[LB282 LB441]

The Committee on Health and Human Services met at 1:30 p.m. on Wednesday, March 8, 2017, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB282 and LB441. Senators present: Merv Riepe, Chairperson; Steve Erdman, Vice Chairperson; Sue Crawford; Sara Howard; Mark Kolterman; Lou Ann Linehan; and Matt Williams. Senators absent: None.

SENATOR RIEPE: We have a caucus so we're going to go ahead and get started. This is the Health and Human Services Committee. We appreciate your being here. This is your opportunity to participate in the Nebraska legislative process. I'm Merv Riepe. I'm Chairman of the Health and Human Services Committee. My district is District 12, which is Omaha, Millard, and Ralston. The committee, I'm going to wait just a minute. We'll have them announce this and we have just a couple more that are dropping in here behind the lines. Today, though, the committee will take up bills in order...the order that they're posted. There are two bills. And the committee members will come up and go...come and go during the hearing. And some of the senators, you will see, will be on their computers. We encourage this. Some of us will be working on papers. They may have other hearings that they're going to testify at or other committees that they're opening bills on. So don't take it personal if they get up and walk out. We are also...some of the rules of engagement I'd like to go through before we really start and that is if you'd please turn off or silence any of your cell phones, if you will, and move to the reserve chairs. I guess there aren't any to really move to as we get going. But at least be prepared. We will...the introducer of the piece of legislation will come forward. The person will be allowed to make...introduce the bill and they are on unlimited time. And following that person's introduction we will go to proponents of that bill, followed by opponents, and then we will go to any that are testifying in a neutral capacity. And following all of that we will read in any letters that we may have received either for or against. Tyler will do that. And then the introducing senator will come back and, if he or she chooses, they can make closing remarks. If you are testifying we would ask you to, when you come forward, to hand an orange sheet, that is available, to the committee clerk over here, Tyler, and we would ask you to, along with that, to bring ten copies of any handouts that you have. If you don't happen to have the ten copies, that's the pages over here, will graciously help you out with that. We work here under a five-minute clock. You see it in front of you. It's four minutes on the green, one minute on the amber, and then it goes to a red light. And we ask you when you get to the red light, you don't have to stop abruptly but we do ask you to pull your remarks together and close. If it goes beyond that, I may interrupt you and ask you to see if you can go on. Following that, if some committee members have questions of you, the clock is not on at that time and you may continue in that exchange. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard here today, there are white sign-in sheets at each of the entrances where you may leave your name and other pertinent information. And these sign-in sheets will become exhibits in a permanent record at the

end of today's hearing. I would like to go ahead with the introductions and then I'll come back and make some comments. So, Senator, would you start, please?

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

SENATOR ERDMAN: I'm Steve Erdman, District 47. Yesterday I named all ten counties--our committee meeting went till 6:30, so I'll avoid that--ten counties in the Panhandle. Thank you.

KRISTEN STIFFLER: Kristen Stiffler, legal counsel.

SENATOR CRAWFORD: Good afternoon. Senator Sue Crawford, LD45, which is eastern Sarpy County, eastern Bellevue, and Offutt.

SENATOR WILLIAMS: Matt Williams, District 36: Dawson, Custer, and the north part of Buffalo Counties.

SENATOR LINEHAN: Lou Ann Linehan, western Douglas County.

TYLER MAHOOD: Tyler Mahood, committee clerk.

SENATOR RIEPE: Thank you. And our wonderful pages that we have back here, we have Brianne Hellstrom, who's from Simi Valley, California; and we have Jordan Snader, and he's from Oakland, Nebraska. They're both students at the University of Nebraska here at Lincoln. That said, we are going to open today's hearings with LB282. And because I will be opening on this bill, I'm going to turn over the Chairmanship over to the Vice Chair, which is Senator Erdman, and I will be going to the speaker. Following that, I will not be coming back to the Chair because it is my bill. I will be sitting on the side and then I'll come back for closing. [LB282]

SENATOR ERDMAN: Thank you, Senator Riepe. Whenever you are ready, we'll hear your opening comments on LB282. Thank you for coming. [LB282]

SENATOR RIEPE: Thank you, Mr. Chairman, and thank you, members of the Health and Human Services Committee. I am Merv Riepe, it's M-e-r-v, last name is Riepe, R-i-e-p-e, and as I shared with you, I represent the 12th District and I'll give them another plug, that's Omaha, Millard, and Ralston. LB282 is a simple bill. The bill removes the Medicaid coverage restriction for telehealth services for children if a child has access to comparable services within 30 miles of

his or her place of residence. This bill removes barriers regarding telehealth, in essence, a cleanup bill. I thank you very much. I will take questions. [LB282]

SENATOR ERDMAN: Any questions for Senator Riepe? Seeing none, thank you. [LB282]

SENATOR RIEPE: Thank you. [LB282]

SENATOR ERDMAN: Any proponents? Welcome back. [LB282]

CALDER LYNCH: (Exhibit 1) Thank you. Good afternoon, Senator Erdman, members of the Health and Human Services Committee. My name is Calder Lynch, C-a-l-d-e-r L-y-n-c-h, and I'm the director of the Division of Medicaid and Long-Term Care at DHHS. And I'm here to testify in support of LB282 introduced by Senator Riepe, a bill that changes provisions related to telehealth services. Telehealth is an important tool for Nebraska Medicaid in ensuring the delivery of services to all our clients. As you are aware, areas of our state, especially in greater Nebraska, lack certain specialists. We have particular challenges among some behavioral health providers. Telehealth allows patients to receive services that they otherwise would be unable to in their local community. Patients having easier access to health services regardless of their location removes obstacles they might face when it comes to accessing care. Telehealth allows for earlier interventions, preventing later more costly and health-threatening conditions. After the passage of LB1076 in 2014, Nebraska Medicaid promulgated regulations to allow greater access to services in Nebraska through telehealth. These regulations allow Medicaid to reimburse for more services delivered by telehealth through our Heritage Health plans. While the distance limitation regarding the delivery of behavioral health services to children through telehealth was not repealed in the final version of LB1076, Nebraska Medicaid proactively removed it from our regulations, anticipating that the Legislature would later remove it from statute, as proposed by this bill. Repealing the distance limitations will give immediate equal access to care for all Medicaid members. Thank you for the opportunity to testify before you today in support of the bill. I'd like to thank Senator Riepe for introducing it and I'm happy to answer any questions you might have. [LB282]

SENATOR ERDMAN: Thank you, Director Lynch. Any questions? I may have one. [LB282]

CALDER LYNCH: Oh, yes. [LB282]

SENATOR ERDMAN: So what things can they do through telehealth? What kind of care can they give? [LB282]

CALDER LYNCH: So for behavioral health in particular, Senator, telehealth can be a very effective tool for talk therapy and sessions like that. I mean obviously there's some more intensive services that require in-person consultation. But in many cases patients, particularly in behavioral health, have reported increased...or less anxiety in telehealth transactions because of the distance the technology provides and can often lead to a more open conversation. Outside of behavioral health, we have providers doing dental services through telehealth with the technology that we have today and other diagnostic type services as well. [LB282]

SENATOR ERDMAN: Okay. Good. Thank you. Any other questions? Thank you. [LB282]

CALDER LYNCH: Thank you. [LB282]

SENATOR ERDMAN: Any other proponents? Anyone else testifying in favor? Good afternoon. [LB282]

MATT SCHAEFER: Good afternoon. [LB282]

SENATOR ERDMAN: Thanks for coming. [LB282]

MATT SCHAEFER: Senator Erdman, members of the committee, my name is Matt Schaefer, M-a-t-t S-c-h-a-e-f-e-r, appearing today on behalf of the Nebraska Medical Association in support of the bill. As you heard just a moment ago about the benefits of telehealth, we also wanted to be on the record, removing any statutory barriers to deploying that further for the benefit of Nebraskans' health. That's all. Thanks. [LB282]

SENATOR ERDMAN: I appreciate your testimony. Any questions? Thank you. [LB282]

MATT SCHAEFER: Thank you. [LB282]

SENATOR ERDMAN: Anyone else? Seeing none, how about opponents? Anybody opposed to the bill? Seeing none, any neutral testifiers? I don't see any neutral testifiers. Senator Riepe, would you like to close? [LB282]

SENATOR RIEPE: I barely had time to sit down. (Laughter) [LB282]

SENATOR ERDMAN: While you're doing that, Tyler, do we have any letters? [LB282]

TYLER MAHOOD: (Exhibits 2, 3, 4, 5, and 6) Yes. I have a letter signed by John Cavanaugh and Pat Connell of the Nebraska Child Health and Education Alliance in support; a letter signed by Annette Dubas of the Nebraska Association of Behavioral Health Organizations in support; letter signed by Christie Abdul on behalf of the National Association of Social Workers, Nebraska Chapter, in support; letter signed by Kristin Mayleben-Flott of the Nebraska Planning Council on Developmental Disabilities in support; and a letter signed by Beth Ann Brooks of the Nebraska Regional Council of Child and Adolescent Psychiatry in support. [LB282]

SENATOR ERDMAN: Good job on the names, Tyler. Very good. Senator Riepe, it's all yours. [LB282]

SENATOR RIEPE: Thank you, committee members. Normally I would waive the right to close but I wanted to give you an opportunity in case you did have some questions. I did want to say this. I think telehealth and any of the technologies are things that we really need to learn and to leverage as much as we can, particularly in the state of Nebraska where we have some areas where we need to provide access. I think an example of that is that it's my understanding that west of Kearney there is possibly one child psychiatrist so that...and I think the use of telehealth has been very effective, particularly in behavioral health. And so this is kind of a cleanup one. I have talked to Senator Kolterman and the intent would be is to merge his telehealth bill, this little piece into it, to make one good bill going forward. With that, I will rest my case. [LB282]

SENATOR ERDMAN: Very good. Any questions? Thank you very much. That will end the hearing on LB282. I'll turn the Chair back over to Senator Riepe. [LB282]

SENATOR RIEPE: Our second and final hearing for the day is going to be LB441 with Senator Morfeld. With that, we will please ask you to open. [LB441]

