

Revised to Include provisions adopted in AM 2409 and FA 218

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	\$881,562		\$1,648,224	
FEDERAL FUNDS	\$1,288,238		\$2,321,776	
OTHER FUNDS				
TOTAL FUNDS	\$2,169,800		\$3,880,000	

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

This bill creates the Nebraska Prenatal Plus Program within the Department of Health and Human Services (DHHS). The purpose of the program is to reduce incidences of low birth weight, pre-term birth, and adverse birth outcomes of the birthing parent and child by covering services for at-risk pregnant mothers. Services include but are not limited to nutrition counseling, psycho social counseling and support, general education and health promotion, breastfeeding support, and targeted case management (TCM). As amended, the bill defines an at-risk mother to be a woman who is eligible for Medicaid, pregnant, and determined by a health care provider to be at risk of having a negative maternal or infant health outcome.

The aid cost calculated by DHHS assumes 7,500 new recipients per year. DHHS assumes 6 months of services during pregnancy. Rates used by DHHS for nutrition counseling are \$120 for initial visits and \$50 thereafter, \$150 per visit for TCM. Pregnant Medicaid recipients already receive counseling, education, and breastfeeding support therefore the only new costs are for the other two types of services. The DHHS estimated cost for nutrition counseling is \$2,775,000 and TCM as \$6,750,000 for a total of \$9,525,000. Note that FY25 consists of 75% of a full fiscal year. The fund mix for aid is based on Federal Medical Assistance Percentage (FMAP): 57.52% federal share for Medicaid. The remaining 42.48% state share is funded out of the Medicaid Managed Care Excess Profit Cash Fund. DHHS assumes an implementation date of October 1, 2024, which is when the bill requires state plan amendment be submitted.

It is reasonable to adjust three of DHHS's assumptions. First, assuming cost per visit for TCM as \$100 rather than \$150 which is in line with the rate DHHS used for the other supports (counseling, education, and breastfeeding support). Second, assuming the number of Medicaid recipients as 4,000 instead of 7,500. Nebraska Hospital Association (NHA) reports 5,986 births covered by Medicaid in Q1-Q3 of 2023. Using this data, it is reasonable to assume approximately 8,000 Medicaid births each year. The bill requires a determination by a health care provider of risk of having a negative maternal or infant health outcome to qualify. A proxy variable for this requirement is the percent of births to which a neonatology code is applied. NHA data indicates approximately half of births covered by Nebraska Medicaid had a neonatology code. Using NHA data, the adjusted estimate for number of qualifying Medicaid recipients is 4,000. Finally, it is also more reasonable to assume implementation of January 1, 2025 which allows three months for federal partners to review and approve the state plan amendment submission which is required by October 1, 2024. The aid cost using these three modified assumptions is \$1,940,000 in FY25 and \$3,880,000 in FY26.

Administrative expenses to implement the program amount to \$229,800 in the first year, FY25, only which is funded with a mix of 75% federal funds and 25% State funds out of the Medicaid Managed Care Excess Profit Fund. The bill requires DHHS to submit a report to the Legislature on or before December 15 each year beginning in 2024 on the program including the number of mothers served, services offered, and birth outcomes for each mother served. The cost of annual reporting can be absorbed by the agency.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	857	AM: 2409, FA218	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman		DATE:	3-1-2024
			PHONE:	(402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health & Human Services' assessment of fiscal impact.				

LB (1) 857 AM2409
FA218

FISCAL NOTE

2024

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 2-29-2024

Phone: (5) 471-6719

	FY 2024-2025		FY 2025-2026	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$3,034,665		\$4,046,220	
FEDERAL FUNDS	\$4,109,085		\$5,478,780	
OTHER FUNDS				
TOTAL FUNDS	\$7,143,750	\$0	\$9,525,000	\$0

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

Explanation of Estimate:

LB857 establishes a Medicaid Prenatal Program to provide health care services exclusively for pregnant mothers during the prenatal phase.

The program focuses on a 6-month prenatal care period for Medicaid-eligible mothers. Treatments outlined in LB857 specifically include Nutrition Counseling, Psychosocial Counseling and Support, General Client Education and Health Promotion, Breastfeeding Support, and Targeted Case Management (TCM). The visual below shows the prenatal coverage for each affected category. "Current" (shown in green) represents the current coverage of the individuals for each category. "Bill Passed" (shown in blue) represents the expanded treatments covered by LB857 if adopted.

	6-Months Prenatal
	Medicaid
Nutrition Counseling	Bill Passed
Psychosocial Counseling And Support	Current
General Client Education And Health Promotion	Current
Breastfeeding Support	Current
Targeted Case Management (TCM)	Bill Passed

Based on historical payments for live births in Nebraska Medicaid, the estimated number of patients is 7,500 per year in Medicaid. For nutrition counseling, the bill covers costs for an initial 60-minute visit at \$120 and \$50 for each 30-minute follow-up visit, with 1 initial and 5 follow-ups totaling \$2,775,000. TCM has an average cost of \$150 monthly per individual during the prenatal stage, totaling \$6,750,000. The combined Medicaid general and federal expenditure for these added services is \$9,525,000.

AM2409 adds the language to use the Managed Care (MC) Excess Profit Fund for non-federal shares. It is important to note that the Managed Care (MC) Excess Profit Fund is not a reliable constant source of revenue and could lead to fiscal instability and future financial shortfalls.

The implementation of LB857 is set to begin on October 1, 2024. Federal and state general funding are 75% of the total as a result for SFY25. The grand totals for LB857 are as follows: SFY25, the total is \$7,143,750, with the state cash fund contributing \$3,034,665 and the federal fund contributing \$4,109,085. SFY26, the total is \$9,525,000, with the state cash fund contributing \$4,046,220 and the federal fund contributing \$5,478,780.

FA218 adds a sunset to the program on June 30, 2028.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2024-2025	2025-2026
	24-25	25-26	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$7,143,750	\$9,525,000
Capital Improvements.....				
TOTAL.....			\$7,143,750	\$9,525,000