

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	SEE BELOW	0	SEE BELOW
FY2027-2028	0	0	SEE BELOW	0	SEE BELOW
FY2028-2029	0	0	SEE BELOW	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 creates the Rural Health Transformation Fund to hold funds awarded to the state through the federal Rural Health Transformation Program. The Department of Health and Human Services indicates the provisions of the bill risk noncompliance and forfeiture of the funds.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 1229	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. Federal Medicaid funds cannot be transferred into a state cash fund.				

LB (1) 1229**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

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	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

Explanation of Estimate:

LB1229 creates the Rural Health Transformation Fund (RHTF) and requires the State Treasurer to credit the fund with any money received from the Centers for Medicare & Medicaid Services (CMS) authorized in H.R.1 for the Rural Health Transformation Program (RHTP). The bill includes an administrative requirement for DHHS to establish the fund and to credit the new fund with any money received under this program from CMS. The RHTP grant allows the state to use a percentage of the award for administrative costs to implement and oversee the program. The estimated administrative costs and percentages were included in the grant application.

The primary fiscal impact of the bill is that it creates a significant risk of federal noncompliance. RHTP funds are Medicaid grant funds distributed through the federal Payment Management System and may not be transferred to a state cash fund or invested, as required by the bill. Such transfers would put the entire federal award at risk of disallowance.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

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