

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				
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 states legislative intent to utilize \$1,500,000 from the Hospital Quality Assurance and Access Assessment Fund to reimburse non-hospital mental health providers the difference between Medicare and Medicaid rates for services provided to dual eligible individuals.

The Department of Health and Human Services (DHHS) indicates current procedure for dual eligible claims is to pay the lesser of either the patient responsibility or the difference between the posted fee-for-service Medicaid rate and the amount Medicare pays. Modifying this process would require approval of a Medicaid State Plan Amendment by the Centers of Medicare and Medicaid Services, CMS. Administrative expenditures to update IT systems is expected to be a one-time cost of \$141,600 of which 75% would be federal funds.

DHHS estimates the aid cost to be \$4,855,998, of which 61.49% is assumed to be federally funded. The state portion is \$370,121 more than the \$1,500,000 in cash funds designated to be appropriated in the bill. Additionally, at this time the cash fund does not have a balance due to pending CMS approval of the Nebraska Hospital Quality Assurance and Access Assessment established by [LB 1087](#) in 2024.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	55	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services
REVIEWED BY:	Ann Linneman	DATE:	3-7-2025
		PHONE:	(402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact.			
<u>Technical Note:</u> The current appropriation language is not sufficient to create an appropriation. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804.			

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 3-7-2025

Phone: (5) 471-6719

	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,887,005		\$1,870,121	
CASH FUNDS				
FEDERAL FUNDS	\$3,062,514		\$2,985,877	
OTHER FUNDS				
TOTAL FUNDS	\$4,949,519	\$0	\$4,855,998	\$0

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

Explanation of Estimate:

LB55 proposes the use of \$1,500,000 collected under the Hospital Assessment be redirected to fund payment increases for Medicaid/Medicare dual claims billed by behavior health (BH) providers.

This bill would require Medicaid to submit a state plan amendment to the Centers to Medicaid and Medicare Services to change the dual eligible crossover claim payment methodology for only Behavioral Health services. Currently, for all crossover claims, the program pays the lesser of either the patient responsibility amount (copay, deductible) or the difference between the Medicaid allowable (fee schedule) amount and the amount that Medicare paid.

Medicaid will need to amend managed care organizations (MCOs) contracts to ensure they pay the claims up to the Medicaid fee schedule and not follow the currently established lesser of methodology for dual BH claims impacted. Additionally, Medicaid fee-for-service (FFS) system changes will be required in the Medicaid Management Information System (MMIS) to effectuate the changes required by this bill. Historically, a large number of claims billed by a subset of BH providers were not recognized by Medicare, so the provider was allowed to bypass billing Medicare first, and Medicaid would pay the Medicaid allowed amount. Once Medicare began recognizing additional BH providers and paying them, DHHS required that claims follow the standard coordination of benefits process, which requires that Medicaid be the payer of last resort when there are other responsible parties.

IS&T estimates that the system changes associated with this bill to be \$141,600 and is matched with 75% federal funds. The projected total fiscal impact for FY25-26 is \$4,949,519 in total funds (\$3,062,514 in federal funds and \$1,887,005 in general funds).

A blended federal rate of 61.49% was used based on the mix of eligibility groups that would utilize the services (Expansion, CHIP, Regular Medicaid).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
		26-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....				\$141,600	
Travel.....					

Capital Outlay.....		
Aid.....	\$4,807,919	\$4,855,998
Capital Improvements.....		
TOTAL.....	\$4,949,519	\$4,855,998