

**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 provides definitions for community engagement requirements under the medical assistance program. The bill defines "extended period of time," "inpatient hospital services," "outside of the individual's community," and "serious or complex medical condition." The Department of Health and Human Services indicates these definitions as drafted are broader than the current draft policy. This would result in more individuals receiving exemptions from community engagement and reduced savings. The fiscal impact is indeterminable.

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

LB: 1221 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 2-2-2026 PHONE: (402) 471-4180

COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact.

**LB (1) 1221****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 2-2-2026

Phone: (5) 471-6719

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

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

**Explanation of Estimate:**

LB1221 provides four definitions for the Medicaid program to adopt regarding short-term hardship events under the new Medicaid work requirements for individuals eligible for Medicaid in the adult expansion group. Medicaid work requirements in Nebraska are currently being developed and are scheduled to begin on May 1, 2026. Approval from the Centers for Medicare & Medicaid Services (CMS) will be required through a State Plan Amendment (SPA) related to work requirements.

The four definitions provided in this bill are:

- extended period of time.
- inpatient hospital services.
- outside of the individual's community.
- serious or complex medical condition.

These definitions are more specific than the current draft policy but do not conflict with draft regulatory language prepared for Title 477, Nebraska Administrative Code (NAC) 29, or the State Plan. If the short-term hardship definitions are adopted as written, more beneficiaries may qualify for hardship exemptions and therefore may not be required to meet Medicaid work requirements during their renewal period. Medicaid work requirements were passed into federal law in order to reduce overall Medicaid spending. This bill would minimize the reduction related to work requirements, but the exact fiscal impact cannot be determined at this time.

**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.....				
<b>TOTAL.....</b>				