

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
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 establishes the Health Information Initiative Act. The health initiative is a statewide public-private partnership that operates a health information exchange which facilitates the secure exchange of clinical information among physicians and other health providers in real time at the point of care. Every health payer shall participate in the initiative and implement the required interfaces and pay the required fees to participate in the initiative. Payer means any person who offers, issues, renews or administers a health insurance policy. The Health Information Initiative Support Fund is created. The fund consists of gifts and revenue from the insurance premium tax. The fund will be used to support partnership to facilitate the secure exchange of clinical information among physicians and other health care providers. The Division of Public Health in the Department of Health and Human Services will distribute the funds.

The Department of Health and Human Services would need a program specialist to facilitate Medicaid's participation in the initiative. The salary, benefits and operating costs would be \$65,978 (\$32,989 GF and \$ FF) in FY 15 and FY 16. The interface with the Health Insurance Exchange would cost \$36,500 (\$18,250 GF and FF) in FY 15. The Division of Public Health would need program specialist to oversee the Health Information Initiative Support Fund. The cost would be \$65,989 GF in FY 15 and FY 16.

The bill states that payers must pay fees required to participate in a health information exchange. Currently there is only one functioning health insurance exchange in the state. The Medicaid Program would be required to pay the fees. Those fees are unknown. There is an annual \$25,000 fee, plus a per member fee. Currently Blue Cross/Blue Shield pays \$1.50 per member and other payers pay \$2.00 per member. The assessment for the Medicaid Program has not been established. The Centers for Medicare and Medicaid (CMS) will not indicate if the fee will be approved as a Medicaid eligible cost until the fee is set. If fee for the Medicaid Program is \$2.00 per member, the total cost would be \$480,000. Federal matching funds may or may not be available.

The bill provides for the first \$1 million of insurance premium tax funds paid by health insurers to be remitted to the Health Information Initiative Support Fund each fiscal year. Currently, these funds are deposited into the Comprehensive Health Insurance Pool Distributive Fund.

The Department of Insurance indicates the costs of claims for persons remaining in the CHIP program are unknown in FY2014-15 and FY2015-16. The program is in the process of winding down due to the implementation of the federal Affordable Care Act. The bill will result in \$1 million less in the CHIP Distributive Fund each fiscal year.

Half of any funds remaining in the CHIP Distributive Fund each year are reallocated to the General Fund (40%), Mutual Finance Assistance Fund (10%). The other half of the funds are allocated to the Insurance Tax Fund for distribution to cities (30%), counties (10%) and school districts (60%).

Assuming the CHIP Distributive Fund has adequate revenue to pay future claims, the bill will reduce revenue for the General Fund and other entities. The fiscal impact will be decreased revenue of \$400,000 for the General Fund, \$100,000 for the Mutual Finance Assistance Fund, \$150,000 for cities, \$50,000 for counties, and \$300,000 for school districts.

The insurance premium tax funds provided to school districts are used to offset general funds allocated for state aid to schools (TEEOSA). The reduction will increase the amount of general funds required for TEEOSA aid by \$300,000 in FY14 and FY15.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 953	AM:	AGENCY/POLT. SUB: Dept. of Health and Human Services
REVIEWED BY: Gary Bush	DATE: February 10, 2014	PHONE: 471-4161
COMMENTS: The estimate of impact for the additional FTE appears to be reasonable. The estimate of costs to participate in a health information exchange (HIE) appears to be high.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 953	AM:	AGENCY/POLT. SUB: Dept. of Insurance
REVIEWED BY: Gary Bush	DATE: January 27, 2014	PHONE: 471-4161
COMMENTS: The agency's estimate of impact appears to be reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 953	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Gary Bush	DATE: January 28, 2014	PHONE: 471-4161
COMMENTS: No basis to disagree with the University's estimate of 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) Steve Shively

Date Prepared:(4) 2-3-14

Phone: (5) 471-0676

	FY 2014-2015		FY 2015-2016	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,504,242		\$1,485,492	
CASH FUNDS				
FEDERAL FUNDS	\$104,243		\$85,493	
OTHER FUNDS				
TOTAL FUNDS	\$1,608,485		\$1,570,985	

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

Explanation of Estimate:

The fiscal impact of LB 953 on the Department of Health and Human Services (DHHS) would be an increase in funds for additional staff and information systems and technology services.

The additional staff needed by DHHS would consist of one FTE Program Specialist in the Division of Medicaid and Long-Term Care (MLTC) to oversee the Participation Agreement, collaboration with IS&T to develop an interface to connect to the Health Insurance Exchange (HIE), and a plan to complete ongoing modification requirements. The Division of Public Health would also need to hire one FTE Program Specialist to develop the application, review/denial, and appeal processes as well as monitor the spending of funds and overall Health Insurance Initiative (HII) processes. The estimated cost for the additional staff is \$170,985 (\$85,492 GF and \$85,493 FF) in SFY15 and \$170,985 (\$85,492 GF and \$85,493 FF) in SFY16.

In order for DHHS to participate in an HIE as directed by LB 953, Medicaid would be required to implement an interface to connect to the HIE. At a minimum, IS&T estimates it would take approximately 500 hours to build an interface at an estimated cost of \$36,500 (\$18,250 GF and \$18,250 FF) in SFY15. Additionally, DHHS would be required to pay the HII participation fees with General Funds only. Currently, the estimated annual fees for payers participating in the Nebraska HII are \$1.4 million.

It should be noted, there are currently two HIE in Nebraska, only one is being used. LB 953 does not limit the number of HIE or HII that can be established in Nebraska or give guidelines on the amount of fees to be charged for participation. The costs to the Department could potentially increase significantly based on the number of HIE that choose to operate in Nebraska in the future.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2014-2015	2015-2016
		14-15	15-16	EXPENDITURES	EXPENDITURES
	Program Specialist	2	2	\$86,632	\$86,632
	Benefits.....			\$30,321	\$30,321
	Operating.....			\$1,491,532	\$1,454,032
	Travel.....				
	Capital Outlay.....				
	Aid.....				

Capital Improvements.....

TOTAL.....

\$1,608,485	\$1,570,985
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2014

LB⁽¹⁾ 953

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Insurance

Prepared by: ⁽³⁾

Krystle Ledvina Garcia

Date Prepared: ⁽⁴⁾

1/23/2014

Phone: ⁽⁵⁾

(402) 471-4637

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB953 seeks to reallocate the first one million dollars in premium and related taxes from the Nebraska Comprehensive Health Insurance Pool Distributive Fund (NECHIP) to the Health Information Initiative Fund. It is difficult to ascertain the fiscal impact this bill could have on the Department as actual costs for the individuals remaining in the program is uncertain, however; this bill will result in \$1,000,000 less in the NECHIP fund. Currently, after all NECHIP claims are paid, any excess funds are paid in the following manner: 40% to the General fund, 10% to the Mutual Finance Assistance Fund, and 50% to the Insurance Tax Fund. The Insurance Tax Fund allocates its funds as follows: 60% to schools, 30% to municipalities, and 10% to counties. This will result in \$400,000 less to the General Fund, \$100,000 less to the Mutual Finance Assistance Fund, \$300,000 less to schools, \$150,000 less to municipalities, and \$50,000 less to counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2014

LB⁽¹⁾ 953

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January xx, 2014 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Per discussion with BCBS, there should be no additional costs to the University for implementing LB 953.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			=====	=====