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Appropriations Committee
March 16, 2015

[LB98 LB125 LB233 LB332 LB397 LB418]

The Committee on Appropriations met at 1:30 p.m. on Monday, March 16, 2015, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB233, LB397, LB125, LB98, LB332, and LB418. Senators present: Heath Mello, Chairperson; Robert Hilkemann, Vice Chairperson; Kate Bolz; Ken Haar; Bill Kintner; John Kuehn; Jeremy Nordquist; John Stinner; and Dan Watermeier. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I'm from south Omaha, representing District 5, and serve as Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting here on my left, your right, with Senator Kintner.

SENATOR KINTNER: Hi. I'm Bill Kintner from Legislative District 2, which is south Sarpy and Cass County.

SENATOR NORDQUIST: Senator Jeremy Nordquist from District 7, downtown and south Omaha.

SENATOR KUEHN: John Kuehn, District 38, seven counties in south-central Nebraska.

SENATOR HILKEMANN: Senator Robert Hilkemann, District 4, west Omaha.

SENATOR STINNER: Senator John Stinner, District 48, Scotts Bluff County.

SENATOR BOLZ: Senator Kate Bolz. I represent District 29, south-central Lincoln.

SENATOR HAAR: Ken Haar, Legislative District 21, which is northwest Lincoln and part of Lancaster County.

SENATOR WATERMEIER: Dan Watermeier, District 1, which I'm at Syracuse.

SENATOR MELLO: Assisting the committee today is Rachel Meier, our committee clerk; and our committee pages for the day are Julia and Ryan. Our fiscal analyst for the afternoon is Liz Hruska. On the tables in the back of the room, you will find testifier sheets. If you're planning on testifying today, please bring out one of the yellow sheets and hand it to Rachel when you come up. It helps us keep an accurate record of today's public hearing. There's also a sign-in sheet on

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the back table that if you do not wish to testify but would like to record your position on a specific bill or budget item, please fill out. If you do have any handouts, please bring at least 11 copies and give them to one of our pages when you come up. If you do not have enough copies, they will make more for you to distribute to the committee. During the portion of today that is the public hearing on legislative bills, we will begin bill testimony with the introducer's opening statements. Following opening statements, we'll hear from those in support of the bill, followed by those in opposition, followed by those speaking in the neutral capacity. We will then finish with a closing statement by the introducer of the bill, if they wish to give one. We ask that you begin your testimony today by giving us your first and last name and spelling it for the public record. And when we hear testimony this afternoon regarding state agency budget requests, we will first hear from a representative of that state agency. We will then hear testimony from anyone who wishes to speak on the agency's budget request. We will be using a strict five-minute light system today for all testifiers, other than the introducer of a bill or an agency representative. When you begin your bill testimony, the light on the table will turn green. The yellow light is your one-minute warning. And when the red light comes on, we ask that you please wrap up with your final thoughts. As a general matter of committee policy, I'd like to remind senators that the use of cell phones and other electronic devices is not allowed during public hearings. And at this time I would ask all of us senators, including the public, to please take a look at your cell phones and make sure that they are on the silent or vibrate mode. Obviously, you can sense that it's going to be a very hot afternoon in this room, so please keep that in mind in regards to your testimony, since I know a number of you have provided written...prewritten testimony to the committee for the public record, which we will read in the public record at the end of the day's hearings. With that being said, we will begin today's Appropriations Committee hearings with LB233 from Senator Howard.

SENATOR HOWARD: (Exhibit 1) I have some handouts. Thank you. Good afternoon, Senator Mello and members of the Appropriations Committee. My name is Sara Howard, S-a-r-a H-o-w-a-r-d, and I represent District 9 in midtown Omaha. Today I bring before you LB233. Preterm births are high in Nebraska, last calculated at 10.6 percent in 2013. Preventing these preterm births would result in an enormous cost savings to our state. According to the March of Dimes, a preterm baby costs an average of \$49,000 per child, which adds up to over \$64,000 when you combine it with the maternal costs, or the costs of the care of the mother. A normal birth costs, on average, around \$4,000. Many of these preterm births are due to insufficient prenatal care. Because of the high number of uninsured, the state and our hospitals absorb much of this cost. We are not alone in Nebraska. This is a national crisis. The annual societal economic burden of premature births on our country is estimated at \$26.2 billion. LB233 is a bill that appropriates money to the University of Nebraska Medical Center to fund the Nebraska Perinatal Quality Improvement Collaborative. The term "perinatal" is defined as relating to the time, usually a number of weeks, immediately before and after birth. The vision of the collaborative is to enable providers statewide to provide the best care for mothers and babies. The collaborative will be

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housed in the University of Nebraska Medical Center, Department of Pediatrics. I want to be clear that although this money is being appropriated to the Department of Health and Human Services to contract with the University of Nebraska Medical Center, this money is strictly for the collaborative. I have distributed a preliminary budget from the group that shows how they plan to use the appropriation, if granted. UNMC has been chosen as the place to house the initiative, in part due to the existing technology, such as computer software that they have. It's also important to note that the medical director of the group is employed with the Med Center and her work in the neonatal unit ties into the work that the collaborative will be conducting. This legislation is an investment in the future of our citizens. If mothers and babies are given the best possible care when starting their journey, they will certainly live healthier lives. One of the goals of the collaborative is to improve outcomes across the state of Nebraska. Involvement with critical access birthing hospitals, as well as the more urban facilities, is vital to improved quality outcomes throughout the state. Perinatal issues that are studied may include infant mortality, preterm birth, substance abuse during pregnancy, maternal mortality, among others. Goals of the Nebraska organization include establishing a statewide perinatal database that all of Nebraska's 56 birthing hospitals will contribute to. Other goals include fostering statewide quality improvement initiatives to reduce mortality and morbidity associated with premature birth and low birthweight. The collaborative would also promote system changes by provider organizations to increase the use of evidence-based clinical practices for obstetric and NICU patients. There are over 20 perinatal collaboratives in the United States that have organized perinatal associations. Most of these operate as nonprofits with volunteer board members. Members of these state associations include healthcare providers, physicians, and hospital systems who work collaboratively with other organizations and state agencies to provide public education on perinatal issues. The structure of the Nebraska collaborative will include a designated medical director who will coordinate the efforts of the board and be accountable for outcomes and performance of the collaborative; a designated program administrator who will be responsible for implementing the chosen quality improvement initiatives across that state; and the board of directors will consist of 20 to 25 community leaders from across the state of Nebraska. The goal is for all major health systems, family advocates, perinatal, obstetric, pediatric, and neonatal providers to be well represented. Nebraska is modeling their organization after the Tennessee Perinatal Quality Improvement Collaborative and have been working with officials from Tennessee in how to begin building such an important organization. A group of providers met in February and preliminary work has already started with grants provided by the March of Dimes, and COPIC through the Nebraska Medical Association. The medical director for the group is here today to testify and will be able to answer more of your questions about the specific work that they do. I have passed out an amendment that needs to be made to the bill. When we first wrote the bill there was a grant opportunity through the federal government that was available for this program, and that is no longer available, unfortunately. Thank you for your attention to this, to LB233, and I would urge you to fund this important initiative. I would be happy to try to answer any questions you may have. [LB233]

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SENATOR MELLO: Thank you for your testimony this afternoon, Senator Howard. Are there any questions from the committee? Senator Hilkemann. [LB233]

SENATOR HILKEMANN: Senator, we have other people testifying on this bill for you? Okay. Is this...you said that there are other states that have this collaborative and we do not have it at the present time in Nebraska. [LB233]

SENATOR HOWARD: We do not. [LB233]

SENATOR HILKEMANN: Is Wisconsin one of those states? [LB233]

SENATOR HOWARD: I will look. I will look and answer that in my closing. [LB233]

SENATOR HILKEMANN: Okay. Thank you very much. Appreciate that. This is something very near and dear to me. As the grandfather of a granddaughter born at 1 pound and 2 ounces who's doing very well today, this is...sits very close to home. [LB233]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator. We will first hear from proponents for LB233. [LB233]

ANN ANDERSON BERRY: (Exhibit 2) Good afternoon, Chairman Mello and members of the Appropriations Committee. I am Dr. Ann Anderson Berry, for the record, A-n-n A-n-d-e-r-s-o-n B-e-r-r-y, medical director of the Nebraska Perinatal Quality Improvement Collaborative. I'm here speaking as an individual on behalf of the Nebraska Perinatal Quality Improvement Collaborative. I'm here testifying in support of LB233. By way of background, a group of neonatologists from Lincoln and Omaha came together in 2014 to discuss the need for a Nebraska collaborative. Nebraska at that time was 1 of 12 states without a collaborative. Working to gauge the readiness for and support of a collaborative statewide, this group of individuals found strong support for a collaborative from both metro and rural area hospitals, a variety of healthcare providers and insurers, as well as from groups such as the March of Dimes and family advocates. On February 26, 2015, a group of stakeholders from across Nebraska came together for the first meeting of the collaborative. The stakeholders developed the mission of the group, which is to improve the delivery of and access to evidence-based healthcare for all Nebraska mothers and newborns. Priority improvement projects were identified at the meeting and work is already underway to engage additional stakeholders and begin improvement implementation. We are working with the staff of the Maternal, Child, Adolescent Health Program within the Nebraska Department of Health and Human Services, Division of Public Health, and have identified 56 birthing hospitals in Nebraska, all of which will be offered

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inclusion in the collaborative projects. Initial communication with and recruitment of these hospitals and institutions is in progress. Many of the resources needed for the collaborative funded by LB233 will be assessed through the University of Nebraska Medical Center, including database development and statistical support. A program administrator with a doctorate in quality improvement has been identified. This position will be funded partly by in-kind donations from Nebraska Medicine and partially from the state funding provided in LB233. Other office and administrative costs, as well as program implementation and education costs, will be funded by LB233. The goal of the collaborative is to provide the necessary resources to enable all Nebraska birthing hospitals to provide care that will reduce mortality and morbidity in mothers and babies. State collaborative groups across the country with state-supported funding have helped healthcare professionals adopt practices that improve birth outcomes and reduce costs. Our collaborative will best be able to achieve these outcomes and the goals of the collaborative with the support of the state of Nebraska. Financial support from the state will, in turn, result in reduced state healthcare costs for Medicaid, therefore, we strongly support this bill. The possible success or failure of the collaborative must be a consideration when allocating taxpayer funds to such a program. Although no collaborative currently exists in Nebraska, the group of individuals assembled and committed to statewide quality improvement has a strong record of sustained success and improvement in perinatal outcomes. Over the last three years, this group of healthcare professionals, all currently involved in and in support of the collaborative working in the Omaha and Lincoln metro areas, was able to change the dangerous and costly practice of electively delivering babies who were not yet due. Eliminating the elective delivery of infants less than 39 weeks estimated gestational age has not been adopted statewide, and this is a good example of an impactful practice improvement that could be replicated and implemented across the state through the collaborative. Prematurity is a very costly condition and the state of Nebraska, through Medicaid Programs, bears a large burden of this cost. In Tennessee, where a collaborative has been active for six years, the return on state dollar invested is 20 to 1, saving the state over \$11 million annually. While the \$100,000 in funding proposed in LB233 is not a trivial amount, prevention of delivery of just one extremely preterm infant yearly would save more than that in hospitalization costs alone. While the collaborative is forming and initiating projects, state funding is essential to the work of the collaborative. Our collaborative, like other state collaboratives, should be a private-public partnership. The March of Dimes, Nebraska Medicine, Nebraska Medical Association, and others have all offered monetary and in-kind support. And the state is a necessary public health partner. In conclusion, Nebraska's outcomes for mothers and babies need the attention that the population is given in states that are already benefiting from the work of a perinatal collaborative. We're now the 40th state to develop a perinatal collaborative. With state funding through LB233, our new collaborative will ensure that Nebraska will be a state where a great life starts with healthy moms and healthy babies. Thank you. [LB233]

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SENATOR MELLO: Thank you for your testimony, Dr. Anderson Berry. Are there any questions at all from the committee? Senator Kintner. [LB233]

SENATOR KINTNER: Hi. Thank you for coming out today. I'm surprising myself that I'm even considering this expenditure, but you know we create this monster called Medicaid. It's so out of control, it's so expensive, even maybe ineffective, that we have to have these new programs now so people don't get on the monster, because the monster costs so much. So you give me Tennessee, and I like the 20 to 1. That's...I can't argue with that. Are there some other states you can point to other than Tennessee? Are there more out there that you're familiar with that have maybe had some success, maybe not that much success but... [LB233]

ANN ANDERSON BERRY: Yes. Yeah, actually Tennessee is a good model. Tennessee has four times the population of the state of Nebraska, so it's a much more similar size than some of the even more successful collaboratives. The most successful collaboratives are out of the state of California, the state of Ohio, the state of New York. They've all had extraordinary success. California has reduced its preterm delivery rates to the lowest in the nation through the work of their collaborative. [LB233]

SENATOR KINTNER: Has it flopped anywhere? Has it just not delivered in any state that once a collaborative that's been set up? [LB233]

ANN ANDERSON BERRY: Not to my knowledge. Some are more successful than others and, really, that depends on the resources that are available within any state. And by resources, I don't necessarily just mean financial but that you have to get the right people and the right reception from the hospitals to make this work. And I think that's one thing that we really have going for us in Nebraska. We have a group of people who have worked together, not in a formal collaborative, who have shown past success and reduced rates of preterm delivery. And we have an environment in the healthcare and public health environment here in Nebraska that is a truly willing to function collaborative. We had a fantastic first meeting last month with buy-in from all of the major birthing centers and commitment from them to help recruit the critical access birthing centers across the state for enrollment in the collaborative. [LB233]

SENATOR KINTNER: So it takes the right people. You say we got right facilities? Do we have the right facilities? [LB233]

ANN ANDERSON BERRY: It does take the right facility and the University of Nebraska, where the collaborative will be housed, is the right facility. Most... [LB233]

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SENATOR KINTNER: Right facility, not facilities. [LB233]

ANN ANDERSON BERRY: Yes. Yeah. [LB233]

SENATOR KINTNER: It's facility. [LB233]

ANN ANDERSON BERRY: Most collaboratives are housed in a university setting. Some are housed in the Department of Health and Human Services of their individual states. But you really need an infrastructure for a collaborative to be successful. They aren't a stand-alone organization. You need...we'll utilize REDCap, which is our database collection. It's HIPAA compliant. It's fire wall protected. You need something like that, that you can't create by yourself. You need statisticians, which we have available through the College of Public Health. You need people like me, neonatologists, who understand the intricacies of healthcare for these extremely preterm neonates, and you need perinatologists who understand the healthcare of the mothers. And so really, the university makes sense for this setting in Nebraska. [LB233]

SENATOR KINTNER: Compelling. Thank you. [LB233]

ANN ANDERSON BERRY: Thank you. [LB233]

SENATOR MELLO: Senator Haar. [LB233]

SENATOR HAAR: A number of the things talk about breast-feeding, so will you also be talking about like issues like Cesarean sections and those? So it's everything birthing really. [LB233]

