[LB196 LB549 CONFIRMATION]

The Committee on Health and Human Services met at 1:00 p.m. on Friday, February 20, 2015, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB196, LB549, and gubernatorial appointments. Senators present: Kathy Campbell, Chairperson; Sara Howard, Vice Chairperson; Roy Baker; Tanya Cook; Sue Crawford; Mark Kolterman; and Merv Riepe. Senators absent: None.

SENATOR CAMPBELL: We're going to ask everybody to find a chair and we will begin. I want to welcome you this afternoon to the hearings for the Health and Human Services Committee. I'm Kathy Campbell and I serve as the Chair of the committee and I represent District 25 in Lincoln. And is our practice...we introduce ourselves here. So, Senator, I'll let you start off.

SENATOR KOLTERMAN: My name is Senator Kolterman, Mark. I'm from the 24th District, Seward, York, and Polk County.

SENATOR BAKER: Senator Roy Baker, District 30, Gage County, part of southern Lancaster County.

SENATOR CRAWFORD: Good afternoon. Senator Sue Crawford from District 45, and that's eastern Sarpy County, Bellevue, and Offutt.

SENATOR HOWARD: Senator Sara Howard. I represent District 9 in midtown Omaha.

JOSELYN LUEDTKE: Joselyn Luedtke, I'm the committee counsel.

SENATOR COOK: I'm Senator Tanya Cook from northeast Omaha and Douglas County.

SENATOR RIEPE: And I'm Senator Merv Riepe. I'm from the Omaha, Millard, and Ralston area, District 12. Thank you.

BRENNEN MILLER: I'm Brennen Miller. I'm committee clerk.

SENATOR CAMPBELL: And we have two pages with us today. Brook is from Omaha, at UNL majoring in advertising, marketing, political science, and what am I missing?

BROOKLYNNE CAMMARATA: Advertising, public relations, and poli-sci.

SENATOR CAMPBELL: Okay. All right. I'm going to make sure I get them all straight. And Jay is from Dalton, Nebraska, is at UNL also and majoring in ag economics. And these two people are very helpful. We're enjoying having them with us. And so if you need any assistance today, be sure to talk to one of them. The order this afternoon is we'll start with the gubernatorial appointments and then we'll go to the hearings for the two bills. And I think what I'll do, I think we've got...we probably have some other people coming, so at 1:30 we'll kind of go through the procedures that we use in a hearing because I would bet not everybody is here yet because they probably think the hearings start at 1:30. And so, we're going to proceed with the gubernatorial appointments. Our first appointee today is Laura Scholl. Is Laura here? Come forward, please, and just have a chair there. And, Ms. Scholl, this is a very informal time for us to get to know you...

LAURA SCHOLL: Okay. [CONFIRMATION]

SENATOR CAMPBELL: ...and to kind of hear some things. So it's not like we're going to grill you with any big questions or anything like that. For the transcribers, though, can you state your name and spell it for the record? [CONFIRMATION]

LAURA SCHOLL: (Exhibit 1) Sure. It's Laura Scholl, L-a-u-r-a and then S-c-h-o-l-l. [CONFIRMATION]

SENATOR CAMPBELL: Right. And your appointment...and this would be the first time that you'd be serving on the Board of Emergency Medical Services, is that right? [CONFIRMATION]

LAURA SCHOLL: That's correct. [CONFIRMATION]

SENATOR CAMPBELL: Okay, because you just came off the Board of Chiropractors? [CONFIRMATION]

LAURA SCHOLL: Correct, and I had been on that for ten years. [CONFIRMATION]

SENATOR CAMPBELL: So how did you get to the Board of Chiropractors? [CONFIRMATION]

LAURA SCHOLL: I knew one of the doctors and they told me that they were looking for someone at that time. And I had worked in chiropractic about 24 years ago but then I worked in

insurance after that. And so it was just kind of a word of mouth type thing, and... [CONFIRMATION]

SENATOR CAMPBELL: Well, we appreciate your service. [CONFIRMATION]

LAURA SCHOLL: Yeah. [CONFIRMATION]

SENATOR CAMPBELL: You finish one board and willing to serve on another? [CONFIRMATION]

LAURA SCHOLL: I know. (Laugh) [CONFIRMATION]

SENATOR CAMPBELL: Way to go. Wow. One of the pleasures of this position for all of us on this committee is to meet wonderful Nebraskans who step forward and say, I'm willing to serve on a board or a commission. We know that takes time away from your other endeavors and we very much appreciate it. [CONFIRMATION]

LAURA SCHOLL: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: So to start us off, tell us a little bit about yourself. [CONFIRMATION]

LAURA SCHOLL: I have lived in Lincoln for the past 19 years. Prior to that, I lived in Beatrice and that's where I worked for a chiropractor, was down in Beatrice. And when we moved back I started working at Ameritas Life Insurance. I have three children. They are now 21, going to be 19 next week, and 17. So when I started on the Board of Chiropractic they were pretty little. And I now am back in school and I'm going to SCC and doing medical assisting school. And so... [CONFIRMATION]

SENATOR CAMPBELL: Whole new career. [CONFIRMATION]

LAURA SCHOLL: A whole new career. I actually had a car accident a couple years ago and got a TBI from it and have a hard time being in the insurance environment where you do constant computer, you know, all that type of thing. And so now I'm going to get to go into a field where I can work with people which is what I'd really like to do anyway. [CONFIRMATION]

SENATOR CAMPBELL: Excellent. [CONFIRMATION]

LAURA SCHOLL: And so... [CONFIRMATION]

SENATOR CAMPBELL: And so how did you become interested in the Emergency Medical Board? [CONFIRMATION]

LAURA SCHOLL: It's kind of funny, because when I was retiring from the Chiropractic Board, I said to Bill Wisell at the time, you know, in the future, let me know if there's any other boards that come open. And he e-mailed me instantly and told me this one. And it...I submitted an application and here I am. (Laugh) [CONFIRMATION]

SENATOR CAMPBELL: It would seem to me that with your studies that you're going to do now, it would fit together. [CONFIRMATION]

LAURA SCHOLL: Yeah, I think so. And I...you know, I checked, because the medical assisting, we're not licensed, so I kind of did some checking on that at first because I was worried that maybe I wouldn't be able to serve as the layperson any longer. But he said it should be fine. [CONFIRMATION]

SENATOR CAMPBELL: Okay, yeah, because you are classified...do you know how many laypeople are on that board, Ms. Scholl? [CONFIRMATION]

LAURA SCHOLL: I don't. I have not had a lot of training yet for that. They told me I'd be getting that very shortly. [CONFIRMATION]

SENATOR CAMPBELL: Sure, sure. [CONFIRMATION]

LAURA SCHOLL: And we have our first meeting in March that I will be going to. [CONFIRMATION]

SENATOR CAMPBELL: Okay. And I have to tell you that I am looking over the information that you provided. Personally, I was very, very pleased to see you are the team parent for the East High varsity soccer team. (Laughter) [CONFIRMATION]

LAURA SCHOLL: And soccer season is starting soon. [CONFIRMATION]

SENATOR CAMPBELL: So is this your son or daughter? [CONFIRMATION]

LAURA SCHOLL: It's my daughter. She is a junior at East High and she's the goalie. So I have the goalie mom pressure but, yeah, very excited. So for the next two years I'll still remain that also. [CONFIRMATION]

SENATOR CAMPBELL: For all my colleagues, the girls soccer team at East is known as LEGS. [CONFIRMATION]

LAURA SCHOLL: Yes, I actually...I almost wore my scarf. [CONFIRMATION]

SENATOR CAMPBELL: Lincoln East Girls Soccer. [CONFIRMATION]

LAURA SCHOLL: Yeah. [CONFIRMATION]

SENATOR CAMPBELL: My daughter played... [CONFIRMATION]

LAURA SCHOLL: My...I have...my scarf says LEGS across it. [CONFIRMATION]

SENATOR CAMPBELL: Oh, I need one of those maybe. Our daughter played varsity soccer four years at East. So, boy, it's close to my heart. [CONFIRMATION]

LAURA SCHOLL: Was Coach Morgan the... [CONFIRMATION]

SENATOR CAMPBELL: No, actually, Myles Dymacek, I think, was the coach at that point. [CONFIRMATION]

LAURA SCHOLL: Okay. [CONFIRMATION]

SENATOR CAMPBELL: So just a personal point. You had...because it looks like you're volunteering for more than that. You've done the United Way and East High prom. [CONFIRMATION]

LAURA SCHOLL: Yeah. [CONFIRMATION]

SENATOR CAMPBELL: I mean, that must be a part of what you believe is important here. [CONFIRMATION]

LAURA SCHOLL: It is, yeah. I like to be able to serve people and the community and... [CONFIRMATION]

SENATOR CAMPBELL: Right. And you...did you grow up in Oxford, Nebraska? [CONFIRMATION]

LAURA SCHOLL: I was born in Oxford, Nebraska. I grew up in Holdrege. So I'm a central Nebraska girl. [CONFIRMATION]

SENATOR CAMPBELL: Sure. [CONFIRMATION]

LAURA SCHOLL: My husband is from Hastings. [CONFIRMATION]

SENATOR CAMPBELL: That would give you a good insight, I would think, to the EMT from a smaller town in Nebraska and a rural perspective. [CONFIRMATION]

LAURA SCHOLL: Yeah. [CONFIRMATION]

SENATOR CAMPBELL: That might be very helpful there. Questions or comments from the senators that they might have? Senator Riepe. [CONFIRMATION]

SENATOR RIEPE: Thank you, Senator Campbell. My question would be, is what do you want to be doing in five years? [CONFIRMATION]

LAURA SCHOLL: I'm going to be in medical assisting. (Laugh) No, I want to...in five years...this was hard for me--I'm 46--to change careers. And so I really had to sit back and evaluate, what do I want to do? And I do want to be in the medical profession and medical assisting just made sense for me. My kids are going to be...my youngest will be in college, so I want to be following her college career, of course, because she is going to play soccer in college. But other than that, my husband and I will be going towards empty nesting. And so this...that's another reason why I thought I really need something to keep me busy, because I'm the type of person that just needs to be kept busy. And all of my East affiliations would be coming to an end in a year and a half. You know, so that's just...I'm looking for things that I can fill in some time and I enjoy this type of thing. [CONFIRMATION]

SENATOR RIEPE: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: Other questions or comments from the senators? Ms. Scholl, thank you so much for taking...oh, did you have a question, Senator Crawford? [CONFIRMATION]

SENATOR CRAWFORD: No. [CONFIRMATION]

SENATOR CAMPBELL: Thank you so much for taking time to come down today. It's very helpful for us to meet the people who serve on the boards. [CONFIRMATION]

LAURA SCHOLL: Sure. [CONFIRMATION]

SENATOR CAMPBELL: And secondly, to emphasize to all of you that if you see things as you serve on that board that you think would be helpful to the Health and Human Services Committee, we would gladly like to hear back from you. [CONFIRMATION]

LAURA SCHOLL: Okay. [CONFIRMATION]

SENATOR CAMPBELL: I say that all the time. Sometimes we do get board members who call me and say, just a small thing I'd like to share with you. But we highly encourage that. [CONFIRMATION]

LAURA SCHOLL: Okay. [CONFIRMATION]

SENATOR CAMPBELL: So feel free to do that and best of luck on your new career. [CONFIRMATION]

LAURA SCHOLL: Thank you. Thank you. Thank you for your time. [CONFIRMATION]

SENATOR CAMPBELL: And thanks for going into the healthcare field. [CONFIRMATION]

LAURA SCHOLL: Yes. Thank you very much. [CONFIRMATION]

SENATOR CAMPBELL: We're very prone to that there. [CONFIRMATION]

LAURA SCHOLL: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: Okay. Our next appointee is Teresa Konda. Welcome. So go ahead and state your name and spell it for us. [CONFIRMATION]

TERESA KONDA: (Exhibit 2) Okay. My name is Teresa Konda. And it's T-e-r-e-s-a K-o-n-d-a. [CONFIRMATION]

SENATOR CAMPBELL: Okay. And this is a new appointment for you, correct? You have not served on the Board of Health? [CONFIRMATION]

TERESA KONDA: That's correct. [CONFIRMATION]

SENATOR CAMPBELL: So, tell us how you came to serve on the Board of Health. [CONFIRMATION]

TERESA KONDA: I'm serving on the Board of Health in the professional engineer's role. And other colleagues in my engineering firm have served on the board in the past. When this position became open due to retirement of the engineer who was serving on the board, I think there was requests sent out to engineering firms and our firm has had a long history of serving on the board. And so I was invited to apply. [CONFIRMATION]

SENATOR CAMPBELL: Excellent. In fact, do you know who the predecessor was to you? [CONFIRMATION]

TERESA KONDA: Rich Robinson, yes. [CONFIRMATION]

SENATOR CAMPBELL: Ah, good. Yes. And he has testified actually on several bills before this committee... [CONFIRMATION]

TERESA KONDA: He's very active and very... [CONFIRMATION]

SENATOR CAMPBELL: ...and from the perspective of his serving on the Board of Health, so thank you so much for stepping forward to do this. Tell us a little bit about yourself. [CONFIRMATION]

TERESA KONDA: I've been a Nebraskan for 12 years. I moved here in 2003 when I started full-time work as an engineer at that time. And I came from South Dakota. And I grew up on a farm and went to school in a small town in South Dakota and then attended college at South Dakota

State University and have a civil engineering bachelor's degree and master's degree in engineering. My work primarily focuses on water treatments, some wastewater treatments, well design and construction, water treatment plant design and construction, pipelines, pumps, those kinds of things. [CONFIRMATION]

SENATOR CAMPBELL: You know, if we had more time... (Laughter) [CONFIRMATION]

SENATOR HOWARD: Yeah. [CONFIRMATION]

SENATOR CAMPBELL: You're all thinking what I'm thinking, aren't you? We have a bill before the committee, actually, about the testing of water. [CONFIRMATION]

TERESA KONDA: Okay. [CONFIRMATION]

SENATOR CAMPBELL: And the bill, in a nutshell--and, Senators, correct me if I'm not right--but basically would allow private firms, not just the state laboratory, to conduct water testing. Any comments, and we won't quote you? But I...just so that you know that that is a bill that's come before us. [CONFIRMATION]

TERESA KONDA: I think that as long as a laboratory has standards that they have to meet and are qualified, the tests are standardized tests. You know, again, not being very well versed in this topic, in my opinion, other labs other than the state laboratory probably could do the work. But certainly having state laboratory perform the tests offers a certain level of oversight. [CONFIRMATION]

SENATOR CAMPBELL: Thank you. That's very helpful. Senator Howard. [CONFIRMATION]

SENATOR HOWARD: Thank you, Senator Campbell. And thank you for your interest in serving on this board. That's wonderful. I'm really curious about the Heartland Equine Therapeutic Riding Academy. That sounds fascinating. [CONFIRMATION]

TERESA KONDA: It is fascinating. I grew up on a farm, as I said, and had opportunities to show horses and other livestock in 4-H. And when I graduated from college and began full-time work, I was looking for some things outside of work and, being new to the area, discovered this organization that provides therapeutic horseback riding to kids and adults with disabilities. And it's been a great opportunity. We start off as side walkers or groomers or stall cleaners and then, in my case, I've been able to progress to an instructor. So we're teaching riding lessons to people

of all ages that may have any number of disabilities. And often we just have public riding students as well. [CONFIRMATION]

