[LB842 LB905 LB1032 LR415 CONFIRMATION]

The Committee on Health and Human Services met at 1:00 p.m. on Wednesday, March 2, 2016, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing for confirmations to the Rural Health Advisory Commission, LB1032, LB842, LR415, and LB905. Senators present: Kathy Campbell, Chairperson; Sara Howard, Vice Chairperson; Roy Baker; Sue Crawford; Nicole Fox; Mark Kolterman; and Merv Riepe. Senators absent: None.

SENATOR CAMPBELL: Good afternoon and welcome to the hearings of the Health and Human Services Committee. We will have senators coming in, because they have been at a luncheon, and will be coming in a little late. This afternoon, we're going to start with the confirmation of Dr. Michael Sitorius to the Rural Health Advisory Committee (sic--Commission). Dr. Sitorius, come forward and have a seat. And for the record, state your name and spell it, please. [CONFIRMATION]

MICHAEL SITORIUS: (Exhibit 1) Michael A. Sitorius, S-i-t-o-r-i-u-s. [CONFIRMATION]

SENATOR CAMPBELL: Thank you. And the appointment of Dr. Sitorius is a reappointment, and we were trying to figure out how many years you have served on the Rural Health Advisory Committee (sic). [CONFIRMATION]

MICHAEL SITORIUS: Well, I do believe I started in 1991, and have served on that committee since that time. [CONFIRMATION]

SENATOR CAMPBELL: Excellent. And you represent, Dr. Sitorius, the Med Center, correct? [CONFIRMATION]

MICHAEL SITORIUS: The University of Nebraska Medical Center, yes. [CONFIRMATION]

SENATOR CAMPBELL: Right. Because UNMC has a position on the Rural Health Advisory, and Creighton, I believe, does. [CONFIRMATION]

MICHAEL SITORIUS: Yes. [CONFIRMATION]

SENATOR CAMPBELL: We had Dr. Nasir here the other day visiting with us, and actually just did his appointment on the floor. But I think it's great that the two teaching hospitals have

representatives on the Rural Health Advisory Committee (sic). So we will start as we usually do and ask you to tell us a little bit about yourself. [CONFIRMATION]

MICHAEL SITORIUS: So you already know that I've served on the commission since 1991. I actually grew up in rural Nebraska--I grew up in Cozad, Nebraska. My dad was GP, so I've been around healthcare in one shape or another for...well, how many ever years that has been. I've never practiced rural, but have committed most of my career to developing programs to train physicians, physician's assistants, and other health professionals so that they could practice in rural areas if the opportunity afforded themselves. I still practice medicine. I graduated from the Medical Center in 1977, and have been a resident fellow and then a faculty member since 1981. [CONFIRMATION]

SENATOR CAMPBELL: And so what changes have you seen on the Rural Health Advisory Committee (sic), since 1991? [CONFIRMATION]

MICHAEL SITORIUS: Oh my gracious, a lot of new people. Actually, we were sad to see Dave Palm leave the commission, because he had been on from that first 1991 inception. But the changes have been good. There has been a lot more advocacy from the committee, an ability to advocate and to support many different programs to support rural health professionals. And I will say one of the biggest changes has been, in the 20...how many is that, 25 years...that I have been on there, is that originally, it was really focused on physicians. And to the commission's credit, to society's credit, that we're beyond that, and it's focused on advance practice providers: nurses, mental health professionals, EMTs. And has had a very broad...public health and social work...a very broad spectrum of support for all...not all, but many of the team members that are necessary to provide healthcare, both urban and rural. That, would I say, is the biggest change, is the advocacy for more than just physicians, because that's what it was when it really got started. [CONFIRMATION]

SENATOR CAMPBELL: And I think that is a very astute observation. At least in, now, the seven-and-a-half years that I've been involved at the Legislature, I would agree that it evolves over time to see needs. And explain a little bit about how the Rural Health Advisory Committee (sic) designates a need for a particular positions. [CONFIRMATION]

MICHAEL SITORIUS: Well, a lot of them are identified from the constituency from the rural health professionals from the communities, from the hospitals, from the providers, and also from the academic centers that are training the future providers. But I think most of it is really identified from the community and brought to our attention. [CONFIRMATION]

SENATOR CAMPBELL: But you do...there is an analysis done across the state of where there are positions and where there is sort of a dearth of the positions. [CONFIRMATION]

MICHAEL SITORIUS: Yes, we use the health shortage designated areas to help guide a lot of the...particularly the policies in the directions that we would go for accepting people into the say the loan forgiveness or loan repayment programs. And also for advocacy for policy that might support development of health professionals in rural areas. [CONFIRMATION]

SENATOR CAMPBELL: Several years ago, Dr. Sitorius, we had a person come and testify and they thought that we ought to open up the moneys that are available for optometrists, and we tried to explain to the person that there is a process, a data shortage that one looks at, not just that out of the blue you start picking a field that you think ought to be covered. And that was why the question to you about looking at data. [CONFIRMATION]

MICHAEL SITORIUS: We do use data to drive a lot of the policies that we might support or the directions that we're going to move in. [CONFIRMATION]

SENATOR CAMPBELL: Right, right. Questions? Senator Riepe. [CONFIRMATION]

SENATOR RIEPE: Thank you, Senator Campbell. Thank you very much for being here, thanks for your service. And you know, I respect someone who can have the tenacity to spend 25 years and not get discouraged over it, to keep after it, and to be able to help us out. What do you think are our shortcomings in terms of because we're constantly looking at retention in rural communities? Is that...do we have to define differently who deserves or who will get a physician? Or how...I respect very much how close you are to it and how long you've been at it, I'm interested in your thoughts. [CONFIRMATION]

MICHAEL SITORIUS: I wish I had a good answer, there is no easy answer for that. And I think a lot of what used to be is...we said we defined a lot of it in the beginning...was looking at the physicians, is that there are a lot of other providers that are part of the team that are just as important. quite frankly, as the physician. The physician can't do it without the other support--nursing, advanced practice providers--that didn't really exist to the numbers that they do now. So I think that there's still a lot of definition about shortage for health professionals that is based around the physician numbers and I think one of the challenges we have is how do we count the other providers when we're looking at true shortage. [CONFIRMATION]

SENATOR RIEPE: Do you think that the effect that sometimes it seems that we get them out there and we...is there any opportunity for us to use the farmersonly.com dating service to get some of them to marry local boys or girls? [CONFIRMATION]

MICHAEL SITORIUS: Well, we know that that is an issue. But I don't know the answer to that question. [CONFIRMATION]

SENATOR RIEPE: Looking for any opportunity. [CONFIRMATION]

SENATOR CAMPBELL: Senator Riepe continues to bring that question up, Dr. Sitorius. That's why we're all chuckling here, because we have heard that question before. Senator Howard. [CONFIRMATION]

SENATOR HOWARD: Thank you, Senator Campbell. It's nice to see you again, Dr. Sitorius. And full disclosure, he is my doctor, very fortunate about. I had wanted to come see you a few years ago, and they said oh, Dr. Sitorius is away in China. So I was hoping you could tell us a little bit about the work that you've done there. [CONFIRMATION]

MICHAEL SITORIUS: So that's not rural, and anything but that. But China does not have a primary care delivery network. It is either, truthfully, the barefoot doctor who is minimally to no training, to specialty care. And what we have been doing for the last 10 years, over a couple times a year, we've had a number of Chinese educators come here, is to try to develop primary care in some of the more progressive academic institutions in China. They recognize their tremendous shortage because, very similar to our situation, if they put all their money on the specialty end of things, they are not serving the majority of their population. It's of magnitudes differently than I would have ever thought, growing up in Cozad, Nebraska, being in Shanghai or Beijing or their small cities of 1 million. They call them towns. So we've been working very much with doing that, and it's...I liken it, when I talk to them, where we were in primary care in the 1950s and 1960s, and talk about...China wants to jump from where they have been, because of their isolationism, to be right in with everyone else, and it just takes a long time to develop these kinds of systems. [CONFIRMATION]

SENATOR HOWARD: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: Other questions, Senators? Dr. Sitorius, you are very familiar with the process, in that the committee will vote. I can't imagine that we wouldn't send our longest-standing volunteer here to the floor of the Legislature. And golly, just thank you a great deal for

all that you have given to the state and certainly to the Rural Health Advisory Committee (sic). [CONFIRMATION]

MICHAEL SITORIUS: Thank you, and I will say that I've learned so much from the other members of the commission, from the representatives of our Legislature, and the other committees, and other branches of government here in the state over those last 25 years. That it has been a pleasure to serve, and I've learned every bit as much as I've given back. [CONFIRMATION]

SENATOR CAMPBELL: Excellent. Thank you so much for coming, and we know you're on a tight schedule, so we just appreciate it very much. Thank you. [CONFIRMATION]

MICHAEL SITORIUS: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: Ms. Kent? [CONFIRMATION]

MARY KENT: Yes. [CONFIRMATION]

SENATOR CAMPBELL: This is Kathy Campbell, and I serve as the Chairperson for the Health and Human Services Committee. So thank you very much for talking to us this afternoon. You are an appointment to the Rural Health Advisory Committee (sic). Is this a reappointment? [CONFIRMATION]

MARY KENT: Yes, it is. [CONFIRMATION]

SENATOR CAMPBELL: Do you happen to know how many years you've served. [CONFIRMATION]

MARY KENT: Three. [CONFIRMATION]

SENATOR CAMPBELL: Three. And Ms. Kent, this is pretty informal meeting or conversation with you, so tell us a little bit about yourself. [CONFIRMATION]

MARY KENT: (Exhibit 2) Well, I am an administrator at the nursing home in Humboldt, Nebraska. I have been here for over nine years, and before that, I wrote our federal and state grants for the Tribes of Kansas. I was in banking for seven years, and I was in law enforcement for 12 years with the State Probation System. [CONFIRMATION]

SENATOR CAMPBELL: Interesting. How did you become involved then with the Rural Health Advisory Committee (sic)? [CONFIRMATION]

MARY KENT: Julie, with LeadingAge, after I had been an administrator here in Humboldt for awhile, asked me if I would be interested in applying for something like that. And I was interested, and I've really enjoyed my first three years with the Rural Health Advisory. [CONFIRMATION]

SENATOR CAMPBELL: As you have served on the committee, what do you think are some of the major issues that the senators need to know about after your service there? [CONFIRMATION]

MARY KENT: I think that I see, you know, being out here in a rural part of Nebraska, and I know there's areas even much more rural than this, but I think some of the things that we have coming along that will affect providers who want to practice in areas like this. It's going to be a challenge with the technological demands, you know, electronic health records. I think that that's a cost challenge; I think it's a challenge for people who are interested in healthcare and all of a sudden have to be adept with technology as well. And I think some of the other things with managed care and the challenges that is going to bring us financially will be a challenge in the future. And I also think that, you know, in bigger areas you have more layers of people to work with things, you have more support in the billing area, more support in the technological area. I think those are some of the things that are going to challenge people who want to practice in these rural areas. [CONFIRMATION]

