

**UNSOLICITED
EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: May 15, 2023

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Medical Costs (Prenatal) (Expense)		\$882,499	\$5,522,744	\$11,045,488
Medical Costs (Postpartum) (Expense)		\$960,236	\$1,876,236	\$3,752,472
Medical Costs (Ages 0-26) (Expense)		\$14,601,494	\$75,785,001	\$242,512,004
System Costs (MMIS) (Expense)		\$67,200		
Personnel Services (3158) (Expense)		\$231,350	\$309,459	\$618,918
In-state Travel (3158) (Expense)		\$3,582	\$4,776	\$9,552
Operating (3158) (Expense)		\$4,570	\$6,173	\$12,346
Equipment/Furniture (3158) (Expense)		\$6,312		
Information Services (3158) (Expense)		\$6,613	\$1,426	\$2,852
Medical Costs (DACA) (Expense)		\$2,670,126	\$15,751,767	\$47,483,234
Total	0	\$19,433,982	\$99,257,582	\$305,436,866

Explanation

(Use Additional Sheets of Attachments, if required)

The Division has reviewed the amended language in Senate Bill 419 and determined it reduces the fiscal note. Under revised language, Medicaid eligibility would be expanded to several groups of individuals regardless of immigration status, including persons aged 0-26; unborn children; and people eligible for the Deferred Action for Childhood Arrivals (DACA). For the Division to cover those aged 0-26, no federal funding would be available. Although a recently proposed federal rule proposes new federal funding for DACA residents, this rule is not final, and therefore, is not considered current law for purposes of this fiscal analysis.

The bill adds a coverage of the “unborn child” under federal law, which, if passed, would draw down federal funds to cover women regardless of immigration status during pregnancy. The bill also adds that this population would be eligible for coverage through the postpartum period, similar to what is covered in Medicaid (which is currently 60 days).

The bill also includes an Innovation Hub among other changes. The total computable impact of the bill as revised in the FY24-25 biennium is \$118,050,104 (\$113,355,268 in state funds). If FMAP becomes available for the DACA population at the federal level, state costs are anticipated to decrease by approximately \$11,067,393, resulting in a total state cost of \$102,287,875. Staffing costs for the Innovation Hub are estimated at \$574,260 total (\$287,130 in state funds). System costs are also expected for the creation of a new aid code in MMIS at a cost of \$67,200 (\$16,800 in state funds).

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Fiscal Impact Analysis

**Division of Health Care Financing and Policy
Unborn (Prenatal) Coverage
Analysis Summary**

Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	\$0	\$0	\$0	\$0
FY23	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$882,499	\$657,572	\$224,927	\$0
FY25	\$5,522,744	\$4,037,264	\$1,485,480	\$0
Total	\$6,405,243	\$4,694,836	\$1,710,407	\$0

Description of Budget Concept

This fiscal note estimates the cost of providing prenatal care for all pregnant individuals regardless of immigration status under an "unborn" CHIP benefit.

Methodology

1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for this provider type/service:

SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount, all pregnant individuals compared to all individuals on Medicaid.

2) DHCFP estimates there are approximately 176,000 undocumented individuals in Nevada. The percentage of all pregnant individuals compared to all individuals on Medicaid was applied to the projected undocumented population to estimate how many pregnant undocumented persons may qualify for coverage.

3) The number of pregnant undocumented persons was multiplied by historical cost data on the per member, per month costs for pregnant individuals on Medicaid. DHCFP assumed most individuals would receive 8 months of prenatal services.

4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.

5) Access to prenatal care is correlated with lesser risk of preterm births or low birth weights. Savings were applied to account for a potential reduction in NICU stays tied to access to prenatal care for this population.

6) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).

Fiscal Impact Analysis

Division of Health Care Financing and Policy Coverage of Individuals 0-26 Regardless of Immigration Status Analysis Summary

Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable
FY22	\$0
FY23	\$0
Total	\$0

Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable
FY24	\$14,601,494
FY25	\$75,785,001
Total	\$90,386,496
State Fiscal Year	Total Computable
FY 26-27	\$242,512,004

Description of Budget Concept

This fiscal impact estimates the additional costs of extending Medicaid individuals to all eligible persons aged 0-26, regardless of immigration status. DACA individuals are calculated in a separate analysis.

Methodology

- 1) The Division previously estimated that there are approximately 176,000 undocumented persons in Nevada; the Division also previously assumed 90% of those individuals would enroll (158,400 individuals). Using data from ProCon.Org, DHCFP determined that 24.4% of these individuals are under the age of 26 (approximately 38,650). DACA recipients were then deducted from this population to estimate the number of non-DACA undocumented persons who may seek Medicaid coverage.
- 2) The Medicaid Cost Driver Analysis was used to determine average per member, per month (PMPM) costs for recipients in various age groups (under 16, 16-24, and 25-26).
- 3) DHCFP assumed that enrollment for this population would span the course of 24 months, with one quarter of all individuals enrolling every six months. The number of enrolled participants per time period was multiplied by the PMPM estimates and the number of months in the given time period.

