

Revised to reflect amendments adopted through 4-8-22

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$479,954		\$466,629	
CASH FUNDS				
FEDERAL FUNDS	\$44,237		\$2,174	
OTHER FUNDS				
TOTAL FUNDS	\$524,191		\$468,692	

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

This bill establishes a child welfare practice model work group and a child welfare strategic leadership group. The child welfare practice work group is to develop a practice and finance model for transformation of the child welfare system. Included among the areas the work group is to study are: 1) the development of mission and vision; 2) the development of program goals and practice and finance models for case management and service delivery; 3) the development of engagement strategies to support community involvement; 4) the development of strategies to strengthen relationships across the judicial and executive branch; 5) the development of strategies that support integration across agencies; 6) the development of accountabilities across the child welfare system; 6) the evaluation of the state’s Title IV-E claiming; financial mechanisms for innovation and 7) the development of data collection and outcome monitoring. The work group will provide monthly updates to the leadership group. The Department of Health and Human Services is required to contract with an outside consultant with expertise in child welfare system transformation by December 2022. The work group is to submit their report to the Health and Human Services Committee of the Legislature on or before December 1, 2023.

The Department of Health and Human Services estimates the cost of the consultant to be \$500,000 from General Funds with half the costs in FY 2023 and the other half in FY 2024.

The bill as amended requires the Department of Health and Human Services working with the Foster Care Reimbursement Rate Committee to implement additional tiers for foster care reimbursement on or before October 1, 2022. Additionally, the bill requires the department to implement treatment family care services as allowed under federal law for Medicaid eligible children. The estimated number of days in the additional tiers is 9,743 annually. The cost would be \$135,516 (\$133,541 GF and \$1,975 FF) in FY 2023 and \$150,825 (\$148,651 GF and \$2,174 FF) in FY 2024. One-time training costs would be \$80,000 (\$40,000 GF and FF) in FY 2023. Changes to NFOCUS would be \$4,524 (\$2,262 GF and FF) in FY 2023.

AM 2200 and AM 2597 require the Department of Health and Human Services to provide specific notifications when the department is the representative payee for a child receiving social security. The notifications would be made to the child in an age-appropriate manner, to the child’s guardian ad litem and the courts. The department estimates the need for a social service worker. The costs would be \$54,151 in FY 2023 and \$67,867 in FY 2024 from General Funds.

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 4-7-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$ 479,896		\$470,774	
CASH FUNDS				
FEDERAL FUNDS	\$ 44,237		\$2,174	
OTHER FUNDS				
TOTAL FUNDS	\$ 524,133		\$472,948	

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

Explanation of Estimate:

LB 1173 AM2597 requires the Department of Health and Human Services (DHHS) to provide notice to the child beneficiary and guardian ad litem that the department is acting as the child’s representative payee for the purposes of receiving social security benefits. This notification must occur within 30 days of the department receiving the first social security benefit payment on behalf of the child.

The Department shall also provide notice to the juvenile court at every review hearing regarding the child beneficiary after January 1, 2023 of the total amount of social security benefit funds that the department has received on behalf of the child as of the review hearing, including the amount of those funds that are currently conserved or unspent as of the review hearing date. In addition, the department shall provide the court at each review hearing, all accounting records regarding the department’s receipt, use, and conservation of the child’s social security benefits.

Upon the termination of the Department’s role as the child beneficiary’s representative payee or at the request from the child, child’s guardian, or child’s parent the Department shall provide all accounting records of the child’s social security benefits to the child, child’s guardian, or child’s parent.

An additional staff member will be needed to provide notices and account information as required. A Social Services Worker will need to be hired by October, 2022. The cost for the staff position is \$54,093 in SFY 2023 and \$72,123 in SFY 2024 and will be paid with general funds.

LB 1173 AM1959 requires DHHS to establish additional tiers of specialized care and directs the Department to implement the rate recommendation for treatment family care services as recommended by the Foster Care Reimbursement Rate Committee.

The Department estimates that approximately 9,743 days of foster care services would qualify for the 4th tier and 5th tier specialized rates. Implementing two additional tiers would cost approximately \$135,516 in FY2023 and \$150,825 in FY2024. The additional tiers would cost \$169,482 and \$183,139 in FY2025 and FY2026, respectively. Approximately \$3,413 of the costs in FY2023 and \$3,756 in SFY 2024 are IV-E claimable. Using an FMAP rate of 57.87%, \$1,975 in FY2023 and \$2,174 in FY2024 can be paid with federal funds.

The Department would also require \$80,000 for training in FY2023. Fifty percent of the training can be paid with federal funds; the remaining \$40,000 will be paid with general funds.

The Department would require NFOCUS system modifications in FY23. Service costs for system updates include 45 hours for a Technical Analyst at \$85 per hour and 20 hours for a Business Analyst at \$35 per hour.

Fifty percent of the \$4524 service cost, \$2262, can be paid with federal funds, the remaining \$2262 will be paid with state funds.

The cost to implement Treatment Family Care services as required by the amended bill is indeterminable. This would be a new service and the Division of Children and Family Services would have to acquire contracts with providers that are able to provide this service. There is no identified fiscal impact for the Treatment Family Care services as recommended in the report for Medicaid. Medicaid does reimburse for individual components of Treatment Foster Care, and this amendment appears to bundle services for billing and reimbursement purposes.

Additionally, DHHS would be required to contract with an outside consultant to assist a work group in developing a framework for the practice and financial model for child welfare transformation by December 15, 2022. The Department estimates the cost of the consultant to be \$500,000 for the duration of the contract that shall end by December 31, 2023 when the work group is terminated. Existing staff will dedicate time to facilitate the bidding of the contract and ensure contract obligations are met. The contract will be paid with general funds.

The amended bill eliminates the ability for the DHHS to contract with a third party to provide case management. The Department will be unable to contract services for prevention planning. The fiscal impact is indeterminable.

DHHS Division of Children and Family Services Protection and Safety will be required to immediately notify the DHHS Division of Public Health of a reported allegation of child abuse or neglect by a licensed childcare provider or childcare staff member. Additionally, the Division of Children and Family Services shall inform the Division of Public Health whether or not an investigation by law enforcement or the Department is being undertaken. DHHS Division of Children and Family services has established and utilizes a process of notification to DHHS Division of Public Health of alleged child abuse or neglect reports. The term "immediately" is not defined in the amended bill. It is unclear if the bill would require an accelerated process for notification. The bill could require existing staff to dedicate additional working hours if notification was required to be completed within a shorter interval of time.

DHHS will be required to complete a major rule and regulation change, the cost of which will be absorbed.

Title	Hour(s)	Hourly Cost	Absorbed Cost
<i>Director</i>	4	\$ 76	\$ 303
<i>Deputy Director</i>	4	\$ 55	\$ 218
<i>Administrator I</i>	4	\$ 31	\$ 126
<i>Program Specialist</i>	8	\$ 23	\$ 186
<i>Program Analyst</i>	16	\$ 23	\$ 363
<i>Attorney III</i>	30	\$ 35	\$ 1,035
Total Costs			\$ 2,231

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2022-2023 EXPENDITURES	2023-2024 EXPENDITURES
	22-23	23-24		
Social Services Worker	.8	1	\$ 33,205	\$ 44,273
Benefits.....			\$ 8,793	\$ 11,723
Operating.....			\$ 346,619	\$ 266,127
Travel.....				
Capital Outlay.....				
Aid.....			\$ 135,516	\$ 150,825
Capital Improvements.....				
TOTAL.....			\$ 524,133	\$ 472,948