

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	2,877,426	0	10,469,588	0	13,347,014
FY2027-2028	2,669,247	0	12,135,723	0	14,804,970
FY2028-2029	2,669,247	0	12,135,723	0	14,804,970
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

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 offer the maximum amount that is federally allowable of retroactive coverage under the Medicaid program which varies by eligibility category. H.R. 1, the 2025 federal budget reconciliation law, reduces Medicaid's standard maximum of 3 month retroactive eligibility period to 1 month for expansion enrollees and 2 months for traditional enrollees, effective January 1, 2027. Note Nebraska is a whole month application state meaning Medicaid coverage is initiated for the whole month in which the application is submitted. Issues concerning retroactively eligibility concern the months prior to the month of application.

In the mid-biennium budget request, Nebraska DHHS indicated plans to further reduce retroactive coverage to 0 months effective July 1, 2026, the beginning of SFY27, which is federally allowable with CMS approval. This policy change is expected to reduce total expenditures in Medicaid by \$39,949,845 (\$18,021,375 General Funds and \$21,928,470 federal funds). This cost is to change the retroactive eligibility from the current policy of 3 months to 0 months for all eligibility.

The bill would require the federally allowable 1 month retroactive coverage for expansion members and 2 months for regular Medicaid members. DHHS estimates the cost of implementing this provision of the bill is \$2,877,426 General Funds and \$12,776,435 federal funds in FY27 and \$2,669,247 General Funds and \$12,135,723 federal funds in FY28. The majority of the cost is federal funds because the enhanced FMAP for the expansion populations.

Additionally the bill requires additions to the annual Medicaid report to the Legislature. DHHS estimates needing \$50,000 for this function.

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 2-24-2026

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	FY 2026-2027		FY 2027-2028	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$2,877,426		\$2,669,247	
CASH FUNDS				
FEDERAL FUNDS	\$10,469,588		\$12,135,723	
OTHER FUNDS				
TOTAL FUNDS	\$13,347,014		\$14,804,970	

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

LB777 requires the Department of Health and Human Services (DHHS) to offer the maximum extent of retroactive coverage allowed under federal law and adds new reporting requirements to the Medicaid and Long-Term Care (MLTC) annual report regarding work requirements, concurrent enrollment, and cost sharing.

The bill would override the program’s current plan to implement a Section 1115 demonstration waiver limiting retroactive eligibility to the month of application. Currently, applicants may qualify for up to three months of retroactive coverage, but under federal law, beginning January 1, 2027, retroactive coverage will be limited to one month for expansion adults and two months for all other Medicaid and CHIP beneficiaries. This would impact current efforts regarding a 1115 waiver for retroactive coverage until the deadline mandated by HR 1 goes into effect on January 1, 2027. LB777 would reduce any anticipated cost savings from implementing the Section 1115 waiver, limiting retroactive coverage to the month of application.

Based on State Fiscal Year 2024 capitation data, the 1115 demonstration waiver is projected to generate an estimated cost savings of \$17,903,464 in FY27 and \$24,109,998 in FY28. If LB777 is enacted and the department must provide retroactive coverage as required under federal law (HR1), those projected savings would be reduced to \$4,606,450 in FY27 and \$9,305,028 in FY28. As a result, enactment of the bill would have an estimated cost of \$13,297,014 in TC (\$10,432,088 in FF and \$2,864,926 in GF) in SFY 27 and \$14,804,970 in TC (\$12,135,723 in FF and \$ 2,669,247 in GF) in SFY 28.

IS&T estimates the one-time cost at \$50,000 in FY27 to account for new data reporting requirements, eligible for 75 percent federal financial participation (FFP). While the bill does not require hiring new staff, additional project staff time may be needed on the Medicaid work requirements project to make system enhancements that support these reporting requirements.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027 EXPENDITURES	2027-2028 EXPENDITURES
	26-27	27-28		
Benefits.....				
Operating.....			\$50,000	
Travel.....				
Capital Outlay.....				
Aid.....			\$13,297,014	\$14,804,970
Capital Improvements.....				
TOTAL.....			\$13,347,014	\$14,804,970