ANN ANDERSON BERRY: It's everything birthing in the perinatal time period. So that can go as early as prenatal planning, getting mothers access to care preconception, delivery...or preconception care before conception all the way to postdelivery care for mothers and infants. So our first identified projects include reducing the rates of first-time Cesarean section, reducing the rates of elective deliveries before 39 weeks, and admission temperatures for extremely preterm infants to the NICU because those are correlated directly with morbidity and mortality. I talked in my fact sheet about the ranking of Nebraska in breast-feeding across the county, and in the last three and four years we've actually dropped in our ranking of breast-feeding success across the state. And I contribute that in great deal to the fact that other states have collaboratives that are currently working on things like this. And so those will be some of the projects that we would hope to tackle in our second and third years. They're more complicated with a lot more variables, and so they will take longer to achieve. [LB233]

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SENATOR HAAR: Thanks for what you do. [LB233]

ANN ANDERSON BERRY: Thank you. [LB233]

SENATOR MELLO: Senator Nordquist. [LB233]

SENATOR NORDQUIST: The issue of elective delivery is something that has come up at national legislative conferences for legislators to focus on but also help raise public awareness. And I see obviously it worked on Omaha and Lincoln. Do you see a difference in Omaha and Lincoln now that the effort has been made, compared to decisions being made in other parts of Nebraska? Have you done research or seen statistical evidence about that? [LB233]

ANN ANDERSON BERRY: Absolutely, yeah, we have. We've enacted a hard stop in the Omaha and Lincoln area hospitals so you cannot schedule the Cesarean section as a healthcare provider, and all of the hospitals had to agree to this collaboratively so that you weren't getting hospital shopping or provider shopping to schedule a more convenient date for your delivery. And it's worked phenomenally well; I think, in part, plays a role in the decreasing rates of prematurity. But we do see a differential between the eastern part of the state and the western part of the state in rates of prematurity now. I had a provider who was from Kearney call me, asking to transfer a very premature infant. And she said, Ann, I heard we have the highest rates of prematurity in our county now, and she said, do I send you that many little babies? I said, no, you haven't enacted the hard stop against elective Cesarean...or elective deliveries before 39 weeks and that's why your numbers are increasing, as the metropolitan area numbers have decreased. So it really is a problem that needs to be addressed. [LB233]

SENATOR NORDQUIST: Thank you. [LB233]

SENATOR MELLO: Any other questions from the committee? Senator Hilkemann. [LB233]

SENATOR HILKEMANN: Doctor, how many NICUs do we have across the state of Nebraska? [LB233]

ANN ANDERSON BERRY: We have seven NICUs that participate in a Vermont Oxford Network database, so they're the higher level NICUs that we'd call Level III or Level IV NICUs. There are an assortment of Level II NICUs in Omaha that I don't include in that number because they have a parent NICU within a hospital system that they report to, say, through Nebraska Medicine or CHI. [LB233]

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SENATOR HILKEMANN: And what is Nebraska Medicine's classification of its NICU? You said you had... [LB233]

ANN ANDERSON BERRY: It's a Level III. [LB233]

SENATOR HILKEMANN: Level III. [LB233]

ANN ANDERSON BERRY: Yes. Children's Hospital has the only Level IV NICU in the state. Methodist Women's has a Level III. Bergan Mercy at CHI has a Level III. There's two Level IIIs here in Lincoln. And then there are NICUs in Hastings and in Kearney that are somewhere between a Level II and a Level III. [LB233]

SENATOR HILKEMANN: Okay. And this...now you mentioned that this is going to create a database and then through setting different guidelines this is how you're going to reduce the number of preterm deliveries? [LB233]

ANN ANDERSON BERRY: Yeah. So for each individual problem, we will collect data about the baseline, and then we'll work with the involved hospitals. If it's simply a NICU problem like preterm admission temperatures, then it would be a select group of hospitals. If it's reducing elective deliveries before 39 weeks, it would be all of the 56 birthing hospitals. And so we'd collect data on what the baseline was. Then we'd work with those hospitals to institute measures that were evidence based and outcomes driven to reduce the incidence of whatever untoward event we were trying to prevent. And then we would go through, at the end of the cycle, and collect data on how the intervention had been effective or not. [LB233]

SENATOR HILKEMANN: How many neonatologists do we have in the state? [LB233]

ANN ANDERSON BERRY: There are 5 in Lincoln and I believe there are 17 in Omaha. [LB233]

SENATOR HILKEMANN: Okay. Bless you for what you do. [LB233]

ANN ANDERSON BERRY: Oh, thank you. Thank you. [LB233]

SENATOR HILKEMANN: It's a...I just couldn't...what we went through with my granddaughter was incredible and it takes a very special type of doctor to deal with that. And thank you. [LB233]

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ANN ANDERSON BERRY: Well, thank you. It's our hope that fewer families will have to go through that. [LB233]

SENATOR HILKEMANN: Yeah. [LB233]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Doctor. [LB233]

ANN ANDERSON BERRY: Okay. Thank you for the opportunity. [LB233]

SENATOR MELLO: Next proponent for LB233. [LB233]

JOHN SPARKS: (Exhibit 3) Chairman Mello and members of the Appropriations Committee, thank you for considering the bills before you today, particularly LB233. My name is Dr. John Sparks, spelled J-o-h-n S-p-a-r-k-s. I am a neonatologist from Omaha and I'm speaking today as a private citizen, not on behalf of the University of Nebraska or Children's Hospital and Medical Center. I strongly support LB233 and the establishment of the Nebraska Perinatal Quality Improvement Collaborative. Our goal is to improve the health of mothers and babies. I believe that a key to this goal is to encourage the development and adoption of statewide practices that reduce the mortality and morbidity of both mothers and babies. Critical to this effort is a systematic collection of perinatal data to inform discussions of improvement of clinical practices. As an individual neonatologist, I can care for the babies presenting to the hospitals at which I practice. As part of a larger collaborative, my colleagues and I can work together to prevent or reduce the severity of problems leading to babies needing our care. I began my career in the 1980s as a faculty member at the University of Colorado where I had the honor of serving on the Colorado Perinatal Care Council. This organization was sponsored by the Colorado Department of Health and served as a convening point for the physicians and hospitals providing care to mothers and sick babies. The Colorado Perinatal Care Council fostered communications among providers, sharing of data, and important perspectives from practitioners across the state. I saw firsthand that relationships, data sharing, and communications among providers led to improved care of women and babies. The Colorado Perinatal Care Council continues today, convened by the Colorado Department of Health and whose, quote, major focus is the coordination and improvement of perinatal care services in Colorado. More recently, I practiced for 16 years in Texas where I served as chair of the Department of Pediatrics at the University of Texas-Houston, a board member of the Texas Pediatric Society, and president of a nonprofit called the Children's Hospitals and Related Institutions of Texas. In Texas, as in Colorado, I was impressed with the challenges of delivering state-of-the-art care across distance, diverse geography, and complex medical systems. At the same time, I again saw firsthand the benefits of professionals working together to improve the systems of care. I have been in Nebraska for seven

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years and practice neonatology in Omaha. In Nebraska, as in Colorado and Texas, we see many critically ill babies who require neonatal medical care as a result of prematurity and birth defects. We know that we can reduce the rates of prematurity through good medical practice and we know that we can improve the outcomes of sick babies through coordinated systems of care. Here, as in Colorado and Texas, we are challenged by geography, distance, and variation in the availability of medical care. The Nebraska Perinatal Quality Improvement Collaborative represents an important opportunity to bring together hospitals and medical providers who care for mothers and children across our state. The founding efforts of the work group developing the Nebraska Perinatal Quality Improvement Collaborative have already brought benefits to the state by fostering relationships and communications among the many medical leaders providing services to women and babies. Regardless of the outcome of today's discussion, I believe these conversations will continue and relationships will continue and grow. However, LB233 provides vital infrastructure to inform these decisions with data and to support the adoption of practices to improve the health of women and babies. Under this bill, the Department of Health and Human Services will contract for the development of the collaborative. This model has been highly successful in other states and I believe will be highly successful here. Thus, I strongly endorse LB233. With state funding through LB233, the new collaborative will ensure that Nebraska will be a state where great life starts with healthy moms and healthy babies, and with the success of this collaborative we can become a model for other states in our care of pregnant women and their babies. Thank you for the opportunity to talk to you today. [LB233]

SENATOR MELLO: Thank you for your testimony this afternoon, Dr. Sparks. Are there any questions at all from the committee? Seeing none, thank you, Dr. Sparks. [LB233]

JOHN SPARKS: Thank you very much. [LB233]

SENATOR MELLO: (Exhibits 4, 5, 6, 7, and 8) Any other proponents for LB233? Seeing none, the committee should have received letters of support for LB233 from the Children's Hospital and Medical Center, the Nebraska Medical Association, the Nebraska Breastfeeding Coalition, Methodist Women's Hospital, and the Nebraska Chapter of the March of Dimes. We'll now take any opponents to LB233. Seeing none, is there anyone here in the neutral capacity on LB233? Seeing none, Senator Howard, would you like to close? [LB233]

SENATOR HOWARD: I'll only close in regard to Senator Hilkemann's question, because my crackerjack staff had already put together a list of all of the states that already had perinatal collaboratives. And Wisconsin has a 600-member multidisciplinary membership and its partnerships with healthcare providers, consumers, governmental agencies, professional societies, and corporate healthcare systems. I don't know how long it's been in existence, but it seems quite robust from her reporting. I truly appreciate the committee's time listening to sort of

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this is where my heart is at, making sure that moms and babies get the best shot possible when they first get to Nebraska. And so I appreciate your time and I appreciate your patience. And I am grateful that you let me go first. Thank you, Senator Mello. [LB233]

SENATOR MELLO: Thank you, Senator Howard. Are there any other questions from the committee? Seeing none, thank you, Senator Howard. [LB233]

SENATOR HOWARD: Thank you. [LB233]

SENATOR HILKEMANN: Stay well. [LB233]

SENATOR MELLO: That will end today's public hearing on LB233 and take us to our first and only state agency budget hearing of the day, Agency 25, the Department of Health and Human Services. For those in the audience, we will be discussing the following divisions: generally, department operations; Division of Public Health, Division of Medicaid and Long-Term Care; and the Divisions of Veterans' Homes. With that, Dr. Acierno. [AGENCY 25]

TESTIMONY ON AGENCY 25 [AGENCY 25]

SENATOR MELLO: Is there anyone else here wishing to testify to Agency 25, the Department of Health and Human Services? Seeing none, that will close today's public hearing on Agency 25, the Department of Health and Human Services, and take us to our first of five bills for the evening. (Laughter) We're going to start off first with LB397 from Senator Burke Harr. [AGENCY 25]

SENATOR HARR: (Exhibits 1 and 2) Thank you, Chairman Mello. Members of the Appropriations Committee, I have a new appreciation. (Laughter) You're welcome. Good evening. Since...my name is Burke Harr, H-a-r-r. I represent Legislative District 8. Since 2000, the state of Nebraska has contributed funding three times to the city of Omaha's Lead-Based Paint Hazard Control Program. The primary purpose of the program is to protect our children from the hazards of lead poisoning. The funds provided by the state have assisted Omaha in mitigating lead hazards in 822 housing units since 2000 alone. LB397 would continue this great assistance from the state of Nebraska by appropriating \$300,000 from the Nebraska Health Care Cash Fund to the Department of Economic Development in order to provide a grant to the city...a city of the metropolitan class. The grant would be contingent upon formal notification by the United States Department of Housing and Urban Development that it intends to award a grant to a city of a metropolitan class. The grant that they are pursuing is a three-year, \$3 million grant. I have two handouts for you, show handouts. The first one includes letters of support from the city

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of Omaha City Council and the planning director of the city of Omaha. The letters explain that the city of Omaha and the Sherwood Foundation will each contribute \$200,000 in matching funds, and that the target area for the 2015 grant is the eastern part of Omaha. The area has the highest number of children with elevated blood levels, as well as the highest poverty rate. The second handout is a brochure that explains how the program in Omaha works. Since you have had a full afternoon, I will let you read it and won't go through all the details of the program. There will be at least one testifier after me who will provide the committee with additional details regarding the program. With that, I would ask for your support on LB397. Thank you. [LB397]

SENATOR MELLO: Thank you for your testimony this evening, Senator Harr. Are there any questions from the committee? Seeing none, thank you, Senator Harr. [LB397]

SENATOR HARR: Thank you. [LB397]

SENATOR MELLO: Will you be waiving closing? [LB397]

SENATOR HARR: I will, thank you. [LB397]

SENATOR MELLO: All right. Thank you. We will first take proponents for LB397. [LB397]

STEVE ZIVNY: (Exhibit 3) Good evening, Senator Mello and the Appropriations Committee. My name is Steve Zivny, that's S-t-e-v-e, Zivny, Z-i-v-n-y, and I'm with the city of Omaha Planning Department and I'm also the program director for the Omaha's Lead-Based Paint Program. With this \$3 million grant from the United States Housing and Urban Development, and the state's matching dollars will help meet the grant's leveraging requirements, and the state has provided matching funds on three previous grant...hazard reduction grants. And through these past grants with the state's assistance, the city of Omaha has been able to remove lead-based paint in hazards in 822 units, as Senator Harr had mentioned. All those units had children under the age of six, which is the most vulnerable population of lead-based paint poisoning. The target area for the grant remains the eastern part of Omaha that encompasses zip codes that have the highest number of children with elevated blood lead levels. This area also has the highest poverty rates and oldest housing stock in the city of Omaha. Our last grant, for instance, 28 percent of our applicants were identified with children that had elevated blood levels. Also as mentioned, the city of Omaha and the Sherwood Foundation are each planning to contribute \$200,000 in matching funds, and the city will also provide office space and support services at no cost to the grant program. A few other benefits for approving LB397 is this is a positive health impact. Without this grant, public health may suffer, especially children under the age of six years; quality of life is improved for the families; keeps children in school with less doctor

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visits, parents needing less time off from work to take kids to those doctor visits; eliminates permanent learning and behavioral disabilities; and reduces government expenditures for healthcare, like a chelation therapy can be quite expensive for those kids that do need to go in. With this grant we also provide public education and awareness in prevention of lead...childhood lead poisoning, which includes publications, brochures, literature, which is often put out at day-care centers, WIC centers, doctors' offices and the like. Grant staff also attends community events, such as Cinco de Mayo and the National Lead Poisoning Prevention Week to provide outreach to the public and stress the importance of lead screenings. Some economic development: This creates and maintains jobs in the construction and consumer sectors of Nebraska's economy; local contractors hire local work force and purchase those windows, doors, and paint from local vendors. Neighborhood revitalization: New windows and exterior paint improve the appearance of these older neighborhoods and homes; owners as well as neighborhoods benefit by keeping these residence intact; and it promotes home ownership and pride in the neighborhood. Sustainability and compliance with the city's mission: the environmental element of the city's master plan and the 2013-17 consolidated plan both express the city's desire to make Omaha a lead-safe community, and this important program furthers that mission. And also quickly, Kara Eastman from Omaha Healthy Kids Alliance was with us, but unfortunately she had to leave for a prior commitment. And she's got some information here I'll just read real quickly. You know, Kara is the president and CEO of Omaha Healthy Kids Alliance, a nonprofit whose roots started in lead poisoning prevention and now includes lead in its list of environmental hazards they tackle in addressing unhealthy homes of children in Omaha. Lead poisoning remains the number one environmental hazard to all children in the United States. In 2012, the CDC control and prevention eliminated the term "level of concern" when referring to childhood blood lead levels following the long-held understanding that there is really no safe level of lead for a child. Learning disabilities that can affect children who have been lead poisoned include violent, aggressive behavior; speech delays; attention deficit disorder; hyperactivity; diminished IQ; hearing and memory problems; and reduced motor control and balance. Lead poisoning effects on adults include 46 percent increased rate of early mortality; 16 to 19 percent increased risk of cardiovascular disease; hypertension; depression; reproductive problems; and complications related to osteoporosis. Lead poisoning costs the U.S. an estimated \$52 billion a year in loss of IQ points, healthcare costs, and lost earnings. Lead destroys the potential of our children. Children who are lead poisoned are seven times more likely to drop out of school and six times more likely to become involved in the juvenile justice system. Omaha is still the largest residential Superfund site in the nation. Omaha still has 84,000 homes built before 1978, the year lead-based paint was banned from residential use. Lead is still prevalent in our community and we are working hard together to provide a communitywide response. Omaha Healthy Kids Alliance works closely with the city of Omaha's Lead Hazard Control Program. The funds that this program have been able to bring our community have made an enormous impact. Each year of the program, we have watched the city stretch their HUD dollars further while also streamlining their processes into an efficient and essential program that