SENATOR CAMPBELL: Do you think that most of the folks who are graduating from our medical schools and associated professional schools are trained enough in the technological area? [CONFIRMATION]

MARY KENT: I would...I really don't think so. From what I've seen, I think, you know, their focus is where it should be. It should be with the health of their patients, you know, the future of their patients. And I don't think, you know, the type of person who would want to be a nurse, a doctor, a dentist, a physical therapist, their focus isn't technology; you know, it isn't the same type of aptitude. So I see challenges with my nurses, because we just brought electronic health records into our building the last year and I see their frustration, because they really want to be out on the floor with our residents, with people they are taking care of, and they have to deal with this technology. And I think, you know, it is something to think about with the future of education. [CONFIRMATION]

SENATOR CAMPBELL: How many beds do you have to the nursing home? [CONFIRMATION]

MARY KENT: We have 49 beds on our nursing home side and we have 18 in our assisted living. [CONFIRMATION]

SENATOR CAMPBELL: That's quite a large facility. [CONFIRMATION]

MARY KENT: Yeah, for as rural as we are, you know, we're a pretty nice community here. It's a nice size, it's very enjoyable. [CONFIRMATION]

SENATOR CAMPBELL: I would imagine. Have you had some of the residents there been there a very long time? [CONFIRMATION]

MARY KENT: We've had some residents here as much as 10 or 15 years. [CONFIRMATION]

MARY KENT: That's a fairly long time for a nursing care facility nowadays. Senator Crawford would like to ask you a question. [CONFIRMATION]

SENATOR CRAWFORD: Thank you. And thank you for your service on helping us with our rural health issues. You had mentioned the concerns about electronic health records. I just wondered if you would speak to whether or not you have seen applications of telehealth or remote monitoring in your facility and whether that was an issue that we need to be...what issues we may be attentive to on that front in rural healthcare for long-term facilities. [CONFIRMATION]

MARY KENT: We're not there, we haven't seen that here yet. I can see that in the near future, I know we've talked about it quite a lot on the commission. We have, at this time, providers who actually rotate into our building, we have doctors that come in every Wednesday, if not more, and we have a psychologist who comes in once or twice a month. So we're very lucky that we have that in place, but I do see that telehealth would be beneficial, you know, as we move into the future. [CONFIRMATION]

SENATOR CRAWFORD: Thank you. [CONFIRMATION]

SENATOR CAMPBELL: Other questions, Senators? Ms. Kent...Senator Riepe. [CONFIRMATION]

SENATOR RIEPE: Thank you. I guess my question is I think when you gave your introduction you talked about that you had worked with law enforcement and then banking and then into health administration. [CONFIRMATION]

MARY KENT: Yes. [CONFIRMATION]

SENATOR RIEPE: What made you move from the criminal element to hospital administrators? [CONFIRMATION]

MARY KENT: You know, it is surprisingly...it has some similarities. It's about taking care of people and about being concerned about their future and their well-being. I mean, both of those areas address that, and I like that. [CONFIRMATION]

SENATOR RIEPE: Thank you very much. [CONFIRMATION]

SENATOR CAMPBELL: Other questions, Senators? Ms. Kent, having gone through this process before, you probably realize that the committee votes on your appointment and then it goes to the full Legislature. And I don't anticipate any problems, and we're just very pleased to see the number of Nebraskans step forward and volunteer to serve on boards and commissions in the state. We gain so much from your expertise serving there, and we want to, certainly on behalf of all the senators, express our appreciation and particularly for your willingness to sign up for another term here. Any comments that you want to make before we conclude the hearing on your appointment? [CONFIRMATION]

MARY KENT: I really enjoy being on the commission. I feel like I've gotten so much from it, I have learned so much, and I think the more we can all learn about each other, the better we can make decisions for everyone. [CONFIRMATION]

SENATOR CAMPBELL: That's a very good point on your part. And thank you once again, and we hope that the weather is as pleasant in Humboldt as it is here in the eastern side of the Nebraska. How's the weather there for you? [CONFIRMATION]

MARY KENT: Yeah, it looks good. [CONFIRMATION]

SENATOR CAMPBELL: Did we lose Ms. Kent? How's the weather in Humboldt? [CONFIRMATION]

MARY KENT: Yes. It's nice, it is still a little breezy. [CONFIRMATION]

SENATOR CAMPBELL: We are experiencing that too. So take care and thank you once again for your service. [CONFIRMATION]

MARY KENT: Thank you very much. [CONFIRMATION]

SENATOR CAMPBELL: Okay, we will...oh, do we have anyone in the hearing room who wishes to testify on either of the appointments of Dr. Sitorius or Ms. Kent? Okay. And I don't believe we received any letters regarding their appointment. Okay, we will have a brief pause in the public hearing this afternoon, for a briefing before the committee. So if you are here for one of the two bills that are up, we are taking a break here to have a briefing on a fiscal note to a bill. So you are welcome to wonder around, maybe come back in about 25 minutes, if you want to. But you are more than welcome. Absolutely. Welcome Liz Hruska, the writer of the fiscal note here. And Liz has been preparing her explanation to the fiscal note to LB1032. Each of the fiscal notes for the years that we've had bills using Medicaid expansion dollars have been different to some extent, but while we were expecting some similarities, this one was a lot different than Liz has prepared before. So we thought it might be worth our time to hear that. So Liz, go right ahead. [LB1032]

LIZ HRUSKA: Good afternoon, Senator Campbell and members of the Health and Human Services Committee. My name is Liz Hruska, it's L-i-z, last name is H-r-u-s-k-a. Thank you for this opportunity to brief you on my fiscal note on LB1032. As Senator Campbell noted, it's different analysis than what's done in the past. The bill is different, it's a fairly complex projection, and because of that, we needed more time to fully assess the impact. So for that, I'm very grateful. Although my name is on the fiscal note and I did write it, it was really a team effort in the Fiscal Office. My deputy director, Tom Bergquist, assisted with it. Actually he and I both independently did an analysis, then we came together and merged our different points of view or where we were in agreement. Mike Calvert was briefed on this and also approved the fiscal note, and Sandy Sostad was also consulted on it. So it was kind of an unusual process for us, just because of the nature of the bill, and the complexity. And any time during my briefing if you want to ask any questions, feel free. Based on the way the bill is written, we are assuming implementation January 1 of 2018, so it's a delayed implementation date because of the need to apply for a waiver. In order to get a federal waiver, the waiver must be budget neutral for the federal government. That means the cost cannot exceed what it would be under just straight up expansion under the waiver. This analysis, and the one that Optumas did for the department...an actuarial analysis is required for a waiver, this analysis, an Optumas' analysis, is not a budget neutrality analysis--that's separate. But we are answering the question, too, is what is the cost of the bill. An Optumas did do the budget neutrality projection for Arkansas, and this bill basically

mirrors the Arkansas bill. Because of the delayed implementation date, the federal Medicaid match rate will start at 94 percent in 2018, and then it ratchets down to 90 percent in 2020. So currently, it is at 100 percent match, and that's ratcheting down so we will start at 94 percent. The Fiscal Office projections went out for five years--generally we do two-year projection, but every time we've done Medicaid expansion, because of the changes in the federal match rate, which do decline over time, we have done a longer projection. The department's fiscal note went out 10 years, and even in the Optumas' report, where they did the projections, they note that the further out you get, the less reliable your projections are. That's why we did not go beyond five years. Over the five years, the Fiscal Office projection is that it would cost the state $111 million in general funds, HHS's estimate is $153 million for the same time period. The LFO projection for additional federal funds in $2.8 billion, and HHS's projection is $3.5 billion. And the difference there, both in the general and federal fund, is because of several differences in assumptions, which I will go through in my briefing. I am just going to focus, though, on the General Fund impact. One of the areas of difference is the population estimates. The census conducts two surveys, one is called the Current Population Survey and the other is the American Community Survey. They don't agree. They provide information on the number of people under 138 percent of poverty and it is two different numbers. They also don't agree on the distribution of those who are insured and uninsured. We looked at and discussed...both surveys have pros and cons to them, what we decided to do is use the average of the 2014 survey. So we took both of them and the most recent survey. Optumas used a five-year average, and they only used the American Community Survey. We didn't use multiple year averages because, with the implementation of the ACA, that kind of changed the whole insurance landscape with the employer mandate coming in, the employee mandate coming in. So we just felt to use the most recent...where they did go back to 2010. So because the population surveys produced different results, our fiscal note, based on an 80 percent participation rate, which is the same participation rate Optumas used, the LFO projected that 97,000 individuals would participate once the maximum participation is achieved. Optumas' comparable number is 136,000. On price, there were both agreements and disagreements. The area where we disagreed with Optumas was on the people in the transitional health program. LFO used the Silver Plan and adjusted it forward for inflation, and our per month per-member cost was $696 in fiscal year 2018. Optumas created their own rate, and they are $100 per month higher than the Fiscal Office. Optumas started with the current Medicaid rates and then they added 22 percent for higher acuity, 37 percent for higher reimbursement rates, and 15 percent for nonmedical load. We weren't really sure why they did that. And then they averaged that with the Silver Plan costs, so they kind of had a mixture. The highest acuity people would actually be put into the regular Medicaid program, where, in the current Silver Plan, they are part of the mixture. Also, higher reimbursement rates and medical load are also currently calculated into the Silver Plan rate, so I don't know why they started with Medicaid and built up. But anyway, they came up with a different cost per month than we did. Even in their report, although they show a higher per-month cost than a normal Silver Plan, they did note that the influx of the expansion population could actually help stabilize premiums and

