

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	0	0	0	0	0
FY2027-2028	3,585,285	0	32,267,562	0	35,852,847
FY2028-2029	0	0	0	0	0
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 specifies requirements for the Department of Health and Human Services pertaining to community engagement requirements for the Medicaid program. The bill requires DHHS to establish certain exemptions from and implement community engagement requirements no early than required by federal law. The bill states legislative intent to adopt and streamline all possible exemptions to community engagement requirements.

The One Big Beautiful Bill Act (OBBBA) requires implementation of community engagement requirements by January 1, 2027. DHHS is currently planning on implementing these requirements May 1, 2026. DHHS estimates implementation of work requirements on May 1, 2026 to impact FY28 spending by \$35.8m. If implementation is delayed seven months until the federally required date of January 1, 2026 the savings will not be realized until FY29. There is no basis upon which to disagree with this estimate.

DHHS does not provide information on the fiscal impact of adopting community engagement requirements to the maximum extent possible. The fiscal impact of this provision is unknown.

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

LB: 723 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 2-10-2026 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 2-10-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$3,585,285	
CASH FUNDS				
FEDERAL FUNDS			\$32,267,562	
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$35,852,847	\$0

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

Explanation of Estimate:

LB812 will limit the Department of Health and Human Services implementation of Medicaid work requirements to include the minimum program features as required under federal law. This bill would delay the effective date from May 1, 2026, until January 1, 2027, pausing current work and slowing down the project's current schedule.

Medicaid work requirements were passed into federal law in order to reduce overall Medicaid spending; this bill would delay realizing those savings. Currently, the Department of Health and Human Services (DHHS) is forecasting a budget reduction starting in fiscal year 2028 in the amount of \$35.8 million. This projected reduction is within the expansion population that is matched with 90% federal funds, so \$32.3 million in federal funds and \$3.5 million in state general funds. If the implementation date is delayed to January 1, 2027, that reduction may not be realized until fiscal year 2029.

While it is possible a budget savings occurs in fiscal year 2027, the department did not submit a budget adjustment related to work requirements for fiscal year 2027. The department intends to utilize information gathered once work requirements are implemented in May 2026 to forecast budget effects for the next biennium, fiscal years 2028 and 2029.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027 EXPENDITURES	2027-2028 EXPENDITURES
	26-27	27-28		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				\$35,852,847
Capital Improvements.....				
TOTAL.....			\$0	\$35,852,847