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DATE PREPARED: February 6, 2026
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LB 1031

Revision: 00

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 utilize $1,500,000 from the Hospital Quality Assurance and Access Assessment Fund to reimburse non-hospital mental health providers the difference between Medicare and Medicaid rates for services provided to dual eligible individuals.

The Department of Health and Human Services (DHHS) indicates current procedure for dual eligible claims is to pay the lesser of either the patient responsibility or the difference between the posted fee-for-service Medicaid rate and the amount Medicare pays. Modifying this process would require approval of a Medicaid State Plan Amendment by the Centers of Medicare and Medicaid Services, CMS. Administrative expenditures to update IT systems is expected to be a one-time cost of $141,600 of which 75% would be federal funds.

DHHS estimates the aid cost to be $6,494,232 in FY27 and $6,559,174 in FY28, of which 58.75% is assumed to be federally funded. The state portion is more than the $1,500,000 in cash funds designated to be appropriated in the bill. Additionally, there are no unobligated funds in the cash fund available for use on this purpose.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	1031	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services		
REVIEWED BY:	Ann Linneman		DATE:	2-4-2026	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact.					

LB (1) 1031 FISCAL NOTE 2026

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 2-4-2026 | Phone: (5) 471-6719

	FY 2026-2027		FY 2027-2028	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	$2,714,531		$2,705,922	
CASH FUNDS				
FEDERAL FUNDS	$3,921,301		$3,853,252	
OTHER FUNDS				
TOTAL FUNDS	$6,635,832		$6,559,174	

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

Explanation of Estimate:

LB1031 proposes redirecting $1,500,000 per year in fiscal year (FY) 25-26 and FY26-27, collected through the hospital assessment, to fund payment increases for Medicaid/Medicare dual-eligible claims billed by outpatient behavioral health (BH) providers.

This bill would require Medicaid to submit a state plan amendment to the Centers to Medicaid and Medicare Services to change the dual eligible crossover claim payment methodology by requiring payment at the greater of the Medicare or Medicaid fee schedule for only Behavioral Health services. Currently, for all crossover claims, the program pays the lesser of either the patient responsibility amount (copay, deductible) or the difference between the Medicaid allowable (fee schedule) amount and the amount that Medicare paid.

Medicaid will need to amend managed care organizations (MCOs) contracts to ensure they pay the claims up to the Medicaid fee schedule and not follow the currently established lesser of methodology for dual BH claims impacted. Additionally, Medicaid fee-for-service (FFS) system changes will be required in the Medicaid Management Information System (MMIS) to effectuate the changes required by this bill. Historically, a large number of claims billed by a subset of BH providers were not recognized by Medicare, so the provider was allowed to bypass billing Medicare first, and Medicaid would pay the Medicaid allowed amount. Once Medicare began recognizing additional BH providers and paying them, DHHS required that claims follow the standard coordination of benefits process, which requires that Medicaid be the payer of last resort when there are other responsible parties.

IS&T estimates that the system changes associated with this bill to be $141,600 and is matched with 75% federal funds. The projected total fiscal impact for FY26-27 is $6,635,832 ($3,921,301 in federal funds and $2,714,531 in general funds). For FY27-28, the total fiscal impact is $6,559,174 ($3,853,252 in federal funds and $2,705,922 in general funds). As a result, this bill creates a full recurring general fund obligation of approximately $2.7 million per year.

All available funds within the hospital quality assurance and assessment fund are obligated so any amount that is redirected for a different purpose would ultimately result in a state general fund cost. Thus, even with the $1.5M redirect of cash funds, Medicaid would still experience the full increase of $2.7M in state general funds.

A blended federal rate of 58.75% was used based on the mix of eligibility groups that would utilize the services (Expansion, CHIP, Regular Medicaid).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS 26-27	27-28	2026-2027 EXPENDITURES	2027-2028 EXPENDITURES

Benefits		
Operating	$141,600	
Travel		
Capital Outlay		
Aid	$6,494,232	$6,559,174
Capital Improvements		
TOTAL	$6,635,832	$6,559,174