

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	\$138,416,046		\$146,854,880	
CASH FUNDS				
FEDERAL FUNDS	\$155,376,496		\$155,398,886	
OTHER FUNDS				
TOTAL FUNDS	\$293,792,542		\$302,253,766	

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

This bill requires implementation of a developmental disability (DD) service provider rate increase equal to 150% of the state minimum wage in FY26. Note that the fiscal note is based on a plain reading of the bill that interprets the provisions to mean the amount of the increase is 150% of the minimum wage (current hourly rate plus \$20.25) *not* that the resulting rate is 150% of the minimum wage (current rate plus an amount to get to \$20.25 per hour). The bill states legislative intent to appropriate an unknown amount for such increases and to increase such provider rates annually by an amount equal to the change in the core Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers.

The Department of Health and Human Services (DHHS) estimates the cost to increase DD provider rates by \$20.25 would be \$275,837,626 in FY26. DHHS assumes a 2.88% CPI increase based on historical data which yields a \$283,781,749 impact to DD in FY27. The DD aid costs would be subject to cost sharing provisions with the federal government. DHHS notes that certain Child and Family Services (CFS) rates are tied to the rates of Shared Living Providers, a type of DD service. A corresponding increase to the applicable array of CFS services results in an increase of \$17,954,916 in FY26 and \$18,472,017 in FY27 and would be exclusively state funded. Additional funds would be necessary in each subsequent fiscal year to account for increases to CPI. DHHS indicates ability to absorb the administrative costs of updating forms and developing methodology necessary to implement the provisions.

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

LB:	268	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services		
REVIEWED BY:	Ann Linneman		DATE:	2-28-2025	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 2-27-25

Phone: (5) 471-6719

	FY 2025-2026		FY 2026-2027	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$138,416,046		\$146,854,880	
CASH FUNDS				
FEDERAL FUNDS	\$155,376,496		\$155,398,886	
OTHER FUNDS				
TOTAL FUNDS	\$293,792,542	\$0	\$302,253,766	\$0

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

Explanation of Estimate:

This bill requires a provider rate increase for Developmental Disabilities (DD) services equivalent to 150% of the state's minimum wage in FY2025-26 and subsequent rate increases equivalent to the core Consumer Price Index for Urban Wage Earners and Clerical Workers thereafter. The fiscal impact was calculated by taking 150% of the current state minimum wage (\$13.50 on June 1, 2025) and increasing all applicable rates by that amount (\$20.25).

This bill will require the Division of Developmental Disabilities (DD) to increase all intellectual and developmental disability waiver service rates by \$20.25 per hour in Fiscal Year 2025-26. Additionally, DD will need to amend all intellectual and developmental disability waivers to update the rate methodology to allow for automatic future rate increases tied to changes in the core Consumer Price Index for Urban Wage Earners and Clerical Workers. This will heighten DD's financial exposure by implementing automatic rate increases that are both unpredictable and difficult to control.

Increasing all hourly rates by the set amount of \$20.25 would result in an expenditure increase of \$275,837,626 for FY 2025-2026, of this amount \$155,376,496 would be federal funds and \$120,461,130 would be state general funds. Based on the last ten years (2015-2024) the Consumer Price Index increased by an average of 2.88% per year. Applying this percentage to the above amounts the estimated expenditures for FY 2026-2027 would be \$283,781,749 with \$155,398,886 being federal funds and \$128,382,863 being state general funds.

If the rate increase is applied to Shared Living Providers (SLPs), Children and Family Services (CFS) costs will also increase. CFS currently follows the DD fee schedule for Child Day Habilitation and Shared Living-Agency services for CFS-involved youth who are DD-eligible but not DD-funded and for youth with other complex needs. These services are paid through individual Letters of Agreement (LOAs). Individual agreement rates can be updated easily if a rate increase is implemented. It is estimated LB268 would result in an increased expense of \$17,954,916 in state general funds for FY2025-26. Applying the 2.88% Consumer Price Index increase yields an estimated increase expense of \$18,472,017 in state general funds for FY 2026-27.

Staff time needed to update waiver documents will be absorbed within existing staff.

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$293,792,542	\$302,253,766
Capital Improvements.....				
TOTAL.....			\$293,792,542	\$302,253,766