

**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	SEE BELOW	0	0	0	SEE BELOW
FY2027-2028	SEE BELOW	0	0	0	SEE BELOW
FY2028-2029	SEE BELOW	0	0	0	SEE BELOW
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 states legislative intent to increase the reimbursement rate of the PACE program to no less than 80% of the cost of care received at a PACE center.

According to CMS, Program of All-inclusive Care for the Elderly (PACE) is a comprehensive medical and social services program only available in some states that offer PACE under Medicaid. PACE helps eligible older adults who need nursing home-level care meet their health care needs in the community, by giving them coordinated care and support services. According to CMS, the capitation rates paid by Medicaid are designed to result in cost savings relative to expenditures that would otherwise be paid for a comparable nursing facility-eligible population not enrolled under the PACE program. The cost of care received at a PACE center is required by federal rule to be less than that of a nursing home.

Nebraska currently has one center offering PACE, which DHHS indicates receives a rate of \$5,581 per member per month for 2,567 member months annually, serving approximately 214. This results in an annual cost of \$14,326,427.

DHHS notes the Upper Payment Limit (UPL) for Nursing Facility level of care is \$8,204 monthly (\$98,448 annually) and notes an assumption that the actual cost of care could exceed these costs. This seems to be an unreasonable assumption given the federal rule for PACE programs requires costs to be less than that of Nursing Facilities.

The agency fiscal note represents increasing the rate paid to PACE to the UPL (assuming actual cost of care is at least \$10,255/mo) which would result in an annual aid cost of \$21,067,872 for 214 clients, the same cost as if the clients were in Nursing Facilities. The cost of care estimate appears to be high.

If the cost of care is equal the UPL, the provisions of the bill would result in a total fiscal impact of \$2,527,871 (\$78,758 annually for 214 clients less the current spend of \$14.3m). It is likely that the cost of care is likely less than the UPL.

The aid estimates presented here do not consider increases to the client base, which may result from the higher rate of compensation. Increased utilization would increase aid costs.

DHHS uses a fund mix of 54.89% in FY27 and 54.54% in FY28. The estimated administrative expenses to DHHS of \$75,000 is reasonable and would likely qualify for 50% federal funds.

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

LB: 750 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 2-3-2026 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 2-3-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$3,073,813		\$3,097,371	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$3,732,095		\$3,708,537	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$6,805,908		\$6,805,908	

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

**Explanation of Estimate:**

LB750 requires the Department of Health and Human Services (DHHS) to increase the capitation payment rate paid to any Nebraska Program for the All-Inclusive Care for the Elderly (PACE) center to no less than 80% of the cost of care received at a PACE center.

Nebraska will need to submit a state plan amendment (SPA) and obtain approval from Centers for Medicare & Medicaid Services (CMS) to effectuate the intent of this bill. CMS requires that Medicaid payment for PACE rates to be below the amount that would have otherwise been paid for the member if they are not enrolled in PACE, which is considered the upper payment limit (UPL).

The PACE center rates for state fiscal year (SFY) 2026 are approximately \$5,581 per member per month. The department estimates about 2,567 member months for the fiscal year. This results in an annual PACE spend of around \$14.3 million in total funds. As the bill is written, the department would pay 80% of PACE center cost of care. The department does not have information to determine what 80% of the PACE center cost of care is but assumes that it could be as much or more than the UPL. Therefore, this fiscal impact uses the UPL to estimate the fiscal impact. The per member per month UPL amount is \$8,204. Therefore, the total increase in aid expenditure would be approximately \$6,730,908 (\$3,694,595 Federal Funds and \$3,036,313 General Funds) for SFY27 and \$6,730,908 (\$3,059,871 Federal Funds and \$3,671,037 General Funds) for SFY28. It is difficult to project the relative change in provider costs for future years and the PACE payment rates, therefore the rates used to calculate the fiscal impact for SFY27 and SFY28 were unchanged from the SFY26 calculations.

In addition to the increase in aid expenditures, there will be an estimated \$75,000 in administrative costs and each year thereafter to add scope to the actuary contract to assist with calculating the “cost of care” at PACE centers; eligible for 50% federal financial participation (FFP).

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027	2027-2028
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$75,000	\$75,000
Travel.....				
Capital Outlay.....				

Aid.....	<u>\$6,730,908</u>	<u>\$6,730,908</u>
Capital Improvements.....		
<b>TOTAL.....</b>	<u>\$6,805,908</u>	<u>\$6,805,908</u>