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DATE PREPARED: February 04, 2011
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LB 540

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	16,667		62,774	
CASH FUNDS				
FEDERAL FUNDS	16,667		84,774	
OTHER FUNDS				
TOTAL FUNDS	33,334		147,548	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill requires the Department of Health and Human Services by July 1, 2011 to apply for a waiver or an amendment to an existing waiver for the purpose of providing medical assistance for family planning services for persons whose family earned income is at or below 185% of the federal poverty level.

The cost of a contractor to handle the waiver would be \$33,334 (\$16,667 GF and FF) in FY 12 and \$16,668 (\$8,334 GF and FF) in FY 13.

The department estimates based on the U. S. Census statistics that approximately 26,000 women who currently do not qualify would become eligible for family planning services at 185% of the federal poverty level. The approximate cost per recipient is \$198. The state match for family planning services is 10% with 90% paid by the federal government. Assuming an implementation date of July 2013, the cost of family planning services in FY 14 would be 5,148,000 (514,800 GF and \$4,633,200 FF).

Eligibility would be based on income only. One eligibility worker is needed per 1,000 applicants. The cost would be \$1,560,000 (\$780,000 GF and FF) in FY 14. Changes to MMIS are estimated to be \$130,880 (54,440 GF and \$76,440 FF) in FY 13.

An evaluation of other states family planning waivers was conducted by the CNA Corporation under contract with the federal Centers for Medicare and Medicaid (CMS). The report published in 2003 showed family planning waivers saved millions of dollars in all six state programs that were evaluated. The states were Alabama, Arkansas, California, New Mexico, Oregon and South Carolina. In calculating the potential savings in Nebraska, the department assumes 4% of the women receiving services would have otherwise have had a birth that would be covered by Medicaid. Using this assumption, the savings would be \$12,638,080 (\$5,479,871 GF and \$7,158,209 FF) full year savings would not be seen until FY 15. This is based on the cost of prenatal care and delivery at \$10,034 and medical services for an infant up to one year of age at \$2,118. Prenatal care, delivery and medical care for a newborn is matched at 60% from the federal government with 40% paid by the state.

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LB(1) 0540

FISCAL NOTE

LEGISLATIVE FISCAL

2011

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name: (2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared: (4) February 8, 2011

Phone: (5) 471-8072

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$16,667		\$62,774	
CASH FUNDS				
FEDERAL FUNDS	\$16,666		\$84,773	
OTHER FUNDS				
TOTAL FUNDS	\$33,333	\$0	\$147,547	\$0

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

Explanation of Estimate:

LB0540 would require the Nebraska Medicaid program to complete the waiver application process by July 1, 2011, which would not be possible. When funding is received for FY2012, DHHS would hire a contractor to prepare the waiver and participate in the approval process, at an estimated cost of \$33,333 (\$16,667 GF, \$16,666 FF) in FY12, and \$16,667 (\$8,334 GF, \$8,333 FF) in FY13. It is anticipated that the waiver application process would take at least six months to complete, with an estimated waiver submittal date of January 1, 2012. At that point, the CMS review and question/answer process would begin, and would be expected to last a year before approval is received, estimated at January 1, 2013.

Programming changes to MMIS and NFOCUS would be required to create a family planning waiver program for enrollees with incomes up to 185% FPL, with benefits restricted to family planning services. After waiver approval is received, the NFOCUS and MMIS change process would begin, which is estimated to take 6 months and cost \$130,880 (\$54,440 GF, \$76,440 FF) in FY13. That would put program implementation at July 1, 2013. (NOTE: The actual implementation date would be affected by programming changes related to federal health care reform implementation, which is scheduled for January 1, 2014.)

For the period covered by this fiscal note, total DHHS expenditures are estimated at \$33,333 (\$16,667 GF, \$16,666 FF) in FY12, and \$147,547 (\$62,774 GF, \$84,773 FF) in FY13.

The first full year of salaries, aid, and potential pregnancy-avoidance savings is FY15. According to U.S. Census Bureau statistics for 2009, there are 87,040 uninsured Nebraskans in the age group eligible for family planning waiver services. Assuming that approximately 30% of those eligible would enroll for waiver services, there would be approximately 26,000 new enrollees in the family planning waiver program. 35 Eligibility Technician FTEs would be needed, at a ratio of one worker to 750 enrollees. One Payments Reviewer FTE and one Fraud and Abuse Investigator FTE would be needed to handle the additional claims. Program 33 personnel expenditures are estimated at \$2,533,549 (\$1,266,776 GF, \$1,266,773 FF) for FY15. Program 348 aid expenditures for family planning waiver services, at \$198 per enrollee, are estimated at \$5,148,000 (\$514,800 GF, \$4,633,200 FF) for FY15, at the 90% federal match rate for family planning services. Assuming that 4% of the waiver population would avoid Medicaid expenditures estimated at \$10,034 per pregnancy and \$2,118 per baby for the first year of life, potential pregnancy-avoidance savings are estimated at -\$12,638,080 (-\$5,479,871 GF, -\$7,158,209 FF) for FY15, at the estimated blended federal match rate of 56.64%. The net effect of implementing a family planning waiver for the first full year of expenditures and savings is estimated at -\$4,956,531 (-\$3,698,295 GF, -\$1,258,236 FF) for FY15. (NOTE: The first full year estimate is intended to illustrate the net effect of the program as opposed to current Medicaid policies. Actual costs and savings may be impacted by federal health care reform implementation, which is scheduled for January 1, 2014.)

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012 EXPENDITURES	2012-2013 EXPENDITURES
	11-12	12-13		
			\$0	\$0
			\$0	\$0
			\$0	\$0
			\$0	\$0
			\$0	\$0
Benefits.....			\$0	\$0
Operating.....			\$33,333	\$147,547
Travel.....			\$0	\$0
Capital Outlay.....			\$0	\$0
Aid.....			\$0	\$0
Capital Improvements.....			\$0	\$0
TOTAL.....			\$33,333	\$147,547