SENATOR HOWARD: That's wonderful. Thank you. [CONFIRMATION]

TERESA KONDA: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: Senator Crawford. [CONFIRMATION]

SENATOR CRAWFORD: Thank you, Chairwoman Campbell. And thank you for your service, for you willingness to serve. I was wondering, from your experience, what do you see as major challenges or opportunities for us in terms of water and the...in this...that you see from your perspective as an engineer that deals with those issues? [CONFIRMATION]

TERESA KONDA: In the state of Nebraska, we have a wonderful groundwater supply. And over decades, that groundwater supply is becoming compromised. And treating that and treating it affordably and still maintaining quality of life, safe supply but not spending more money than necessary, I think will be a big issue. [CONFIRMATION]

SENATOR CRAWFORD: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: Interesting. Other questions, Senator? The committee is very dependent, in some cases, on the State Board of Health. There is a process whereby professions, healthcare professions, go through to change their scope of practice or to alter that called the 407 process. And that's really where the Board of Health becomes instrumental for this committee because you hear all of that from a technical committee and then the Board of Health reviews it. So we're very appreciative of the people who are willing to spend time on the Board of Health because it...we realize it's a large chunk of time. And particularly from your perspective...I think that's always helpful to have a layperson on the Board of Health from another profession. I think it balances out the perspectives. [CONFIRMATION]

TERESA KONDA: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: So we're...again, the invitation is open. If you see something while you're serving on the Board of Health that you think we need to hear about, please just call my office and we'll make sure that we get the information to everybody. [CONFIRMATION]

TERESA KONDA: Appreciate that. Thank you. [CONFIRMATION]

SENATOR CAMPBELL: Thank you for coming today. Okay. Our next appointment today is...and I got to get my...John Craig--John is here--for the Rural Health Advisory committee. And good afternoon and welcome. [CONFIRMATION]

JOHN CRAIG: Good afternoon. Thank you. [CONFIRMATION]

SENATOR CAMPBELL: This is your first appointment to the Board of Health...or to the Rural Health Advisory. So state your name and spell it for the record, please. [CONFIRMATION]

JOHN CRAIG: (Exhibit 3) Yep. My full name is John A. E. Craig. That's J-o-h-n C-r-a-i-g. [CONFIRMATION]

SENATOR CAMPBELL: Okay. Mr. Craig, tell us a little bit about yourself. [CONFIRMATION]

JOHN CRAIG: Yeah. And so I grew up in Minden, Nebraska just south of Kearney. My parents are in the mortuary business. And so I grew up around and helping with that, pursued college at UNK in Kearney before going to UNMC for my medical degree. And now I'm at UNMC in family medicine. [CONFIRMATION]

SENATOR CAMPBELL: So it's Dr. Craig. [CONFIRMATION]

JOHN CRAIG: Yeah, it's... [CONFIRMATION]

SENATOR CAMPBELL: I think it's Dr. Craig. That's important. (Laughter) And tell us how you got interested in serving on the Rural Health Advisory. [CONFIRMATION]

JOHN CRAIG: Yeah, I'm passionate about rural medicine. It's something that's really important to me. Growing up in small-town Nebraska just...I can't say enough about it. And after completing residency at UNMC in family medicine, I got a job back in my hometown in Minden. So I've already signed a contract and things to go back there. So it's something that really makes a difference for me now and in the future as well. [CONFIRMATION]

SENATOR CAMPBELL: Good. Excellent. Well, we like to hear that. Now, I don't mean...we welcome people coming back to their...staying in Nebraska, going back, but particularly in a healthcare field. That's really interesting. What issues do you think--and I realize you're just

coming on the board--but issues that you think are going to be important in the future? [CONFIRMATION]

JOHN CRAIG: Yeah, I think rural access is always an issue, specifically in behavioral health, a big, big access issue there. That's one thing that I see as well as just access to healthcare services. I think that's going to be an issue going forward as well, as well as recruitment of providers to rural areas. [CONFIRMATION]

SENATOR CAMPBELL: Excellent. Senator Crawford. [CONFIRMATION]

SENATOR CRAWFORD: Thank you. So have you had a chance in your training or work with UNMC to work with BHECN or other programs that connect you or where you see you're going to have connections as a family physician to behavioral health experts? [CONFIRMATION]

JOHN CRAIG: No. [CONFIRMATION]

SENATOR CRAWFORD: Not yet? [CONFIRMATION]

JOHN CRAIG: No, actually, I haven't. [CONFIRMATION]

SENATOR CRAWFORD: Okay. [CONFIRMATION]

SENATOR CAMPBELL: Senator Howard. [CONFIRMATION]

SENATOR HOWARD: Thank you, Senator Campbell. Thank you for your willingness to serve. You...I'm surprised you're upright. You're almost done with your residency. (Laughter) I just wanted to note, I love Dr. Sitorius... [CONFIRMATION]

JOHN CRAIG: Yeah. [CONFIRMATION]

SENATOR HOWARD: ...at the Med Center. He's a rad guy. So if he recommends you, I'm recommending you, too. [CONFIRMATION]

JOHN CRAIG: Okay. [CONFIRMATION]

SENATOR HOWARD: He is my primary care physician. [CONFIRMATION]

JOHN CRAIG: Well, good. [CONFIRMATION]

SENATOR HOWARD: And I'm a big fan. [CONFIRMATION]

JOHN CRAIG: Great. [CONFIRMATION]

SENATOR HOWARD: So, best of luck. [CONFIRMATION]

JOHN CRAIG: Well, thank you. I appreciate it. [CONFIRMATION]

SENATOR CAMPBELL: Many of us are familiar with Dr. Sitorius. He's testified before the committee a number of times and, yes, he's just great. So his stamp of approval means a lot to this committee. Other questions? Senator Kolterman. [CONFIRMATION]

SENATOR KOLTERMAN: So what kind of a...you're going into family practice back in Minden? [CONFIRMATION]

JOHN CRAIG: Um-hum, yes, sir. [CONFIRMATION]

SENATOR KOLTERMAN: Would you do me a favor? [CONFIRMATION]

JOHN CRAIG: What's that? [CONFIRMATION]

SENATOR KOLTERMAN: Take care of Barb and Richard Jacobsen for me? [CONFIRMATION]

JOHN CRAIG: Oh, absolutely. Yeah, absolutely. I'd be...I'd love to. [CONFIRMATION]

SENATOR KOLTERMAN: That's my brother-in-law and sister. (Laughter) [CONFIRMATION]

JOHN CRAIG: Great. Yeah. [CONFIRMATION]

SENATOR KOLTERMAN: And she probably taught you, didn't she? [CONFIRMATION]

JOHN CRAIG: She did. Yep, yep, she did. In fact, Dr. Sitorius' brother taught me as well. [CONFIRMATION]

SENATOR HOWARD: What? [CONFIRMATION]

JOHN CRAIG: So, yeah. [CONFIRMATION]

SENATOR CAMPBELL: A lot of good connections with Minden. [CONFIRMATION]

JOHN CRAIG: Yeah, that's right. [CONFIRMATION]

SENATOR CAMPBELL: You know Chancellor Kristensen? [CONFIRMATION]

JOHN CRAIG: Oh, yeah. Yeah. I was...at UNK, I was on the Chancellor's Ambassadors. And so, yeah, my dad went to high school with him. And, yeah, I work closely with him there too. Yeah. [CONFIRMATION]

SENATOR CAMPBELL: Excellent. Boy, you're just racking out the names that everybody knows here in Minden. That's great. It's a great community. And so I always remember...the chancellor lives on Brown Street. And I always wondered why they named it Brown Street. I don't know that. [CONFIRMATION]

JOHN CRAIG: I don't either. Yeah, I don't either. [CONFIRMATION]

SENATOR CAMPBELL: When you find out... (Laughter) [CONFIRMATION]

JOHN CRAIG: I'll e-mail you, yeah. [CONFIRMATION]

SENATOR CAMPBELL: ...will you let me know why they call it Brown Street there? Other questions from the senators? Dr. Craig, we are very excited to have you in Rural Health. And I truly mean that at any time, if you feel it's important for us to know some things from your perspective when you're in that community, that would be particularly helpful to us. We've had a great relationship with some of the members who were on the Rural Health Advisory committee and we would expect that to continue. So thank you so much. [CONFIRMATION]

JOHN CRAIG: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: That concludes our hearings, although if I could ask Marty Fattig to come forward, I know he's going to testify on a bill but what I'd like him to do, before we go into

the formal hearings, is to introduce the members of the Rural Health Advisory committee that are here with you today. [CONFIRMATION]

MARTY FATTIG: Senator Campbell, I welcome the opportunity to introduce the other members of the Rural Health Advisory Commission. I have never worked with a more dedicated, engaged, and just "willing to work together" group than the Rural Health Advisory Commission. I've been...I first started serving on the Rural Health Advisory Commission in 2004 and currently am serving as the chair, but to call me their leader would be ridiculous because these folks are wonderful. I merely keep the meeting going in a forward direction. But these folks are wonderful. And I also would be remiss if I didn't mention how much I appreciate and respect the work of his body, every one of you I have worked with in the past, and I appreciate it a great deal. So who...the members that are here: first of all, Rebecca Schroeder, and Rebecca is here longer than I have, rural psychologist from out in... [CONFIRMATION]

SENATOR CAMPBELL: You can stay standing. [CONFIRMATION]

MARTY FATTIG: ...from...rural psychologist from out of Curtis, Nebraska. So it is no small feat for Rebecca to come to meetings. She rarely misses and is an active participant. And we really need that rural mental health voice to be on the commission. She serves a very valuable role and she's currently serving as the vice-chair as well. Brian Buhlke, who you will meet later, rural physician from out of Central City, Nebraska, does a great job with it. You just met Dr. John Craig who serves in the capacity of a rural resident. That's one of the positions on the commission. Jessye Goertz...Jessye is right here. Jessye is from a town that I'm sure you've all heard of, Berwyn, Nebraska. And Jessie serves as a rural consumer but she's also a dietician. So she brings lots of information to us that is very valuable to us. Also here are Mary Kent...Mary is a rural nursing home administrator from down in Humboldt, very valuable. Lisa Mlnarik...Lisa is back there behind Dr. Craig. Lisa serves as a rural nurse but she's also a nurse practitioner, works with the cardiology group out of Norfolk, very valuable member of the commission. And then Roger Wells back here, Roger is the rural PA on the commission. And Roger also serves on a national committee, brings back lots of valuable information from that and helps us to be better educated and make more sound decisions as we move forward. I would be remiss if I did not mention...if I did not introduce the person who keeps us all moving in a forward direction... [CONFIRMATION]

SENATOR CAMPBELL: Absolutely. [CONFIRMATION]

MARTY FATTIG: ...and that's Marlene Janssen and she has done a fantastic job. She has the historical knowledge of this body. We change out from time to time. Marlene keeps going and keeps us going in a great direction, has a ton of knowledge about this and understands the

technical nuances that the rest of us may miss. So she's a very valuable member of the commission. [CONFIRMATION]

SENATOR CAMPBELL: Well, we thank... [CONFIRMATION]

MARTY FATTIG: Did I miss anyone? [CONFIRMATION]

SENATOR CAMPBELL: We thank you all for your service and thank you for coming today. And I do want to thank...what we're trying to do is we're trying to pair gubernatorial appointments when those boards may be meeting. And a lot of effort goes into that from Brennen Miller. And so we're trying that this year and it's been great to work out today with the Rural Health Advisory committee to have you here. So thank you so much. We'll go ahead. It is now 1:30. For those who have come into the room, you haven't missed a lot. You've missed some wonderful people but in terms of the hearings, we're just going to get started. A few procedures that I want to go over before we start the hearings, and that is, if you have a device that makes noise--a phone, an iPad, or whatever--would you turn it off or turn it on silent and...so it won't disturb other people? If you are testifying today, you need to complete one of those bright orange sheets that are on either side of the room. Write as legibly as you can. And when you come forward, you can give the sheet to the clerk and one of the pages will help. If you have brought handouts or written testimony, you don't need to have written testimony but if you have brought some materials, we'd like 15 copies. And if you need assistance, the clerk and the pages can do that. The...in this committee, we do use the light system which gives you five minutes. And the green light will come on. It will seem like a long time. Then it will go to yellow. You have one minute. And then it will go to red and I'll be trying to get your attention from that standpoint. As you come forward and sit down, I'd like you to state your name for the record and spell it so that as the transcribers listen, they can hear you. And so with that, I'll turn the meeting over to Vice Chair, Senator Howard. [CONFIRMATION]

SENATOR HOWARD: Thank you, Senator Campbell. We'll open the hearing on LB196 to change provisions of the Rural Health Systems and Professional Incentive Act. [LB196]

SENATOR CAMPBELL: (Exhibit 1) Okay. Thank you, Senator Howard. Senator Howard and members of the Health and Human Services Committee, I'm Kathy Campbell representing District 25. And that is K-a-t-h-y C-a-m-p-b-e-l-l. And I'm here to introduce LB196, a bill whose chief goal is to create an incentive for health professionals to practice in shortage areas. I would like to give a very brief summary of the bill and then ask others--and we certainly have a lot of experts here on this topic--who are here today to address you since they have extensive knowledge about health profession shortage areas in Nebraska, existing programs to address shortages, and how LB196 would fit in with existing programs and expand incentives for health

professionals to work in shortage areas. LB196 would amend the Rural Health Systems and Professional Incentive Act. The act already includes two incentives to encourage health professionals to practice in shortage areas. A loan forgiveness program available to students enrolled in medical, dental, mental health, and physician assistant programs: The student loan program provides loan forgiveness for qualified students who practice in designated shortage areas. A loan repayment program available to health professionals, people who are not students but who have entered their respective professions who practice in designated shortage areas: This repayment program requires community matching funds thereby creating a state and local effort to attract health professionals to specific communities. LB196 would add a third incentive, a loan repayment program available to medical residents. This program would provide loan repayment to people who have completed their education but are undertaking the residency required to enter their profession. LB196 creates the Medical Residency Incentive Program, spells out eligibility for the program, and requires agreements between participants and the state, limits the amount of loan forgiveness, and establishes penalties if a participant does not fulfill his or her obligation under the agreement. LB196 also amends existing statutes to increase the amounts that may be forgiven to the Student Loan Program or repaid to the health professions program. The bill also adds a definition to the act, eliminates obsolete language, and increases the percentage that must be repaid if a recipient does not fulfill his or her obligation to practice as required under the agreement. I want to make a couple of comments for you. We've distributed to you a handout which...and I give great credit to Claudia Lindley, my legislative aide. She created these to try to make it easier for you to follow along as this is described. LB196 came to me from the Rural Health Advisory committee through Marty Fattig, and they have been working to make sure that they can put forward the best program. When you take a look at the fiscal note, you will see that the department tried to give you some idea of the cost here. What happens with this program is that it is in the budget. And so basically, the Appropriations Committee the last few years has determined how much money we feel we can put into it. And I'll ask Marty to indicate, but I thought we put in $500,000 more last year but I could be wrong and that may be over a two-year period. But that's really how the money is allocated. And so the Rural Health Advisory committee works with the money that is appropriated by the Legislature. And so the program then fits and it's like, how much money they have depending on the people, and so it's not, like, open-ended. They have an amount of money that they work with. When you take a look in the future of healthcare in Nebraska, there is...probably one of the most important aspects is creating a stronger and larger professional work force in healthcare. We all know that. Work force issues in healthcare are there. They're prominent. And so this is a great program to bring health professionals into the rural health as well as in shortage areas. And I'm sure Mr. Fattig is going to spend some time talking to you: how that is determined and where they are in the state. And they'll give you a lot more detailed information. And with that, Senator Howard, concludes my opening. [LB196]

