[LB536 LB542 LB545 LB548 LB559 LB576]

The Committee on Appropriations met at 1:30 p.m. on Monday, March 19, 2007, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB576, LB536, LB542, LB545, LB548, and LB559. Senators present: Lavon Heidemann, Chairperson; Lowen Kruse, Vice Chairperson; L. Pat Engel; Tony Fulton; John Harms; Danielle Nantkes; John Nelson; John Synowiecki; and John Wightman. Senators absent: None. []

SENATOR HEIDEMANN: We're going to get started here. First, we'll just let you know a few of us who are sitting around our little table here. Starting over to our right, our committee clerk's name is Kendra. Sitting next to her left but is not here right now but will be showing up in a little bit is Senator Danielle Nantkes from Lincoln, District 46. Then we have Senator John Wightman from Lexington, District 36. Sitting next to his left is Senator John Synowiecki from Omaha, District 7. Sitting next to his left is Senator Lowen Kruse from Omaha, District 13, who also serves as Vice Chair of this committee. My name is Senator Lavon Heidemann from Elk Creek, District 1. Then we have Liz, who's a fiscal analyst. Sitting next to her left is Senator Pat Engel from South Sioux City, District 17. Senator Tony Fulton will be joining us in just a few minutes, he's from Lincoln, District 29. Sitting next to his left is Senator John Nelson from Omaha, District 6. And sitting next to his left is Senator John Harms from Scottsbluff, District 48. Our pages for today, I believe it's Kallie and Andy. And at this time, we would like to remind you if you have cell phones, if you would please shut them off, we would appreciate it. Testifier sheets are on the table or near the back doors. We ask that you please fill them out completely and put it in the box on the table when you testify. At the beginning of the testimony, please state and spell your name for the record and the transcribers following. Nontestifier sheets near the back door so if you do not want to testify but would like to record your support or opposition. If you have printed materials to distribute, please give them to the page at the beginning of the testimony. We'll get them out for you. We also ask that, to keep things rolling, that you please keep your testimony concise and on topic; under five minutes would be appreciated. With that, we will start the public hearing on LB576, Senator Lowen Kruse. []

SENATOR KRUSE: (Exhibit 1) Thank you, Mr. Chairman and colleagues, good afternoon. My name, for the record, is Lowen Kruse, K-r-u-s-e, District 13. The bill that we have today is LB576. It's not a new subject. I'm having the page pass out a one-word amendment that really won't speaking to so you can just put that alongside. The main thing is that our fiscal analyst keep track of it (laugh) so that we can keep the bill in proper form. I'm going to be very brief and I'm hoping that the rest of the testifiers will be brief also, not to hold them down any more than anybody else but this is a familiar subject to us, to everybody. The provider rates, I had a bill about that six years ago. And the basic problem that we face is if we do not play fair with provider rates, especially nonprofit, they're going to disappear. And when we didn't do that, my one six

years ago was to deal with acute residential care for mental illness and especially in terms of Richard Young. And when we didn't pay attention to that and simply weren't providing enough that they could pay their bills, they folded up. And suddenly we were found in the Omaha metro area to be without one single bed for acute care. Alegent came through and rescued us with a floor that they turned over. But you know, we were catch-as-catch-can simply because we were not paying the bills. This bill here simply recognizes that the Consumer Price Index goes up all the time and we're not giving anybody an increase to keep up with that. We are in fact giving them a cut if we don't keep up with that. We have a letter from HHS which I think you already have. And I certainly support their testimony against this bill, but would point out that (laugh) what we all recognize is, well, if we raise that by Consumer Price Index every year, eventually it's just going to be higher than it is now. Yes, it will be. That's the question. If we are not overpaying our providers now--and I think there's plenty of evidence that all of us have that we're not overpaying them--then there's no margin of wiggle room to fall behind. So that's what we'll be speaking to and just documenting a bit this afternoon. Also note that the bill would create the Provider Reimbursement Rate Commission so that, like any really heavy subject--and this is a heavy subject for our budget--that any heavy subject have a dispassionate study once in a while and even a group that could analyze and determine what's fair to the state as well as to these providers. So with that, Mr. Chair, I will rest my case for the present. [LB576]

SENATOR HEIDEMANN: Are there any questions for Senator Kruse? Senator Harms. [LB576]

SENATOR HARMS: Yes, thank you very much for sharing your bill with us. Can you give me some idea of, just looking at this, if we were to do what you're proposing, what would the cost be today? If you took this index and you implemented it in today, what would these costs be today compared to what we're actually paying? [LB576]

SENATOR KRUSE: Someone else is going to have to answer that. [LB576]

SENATOR HARMS: Okay. [LB576]

SENATOR KRUSE: I've got some opinions on it but I'm really not ready to document them. [LB576]

SENATOR HARMS: Okay. And then... [LB576]

SENATOR HEIDEMANN: Senator Wightman. [LB576]

SENATOR WIGHTMAN: I see on this fiscal note, Senator... [LB576]

SENATOR KRUSE: Yes. [LB576]

SENATOR WIGHTMAN: ...that it says that the recommendations would be $2,706,000 for fiscal year 2008 and $5,412,000 approximately for fiscal year 2009. Are those your best estimates or apparently was the Fiscal Office's best estimate? [LB576]

SENATOR KRUSE: I would assume that's from the Fiscal Office. I had nothing to do with that. I don't think it would be that high. But they're the ones who study it. [LB576]

SENATOR WIGHTMAN: And that would be raising it to what level, 3.2 or... [LB576]

SENATOR KRUSE: That would be coming up with the, yeah, 3.2 is the current CPI, I think. [LB576]

SENATOR WIGHTMAN: We're not raising the back years any, it would just be 3.2 from where they were set at... [LB576]

SENATOR KRUSE: Yes. [LB576]

SENATOR WIGHTMAN: ...this past year. [LB576]

SENATOR KRUSE: Yeah. There's, a lot of mischief took place during the downturn and we're not trying to go back and heal that, but trying to say that those who are hanging in there now ought to be encouraged to hang in there and we ought to recognize that their expenses are not going down. [LB576]

SENATOR WIGHTMAN: Thank you. [LB576]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB576]

SENATOR KRUSE: Thank you. [LB576]

SENATOR HEIDEMANN: Is there any other testifiers for the proponent, in a proponent capacity? [LB576]

PATRICK CONNELL: (Exhibits 3 and 4) Good afternoon. My name is Patrick Connell, that's spelled C-o-n-n-e-l-l. I'm handing out two documents. One document is a copy of my testimony. The second is a copy from David Buntain from the Nebraska Medical Association supporting this bill. My role here today is as president of the Nebraska Association of Behavioral Healthcare Organizations. I also work for Girls and Boys Town and in one of my capacity as the administrator of behavioral health programs. Our association represents over 52 organizations across the state of Nebraska providing behavioral health services. We strongly support LB576 and very much appreciate the

efforts of Senator Kruse to introduce this needed legislative bill. Our organization has taken a leadership role in fighting for equitable rates in order to assure accessibility to behavioral health services across the state. Over the last decade, as Senator Kruse noted, we have seen the closure of rural, urban, large, and small behavioral health providers across the state. At the same time, we have seen other nonprofit behavioral health organizations cut back on needed services due to insufficient rates. Equitable rates for behavioral health services have taken on a growing importance. In the last ten years, we have seen a steady erosion in behavioral health benefits by private insurers. This in turn has created two major consequences. First, there is a growing dependence upon Medicaid to reimburse the necessary services. Second, there is a growing number of Nebraska uninsured citizens accessing behavioral health services without the ability to pay. Opponents of this legislation will speak to the need for providers to become more efficient. We would argue that if we are not efficient, we do not survive. Our organizations raise funds each year to cover the cost of uncompensated care and to subsidize Nebraska Medicaid rates that do not cover the cost of these services. For all of us, this is an enormous challenge. The methodological process for rates laid out LB576 is a responsible system for funding Nebraska's behavioral health services. In respect of your time, I will defer to other testifiers that will speak in more detail about the constant challenges facing Nebraska's Medicaid provider. Again, I thank you...again thank you and I'm available for any questions. Immediately following me, we brought in Tammy Seltzer and Tammy will introduce herself. She's from the National Council of Community Behavioral Healthcare Organizations. She will give you a little bit of an overview as to what other states are doing to address this particular issue to help you in your deliberations. Thank you. [LB576]

SENATOR HEIDEMANN: Thank you for your testimony. Are there any questions? Senator Wightman. [LB576]

SENATOR WIGHTMAN: Thank you for coming in. I'm wondering, you represent a fairly wide array, I gather, of behavioral healthcare organizations. [LB576]

PATRICK CONNELL: Yes, sir. [LB576]

SENATOR WIGHTMAN: Are most of those typically funded by partially community-based foundations, grants? [LB576]

PATRICK CONNELL: Most of our member organizations are funded by several funding sources. One could be private insurance, two could be self-paid but there's usually a limited ability to pay. Some of them are funded by behavioral health regions who provide support in terms of grants and funding of programs, and then Medicaid. And when one of those elements does not cover the cost of services, our organizations, to an organization has to raise that shortfall by either, one is by raising additional funds, you know, through charitable donations or, two, either closing services or limiting the

size of service capacity. [LB576]

SENATOR WIGHTMAN: But almost all of them would be funded in part by charity, charitable...yes, is that right? [LB576]

PATRICK CONNELL: Oh, yes, sir. [LB576]

SENATOR WIGHTMAN: And typically I think your workers are probably paid less than say they were state employees doing the same thing. Would that be a fair statement? [LB576]

PATRICK CONNELL: Yes, sir. And they would typically have lesser benefits than state employees. [LB576]

SENATOR WIGHTMAN: Thank you. [LB576]

SENATOR HEIDEMANN: Senator Harms. [LB576]

SENATOR HARMS: Could you help me maybe better understand? If we took this recommendation for this bill and we implemented it today, what would its cost be versus what it is today? [LB576]

PATRICK CONNELL: Well, I think that the fiscal note addresses that in terms of what would be the impact over the next year or two. The big driver on this bill is to set the floor at what CPI is. And CPI, since most of our organizations have no foundation, they live hand-to-mouth, they live based off on these payments and etcetera. CPI would help them keep up with the cost of what it would be to provide these services. Now this is far less than the medical CPI and we thought that this would be a nice base to start at, the Consumer Price Index, as a way of adjusting this on an annual basis. [LB576]

SENATOR HARMS: In regard to the commission that they put together to review this, who appoints those commission members? It doesn't say in the bill. [LB576]

PATRICK CONNELL: No, it doesn't. [LB576]

SENATOR HARMS: And the second factor is, when I look at the commission members that are on here, I'm just wondering whether or not it wouldn't be wise also for Health and Human Services to put somebody in there that particularly isn't ingrained into the system so that we can be assured that we're really looking at this in the right manner and making the right decisions. And sometimes by having everybody from the same source, you just continue to drive the same bus. And sometimes you need a little bit of a different view of that. Is there any hope for doing anything like that? [LB576]

PATRICK CONNELL: We very much hope that that's the spirit and the intent in how this operates. You know, one thing you mention there is like, for instance I'll give you an example. Several years ago the federal government implemented HIPAA. And most of us have probably already forgotten what that is. But it created some additional rules and regulations for healthcare organizations and behavioral healthcare organizations to, they incurred costs for us. And we're hoping that this deal with the rate commission would be an opportunity to discuss how those costs are being driven up by either new state regulations or as new federal regulations become available. [LB576]

SENATOR HARMS: Well, I guess what I'm really driving at here is that by--and I don't want to belabor this point because there's a lot of other people, a lot of people who want to testify--but I'm just really interested in making sure as we look at this commission, that we also have other people that are incorporated into this that might bring a business view into this, might bring another connection from a corporation world that we don't have. And I worry a little bit about Health and Human Services because I'm not convinced in my mind, and I'm not going to walk this path today, but I'm very verbal about this. And I really feel that I would like to have more accountability and making sure that we're on target and that we're providing the appropriate service for the people. I don't object to any of that. I just want to make sure that we have other people that are integrated into this that can give us another view and making sure that we're driving the right direction. That's where I'm coming from, so... [LB576]

PATRICK CONNELL: And I think our association would very much support that effort. [LB576]

SENATOR HARMS: Okay, thank you. [LB576]

SENATOR HEIDEMANN: Senator Wightman. [LB576]

SENATOR WIGHTMAN: You're not requesting at all that the Legislature give up its function of setting the issue, just saying that we would receive guidance from a committee or whoever the committee would be that would look at these rate adjustments. Is that correct? [LB576]

PATRICK CONNELL: Yes, sir. [LB576]

SENATOR WIGHTMAN: You're not considering that they would set these rates, but that they would provide information to the Appropriations Committee or the Legislature as a whole. [LB576]

PATRICK CONNELL: My understanding is that this bill would set the basis by which the budgets would be calculated and would be presented to the Legislature. [LB576]

SENATOR WIGHTMAN: Thank you. [LB576]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB576]

PATRICK CONNELL: Thank you. [LB576]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity? [LB576]

TAMMY SELTZER: (Exhibit 5) Good afternoon. My name is Tammy Seltzer and that is spelled like Alka-Seltzer, S-e-l-t-z-e-r, makes it easy. Chairman Heidemann and members of the Appropriations Committee, I wanted to thank you for this opportunity to talk with you today. I am the director of state policy for the National Council for Community Behavioral Healthcare, which as one of my colleagues says, that's Latin for we represent community mental health centers and community substance abuse treatment providers. Our office is in Rockville, Maryland, and our members, we have about 1,300 members across the country serving people who someone characterized as some of our most vulnerable citizens. And I'm here today at the request of the Nebraska Association of Behavioral Health Organizations to provide a national perspective as you consider this legislation. And I wanted to discuss some of the challenges that are facing behavioral healthcare providers, including the particular challenges of providing care to adults, children, and families in rural settings. I commend you for considering legislation that would help ensure that reimbursement rates keep pace with inflation and I hope that my testimony can help you understand the need for such legislation. At least two high-profile reports from the federal government highlight the barriers faced by people in rural America who need effective behavioral healthcare services. In 1999, the U.S. Surgeon General's report on mental health recognized the treatment challenges of accessing mental health and addictions treatment in rural areas. And then more recently, the President's New Freedom Commission on Mental Health again emphasized the point by highlighting rural mental healthcare under its goal to eliminate healthcare disparities. It actually had a specific recommendation that was to improve access to quality care in rural and geographically remote areas. One of the most pressing issues and the one I'm going to talk the most about today is the behavioral healthcare provider shortage. In 2003, the Substance Abuse and Mental Health Services Administration, fondly known as SAMSA, released a report called "An Action Plan for Behavioral Health Workforce Development," which assessed the state of the behavioral healthcare workforce. And this is a quote from the report. "It is difficult to overstate the magnitude of the workforce crisis in behavioral health. The vast majority of resources dedicated to helping individuals with mental health and substance abuse problems are human resources, estimated at over 80 percent of all expenditures." More than 30 million Americans are currently living in federally designated mental health professional shortage areas. Among rural counties

with populations between 2,500 and 20,000 residents, nearly three-fourths lack a psychiatrist; 95 percent lack a child psychiatrist. Only about half have a psychologist available and only 42 percent have a social worker with an advanced degree. Even fewer of these professionals practice in counties of fewer than 2,500 people. When we look at just substance abuse rather than behavioral health as a whole, the workforce shortages are even more apparent. Only 20 percent of the individuals in this country who need addictions treatment each year actually receive it. And this is due in part to severe difficulties in recruiting and retaining qualified staff in sufficient numbers. In the most compelling study of this issue, they found a 50 percent turnover in frontline staff and in directors, which is really striking, in a single year. Furthermore, 70 percent of the frontline staff members in these agencies did not have access to basic information technology that would support their daily work. I've attached to my testimony a map that's created by the federal government. And it shows that Nebraska is almost entirely a federally designated mental health professional shortage area. So this goes to show you that Nebraska not only has to compete within Nebraska for a workforce but also, you can also see that there are shortages around the country. You're having to compete everywhere. The state's behavioral health providers must find a way to attract and retain quality staff. At the very least, this requires financial stability. As the action plan of the workforce study noted, "it has been frequently reported that staffing levels are reduced as a cost-cutting measure, while patient caseloads and acuity levels increase. Financing mechanisms and organizational constraints create conflict for the provider who is asked to be responsive to the bottom line of their organization but, in so doing, may jeopardize the interests of the individuals in need of care." So we're really putting these nonprofit providers in an untenable position and forcing them to make a very difficult choice, one that I know a lot of them prefer not to make. Now the workforce shortage is not occurring in a vacuum. As behavioral health providers struggle to maintain appropriate staffing, the needs of the people that they're treating is changing. We are seeing increased co-occurring mental illnesses and substance abuse use disorders and involvement in the juvenile justice and the criminal justice system. We're also seeing increased medical comorbidity, meaning that people with a mental health or addiction disorder also have one or more chronic physical health conditions like diabetes. A recent Institute of Medicine study found that people with serious mental illnesses die on average 30 years sooner than people without a serious mental illness. And that's just a shocking statistic and it's something that there's been a challenge to behavioral healthcare providers to also, you know, make sure they're dealing with the physical healthcare needs as well. Another factor to consider is that the older population is growing and expected to double by the year 2050. And rural populations have a higher proportion of older adult residents than urban areas. And an estimated 15 to 25 percent of older Americans suffer from a mental disorder yet only 2 to 4 percent of practice time in rural mental healthcare professionals is spent with older clients. But this indicates a severe disparity between the need and the ability to provide the services. It also means that these rural healthcare systems are more dependent on Medicare. And I don't know how many of you know this, but there's a huge difference in how Medicare pays for

physical healthcare versus mental healthcare. The reimbursement rates for mental healthcare are ridiculously low. So if I haven't impressed you enough with the challenges, I have a few more to add to the list and then I'll talk about the positives. Our expectations for behavioral healthcare providers is changing and as a national organization, the association for these providers, we're part of that wave. There's a continual escalation on demands on workers to change their practices, including the adoption of best practices and evidence-based interventions. Medications have become more important, even with addictions disorders, with the resultant demand that the workforce be knowledgeable and skilled in managing medications. We've seen an increased emphasis on implementing performance measures and demonstrating patient outcomes through data. Over the past year or so, you probably won't be surprised to hear, our members have reported an increased need to treat veterans and their families who are not able to access timely care through the Veterans Administration. And this is care that is often totally uncompensated. All of these demands are critically important but providers must receive sufficient reimbursement to enable them to keep up with these demands. Mental health services in rural areas also face challenges such as they can't achieve the same economies of scale and some of the state-of-the-art services that we promote for mental health treatment, like assertive community treatment teams, are just not practical. When you look at the rising cost of gas alone has been a challenge for providers. So there's been a greater reliance or need to improve technology, which then also needs a workforce and an infrastructure to make that work. So the consequences of failing to invest in mental health and addictions treatment providers are borne by the adults, the children, and the families who are dealing with these issues. Around the country, we have been seeing waiting lists for services, we've seen layoffs, reduced hours, and even the loss of some community providers. I want to give you one example from a neighboring state. In Missouri, the community mental healthcare centers have received rate increases totaling only 8 percent over the past 17 years. The inflation rate during that time averaged about 3 percent a year, which would, total that up, would be, I guess, 51 percent over 17 years. The Missouri state provider association reports that every community mental health center in the state has a waiting list that can last as long as two months or more. And I think we know the sad results when you have a waiting list and you have people in crisis who need services. One community organization, the Crider Center, turns away ten people a day, people who have serious psychiatric needs. Now I know a lot of providers who would not turn people away, they would actually run their organization into the ground rather than turn people away. So Missouri's safety net has huge holes in it, according to their own provider association. And rest assured that although the state thinks they're saving some money by not raising their reimbursement rates, they are certainly paying in other ways through other social services. And the rates may be borne by cities and counties as well, when we talk about emergency rooms and law enforcement, but we're also talking about corrections. I promised to talk about the positive side and put this into context of what's happening in other places. We're beginning to see a trend to make up for past underfunding of behavioral healthcare and to stabilize funding, much like what

LB576 would do. Last year in Minnesota--you should probably all be sitting down for this--the community mental health centers and other safety net providers secured a 23.7 percent rate increase to make up for past failures to keep up with rising costs of providing these services. Also in 2006, Maryland's governor signed legislation that creates a mechanism for ensuring that provider rates keep pace with inflation, which is much more in line with what you're considering here. Similar inflationary indexing legislation passed the Pennsylvania legislature, both bodies, last year but was vetoed by the governor. I expect it to be reintroduced. And it's also been introduced this year in Massachusetts. So it seems that there is a greater recognition in the states that it's important to provide a stable source of funding for behavioral healthcare and the critically important role that they play in addressing the needs of our nation's most vulnerable citizens. Healthy communities need healthy minds. But I think that the only way to ensure that that happens is to ensure that we have people like the providers in Nebraska to provide the services that they're currently providing. So I want to thank you for the opportunity to talk to you today and apologize for going over time. But I hope that I get some forbearance for coming from out of town to do that. (Laugh) [LB576]

SENATOR HEIDEMANN: Thank you for making the trip. Are there any questions? Senator Wightman. [LB576]

SENATOR WIGHTMAN: Thank you for being here and shedding some light on the issue. Did your organization help with the drafting of the legislation or was that done entirely locally? [LB576]

TAMMY SELTZER: We did not help with drafting of the legislation but it was brought to our attention. [LB576]

SENATOR WIGHTMAN: Is it similar to what some other states...now you've indicated some of had some big increases but some have just tried to provide for a CPI increase on an annual basis. [LB576]

TAMMY SELTZER: This is very similar to what passed in Pennsylvania. It's very similar to what passed but was not signed by the governor in Pennsylvania. It's very similar to what was passed in the state of Maryland. It's very similar to what has been proposed in Massachusetts. So very, the common theme is basing this on some version of the Consumer Price Index to keep up with inflation but also to make sure that there's some sort of a committee that studies the issue and that makes a recommendation so that ultimately it is the Legislature that makes the decision. It's not an automatic increase but it's, I think it's more the presumption that you should keep pace with inflation but let's delve into it and take a look and make sure that this is really appropriate each year. [LB576]

SENATOR WIGHTMAN: Thank you. [LB576]

SENATOR HEIDEMANN: Senator Fulton. [LB576]

SENATOR FULTON: Thanks for making the trip here to God's country. [LB576]

TAMMY SELTZER: Well, I appreciate the great weather you guys had for me. [LB576]

SENATOR FULTON: From your perspective, I'd be interested to hear some of your commentary on how different states administer mental health, I guess. I mean we, from our vantage, this runs through the Health and Human Services program, Health and Human Services of Nebraska. Do other states reach those in need through different mechanisms? If so, how? I mean, this would be informative for me anyway, I think maybe for the committee also. [LB576]

TAMMY SELTZER: Several states are completely publicly run systems but that's become the exception rather than the norm. For example, a county-based system where they have, essentially counties are responsible, you have a state-level department and then counties are responsible for administering mental health and substance abuse services. I think the majority of services at this point in time are provided by nonprofit community mental health centers and addiction treatment providers. The role of state departments of health and human services to a certain extent has gotten smaller as more providers have become dependent on funding like Medicaid. The person who testified before me, Pat Connell, mentioned this reliance on public funding like Medicaid and Medicaid programs. And I would say that of our members, now 70 to 80 percent of their revenue is from Medicaid. And the great danger about relying on Medicaid is the federal government is doing everything it can right now to put restrictions on what Medicaid will pay for. They want to cut, they've proposed cutting the rates for targeted case management, which is a very important tool for community behavioral healthcare providers to use. So I think there is greater pressure on the states right now to try and make up for some of the revenue that the federal government, the revenue stream that the federal government is really cutting back on and cutting back severely. [LB576]

SENATOR HEIDEMANN: Are there any other questions? Thank you for your testimony today. [LB576]

TAMMY SELTZER: Thank you very much. [LB576]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity? [LB576]

GARY HENRIE: (Exhibit 6) My name is Gary Henrie, H-e-n-r-i-e. I came on the scene in Nebraska about the time the first rates were established for community behavioral

healthcare. We have John F. Kennedy to blame for this mess. He was the one that was able to get legislation through Congress bringing community mental health to the communities. At that time, we had what we called community mental health centers located across Nebraska providing a variety of community-based services. In the early 80s, Washington said we can't fund this anymore, they stopped the funding. The state of Nebraska chose not to support these services. Most of them closed across the state except for a few that could generate revenue from a private source, such as a commercial insurance company. Almost, I think about 15 years ago, our first rates were set initially. They're setting rates for Medicaid purposes. The rates initially were developed through an outside consultant who did research, figured out the costs of the services, and recommended a rate. Those recommendations were rejected. The rates were set unilaterally by one person. The rates were adjusted to fit the budget, not match the costs. Since that time, there have been, a couple of rates for different levels of care have been adjusted slightly upwards. But the only rate adjustment has been the four increases that this body, the Legislature has passed. They have kept the system alive. To answer someone's question earlier, how are organizations like the one I work for funded? South Central Behavioral Services is a nonprofit corporation. We make our money based upon the fees we earn. We have no charity money coming in. We have no contributions. Basically we generate the work, we generate the revenue, and we survive. The challenge before providers in the state now is this body shifted the weight of behavioral healthcare from institutionalization to the community. There are six regions that have the responsibility of serving Nebraskans needing this type of care and the money was supposed to follow. Now community-based services were in existence before we closed regional centers. They were already serving severe mentally ill folks. They were already serving folks with addictions. They were keeping folks out of institutions. They still serve that function. They served those folks before and now they're serving, in addition, new folks coming out of the regional centers. The increase we're talking about in LB576 for our organization will mean an increase in funds if it goes through as it's laid out of about $40,000, $45,000 next year. Our infrastructure needs help; $45,000 will pay about half, about half that money will go for the cost increase in fuel. We travel over 400,000 miles a year as an organization providing services in rural Nebraska. To me, these increases are like being on a life support system. I know I'm going to die, it's just a matter of time. Okay, what we need is a rate that is fair and based on costs for what we do in order to stay in business. I look at what we're being asked to do now. Some of our services, the demand has quadrupled in the last 18 months for our services. I look at what we're being asked to do and I look at the money that's going to be there and we will close our doors in three years. We cannot keep our infrastructure up. Our infrastructure is not maintained. We will close doors in three years. We've been working in this part of the state--central part of the state--since 1975. I ask your support for a method to set rates and method to keep those rates fair to the provider. I'm open for questions and I thank you for your time. [LB576]

SENATOR HEIDEMANN: Thank you for coming in and testifying today, Gary. Are there

any questions? Senator Wightman. [LB576]

SENATOR WIGHTMAN: I asked a general question with regard to how most of these organizations are funded. Can you tell us a little bit about how South Central Behavioral Services is funded in addition to what provider rates... [LB576]

GARY HENRIE: Okay, we have basically two contracts. We contract with the region, Region III, to provide behavioral health and alcohol services to the people of south-central Nebraska. We also have a contract with what's more commonly known as Child Welfare, I think is now the Division of Protection and Safety or something like that, and we provide specialized foster care services for children throughout south-central Nebraska and southwest Nebraska. And those rates for those services, they're different for each service. We have an outpatient service, let's start with that, a cornerstone for behavioral community, behavioral healthcare. Outpatient, and it's for adults, children, and youth, men and women, mentally ill, substance abuse, substance-using people. The rate that we're paid there is the Medicaid rate, which I put in my testimony, and also the region rate. The region subsidizes, pays more, they meet the difference, shortage and our costs. They cover the difference for a limited number of services. That's how we keep that service going because they're covering our cost. The other rates that we have, we provide a day rehabilitation service for the severe persistent mentally ill. This is a step-down service from the regional centers. You provide this type of service along with community support and you can maintain the mentally ill, management, those three components; medication management. You can maintain the severe mentally ill very well in the community. We've cut hospitalization stays from when we started, we have tracked. When we started these services about ten years ago, 15 years ago, we have cut hospitalization stays from an average of six months a year--that's what they were staying in the hospitals, that was their average--six months a year, three hospitalizations a year, we've cut those down to less than 60 days a year, one hospitalization a year with those services. [LB576]

SENATOR WIGHTMAN: When you talk about the regional support, now is that tax funded or partially tax funded? [LB576]

GARY HENRIE: That's county money. [LB576]

SENATOR WIGHTMAN: That's all county? [LB576]

GARY HENRIE: That's all county money. [LB576]

SENATOR WIGHTMAN: So all of it's coming either from the county or the state. [LB576]

GARY HENRIE: Through the state contracts or the county. [LB576]

SENATOR WIGHTMAN: None of it from charitable organizations? [LB576]

GARY HENRIE: Nothing from charity. [LB576]

SENATOR WIGHTMAN: Thank you. [LB576]

GARY HENRIE: We don't have a fund-raiser. [LB576]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in today and testifying. Is there any other testimony in support of this bill? [LB576]

