

PREPARED BY: Mikayla Findlay
 DATE PREPARED: January 10, 2024
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LB 1107

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill would require the Department of Health and Human Services (DHHS) to provide coverage for an electric personal use breast pump for every pregnant woman covered under the medical assistance program, Medicaid, or a mother whose child is covered, by no later than January 1, 2025. The bill states legislative intent to appropriate an unspecified amount of General Funds to implement this provision.

DHHS indicates that in SFY23 Nebraska Medicaid Managed Care Organizations (MCOs) provided approximately 4,985 breast pumps of which 3,885 were a supplementary purchase and 1,100 were paid for through the program. DHHS estimates the bill will result in a 10% increase in claims for breast pumps resulting in 5,095 in FY25 and 5,138 in FY26.

MCOs receive discounted rates for both services and durable medical equipment like breast pumps. The average retail cost of a hospital grade breast pumps is \$295 per month whereas MCOs pay \$125 per month. The total increase is estimated to be \$279,925 in FY25 and \$281,790 in FY26. DHHS indicates these costs can be absorbed within the agency's current appropriation. There is no basis to disagree with this analysis.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	1107	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-16-2024	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health & 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 2-16-2024

Phone: (5) 471-6719

	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$0	\$0

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

Explanation of Estimate:

LB1107 requires Medicaid coverage for electric personal use breast pumps for every eligible pregnant woman or child under the Medical Assistance Program. It specifies coverage beginning at 36 weeks gestation or until the child's birth, whichever is earlier. The bill outlines the breast pump's required capabilities, including support for milk supply, double and single-side pumping, and a suction power range. This impacts DHHS's coverage under Medicaid and CHIP programs, which currently include hospital-grade breast pumps on a rental basis, by introducing personal use breast pumps as a covered benefit.

The fiscal impact is considered based on the expected increase in covered benefits and the managed care organizations' (MCOs) provision data.

In the state fiscal year 2023 (SFY23), MCOs provided approximately 4,985 breast pumps, 3,885 as a value add, and 1,100 paid through the program. There is a 10% anticipated increase for the current coverage claims if the personal use of breast pumps becomes a covered benefit. This increase brings the estimated breast pumps supplied in SFY25 and SFY26 to 5,095 and 5,138, respectively.

The current average hospital-grade breast pump rental cost is \$295 per member. The average cost for the MCO for a qualifying personal breast pump is \$125 per member, resulting in a cost reduction of \$205,700 due to the lower MCO rate versus rental cost. Adding another 3,885 members that gain coverage under this bill, the total expense for SFY25 and SFY26 would increase by \$279,925 (\$115,320 in GF, \$164,605 FF) and \$281,760 (\$115,807 in GF and \$165,952 in FF), respectively. The net cost would be absorbed by the department.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2024-2025 EXPENDITURES	2025-2026 EXPENDITURES
	POSITION TITLE	24-25		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0