SENATOR MORFELD: (Exhibit 1) Thank you, Chairman Riepe. Members of the Health and Human Services Committee, for the record, my name is Adam Morfeld, spelled A-d-a-m M-o-r-f-e-l-d, representing the "Fighting" 46th Legislative District, here today to introduce LB441 which would expand healthcare coverage to around 90,000 uninsured low-income Nebraskans. Colleagues, this is my $1.7 billion economic development package for the state of Nebraska over the course of the next four years. For far too long we have stalled taking decisive action to ensure hardworking Nebraskans have affordable healthcare, without providing any meaningful alternatives. With the new plan from the Republican Congress including Medicaid expansion and maintaining the current federal match rates until 2020, the time to take action is now. I bring this bill for two primary reasons. First, as you know all very well, we're in a budget crisis. We need to be efficient in how state General Fund dollars are spent. We are looking for savings wherever we can find them, so we shouldn't turn away the opportunity to save significant General Fund dollars

through efficiencies created by this legislation. Under this bill, Nebraska would save at least $89 million over four years in General Fund dollars by saving money in public assistance program, behavioral health, corrections, and other programs. It would also bring in $1.7 billion into the state over the next four years. Second and perhaps most importantly for me, we have around 90,000 Nebraskans with no real access to affordable health insurance. This includes an estimated 2,700 of my constituents, so this is personal. Not only is this a problem for these individuals and their health, but there's also a financial cost to our communities and state through uncompensated care for providers through bankruptcies and medical debt or through employees being less productive because they can't get the medical treatments that they need. LB441 takes a simple approach to addressing these problems. It is a standard Medicaid expansion. This bill would require the Department of Health and Human Services to apply for an amendment to our state's Medicaid plan to take up this eligibility category. LB441 would cover roughly 90,000 low-income adults between the ages of 19 and 65. Those covered under this bill fall largely into two groups: low-income childless adults who can never qualify for Medicaid at this point with incomes up to 133 percent of the federal poverty level, or $1,336 a month; and low-income parents who make too much to qualify for Medicaid but not enough to qualify for the tax credits in the marketplace. Their incomes are between 58 and 133 percent of the federal poverty level, or $987 to $2,264 a month for a family of three. LB441 essentially requires DHHS to check a box on our state Medicaid plan. In that respect, it's much similar...simpler, excuse me, than previous bills that would have required an 1115 waiver and should be less expensive to administer. It would also provide enrollees with the standard Medicaid benefits package, now private insurance coverage paid for with Medicaid dollars. Again, this is simpler and, as you can see from the fiscal note, less expensive in comparison to prior years. It is worth noting that other states are moving forward with Medicaid expansion efforts, either new programs or modifications to existing programs, even in the face of federal uncertainty. The Kansas house just moved to advance a Medicaid expansion bill similar to LB441 by an overwhelming margin of 81 to 44. The bill now sits with the Kansas senate, which will reconvene this week. Likewise, in Maine, a voter petition effort to expand Medicaid successfully submitted the required number of signatures qualifying for placement on the November 2017 referendum ballot. The Maine legislature will now consider Medicaid expansion legislation as directed by the petition and can pass it into law without any amendments or send the question to the voters. Additionally, other states with existing Medicaid expansion programs under 1115 waivers have applied for continuation of the programs, including Indiana. By expanding Medicaid, we can more easily transition people who are currently uninsured to a new system of care being developed by Congress. This bill will allow Nebraska to best position itself in the current budget climate along with providing essential coverage for many Nebraskans who have no access to healthcare. Just as we invest in our roads and infrastructure, we should also make the same investment in the people who build them. I ask for your support for LB441 because it's the right thing to do and its time has come. I'd be happy to answer any questions from the committee. [LB441]

SENATOR RIEPE: Are there questions of the committee? Senator Howard. [LB441]

SENATOR HOWARD: Thank you, Senator Riepe. Thank you, Senator Morfeld, for bringing this. Can you walk me through the savings, because there's a variety of different savings between the state disability program and CHIP 599, which is pretty near and dear... [LB441]

SENATOR MORFELD: Uh-huh. [LB441]

SENATOR HOWARD: ...to my heart, as well as behavioral health? [LB441]

SENATOR MORFELD: Certainly, and I'll...I summarize some of these. In terms of some of these funds, I want to make sure I get the specific number, Senator Howard. I don't have the specific numbers right in front of me. They are on the fiscal note, if you'd turn to that. But for instance, behavioral health services, I believe that was around $89 million...or not $89 million but...let me get the actual numbers out right here. Offsets. Yeah, if you turn to page 3 of the fiscal note, you can see behavioral health there. Over the course of several years, it's actually a little bit over $80 million...or, no, $54 million if you add it all up in the last column. [LB441]

SENATOR HOWARD: So is that savings coming from folks who would be accessing services through the regions and then they would be eligible for Medicaid? Is that... [LB441]

SENATOR MORFELD: Yes. [LB441]

SENATOR HOWARD: ...saving (inaudible)? [LB441]

SENATOR MORFELD: So they would be covered under Medicaid expansion... [LB441]

SENATOR HOWARD: Uh-huh. [LB441]

SENATOR MORFELD: ...so that's savings to the state. And if you look at that, page 3, which I was struggling to find here for a minute, you can see that state disability, AIDS drugs, behavioral health, pregnant women, women with cancer, CHIP, and even corrections as well, along with Health and Human Services savings are fairly substantial and they add up to $89,935,000. [LB441]

SENATOR HOWARD: And when we're talking about the state disability program, we're considering a bill to get rid of the state disability program. [LB441]

SENATOR MORFELD: Uh-huh. [LB441]

SENATOR HOWARD: Is that the same program? And you may have to double-check on that. [LB441]

SENATOR MORFELD: I have to double-check, but I did see a note on that, I think in the fiscal note actually. [LB441]

SENATOR HOWARD: Uh-huh. [LB441]

SENATOR MORFELD: And they did note that, so that would be the same program, yeah. [LB441]

SENATOR HOWARD: Okay. So if we pass this bill then it would be okay to get rid of that one. [LB441]

SENATOR MORFELD: It would be okay to get rid of it. [LB441]

SENATOR HOWARD: Okay. [LB441]

SENATOR MORFELD: Yep. [LB441]

SENATOR HOWARD: Thank you. [LB441]

SENATOR RIEPE: Any...Senator Crawford, do you have any comment? [LB441]

SENATOR CRAWFORD: I was going to ask those same exact questions. (Laugh) [LB441]

SENATOR MORFELD: You guys clearly did not coordinate. [LB441]

SENATOR RIEPE: (Inaudible). [LB441]

SENATOR HOWARD: But we only just got this. [LB441]

SENATOR RIEPE: The savings, Senator, that are noted here in behavioral, are those simply rolled up to the managed care organizations, like under Heritage Health? [LB441]

SENATOR MORFELD: My understanding is that Heritage Health would be administering this program, so I would think so. [LB441]

SENATOR RIEPE: I'm just curious whether it's a saving or just a transfer of that cost over to the managed care. [LB441]

SENATOR MORFELD: It would not. It would not be a transfer of cost. It would be covered by the federal government, is my understanding. [LB441]

SENATOR RIEPE: Okay. Will you be...are there...? Senator Linehan. [LB441]

SENATOR LINEHAN: Yeah, I just want clarification. So when you say savings, these...what you're saying is this is money we're spending now and if we signed on with the federal government for Medicaid expansion, they would pick it up. [LB441]

SENATOR MORFELD: They would pick it up. That is correct. [LB441]

SENATOR LINEHAN: So there's no like these costs don't go away. We just have...they're just paid for (inaudible). [LB441]

SENATOR MORFELD: Well, they go away for the General Fund but...our state General Fund. But, yes, the federal government would cover them under Medicaid expansion because that would be the eligibility expanded. [LB441]

SENATOR LINEHAN: Yes. Okay. [LB441]

SENATOR MORFELD: Correct. [LB441]

SENATOR LINEHAN: All right. Thank you. Very much appreciated. [LB441]

SENATOR MORFELD: Yes. [LB441]

SENATOR RIEPE: Okay. Are there other questions? Senator Erdman. [LB441]

SENATOR ERDMAN: So, Senator Morfeld--thank you, Senator Riepe--new at this to learn how this works, but what do we spend now on Medicaid, a couple billion? [LB441]

SENATOR MORFELD: That's a good question. I don't have those numbers in front of me, Senator Erdman, but somebody behind me maybe will answer that. [LB441]

SENATOR ERDMAN: Okay. And then over the next ten years how much will this expand our obligation? Do you know? [LB441]

SENATOR MORFELD: Well, I didn't see the ten-year outlay. They only have a four-year outlay here on the fiscal note. But it would be about 90,000 Nebraskans is what they're estimating, based on other states. [LB441]

SENATOR ERDMAN: Do you know how many dollars that would be? [LB441]

SENATOR MORFELD: Well, if you look at page 3 here, it would bring in about 100...or, excuse me, $1.7 billion from the federal side and we would spend $169 million. But if you take out the $89 million that's offset in the savings, it's about $79 million that we would spend over the course of four years to bring in $1.7 billion. So if you look at the subtotal expansion costs, Senator, under General Fund total, it's about halfway down on page 3... [LB441]

SENATOR ERDMAN: Yeah, I see it. [LB441]

SENATOR MORFELD: ...in that big chart, it's $169 million is the state obligation and it's $1.7 billion that we'd bring in from the federal government. Now the thing you got to keep in mind is we have a bunch of savings below and it says $89.9 million, so you got to offset that with the $169 (million) and it comes out to about $79 million being the state obligation. [LB441]

SENATOR ERDMAN: So... [LB441]

SENATOR MORFELD: That's pretty good for bringing in almost $2 billion. [LB441]

SENATOR ERDMAN: So, following up on Senator Linehan's question that we're going to transfer this to the federal government, is that where it's coming from? [LB441]

SENATOR MORFELD: Well, yeah, the federal government would cover it. But right now Nebraska taxpayers are already paying into the federal government for other states in this program and we're not receiving anything for it. [LB441]

SENATOR ERDMAN: But we can surely trust the federal government they're going to pay us, right? [LB441]

SENATOR ERDMAN: Well, it's in law right now. It says, as sure as farm subsidies and roads funding, which come year by year and we gladly accept those things, so. [LB441]

SENATOR RIEPE: What is your concern? I know they're talking about termination dates on this is 2020. [LB441]

SENATOR MORFELD: Uh-huh. [LB441]

SENATOR RIEPE: And so 2020 is almost upon us. [LB441]

SENATOR MORFELD: Yeah. I mean it's about, well, we're at 2017, it's about three years away. [LB441]

SENATOR RIEPE: Yeah. [LB441]

SENATOR MORFELD: The bottom line is that I think that if you talk to the people behind me and if you talk to the people in my district, even one year of healthcare insurance that they would have not had otherwise is one year that they would prefer to have. And I have faith that the federal government is going to find a solution. It may not be the solution that I like the best, but I think they're going to find a solution and they're going to figure out how people can have affordable healthcare in 2020 and beyond. I just...I think that we've been kicking the can down the road for many years and what I'm afraid of is that we're going to start having hospitals close. And, quite frankly, as somebody who is covered under my nonprofit health insurance plan, my premiums are going to continue to rise as uncompensated care continues to rise in our hospitals. [LB441]

SENATOR RIEPE: Okay. Senator Linehan, did you have a question? [LB441]

SENATOR LINEHAN: I did, one more. Thank you, Mr. Chairman. [LB441]

SENATOR RIEPE: Sure, absolutely. [LB441]