SCOTT DUGAN: My name is Scott Dugan, D-u-g-a-n, and like Gary Henrie was just here, I am the director of a community behavioral health organization, Mid-Plains Center for Behavioral Healthcare. We're located in Grand Island. Just a few points I want to add to what's already been said here. Without planned, implemented, annualized increases to cover costs, the system will collapse from a provider's perspective. Like South Central, Mid-Plains Center doesn't have the luxury of excess capital or funding to hire fund-raisers, to write grants. We do the best we can with what we're given. Our folks are not the best paid. One of the things I'd like to bring to the testimony here is a business perspective. Many of you either own or have been very involved in the management and leadership of businesses. Whenever costs go up, you either pass those on to your consumers of your goods, to the purchasers of your service. We don't have that luxury. The folks that we serve, we are in existence 100 percent to carry out the services that the state and counties are responsible to provide to citizens and children that are in need. We can't raise our rates, they're set, and they don't keep up with costs. Our staff are some of the lowest paid in any industry and some of the highest regulated and educationally required staff that you'll find. Our agency alone has closed two programs in the last year, simply because rates were not keeping up with the costs of operating the facilities and the services. One was a residential program for juveniles and one was a transitional program for youth and young adults, simply because the rates do not keep up with the costs of doing business. Even the meager CPI index, if we want to provide benefits for our employees, health insurance, anywhere from 12 to 15 percent a year is pretty typical. So when we have to guess each year, year in and year out on whether we would get an increase, I see this legislation standardizing and at least giving us hope that this will be reviewed and regular and routine adjustments will be considered and implemented as necessary. We regularly lose staff members to go work for state entities, Health and Human Services and the like, because they see that every year, if I work there, I will get a pay raise, I will keep my benefits. That's unknown with us. And then efficiencies is the last thing and that's an argument that's heard by opponents to this legislation. Any efficiencies that can possibly be gained without further expenditures have been done by our organization and others like us. The next set of efficiencies that

could possibly be gained will take finances to do that. Technology is great, there's a lot of things that we could harness and maybe be able to deliver services more efficiently and effectively to the rural areas of Nebraska where we work. However, without the capital to be able to implement technology, we will not be able to do that. The efficiencies have been maximized to the best of our abilities at this time. So I just encourage you to seriously consider this methodology in this legislation so that, you know, if organizations like ours cease to operate, it falls back on the state and on the counties to figure out how to meet that need that they're bound ethically to do. So thank you for your time and any questions, I'd be happy to answer. [LB576]

SENATOR HEIDEMANN: Senator Engel. [LB576]

SENATOR ENGEL: I'd like to thank you for coming, too. And if you can, maybe you can't, can you tell me approximately what the salaries are? Of course, you've got different levels of employees I realize. [LB576]

SCOTT DUGAN: Sure, I'd be happy to share our salary tiers. Our licensed professionals, you're talking about folks who have gone through bachelor's degree and master's degrees and are licensed to provide either mental health or addiction services. Our salary range for those folks is between $30,000 and $40,000. For our nonlicensed staff members, our average pay right now is $10 an hour. And I'll tell you, with the federal push for an increase in minimum wage, there are four services we now contract with for HHS that, if we don't have rate adjustments for and the minimum wage comes into effect for that $2 an hour increase, we'll stop providing that service. [LB576]

SENATOR ENGEL: Thank you very much. [LB576]

SENATOR HEIDEMANN: Senator Harms. [LB576]

SENATOR HARMS: Thank you very much, Scott, for coming in. How many people do you serve now? And then how many people are going unserved because you don't have the money to do it? [LB576]

SCOTT DUGAN: We, last fiscal year, Mid-Plains served 3,950 folks. That's across all age ranges. Our adult services, we serve about 1,500. This year through the first seven months, we've served 940 individuals and then an additional 675 through our crisis triage center. That center is in jeopardy now. It's only been in operation for 18 months. It's part of the behavioral health reform. But we're finding now that the rates can't keep up with the level of staffing that we need to meet the demand. We typically average about $60,000 to $70,000 a year in unreimbursed business. We're one of those organizations that has such a desire to help those in need, that we'll serve them without reimbursement. [LB576]

SENATOR HARMS: Do you think there are people that are going unserved across Nebraska because we don't have the money and the centers? [LB576]

SCOTT DUGAN: Yes. We are one of the two community-based medication providers. I have a psychiatrist and nurse practitioner. And right now, you're about four to six weeks before you will have an appointment for your initial evaluation and lots of them drop out. [LB576]

SENATOR HARMS: Do you have any idea, just guessing, how many people that would be in numbers across the state that go unserved, that are backlogged in the system that we can't get to? [LB576]

SCOTT DUGAN: I can't speak to the whole state. I know in north-central Nebraska, we will have anywhere from 30 to 40 people at any given time that we're unable to serve and are waiting. [LB576]

SENATOR HARMS: Thank you. [LB576]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB576]

TOM McBRIDE: (Exhibit 7) Good afternoon. My name is Tom McBride, M-c-B-r-i-d-e, and I'm here representing the Children and Family Coalition as well as my agency of Epworth Village. I would like to thank the committee for hearing this bill this afternoon and Senator Kruse for bringing this forward. We support LB576 for a variety of reasons, many of those have been talked about already. The annual adjustment to provider rates based upon more of a universally accepted measure makes for more efficient and effective budgeting, I think both on the state's level, certainly on our boards and committees on our own agencies. It requires that the Legislature be kept apprised of the status of all of the different levels of mental healthcare, behavioral healthcare during the course of the year. And I think that one of the really important portions of this is that Provider Reimbursement Rate Commission examine the current rate structure, develop a formula that's mutually accepted if nothing else but by consensus, identify appropriate rates for services. This is an advisory capacity only. It doesn't hold any statutory requirements to follow that recommendation. That would be up to the Appropriations Committee to utilize that information. We really understand the constraints that the department has placed upon, you know, with the executive branch putting forth a budget and them having to come in to get that budget with that. This committee has been our only vehicle to move forward from rates that were established in 1995. And at one point, we went six years with no increase in our reimbursement rates and still having to provide health insurance and, you know, the benefits and the pay to keep people working. As Ms. Seltzer was talking about, the federal designated shortage areas and whatever, that really comes into play as we look at putting, you know,

programs in more rural areas. Just recently, I wrote a minigrant to put together a career fair that we're going to bring students in from high schools and colleges to look at and convince them that there is a career to be had in practicing behavioral health and physical health careers in rural areas. And that has been a considerable difficulty for us. We have 12 licensed mental health practitioners on board. All of our teachers are state-certified teachers. We can't keep up with some of those salary schedules for public schools and in larger metropolitan areas. We really appreciate the assistance of the committee. While we have had services close, it's because of your action that those of us that are open and functioning today are still able to do that. The Children and Family Coalition would like to thank Senator Kruse once again and the committee's efforts in the past and urge your continued support of LB576. I would be available for questions. [LB576]

SENATOR HEIDEMANN: Thank you for your testimony. Are there any questions? Seeing none, thank you for coming in today. [LB576]

TOM McBRIDE: Thank you. [LB576]

BOB SHEEHAN: Good afternoon. I'm Bob Sheehan, S-h-e-e-h-a-n, and I am the president and CEO of Boys and Girls Home of Nebraska. Thank you for having these discussions and Senator Kruse, thank you for bringing this forward. Many things have already been said so I don't want to repeat those pieces. But I do want to focus on a few things. Senator Engel asked about how much we're paying people. They got a deal over there in Grand Island, we're only at $9 an hour in South Sioux. (Laughter) Really the entire behavioral health system over the last seven years is really being funded on the goodwill of our staff. We are paying staff at $9 an hour. We are a great training grounds for Health and Human Services. Many of our staff are able to go there. And you know, we can't stop them. They need to make a living themselves. But the issue is, it gets bleaker and bleaker as we move forward. I personally haven't had a raise in seven years. My management team has not had a raise in five years. And our staff, line staff, have had to endure three years of a salary freeze over the last seven years. And our infrastructure, you know, we have about 200,000 miles and every one of them are vans. I mean, it's all of the pieces that we have done to try and hold things together as we move forward. And all of that is sort of coming to...we're not quite sure what we're going to do next. And over the course of the seven years, it's been the rural areas where we have to close services. We had services in Alliance, we had services in Sidney. Both those centers we've closed. We're hanging on to our teeth in North Platte. And so those are just some of the issues that we are faced with. And this would certainly not take care of all those issues, but at least it will keep us in line with those issues. If we don't get something like this, the difference between what Health and Human Services may provide as well as for a salary and package of benefits and ours just continues, the gap just continues to get wider and wider. So this doesn't close the gap but at least it allows the gap to stay the same and for us to be able to function. So I appreciate your listening

today. [LB576]

SENATOR HEIDEMANN: Senator Engel. [LB576]

SENATOR ENGEL: Bob, as far as treating, what's the most common addiction you're treating for? [LB576]

BOB SHEEHAN: Well, in our center in South Sioux, we have a large sex offender program. So these are kids who are very difficult, very difficult issues, serious problems going on in their life, and the pathology is pretty deep. And so, you know, we are asking a lot of our staff to help deal with this. And you know, Senator, we do just a great job with those kids. Those kids leave our program, they're not reoffending, they're staying out of trouble. All those things are continuing to happen and we don't want to lose that type of success that we're gaining. So that's our biggest population. We also have children that we serve with serious mental health issues. So kids who are, you know, who are just coming from, sometimes horrendous situations, sometimes good situations but who are suffering with some mental illness themselves and needing to learn how to cope with the world. So that's who we're serving. [LB576]

SENATOR HEIDEMANN: Senator Fulton. [LB576]

SENATOR FULTON: Is there a, do you do work with autistic children? [LB576]

BOB SHEEHAN: We, in fact I was just writing here and we have a few autistic children in our program now. We are scurrying to continue to make sure that we're doing the best we can for those kids. There is not a specific program for autism within the state right now. And again, so that whole population is intermingled probably with all of our centers that are here today. They can be tough kids. But again, if the environment is safe, which we believe ours is, and it's a place where they can grow, they are flourishing and doing well. [LB576]

SENATOR HEIDEMANN: Senator Wightman. [LB576]

SENATOR WIGHTMAN: Just one question. You said you hadn't had a raise in seven years and your staff hasn't had a raise in five years, I think. I find that means different things, as I sit here on the Appropriations Committee. Sometimes that means you haven't had a raise over and above the cost of living index. And I'm wondering what that means in your situation. [LB576]

BOB SHEEHAN: In my situation, I got the same salary (laugh) that I had back in 1999. [LB576]

SENATOR WIGHTMAN: Okay, thank you. [LB576]

SENATOR HEIDEMANN: Are there any other questions? Thank you for your testimony today. [LB576]

BOB SHEEHAN: Thank you. [LB576]

JIM BLUE: (Exhibit 8) My name is Jim Blue with the Cedars Organization, Senator. Senator Kruse, thank you very much for introducing this. I appreciate it very much and all of your time. I will keep this at the level I operate best, which is very simple. Cedars Organization has been serving kids, largely state ward kids who are the legal responsibility of you and the rest of state government, since 1947. Primarily we operate in Lincoln but we're also in Broken Bow and McCook. But I know Lincoln best because I live here. And if we think about just the last 12 months: natural gas rates for Aquila have increased; electric rates through Lincoln Electric Service have increased; food, a gallon of orange juice was over $4 the other day I saw; gas has increased; we try to give our staff at least a 3 percent increase. We have closed three programs this past year for several reasons. But the main point is these were prevention programs, which are very important. But my goodness, we have to have emergency shelters for kids who are removed from their home because of abuse and neglect, we have to have programs like Cedars TLC program, which is a long-term home for kids, state ward kids who are pregnant and parenting. And we've got to make sure that we are paying those staff in those programs competitive rates so they don't go to the state of Nebraska. So what we find ourselves doing is closing down those programs that are kind of on the periphery; important, very important prevention programs. But we've got to redirect our resources to those critical, critical programs that absolutely have to be here across our state. Otherwise, state caseworkers, protection and safety workers have no place to put kids at night. We are not asking for a rate increase which would bring those rates up to our actual cost of care. Which, by the way, our rates overall that were paid by the state are about 60 percent of what it actually costs us to take care of kids and the other 40 percent are from private sector contributions. All we're asking for is to maintain the value of the dollar of the state's commitment to take care of these kids who it's the state's legal responsibility to care for. Again, thank you very much for your time, be happy to try to answer any questions you have. [LB576]

SENATOR HEIDEMANN: Thank you for coming in today. Is there any questions? Senator Fulton. [LB576]

SENATOR FULTON: Thank you for coming in, Mr. Blue. [LB576]

JIM BLUE: Certainly, Senator. [LB576]

SENATOR FULTON: Could you comment on the number of...autism, this is something that's been put on my radar screen anyway. Can you comment on the number of autistic

cases that you're dealing with here in the Lincoln area or do you have a rough idea? [LB576]

JIM BLUE: Typically, we do not have very many in our out-of-home care programs. We're probably working with ten more kids in our more preventative services, our in-home services, to try to keep families together in the first place. You know, I think the state, everyone involved wants to try to keep kids who have those kinds of significant challenges with their parents. So probably about another ten kids in our preventative programs where in-home support, counseling services, our childcare centers for low-income families, those type of things. And we work very closely with the organizations that do exist in the state, (inaudible) we work with, etcetera. So we do not have a direct autism service program but certainly it is part of our reach. [LB576]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB576]

JIM BLUE: You bet. Thank you very much. [LB576]

SENATOR HEIDEMANN: Welcome. [LB576]

BRUCE RIEKER: (Exhibit 9) Thank you. Chairman Heidemann, members of the Appropriations Committee, my name is Bruce Rieker, it's R-i-e-k-e-r, vice president of advocacy for the Nebraska Hospital Association. And on behalf of our 85 member hospitals, we're here to support LB576 like so many before. I'm not going to go through all of the reasons we believe this is important. However, we do believe that the availability and accessibility of essential behavioral healthcare services depends greatly on the reimbursement rate for those services. We do support, in concept, the creation of the Provider Reimbursement Rate Commission. However, we do believe that it also has to have the right people. The Nebraska Hospital Association does urge your support of a 3 percent increase with one wrinkle that we want to throw in and that is that we would ask for, that the Appropriations Committee would make that a statutory floor but still tie it to the Consumer Price Index in years that it exceeds the 3 percent. Behavioral health patients can and do access every one of our hospitals. We're required by law, all of our nonprofit hospitals are required by law to accept them. I do not want to characterize it this way but there are some people that believe that, and if there are no other alternatives, to bring them to our emergency room because they know that we cannot turn them away. And to give you an idea, I agree with Mr. Blue who testified earlier about their average cost of care. Ours is somewhere in the neighborhood of...excuse me, the reimbursement is about 60 to 65 percent of what our cost of care is. To give you an example, on average the hospitals that have reported data to us on behavioral healthcare lose an average of $280 per day per patient. Last year, there were 5,210 inpatient days for acute behavioral health care, which comes out to about $1.5 million. I'm also here to tell you that trend is going upward, not downward, so we anticipate

more inpatient days in the years to come. We would hope that you would support this 3 percent increase or tying it to the Consumer Price Index and advance this bill. [LB576]

SENATOR HEIDEMANN: Thank you for your testimony. Is there any questions? Seeing none, thank you for coming in today. [LB576]

TODD LANDRY: (Exhibit 10) Good afternoon, Senator Heidemann and members of the committee. My name is Todd Landry, T-o-d-d, last name is L-a-n-d-r-y. I'm the president and CEO of Child Saving Institute. There is some written testimony coming around for you to have. I won't read that, in the interest of time. CSI is proud and pleased to support this bill. We think it is a fair, equitable, and appropriate way of moving forward regarding rates, provider rates in this community. We also support the establishment of that rate advisory commission as put forward in the bill as a way of making sure the Legislature receives full and complete and unbiased information in the future so that they're more prepared and better equipped to set those rates as the years to come. With that, I thank you for taking this issue seriously and would be happy to answer any specific questions you may have. [LB576]

SENATOR HEIDEMANN: Thank you for coming in today and for your brief testimony. (Laughter) Are there any questions? Seeing none, thank you. [LB576]

TODD LANDRY: Thank you. [LB576]

ROGER MEYER: I'm Roger Meyer, also physician of the day here today, and I come completely unprepared so mine should be pretty short. But mental health has been really a passion of mine. It's very obvious that we do not give the same concern or level of care to mental healthcare people, patients, as we do to physical patients that have physical problems. And maybe that's a historical thing. Because when I was in medical school, we were just in the early Thorazine era and before that there was not much you could do except put a tremendously psychotic patient in a padded cell. And so psychiatry has never been looked upon as a very glamorous thing. And yet I would say that I don't think there's anything any more uncomfortable to a patient than severe depression. And if we only would treat those people with the same concern that we do with people with physical problems, which aren't anywhere near as uncomfortable, we would be doing a lot better job for those patients. Since I find...I think I'm right about this, that all of these people who are talking about the people that they are taking care of, that's the top 10 percent because primary care people like me take care of the first 90 percent of the simple ones. And so it's only...and they still have that many. And you question how many people are unserved, I'm sure there are a lot. But I would maintain that probably the big share of psychiatric patients are underserved. And even third-party pay, private insurance usually has some stipulation as to how many visits a patient can have in a year. And it's usually not very many; 6, 8, 10, 12, something like that. A shortage of psychiatric people is very obvious and so it only makes sense that if they

have a choice, they're going to pick the ones to see that they're going to get reimbursed something for. I know that HHS could spend an awful lot more money on these sort of things, on mental healthcare people. But when you think that probably, of the dual eligible people that you're taking care of, you're spending 50 percent of what you're spending on them in the last six months of life. And I'm not saying that you shouldn't be doing that. But I think that if we put this in perspective, that there's no way that this, you shouldn't spend more on mental healthcare. I really guess that's about all I have. If there's any questions, I'd be glad to try to answer them. [LB576]

SENATOR HEIDEMANN: Thank you for coming in today and testifying and for being physician of the day. Are there any questions? Seeing none, thank you. [LB576]

MARY FRASER MEINTS: Hello. [LB576]

SENATOR HEIDEMANN: Welcome. [LB576]

MARY FRASER MEINTS: (Exhibit 11) I'm Mary Fraser Meints, F-r-a-s-e-r M-e-i-n-t-s, and I'm from Uta Halee Girls Village and Cooper Village in Omaha and I'm the president of the Nebraska Association of Homes and Services for Children. I won't repeat what's been said but I'd like to point out that the Nebraska Association of Homes and Services for Children has providers who are very small and do not have endowments or fund-raising capacities and they operate just small numbers of group home facilities across the state, such as Alliance. We would like this bill to be passed for the rate increase and for the provider reimbursement committee. So I have written testimony that you can read and that's all I'd like to say. If you have any questions, I'd be glad to answer them. [LB576]

SENATOR HEIDEMANN: Thank you for your testimony. Is there any questions? Seeing none, thank you for coming in today. Is there any other testimony in support of this bill? Welcome. [LB576]

J. ROCK JOHNSON: Thank you, Senator Heidemann. My name is J. Rock Johnson, that's initial J, Rock, R-o-c-k J-o-h-n-s-o-n. And I'm here to testify in support of this bill and I thank Senator Kruse for his diligent efforts in this area. For purposes of identification only, I am a member of the Legislative Behavioral Health Oversight Commission for the implementation of LB1083. I'm also a charter member, as an advocate, of NABHO, where our president, Pat Connell spoke at the beginning. But primarily I am an advocate for people who experience mental illnesses and substance abuse. And I come to you today to say, to re-reference Ms. Seltzer's comment about the President's New Freedom Commission. The New Freedom Commission report says everybody can recover and we have to focus on recovery. For an individual to recover, they need to have a partnership with their professional. And that professional has to be somebody who's trained in recovery competencies. And one thing we do know about

the healthcare workforce is that where people go to school is generally where they settle down and have their practice. So when people know that they're going to be coming to an area where--and I would incorporate by reference the testimony of my fellows on the specifics of what it's like to run such a business--to come here, we need to make it very clear that we want the best people and we want recovery to be a vision for our state. I would suggest the Provider Reimbursement Rate Commission, however, include families of young children or adults who have a mental illness. That was one of the major aspects of LB1083 in the purpose statement, that consumers be involved as a priority in all aspects of service planning and delivery. And further, that such individuals receive a stipend if they're not otherwise being compensated to attend that meeting. Thirty years, people with mental illnesses and substance abuse die 30 years earlier. When I began tracking this 15 years ago, it was eight to ten years. So the need for professionals who are trained, who are dedicated, and who want to work in our state with our people to have recovery and to have a wage that's been calculated with the input of all of the people who are involved, I can't say...sometimes it's just not enough to do the right thing but you have to do the right thing right. And I think that this bill is an appropriate vehicle. Thank you. [LB576]

SENATOR HEIDEMANN: Thank you for your testimony. Is there any questions? Seeing none, thank you for coming in today. Is there any other testimony in support of this bill? Is there in any testimony in opposition of this bill? Is there any testimony in the neutral position? Seeing none, would Senator Kruse like to close? [LB576]

SENATOR KRUSE: Yes, Mr. Chairman. This is obviously a huge challenge and I really appreciate persons who have come from around our state to help us to understand that. The quality of testimony here is exceptional. I really appreciate it. And I do want to express my willingness to work with some of the questions about the makeup of that committee. I thank you. [LB576]

SENATOR HEIDEMANN: Thank you, Senator Kruse. With that, we will close the... [LB576]

SENATOR SYNOWIECKI: Mr. Chairman, I have a procedural matter. Can I address? [LB576]

SENATOR HEIDEMANN: Sure. [LB576]

SENATOR SYNOWIECKI: I had received, and I believe every committee member has received a correspondence from the Department of Health and Human Services. I think it should be duly noted for the record. [LB576]

SENATOR HEIDEMANN: (Exhibit 2) We will put them in the record. Yes, there was two correspondences. [LB576]

SENATOR KRUSE: Thank you. I did mention it in opening but thank you. There is a letter in opposition. [LB576]

SENATOR HEIDEMANN: With that, we will close the public hearing on LB576 and open up the public hearing on LB536. Senator Schimek. [LB576 LB536]

SENATOR SCHIMEK: (Exhibits 12 and 13) Yes, thank you Chairman Heidemann and members of the Appropriations Committee. I can't tell you how few times I've ever been before this committee, except of course when I was on it, and it's a pleasure to be here today. I am here to introduce LB536, which modestly increases state reproductive health funds that were significantly cut several years ago. It increases those to the levels that would have been reached in the present fiscal year had those cuts not been taking place. From 1991 to 1997, the Legislature allocated $155,000 annually in state reproductive health funds to reimburse family planning programs for early screening and treatment of cervical cancer and sexually transmitted infection in low-income Nebraskans. After being flat funded for several years--actually seven years--in 1998, the program was increased to $550,000 annually. In 2002, the funding then was cut back to $490,000. And over the last two years, funding has crept back to about $519,000, still, $31,000 less than it was a decade earlier. And the program does frequently run out of money before the end of the year. In 2006, HHS began for the first time to accept bids from a wider pool of providers, but there was no significant increase in funds. Without an increase in state funds for paps and STIs, some family planning health centers may have to close, and they would be mainly in the rural areas of the state. And you may be hearing more about that from the two speakers who are following me. The sites in greatest danger, I think, are Crawford, Gordon, Lexington, Peru, Rushville, and Falls City. Now the standard lab fee for a pap test is $10 to $13, and I understand that some of them that may be better are even a little more than that. When diagnosed early, the cost of treatment for precancerous conditions is a tiny fraction to the cost of treating full-blown cervical cancer and is more than 90 percent successful. Chlamydia, the most prevalent sexually transmitted infection in Nebraska, usually has no symptoms. If untreated it can lead to infertility, entopic pregnancy, chronic pelvic pain and can facilitate transmission of HIV and is linked to viruses which cause cervical cancer. Lab fees for screening are about $11 and for early treatment about $8, a fraction of the cost again for untreated chlamydia. LB536 provides an increase in appropriations for reproductive health family planning funds. This increase is based on the medical care consumer price index's five year average, which is 4.38 percent. This increase was then applied to the figures in the Governor's budget proposal in order to get to $607,131 for fiscal year '07-08 and $613,141 for fiscal year '08-09. And this is roughly $82,000 more per fiscal year than what was included in the Governor's proposal. A modest increase in state reproductive health funds today will pay off tomorrow in significantly reduced health care costs and of course, a lot of anguish could be averted. If you have questions I'd be happy to try to answer them. I do have a list of the main offices, clinics,

throughout the state if I could get a page. And you should know that there are also satellite offices to these main offices that are listed throughout the state. Also have a letter from Mary Lee Fitzsimmons from the Nebraska Primary Care Association, which I'd like to share with the committee. Thank you. [LB536]

SENATOR HEIDEMANN: Thank you for your testimony today. Are there any gestations? Senator Harms. [LB536]

SENATOR HARMS: Thank you very much, Senator, for introducing this bill. You talked about Crawford and Gordon being two communities that are at risk. Could you explain that to me or... [LB536]

SENATOR SCHIMEK: I'm sorry. There was coughing behind me. I didn't hear you. What did you say? [LB536]

SENATOR HARMS: You talked about Gordon and Crawford, Nebraska being two areas that would be at risk. [LB536]

SENATOR SCHIMEK: Yes. [LB536]

SENATOR HARMS: Could you tell me why? Is that because of the cultural... [LB536]

SENATOR SCHIMEK: No, I think because of funding. There's just not enough funds to go around. [LB536]

SENATOR HARMS: Okay. [LB536]

SENATOR SCHIMEK: And there will be somebody who testifies after me who can maybe be more specific about the satellite offices that have actually closed. [LB536]

SENATOR HARMS: You don't know right off hand how much those two centers are being used, do you, and what the need is? [LB536]

SENATOR SCHIMEK: No, but... [LB536]

SENATOR HARMS: Okay, thank you. [LB536]

SENATOR SCHIMEK: ...the woman who is--well, there are two people behind me. One is Korby Gilbertson and the other one is a woman from the Grand Island clinic... [LB536]

SENATOR HARMS: Okay. [LB536]

SENATOR SCHIMEK: ...and she could maybe answer those questions. [LB536]

SENATOR HARMS: Okay. Thank you very much. [LB536]

SENATOR SCHIMEK: Um-hum. [LB536]

SENATOR HEIDEMANN: Senator Fulton first, then Senator Wightman. [LB536]

SENATOR FULTON: Thank you, Senator Schimek. As I was reading through the bill, something jumped out at me and I'm hoping you might be able to explain a little bit about where it comes from. The last sentence on the green copy, page 2, line 25, actually starting at line 24, none of the general funds provided under this program shall be used to perform or facilitate the performance of abortion or to counsel or refer for abortion. Where does that come from? [LB536]

SENATOR SCHIMEK: Probably from the last budget bill. There's nothing new in this bill. It's actually from the intent language that was in the last budget bill over which we argued vociferously for hours and even maybe days. So it was a very interesting discussion. [LB536]

SENATOR FULTON: Is there a...I guess, I'm reading through here and the list of providers and Planned Parenthood is on there. I assume, is that where this line has to do about abortion or... [LB536]

SENATOR SCHIMEK: Yes, because of fear that that money would go into something like that. So... [LB536]

SENATOR FULTON: Okay. [LB536]

SENATOR SCHIMEK: But as I probably should explain is the clinics are all over the state and there are all different kinds of clinics that do provide some degree of family planning and reproductive services. [LB536]

SENATOR FULTON: Okay. [LB536]

SENATOR HEIDEMANN: Senator Wightman. [LB536]

SENATOR WIGHTMAN: You referred once in comparing the amount that you were requesting to what the Governor's budget was and your letter says $80,000. Is that above current funding levels as opposed to the Governor's funding or do you know? [LB536]

SENATOR SCHIMEK: I tell you what. Your question is a little bit difficult to answer, because we may have gotten some new information today, which I need to probably

digest a little bit and share with the committee chair at some point. But your question is about $80,000, which is... [LB536]

SENATOR WIGHTMAN: Right. Whether that represents an increase from the previous year's funding or whether that represents an increase from the Governor's proposed budget, because I don't know what the Governor's proposed budget had built in for an increase. [LB536]

SENATOR SCHIMEK: It is a $82,000 increase over the Governor's proposal. [LB536]

SENATOR WIGHTMAN: And you don't know where the Governor's proposal was with regard to the past year's funding. [LB536]

SENATOR SCHIMEK: Let's see if I can figure that out. The last funding...well, the total would be in this fiscal year would be $607,000. So you take $82,000 and you substract $82,000 from that to get what the Governor's proposal was. So it would be five hundred and some thousand dollars. In fact, I think I even maybe mentioned it in my remarks. [LB536]

SENATOR WIGHTMAN: But the current year's funding...his proposal is lower than the current year's spending for this. Is that correct? Reproductive... [LB536]

SENATOR SCHIMEK: I don't...I'm not going to answer that, because I may be getting this all fouled up. [LB536]

SENATOR WIGHTMAN: Okay. That's fine. [LB536]

SENATOR HEIDEMANN: I think Liz said that it was your figure started from 1 percent over last year's funding. Is that correct? That's correct. [LB536]

SENATOR SCHIMEK: Okay. Thank you, Liz. [LB536]

SENATOR WIGHTMAN: Thank you. [LB536]

SENATOR SCHIMEK: I'm glad somebody prevented me from making a terrible mistake here. [LB536]

SENATOR HEIDEMANN: Are there any other questions? Seeing none. [LB536]