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has made an indelible mark in our community. Nebraska's small investment in this program yields tremendous benefits to both our city and state. And she says she was here to urge the committee to advance this bill to continue helping Omaha invest in children and their future. So with that, I just want to thank you for the opportunity to speak to you today and, with that, I'll ask...answer any questions that you may have. [LB397]

SENATOR MELLO: Thank you for your testimony and your patience today, Mr. Zivny. Are there any questions from the committee? Senator Kintner. [LB397]

SENATOR KINTNER: Hi. Thanks for coming down,... [LB397]

STEVE ZIVNY: Sure. [LB397]

SENATOR KINTNER: ...for sitting though the hot weather in here, I guess you call it. You know, there's an awful lot of hazards out there. Kids fall off bikes. Kids stick things in electric sockets. Kids play with lighters, although not novelty lighters. There's an awful lot of things that can go wrong. Kids touch hot irons. They stick their fingers in...on hot stoves. They do all kind of things. Why, why this? [LB397]

STEVE ZIVNY: Well, I personally think that we need to start somewhere and this is some...there's a huge benefit to this with the lead-based paint issue that we do have in our older housing stock. And the things that I outlined before with the disabilities, the kids being the most vulnerable population, I think it is one of the places where we can start where we can get the biggest bang for our dollar. [LB397]

SENATOR KINTNER: Well, it seems to me this is the only federal money out here. If there was federal money to stop kids from sticking stuff into a socket, you'd go for that money too. [LB397]

STEVE ZIVNY: Running with scissors, sure. [LB397]

SENATOR KINTNER: I mean you're just chasing federal money, it seems to me, and there's so many problems out there, why? I mean I'm not sure why we're going for this. Wow. Do we...can we point to a loss of life per year on this or anything or... [LB397]

STEVE ZIVNY: No. I mean this has been...you know, this has been a program that we've had around since '99. We've seen a huge benefit with these homes that we've made lead safe for the kids. Loss of life? I don't have any numbers on loss of life. No, I don't. [LB397]

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SENATOR KINTNER: Well, why should someone in Scottsbluff or Wayne or Nehawka in my district, why should they pay taxes to...for lead abatement in Omaha? Or why should someone in Cincinnati pay? It's federal money too. Why? [LB397]

STEVE ZIVNY: Well, again, this program has been around. We do have a fairly well-entrenched program, successful program that can serve as a role model. There are other organizations. There's some grantees that are in the state of Iowa that, in a three-county region, are able to go after and have been successful with those grants as well. [LB397]

SENATOR KINTNER: Okay. Let me approach you from a different...why don't we just let the parents worry about their children? Why, why should someone else worry about their children? If they're not going to worry about their children, why should someone else worry about their children? [LB397]

STEVE ZIVNY: Well, with the lead, some of those parents don't have a choice where they live and if they could go into a home that's lead-free, that's one less thing that they need to worry about. [LB397]

SENATOR KINTNER: I think you have a choice to live anywhere in the state you want to live. You don't have to live anywhere. You can live anywhere. You can pick up and move anywhere you want to go. To say they don't have a choice, horse pepper. People are shooting each other outside of your house, you might want to move down to Plattsburgh or something where they're not being shot. I mean I just...I just...it just never ends. It never ends. I know it's only a few hundred thousand dollars of state money, but that's federal money. That's our money. That's part of the problem. We can't say no to spending that. That's kind of why I'm grilling you here. [LB397]

STEVE ZIVNY: Sure. [LB397]

SENATOR KINTNER: It's nothing personal. It's just I've been sitting here listening all day of people wanting to reach in our pocket and spend the money for all kind of things and I guess I just snapped. (Laughter) I can't take it anymore. [LB397]

STEVE ZIVNY: Lucky me. (Laugh) [LB397]

SENATOR KINTNER: It's hot. So this doesn't sound like a real good expenditure of money to me but you did wait this long to testify so I certainly don't want to tell you not to say anything. But of all things we can spend money on, this is pretty...this doesn't make my top 200 probably, so. [LB397]

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STEVE ZIVNY: I hear you. [LB397]

SENATOR KINTNER: But thank you for coming here anyway. [LB397]

STEVE ZIVNY: I hear you. [LB397]

SENATOR KINTNER: And I appreciate you waiting us out today. [LB397]

STEVE ZIVNY: No problem. Thank you. [LB397]

SENATOR MELLO: Thank you, Senator Kintner. Senator Hilkemann. [LB397]

SENATOR HILKEMANN: Yes, sir, Mr. Zivny, would people with Section 8 houses, would they qualify for this? [LB397]

STEVE ZIVNY: We do assist Section 8 landlords that have Section 8 homes, yes. We do assist if they have those, they meet our requirements, eligibility requirements. It's based on the tenant that's in the home. They have to meet the income guidelines. They have to have a child under the age of six in the house or that visits regularly to the house. So we do assist some of those homes. [LB397]

SENATOR HILKEMANN: So we would...so you can...Section 8 landlords can get this...can get a house repainted with this program. [LB397]

STEVE ZIVNY: Currently, yes. Yes. [LB397]

SENATOR HILKEMANN: Okay. Thank you. [LB397]

SENATOR MELLO: Any other questions from the committee? Senator Haar. [LB397]

SENATOR HAAR: When it comes to lead poisoning, there's a way to get the lead out but it's...I mean it's permanent damage, isn't it? [LB397]

STEVE ZIVNY: No. There...after...over time the body does... [LB397]

SENATOR HAAR: Right. [LB397]

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STEVE ZIVNY: ...excrete or, you know, expel that lead. But at that critical age of, you know, under the age of six, when that...when the central nervous system is developing, that is when you do see some permanent damage to those. I'm not from the medical field... [LB397]

SENATOR HAAR: Sure. Sure. [LB397]

STEVE ZIVNY: ...or background so I really... [LB397]

SENATOR HAAR: But this is...I mean why there's age associated, especially with children,... [LB397]

STEVE ZIVNY: Correct. [LB397]

SENATOR HAAR: ...it is permanent damage... [LB397]

STEVE ZIVNY: Correct, yes. [LB397]

SENATOR HAAR: ...if it's not taken care of. [LB397]

STEVE ZIVNY: Yes. [LB397]

SENATOR HAAR: And so I would just like to say I think that all these children are my responsibility as well. I'm going to have to have somebody pay my Social Security when they grow up. (Laugh) It's not that. But I think that this is a kind of environmental problem that all of us should share in. I have another question though. What percent of homes in Omaha now are...have been taken care of for this problem and will by this and how much is yet to go? [LB397]

STEVE ZIVNY: Hmm. Well, we are proposing to assist another 130 units with this grant cycle. [LB397]

SENATOR HAAR: Okay. [LB397]

STEVE ZIVNY: As mentioned before, we've done close to 900, you know, 822 in our previous grants. With 84,000 homes still in this, you know, eastern Omaha, built before 1978, it's pretty hard for me to say exactly, you know, the percentage. But I would have to say at least, you know, there's probably at least another 10 to 20 percent. [LB397]

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SENATOR HAAR: Okay. But you say there about 84,000 or 80,000 homes. [LB397]

STEVE ZIVNY: Eighty-four thousand homes, yes, built prior to 1978. [LB397]

SENATOR HAAR: Thank you. [LB397]

SENATOR MELLO: Thank you, Senator Haar. Senator Hilkemann. [LB397]

SENATOR HILKEMANN: Yes, I'd like to go back to the Section 8 that you talked about. What percentage of these 840 houses that were done earlier would have been Section 8 houses? [LB397]

STEVE ZIVNY: I've only been with the program for two years so I don't know prior to that. This grant cycle that we've done 134 units on, I want to say that either 3, 3 of those units I think were Section 8 landlords. The majority of them were owner-occupied units. But we do assist, you know, let me...with the landlord situations, we do cap our level of assistance that we put into the unit, which is an average unit is running about \$10,000 to \$12,000 with the lead-based hazards that we have there at the time we do the inspection. We're doing a lot...there's a lot of windows that are problems. The friction surfaces, going up and down, creates the lead-based paint dust hazard, doors, any walking surfaces, porch floors, stairways. So we cap our level of assistance and then that landlord is required then, if they want to continue with our program, to put in anything above and beyond that, that takes...that remedies all the lead-based paint hazards, because we cannot walk away from a unit leaving any lead-based paint hazards unaddressed. We have to address them all. So there's probably half of the units' owners or landlords are taking some of their money out of their own pocket and dipping into that, into this equation. [LB397]

SENATOR HILKEMANN: Is there a requirement of how long, on the owner-occupied, is there a requirement how long they've had to live in the house before they can qualify and how long they have to live in it after it's done? [LB397]

STEVE ZIVNY: Three years. Landlords need to market the unit to income eligible. We like them to...they need to affirmatively market to...it as a lead-safe home, ideal maybe for...with children, you know, families with young children. We cannot mandate that that's what they do, but we...sign an affirmative marketing agreement that for three years we place a lien on the property. And then there's some other compliance issues, fair market rents they need to comply with, and then that's for a three-year period after the work is completed. Prior to that, there's no stipulation of how long an owner-occupied individual needs to be in the house. But both owner-occupied situations and landlords are also, for that three-year term, is after the work is done. [LB397]

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SENATOR HILKEMANN: So owner occupied has to be there...has to live there at least three years after it's done. [LB397]

STEVE ZIVNY: Yes. Yes. [LB397]

SENATOR HILKEMANN: Okay. [LB397]

SENATOR MELLO: Any other questions from the committee? Mr. Zivny, I just, as a general follow-up, this has...this is not new precedent. The state has, the Appropriations Committee and/or the Legislature, has appropriated money three times before to draw down. Do you know how much money in federal funds that were drawn down in the previous three federal grants? I know myself and Senator Nordquist and Senator Haar was here the last time we did it in 2010. [LB397]

STEVE ZIVNY: Correct. That was \$2.1 million. I don't recall the previous ones before that though. [LB397]

SENATOR MELLO: Okay. [LB397]

STEVE ZIVNY: I could find that information out for you. [LB397]

SENATOR MELLO: And get that to us. [LB397]

STEVE ZIVNY: Yes. [LB397]

SENATOR MELLO: That would be very helpful. [LB397]

STEVE ZIVNY: Absolutely. [LB397]

SENATOR KINTNER: Mr. Chairman, I got to...that brings up another question. [LB397]

SENATOR MELLO: Senator Kintner. [LB397]

SENATOR KINTNER: If we've done this before, at what point have fixed...have we cleaned up all the lead paint? At some point we're done. Do you know when that is? [LB397]

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STEVE ZIVNY: No, I don't. There's, like I said, there's quite a few homes still in eastern Omaha. There's still a lot of homes around that have asbestos in them. You know, that's kind of a similar, you know, environmental issue. [LB397]

SENATOR KINTNER: But this is only for lead paint though. [LB397]

STEVE ZIVNY: This is only for lead-based paint. I mean my point was, no, I don't have that answer on when all the lead-based paint will be gone. I don't know if anybody has that answer. [LB397]

SENATOR KINTNER: Well, I would think as long as the federal government will fund it. Thank you very much. [LB397]

STEVE ZIVNY: Thank you. [LB397]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Mr. Zivny. [LB397]

STEVE ZIVNY: Thank you. [LB397]

SENATOR MELLO: Are there any other proponents for LB397? Seeing none, the committee should have received letters of support from the Omaha City Council and the City of Omaha Office of the Mayor. (See Exhibit 1) Is there anyone else here in negative or in opposition to LB397? Seeing none, is there anyone here in the neutral capacity? Seeing none, Senator Harr waives closing. That will end today's public hearing on LB397 and take us to our next bill, LB125 from Senator Nordquist. [LB397]

SENATOR NORDQUIST: Good evening, Chairman Mello and members of the powerful and esteemed Appropriations Committee. I'm state Senator Jeremy Nordquist from District 7 in downtown and south Omaha, here to introduce LB125, which will provide financial support for Nebraska's seven federally qualified health centers. There are two located in Omaha, one in Lincoln, one in Norfolk, one in Columbus, one in Grand Island, and one in Scottsbluff. This would allow them to access dollars to annually fund one-time priorities through the Medicaid fraud settlement funds. Essentially, the bill would take 25 percent of what comes in through Medicaid fraud and put it into, trying to think, thought I had the fund name in front of me here, the medically underserved...the Health Care Homes for Medically Underserved Fund. The amount we bring in fluctuates into Medicaid fraud over the past few years. If you look at your fiscal note, there's a range there probably between \$900,000 up to past \$1 million. There's no

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guarantee it stays that way. And actually, in the current fiscal year, it's significantly less. But we would, as I said, take 25 percent of that to help the federally qualified health centers who serve 65,000 Nebraskans, half of which are uninsured. If you don't know, federally qualified health centers are nonprofits that receive a mix of funding from the federal government, state government, private support. Their patients pay a fee based on...a sliding fee based on income. And all these centers have medical homes that provide physical, dental, behavioral health services with a focus on low-income Nebraskans and certainly, as far as our healthcare system in the state, they serve a great role by keeping the uninsured healthy and keeping them out of our emergency rooms and receiving costly care there. Inside the bill we outline the purposes the dollars can be used for. Can be used for hiring, training staff; focusing on disease management; interpretive services; capital improvements; medication management; IT; and also to pay for dollars and the dollars will be distributed to each center based on their unduplicated patient counts every year. We know that all of these centers across our state are at capacity and are looking, would like to serve more Nebraskans who don't have other options, and certainly I think this is a fiscally responsible way for us to do that. Be happy to take any questions. [LB125]

SENATOR MELLO: Thank you, Senator Nordquist. Are there any questions from the committee? Senator Haar. [LB125]

SENATOR HAAR: Where does the money go right now? [LB125]

SENATOR NORDQUIST: So it goes into the Medicaid fraud settlement fund and this is after the Attorney General gets a cut for prosecuting and partnering in prosecution of those claims. It has been used for a variety of purposes, kind of...we've kind of grabbed it for different ongoing or...not ongoing expenses, more General Fund one-time expenses. I, a couple years ago, transferred some money out to the rural student loan provider program as a bill that I had and we did that through the budget, I believe, through these dollars, just a wide variety of things. But the fund accumulates and occasionally we raid it for this or that. I'd like to take 25 percent of it ongoing for these purposes. [LB125]

SENATOR HAAR: On an ongoing basis. [LB125]

SENATOR NORDQUIST: Yeah. Yeah. [LB125]

SENATOR HAAR: Yeah. Okay. [LB125]

SENATOR MELLO: Thank you, Senator Haar. Senator Stinner. [LB125]

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SENATOR STINNER: I will say this. I've spent a lot of time in Scottsbluff with the people at the center. They serve over 8,000 people... [LB125]

SENATOR NORDQUIST: Uh-huh. Right. [LB125]

SENATOR STINNER: ...and it's well needed. Department of Health and Human Services staff would need to determine the amounts of funds to be transferred. Is there a formula that you're thinking about or can... [LB125]

SENATOR NORDQUIST: Yeah. So it's just based on raw patient count, unduplicated patient count, so the number of Nebraskans they serve, they would just get a...and I believe the association of the seven of them have kind of come to that agreement amongst themselves that they all would be pleased with that distribution. [LB125]

SENATOR STINNER: Would travel have anything to do with it? I mean we're geographically... [LB125]

SENATOR NORDQUIST: No. Right. Right. You know, we don't have that included but, you know, I think just on a raw patient count number makes some amount of sense. But we can talk about that as other options. [LB125]

SENATOR STINNER: Thank you. [LB125]

SENATOR NORDQUIST: They do in their...they get General Fund through public health aid. That is they get a base amount, a flat base amount, and then it's patient on top of that. So that does a little bit benefit the smaller clinics rather than the larger volume clinics. There is also a minority health component, which probably offsets that and helps the minority health clinics, the larger clinics in Omaha. But I'm happy to have a discussion with you about that distribution. [LB125]

SENATOR STINNER: Thank you. [LB125]

SENATOR HILKEMANN: Are there other questions for Senator Nordquist? Senator, you said that...how many dollars are you thinking this may generate? [LB125]

SENATOR NORDQUIST: So if you look on the fiscal note there in the past it looks like the 25 percent portion would be...in the past few years it's been \$900,000 to a little over \$1 million.

