who are incarcerated in a public institution and who are either youth under 21 years of age eligible for Medicaid, youth under 19 years of age eligible for CHIP, or former foster care youth who are 26 years of age or younger. The time period of the coverage is to be during the time that these individuals are incarcerated pending disposition of charges. The SPA must be submitted to CMS by September 30, 2025.

If CMS approves the SPA, updates will be needed to the Nebraska Family Online Client User System (NFOCUS) in order to operationalize this bill. An estimated 2,419 staff hours would be needed to update NFOCUS at a cost of \$215,900. Technology updates would also be needed to the Medicaid Management Information System (MMIS), costing \$957,210 for an estimated 10,496 staff hours. These expenses would impact SFY 2026. Technology updates would qualify for a 75% Federal Funds and 25% General Funds match rate.

Additional work will be required by DHHS to amend contracts with managed care organizations (MCOs), update eligibility requirements, update regulations, and to update reimbursement rates. The time and effort involved in these additional tasks would be absorbed by DHHS.

LB318 would increase aid expenditures related to the additional Medicaid and CHIP coverage for the eligible population. This fiscal note assumes that the impacted population is 1,000 incarcerated youth per year. With an estimated 90/10 split between Medicaid and CHIP eligibility, a blended per member per month (PMPM) of \$278.80 is assumed in this fiscal note, along with a federal match rate of 57.15% in SFY 2026 and 56.09% in SFY 2027. Using an estimated time of 1 month for pre-trial detention, it is estimated that the increase in aid expenditures for SFY 2026 is \$209,100 (\$119,501 Federal Funds and \$89,599 General Funds). For SFY 2027, the increase in aid expenditures is \$278,800 (\$156,379 Federal Funds and \$122,421 General Funds).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2025-2026 EXPENDITURES	2026-2027 EXPENDITURES
		26-26	26-27		
Benefits.....					

Operating.....		\$1,173,110
Travel.....		
Capital Outlay.....		
Aid.....	\$209,100	\$278,800
Capital Improvements.....		
TOTAL.....	\$1,382,210	\$278,800