SENATOR SCHIMEK: Thank you. [LB536]

KORBY GILBERTSON: (Exhibit 14) Good afternoon, Chairman Heidemann, members of the committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y

G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of Nebraskans for Public Health Funding in support of LB536. I guess I'm the one that's supposed to be the numbers expert, although if you know me at all I'm mathematically challenged (laughter), but there is a little method to the madness of the numbers. To answer Senator Wightman's question, what we did is we went back and looked at how the funding had flowed since this money was originally instituted in 1991. And just as an aside, to answer Senator Fulton's question regarding why the language regarding abortion was in there, that was placed in there, originally it had to do more with Title 10 requirements and jiving with federal requirements that they provide all information and that was in there long before their abortions provided by Planned Parenthood of Nebraska. So it was not directly tied to them to answer your question. But when you go back and look at the funding, this money originally was put in there in 1991 and was stagnate until 1997. In 1998, they got an increase to $550,000. Now one way we looked at doing this was going back to '98 and doing the medical CPI from there. However, we decided it would probably be more palatable to the committee or the Legislature as a whole if we use the 2001 figures, which was still $550,000. Look at that as our base year. Then we use the medical CPI and compounded that to come up with the figures that you see in this bill. In the Governor's proposed budget for this year, it was..let's see...it was at five hundred and...let's see...I wrote them down. It's an increase of a little over $82,000 for the '07-08 fiscal year and $82,852--so almost $83,000--for the out biennium. And the out biennium we only increased by 1 percentage, because when you looked at the Governor's proposed budget amount for his out biennium of $530,000 that was only a 1 percent increase for the second biennium. So that's why the second increase is only 1 percent, because we followed what the Governor had suggested to keep that number low. I have a map to hand out to the committee that shows you where the different reproductive health fund providers are in the state. And this map was drawn up as of January figures. Now if you look on your map you'll see some different colored stars. I need to make one correction. When the map was made, you'll see next to North Platte there will be a little white star with the word Keith to the right of it. That you can just cross off your map. It was incorrect. There's actually the facility in Keith County was duplicated over there for some reason. But if you look at this map, there's a few things I wanted to point out. You'll see three red stars up in the Crawford, Rushville, and Gordon area. Those, we had listed as clinics in danger of closing. Those are closed due to lack of funding. So we have lost those facilities. Also, Genoa, which is listed as a potential new clinic is most likely not going to open now. And also Sidney is reconsidering opening that facility there as well due to funding issues. So with that, I'd be happy to try to answer any questions. [LB536]

SENATOR HEIDEMANN: I've got one quick one. I see there's one, the red stars are at Peru and I would have to think the other red star is probably in Falls City. And I became aware of, and if my memory serves me right, that there was funding issues with those two sites, but it didn't really have anything to do with this here. It was some federal money that they had wrote a grant, but didn't get their grant and there was questions

through Health and Human Services because of that. [LB536]

KORBY GILBERTSON: Right. And I think that the funding through this just obviously compounds that issue. But this is more along the lines to show you where providers are in the state and just to show you the impact of what everything...you know, the impacts of all funding has had on these clinics. [LB536]

SENATOR HEIDEMANN: Senator Harms. [LB536]

SENATOR HARMS: Thank you very much for coming. I'm going to be a little challenged with this question, because I'm color blind, so... [LB536]

KORBY GILBERTSON: Oh sorry. (Laughter) [LB536]

SENATOR HARMS: What's red is probably cream for me, but I do remember the names of Crawford, Rushville, Gordon. Closing those, is that because...I know that you said it's not because we didn't have the appropriate funding, but are there many clients there and how will you serve those? Will you serve those out of Chadron? [LB536]

KORBY GILBERTSON: They could potentially go to Chadron if they're willing to travel. I should also mention there used to be another clinic in Bassett that closed in December, so it was not on this list, but... [LB536]

SENATOR HARMS: Yeah. So what's the number that you serve out of those three clinics that already shut down? [LB536]

KORBY GILBERTSON: And I'm not sure, but I can find that out for you and Laura Urbanec, who's behind me, might be able to answer that more specifically. I don't actually work in any of the facilities so I don't know the exact counts, but we can get them for you. [LB536]

SENATOR HARMS: Thank you. [LB536]

KORBY GILBERTSON: Sure. [LB536]

SENATOR HEIDEMANN: Just out of curiosity too, these, like the one in Peru or any of these other, are they full-time clinics or these are just the clinics that maybe operate once every two weeks? [LB536]

KORBY GILBERTSON: Some of them are satellite offices that aren't full operations all the time, but some of them are full operations and I'm not sure about the Peru or Falls City. [LB536]

SENATOR HEIDEMANN: How about Crawford or any of the other ones that are clinics in danger of closing, are they full-time or just satellites that operate maybe once every couple weeks? [LB536]

KORBY GILBERTSON: Some are both. I mean, I think they're both and she can answer behind me. [LB536]

SENATOR HEIDEMANN: Okay. Senator Fulton was next. [LB536]

SENATOR FULTON: Thank you for testifying. A question about the federal funds. These are Title 10 dollars mainly? [LB536]

KORBY GILBERTSON: Right. [LB536]

SENATOR FULTON: Is there a certain amount of federal funds that is attached to the appropriation that we'd be considering under this bill? [LB536]

KORBY GILBERTSON: That's attached to this specific money? No. [LB536]

SENATOR FULTON: Okay. So that wouldn't...if... [LB536]

KORBY GILBERTSON: If we fail to increase it do we lose federal funding? No. [LB536]

SENATOR FULTON: Yeah, that would be a way to phrase the question. That federal funding is something that's separate from... [LB536]

KORBY GILBERTSON: Separate. [LB536]

SENATOR FULTON: Okay, thank you. [LB536]

SENATOR HEIDEMANN: Senator... [LB536]

SENATOR WIGHTMAN: I think John Nelson maybe had his hand up before I did. [LB536]

SENATOR HEIDEMANN: John Nelson then Senator Wightman. [LB536]

SENATOR NELSON: All right. Thank you, Korby. I got your figures for 2001, $550,000 plus medical CPI. Is that correct? [LB536]

KORBY GILBERTSON: Right. And the medical CPI, I mean, I was real...got on Google and found that, which was 4.38 and then I had someone that understands how math works do the numbers for me. [LB536]

SENATOR NELSON: So then when we went next to 2007 I got lost in the dust. What we wind up with... [LB536]

KORBY GILBERTSON: Okay. So when you go to '07-08 was the number that we came up with the medical CPI and then I looked at what Governor Heineman had suggested in his budget and looked at the increase from '07-08 to '08-09 to see how much he had recommended that they be increased for that year and it was 1 percent. So that's why the second year is only 1 percent higher. [LB536]

SENATOR NELSON: Okay. But what was his figure for the first year? Was that $530,000? Did I understand that? [LB536]

KORBY GILBERTSON: Right. The first figure in his suggested budget was $525,000 and change, and then the second for '08-09 was $530,000. [LB536]

SENATOR NELSON: Okay, thank you. [LB536]

KORBY GILBERTSON: Sure. [LB536]

SENATOR HEIDEMANN: What was the percentage of increase you went over the first year? [LB536]

KORBY GILBERTSON: One percent. It was .99 was... [LB536]

SENATOR HEIDEMANN: No, what... [LB536]

KORBY GILBERTSON: Oh, for the first year? [LB536]

SENATOR HEIDEMANN: For the first year. [LB536]

KORBY GILBERTSON: The first year was found by going from 2001 and taking the medical CPI, which was 4.38, compounded for the five year average. [LB536]

SENATOR HEIDEMANN: Okay. (Laughter) [LB536]

KORBY GILBERTSON: But I'm going in front of appropriations, have to have a basis. [LB536]

SENATOR HEIDEMANN: Did you take into account when you come up with your figure that actually you was already getting a 1 percent increase or did you just go on top of that yet, too? Did you... [LB536]

KORBY GILBERTSON: No, we used the 2001 number, which was the last time, which was before they got cut. So we used 2001, which was the last year that they received $550,000, because then it got cut down to $490,000. So we took the $550,000 and took that out for the five year average... [LB536]

SENATOR HEIDEMANN: Okay. [LB536]

KORBY GILBERTSON: ...to reflect what they would've received if, instead of cutting, you would have kept them going. [LB536]

SENATOR HEIDEMANN: And some time we could always sit down and you could explain how you got to this point? [LB536]

KORBY GILBERTSON: Yeah. We'd have to have somebody else in the room, too, though, but...(Laughter) or a calculator. [LB536]

SENATOR HEIDEMANN: Senator Wightman. [LB536]

SENATOR WIGHTMAN: Just so I'm clear, the $550,000 was your starting point in 2001. [LB536]

KORBY GILBERTSON: That's right, yes. [LB536]

SENATOR WIGHTMAN: And then you're compounding that at a rate of 4.38 percent, which was the five year average or... [LB536]

KORBY GILBERTSON: Right, which was the medical CPI of five year average. [LB536]

SENATOR WIGHTMAN: Now, some of those early years were probably lower, weren't they, during the time we were experiencing some economic problems in 2001 and 2002? [LB536]

KORBY GILBERTSON: Right. Well, 2001 and 2002 it went down. Right. And that's why we didn't go back to...because, see then the funding remained stagnant from 1998 through 2001. So that's why we didn't go back to '98, because I thought that would be more reflective to show, instead of going all the way back to start at the last year you had that money in case there were fluctuations so that you weren't asking for a bigger amount. So that's why we tried to come in with as conservative a number as we could. [LB536]

SENATOR WIGHTMAN: But you are taking the 4.38 percent and compounding it for the first year even though that might have been a loss year. You had one or two years early on when it was a loss, is that correct? [LB536]

KORBY GILBERTSON: Right, but we also did not reflect the four... [LB536]

SENATOR WIGHTMAN: I mean, it was actually a decline. [LB536]

KORBY GILBERTSON: Right, but we didn't reflect the four years prior to that that the budget was going up and up and up and up in our amounts either. So I thought that was kind of a happy medium. [LB536]

SENATOR WIGHTMAN: Thank you. [LB536]

SENATOR HEIDEMANN: I think Senator Kruse has something to share. [LB536]

SENATOR KRUSE: Just to interpret to try and end this conversation here (laughter), you're talking about the cut in funding and she's talking about CPI. CPI did not go down in those early years. The CPI would have been about the same. [LB536]

SENATOR WIGHTMAN: Is that a correct statement? Excuse me here. Didn't some of those actually drop during some of these years when we were having a poor economy or do you know? [LB536]

KORBY GILBERTSON: Well, I can look. I have the CPI chart somewhere here in my file if you want me to look. In 2001, it was 4.1, if you go out...we went back and got the most recent one, which was 2005, which is the most recent five year average CPI. But if you went back individually and looked at each year, in 2001 it was 4.6, which would be significantly higher than our 4.38, and then it's gone up after that. So I actually would've, I think, come up with a higher number had I done it each individual year. And I'll make a copy of this if you'd like it. [LB536]

SENATOR WIGHTMAN: Thank you. [LB536]

SENATOR KRUSE: I just remember the frustration that the CPI was going up and our bills were going down. That's what I remember, Senator. [LB536]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in and sharing. [LB536]

KORBY GILBERTSON: Thank you. [LB536]

LAURA URBANEC: Good afternoon. [LB536]

SENATOR HEIDEMANN: Welcome. [LB536]

LAURA URBANEC: (Exhibit 15) Thank you. I'm the one with the annoying cough. I apologize. Again, good afternoon to each of you. My name is Laura, L-a-u-r-a, last name Urbanec, U-r-b-a-n-e-c. I am the executive director with Central Health Center and I'm also here on behalf as president of the Family Planning Council of Nebraska. I am here to express our support for LB536. And so that you know, Central Health Center is a public health family planning clinic with offices located in Grand Island, Kearney, and Lexington. We have been in existence since 1975 providing quality reproductive health services to low-income and minority men and women. As a member of the Family Planning Council of Nebraska, the council currently represents ten individual entities comprising 26 clinics across the state. Each of these 26 family planning clinics are recipients of the state reproductive health funds identified for screening low-income and at-risk women for cervical cancer and chlamydia. Many of these clinics have received these state funds since they were initially allocated to screen and treat for these services. In 2006, Nebraska Health and Human Services began for the first time to open competitively the grant process for these funds and awarded grants that increased the number of service providers without any increase in these funds. Thus, in addition to these 26 clinics who receive funds, six other clinics have been also been added and awarded these funds for screenings. There is currently a total of 16 entities with 35 health clinics in 24 different cities who are eligible to receive these funds for partial reimbursement for cancer and STI screenings from the state; however, I want to note that this funding has not kept up with the costs and the number of providers relying on these funds to provide services. I speak in strong support for LB536 as this bill will help increase funds available to provide screening services to at-risk and low-income women for cervical cancer and chlamydia. State reproductive health funds help provide low-income Nebraskans with approximately 40,000 tests and treatments for cervical cancer and chlamydia annually. Numbers representative of tests performed at family planning clinics during 2006 indicate that there were 24,727 individual pap smear tests and 6.7 percent of these having abnormal results. Of the 40,045 individual users seen at family planning clinics across the state, 42 percent are living at 100 percent of poverty or less and 20 percent are living at 150 percent of poverty or less. Patients are seen on a sliding fee scale at these clinics with those living at 100 percent of poverty or less are seen for no fee or donation if they can afford to do so. Without an increase in state funds for pap smears and STI testing, some family planning clinics may face closure leaving these low-income rural patients without early screening and treatment for services for cervical cancer and sexually transmitted infection. I would like to mention we did have the clinic in Bassett and we did have to close it last December. There are six sites in danger of closing. Should these clinics have to close due to funding shortages, many of these individuals would lose access to a stable source of care, leaving them without an option to turn these preventive screenings as many of them are uninsured or underinsured. As many of you know, the number of uninsured in the state of Nebraska has continued to rise since the year 2000. Through early screening and treatment, money can be saved. The standard lab fee for a pap smear test is $10 to $13 and we're talking conventional pap smear. When diagnosed early, the

cost of treatment for precancerous conditions is a tiny fraction of the cost to treat full-blown cervical cancer, and if caught early is 90 percent successful, but is only 7 percent curable in the last stage. Chlamydia is the most common and most invisible sexually transmitted infection in Nebraska. There were a total of 10,694 unduplicated chlamydia tests performed at family planning clinics during 2006. The Nebraska STD program indicated a positive rate of 8.8 percent for chlamydia in 2006 as compared to 7.5 in 2005. Morbidity rates for chlamydia were 5,451 during 2006 as compared to 5,080 for year 2005. Seventy-five percent of women and 50 percent of men with chlamydia have no symptoms. For women, if left untreated, chlamydia can lead to PID, Pelvic Inflammatory Disease. About 40 percent of women with untreated chlamydia infections develop PID, which is the leading cause of infertility. Twenty percent of those who develop it become infertile and will not be able to have children as a result of the scarring or damage to cells lining the fallopian tubes. PID can also lead to recurrent episodes of the disease, chronic pelvic pain, ectopic pregnancy or cystitis. In addition, women with chlamydia is three to fives times more likely to acquire HIV if exposed. For pregnant women it is important to detect the disease early to prevent babies delivered prematurely, stillborn, or having to cope with severe eye and lung problems at birth. Untreated chlamydia can also make men sterile. It can spread from the urethra to the testicles and result in a condition called epididymitis. Acute epididymitis can cause sterility. Six percent of men with acute epididymitis develop reactive arthritis, a syndrome that usually occurs in young men. According to the Center for Disease Control, every tax dollar invested in screening a treatment of chlamydia saves $12 in complication costs from the untreated disease. We are asking, as Senator Schimek mentioned, for a small increase. Approximately $82,000 for the two years, '07-08 and '08-09, allocated for reproductive health funds that will have a large impacting benefit. A modest increase in these funds today will pay off tomorrow in reduced health care costs and anguish averted. I trust that you will not turn away from the vulnerable, poor and indigent who truly need these services. I want to strongly encourage you to support LB536 and I thank you very much for your time and consideration. That's all I have and I can try and answer questions as best I can. [LB536]

SENATOR HEIDEMANN: Thank you for coming in today. [LB536]

LAURA URBANEC: Sure. [LB536]

SENATOR HEIDEMANN: You said Bassett closed? [LB536]

LAURA URBANEC: Yes, it did. As Korby mentioned, this funding also helps sustain our operations. So in addition to we receive Title 10 funds, but there was some funding changes and cuts and we just couldn't sustain it anymore. We were averaging about 58 user patients, 58 total individual patients up there. [LB536]

SENATOR HEIDEMANN: And this was a everyday clinic or... [LB536]

LAURA URBANEC: No, this was about every six weeks. [LB536]

SENATOR HEIDEMANN: Every six weeks? [LB536]

LAURA URBANEC: Um-hum. [LB536]

SENATOR HEIDEMANN: Okay. Any other questions? Senator Fulton. [LB536]

SENATOR FULTON: Thank you for your testimony. [LB536]

LAURA URBANEC: Sure, sure. [LB536]

SENATOR FULTON: Can you speak, I guess, to the proliferation of STDs? I mean, is this need reflective solely on the medical CPI, this increased need for funding, or is it reflective of the proliferation of STDs in the state of Nebraska or is it a little of both? I guess could you comment on that for me? [LB536]

LAURA URBANEC: I would say it's some of both. In addition, as I mentioned, the family planning clinics--and I'm speaking on behalf of the council and keep in mind there are some other clinics that receive these funds--60 percent of our patients are living at 150 percent of poverty or less. Forty percent at 100 percent of poverty and another 20 at 150 percent. So sixty percent are at 150 percent of poverty or less. Those people are seen on a sliding fee scale. That 40 percent receive their services at no charge and 20 percent more are getting a 55 percent reduced fee. And that's costly, but yet these people can't afford it and many of the patients we see are uninsured and underinsured. My statistics in Grand Island, Kearney, Lexington over all, I average 75 percent at 150 percent of poverty or less. And so these funds will help with those costs when we provide those services, because we're still getting our lab bills, we're still paying for supplies and staff, as you all know, to provide these services. And as far as the STD rate, it has gone up and it seems to go in trends. And I will say when we were still doing the walk-in pregnancy test for chlamydia, which we collected on urine and sent it in to the state for testing, we averaged around 6 percent positivity rate for those that were pregnant. So it was a good thing, but we had to stop that program because of a lack of funding. But we were catching that disease then early to be able to be treated because of the complications that it can cause in pregnancy. Does that answer your question? [LB536]

SENATOR FULTON: I guess I'm looking at this for five years or six years or eight years down the road. Is this...the monetary trend we're continuing to go up it seems. So I assume that's partly due to CPI, but it would seem that if our efforts to reduce the incidents of STDs are effectual then the amount of money that we're appropriating for this particular program ought to either flatten or be reflective of CPI alone. So I guess

that's what I'm trying to figure out is this increase... [LB536]

LAURA URBANEC: I think the need is growing with uninsured. [LB536]

SENATOR FULTON: Okay. [LB536]

LAURA URBANEC: The uninsured and underinsured in addition to what you're saying. [LB536]

SENATOR FULTON: Okay. Yeah, that answers my question. Thank you. [LB536]

LAURA URBANEC: Yeah, okay. [LB536]

SENATOR HEIDEMANN: Senator Nantkes. [LB536]

SENATOR NANTKES: Thank you so much for being here today. I just wanted to dovetail off of Senator Fulton's line of questioning there to really look at this from an investment perspective as we examine the possibility of increased funding for these types of services today. And if one were to assume that there was in fact an increase in the number of STIs, STDs, present within our community, in fact, isn't appropriate and adequate reimbursement in funding for appropriate detection and appropriate treatment one of the best ways to curb that trend? [LB536]

LAURA URBANEC: Yes. [LB536]

SENATOR NANTKES: Thank you. [LB536]

LAURA URBANEC: Yes. [LB536]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB536]

LAURA URBANEC: Thank you. [LB536]

SENATOR HEIDEMANN: Is there any other testimony in support of this bill? Is there any testimony in opposition of this bill? Is there any testimony in the neutral position? Seeing none, would Senator Schimek like to close? [LB536]

SENATOR SCHIMEK: Yes, thank you. Mr. Chairman, just briefly, I would like to say to Senator Fulton, don't forget that a lot of this program is about pap smears and the prevention of cervical cancer. It isn't just STDs. And I didn't think you thought that, but I just wanted to clarify for the record. I'd also like to reiterate what I said before that this is not a very large amount that we're talking about and if you could do it in the budget bill

that would be my preference as the way to go rather than taking another bill out to the floor. But just remember that there are more providers unless of course we keep closing some of these little satellites, and that probably more money is needed partly because of that. And then, you know, I heard something that you didn't hear today and that is that some of these tests can be done more effectively with a little higher cost to them, which pays off in the long run, because you don't have to do some other tests after a negative result occurs. So, you know, we might should be looking at that some time too to see if we're reimbursing enough for each of these tests. But at least I feel rest assured that this is something that does prevent other kinds of health care costs in the long run. Thank you. [LB536]

SENATOR HEIDEMANN: Thank you. With that, we are going to close up the public hearing on LB536 and open up the public hearing on LB542, Senator Synowiecki. [LB536 LB542]

SENATOR SYNOWIECKI: Okay to go, Mr. Chairman? [LB542]

SENATOR HEIDEMANN: Yes. [LB542]

SENATOR SYNOWIECKI: Senator Heidemann, members of the Appropriations Committee, I am John Synowiecki. I represent District 7 in the Legislature and I bring you LB542 today. It's a measure that creates and appropriates funds to the Enhanced Services and Capacity Fund for Juveniles. This legislative initiative seeks public and private partnerships in an effort to create a statewide continuum of care for Nebraska juveniles in need of behavioral health services through funding reallocation and the establishment of the Enhanced Services and Capacity Expansion Fund for Juveniles. The genesis of LB542 essentially began after prolonged dialogue with Voices for Children, an organization that advocates statewide public policy initiatives that benefit Nebraska youth. These discussions made a dramatic impact upon me. I have learned that, overall, our state's response to substance abuse and behavioral health prevention and intervention services for juveniles is woefully inadequate. I am convinced that we face profound deficiencies relative to access issues involving behavioral health services for juveniles. A majority of communities within our state lack basic substance abuse and mental health juvenile services. Very few areas, if any, have what can be characterized as a viable array of services. This array of juvenile services would include a continuum from effective prevention activities to a residential level of substance abuse and mental health treatment within home communities. These deficiencies prevent the establishment of the seamless integrated delivery system which youngsters can easily access and families can actively participate in a rehabilitative treatment environment. Currently, for the committee's benefit, juveniles are directly transferred from the Kearney Youth Development Center to the Hastings Regional Center if a behavioral health evaluation finds a clinical need for a residential level of care. Under current protocol, the Hastings transfer occurs without affording the juvenile or his or her family any choice in

the treatment venue. Youngsters are automatically enrolled to the Hastings Regional Center without any consideration to the private provider juvenile care network that is available in some of our communities. Community-based treatment providers, in many instances, would be able to offer these youngsters quality residential care within closer proximity to their family and other support systems. For instance, as an example, sending a youngster from Scottsbluff to the Hastings Regional Center via Kearney essentially forfeits any opportunity for the family to actively participate in the treatment of rehabilitation. Scottsbluff is approximately 355 miles from Hastings. Families of children being treated at the Hastings Regional Center are not offered traveling expense reimbursement from the state to participate in the treatment program with their children. I believe treatment outcomes can be dramatically improved upon when parents and family actively and substantively participate in a youngster's treatment program. Children that are sent to Hastings are unfortunately routinely denied this opportunity, primarily because of geographic separation from their home community. Funding from the Enhanced Services and Capacity Expansion Fund for Juveniles will mitigate this profound lack of available treatment resources in Nebraska communities throughout our state. The juvenile private provider network, with whom I've had a substantive and ongoing conversation with both prior to and subsequent to the introduction of the bill, has assured me that the infusion of the resources that will be available within the fund will dramatically increase the accessibility and availability of these services. Members, I believe public policy ought to motivate the coordination and development of public-private partnerships that seeks to meet the demonstrated needs of youngsters from throughout our state. Taxpayer support of centralized, expensive, state-run institutionalized care that does not afford families choice relative to treatment is shortsighted and limited. I believe it is in the best interest of our entire state to develop an integrated system that seeks to enhance treatment outcomes for families that are stricken with behavioral health and substance abuse disorders. I can truly understand and appreciate concern with employment opportunities and economic development in the Hastings area. Accordingly, I believe the public-private partnerships envisioned with LB542 ought to include closely examining opportunities within the Hastings region. However, I firmly believe the best interests and welfare of youngsters in our state is a primary and paramount concern. Economic issues are secondary considerations when developing public policy that directly impacts vulnerable children in our state. Opponents to this initiative have cited issues of competing rural and urban interests in our state. Concerns in this area are misguided. First, LB542 does not in any way geographically designate where funds will be placed. The Department of Health and Human Services will contract for capacity development with qualifying licensed community-based agencies. As the primary introducer of the bill, I am aware of profound service deficiencies, particularly in rural Nebraska. I would actually prefer that resources from the fund be first deployed towards these rural deficiencies. Let me say that again so my intent is clear. And if this committee gives me the opportunity to bring this bill to the floor, I will repeat that intent on the floor of the Legislature so it's crystal clear. And that is that I recognize the profound deficiencies of rural American and rural

Nebraska and that resources from this fund ought to be first deployed to correct those rural deficiencies. As this committee is aware, as a "urban senator," I was the primary introducer of LB83 this legislative session. This bill provides a mechanism to help maintain the Work Ethic Camp in McCook, Nebraska, as a viable state resource. The Work Ethic Camp was increasingly underutilized and offender participation program was quickly approaching levels that could not be economically or politically sustained. LB83 dramatically expands the scope of offender participation to include parolees and it is anticipated that offender participation levels will rise promptly and will be sufficient to justify the continued existence of the camp in McCook, Nebraska. My primary sponsorship of LB83 had absolutely nothing to do with economic development opportunities in the McCook, Nebraska, area. Rather, my advocacy for LB83 was based upon a public policy position that recognized an issue of underutilization of a community corrections asset that represented real cost savings on a comparative basis with other higher level correctional institutions. These same public policy positions, from an economic and cost savings perspective, cannot be made relative to the state-run juvenile operations at the Hastings Regional Center. Finally, LB1083, the Behavioral Health Reform Act which passed the Legislature in 2004 by a vote of 42 ayes, 2 nays, and 3 abstaining, provided for the closure of the Hastings Regional Center pursuant to the development of adult services in community-based settings. The Legislature adopted the public policy that institutionalized state-run substance abuse and mental healthcare at the Hastings Regional Center was not appropriate for adult citizens. Yet now, our state's most precious resource and our future--our children--are automatically sent to the same facility without being afforded any other options. This concerns me primarily on two levels. First, obviously the humaneness of this protocol and this procedure. A facility that was found to not be appropriate for our adult citizens is now suddenly appropriate relative to the health and the welfare of our children. Secondly, the policy decision to develop the Hastings Regional Center as a juvenile care facility was not driven by what I consider the proper authority of public policy development in our state, the Legislature. While I understand that the, abstractly, the Department of Health and Human Services is statutorily assigned the task of ensuring behavioral health services be made available for our citizens, there is no substantive legislative record that explicitly describes and promotes the development of the Hastings Regional Center as a juvenile substance abuse and mental health residential care center. This runs quite contrary to the conversion of the Norfolk Regional Center as our state's resource for sexual offender treatment. A substantive and extensive legislative record relative to the Norfolk conversion was made during floor debate, primarily on LB1199 during the 99th Legislative Session. The Legislature made an informed public policy decision and endorsed the conversion of the Norfolk Regional Center. No such deliberative legislative record exists relative to the development and implementation of the juvenile programs at the Hastings Regional Center. I would like to note, Mr. Chairman, if I may that the green copy note--I've been in quite a lot of conversations with the fiscal analysts--incorporates some level of federal funding. And I will work with the committee to designate and to locate exactly the...my goal here is the state allocated funding only,

not the federal funding, so that there will be an amendment offered through the committee process at the proper time. [LB542]

SENATOR HEIDEMANN: Okay. Senator Engel. [LB542]

SENATOR ENGEL: John, just for the record, this is...I ask for information on this because I've been hearing different things. So can I read this to you, because... [LB542]

SENATOR SYNOWIECKI: Sure. [LB542]

SENATOR ENGEL: It's, HRC actually provides two different services for adolescents--adolescent chemical dependency and adolescent psychiatric residential, neither of which can be duplicated in the community. Then it goes on, the chemical dependency population consists of adjudicated youth in the custody OJS who have all failed at lesser intensive forms of treatment and OJS will not send such persons to community-based private providers. The psychiatric residential population consists of adolescents who private providers have already declined to accept because of histories of violence, sexual disorders, or other factors that could place staff or patients at risk. For such adolescents, HRC functions as a provider of last resort. Would you like to respond to those? [LB542]