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Now after the ACA was passed, there was a lot of resources and emphasis put on Medicaid and Medicare fraud. Whether or not that effort is sustained at that high a level long term, it may not be...it may not turn out to be those high of dollar amounts long term. But whatever would be available, it would take 25 percent of the total funds. [LB125]

SENATOR HILKEMANN: Okay. Any other questions? Seeing none, are there other...are you going to waive closing? [LB125]

SENATOR NORDQUIST: Yeah, actually I probably will, yeah, just to move us along. [LB125]

SENATOR HILKEMANN: Okay. Are there other proponents for LB125? [LB125]

REBECCA RAYMAN: (Exhibit 1) Thank you, Senators. My name is Rebecca Rayman, R-e-b-e-c-c-a R-a-y-m-a-n, and I am the executive director of the Good Neighbor Community Health Center and the East Central District Health Department located in Columbus, Nebraska, one of Nebraska's rural health centers. I am testifying today in support of LB125 on behalf of the Health Center Association of Nebraska. We thank Senator Nordquist for introducing this bill which will bring needed support to the healthcare safety net in Nebraska. Community health centers have nationally enjoyed bipartisan support. We serve people from 54 of Nebraska's counties at 44 locations. As mentioned, we provide comprehensive primary and preventative care, including medical, dental, behavioral health, pharmacy, and support services. Last year, 64 percent of our patients lived at or below 100 percent of poverty. Over half of our patients were uninsured. In my own health center, that was 57 percent of my...of our patients served were uninsured. Our typical patients are workers, laborers, people who work multiple part-time jobs or only have seasonal employment. They pay for services for themselves and for their family on a sliding fee scale. At our particular center, last year we provided 5,964 patients with 20,371 visits. Community health centers have always been a good investment. We have always been health homes. It should be a source of pride to the senators here. You hear a lot of distressing news every day as I sit here and listen, a lot of disparaging statistics come up. I would like you to know that Nebraska's community health centers rank seventh in the nation for quality, and that's quality based on outcomes. So that means Nebraska community health centers are getting a good bang for their buck. We also are serving almost twice as many uninsured as the other health centers in the nation, so the average is about 36 percent uninsured. So you can see at my health center, with 57 percent uninsured, that's about twice the number. We are, as mentioned, nonprofits. The majority of our board members are patients of our facilities. Through private partnerships, a mix of government funding, private funding, insurance patients...payments, and patient personal responsibility, we really operate on a thin line between success and failure in serving those patients. We work very hard to make limited resources stretch and we're very cost-effective. The simple fact is the health centers in Nebraska are at capacity and we need to

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increase access. LB125 is one vehicle that would allow each health center to do that. LB125 identifies a variety of areas that the funding could support. Again, the fund could enable us to invest in capital improvements. I know at our health center every year we serve between 159 and 350 pregnant women, and this funding would allow us to replace an aging ultrasound machine, would be one of our first priorities to get done. Catching disease early is the simplest way to change the course of healthcare for individuals in Nebraska, and I would say it's one of the best ways for you to save money. If we can get more diabetics under control, if we can get more hypertensives under control, that's going to save money in the cost of those individuals in the long-run. Health centers also save money by saving emergency room visits. We're vital in our communities, not only for the services we provide but for the employment and economic development that health centers bring. Attached to my testimony is an economic impact analysis of the FQHCs in Nebraska. Investment of these funds will not only increase the availability of healthcare homes in the areas of highest need. It will bring vital economic development into the communities. We urge your support of this proposal. Thank you for this consideration and thank you, Senator Nordquist, for introducing this. Do you have any questions? [LB125]

SENATOR HILKEMANN: Are there questions of Ms. Rayman? Senator Haar. [LB125]

SENATOR HAAR: Yes. It's not a lot of money, \$250,000 for 65,000 people. That \$4 or \$5 per person makes a difference I take it? [LB125]

REBECCA RAYMAN: You know what, everything makes a difference, especially to the individuals who right now are not able to get in. I actually calculated this out when I had a little time sitting here, enjoying the saunalike atmosphere. (Laughter) So the \$9,000 that we would receive, that doesn't sound like a lot of money that our health center might receive on the 9...if the funding stayed at \$92,000 this year. But when I calculate out, we only spend \$156.55 per visit, so that's per visit no matter what. That's our average visit. That's whether you come to us and you've got a broken arm that we're going to set or you come to us and you need a vaccination or you come to us and you need prenatal care. Our average cost for that visit over the course of the year averages out to \$156.55. So even \$9,000 is going to let us do 65 more visits. But more importantly than that, it helps us to replace aging equipment. You know, there's not much you can do if the equipment that you have is not serviceable. And it gives us a way to get some money for equipment for those capital expenses so that we can continue to serve and continue to save money. [LB125]

SENATOR HAAR: Thanks for your service. [LB125]

REBECCA RAYMAN: Thank you. [LB125]

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SENATOR HILKEMANN: Senator Kintner. [LB125]

SENATOR KINTNER: I'm just going to ask you a little more of a philosophical question. [LB125]

REBECCA RAYMAN: Certainly. [LB125]

SENATOR KINTNER: No particularly right or wrong answer, I'm not sure if there is or not. But we're told if we build more prisons that we'll just fill it up, so don't build more prisons. Well, why wouldn't, if we just build more facilities to help to provide healthcare, we just fill it up? It costs us more money. What's the difference between the two? [LB125]

REBECCA RAYMAN: Well, yeah, one of the differences is community health centers, again that average cost per patient is so much less. So for one visit to the emergency room, I can provide care for that patient who went to the emergency room, the average cost of that visit, I can provide care for almost three years for that person. So it's a difference between getting a visit in the ER that's a one-time visit, and it is not going to address a chronic condition, to being able to come in to a health center and for three years address a chronic condition that is going to save money. So it's just a difference in how we're looking at money. We can put out some money in preventative care and we can save some money in the long-run. When one of our patients goes to the ER, Senator Kintner, it costs all of the patients who have money because that patient visit can't be covered. They're uninsured. So that cost gets divided out over everyone. So things like the community health centers, which have been around for 50 years, have been serving America for 50 years and saving money, they kind of level that out. They take that cost away from the ER so that my bill, when I go in, isn't as high. [LB125]

SENATOR KINTNER: All right. Let me just turn...I got where you're going. That's fine. Let me just turn it a little more. [LB125]

REBECCA RAYMAN: You bet. [LB125]

SENATOR KINTNER: You know the movie, "build it and they will come." If you just...if we're going...let's say we're going to open it up so we can serve 1,000 more people a year and you're doing it below market, great. Wouldn't you just fill it up? And then you come back to us and say let's treat...do another 1,000. It's below market rate; I'm going there. And we could go on all day just increasing, increasing, increasing. People are thinking, low market rate, I'm going there, I'm saving money. [LB125]

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REBECCA RAYMAN: Yeah, but that's not the...the real picture is that we're going to prevent chronic diseases, so we're going to identify cancers early, when they're treatable, at a much less-expensive rate. So, for example, last year we did almost 1,000 Pap smears, right? So if we weren't there to catch the women who had abnormal Pap smears and treat them early, when it's a very small expense, what kind of an expense is that going to be for those women who get full-blown grade III, grade IV cancers and the impact that it has on our economy, because they can't work? They, you know, they're not taking care of their children. They're not...there's a whole bunch of implications that come from poor health that filter down into our society. [LB125]

SENATOR KINTNER: Thank you. There wasn't necessarily a right or wrong answer. I just wanted to see where you would take that. Thank you for coming out today. Appreciate it. [LB125]

REBECCA RAYMAN: You bet. And thank you all. Are any...I guess... [LB125]

SENATOR HILKEMANN: Are there other questions for Ms. Rayman? Seeing none, thank you very much for coming, Ms. Rayman. [LB125]

REBECCA RAYMAN: (Laugh) I think I may have... [LB125]

SENATOR HILKEMANN: Are there other proponents today for LB125? Seeing no additional proponents, are there opponents to LB125? Seeing...okay, we do have, before I read this, do we have anyone that would like to testify in the neutral position? Seeing none, we do have letters of support from the Nebraska Planning Council on Developmental Disabilities and Nebraska Medical Association. (Exhibits 2 and 3) [LB125]

SENATOR MELLO: And the Nebraska...or and the National Association of Social Workers, Nebraska Chapter. (Exhibit 4) [LB125]

SENATOR HILKEMANN: Okay. You're in charge. [LB125]

SENATOR MELLO: Seeing no one else to testify, that will close today's public hearing on LB125 and take us to our next hearing of the night, LB98. Senator Bolz. [LB125]

SENATOR BOLZ: (Exhibits 1 and 2) Good evening. My name is Senator Bolz, that's B-o-l-z. Glad to see all of my handsome colleagues on the Appropriations Committee tonight. In 1998, Nebraska, along with 40 other states and territories, entered into a settlement agreement with tobacco manufacturers. The basis of this settlement was reimbursement in perpetuity for

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additional Medicaid costs the states incurred related to smoking-related illness and disease. In my perspective, the very best way to address the fiscal and human costs of tobacco-related illnesses and disease is to prevent it in the first place or to stop current usage. In fact, a current study from the Contemporary Economic Policy journal shows that funding tobacco-control programs at recommended levels could save 14 to 20 times more than the cost of implementing these programs. In Nebraska, smoking related health costs total \$592 million annually, including \$134 million in Medicaid expenditures. LB98 argues that it is both appropriate and effective to use tobacco settlement funds to appropriately fund tobacco prevention and cessation programming, including community and school-based educational interventions, cessation programs, and media campaigns to counter tobacco use in advertising. Polling indicates that 91 percent of Nebraskans agree. This was the case when the Health Care Cash Fund was originally established. These programs were funded first and funded at a level of \$7 million. Today they are funded at a level of \$2.4 million. The existing programs align with best practices identified by the Centers for Disease Control and Prevention, and have identified performance measures and reporting. They are also quite effective. In 1997, the prevalence of smoking among youth in Nebraska was 39.2 percent. Today it is 10.9 percent. LB98 would strengthen community-based programs by adding an additional seven programs statewide, strengthening "countermedia" strategies and strategically targeting additional cessation programming and resources, especially to communities where prevalence is higher such as in southeast Nebraska. So in summary, colleagues, I would argue that LB98 makes sense. It makes sense due to the source of funding. It makes sense in terms of prevention and saving dollars. And it makes sense on a personal level. The human costs of tobacco use are extreme in terms of cancer and esophageal and respiratory illness and death of our friends and families and loved ones. So I urge your support for LB98. [LB98]

SENATOR MELLO: Thank you, Senator Bolz. Are there any questions from the committee?
Senator Haar. [LB98]

SENATOR HAAR: Yes. Where's this money going right now? [LB98]

SENATOR BOLZ: So the tobacco settlement funds are used for a list of programs related to healthcare issues, so the argument that LB98 makes is that because of the source of the funding stream and because of the preventative nature of the programming, tobacco prevention and cessation programming should be funded first and should be funded at a higher level. [LB98]

SENATOR HAAR: So do you know what some of those other programs are that are now funded by...? [LB98]

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SENATOR BOLZ: Sure, and I would argue that there may be some more appropriate funding streams for some of those programs. One, for example, is gambling assistance and there might be more appropriate funding streams related to gambling assistance. You'll hear for...you'll hear later today an argument about better use of cigarette taxes to be used for some of the programs that are existing, are currently funded by the Health Care Cash Fund. So the argument is not that any of those programs aren't worthwhile or shouldn't be funded. The argument is that it's only fair to make sure that these settlement dollars are used to address the core issue at hand, which is tobacco prevention and cessation. [LB98]

SENATOR HAAR: Would this be used...this new trend of whatever it's called, the vapor or whatever, would that be part of what this is going up against too? [LB98]

SENATOR BOLZ: Sure. I think some of the most effective programs are school-based programs that use peer-to-peer interactions to prevent young people from using tobacco products in the first place. And if vapor or other tobacco-related products that come out on the market are not considered cool or hip by young people then more the better. [LB98]

SENATOR HAAR: Gotcha. Thank you. [LB98]

SENATOR MELLO: Thank you, Senator Haar. Are there any other questions from the committee? Senator Stinner. [LB98]

SENATOR STINNER: Well, the Health Care Cash Fund is funded by two sources: the Tobacco Settlement Trust Fund and the Nebraska Intergovernmental Transfer Trust Fund. And they're basically accumulated and then the state...is it the State Treasurer that accumulates them and the investment people put that money in? And we fund about 2, 4, 6, about 18 programs with it. One of them is the tobacco settlement and control of which we're funded to \$2.3 million right now. Is that the one you want to add \$7 million to? [LB98]

SENATOR BOLZ: The bill argues that we should return the tobacco prevention and cessation funding level to \$7 million, so it's not adding \$7 (million), it's adding \$4.6 (million). [LB98]

SENATOR STINNER: Okay. Okay, gotcha. And were you aware of this report? Every even year, the Nebraska Investment Council has to issue a letter to the Legislature, Patrick O'Donnell, Clerk of the Legislature, and they maintain that we're using the fund faster than...you're aware of this report? [LB98]

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SENATOR BOLZ: I am, and if you'd let me comment, I think we do need to have a conversation as an Appropriations Committee and as a legislative body about how we use the Health Care Cash Fund. But part of the reason we bring LB98 and part of the reason that we bring it now is that we think the first priority in this funding stream should be tobacco prevention and cessation, partly because of the source of the funds and partly because of the health and other benefits of the programming. [LB98]

SENATOR STINNER: Thank you, Senator Bolz. [LB98]