Fiscal Impact Analysis

4) Total expenditures were offset by emergency Medicaid expenditures for individuals aged 0-26, applied at an amount proportional to the population enrolled (for example, 50% of emergency Medicaid expenditures were counted as savings when 50% of individuals aged 0-26 would be enrolled).

Fiscal Impact Analysis

Division of Health Care Financing and Policy
Postpartum coverage for non-citizens (60 days)

Estimated Fiscal Impact FY22-FY23 Biennium

Analysis Summary

Months of Postpartum Coverage

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	\$0	\$0	\$0	\$0
FY23	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

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Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$960,236	\$0	\$960,236	\$0
FY25	\$1,876,236	\$0	\$1,876,236	\$0
Total	\$2,836,472	\$0	\$2,836,472	\$0

Description of Budget Concept

This fiscal note estimates the cost of extending current postpartum eligibility requirements (60 days of coverage) to all individuals regardless of immigration status.

Methodology

1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for this provider type/service:

SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount, all pregnant individuals compared to all individuals on Medicaid.

2) DHCFP estimates there are approximately 176,000 undocumented individuals in Nevada. The percentage of all pregnant individuals compared to all individuals on Medicaid was applied to the projected undocumented population to estimate how many pregnant undocumented persons may qualify for postpartum coverage.

3) Currently, individuals on Medicaid qualify for 60 days of postpartum coverage; however, individuals with emergency Medicaid only are only covered for delivery. The Division assumed each new individual would qualify for 2 months of postpartum coverage to align with current Medicaid policies. The number of individuals identified was multiplied by estimated per member, per month costs and double to account for 2 months of coverage.

4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.

5) Postpartum care is correlated with fewer post-pregnancy complications, such as sepsis/infection, cardiovascular issues, hemorrhage, high blood pressure, etc. Covering postpartum services for these patients may reduce follow-up emergency hospital stays tied to postpartum complications. DHCFP applied savings for a reduction in hospital stays currently covered by Emergency Medicaid Only coverage.

6) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).

Fiscal Impact Analysis

**Division of Health Care Financing and Policy
Medicaid Coverage for DACA Recipients
Analysis Summary**

Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable	General Fund
FY22	\$0	\$0
FY23	\$0	\$0
Total	\$0	\$0

Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	General Fund
FY24	\$2,670,126	\$2,670,126
FY25	\$15,751,767	\$15,751,767
Total	\$18,421,893	\$18,421,893

Description of Budget Concept

This fiscal note estimates the cost of allowing DACA (Deferred Action for Childhood Arrivals) recipients Medicaid coverage. Per the Biden Administration's announcement on 4/13, the federal government may allow DACA recipients to become eligible for Medicaid. If the proposed rule is approved, federal match may become available for this population; this would reduce the state share of costs.

Methodology

- 1) The number of individuals on DACA in Nevada was determined using data from USCIS. The Kaiser Family Foundation also has data demonstrating that 47% of DACA recipients are uninsured; the Division assumed only uninsured DACA recipients would seek Medicaid coverage.
- 2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients between the ages of 15 and 42. Due to DACA requirements, all newly eligible patients should fall within this age range. The proportion of individuals 15-42 on FFS and MCO Medicaid were compared to determine a ratio of FFS/MCO patients to apply to the DACA population.
- 3) Data could not be located indicating the age distribution of DACA recipients. The Division assumed that the age breakdown of DACA patients would mirror the current Medicaid population.
- 4) For individuals expected to be covered under FFS Medicaid, DHCFP used per member, per month (PMPM) costs from the Medicaid Cost Driver Analysis report. For individuals expected to be covered under MCO Medicaid, DHCFP used the composite CY23 capitation payments. The number of patients in each category was multiplied by the PMPM or capitation rate and the number of months of coverage. The Division assumed 25% of the total population would enroll each 6-month period (25% enrolled beginning 1/1/24, 50% enrolling 7/1/24, etc.)
- 5) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.
- 6) Savings are applied for Emergency Medicaid only claims. The EMED claims for recipients aged 15-42 were determined. Based on Division assumptions, the DACA population (11,460) individuals represents 6.51% of the overall population of undocumented individuals (approximately 176,000). DHCFP applied the 6.51% to all EMED claims for patients between the ages of 15-42. A proportional amount of savings were applied for each time period (for example, when 25% of DACA recipients are expected to be enrolled, a savings of 25% was applied to expenditures).
- 7) Currently, there is no federal match available for this population. If federal match becomes available, the state share of costs would be reduced.