SENATOR SYNOWIECKI: Sure, I'd love to, Senator Engel. And actually, there probably be, talk to the community providers that come behind me and they can probably answer it better. But I'll try. First of all, I'm told by them same community-based providers that they have kids in their program that are more acute in their level of addiction and more acute in their level of behavioral problems than the kids that go to Hastings. And I think the reason why that is, is you've got to remember the kids are diverted, go to the Kearney Youth Development Center, are there for some time. So their addiction is not as prevalent and is not as acute as it is when they're out in the community, when they have access to the mind-altering drugs perhaps that they're addicted to. So there's a time by which abstinence, because of their involvement at the Kearney Youth Development Center, lessens, if you will, the acuteness of the disease or their level of addiction and lessens the degree and depth of their behavioral health problem, behavioral problems in terms of conduct. And I'll just take that first stab at it and let the community-based providers that work with these kids answer that more specifically. [LB542]

SENATOR ENGEL: Okay. Well you're familiar with OJS, I know that. [LB542]

SENATOR SYNOWIECKI: Yeah. [LB542]

SENATOR ENGEL: But it says that they will not send this person to community-based private providers. Is that the case? [LB542]

SENATOR SYNOWIECKI: Well, during my conversations with the department, they had told me that they're going to work toward...here's the situation as it is now, Senator Engel. They go to the Kearney Youth Development Center and then automatically to Kearney without any deference to possible community-based treatment in home communities. And that forfeits the opportunity for the families in many times to come out and participate in the treatment with the juvenile. An individual from the department told me that they're going to work towards getting those youngsters on what they call a Thursday morning or a Thursday afternoon call, where it sort of serves to broker these kids and where the appropriate placement is for them. So the department told me point blank in a meeting in preparation for this bill that they could and they will, told me, that they'll work towards getting those kids perhaps available for the private community-based provider network. I have a lot of faith in those...because of this bill, I've worked extensively. And there's some in your area, as you very well know. Their mission base, they do great job, they got great outcomes, and they...I think what's most appealing to them is that they involve the family in the treatment process. These kids come out of Hastings and they go right back to the same environment, many times without any aftercare provisions. And that's not productive and we don't get the outcomes that we should have. [LB542]

SENATOR ENGEL: Okay. One other thing, before we voted to close the other before, they would not be closed until everybody had a place. So is that the case here as far as that's concerned? There would be a place for every one of these juveniles before anything is... [LB542]

SENATOR SYNOWIECKI: Senator Engel, let me tell you, that's my intent. There's a ramp up. You notice nothing changes for the first year of the budget, nothing. It's only in the second year that the department can contract the community-based agencies. And then what I'm envisioning with that year is a ramp-up period to get the contracts in place, to get the capacity expanded to a degree where we could take these kids. This place as well, from what I understand now, is a bit underutilized right...I don't have in front of me what the capacity is for each service and how many is there. But when I was meeting with the department, it was not at full capacity at the time I was meeting with them. [LB542]

SENATOR ENGEL: Thank you. [LB542]

SENATOR HEIDEMANN: Just out of curiosity, the figure that you had, how did you come up with that? [LB542]

SENATOR SYNOWIECKI: I did that, that was the three services that are handled at the Hastings Regional Center and I just took the total. I unfortunately ignored the federal funds. My intent is not to bring in the federal funds to this. [LB542]

SENATOR HEIDEMANN: Okay. The three services are, can you repeat them again for me? [LB542]

SENATOR SYNOWIECKI: Adolescent residential, adolescent acute, and adolescent substance abuse. When I was meeting with the department, Senator Heidemann, they had one youngster in acute care; one. And I guess... [LB542]

SENATOR HEIDEMANN: You don't know the capacity that was in other correctionals? [LB542]

SENATOR SYNOWIECKI: I believe, and I think the department is here, I believe it's six is the capacity. They had one, one youngster in that service. [LB542]

SENATOR HEIDEMANN: And it is your intent probably then to use the money that is used there in community-based. And you don't think that they will be actually needed to provide any kind of service whatsoever. [LB542]

SENATOR SYNOWIECKI: They're going to need services. They need more family-oriented, more consumer-oriented services. [LB542]

SENATOR HEIDEMANN: At Hastings, you think we could do without Hastings is what you're saying? I just... [LB542]

SENATOR SYNOWIECKI: Yes. [LB542]

SENATOR HEIDEMANN: Okay, I just wanted to... [LB542]

SENATOR SYNOWIECKI: Yes, yes. [LB542]

SENATOR HEIDEMANN: Senator Fulton. [LB542]

SENATOR FULTON: The green copy, we touched on this a little bit when we talked out on the floor and I'd like to have you respond to this for the record. Let's see. Page 3, line 5, "the following activities are eligible for assistance from the fund." Line 5, "new construction and rehabilitation or acquisition of buildings or facilities that support capacity expansion of juvenile treatment services." Could you elaborate a little bit more on that? It seems to me we're moving, if we want to move toward more community-based care, the new construction and acquisition of buildings or facilities, I'd like to have some more clarity on that. [LB542]

SENATOR SYNOWIECKI: I appreciate that, Senator Fulton. It's actually a new way of thinking, it's a new way of doing business, it's a new way of delivering services for our

youngsters in our state. What I'm thinking here is, and this has been, you know, the writing of this bill has been done with the collaboration of folks--Voices for Children and several community-based providers. The thinking here is that we come in as a state and we contract with Epworth Village--I'll just use that as an example--and we say that we will build a new facility for Epworth Village, including the project in the contract, provisions by which they have to bring in services for juveniles that we'll need in our state and that we recognize that we need. And then we back...then the sustaining funds for that facility is with Epworth Village and the Medicaid payment stream and so forth for the treatment of juveniles. It kind of turns it on its face what we do, for instance, in our university system where we'll get...it's just the opposite takes place. We get a nice building donated to us but then we get stuck with the years upon years upon years of sustaining funding for occupying that building, the years and years and years of state employees that will occupy that building, and the financial burden that's placed upon us forever because we got this building granted to us. Kind of flips that around, says we'll come in as a state and provide capital construction money for you through this capacity fund for juveniles, but then we back off. We'll have escape clauses obviously in the contract, that if they don't live up to their part of the bargain, you know, there will be provisions in the contract, as I see it, where we'll have provisions we can claim back these buildings and so forth. But it kind of, it's innovative in the sense of doing things differently and how we'll come in and provide some capital money but then we back off as a state in terms of the financial responsibility. [LB542]

SENATOR HEIDEMANN: This sounds like it's almost going to be a work in progress a little bit. [LB542]

SENATOR SYNOWIECKI: We're attempting to develop capital capacity for juveniles. There's profound deficiencies in services throughout our state. Falls City, you know, we've got kids going to Hastings, Nebraska, for their substance abuse treatment from Falls City. They go to Hastings. And probably, because there's a huge deficiency in Falls City. Now not all of this money from this fund will be residential level of services. Let me continue with the Falls City example, and I don't know nothing about Falls City and their continuing care. But let's say, for example, they're deficient extraordinarily with some kind of prevention activities. They might contract under the auspices of this fund with a private-based provider in Falls City to provide a viable prevention activities in the Falls City schools. Maybe that's, I mean, it's a huge deficiency right now. You know, we have a tendency in this state to focus on the higher end, higher costs that, instead of putting money in preventative activities so that we don't have these kids needing this level of service. So I think that's where a lot of your cost savings will come, is that the Expansion Fund for Juveniles will include prevention activities, include training of staff that are involved with this activity, those front-line workers that are directly involved with the treatment of our youngsters will get advanced state-of-the-art training under this, for example, that's not going on now. [LB542]

SENATOR HEIDEMANN: Okay. Senator Harms. [LB542]

SENATOR HARMS: Thank you. John, thank you very much. [LB542]

SENATOR SYNOWIECKI: Sure. [LB542]

SENATOR HARMS: Just a couple of questions I want to visit with you about. First of all, how many young people are in the Hastings facility that would go back to rural America if we had a place to put them? How many kids are in that facility that would go back to rural America? Then I want to talk a little bit about that. [LB542]

SENATOR SYNOWIECKI: Senator, I have no idea. I don't know who's, what the geographic configuration of the sending communities are. [LB542]

SENATOR HARMS: Okay. [LB542]

SENATOR SYNOWIECKI: I would imagine, I would imagine a majority of them come from the most populated areas of the state. [LB542]

SENATOR HARMS: How would we establish then the community-based program with kids who we are going to place...take them out of the Hastings facility, putting the back in--let's just pick Scottsbluff--we contract with someone from Scottsbluff to provide these services? Would they be as an outpatient, would they be... [LB542]

SENATOR SYNOWIECKI: Well, it would be with the department that would get with the contracting private-based, community-based provider and the need would have to be addressed in Scottsbluff. I don't even know. Do you have a residential level of care facility right now in Scottsbluff? [LB542]

SENATOR HARMS: Yeah, I think we could probably handle it. What I'm really after is just...see, I'm really sold on the idea of community-based services, whether it be for the elderly, whether it be for youth. And I think you have to have a support service from the family in order to turn these kids around. The biggest fear I have is moving them out of Hastings, putting them in a facility where they get back in with their friends too quickly and they fall back into that old trap. It takes a while, as you know, to get these kids straightened up, on the line, and then keep that reenforcement. And the parents have to understand the signs of this and what's in line. And they have to be a part of this or it just doesn't work very well without that support, whether it be grandparents, whether it be aunts and uncles that are willing to take the issue on. And I'm just curious about how we might establish that and how that might work out. And then somewhere along the line, I'd like to see the number of where these kids come from so we have some better idea about what we might be confronted with. [LB542]

SENATOR SYNOWIECKI: Well, I think we're on the same...that's my intent, to do something differently. [LB542]

SENATOR HARMS: Yeah, I understand, I understand. [LB542]

SENATOR SYNOWIECKI: What we're doing now is not working, we're not getting outcomes. We're recycling kids through the juvenile system. And as a probation officer for 13 years, I've seen it in the adult system. They recycle through the juvenile system, they end up with us in the adult system. And I think the one thing you don't do is just automatically exclude the family support system, if there's any. As you mentioned, a lot of times you're talking about extended family units. [LB542]

SENATOR HARMS: Yeah. [LB542]

SENATOR SYNOWIECKI: You've got a grandma or grandpa or aunt or an uncle that has a genuine interest in the youngster. I think the worst thing you do, I think the worst thing you do is exclude because of geographic proximity any degree of support the youngster might have. [LB542]

SENATOR HARMS: Yeah, see, the other side of it is that the parents really don't know how to deal with you, they don't know how to deal with it and address the issue. And once that kid comes out, comes out from Hastings, most likely he's going to go back through the cycle again because the parents don't know how to address the issue. There's no reenforcement, there's no opportunity to help the students stay on the track that he or she needs to be. So I appreciate your comments. [LB542]

SENATOR HEIDEMANN: Are there any other questions? Senator Nelson. [LB542]

SENATOR NELSON: Senator Synowiecki, thank you very much. I, too, support community-based services here. But I have a question along the lines that Senator Fulton did there on page 3 where, out of this $10 million there could be new construction and rehabilitation. And you used Epworth in the example. I'm not picking on them, I don't think this would happen. But suppose you put $1.5 million out there in the new building or renovation and things of that sort. And three years later, Epworth goes down the tube. Now as a practical matter, how are you going to recover any of that? [LB542]

SENATOR SYNOWIECKI: That's a great point, Senator Nelson, and perhaps if Epworth Village is here they can speak to that. I would assume we'd have some capture provisions within the contract. You being an attorney, you'd be aware of that. Now exactly what that would look like, I don't know. But I've received assurances from these community-based providers that the infusion of this kind of money into our juvenile justice treatment systems will put us on the map in terms of being in the upper echelon

of states for the first time in our history in terms of the seamless delivery of substance abuse, behavioral health services. Right now, we're in the bottom tier. This bill would represent an opportunity for the state of Nebraska to move into the upper echelon of states in terms of investment in our kids, investment in their home communities and having their families participate actively and substantively in their treatment programs. As a state senator, I'm willing to take that risk with some of these private providers. It's public-private partnerships. It's not more state employees, more government...I'm of the belief that the mission-based, private-based services in the community have more interest in these kids than a state worker. And I was a state worker for 12 years. I think they genuinely have more interest in outcomes. I mean, that's my feeling. That's my feeling. I think they genuinely have more interest in the outcomes, in the treatment outcomes for these kids than your run-of-the-mill state worker at the Hastings Regional Center. And nothing demeaning towards them whatsoever, but that's my belief. [LB542]

SENATOR HEIDEMANN: Senator Wightman. [LB542]

SENATOR WIGHTMAN: Just so I'm clear, the $54 million would be diverted from current funds. That's no new appropriation. The $10 million is in the second year? [LB542]

SENATOR SYNOWIECKI: The $54 million is the first year appropriation, which is essentially untouched by the green copy. [LB542]

SENATOR WIGHTMAN: But that money is already being spent at the Hastings Regional Center or Hastings and Norfolk? [LB542]

SENATOR SYNOWIECKI: For fiscal year 2007 and 2008, the funding mechanism for that operation remains unchanged. [LB542]

SENATOR WIGHTMAN: And then the second year, that $10 million would be in addition to... [LB542]

SENATOR SYNOWIECKI: And that $54 million represents, I believe that represents all three regional centers. [LB542]

SENATOR WIGHTMAN: What we're paying right now. [LB542]

SENATOR SYNOWIECKI: Right. [LB542]

SENATOR HEIDEMANN: The $10 million, the way I understand it, comes from within the $54 million. There is no new spending. There is no new spending, just so we get it clear. [LB542]

SENATOR NELSON: Mr. Chairman, then why do we end up spending $65 million in 2008-'09 there, according to the fiscal note? [LB542]

SENATOR HEIDEMANN: Is that on the agency, Sandy? That might be incorrect. [LB542]

SANDY SOSTAD: That's the regional center appropriation for their budget. So technically the intent in the bill is to move $10 million within that regional center appropriation from Hastings Regional Center to a new fund. So you wouldn't technically appropriate that in this bill. You would, you know, that would be in our budget bill. [LB542]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, is there any other testimony in support of LB542? Out of curiosity, how many people plan on testifying in support of this bill? (Laughter) We are not here to cut anybody short, I will tell you that. We want to give you as much time as possible, as it takes to get your feelings to us. Looking at the clock already though, if you could keep it as short as possible and be concise, we would sure appreciate it. Thank you. [LB542]

DAN JACKSON: Good afternoon, Senator Heidemann and the committee. Thank you for listening to me. My name is Dan Jackson, J-a-c-k-s-o-n. I come here today as a parent. We have six children, four of our six children have behavioral health issues. Two of our children wore out their lifetime benefits from our insurance policies. We were forced to turn them over to the care of the state. So we've seen pretty much all level of care in the state. We started with Hazelden Center for Youth and Families in Plymouth, Minnesota. That's 395 miles door to door. We went to Kearney because the only way we could get one of our sons into Hastings Regional Center for treatment was through Kearney. So when we visited him at Kearney, it was 180 miles. When he then got to Hastings, it was 155 miles. Had a son in Norfolk, I mean, two places in Norfolk. Just down from the regional center is a place called Sunrise Place. That's 106 miles door to door. We were in the Independence Center in Lincoln, a great facility. Nonetheless, 54 miles. He was there over wintertime. We missed three of the family programs because of icy roads. We were in Cedars Turning Point regional. That's also in Lincoln, that's 54 miles, just about the same distance. In our local community, we exhausted all the resources. We were forced to go through outpatient care first for insurance reasons so we were in ABH, we were in CenterPointe, and we were eventually in Nova. So we've been in several family programs. The only one that didn't have a regular family program in all of these was Hastings Regional Center. Every other one, we have learned a lot. We came to parenting not knowing very much. We've learned a considerable amount, certainly not about how to handle behavioral health issues on the level that we've had to handle them. We had a son committed because we found a suicide note that was very credible. That was a very difficult thing to call. We were glad we already had the paperwork in place. And when the sheriffs came, they calmly explained what they were

going to do. They could not transport him without handcuffing him. We were very appreciative that we had help when we needed it. Most of this bill talks about Hastings and they want me to talk about my experiences there. Certainly, I want to do that. When we were in the juvenile court system in Douglas County, we were very much involved in placement. No adversarial relationship there with the prosecutors, with the defense attorneys, and with the judge, and with the parents; very much included. So we started resourcing places. The two sons that were involved as youth in that level of care happened to have co-occurring disorders. That's substance abuse issues and mental health issues. So we were always looking for facilities that could deal with both issues, hopefully to treat that. We understand the necessity of having a support structure in place once that door closes and they're on their way out. We needed to be educated as parents. Because we had a car, we got to virtually every place they were in. Sometimes we couldn't get there because of weather and I've already talked about that. There were lots of families that didn't get to any of the family programs because they didn't have public transportation there and they were too far away. Those parents never got that advantage of learning from professionals how better to support their young people when they got back home. That's a real flaw in this. For those of you who supported LB1083, I want to thank you all personally again. That filled a huge gap in adults in this state. I want this bill, LB542, to try to fill some of that gap for youth. We have unfortunately been in all three of the adult regional centers as well. This behavioral health stuff is not easy. You guys know...I'm sorry, guys, I didn't mean...(Laughter) I don't, yeah, anyway. It's not like a broken bone that can be fixed and you know it's fixed; it's a lifetime. Mostly if you're going to be in recovery, you're going to be in recovery for the rest of your life. You need a support system in place after you get out of these places that get you straight, clean, medicated, whatever it is, and on the road. One of the options we had in the court system was choosing a place. We looked at O'Neill, Nebraska, and we looked at Sunrise Place in Norfolk. We chose not to go to O'Neill. I'll try to make this brief, Senator. Because in O'Neill, they mix the adult population with youth population. They're on the same floor, they're in the same unit, they go the same treatment. We didn't think that was appropriate for our young son. We chose Sunrise Place based on what we had heard. In Sunrise Place on the second day, our son was given an appointment with a psychiatrist. He had been primed the night before by the youth there to give a symptomatic list so that he could get a certain amount of medications. He was then taught how to cheek them, hold the drugs and not consume them. When he got out there, he brought those drugs home. He gave them to his friend, his best friend since preschool, who ground them up, snorted them, and died with my son trying to do CPR on his chest. Sunrise Place was a very difficult thing for us to get to as parents and support them. They had a family program there that was in constant chaos. During our stay there, three different coordinators of their family program. We feel like we could have done a better job had he not been so many miles away in every one of these cases. I'm asking you please to consider voting for this reallocation. I don't want the people from Hastings to have to come to Omaha where I live for services any more than I wanted to go to Hastings for services. That's not what I'm asking. Put them where

they've got a chance. Some don't have two parents. Some are being raised by grandparents. Some are raised, they've got to be where they have a chance to get support. You guys, I'm sorry again, but you've been to Hastings, you've seen the buildings. I mean, I can tell you the stories of what we saw there. David, I talked to extensively last night for his memories of that place. Senior staff was top notch, as good as any of the places we've been. The junior staff left a lot to be desired. They would go out and smoke with the kids. They'd let the kids bring Playboys back in. They found out how to put a shim in the door because you could always go out the door and then if there was a shim in there, you could get right back in. You see, when we were there, now they're across the street, three floors. The only reason they used that third floor was for the television. In the meantime, they're heating this huge building. They had two units, one on both ends, for duplication of services. Most of the time, they had 11 to 14 in each unit. They had a full teacher down here, full teacher down here, full staff on both ends. And you can't see the other end of that building. And you just think about heating those old, old buildings, just one of the things. I can go on a bit about...there's a lot of people that want to talk. I'm going to stop. Thank you for listening to me. If you've got questions, I'll sure try to answer them. [LB542]

SENATOR HEIDEMANN: The place in Norfolk was called Sun? [LB542]

DAN JACKSON: Sunrise Place. If you know where the regional center is, it's on that gravel road, it's just down the road from there. You can see it from that place. [LB542]

SENATOR HEIDEMANN: Who operated that? [LB542]

DAN JACKSON: I don't know. That's how we...when this is after our private insurance funds were gone and we had to apply. We filed status petition charges in Douglas County in order to get help for our kids because we couldn't afford anymore. We were $9,000 out of pocket at Hazelden, for instance. I mean, we went extensively into our own pockets for this, besides exhausting all of our insurance benefits. And we had pretty good insurance. [LB542]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming and testifying today. [LB542]

DAN JACKSON: Thank you. [LB542]

MARY FRASER MEINTS: (Exhibit 16) Hello, Senator Heidemann and members of the Appropriations Committee. I am Mary Fraser Meints, F-r-a-s-e-r M-e-i-n-t-s. I'm here in support of LB542. I represent Uta Halee Girls Village and Cooper Village in Omaha and I'm the president of the Nebraska Association of Homes and Services for Children. I have the unique position of having worked for HHS for 21 years, 10 and a half years as the foster care specialist in central office. And I've worked at Uta Halee and Cooper

Village for six years. So I've seen both the private provider and the public provider perspective. This bill provides a great opportunity for infrastructure development. It's something we really haven't had in Nebraska. There's not an array of services in Nebraska. The array should include, as Senator Synowiecki talked about, prevention services, early intervention, outpatient, and residential care and treatment for those kids who need it. You heard testimony earlier of providers who have had to close services in Nebraska. I'd like to talk about why this infrastructure bill is so important. With this bill, a new service gets started. It takes a few months to get up and running. Many times there is capital outlay required for space and equipment. Hiring staff takes time. Then it takes time to get referrals in the door. So you may start serving a few kids at a time. You bill for each child for the days served. So it may take six to nine months to get going and to be able to be fully staffed and fully serving the kids. This is a financial strain for not-for-profit agencies. Most child welfare serving agencies don't have a large endowment. The boards of Uta Halee and Cooper Village have been reluctant to provide new services when it negatively impacts the agency's overall financial stability. In fact, we've closed services. We've closed shelter care and outpatient services. This bill offers a financial incentive for providers to develop services in communities across the state because providers will receive money for construction, rehabilitation, or acquisition of buildings or facilities that support capacity building, as well as funding for specialized training. As we work with these kids with multiple needs, the co-occurring issues, the severe challenges, we need training and we need to provide that training and it costs money. Providers are interested in collaborating to provide services in communities across the state. We will work together to build capacity to serve youth locally. Uta Halee in Omaha and Epworth Village in York have had discussions about such collaborations. We believe in a public-private partnership envisioned in this bill and think it would be helpful to the children and families of Nebraska. According to the annual report for the Youth Rehabilitation Treatment Center in Kearney, 126 youth were transferred from the YRTC to the Hastings Regional Center in 2006 for mental health and substance abuse treatment. This is treatment similar to what we provide in Omaha. It is my understanding that over half of these youth were from the eastern part of the state. This bill will enhance development of services in communities across Nebraska. I am excited about the possibilities of this bill. Having been in the system for a long time, I think this bill offers hope that I haven't seen in the past. And I think the infrastructure and the array of services is very, very important. I would be glad to answer questions. And you had a question earlier that I could answer but I (laugh) forgot what it was. [LB542]

SENATOR ENGEL: Can you remind me what it was? (Laughter) [LB542]

MARY FRASER MEINTS: No, let's see. I think you asked about the number of kids. The kids, there are two kinds of kids at the regional center. One is a group of kids that was moved from the Lincoln Regional Center and that was 12 beds. And right now there's about six kids there. And those kids could be kids that were turned down by other

providers across the state, but maybe not. The kids who come from the YRTC to Hastings Regional Center are kids who didn't get referred to providers across the state. And those kids might not need a residential treatment center for substance abuse and mental health. They've not gone through the same screening process that the kids who come to other providers such as ours go through. [LB542]

SENATOR ENGEL: Thank you. [LB542]

MARY FRASER MEINTS: Was that your question? [LB542]

SENATOR ENGEL: That was the answer. (Laughter) [LB542]

SENATOR HEIDEMANN: Are there any other questions for Mary? Seeing none, thank you for your testimony. [LB542]

MARY FRASER MEINTS: Thank you. [LB542]

TOM McBRIDE: (Exhibit 17) Good afternoon, once again. Tom McBride, M-c-B-r-i-d-e, Senator Heidemann and members of the Appropriations Committee. I really would like to thank Senator Synowiecki for his work and I really think foresight in developing LB542. As a private provider, I can't fathom any idea of being anything but supportive of LB542 and the provisions included in that. Establishing the Enhanced Services Capacity Expansion Fund for Juveniles has a profound effect of service delivery in the future. It assists providers in building the appropriate capacity. It enables programs to more securely develop programs in all areas of our state and quite importantly, in those rural areas and those areas that are considered frontier areas of our state. We believe also that it's going to level the playing field, so to speak, between private not-for-profit providers and the same type of programs operated within state facilities by state folks. And a case in point, and I'm going to speak to some of the budget items that Senator Synowiecki had brought up, there's the adolescent residential treatment center, the substance abuse, and the inpatient acute. I'm not going to speak to the inpatient acute because we don't operate that and I don't know how to put a comparison on per diem with that. But if you look at the adolescent residential treatment center program, at their current funded rate budget, their per diem is 2.5 times the amount of what a private provider would receive for the exact same services; 2.5 times. If you look at the substance abuse program as it's budgeted, it's 1.5 times what a private provider would receive, both of those at the regional center. Today the HRC budgeted fiscal year '06-'07 amount was $8.2 million with the federal and the state and everything together. There would be an additional $1 million for the acute center, but once again, I indicated I'm not going to speak to that. Comparatively, using the same numbers of patient days but at the rate in which private providers are reimbursed for their per diem, the total cost, state and federal both, for identical programs would be $4.7 million as compared to $8.2 million. And private providers, as Mary Fraser Meints indicated, you know,

perhaps some of these kids don't need just residential treatment center level of care. We can do a step down in community-based program with that. And if that were the case, we were able to...we would be able to drop that, utilizing a program such as treatment group home, with the savings, you know, to $4.1 million would be the total cost. The current state match for Medicaid for those two programs is $3.3 million. If you looked at the private provider sector in supplying those same services at the rates we receive today, it would be approximately $1.9 million, as compared to $3.3 million. Bringing in that other treatment component, that treatment group home component, you could drop that to the state match $1.6 million. By continuing to provide identical services, still allow for a $1.4 million to $1.7 million savings, which could be moved into the Enhanced Service Capacity Expansion Fund. Providers are always looking for ways to more effectively, efficiently serve those in need as we can. Currently and historically, any new programs are almost, if not exclusively, begun by private providers using additional private funds to begin and continue those programs. Senator Nelson, you brought up and I'll speak to Epworth Village because that's where I'm from. Hopefully, you know, if you would build us a couple million dollar building, in three years we're not going to be gone. We've been there 119 years and it's our intent to continue. But I would suggest that agencies are more at risk for going under if they have to continue to use their own monies that they have, which are sometimes quite meager, leveraging private funds. So you're making more of an investment from, you know, what little capital you might have to continue that, to build that new program. Using this fund, as Mary Fraser Meints pointed out, we've got some of those costs that are shared and up-front and allow us to begin the process of developing those programs. It was about two, two and a half years ago, we began conversations with Mr. Gibson at the regional center about developing programs that would bring young people that were placed out of the state back to Nebraska and also to stem that flow of out-of-state placements. He was enthusiastic at the time, he was encouraged at that. We had initial discussions further up the administrative ladder. They were positive at first and then they became a little more, you know, it was tougher to schedule meetings. And finally it just fell through completely. And then later we were surprised to learn that the state had developed those programs, you know, themselves, one of those programs we're talking about. There's no doubt LB542 presents change, but it also presents opportunity. Currently, my agency is in discussion with areas in the western part of the state, as well as with Cooper Village, Uta Halee, Cooper Village, to see if we can develop programs that are more locally available to those geographic areas. Providers have been talking about the potentials of collaborative program development opportunities for years. And this really enhances and facilitates that. LB542 utilizes the new design, the new professed character of HHS, along with the ability and desire of private providers and what we can leverage to continue quality service and develop new services as needed. An additional difference, and I think this is crucial, that is tremendously important is that under LB542, these services would be arranged under a new relationship between private providers and HHS that is much more interrelational and authentic. The Children and Family Coalition of Nebraska supports LB542 and the opportunities that it presents. Thank you.