SENATOR BOLZ: Yep. [LB98]

SENATOR MELLO: Thank you, Senator Stinner. Any other questions from the committee? Seeing none, thank you, Senator Bolz. We will first hear from proponents for LB98. [LB98]

DAVID HOLMQUIST: (Exhibit 3) Good evening. (Laugh) I was going to start out with "good afternoon," but we've moved well beyond that. Chairman Mello, members of the Appropriations Committee, my name is David Holmquist, D-a-v-i-d H-o-l-m-q-u-i-s-t. I am a registered lobbyist and I represent the American Cancer Society, Cancer Action Network, and am pleased to testify today in support of LB98. LB98 will increase funding for Tobacco Free Nebraska, a Nebraska tobacco prevention and cessation program, and I'd like to begin with a brief history of the program, and some of this history is included in the sheet I've provided. The bill number, LB98, is an appropriate one. In 1998, Nebraska joined 45 other states in a lawsuit against the tobacco industry. This landmark filing resulted in what was termed the Master Settlement Agreement, or MSA, when the tobacco industry agreed to settle claims by the 46 states. As a result of the MSA, Nebraska currently receives an annual payment from the tobacco industry of about \$40 million. That varies up and down, in that range every year, and will do so through 2025. The specified intent of the MSA was to provide states with funds to help people quit smoking and provide prevention tools, especially tools to prevent kids from starting to smoke, as well as reimbursement for Medicaid costs. In 2000, the Legislature passed a bill appropriating \$21 million to fund a robust statewide tobacco prevention and cessation program, with funding to be set at \$7 million annually. Since that time, program funding has dipped dramatically and then settled in around the current funding level of \$2.38-\$2.4 million. I'm no economist, but even with an appropriation of \$7 million, funding will still fall short of its level 15 years ago when inflation is taken into account. In 2002, the Legislature passed a bill that established the Health Care Cash Fund. The annual payments from the tobacco industry are credited to the Health Care Cash Fund which is used to provide support for a number of programs and services, about 18 as you've said a minute ago, all health related. It's only in the past few years that appropriations for Tobacco Free Nebraska have come out of the Health Care Cash Fund. Prior to that, those funds came out of the General Fund, I believe. The intent of LB98 is to provide necessary funding increases in

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an effort to support improved tobacco cessation and prevention programs, utilizing funds made available through tobacco industry payments. Currently, almost 47,000 Nebraskans are suffering from smoking-attributable diseases. As you've heard, smoking-related healthcare costs total \$592 million annually in Nebraska, including \$134 million in Medicaid expenditures, and then there are additional costs in terms of lost productivity. So it ends up being over \$1 billion a year that the state is spending, if you will. Briefly, the components of a comprehensive tobacco prevention and cessation program include community programs which are funded through grants made from the Tobacco Free Nebraska program into the communities, to the health departments in those communities. So that's the first component. Other components are school-based programs with partnership grants, which are grants that help targeted communities; "countermarketing"; cessation; and internal surveillance and evaluation. So LB98 is a recommitment to robust funding for tobacco prevention and cessation. During the past 14 years, Tobacco Free Nebraska has demonstrated dramatic success. Both adult and youth smoking rates dropped dramatically during the first decade of this century due in large part to efforts in communities and schools and through youth programs. For example, as you've heard, between 1997 and 2011, the adolescent smoking rate fell from just over 39 percent to 10.9 percent. In 2008, Nebraska's adult smoking rate was down to 18.4 percent in contrast to the national average of 21.4 percent. During the same period, the use of smokeless tobacco by young people has dropped significantly and the use of smokeless tobacco by adults has remained low. The dramatic...the numbers are dramatic and demonstrate great success in addressing the death and disease caused by tobacco use. But--and isn't there always a "but," unfortunately--while smoking rates declined dramatically over the period of years, those declines have slowed in the past few years and adult smoking rates have seen a slight increase, I would say perhaps due to the teen smokers who are now adults and contributing to those adult rates. As in business or sports, when success wanes we evaluate and take stock, and then we try to do something to stop the declines in sales or stop the losses on the football field. A successful football team requires a good offense, a good defense, and a team of coaches that can bring out the best in players--a three-pronged approach. These are the three parts to finding success in tobacco prevention and cessation. We refer to this as the three-legged stool. The legs on the stool are smoke-free environments; significant tobacco taxes to influence price; and well-funded, comprehensive tobacco programs. Our Clean Indoor Air Act is one of the best in the nation. And it's not the time or place to talk about tobacco tax. But let's focus on Tobacco Free Nebraska for just a moment. Significant funding for a strong program is critical to success. For example, Tobacco Free Nebraska once had a strong and visible presence in 16 communities across the state. Due to the reduced funding, the program now has presence in just nine communities. This decreased ability to address tobacco use in communities is due, at least in part, to less presence in communities across the state. Increased funding for cessation will help provide services for smokers who want to quit. Partnership grants can help reach specific populations, including women and minorities that are targeted by tobacco industry marketing. And the use of mass media to highlight the negative consequences of tobacco use is critical to keeping kids from starting to smoke and helping kids...helping adults begin the process of

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quitting. A testifier will follow me to give you a more detailed overview of the program and its specifics in a neutral capacity. So providing the funding that's appropriate to assure success for all components is critical to reducing suffering and death caused by tobacco. Those who live and work in Nebraska deserve an adequately funded program. And I'd like to leave you with a reminder that this is a recommitment to a robust tobacco prevention and cessation program. Thank you. [LB98]

SENATOR MELLO: Thank you for your testimony this evening, Mr. Holmquist. [LB98]

DAVID HOLMQUIST: Thank you. [LB98]

SENATOR MELLO: Are there any questions from the committee? Senator Kintner. [LB98]

SENATOR KINTNER: Hi. [LB98]

DAVID HOLMQUIST: Hi. [LB98]

SENATOR KINTNER: Thanks for coming out today. When we spoke, you gave me the numbers I think you just gave, 39 percent to 10 percent... [LB98]

DAVID HOLMQUIST: 10.9. [LB98]

SENATOR KINTNER: ...in teen smoking, which I think is excellent. [LB98]

DAVID HOLMQUIST: Uh-huh. [LB98]

SENATOR KINTNER: And whatever role you played in it, thank you very much. But now you're down to the hard-core 10 percent. Where maybe it costs you \$3 million a year to get it from 39 to 10, this last 10 percent, they're probably the hard-core people. You might have to lock them away to stop it. I mean at what point do you say, hey, we're down far enough and to stop the last few smokers we're going to have to, you know, physically separate them from their cigarettes? At what point have you said, okay, we've gone down far enough, we're satisfied where we are because to do any further would cost so much money it wouldn't be worth the dollars spent? [LB98]

DAVID HOLMQUIST: Well, I would disagree that it will cost more money. The 10.9 percent are kids, and if we can get to the kids before they start smoking then we don't have the problem. So

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it will save money in the long-run as we move forward. The 18 percent, 20 percent, whatever the level is now with adults, is going to be a little tougher. And until we can really make dramatic...we'd like to see everybody not smoke. I mean that's really the bottom line. I don't know what the stopping point is. But in terms of kids, 10.9 percent is just not good enough because these are 14-, 15-, 16-year-olds who are starting to smoke and then they're going to cost us, as society, more down the road as we pay for their healthcare costs and all the attendant things: pregnancies that are a problem because we have young women who are smoking, then they become pregnant. If they don't quit while...their smoking, then we have low birthweight babies. So there are a lot of downstream costs that aren't taken into account. The CDC recommends that we in Nebraska spend about \$21 million a year on these programs. I'm a pragmatist and a realist. The Nebraska Legislature doesn't have, nor is it going to be willing anytime soon, to appropriate \$21 million for tobacco prevention, but that's what the best practices say and that's what, as Senator Bolz said, will save us incredible amounts of money in the long-run if we fund these programs at least at a minimum adequate level. And I would state that that's the \$7 million we're asking for. [LB98]

SENATOR KINTNER: All right. You said that there was advertising targeting women and minorities. Are you implying that women and minorities are more susceptible to advertising than men? [LB98]

DAVID HOLMQUIST: I'm not implying that at all. I'm suggesting that there's...that the tobacco industry for years has targeted women and minorities, and the two examples I would use are Virginia Slims, and they are still able to do some kind of promotion and advertising. They spend \$65 million a year in Nebraska promoting their products. So Virginia Slims is the great example for women. And for minorities it's really Newport cigarettes. Those have been targeted into the African-American community for years and that's where their big sales volume is, is in low-income, African-American communities. [LB98]

SENATOR KINTNER: Well, it seemed to me they spent a lot more money on the Marlboro man than on Virginia Slims. That was targeted to men. [LB98]

DAVID HOLMQUIST: Well, you... [LB98]

SENATOR KINTNER: Why are we targeting women and minorities here? [LB98]

DAVID HOLMQUIST: Well, because apparently the tobacco industry thinks that women and minorities are easy to get to by using these targeted advertising campaigns. They have... [LB98]

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SENATOR KINTNER: Well, are... [LB98]

DAVID HOLMQUIST:actually, they stated that. I, you know. [LB98]

SENATOR KINTNER: ...are they? [LB98]

DAVID HOLMQUIST: Easier to get to? I wouldn't have empirical evidence on that, but I know that there is evidence in the archives in Minnesota that state that tobacco industry executives stated that women and minorities were too stupid not to pay attention to their advertising. [LB98]

SENATOR KINTNER: Well, if I said something like that, the blogs would light up. The feminists, the weirdos, the leftists would be going crazy. I don't get the grace that you get on these things. If I said something like this, it would probably be in the paper actually. [LB98]

DAVID HOLMQUIST: Yeah, that was actually quoted in hearings from tobacco industry executives several years ago. [LB98]

SENATOR KINTNER: Thank you for coming out today. Appreciate it. [LB98]

DAVID HOLMQUIST: Thank you. [LB98]

SENATOR MELLO: Thank you, Senator Kintner. Anyone else from the committee have any questions? Thank you, Mr. Holmquist. [LB98]

DAVID HOLMQUIST: Thank you. [LB98]

SENATOR MELLO: Next proponent for LB98. [LB98]

JOANNA HEJL: Good afternoon. Good afternoon, Chairman Mello and members of the Appropriations Committee. My name is Joanna Hejl, that is J-o-a-n-n-a H-e-j-l. I'd like to thank you for giving me the opportunity to speak on my own behalf today on LB98 and how this legislation could impact our youth in reducing tobacco use in the future. Increasing funding for comprehensive tobacco prevention programs is part of what is called the trifecta of tobacco control, along with raising prices of tobacco products and providing smoke-free environments. The state is doing very well in smoke-free environments with the Clean Indoor Air Act, and I'd like to thank the Legislature for that. It's my hope that Nebraska can make greater strides in

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terms of better access to prevention and cessation opportunities. As a youth who has taken part in current state-funded tobacco programs available to teens in Nebraska, I can say these initiatives are valued at current appropriations levels and would bring even more positive health and economic results to our state if funding were to be increased as proposed in this legislation. Recent appropriations to this program have led to the following youth tobacco prevention activities. From July 2011 to January 2015, almost 2,000 youth from all across Nebraska participated in tobacco prevention empowerment trainings. Additionally, in that same time period more than 120 youth-led activism activities have reached 18,000 youth around the state with tobacco prevention messages. I personally have led trainings to educate young people to be leaders and resources on tobacco issues and participated in a variety of activism events across the state, including rallies and roadside advertising that educate teens and other citizens on the dangers of tobacco. While these types of events have led to cigarette smoking declining to just under 11 percent, there are still too many Nebraska youth using these dangerous products. It is estimated that currently 11,100 youth in Nebraska smoke, with 1,800 Nebraska youth--that's people under the age of 18--becoming new daily smokers annually. Additionally, among male high school students in our state, 12.9 percent use smokeless tobacco and 10.9 percent smoke cigars. We truly can do better in reducing the tobacco consumption numbers mentioned above, and reducing the \$795 million our state pays in healthcare costs caused directly by smoking, by passing LB98. It's been shown time after time that increasing funding for tobacco prevention and cessation programs significantly improves a state's economic and health outcomes. A 2014 Surgeon General's report says that states that have made large investments in comprehensive tobacco control programs have seen larger declines in cigarette sales than the nation as a whole, and the prevalence of smoking among adults and youth has declined faster as spending for tobacco controlled programs has increased. My involvement in state-funded tobacco control programs has inspired me and given me a multitude of opportunities to learn new skills and help people. By increasing funding for Tobacco Free Nebraska programs by passing LB98 you would be making a wise investment that would benefit the future generations of Nebraskans like myself that will continue to help our state grow and prosper. Thank you for listening to my testimony today and I am happy to take any questions you may have. [LB98]

SENATOR MELLO: Thank you for your testimony this evening, Ms. Hejl. Are there any questions from the committee? Seeing none, thank you. [LB98]

JOANNA HEJL: Thank you. [LB98]

SENATOR MELLO: Next proponent for LB98. Seeing none, is there anyone in the opposition to LB98? Seeing none, is there anyone in the neutral capacity to LB98? [LB98]

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CINDY JEFFREY: Good evening, Senator Mello and members of the Appropriations Committee. My name is Cindy Jeffrey, that's C-i-n-d-y J-e-f-f-r-e-y. I'm the executive director of Health Education Incorporated, and we're a nonprofit organization here in Lincoln dedicated to promoting healthy Nebraskans. I'm here to present to you the components of best practice recommendations for a comprehensive tobacco control plan for Nebraska. The U.S. Centers for Disease Control and Prevention have outlined best practices for programs to prevent tobacco use and help people quit. I think it's important to note that the best practices that they recommend and that I'll be telling you about and that you've been hearing about have a homegrown element to it. That's because the recommendations that we're talking about today are based, in part, on the lessons that have been learned on what was working here in Nebraska before the recommendations were put forward originally and as they were revised over the years. I will share, as well, that the CDC's first best practices recommendations referred to the same activities that I'm outlining here but the names and the organizations of those, the grouping of those activities has changed since the first round. Nebraska incorporated the original nine components into its original allocation of funding for tobacco prevention and cessation when the program was funded at \$7 million annually for...in 2000. The goal of comprehensive tobacco control programs is to reduce disease, disability, and death related to tobacco use by preventing the initiation of tobacco use among young people; promoting quitting among young people and adults; eliminating nonsmokers' exposure to environmental tobacco smoke; and identifying and eliminating the disparities related to tobacco use and its effects among different population groups. The best practices recommendations address the components of comprehensive tobacco control programs along with budget recommendations for Nebraska. The components of the recommendations include best practices for state and community interventions. Under this recommendation, community groups can effectively engage in a number of tobacco control activities where people live and work. These activities can include youth tobacco programs, interventions for special populations, work site programs, training for health professionals, and enforcement of Nebraska's laws around tobacco use, especially around tobacco sales to minors. Another component is infrastructure administration and management. To operate most effectively, school-based programs must include curricula that have been shown to be effective. They must also include tobacco-free policies; cessation services, that's cessation--quitting services; training...and training for teachers; and programs for parents. A third component is mass-reach health communications interventions. Statewide partners can help reach specific populations that are targeted by the tobacco industry, such as the women, racial, ethnic minority populations and blue collar workers. Related to the mass-reach health communications interventions is countermarketing. Research has shown that tobacco industry marketing increases the number of kids who try smoking and become regular smokers. Not surprisingly, one of the best ways to reduce the power of tobacco marketing is an intense campaign to counter these prosmoking messages. To help those who have begun using tobacco products, best practices also recommend cessation interventions. Cessation products and services should be made more readily available and more affordable. Moreover, treatment programs are most effective when