SENATOR HOWARD: Thank you, Senator Campbell. Are there questions? Senator Riepe. [LB196]

SENATOR RIEPE: Thank you. Senator Campbell, I have three--I think--pretty quick questions. [LB196]

SENATOR CAMPBELL: Okay. [LB196]

SENATOR RIEPE: Is this a first come, first served kind of basis until they run out of money? [LB196]

SENATOR CAMPBELL: I think that's really how it works. But you're probably going to want to ask Mr. Fattig how they sort that out and do it. But it's not like an unlimited amount of money. It's what the Legislature will appropriate. And the Appropriations Committee the last couple of years has really been...they've understood the need for this and they have increased the amount of money to put into this program. So it's a great question. [LB196]

SENATOR RIEPE: I assume, too, it's been a proven program that has worked. My other question, when was the date of the last monetary adjustment? Was that... [LB196]

SENATOR CAMPBELL: Oh, you mean the amount of money put into it? [LB196]

SENATOR RIEPE: Well, when it went from $20,000 to $30,000, I was just... [LB196]

SENATOR CAMPBELL: Oh, okay. [LB196]

SENATOR RIEPE: ...whether that kind of went without nothing for a while and then jumped. [LB196]

SENATOR CAMPBELL: That would kind of be...okay, you know, I'm going to let Mr. Fattig answer that question,... [LB196]

SENATOR RIEPE: Okay. [LB196]

SENATOR CAMPBELL: ...Senator Riepe, because I don't...I think I know what it is but I'd... [LB196]

SENATOR RIEPE: Thank you. [LB196]

SENATOR CAMPBELL: ...rather get the experts here. Thank you. [LB196]

SENATOR RIEPE: I have a question about indexing, too, if that's in there. But let's wait until maybe he's here and we'll get him with all of them. [LB196]

SENATOR CAMPBELL: Absolutely. We're paying him so highly for that position that we want to get... [LB196]

SENATOR RIEPE: That's right. Thank you. [LB196]

SENATOR HOWARD: Senator Baker. [LB196]

SENATOR BAKER: Thank you, Senator Howard. Senator Campbell, will you clarify on the fiscal note, I see it's split into two categories: operating and aid. Can you clarify what that's all about for me? [LB196]

SENATOR CAMPBELL: I would assume that the operating has to do with the actual functioning of the program itself. But we may want to talk to the folks that are going to follow me, what exactly goes into that. [LB196]

SENATOR BAKER: Thank you. [LB196]

SENATOR CAMPBELL: Okay. But it's been, I think you're going to find, a highly successful program. It's interesting because I found out that several people who have testified who are positions in the state who have been before this committee were students who utilized the loan repayment fund. So we know it works and we know they stay in Nebraska. Okay. [LB196]

SENATOR HOWARD: Thank you, Senator. Any other questions for Senator Campbell? And you're staying to close? [LB196]

SENATOR CAMPBELL: I will. [LB196]

SENATOR HOWARD: Wonderful, thank you. Our first proponent testifier for LB196? [LB196]

BOB RAUNER: (Exhibit 2) All right. I'm Dr. Bob Rauner, R-a-u-n-e-r. I'm testifying as a proponent on behalf of the Nebraska Academy of Family Physicians. And I am a product of this past program, by the way, so...and at the time, I'm not sure if it's the same, it was first come, first served but with a waiting list. So I went out to Sidney, my home town, to work and do loan repayment. I got there and then I had to wait till the funding came through which was about almost two years. And then it came through and then I had it, so it was a... [LB196]

SENATOR RIEPE: It was a retroactive... [LB196]

BOB RAUNER: Well, it just...I just had no money for a while. Then for the next...then I got it. So it came through eventually. I was patient, so...but, you know, I am a product of this and this is what helped keep me in Nebraska because I had a lot of loans when I graduated, so...and we're testifying on behalf of this because I think this is critical for keeping more folks here in Nebraska. The median indebtedness for a medical student right now is $180,000 per year. And, of course, that starts accruing interest during training, so that's why it's good that this starts it during training. We are strong proponents of this because it puts us more competitive with our surrounding states. I put on the back of this list manpower projections for the state. This is where we were a year and a half ago, meaning how many family physicians per age category. And what this tells you, if you do the math on that 119, those guys who are going to retire in about five years, if you do the math, that's about 24 per year we're going to have to replace, okay? The good news is, we train more than that in Nebraska. I think we train close to 30 family physician residents if you add all the training programs up. So if we kept our own, it's not an issue. The problem is that we don't keep our own. And the reason is that we're not competitive with surrounding states. And so the other thing I included in the back was actually Kansas' program. And so the training program I went to and that I came back to teach at for awhile routinely matches one or two Kansas residents and they go right back to Kansas because they have a much better offer essentially. And so as long as we're not competitive with our surrounding states, we'll keep losing them to surrounding states. And so I'm very much in favor of this because it puts us on a more competitive footing as long as you start paying in residency and then afterwards. And so one thing I might...I would encourage us to consider in the future is actually doing kind of an environmental scan of what Missouri and Iowa and Minnesota and everybody is doing because it unfortunately becomes a little bit of an arms race. And if we aren't competitive, some do leave. Two or three years ago, the residency program here in Lincoln had eight graduates, every single one of whom left for surrounding states because, at the time, it was more competitive to go to other states. We've lost people who were going to go to Valentine but Wyoming was better. We have people that were going to go to my hometown in Sidney but decided that, you know, Missouri was better. And so this would help us. So that's kind of the short version. And I'll address any questions. [LB196]

SENATOR HOWARD: Are there any questions for Dr. Rauner? Senator Riepe. [LB196]

SENATOR RIEPE: I have a quick question. Thank you, Senator Howard. On this $180,000 of accumulated indebtedness, is that medical school only, so if they bring someone... [LB196]

BOB RAUNER: It's medical school and undergrad combined. [LB196]

SENATOR RIEPE: Pardon? [LB196]

BOB RAUNER: It's medical school and undergrad combined. [LB196]

SENATOR RIEPE: Okay. Thank you. [LB196]

BOB RAUNER: So, you know, I went to Creighton, for example, had some loans from Creighton. Then I went to the University of Nebraska Medical Center for grad...for medical school. I had all that put together. And that's typical. And they actually...if you go to that site, they actually break it down to public versus private, because if you went to private it's over $200,000. But it's the benefit of public education, I suppose, so... [LB196]

SENATOR RIEPE: Thank you. [LB196]

BOB RAUNER: Yeah. [LB196]

SENATOR HOWARD: Senator Crawford. [LB196]

SENATOR CRAWFORD: Thank you. So you suggested it would be good to do a survey of what's happening in the states around us. Would you be willing to ask your organization to do such a study in the interim? (Laugh) [LB196]

BOB RAUNER: You bet. And I know the residency programs would love to, because they want to keep their folks around and they're...when I was in the faculty we'd be like, oh, please, go to Seward. Oh, no, they went to Marysville. [LB196]

SENATOR CRAWFORD: Thank you. [LB196]

BOB RAUNER: You know? And so, yes, I'm sure we could put together that...residency programs would love it, so yeah. [LB196]

SENATOR HOWARD: And I have a question around, you have a particular area of expertise in what areas of the state are medically underserved, what our shortage areas are. Can you tell us a little bit about that? [LB196]

BOB RAUNER: I'd say the biggest is both rural and/or Medicaid essentially. So rural areas, the more remote, the hardest it is to get people to go out there, so Broken Bow, Valentine. It's, I think, the hardest style of practice but at times also the most rewarding. But still it is tough. Going into a rural area is a very difficult medicine but...and sometimes because they have higher rates of uninsured...especially uninsured actually, because Medicaid isn't quite so high. But if they're uninsured, you just work with what they've got. And in a rural area, you can't turn people away because they might be, you know, friends from church or your...you know, go to school...they're parents, may go to school with your kids. And it's just...that kind of thing, it's harder to turn people away in a rural area. And in urban, it's places like People's Health Center, for example, which has...which is almost all Medicaid and uninsured. It's just harder to be competitive. And these help actually attract people. And I know People's Health Center recently has been a little more successful in getting one or two of the Lincoln graduates to go over there because of this. [LB196]

SENATOR HOWARD: Fantastic. Any other questions for Dr. Rauner? Senator Baker. [LB196]

SENATOR BAKER: Dr. Rauner, you mentioned People's Health Center. Do they qualify under this? [LB196]

BOB RAUNER: There's actually several different programs. There are national programs that, for example, would work for, sometimes, a federally qualified health center. The state, to my knowledge, has its own designations as well that are on the county level, for example, although sometimes those can be a quirk, so we struggled in Sidney on this because they only looked at Cheyenne County but didn't add in the fact we also have cared for Deuel County because our satellite clinic was in Chappell. So sometimes those designations can be a little squirrelly. But there are often...there's a National Health Service Corps that's a parallel that sometimes can be an alternative. It's more restricted, though, than this one. This one is more...fits...I think the other one has more to do with Medicaid. This has a little more freedom for, say, like, Broken Bow or someplace. [LB196]

SENATOR BAKER: Thank you. [LB196]

SENATOR HOWARD: All right. Seeing no other questions, thank you, Dr. Rauner. It's always nice to see you. Our next proponent for LB196? And if you'd like to come to the front if you're

planning on testifying for LB196, just to make it a little bit quicker, that would be wonderful. [LB196]

CORRIE EDWARDS: (Exhibit 3) I thought I would follow him up and give you the behavioral health perspective. Senator Campbell, members of the committee, my name is Corrie Edwards, C-o-r-r-i-e, last name is E-d-w-a-r-d-s. I am the CEO and president of Mid-Plains Center for Behavioral Healthcare Services out of Grand Island. We serve the entire central area of the state. I am also here representing NABHO, the Nebraska Association for Behavioral Health Organizations. This organization...this association supports more than 29,000 Nebraskans each year with services. We are obviously here to support of LB196. Although the focus of LB196 is on medical residents, as you just heard, which we wholeheartedly support, it also increases the dollars available for licensed mental health practitioners and psychologists. This financial assistance through student loans and repayment of educational debts is a strong incentive for people to enter these fields. Currently, all of my outpatient therapists have--at Mid-Plains--either have received, have applied for, or plan to apply for this program. As far as our last numbers, I know that, of those who have applied, all of them have received funding through this program. So maybe, unlike his experience, all of ours who have applied have received some money. NABHO encourages our medical institutions who are educating future physicians to also promote psychiatry as they work with program applicants. Psychiatry, in my mind, is the biggest hardship for areas, probably, west of York. Education costs, as you just heard, are on the rise. And so financial assistance provided for in this program may encourage providers...I know they will encourage providers to stay in these shortage areas. I know it because we are living it and we are seeing it right now in the Grand Island area. With degrees being so expensive, we...our numbers come from BHECN, and the cost of a Ph.D. right now is over $98,000. The cost for a master's level mental health professional is well over $18,000. These amounts don't include the cost to obtain an undergraduate degree. So in case the senator wants to ask that question, our numbers do not include that undergraduate degree. We have already seen the benefits firsthand of this loan repayment program. Ariel Derr is my clinical director of my outpatient program and she has worked for me for 5.5 years. She worked two jobs while obtaining her degrees and still was unable to pay her total college bill. By coming to Mid-Plains, since we are in a shortage area, she was able to enroll in this loan repayment program to assist with paying down her student debt. On the flip side--and Ariel is what we would call a traditional college student--on the flip side I have Alice Frickel who is my supervisor of my multisystemic therapy program. She has been with me for 9 years and Alice made the decision to work in behavioral health at the age of 42 as a career change. Alice applied for the state student loan repayment program because she did not want to carry the student loan debt into her retirement. And I will tell you, were it not for this program, she probably would not have entered the behavioral health field. She would not have been able to afford to do this. Professionals like Ariel and Alice are drawn to these fields to improve the lives of the people that they serve. LB196 is a simple step, a very simple step in my mind, to boost a program that has a proven track record to help attract strong professionals to

these key shortage areas where there are just not enough people to hire. By continuing to endorse this program, the state encourages professional development and the capacity to serve rural communities and in turn improves quality of care because people don't have the ability to get services anywhere close and reduces mental health costs for those at risk. As central Nebraska's community mental health center--that would be me--Mid-Plains strives to be competitive with our packages that we offer for compensation. But most of the time, we are not able to maintain our competitive wages with private providers. The struggle to recruit and retain qualified providers is always an issue for us. And that is why I'm here today to encourage you to support LB196. I would be more than happy to answer any questions. [LB196]

SENATOR HOWARD: Thank you. Are there any questions for Ms. Edwards? [LB196]

CORRIE EDWARDS: Okay. Thank you. [LB196]

SENATOR HOWARD: Seeing none, thank you for your testimony. Our next proponent? Good afternoon. [LB196]

DAVID SEGER: Good afternoon. My name is David Seger and I'm from O'Neill, Nebraska, which is in Holt County. And I'm a third-year dental student at UNMC and I currently am accepting the student loan through Health and Human Services. I want to thank the representatives and also the Health and Human Services Committee for the consideration and time today. I am in support of LB196 and I currently am accepting a loan through Health and Human Services. By accepting this loan, I have obviously alleviated some of the stress in regard to my student debt and the current $20,000 incentive for a one-year commitment to restrictions in the parameters of this loan may be enough for a student who has already had plans to practice in a rural area after graduation but maybe not for someone that has not plans...or does not have any plans to practice in a rural area. By raising the allotment per annum, this may increase the number of students that have interest in this program. At this time, the university estimates a yearly cost of living at $17,500 for a student in the dental program. I set aside this much of my loan for housing, insurance, utilities, and other essential needs. The difference is then applied to tuition and fees and currently the tuition and fees averages $40,000 for an instate student per year. I have had several practice opportunities arise during my time in dental school. And unfortunately, even though these are not in the metropolitan areas, they still fail to meet the criteria of my agreement. And I think a lot of this has to do with, even in Holt County, there's surrounding counties that the dentists that are there, as they retire, they can't get anyone to come back to their areas. So pretty much, Holt County has increased the number of dentists that they maybe had previously. So basically everyone...all the population from the surrounding counties are going to Holt County to receive care for their dental needs. I don't mean to digress or give a poor comparison to the rural health loan, but a dental student can enter a four-year military

commitment as a dentist in exchange for full tuition, a monthly stipend, and a guaranteed income. Although this presents with many other limitations when compared to a private practice, it does not attract individuals who otherwise would not consider the option. To a young, aspiring dentist, four years of income with no student debt load and possibly addition of...or guaranteed income is more enticing than, say, a young dentist that maybe could reduce their student debt load by only one-third, go to an area that there's no guarantee that they'll have the population or patient pool to support a staff or a practice, or even having to go and purchase a practice or upgrade a practice or bring all the...or bring the practice up to codes. This may not...may seem like apples to oranges comparing to a military scholarship, but I believe that the population and the incentives are the same for the dental...or for medical students and dental students alike. I accepted a loan because I have always intended, and still do, to return to a similar area where I grew up. My love for this state and its way of life stem from likely similar backgrounds as most of you. I grew up in a town of 3,700 people where both my grandparents were no more than seven city blocks away on either side of me. My wife is also from the same town, and it's not a hard sell to ask me to return to a similar area. For an individual with any other background, I would imagine it would be a hard sell. We have reached a day that individuals will travel several hours for their dental care which they desire and I believe it may be difficult to ask a dental student who is currently considering rural Nebraska to go to an area that has a small population or patient pool, accept full Medicaid, and enter an outdated practice or start their own. And for these reasons, I am in support of the LB196. And I'm willing to answer any questions. [LB196]