[LB542]

SENATOR KRUSE: Thank you, Mr. McBride. Questions? [LB542]

TOM McBRIDE: Thank you. [LB542]

SENATOR KRUSE: Thank you for coming in, Tom. Next proponent? [LB542]

BOB SHEEHAN: Again, my name is Bob Sheehan, S-h-e-e-h-a-n, with Boys and Girls Home of Nebraska. And I wanted to offer just some, two unique things that...they're not unique to me, but one is and one isn't. We collaborated with the city of Columbus and put together the Columbus Family Resource Center, which was the old hospital in Columbus and turned it into 21 agencies under one roof. Part of that project was working with the state to develop 30 beds of whatever kind of programming they wanted. We had the resources to do a substance abuse program using a partner of Catholic charities. We had all sorts of options and opportunities to present to the state. And just as recently as last week, the state said to me there will be no new beds in this state, you will not have any new beds, that's it, it's not going to happen. At the same time, we're putting all the kids at Hastings. So there are new beds in the state. They are developing those beds. They're just not doing it with providers. They're doing it on their own. So I just want that to be a point of clarification. The second thing that is unique for us is we were in a partnership with the state about providing a program at the Hastings facility in our sexual offender program. So we took, we were given a unit in the Hastings facility and we were to take kids that were coming out of Kearney and who had particular sexual offending issues, and we were to treat them and we were to have 15 kids. The difference in the funding mechanism between a private provider and the state is simply this. If my budget is $8 million and I'm a state institution, I get $8 million that year whether I had one kid or whether I had 100. If I'm a private provider, I only get paid a per diem for what a child is there. So if I have one child and my rate is $200 a day, that's all I get. We were very dependent upon the state supplying those kids to us from Kearney and thought that would not be a problem at all. This was a program that was not funded by state dollars, it was funded by a grant from the federal government. And so it was an experiment on all of our parts. The frustrating part of the problem is we could never get kids into the program. Here we sat, fully staffed, ready to go, had a whole program, and we could never get past six kids. Consequently, because we didn't use the money, the federal government pulled the grant and we were out. So it was frustrating around that piece and it was difficult to get anyone in the state to take responsibility to say, let's fill this up. And part of that, I believe, is that they never did understand our plight. They never did understand, well, what's the problem? We gave you the facility, there you are. Because their modus of operandi is to just have the budget and we'll just do whatever we have to that year. Ours is very dependent upon keeping occupancy to 80 to 90 percent to make ends meet. The other piece then on the Hastings facility itself is just that we had to get all sorts of waivers to go into the

Hastings facility, that we could not have operated that as a private provider on our own, that unless the state had come in and sort of looked the other way and said, no, these aren't going to make the licensing standards, these pieces are going to be fine, we were able to do that. The rooms were too small, there wasn't enough...there's all sorts of regulations that were troubling. But we wanted to work with the state and we still would like to work with the state around these issues. We do believe that ultimately this has to be a partnership between private providers and the state and that the animosity and the competition piece just doesn't go anywhere. And the only people to get hurt, the only people who get hurt, are the children themselves and their families. And lastly, I just want to honor Mr. Jackson for getting up here as a parent and talking about these very, very difficult issues. I will say to you that, you know, there are so many family members I get to meet who are in desperate pain because they have the shame that their child is doing XYZ and I must not be a good parent and all these judgments that they make on themselves, which are not accurate. Mental illness is a disease. It's not just something that kids do. And again, I think that the societal issues are what get in the way of many of these issues. So I commend you for looking at this issue. Senator, I think it's a great plan. And the other...just the one last piece on construction. You know, we had programs out in Alliance and Sidney and we had to close those programs because we just couldn't keep them going. You know, it costs $100,000 to fix a program, a building up in Alliance. I had to buy a house for $50,000 in Alliance. It's not always going to be $1.5 million or $2 million. Sometimes it's a very small bit of money that can get something done. Thank you very much. I'll take questions if you have any. [LB542]

SENATOR KRUSE: Thank you, sir. Senator Engel. [LB542]

SENATOR ENGEL: Bob, what was the breakdown there as why again, why they weren't sending the... [LB542]

BOB SHEEHAN: We never could figure it out, Senator. We said we have these openings. And what the breakdown was, that all of a sudden Kearney wasn't getting any sex offenders sent to them. That's what we were told, that none of the kids in the Office of Juvenile Justice... [LB542]

SENATOR ENGEL: How much truth was that? [LB542]

BOB SHEEHAN: Well, that may be very true. And what...it's the silo system that we're talking about. You have Health and Human Services over here and the Office of Juvenile Justice here. And so what was happening, what we were told, are the judges were saying, well, this kid is a sex offender so they need to go into the Medicaid program over here. And so we were seeing those kids in our program in South Sioux. But none of those kids were making it to Kearney. So it was a whole systems issue that the two groups weren't talking to each, that we have this whole resource here that's being funded by federal dollars and we are not using it. That was never dealt with.

[LB542]

SENATOR ENGEL: And they wouldn't answer the... [LB542]

BOB SHEEHAN: They didn't...that was just, we don't know. We don't know why the judges aren't using it. And no one maybe talked to the judges. But that was the consequence. [LB542]

SENATOR ENGEL: Thank you. [LB542]

SENATOR KRUSE: Thank you, sir. Appreciate it. I have to admit, when we talk about silos, I filled a lot of silos when I was a young adult. But didn't think about this. Next proponent? Welcome, Kathy. [LB542]

KATHY BIGSBY MOORE: (Exhibits 18-20) Thank you, Senator Kruse. I am Kathy Bigsby Moore, B-i-g-s-b-y M-o-o-r-e, director of Voices for Children in Nebraska. And I, too, want to thank Senator Synowiecki for bringing this legislation to you. I went to him before the Legislature convened in January and for the umpteenth time said we have got to do something to create behavioral health services for children. I took a lot of words to him. And he said we have to create capacity before those words are going to have any meaning to them, and identified this vehicle for doing that in an environment of no new money. And I think he was very farsighted and visionary when he came up with this idea. And I hope that we are looking at this bill as a bill that is creating something rather than taking away. I've seen a number of e-mails with concerns about job loss and economic development issues. And I really view this as an opportunity that we are creating for the children of our state to have a future and to remain as closely tied to their family with their family benefiting from these services, rather than removing the child from the community, breaking connections, and then imagining that we're going to be able to replant the child in that family and community without change having occurred in that scenario. And so when I look at the need for this bill, there are some data that you all have requested today that we don't have. And I hope that we can find it. But we do know in reviewing the annual reports at the YRTC in Kearney for a number of years is that they believe that close to 85 percent of the youth at Kearney have behavioral health needs in one form or another. We also know that they have had very few behavioral health services at the Kearney YRTC through the years. And I have been visiting and touring that facility for about 20 years now and am probably as well-versed as any nongovernment employee on the facility. And so when we look then at the fact that Kearney a few years ago began creating this substance abuse program at Hastings, Voices for Children visited that program and didn't object because we were at least creating some services for the children who flowed from Kearney. They still had to remain technically wards of the state, residents of Kearney, but they received some services. We were troubled by the fact that there are other kids, as you heard already, in the state who need substance abuse programs and it's silly, in a way, to have to walk

them through the courtroom door to get them to these services. And so I think when you listen to Bob Sheehan's remarks about the kids not coming to that program, what we really need to do is create a program that has two or three doorways through which kids can come, albeit direct placements by parents, insurance coverage, court placements, etcetera. We've got to quit creating these institutions that only have a certain gatekeeper to them. And so when you ask, Senator Harms, how many of the children at Hastings come from rural Nebraska, I don't have a list of the residents for the last year. But we visited in February and we visited again in late summer. And on both visits, we were told that from 60 to 80 percent of the kids at the Hastings Regional Center in all three of the programs that you've heard about were from Omaha or Lincoln. So that leaves you with whatever that remaining number is. And I'm sure that we can get an exact count on that. And when the kids are placed at Hastings, what that means is that they are removed from family. Family often can't participate at all in the programming. Additionally, they are removed from case managers. And we've seen case after case where case managers would not get out to see the child for weeks or months. And then they are the one responsible for providing an aftercare plan. But they've lost touch with the needs of that child. And then of course the transition back to their home community is difficult. And again, we've seen some children who have had to remain at Hastings well past their treatment completion period while they were waiting for an appropriate next step placement. So treatment closer to home eliminates expense and increases efficiency and effectiveness, lending itself to better programming. As I indicated, we accepted the substance abuse program. We visited it several times over a five or six year period, saw some benefits to it. During early years, had concerns about staff who, again, just as the current staff, had previously been adult trained, adult oriented. We saw attrition. We saw some improvement in that. We also saw, as was pointed out, some questionable education program which now has been consolidated into a much stronger education program. But there have been changes in the location on the campus, on two or three occasions, partly because of fire safety, not having building capacity, sprinkler systems, etcetera. And so when we saw the proposal late last year to create this youth development center, if you will, to move the kids from the Lincoln Regional Center, at first we were assured this was temporary because of the changes, moving the adults from Norfolk to Lincoln and displacing the kids. But by the time we visited in February, it was being called the Youth Development Center. It appeared to be something that was being developed as a permanent facility. And yet the transition had been very abrupt. There had not been staff transferred from Lincoln to Hastings. And yet they were saying it would be the same program. Staff at Hastings seemed unclear about what the program was at that point. We saw some unsafe and unkempt conditions. We saw a huge, huge campus--ten buildings--with very low utilization of that building space. We saw a huge emphasis on security systems and those kinds of measures and no emphasis on recreational or programming. There's no gym, there's no recreational capacity related to youth needs. And again, 60 to 80 percent of these kids come from eastern Nebraska. A second tour late this summer found improvements. One of the highlights actually was the program that Bob Sheehan was talking about that

was hopefully going to grow from that point. We saw some programming coming together. But shortly after our visit, we learned that Boys and Girls would be leaving. We also learned that the psychiatric staff at Hastings had turned over again. And since then, the numbers seem to have been inconsistent or much below the 46ish number of beds that we were told existed. And so it just strikes me (laugh) that saying that you can't turn a sow's ear into a silk purse, that Nebraska at a time when every other state in the country is moving toward community-based, toward innovative public-private partnerships, we just seem contrary to that mentality by instead building another government-funded, government-driven institution in very antiquated buildings that are going to be more costly to run forever. Nebraska has no infrastructure for children's mental health services and we rank among the bottom three states in the country for mental health expenditures. So I see this as the opportunity to put forth some money to make a promise to kids, saying we want to invest in you and believe in you and it isn't going to cost us one new dollar. It's simply going to better utilize dollars that have been allocated and appropriated for years. And I hope that when we look at advancing this bill, we do so because the children of our state deserve to be first, not secondary to adults, not taking hand-me-downs from adults. They need to be first, not secondary to economic development issues. They need to be near their families. They need to be treated in the way that they can be the greatest return on the investment. And they need to be in a place where their staff can be of the color and the culture that best matches their own. Children from eastern Nebraska are more apt to be children of color and children of diverse cultures. And it's very hard to generate a resource in central Nebraska that reflects that. You'll hear about the SIG grant or the state infrastructure grant that is looking at children's mental health services. But it will not implement, it will not create new money, new services. And instead, what it is doing is looking at planning, looking at the direction Nebraska might take in the future. We need to take that step today. And from the department's manual, they themselves say, in keeping with the philosophy that children are better served in more familylike settings, the total number of approved beds for residential treatment center will not exceed two units of up to 20 beds each and the center must provide a homelike atmosphere commensurate with the size and the scope of the program. That's from their own regulation and I think LB542 takes us in that direction on behalf of Nebraska's children. I'd be happy to answer any questions. [LB542]

SENATOR KRUSE: Thank you, I think. (Laughter) [LB542]

KATHY BIGSBY MOORE: And why is that? [LB542]

SENATOR KRUSE: We appreciate you coming and the preparation you've done on that. I thank you for your testimony. [LB542]

KATHY BIGSBY MOORE: Thank you. And I did provide some comments from our tours in the attachments as well. Thank you. [LB542]

SENATOR KRUSE: All right, thank you. Next proponent? [LB542]

TODD LANDRY: (Exhibit 21) Good afternoon, Senator, members of the committee. I'm Todd Landry, L-a-n-d-r-y. I'm the president and CEO of Child Saving Institute based in Omaha and I'm pleased to be here today to support LB542. And let me start by saying that Child Saving Institute is a big believer. We believe very strongly that children and youth are served best when they're served in their local communities where families can participate in their child's treatment, where youth can be gradually reintegrated back into the communities to ensure success, and where business, faith, and school partners can be linked to provide greater resources and treatment. These reasons are the core of LB542 and why I believe it should be forwarded. Now one of the great benefits of this bill to our state will be the creation of a multiple of community-based facilities and services throughout Nebraska, not just in one place. And in order to accomplish this, I commend Senator Synowiecki for including facility costs within the bill. And Senator Fulton, I'll try to address your specific question I believe you had earlier. We have a great opportunity to leverage some of these dollars with private community funds to build and sustain these new facilities. Now some would say that the private community should pay for 100 percent of these capital costs, but I personally think that would be foolish. I have no doubt that private and corporate funders will come to the table in our communities to help. But given past experience in the state through DHHS, it's unlikely that they'll want to be at the table alone. This is due to the fact that in several well-known cases, DHHS has asked private agencies to build facilities before, only to decide shortly thereafter that either the strategy has changed, the vision has changed, or for some other reason and one way or another, have left the donors holding the bag. Just one example I'll share with you specifically in Nebraska City. Some years ago HHS asked CSI to build an emergency shelter in Nebraska City to serve the children youth in that area. We raised all the money privately from the Nebraska City community, renovated a facility to meet licensing and accreditation standards, and opened. Within a short period, HHS changed and referrals were so low the agency was forced to close the shelter. Now as you can imagine, the businesses and private donors of Nebraska City felt abandoned by this and many have said, very publicly, that they would never again support a facility to serve DHHS children and youth unless they were assured it would supported by the state and the state would be a partner in the effort. It's not an isolated incidence. It's happened several cities throughout the state. And so it's very important that that provision of the bill be included, allowing some of the dollars to be used for capital expenses so that we can go back to these incredibly generous but somewhat now skeptical donors so that they will understand that the state is a full partner in this effort in creating true community-based facilities throughout our state. LB542 provides all of our communities the opportunity to provide appropriate community-based services for our children and youth. And it's my hope that we will not allow this opportunity to pass us by. Thank you very much, be happy to take any specific questions that you have. [LB542]

SENATOR HEIDEMANN: Thank you, Todd, for your testimony. Is there any questions for Todd? Seeing none, thank you... [LB542]

TODD LANDRY: Thank you. [LB542]

SENATOR HEIDEMANN: ...for coming in today. [LB542]

SCOTT DUGAN: Scott Dugan with Mid-Plains Center again, Grand Island, that's D-u-g-a-n. I'll keep this quick and I'm going to shift gears just a bit. A lot of what has been spoken here is focused around whether we need to construct new facilities. There is another component of this that's also part of this capacity expansion. And I'd like to speak to something that we've done, developed, it is working well. One service that is not facility-dependent, it's called multisystemic therapy. This is a nationally recognized best practice dealing with teenagers who have had law violations, who have clinical diagnosis of mental illness. This is a therapeutic intervention service. It happens in the home with the entire system of a youth; grandma, aunt, uncle, school, everyone who was involved. It goes to that question about sending children from an institution back to the same environment. This is what happens when they get back there. We change the way they interact in their environment so they're making better choices. This program, we are currently the only licensed provider of this in Nebraska. It's been recognized by Medicaid and Managed Care at the state level as a preferred practice. We were asked four years ago to bring it to Lincoln. We did that. But it costs money to create new teams to provide this level of proven scientific intervention. We serve an average of 500 youth a year with a 92 percent success rate. Our success is based on primarily four factors. Are they still in their home after one year of stopping the service? Are they still at school, if that's what age group they're in? Have they had any law violations? And are they at work, if that's age appropriate? Ninety-two percent of these 500 kids, year after year, we answer yes to all of those questions. So this doesn't rely on bricks and mortars, this is expanded capacity to serve them in their community. And I just wanted to make the Appropriations Committee aware of these types of programs. There's others like this that are being done that could do a lot of good. [LB542]

SENATOR HEIDEMANN: Thank you for your testimony. Are there any questions? Senator Kruse. [LB542]

SENATOR KRUSE: Comment; thank you. That is exciting. [LB542]

SENATOR HEIDEMANN: Any other questions or comments? Seeing none, thank you for your testimony. [LB542]

BRAD MEURRENS: (Exhibit 22) Good afternoon, Senator Heidemann, members of the Appropriations Committee. For the record, my name is Brad Meurrens, M-e-u-r-r-e-n-s,

and I am the public policy specialist and registered lobbyist for Nebraska Advocacy Services, Incorporated, the Center for Disability Rights, Law, and Advocacy. I'm here today to testify in support of LB542. NAS has participated actively in the design and support of LB1083, as well as subsequent legislative efforts to develop and implement a system of community-based behavioral healthcare. We concur with Senator Synowiecki that it is inconsistent for the state to require that adult services be community-based but youth services not. LB542 will help to move Nebraska further in the direction of providing effective mental healthcare to children and adolescents. Closing their adolescent program and redirecting the funding will mean that families from Scottsbluff to Omaha will be able to remain closer together and involved. It is often critical to treatment success that families be able to visit, support, and participate in their child's treatment program. The assistance provided through the Enhanced Services and Capacity Expansion Fund for Juveniles is essential. With the redirection of the state's financial commitment from institutional-based services to community-based services, there will be little incentive for individuals or organizations to come forth to serve Nebraska's youth in their communities, let alone an adequate array of facilities or buildings in which to serve them. I would be happy to answer any questions the committee may have. [LB542]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you for coming in today. Is there any other testimony in the proponent capacity? Seeing none, is there any testimony in opponent capacity? Welcome. [LB542]

TODD RECKLING: (Exhibit 23) Thank you. Good afternoon, Senator Heidemann and members of the Appropriations Committee. My name is Todd Reckling, R-e-c-k-l-i-n-g, and I'm the administrator for the Office of Protection and Safety within the Health and Human Services System. I'm here today to testify in opposition to LB542. As you know, LB542 creates an Enhanced Services and Capacity Expansion Fund for Juveniles to be administered by the Department of Health and Human Services. Beginning in FY 2008-2009, LB542 would redirect $10.4 million from this fund from funds currently used for adolescent programs at the Hastings Regional Center. Rather than the current use of funds for direct services for both committed and adjudicated youth at Hastings Regional Center, LB542 would redirect these funds to contracted licensed nonprofit service organizations for service capacity expansion. And there are, under the bill, I won't read these, as outlined four different purposes that the funding can be used for. Ownership, as you've heard, of the new construction funded under this bill would not be with the state but rather the entities awarded contracts. Of the approximate $10.4 million targeted to LB542, approximately $1.1 million is the cost of infrastructure that the state provides for operating HRC; for example, human resources, computer tech, and so forth. Approximately $5.2 million--$2.1 million of that is General Fund and $3.1 million federal funds--currently funds the Hastings juvenile chemical dependency program. Approximately $3 million total--which is $1.2 million General Funds and $1.8 million federal funds--fund mental health residential beds for adolescents previously served at

the Lincoln Regional Center. And approximately $1.1 million--that breakdown is $440,000 of General Funds and $560,000 in federal funds--currently funds acute mental health beds for adolescents previously served at the Lincoln Regional Center. All of these are Medicaid services paid through 60 percent federal funds and 40 percent state match. The juvenile chemical dependency program at HRC serves juvenile delinquents who have been adjudicated through the criminal proceeding to the Youth Rehabilitation and Treatment Center at Kearney and who are in need of substance abuse treatment. The program serves 33 juvenile delinquents per day and the average length of stay in the program is approximately 106 days. During federal fiscal year 2006, 114 juveniles were admitted and received treatment at HRC. There are also 22 beds for adolescents suffering from mental health illness at HRC. These adolescents came into the system via a civil mental health commitment or juvenile court. There are an average of ten adolescents per day at HRC for treatment of their mental illness. The average length of stay for these youth is approximately four months and there are approximately 36 youth treated in this program per year. Currently there are weekly telephone conferences with providers seeking placement for these youth at HRC. The youth currently in placement at HRC are there because no other placement option is available. Also, some of these youth are not in a position to be in a community-based treatment setting at this time. The closing of the current adult programs at the Hastings Regional Center does not represent a savings that can then be used for an investment in service capacity building for youth. HRC funds for adult services have already been directed to community services through behavioral health reform under LB1083 in 2004. The $10 million that this bill proposes to redirect reflects the annual cost to operate three programs; substance abuse services for adjudicated youth, behavioral health services for youth, and subacute services for committed adults on the HRC campus. If the youth currently served through the HRC juvenile chemical dependency program are served at the YRTC campus, it should be noted that the Medicaid funding is not available and that the YRTC Kearney program is already at capacity. We would need to build an additional treatment capacity at the YRTC Kearney campus with 100 percent state funds or would need to contract for treatment services off campus with another provider, a cost not recognized in LB542. LB542 also does not address longer term budget implications of using the funds to build capacity. If funds are used to develop or enhance capacity, providers will assume we would also be making a commitment to fund the services developed. We believe that it is necessary for LB542 to answer the question about the sustainability of the proposed service capacity developed. Most importantly, there is no guarantee that, if implemented, the services that would be developed as a result of LB542 would be maintained and sustained in the community by private providers. There are also several other concerns related to LB542. And without reading those, I'll let you read through my testimony. Just briefly, there are things about definitions of juvenile behavioral health services, we're unclear where the funding would reside. Part of it, it's the enhancement of an array of services. We'd ask that that be more clearly defined. We'd also ask that perhaps the department be allowed to promulgate rules and regulations in compliance with this bill. And there's also some unclarity related to what

the bill talks about as far as case management at the local level when the majority of these kids are state wards under the juvenile court system. I'd be happy to answer any questions and thank the committee for the opportunity to speak today. Thank you. [LB542]

SENATOR HEIDEMANN: Thank you for your testimony today, Todd. Senator Kruse. [LB542]

SENATOR KRUSE: Thank you for coming in. We've had several testimonies that talk about a dismal provision, a dismal performance at the Hastings campus for juveniles. What would be your response to that? [LB542]

TODD RECKLING: I think, Senator, over the years we've enhanced and made improvements. We first started this whole idea of moving kids from the YRTC Kearney campus over to the HRC because we were hearing from the courts and families and other members, kids themselves, that they were diagnosed with substance abuse treatment services and not afforded the treatment that they needed at Kearney while they were there. So we've identified a process where we go through the managed care process of identifying those youth that do need inpatient chemical treatment at HRC. And then in 2000, started taking our first kids over the years. We have retrained staff to more better understand the youth needs. And certainly I heard the testimony of Mr. Jackson and I certainly feel for his situation and that certainly is a difficult story for me to hear. I also know that we have a very good success rate of the kids that do that graduate from the HRC program. Frequently when kids enter HRC, there's really kind of two avenues. I think you heard earlier that the kids aren't afforded the opportunity to go anywhere else. Well often, the kids have been in a community-based provider somewhere else. And the courts have been frustrated with their behaviors. So in order to have, those kids have some behavioral compliance so that they can get under control and actually make some behavioral changes in order that then affords them the opportunity to focus in on their treatment. Courts have some expectations that those kids behaviors are so out of control or so needy that they do place them at YRTC Kearney. Length of stay has changed at Kearney and I think I owe it to the kids at Kearney to actually offer that specialized treatment, that then is there for the purpose of the HRC program. We've made some administrative changes over the years. Dr. Michael Judson is now in charge of that program out there and I believe it's, I know it's getting better. Is it where we want it to be today? Absolutely not. As far as the family component, you've heard issues today about the family involvement. Certainly that's something we want. I have no qualms at all about supporting community-based services and family centeredness with family inclusion and family advocacy. That's not what I'm opposed to. Part of that is that there really are only...there are only two facilities in the state of Nebraska, YRTC Kearney and YRTC Geneva. We don't have many Kearneys all across the state. Courts send those kids there and when they do have a special need--for example, if they've already been approved through Managed Care in order to

go to substance abuse treatment or mental health services, the second they hit that door at Kearney or Geneva, I have a process where we touch base back with our Managed Care company and we can get those kids, unless there is some absolute specific court order on behalf of the juvenile courts, we can move those kids to that community-based setting. Have we done it as much as I would like to see us do? No, we certainly need to make improvements again. But the process is there where we can use community-based beds. Not all kids from Kearney necessarily just go to HRC either. Some of the kids don't qualify for that level of care and may have already, after we get their behaviors under control, we can discharge them to a community-based treatment provider. [LB542]

SENATOR KRUSE: I would agree that Kearney is not the place for what we're talking about here. But one of the concerns that we have within the Legislature is long-term strategic planning. [LB542]

TODD RECKLING: Absolutely. [LB542]

SENATOR KRUSE: Is this the program for the foreseeable future or is this a temporary thing or what are we shifting to or where are we going? [LB542]

TODD RECKLING: I appreciate the question, Senator. I think there is a tremendous need to look larger and then sustainability, as well as in the future and what are the array of services that we would like to see for our juvenile kids. We know a couple of things. For example, in the state of Nebraska, we have arguably the highest rate of kids that are removed from their parents and placed in state care of any of the other states. I think that in and of itself asks some questions to be answered. Once kids are removed from the home in the state of Nebraska, we arguably have the highest number of kids placed in out-of-home care versus in-home. One of the things we want to do is build in-home services and community-based services to serve those kids. I think that holistically, you heard some testimony about there being silos between Health and Human Services, child welfare, and OJS. That is one of the reasons, back in '97, that Office of Juvenile Services came in to Health and Human Services so we would have more consistency. I look forward to the new structure in place that's going through, through Governor Heineman and Senator Johnson's bill for the, LB296 for the restructuring. We will have that new division of Children and Family Services. Very clear accountability and linearity for direction and decision making around both the child welfare and juvenile services division. We have kids that are both dually adjudicated between child welfare and juvenile services. But to answer your question, I do believe that we need to look holistically at the array of services, both for child welfare and OJS, because there, a lot of those kids dual adjudicated and that overlap. A couple of years ago, this legislative body and others put forth approximately $1.5 million for exactly this; community-based services. It's called the juvenile services county aid program and it was specifically geared to not build and create or further fund high-level services but

lower community-based services and programming. [LB542]

SENATOR KRUSE: We get the feeling that Hastings is sort of a desperation measure when we are short of community-based for juvenile. You know, react to that. Are we kind of flailing around here for a while? And, you know, we can't rebuild Rome in a day. Not to be critical, but at the same time... [LB542]

TODD RECKLING: Let me, I'd like to... [LB542]

SENATOR KRUSE: ...it doesn't seem like it's where we want to be. [LB542]

TODD RECKLING: Sir, I'd like to respond. One of the things that I think is important to remember is that we didn't create new beds at HRC. We moved the beds that were in place from the Lincoln Regional Center campus out to HRC. One of the things that we know...and we, again, since 2000, have been looking at the chemical dependency kids. Initially in 2000 on until 2005, we had a capacity of 30 juvenile beds for the boys. And because we had such a high demand and actually a waiting list on utilization, we increased in approximately midyear of '05 with approval of spending of funds from you to go ahead and increase capacity to 40. Now we're around about 33 or so. So part of what I'm trying to do is, do we need to look at different service delivery out there? Now I don't have this type of program for the girls at Geneva. Should the girls also be afforded the same process and the same service delivery? I'm also interested in perhaps, whether it's at HRC or elsewhere, I think the girls also deserve the same opportunity. The mental health beds that you're referring to at HRC currently, we've been very cautious and careful about making sure that those kids that are going into those mental health beds at HRC are denied by the providers first. So we've looked at HRC as a default campus, make sure that they've had the opportunity through the other service providers to have a chance to serve those kids before we place them at HRC. Part of what we saw--I've been with the department for 15 years--we've seen quite a trend in our out-of-state placements for youth. At one point, we had about 127 kids placed in our out-of-state. And I'm happy to report at one point we got down to about 30 kids out of state. Starting 2006, we went back up to about 68 kids in out-of-state placement and we're...excuse me, about 96 kids in out-of-state placement starting '06, now we're down to about 68. So part of it was an opportunity for us, rather than sending kids to multiple out-of-state providers, to at least try to keep them closer in an in-state facility once they were denied by other providers to make sure that we could afford them a closer opportunity for treatment rather than sending them out of state. So we have, since this August, sent only a handful of kids out of state and that's certainly an important issue. But when you talk about parents not being able, just like Mr. Jackson, when you send them out of state you're talking 300 miles against 100. And certainly ideally you would have service provision in array in all various levels at all different communities. But there also is a point of economy of scale where I think we need to be very careful about what are the needs in the state for our youth. We've seen a change of over 600 state wards

since just April. We've gone from 7,803 state wards to 7,148. And I think that's important because that shows also that we're moving kids to permanency. So it's a real important time before we just jump and say I need this. I think it would behoove us to sit down and make sure we exactly map out what the needs were for our kids, not just today, but also into the future as you suggest. [LB542]

SENATOR KRUSE: Thank you. [LB542]

SENATOR HEIDEMANN: Senator Wightman. [LB542]

SENATOR WIGHTMAN: Todd, I missed a lot of your testimony and I apologize for that. I kind of reviewed your report and as I understand it, you treated 114 juveniles in the past year and that's an average of about 33 on a normal day that you would have there. Is that correct? [LB542]

TODD RECKLING: We've served 114 with, yes, a daily average of about 33 this past year. [LB542]

SENATOR WIGHTMAN: And that varies a little, I assume. Is that correct? [LB542]

TODD RECKLING: Sure. Again, in the past, we've been at different capacity. For example, in 2005 we served a total of 148 kids. So that per day population was larger than 33. So it's fluctuated and that's why we've tried to adjust based on those needs. And currently, there's no doubt, there is some increased ability to do better utilization. And again, that's one of the conversations I'm trying to make, whether or not we'd want to make an argument for serving girls then. [LB542]

SENATOR WIGHTMAN: And then with regard to the adolescent, your average is about ten a day. Is that correct? [LB542]

TODD RECKLING: For the mental health beds, yes. [LB542]

SENATOR WIGHTMAN: Right, for the mental health beds. And you served a total of 36 for the year. Is that correct? [LB542]

TODD RECKLING: Yes, it is, Senator. [LB542]

SENATOR WIGHTMAN: Can you tell me, I don't have that figure in front of me, what the total cost of running the Hastings Regional Center is on an annual basis? [LB542]