SENATOR LINEHAN: Do we...okay, under your savings down here it has pregnant women. Don't...I thought Medicaid covered pregnant women. [LB441]

SENATOR MORFELD: You know, that's a good question and I think somebody from Appleseed, who's more of an expert on this, will be... [LB441]

SENATOR LINEHAN: Okay. [LB441]

SENATOR MORFELD: ...able to answer that question better for you, Senator. [LB441]

SENATOR LINEHAN: Okay. Thank you. [LB441]

SENATOR MORFELD: I don't want to make anything up. [LB441]

SENATOR LINEHAN: No, no, that's fine. Thank you very much. Appreciate it. [LB441]

SENATOR MORFELD: Yeah. [LB441]

SENATOR RIEPE: Okay. Senator Howard, please. [LB441]

SENATOR HOWARD: Thank you. And I wanted to touch base on the corrections side. [LB441]

SENATOR MORFELD: Yeah. [LB441]

SENATOR HOWARD: And so is the saving...so my understanding is that when somebody is incarcerated but they need to receive a healthcare service outside of the correctional institution, we pay for the service outside of the institution? [LB441]

SENATOR MORFELD: Yeah. We currently pay for any service outside the institution. Under Medicaid expansion, they would actually be covered once they go outside the institution, so that would be another cost savings to the state. [LB441]

SENATOR HOWARD: Okay. [LB441]

SENATOR MORFELD: And I think it brings up another good point. I think the counties are going to testify behind me and right now we have general...they currently have to provide general care to folks who can't afford it on the county level. That would actually save, I think, a few million dollars in Lancaster County alone if the numbers are still correct from last year. [LB441]

SENATOR HOWARD: All right. Thank you. [LB441]

SENATOR RIEPE: Okay. Seeing no other... [LB441]

SENATOR MORFELD: And that's property tax relief. We all like that. [LB441]

SENATOR RIEPE: Oh, that's a good name drop. Because there are complications, will you be staying? [LB441]

SENATOR MORFELD: Yes, I will be staying. [LB441]

SENATOR RIEPE: That would be... [LB441]

SENATOR MORFELD: Yeah. [LB441]

SENATOR RIEPE: ...we'd appreciate that. [LB441]

SENATOR MORFELD: Yep, absolutely. [LB441]

SENATOR RIEPE: Thank you so much. Okay, thank you very much. [LB441]

SENATOR MORFELD: Thank you. [LB441]

SENATOR RIEPE: We will now start off with proponents, those supporting. [LB441]

JAMES GODDARD: (Exhibit 2) Good afternoon. My name is James Goddard, that's J-a-m-e-s G-o-d-d-a-r-d, and I'm the director of the Health Care Access Program at Nebraska Appleseed, here today to testify in support of LB441. Everybody should be able to access health insurance to allow them to meet their health needs, but right now thousands of Nebraskans are locked out of our healthcare system because they fall in the Medicaid gap. These are our friends and neighbors, our state's farmers and ranchers, and those that work in low wages...for low wages for employers that don't provide health insurance. These folks can't access subsidies to pay for the cost of health insurance and are ineligible for traditional Medicaid. Lack of health insurance prevents them from getting preventative care, going to the doctor, or being as productive as possible. LB441 would close the coverage gap and bring back our tax dollars to be put to work in our state. As I'm sure you know, this week on the federal level the House released legislation to repeal the Affordable Care Act in part and make significant and concerning changes to Medicaid.

It's unclear that the House proposal will pass or, if it does, what form it will take. We don't know how much it will cost, how many people it will cover, or how it will be paid for. But even if it does pass, it retains Medicaid expansion as an option. I want to underscore that. The House proposal does retain Medicaid expansion over the next few years, so if states opt in before 2020 they can expand the Medicaid program. So it remains and option. And I think what's important to note under the House proposal is that it doesn't do anything for the people that fall in the coverage gap other than retaining Medicaid. In other words, it doesn't provide a new path for them to access health insurance. It primarily benefits higher income earners, providers, and others. It's not going to help the folks that you're going to hear after I sit down today. So this problem is not going away and it needs to be addressed. Thousands of Nebraskans have already waited too long. If there's a better way to do this, we would be very happy to work on that and explore it. But until then, LB441 remains a solution and it's the only serious solution being proposed. Ultimately, as I said, this issue is not going away and it cannot be ignored. And for these reasons, we would urge this committee to advance LB441. I want to try to address a couple of the questions in the discussion a moment ago with Senator Morfeld. Senator Linehan, the pregnant women coverage, what you see in the fiscal note is reflecting that if we took up Medicaid expansion there would be some folks that are only eligible as pregnant women that would then be actually eligible as an expansion group adult. So they're basically going from being able to be in one category and only get pregnancy-related services, to being under the expansion population and being able to get more full-blown Medicaid services. So it's...we're able to shift some folks in that way. Senator Erdman, you...I believe you had a question on the total cost of the program. I believe it's about $2.5 billion is the cost of the program in the most recent report. And the last thing I think I want to mention is something I think Senator Howard was bringing up, and that's corrections. And I know that corrections is something on the minds of everyone in the body and something that needs to be addressed. And part of that is when people exit that were able to...they're able to stay in the community and not reoffend and go back in. But it can be a challenge to do that when they receive health coverage on the inside. They might get medication. They might have behavioral health treatment. And then when they leave they walk out the door often with no health insurance because they fall in this Medicaid gap. So I don't think we can really consider reforming corrections without seriously considering how viable it is for people to stay out if they have no health insurance when they walk out the door. And with that, I will conclude and try to answer any questions I can. [LB441]

SENATOR RIEPE: Do we have, committee? Let me start over here with Senator Linehan. Senator Linehan, please. [LB441]

SENATOR LINEHAN: Thank you, Mr. Chairman. Do you have a breakdown of who these 90,000 people are? [LB441]

JAMES GODDARD: What sort of breakdown, Senator? [LB441]

SENATOR LINEHAN: Are...you know, how many of them are between 20 and 30; how many are between 30 and 40; how many are between 40 and 50; that kind of a breakdown? [LB441]

JAMES GODDARD: I don't know that off the top of my head. I imagine we could access that through census data, so I'm happy to take a look at that and see if I can get back to you. I'm not sure of that. Those demographics I'm uncertain. [LB441]

SENATOR LINEHAN: Because the way I understand the Affordable Care Act, if you are a low-income person, let's say you make, I don't know, $15,000 a year, isn't there a way for you to purchase insurance pretty cheaply through the Affordable Care Act? [LB441]

JAMES GODDARD: So that's really the issue that this bill is addressing. Originally, under the way the Affordable Care Act was designed was that Medicaid would be expanded up to 138 percent of poverty. And then for people over that, up to 400 percent of poverty, they can go into the marketplace and get subsidies to help pay for the cost of care, which is what I think you're referring to. But after the Affordable Care Act was challenged, the Supreme Court determined that Medicaid expansion had to be an option, it couldn't be required, and so that's the thing that all states are considering. So what that means is you have a gap of people in the middle and that's why we call it the Medicaid gap, where they're not eligible for traditional Medicaid and nor are they eligible to get subsidies on the marketplace. So, no, they can't get help paying for the cost of care and that's what this bill would remedy. [LB441]

SENATOR LINEHAN: So all 90,000 of these people are below 138 percent of the poverty level? [LB441]

JAMES GODDARD: Yes. [LB441]

SENATOR LINEHAN: Okay. So again, I would really like a breakdown if that's available. [LB441]

JAMES GODDARD: Certainly. [LB441]

SENATOR LINEHAN: Okay. Thank you much. [LB441]

SENATOR RIEPE: Are there...Senator Crawford, please. [LB441]

SENATOR CRAWFORD: Thank you, Chairman Riepe. And thank you for being here with this research. I appreciate that. Unless you know someone behind you is going to address that, and if they are or bringing research that's...then you can just let me know and we can wait and ask those questions to them. I wondered if you would speak to what we know about recidivism in those states that have expanded Medicaid, because one of the issues you raised was the importance of making sure we have behavioral healthcare and healthcare for people when they leave corrections so that they have that healthcare so that they don't end up getting off their medications and getting back in trouble. Do you have any evidence about how Medicaid expansion has addressed that problem in other states? [LB441]

JAMES GODDARD: What I can tell you is that in expansion states they have seen significant savings in corrections and, you know, some of that is being able to treat inmates when they're outside of corrections for 24 hours or more, and some of it is when they exit. I know Kentucky saved many millions in corrections just in their first year, in 2014 I believe. I guess the other thing I could tell you is we worked on a report a couple years ago about this issue and our estimates were that passing this would save us about $11 million a year in corrections alone by preventing recidivism. And so I'm happy to provide you and the committee with that report. [LB441]

SENATOR CRAWFORD: I appreciate that. Thank you. Uh-huh. [LB441]

SENATOR RIEPE: Senator Howard, please. [LB441]

SENATOR HOWARD: Thank you. Thank you for visiting with us today. I wanted to ask you about the new...sort of the new bill that's in the House. Are you very familiar with it? [LB441]

JAMES GODDARD: I'm as familiar as I can be with...when it came out. [LB441]

SENATOR HOWARD: With one day's notice? So is your impression that the FMAP will stay at 90 percent through 2020? And then is it that it will go down? [LB441]

JAMES GODDARD: That is my...that is how I understand it to work is that they codify it as an option and the option is something any state could take up between now and the end of 2019. And if a state does take it up, all the new enrollees would get the enhanced match. Moreover, anyone who would be enrolled after 2020 who had been enrolled before would also get the enhanced match. They'd carry that along with them as long as they were continuously enrolled. For new enrollees after January 1, 2020, the House proposal would provide the traditional matching rate. [LB441]

SENATOR HOWARD: What's our current matching rate? [LB441]

JAMES GODDARD: I believe it's around 51 or 52 percent. [LB441]

SENATOR HOWARD: Okay. So for every $1 that we spend, we get 52 cents back from the federal government? [LB441]

JAMES GODDARD: Yes. [LB441]

SENATOR HOWARD: Okay. Thank you. [LB441]

SENATOR RIEPE: We see a lot of conversations about is this healthcare or healthcare insurance. And I don't hear many people--I would be interested in your response--we don't see much in correcting the delivery model for the healthcare. We seem to all be talking about health insurance. Do you see...do you hear of anything that they're talking about population management or any other kinds of healthcare delivery models? [LB441]

JAMES GODDARD: I mean I can say we're certainly very in favor of any sort of delivery model reforms that are proven and effective. And I know the Affordable Care Act had a number of those that were included, including things like health homes, which I believe we piloted and have used in different parts of the state. The Legislature has also over the last few years did engage in a very in-depth view of what our healthcare system should look like, not tomorrow or next year but 10 or 15 years from now. So I mean, we're certainly very much in favor of delivery reforms. But I do think when we have a group of people that is locked out of our system and unable to really get in and access preventative care, get in and access the treatments that they need, our system is not going to function the way it could or should until everybody has coverage. So we're, you know, very interested in all four delivery system reform changes but I think insurance has to go hand in hand with that. [LB441]

