

PREPARED BY: Mikayla Findlay  
DATE PREPARED: February 24, 2025  
PHONE: 402-471-0062

LB 610

Revision: 00

# 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	\$2,268,003	\$2,268,003	\$4,536,006	\$4,536,006
FEDERAL FUNDS	\$4,212,005		\$8,424,011	
OTHER FUNDS				
TOTAL FUNDS	\$6,480,008		\$12,960,017	

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

This bill would require the Department of Health and Human Services (DHHS) to seek federal approval for a supplemental reimbursement for the actual and federally allowable costs within the Ground Emergency Medical Transport (GEMT) Act on or before January 1, 2026. The bill allows Medicaid to seek approval to increase managed care organizations (MCOs) capitation to pay increased rates effective January 1, 2025 however DHHS notes direct payments may not be retroactive therefore that portion is not efficacious.

DHHS indicates that to implement the bill changes would be necessary to MCO contracts and intergovernmental transfer (IGT) agreements. These administrative changes may necessitate an additional staff person. Should an additional FTE be needed, the GEMT Act permits DHHS to cover the administrative costs with a portion of the IGT collected for the enhanced payment.

The agency estimates are based off of other state's data from similar programs. The impact for a full year is estimated to be \$12,960,017 of which \$4,536,006 would be collected via IGT agreements. A fraction of the cash revenue would be dedicated to administrative expenses which DHHS indicates would be no more than \$150,000 annually. DHHS uses a blended federal match rate of 65% for the purposes of this estimate. There is no basis to disagree with the agency estimate.

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

LB:	610	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

	<b>FY 2025-2026</b>		<b>FY 2026-2027</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>	\$2,268,003	\$2,268,003	\$4,536,006	\$4,536,006
<b>FEDERAL FUNDS</b>	\$4,212,005		\$8,424,011	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$6,480,008	\$2,268,003	\$12,960,017	\$4,536,006

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

**Explanation of Estimate:**

LB610 amends existing Neb. Rev. Stat. §§ 68-977 to 68-988, the Ground Emergency Medical Transport (GEMT) Act, to require the Department of Health and Human Services (DHHS) to gain federal approval to implement a new supplemental payment program for governmental ambulance service providers in Nebraska that participate with Medicaid. Provider participation in the program is voluntary, but it does require that participating providers submit an intergovernmental transfer (IGT) of funds to the Department for the non-federal share of the supplemental payment.

This bill allows Medicaid to seek approval to increase managed care organization (MCOs) capitation (via a directed payment) to pay the supplemental payments for dates of service effective January 1, 2025. This appears to be an error as it does not align with the other date in the bill, identifying January 1, 2026. Medicaid could not get retrospective approval for a directed payment.

To implement this bill, Medicaid would need to obtain annual approval of a new directed payment program from the Centers for Medicare & Medicaid Services (CMS). The Department would also need to amend existing MCO and actuarial contracts or procure new contracts and the IGT agreements with all governmental providers participating in the program. There may be a need to absorb significant work or consider adding a full-time employee (FTE) to effectuate the GEMT Act, but statutory language allows the department to cover the costs through using a portion of the IGT collected for the enhanced payment.

DHHS estimates that this new program will result in significant enhanced payments to eligible participating providers, as it allows the department to pay participating governmental providers up to their cost. Given that DHHS does not currently have cost data for Nebraska GEMT providers, the department estimated the fiscal impact based on a review of other states, including Iowa, who have similar programs currently in place. The state estimates that the total directed payment for all providers could be around \$13 million dollars per year. The department would then expect to collect approximately \$4.5 million per year in funding through IGTs from participating providers. A small portion of the IGT collected would be used to fund the department operation of the program which the department estimates to be no more than \$150,000 per year, with the majority remaining amount to be used as the source of the non-federal share to make supplemental (or directed) GEMT payments along with the federal match. DHHS estimates it would need \$2,268,003 in new cash spending authority in SFY 26 and \$4,536,006 in SFY 27 to pay out the additional funds proposed in this bill through a directed payment, as well as approximately \$4,212,005 in SFY 26 and \$8,424,011 in SFY 27 of additional Federal Fund appropriations in Medicaid for the FFP associated with the non-federal share (cash). There would not be any impact on general fund (GF) expenditures, as the IGT from governmental providers is intended to cover the non-federal share of the increased payments.

A blended federal rate of 65% was used based on the mix of eligibility groups that would utilize the services (Expansion, CHIP, Regular Medicaid).

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$6,480,008	\$12,960,017
Capital Improvements.....				
TOTAL.....			\$6,480,008	\$12,960,017