TODD RECKLING: Are you talking total operation? [LB542]

SENATOR WIGHTMAN: Right. [LB542]

TODD RECKLING: I can tell you as part of those programs you just mentioned... [LB542]

SENATOR WIGHTMAN: Well, that would be fine. [LB542]

TODD RECKLING: ...those were in my testimony. For example, the chemical dependency program, it would be at the top of page 3, Senator. [LB542]

SENATOR WIGHTMAN: Okay. [LB542]

TODD RECKLING: CD program is about $5.2 million. You can see the breakdown between state and federal funds, and then also for the mental health and subacute care as well. [LB542]

SENATOR WIGHTMAN: Thank you. [LB542]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB542]

TODD RECKLING: Thank you. [LB542]

SENATOR HEIDEMANN: Is there any other testimony in the opponent capacity? [LB542]

BARBRA WESTMAN: (Exhibit 24) Senator Heidemann and the committee, thank you for allowing me to do this today. This is my first time. I'm Barbra Westman, B-a-r-b-r-a W-e-s-t-m-a-n. I'm a therapist in the Hastings area and I'm also a member of the Behavioral Health Oversight Commission. I am here today to represent citizens and youth of south-central Nebraska and ask that LB542 not be passed out of committee. I'm not going to present the whole packet that you've been given. There are several points though that I would like to make concerning LB542. First is how the bill would affect the youth of Nebraska; second, how it would hurt the economy in south-central Nebraska; and third, it would be a waste of renovated state buildings and resources. The first point is the most important point, being that it would affect the youth of Nebraska, especially the youth and families of south-central Nebraska. The programs or treatments at the Hastings Regional Center are youth-oriented. It provides services to the youth of Nebraska from all corners of the state with referrals from the YRTC in both Kearney and Geneva. And the ones that come to us from the YRTCs are adjudicated through the courts. The Hastings juvenile chemical dependency program, I put in here 1998, I was trying to approximate. But our mission is to help young men redirect their lives and promote skills to live substance free and successful lives. The vision of the Hastings juvenile chemical dependency program is to be a recognized provider of

substance abuse treatment for the young men of Nebraska, to continue to grow as we become more valuable to the community and youth we serve. The Hastings Regional Center also provides residential care and treatment to youth who are severely emotionally disturbed and/or mentally ill. The program in Hastings provides therapeutic treatment for socially and emotionally disturbed children. The youth at the HJCDP and RTC attend school on grounds. It is a District 18 school. They work on high school credits or on GED. There has been graduation exercises two times for youth who have completed necessary credits to graduate. One was held on Friday with three youth. The youth also receive therapy individually and in groups. And as far as when clients are discharged, we work with the juvenile service officers, the social workers, and the therapists to place them in either their homes, in foster homes, or group homes, whatever is deemed by the juvenile service officer. They also are referred to aftercare in the communities for continued therapy, monitoring of their medications, whatever else is necessary. And as far as the families able to come to the meetings, we call the families two times a month. And if they can make it the other two times, there is assistance for paying for their transportation from Managed Care. And anybody that comes to the regional center has to be approved by Magellan Managed Care of Nebraska. The second point is that, of harming the economy of central Nebraska with closure of the HRC. There is approximately 250 employees who would be laid off. This would affect the economy of Hastings community and surrounding areas. Families would have less money to spend which would affect the retail business which could lead to retail businesses closing or laying off people which could cause a trickle-down effect. The third point is that there would be a waste of taxpayer dollars that have spent in renovating buildings at the Hastings Regional Center. There would also be the loss of resources in the way of 3,500 years of experience of serving the state of Nebraska in behavioral health services to adults and youth. This averages out to 14.5 years of experience for each employee. Where or how this much experience and training can be duplicated is not apparent in the current bill. Finally, a question to think about is, can youth that are severely emotionally disturbed and/or mentally ill be treated in the community for 50 minutes a week? And that is what outpatient services provide. If it had worked, the youth would not be in a residential treatment facility. They would be in the community attending our schools. There are illnesses and conditions that require treatment in a facility such as HRC. [LB542]

SENATOR HEIDEMANN: Thank you for your testimony, Barbra. Are there any questions? Seeing none, thank you for...Senator Nelson. [LB542]

SENATOR NELSON: On your...thank you for your testimony. On your next to last page there towards the bottom, you cite a letter from a Robin Adams... [LB542]

BARBRA WESTMAN: Yes. [LB542]

SENATOR NELSON: ...to the editor of the Hastings Tribune, which talks in terms of

building a new facility in Omaha. Is that factually based or... [LB542]

BARBRA WESTMAN: I didn't write it so I don't know. [LB542]

SENATOR NELSON: Okay. So, so far as you know, there are no plans to do that as part of this. [LB542]

BARBRA WESTMAN: Not anymore than the senators would know. [LB542]

SENATOR HEIDEMANN: Are there...Senator Wightman. [LB542]

SENATOR WIGHTMAN: Now I understood you to say there were 250 employees. Is that correct? [LB542]

BARBRA WESTMAN: Approximately, yes. [LB542]

SENATOR WIGHTMAN: And it sounds like there's about 43 patients a day between the two programs. [LB542]

BARBRA WESTMAN: There is going to be a layoff as of today. There will be 100 people laid off. [LB542]

SENATOR WIGHTMAN: Okay. So it has been about 6 employees per patient. Is that right? [LB542]

BARBRA WESTMAN: Give or take. That includes administration, grounds crew, cooks, laundry. [LB542]

SENATOR WIGHTMAN: And you do operate a school, is that correct? [LB542]

BARBRA WESTMAN: Correct. [LB542]

SENATOR WIGHTMAN: Do you know how many people work in the school? [LB542]

BARBRA WESTMAN: No, I don't. [LB542]

SENATOR WIGHTMAN: Thank you. [LB542]

BARBRA WESTMAN: You're welcome. [LB542]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB542]

BARBRA WESTMAN: Thank you. [LB542]

LYNN REX: Senator Heidemann, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. Our League board unanimously opposes LB542. We believe that the state of Nebraska has put a significant investment over the years, over the decades, in the Hastings Regional Center. But it's not just about the investment. It's about the patients. First and foremost, it's about the kids. And it is my understanding that in fact the kids that are there have been referred, they have been court adjudicated. These are kids that cannot, and in fact have been, other facilities have declined to accept them, other private facilities. And I do think that it's important to underscore the fact that our board has always taken the position that we strongly support public-private partnerships. But there is a time when government has to step up and do that which the private sector cannot consistently do and that does not have sustainability. You've heard this afternoon on a number of bills the fact that there are private sector facilities that, for any number of reasons--and frankly, in large part it seems, to no fault of their own--they have not been able to continue. They have indicated to you today that they have started programs, they have stopped programs. When you are dealing with kids and kids in Nebraska, we shouldn't have to send them to other states. I understand that it is a distance between Omaha and Hastings. It's a longer distance between Scottsbluff and Omaha. This is not about one city against another city. This is about what's best for kids. This is about having a trained staff that is already in Hastings, that's already prepared to deal with these kids, where other facilities have declined to accept them because these are kids that have had severe problems and problems that need to be addressed. And I would respectfully suggest, on behalf of our board, that the money, whatever funds you would want to put in additional to that which you may be considering this year, actually be placed into the Hastings Regional Center to look at these kinds of things. We also have other issues to talk about later this afternoon with respect to LB548 because we oppose that measure as well. So in closing, what I would suggest to you is that these are not just kids that can go community-based. These are kids that have very serious problems. Secondly, that as much as the private sector has done a really good job in the state in a number of ways, again, there's no requirement that they're there. What if they do decide to close? Some of you may remember when some private facilities did close, almost with no notice, and parents were asked to come pick up their kids, kids that had severe problems. So with all due respect, we appreciate what the intent of this bill is but we strongly oppose this bill. I'd be happy to respond to any questions that you might have. [LB542]

SENATOR HEIDEMANN: Are there any questions for Lynn? Seeing none, thank you for your testimony. [LB542]

LYNN REX: Thank you so much for your time this afternoon. [LB542]

MIKE MARVIN: (Exhibits 25 and 26) Good afternoon, Senator Heidemann, members of the Appropriations Committee. My name is Mike Marvin and I'm the executive director of NAPE/AFSCME Local 61 AFL-CIO, the union representing the employees at the Hastings Regional Center. The rural areas of our state are sorely lacking in trained mental health specialists. You'll be given two handouts. One of them my statement and the other one is a map showing how sorely lacking we are in mental health areas in the rural parts of the state. This bill would eliminate many more of the trained workers from the rural communities. If they need to seek employment elsewhere, the jobs tend to be in the urban areas. They will probably move to the urban areas. I know a lot of my members that I've talked to that are trained in this area feel that they can make more money, they can move to the Omaha, to the Lincoln area, go to work for the private providers and make more money. We're going to be losing trained people in the rural areas. It is also my understanding that the children at the Hastings Regional Center are there because none of the community health providers are willing to or have the facilities needed to take them. I understand there's a weekly call among the providers of the services and all the children are discussed. And any of the children that the community can take, they will. The rest stay at the Hastings Regional Center. I'm here today to ask you not to support LB542. You need to keep a reasonable amount of services available to those in the rural communities. If anybody has any questions, I'd be happy to answer them. [LB542]

SENATOR HEIDEMANN: Are there any questions for Mike? Seeing none, thank you for coming and testifying today. [LB542]

MIKE MARVIN: Thank you. [LB542]

JOE PATTERSON: (Exhibits 27-38) Good afternoon, Senator Heidemann, members of the Appropriations Committee. I'm Joe Patterson and the city administrator for the city of Hastings. And more importantly, I am a member of the Governor's Behavioral Health Oversight Commission. And I'm glad to see that there are three other colleagues of mine that serve on that committee here today. I'm not going to bore you with being redundant. A lot of the points that the people that are opposed to this bill have made. But just quickly, a couple points I would like to make to you is, if you close your facilities in Hastings, I think, irrespective of the economic impact and I think maybe that's been overblown from a certain perspective because I think we all want what's best for the kids in our state. The Hastings facility already has trained staff. They're already in place and the level of that staffing, I guess, is dependent upon the need to be determined by HHS. Hastings facility, as you've heard earlier, is a program of last resort. While I was discussing this issue with some of the HHS staff, I was concerned to hear the level of severity of the disorders and the issues that many of these kids have, that they probably wouldn't fit in community-based services. One of the things that I think I've learned over the last 12 years as I've been more involved in the treatment of mental illness is that one size doesn't fit all. If you look at the different severities, you look at the different

types of illness or diagnosis, one size doesn't fit all. And I think I've heard LB1083 referred to on numerous times today. LB1083 was the result of months and months of negotiation and discussion amongst mental health professionals and the State Department of Health and Human Services. And I'm going to tell you, LB1083 ain't perfect. If you believe LB1083 is perfect, just ask a law enforcement officer who's driving a mentally ill individually around in their car for eight hours a day looking for someplace to place them because the state no longer provides facilities for people at the level that they need to. If LB1083 were perfect, not only would Hastings be closing as of today, also Norfolk would. And we've found that that's just not the case. There are not enough beds in this state for people with acute mental illness that are in a crisis mode. The facility at Hastings is, it offers some schooling for these individuals. It's not a sow's ear, as some would refer to it. I've been through almost every building at Hastings Regional Center. You own them and you've put a lot of money into them. They are what they are. If you travel through the Hastings Regional Center and you go through the Lincoln Regional Center, you'll see that many of the buildings are of the same architecture and the same vintage in their style. Before you take action on this bill, I would invite all of you to travel to Hastings, look at the programs available there, and before you make any decision on whether you should pass this bill out of committee. I would urge you to not pass the bill out of committee, leave the programs in place that are currently there. I'd be glad to answer any questions you might have. [LB542]

SENATOR HEIDEMANN: Thank you for your testimony today. Are there any questions? Seeing none, thank you for coming in. Is there any other testimony in the opponent capacity on LB542? Seeing none, is there any testimony in the neutral capacity on LB542? Seeing none, would Senator Synowiecki like to close? [LB542]

SENATOR SYNOWIECKI: Senator Kruse, I didn't schedule these so you need to talk to the guy next to you. (Laughter) Thank you for the testimony, both sides. I'm here to work with the committee to do something. We did something on the adult side in terms of filling profound gaps in service delivery. I'm here to work with the committee to do something on the juvenile side. And that's what this bill represents, fully understanding that we'll have to work through a committee process. I do think that the public policy issues embodied within the bill deserve a public policy debate by the full Legislature. I strongly believe that. And I think the city administrator from Hastings said it best. One size does not fit all and we shouldn't send all our kids automatically on a knee-jerk basis to Hastings. That's kind of my point, is that there might be alternatives in the community that are viable and that would be available for these youngsters. And we might get better outcomes. One size does not fit all. They should not all go automatically without any due consideration of other factors from the Kearney Youth Development Center to the Hastings Regional Center. That should not happen. And if anyone has any questions... [LB542]

SENATOR HEIDEMANN: Are there any questions for Senator "Sinowick?" [LB542]

SENATOR SYNOWIECKI: Synowiecki. [LB542]

SENATOR HEIDEMANN: Synowiecki. (Laughter) With that, we will close the public hearing on LB542 and open up the public hearing on LB545. [LB542 LB545]

SENATOR SYNOWIECKI: Good afternoon, Senator Heidemann, members of the Appropriations Committee. I'm still John Synowiecki. I still represent District 7. I bring LB545 for your consideration. It's a bill that formally it seeks to fund the Nebraska Prostitution Intervention Fund, which was adopted by the Legislature in 2006 known as LB1086. LB545 would create a funding for the treatment of individuals involved in prostitution-related activities. The Governor signed LB1086, but unfortunately vetoed LB1086A, which contained the resources for case management and treatment to break the cycle of prostitution in our communities. LB1086, signed last year by the Governor, created new penalties for the conviction of prostitution and recognized the crime of solicitation within statute. A first or second conviction of prostitution would classify as a Class II misdemeanor and a third or subsequent conviction would be qualified as a Class I misdemeanor under the bill. A first conviction of solicitation was classified as a Class I misdemeanor with a minimum of a $250 fine. A second or subsequent conviction of solicitation is now classified as a Class IV felony and carries a maximum penalty of five years in jail, $10,000 fine and a minimum penalty of $500 for a second offense. These disproportionate increases in solicitation penalties were a public policy position that recognized the influence and disproportion of balance of power in the prostitution equation. Often it is documented that prostitutes are victims of addiction and mistreatment and manipulation by solicitors. Nebraska's unfortunately experiencing an increase in the incidents of prostitution-related activities. Testimony during LB1086 committee and floor debate revealed a statewide problem in this area. Between 2002 and 2004, the Omaha city's prosecutor's office filed over 1,800 prostitution-related cases. While it may be difficult to ascertain precisely the cause for this enhanced prevalence, there is considerable evidence that the methamphetamine epidemic and other drug dependence issues have played a significant role. Prostitution is evolved in the revolving door of criminal activity in the metropolitan area. Those consistently involved in prostitution activity, mostly women, repeatedly cycle through the Douglas County justice system, often never having the ability due to lack of resources to access needed services. Prostitution-related activities have negative externalities that are harmful to our communities and neighborhoods. Prostitution contributes to the incidents of crime and fear of crime. It depletes local law enforcement resources. Residents and businesses within close geographic proximity to concentrated areas of prostitution have to deal with noise, litter, harassment and are financially impacted by declining property values. Individuals involved in prostitution often use this activity to support drug and alcohol addictions. In addition, many of these individuals suffer from significant mental health disorders that lead to an increase dependency on drugs and alcohol. Many prostitutes are subject to physical and psychological abuse by panderers. While LB545

seeks to fund the Nebraska Prostitution Intervention and Treatment Act, I want this committee to know that I am interested in exploring less expensive funding alternatives with this committee. In particular, I want to let you know that I have been in consistent contact with Scott Carlson, the statewide problem solving courts administrator, Paul Yakel with the Douglas County Drug Court, and Kristen Houser, an expert in treatment and intervention strategies with this population. These discussions have been driven by neighborhood community groups and business organizations that have been negatively impacted by prostitution activity. An alternative, less expensive remedy to this serious problem may rest with the establishment of a prostitution court in Douglas County that would provide the specialized case management. My intent would be for women from across the state to have access to this specialized program. I believe the state resources are needed to intervene and help respond to the demonstrated needs of those involved in prostitution activity. Sending these individuals to jail without any resources devoted for intervention or treatment is shortsighted. A responsive and targeted approach is needed. I want to thank you, Senator Heidemann and members of the committee, for your consideration. [LB545]

SENATOR HEIDEMANN: Thank you for bringing this before us. Are there any questions? Be easy on you here. Thank you. Oh, Senator Nelson. Sorry. [LB545]

SENATOR NELSON: I have to raise my hand. I missed a little bit of your start, Senator, but are there any private agencies doing anything along these lines? [LB545]

SENATOR SYNOWIECKI: There's one agency in the entire state of Nebraska that primarily focuses on prostitution-related problems. That's the Salvation Army Wellsprings Program. Their representative is here to talk about it. What I'm seeking here is not funding of the Prostitution Intervention and Treatment Act. What I'm going to seek, with the indulgence of this committee, is just about a $60,000 maybe $75,000 additional appropriation in the problem solving court's budget, which is--I should know this--it's like $1.1 million or something to that nature. I'm going to request a very small increase in that. The people I've been working with on this bill for quite some time, we had great success last year on the criminal justice part of this. We don't want this to cost unnecessarily. We want to use existing systems. And it just so happens that in Douglas County, where perhaps this is the most prevalent area within the state where this activity is taking place, that we can use existing mechanisms, existing infrastructures, existing drug court apparatus to get at this problem. So what I'm going to be seeking is a relatively small increase to the problem solving court with some intent language that they establish one. [LB545]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you. Is there any other testimony in the proponent capacity? Welcome. [LB545]

SENATOR HOWARD: Thank you. Thank you, Senator Heidemann and members of the

Appropriations Committee. I am Senator Gwen Howard and I represent District 9. I'm here today in support of LB545, which would appropriate funds for the treatment portion, also known as the problem solving court, of the Nebraska Prostitution Intervention and Prevention Act. I appreciate Senator Synowiecki's work in bringing this bill before the committee. As you may recall, the Legislature passed legislation last year to implement a treatment program that was funded by this committee. Unfortunately, the funding was vetoed by the Governor at the end of the last session. If we are going to successfully address the prostitution problem we have in this state we must have intervention available in conjunction with the stricter penalties that have been put into place. Without intervention we will simply continue the revolving door we now have with prostitutes and johns going between the streets and jail. This has been a very important issue for me and for the residents of my district. For years, the Leavenworth and Ford Birth Site neighborhoods have been fighting the prostitution problem that existed on Park Avenue in Omaha. I want to especially thank Jan Quinley of the Ford Birth Site Neighborhood Association for the time she has dedicated to help eliminate this problem from her neighborhood and for her work on this legislation. The Legislature has a responsibility to help these people in our neighborhoods by giving them the tools they need to not just arrest those involved in prostitution, but also to intervene and provide treatment to allow them to become productive members of our community. Passage of this bill will be an important step forward. Thank you for your consideration. [LB545]

SENATOR HEIDEMANN: Thank you for coming before us today. Are there any questions? Seeing none, thank you. [LB545]

SENATOR HOWARD: Thank you. [LB545]

JIM SUTTLE: Senators, my name is Jim Suttle, member of the Omaha City Council. I'm appearing before you today on behalf of my self, but also representing the Omaha City Council as we passed a resolution 7-0 to support this legislation sponsored by Senator Synowiecki. I do a lot with my eyes. When I first got engaged with this particular question as the city council was wrestling with what to do with our ordinances and penalties, I first went to visit the neighbors and I looked at their world through their eyes. I then spent time with our Omaha Police Department, the chief, the head of the vice units, but I went on two police ride-alongs to see on the street what the officers see and experience as they deal with the prostitution issue and make the arrests. I then spent time with the prosecutor learning what goes on in his world as he begins to put together the paperwork for the prosecution. And finally, I spent time with the judges doing the same thing. What is it that they see from the bench? What's missing as they make the decisions with these cases? And finally, I spent time with the providers of the services and the other professionals who are well-schooled in this issue of prostitution and these particular individuals in our society. That's five areas. What I saw was a great deal of disconnect. And what you have in front of you with last year's piece of legislation with this year's funding is a way to tie together the five into a connected force to begin to get

something done in a constructive manner. The questions I get from many of my constituents and business leaders and others that I talk to on this issue is well, why don't these women just get jobs? Well, how do you get a job when you have a mental health problem? How do you get a job when you have a substance abuse problem of these magnitudes? How do you get a job when you have low self-esteem or no self-esteem? How do you get a job when you're a slave to the pimps and the drug dealers and the others in this system? So the key, if we go back and look at those five areas and begin to tie them together, is to give an extra tool to the judges to set tight boundaries on these women and some males and let them have an opportunity to get that professional help, because they're not getting it now. They're getting incarceration. What we need to add is how do we deal with the mental side? How do we deal with the addiction side? How do we deal with the low self-esteem, which is a result of their childhood and other unfortunate circumstances dealing with abuse and oftentimes sexual abuse? These are the questions of our times that we've got to do something different and this is a bold step and a partnership between you the state, the county, the city, and the other interested parties be they the neighborhood associations or be they the professionals that can do something. I appeal to you to follow Senator Synowiecki's request. Let's put the block of money into this program. Let's find out what we can do to make a difference. Let's measure the results over the next two years and let's do something better for these individuals rather than just turning them over on a vicious circle arrest after arrest, after arrest, after arrest for decades. Thank you. Be glad to answer any questions you might have. [LB545]

SENATOR HEIDEMANN: Thank you for coming in and testifying today. Are there any questions for Jim? Seeing none. [LB545]

JIM SUTTLE: Thank you for having me and I would ask that you pay close attention to those that follow me that can tell you about the neighborhoods' point of view, the professionals point of view, and also how we deal with the treatment side for these particular unfortunate individuals. Thank you. [LB545]

SENATOR HEIDEMANN: Is there any other testimony in support of this bill? [LB545]

MARY ANN BORGESON: Good afternoon, Senators. My name is Mary Ann Borgeson, M-a-r-y A-n-n B-o-r-g-e-s-o-n. I'm the chair of the Douglas County board of commissioners. We also passed a resolution in support of LB545 and thank Senator Synowiecki for bringing this forward as well as the individuals that you'll hear from a little bit later. As Jim Suttle was talking and all the people he had spent time talking with, one of the things that I had the opportunity to do is actually spend time with the women themselves that have been placed in our facilities and have gone through a program from the Salvation Army called the Wellspring and how much more advantageous the program was than just locking them up and throwing the key away or seeing the revolving door that really does occur. There is much to be said with much more success

in interventions and treatment rather than just locking them up, and if we can put that money up at the front end of the system in order for that to occur, we, I believe, would have much more success. So I would ask that you please support LB545 and put the money into these intervention programs and treatment. Thank you. [LB545]

SENATOR HEIDEMANN: Thank you for your testimony. Are there any questions? Seeing none, thank you. [LB545]

MARY ANN BORGESON: Thank you. [LB545]

KRISTEN HOUSER: (Exhibit 39) Good afternoon. My name is Kristen Houser, K-r-i-s-t-e-n H-o-u-s-e-r, and for 15 years I've worked in a variety of capacities ending sexual violence including prostitution. Also served as president of the National Alliance to End Sexual Violence and worked at the Nebraska Domestic Violence Sexual Assault Coalition for five years. During all that time I have witnessed and researched the harm of prostitution and met many brave survivors so I'm here today to support the appropriation of funds for treatment services. I want to just make a few points. I believe it's really imperative to understand that prostitution is not caused by addiction. The two are certainly linked. It is a contributing factor, but pop culture has really oversimplified incorrectly the relationship and made it one that is causal, which is actually inaccurate. Additionally, it's often called a victimless crime. The reality couldn't be more different. Most people who are used in prostitution experience years of repeated verbal, sexual, and physical abuse by the people that buy them and the people that sell them, and sometimes the other people who feel that their neighborhoods and businesses are affected. Additionally, we usually rely on the criminal justice system to be the sole place of intervention and if we really look over history, that has been the only method that has been used consistently for a period of centuries, which gives us centuries worth of evidence that it's actually ineffective at deterring or ending prostitution. However, despite all of the harm that is done to people while they're in prostitution, people can be rehabilitated, can lead productive lives in "non-exploitive" environments, but in order to help them do that we really need a treatment plan that is over a continuum of services that often encompasses a period of time. We need to be looking at mental health services that are specializing in recovering from trauma, at looking at co-occurring mental health and substance use disorders, because the do co-occur. We need to be looking at supporting job skills, not just job training, but really mentoring and coaching people to understand that they actually have learned some skills through their hard life on the streets, which can be lucrative if translated into the professional world, but oftentimes that's a hard shift to make to feel like you even deserve a place at a legitimate table after years of being exploited. So we're really hoping that by putting specific funds in place to support these kinds of therapeutic and rehabilitative services that we can help stop the revolving door that's been talked about. I quickly want to say that while those of us who are here testifying today reside in Omaha, I have witnessed prostitution across the state of Nebraska. This is not something that is specific to

Omaha or to Lincoln. If you know what you're looking for you will see it at the major truck stops along the interstates that cross our state. You will see it listed in the yellow pages under things like escort or entertainment. The language is pretty blatant to let you know what it is that you're looking at. And a brief internet search will also yield a variety of sites that are located from around the state. So this is not a problem that is specific to Omaha. I also wanted to say that while we do have service providers across the state that specialize perhaps in mental health or in substance abuse or in job training, that the unfortunate realities that the damages and stigma that people who have been in prostitution experience can often make them seem like a very difficult population to work with and a lot of times what I've witnessed both here and elsewhere in the country is that sometimes human service providers unfortunately play a role in perpetuating the shame and stigma associated, which then damages the therapeutic relationship. By putting funds into a particular vehicle specific to this population, you are ensuring that the professionals who are working in that program have the sensitivity, the training, and the patience that's required to successfully work with this group. Relying on people who don't really understand the multitude of difficulties that somebody who's coming out of this lifestyle embodies is sort of setting them up for failure or very much prolonged treatment and we would rather see more specific benefits that can come from hopeful relationships that are supportive between the providers and the clients. So if you have any questions I'm happy to answer them. [LB545]

SENATOR HEIDEMANN: Thank you for your testimony. Are there any questions? Seeing none, thank you. [LB545]

KRISTEN HOUSER: Thank you. [LB545]

MARY RAYNOVICH: (Exhibit 40) Good afternoon, Senators, ladies and gentlemen. My name is Mary Raynovich, M-a-r-y R-a-y-n-o-v-i-c-h. I am the director of the Wellspring program, which is a program of the Salvation Army's western division which serves Nebraska, Iowa, and South Dakota. Wellspring is dedicated to helping prostitutes return to mainstream society and lead productive, healthy lives. Although we are located in Omaha, Nebraska, Wellspring has served women and men from Omaha, Lincoln, York and Fremont, Nebraska and Council Bluffs, Iowa. I am testifying before you today to ask that you please give your support to LB545, the Nebraska Prostitution Intervention and Treatment Act. Intervention and treatment programs funded by this act provide spiritual support, information, education and counseling for prostitutes, for only these programs are truly effective in making a difference in the life choices of the men and women who are involved in prostitution. Wellspring takes a faith-based, strength-based, holistic healing approach to helping prostitutes and their families. Prostitutes aren't the only people that are affected by prostitution. We work with many children and family members that are also affected by prostitution. Our program focuses on mental, physical, emotional and spiritual health and well-being of our clients and their families. We provide education, mental health services which includes chemical dependency

evaluations and chemical dependency counseling, case management, social support and referrals to other professional services agencies for our clients and their families. We also provide outreach services to women and men incarcerated at the Douglas County Correctional Center that have a history or are at risk for involvement in prostitution. I'd like to take you a minute to tell you a story about one of our clients and how she was helped by our program. Teresa, which is not her real name but the rest of the information is factual, came to Wellspring more than two years ago. She had been a prostitute for more than 10 years when she came to us. As an infant and toddler, Teresa was neglected to the point that social services removed her from her home and placed her in a series of 20 foster care homes. She grew up believing that no one cared for her and that no one would protect her from danger. When she finally came to Wellspring as an adult prostitute, she showed many signs of neglect, depression, and post-traumatic stress disorder. In her experience, men never treated women and children with respect and did not provide care or support for them. Teresa dropped out of high school and was unable to hold a job. Teresa desperately needed to be cared for and to make friends and she would do anything to please others. She became involved with an older man who emotionally and physically abused her and then forced her into prostitution. To manage her guilt and pain, she began to drink and take drugs. He soon left her and she ended up with a second man who did the same and then a third. Over the years of her prostitution and drug and alcohol abuse, she bore two children who were eventually placed in foster care to continue the insidious cycle of abuse, neglect, forced prostitution, addiction, out-of-wedlock childbirth and placement with foster care. It was while Teresa was incarcerated at the Douglas County Correctional Center that she heard about Wellspring and started to participate in our services. She told us she was poor, depressed and exhausted and that she needed help. We immediately enrolled her in our free case management and therapeutic services. For many months, Teresa did not trust our Wellspring staff and it was nearly six months before she would attempt to give up drugs and alcohol. She simply could not believe that anyone who knew about her past could care for her. However, within one year of her contacting us at Wellspring, Teresa became drug- and alcohol-free. She has now been away from alcohol and drugs and prostitution for nearly two years. She continues in our program with our counseling services in an effort to move forward with her life. She has been employed for one year. She was one of the fortunate individuals that actually had a high school diploma, so she didn't have to go through the process of obtaining her GED before she could become employed. She has regained custody of one of her children and is seeking custody of the second child. She's recently passed her drivers license exam and now is currently driving legally for the first time in her life and purchased a car, which she's very proud of. We believe in Teresa's potential and the potential of so many others like her who share similar stories. These are just a few of the facts about the individuals that we serve. Close to 40 adults each month are involved in our services. Eighty-five percent of them are women. Their ages range from 18 to 55 with the average age of our client about 30. Sixty percent of our clients are African-American, 25-30 percent are Caucasian, 5 percent are Native American, and 10-15 percent are Hispanic. About half

of our male clients identify themselves as transgendered. Seventy-three percent of our clients were sexually and physically abused as children. Ninety percent have major depression, post-traumatic stress disorder, anxiety attacks, phobias, bipolar disorder and schizophrenia or other mental health problems. Ninety-five percent of our clients also report being addicted to alcohol or drugs or both, including cocaine and methamphetamines. Twenty-five percent are HIV positive. Please consider the value of Wellspring and the importance of intervention and treatment of prostitution to bring prostitutes into mainstream society and healthy lifestyles. Thank you for your consideration of this important legislation. [LB545]

SENATOR HEIDEMANN: Thank you for coming in today. I also want to thank you for what you do here. [LB545]

MARY RAYNOVICH: Thank you. [LB545]

SENATOR HEIDEMANN: Are there any questions or comments? Senator Nelson. [LB545]

MARY RAYNOVICH: Yes, sir. [LB545]

SENATOR NELSON: Yeah, I want to thank you for your services. It's terrific. Did I hear you say it's a faith-based, holistic... [LB545]

MARY RAYNOVICH: The Salvation Army is a faith-based organization. Yes, sir. [LB545]

SENATOR NELSON: Of the 40 adults that you are involved with every month, do they all come out of the prison system or how do some of these come or all of them come? [LB545]

MARY RAYNOVICH: Not all of them come from the prison system. Some of them come from the prison system. Others come from other referring agencies. They may be involved in a residential treatment program and the program realizes that they also have issues with prostitution. Sometimes they self refer. They hear about our program when they're on the street and they give us a call and request the services. [LB545]

SENATOR NELSON: If you know, can you tell us about how much money the Salvation Army produces or pays out for this type of program? Do you have any figures on that? [LB545]

MARY RAYNOVICH: I actually do. Our budget for this year, I believe, is around $200,000 and it supports a full-time case manager, myself, which is the director of the program. I'm also a therapist. It also provides services from two part-time individuals.