create greater competition. They noted that in their report, but they didn't use that assumption in their report. For both the employer-sponsored costs and the average per-month cost for the medically frail, we agreed with Optumas and we used their numbers. We also assumed, as Optumas did, that 10 percent of the total population would be considered medically frail. We did divert from them in that the Fiscal Office assumed 5 percent of the current uninsured population probably has access to employer insurance and turns it down because of the cost. We assumed that they would enroll in their employer's plans. The difference projecting out to fiscal year 2018 would be we're just roughly under $400 a month where the 2 percent income contribution averages to about $24 a month. So that's a significant difference in somebody accepting or not accepting their employer's insurance. The 5 percent is, I think, a very conservative number of who would probably participate. Another area of disagreement is the woodwork effect. Optumas assumed over time about 3,000 currently eligible Medicaid...or about 3,000 people who are currently eligible for Medicaid, but not participating, would show up in the system because of the publicity surrounding Medicaid expansion. This was something that all states projected; it is called the woodwork effect. People are out there, but they don't know they're Medicaid eligible. But they appear into the system or decide to apply to the system because of all the publicity that is generated. With the implementation of the ACA, all states projected they would see an increase in the woodwork population, including Nebraska. The Fiscal Office and the HHS contractor at the time, Milliman, both projected increases, and we did see an increase in the number of children that came into the system. We actually had the opposite effect with the low-income parents, which most closely mirror the expansion population. From September of 2013 to December of 2015, there was a decrease of 9,428 low-income parents in the Medicaid program. Since the woodwork population did not appear with the implementation of the ACA, and actually that population group declined by a significant amount, we did not consider any woodwork effect. Under Medicaid expansion, there are current programs that are funded 100 percent with general funds...are some...that where Medicaid coverage would shift from the regular program at the 52 percent match rate to the more enhanced Medicaid expansion match rate. We were in agreement in all of the savings, except in two areas. One is the HIV drug coverage program; the administration did not include it. The people who currently get coverage would move into Medicaid expansion or they would be eligible for Medicaid expansion, so there probably wouldn't be a need for that program--it's about $900,000 a year. And a big area of difference is in the area of behavioral health. We currently fund the regions at $74 million a year. The administration assumed a flat $5.5 million a year would be saved if people enrolling in Medicaid expansion and getting covered services that the regions currently pay for. The Fiscal Office...we started at $2.4 million and gradually increased to $24 million. The $24 million is less than a recent study conducted by the regions that showed they could have up to $37 million in savings. And the report states that they think about 93 percent of the people that they currently serve are in the 138 percent of poverty and below. And again, their current appropriation is $74 million, so there are services they provide that would not shift to Medicaid expansion, and we have allowed for that. Another area that we are very different from than the administration is in

the member contributions. They show 100 percent of the contributions offsetting the General Fund costs, however, contributions are considered federal cost sharings, so the federal government shares in the same match rate in the contributions just as they do the expenditures. So over the five years, that's a $72 million difference that their fiscal note would have been higher. There are some slight differences in administration. I agreed with them on their information service cost and also their contractual costs, however, in the area of staffing I projected that they would need 8 people in fiscal year 2017 and 92 in fiscal year 2018--the administration showed 16 in fiscal year 2017 and 114 in fiscal year 2018. Also, in the area of premium tax, the administration did not show any increased revenue from the premium tax. But those who are enrolled in the transitional health program would be purchasing the Silver Plan and that would generate additional revenue from the premium tax. Some of the premium tax is a direct revenue to the General Fund and some of it is an offset to a General Fund cost in TEEOSA, so my fiscal note reflects that. The area of corrections...current inmates in a correctional facility are not eligible for Medicaid, but if they are hospitalized outside of the institution for more than 24 hours, Medicaid can pay for the cost. This would only apply to those that are medically frail. The Department of Corrections did provide me with some information, and generally the savings would be somewhere between about $100,000 to $150,000. And lastly, counties would see a reduction in their general assistance that would vary from county to county. I did get information from Douglas County, they estimate savings of $1.8 million; and Lancaster County estimates $2 million in savings. That's it for my presentation. [LB1032]

SENATOR CAMPBELL: Questions that you have about the fiscal note or any of the analysis? I would have to say, Liz, probably the biggest surprise to those of us who have worked on this for a long time was that the number of participants increased. And I do understand the methodology that you used and agree with it. And losing the 100 percent federal match, I mean, we've lost all three years of those. And that we have to split the premium contribution with the feds, it was like we could just keep that amount and keep it to ourselves. Did the Optumas people split that, or did they...they assumed that we keep all the money, didn't they? [LB1032]

LIZ HRUSKA: They did. But that is not, I verified that. I checked with other states. When I started analyzing the bill, I looked at that and I was like, I believe this is federal cost sharing. So then I started doing research and I did verify that that is, in fact, the case. So Iowa right now does ask for contributions. Their Medicaid expansion program manager sent me a letter and verified that right now they are turning over 100 percent. [LB1032]

SENATOR CAMPBELL: Is that at the split of the regular FMAP, Liz, or do we have to give them all the money? [LB1032]

LIZ HRUSKA: It's at the Medicaid expansion match rate. [LB1032]

SENATOR CAMPBELL: Oh, okay. So it's not the regular FMAP. [LB1032]

LIZ HRUSKA: Right. [LB1032]

SENATOR CAMPBELL: That's good. All right, any other questions that you want to ask of Liz? Senator Riepe. [LB1032]

SENATOR RIEPE: Thank you, Senator Campbell. I think one of the things that I always get concerns on reports, and a person has to make assumptions, which is the, you know, predictability, then a potential outcome of those assumptions. And we have like the 2 percent collection, and yet it says well, we may not be able to collect those and if we don't, we won't go after them. We talk about total enrollees. Last session, when I came in here, we were talking about 59,000 enrollees. By the time we left at the end of the session, 90 working days later, that was up to 77,000, and we're now coming back with like 100,000. My concern is there are so many variables within assumptions and one, as you know, you do this all the time, you have to make some assumptions, but the stability or security of those assumptions get awfully frightening when you get to this level of, you know, millions and millions and millions of dollars. [LB1032]

LIZ HRUSKA: And that's why this was a team effort; it wasn't just my own judgment or the judgment of one other analyst in the office. We did a lot of research, looking at other states and just testing our assumptions, looking at other resources, looking at studies that were available and employer and employee costs, tracking inflationary costs. I think overall, even though we're lower than the administration, I think we are fairly conservative. The 80 percent participation rate, we have generally not seen that in other programs, especially when you start new eligibility. The population pool...we were using one of the census surveys last year that produced a lower result; Optumas used one that produced a higher result. That started the conversation of what's going on here--there's two different census surveys, you know. And within the census, they are producing different results and publishing reports. It's like what are we to do? So in our best judgment, we used the most recent reports. And we split it I think, you know, on the shift of those who would go from uninsured to an employer plan we are very conservative at 5 percent. I think there probably are more people out there that would do that...would do it because of the lower costs. There are a lot of assumptions, I mean, that's why Optumas laid out what they did and then in the back of their report they said but we could see this and this and this happening. Basically, that's what I did in the fiscal note too. There's a lot of variables that could change all of this. We could be lower, I kind of don't think that we could be higher...I'm sure the administration would argue with me on that. Because I do think, you know, it wasn't just me, and it wasn't just me and Tom. I mean, we brought other people in the office in; we had conversations with outside people. [LB1032]

SENATOR RIEPE: My sense was always on a financial pro forma of rejection is once you're done, one has to stop and compare it to reality in terms of what's going on. Did you look at some states? I know some of us as senators have been to some conferences, talked to people. Arizona, they budgeted $300,000, enrollees had $600,000. Ohio state is just blowing the top. You know, some of these states it is very scary for us to rely and make decisions on numbers that, whether they're your numbers or whether they're the other actuarial numbers, it's just a very scary and frightening concern. The other question I would have, and it was maybe more of a comment, I might be interested, though, if you looked at some model states for best practices. And the other question, if I can give you a double dose here, would be is there an opportunity to try to get these more comparable...the two that we have? Which is very helpful to have, you know, yours within the...and then to have the one from the department, theirs is 10-year, yours is 5. To me, it would be nice to go down and say these were their assumptions, almost like in grid chart...these are your assumptions. How do they look when you spread them out? Could you take yours out to 10 years? [LB1032]

LIZ HRUSKA: We could. You know, they just really, the further out you go, this is a brand new program that wouldn't even start for two years. The further out you go, the less reliable they are. I mean, we could do that. We generally don't; we don't do that that far in advance. And you're right, we've made these projections, once the program is implemented then you see what reality is, you know. Are we right on the 85 to 80 percent participation rate? Are we right on the people that accept employer insurance or not? Are we right even on the costs--the inflationary cost on the premiums is 9 percent a year. We tried to be very conservative on that. I know...I sat in the hearing, and some people testified that they thought a lower premium percent increase would be more reasonable. We just discussed that; we looked at trends in insurance rates and concluded we agreed with the 9 percent. I think we're trying to minimize the surprises, but I can guarantee you there's going to be surprises. We could be high; we could be low. This is not going to be exact. We're getting in a very new area, as I just went through, and if you read the Optumas report or the agency's fiscal notes, there are so many assumptions that are building on each other. But I guess, as your legislative staff, we kind of took the best minds of the Fiscal Office and came to a group conclusion. Again, it wasn't just mine, it was other people were brought in. We looked at outside resources; we talked to other people. In response to looking at other states, there was a survey that asked Medicaid directors if participation was higher or lower than what they projected--19 of the 31 states, I think, or 17 of the 29, depending on when the survey was taken. I think I saw two the projections were higher, so I was able, through a lot of work, to actually get in touch with the author of that report because what was the original participation rate? Were they at 40 percent? Were they 80 percent and they were over? Were they at 40 percent and they were over? Some of those states were also under. So I did communicate with the author and she said we didn't ask what their original projections were, we just asked if they were over. So we can't really make any judgment other than you see a majority missed the calculations. I

think that is one reason in our discussions in the Fiscal Office that we felt we took a fairly conservative approach on all of this. [LB1032]

SENATOR RIEPE: To me, in surveying the country and saying whether we're 19 out there that use projections, you know, projections can be all...unless you understand the scientific background of how did they make their projections, they can be like holding your finger up in the weather and the wind. Yeah, being a, you know, all-financial type, you know, I get real nervous about jump and the net will appear. Especially when we're talking about the kind of money that we're talking about; it's very concerning. I just don't know where we turn to get the money. So these numbers are absolutely critical for any decision-making process for anybody. [LB1032]

LIZ HRUSKA: Right. [LB1032]

SENATOR CAMPBELL: Senator Crawford. [LB1032]

SENATOR CRAWFORD: Thank you. And thank you, Ms. Hruska, for this briefing and for your analysis. I just want to clarify the program starts January 1, 2018, so can you clarify what the General Fund expenditure for 2016-2017 is? [LB1032]

LIZ HRUSKA: Those are all administration costs, there is no service cost in that. [LB1032]

SENATOR CRAWFORD: Okay. [LB1032]

LIZ HRUSKA: So the agency has to apply for the waiver, they also have to prepare for implementation, getting IT systems up. You know, there's just a variety...you're talking about implementing a very...a program that's going to serve a significant number of people, so there's just a lot of preparation involved in that. [LB1032]

SENATOR CRAWFORD: So those costs would begin as soon as the bill goes into effect and then the... [LB1032]

LIZ HRUSKA: Right, because they didn't want to start on the waiver cost. You would have somebody internally gathering information; they would be working probably with the contractor. They do have contractual costs and they have IT costs. The IT costs are in the first two years and the contractual costs are throughout the whole time because they would have to do regular reporting and information gathering. [LB1032]