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they use a number of interventions, including pharmacological treatments, clinician-provided social support and skills training. And to continue to learn what works to reduce tobacco use, best practices recommends surveillance and evaluation. The result of all evaluation work must be used to constantly review all elements of the tobacco prevention initiative and to make any necessary adjustments to ensure that tobacco use declines as quickly and as sharply as possible. Thank you, members of the committee. [LB98]

SENATOR MELLO: Thank you for your testimony tonight, Ms. Jeffrey. Are there any questions from the committee? Seeing none, thanks for coming down tonight, Cindy. [LB98]

CINDY JEFFREY: Thank you. [LB98]

SENATOR MELLO: Is there anyone else here in the neutral capacity on LB98? Seeing none, Senator Bolz, would you like to close? [LB98]

SENATOR BOLZ: (Inaudible). (Laughter) [LB98]

SENATOR MELLO: (Exhibits 4 and 5) The committee should have received letters of support for LB98 from the Nebraska Hospital Association and from the American Heart Association. With that, that closes tonight's public hearing on LB98 and takes us to our next public hearing of the night, LB332 from Senator Kuehn. [LB98]

SENATOR KUEHN: Thank you, colleagues, and good evening. I am Senator John Kuehn, J-o-h-n K-u-e-h-n, and I represent Legislative District 38 in south-central Nebraska. I'm here this evening introducing LB332 at the request of the Nebraska Pharmacists Association and the Nebraska MEDS Coalition. The purpose of LB332 is to appropriate \$600,000 each in fiscal year 2016-2017 and 2017-2018 to the Department of Health and Human Services to contract for services for expansion of a statewide drug disposal project that is currently in place. LB332 requires that an annual report be sent to the Clerk of the Legislature by December 31, 2017, and 2018. The primary purpose for expanding a statewide drug disposal project in Nebraska is to continue work being done currently by the Nebraska MEDS Coalition. This coalition has been working on the issues of drug disposal for over eight years and a pilot program in Lancaster County began almost three years ago, engaging pharmacies to serve as a safe and legal waste medication collection and disposal site for leftover consumer medications. Until recently, pharmacies were not allowed to collect unused controlled substances. Take-back days which were organized in communities were the primary means of collecting unused pharmaceuticals. The Federal Drug Enforcement Administration changed the rules, however, and they are no longer funding federal take-back days but have allowed pharmacies to serve as collection sites for unused or unwanted medications, including unused controlled substances. Nebraska, like all

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states in the nation, have experienced increased deaths due to prescription drug overdoses and the diversion of unused medications, both prescription medications and controlled substances. We also know there's an existing problem that flushing medications into Nebraska's wastewater system has proven harmful to the environment. Establishing a sustainable disposal program whereby drugs are collected at pharmacies across the state in a safe, secure, and legal regulated container and then incinerated for destruction is the best and actually only appropriate method for combating each of these issues. This program is important for all Nebraskans who benefit both environmentally and also from removing diverted, unused pharmaceuticals. The Nebraska MEDS Coalition began a statewide program in January. The Lancaster County project will begin piloting the controlled substances collection within the next few months. Data are currently being collected about the number of pharmacies across the state that are participating, and the amount of unused medication that is being collected and incinerated is being weighed and documented. The funding for these initial pilot projects came from the Nebraska Environmental Trust and the Nebraska Department of Environmental Quality, and the funding ends in 2016. In order for the projects to continue, it will require additional resources, hence, the reason for LB332. This bill has an automatic sunset as it has only a two-year appropriation. There are a number of people here today who are going to testify in support of LB332 and provide the committee with additional technical information, including, I believe, showing you what actually the funds would go to in terms of the disposal boxes and collection sites. I know that we are receiving a number of requests for funding. This is a relatively small project but I think we can agree has a very big impact, both environmentally and in terms of diverted controlled substances on our state. With that, I will answer any questions. [LB332]

SENATOR MELLO: Thank you for your testimony, Senator Kuehn. Are there any questions from the committee? [LB332]

SENATOR KUEHN: Okay. All right. [LB332]

SENATOR MELLO: Seeing none, thank you, Senator Kuehn. [LB332]

SENATOR KUEHN: Thank you. [LB332]

SENATOR MELLO: We will first hear proponents for LB332. [LB332]

MARCIA MUETING: (Exhibit 1) Good evening, Senator Mello and members of the Appropriations Committee. My name is Marcia, M-a-r-c-i-a, my last name is Mueting, M-u-e-t-i-n-g. I am a pharmacist and I am here on behalf of the Nebraska Pharmacists Association and the Nebraska MEDS Coalition. I appreciate the opportunity tonight to testify in support of LB332. I have brought with me an info graphic that is a great condensed version of what the

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Nebraska MEDS Coalition has done so for. So I know you're asking yourselves why should we spend \$600,000 a year on drug disposal. [LB332]

SENATOR KINTNER: Yeah. (Laugh) [LB332]

MARCIA MUETING: I'm sure you're asking yourself that. Let me explain how the money will be spent. I'm hoping you can see the blue container over there. That is an example of a container that meets the DEA requirements. Half of the appropriation that we're asking for is for these containers. Containers, education, marketing, and increased use of the Nebraska Regional Poison Center, and then a single source of information about drug disposal in the state of Nebraska is what we're looking for with this appropriation. In order for pharmacies to collect unwanted medication, they have to have a container that meets the DEA's specifications if they want to collect the controlled substances. This container must be permanently affixed to a structure in a pharmacy--a wall, a floor--in order for controlled substances to be put into that container. The projected cost of the containers alone, as I stated before, is \$300,000 a year. This amount of funding requested in LB332 covers not just the container but the handling of the medications' incineration and shipping for safe and legal disposal. Our disposal program will meet the federal and state guidelines for drug disposal. The remainder of the funds will be spent to make the project a success. For example, a significant portion of the funds would be spent on an educational effort that not only teaches patients to return their unwanted medication to the pharmacy but is powerful enough to actually change behavior. Studies show that the traditional method of flushing unused medications down the toilet is harmful to the environment. It's not as simple as putting a message on a billboard and expecting patients to stop flushing their medication. The dollars invested by the state in collection containers are useless unless patients are aware of how to safely and legally dispose of their medication at their pharmacy. The Nebraska Regional Poison Center is an important partner in drug disposal and has supported the current projects by serving as the call center. You'll notice on the info graphic that I shared with you, their phone number appears on all of our materials and they serve as a resource that patients can call when they have questions about drug disposal. A portion of the appropriation will support the Poison Center's increased educational efforts and outreach regarding drug disposal. Currently in our state there is no single point of contact for drug disposal resources. This appropriation would fund a position that would serve as the statewide source of information regarding drug disposal for patients, pharmacies, long-term care facilities, hospitals, physician offices, and so forth. So how will this save taxpayers money, you want to know. Over the past several years, many state agencies have given grants to entities to hold the one-day take-back events. Are you familiar with the take-back events? Okay. These events have done a great job to increase awareness of the issue, but I believe these types of events encourage patients to save medications until the next take-back event. Instead of getting rid of medication right away, patients hang on to it. And this is an extreme...this is also a very extremely expensive method of drug disposal. In the past few years, the Nebraska Environmental Trust has spent over \$300,000

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in Lancaster County and Elkhorn Valley alone. Conservatively, upwards of tens of thousands of dollars have been spent in the last ten years by the state via just a few communities and organizations participating in the Nebraska Department of Environmental Quality Waste and Litter Reduction Grant Programs. So you may ask what will happen if there's no funding for this project. A pharmacy survey in Lancaster County asked if the Nebraska MEDS program was not providing you a disposal container, what barriers would prevent your pharmacy from participating? Twenty of the twenty-two respondents noted cost. I want you to understand that the cost of the containers is what we're supplying the pharmacies. Their time in managing the container itself and educating patients is all voluntary. I see I'm out of time, so I'd like to thank Senator Kuehn for sponsoring the bill and I'd be happy to answer any questions that you have. [LB332]

SENATOR MELLO: Thank you for your testimony this evening. [LB332]

MARCIA MUETING: Sure. [LB332]

SENATOR MELLO: Are there any questions from the committee? [LB332]

SENATOR NORDQUIST: Just real quick. [LB332]

SENATOR MELLO: Senator Nordquist. [LB332]

MARCIA MUETING: Sure. [LB332]

SENATOR NORDQUIST: What's the quantity of containers that the \$300,000 buys? What's the per container cost? [LB332]

MARCIA MUETING: Our estimate is that we would have 300 pharmacies participating... [LB332]

SENATOR NORDQUIST: Okay. [LB332]

MARCIA MUETING: ...at an estimated cost of about \$1,000 per pharmacy. [LB332]

SENATOR NORDQUIST: Okay. All right. Thank you. [LB332]

MARCIA MUETING: Sure. [LB332]

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SENATOR MELLO: Any other questions from the committee? [LB332]

SENATOR HAAR: Yeah. I do. [LB332]

SENATOR MELLO: Senator Haar. [LB332]

SENATOR HAAR: I've been doing some reading lately on toxins in our environment and, for example, a small amount...first of all, even the city of Lincoln, which has just an excellent waste removal system, doesn't get rid of antibiotics and stuff. Nobody does I believe. [LB332]

MARCIA MUETING: That's true. It's a common misperception that our water treatment plants are taking medications out of the water. That is a common misperception. [LB332]

SENATOR HAAR: But that would be so expensive that it's just not going to happen. [LB332]

MARCIA MUETING: Between us, just between you and me,... [LB332]

SENATOR HAAR: (Laugh) Well, we're on television here so... [LB332]

MARCIA MUETING: Eventually... [LB332]

SENATOR HAAR: Yeah. [LB332]

MARCIA MUETING: ...our water treatment plants are going to have to address this issue. [LB332]

SENATOR HAAR: Okay. [LB332]

MARCIA MUETING: They are, because a lot of the environmental...a lot of the pharmaceuticals that are found in streams in Nebraska are post human excretion. And at some point in time, we are going to have to address that issue at our water treatment plants. It's going to cost us a fortune, it is. However, it's estimated that 4 percent of the pharmaceuticals that are found in our drinking water...or not necessarily in our drinking water but in the wastewater in the streams, etcetera, are from people flushing their medication, flushing unwanted drugs. So we know we can impact that at a cost of \$600,000 a year to the state. If you know anything about the processes at a water treatment plant, for them to remove even a class of drugs, a group of drugs, it's going to cost the state millions of dollars. [LB332]

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SENATOR HAAR: Well, and to go further with what I was saying, one of the things I've been reading is up-to-date so often the EPA or whoever does this assigns sort of safe levels, but those are assigned basically for adults. And the thing that concerns me most is that with very young children or even in the fetal stage, very tiny amounts of chemicals that wouldn't affect an adult or would be excreted by adults can really affect fetal development, young children's development and so on. Is that your reading of the data as well. [LB332]

MARCIA MUETING: I'm not aware of any safe level of any of these drugs for children or adults, you know, even in micro amounts, remembering too that it's not just people that are drinking the water in Nebraska. It's every animal, our pets, the cattle that are raised here. So I mean this is a broad problem. And I'm unaware, I know there's been a lot of great environmental studies on fish, for example, and what even the micro amounts of pharmaceuticals, endocrine disrupters like hormones have done to the sexual characteristics of the fish in the environment. [LB332]

SENATOR HAAR: Right. I appreciate... [LB332]

MARCIA MUETING: Yeah. [LB332]

SENATOR HAAR: ...your concern over this. I am too. [LB332]

MARCIA MUETING: Sure. [LB332]

SENATOR MELLO: Thank you, Senator Haar. Any other questions from the committee? Seeing none, thank you. [LB332]

MARCIA MUETING: Thank you. [LB332]

SENATOR MELLO: Next proponent for LB332. [LB332]

DANIEL KING: (Exhibit 2) Have my testimony and a handout form as well. Chairman Mello and respected members of the Appropriations Committee, my name is Daniel King, D-a-n-i-e-l K-i-n-g, and my family currently lives in Lincoln, Nebraska, but also calls Gering and Scottsbluff home as well. I am here representing only myself and my family, and I appreciate the opportunity to testify in support of LB332. I'm a strong public health advocate and believe that we need to protect our families and our environment. LB332 will help us do just that. My family supports LB332 and the safe and secure disposal of unwanted medications found in homes across the state. A well-coordinated, pharmacy-based disposal program for unwanted

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medications will provide a direct mechanism for Nebraska residents to reduce the many risks of unwanted and expired medications in their homes, communities, and the state. As a father of two children, one a teenager and one not far behind, I understand full well the risks of accidental and unintentional poisonings from medications, along with the increasing risks of prescription drug overdose and teenage experimentation with drugs, including those everyday medications found on our shelves. My family wants simply a safe and secure method of medication disposal that does not endanger my family nor our natural environment. Unwanted medications in the home can poison, can be a target for thieves, or possibly impact the environment if disposed of by flushing or through the trash. As far as negative impacts to our natural environment and important water resources, I would like to cite the 1999-2000 findings of the United States Geological Survey that showed both surface and groundwater impacts from pharmaceuticals and other products right here in Nebraska. The study by the USGS identified both organic wastewater contaminants and pharmaceuticals in 80 percent of the sample sites. Samples were taken from 139 streams and groundwater sites in 30 states, and the research is ongoing. The range of drugs found in the water include antibiotics, hypertensive and cholesterol-lowering drugs, antidepressants, steroids, and reproductive hormones. I would also like to call the committee's attention to the Associated Press investigative study that followed in 2008 that reported that pharmaceutical residues now are being detected in the drinking water of 24 major metropolitan areas across the country serving 41 million people. Detected drugs include antibiotics, anticonvulsants, and mood stabilizers as well. I ask that you please consider supporting LB332 and the safe and secure disposal of unwanted and expired medications. Nebraskans deserve safe homes, communities, and clean drinking water. Thank you for your time and your leadership, and I'd be happy to answer any questions that you have at this time. [LB332]

SENATOR MELLO: Thank you for your testimony this evening, Mr. King. Are there any questions from the committee? Seeing none, thank you so much, Dan. [LB332]

DANIEL KING: Thank you. [LB332]

CAREY POMYKATA: Senator Mello and... [LB332]

SENATOR HAAR: You have to talk loud. [LB332]

CAREY POMYKATA: Can you hear me? [LB332]

SENATOR BOLZ: No. [LB332]

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SENATOR HAAR: No. [LB332]

SENATOR BOLZ: We can't hear you. [LB332]

SENATOR HAAR: We still can't hear you. [LB332]

CAREY POMYKATA: Okay. I'll talk like I'm talking to my kids. [LB332]

SENATOR HAAR: Yes. [LB332]