SENATOR HOWARD: Are there any questions? Senator Cook. [LB196]

SENATOR COOK: Thank you. Thank you for coming today. And I'm proud to hear what I thought I heard from you, is that you plan to serve Medicaid patients in your future practice. [LB196]

DAVID SEGER: Yes. [LB196]

SENATOR COOK: So thank you in advance for that. [LB196]

DAVID SEGER: Yes. [LB196]

SENATOR HOWARD: Are there any other questions? Senator Crawford. [LB196]

SENATOR CRAWFORD: Thank you. So as a...so going into a rural community, you would try to be buying a practice or upgrading a practice is what you were talking about. So are there incentives or loans for that practice technology and equipment? [LB196]

DAVID SEGER: I have to admit some ignorance to it. [LB196]

SENATOR CRAWFORD: Okay. [LB196]

DAVID SEGER: You know, I went to school to be a clinician. I didn't know that there was going to be so many other things involved... [LB196]

SENATOR CRAWFORD: Right, right. [LB196]

DAVID SEGER: ...outside of operating as a clinician especially...this, you know, is important too. I would imagine there's probably federal programs that offer incentives for...to have, you know, upgraded technology as far as having the computer records with your patients, so... [LB196]

SENATOR CRAWFORD: Right. Great. I hope so too. And I'm glad that you're planning to...that you are committed to serving in our rural communities. [LB196]

DAVID SEGER: Yes. [LB196]

SENATOR CRAWFORD: Thank you. [LB196]

SENATOR HOWARD: Any other questions? Seeing none, thank you for your testimony today. [LB196]

DAVID SEGER: Thank you. [LB196]

SENATOR HOWARD: Our next proponent? [LB196]

JUSTIN SHIRK: Thank you, guys. My name is Justin Shirk, S-h-i-r-k. I am also a third-year dental student and the class president of the UNMC College of Dentistry class of 2016. So I'm speaking on behalf of myself and also some of my classmates. I'm originally from northwest Kansas just south of Furnas County about ten miles. My family still lives there. My dad is in practice there as a dentist. I am also currently...I mean, I'm living in Nebraska here. So the purpose of this bill, as I understand it, is to provide an increased access to care by drawing medical professionals to underserved areas. I believe this bill would take small steps to do that, to provide care to the Nebraskans that, you know, desperately need it. Growing up in a small community, I was not only raised by my parents but by the community as well. I feel there are a

lot of lessons that can be learned in rural areas that you can't get in larger cities. When I look to starting my own family, I want them to have the same opportunity. The problem that we're seeing is drawing medical professionals to these smaller communities. You're going to have a hard time convincing somebody that was born and raised in Omaha to move to a town such as Bridgeport or Crawford. My dental school class has 48 members. Half of them come from communities less than 15,000 people. That's the number that this bill...the population size that this bill is targeted at. History has shown that individuals born in these rural areas are more likely to return to those smaller towns. The problem lies, with dental students...the national average in dental school with over $200,000 in student loan debt. Upon that, you then graduate and you're looking to buy a practice. The average practice now is costing between $300,000 to $500,000. When you add in those numbers, the cost of a house, and any other expenses incurred along the way, we're...my classmates and I are looking at some pretty staggering numbers of indebtedness. I have always had the desire to return to a small town. As a medical professional, though, these areas are not attractive. They have lower economic base than any of the major cities. People are primarily self employed and they don't have dental insurance. A dental practice in these smaller towns would not generate the revenue that an urban practice would and this loss of revenue and production would directly impact the medical professional's ability to pay back these loans. When I start looking for communities to practice in the near future, having this bill in place would make a smaller community more attractive. The increase in loan repayment program by this bill will allow students such as myself to slowly chip away at the debt incurred in school. As I said earlier, I am a legacy student. My father was a graduate of the 1984 class. His class size that year was 66. His student loan debt that year was $18,000. And he bought his practice for $33,000. As he nears the age of retirement in the next five to ten years he, as well as his other 65 classmates, will be looking to sell their practices to new graduates as myself. As I mentioned earlier, my class size is only 48. We are currently not training enough dentists to take over the people that will be exiting the work force in the next, you know, the next decade. It will definitely be a buyer's market for us but it doesn't bode well for those communities which will not have a dentist coming in to take over their dental care. The state needs to do everything that it can to keep drawing dentists in and other medical professionals into these designated health profession shortage areas. I believe this bill would impact...would have an impact on this and make it more realistic for students such as myself to return to these areas so that we can provide care to our friends, families, and the communities that raised us. So thank you, Senator Campbell, for proposing this bill. And if anybody has any questions, I would be more than happy to answer them. [LB196]

SENATOR HOWARD: Senator Baker. [LB196]

SENATOR BAKER: I was just curious, you grew up in Kansas... [LB196]

JUSTIN SHIRK: Correct. [LB196]

SENATOR BAKER: ...went to dental school here. What would happen if you went to Kansas? Is there any program in Kansas that would... [LB196]

JUSTIN SHIRK: Kansas has a similar program. [LB196]

SENATOR BAKER: Would you qualify having gone to dental school in Nebraska? [LB196]

JUSTIN SHIRK: I would qualify, yes. [LB196]

SENATOR BAKER: Okay. Thank you. [LB196]

JUSTIN SHIRK: Yeah. [LB196]

SENATOR HOWARD: Any other questions? Senator Riepe. [LB196]

SENATOR RIEPE: I have a question in terms of $300,000 to $500,000 to purchase a practice. [LB196]

JUSTIN SHIRK: Correct. [LB196]

SENATOR RIEPE: Is that...generally in a hospital business anymore, it started out you were purchasing the records, the charts. That kind of went away. And now that that's just a matter of purchasing assets. So some of these practices might have that level of assets? [LB196]

JUSTIN SHIRK: The assets...and typically you are buying your patient base. The people that...in these smaller communities, they have a tie to the office, to the office staff. So the level of assets...what we're kind of running into and what David kind of leaned to is that a lot of these offices needed...need upgrading. And we're going to be spending $100,000 to upgrade that because a lot of these practices haven't...when the dentist bought them 20, 30 years ago, I mean, they're needing upgrades. And so you are buying--in answer to your question--the level of assets, yes, but also the patient base is part of that purchase price, yes. [LB196]

SENATOR RIEPE: Okay. Thank you. [LB196]

SENATOR HOWARD: Senator Kolterman. [LB196]

SENATOR KOLTERMAN: Yeah, thanks. Thanks for coming to testify. Forty-eight students this year... [LB196]

JUSTIN SHIRK: Correct. [LB196]

SENATOR KOLTERMAN: ...65 when your dad was here. [LB196]

JUSTIN SHIRK: Yes. [LB196]

SENATOR KOLTERMAN: Why...do you have any indication why the major falloff? And then my second part to the question is, do you know--and I don't--whether Creighton has a dental college as well? [LB196]

JUSTIN SHIRK: Creighton does have a dental college. They, being the private school they are, I believe their class size is a little larger than ours. The falloff comes from the baby...what...the state government at that time predicted that the baby boomers would be having a lot more children. So they brought in a lot of dentists to fill those needs. And when that didn't really happen, they have since backed off the number of dentists needed. So they trained them to...they brought in that 65 number in order to kind of prepare for that. And when that didn't happen, they've backed off since then. [LB196]

SENATOR KOLTERMAN: So the maximum allowable right now in the class are 45 or 46 or... [LB196]

JUSTIN SHIRK: 48. My class size was actually a little larger with 48. On average over the last couple years, it's been 45 to 48. We are limited by available seats, dental chairs, but that's about the max limit that the school can hold right now. [LB196]

SENATOR KOLTERMAN: Thank you. [LB196]

JUSTIN SHIRK: You're welcome. [LB196]

SENATOR HOWARD: Are there any other questions for the testifier? Seeing none, thank you for your testimony today. [LB196]

JUSTIN SHIRK: Thank you. [LB196]

SENATOR HOWARD: Our next proponent? Good afternoon, Dr. Zetterman. [LB196]

ROWEN ZETTERMAN: (Exhibit 4) Good afternoon. Thank you, Madam Chair. My name is Rowen Zetterman, R-o-w-e-n Z-e-t-t-e-r-m-a-n. I'm testifying in support of LB196 on behalf of the Nebraska Medical Association which is the unifying physicians organization for the state of Nebraska. I'm a physician and a lifelong educator who has taught at both the University of Nebraska and at Creighton University Schools of Medicine. And the increasing costs of medical education really came home to our family as two of our sons pursued medical education, one at the University of Nebraska and one at Creighton University. When my oldest son started at the University of Nebraska, there was more than a 25-fold increase in tuition from when I went to school 25 years earlier. When I became the dean at Creighton University of Medicine, the cost of education debt for the physicians and students became even greater and it became very clear that in some cases, physicians choose where they practice based on their debt and what they do. The average cost of medical education in this country, when you include living expenses, is currently about $227,000 for public medical schools and $299,000 for private medical schools. Families and scholarships help but the graduates still have a large educational debt. For the 2013 graduating class at the University of Nebraska, average medical student debt was $161,565. They had another $30,000 in undergraduate and noneducational debt as well. So they had about $192,000 worth of debt. The most recent data I have for Creighton is the class of 2012 and they had an average student debt of $206,112 not counting undergraduate debt or noneducational debt. The real question is whether debt influences the medical careers and the location of practice. While the data isn't clear, I can tell you that in the data from the University of Nebraska class of 2013, 31 percent of the class said that their debt had a moderate or strong influence on their choice of specialty. Another 50 percent said that they expected their specialty income and its magnitude had a moderate or strong influence on their choice of specialty, suggesting that in fact they chose areas with higher income for specialty that reflected their overall debt. And I know that for the class of 2012 graduating class at Creighton, more than one-third of that class indicated that debt had a moderate or strong influence on choice of specialty. And, of course, you've got to pay back your loans. And if any of you have ever bought a house with a 30-year mortgage, you understand a little bit what can happen. So if you have $200,000 worth of medical debt, one of the ways to pay it back is to pay it back over 10 years. Most people don't pay it back during their residency because their salaries are low. So at the end of residency, that $200,000 now with interest is about $279,000. And by the time they've paid it back over the next 10 years, they've paid back $387,000 on the original $200,000 debt. You can convert it to a 25-year loan. This is more like your house payment. You don't pay out quite as much per month but when you get done, that $200,000 has become $587,000 of principal and interest in order to have that lower monthly payment. LB196, as you know, would provide up to $120,000 to acceptable medical residents during their three years of residency who agree to practice their profession in a designated health shortage area within Nebraska. These patients are made...I'm sorry, these payments are made to physicians pursuing their residency in Nebraska so they're already bound

into the state. And there is much data out there showing that while medical students may go anywhere, residents tend to stay in the area in which they pursue their postgraduate education. The other provisions of LB196 enhance financial assistance to other practitioners including dentists, psychologists, nurse practitioners, physician assistants, physical therapists, occupational therapists, and other mental health practitioners who agree to practice in a designated shortage area. This proposed bill makes very good sense. Please, support moving it forward. Thank you very much. [LB196]

SENATOR HOWARD: Thank you, Dr. Zetterman. Are there any questions? Do you feel that this overwhelming burden of student loan debt also impacts our economy in other ways like maybe delaying a house purchase or delaying these larger purchases because of the student loan debt burden? [LB196]

ROWEN ZETTERMAN: There's no question that you put off a lot of things when you're already paying out a large amount of money. If you stop and look at the real data, you probably have about $200 worth of discretionary income during the early years of practice when your salary is not as high. That's not very much discretionary income to do other fun things with along the way. So there's no question that they're putting off other aspects. And some, of course, delay buying houses and/or not buying the house that they originally start for that very reason. There's no question. [LB196]

SENATOR HOWARD: Senator Kolterman. [LB196]

SENATOR KOLTERMAN: Thank you, Senator. Doctor, can you tell me, do you...are you familiar with the opportunities for dentist in the smaller communities, in the smaller hospitals to work with the hospitals and are you seeing any of that in Nebraska? [LB196]

ROWEN ZETTERMAN: I'm not familiar enough with the dental practice issues in this state to be able to answer your question, Senator. [LB196]

SENATOR KOLTERMAN: Okay. I just wondered because I...that's a model that we're starting to hear a little bit about. [LB196]

ROWEN ZETTERMAN: Well, certainly at the physician level, more and more physicians are now working for corporations and hospitals than ever before for lots of reasons. There are a number of reasons for that. And many of these hospitals actually do help a little bit with loan repayment which is helpful. Veterans Affairs also has a loan repayment program for our young physicians that start to practice there and can get some reimbursement as well. I'm a believer that

the more opportunities we have for loan remediation of any kind for all of our healthcare workers, particularly when we link it to underserved medical areas--which I will tell you we have some in urban areas too, it's not just about the rural areas of Nebraska--that that's crucial to making sure that it works. And as has already been said, this bill also, of course, ties these people into the willingness to take Medicaid patients along the way as well which is a--my answer is--exactly what it should be, would be what I would want to do anyway so it doesn't make any difference to me one way or the other. [LB196]

SENATOR KOLTERMAN: Okay. Thank you. [LB196]

SENATOR HOWARD: Any other questions? Seeing none, nice to see you, Dr. Zetterman. [LB196]

ROWEN ZETTERMAN: Thank you very much. [LB196]

SENATOR HOWARD: Thank you. Good afternoon. [LB196]

BRIAN BUHLKE: Good afternoon. My name is Dr. Brian Buhlke and I'm a family practice physician in Central City, Nebraska. I'm here to support LB196. I'm a proponent and I also sit on the... [LB196]

SENATOR HOWARD: I'm sorry, Doctor, could you spell your name for the record? [LB196]

BRIAN BUHLKE: Yeah, B-u-h-l-k-e. And I also sit on the board of Rural Health Commission. Let me grab my thing here. Since I'm the only actual person who is practicing family practice in rural health, I'm just going to kind of tell you how I got there and why this is important to me. I graduated from residency at the University of Iowa in 2002. At that time, I'm from Nebraska and I wanted to go back and practice rural family practice. The problem is, I had $223,000 worth of debt, okay? I just turned 30. I just got married. And I didn't have a full-time job and actually had never had a full-time job at that point. I'd always been in school. So I interviewed at 11 different places in 4 different states. And every place I interviewed had some type of loan repayment. That was a big issue for everybody who came in at my residency and it continues to be a huge, huge issue for us. What I decided is I decided to come to Central City, Nebraska because I wanted to get back home. At that time, I got $90,000 over three years. And so I took out a pretty big chunk of my $223,000. The problem is, it doesn't...I still had a lot of loans left. And so we need to continue to be more and more competitive to get more people into rural Nebraska. Currently I look at the loan repayment program as really an access to healthcare. When I joined Central City, I get to take care of 14,000 Nebraskans. That's my service area. I practice in three clinics, two

hospitals. I see patients in eight assisted livings, five nursing homes, and I'm the director of five ambulance squads. And so we really, really need healthcare providers to go into rural Nebraska. I got really lucky. Over the last five years I've been able to recruit three partners. Those partners have came from rural Nebraska and because of the loan repayment program, we were able to be competitive with the other states. Also, I've been able to recruit two physician assistants. Our community has been able to recruit a new pharmacist, a dentist, and so our medical community is strong right now. But the big thing about all of us sitting around a table, if you looked at every single one of us and you said, what brought you back to Central City, Nebraska? Every single one of us would say, loan repayment because we have some people that have $300,000 worth of student debt when they come. And that's hard. It's hard to pay off a $300,000 student debt. You got to buy a house in the community you're going to. You've got to make those payments. And so it's a big issue. So when I sat around with all my partners and we talked about this today, all of us say it's access to healthcare. It's not really paying off loans. It's not really anything like that. But it's really...makes us competitive. It makes us be able to keep Nebraskans in Nebraska. And that's kind of the biggest issue for us. So do you have any questions for me? I know I talk really fast. [LB196]

