

Health and Human Services Committee

LB 120

March 15, 2017

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Division of Medicaid and Long-Term Care
Department of Health and Human Services

Good afternoon, Senator Riepe, and members of the Health and Human Services Committee. My name is Calder Lynch (C-A-L-D-E-R L-Y-N-C-H), and I am the Director of the Division of Medicaid and Long Term Care in the Department of Health and Human Services (DHHS). I am here to testify in opposition to LB 120.

Last year, I submitted a technical letter explaining my concerns with the legislative fiscal note for a similar bill, LB 782. I repeat those concerns today about LB 120. As explained in the fiscal note submitted by the Department, DHHS estimates that this bill would lead to an additional 15,384 Medicaid enrollees under this new family planning category at a total cost of \$1.95 million for state fiscal year 2017-2018 and \$3.56 million for state fiscal year 2018-2019. To process applications for this new eligibility group, DHHS will have to hire eight (8) additional staff members at a cost of \$429,985 annually. Additional one-time administrative costs will be \$101,420 for state fiscal year 2017-2018.

As the Department's fiscal note explains, there might be some savings to the Medicaid program by providing this coverage, but these savings cannot be accurately determined at this time. The savings reflected by the legislative fiscal office cites studies of family planning waivers nearly ten years old, and it does not reflect the state plan services that would be provided under this bill. DHHS feels it would be unwise to reduce the Medicaid base budget in FY 2019 by \$3.56 million in general funds as suggested by the official fiscal note. These savings are speculative at best and were calculated using outdated studies. Considering the budget situation, it seems imprudent for the state to count on uncertain savings, especially since we can count on new state costs due to this program.

Additionally, I note that the authority for this program's enhanced federal match comes from the Affordable Care Act (ACA). Many of the enhanced federal match provisions of the ACA are being scrutinized and revisited under the new federal administration, and there is talk of phasing out similar enhanced match provisions.

For these reasons, I oppose LB 120.

Thank you for the opportunity to testify before you today. I'm happy to answer any questions you may have.