

**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	10,310,142	0	2,525,108	0	12,835,250
FY2027-2028	13,705,190	0	3,291,810	0	16,997,000
FY2028-2029	13,705,190	0	3,291,810	0	16,997,000
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 establishes the Housing First Supportive Services Act and requires the Department of Health and Human Services to seek federal approval to cover supportive housing services for individuals at risk of becoming homeless within the Medicaid program. The bill also creates a new fund, the Housing First Supportive Services Fund, and requires administrative duties such as reporting and coordination with other entities.

DHHS assumes aid annual costs per individual to be \$1,200 for targeted case management (\$100 for 12 months funded with both General Funds and federal funds) and \$2,200 for housing assistance (\$350 for 6 months plus \$100 funded with General Funds only) for a total annual aid cost per individual of \$3,400. There is no basis upon which to disagree with these assumptions. However, LFO disagrees with the Department's estimate of impacted population.

DHHS utilizes 2023 data from the Nebraska Homeless Assistance Program and the Housing and Urban Development Program, which indicate Nebraska is home to 4,629 unhoused individuals and 5,331 individuals at risk of homelessness totaling 9,960. This estimate appears to be reasonable.

The agency applies an assumption from the National Health Care for the Homelessness Council that finds people experiencing homelessness are uninsured at much higher rates than the general population, 28% compared to 8%; however, the NHCHC notes that Medicaid is the main source of coverage for those who are insured. DHHS utilizes an estimate of 28% of 9,960 or approximately 2,789 individuals to estimate the cost of aid of approximately \$9,482,600. However, if Medicaid is the main source of coverage for homeless individuals, it is reasonable to assume that more than 28% of homeless individuals would qualify for this program.

LFO assumes 50% of the homeless or at risk of homelessness population, 4,980, for purposes of estimating the aid cost of \$16,932,000. However, the actual cost may be higher. The aid cost for FY27 is 75% of a full fiscal year due to implementation in October 2026. The Department estimates a 1% increase between FY27 and FY28, which is reasonable, but this increase was not utilized in the LFO estimate.

DHHS estimates administrative expenses in FY27 for IT costs (\$50,000 of which 75% can be federally funded) and staff to implement and maintain the waiver (\$86,250 of which 50% can be federally funded). Administrative expenses in FY28 and beyond amount to \$65,000 of which 50% can be federally funded. There is no reason to disagree with the estimate of administrative expenses.

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

LB: 740 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 2-18-2026 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 2-18-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$5,798,155		\$7,765,774	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$1,449,535		\$1,875,966	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$7,247,690		\$9,641,740	

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

**Explanation of Estimate:**

LB740 adopts the Housing First Supportive Services Act and requires the Department of Health and Human Services (DHHS) to seek federal approval for coverage under the Medical Assistance Act by preparing an application for a Section 1115 waiver, state plan amendment (SPA), or other federal grants to cover supportive housing services for individuals who are at risk of becoming homeless. It also directs the department to coordinate with the state agencies and local continuums of care needed for proper program development and funding, report annually to the Legislature, contract with an independent entity for evaluation purposes, and promulgate rules and regulations. The Centers of Medicare and Medicaid Services (CMS), Department of Housing and Urban Development, or other relevant federal agencies need to approve any plan to authorize Medicaid reimbursement for supportive housing services for eligible beneficiaries who are experiencing, or at risk of homelessness.

LB740 requires the creation of the “Housing First Supportive Services Fund” (HFSSF) and that the fund shall consist of money appropriated by the Legislature, federal matching funds received from Medicaid, and gifts, grants, or other contributions. CMS requires funds to remain clearly traceable and compliant from an audit perspective. Generally, federal grant funds are not eligible to be placed in a state cash fund.

In Calendar Year (CY) 2023, 4,629 homeless individuals and 5,331 individuals at risk of homelessness were served in Nebraska. Using national data, 28% are assumed uninsured for the fiscal. It is estimated that targeted case management (TCM) will cost \$100 per member per month (PMPM) for 12 months. Assuming an implementation date of October 1, 2026, the total increase in aid expenditure for the waiver would be approximately \$2,509,920 (\$1,368,910 Federal Funds and \$1,141,010 General Funds) for FY27 and \$3,380,026 (1,843,466 Federal Funds and \$1,536,560 General Funds). Using estimates from similar waivers in other states, the department forecasts \$350 per month for 6 months of rent or temporary housing in addition to a one-time subsidy of \$100 to finance housing-related costs. This would create an increase in general fund expenditure of approximately \$4,601,520 in FY27 and \$6,196,714 in FY28, assuming a 1% year over year increase.

Medicaid Management Information Services (MMIS) would require updates to pay out claims. IS&T estimates the one-time cost of MMIS system changes at \$50,000 in FY27, eligible for 75 percent federal financial participation (FFP). The department would also incur administrative costs of \$86,250 in FY 27 and \$65,000 in FY28 to implement and maintain the Section 1115 waiver. These administrative expenditures are eligible for 50 percent FFP.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:

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

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Benefits.....		
Operating.....	\$136,250	\$65,000
Travel.....		
Capital Outlay.....		
Aid.....	\$7,111,440	\$9,576,740
Capital Improvements.....		
<b>TOTAL.....</b>	<b>\$7,247,690</b>	<b>\$9,641,740</b>

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