One provides services primarily to our transgender population and then one individual provides chemical dependency evaluations and substance abuse treatment. [LB545]

SENATOR NELSON: And one final question. Do you know what percentage of the prostitute population you are assisting? I mean, with 40...do you have any... [LB545]

MARY RAYNOVICH: You know, if you really look at the broad definition of prostitution, which includes escort services and strip clubs and some of those other services, I really don't have. I would think that that would maybe be 50 percent, maybe 25-50 percent of those individuals that are prostitutes. We deal primarily with street prostitution. Those individuals that have worked in strip clubs, have been involved in escort services become so strung out on drugs and alcohol that they're no longer able to even hold those "jobs". They then go to the street to make their living. [LB545]

SENATOR NELSON: Thank you very much. [LB545]

MARY RAYNOVICH: Thank you. Thank you all for your time. [LB545]

SENATOR HEIDEMANN: Senator Wightman has a question. [LB545]

MARY RAYNOVICH: Oh, I'm sorry, sir. [LB545]

SENATOR WIGHTMAN: Thank you for being here and the great work the Salvation Army does. Do you receive any funding right now from the state of Nebraska in this program? [LB545]

MARY RAYNOVICH: We receive a grant from HHSS, but it's a federal grant. Other monies are United Way, appropriations from the Salvation Army--the Salvation Army actually very heavily supports the Wellspring program--private funding from donors in the community. We receive no money from the state itself at this point. No, sir. [LB545]

SENATOR WIGHTMAN: Thank you. [LB545]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you for coming in today. [LB545]

MARY RAYNOVICH: Thank you. [LB545]

JAN QUINLEY: (Exhibit 41) Good evening, Senators. (Laughter) We've almost made it. I'm Jan Quinley, the last name is Q-u-i-n-l-e-y, and I am chairperson of the Southeast Precinct Prostitution Taskforce. This is a cause that I never expected to find myself associated with. I'm sure my background is actually more typical of most of your constituents. I was raised on the outskirts of a medium-sized community. I was an

active member of our church. I was very involved with 4-H. I married, I had children, and I worked to help support my family. In 1999, my husband and I moved and fulfilled a lifelong dream. We bought a historic property. It was in a neighborhood that we felt was worth working for and working towards revitalizing. What we didn't expect was to be faced with the devastation of street prostitution and the associated criminal activity, and I think our reaction was typical of most people of our generation. We thought the solution was to throw the prostitute in jail and lose the key, and I've come before you today to ask you to not make that same assumption. As I worked to protect our community, I became aware of the street prostitute as a person. I educated myself. I observed. I advocated for my neighborhood and my community and now I believe in the need to offer comprehensive solutions to this criminal activity. When the Nebraska Prostitution Intervention and Treatment Act was made law last year, I believed that we had made great progress. When we lost our funding due to the Governor's veto I was stunned. I knew that we had truly failed to show the true impact of prostitution from both the financial and the human point of view. The cost of this activity goes well beyond the dollars per day jail costs. It impacts health care, domestic violence, child welfare, education, mental health services, property values, as well as the expected costs associated with the criminal justice system. We, the citizens of Nebraska, do pay for this activity. I'm asking you to consider if we should continue to pay in a reactive manner or if we are wise enough to take a proactive approach. The packet of materials that I provided you is briefly summarizes many of the efforts that we've made. I wanted you to be aware that we worked very diligently on the local level before we came to the point where we realized that this problem needed to be addressed on a state level. Remember that any community that has a truck stop, any community that has a processing plant or a manufacturing plant or an escort service listed in their phone book has the potential to have the exact same prostitution problem that I faced when I moved into the neighborhood I now live in. I believe that Nebraska is a very fair-minded state and I believe that funding this treatment is the fair and the right thing to do. I thank you for your consideration for the length of your day and I'd be happy to answer any questions anyone had. [LB545]

SENATOR HEIDEMANN: Are there any questions for Jan? Seeing none, thank you. [LB545]

SENATOR SYNOWIECKI: Just want to comment. Thanks, Jan, for all your work. I made the mistake of going to a meeting, what, about six years ago now... [LB545]

JAN QUINLEY: At least that. [LB545]

SENATOR SYNOWIECKI: Walked in to a meeting at the Southeast Precinct and it culminated, though, with the passage of the bill last year. [LB545]

JAN QUINLEY: Yes, it did. [LB545]

SENATOR SYNOWIECKI: And I just wanted to publicly thank you for everything you've done. [LB545]

JAN QUINLEY: Well, we thank you for your support. [LB545]

SENATOR SYNOWIECKI: This is quite a lot of work. [LB545]

JAN QUINLEY: Thank you. [LB545]

SENATOR HEIDEMANN: Thank you. Is there any other testimony in the support position of this bill? Seeing none, is there any testimony in the opponent capacity of this bill? Is there any neutral testimony? Would you like to close? [LB545]

SENATOR SYNOWIECKI: I just wanted to, Senator Heidemann, very quickly reiterate that I want to work with the committee on possible augmentation to the drug problem solving court budget and I've been in contact, as you can see, with the county commissioners of Douglas County, city council members about matching the funds to get a program with specialized case management that's kind of an offshoot or under the auspices of the Douglas County Drug Court. Thank you. [LB545]

SENATOR HEIDEMANN: Thank you. With that, we will close up the public hearing on LB545 (see also: Exhibit 42) and open up the public hearing on LB548. [LB545 LB548]

SENATOR SYNOWIECKI: (Exhibits 43 and 44) Good afternoon. Again, Senator Heidemann, I'm still John Synowiecki and I'm still from District 7. Today I bring LB548 for your consideration. It's a bill that would reallocate funds from program 365, regional center funding, to program 38, regional behavioral health services funding or behavioral health aid. Our delivery of public behavioral health services in our state is highly reliant upon the local input, planning, and direction from our six regional behavioral health authorities. The regional behavioral health authorities is assigned duties in Nebraska's statute. Under 71-809, "each regional behavioral health authority shall be responsible for the development and coordination of publicly funded behavioral health services within the behavioral health region pursuant to rules and regulations adopted and promulgated by the department, including but not limited to administration and management of the regional behavioral health authority, integration and coordination of the public behavioral health system within the behavioral health region, comprehensive planning for the provision of an appropriate array of community-based behavioral health services and continuum of care for the region." The 2006 Behavioral Health Referral Plan, as outlined in the document I have provided to committee members, is designed on behalf of the department to provide a speedy return to community living for persons who are mental health board committed and sent to a regional center. This plan serves as a road map for the regions to implement changes as the behavioral health system

evolves, including allocating beds for acute and subacute care within regional centers. As HHS Division of Behavioral Health moves toward integrating the role of regional centers as a sort of network provider for regional behavioral health authorities, it is entirely appropriate, I believe, to give the regions authority and discretion on use of these funds for the treatment of citizens in their individual regions. Essentially, LB548 attempts to imitate the payment for services protocol that is already in place with regional behavioral health provider networks. Currently, there are 90 beds allocated to the regions dependent on population of the region for acute and subacute care within the regional centers. There will be 10 more beds available upon the approval by the state fire marshall. I have provided for you a copy of the memo that you can reference. For example, Region 6 is allocated 29 beds and with the addition of 10 beds, they would be allocated 33. The bill asks for a specific amount of funds to be reallocated to the regions based upon the bed allocation plan. The formula utilized to arrive at this particular amount is quite simple. Acute unit of daily service at $675 a day times 365 days times 100 beds, which brings us to an amount in excess of $23 million. The bill then includes language that appropriates these resources proportionally according to the bed allocation system. By allowing the behavioral health regions' discretion in funding acute care we will, number one, dramatically enhance federal fund leveraging for treatment of individuals that are currently subject to the IMD exclusion within the regional centers. I've also passed out what is in our big book, but we did a comparison analysis. At the top is program 365, behavioral health regional center appropriated funding. And then at the bottom of this one page handout is program 38, behavioral health aid, which is money that routes through our six behavioral health regions. I'd like to take, for example, this current fiscal year for year 2006-2007. General funds appropriated to regional centers was $52,770,155. The federal return on that $52 million amounted to $7,865,530. Now compare that with the amount of general funds appropriated to our six regional behavioral health authorities. For the same year, for year '06-07, general funds appropriated were $44,577,915, some $8 million less than was appropriated to the regional centers. However, the federal funds leveraged equaled $18,504,971. Substantially surpassing the $7,800,000 federal leveraged through our regional region centers funding. The point being is that our six regional behavioral health authorities have a track record of out performing the regional centers relative to drawn down of federal funds. I think it's in our best interest in terms of fiscal responsibility that we give the regional behavioral health authorities that have a track record of over-doubling the leveraged federal funds that we give those funds for the subacute and acute care within their regional behavioral health authority. Give them the funds. Let them go after the federal leveraging that they've had a track record of doing so well with. Secondly, give opportunity to the regions to formulate and develop community-based alternatives to a regional center environment for the treatment of their citizens. By giving the six regional behavioral health authorities, you're essentially allowing more discretion for them to bring up services within their home community. I believe Region 1 sends almost no one to a regional center and they would get this under the bed allocation plan, which has been devised by the department. It would give

them funds for subacute and acute care that they could develop in their home community. Keeping patients in familiar surroundings close to home is, I think, almost always a great benefit to treatment and recovery. Finally, by giving this appropriation to the regional behavioral health authorities rather than the regional centers you will significantly enhance local control and a community-based perspective to the treatment of our most vulnerable citizens. I want to thank you Senator Heidemann, members of the committee, for your consideration of this funding mechanism. [LB548]

SENATOR HEIDEMANN: Senator Wightman. [LB548]

SENATOR WIGHTMAN: You talked, Senator, about the increased funding that you have where it's done regionally and community-based. Would the transfer of this larger amount of money to program 38 result in the same proportional increase in federal funding that you now have, looking at your presentation? [LB548]

SENATOR SYNOWIECKI: I'll let the regional behavioral health authorities speak to that. Some representatives are here. My point is that we as Appropriations Committee members can only go by the track record. If you look at the track record under regional centers and look at the federal draw down, compare and contrast that to the General Fund appropriation to the behavioral health aid or the regional behavioral health authorities track record of federal draw down, it's substantially enhanced. And as committee members, as you know, Senator Wightman, that's really all we have to go by is track history when you appropriate funds to certain agencies and certain areas of our state budget. [LB548]

SENATOR WIGHTMAN: You talked about the federal funding being based on track record. Is that the rationale? [LB548]

SENATOR SYNOWIECKI: Can I try to give you...and I should maybe not do this, but the reason why I think this federal funding difference is there is because of the Institute for Mental Disease there is a federal guideline under Medicaid program whereby if you have an institution that goes beyond 16 beds it is considered an institute for mental disease. And what the federal government tries to do is motivate states not to have an institutionalized care modality. They try to incent local, smaller-based, provider networks and if you maintain at 16 beds or below, you get the federal infusion of 60 percent of federal funds. [LB548]

SENATOR WIGHTMAN: Thank you. [LB548]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you. [LB548]

SENATOR SYNOWIECKI: Thank you. [LB548]

SENATOR HEIDEMANN: Is there any other testimony in support of LB548? Welcome. [LB548]

PATTY JURJEVICH: Good evening. Thank you. For the record, my name is Patty Jurjevich, J-u-r-j-e-v-i-c-h. I'm the administrator for Region 6 behavioral health care, and just for clarification purposes Region 6 includes Cass, Dodge, Douglas, Sarpy, and Washington Counties in eastern Nebraska. Chairman Heidemann and members of the Appropriations Committee, I appreciate the opportunity to speak about behavioral health services in Region 6 and I want to thank you for your previous support and commitment to address the behavioral health needs of our citizens. Thank you, Senator Synowiecki, for your efforts to introduce this bill. LB548, as we heard, provides funding to regional behavioral health authorities based upon the behavioral health referral system or it's also called the behavioral health bed allocation plan. In Region 6, a significant concern regarding the plan was a lack of necessary resources to successfully implement the bed allocation plan. For the citizens in our communities we absolutely need and want to be successful. LB548 provides these necessary resources. Simply put, it provides us the funds and allows the opportunity to create access to services in the community that meets consumers needs. We have repeatedly demonstrated through behavioral health reform, working with hundreds and hundreds of individuals in the last several years, that we can meet the behavioral health needs of our citizens with services offered in our communities. LB548 is consistent with behavioral health reform and is the logical next step to ensure adequate services in our community behavioral health system. From my perspective, the financial resources is an important piece that is missing in the bed allocation plan as it was proposed. I spoke before this group last month about the additional financial resources necessary to meet the needs of our citizens and to complete behavioral health reform. That is exactly what LB548 provides. It gives us the opportunity to create choices for our citizens that need behavioral health services and it gives alternatives to regional center care. Ultimately, if responsibilities shift from the state to the regions under this bed allocation plan then the funds need to go along with it. This is a critical time for behavioral health reform efforts in Region 6 and in Nebraska. We know there is much more to be done and we remain committed to completing what has been started through behavioral health reform. To do that I am asking for your consideration of LB548 as a reasonable approach to completing behavioral health reform. Thank you for your time. [LB548]

SENATOR HEIDEMANN: Thank you for your testimony today. Are there any questions? Seeing none, thank you for coming in. [LB548]

PATTY JURJEVICH: Thanks. [LB548]

SENATOR HEIDEMANN: Welcome. [LB548]

CAROLE BOYE: Good evening. Or is it good night yet? [LB548]

SENATOR HEIDEMANN: It's getting close. [LB548]

CAROLE BOYE: Good evening, Senators. My name is Carole Boye, C-a-r-o-l-e B-o-y-e. I am the executive director of Community Alliance, which is a mental health rehabilitation program in Omaha and part of Region 6. I will be brief, but hopefully add to some points that were made by our regional program administrator and yet another regional program administrator is going to testify on behalf of this bill. I agree that Senator Synowiecki, thank you for this. It helps always for me to go back to what LB1083 is and there's an awful lot of new faces in our Legislature and I know you've heard an awful lot about LB1083. But for those of us that have been working on it since 2003, it is something that we passionately believe in. It is something that was so long in terms of the time had come to do something. Nebraska passed and the Legislature and the Governor made it the law of our state, LB1083 that said that we were to provide community-based services to increase access to care for people with serious mental illness and substance use issues and to increase the positive outcomes to provide services and the outcomes for people and families that were experiencing a major mental illness. We did it. We did it together, because it was the right thing to do for our citizens that experience and are touched by mental illness, because legally we had to. The Supreme Court said that we could no longer rely on institutional care. We had to go into our community. And we also did it financially. We were sending nearly $30 million, virtually 100 percent of the state funds. We were spending about $30 million at Hastings and Norfolk to serve a few hundred people a year. LB1083 proposed a far more cost efficient approach and, as you just referenced, an ability to leverage federal dollars and use our state dollars for better. A major section of LB1083 though also called for HHS and the Division of Behavioral Health to coordinate the integration and management of all public behavior health funds. That's where we sit today in terms of this bill. We have been incredibly successful with reform. I think if you talk to consumers, if you talk to families, if you talk to providers, if you talk to regional program administrators, tremendous success. What have we accomplished in just a couple of years? There are no longer any licensed hospital beds at Hastings. We have 40 residential licensed beds and we have four adults left at Hastings Regional Center. At Norfolk, we have closed 60 behavioral health beds. An additional 60 folks have been moved out and were transferred to LB1199 beds, and there's 60 beds remaining open. About 50 people, a little less than that, are still there. In Region 6 we have brought home all but about 30 people back to the community and we're working to get the last 30 folks out of Norfolk. We have successfully diverted over 85 percent of the folks from Region 6 that previously, prior to LB1083, would have gone to a state regional center with 100 percent state funded services. We have successfully diverted over 85 percent of those folks into community-based services and we have leveraged significantly more federal funds. But the job isn't complete. This bill that you're considering in front of you if--and I would like to say when--it is adopted, is not only one of the final logical steps that needs to take

place, but is also one of the final necessary steps if we are to close the job and finish the job on LB1083. Even without the bed allocation plan, I'm here to say that it is one of the final logical and necessary steps for us to finish this job. If not this year then next year or the next and we need to take a look at it. Why? Because one, ultimately the regional centers and community services have to become part of a single continuum of care, because so long as community services and regional centers are two separate appropriations lines there will not be a true continuum of care nor will our regional centers have an incentive to be as cost efficient or responsive of a partner in this continuum as they could and we need them to be. It is both logical and necessary because under the policies and practices of HHS throughout this process, including the new bed allocation plan, more and more responsibility for sustaining the advances of behavioral health reform is going to the local level, to the regions. It is logical and necessary because unless the regional centers are held accountable to the same--I'm going to call it market driven factors, because you've heard about some of that in some of the previous bills today--but the same market driven factors as the private sector. Providing the level of service needed at a reasonable cost we will not achieve the effectiveness and efficiency that is the promise of LB1083. Let me give you just but one example about this market approach that we're thinking more and more about. Hastings Regional Center, as I said, they still have 40 licensed residential beds. For months, they have had four residents. Four residents, 40 licensed beds, and still have 100 authorized personnel at last time we checked. There has been no downsizing of the staff at Hastings Regional Center with four residents there for months. No private provider, whether it's a for-profit business or a not-for-profit organization, no private provider could or would sustain such a thing and if they did they would be out of business. But if the regional centers continue to be funded separately, local communities, regions can't do much about that. That is why this bill is so important. Again, with or without a bed allocation plan, we have got to bring this together. We have got to make it one system. We have got to make it market driven. That's one example. The bill, in our opinion and the opinion of a lot of community providers, is good public policy for all the right reasons. It's good public policy for the people that we serve, for the families. It supports behavioral health reform. It supports people with mental illness. It's good business sense. It's good fiscal sense. We strongly urge you to consider it and move it to the floor. Thank you. [LB548]

SENATOR HEIDEMANN: Thank you, Carol. Are there any questions? Seeing none, thank you. [LB548]

C.J. JOHNSON: (Exhibit 45) Chairman Heidemann, members of the Appropriations Committee, I want to thank you for hanging in there today. I think one of the last times we were here almost until 9, so if I ever get to this position I don't know if I want to be on this particular committee. (Laughter) No, it's actually great. And it's actually great because throughout this afternoon you've heard a number of testimonies regarding a lot of issues related to behavioral health. You're yet to hear another bill yet today regarding

behavioral health reform. I am here in support of LB548, which appropriates approximately $23 million both in fiscal year '07 and '08 and '08 and '09 to be proportionately distributed to Regional Behavioral Health Authorities. I'm not going to reiterate some of the things that have been said, but I do want to say that this funding shift supports a number of initiatives that have occurred in the area of behavioral health in the state of Nebraska over the last several years, including the Behavioral Health Reform Act, LB1083, and the recent passing of LB296, which reorganizes Health and Human Services. The reallocation of operational funding from program 365 to program 38 will continue to provide funding for needed short-term acute care at the Lincoln Regional Center and/or appropriate facilities in other parts of the state. This will better align the funding to support the intent and efforts that have already been made in behavioral health reform since 2004. Additionally, this reallocation will place the funding through the Behavioral Health Authorities, both at the state level and at the regional level, which supports the streamlining and clarity of functions as outlined in LB296. The reallocation, as outlined in LB548, promotes an increase in formal agreements to manage, deliver, and fund behavioral health services significant to maintaining momentum to those efforts already realized by the Behavioral Health Reform Act. This reallocation should result in improved access to services for the persons served; improved quality based on the expectations of the persons served and other stakeholders; improved efficiency and effectiveness of service delivery; increased assistance to stakeholders regarding planning, services provided, and geographic area served, as well as increased relationships to support the sharing of personnel, direct service efforts, facilities, case records, individual planning, and contracting for services. I want to just quickly step in on that understanding of increased relationships to support the sharing of personnel. In Region 5, we have a number of programs that have been started over the last couple years. Most recently, the Assertive Community Treatment Team or peer program. That is a program that is for very high needs individuals who have significant mental health or substance abuse issues, and that particular program, when initiated with behavioral health reform, was actually a collaboration between three agencies within Lancaster County. And what was interesting about that collaboration was when those three agencies sat down and began to plan on how to implement that particular program, which by the way is a million dollar program, you would have thought you would have saw a lot of turf issues, individuals actually trying to vie for how the money would be divided up, but what you actually found out was is those individuals sat down and actually began to look at their costs related to various personnel positions according to their agencies and/or for example, one of them is Community Mental Health Center, which is a county funded agency. And by really looking at what resources they had available, what their hiring issues were, what their personnel costs were, they were actually able to make decisions based on how to hire those personnel that would result in the most inexpensive way to bring those personnel into that program, but at the same time ensure that proper implementation would be done. And so by really working together, a lot of times you're able to look at less personnel costs. A lot of times when you're able to share facilities that particular facility that the ACT team

is in also shares the TASK program, which you're going to hear about in the next bill. And that is actually a building that is provided by a for-profit behavioral health organization in Lancaster County, but because they had a facility sitting there they were able to offer us that particular facility at extremely low rent and utility cost to even maximize the dollars even more that came down. Again, I would ask that the members of the Appropriations Committee support LB548 and move it to General File. At this time, I would entertain any questions regarding this bill. I think Senator Synowiecki has really done a nice job of taking that next step in behavioral health reform by introducing this bill to the Appropriations Committee. [LB548]

SENATOR HEIDEMANN: Thank you for your testimony. Are there any questions? Seeing none, thank you for coming in. [LB548]

C.J. JOHNSON: Thank you. [LB548]

MARY ANN BORGESON: Good evening again, Senators. Mary Ann Borgeson, M-a-r-y A-n-n B-o-r-g-e-s-o-n. I'm here wearing a couple of different hats. I'm here representing NACO. I chair their Health and Human Services Committee and NACO is in support of this bill. I also chair the Region 6 governing board. And I won't go over all the statistics that you've already heard tonight, but one of the things that I think is very, very important is to look at LB1083 and what we were told as the regions to do, and then look at what we've done. We have been very successful. We have basically dismantled a system that has been in place for, what, 50-some years. We were told to develop and treat behavioral health individuals with community-based services and we have done just that. And we are so close--so close--to the home stretch that this bill, LB548, takes us there. We still have some capacity issues that this bill will definitely address and you really don't have to look any further than going back to each one of the regions and look at the services that have been put together and are being provided at the community level. Look at and talk with the providers that have worked with the regions, who have stepped up to the plate, who have taken the risk, who have taken the bull by the horns so to speak and develop those services to move people from a regional center or divert them from a regional center. It has been successful and we've done it in a few short years. We have proven--the regions have proven--that they can get the job done. We're almost there and LB548 takes us into the home stretch. So I encourage passage of that. Thank you. [LB548]

SENATOR HEIDEMANN: Thank you for your testimony. Is there any questions? Seeing none, thank you for coming in this evening. Is there any other testimony in support of LB548? Is there any testimony in opposition of LB548? [LB548]

GORDON ADAMS: (Exhibit 46) Good evening gentlemen, Senator Heidemann and members of the Appropriations Committee. My name is Gordon Adams, A-d-a-m-s, and I'm the mayor of Norfolk, testifying in opposition to LB548. As the senators are aware,

Norfolk has been involved with mental health services since the late 1800s when the state sited the Norfolk Regional Center in our community. Our citizens understand the importance of mental health reform and foremost want the treatment for mentally ill citizens to be of excellent quality that provides them with legitimate care. Our community opposed LB1083 because we believed that legitimate care was not afforded in the original draft of the bill. We asked the Legislature to include language in the bill that included legislative oversight and verification that community-based alternatives were in place before any regional center was closed. A strong majority of the Legislature agreed with us and we are grateful for that result. I am a member of the Behavioral Health Oversight Commission and I assure you that the majority of commission members want the same objectives that Norfolk does, and the commission has been working toward that goal with some success, but much work needs to be done. I believe the state's current method of funding regional centers is preferable to LB548, which creates ambiguity about how the mental health regions will obtain their acute, long-term services. For the sake of the patients and their families, mental health reform must continue to be reliable, affordable and sustainable. The comfort level of those served is better achieved with the current funding method. The city of Norfolk has been at the center of community efforts to create community-based mental health services. Our elected officials have helped the Liberty Center, a non-profit community-based provider, fund and site 36 apartments for community-based patients. And I would add we have also supported other mental health providers in the city. We are well supplied with mental health providers because we've been in the mental health business since 1884. The city has made recent efforts to partner with the state on future projects to clear abandoned structures at the Norfolk Regional Center and convey the property to the private sector. We have worked with former Senator Connealy and current Senator Rogert to propose LR6CA and now LR2CA, which is currently on General File. LR2CA proposes a constitutional amendment to amend Article VIII, Section 12 of the Constitution to remove the requirement that property be substandard and blighted in order to be eligible for rehabilitating, acquiring, or redeveloping property through tax increment financing. Under the amendment, the Legislature by law would determine eligibility. I mention these matters to emphasize to the committee that Norfolk has been a positive partner on mental health reform. Again, we encourage the committee to oppose LB548 and thank you very much for considering my views. [LB548]

SENATOR HEIDEMANN: Thank you for making the trip down today and giving your testimony. Is there any questions? Senator Synowiecki. [LB548]

GORDON ADAMS: Yes. [LB548]

SENATOR SYNOWIECKI: Thank you, Mr. Mayor. I don't usually ask a question when it's my bill. Do you mind if I ask you a question? [LB548]

GORDON ADAMS: Go right ahead. [LB548]

SENATOR SYNOWIECKI: And my question would be, as I understand it, Norfolk is going to be essentially decommissioned as a mental health hospital for LB1083 patients and move toward a new resource for the state relative to sexual offender treatment. Is that... [LB548]

GORDON ADAMS: Well, I believe that LB1199 made it a combined facility with both mental health patients and sex offender patients and we do continue to have a very well-qualified professional staff with experience in this regard and we do continue to have long-term mental health patients. [LB548]

SENATOR SYNOWIECKI: Eventually under the law, under LB1083 as community-based services come up, that role in the behavioral health side might be diminished significantly or reduced entirely. The question is under this plan, perhaps, Region 3, Region 4 could perhaps continue to use the Norfolk Regional Center if they choose, because it will be up to Region 3 and Region 4 since they're geographically closest to the Norfolk Regional Center. They have the discretion to use them funds, if I take out...I think I knee "jerkly" put this in every bill in my...no expenditures for permanent or temporary sellers per diems for state employees shall be made from the funds...if we take that out, which I actually didn't know was it in there, couldn't Region 3 and Region 4 with these funds, since they're geographically close to you and since it's their "home communities" they could continue to use the Norfolk Regional Center as a behavioral health resource? [LB548]