SENATOR CRAWFORD: Different question actually. I was just trying to find in the fiscal note where the estimates are of the number of people that we expect to be covered for each year. I don't know if that's in the fiscal note or where to find that. [LB1032]

LIZ HRUSKA: It's kind of difficult to do because in the past we took a participation rate and multiplied it and assumed it kind of covers the whole year. Optumas did a monthly, and especially in the early years, a gradual increase. So when I was writing this up, I kind of struggled at that to be honest, because it changes every year and I just...I probably could have made that clearer. I probably need to do a revision, there's a correction on a federal fund that I need to make. And I'm hoping to get a fiscal note from the Department of Corrections, so you'll see that. [LB1032]

SENATOR CRAWFORD: I was just looking for some number if we were to consider the cost, like say divided by the number of people who would have new coverage, what that looked like. So I was kind of looking for that number to get a feel for what the cost meant in terms of how many people were served. So any help that you could give us in figuring out what that number might look like. [LB1032]

LIZ HRUSKA: The per-member, per-month costs are identified. Like it's just under $400 a month for employer-sponsored, just under $700 for the transitional, and like $1,300 for the medically frail. Yeah, the numbers as I was pulling this through, because it is kind of the gradual increase, I kind of struggled with how to show that and just thought well, lay out the population and sort of tell you what the distribution is. So again, it is kind of complex and we were trying to get this out as soon...since there was a delay with us receiving the Optumas report shortly before the hearing and there was a delay that was just sort of one of the things I let go. [LB1032]

SENATOR CRAWFORD: Okay, sure. [LB1032]

SENATOR CAMPBELL: Other questions? Senator Fox. [LB1032]

SENATOR FOX: And this is kind of a joint questions because you mentioned that the Legislative Fiscal Office chose not to include the woodwork effect in our estimate, but a couple of times you've said, you know, you're making a...you're being conservative in your estimates. But I guess personally, when I think about estimating costs of something as a conservative, I think of I'd rather overestimate the cost and be prepared for that. So I guess that's why I'm going to ask why did you choose to kind of minimize the fiscal impact when really this could be costing the state a significant amount of money? [LB1032]

LIZ HRUSKA: Well, there are really two. One, we did not see the woodwork effect, in fact we saw a one-third decrease. The other is the feeling or the thought has been the people come on to the system because they hear about the coverage. Well, the ACA started in 2014, that kind of conversation has been going out, the implementation would occur in 2018. The individual mandate is out there; the employer mandate is out there. We just felt...and even with their 3,000, that's time limited. They're saying well, the information will cause people to kind of pay attention. Well, our feeling was, I think, that sort of behavior...the information that causes that behavior has already occurred. And that...I mean, other states that did Medicaid expansion were doing it alongside the whole implementation of the ACA, so well did they see a woodwork effect? Yeah, but you know, it was happening side by side with the other conversation that was going on. We just did not see them, you know? And it's a weighing of various things. We're at an 80 percent participation rate, which Nebraska just really has not seen that. When we start new eligibilities, people are not there right away. And this was higher than what we had projected in the past--we started at 65 percent and ratcheted up over a longer period of time to 75 percent. So it's kind of the totality of we let go of the woodwork, we justified that. You know, the 80 percent, I think, especially over a 18-month period, seems very aggressive to me, so we kind of, you know, balanced everything. We didn't take the worst case scenario in every situation because we know the worst case scenario is not going to happen in every situation. Will it happen in some, we try to balance it all out. [LB1032]

SENATOR CAMPBELL: I think one of the things that we tend to forget is that the participation rate in our traditional Medicaid right now we are 51st. We are dead last, which tells me that people in Nebraska are not, I mean, they have not run out to engage in the traditional Medicaid. I mean, it's just, I think, Nebraskans sometimes weather through as best they can with everything and turn to it sort of as a last resort. So I would agree. My question, when I read the whole thing, was the 80 percent. But by golly, you know, my commitment to the Legislative Fiscal Office and to Liz for four years has been whatever you come up with, that's what I'm counting on in backing. And Liz has put in hours and hours to get to that point. So I'm going to take one more question, because we do need to go to the two bills this afternoon. Senator Riepe. [LB1032]

SENATOR RIEPE: Do I get it? Thank you very much. And we do appreciate...and I know it's a very complicated approach, I mean, to have to put all the variables together. So thank you very much. One of the assumptions that I go back to is I think it was, correct me if I'm wrong, something about some savings in mental health. [LB1032]

LIZ HRUSKA: Right. [LB1032]

SENATOR RIEPE: And my concern gets to be, is that in the short time that I've been here, I mean, I hear about mental health in the prisons...not that...mental health here and mental health

there. And it seems to me like we probably as a state need to spend more money, not less money on mental health. I just...I was a little taken back with an assumption that we would save some money in mental health. Or is it transferring? [LB1032]

LIZ HRUSKA: It is just a cost shift. We know, and the regions did a study where they said 93 percent of the people we serve are under 138 percent of poverty. And we know that certain services would be covered under Medicaid expansion and some of those are the most expensive services. So they're saying, you know, we can serve the same population for less cost. And as I pointed out, their maximum savings is $37 million. It takes me four years to get up to $24 million, so I never even reach their maximum four years out. And they still...right now, their current appropriation is $74 million, so we're only taking out $24 million. I think it is very conservative; they realize that. I mean, ultimately it would be the choice of the Legislature...do you want to leave this money in and then behavioral health would be able to expand or provide more services, assuming they have, you know, the need for it? But if people have insurance coverage, they wouldn't necessarily be presenting themselves even to the regions. They may never come to inside their doors if they had insurance coverage, which most of the people under this would have the insurance coverage. So I mean, we've looked at other state's projections, they project savings in behavioral health. The administration acknowledged $5.5 million, they left it flat, and we didn't see that over time. We felt like we would get closer to the $37 million, but not be so aggressive in what we took to take the maximum. [LB1032]

SENATOR RIEPE: Thank you. [LB1032]

SENATOR CAMPBELL: Okay, thank you, Liz, very much. And if we have any questions, we'll get back to you. But appreciate the effort that you put into it in a relatively short amount of time. Why don't we put it that way. [LB1032]

LIZ HRUSKA: Thank you very much. [LB1032]

SENATOR CAMPBELL: Thanks, Liz. We will return to the public hearings this afternoon, so we will ask the clerk to make sure. This afternoon's hearings...we have two bills, but I'm going to go through some general procedures first that I need to remind you all of. First of all is if you have a cellphone or something that makes noise, we would really appreciate it if you would silence your phone or turn it off. If you are testifying today, you need to take one of the orange sheets on either side and fill it out legibly. When you come forward, you can give the orange sheet to Elice, the clerk, to my far left. And if you have handouts, they aren't required, but if you do, we would like 10 copies of your handout. And if you need help with those, the pages will be glad to help you with those. You come forward and sit down in the chair and we will ask you to state your name for the record and spell it. And you will have five minutes...the lights are up

there. It'll stay green for a long time--four minutes; and then it will go to yellow and you have one minute; and it will go to red and I will be trying to get your attention. So we're going to start this afternoon with self-introductions. So, Senator on my far right, would you start us off? Senator Fox.

SENATOR FOX: Nicole Fox, District 7, which is downtown and south Omaha.

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

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

SENATOR CAMPBELL: I'm Kathy Campbell and I represent District 25: east Lincoln.

JOSELYN LUEDTKE: Joselyn Luedtke, committee counsel.

SENATOR CRAWFORD: Good afternoon. Senator Sue Crawford, District 45, which is eastern Sarpy County, Bellevue, and Offutt.

SENATOR RIEPE: Merv Riepe, Legislative District 12, which is Omaha, Millard, and Ralston.

ELICE HUBBERT: Elice Hubbert, I'm the committee clerk.

SENATOR CAMPBELL: And the pages?

ASHLEE FISH: I'm Ashlee Fish, I'm from Seward, Nebraska, and I'm a business administration major at the university.

JAY LINTON: I'm Jay Linton, I'm a senior ag economics major from Dalton, Nebraska.

SENATOR CAMPBELL: All right. With that, we will call our first hearing, which is LB842, Senator Haar's bill to change admission and graduation provisions relating to barber schools and colleges. Welcome, Senator Haar. [LB842]

SENATOR HAAR: Thank you very much. This will be pretty brief. So I am state Senator Ken Haar, H-a-a-r, the Haar with two a's. LB842 is intended to make Nebraska law consistent with

the requirements of the US Department of Education, regarding barber schools. It changes several definitions intended to meet these requirements. This is important because it enables barber students to be eligible for financial aid through federal programs. LB842 has no fiscal impact. LB842 would amend Nebraska Revised Statute Section 71-208 to meet the requirements of the US Department of Education. LB842 would require a high school diploma or GED prior to admittance to a barber school, if that barber school operates as a post-secondary barber school or college. These amendments are required by the US Department of Education in order for barber students to receive federal financial aid through the Department of Education. The State Barber Board has also licensed barber schools at the high school level, specifically at Boy's Town. LB842 would also amend Section 71-208 to allow the Nebraska Barber Board to continue to authorize such programs as well. LB842 also would define post-secondary barber school or college in Section 71-202.01. [LB842]

SENATOR CAMPBELL: Excellent. Thanks, Senator Haar. Questions? Senator Baker. [LB842]

SENATOR BAKER: Thank you, Senator Campbell. Senator Haar, if all goes well here, do you plan to put this on the consent agenda? [LB842]

SENATOR HAAR: Yes, yeah. [LB842]

SENATOR BAKER: Thank you. [LB842]

SENATOR CAMPBELL: Any other questions? Okay. Senator Haar, are you staying to close? [LB842]

SENATOR HAAR: I'm going to go back to Appropriations, so thank you very much. [LB842]

SENATOR CAMPBELL: We would probably encourage your going. I know Appropriations is trying to finish their work, so your service there is probably needed more than here. [LB842]

SENATOR HAAR: We're trying to cut all of your bills. [LB842]

SENATOR CAMPBELL: Thank you so much, Senator. Please stay until the end of the day, then. Thank you. Our first proponent for LB842? Good afternoon. [LB842]