SENATOR HOWARD: Thank you. No, it's fine. We appreciate it. Are there any questions for Dr. Buhlke? Seeing none, thank you for your testimony today. [LB196]

BRIAN BUHLKE: Thank you. [LB196]

SENATOR HOWARD: Any other proponents? [LB196]

DEBORAH EBKE: (Exhibit 5) Members of the committee, thank you for the opportunity to address you today. My name is Deborah Ebke. That's D-e-b-o-r-a-h E-b-k-e. I live near Dakin in Jefferson County. I am the mother of three students actively pursuing degrees in the healthcare profession. Two of those children are earning doctoral degrees, one in dentistry and one in physical therapy. If they choose to, these two children have the opportunity to take advantage of the benefits of LB196 and the Rural Health Systems and Professional Incentive Act which LB196 is amending. My third child is an undergraduate at UNL and is seriously considering pursuing a Doctor of Optometry degree. This child, however, like all future Nebraska optometry students, is not afforded the benefits of any tuition assistance or loan repayment program under the act or any other provision of Nebraska law. And I am in favor of LB196 with modifications. I'm in favor for my two children that are in dentistry and physical therapy. And I...but I will...bear with me with the rest of this on where I'm headed. Currently, optometry is the only healthcare profession in the state of Nebraska that does not have any state funding to assist with education. A degree in all other healthcare professions can be obtained at one or more of our instate universities. Since Nebraska does not have a college of optometry in the state, all

Nebraska optometry students are forced to pay out-of-state tuition at a cost which is often double or more of what instate tuition...so if you can imagine what that is for optometry versus what we've heard from dentistry and other medical professions. Further, Nebraska has in place a tuition contract program for students pursuing a degree in veterinary medicine. And that is also a specialty that Nebraska does not offer in instate college. My family and I, much like probably the majority of Nebraskans, begin our eye healthcare with a licensed optometrist. Optometrists are the common first line of defense for eye care and are highly regarded professionals in our communities. The need for optometrists in rural communities and in all of Nebraska will increase as the baby boomers, which I happen to be one of, inevitably age. An increased need for optometric care will also be necessary as incidents of diabetes and other healthcare related issues affect Nebraskans. Furthermore, optometrists are also susceptible to the effects of retirement much like all the other healthcare specialties. If we don't support our students, we are going to continue shortages of certified healthcare specialists. I respectfully request that the committee consider amending LB196 to include optometry as an approved medical specialty for purposes of receiving tuition assistance and loan repayment under the benefits of the Rural Health Systems and Professional Incentive Act. I'd further ask that an amendment be considered similar to LB703 which was introduced in 2014 to add...or to reinstate the tuition contract program for optometry. For 37 years, Nebraska had a successful optometry contract program, a program that guaranteed Nebraska students a seat in a school of optometry at an instate tuition rate. According to the Nebraska Optometric Association, 60 to 65 percent of those students came back to practice in Nebraska. The optometry contract program was discontinued three or four years ago as a result of budget tightening under Governor Heineman. And the optometry contract program should not have been the only education assistance victim. The budget reductions, in my mind, should have been shared by all medical specialties and veterinary medicine. Finally, if we cannot afford to include optometry in the supported healthcare specialties under the Rural Health Systems and Professional Incentive Act, we should be reconsidering whether we can increase the incentives available to current and future students receiving education assistance under the act nor should we be including a new level of incentive. Just as an aside, my dental student is a fourth-year dental student this year and it's kind of sad for me. I don't think she'll come back to our rural location and it's primarily because of the costs to increase...to upgrade for buying a practice and upgrading for the technology. They are being taught the technology that is far above what most of the rural practices have available. And also the consideration of debt: She wants to get started on paying that back immediately so she may not consider coming back to a...I don't think she is although my physical therapist probably will. Thank you again for the time and for serious consideration of the issues I've addressed. And I'd be happy to answer any questions that...I know this is a little bit of a...going the other way. I have actually talked to probably 13 different senators' offices about this particular issue and three of you are in this room, (laughter), maybe four. So any questions? [LB196]

SENATOR HOWARD: Thank you, Ms. Ebke. Are there any questions for the testifier? Seeing none, how did you get so many smart kids? That's amazing. [LB196]

DEBORAH EBKE: Well, that's just the youngest three, so. (Laughter) There are others. [LB196]

SENATOR HOWARD: Thank you for your testimony today. Are there any other proponent testifiers? [LB196]

MARTY FATTIG: Good afternoon, Senator Howard. [LB196]

SENATOR HOWARD: Good afternoon. [LB196]

MARTY FATTIG: Great to see you again. My name is Marty Fattig, M-a-r-t-y F-a-t-t-i-g. And I have no prepared testimony but I am here to answer technical questions if anyone would like to ask them. If not, I will... [LB196]

SENATOR HOWARD: Does anybody have any technical questions? Senator Crawford. [LB196]

MARTY FATTIG: Yes. [LB196]

SENATOR CRAWFORD: Do you have any comments about the resources for rural dentists in terms of practice upgrade and programs like that? I don't know if you're familiar with any of those. [LB196]

MARTY FATTIG: I do not have numbers. What I have found in rural communities where I've worked over the years--and I've been involved in rural healthcare since 1975--is that many times banks are willing to loan that money. But again, that's another debt for a rural dentist. The shortage of dentists that is coming is going to be astronomical in rural Nebraska simply because they're retiring at a much higher rate. The average age of a dentist in rural Nebraska is over 55 years of age. So there are going to be a lot of people leaving those areas. Another place that there is a real concern for dentistry in Nebraska is Medicaid, dentists that will accept Medicaid patients. The programs that we offer require dentists, for the period of time that they are obligated under the program, to accept Medicaid which is a big plus, we believe, for the, you know, providing the care needed in this state. [LB196]

SENATOR CRAWFORD: Thank you. [LB196]

SENATOR HOWARD: Senator Baker. [LB196]

SENATOR BAKER: Yeah, thank you. Are you finding that rural communities are sometimes stepping up and providing facilities for people willing to be dentists in their community, for an example? [LB196]

MARTY FATTIG: Some are. Some are and some aren't. One of the things under the loan repayment program that we offer through this bill requires a community match to begin with. They...the state will match up to X number of dollars depending on what it is to a maximum providing the community will offer the same amount of money. What this does is it gets the community involved. I mean, they've got skin in the game for making sure that this person's practice works as well. So they're anxious to make it work because they've got money on there...in there too. Yes, sometimes they will step in. The problem is, as I think our two dental students testified today, is upgrading this equipment is a very expensive deal. Digital x-ray, for instance, all the x-ray machines in dental offices anymore are digital and that's expensive equipment. [LB196]

SENATOR HOWARD: Senator Crawford. [LB196]

SENATOR CRAWFORD: Thank you. Could you speak to any work that your...the Rural Health Commission has done in terms of looking at optometry or tracking shortages or coverages of that in rural communities? [LB196]

MARTY FATTIG: We have not. We...in all honesty, we have not looked at it. We have no data that shows shortages or not shortage areas. I just ran into a friend of mine who is an optometrist from Auburn where I'm from who sits on the state Optometric Association. And I asked him about this. And he said that at this time, they didn't have the data either. They said they had more pressing issues that they were working on at this time and...but they did plan to collect that data. Now, he did express remorse for the program that was in place that allowed out-of-state...optometry students who attended out-of-state schools to attend at instate prices. That was essentially cut as a budgetary deal by the Governor. And, you know, that was a huge bonus for optometrists in our state. And I think we really need to think about that. [LB196]

SENATOR CRAWFORD: Thank you. [LB196]

SENATOR HOWARD: Senator Kolterman. [LB196]

SENATOR KOLTERMAN: Yeah, could you address the fiscal note and the operating question that Senator Baker had earlier? [LB196]

MARTY FATTIG: Certainly. I'd be happy to. Thank you for bringing it up. We have never had many operating...none of our operating expenses have ever been covered out of the monies that we've received. It's all been programmatic. We've used all that money and then the staff that work with us in operations, that money all comes out of what is budgeted for the office of Public Health, through the office...through Health and Human Services. One thing I would like to add as an aside is, while I've been on the commission, one of the big issues that we had was that all of the monies that we awarded were subject to federal income tax. So we would award a medical...a new physician $40,000. Well, come to income tax time, all of the sudden he's got to send $20,000 of that to Washington. So we contacted Senator Ben Nelson's office, told him about this dilemma, and we worked with him for several years on this issue. And finally one day, one of his aides called and said, if I add your word verbiage into this bill in this location, would that fix it? And I said, sure would. And so Senator Nelson did us a favor and got that fixed. So it is now not subject to federal income tax. Therefore, since the Nebraska income tax is a percentage of the federal, it's not subject to Nebraska tax either. So that was a huge bonus for us. [LB196]

SENATOR HOWARD: Are there any other questions for Mr. Fattig? Seeing none, thank you for your testimony today. [LB196]

MARTY FATTIG: Thank you, Senator Howard. [LB196]

SENATOR HOWARD: Is there anyone else in the room wishing to testify as a proponent for LB196? Seeing none, anyone wishing to testify in opposition? Anyone wishing to testify in the neutral capacity? [LB196]

DAVE McBRIDE: Good afternoon, Senator Howard and members of the committee. My name is David McBride, D-a-v-e M-c-B-r-i-d-e. I'm an executive director of Nebraska Optometric Association. We were not originally planning on being here to testify on this bill and have no official position on it which is why I'm here in a neutral capacity. The bill you've got before you obviously doesn't...isn't applicable to us. But Mrs. Ebke had contacted us ahead of time and I have had a couple conversations with her. And I wanted to respond simply to her suggestion because I don't want us to seem ambivalent to what she is suggesting. I guess I want the committee to be aware that some kind of financial help for optometry students to reinstate in some form the funding for the optometry school contract program is certainly of interest to our association. It was not a top priority for us in this session which is why our association didn't bring any legislation to that effect and why we weren't planning or prepared, necessarily, to

propose an amendment to this particular bill. But the issue is certainly of interest to us. Mrs. Ebke referenced LB703 which some of you may have been familiar with last year. We did support that. If this committee is inclined to pursue her suggestion and would be interested in looking at a way to accomplish this, I want you to know that our association is very interested in that and is very willing to help work with you in that respect. We've got a lot of data relative to the contract program that used to be in place and had worked with some people last year on LB703 and would be glad to be the resource for that again if the committee has got an interest in pursuing that. So I want you to know that even though we're not initiating the request, we are certainly interested in what she's suggesting. If there are any questions, I'd be glad to address that. Otherwise I'll just offer us as a resource. [LB196]

SENATOR HOWARD: Are there any questions for Mr. McBride? Seeing none, thank you for your testimony today. Our next neutral testifier? Good afternoon. [LB196]

MICHAEL WADMAN: (Exhibits 6, 7) Good afternoon. Good afternoon, Senator Campbell and members of the committee. My name is Michael Wadman. First name is M-i-c-h-a-e-l. Last name W-a-d-m-a-n. I am a physician and associate dean for Graduate Medical Education at the University of Nebraska Medical Center. And I am here speaking for myself in a neutral position and not representing the University of Nebraska. The reason I am here is to give you some facts on GME, especially how legislation can affect work force problems when it addresses GME. The initial choice of practice location and retention of physicians in underserved areas is of critical importance to academic medical centers, especially the ones that are sponsoring graduate medical education programs. These GME programs, they accept graduates from medical school and take medical students and turn them into physicians that can practice medicine that's of a high quality and safe for patients. And that's why they're important. Successful completion of GME programs is essential for becoming board certified, and currently that is the gold standard for determining whether a physician is competent to practice medicine within a specialty. So these programs are of critical importance. UNMC is the sponsoring institution for 50 of these GME programs, and we educate the 475 residents. And currently, of our physician graduates from the University of Nebraska College of Medicine, about half enter GME programs within the state. The mission of these academic medical centers, health centers, is to educate physicians for the needs of the healthcare system. And the graduates of these GME programs make their own decisions as far as where they seek employment. And there's multiple factors that affect those decisions so it's important we consider those. Nebraska, as well as other parts of the nation, are, you know, critically in need of primary care specialists especially in rural and underserved areas. For Nebraska, all counties report some physician shortages so this is critical for us to address this. Legislation that enhances recruitment of medical school graduates to our GME programs and recruitment to our rural and underserved areas may enhance these work force problems. Considering factors that can be affected, one significant factor that impacts where residency graduates choose to practice is where their residency program is located. I believe Dr.

Zetterman alluded to this fact. There's studies that confirm this. For the most part, most residency graduates choose to practice within 50 miles of their residency program. When you look at specific programs within our institution, the family medicine track...increased likelihood that they will practice in a rural setting with 75 percent of their graduates choosing to practice in rural Nebraska communities. And of course, money is a factor. This was mentioned before, but student debt not only influences practice location but also is becoming more of an influence as far as specialty choice which is important. Average student debt for a UNMC College of Medicine graduate currently is about $150,000. And on the national average it's $170,000. And this is outside of undergraduate debt. This increases every year and is a significant factor in decision-making for these prospective residents as well as graduates of GME programs. Loan repayment programs may encourage some new medical school graduates with high debt loads to consider primary care as a specialty. I think it was mentioned earlier that in recent years, states with student loan repayment programs, such as Iowa and Kansas, have had a recruitment advantage over Nebraska for residency graduates with a considerable amount of debt. LB196 includes student loan repayment during residency which is a step to help influence medical school graduates to seek residency in our state which is, I think, a difference from some of the other payment programs. For states with these programs, the cost of recruiting physicians to rural and underserved areas may decrease as students actively seek GME programs to remain in the state of Nebraska so that they can take advantage of such a loan repayment program. And most importantly, a positive impact can be seen by a well-distributed primary care work force which will enhance the quality of life in medical care for residents of all these communities. LB196 could make Nebraska more competitive with neighboring states and offer our medical residents more reasons to stay in Nebraska. Thanks for the opportunity to speak before you and I'd be happy to answer any questions. [LB196]

SENATOR HOWARD: Are there any questions? Senator Riepe. [LB196]

SENATOR RIEPE: Thank you. I'm sorry, I had to be out during part of it. You said, Doctor--and we appreciate you being here very much--you said could be more competitive and that led me to wonder, do you have some insight as to, are we more or less...and I'm not looking for exact, they pay X dollars, I just...you know, on a continuum, are we on the middle or are we...obviously we're not on the high. [LB196]

MICHAEL WADMAN: Well, I think the thing that this legislation...that makes it unique is the repayment during residency. I know that Kansas does have a bridging program that addresses payment during residency education. And as we've heard, you know, during residency debt is accruing. And it's an important part of how medical school graduates determine where they're going to seek residency training. I think one of the things that we want to do is make sure that our programs are able to recruit the top candidates for those positions. And if we can do that then...and keep them in the state then we're really enhancing our medical care within the state.