SENATOR RIEPE: Okay. Other questions? Senator Crawford. [LB441]

SENATOR CRAWFORD: Thank you. Thank you, Chairman Riepe. And thank you for being here to testify. This is different than several of our other bills that we have proposed because it is a state plan amendment as opposed to a waiver. And so if this bill passes, a state plan amendment passes, it's a very simple process. What is your understanding of the time line in terms of when we could start getting people into the system in the state if we were to pass it this session? [LB441]

JAMES GODDARD: Well, I'm sure it's...there is a back and forth--and I'm sure Director Lynch could tell you more of the specifics about how that works than I can--but it should be something that could be accomplished pretty quickly because you're simply taking up an option through a state plan amendment, whereas the last, I believe, three proposals are through waivers, which requires a very significant and lengthy negotiation between the state and the federal government to determine what the waiver will look like and whether it will be acceptable. So it seems to me...I know the assumption in the fiscal note was a start date of January 1. It seems, in my mind, that it could be quicker than that. [LB441]

SENATOR CRAWFORD: Okay. Thank you. [LB441]

JAMES GODDARD: But as I said, I think others could probably speak to the process more specifically. [LB441]

SENATOR CRAWFORD: Thank you. [LB441]

SENATOR RIEPE: Senator Erdman. [LB441]

SENATOR ERDMAN: Thank you, Senator Riepe. Thank you for coming. Well, you talk about these 90,000 people. Please tell me how you arrive at that number. And perhaps that number could be larger. Do you know what the exact number is? How do you arrive at that 90,000? [LB441]

JAMES GODDARD: So, Senator, the 90,000 number is an assumption that we have...we have relied on the Legislative Fiscal Office projections about the number of people who will sign up, and that's where the 90,000 comes from. The 90,000 was from last year's Medicaid expansion proposal. And so it's an estimate, not of everyone that might be eligible. I think the number of people that they think may fall in the gap is higher than 90,000 but it's the number of people that they are estimating, based on looking at other states and other factors, the number of people that they expect to actually sign up, because no program has a 100 percent participation rate. We don't have that in any public program. And so that's where. The 90,000 number comes from the Legislative Fiscal Office's estimate. [LB441]

SENATOR ERDMAN: So we have 1.9 million people, so we very well could be...we could be twice that? [LB441]

JAMES GODDARD: I'm sorry, I don't think I... [LB441]

SENATOR ERDMAN: It could be 180,000 people out there. We don't know what that number is, do we? [LB441]

JAMES GODDARD: I mean I think that we do have a good sense of how many folks we're talking about because this is looking at the American community survey, looking at people within the income range. You can only sign up if you're below a certain income and have other characteristics. And at this point, we're five years...this is the fifth proposal. There has been a lot of research and a lot of time taken to making that estimate. And we can also look at other state experiences. Could it be, you know, could it be more than 90,000? That's possible. Would it be double? I doubt it. I think that the Fiscal Office has done a good job with looking at what we know and making that estimate. [LB441]

SENATOR ERDMAN: So you had mentioned other states. What has been the history on the other states that did it? How did they fall? (Inaudible). [LB441]

JAMES GODDARD: There are some states that had...that did have more than they anticipated, particularly as...if you look at the states that had estimates and then took up expansion immediately the first year that they could. So we certainly see states where participation has been higher than they estimated. I think that there are states where it's been lower than they estimated as well. I think what I would submit to you is that at this point we're, you know, this is the fifth time this has been introduced. A lot of time and effort has been made in making that projection and we can look at other states' experiences to arrive at that estimate. So I think the estimate is solid. [LB441]

SENATOR ERDMAN: Can you tell me how much over some of those states were? [LB441]

JAMES GODDARD: I could get you more information on that. I don't know how much. And I know in some...I guess one thing to remember is, so Kentucky is a good example. I think Kentucky actually had a pretty...quite a higher than projected number of people enroll. But that's partially because Kentucky made a lot of efforts to get the word out and actually affirmatively get people enrolled in the program. And so part of the reason you see higher enrollees than projected is because the state is taking affirmative steps to go out and get people in the program. This legislation doesn't require that at all and, in my opinion, we do something of a minimal effort around outreach and enrollment for the Medicaid program. [LB441]

SENATOR ERDMAN: Whether this bill says we should reach out to more people or not doesn't mean that somebody won't do that. [LB441]

JAMES GODDARD: Certainly. All I'm suggesting is that where states have had really high enrollment numbers, they made that affirmative. They took affirmative steps and I think that had something to do with their higher than estimated enrollment. [LB441]

SENATOR ERDMAN: Thank you. [LB441]

SENATOR RIEPE: Do you recall the number from last year? [LB441]

JAMES GODDARD: The number of participants? [LB441]

SENATOR RIEPE: The number that it ended up? It started at, my recollection is, that it started about estimated 59,000 lives. By...near the end of session, a couple months, and it was 90,000 or 96,000. And by the time session went out it was well over 100,000, seemed like it was almost up to 200,000 estimated that would enroll because there was a concern that many of the employers who had marginal health plans would simply drop their employee health plan and have them roll over to the state. That's alarming. States like Ohio, Nevada I know for sure came in four, five, six times higher than their projections. That's a scary thing for a state. [LB441]

JAMES GODDARD: I'd be happy to take a look at something of a breakdown on where states have ended up from their estimate to how many enrolled and we can get that, you know, get you some of that information. I will say last year that we did not start out with 56,000. I think what you're referencing, Senator, is going back to the first piece of legislation, which I believe was 2014...actually, it was 2013. [LB441]

SENATOR RIEPE: Couldn't have been too far (inaudible). [LB441]

JAMES GODDARD: Yeah, I think it was 2013, the LFO estimated 56,000 folks would sign up and then over the course of four years they ended up viewing it as 90,000. But where we ended up last year was 90,000 and that didn't happen over the course of months. That happened with estimates over the course of years based on things like I was just discussing with Senator Erdman--better sense based on looking at other states' experience about how many people will sign up. [LB441]

SENATOR RIEPE: I follow this thing fairly close. I'm not aware of any state that's come in under their original estimate. But, Senator Linehan, did you have a question? [LB441]

SENATOR LINEHAN: I do. [LB441]

SENATOR RIEPE: Go ahead, please. [LB441]

SENATOR LINEHAN: Thank you, Mr. Chairman. Just so I understand this, and back to what you said, a hundred...so the people that this 90,000 people or 100,000 or 80,000, whatever, they're above 133 percent? Go through that number again. Who are these people they may count? They're adults. [LB441]

JAMES GODDARD: So the primary folks that would be able to sign up are...I think let's take a step back for a moment, thinking about traditional Medicaid. To be on traditional Medicaid, you...it's not that you just have to have a low income. [LB441]

SENATOR LINEHAN: No, I know. [LB441]

JAMES GODDARD: You have to have a certain income plus have a certain characteristic. [LB441]

SENATOR LINEHAN: Right. [LB441]

JAMES GODDARD: So be a pregnant woman, be a child, be a senior. But what is left out of that are... [LB441]

SENATOR LINEHAN: Or disabled. [LB441]

JAMES GODDARD: ...childless adults. Yes, folks with disabilities. [LB441]

SENATOR LINEHAN: Right. [LB441]

JAMES GODDARD: But what was not in there were folks without dependents. [LB441]

SENATOR LINEHAN: Right. [LB441]

JAMES GODDARD: And so that's, in part, what the ACA did was extending Medicaid to folks without dependents. So we're talking primarily about people who are 138 percent of poverty and below who do not have dependents. Another group is also people with dependents that earn more than about 57 percent of poverty but no more than 138 percent. So... [LB441]

SENATOR LINEHAN: Okay. Whoa. Say that again, 57? Say...I'm sorry. [LB441]

JAMES GODDARD: So childless adults, 138 percent and down. Even if a childless adult earns zero, they are not eligible for traditional Medicaid. So childless adults are one group that this would cover. The second primary group is parents with dependents that earn very little but not more than 50...between 57 percent and 138 percent of poverty. And I'm happy to provide you with a fact sheet on this as well. [LB441]

SENATOR LINEHAN: Okay. That would be helpful. [LB441]

JAMES GODDARD: But childless adults, parents with children, and then some folks with disabilities from 100 percent of poverty to 138 percent of poverty. [LB441]

SENATOR LINEHAN: So if they're over 138 percent, they can go do the cheaper...think that's what you told me. [LB441]

JAMES GODDARD: Correct. [LB441]

SENATOR LINEHAN: Okay. Okay. Thank you very much. And I would appreciate a breakdown. That would be very helpful. [LB441]

SENATOR RIEPE: Senator Kolterman. [LB441]

SENATOR KOLTERMAN: Thank you, Senator Riepe. Welcome, James. [LB441]

JAMES GODDARD: Thank you. [LB441]

SENATOR KOLTERMAN: A concern that I always have when we're looking at this is we always want to go to 138 percent of the poverty level. Why do we go that high when anybody at 100 percent or more really is eligible for the Affordable Care Act and would qualify for potential subsidies? If we stopped it at 100 percent, would that bring that 90,000 total down considerably? [LB441]

JAMES GODDARD: I would expect that. I don't know how many folks we're talking about between 100 and 138. It would have to bring the number of folks down, though, because there are some. I think the idea of the over...there's an overlap there going up above 100 percent to 138 is to try and address the income fluctuations that people have at this income level where they

may churn on and off of the program. I think that that was the original design. But what I do know is the interpretation of this, at least up until...I don't know that it's going to change but the interpretation of this so far has been that states don't have the option to take it just up to 100 percent. If you're going to expand Medicaid you have to go all the way up to 138 and that was based on a reading of the statute. Could it have been different? Perhaps so, but I know that that's where we are today, [LB441]

SENATOR KOLTERMAN: If we get to the position where we're using a block grant to fund this and we have more flexibility, could we stop it at 100 percent and go from like 58 to 100? Do you know? [LB441]

JAMES GODDARD: Yes. So... [LB441]

SENATOR KOLTERMAN: I mean don't the block grants give us a lot more flexibility than what Medicaid pushes down to us? [LB441]

JAMES GODDARD: So what the block grant or per capita cap does is say, for the most part, the states are going to get to decide what to do and make the rules. But I find, to be frank, that proposals around block grants for per capita caps extremely concerning because they're designed to risk...to shift the risk to the states away from the federal government. Right now, we have a system where every person that walks in the door, the federal government guarantees they're going to give you at least 50 percent of the costs for that person. Under these other proposals, that guarantee is gone and we are going to have to deal with whatever amount of money we get and hope that it's enough as things change over time to cover our population. My opinion on this is this will lead to cuts and this committee and this body will have extremely difficult decisions to make about who gets to stay, who has to go, and what services we're going to provide. So I don't think it's, you know, something that I would be very supportive of, in other words. [LB441]