CAREY POMYKATA: Senator Mello and committee members, Appropriations Committee members, I want to thank you for letting me speak on behalf of LB332 today. My name is Carey Pomykata, C-a-r-e-y P-o-m-y-k-a-t-a, and I am the director of Dillon's House and Coalition Rx. Dillon's House is a program that was founded by myself and the father of Dillon Hayes, who is a 15-year-old Omaha boy who died from prescription drug abuse. I have to thank you, though, for this job you do is much harder than I thought. Sitting in this room, this sauna, for all of these hours listening to all of this stuff, I really want to thank you because this cannot be easy. But I want to take you to Nebraska homes. You know, a lot of times you sit here and people ask you for money and, you know, it just sounds like a business thing, but this is something that affects families and I want to tell you how. There is a misconception among our youth and adults as well and our elderly that whatever comes in this bottle, because it's in a yellow bottle with a white cap, that it is safe. And it is safe if taken as directed, but we know that from the age of as low as ten on up this has become a problem. In fact, in Nebraska it's become an epidemic. One out of every four of our youth will try these for nonmedical reasons. Every 13 minutes across our country someone dies from prescription drug abuse. It affects your children, your nieces and nephews, your grandchildren. It affects all of us. You know, from Dillon's House we've gone across this state and we've reached over 40,000 kids. And we have heard stories from families that no family should have to go through what these things have caused. You know, it can take as little as five days to become addicted to what is in this bottle. Five days, that's it. The biggest reason that kids are using these is because they're so easily accessible. I would guess that there isn't a one of you that doesn't have some of these sitting around your house in various places, in your medicine cabinet, on your counters. These are everywhere. Eighty-five percent of our youth are getting them from homes, from families, from their grandparents. They're easy to get. And yet these sit around; we don't know what to do with them. I don't want to tell on someone, but as I walked into this room someone said, what do I do with these meds, where do I get rid of these meds; I just had surgery and I have all of these leftover. These need a place to go. We do not want these sitting around our homes. It's the biggest cause of break-ins in our cities. It's the biggest cause of violence in our cities and they need to have a place to go. We need to cut the access down. These should not be so accessible. These should not be just sitting there for our

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families to become victims of. So I really want to ask you to help us and support LB332. It will make a difference not only to us but to families across our state to have a place to put these excess drugs. Thanks. [LB332]

SENATOR MELLO: Thank you for your testimony and thank you for staying here all day to testify tonight. Are there any questions from the committee? Seeing none, thanks so much again for coming down. [LB332]

CAREY POMYKATA: Thank you. [LB332]

SENATOR MELLO: (Exhibits 3, 4, 5, 6, 7, 8, 9, 10, and 11) Other proponents for LB332? Seeing none, the committee should have received letters of support for LB332 from the Nebraska Medical Association, the Nebraska Hospital Association, Chris Fladby, Joan McVoy, Sandra Lurry, Connie Tschetter, Natasha Veasley, Jean Hammack, and WasteCap Nebraska. Are there any opponents to LB332? Seeing none, is there anyone here in the neutral capacity? Seeing none, Senator Kuehn. Thank you. Senator Kuehn waives closing. That will end tonight's public hearing on LB332 and take us to our last public hearing of the night, LB418 from Senator Nordquist. [LB332]

SENATOR NORDQUIST: Thank you, Chairman Mello, members of the Appropriations Committee. I tried to scale back my opening a little bit here, hit on the high points. LB418 would remove...reduce an earmark from our tobacco tax that would go to the Nebraska Public Safety Communication System Cash Fund and utilize the portion that we reduce that piece to fund...to go to the Health Care Cash Fund for purposes of biomedical research. Just a quick history: From 2001 until...up until now, June 30, 2016, the city of Lincoln was receiving \$1 million from tobacco tax. The city of Omaha is receiving \$1.5 million. Before any of us were on the Appropriations Committee, the Appropriations Committee chose to earmark or to sunset the funding that's going to Omaha and Lincoln, the \$2.5 million total, and direct that to the Public Safety Communications System Fund. There, at the time, there was put in \$250,000...\$2,050,000...it was, yeah, \$2,570,000, so the \$2.5 million that's coming in is supposed to go on top of that, go up to \$5,070,000. What I'm proposing in the bill is to reduce that to \$3,070,000. So there would be a half a million dollar increase to the Public Safety Communication Fund and then the other \$2 million would go to biomedical research. Let me give you my rationale for the two changes. First of all, this earmark was made before the statewide radio system was up and running. And since that time, we have to say the, you know, the kindest remarks I think we can say is that that system has had a challenging roll out. It started running in 2009 as a partnership between the Chief Information Officer and NPPD. The State Auditor came and asked permission, as they have to, for a performance audit from the Legislature, which was given to them and that audit was released January 5 of 2015. And those

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component...the findings say: lack of adequate control over the statewide radio system; equipment purchased and accounting of such equipment; the State Patrol, Game and Parks Commission, Department of Corrections, and Department of Roads spent \$277,000 on 57 pieces of equipment that have never been used, some of which remain in unopened boxes. During 2009, the Department of Roads obtained ten portable radios and ten digital repeaters at a cost of \$25,000; none of that equipment proved to be compatible with the statewide radio system network. And then also directly from...it says some equipment that was highly valued was proved not even to exist. And directly from the report it says between inaccurate estimates of user numbers and the lack of periodic reviews to determine the actual cost of providing the service, there's nothing to support the sharp increase in the fund balance for the statewide radio system, which went from \$936,000 on July 1, 2009, to \$4.1 million on June 30, 2014. Furthermore, the Office of the Chief Information Officer performs no historical reviews to ensure reasonableness of the base monthly retainer fees charged to the agencies that are participating. Clearly, the audit from January, and I can give you copies of the full audit if you'd like, it's 50-some pages, show that that system has deep challenges and we need to at least not put this thing on autopilot to the tune of an additional \$2.5 million a year, which would happen if we make no statutory change to that funding. At least it needs to be pulled back and have...be a General Fund appropriation. Now let me make a brief case for why we need to do biomedical research, and there will be folks testifying after me. There has not been an increase in biomedical research since 2008. The funding, the \$14 million a year funding that goes to biomedical research out of the Health Care Cash Fund goes to a consortium of Creighton, Boys Town, UNL, and the University of Nebraska Medical Center. I didn't do the math but, out of the \$14 million, in fiscal year '14, Creighton received \$2.1 (million); Boys Town, \$1.2 million; the Med Center, \$7.3 million; and University of Nebraska-Lincoln, \$2.9 million. This money has been proven, by economic impact study by Dr. Ernie Goss, to have tremendous positive impacts. Every dollar that we put into this biomedical research program has turned over \$8 in other research funds. That's not the economic impact. That's the research fund that that dollar leverages, is \$8 more. And then when you look at the economic impact of that total amount of money, it's \$2.2 billion between 2002 and 2010, is what the length of that report was, including \$98 million in state and local tax collections, and about 1,800 jobs with a payroll of about \$750 million. And those are good-paying jobs, at least \$45,000 a year. I can go on. The dollars are used to recruit and retain top-level researchers, and as we expand our cancer center or build our cancer center that comes up at UNMC, making sure we have the best researchers possible there is going to be important for that institution to succeed. They can use it on research infrastructure, program development, joint university research projects. So that's why I think we need to increase the level from the \$14 million that has been stagnant since 2008. I'd be happy to take any questions. [LB418]

SENATOR MELLO: Thank you, Senator Nordquist. Are there any questions from the committee? Senator Stinner. [LB418]

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SENATOR STINNER: Thank you, Senator Mello. You just need to slow this just a little bit. [LB418]

SENATOR NORDQUIST: Sorry, I misread. [LB418]

SENATOR STINNER: So I got \$2.5 million coming from the city of Lincoln and Omaha that... [LB418]

SENATOR NORDQUIST: Yep. [LB418]

SENATOR STINNER: ...are no longer expended. [LB418]

SENATOR NORDQUIST: Right. [LB418]

SENATOR STINNER: By virtue of statute, they would normally go into the public safe... [LB418]

SENATOR NORDQUIST: They would. They would be up...the Appropriations Committee, I think it was in...it was either '07 or '08 put the sunset in place on those two and directed that money to the public safety radio system. There already is \$2.5... [LB418]

SENATOR STINNER: 7.0. [LB418]

SENATOR NORDQUIST: ...7,... [LB418]

SENATOR STINNER: Yeah. [LB418]

SENATOR NORDQUIST: ...\$2.57 million there, so it would take it up to \$5,070,000. That's a big jump and I'm sure the agencies can make the case of why they need it. I'm just concerned that that was done before the system is even in place. We've had a very challenging year. Your predecessor John Harms did a lot of digging into this through the Performance Audit Committee with Senator Mello, a lot of digging into those challenges. We had an audit come out this year. That funding definitely should not be on autopilot for this system, which it will be if we make no changes at all. It will get \$5 million a year and will never have to come before the Appropriations Committee for another dollar. [LB418]

SENATOR STINNER: No, I agree with that part of it. [LB418]

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SENATOR NORDQUIST: Yep. [LB418]

SENATOR STINNER: Obviously that whole thing, I...Senator Harms did share with me some of the challenges that you guys faced. Is that \$2 million going to stay, is automatically going to go to biomedical? [LB418]

SENATOR NORDQUIST: Right. So it would go into the Health Care Cash Fund and that would be added on top of the \$14 million they get out of the Health Care Cash Fund right now. [LB418]

SENATOR STINNER: Okay. So...okay. [LB418]

SENATOR NORDQUIST: Yep. [LB418]

SENATOR STINNER: On the biomedical side of things, you went through a whole lot of stuff. [LB418]

SENATOR NORDQUIST: Right. [LB418]

SENATOR STINNER: Do we ever get a report back from them of tangible, that we can touch and feel and say, wow, this is cool or... [LB418]

SENATOR NORDQUIST: Let me see here who this report is to. [LB418]

SENATOR STINNER: ...this is well spent? [LB418]

SENATOR NORDQUIST: Yeah, they do, do a progress report, the Nebraska Tobacco Settlement Biomedical Research Fund Development, and this is for fiscal year '13-14. I can give you a copy of that but it talks about all four members of the consortium and what they're doing with those dollars. [LB418]

SENATOR STINNER: It's supplied to the Legislature as a report? [LB418]

SENATOR NORDQUIST: Yeah. Yep. [LB418]

SENATOR STINNER: Okay. Thank you. [LB418]

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SENATOR NORDQUIST: That's right. [LB418]

SENATOR MELLO: Thank you, Senator Stinner. Any other questions from the committee? Seeing none, thank you, Senator Nordquist. [LB418]

SENATOR NORDQUIST: And I think I'll probably waive closing just ahead of time here and then we can talk about the issues after the fact. [LB418]

SENATOR MELLO: We'll next hear proponents for LB418. [LB418]

THOMAS MURRAY: (Exhibit 1) Good evening, Chairman Mello, members of the Appropriations Committee, a special greeting to Senator Haar with whom I serve on the state of Nebraska EPSCoR Committee. I am Tom Murray, T-o-m M-u-r-r-a-y, the associate vice provost for research and scholarship and the associate chair of Pharmacology Department at Creighton University School of Medicine. Today I appear on behalf of Creighton University in support of LB418, and I certainly appreciate the opportunity to testify before the committee. Like to amplify a couple of the things that were just stated by Senator Nordquist. Investment in biomedical research pays a lifetime of dividends in better health and quality of life for Nebraskans. Research funding is essential to advance the state of Nebraska in many ways. As an example, Creighton University uses these funds as a springboard to increase funding from federal agencies, such as the National Institutes of Health, or NIH. In just the past month, Creighton faculty supported by these funds have been awarded four new NIH grants totaling \$7 million. These new research projects are developing novel forms of drug delivery, treatments of intestinal disease, and gene therapy for coronary disease. Such efforts lead to major medical breakthroughs, medical advances, and discoveries of cures. With every dollar invested, biomedical researchers are a step closer to new treatments and better outcomes. The steady stream of funding allows Nebraska's research institutions to attract world-class researchers who come to the state to share their talents and discoveries. These researchers and investigators conducting these studies are dedicated individuals who really represent the "brain gain" of our state. My own move to Nebraska from the University of Georgia, College of Veterinary Medicine was in large part due to the Nebraska Legislature's enlightened decision in 2001 to direct tobacco settlement money into biomedical research. The biomedical research enterprise represents an important economic driver that increases the attractiveness of the state of Nebraska to either start-up or relocation of businesses to our state. The high level of cooperation existing between the state's research-intensive institutions has fostered a continued expansion of Nebraska's research enterprise. As an example, Creighton, UNL, UNMC, and Boys Town have teamed to submit a \$7 million National Science Foundation grant application to support multidisciplinary and collaborative neuroscience research, training, and community outreach. In the current hypercompetitive national environment for federal research funds, such team science

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and collaborative approaches serve as an effective way to appeal to funding agencies. Since 2001 Creighton has received \$34.2 million in Health Cash Fund support and those researchers have subsequently generated a \$197.7 million in new extramural support--a 5.8-fold return on the investment. This high financial return in terms of new research dollars coming into the state reflects Creighton's prudent stewardship of the Health Care Cash Fund's support. LB418 will increase funds available in the Health Care Cash Fund to sustain the advance in biomedical research and these increases in federal funding that our research institutions in the state of Nebraska have generated. I, therefore, respectfully encourage you to advance LB418. And I'd be happy to respond to any questions. [LB418]

SENATOR MELLO: Thank you for your testimony this evening, Mr. Murray. Are there any questions from the committee? Seeing none, thank you. [LB418]

PREM SAGAR PAUL: (Exhibit 2) Chairman Mello, members of the Appropriations Committee, good evening. My name is Prem Paul, P-r-e-m P-a-u-l, and I have the honor of serving as the vice chancellor for research and economic development at the great University of Nebraska-Lincoln. Thank you very much for giving us opportunity to testify today to voice UNL's support for LB418. It so happens that in 2001, July 1, 2001, when I came from a neighboring state and became a Husker, that is actually the date that I learned and was very pleased to learn that the Nebraska Legislature had put together this particular program utilizing tobacco settlement funds for biomedical research. One of our major goals at the University of Nebraska-Lincoln at the time was to grow research, all research, including biomedical research. And we believe that UNL had found a very important partner in the Nebraska Legislature. We have honored the intentions of the Legislature by investing these funds in attracting new talent and building research programs that have already had an impact and that continue to have an impact on the health of all Nebraskans and on the economy of our state. The Nebraska tobacco settlement Health Care Cash Fund is the kind of farsighted investment that leads to scientific discoveries and medical breakthroughs. The fund has given us a competitive edge, enabling us to hire top scientists and grow new areas of research, and this is absolutely critical if we're going to continue to build our research program in the state of Nebraska, because the competition is very intense. We'll use the funds to build collaborations with scientists at the University of Nebraska Medical Center, Creighton University, and Boys Town, and partner with them on major research centers and individual research projects. These investments have helped UNL achieve more than a tripling of funding from the U.S. Department of Health and Human Services, one of our major sources of biomedical research funding, since the tobacco settlement fund was established. I could actually give you a lot of examples but the day is long and you probably don't want to hear too many examples, but I'll just only highlight a couple of them that shows how these funds have already benefited us. Health Care Cash Fund investments over several years helped establish the Nebraska Center for the Prevention of Obesity Diseases through Dietary Molecules, addressing one of the most serious health challenges facing Nebraska and the nation. So basically, it's a