So I think, when I say could, I think this is a...it's an area that hasn't been tried in a lot of places. But including repayment during residency, I think, is a very interesting aspect of this legislation. I'd be interested to see how that affects our recruitment of residents to our programs. [LB196]

SENATOR RIEPE: I have a second question. [LB196]

SENATOR HOWARD: Certainly. [LB196]

SENATOR RIEPE: Thank you. My second question would be...is are we wise to tie this to the individual or should we tie it to the geographic location because we know where the pockets of need and the pockets, maybe, of unserved, poor, those kinds of things, and that if we made it a site-specific for a student to go there, we might have more impact than if we gave it to the individual. [LB196]

MICHAEL WADMAN: Well, I think with anything, if we were talking about legislation that addresses GME, that if it's used in a very targeted fashion that the results will be more, you know, compatible with the targets that you're choosing. So I'd say that that's one thing that would definitely allow you a little bit more to...of an ability to designate where those shortage areas are rather than allowing the graduates to choose rural locations by themselves. [LB196]

SENATOR RIEPE: Thank you. [LB196]

MICHAEL WADMAN: Sure. [LB196]

SENATOR RIEPE: Thank you for being here. [LB196]

SENATOR HOWARD: Any further questions? I just have one quick one. Why did you decide to come and testify in a neutral capacity instead of as a proponent? [LB196]

MICHAEL WADMAN: Well, I just kind of wanted to let the committee know as far as GME and how legislation affects GME and what GME is and especially how important--critically important--it is for the state that we have strong GME programs that are attracting the top candidates for those programs since, you know, medical school trains great physicians but to make them into practicing physicians that can practice in the safe manner, that those GME programs are the key part of training for that purpose. [LB196]

SENATOR HOWARD: And GME stands for graduate medical education? [LB196]

MICHAEL WADMAN: Graduate medical education, correct. [LB196]

SENATOR HOWARD: All right. Thank you, Dr. Wadman. Thank you for your testimony today. [LB196]

MICHAEL WADMAN: All right. Thank you. [LB196]

SENATOR HOWARD: Is there anyone else wishing to testify in a neutral capacity? Seeing none, Senator Campbell, you are welcome to close. And while she is coming up, Brennen, are there any items for the record? [LB196]

BRENNEN MILLER: (Exhibits 8, 9, 10) Support letters from the Nebraska Chamber of Commerce and Industry, Health Center Association of Nebraska, and the Nebraska Hospital Association. [LB196]

SENATOR HOWARD: Thank you. [LB196]

SENATOR CAMPBELL: I want to cover a couple of points. And I thought Mr. Fattig might cover it, but I will go over it now. I'm going to make available to all the senators on the committee, what are the standards and the criteria that are used to determine shortage areas? That is critical here. What the original act and all succeeding acts have done is said, we're trying to look at those medical professions in which we have shortages and where are they? And so it may be that--and I'm just hypothesizing--if you looked at the Norfolk area, it my not be in physicians but it may be in a dentist. Okay, we're not going to pay for the loan repayment for a physician in Norfolk, but we're really going to try to get that dentist there. So I will give you a series of maps across the state. And really, this gets, Senator Riepe, to your question. They look at the maps across the state and they determine shortage areas and they have criteria. And that's very well laid out. This isn't an arbitrary, well, Senator Howard is graduating from medical school and we want to help her. This is a very determined approach that has been developed by the Rural Health Advisory committee. And I think, as senators, we need to realize that. The second point is to Mrs. Ebke's, and she contacted our office and Ms. Lindley started doing some work. And I also sat down and talked to Senator Sullivan because the veterinary program--and, Senator Cook, you're probably going know right exactly what I'm going to talk about--and the optometrist program have been under the purview of the Education Committee, not the Health and Human Services Committee. And for the...senators who have been here for a while will remember, under LR542, which was the budget bill, and this was when the Legislature had to make cuts all across the board. And at that point, Speaker Flood had every standing committee meet during the summer and we worked on what budget reductions we could make because, at that point, we were really under the gun in terms of coming forth with a balanced budget. One of

the programs that was put on the list and was cut by the Education Committee was the optometry. And so to answer Mrs. Ebke's point, I think we need a lot more information here. And I think Senator Sullivan would be happy to sit down and talk with us and between the Education Committee, what data do we need? But we need to understand, that program was not here, okay? We did not make that cut. It's...we certainly would have voted for all the cuts that came across. But in any case...and the second point is, is we don't really have the data as to what the shortage areas are. And that's why I want you to see the maps and I want you to see the criteria. So we have more work to do for Mrs. Ebke than we probably have right now. And I also think about the bill that Senator Howard had, if you remember last year, between the optometrists and the ophthalmologists, we had a lot more optometrists across the state and in different areas that it might be worthwhile to go back and look at Senator Howard's maps that were distributed across the floor because there really...there were two different maps if I remember, Senator Howard, in terms of where optometrists were and where ophthalmologists were. So we have more work to do to answer Mrs. Ebke. She is certainly asking a very valuable question. There's no doubt about that. And I think that we use some time to get those...to answer that question. But I'm not sure we can answer it with just a straight amendment at this point, I'll be very honest, because I think we need to use the resources of the Optometric Association and see where we are as well as asking the Rural Health Advisory committee, because once you start looking at others, I would expect that we will hear from other health profession groups that will want to be looked at. Senator Cook is smiling. She's probably been down this road. [LB196]

SENATOR HOWARD: Senator Baker. [LB196]

SENATOR BAKER: Senator Campbell, I'm going to give you a statement rather than a question. [LB196]

SENATOR CAMPBELL: Sure. [LB196]

SENATOR BAKER: I'm going to need some help with the fiscal note. You know, I understand aid, you know, like for next fiscal year, $570,000 of aid is pretty clear to me where that's going. But why it's going to take $400,000 in operating to distribute $570,000, I'm going to need some help with that. [LB196]

SENATOR CAMPBELL: Okay. I think that came from the department. And what we'll do is we'll go back to Liz Hruska. And I think her name is on the top of that fiscal note from the Legislative Fiscal Office. And we'll ask them to break down those figures. And we still have to schedule Ms. Hruska to come and talk to us on a fiscal note. So, Senator Baker, we will get that in detail for you. [LB196]

SENATOR BAKER: Thank you. [LB196]

SENATOR HOWARD: Are there any other questions for Senator Campbell? Seeing none, this closes the hearing on LB196. And I will open the hearing on LB549, Senator Campbell's bill to adopt the Health Care Transformation Act. Senator Campbell, you may start at any time. [LB196]

SENATOR CAMPBELL: Do you want to wait a minute? [LB196]

SENATOR HOWARD: Oh, yes. If you're leaving, please leave quietly. And you can start whenever you're ready. [LB196]

SENATOR CAMPBELL: Okay. Colleagues, I decided...oh, I'm sorry. For the record, Senator Howard and the committee, I'm Kathy Campbell, K-a-t-h-y C-a-m-p-b-e-l-l representing District 25. And it is certainly a pleasure to introduce LB549. I decided for an opening that I would just kind of describe to you how we got to this bill and what we've done with it and what we're going to try to do today. How did we get to this point? Well, Senator Gloor and I have had so many conversations in the six years that we've been here. And in those discussions, we kept thinking, you know, we're here for eight years--we hope for eight years anyway--that we're here that sometimes our vista gets to be eight years and it doesn't reach out to say, what are we thinking about ten years and fifteen and twenty? And to some extent, when you look at some of the legislators who had been here in the past, and I particularly think of one of my mentors, Senator Jerry Warner. I mean, Senator Warner used to think in terms of 20 and 25 years. And we really have the kind of roads program and funding for roads because Senator Warner spent all that time thinking so far ahead. So Senator Gloor and I said, well, what would we see long term? What should healthcare in Nebraska look like in 15 years, not now, but in 15? And so we put in LR22 and then we followed that up the next year in 2014 with LR422. We had two conferences in which we invited healthcare professionals of all disciplines to come to a conference and start to help us answer that question. So at the first meeting it was, what should it look like? What are some of the major points? And then what we did is we recruited 11 people, not necessarily having to represent every single healthcare professional, but for many of them, they'd testified before this committee. We knew they were good thinkers and long-term thinkers. And so we brought those 11 people together and we also brought on board Dr. Rowen Zetterman who I'm going to ask follow me when I finish here. And Dr. Zetterman worked with Senator Gloor and with me and the...what we called the work group at that point to take those ideas and begin to start saying, what would that vision look like? What are some of the major things we should look at? And we produced a document. So for the second conference late last fall, we had a conference on LR422. And we said, you know, based on our experience and what you told us, these are what we would consider eight building blocks that would be the foundation for, how do

you begin to look at healthcare for what Nebraska...what it should be in Nebraska in 15 years? And the important point of this, as policymakers, is where should we put our resources? What should we be working toward? You know, we all put in health bills and we all have interests here. But we have a limited...resources both peoplewise and moneywise. We just can't say, well, whatever it costs we're going to do that. And we need to know that healthcare for Nebraskans are going to be there. What should we be working towards? So what we did is we put together the eight building blocks and they are encapsulated, to some extent, in LB549. And we brought it together as a bill. And Senator Gloor and I have had some discussions, some very preliminary discussions separately, actually, on...two different people talking separately with the Governor. And we've tried to explain to the Governor what we were going to do and that we would come back and have some other conversations. And the last time that Senator Gloor visited with the Governor, you know, his preference was that we talk about some of these ideas when Courtney Phillips comes on board. And we fully well understand that. And in fact, Senator Gloor will be here on his bill finding a home for a...medical homes, an idea that he has worked on extensively. And my guess is that Dr. Rauner is going to talk about that too if he testifies. But we know there needs to be an effort to, where do we put these ideas? So basically, what I'm going to tell you is that, as you look at the bill, the whole idea of how we put this committee together--and we spent an extensive time saying how many members this and that--at this point, we're going to ask you to just kind of put that idea out here. But what we want to spend time today is talking about the importance of healthcare planning in this state and why we should do it. And Senator Gloor and I are pledging to you that we will sit down on his bill and my bill with the Governor and with Ms. Phillips and have an opportunity to say, okay, how do they see this also working, because quite frankly, if they have an interest here, many...much of what is in here could be done with the Governor. We wouldn't need a bill in...if we come to some agreement that we're going to collaborate. So most likely, we're going to ask you to hold the bill. But the importance of the hearing today is to talk about the building blocks in healthcare planning. And quite frankly, colleagues, when we started studying this, and Michelle Chaffee and I spent a great amount of time taking a look this past summer at this issue, states--Ohio, New York, California to an extent, Washington, and Oregon--have very extensive...you know, they have put that foundation together. And they are building that. And they have set goals for where they think that healthcare should be, extensive planning. And it really harnesses resources. And we need to do this as a state. We need to say, this is where we want to be in healthcare in the future. It's critical. An interesting side note is that Ohio has done an...extensive studies. And a person who was involved in that who has now come to the state of Nebraska is Chancellor Jeffrey Gold. And it was very interesting because when I started talking to him about this before the conference this past fall, you know, he just went, I've done that. You know, I've been involved. He worked with the governor in Ohio. So we have wonderful resources in the state of Nebraska to pull upon. And I cannot express enough my thanks to Dr. Zetterman. He truly has been a visionary person who took us through, you know, kind of an "amorphous" to get to this point. So with that, I'll finish my remarks and see if you have any questions. [LB549]

SENATOR HOWARD: Does anyone have any questions for Senator Campbell? [LB549]

SENATOR CAMPBELL: If acceptable to the committee, I would like Dr. Zetterman to follow me because he's going to kind of lay the factual groundwork for the eight building blocks and what we went through. [LB549]

SENATOR HOWARD: Certainly. Thank you, Senator Campbell. We'll now open up the hearing to proponents. Good afternoon again. [LB549]

ROWEN ZETTERMAN: (Exhibit 11) Good afternoon. Thank you, Madam Chair. My name is Rowen Zetterman, R-o-w-e-n Z-e-t-t-e-r-m-a-n. I'm testifying in favor of LB549 on behalf of the Nebraska Medical Association which is the unifying physicians organization for the state of Nebraska. I...you may wonder why the state Medical Association is so interested in this. I would point out to you that in 2007, under the guidance of a statement that said, good health and access to needed healthcare are social goods that contribute to the wellbeing of the state and all of its residents, the Nebraska Medical Association actually proposed at that time a universal health coverage proposal that antedates, I might add, ACA. And probably what kept it from moving forward was that ACA came along two years later at that time. But the Nebraska Medical Association recognizes that all Nebraskans should have good access to timely, needed healthcare that emphasizes good health habits; wellness prevention; and receives care that's high quality, efficient, affordable, and equitably accessible but also that there needs to be a structure to make sure that we continue a process to bring that sort of thing forward. I've had a 20-year interest in healthcare reform and I truly believe that the future of Nebraska's economic and fiscal success requires a healthy population and that the availability of high quality healthcare at lower costs for all Nebraskans is crucial to that success. There are currently many needs and shortages throughout Nebraska. We know as many as 14 percent of nonelderly adults in Nebraska lack health insurance or other coverage. Counties with more than 21 percent uninsured adults are all rural counties. Eleven counties have no primary care physicians but there's also a shortage of specialist physicians in rural counties. A shortage of mental healthcare practitioners, as we've already heard today, occurs throughout the state except for the Lincoln and Omaha areas. And many patients have to drive long distances to reach the care of a physician, to reach a critical access hospital, or to reach another type of healthcare provider. And even broadband access limits what we can do in the state as far as delivering care by telemedicine or through other means. If we're going to solve the healthcare problems in Nebraska, it is evident that our state government must provide leadership to transform the health system to produce a high quality, patient safe care for all of its citizens. Well, as you've already heard, in 2013 and 2014, LR22 and LR422 brought together a group of Nebraskans with diverse healthcare and business backgrounds to examine healthcare in Nebraska and identify the changes that we thought were needed to transform our healthcare system to meet public health needs, better work force, and also high quality, patient safe, cost-effective healthcare. We defined eight building blocks which

have an enormous number of subcomponents but let me just tell you about the eight building blocks themselves. First of all, we recommended that we optimize public and private funding to ensure access to healthcare for all Nebraskans. If you don't have access to healthcare, you don't get screenings. We know in Nebraska 1 in 18 Nebraskans will develop colon cancer. But we also know that less than half of Nebraskans seek preventive care looking for colon cancer. And if they don't have health insurance of any kind or some other coverage, they don't go at all. So optimizing all of this will hopefully make us a much more...healthier state. The second building block looked at the needs for improving the processes of healthcare delivery. And there are a lot of things that we can look at including how we pay for healthcare. Should we pay based on the number of tests we ordered or should we pay for healthcare based on the quality of the outcomes? Shouldn't we have integrated care? And especially, shouldn't we have team-based care that utilizes a variety of providers to deliver the care? So the second building block looks at delivery. The third talks about transparency. If you go out and buy a new car or you buy a suit of clothes, you want to know what the quality is, the cost is, and all of the features about that car or that suit of clothes. But if you want to know about the quality of the healthcare of your hospital or your physician or your nurse practitioner or your PA or whomever you're going to, it's a little harder to find that data. We need to ensure that there's transparency so that patients can choose the beset providers and the best places to receive their care. We've got to know a lot more about the diseases of our people in Nebraska, the causes of...the causes, if you will, of their chronic disorders and the locations of pockets of disease. So we need a very strong database of health and healthcare information from Nebraska. A robust statewide database is crucial to understand the causes and best treatments to deliver cost-effective care. The fifth building block is the utilization of population-health-based interventions. We deliver care in this state right now one person at a time. That works well for one person but it doesn't address the broader issues of some of the major causes of poor health including lack of exercise, obesity, diabetes, a variety of other chronic disorders that occur. By utilizing population health interventions that look at broad numbers of people, we know that we can change the burden of chronic disease, that that information of...is existent in other places. The sixth principle is that of personal responsibility. We've got to figure out how we ensure that Nebraskans become responsible for their own wellness, that they work hard at exercise, that they work hard at stopping smoking. Twenty percent of Nebraskans still smoke. The best state in the United States is only 10 percent. So we're not even in the mix with the best states for smoking in this state. And we've got to improve health literacy. People need to know more about their disorders so they know better how to achieve the things that they want. The seventh, of course, looks at health work force shortages. And as Senator Campbell says, we looked at all of the data that's readily available about the shortages across the state and they're widespread. If you don't live along Interstate 80 or in Lincoln or Omaha, primary care is scattered throughout the rest of the state. And as I've mentioned, 11 counties don't even have a primary care physician. And probably the eighth building block is one that's most crucial and gets to the point of the fact that we have a collection of eight-year terms of our leaders in healthcare whether that's Governors or senators or

whomever else. We have an eight-year horizon. We don't have that 25-year horizon of people anymore. We've got to have statewide health planning that can establish goals for healthcare quality, monitor population health, address the needed changes in healthcare laws and regulations, and of course, reduce healthcare disparities. If we enact these eight building blocks as the key principles to transform statewide healthcare, Nebraska will improve the health of its citizens, establish a culture of personal wellness, and can provide cost-effective, high quality, patient safe healthcare that every Nebraskan deserves to receive. Thank you for giving me the opportunity to speak. [LB549]