SENATOR KOLTERMAN: Well, but at the same time, you know, we've used TANF funds and those come in the form of a block grant and give us the flexibility to do what we want with them a lot. And those haven't changed a lot over the last ten years. I mean we could argue that point all day and still not come to a consensus, but I just see...I sense that there might be more flexibility for us to do what we'd like to do. [LB441]

JAMES GODDARD: I don't think that I could say that that's not true. I think there would be more freedom for the state to determine, you know, who is eligible, who is not, to what degree of income are you going to cover folks, what services are you going to provide or not. But all I'm...I guess all I'm suggesting, I think that's right, but all I'm suggesting is that comes with a price and

it's not that all we're going to get is flexibility and everything is going to be much easier to do things. It's also going to mean we're going to have to deal with a set of amount of money and that's all we're going to get. And if things change as our population ages, medical care gets more expensive, the per capita cap is not going to account for many of those things. And you know, the way I see it is we're going to start out in a hole that we're never going to be able to dig ourselves out of and we're going to have to make hard decisions at that point. So I think within the idea that you have more room to maneuver, we also, you know, have to really think about what is that going to mean for enrollees and for our state. [LB441]

SENATOR KOLTERMAN: Do we run the...can I keep going, Senator? [LB441]

SENATOR RIEPE: Keep going, yes, please. [LB441]

SENATOR KOLTERMAN: Thank you. Do we run that risk the same if the federal government decides to pull in the funds that they're giving us for Medicaid? [LB441]

JAMES GODDARD: Do you mean for this piece of legislation or...? [LB441]

SENATOR KOLTERMAN: Well, for going forward with any of it, with our traditional Medicaid and the expansion. I mean we get so many dollars from the federal government and right now we're getting...we're getting money based on the number of people that qualify in certain arenas. We run the risk of losing that money as well. [LB441]

JAMES GODDARD: Well, I mean I'm not going to try to divine what's going to happen at the federal level, Senator. [LB441]

SENATOR KOLTERMAN: Exactly. [LB441]

JAMES GODDARD: All I can tell you is that our current structure is a guarantee. [LB441]

SENATOR KOLTERMAN: For now. [LB441]

JAMES GODDARD: Yeah, right now it's a guarantee. And what's being considered is something that's not a guarantee and what I would see as an extreme risk for the state. [LB441]

SENATOR KOLTERMAN: All right. Thank you, James. [LB441]

SENATOR RIEPE: Senator Williams. [LB441]

SENATOR WILLIAMS: Thank you, Chairman Riepe. And thank you for being here. And I'd like to just ask a general question about that guarantee, trying to understand this more myself. As I understand it right now we do have this form of a guarantee from the federal government to supplement us. What happens and how could it possibly happen that that guarantee would change over time? Can you take me through a discussion on that? [LB441]

JAMES GODDARD: So what's being considered on the House proposal would change it from that, the present structure, where for every $1...for every 50 cents at least that the state spends, the federal government guarantees they will pay the other 50 cents. That's the current structure. It's our matching program, if you will. What's being considered is doing...is fundamentally doing away with that guarantee and saying we are going to give states a set amount of money based on their per enrollee enrollment in FY '16 and then we will increase that by a percentage over time. But the concern there is, is that percentage increase over time going to be sufficient to meet the needs of the program as things change? And I mean for us, I'd be very concerned about using base year '16 because we had a relatively low FMAP or matching rate that year and it's anticipated to go back up. So I'm not sure that that's going to look great for Nebraska. But in short, it's going from a matching program to something where you're getting a per capita, per enrollee amount and then we're going to increase that with inflation over time. [LB441]

SENATOR WILLIAMS: When you think about...and your history and your knowledge of this and where these costs have gone and these enrollment numbers, under that kind of a system do you expect that the...not the match but what would actually be coming will keep up with the expenses that if we pass legislation like this we are now obligated as a state to fulfill these needs? [LB441]

JAMES GODDARD: Could you rephrase that? I'm not sure I follow you. [LB441]

SENATOR WILLIAMS: I'm trying to determine how comfortable...you know, we're being asked to create more people covered that cost dollars and putting our state, potentially, at risk of paying for that based on the fact that we're going to receive federal dollars to do it. Under a different system now that we're not quite sure what it's going to be, but under what you're explaining that it's going to be, would you expect, starting from where it is and the increase that you just talked about, how will that trail along matching what our increased costs may be to provide this benefit to our residents? [LB441]

JAMES GODDARD: I feel like it's a little hard for me to say at this point what that's ultimately going to look like. As I was discussing a moment ago, I think there is the concern about whether

under that new model it's going to be sufficient to cover the number of folks that we have enrolled. So I think that that...you know, it's a fair thing to consider and something, you know, we're looking at. But on the expansion side, we think it is critically important to finally get these folks enrolled in our system and that the utilization of Medicaid dollars to do that is an effective way of ensuring that people have access to health insurance. So I think even within the potential for a new system, which I think is probably clear we oppose the change to that new funding system, but even in that new system we would still view this legislation as the right thing to do now. [LB441]

SENATOR WILLIAMS: Thank you. [LB441]

SENATOR RIEPE: Okay. Senator Crawford, please. [LB441]

SENATOR CRAWFORD: Thank you, Chairman Riepe. So I just want to make sure that we're all clear for the record in following this that this conversation you have been having about risks is only a conversation about if the federal government were to someday go to the block grant. So that as, if I recall your earlier testimony, the current bill, the current discussion that's in Congress is about maintaining their commitment to the 90 percent match over the next few...in the future. And the...so I want to confirm that, so, and we're talking about what risks do we have, given what we're seeing in Congress, there is...they're talking about still a commitment to that match. And the second point I want to note is that given the...it's my understanding from our discussion about this over multiple years that the states always had the choice of reversing on this choice. And so if we say right now, as we best understand it in this existing risk structure, this is a good choice for us to make, and later something happens that changes that structure, we can then say, no, it's not a good choice for us down the road. So we're not...if we are committing to do this now because it's a good deal now and it makes sense now, we can take advantage of that now. And if we have to rethink that decision later, we can always go back and rethink it. To expand is not to expand forever. It's just to say this is going to be our Medicaid amendment now. [LB441]

JAMES GODDARD: Yes, that's accurate. [LB441]

SENATOR CRAWFORD: Thank you. [LB441]

SENATOR RIEPE: We're put into a difficult situation because the stuff that I've read is the edition that's out of Congress right now is phase one and there's going to be a lot of changes before it ever becomes law. We're disadvantaged trying to talk about issues and policy when we don't know exactly what the feds are going to do. And that's a comment. I apologize for that. But are there any other questions? Thank you very much, very informed. [LB441]

JAMES GODDARD: Thank you. [LB441]

SENATOR RIEPE: We appreciate that. Other proponents, please. [LB441]

DIANA LaCROIX: Good afternoon, Senators. [LB441]

SENATOR RIEPE: Would you be kind enough, too, to state your name and spell it, please? [LB441]

DIANA LaCROIX: (Exhibit 3) Yes, I will. My name is Diana LaCroix, D-i-a-n-a L-a-C-r-o-i-x. [LB441]

SENATOR RIEPE: Thank you. [LB441]

DIANA LaCROIX: I'm here today in favor of LB441. I've lived and worked in Omaha for...I'm sorry...and my name is Diana LaCroix and I am in Senator Howard's district and I am here today in favor of LB441. I have lived and worked in Omaha for over 30 years and I'm one of tens of thousands of Nebraskans who fall into the Medicaid gap. I work Monday through Friday at a Kids Club program for Omaha Public Schools. But yet, because I'm working and getting survival benefits through Social Security, I make too much money for Medicaid but I don't make enough money for Obamacare. My husband Steven LaCroix also fell into a Medicaid gap. That's him right here. He began showing symptoms of an illness, but because he didn't have insurance he could not afford to see a doctor regularly to get tested. We didn't know what was causing his health issues until he was diagnosed with Stage IV pancreatic cancer on January 1, 2014. It wasn't until after that diagnosis, when he became legally disabled, that he was able to receive Medicaid, but by that time it was too late. Unfortunately, he lived five months after his diagnosis, passing away on his birthday on June 6, 2014. But yet, he never got to meet his new grandbaby who was born on June 30, 2014. If he had access to health insurance when his symptoms first started showing up, he could have gotten earlier screenings, specialized treatments. He might have survived or at least had a longer life. I continue to live without health insurance and am here today to fight for this cause. Okay, I'm sorry. If he had access to health insurance at the first signs of his symptoms, he could have gotten earlier screenings and specialized treatments. He might have survived or at least had a longer lifespan. I continue to live without health insurance and am here today to fight for this cause. Nebraska needs to expand its Medicaid program. Thousands and thousands of people in our community are facing a difficult decision: see a doctor or buy groceries; get cancer screenings or pay rent? Our whole state is stronger when we can get the care we need. We need to stand together, in honor of my husband and many more like him. Therefore, I believe Nebraska can become a stronger state if we work together and choose to do the right thing, to pass LB441. Thank you. [LB441]

SENATOR RIEPE: Thank you. If you'll stay just a second, we'll see if we have any questions. [LB441]

DIANA LaCROIX: Okay. [LB441]

SENATOR RIEPE: Do we have any questions from the committee? Okay, hearing none, thank you very much. [LB441]

DIANA LaCROIX: Thank you. [LB441]

SENATOR RIEPE: I would share with other people that are testifying, we're not allowed to use visuals or anything as (inaudible) but I wanted to let you finish. [LB441]

DIANA LaCROIX: Okay. I did not know that. [LB441]

SENATOR RIEPE: No, no, I know you didn't. [LB441]

DIANA LaCROIX: Okay. [LB441]

SENATOR RIEPE: That's why I didn't want to interrupt. [LB441]

DIANA LaCROIX: Thank you. [LB441]

SENATOR RIEPE: You did a nice job. Thank you. [LB441]