KEN ALLEN: (Exhibit 1) Good afternoon, Senators. My name is Ken Allen, I'm with the Board of Barber Examiners. It's K-e-n A-l-l-e-n. Senator Haar pretty much summed it up. Well, first of

all, I would like to thank you for your time and your effort on this bill. This bill is a bill of necessity for licensed barber schools, and we do license all of the barber schools in the state--currently there is one. It is a necessity for them to achieve the goal of financial aid for students, and it's strictly alignment with the federal U.S. Title 34, C.F.R. 600.9. By doing that, what we are doing is changing language in Nebraska State Statute 71-208 to align with their regulations stating that barber schools that we license at this level will only accept graduated or GED officials, and they must also have a certificate at the completion of graduation from barber school. Also on this bill, because we have in the past licensed a barber school at Boy's Town, and there's a potential that we may license a school at a correctional facility, they would not require the accreditation from the federal level. So the second part, Part B of Subsection 1, I believe it is, allows us to go ahead and license schools at a lower level that do not require accreditation for financial aid. So it's a two-part bill, but I believe the drafter drafted it correctly. So like Senator Haar stated, the third part is a definition defining post-secondary barber schools and colleges. I would ask your strong consideration for this bill to advance onto the floor. If you have any questions for me, I would be more than happy to answer them. [LB842]

SENATOR CAMPBELL: Senator Riepe. [LB842]

SENATOR RIEPE: I do have a question; thank you, Senator Campbell. My question of this is it's our experience that anytime that you infuse outside funds, particularly if they're state or federal funds, there is less pressure on the schools to keep tuitions, if you will, in order. You might simple ask on that would be is if you will keep some kind of historical record to see what the implications of the infusion of these loans to students will be on the tuition. [LB842]

KEN ALLEN: Okay. I would like to defer that question to the next testifier. I can do what I can on that. The next testifier will have probably a better handle on that, but I can sure look into that, Senator. [LB842]

SENATOR RIEPE: Okay, thank you. Thank you. [LB842]

SENATOR CAMPBELL: Questions, Senators? Thank you for your testimony and for the explanation cover sheet, you've been very helpful. Our next proponent. [LB842]

GREG HOWARD: (Exhibit 2) Good afternoon. My name is Greg Howard, it's G-r-e-g H-o-w-a-r-d, and I am the school director of College of Hair Design. We're the only barber school in Nebraska currently. My comments are very brief. I did have a handout, it's a copy of a "Dear Colleague" letter; this is a letter we get as a school. It outlines anything new or changing that goes on in our eligibility to get federal student aid. So just to reiterate, this is, we currently get student aid, kind of maybe addressing your question. We have been a participant in a federal

Title IV programs for 35-plus years and so our tuition has been pretty level the last 3 years. And we can provide you with a historical record of what our tuition has been, and provide that to Ken and provide that to you. And again, this is a necessity. It just cleans up some language that enables us to have that oversight and coverage from the Department of Education. [LB842]

SENATOR CAMPBELL: Excellent. Questions? Senator Baker. [LB842]

SENATOR BAKER: Yes, thank you. Just for my edification, what would be the total of tuition and fees for a person to graduate from your... [LB842]

GREG HOWARD: From our school, with tools and books, kits--that's clippers--that portion is about $2,000 and the tuition is like $20,000. So it's roughly $22,000. [LB842]

SENATOR BAKER: For two years? [LB842]

GREG HOWARD: It's 14 months. And Nebraska is a clock-hour program and there is 2,100 clock hours required in our program. And we have other programs that get federal aid, which include cosmetology and skincare aesthetics. [LB842]

SENATOR CAMPBELL: Okay, any other questions? Thank you for the information and the letter from the Department of Ed. Our next proponent for the bill. Okay, those who might be in opposition to the bill? Anyone in a neutral position? Okay. Letters for the record? [LB842]

ELICE HUBBERT: We have nothing for the record. [LB842]

SENATOR CAMPBELL: Okay, that concludes our hearing of LB842. Thank you for staying. Tell Senator...oh, sorry. Did you have a question? Oh, okay. Tell Senator Haar that the hearing lasted until about 6:00. Thanks a lot. Did you have a question, Senator Kolterman? [LB842]

SENATOR KOLTERMAN: I do, it is a procedural question.

SENATOR CAMPBELL: Sure.

SENATOR KOLTERMAN: I would like to testify in support for the next hearing. So do I sit out there and...

SENATOR CAMPBELL: No, you can sit where you are, Senator.

SENATOR KOLTERMAN: Okay, and do I fill out the green sheet?

SENATOR CAMPBELL: We don't think you're going to get out of hand. You know, generally, just for historical purposes, if you introduced a bill on a committee, it used to be that you returned to your seat on the committee and you could ask the testifiers questions. And somewhere along the line, according to my legislative aide, we have lost that and we've gone for the senator sitting out there and not being able to ask questions. But just so you know, I'm just as comfortable with you right there. It's fine with me. Our next hearing this afternoon is LR415, Senator Riepe's legislative resolution to urge the Nebraska Congressional Delegation to support and co-sponsor Senate Bill 1989, entitled Primary Care Enhancement Act of 2015. And just for the benefit of the audience, we have legislative resolutions quite a bit, sometimes congratulating people for an Eagle Scout and so forth. But senators can introduce legislative resolutions and it's often if they have a substantive portion of it, then they are required to have a hearing. And then they will be heard on the floor of the Legislature, for one round only. So it does not go through General File, Select, and Final Reading unless you're a constitutional amendment; then I think you might have to go through all three. But in any case, Senator Riepe's legislative resolution also corresponds with the bill you have. [LR415]

SENATOR RIEPE: (Exhibit 1) Yes, it does. And thank you for that briefing, I think that's important that it's all a teaching process as we go along. LR415 is a complimenting type of piece to my direct primary care legislation. And Chairwoman Campbell and members of the Health and Human Services Committee, I am Merv Riepe. My first name is Merv, M-e-r-v, my last name is Riepe, and that's R-i-e-p-e. I represent Legislative District 12, which is Omaha, Millard, and Ralston. LR415 is a companion resolution to LB817, which was heard in Banking, Commerce, and Insurance on February 9 of 2016. LB817 is my priority bill this session, which enables Direct Primary Care in Nebraska. It is currently on General File and came out of the committee on a 7 to 0 vote. I want to provide you with some information about Direct Primary Care and then address what LR415 does. Fee for service healthcare is not working in the United States, and that includes Nebraska. Healthcare reform is needed before it consumes even more of the gross domestic product. The key to bending the healthcare cost curve is to refocus on primary care. President Obama said in 2009 to the Senate Democrats that absent cost controls and reforms, and I quote, "we cannot simply put more people into a broken system that doesn't work." A fix is needed for Medicaid, Medicare, and all of healthcare. One part of the fix for healthcare delivery is Direct Primary Care, which is an agreement between a patient and a practitioner where the patient pays a retainer fee, monthly is common, for primary care services. The retainer fee is similar to the price of a standard utility bill. The practitioner generally provides unlimited office visits and an annual physical. Practitioners include general family or general practice family medicine, internal medicine, and pediatrics. Nurse practitioners are included since the passage of LB107 last year, thanks to the efforts of Senator Crawford. Direct Primary Care has been likened to automobile insurance, coverage for what one cannot afford to

lose, but not for the day-to-day maintenance cost. Patients are encouraged to purchase a catastrophic health plan that meets the current federal requirements. The health plan would cover those expenses one cannot afford, mainly expenses such as hospitalizations and specialists. Direct Primary Care was not brought to me by any lobbying group. I worked through the interim, looking at ways to reform healthcare for Nebraska. In July 2015 I issued a press release stating my interest to introduce enabling Direct Primary Care legislation this session. The early announcement was to engage as many stakeholders to weigh in on the enabling legislation. As you all know, with both a rural and urban population in Nebraska, one size does not fit all. We have spoken with numerous and varied stakeholders of healthcare in Nebraska, including representatives of medicine, nursing, hospitals, insurance, chambers of commerce, farmers, ranchers, legislators, union laborers, and many others. Direct Primary Care offers better healthcare outcomes. A Direct Primary Care provider in Washington State called Qliance reported reductions of 14 percent in ER visits, 14 percent reduction in specialist visits, 60 percent reduction in in-patient stays, and an average saving of almost 20 percent per patient enrolled in Direct Primary Care practices. Direct Primary Care is not an all-or-nothing proposition for the practitioner. A practitioner may have a hybrid practice, a practice that includes Direct Primary Care patients such as Medicare, Medicaid, commercial, uninsured. In Nebraska, where some rural communities may have one physician, it is not our intent to exclude Medicaid or Medicare patients, or others from that practitioner. LB817 enables, not mandates, Direct Primary Care in Nebraska to ensure its long-term viability and provide consumer protection language. The legislation will also allow the Nebraska director of Medicaid to contract with Direct Primary Care providers, but does not, again, mandate such action. In fact, Centene, which was just awarded one of the Nebraska Managed Care Organization Medicaid contracts, was instrumental in bringing Direct Primary Care to Medicaid in Washington state. Now I want to address LR415. In August 2015 US Senator Bill Cassidy, Republican from Louisiana, introduced Senate Bill 1989, entitled Primary Care Enhancement Act of 2105. Senator Maria Cantwell, a Democrat from Washington State, has co-sponsored that bill along with Dr. Cassidy. The Primary Care Enhancement Act of 2015 will address two key policy issues: one, Medicare; and the second being health savings accounts. If a Medicare beneficiary would like to participate in a Direct Primary Care practice, that individual would have to pay the monthly fee out of pocket. The Enhancement Act would allow for a payment pathway as an alternative payment model in Medicare and with those that are dual-eligibles. It would also help Medicare Advantage plans to work with Direct Primary Care providers in an accountable care organization-like structure with a flat fee payment model. In regards to health savings accounts or HSAs, the Enhancement Act will clarify provisions of the tax code so Direct Primary Care providers are not considered health plans, but the monthly payment would qualify as health expenses or medical services, so employees and individuals with HSAs may participate in Direct Primary Care arrangements using HSA funds. HSA accounts may be used to meet insurance deductibles, are tax deductible off of gross income, gross tax-deferred, and rolls over year after year, and are portable. LR415 would urge the Nebraska Congressional Delegation to support and

co-sponsor Senate Bill 1989, entitled Primary Care Enhancement Act of 2015. Also, a copy of the resolution would be sent to each member of the Nebraska Congressional Delegation and to US Senator Bill Cassidy, the introducer. I have handed out a document from US Senator Bill Cassidy's office, regarding the Primary Care Enhancement Act of 2015, for your review. I thank you for you patience; I thank you for your time. And I will entertain questions that you might have. [LR415]

SENATOR CAMPBELL: Questions from the senators? Senator Crawford. [LR415]