SENATOR HOWARD: Thank you, Dr. Zetterman. Are there any questions? You did such a good job. (Laughter) Thank you for your testimony today. [LB549]

ROWEN ZETTERMAN: Thank you very much. [LB549]

SENATOR HOWARD: Is there anyone else wishing to testify as a proponent for LB549? Good afternoon again. [LB549]

BOB RAUNER: (Exhibit 12) Hello again. Dr. Bob Rauner, R-a-u-n-e-r, testifying on behalf of the Nebraska Academy of Family Physicians as a proponent of LB549. And as Senator Campbell anticipated, I wanted to use some examples of where I think this could go and why we are a proponent of this. For the last couple of years, we've been working with Senators Gloor and Wightman. They have helped us convene a group to work on patient centered medical home which was one of the topics of this bill. It's been a great method of trying to achieve this. I'll have to be frank and say I'm honestly...I'm not a fan of government running healthcare but I'm very much a fan of them convening the people who can fix it. And that really what this group has been able to do. We had tried to get together previously but because of antitrust fears, it's really hard to meet without a governmental referee and umbrella to protect and basically provide a safe harbor for us to talk. And we've been able to achieve a lot of great things by doing that. A particular example is, we've been able to get the insurance companies and the physicians to talk and pick common measures for quality improvement, for example. One example: We had Steve Lazoritz, a doctor, he's a medical director for Arbor Health Plans, who wanted to launch a prenatal risk screening program to reduce preterm labor. He proposed that not only they use this form but other insurers and providers as well. And he was able to convince Dr. Deb Esser from Coventry, which has now been purchased by Aetna to use the same form. It allowed us to create, I think, a more effective intervention, also lowered our overhead, because we only had one form to use. We didn't have to have parallel forms for Arbor, Aetna, Blue Cross. And it saves us a lot of overhead. So one of our things on the medical side is, it will be much more efficient if there are some common measures. It's kind of like we're not setting...we're not running the railroad but we're at least picking a common railroad track, because that will save everybody and it will make

it a much more effective approach. Another example is we use pediatric measures that were a menu set that we could all pick from. We on the medical side could pick common measures and then they could just select from those. It would, again, lower our overhead. So our Arbor plan, we have a pay for performance and we're being judged on our ability to do child obesity screening and counseling and adolescent depression. And so it gave us something we can focus on. It helps fill the needs of the state. And so I think working with Dr. Lazoritz on this has actually helped make it a more effective program for everybody. At my day job, I work as the medical director of an accountable care organization called SERPA ACO. It started with clinics that were all doing patient centered medical home. And it was a way for us to band together. Originally it was nine clinics, now twelve clinics. One of our...three of our clinics are actually in many of your districts. We have clinics in Bellevue, Lincoln, York. We go as far west as Ogallala now. Our Aetna product right now, we have--the nine original clinics for 2014--we have our results on how we did. And it's good to be able to judge us in this. And I'm happy they actually approved us to say this now, we...our total Medicaid costs are 10 percent lower, our ER utilization 47 percent lower, and hospitalizations are 90 percent lower. And so this is, if you look at what is essentially the triple aim here on page 2, that's what we're trying to create. And I think this is...you know, I'm a little worried, honestly, about what's going to happen--because Senator Wightman was term limited and Gloor only has a year and a half left--what's going to happen after this. And we're trying to figure out, how do we continue this after Senator Gloor is term limited out? This may also be another way to do something like that, okay? Another thing Dr. Zetterman mentioned: the ability to judge things on quality. And one thing you have to have is common measures so that you're comparing apples to apples. The accountable care organization contracts through Medicare now actually judge you on 33 and they're publicly reported. So you can now look at us versus Alegent CHI and see how we did based on 2013. And soon you'll see us for 2014 also including another group in Omaha, Midwest Independent Practice Association. So now you can see how we did. I was hoping to tell my colleague, Kevin Nohner, that we beat him. But unfortunately we tied...good for Nebraska. We were better...both significantly better than average but it gives the consumer a way to say, are these organizations doing better or not? I think patients deserve the ability to actually finally get good quality data that's comparable. The other thing I want to mention is that another possibility...Dr. Zetterman mentioned the 2007 plan to reform healthcare that Nebraska Medical Association brought out. That report, actually, is what got me involved in the Nebraska Medical Association. I was very impressed with that report. I've been a big proponent. It's unfortunately not had a lot of progress in the last eight years. There happens to be a new waiver called the Section 1332 waiver and that's what I gave you a blog post on that kind of describes it in brief. You may have heard of the Section 1115 waiver that's been part of the Medicaid expansion. This is actually an even broader waiver that allows you to exempt pretty much almost all acts of the Affordable Care Act if you want to as long as you achieve the same aims. It could literally be used to basically take that 2007 Nebraska Medical Association approach and put it into practice as early as 2017. Could this group start working on that? I know Senator Campbell is thinking ten and fifteen years but there is a need

even in the next one to two years. And so, again, just to summarize, we're very much in favor of this process continuing. We'll continue to be an active part of the group. Thanks. [LB549]

SENATOR HOWARD: Thank you, Dr. Rauner. Are there questions for...Senator Kolterman. [LB549]

SENATOR KOLTERMAN: Yeah, Doctor, thank you for coming. I have had some candid conversations with Senator Gloor and I share a lot of your same concerns. One of the problems that I see, having worked with healthcare from an insurance agent's perspective, at the present time I have a bill that I introduced that was really to bring not affordability but transparency to the marketplace. And we're having a lot of difficulty with that bill simply because the federal government controls the Web site that we have to go to to get the Affordable Care Act and yet Nebraska has no input whatsoever as to how that can be fixed. And so even if you want to make it transparent, at the present time we can't make it transparent. And that's alarming to me. And even if we had our own exchange, as an example, we can't...they dictate to us what we can do. So as you talk about this, I think this thing that you passed out, this 13-whatever....1332 waiver, would that allow for us to make changes ourself? [LB549]

BOB RAUNER: It would make it possible, I think, for these waivers people to tell you. There is a negotiation with the feds. You can't just...they won't necessarily accept everything. So it will be negotiation. I do think this allows at least the possibility of that. I thought it was a mistake a couple years ago when we didn't create our own state exchange. There were restrictions, but at least we had more freedom than we have now. Maybe we could also piggyback into the private exchanges. I don't think...some people don't realize that a lot of small and medium and even large employers are using private exchanges that are parallel to the current public exchanges. I think there is the possibility, at least, to use a private exchange where you would have more control. And I think I agree with you. The lack of transparency is a huge problem when you're trying to buy healthcare. My wife and I, we're...just went through this ourselves with our last insurance product. I think I'm pretty well informed. I had a hard time reading what the heck this thing said as far as exclusions, deductibles, without our network deductibles as high as $36,000. Most consumers, I don't think, can compare that because I can't even compare it. So you probably see the same thing. [LB549]

SENATOR KOLTERMAN: Every day. [LB549]

BOB RAUNER: They're really confusing and it would...I think it would be helpful to make this a lot more simple. The potential for very broad changes like you suggest are there. Now, is it a guarantee the federal would agree with it? You never know, although Republicans do control Congress now. So maybe between the two, there could be finally a compromise in the way to

move forward. Broad answer, but I am very much a proponent of trying to create a state-based exchange to do some of those things. [LB549]

SENATOR KOLTERMAN: Well, and just...at the present time, as you know, we don't have Medicaid expansion. And so it goes up to the 400 percent of the poverty level but we still have those people on the bottom end. And if there was a way...I mean, some of us question how the arrived at 400 percent. [LB549]

BOB RAUNER: Yeah. [LB549]

SENATOR KOLTERMAN: And things like that, if that could all be looked at in...because that's the way you pay for all this. Yeah. [LB549]

BOB RAUNER: My understanding is, you can even reset the poverty level, actually, whether...you could make it 400, you could make it 250. You can, based on... [LB549]

SENATOR KOLTERMAN: Move it down and pick up the people on the bottom end instead of the people on the top. [LB549]

BOB RAUNER: Yeah, because honestly, our cost of living is lower than San Francisco. Maybe it needs to be 400 in San Francisco. But maybe in Nebraska, with lower cost of living, maybe 250 is more reasonable. And so I think it allows you to adjust more for your state as opposed to a broad...everything the same across the country. [LB549]

SENATOR KOLTERMAN: Well, I appreciate hearing all this. Thank you. [LB549]

BOB RAUNER: Yeah, you're welcome. [LB549]

SENATOR HOWARD: Senator Riepe. [LB549]

SENATOR RIEPE: Thank you, Senator Howard. This may...Doctor, thank you for being here, and this may not be the question for you. If not, deflect it and I'll... [LB549]

BOB RAUNER: Okay. [LB549]

SENATOR RIEPE: ...put Senator Campbell back on the hot spot in a little bit. [LB549]

BOB RAUNER: All right. Okay. (Laughter) [LB549]

SENATOR RIEPE: And some of this will be, maybe, in the form of a statement. But, you know, having worked in the healthcare administrative side of things for years, 15 years is about five careers in the healthcare business. And it seems to me that what the committee is saying here is that many of the things that are laid out in the eight building blocks and everything else comes down to a committee that says, no, don't start with a fresh green. See it our way. These are the eight blocks, don't you agree? And I think that you have to go back to a model that says, are we going to go down a road of a consumer-driven, market-driven healthcare system or are we going to go down a road of government-driven healthcare? We're going to have a change in leadership at the federal level in two years. In this world, two years is like a snap of the finger. And so, of...you know, I find some issues in here that...on the proposed committee that get so far into the weeds that it's like, you know, only a fool would disagree with these things and how do we get out of them? I think...you know, and I even have an issue with the makeup of the committee. But, you know, and I've...could have given them to you because I needed to get them out. And maybe that's one for Senator Campbell in her closing if she gives a closing... [LB549]

BOB RAUNER: Yeah. [LB549]

SENATOR RIEPE: ...or that we talk about at some point in time. [LB549]

BOB RAUNER: Well, I guess this is kind of my personal opinion on your lead there. There's pretty broad representation that can be picked by the Governor. So hopefully the Governor would pick relevant people. I like, for example, the committee we have under Senator Gloor right now that has pretty good representation. It's got insurance plans. It's got medical associations. It's got the people actually doing it providing input on how it should happen. And if you can...it requires a gifted facilitator to make it happen, but I think you can do it without a lot of laws sometimes. And that's what we've been able to do with the medical home committee thus far is basically create something somewhat loose but enough freedom to get things done. I'm...I too am more of a fan of the consumer-directed healthcare as long as the other things are in place. I've had a high deductible myself but found that, unfortunately, there's not a lot of price transparency that you can judge so it's hard to direct as a consumer when you can't even find out what the prices are nor can you find out what the quality is. Some of these things on the data side would actually finally give consumers some information on price and quality, for example. [LB549]

SENATOR RIEPE: My piece is, if you have market-driven healthcare, which will be a lot more difficult, tougher on hospitals and on doctors... [LB549]

BOB RAUNER: Yeah. [LB549]

SENATOR RIEPE: ...than a consumer, government-driven system, you will have price transparency or you will have price competitiveness rather than just saying, oh, by the way, we have a single payer and this is it. Take it or leave it. [LB549]

BOB RAUNER: Yeah. Yeah. [LB549]

SENATOR RIEPE: So price transparency may go on the wayside if you get enough competition. [LB549]

BOB RAUNER: Yeah, although right now it's...there's contractual things that limit price transparency intentionally in Nebraska. And so...and some states like Massachusetts, for example, have passed laws that you have to now make your prices public. And I think there's ways to, I guess, facilitate that transparency to happen sooner rather than later. [LB549]

SENATOR HOWARD: Are there any other questions for Dr. Rauner? Seeing none, thank you for your testimony today. Our next proponent? Good afternoon. [LB549]

VICKI DUEY: (Exhibit 13) Good afternoon, Senator Howard, Senator Campbell, and all senators. I want to first of all thank you for your public service. I...as I'm getting more involved learning about legislation, I'm getting just a peek of what you are going through and I wish you all the best. You all deserve a great deal of credit for all you're doing. My name is Vicki, V-i-c-k-i, Duey, D-u-e-y. I am here representing the Friends of Public Health in Nebraska which is the health directors of the regional health departments. And we are testifying for...in support of the intent of LB549. I will be very brief. The local health directors support the intent of LB549 to create the Health Transformation Act (sic) which will address the building blocks of healthcare in Nebraska. Working with community partners, we focus on prevention and population health interventions at the local level. Each of the 18 local health departments have completed their local health assessments and have or are in the process of revising their local community health improvement plans. The assessment and improvement plan are developed with the community who are...who then set the practice...the health priorities, excuse me. This information will be available to the Health Care Transformation Advisory Committee so that they have insight into the health status and health needs of communities across the state. In the last biennium budget, the local health departments received $50,000 to implement prevention programs based on identified population needs of their communities. Targeted programs to improve health and promote wellness using evidence-based and promising practices were implemented. The focus has been on preventing disease and health complications by improving health and promoting wellness. We teach individuals the skills they need to improve their health. Our programs demonstrate measurable, positive health outcomes. The local programs in communities were designed to increase physical activity; decrease obesity; prevent complications from diabetes,

cardiovascular disease, and other chronic diseases; improve access to medical homes and dental homes to offer prevention and wellness services; support healthy mothers and healthy babies; increase home safety for seniors; increase work site wellness initiatives to prevent disease and disability; assure preventative services for children and adults. These initiatives work to save money by focusing efforts on preventing disease and promoting healthy behaviors. The majority of Nebraska state funds are currently focused on treating health problems not preventing them. Research has shown that...the evidence for reducing unnecessary health costs through prevention and health promotion. The focus of LB549 is an important step in that direction. We see many opportunities to improve the health of Nebraskans through the intent of the building blocks of healthcare. Despite spending more than twice what most other industrialized nations spend on healthcare--I'm sure many of you...most all of you know this--the U.S. ranks 24th out of 30th of such nations in terms of life expectancy. According to the American Public Health Association, a major reason for this startling fact is that we spend only 3 percent of our healthcare dollars on preventing disease as opposed to treating them when 75 percent of our healthcare costs are related to preventative conditions...preventable conditions, excuse me. Local public health is a partner and can be part of the solution for each of the eight building blocks. We are ready and looking forward to improving the health of Nebraskans across the state. [LB549]

