

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 requires that there can be on reduction in reimbursement rates and no limitation on services on in-home services and supports; including but not limited to extended-home nursing services, skilled nursing services and nursing services for adults age 21 and older. These requirements would remain in effect until the Balancing Incentives Programs pursuant to the Patient Protection and Affordable Care Act have been completed and the Department of Health and Human Services can review the results. The operative date is retroactive to January 1, 2014.

The requirement that there could be no limitation on services would increase costs. The extent to which costs would increase is difficult to determine. Also, some or all of the increased costs would be offset by savings from avoiding incurring institutional costs, as individuals are able to remain in their homes. In general in-home costs are less expensive than care provided in a nursing facility. However, the restriction on limiting services may result in higher in-home costs for higher need individuals who would otherwise be served in a nursing facility.

Technical Note: The provision that there be no limitation of services may violate federal Medicaid rules and regulations and could jeopardize federal funding.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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Date Prepared:(4) 2-4-14

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	FY 2014-2015		FY 2015-2016	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$4,309,080		\$4,272,080	
CASH FUNDS				
FEDERAL FUNDS	\$4,906,970		\$4,869,970	
OTHER FUNDS				
TOTAL FUNDS	\$9,216,050		\$9,142,050	

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

Explanation of Estimate:

The fiscal impact of LB 1076 on the Department of Health and Human Services (DHHS) will be an increase in the cost of Home Health (HH) nursing services. The actual increase in terms of a dollar amount could vary significantly based on the direction of LB 1076 to set no limitation on HH services. The Bill states "...there shall be no reduction in reimbursement rates and no limitation on services."

By setting no limitations on home health services, it is assumed there would be an increase in home health care service utilization and expenditures. For example, in SFY13 the Personal Assistance Service (PAS) program paid \$13,895,809. Assuming a 20% increase in services due to removal of service limitations, PAS expenditures would increase by approximately \$2,779,160 annually. Furthermore, PAS reimbursement rates are lower than Home Health Agency (HHA) rates. Assuming 20% of the PAS services were provided by a Home Health Agency, it is estimated expenditures would increase annually approximately \$4,317,430 for the same amount of PAS services that would now be provided by HHA.

In general, allowing unlimited HH nursing services would potentially increase the cost of all Home Health services. Assuming a 20% increase in service levels, it is estimated HH nursing expenditures would increase annually approximately \$2,045,460.

Because Nebraska includes HH services in Managed Care (MC) the changes in service limitations made by LB 1076 would create the need to rebase the MC rates at an estimated cost of \$74,000.

Any change to service limitations or rates, as set out in LB 1076, would require DHHS to change the State Plan before promulgating HH policy and regulation changes. Assuming CMS denies the State Plan and regulation changes, Nebraska could then be viewed as non-compliant with the Code of Federal Regulations and CMS HH regulations, which could jeopardize Federal matching money and cause all HH to be entirely State funded. This increase in expenditures would increase the state budget by \$24 million.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2014-2015	2015-2016
	14-15	15-16	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$74,000	
Travel.....				
Capital Outlay.....				
Aid.....			\$9,142,050	\$9,142,050
Capital Improvements.....				
TOTAL.....			\$9,216,050	\$9,142,050