SENATOR CRAWFORD: Thank you. And thank you, Senator Riepe. Since the resolution is to urge our delegation to support and pass the senate bill, I was just trying to work through the senate bill itself to see what we're telling them to pass. So I just have some questions about that, in terms of like what it is that's in the bill and what it is that we're wanting to do. So as I read the bill, has three parts. One part is related to the internal revenue code for the benefits part, and then the major part of the bill is expanding part of the Affordable Care Act in terms of allowing those primary care models to use Direct Primary Care. And then the last part has to do with the Medicare managed care. So I thought I would just start with the first part...the first part having language, like you said, similar to the language in your bill about saying that these plans shall not be treated as a health plan and not be treated as insurance. So if we're adding those two conditions to our federal tax code, what does that really mean? Like I understand with your state bill we're doing that so that the state doesn't regulate it as insurance. But to add those conditions to our tax code federally, what does that buy us or what is the importance of doing that? [LR415]

SENATOR RIEPE: My understanding...thank you very much for the question. My understanding is the opportunity here is to enable the Internal Revenue Service to look at that tax code and say yes, you can use this tax-deferred money to pay for your enrollment in a Direct Primary Care plan. That does not exist by tax code now. The Internal Revenue Service is looking at it, pondering it. We're just trying to give them a little nudge to move forward because then it affords more people to save money towards healthcare and to be able to have it before taxes, instead of after taxes. So that's the HSA. Now, the other two components we can talk about. [LR415]

SENATOR CRAWFORD: So to allow you to use your HSA account to pay for direct care, or just to allow direct care to be an additional benefit that the employer can provide directly? [LR415]

SENATOR RIEPE: It's intended to be able to pay for Direct Primary Care... [LR415]

SENATOR CRAWFORD: Okay. [LR415]

SENATOR RIEPE: ...between that very special doctor/patient relationship and not to...however that would be paid. And as Senator Kolterman is going to talk a little bit more about...I'm not trying to dodge it, but he knows a lot about insurance and I know less. [LR415]

SENATOR CRAWFORD: Okay. So I was also wondering if the...so that impacts its tax treatment. I was curious if there are references to ERISA, or if there's other people--other ways in which that would be regulated by the federal government for these folks. [LR415]

SENATOR RIEPE: I think it's...and I will yield to Doctor...Senator Kolterman. I've worked with doctors too long. Yes, I think it would be treated the very same way that it is for someone to pay some other medical bill out of their HSA plan that they have held. [LR415]

SENATOR CRAWFORD: Okay. [LR415]

SENATOR RIEPE: If I may take the liberty to go a little further and talk about the Medicaid Advantage or Medicare Advantage and Medicare itself. [LR415]

SENATOR CRAWFORD: Okay. [LR415]

SENATOR RIEPE: It's not there to mandate it; it is only to enable it to allow more choice. I know in some of the reading that I do, Medicare, on the national level, is looking for alternative ways of providing health services because they, too, as they should be, are looking for more patient-responsive, more economical, if you will, of trying to figure out that's his motivation. Senator Cassidy has also looked at one that would allow, maybe, the veterans--which is of course of interest to you--that might allow veterans to take some funds and buy them, but I think that's a little bit further down the line than Medicare. [LR415]

SENATOR CRAWFORD: Thank you. [LR415]

SENATOR RIEPE: Thank you. [LR415]

SENATOR CAMPBELL: Any other questions? Senator Fox. [LR415]

SENATOR FOX: First, I want to say thank you very much for all of your work on Direct Primary Care. I think it's very important to do everything we can to reduce the cost of healthcare to consumers. [LR415]

SENATOR RIEPE: Thank you. [LR415]

SENATOR FOX: Have you had any dialogue with Nebraska's Congressional Delegation on this to get an idea of what their thoughts are on Direct Primary Care? [LR415]

SENATOR RIEPE: I have not had any specifically, you know. Congressman Ashford and I have talked a little bit about it, just kind of in the hallway going along, you know. He would ask: how are things going? He would say: well, I'm doing this. He said: well, you...yada, yada, yada. So we haven't really pushed on that. I would like to push with Senator Sasse; he seems to have more of an interest in healthcare than Senator Fischer. So I would go for the soft spots where I can. [LR415]

SENATOR FOX: Yeah. [LR415]

SENATOR RIEPE: And if I could move his focus off of Donald Trump, then I think I have a shot at it. [LR415]

SENATOR CAMPBELL: Okay. Any other questions, Senators? Thank you, Senator Riepe. Okay, Senator Kolterman, you wanted to make comments on the resolution. [LR415]

SENATOR KOLTERMAN: Should I just do it here? [LR415]

SENATOR CAMPBELL: No, we'll pick you up there. That way the transcribers will pick up. So identify yourself... [LR415]

SENATOR KOLTERMAN: Good afternoon, Senator Campbell. My name is Mark Kolterman, M-a-r-k K-o-l-t-e-r-m-a-n. I'm here today to testify in support of this resolution and really, I guess I'm here as a senator, but I'm here representing my insurance agency more than anything. In today's health insurance environment, one of the key things that is being promoted today are high-deductible health plans and health savings accounts. And one of the problems that we have with that is we're looking at high dollar amounts for premiums, as well as then having to pay the deductibles. And so those that are enrolling in the high-deductible health plans typically will have a minimum of a $6,000 deductible or $12,000-some for a family. So it makes it somewhat unaffordable in many regards. And had we not had the ability to use the benefits that are afforded free, it would really be a challenge; but we do have a few benefits that are available with no deductible. But the reality is, as we talk about health savings accounts, which are part of a high-deductible health plan, it's a twofold effort: you've got your high-deductible health plan and then you have the ability to fund it with a health savings account. In 2016 you're eligible if you've

got...you have to have a minimum of a $1,300 deductible, and if you have a $1,300 deductible you are eligible to put away, as a single person, $3,350 into a health savings account or an HSA. If you are a family, you have to have a $2,600 deductible and you're eligible to put $6,750 into an HSA, which pretaxes the money that can be used for certain things. Just to give you an example of what traditionally has been used...and it's a lot like your flex spending accounts many of you have if you are in a group plan. But to give you an example, hearing aids, as an example of something that can be used...that some of the money in an HSA can be used to pay for hearing aids. Or it can be used to pay long-term care premiums, it can be used for prescriptions. So if you have, let's say, a $2,600 deductible, you don't get any prescription coverage until you get to that $2,600 deductible. So the advantage that this brings is it allows you to go out and pay that $250 for your prescriptions on a pre-tax basis. So the reason that this bill intrigued me...as you know, I've been very supportive of Direct Primary Care. And as we started to look at that, as Senator Riepe and I started looking at that this summer, we discovered that HSAs could not be used to pay Direct Primary Care premiums, which is troublesome because, if we're going to allow it to pay for prescriptions or deductibles or long-term care or hearing aids, why should it not be allowed to be used to pay for premiums under Direct Primary Care? That way, we're going to really give people that are putting the money into an HSA the opportunity to pay these premiums, get first-dollar healthcare, and not have to worry about that $6,000 deductible or whatever their deductible might be. So when Senator Riepe was telling me about this resolution, I told him I would like to be a part of it, and I would like to testify in support of it because this gives us another tool to help offset premiums that we're paying and help offset medical expenses. So I rise in strong support of this resolution, just like I did in support of Direct Primary Care, which will be coming up on the floor of the Legislature before long. So with that, I would answer any questions that I might be able to answer. [LR415]

SENATOR CAMPBELL: Senator Crawford, did you want to have any follow up to your questions? [LR415]

SENATOR CRAWFORD: So I guess I'll follow up and ask the same question. I think you answered it already in your testimony, but just for the record and to clarify, it is your understanding that this bill would allow them to use their HSA account to pay for Direct Primary Care, not that it just allows an employer to provide Direct Primary Care as a benefit with tax advantages? [LR415]

SENATOR KOLTERMAN: Senator Crawford, that's a good question. And here's the other caveat to this situation, which is another reason why we need to be able to use it for that. An employer can pay into an HSA, an employer can make a contribution to an HSA. So what you're finding is a lot of your employers are buying a high-deductible health plan and they're paying for some of it, at least 50 percent of the premium of the plan. But in turn, they're putting in an equal amount for each employee into the HSA account. That saves them money and hopefully it will

save the employer money. But you're correct, an employer could contribute to the HSA or an employer could contribute to the Direct Primary Care--either way. But what we're focused on primarily here is the idea that an HSA can be funded by an employee or an employer. And that doesn't break any ERISA laws or...I think it really enhances the tax code. [LR415]

SENATOR CRAWFORD: So the change in the tax code is a change to... [LR415]

SENATOR KOLTERMAN: Primarily for the HSA. [LR415]

SENATOR CRAWFORD: ...to allow you to use HSA funds to pay for Direct Primary Care, not changing the tax code for Direct Primary Care as a benefit. [LR415]

SENATOR KOLTERMAN: Correct, correct. No. Correct. [LR415]

SENATOR CRAWFORD: Okay, thank you. [LR415]

SENATOR CAMPBELL: Any other questions? [LR415]

SENATOR KOLTERMAN: Thank you. [LR415]

SENATOR CAMPBELL: Our first proponent? Okay, anyone who wishes to testify in opposition to the resolution? Anyone in a neutral position? Senator Riepe, did you want to make any comments in closing? Senator Riepe waives closing and so we will move to the next bill. Thank you, Senator Riepe. Our next bill on the agenda this afternoon is LB905, Senator Ebke's, to adopt the Commission on Fathers, Men, and Boys Establishment Act of 2016. Sorry, Senator Ebke, I was a little off the mark on the time. So we'll get you back as soon as we can. [LB905]

SENATOR EBKE: (Exhibits 1, 2) That's okay. Okay, well thank you, Chairman Campbell and members of the Health and Human Services Committee. For the record, my name is Senator Laura Ebke, L-a-u-r-a E-b-k-e, and I represent the 32nd Legislative District, which consists of Jefferson, Thayer, Fillmore, and Saline Counties, as well as the southwest portion of Lancaster County. LB905 would create the Commission on Fathers, Men, and Boys. The bill is modeled on a statute that was enacted last year by the District of Columbia, on D.C. Code Section 3-731 in 2016. I have included a few handouts for you, the first has the citations for the findings listed in the bill. We heard through the grapevine that there was some objection to a list of findings without citations, but that's not normal to put them in the actual bill itself, so we have given you a handout with some, at least limited, citations. The second handout is the Complete Congressional Research Service report on the Fatherhood Initiatives, which was just released in

