

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	152,141		(196,647)	
CASH FUNDS				
FEDERAL FUNDS	152,141		(228,647)	
OTHER FUNDS				
TOTAL FUNDS	304,282		(425,293)	

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

This bill provides more tools for the Department of Health and Human Services to recover assets for Medicaid costs paid.

The Department of Health and Human Services used estimates for staffing based on a similar recovery unit in Iowa. In FY 18, staffing and operating costs would be \$304,280 (\$152,140 GF and FF). In FY 19, the cost of the unit would be \$374,708 (\$187,354 GF and FF).

Current recoveries are \$4 million a year. Recoveries are expected to increase by 20% or \$800,000. Recoveries offset the cost of the Medicaid Program and are shared with the federal government at the match rate. In FY 18 it is assumed that there would be minimal to no recoveries. In FY 19 the savings would increase to \$800,000 (\$384,000 GF and \$416,000 FF).

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 542	AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)
REVIEWED BY: Elton Larson	DATE: 1/30/2017	PHONE: 402) 471-4173
COMMENTS: DHHS analysis and estimate of fiscal impact appear reasonable.		

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Pat Weber

Date Prepared:(4) 1-19-17

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	<u>FY 2017-2018</u>		<u>FY 2018-2019</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$170,683		\$11,606	
CASH FUNDS				
FEDERAL FUNDS	\$170,683		-\$11,606	
OTHER FUNDS				
TOTAL FUNDS	\$341,366		\$0	

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

Explanation of Estimate:

The primary purpose of LB 542 is to increase the ability of Nebraska Medicaid to seek reimbursement of taxpayer money after the death of a person who has received Medicaid and if passed could result in an increase of recovered Medicaid funds.

The staffing increase for Medicaid and DHHS Legal is based on a similar program administered by the Iowa Department of Human Services. Iowa was contacted because it is known as a particularly aggressive state for estate recovery and shares similar demographics with Nebraska. Staffing needs are calculated based on Iowa's program size adjusting for Nebraska's program size.

The Iowa estate recovery program has approximately nine to twelve FTEs. The unit has a head attorney, an assistant, and a clerical assistant to handle probate matters. In addition, three to four FTEs handle letters and phone calls. There is one FTE who deposits checks and researches problems with receiving funds and one FTE who deals with small estates, administrations, and communications with the state treasurer. The Iowa Department of Human Services collects approximately \$12 million in asset recoveries a year.

To implement a similar program in Nebraska, Medicaid (Program 263) would need to hire 3 FTE Staff Assistants at a cost of \$129,542 total funds (\$64,771 GF, \$64,771 FF) in SFY18 and \$172,724 (\$86,362 GF, \$86,362 FF) in SFY19. Under operations, DDHS Legal (Program 261) would add 1 FTE Attorney III and 1 FTE Office Clerk II at cost of \$211,824 total funds (\$105,912 GF, \$105,912 FF) in SFY18 and \$282,430 total funds (\$141,215 GF, \$141,215 FF) in SFY19.

Estate recoveries are reimbursements to the Department for previous Medicaid expenditures and a reduction of expenses, not revenue. Due to the time required to implement the program, recoveries are not expected until the second year. Recoveries are expected to cover the cost of the program. The Medicaid estate recovery program collects approximately \$4 million dollars per year. Based upon the experience of other states, recoveries are expected to increase at least 20% due to the law's provisions. Expenditures related to LB 542 are within Program 033, and the expenditure reductions will be in Program 348.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2017-2018	2018-2019
		17-18	18-19	EXPENDITURES	EXPENDITURES
	Staff Assistant I	2.25	3.00	\$71,426	\$95,235
	Attorney III	1.50	2.00	\$104,486	\$139,314
	Office Clerk II	0.75	1.00	\$16,899	\$22,533

Benefits.....	\$63,470	\$84,625
Operating.....	\$85,085	\$113,447
Travel.....		
Capital Outlay.....		
Aid.....		-\$455,154
Capital Improvements.....		
TOTAL.....	\$341,366	\$0