

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	323,652		122,462	
CASH FUNDS		54,000	54,000	150,000
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>323,652</b>	<b>54,000</b>	<b>176,462</b>	<b>150,000</b>

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

This bill establishes the Health Care Directives Registry. The registry would be administered by the Department of Health and Human Services. Beginning on January 1, 2020, the registry would be operational. Any person would be able to register advanced directive documents with the registry. Access to the registry would include the ability to view electronic reproduction of documents, download, print or otherwise retrieve copies. The registry would provide secure access through a registration number and password. The department would charge a fee to each registrant. The fees would cover the actual cost of establishing and maintaining the registry. The bill anticipates that at a future date the registry would be supported by fees.

Initial costs to establish the registry include software and marketing promotion. The software cost is estimated at \$200,000 and a consultant to handle the marketing would be \$50,000. Additionally, Vital Statistics would need two clerks and there would be IT maintenance costs. The personnel costs would be \$69,846 in FY 20 and \$98,462 in FY 21. Computer software maintenance would be \$30,000 annually. Mailing costs are estimated at \$3,600 in FY 20 and \$10,000 in FY 21.

The revenue estimates are based on 14,400 individuals utilizing the registry annually. Annual revenue would be approximately \$150,000. In FY 20, the revenue is anticipated to be \$54,000. The agency projects the point at which fees can sustain the registry would be sometime in the middle of FY 21. General funds would need to cover the costs up to that point. In FY 20, the General Fund amount is \$323,652 and \$122,462 in FY 21, with \$54,000 in cash funds also being used in that fiscal year. The fee is estimated to be set at \$15 for registrations or modifications to existing registrations.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 365 AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)	
REVIEWED BY: Elton Larson	DATE: 2/20/2019	PHONE: (402) 471-4173
COMMENTS: DHHS includes General Fund impact to serve as "seed" money to get program started. Section 6 of the bill provides that registry program is to be supported fully by fees on or before an <u>unspecified date</u> , thereby allowing the General Fund cost of the program. Projected program costs appear reasonable.		

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

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

Prepared by: (3) Mike Michalski

Date Prepared 2-5-2019

Phone: (5) 471-6719

**FY 2019-2020**

**FY 2020-2021**

	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$327,652	\$0	\$134,737	\$0
<b>CASH FUNDS</b>		\$54,000	\$54,000	\$150,000
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$327,652	\$54,000	\$188,737	\$150,000

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

**Explanation of Estimate:**

LB 365 would create a health care directive registry administered by the Department of Health and Human Services. The registry would be made available to appropriate health care personnel or facilities as required by LB 365. This estimate is based upon the following:

- 1) The registry would be assigned to the Office of Vital Records
- 2) Registry software would need to be acquired. The estimate includes \$200,000 for the purchase, deployment and training of software and \$30,000 annually in maintenance and support fees.
- 3) In the long term, number of individuals who would register annually is anticipated to be in the range of 12,800 – 16,000. This estimate assumes a ramp-up to 13,600 registrations cumulatively by the end of FY2020-2021. The range of projected registrations is based on registration rates in states with similar programs.
- 4) Health care provider must receive the registrant’s number and password either as part of the registrant’s medical record or by the registrant carrying the registry card on their person.
- 5) The estimate includes costs to produce and mail registry cards to each registrant at \$1.00 each.
- 6) The estimate includes \$50,000 in contracted marketing costs to create awareness of the registry using a variety of media platforms for FY2019-2020 and FY2020-2021.
- 7) The estimate includes two (2) additional Vital Statistics Clerks to support paper requests and phone calls for 9 months of FY2019-2020 and 12 months of FY2020-2021. Cross-training of existing customer support staff would occur as well. Personnel costs are based upon the two (2) additional Vital Statistics Clerks being in place by October 1, 2019. The first year of costs are assumed as start-up costs. Any revenue earned would be used to establish a cash balance sufficiently high enough to cash flow payroll and other expenses in FY2020-2021. This estimate assumes the Department would begin to use cash funds to pay for operating expenses once the fund balance reaches approximately \$150,000, here estimated at some point in the second year of operation.
- 8) The estimated start-up costs are supported by General Funds. The annual operating costs are to be self-sustaining using registry fees once the cash fund balance can viably cash flow expenditures, assumed at \$150,000 and reached at some point in FY2020-2021.

**Summary of Expenditure Estimates:**

**Start-up Costs for FY2019-2020**

Personnel Costs for two (2) Vital Statistics Clerks for nine (9) months	\$ 41,611
Benefits	\$ 14,235
Operations Costs	\$ 18,206
Registration cards and mailing (est. 3,600)	\$ 3,600
Cost of Registration System Software	\$200,000
<b>Cost of Marketing Contract</b>	<b>\$50,000</b>

Total Start-Up Costs

\$327,652

Annual Operating Costs for FY2020-2021

Personnel Costs – 2 Vital Statistics Clerks	\$55,482
Benefits	\$18,980
Operating Costs	\$24,275
Cost of Marketing Contract	\$50,000
Cost of Maintenance & Support of Registration Software	\$30,000
Cost of Registration Cards and Mailings	
For 10,000 cards	\$10,000
<u>Total Estimated Range of Annual Costs</u>	<u>\$188,737</u>

Revenue Estimate is based upon the estimated annual costs and registrations:

Estimated long-run annual costs*	\$193,137
<u>Estimated long-run annual registrations</u>	<u>14,400</u>
Minimum Estimated Registration Fee	\$13.41

\*Assumes 14,400 registrations annually in years following FY2020-2021

Though the minimum estimated registration fee would be \$13.41 in the second year of the biennium, the Department revenue estimate employs a fee of \$15 in order to account for uncertainty in registration counts and the necessity of annual fee revisions. The number of updated health care directives received per year for existing registrants is unknown, but the estimated fee to update health care directives would match the established registration fee.

Available data shows stable participation in this type of program from year to year. However, an additional source of funding may be required for the program should participation fail to reach self-sustaining levels or decline in future years.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2019-2020	2020-2021
	19-20	20-21	EXPENDITURES	EXPENDITURES
Vital Statistics Clerk	1.5	2.0	\$41,611	\$55,482
Benefits.....			\$14,235	\$18,980
Operating.....			\$271,806	\$114,275
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$327,652</b>	<b>\$188,737</b>