January. And as I said, this bill is modeled after a statute in the District of Columbia. Other states have similar commissions: examples of those would be the Florida Commission on Responsible Fatherhood; the Hawaii State Commission on Fatherhood; the Illinois Council on Responsible Fatherhood; Maryland Commission on Responsible Fatherhood; the New York State Office of Children and Family Services Fatherhood Initiative; and then the Ohio Fatherhood Commission. I bring this bill forward at the suggestion of Jim Creigh of Omaha. He is here today and will also testify behind me. I believe that Jim has identified a segment of society that needs some attention. While I don't believe that government needs to be involved in every social ill around us, I do think that this is an issue that needs to be recognized, and perhaps some policy attention would be wise. That is the intention of this legislation with the creation of this commission. Today, too many Nebraska children, both inside and outside the child welfare system, are growing up without fathers in their lives. At least 65 percent of children placed into the child welfare system were not living with their fathers at the time of placement, and even after placement their fathers and paternal relatives are often not involved in planning their cases. Studies show that children whose fathers are actively involved in their lives are more likely to do better in school, less likely to engage in high-risk activities, and less likely to be involved in the criminal justice system. The Commission on Fathers, Men, and Boys would make recommendations regarding fatherhood-related policies, including changes that would remove state-created obstacles that prevent fathers from being actively involved in their children's lives. And let me just make this kind of side note, this in no way is meant to be a criticism of those single mothers who are doing, you know, yeoman's work, doing great jobs with their kids. It is a recognition of a sociological and cultural issue that we need to get a grip on that sometimes fathers are not involved in their children's lives when they could be, and that that would be a good thing. The commission would also review the public health crisis that currently affects and afflicts Nebraska's men and boys. Over the last 20 years, educational outcomes, employment prospects, and public health outcomes for many men and boys have declined. The commission could research the causes of these negative trends and make recommendations on how to address these problems. Mr. Creigh and others who may follow will talk about some of the ongoing issues, how this commission could address them, how the commission could be chosen and function. I can try to take some questions. If you don't have any immediate questions, I'm probably going to bolt for the Judiciary Committee and would waive closing. My aide, Brandon, will be here to take notes. And if there is anything that I need to respond to in terms of a memo later, I'll be happy to do that as well. [LB905]

SENATOR CAMPBELL: Questions for Senator Ebke? Senator Howard. [LB905]

SENATOR HOWARD: Thank you, Senator Campbell. Thank you, Senator Ebke, for bringing this to us today. I wanted to see if you could walk me through the membership of the committee again, and who appoints who. [LB905]

SENATOR EBKE: Sure. Well, five would be appointed by the...and I need to try to find my green copy. Here it is. Okay, five would be appointed by the Governor, and then the remainder would be appointed by the Legislature, presumably the Executive Committee. [LB905]

SENATOR CAMPBELL: We will most likely have to have an amendment there, Senator Ebke. [LB905]

SENATOR EBKE: Okay. [LB905]

SENATOR CAMPBELL: The Speaker's Office has...I mean, I was surprised that they didn't catch this and talk to you. But you can't have the Legislature appoint part and the Governor, it either has to be all Legislature or all Governor. And if you appoint any senators to this...if the Governor appoints and you put senators on, then they have to be nonvoting. [LB905]

SENATOR EBKE: Well, and if you notice in Section 4, the five members are ex officio members from the Executive Board. So if you look on Page 3, those are considered ex officio. [LB905]

SENATOR CAMPBELL: We'll have to take a look at it. I mean, that's a simple fix. [LB905]

SENATOR EBKE: That was added by drafting specifically. The original version didn't include that and then the folks at the Drafting Office did add the ex officio portion. [LB905]

SENATOR HOWARD: And then are there specific qualifications or specific areas of expertise that you would want to be included. [LB905]

SENATOR EBKE: Well, certainly we would want people who are interested in the issue. You know, so probably some academics, medical, probably some legal. I think that we don't have that defined here, but that's certainly...there are many possibilities for how it would happen. I think that the legislative...the thing that would make sense from the standpoint of ex officio legislative appointment would be perhaps chairs or vice chairs of committees like Judiciary, Health and Human Services that frequently deal with some of the issues that would touch on this. [LB905]

SENATOR HOWARD: Usually when we see commissions, we're very prescribed where we want the chair and we say who is going where, or we want people with expertise in specific areas or social work or a physician or things like that. And so I don't know if that's something you would consider in an amendment. [LB905]

SENATOR EBKE: We could certainly discuss amendments on that. [LB905]

SENATOR HOWARD: Thank you. [LB905]

SENATOR CAMPBELL: Anything else? Senator Crawford. [LB905]

SENATOR CRAWFORD: Thank you. Thank you, Senator Ebke. Can you tell us a little bit about some of the successful outcomes or initiatives in those states that have these kinds of commissions that you're hoping to see here? [LB905]

SENATOR EBKE: Many of them are fairly new. I mean, the D.C. one is, you know, just a year old. And some of the others have been modeled on that, so we haven't seen a lot yet. But you know, I think that there's something to be said of being at the front end of some of these things and not waiting to see what else happens. You know, if you look at the history in Nebraska...and honestly, this was spurred in large part because there seems to be a reluctance of the Legislature over the course of the last four or five or six years, I don't know how many years exactly, to address some of these questions from a purely statutory issue. You know, Judiciary Committee for instance dealt with LB437 last session and it died a painful, rapid death. But you know, I think that what we have to look at it is are we doing what's really best for the kids, with respect to their relationship with their fathers. And this commission would be in a position to do some research to make recommendations, but doesn't have the effect of having things immediately put into statutory language. [LB905]

SENATOR CRAWFORD: Thank you. So actually I was just...it was very interesting, the Congressional Research Service, the piece that you handed out, thank you for providing that. But it looks like there have been several federal grants, that might be also another reason for some of the commissions in other states. Would it be your intent or hope that this commission would apply for those kinds of federal grants? [LB905]

SENATOR EBKE: Sure. There is language at the end of the bill which would, at the bottom of Page 4, Section 4: "The commission may accept private gifts and donations to carry out the purpose...". So certainly including grants or whatever else we can scrounge up. Sure. [LB905]

SENATOR CRAWFORD: Including federal grants. Thank you. [LB905]

SENATOR CAMPBELL: Questions? Senator Howard. [LB905]

SENATOR HOWARD: Did you want to take a minute and address the fiscal note? [LB905]

SENATOR EBKE: Sure, I can. We just got it yesterday. So, you know, their assumption is that, as with other commissions, that as I understand it, with other commissions you have some travel expenses if you have people from around the state. So, you know, they're eyeballing it and just guessing about $12,000 I think it was for travel. [LB905]

SENATOR HOWARD: And then do you agree with a full-time staff member? [LB905]

SENATOR EBKE: I don't, but you know, who knows what happens. I wouldn't...yeah, I think again that's one of the things where they're just kind of guessing on what you'd need. I don't know that we would need a full-time staff member. [LB905]

SENATOR HOWARD: Thank you. Oh, which agency do you want it to go to? [LB905]

SENATOR EBKE: You know, I really hadn't thought about it. So... [LB905]

SENATOR CAMPBELL: Okay. [LB905]

SENATOR EBKE: Right here? Senator Kolterman says it goes right here, Health and Human Services. He wants to keep an eye on it. [LB905]

SENATOR CAMPBELL: Senator Ebke, you don't necessarily have to answer this question now, but I would expect that it will be addressed. And that is that the Legislature took action several years ago to decommission the Women's Commission and defund it and removed it from statutes. After rather, I mean, a long history of having a Women's Commission, the Legislature said we really don't need that anymore. So you may want to think about that, because I have to tell you, when I started looking at the bill, I thought, this is...I mean, the Women's Commission tried to address some of the issues that you were talking about here. So that question is going to pop up, I know. [LB905]

SENATOR EBKE: I will keep that in mind. I don't think I was here when it was decommissioned, was I? [LB905]

SENATOR CAMPBELL: No, it was not. Nor was I, but I would have to say at that point I was a private citizen and certainly made my voice known to the Governor. And the Governor at that point sort of pushed the decommission and the defunding of it. [LB905]

SENATOR EBKE: And I would suspect that any of these types of commissions that we probably ought to look at them on an ongoing basis and decide whether or not they've outlived their usefulness. Whether it is the Women's Commission or the Commission on Men or anything else. [LB905]

SENATOR CAMPBELL: Right, I totally agree with you. [LB905]

SENATOR HOWARD: Is there a sunset? [LB905]

SENATOR EBKE: We don't have a sunset in there now, but I would certainly be open to including one. [LB905]

SENATOR CAMPBELL: That's an interesting question, Senator Ebke, because when we put the Children's Commission in effect, we gave it a sunset date in order to know whether it was working. And we had given it some very specific duties and so we extended it to finish those duties, and then we will have another amendment that will extend it for another period of time. But it has periodically been renewed. [LB905]

SENATOR EBKE: Sure. Been renewed. [LB905]

SENATOR CAMPBELL: So that the Legislature could say this is meeting our needs or no it is not. [LB905]

SENATOR EBKE: I would be more than happy to include a sunset with this. That is something that I think ought to be done on more of our legislation, actually. [LB905]

SENATOR CAMPBELL: Any other comments? Thank you, Senator Ebke, for your patience today. [LB905]

SENATOR EBKE: Thank you. [LB905]

SENATOR CAMPBELL: Our first proponent for LB905? Good afternoon. [LB905]

S. WAYNE SMITH: (Exhibit 3) Good afternoon, Senators. My name is S. Wayne Smith, that's S. Wayne, W-a-y-n-e, Smith, S-m-i-t-h, and I support LB905 because I think the absence of fathers in the family is one of the most serious social problems in our society. As you are well aware, many things negatively affect children, including poor nutrition, sleep deprivation, poor mental

health, emotional and physical abuse, poverty, and lack of parental support. The broken family plays a large part in each of these areas. I think it is one of the root causes of poor academic performance. My reasons for supporting this commission are as follows: daughters of single parents without a father involved are 53 percent more likely to marry as teenagers; 711 percent more likely to have children as teenagers; and 92 percent more likely to get divorced themselves. 71 percent of all high school dropouts come from fatherless homes, 9 times the average. If a young male is raised without a father involved, the likelihood that he will take part in criminal activity doubles compared to young males with fathers in the home or a father who remains actively involved in his son's life. 90 percent of all homeless and runaway children are from fatherless homes, 32 times the average. 63 percent of youth suicides are from fatherless homes, 5 times the average. Children living with a single mother are six times more likely to live in poverty than are children whose parents are married. 85 percent of all children who show behavioral disorders come from fatherless homes, 20 times the national average. 85 percent of all youths in prison come from fatherless homes, 20 times the national average. 70 percent of youths in state-operated institutions come from fatherless homes, 9 times the average. 77 percent of juvenile delinquents come from families that are either divorced, separated, or never married. 80 percent of rapists with anger problems come from fatherless homes, 14 times the norm. Boys who grow up without a father in the home are more likely to have trouble establishing appropriate sex roles and gender identity. I'm hoping that one of the recommendations that come from this commission is that the benefits of the two-parent family and the costs and risks or divorce be covered fairly in school curriculum. I do believe that the broken family is the elephant is the room and I believe this commission has great potential to reduce the percentage of children who are disadvantaged by the broken home. Please vote LB905 out of committee. Thank you. [LB905]