SENATOR HOWARD: Thank you, Ms. Duey. Senator Crawford. [LB549]

SENATOR CRAWFORD: Thank you, Vice Chair Howard. And thank you, Ms. Duey, for being here and sharing this. I'm wondering if you could just expand on how the local health departments are improving access to medical homes and dental homes. [LB549]

VICKI DUEY: There are several different ways that we're working with that. And it's somewhat different in each health department. But one of our mandates in our essential services is that we do connect people to services. So as there is...it may be an emergency room that calls us and says, we have this situation and this is somebody who is coming back and coming back. You know, what kind of other resources do we have? It may be a doctor's office or a dental office that says, we need help with this individual who doesn't show up to their dental appointments. And maybe we can work with that individual. So we have what we call patient navigation... [LB549]

SENATOR CRAWFORD: Okay. [LB549]

VICKI DUEY: ...systems and community health workers that go... [LB549]

SENATOR CRAWFORD: Oh, okay. [LB549]

VICKI DUEY: ...and work directly. And they don't have to be a nurse or a doctor. But they get...they are part of the community. And they work with the individuals who are having barriers to access to care. So they can help in that way. We also work together with the hospitals when we're looking at, what are the gaps in services? What are the needs in each of our individual communities? So for most of us, you can go to our Web site and you can see the whole community assessment and our community health plan that is developed with all of our medical partners, with our healthcare...or excuse me, our human services partners, and individuals in the community. I mean, I think it's really important that we are talking directly to those we serve. [LB549]

SENATOR CRAWFORD: Absolutely. [LB549]

VICKI DUEY: So there's...I could go on for a long while here but that's not acceptable. [LB549]

SENATOR CRAWFORD: No, that's very helpful. Thank you. No, that's very helpful. Thank you. [LB549]

VICKI DUEY: Thank you. [LB549]

SENATOR HOWARD: Other questions? Senator Riepe. [LB549]

SENATOR RIEPE: Thank you, Senator Howard. I'm a bit conflicted because at the same time when you're talking about implementing the eight building blocks, we're talking about a 15-year vision. So it seems to me like if we're talking about a 15-year vision, we almost need a moratorium on everything that we're doing now or we're not into a 15-year vision but we're into a 15-year implementation. So I challenge the word vision. [LB549]

VICKI DUEY: Okay. I will tell you, from my perspective, we have to start somewhere. We can't start 15 years ago. We have to start somewhere. And I believe that we know more and more how to prevent disease. I believe we know more and more about how to work with individuals and have them looking at their own responsibility for their health. [LB549]

SENATOR RIEPE: I'm all for responsibility. [LB549]

VICKI DUEY: And work site wellness is one of the things that I see as an extreme positive way of doing that. We're going into the work sites, looking at the culture in the work site, and then working with the individuals so that they could see, okay, if they have high blood pressure...and one example I'll give really quickly is that we've been working with some of our businesses in

the smaller businesses in the community who can't afford this grandiose kind of plan but screening their individuals and worked with this individual. He'd come in for blood pressure screening on a regular basis. We'd say, your blood pressure is high. And he'd say, gosh, I know it is. You know, I really need to do something about it. And about the fifth time he came in he said, you know what, I went to my doctor. And, lo and behold, he is on his regimen. He is not only on medication to reduce his hypertension now but also looking at his own behaviors to change things. [LB549]

SENATOR RIEPE: Well, you know, and I want to assure everyone that I support all of the preventive stuff that you've talked about. I'm just saying...and I go back to, what's the driving model to get there, you know, not the details of it but just the models of it? And that's where, I think, you know, I part company with a number of people about what's the best model for the future. [LB549]

VICKI DUEY: And I was fortunate...and I agree with you, Senator. [LB549]

SENATOR RIEPE: You don't have to. [LB549]

VICKI DUEY: (Laugh) It's very difficult. I would say that having had the opportunity to participate in the interim studies was a great opportunity for me because there...everyone there came with the same intent. And that intent was to figure out what's...what are the first steps we take, because we're going to have to take the first steps before we get 15 years down the line? [LB549]

SENATOR RIEPE: Thank you for being here. [LB549]

SENATOR HOWARD: Senator Kolterman. [LB549]

VICKI DUEY: Thank you. [LB549]

SENATOR KOLTERMAN: Thank you, Senator Howard. I just have a comment, just...Vicki and I go back a couple of years. She's from Four Corners Health. [LB549]

VICKI DUEY: Yes. [LB549]

SENATOR KOLTERMAN: And it's a wonderful organization. They're doing a great job. And she's actually doing what she says she's doing. And it's just...they...we started that program probably eight, ten years ago? [LB549]

VICKI DUEY: Twelve years ago. [LB549]

SENATOR KOLTERMAN: Twelve years ago? [LB549]

VICKI DUEY: Yes. [LB549]

SENATOR KOLTERMAN: And it deals strictly with rural communities and rural counties. And it's working. It's four counties and it's just doing a great job. So that's the kind of foresight I think we need, because eight years ago, if we hadn't started that, we wouldn't be where we are today. So thank you for coming. [LB549]

VICKI DUEY: Thank you, Senator. [LB549]

SENATOR HOWARD: Any other questions for Ms. Duey? [LB549]

VICKI DUEY: All right, thank you. [LB549]

SENATOR HOWARD: Seeing none, thank you for your testimony. [LB549]

VICKI DUEY: Thank you. [LB549]

SENATOR HOWARD: Our next proponent? Good afternoon. [LB549]

BRUCE RIEKER: (Exhibit 14) Good afternoon, Senator Howard and members of the committee. My name is Bruce Rieker. It's B-r-u-c-e R-i-e-k-e-r, vice president of advocacy for the Nebraska Hospital Association here testifying in support of LB549, also want to say that I was asked to deliver testimony on behalf of CHI Nebraska. But I think that you already have those two documents so I did not pass those out again. So I think that where I'm going to go with my testimony...I know where I'm going to go with my testimony is to talk about a few of the lessons that I've learned over the course of working in healthcare. I've been in this nine years so, Senator Riepe, I think I'm on my...just finishing my third career. Is that about right? [LB549]

SENATOR RIEPE: I'm surprised you've made it this far. (Laughter) [LB549]

BRUCE RIEKER: You know, so is my mother and my wife and a few other people as well. But a couple things just to note about our state, and some things are critical: As we at the Hospital Association look at LB549, we look at it as more than just a state issue, that it's a public issue. It's a private issue. What is our responsibility as healthcare providers? When we're looking at state resources, it isn't just what sort of revenue we receive from the state. It's about what we also contribute in the way of our contribution whether it is human resources or others. A couple things that...and we do agree. Whether we pick 15 years, 12 years, 20 years, we have to have a plan. In fact, I heard a senator recently say that it's impossible to govern if you don't know where you need to go. Okay? Our state, for the last ten years, maybe longer, has slapped band-aids on the healthcare issue all the way along. If this proposal doesn't go anywhere--but we hope that it does--we at the Hospital Association are already using it as our framework for our discussion about how we develop policy for the future. Do the things that are already introduced in the Legislature fit under one of these eight building blocks or core principles as you look at them? What do we need to do as hospitals to fill in the gaps? What do we need to do with our collaborative partners to find our way to put these together? Several years ago, in my employment with another gentleman, he asked me once, he said, Bruce, when is the best time to plant a tree? And I said, well, you know, I really don't know. And he says, well, it's 20 years ago. But since we can't go back 20 years, we better plant one today. And so I think that that's part of...you know, Nebraska is in somewhat of a rut with our healthcare planning. And just as I learned in law school and I think that you learn in med school, the practice of law or the practice of medicine means it's an ever-moving target. And so these things give us a framework from which to start putting things together. There's no secret out there for hospitals that we're going to go through one of the most rapid transformations in the next 24 to 36 months, well before we get to the end of these 15 years. However, we need to have a plan as we go through that. Part of that is public policy. Part of that is the economy. And it's just very hard to differentiate or to dissect those. This is a very interesting intersection for me. We're talking about public resources, private resources. And one of the things that...you know, and I could get on my soapbox, because I get there quickly, about the Medicaid Management Information System and a data analytic system, but our state spends $700 million per year, give or take a few million, on Medicaid. And we get $1.1 billion--and I'm rounding those numbers--but $1.1 billion in federal matching funds. Now, our critics inside and outside, not just for hospitals but in the healthcare arena and the agency, would say that there's probably 30 percent waste in the Medicaid program. So if we're spending $1.8 billion per year and there's a chance that there's 30 percent waste from overutilization, inappropriate care, not providing preventive care at the right time, not providing end of life care in the appropriate way, we're blowing over $0.5 billion per year. So there are lots of things that we need to do. Data analytics and needs assessments are some of the things that we applaud which would be part of these building blocks. And it takes a while to build those, so when I...and my...the red light is on. I will conclude my comments and will try to answer any questions if you have them. [LB549]

SENATOR HOWARD: Thank you, Mr. Rieker. Are there questions? Seeing none, thank you for your testimony today. [LB549]

BRUCE RIEKER: You're welcome. [LB549]

SENATOR HOWARD: Have a good weekend. [LB549]

BRUCE RIEKER: Thank you. You too. [LB549]

SENATOR HOWARD: Good afternoon. [LB549]

NICK FAUSTMAN: (Exhibit 15) Good afternoon. I'm Nick Faustman, N-i-c-k F-a-u-s-t-m-a-n. And I am with the Nebraska Health Care Association which is the parent entity to a family of associations including the Nebraska Nursing Facility Association and the Nebraska Assisted Living Association. Both NNFA and NALA strongly support the intent of this bill. And given the growing population of elders and the chronically ill in the state in the years to come, we respectfully request that the Health and Human Services Committee keep end of life and elder care as part of this effort moving forward. Our family of associations would be happy to assist in any way possible. And whether that be a part of the committee itself or in another capacity, we would love to be a part of the conversation heading forward. So thank you for the opportunity to comment on the proposal. If you have any questions, I'd be happy to try to answer. [LB549]

SENATOR HOWARD: Are there any questions for Mr. Faustman? Seeing none, thank you for your testimony. [LB549]

NICK FAUSTMAN: Thank you. [LB549]

SENATOR HOWARD: Is there anyone else wishing to testify? Hello, Mr. Mines, sir. [LB549]

MICK MINES: Hi, Senator Howard, members of the committee. I may be the last thing between you and going home. (Laughter) My name is Mick Mines, M-i-c-k M-i-n-e-s. I'm a registered lobbyist for the National Association of Insurance and Financial Advisors in Nebraska, or NAIFA. On behalf of our 1,100 members throughout the state, I'm here today to let you know that we support Senator, you know, Senator Campbell's bill, LB549. Senator Campbell's and Senator Gloor's vision for Health Care Transformation Act has great potential. We realize that. And most specifically, it's important because Nebraska's healthcare system is in much need of improvement. This long-term approach, particularly modeled on the building block healthcare plan, can improve the healthcare experience for patients, improve the health of Nebraskans, and

reduce per capita costs for healthcare. These are values and results strongly supported by NAIFA members. We want to let you know that we are a resource, that we'd be glad to help you in any way we can. We ask you to advance the principles of LB549 to General File. And thank you. I'll take any questions if you have them. [LB549]

SENATOR HOWARD: Are there any questions for Mr. Mines? Seeing none, thank you. [LB549]

MICK MINES: Thank you. [LB549]

SENATOR HOWARD: Is there anyone else wishing to testify as a proponent for LB549? Seeing none, anyone wising to testify in opposition? Anyone wishing to testify in a neutral capacity? Seeing none, Senator Campbell, you're welcome to close. And as she's coming up, Brennen, are there any items for the record? [LB549]

BRENNEN MILLER: (Exhibits 16, 17, 18, 19, 20, 21, 22) Letters of support from Nebraska Nurse Practitioners, Nebraska Speech-Language-Hearing Association, Nebraska Association of Home and Community Health Agencies, Nebraska Appleseed, Children's Hospital and Medical Center, the Nebraska State Chamber of Commerce and Industry, and CHI Health. Thank you. [LB549]

SENATOR HOWARD: Thank you. [LB549]

SENATOR CAMPBELL: Senator Howard, I'll be brief. I really want...and, Senator Riepe, I don't know, you were in and out so you might not have heard that part of it, I had asked that the committee set aside the composition of the task force or commission or whatever because Senator Gloor and I have had, really, very preliminary conversations with the Governor. And what we want to do is have an opportunity to talk to Ms. Phillips and the Governor about the medical home bill which you will be hearing about and this one. And so how this might be structured or look in the future may be very different from that composition. But the intent, really, was to begin the conversation. If Senator Gloor was here, he would say that part of the impetus behind his thoughts was that he has watched the planning. The people in the Department of Health and Human Services that were designated to do healthcare planning, we have lost them. They are not there. And it's not being done from a statewide perspective in the sense of bringing in stakeholders, public and private, and I totally agree, Senator Riepe. We do not need to make this a government directed. We need to make this Nebraska directed. And that's really the bottom line here, is how do we structure and move forward so that we do have the planning that's necessary and stakeholders all across the state can participate? That was the best part about the two conferences, was to see 160 people the first year and 170-some the second year, many different the second year, come together and be energized about, we're willing to sit down and

help plan this and be a part of it. And that's really what both Senator Gloor and I had hoped for and that we would like to see carried forward. I can tell you that we know--Senator Gloor has done some research--that Louisiana, where Ms. Phillips is coming from, has been very well grounded in medical home. So we're...I think Senator Gloor is kind of enthused about the fact that he may have someone who really, you know, has worked in this. So I...we do pledge you that we will continue to talk to the Governor and then come back to you. [LB549]

SENATOR RIEPE: And I apologize, I had to go out to the Revenue Committee to open and...which was the reason that I was in and out. But I did want to make a statement before... [LB549]

SENATOR CAMPBELL: I understand. [LB549]

SENATOR RIEPE: ...and not wait till the eleventh hour and then bring that...concerns forward. So it was important, I guess I felt, to get it on the record my own concerns. And I think we all share in the concerns to get a good, healthy, positive system... [LB549]

SENATOR CAMPBELL: Yes. [LB549]

SENATOR RIEPE: ...even beyond Nebraska. But thank you very much. [LB549]

SENATOR CAMPBELL: Yes. [LB549]

SENATOR HOWARD: Are there any questions for Senator Campbell? Seeing none, this closes the hearing for LB549. [LB549]