

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$5,429,626		\$22,573,394	
CASH FUNDS	\$2,561,436	\$2,561,436	\$10,245,744	\$10,245,744
FEDERAL FUNDS	\$6,127,728		\$25,504,724	
OTHER FUNDS				
TOTAL FUNDS	\$14,118,790	\$2,561,436	\$58,323,862	\$10,245,744

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

This bill establishes the Disability Employment and Engagement Program Act. The bill would extend Medicaid coverage to individuals who are employed, have a medically improved condition and are between the ages of 16 and 64 with incomes below 450% of the federal poverty limit. Resource limits are \$20,000 for an individual, \$30,000 for a two-person household and \$40,000 for a family with three or more members. Premiums would be assessed based on a sliding fee scale not to exceed 7% of the family's unearned income plus 3% of earned income. A Disability Employment and Engagement Program Advisory Committee is established.

The Department of Health and Human Services estimates the implementation date would be April 1, 2019, allowing time for approval of a state plan amendment, perform the necessary computer programming and train staff. The estimated number of enrollees is approximately 2,564 individuals. Based on capitation rates, the service costs would be \$13,845,600 (\$6,507,432 GF and \$7,338,168 FF) for one quarter in FY 2018-19. The aid costs in the first full year of implementation in FY 2019-20 would be \$57,597,696 (\$27,070,917 GF and \$30,526,779 FF). Premium payments are anticipated to bring in revenue of \$2,561,436 in FY 2018-19 and \$10,245,744 in FY 2019-20. Of these amounts, \$1,215,401 in FY 2018-19 and \$4,861,606 in FY 2019-20 would offset General Fund costs. The balance of the revenue would offset federal fund costs.

The Department would also need additional eligibility and case management, payment processing, IT and training staff. \$271,190 (\$135,595 GF and FF) in FY 2018-19 and \$724,166 (\$362,083 GF and FF) in FY 2019-20.

Travel reimbursement for the Disability Employment and Engagement Program Advisory Committee would be approximately \$2,000 each year paid with general funds.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 968	AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)
REVIEWED BY: Elton Larson	DATE: 2/21/2018	PHONE: (402) 471-4173
COMMENTS: DHHS analysis and estimate of fiscal impact to the department 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) Mike Michalski

Date Prepared: 1-12-18

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	FY 2018-2019		FY 2019-2020	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$8,514,420	\$1,215,401	\$35,132,781	\$4,861,606
CASH FUNDS				
FEDERAL FUNDS	\$9,034,560	\$1,346,035	\$37,656,047	\$5,384,138
OTHER FUNDS				
TOTAL FUNDS	\$17,548,980	\$2,561,436	\$72,788,828	\$10,245,744

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

Explanation of Estimate:

LB 968 expands Medical Insurance for Workers with Disabilities (MIWD) program for disabled workers with incomes between 250% and 450% FPL. The current income limit for the MIWD program for the working disabled is 250% of FPL. LB 968 proposes two new program changes which first, would allow maximum earnings to increase to 450% FPL and secondly, determine a new sliding scale of MIWD premiums for this expanded category of eligible persons. Based on 2016 Cornell University Survey (CUS), there are 107,300 disabled individuals in Nebraska within the age group of 21 to 64. The CUS for Nebraska reports an average labor participation rate of 49.80% for persons within this group. In another study published by Cornell University, using 2007 data, expanded FPL categories and correlating percentages were defined. Applying the 250% to 450% FPL percentages identified in the 2007 study to the 2016 CUS report results in additional 10,796 employed disabled persons potentially eligible for Medicaid.

It is estimated that 25% (or 2,669) of the new eligible population would apply for benefits, with applications submitted via the following methods: (based on historical application submission patterns of the current MIWD population): phone (10%), online (45%), and paper (45%). The new applications would require 4,183 additional processing hours allocated as such: 2 hours- phone application, 1 hour- online application, and 2 hours- paper application. This additional application time would result in a need for 2 FTE Eligibility Technicians. Currently 95% of MIWD applicants are determined eligible, so with this historical acceptance rate being applied, it would result in 2,564 persons being enrolled into the newly expanded MIWD program. It is anticipated the program would be operational 4/1/2019. Implementation would begin 90 days after the end of the legislative session, to modify information systems processes, hire and train staff, and outreach would be done to eligible populations to promote the expanded services/program. One-time costs associated with accommodating the newly eligible population would include updating NFOCUS with estimated costs of \$5,850 (\$3,600 in Technical Analyst efforts and \$2,250 in Business Analyst efforts SFY 19).

The approved cases of 2,564 would require 4 hours of on-going case management each, which totals 10,256 hours, being handled by 6 FTE Social Workers and 1 FTE Social Worker Manager. It is anticipated that in SFY 19, by the time the program staff was hired, IT changes completed to accommodate the program, and program outreach, there would only be 3 months of application processing completed resulting in active cases to manage. The bill outlines outreach efforts to increase utilization of benefits and training of all Medicaid personnel. The bill outlines additional data that is to be collected and reported upon annually as well in the MIWD program. One additional DHHS FTE for staff and program development has been identified to fulfill these duties outlined in the bill.

The bill outlines parameters for participants to pay a MIWD premium with a sliding scale correlating with FPL income. Under current policy, premiums are due monthly, and if not paid, the participant is ineligible for the MIWD program for that month. It is projected that 100% (2,564 new cases) of the new participants would be billed for their monthly premiums. MIWD premiums initial sliding scale would have to be finalized, historically each tier had a 12% premium increase. Building out premium categories to 450% of FPL and averaging the annual premium categories, based on 12% tiers, resulted in an average MIWD annual premium of \$3,996 (\$333 monthly). It was assumed that 100% of the new cases would be subject to monthly premium bills, resulting in premium revenue of \$2,561,436 SFY 19 (3 months) and \$10,245,744 SFY 20.

Using 2017 managed care capitation rates, projected rates for 2019 and 2020 were based on the four year average growth rate of 4.20%. Projected costs in expanded MIWD program are \$17,192,312 (\$8,157,752 GF, \$9,034,560 FF) SFY19 for three months. Projected costs of \$71,657,558 (\$34,001,511 GF, \$37,656,047 FF) in SFY 20. Expenditures for SFY 19 assume an April 1, 2019 start date. To manage the presentment and collection of monthly premiums to program participants, an IT support analyst and part time Account Clerk FTE are needed.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES: POSITION TITLE	NUMBER OF POSITIONS		2018-2019	2019-2020
	18-19	19-20	EXPENDITURES	EXPENDITURES
Application Eligibility Technicians	2	2	\$18,867	\$74,747
Staff & Program Development Consultant	1	1	\$33,207	\$66,414
Social Services Worker	6	6	\$64,160	\$256,639
Social Services Unit Manager	1	1	\$16,149	\$64,594
Staff & Program Development Consultant	1	1	\$49,811	\$66,414
Payments Reviewer	2	2	\$18,588	\$74,352
IT Support Analyst	1	1	\$13,642	\$54,567
Accounting Clerk	0.5	0.5	\$3,274	\$13,096
Benefits.....			\$55,807	\$198,650
Operating.....			\$83,163	\$261,797
Travel.....				
Capital Outlay.....				
Aid.....			\$17,192,312	\$71,657,558
Capital Improvements.....				
TOTAL.....			\$17,548,980	\$72,788,828