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major center effort to better understand obesity and how we can prevent it and better control it. And this particular center was funded this past year and it's a \$11.3 million grant from the National Institutes of Health. This particular research center is a collaboration between the University of Nebraska-Lincoln and University of Nebraska Medical Center scientists. Our scientists are working in new areas of research with potential to develop and commercialize dietary compounds that can treat diabetes and improve health. One other example that I like to share with you and that you may already have heard about it is at the UNL Center for Brain, Biology and Behavior. We call it CB3. This is focused on improving diagnosis and treatment of concussion and traumatic brain injury. As awareness of injuries related to sports and military service has grown, brain injury has become an urgent area of research. So these funds, these investments have enabled us to build this center, build this research program, and attract talent and do some initial research, preliminary data collecting (inaudible) and then pursue federal funding. We already have applied for grants through the National Institutes of Health. We've already leveraged grants from the NCAA and the Department of Defense in this particular area, and this is a collaboration, again, with...between UNL and UNMC. Projects providing greater healthcare access for minority and rural people in Nebraska are the goal of UNL's minority health disparity research. Health Care Cash Funds support two pilot telehealth clinics that offer expert consultation to healthcare workers providing obesity interventions to Latino children in Lincoln and rural communities, and are the basis for the proposal to NIH. Nebraska has made incredible progress in biomedical research since the tobacco settlement investment was initiated. The tobacco funds have made a proven difference and are critical to our continued growth in research to improve the health of all Nebraskans. We urge you to vote for LB418. Thank you very much. [LB418]

SENATOR MELLO: Thank you for your testimony tonight, Dr. Paul. Are there any questions from the committee? Seeing none, thank you. [LB418]

PREM SAGAR PAUL: Thank you. [LB418]

SENATOR MELLO: Next proponent for LB418. [LB418]

WALT JESTEADT: Good evening, Chairman Mello and members of the Appropriations Committee. My name is Walt Jesteadt, W-a-l-t J-e-s-t-e-a-d-t. I'm the director of research at the Boys Town National Research Hospital and I'm here to speak on behalf of the hospital in support of LB418. This funding would increase the funding for the Biomedical Research Development Fund. Our portion of that funding has been used to build our research program, which focuses on communication disorders in children and, more recently, on behavioral disorders. This funding has allowed us to recruit world-class researchers in areas such as cochlear implants, hearing aid research, as well as basic neuroscience research. This has allowed us to be competitive for most

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recently an \$11 million center grant to develop a Center for Biomedical Research Excellence in the area of perception communication disorders in children. We're currently recruiting faculty for a second center grant in collaboration with the Department of Ophthalmology at UNMC, again with these funds. These funds have also helped us to develop a program of research in MRI imaging to better understand the biological mechanisms underlying behavioral disorders and to develop valid interventions for those disorders. So this program, and I'll be brief here because we are the smallest component of the program as a whole, it's had very high financial return and also continues to have direct impact on the improvement of health of Nebraskans. So I would urge your support. Thank you. [LB418]

SENATOR MELLO: Thank you for your testimony tonight, Mr. Jesteadt. Are there any questions from the committee? Seeing none, thank you. [LB418]

JENNIFER LARSEN: (Exhibit 3) I can't say it's getting cooler in the room, but, Chairman Mello and members of the Appropriations Committee, I'm very happy to speak to you today. My name is Jennifer Larsen, J-e-n-n-i-f-e-r, Larsen, L-a-r-s-e-n. I'm a physician and the vice chancellor for research at University of Nebraska Medical Center, and I'm here to testify in support of LB418. As you have heard from all the other testimony, the Health Care Cash Fund has been critical for the growth of biomedical research across this state. At UNMC, in particular, we have used it to lure high talent that bring new grants, large grants, \$1 (million) to \$4 million a year type grants, to the state, which means jobs directly. But a lot of these leaders are also entrepreneurs and so they are also bringing new technologies that can be developed into jobs, and at the same time they are mentors and are teachers and have impact in terms of reducing health disparities as well. We ultimately have had an impact of about 77 percent growth in our biomedical research over the last 12 years just at UNMC alone, about a 13-to-1 ratio for every dollar spent. Ultimately, I can...I'm trying to also be brief for all of our benefits. Let me just give you a few examples of some of the faculty that have been recruited with these grants: Dr. Oleynikov, who works with Dr. Shane Ferritor, is a surgeon, works with an engineer at UNL who develops robotic surgical instruments and has spun out a company called Precision Instruments--again, more jobs; Dr. Surinder Batra focused on pancreatic cancer, one of the deadliest cancers that we know. He has found signals that he's developing into a new diagnostic test to catch it earlier and the next generation of cures. Again, this is healthcare impact, potential jobs and ultimately potential businesses. Dr. Bronich, who's developing nanomedicines, reformulating existing medicines so that they are more effective using oral or other kinds of preparations; Dr. Gendelman, who's formulating and testing new medications for Alzheimer's and Parkinson's disease, including some phase one trials, as we speak, in the state of Nebraska for the first place in the country; Dr. Ken Bayles, who's helping us understand why bacteria, like MRSA, become resistant to antibiotics, so that the resistance can be prevented or treated; and finally, Dr. Risto Rautiainen, who is directly focused on preventing occupation-related injuries of farmers, ranchers, and other agricultural workers and is doing outreach across the state. As you can see, LB418 will increase

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the monies available in the Health Care Cash Fund to recruit more quality faculty that bring new funding and ideas to the state at all four institutions with all of its economic benefits. And for all of that, I recommend that you consider advancing LB418. [LB418]

SENATOR MELLO: Thank you for your testimony this evening, Dr. Larsen. Are there any questions from the committee? Senator Haar. [LB418]

SENATOR HAAR: It does seem a little ironic that we take the sins of some--smoking--and turn it into lifesaving cures for others. Who would decide how to spend these monies? Would this be through...is there a committee at like UNMC or whatever that would decide how to spend this? In other words, how would you go about spending this money? [LB418]

JENNIFER LARSEN: Those funds at UNMC, I think each institution is slightly different, but usually it's out of the research office so it's the people you see right behind you,... [LB418]

SENATOR HAAR: Okay. [LB418]

JENNIFER LARSEN: ...directing a lot of that activity. It's a collaboration with, in our case, of coming forward with specific faculty that people would like to recruit and looking at the impact in terms of the dollars that they would bring. In some cases, there are research programs, collaborative research programs. We feel the investment would lead to new grants, specifically to the state. And in some cases, of course, there's a designated part of the funds that are used for health disparities research, in particular, and that depends on, you know, the best ideas that come forward. [LB418]

SENATOR HAAR: Great. Thank you. [LB418]

JENNIFER LARSEN: Uh-huh. [LB418]

SENATOR MELLO: Thank you, Senator Haar. Are there any other questions from the committee? Seeing none, thank you, Dr. Larsen. [LB418]

JENNIFER LARSEN: Thank you. [LB418]

SENATOR MELLO: Are there any other proponents for LB418? Seeing none, are there any opponents to LB418? [LB418]

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KYLE OTTE: (Exhibits 4 and 5) Good evening, Chairman Mello and members of the Appropriations Committee. My name is Kyle Otte, K-y-l-e O-t-t-e, administrative services major of the Nebraska State Patrol. I would like to thank you for giving me the opportunity to appear before you today to offer my agency's testimony in opposition to LB418. LB418 proposes to divert funding from the Public Safety Communications Cash Fund to the Nebraska Health Care Cash Fund to be used for biomedical research purposes instead of maintaining and improving the Public Safety Communication System. The Nebraska State Patrol business plan utilizes these cash funds for the replacement of aging communications equipment, systems and maintenance costs associated with those systems. The plan is consistent with the legislative designation of cigarette tax proceeds for ongoing operating, maintenance, and replacement costs. The State Patrol is scheduled to utilize these funds beginning in FY '16-17 for the replacement of several key pieces of equipment, systems, and system maintenance agreements that are vital to maintaining the operations of the Patrol. These funds are targeted specifically for the replacement of the mobile in-car radios used daily by the Patrol, which have a purchase date beginning of 2009. By 2016, these radios will be seven years old. The model of radios utilized by the Patrol ceased to be manufactured or sold by Motorola in 2013 and the Patrol has been advised that Motorola will cease to provide parts or support in 2019. The deployment and installation of new radios and training of personnel in the use of such radios is a long-term project and one that will need to take place beginning in the upcoming biennium and following years. The Patrol estimates the cost to replace the mobile radios and the antennas to be approximately \$4.5 million. Additionally, the Patrol's Computer-Aided Dispatch System, CAD, was purchased in 2006 and is nearing the end of its life. The program no longer meets our needs as it does not interface with other systems. Because the program is outdated, it is also expensive to support and maintain. The Patrol estimates the cost to replace the CAD system to be approximately a minimum of \$1.5 million with an ongoing maintenance agreement of \$150,000 per year. These funds will also support the replacement of mobile data computers, MDCs, utilized by the Patrol. The Patrol's MDCs are vital in the daily functions performed by all troopers and investigators. The estimated life of a computer is approximately three to four years. The Patrol's computers originally purchased in 2009 have reached the end of their useful life and, as such, a committee has been established to evaluate the replacement of its existing equipment. For example, geographically this would affect approximately 75 sworn officers in the Troop A or Omaha area, and approximately 132 sworn officers in the Headquarters Troop area serving southeastern Nebraska, to include the Lincoln area. Sworn officers working in these geographical areas serve in a variety of divisions from traffic services and carrier enforcement to investigative divisions. There are also numerous support divisions, such as Command Operations, Hazmat, Air Support, and Police Service Dog Divisions that would be affected as well. In anticipation of future MDC replacement, an initial appropriation of \$500,000 was previously provided to the Patrol for fiscal year '14-15 from the Public Safety Cash Fund. However, the cost of replacing all the computers will exceed this appropriation. The Patrol estimates a cost of \$2.1 million to replace all of its current MDCs. The Patrol would utilize a

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portion of the additional cigarette tax proceeds for the replacement of the remainder of its MDCs that would not be covered by these initial appropriations. The Patrol's business plan included entering into a master lease that would provide funding for the mobile radios, the new CAD system, and the MDCs, totaling approximately \$8 million in total equipment costs. These costs are currently estimates, as the bid process is not complete and the final cost of replacement equipment has not been fully determined. The Patrol estimates the incremental increase in master lease costs to fund the mobile radios, the new CAD system, and the MDCs to be approximately \$800,000 beginning in FY '16-17. The Patrol will also use these funds to pay for increases in OCIO's retainer fees in the amount of approximately \$130,000 related to the Public Safety Communication System, maintenance and support agreements related to communications equipment totaling \$70,000, firmware and software upgrades totaling \$75,000 for the equipment operated by the Patrol on the statewide radio system, and an estimated \$150,000 for communications and IT equipment repairs. In the event that the Nebraska State Patrol does not receive the additional \$2 million in cigarette taxes, the agency will require additional General Fund Appropriations in order to replace and maintain the equipment that is essential to the operation of the Public Safety Communication Program. The Nebraska State Patrol is committed to operating in a fiscally responsible manner and will continue to do so with your support. I would be happy to answer any questions at this time. [LB418]

SENATOR MELLO: Thank you for your testimony tonight, Major Otte. Are there any questions from the committee? Well, it looks like maybe I may be the only one asking a couple questions then. My understanding is the entire cost of the statewide radio system is about \$17.3 million, and essentially what you're asking for is, over the biennium, roughly about a \$10 million appropriation for equipment replacement. And the question I've got more is what happens after all of this equipment gets replaced in the next two years, knowing that's \$10 million? Then, as Senator Nordquist mentioned, if this doesn't get changed, you're on autopilot two years from now to also get \$10 million. So within a four-year period we will have appropriated \$20 million, which is more than what the entire system cost, to the State Patrol for equipment that you've listed out here, which now I'm a little confused by your testimony regarding the master lease costing about \$8 million, which covers everything, covers your radios, computers, and all the other equipment you have. I saw some other components of the CIO that I won't bother you with. But I guess on behalf of the committee, outside of the general concerns and challenges we've seen with the system, yes, there was a State Auditor that...the Auditor released a report earlier this year, how can you justify the need for \$20 million in a four-year period for equipment replacement? I just don't...from my knowledge of digging into this system the last couple years, that's kind of astounding, actually, that we're going to put more money in equipment replacement than what it cost to build the entire system over the last few years. [LB418]

KYLE OTTE: I guess, Chairman Mello, I would have to defer to my accounting and finance manager to be able to say exactly how the money would be used and over that course of time. I

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think that the amount of money that I mentioned in here were all estimates. We don't have any specific numbers. And that even though the total amount of the money maybe is high, as you mention, the actual use of money in the next biennium would be just to pay the master lease payments. [LB418]

SENATOR MELLO: And by all means, Major Otte, it's 7:25 at night, I don't want to keep you on the hot seat, but I believe the Patrol also came in at their budget hearing and asked for, I believe, I thought it was close to about a \$5 million reappropriation for this Public Safety Cash Fund of funds that we've appropriated you over the years that you've yet to spend. So I just have a tough time. I understand there's a need for appropriating money for this system and I'm not going to disagree with that. But if you take in consideration your reappropriated funds you've requested and to leave the cigarette tax as it is, that's \$25 million to the Patrol in the next four years to fund equipment replacements. I just don't see how you're going to spend all of that money on public safety radio system equipment replacements. I just...I have a tough time seeing how you will spend all of that money, and that's why it's kind of caught me off guard a little bit in regards to the dollar amount, so to speak. But if you can get back to us a little bit, I mean, by all means, I'd appreciate it. I think the committee would appreciate it too. [LB418]

KYLE OTTE: We'd be happy to, Chairman. [LB418]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Major. [LB418]

KYLE OTTE: Thank you. [LB418]

SENATOR MELLO: Any other opponents to LB418? [LB418]

DON WESELY: Thank you. I will be very brief. Don Wesely, D-o-n W-e-s-e-l-y, representing Motorola. Wasn't planning on testifying but some of the original comments about the system and its roll out, I'll take less than a minute. The Hippocratic Oath, the original Hippocratic Oath is please...first, do no harm, and that's I think what you're asking, Senator Mello, is let's make sure that this system that had trouble rolling out doesn't get greater trouble by the cuts. And I know we've talked about let's figure this thing out, and Motorola isn't guaranteed any of the contracts. I mean some of these systems, they'll be bid out. And we're only here to tell you that we worked on this system as it rolled out and there were mistakes made. But I would like to say that I don't think Motorola made a mistake. I don't think the State Patrol made a mistake. There were others involved who we think made some bad decisions. So let's not make another bad decision. Let's not cut off adequate funding to make sure the system continues to work and works well because, frankly, what happened was I think we tried to do the Nebraska system on the cheap. That \$17

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million you're talking about, that's probably the lowest statewide system costs anywhere in the country. I will also tell you that for Motorola, which has over 30 state systems, this was the most difficult, had the most problems. So we've seen this before. I know some of you are new to the Legislature, new to the Appropriations Committee, but when you do things on the cheap, sometimes it costs you more in the long-run. And in a way, that's what we're talking about here. So we stand ready to work with you and the Patrol. We're just very concerned that we make sure everybody comes out of this thing. Obviously, the opening...the support testimony was overwhelming. It was very positive. Nothing against that; just be cautious before you make some changes. [LB418]

SENATOR MELLO: Appreciate it. Thank you, Mr. Wesely. Are there any questions from the committee? Seeing none, thank you, Don. Any other opponents to LB418? Seeing none, is there anyone in the neutral capacity on LB418? Seeing none, Senator Nordquist, would you like to give a long close? [LB418]

SENATOR NORDQUIST: Well, I'll waive it. I'll waive it. [LB418]

SENATOR MELLO: All right. Seeing none, Senator Nordquist waived closing. That ends the public hearing tonight on LB418 and closes the Appropriations hearings for the day. Thank you. [LB418]