SENATOR CAMPBELL: Questions, Senators? Senator Riepe. [LB905]

SENATOR RIEPE: I do have a question. Thank you, Senator. My question (inaudible) and I agree with what you said. I commend you for your effort. I look at it and think, though, here in Nebraska I know just one program that's out there, and that's Coach Osborne's TeamMates. And I think if he's not doing exactly the same thing, he's doing something similar, only I would say he's really not studying it, he's going after the obvious and doing it. I mean, is that an unfair statement on my part? [LB905]

S. WAYNE SMITH: I'm not familiar with that program. [LB905]

SENATOR RIEPE: With Tom Osborne's TeamMates? [LB905]

S. WAYNE SMITH: Right. I'm relatively new to Nebraska. [LB905]

SENATOR RIEPE: Oh, okay. Well, thank you. [LB905]

SENATOR CAMPBELL: Mr. Smith, and you may have already answered my question there with your last statement in the sense that you're relatively new. Were you involved with any of the...in the last couple of years, any testimony to the Judiciary on the whole review of child custody? Any of those issues? [LB905]

S. WAYNE SMITH: No. [LB905]

SENATOR CAMPBELL: Any of those issues? Okay. [LB905]

S. WAYNE SMITH: No. [LB905]

SENATOR CAMPBELL: Because we had some extensive discussion in Judiciary about child custody and father's time with children and how judges...what should I say, the amount of time that they decree should be there. We're also required by statute to review the child custody laws in the state at an interval, and I want to say it's every five years. As the Chair of Health and Human Services, I was, by statute, required to participate in that, and we spent a summer-long looking at some of the issues that you're talking about in terms of how judges bring fathers into the decrees in terms of the time allotment for them. So I was just curious to see whether you had been involved in any of those discussions. [LB905]

S. WAYNE SMITH: No. [LB905]

SENATOR CAMPBELL: Okay. Any other comments or questions, Senators? Thank you, Mr. Smith, for your testimony. [LB905]

S. WAYNE SMITH: Thank you. [LB905]

SENATOR CAMPBELL: Our next proponent. Good afternoon. [LB905]

JIM CREIGH: (Exhibit 4) Good afternoon, Chairman Campbell, members of the committee. Thank you for the opportunity to testify today. My name is Jim Creigh, which is spelled J-i-m C-r-e-i-g-h. As Senator Ebke mentioned, I've been working closely with the Senator and her staff to put this bill together. I'm an attorney in Omaha and the proud father of three children. Before I get started, I would like to mention that Paul Burnett, who is the director of the Fathers for a Lifetime Program in north Omaha, planned to testify today in strong support of LB905. But

unfortunately, he had an unscheduled medical procedure this morning, that interfered with those plans to testify. He plans to forward written testimony shortly. As Senator Ebke mentioned, we have a public health crisis in Nebraska that affects a significant portion of our population. That population includes fathers, men, boys, and also, as Mr. Smith mentioned, virtually all children of divorce in this state. I'll deviate a bit from my prepared remarks and I'll try to answer some of the questions that were mentioned earlier. Senator Campbell, I'm aware of the commission on women, because my mother was one of the original appointees on that commission back in the mid 1970s. I agree with Senator Ebke also on the need for a sunset provision, I think that would be a very useful addition. Because happily, times do change, and the conditions that made a commission on women advisable and necessary in the middle 1970s unfortunately are present today with respect to fathers, men, and boys. I sent an article around that talks about the suicide crisis affecting men in the United States. That article is actually based on Canadian data, but the same experience is going on here in the United States. Last November, there was an article published by the Harvard School of Public Health which talked about a very troubling statistic in the United States which showed that the mortality rate for middle aged men with educations of high school or less was increasing significantly. And that is probably unprecedented in the history of the United States outside of wartime. As they dug into the data a little bit deeper, they discovered that the trend was even worse than originally imagined, because of the causes which seemed to be driving that trend, because they were all preventable--they were suicide, alcoholism, drug addiction. Now the reasons for that aren't yet known, but the trend is known and it is prevalent. And that is one of the things that would be within the scope of this commission. So I would like to reiterate what Senator Ebke and Mr. Smith mentioned, a very significant portion of this committee's authority and mandate would be to focus on outcomes for children and the importance of fathers to those outcomes. The mandate is also a little bit broader in that it would pick up some of the public health issues that are affecting men generally. Senator Riepe, in response to your comment about the TeamMates Program, it is a wonderful program, but obviously as a private organization, it has limits in what it can accomplish. Unfortunately, many of the things that prevent fathers from taking an active role in their children's lives are created by the state, and in particular, family court. And despite Coach Osborne's best intentions, there is nothing that TeamMates can do to overcome that. Because if a father isn't allowed access to his children, all the best mentoring, you know, will be for naught. And Senator Campbell, to your point, the Child Support Advisory Commission has a quadrennial review cycle, so every four years. [LB905]

SENATOR CAMPBELL: It's four years. I knew I was close there. [LB905]

JIM CREIGH: And its mandate is confined to reviewing the child support guidelines. Now while at the last go around they investigated the relationship between the child support guidelines and parenting time, in and of itself that commission has no authority over parenting time per se. So to Senator Ebke's point, you know, one of the things that this commission would be empowered to

do and empowered to focus on is to eliminate, to the greatest extent possible, some of the state-created obstacles that prevent fathers from taking an active role in their children's lives. Over the years, there have been lots and lots of well-intended policies along the way that oftentimes have unintended consequences. And as Mr. Smith mentioned, those unintended consequences are oftentimes very severe. And not only are they having a negative outcome on the children's outcomes, on the individual children, they're also having a negative outcome on the fiscal policy of the state. Because if you think about how many children who are involved in the juvenile justice system came from fatherless homes and how much money it costs the state every year to operate the juvenile justice system, if we can prevent these problems at the front end it will have a major fiscal impact on the back end. [LB905]

SENATOR CAMPBELL: I think we're going to go to questions. Senator Riepe. [LB905]

SENATOR RIEPE: Thank you, Senator Campbell. Thank you for being here. I guess my questions would be this, is are you an organization or an individual? [LB905]

JIM CREIGH: No, I'm an individual. [LB905]

SENATOR RIEPE: Okay, well, I thought maybe you had an army behind you. Because my interest would be, is before we establish more commissions, more studies, more look-sees, more expenditures to look and see and talk, is to have some kind of an in-depth inventory of what programs are out there, how long they've been out there, how many young lives have they touched, what's been their success, what's been their cost, what do we think...just, you know, an in-depth inventory before we're asked, whether it's 6,000 or 62,000, before we're asked to step forward. Because, you know, you've talked very much in generalities and, for one thing, I'm assuming very much that the court does what the court has to do, by law. So if Tom Osborne's TeamMates can't get to them and because of the law there is some reason...but my piece is platitudes and talks about, you know, these young people are (inaudible) at this or that...yeah, granted that's true; we understand that. We don't need to study it more is my piece. That's just...I'll invite you to react to that. [LB905]

JIM CREIGH: Well, unfortunately it hasn't received much study because the Administrative Office of the Courts has been asked a couple different times to study this. Those studies have never focused exactly on the question that you've looked at. And that would actually be a little outside the scope of a study performed by the Judicial Branch, since the Administrative Office of the Courts, as you'd expect, focuses on programs within the Judicial Branch. And within the Executive Branch or within the Legislative Branch there is not really an office that is dedicated to this issue, so I agree with you that there needs to be an inventory done. And once that's done, there needs to be an assessment on which programs are working and which ones aren't. But what

this bill would do would be to create the commission that would do that, because right now there is no agency that is stepping forth to do that, and nor is there an obvious home for that study to occur. [LB905]

SENATOR RIEPE: Okay, thank you. [LB905]

SENATOR CAMPBELL: Other questions, Senators? Thank you very much for testimony today. [LB905]

JIM CREIGH: Thank you, Senator. [LB905]

SENATOR CAMPBELL: Our next proponent? Good afternoon. [LB905]

NATE GRASZ: Thank you. Good afternoon, Senator Campbell, members of the committee. My name is Nate Grasz, N-a-t-e G-r-a-s-z. I work for the Nebraska Family Alliance and I am here today to voice our support for LB905 and the Commission on Fathers, Men, and Boys. There are many ongoing issues we face that negatively impact our communities and our society: poverty, crime, drugs, sexual assault, domestic violence, suicide, low educational attainment. And one thing we know about these issues for certain is that children in father-absent households are at a significantly higher risk of winding up as another statistic and victim to these issues. There are hundreds of studies that show the grave impact fathers have on child outcomes and we know that children in father-absent environments are almost four times more likely to live in poverty, more than twice as likely to commit suicide, more likely to use drugs and alcohol, engage in juvenile delinquency, drop out of school, and are at a higher risk of being victimized by crime, becoming pregnant, or obtaining STDs. We also know that you cannot legislate good fathers, but because of these alarming outcomes and the growing number of children being raised without a father, we need to empower men to make a positive difference in their community by encouraging the dialogue of responsible fatherhood, spurring community initiatives to combat fatherlessness, and working with Nebraska agencies to promote a healthier society by devising policies and procedures that will effectively address the socioeconomic concerns of fathers, men, and boys. We recognize that not everyone has a father that can play an active role in their life and we all know incredible single moms and individuals who were raised without a father who went on to achieve great success. But we also know that in many cases children who are raised in father-absent environments have lower outcomes across the board. And this is an issue that has broad support across party and philosophical lines. Similar action has been taken in several other states, and even President Obama has started an ongoing fatherhood initiative that is aimed at encouraging dads around the country to get more involved in their kids lives, stating that no matter how advanced we get, there will never be a substitute for the love and support and, most importantly, the presence of a parent in a child's life; and in many ways, that is uniquely true for

fathers. Families are the fundamental building block of all human civilization and are the foundation of a thriving nation, state, and community. But today, too many children in Nebraska are growing up without fathers in their lives. For the reasons previously outlined, this cannot go ignored, and that's why we support this bill to create the commission to advocate for not only fathers, but all men and boys in Nebraska. Thank you. [LB905]

SENATOR CAMPBELL: Thank you. Questions, Senators? Thanks for your testimony today. [LB905]

NATE GRASZ: Thank you. [LB905]

SENATOR CAMPBELL: Our next proponent? Those who wish to speak in opposition? Those in a neutral position? Okay, Senator Ebke has waived on closing, and so we have items for the record. [LB905]

ELICE HUBBERT: (Exhibits 5, 6) We have letters of support from Legal Aid of Nebraska; and one from Todd Consbruck of West Point, Nebraska. [LB905]

SENATOR CAMPBELL: Okay. Any other...that concludes our hearings for the day. Thank you very much. [LB905]