ANDY HALE: Good afternoon, Chairman Riepe, members of the Health and Human Services Committee, my name is Andy Hale, A-n-d-y H-a-l-e, and I'm vice president of advocacy for the Nebraska Hospital Association. The NHA is the influential and unified voice for Nebraska hospitals and health systems providing leadership and resources to enhance the delivery of quality patient care and services to Nebraska communities. Our hospitals provide care for more than 11,000 patients each day in our state. And on behalf of the members of the NHA, I ask that you support LB441. People who do not have health insurance still get sick and need medical care. Many uninsured, particularly those with lower incomes, are not able to pay for the care they receive. Hospitals that care for uninsured patients end up providing significant amounts of what is called uncompensated care--care that patients cannot pay for because they have no insurance or have inadequate insurance. There is no way that our already struggling medical facilities that we do have in our state can afford such a hit. Hospitals contributed last year more than $1.2

billion in bad debt, excuse me, charitable debt, $301 million of that in bad debt, to support programs that benefited their communities. These programs included providing free care to individuals that were unable to pay, absorbing the unpaid costs of public programs such as Medicare and Medicaid. Nebraska hospitals offer community education and outreach, providing scholarships and residencies for health professionals, subsidizing health services that are reimbursed at amounts below the cost of providing care, conducting research, and incurring bad debt from individuals that choose not to pay their bills. To put a rural spin on this, rural hospitals provide vital care to the almost 670,000 people who live in rural Nebraska. The hospitals are also economic engines for the region, providing tax revenue for local governments and serving as the largest employer in many communities, significantly contributing to work force development. Every $1 spent by a rural hospital produces another $2.29 of economic activity. Hospitals are substantial contributors to the state's economy, providing essential jobs throughout the state. The hospitals employ over 42,000 Nebraskans and created demand for an additional 42,000 jobs due to hospitals buying goods and services from other local businesses. That's nearly 9 percent of Nebraska's entire work force either work in or for hospitals. A healthier, more productive work force helps strengthen the business and industries that we rely on every day in our state. Changes in Medicaid should be motivated by the needs of the patient, not by politics. I would like to thank Senator Morfeld and his staff for bringing this bill and I ask the committee to advance LB441. [LB441]

SENATOR RIEPE: Senator Kolterman. [LB441]

SENATOR KOLTERMAN: Thank you, Senator Riepe. Andy, thanks for the testimony. I have some questions in regard to bad debt versus uncollectible and all falls in the same category. [LB441]

ANDY HALE: Uh-huh. [LB441]

SENATOR KOLTERMAN: What percent...can you give me any indication of what percentage of the population has insurance but they have such a high deductible that they can't afford to utilize it but they still get their care? [LB441]

ANDY HALE: I would not be able to have those numbers. I think our hospitals individually could break that down. But as an overall number, I don't have that. [LB441]

SENATOR KOLTERMAN: Is there any way you could get that for us? [LB441]

ANDY HALE: Yeah, absolutely. Uh-huh. [LB441]

SENATOR KOLTERMAN: Because a concern that I have is there's...the Affordable Care Act has become unaffordable, not just Medicaid, the Affordable Care Act is not affordable. And there are many people that are buying $6,000, $8,000 deductibles with the idea that if they get into a hospital setting they can't afford the $6,000 or $8,000, let alone the premiums that go along with that. [LB441]

ANDY HALE: Correct. That is a problem that... [LB441]

SENATOR KOLTERMAN: So that's just as much a problem as the 90,000 that don't have the coverage, should just as well not have the coverage, is what I'm saying. [LB441]

ANDY HALE: Correct. And we've talked to our federal delegation about that issue specifically. That is part of the bad debt. They're just unable to pay for their premiums. And we would admit that the ACA needs some changes and then that's definitely one of them we'd propose. [LB441]

SENATOR KOLTERMAN: Okay. Thank you. [LB441]

SENATOR RIEPE: Mr. Hale, I'm excited about this recovery opportunity. If you're currently providing $1.2 billion in uncompensated care then I assume when you get compensated from Medicaid that there will be no more of that; that we will get that $1.2 billion back someway through the state, either in the form of a tax or is that...? Where are you at this year on that? [LB441]

ANDY HALE: Say it? I'm sorry, I don't understand the question, Senator. [LB441]

SENATOR RIEPE: Well, last year, last year there was some discussion about hospitals paying taxes to be able to get this. [LB441]

ANDY HALE: Correct. [LB441]

SENATOR RIEPE: Do you have a position this year or is that still your opposition? [LB441]

ANDY HALE: We would still be opposed to a provider tax as we were last year. [LB441]

SENATOR RIEPE: Okay. [LB441]

ANDY HALE: Correct. [LB441]

SENATOR RIEPE: So my other point is that uncompensated piece, that $1.2 billion, is built back into commercial rates. [LB441]

ANDY HALE: Correct. I believe those would be adjusted if given this money that we could receive. [LB441]

SENATOR RIEPE: Well, rather than giving it back to the insurance companies, could we give it back to the state? [LB441]

ANDY HALE: Potentially. [LB441]

SENATOR RIEPE: Yeah. Okay. Okay. Are there any other questions? Thank you for being here. Appreciate your time. [LB441]

ANDY HALE: Thank you for your time. [LB441]

SENATOR RIEPE: Other proponents, please. [LB441]

GWENDOLEN HINES: (Exhibit 4) Good afternoon, Chairman Riepe and members of the Health and Human Services Committee. My name is Gwendolen Hines, G-w-e-n-d-o-l-e-n H-i-n-e-s. I'm testifying on behalf of the Unitarian Church in Lincoln. Everybody knows that expanding Medicaid in Nebraska will give health insurance to around 90,000 Nebraskans who currently can't afford health insurance. And everybody knows it's good to have health insurance. People with healthcare go to the doctor when they get sick and don't wait until things are out of control and they're forced to go to an ER, an ER which will not be paid. People with heart disease will get preventative care. People will get cancer screenings before it's too late and their cancer has grown to the point that it is no longer treatable. It will literally save lives. Let's see what happened in a state that did expand Medicaid. Let's look at Pennsylvania. And I have a quote from the governor of Pennsylvania. "Medicaid expansion is working in the commonwealth. More people have access to health care, thousands of jobs were created, billions of dollars were infused into the economy, and hospitals have reduced uncompensated care. Additionally, we were able to provide access to critical drug and alcohol treatment to 124,170 newly eligible Pennsylvanians, which is helping to battle the opioid and heroin public health crisis." This no longer a quote; this is a fact. There are now 4,422 more physicians, 601 more dentists, and 444 more certified registered nurse practitioners in Pennsylvania now compared to prior to when Medicaid expansion took effect in 2015. In the first year alone, healthcare providers received over $1.8 billion in payments for serving newly eligible Medicaid expansion enrollees. There was increased economic output by $2.2 billion. It resulted in an additional

estimated $53.4 million in tax revenue. Uncompensated care for Pennsylvania's general acute care hospitals had increased every year from 2001 until 2015. This trend was reversed in 2015, when Medicaid was expanded, with the dollar amount decreasing by $92 million, or 8.6 percent, in the first year. Maybe one of the biggest reasons to expand now is because of the new GOP plan. The new GOP plan states that states could continue to sign up new enrollees under the expanded Medicaid program until 2020. From that point on, beneficiaries grandfathered into the system will still receive the expanded funding provided by Obamacare. Anyone else who enrolls after that will be subject to a per capita payment from the federal government, with the states themselves paying for costs in excess of that cap. So people covered under Medicaid expansion will still be covered under the Republican healthcare plan after 2020. I have a personal story too. My son got thyroid cancer when he was 20 and had to have his thyroid removed. Now he must be constantly monitored for the rest of his life to make sure the cancer doesn't come back. If it does, it's easy to treat. Since iodine attaches itself only to thyroid cells, they just give him a big dose of radioactive iodine and that kills the cancer. He doesn't have to have general radioactivity. Just this last Christmas he was found to have cancerous thyroid cells in his body and received radioactive iodine treatment. As long as he is monitored, he has the same life expectancy as any other 21-year-old. He's now 21. If he's not monitored, his cancer could return and he could eventually die from it. He would eventually die from it. He is an acting major and will probably not have a job that provides insurance after he graduates college. He will also probably not have enough money to buy health insurance when he's young until he gets more established. The country must protect him by offering him affordable health insurance. His life depends on it. Thank you very much. [LB441]

SENATOR RIEPE: Are there questions? I have a question. [LB441]

GWENDOLEN HINES: Yes. [LB441]

SENATOR RIEPE: Has your church looked at setting up...in Omaha we have Kountze Memorial. I think it's Presbyterian. Is that your... [LB441]

SENATOR HOWARD: It's Lutheran. [LB441]

SENATOR RIEPE: Lutheran? Oh, I don't want to credit the Presbyterians. They have a partnership going with Methodist to set up a downtown clinic. I just...I always go back to the churches and say, you know, what are the churches doing? [LB441]

GWENDOLEN HINES: We don't have that. [LB441]

SENATOR RIEPE: You don't have one. [LB441]

GWENDOLEN HINES: Right. [LB441]

SENATOR RIEPE: Have they talked about it? [LB441]

GWENDOLEN HINES: No, but it's a good idea. We should talk about it. [LB441]

SENATOR RIEPE: Okay. I was just curious. Okay. Thank you very much for testifying. [LB441]

GWENDOLEN HINES: Thank you. [LB441]

SENATOR RIEPE: Do we have additional proponents? [LB441]

DEB SCHORR: (Exhibit 5) Good afternoon, Senator Riepe and members of the Health and Human Services Committee. My name is Deb Schorr, D-e-b S-c-h-o-r-r, and thank you, Senator Morfeld, for mentioning in your opening comments how important this issue is to counties. I am here on behalf of the Lancaster County Board to express our support for LB441. I'm also testifying on behalf of the Nebraska Association of County Officials and offer their support as part of my testimony. The last five years Lancaster County has spent approximately $10 million on the medical needs of our general assistance clients. Adopting LB441 will eliminate virtually all general assistance medical costs for Lancaster County, a potential annual savings of $2 million for our local property taxpayers. Additionally, expanding healthcare coverage under LB441 will greatly improve the quality and effectiveness of healthcare for our low-income citizens, as well as assisting the Lancaster County community in meeting its goal of integrating primary and behavioral health services. The results of the study conducted by the Tax Modernization Committee in 2013 indicate there's too much reliance and pressure on the real property tax. Also, the citizens of our state have sent the message loud and clear that their number one concern is high property taxes. This bill provides an opportunity to help lower property taxes by maximizing the use of federal funds. Also, Senator Crawford, you asked about corrections and healthcare costs. I would be glad to provide you with those figures for Lancaster County. [LB441]

SENATOR CRAWFORD: Thank you. [LB441]

SENATOR RIEPE: Are there questions? [LB441]

DEB SCHORR: Any questions? [LB441]

SENATOR RIEPE: Seeing none, thank you very much. [LB441]

DEB SCHORR: Thank you very much. [LB441]

SENATOR RIEPE: Additional proponents, please. Welcome. [LB441]

SARAH PARKER: Hello, Senator Riepe. [LB441]

SENATOR RIEPE: Hello. If you would state your name and spell it, please. [LB441]

