

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

| | FY 2025-26 | | FY 2026-27 | |
|---------------|--------------|---------|--------------|---------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | See below | | See below | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | See below | | See below | |

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

This bill adds requirements for the Division of Medicaid and Long-Term Care with the Department of Health and Human Services (DHHS) and places restrictions on contractors in the medical assistance program, specifically Managed Care Organizations (MCOs), through which a majority of Medicaid services are channeled.

Pertaining to new requirements of MCOs, the bill:

- prohibits MCOs from reducing rates lower than what is published by DHHS
- prohibits MCOs from limiting mental health and substance use disorder coverage more than other conditions
- requires MCOs to maintain adequate provider networks for mental health and substance use disorder services
- requires MCOs to utilize generally recognized standards of care criteria and make utilization review policies public
- and prohibits MCOs from modifying including revoking authorization for mental health and substance use disorder services after the provider renders such service.

Pertaining to new requirements of DHHS Division of Medicaid and Long-Term Care, the bill requires:

- contractor compliance with federal and state laws for coverage of mental health and substance use disorder
- all surveys, financial analyses, contract audits and parity reports that are prepared by a contractor to be made public
- accessibility of mental health and substance use disorder providers through regulation, network adequacy, and provider rate adequacy
- establishment of a monthly electronic communication system with all Medicaid providers and communicate any change in the contracts with MCOs
- definition of network adequacy
- and annual posting of the criteria the Division uses to assess network adequacy of each MCO on the DHHS website.

The agency expects the provision to result in increased aid expenditures due to MCO rates currently being less than fee-for-service in some instances. Currently, MCOs are allowed to negotiate rates with providers which can result in rates higher or lower than posted Medicaid rates. A provider may enter into a contract for a lower rate due to corporate agreement or contingency requirements. DHHS notes additional staff time would be required to update regulations, the costs of which can be absorbed.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

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|--|--------------|-----|--|-----------|-----------------------|
| | | | | | |
| LB: | 380 | AM: | AGENCY/POLT. SUB: Nebraska Department of Health & Human Services | | |
| REVIEWED BY: | Ann Linneman | | DATE: | 2-24-2025 | PHONE: (402) 471-4180 |
| COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact. | | | | | |

| 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 2-24-25 | | Phone: (5) 471-6719 |
| | FY 2025-2026 | | FY 2026-2027 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | See Below | \$0 | See Below | \$0 |

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

Explanation of Estimate:

The Department of Health and Human Services (DHHS) would expect an increase in Medicaid aid expenditures if this bill were to pass; however, the fiscal impact of LB380 is indeterminable at this time.

The expected increase in aid expenditures is tied to LB380’s requirement that Medicaid managed care organizations (MCOs) would be prohibited from contracting at rates below the fee-for-service (FFS) Medicaid fee schedule rate. Currently, MCOs are allowed to negotiate rates with providers, and this could result in them contracting rates either above or below posted Medicaid FFS rates. There are currently situations where providers agree to contract with MCOs at rates below the Medicaid Fee schedule. This could be because a provider has a national agreement with the parent corporation of the MCO or the MCO/provider agrees to value based reimbursement where the base is lower but includes upside if certain outcomes are met.

DHHS also estimates increased staff time that would need to be allocated to complying with other sections of this bill. LB380 could require updates to regulations, MCO contracts and capitation rates, creating and publishing additional reports and information, and establishing a monthly communication system with all healthcare providers participating with Medicaid. The additional time and costs associated with these requirements will be absorbed by the Department.

| MAJOR OBJECTS OF EXPENDITURE | | | | |
|------------------------------|---------------------|-------|--------------|--------------|
| PERSONAL SERVICES: | | | | |
| POSITION TITLE | NUMBER OF POSITIONS | | 2025-2026 | 2026-2027 |
| | 26-26 | 26-27 | EXPENDITURES | EXPENDITURES |
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| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital Outlay..... | | | | |
| Aid..... | | | | |
| Capital Improvements..... | | | | |
| TOTAL..... | | | | |