GORDON ADAMS: Yeah, as long as the regional center has enough funds to keep operating and I think that's the real question. Is the money going to flow to them or is it going to flow into the regions themselves? [LB548]

SENATOR SYNOWIECKI: Well, they will need a resource for acute/subacute care. Would you agree with that? [LB548]

GORDON ADAMS: Oh absolutely. [LB548]

SENATOR SYNOWIECKI: Would the Norfolk Regional Center be a possible venue for that resource? [LB548]

GORDON ADAMS: Yes, sure. [LB548]

SENATOR SYNOWIECKI: But under the current plan, as I understand it again, the role of the Norfolk Regional Center is being diminished quite significantly. I think the testimony...they're down to 50 patients. So I guess I'm just trying to wrap my arms around your testimony to understand that this might actually be an avenue of an

opportunity for the Norfolk Regional Center to stay in touch, particularly with Regions 3 and 4, in terms of a resource for acute care for patients within that home community. And you're against that? [LB548]

GORDON ADAMS: No, I certainly am not against having to maintain the ability to treat the patients from our region. That's one of the issues at the present time. Patients are being sent to Lincoln and then allocated however. [LB548]

SENATOR SYNOWIECKI: Right. [LB548]

GORDON ADAMS: And that is an issue with our constituents. [LB548]

SENATOR SYNOWIECKI: Now I know--I think I'm speaking with some authority--that the envision of the bed allocation fund is that none of these would go to Norfolk, but under this bill some of those monies could go to Norfolk. If Region 3 and Region 4 saw fit to utilize the services of the Norfolk Regional Center they could, couldn't they? [LB548]

GORDON ADAMS: Yeah. As I understand the present allocation, it's really HHS' decision to where they go. [LB548]

SENATOR SYNOWIECKI: But my bill removes it from HHS, gives it to the Regional Behavioral Health Authorities so that if they choose--again, their discretion--if they want to use the services of the Norfolk Regional Center at the acute rate of care, they could do that. [LB548]

GORDON ADAMS: Yeah, sure. [LB548]

SENATOR SYNOWIECKI: Thank you. [LB548]

SENATOR HEIDEMANN: Okay. Are there any other questions? Seeing none, thank you for coming tonight. [LB548]

GORDON ADAMS: Thank you. Thank you. [LB548]

LEE TYSON: Small forest had to die to present this to you this afternoon. [LB548]

SENATOR HEIDEMANN: Welcome. [LB548]

LEE TYSON: (Exhibits 47 and 48) Thank you. Good evening, Senator Heidemann and members of the Appropriations Committee. My name is Lee Tyson, T-y-s-o-n, and I am the interim deputy administrator for the Division of Behavioral Health Services with Health and Human Services. I am here today to testify in opposition to LB548. First of

all, I would like to say though, I really do appreciate the testimony of our regional representatives and administrators and board members that came before me. What they describe is absolutely true and they've done a wonderful job in terms of forwarding the cause of LB1083. But that being said, I'm here today to testify in opposition of LB548. This proposed legislation would re-appropriate general funds from state regional centers into community-based programming. It is certainly the intent of behavioral health reform to move services from the state regional centers to community-based services. However, legislation that mandates the immediate closings of Hastings and Norfolk Regional Centers is premature and could jeopardize necessary services, such as those for sex offenders. Downsizing the regional center in Hastings has been in progress for some time. There are, as someone mentioned earlier, there are currently only four adult consumers in the Hastings facility and plans are being made for their discharge. Today, the Hastings Regional Center issued a notice that adult residential and outpatient services are scheduled to discontinue in April of this year. The Norfolk Regional Center, on the other hand, has 51 behavioral health consumers. In January 2006, there were 180 patients. Transitioning of behavioral health patients from the Norfolk Regional Center to the community has been a success. These consumers have complex issues that make placement in the community very difficult. While the social workers and staff at NRC have been working closely with the regional staff to facilitate these discharges, achieving progress has been challenging. Some of these consumers have such a high level of need that community placement may never be possible. Lincoln Regional Center is operating at full capacity, so transferring all of these individuals to the Lincoln Regional Center is not an option. Capacity is needed at LRC for acute and subacute admissions. Recently, several consumers were transferred from LRC to NRC in order to accommodate a surge in consumers at the Lancaster County Crisis Center. There are, on average, 20 individuals on the HHS referral list waiting for admission. If beds at the Lincoln Regional Center were occupied by patients from NRC, the waiting time for admissions would be considerably lengthened. This would create additional capacity issues for the community hospitals. Another concern is the treatment of sex offenders. LB1199 creates an avenue for dangerous sex offenders to be civilly committed for treatment. Our current practice is to initially house sex offenders coming out of a correctional facility at the Norfolk Regional Center. They remain there in the Phase 1 treatment phase until readiness for more intensive treatment is displayed and a bed becomes available at LRC. Currently, there are 42 sex offenders at the Norfolk Regional Center, 16 of which have been committed under LB1199. It's important to note that mental health boards across the state continue to commit sex offenders under LB1083. So there are more sex offenders there than LB1199 would account for. The Division of Behavioral Health and the six Behavioral Health Authorities are committed to behavioral health reform and much progress has been made. Our goal is to promote true recovery, with consumers enjoying full and meaningful participation in the community. Nearly 140 patients from the Norfolk Regional Center have already achieved this over the past year with very little recidivism, I might add. Our efforts continue, but at this time funding from Program 365 is still required to care for sex

offenders and those patients who require institutionalized care that cannot be provided in a community-based setting. Finally, LB548 provides for moving funding from regional center budgets to community-based services prior to the requirements of the Behavioral Health Services Act being met. Section 71-809 of that act requires that services at regional centers be reduced or discontinued only if appropriate community-based services or other regional center behavioral services are available for every person receiving the regional center services that would be reduced or discontinued; such services possess sufficient capacity and capability to effectively replace the service needs which otherwise would have been provided at such regional center; and, no further commitments, admissions, or readmissions for such services are required due to the availability of community-based services or other regional center services to replace such services. As discussed above, these conditions are not expected to be met prior to the beginning of fiscal year 2008. Thank you for this opportunity to speak with you today and I'll be happy to answer any questions. [LB548]

SENATOR HEIDEMANN: Thank you for coming and testifying this evening. Are there any questions? Seeing none, thank you. [LB548]

LEE TYSON: Thank you. [LB548]

DON WESELY: Mr. Chairman, members of the Appropriations Committee, my name is Don Wesely, D-o-n W-e-s-e-l-y. I am a registered lobbyist representing the city of Norfolk. Just want to follow up a little bit on Senator Synowiecki's questions. The city of Norfolk strongly opposes this legislation. We feel, as the Health and Human Services testifier just said, this is a rush forward without adequate thought and preparation for the kind of services these high need individuals would require and which are provided right now in Norfolk, and to some degree at Hastings. So again, we reiterate our position that there's a lot that's been done in the community. We're impressed with some of the changes that have gone forward. But what remains in our regional centers, particularly in Norfolk and also in Lincoln, are people that are dangerous, are difficult, and we have to have the right situation for them to get the right kind of services. Senator Fulton is from Lincoln. You know recently there have been some horrific attacks from individuals let out of the Lincoln Regional Center. A child was hurt in a group home and another in a school. Serious results, consequences, could have happened. And if we rush forward with this decision, changing this rapidly, I think you have the potential for public danger and we think the wiser course is, as identified by Health and Human Services, take our time, work through it. Make sure services are in place. That the right placement is available for individuals and then let the system evolve over a period of time. Thank you. [LB548]

SENATOR HEIDEMANN: Thank you for your testimony. Are there any questions? Seeing none, thank you for coming in. [LB548]

DON WESELY: Thank you. [LB548]

LYNN REX: Senator Heidemann, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We do strongly oppose this bill. It was a unanimous decision of our board and the reasons for this have already been stated by Dr. Adams, by Lee Taylor (sic-Tyson) and by Don Wesely. It's been a long afternoon and I will not restate their reasons, but we underscore those and I'd be happy to respond to any questions that you might have. [LB548]

SENATOR HEIDEMANN: Are there any questions? Thank you. [LB548]

LYNN REX: Thank you very much. [LB548]

SENATOR HEIDEMANN: Is there any other testimony in opposition of LB548? Is there any testimony in the neutral position on LB548? Seeing none, would you like to close? [LB548]

SENATOR SYNOWIECKI: Thank you, Senator Heidemann. I want to thank the testimony on both sides of the issue. There must be some pretty tough individuals still in our regional centers when you have to have 100 authorized staff to supervise four patients. They must be pretty tough patients. Trying to make light of a situation where earlier there was testimony about--on the juvenile bill--about the private provider network in terms of the juveniles perhaps taking advantage of the state. And I think it was Senator Nelson had a question along them lines and I think this is something that this committee, being the Appropriations Committee of the Legislature, has to take a serious look at. When you've got a ratio of four patients to 100 authorized staff for those four patients is something that we have to look at and perhaps prioritize. I wasn't also kidding around with the mayor from Norfolk. I see this as...number one, I would fully anticipate that the Regional Behavioral Health Authorities would contract with the regional centers for those patients that are currently in the regional center. The Regional Behavioral Health Authorities take their mission very seriously in terms of delivering critical care, good care to the individuals that are sent to the regional centers from their regions. I can assure you, and I know the people from Region 6 as well as from Region 5 and Region 4, that they would not unnecessarily pull any patient out of a regional center environment. The funding is there. It's just the pass through is different. The regional center appropriation for the acute level of care would be there just like they contract with any number of providers within their Regional Behavioral Health Authority. The money is there and there would be nothing to prevent the Regional Behavioral Health Authority from maintaining those particular clientele that are still within the regional center environment from maintaining them in that environment until a service that is parallel to the service they need is available in the community. So I thought that needed to be said, that while it changes the focus of the appropriation, changes the mechanism of the appropriation, it does not forfeit any opportunity for the Regional

Behavioral Health Authorities to maintain their clients in the regional center. What it might do, as I said in my opening, it might perhaps provide an avenue for enhanced federal leveraging of our state money. Thank you. [LB548]

SENATOR HEIDEMANN: Thank you. Are there any questions? Seeing none, thank you. With that, we will close up the public hearing on LB548 and open up the public hearing on LB559. Thank you for coming to bring us... [LB548 LB559]

SENATOR NELSON: Mr. Chairman, excuse me, is Senator Ashford going to appear today before us? [LB559]

SENATOR KRUSE: Oh, he's had a transformation. (Laughter) [LB559]

SENATOR FULTON: I was looking forward to... [LB559]

SENATOR NELSON: Inasmuch as we have to stay here till a quarter till 7:00, I think we should send the Sergeant at Arms out to locate Senator...(Laughter) [LB559]

SENATOR FULTON: Call of the house. [LB559]

SENATOR HEIDEMANN: I think in lieu of Senator Ashford...welcome. [LB559]

SCOTT DOLTON: Good afternoon, Senator Heidemann and members of the Appropriations Committee. I am Scott Dolton, D-o-l-t-o-n, the legislative aid for the absent Senator Ashford. I have been deputized to come and introduce LB559. I would refer all questions to the experts sitting over my right shoulder who would be able to answer them for you. Briefly, LB559 would ask for a one time grant to address the infrastructure needs for community-based agencies that are providing mental health care under LB1083. And I will leave it to the folks who know more about this than myself. Bye. [LB559]

BETH BAXTER: (Exhibit 49) Good evening, Senator Heidemann and members of the Appropriations Committee. My name is Beth Baxter, B-e-t-h B-a-x-t-e-r, and I serve as the administrator for Region 3 Behavioral Health Services. That covers 22 counties in central and south central Nebraska. Today I'm here on behalf of the Nebraska Association of Behavioral Health Organizations that has a statewide membership of over 50 organizations and associations that promote sound, responsive, efficient and effective behavioral health services for the people of Nebraska. I appreciate the opportunity to be here and to identify some areas that I would like you to consider in LB559. As you know, the bill appropriates funds to cover the cost of developing infrastructure for community-based organizations that are participating in behavioral health reform in Nebraska. The building of needed buildings to house behavioral health services and the administrative supports that are necessary to these services is a

significant contribution that private providers are making to the Nebraska behavioral health system. Without organizations doing so, reform efforts would really go nowhere. However, private organizations that serve those in need of public services should not have to go into debt to meet the promise of system transformation. You will hear from others who come after me that will talk about their specific fiscal challenges and behavioral health reform, as well as their ongoing and continued commitment to serving individuals with behavioral health disorders. Additionally, I'd like to talk about a couple of other infrastructure development needs that go beyond bricks and mortar. I would like to address the infrastructure needs facing our system today and private providers who participate in our system, and that's the growing burden of uncompensated care and the development and expansion of the needed services to serve individual needs. In Region 3 alone, we project that agencies will provide more than $1.7 million of uncompensated care this fiscal year. I believe we're experiencing this deficit in our system really for all of the right reasons. Statewide we've experienced a 58 percent decrease in the utilization of regional center services combined with a 44 percent increase in the utilization of community-based services. I believe we've reduced the stigma that individuals and families often experience when faced with behavioral health problems, thus they're coming to the public system more and more to receive help. We're reducing the number of Emergency Protective Custody situations and helping many individuals access needed psychiatric services before law enforcement involvement is necessary. More people are utilizing the outpatient commitment process rather than committing to expensive inpatient hospital treatment. This allows individuals to remain in their home, to remain with their family, to remain engaged within their job while addressing their mental health and substance abuse problems. Agencies in Region 3 report a 165 percent increase in the number of treatment hours being provided for individuals under a mental health board commitment, as well as individuals throughout this past year who participated in outpatient services have an average of 1.2 previous psychiatric hospitalizations. If we are unable to address the growing burden of uncompensated care in the Nebraska behavioral health systems, my concern is that behavioral health providers will have no other means before them but to begin to limit access to behavioral health services, thus increasing waiting lists for such services. This only sets our system up for failure and places at risk the very individuals and families that we are responsible to serve. We're also calling on the Legislature to fully fund needed behavioral health services. In a recent thorough review of the services needed to kind of continue behavioral health reform activities, the six behavioral health regions have identified a combined funding need of approximately $13 million and this is outlined in your handout today. Additionally, we're calling on the Nebraska Legislature to restore the one time funding in the amount of $6 million that was allocated to the system when LB1083 was passed by the Nebraska Legislature. The vision of behavioral health reform was to develop a system that addresses the behavioral needs of Nebraska's citizens who must rely on the public system to access needed services. Today, I believe Nebraska is strong financially and has the funds to cover shortfalls that include the cost of one time infrastructure development in the forms of brick and mortar and other

infrastructure needs that providers have incurred due to their participation in behavioral health reform, to provide for the uncompensated care for some of Nebraska most vulnerable citizens, and the services needed to do behavioral health reform right. I thank you for the opportunity to testify and appreciate your tenacity in hanging here with us and I would answer any questions that you might have. [LB559]

SENATOR HEIDEMANN: Thanks, Beth. Are there any questions? Seeing none, thank you. [LB559]

CAROLE BOYE: Hello again. My name is Carole Boye, C-a-r-o-l-e B-o-y-e, executive director of Community Alliance in Omaha. I just wanted to go on record with Community Alliance's support for this bill and thanking Senator Ashford for recognizing that many organizations, we've talked about what's going right with reform, and many organizations did kind of take a leap of faith in truly (inaudible) have incurred substantial infrastructure debt. I wanted to also put on the record that fortunately in Region 6 the collaborative spirit of LB1083 that we talked about has brought about some solutions for that. There are nine different agencies in Region 6 in which there was $6.6 million in total capital costs that were identified specifically related to reform. About $2.6 million of that was paid for through Region 6 money, through LB48 money that I know Senator Synowiecki, you worked on a lot, and through some federal housing dollars. There's about $4 million worth of capital debt out there just for reform and how far we've gone. Fortunately, in Region 6 we've had the private sector step up and that $4 million is being raised a part of a community campaign. It's because of that that other regions have infrastructure needs though. The private sector hasn't come forward in that. Beth also just talked about some of the other needs that are out there. And so while we appreciate the capital needs, the needs across the state are different. Some of it is capital, some of it's operational in services. Some of it's retrospective, some of it's prospective. And so while very supportive and appreciative of this bill and the way it is drafted, perhaps it could be better if it were broadened if it is to be funded to allow for retrospective/prospective, for infrastructure, for operations. So that every region can, in fact, meet their needs. I thank you. [LB559]

SENATOR HEIDEMANN: Thank you, Carole. Any questions? Senator Synowiecki. [LB559]

SENATOR SYNOWIECKI: Carole, I know you got a bad back. I hate to have you get up and down again. [LB559]

CAROLE BOYE: I'm so sorry. Can I stand? [LB559]

SENATOR SYNOWIECKI: You may. Just a quick question, Carole. You don't need to sit down. Senator Stuthman has a bill in this committee with one time capital grants, if you will, to the community health centers. That's kind of what we're talking about here,

aren't we? Just one time for behavioral health agencies that participate in the reform effort, a one time capital... [LB559]

CAROLE BOYE: For capital. And again, I can only speak to Region 6 and we've been blessed with a kind of a synergy between region, state, private sector, community providers, and many of the capital costs incurred with reform were addressed both the private sector and LB40 was a tremendous asset in terms of what we needed to do. Other regions, I think that that's probably very much needed. [LB559]

SENATOR SYNOWIECKI: Thank you. [LB559]

SENATOR HEIDEMANN: Thank you. Seeing no other questions. [LB559]

DAVID LACY: Good evening, Senators. My name is David Lacy, L-a-c-y. I am the chief of police in Nebraska City, Nebraska. I come before you tonight just to kind of give you an officer's point of view in regards of my support of LB559, specifically Region 5 and the task programs that are affiliated with it. Twenty-six years ago when I first became a police officer, I had to deal with an individual who was emotionally unstable and although I knew where I was supposed to go and the things I was supposed to do I had very little resources afforded to me. Took me about an hour to convince this individual to come to the hospital with me. At that time, Nebraska City didn't have any mental health facilities that I could take him to, so I went with what I believed was the next logical step. Took him to a hospital. They contacted a physician for me who came in, basically performed a physical for him. Listened to his problems. The doctor stepped out and told me that he believed this individual did need to have some sort of long health care given to him. And I thought that's great. I said, Doctor, that's what I needed. I said, would you please sign this form so I can get him into the regional center? The doctor threw his hands up and says, wait a minute, I'm a general practitioner. I'm not a psychologist. Unfortunately, my next step was I called the regional center here in Lincoln, explained to them what I had going on and they informed me that they were full and basically hung up on me. So I spent two hours with the individual until I could get his family to come and fend for his safety basically. Twenty-six years later, I realized that not only did I, but I think the state of Nebraska failed that individual at that point in time and that's why I'm coming here before you. That's kind of a horror story where we used to be at, but I've also realized that within the last couple years I'm starting to face a success story and that success story comes from the task program affiliated with the Region 5. My officers now, when they deal with a emotionally or mentally disturbed individual, they have another tool that's afforded to them now that they never had before. With a simple phone call they can have a health care professional come to our location and assess this individual. As you know, our powers are fairly limited. We either emergency protection committal for an individual...and that's about it. We don't have any other avenues to go for. So I agree with the community-based programs that is included or is expected to be included in LB559 and I hope that you support it. In the last two years it

has really opened it up for law enforcement. I mean, we're ill-equipped. Law enforcement, in general, is ill-equipped to deal with those who have mental issues. So it's nice where we can make a phone call and get someone to come in rather than try to beg a regional center to accept someone. And we realize that they're full, but our community, we just don't have the luxuries of large communities. We have to bring them to Lincoln. Oftentimes, we've even been told there's no room for you. There's nothing we can do for you. We take them to Lincoln anyway and about a, you know, half hour later into the trip we have our dispatcher call and say we have an officer in route. For whatever reasons, you know, society has put that burden on us that we're responsible for our fellow man, but yet the tools aren't there and I hope that you'll continue to support LB559, because those do give us the tools to help us do our job. Thank you. [LB559]

SENATOR HEIDEMANN: Thank you. Are there any questions? Seeing none, thank you for your testimony. [LB559]

DAVID LACY: Thank you. [LB559]

SCOTT DUGAN: (Exhibit 50) Good evening. Once again, I am also still Scott Dugan from Mid-Plains Center--that's D-u-g-a-n--in Grand Island. And I am here in my role as president and CEO of a community-based provider in north central Nebraska. Behavioral health reform was a visionary journey, began in 2004 to transform our system of care to one that is consumer-drive, recovery-focused, and community-based. The Legislature, in conjunction with the Governor, saw a need to do things better and set in process of change. As a community-based provider for more than 35 years, Mid-Plains Center is committed to play our role in this transformation. We know the value of serving consumers close to home and partnering with them to create services that work. Our agency developed, at the request of the state from reform efforts, a proposal to provide for a crisis stabilization unit. As an identified and critical component to creating an effective system of care in the community, this unit will provide an opportunity to serve individuals before they ever have to enter an inpatient level of care. Just to back up and tag onto what you heard from the police chief, we are provider for the Region 3 for that same level of assistance for law enforcement. We've created a triaging system in partnership with the other large organization in central Nebraska, South Central. We work together to provide 24/7 access to mental health assessments for all law enforcement in central Nebraska. We've had over 1,500 people in the last 18 months contact, either through law enforcement, family members. And the vast majority of that 1,500 are just people who contact us on their own. They walk into our center, which is staffed 24 hours a day, or they call us on the 800 line. Seventy-two percent of those folks were referred to outpatient care. That's 1,500 total, 72 percent to outpatient care. Less than 7 percent of those ended in an emergency protective custody order. It's working. But the next step is to create short-term stabilization beds. There are folks who do go voluntarily to psychiatric beds, taking up that space which is creating the

congestion in the system. What we need in our area is beds that will provide for 3-5 days of stabilization and then connected to the appropriate services in their home communities without having to go to a hospital, which is going to be a week or more long. So to do that we search diligently for two years. I personally looked at over 150 properties in our area trying to find something that we could renovate within our budgets and create this bed-based system that we needed in our community. It didn't exist. The buildings were too old. It was going to cost too much to renovate to meet state regulations for that kind of care. So again, as you hear the old adage, if you build it they will come, but we have to add one more phrase to that. But you won't get paid to do that. We are shouldering, as an agency, $912,000 out of our already hole-filled pockets to create this and it's working. What we're doing is working. As Beth Baxter stated, we're seeing issues for all the right reasons. We're keeping people out of long-term, state-funded institutions and in their communities with better success. The statute of LB1083 was not passed with the intention of flooding private hospital beds, but right now that's what's happening. We did not plan on having to build a building, but that's what's happening because it's the right thing to do. On behalf of community-based agencies like Mid-Plains Center, consumers that are desperate to get much needed help, I'm asking this committee to take a serious look at LB559 and what it will do to truly finish the job. You've heard earlier in another bill that reform is working and that that bill was going to help finish the job. There are parts of reform that aren't quite working. Parts that were set in motion that no one could have predicted when LB1083 was passed. We didn't have a crystal ball, but now we know what it has done to systems and to agencies like our's--community-based providers. We've been flooded with an increase in demand and not funded to the level of care that's needed. So one more piece that I did want to bring up, Section 71-810 of the Behavioral Health Services Act says that the division will provide greater access and improved outcomes for consumers. There is a cost to doing that and I don't think it was appropriately measured and unforeseen things have happened, but where we're at today is that agencies...we're already underfunded and we do the best we can and we do a good job. And to make things right I think this is a very appropriate time to do this. State revenues are at all time highs. This is an opportunity to correct something that needs corrected. I thank you for your time. [LB559]

SENATOR HEIDEMANN: Thanks, Scott. Are there any questions? Seeing none, thank you for coming in this evening. [LB559]

GARY HENRIE: I bet you're happy to see me. (Laughter) [LB559]

SENATOR HEIDEMANN: Are you the last? [LB559]

GARY HENRIE: (Exhibit 51) I may be. Shoot me and you get out of here quick. (Laughter) I'm Gary Henrie, CEO of South Central Behavioral Services serving basically south central Nebraska. Our offices are primarily housed in Kearney and Hastings,

Nebraska. When LB1083 was being debated in this very building, there was a lot of concern--rightfully so--whether folks leaving the regional centers would have services to go to in the community. That appeared to be a major, major question. Senator Jim Jensen, Governor Johanns at that time went from one end of this state to the other end of the state assuring the provider community and the client community that the services would be there before folks returned to their communities from the regional centers. Providers on the street who serve these folks in the community are known as the public behavioral health care providers. These of which South Central Behavioral Health Services is one of them...our organization has always built our work around the funds. Funds drive the services. We have a capped contract. We contract to do so many services for so many dollars. Now if we do all of those services in six months then we have no revenue for six months. That would be poor business. We have to allocate those services in 12 month increments to make our money and have a cash flow go for 12 months. That builds waiting lists that denies access to services. The service that I'm going to focus on is a cornerstone to behavioral health care. It's outpatient services, the first services we had and still very important. We were challenged to open our doors up to anyone needing the services. Do not staff to the funds, staff to the need. I need to tell you that Scott mentioned in his testimony that we often produce a lot more than we get paid for. Last year there were some funds "unutilized" in the system and we got paid for everything that we did. We, at the end of the year, got a little over $60,000 for services that we provided that never before been paid for. When this year started that we're in, our budget not only had been cut $20,000 from what it was last year...we now realize that we will not get paid for anything we overproduce, because there's just no money in the system. So we're trying to do more than last year with a lot less money. On page 2 of my testimony, I'm sure you have questions about that. It's hard to explain. But there are outpatient mental health substance abuse services that we provide and another separate service is called an intensive outpatient substance abuse services, and intensive is just what it says. It's nine hours of group therapy and one hour of individual therapy minimum per week for a period of 8 weeks. It does tremendous outcomes. Folks that go through this services--a year later we've tracked them--a year later they are at 49 percent of the people going through the services are still clean of drugs, clean of alcohol. That beats the national average by 10 percent. That's a fantastic outcome. Two years later, they're still at 28 percent. Twenty-eight percent of them are still clean and sober. That's a tremendous outcome. Our funding for that service has not increased for several years. As you see, in that service that if we project the demand for this year as being almost 5,700 hours, we're out of money. We have no more money left for that service. We will cancel our last intensive outpatient service. No one will receive that service until our new contract comes out and we're sure that the money is there and we haven't been cut again. That could be the middle of August, okay? So access is now denied. In an outpatient clinic, we're projecting at our present usage that folks being committed to that, to our facility from mental health boards or being committed to that as they come out of acute care, we project that those folks will receive 765 hours this year. That is almost 150 hours more than last year. Just for mental health board

commitments. Now this is what LB1083 wanted. Keep people out of the acute levels of care. We're not funded for that. Starting the first of April we're rationing outpatient services, even if they're committed they're not going to be seen the same day they're committed. Right now, up till the end of next week, people coming out of a mental health board commitment hearing can walk across the street to our facility from where they're being seen and get an appointment and see someone at that moment. Now they'll just be able to come across, get an appointment for maybe six weeks later. Okay. That's denying access and service to folks who need it. The data summary on the last page is 67 percent of our year had elapsed when we put this data together and it was about three weeks ago. We have provided 92 percent of our contracted units in IOP, intensive outpatient, 89 percent of our adult mental health units for mental health board commitments, and 81 percent of our day rehabilitation services for those folks who are severely mentally ill and do not have Medicaid. That's what non-MRO means, non-Medicaid people. So our day rehabilitation program is now going on a waiting list. Come out of the regional center? It doesn't matter. We have no way to serve you. We're at capacity. The services are not there in the community for the folks that need them. The services I've also described keep people at risk for going into acute care and subacute care. They keep them from going in. Our's is just one story. I know of a lot of providers across the state that are having the same problems. I agree with the previous folks before me that this is a time of plenty. It does not make sense to me to consider a large tax cut. I'm not against the tax cut. I pay taxes too. But to consider such a large tax cut when there's such a need, a void yet to be filled, for folks needing the services. It's time to keep the promises that were made. I thank you. Anymore questions or any questions at all? [LB559]

SENATOR HEIDEMANN: Are there any questions for Gary? Seeing none, thank you for coming in this evening. [LB559]

GARY HENRIE: Thank you very much. [LB559]

SENATOR HEIDEMANN: (Exhibit 52) Is there anyone else wishing to testify for this bill? Seeing none, is there anyone wishing to testify in opposition of LB559? Want to put it into record there's a letter from Health and Human Services here, looks like in opposition to LB559. Is there anyone else wishing to testify in opposition? Is anyone wishing to testify in the neutral position? Seeing none, would Senator Ashford or is anybody on his behalf like to close? We see no waive on the close. We will close the public hearing on LB559. (See also: Exhibits 53, 54, and 55) [LB559]

Disposition of Bills:

LB536 - Held in committee.
LB542 - Advanced to General File, as amended.
LB545 - Held in committee.
LB548 - Held in committee.
LB559 - Held in committee.
LB576 - Held in committee.

Chairperson

Committee Clerk