SARAH PARKER: (Exhibit 6) I will certainly do that. My name is Sarah Parker, that's S-a-r-a-h P-a-r-k-e-r. I want to thank you for letting me speak to you today. I was here a year ago at about this time speaking to you about Medicaid expansion. I am one of the faces in the crowd, 1 of the 90,000-some Nebraskans who do not currently have health insurance. We are the people behind you in line at the grocery store, the one that sits in front of you at Memorial Stadium, and virtually anybody else that you can imagine. Now I think it's important for you to know that so you know how many people there are in this state that don't have health insurance. And if we were healthy, we could give back to the state. I, myself, have a bachelor's degree from Nebraska Wesleyan. I worked up until 2011 full time. Then my father, a 92-year-old World War II vet, became ill and I opted to stay home with him to help him. I took part-time jobs and temp jobs. Unfortunately, they don't offer healthcare. Now my father was able to go to South Lake Village, a lovely place, after I could no longer care for him at home, and so I tried to go back to the work force again. I'm still...I'm still doing part-time work and temporary work, no healthcare. During this time, unfortunately, I had a health scare of my own where I was hospitalized for eight days. Because of that and the astronomical healthcare bill I had with no insurance, I'm going to have to declare bankruptcy. I have no alternative, no alternative. And I'm an educated woman. I should be able to take care of myself, right? That's the way I look at it. I just want you to think about the people that are in line behind you at the grocery store, in front of you walking down the streets and wonder, are they 1 of the 90,000? They deserve quality healthcare as much as I do. Please, think about that. I want to go back to work full time and be able to pay for myself. That's important to me. That way I can give back too. So I paid into this system for most of my life. Again, I want to get back to work and help pay. But I'm asking you state senators to help give us a chance. Support LB441 so that people like me can have our best shot to get healthy, to get back to work so that we don't appear to be a burden to you. Thank you very much. [LB441]

SENATOR RIEPE: Thank you. Let's see if we have any questions. Seeing none, good to see you again. [LB441]

SARAH PARKER: All right. [LB441]

SENATOR RIEPE: Thank you. [LB441]

SARAH PARKER: Uh-huh. [LB441]

SENATOR RIEPE: Proponents. [LB441]

JUNE RYAN: (Exhibits 7 and 8) My name is June Ryan, J-u-n-e R-y-a-n, and I am here today on behalf of AARP of Nebraska. I am providing you with a written statement that I will summarize. This will be the fifth time that AARP has appeared before this committee in support of Medicaid expansion. The Supreme Court ruling in NFIB v. Sebelius found that states have the option to participate in Medicaid expansion. Nebraska has consistently chosen not to exercise that authority. We can now see the effect of these decisions. There are two charts in my written statement that provide you with information about the number of people between the ages of 19 and 64 who reside in Iowa, Colorado, and Nebraska, who have incomes below 150 percent of poverty, and who do not have health insurance. Unlike Nebraska, Iowa and Colorado have chosen to exercise the authority to extend Medicaid coverage, as authorized by the ACA. Information in these charts is provided for 2009, the year before the passage of the Affordable Care Act, and 2015, the latest year with available data. The message in these tables: Nebraska has failed a significant number of its residents by sitting on the sidelines. The drop in the number of uninsured, low-income adults in Colorado and Iowa was much greater than the drop of uninsured in Nebraska. If Nebraska had tracked Iowa's rate of reduction, there would be 31,036 uninsured, low-income adults in Nebraska in 2015. If we had tracked Colorado's rate, there would have been 53,998 fewer uninsured, low-income adults. I also want to address the effect of Medicaid expansion. I have included in my written statement a list of recent studies on the impact of Medicaid expansion. The body of evidence is growing that extending Medicaid coverage to low-income citizens provides a range of benefits, including some to state budgets. I would encourage you to review these references. The final issue that I want to address is the cost associated with LB441. A common trait of AARP members is that we are taxpayers and we want our tax dollars to be spent efficiently and effectively. According to the DAS budgetary report for FY '16, the General Fund for Medicaid was $854 million. We only spent $771 million. Thus, we budgeted $83 million more than we spent. That unexpended balance was greater than the cost listed in the highest cost year in any of the fiscal notes of the previous four bills. As we look at the proposed Medicaid budget, it appears that we will continue this trend of having more budget authority than needed to meet the existing demands of the program. We believe that it makes

sense to use these funds that have already been budgeted for healthcare for Nebraskans with limited incomes on healthcare for more Nebraskans with limited incomes through the expansion of Medicaid. We urge the committee to advance LB441 to General File. I'd be happy to answer questions. [LB441]

SENATOR RIEPE: Any questions? Seeing none, thank you very much. [LB441]

JUNE RYAN: And thank you, Senator Morfeld, for introducing this legislation and I live in your district, as you know. [LB441]

SENATOR RIEPE: Additional proponents, please. Hi. [LB441]

DEENA KEILANY: (Exhibit 9) Hello. My name is Deena Keilany, D-e-e-n-a K-e-i-l-a-n-y. I am here today because, like a lot of other people, I have no way to get health insurance. I am a 19-year-old lifelong Nebraskan. I grew up in Elkhorn and went to Elkhorn High School. My education is extremely important to me and I'm currently a full-time student at Metropolitan Community College. I serve as the student advisory council representative for the Elkhorn Valley Campus, and will be transferring to UNO next fall. I also work 25 hours a week and volunteer regularly with several community organizations. My parents have Medicaid right now but they are both ill so they cannot work. My mom has cancer and my dad has severe neurological disabilities. They are unable to provide for my family so I have to work as often as I can to make ends meet. I was also on Medicaid until I turned 19, but now I don't qualify and I can't afford private coverage. A common misconception exists that all people under the age of 26 can stay on their parents' health insurance. However, this is not the case if your parents are uninsured, have Medicaid or Medicare. Many young people like myself remain uninsured. I'm a very healthy, young person and minor medical issues should not become debilitating for me. About six months ago I had a minor ear infection, something that would have been easily treatable with a quick trip to the doctor and some antibiotics. But because I didn't have insurance and I couldn't afford to see a doctor, I decided to take a chance and let the infection heal on its own. I had a week of severe vertigo, and subsequently I have experienced hearing loss in my right ear and an increased sensitivity to benign sounds. If I had health insurance, I could get the preventative care that I need to ensure that I stay on track to reach my goals. I have aspirations of becoming a lawyer and I don't want minor health issues to get in the way of me giving back to my family and my community. Please pass LB441 to support other hardworking young Nebraskans like myself. Everyone needs and should be able to get health insurance. Thank you. [LB441]

SENATOR RIEPE: Okay. Thank you. Just a second. Do we have any questions? Thank you very much. Any more proponents, please? [LB441]

ELENA O'CONNELL: (Exhibit 10) Good afternoon. My name is Elena O'Connell, E-l-e-n-a O-'-C-o-n-n-e-l-l. I live in Omaha, Nebraska, and I am currently a full-time student at the University of Nebraska-Omaha, working towards a master's degree in social work. I am married. I have a two-year-old son, and I am due with a baby girl in June. I am currently in an unpaid full-time practicum at Nebraska Medicine, which makes it impossible for me to work any other additional hours. Because we only have one income, my family lives right above the poverty line, despite my husband working full time. We are unable to afford the family insurance plan through his work and we do not qualify for any subsidies on the marketplace, but luckily my son does qualify for Medicaid. Unfortunately, my husband and I do not. We fall into the coverage gap. Because I am pregnant, I am currently covered under Medicaid, but that will end after I have our daughter. My husband has no way to get coverage at all. Most of my adult life I have dealt with having epilepsy. It is a very frightening condition that not only causes seizures and convulsions but also anxiety surrounding social settings and the fear of seizing in public. After more than seven years of not having a seizure, I had one last June. It was very emotionally upsetting for me and was further compounded by the fact that I had no insurance at the time. Meeting with a neurologist following a seizure is critical in order to assess if there was any further brain damage and if medication needs to be started, adjusted, or changed. Luckily, I was able to access the financial assistance program through Nebraska Medicine in order to see a neurologist. I have since been put on a medication that I will have to take for the rest of my life, but it is very expensive without insurance coverage. When I have Medicaid, my medications are covered and I have regular monitoring by my neurologist, which is very critical when pregnant. After my baby is born, I will be covered for six weeks postpartum and then I will go back to paying for my medication out of pocket, which takes up a significant amount of our already tight budget. This experience of falling into the coverage gap in a state that did not expand Medicaid, while working in a hospital that serves a large number of patients without insurance, has been eye-opening, to say the very least. I see patients daily who do not have health insurance, despite being extremely poor and lacking resources, because senators have chosen not to expand Medicaid. Doctors and nurse case managers work to help their patients get discharged from the hospital, but their treatment plans are often constrained by the fact that the patient will not be able to afford the type of medication they prescribe or home healthcare needs will not be addressed or provided. This often results in rapid readmission rates for these at-risk patients at a further cost to the healthcare system. In addition, there are so many with severe and persistent mental illness in our community who are unable to access critical therapy and medication without insurance coverage. There are serious service gaps in our community and region for mental healthcare, which has dire consequences for individuals, families, and society as a whole. While I currently share in the struggle of being uninsured, I know that there is a light at the end of the tunnel for my family once I graduate and I can get a job that puts my graduate education to use. Unlike others, I have been very blessed with resources and support that many do not have. I worry about the future of uninsured people, the cost to the local healthcare system, and the impact this has had on our community. In closing, I would like to thank the committee for

hearing my testimony, and I would also like to thank the state of Nebraska for providing Medicaid coverage to my son and to me while I am pregnant. I am so grateful to have this coverage for us. Yet, it is discouraging to know that the Legislature of our state has not yet recognized the moral, ethical, societal, and economic interests of Medicaid expansion. My hope is that LB441 will pass and that all Nebraskans will have a way to get the health insurance that they need. Thank you. [LB441]

SENATOR RIEPE: Okay. Thank you very much. Are there questions? Seeing none, thank you very much. [LB441]

ELENA O'CONNELL: I thank you. [LB441]

SENATOR RIEPE: We appreciate it. Other proponents, please. Before we go on, do we...how many more proponents do we have? Okay. How many opponents do we have? I want to try to give you equal time here. (Laughter) Okay. Please, go forward. [LB441]

MARY KAY MEAGHER: (Exhibit 11) Good afternoon, Senators. I am here in...for testimony for LB441 as a member of the OTOC organization in Omaha. My name is Sister Mary Kay Meagher, M-a-r-y K-a-y M-e-a-g-h-e-r. I am a Catholic sister who is a member of a religious congregation called the Notre Dame Sisters. In my family upbringing and practice of Catholic faith, I was imbued in the principles of justice and service to our brothers and sisters. I have worked as a nurse practitioner for over 38 years, of which 30 were in the Omaha area. The last eight years were at OneWorld Community Health Center, with the majority of my time at the school-based health center at Indian Hills School. Students served were preschool through high school, with an ethnic mixture of Caucasians, Hispanics, Sudanese, and Somalians. Some were legal refugees and some undocumented, but all were of very low socioeconomic status. Many had Medicaid or were Medicaid pending. A very small percent had no other healthcare insurance, had some other healthcare insurance, and some had no coverage at all. Too many children who came to me had significant behavioral and mental health problems. Almost all had Medicaid coverage for their visits and medications. However, pertinent to the child's assessment and medication treatment is the parent/adult caretaker's involvement, especially in counseling and therapy. Over 90 percent of the children had parents or adult caretakers who had diagnosed medical...mental health issues or conditions which were either not treated or undertreated because they had no insurance coverage. Treatment of children without parental participation is less than successful. Untreated parents have a higher rate of failure for even obtaining the needed medication and lower consistency in bringing the child for regular appointments. Untreated children become unmanageable in the classroom, at times a danger to themselves, classmates, and teachers. As a result, days of school are unnecessarily missed. This is just one of the several illnesses and conditions which I treated, some major such as asthma, some minor such as ear

infections, and preventative care such as immunizations. The lack of health insurance for children and/or parents puts the health of many individuals at risk. The resulting failure to be able to seek and provide appropriate treatment in a timely fashion leads to the involvement of unnecessary EMS services and ER visits and avoidable hospitalizations which are very high in cost. And can you imagine the emotional toll on parents of being unable to provide needed care for their children? As a Catholic, I am firmly steeped in my church's firm justice teaching of human dignity. The United States Conference of Catholic Bishops, in their statement endorsing Medicaid expansion, said, and I quote, "Catholic tradition upholds healthcare as a basic right flowing from the sanctity and dignity of human life." The right to healthcare is generally accompanied by the understanding that the individual will work to procure for one's self and one's family. However, some jobs pay so little that one can work two or more jobs and still do not have enough to buy health insurance. Health insurance is the key that opens the door to both initial and ongoing care as needed. Jesus' command is to love our neighbor as ourselves. In others do...other words, do unto others what you would have them to do unto you. Covering everyone by expanding Medicaid is not only going to benefit the poor and underinsured but it is going to benefit all of us clinically, emotionally, and economically. Thank you very much for your attention. [LB441]

SENATOR RIEPE: Thank you, Sister. Are there people that...? Senator Howard. [LB441]

SENATOR HOWARD: Thank you, Senator Riepe. I just wanted to say, Sister Mary Kay, it's nice to see you. [LB441]

MARY KAY MEAGHER: Nice to see you too. [LB441]

SENATOR HOWARD: I thought you were supposed to be retired and taking a break from things but I'm glad to see that you're staying busy. [LB441]

MARY KAY MEAGHER: Thank you. [LB441]

SENATOR HOWARD: Thank you. [LB441]

SENATOR RIEPE: Are there other comments or questions? Hearing none, thank you very much for being with us. More of the proponents. Please, name and go ahead. [LB441]

ANDREA SKOLKIN: (Exhibit 12) Good afternoon, committee members, Chairman Riepe. My name is Andrea Skolkin, A-n-d-r-e-a S-k-o-l-k-i-n, and I am the chief executive officer of OneWorld Community Health Centers but here today on behalf of Nebraska's seven community

federally qualified community health centers, and I'll name them: OneWorld and Charles Drew in Omaha, People's Health Center in Lincoln, Good Neighbor Community Health Center in Columbus, Midtown Health Center in Norfolk, Heartland Community Health Center in Grand Island, and Community Action Partnership in Western Nebraska. Our health centers are nonprofit, community-based organizations that provide quality medical, dental, behavioral health, pharmacy, and support services to persons of all ages. We are a healthcare home for many of Nebraska's low-income families. I'm here today in strong support of LB441. Nebraska's health centers in 2016 cared for 76,000 patients: 70 percent of our patients were racial and ethnic minorities; 93 percent lived at or below 200 percent of poverty, which is $49,200 for a family of four. We are the state's primary care safety net. Fifty percent, and in our case more than fifty percent, of our patients are uninsured. Nationally, for community health centers that is...average is 28 percent, so as you can see we are meeting the needs of the uninsured in Nebraska. The seven community health centers serve 26 percent of the state's uninsured children and we are second only to Utah with the highest uninsured population altogether. We are not free clinics but our patients pay their fair share because we use a sliding fee scale for those that do not have access to coverage. LB441 would provide access to healthcare coverage to as many as you have heard, 100,000 uninsured Nebraskans who are currently left out of the system and not eligible for Medicaid because they make too much, the gap between the 57 percent and 138 percent of poverty. So for a family of four on the top end that's a little over $33,000 and on the low end that's a little over $14,000. These Nebraskans want what we all want, which is the peace of mind that comes with having health insurance. In addition, LB441 would allow the seven community health centers to grow our capacity because we would have a source of reimbursement and, thus, be able to spread our care further to even more working poor and low-income, vulnerable families. The Nebraska Legislature has generously supported us, in addition to our federal dollars, in the past with General Fund dollars. You have seen what we can do in terms of providing quality healthcare, including preventive care, within the Nebraska health system but we cannot cover the costs of services for all uninsured Nebraskans. Without reimbursement, state support, and philanthropy, we cannot meet the demand. Access to high-quality, affordable healthcare plays a critical role in the success of Nebraska's families and LB441 addresses this key barrier to healthcare. Thank you for your time and I'd be happy to answer questions. [LB441]

SENATOR RIEPE: Thank you. I have an initial question. You talk about home to many of Nebraska's low-income patients,... [LB441]

ANDREA SKOLKIN: Uh-huh. [LB441]

SENATOR RIEPE: ...and yet, I think that you have...I know you have one center at 120th and my understanding is you're looking at a new facility in Gretna. I'm not sure, is that...are those low-income areas? [LB441]

ANDREA SKOLKIN: Senator Riepe, that is a great question and I would like to share with you that our health center serves people that live in 74 different zip codes, which includes the western part of Douglas County. We have a clinic in the suburbs, two of...actually, three of them now, one in west Omaha, one in northwest Omaha, one in Bellevue, and one in Plattsmouth. And our data shows that 90 percent of our patients live at or below 200 percent of poverty with people coming from the western part of the county. [LB441]

SENATOR RIEPE: Okay. Are there other questions? Senator Linehan, please. [LB441]

SENATOR LINEHAN: So you're...thank you, Chairman Riepe. And thank you very much for being here. It's very kind of you. The federal government, are you given grants or reimbursed? How does your federal funding work? [LB441]

ANDREA SKOLKIN: Thank you, Senator. The federal government provides community health centers with a grant--in our case, that's 18 percent of our budget--and says go forward and do well. You need to bill your patients and the patients need to cost-share. You also need to seek state funding as well as philanthropy. Just like any nonprofit, it's a quilt of resources that make the budget. It comes as a grant and not per patient. [LB441]

SENATOR LINEHAN: So it's...is it 18 percent of your budget because you've raised that much more money or they just give you 18 percent? Is it a sliding 18 percent or is it just a...? [LB441]

ANDREA SKOLKIN: In all...every health center is different in terms of the percent of our budget. It is 18 percent because we've been able to garner other resources. [LB441]

SENATOR LINEHAN: Okay. And then when you say here, where did I want to...I'm sorry, give me a second. Seven health centers in Nebraska serve the 26 percent of the state's uninsured children. [LB441]

ANDREA SKOLKIN: Uh-huh. [LB441]

SENATOR LINEHAN: Okay. So if they're...I thought the state...I thought we took care of kids on...I mean I thought Medicare...Medicaid... [LB441]

SENATOR HOWARD: CHIP. [LB441]

SENATOR LINEHAN: ...CHIP covered...kids are covered under CHIP. [LB441]

ANDREA SKOLKIN: That is true. [LB441]

SENATOR LINEHAN: So who are these 26 percent that are not insured if they're not on CHIP? [LB441]

ANDREA SKOLKIN: There are a number of children in the state of Nebraska who are not eligible for CHIP or what used to be called Kids Connection. Some of those children, not all, would be children that may have come here or not been born in Nebraska, might have been born in another country, and so of that 26 percent, a piece of that is that. But there are also other families that, even though we push Medicaid and try to get everyone enrolled, that are not enrolled. Particularly in the rural communities, there can be a stigma with enrolling in Medicaid and so there are uninsured children in the state. [LB441]

SENATOR LINEHAN: So part of them are undocumented and part of them their parents just won't sign them up. [LB441]

ANDREA SKOLKIN: They don't...either they won't sign them up or they don't know about it. [LB441]

SENATOR LINEHAN: But you tell them about it clearly. [LB441]

ANDREA SKOLKIN: We happen to be a health center that has a team, a staff that is able to do that. Some of the other health centers do not have as wide a team as we do to be able to do that. [LB441]

SENATOR LINEHAN: Okay. All right. Okay. Thank you very much. Appreciate it. [LB441]

ANDREA SKOLKIN: Thank you. [LB441]

SENATOR RIEPE: Okay. Are there other questions? Hearing none, thank you very much for being here. [LB441]

ANDREA SKOLKIN: Thank you, Senator Riepe. [LB441]

SENATOR RIEPE: Welcome. If you would just state your name and spell it. [LB441]

PAULETTE JONES: (Exhibit 13) Hi. Good afternoon, members of the Health and Human Services Committee. My name is Paulette Jones, P-a-u-l-e-t-t-e J-o-n-e-s. I was 1 of the 97,000 Nebraskans who fell in the Medicaid coverage gap. I just turned 65 and can now use Medicare, but years without insurance took a toll on my health. I have a four-year college degree and was employed full time for many years. I raised five children on my own and wanted to set an example for my kids and show them the value of hard work and independence. I supported them and worked my way through college and off the system. I was very proud to show my kids the importance of self-reliance. Right now, I receive a small check for Social Security retirement. Before I got Medicare, my small income put me $42 over the line where I would qualify for Medicaid. To my dismay, I also found out that I did not make enough money to get a subsidy to buy private insurance. After years of hard work, I found myself stuck with no way to afford insurance. I have struggled with several chronic health challenges, including insomnia and hypertension. I am thankful for being eligible for Medicare now, but my years without insurance took a toll on my health. I couldn't get the treatments I needed, so I had to be hospitalized for insomnia. If I had insurance then I could have gotten proper care to prevent an expensive hospital visit, which I'm still paying for now, financially and medically. I've worked hard all my life but still find myself looking for jobs at 65 years old to pay my bills. It should not take turning 65 to get healthcare. It's something that everyone needs. I was 1 of nearly 100,000 hardworking Nebraskans with stories like mine. LB441 would finally let people like me get covered by insurance. I ask you today to please support LB441. Thank you. [LB441]

SENATOR RIEPE: Thank you for being here. Are there questions from the committee? Seeing none, thank you. [LB441]

PAULETTE JONES: Thank you very much. [LB441]

SENATOR RIEPE: Next proponent, please. Welcome. Will you state your name and spell it, please? [LB441]

MELODY VACCARO: (Exhibit 14) Will do. My name is Melody Vaccaro, M-e-l-o-d-y V-a-c-c-a-r-o. Thank you for allowing me to speak with you today, Senator Riepe and committee. I am representing Nebraskans Against Gun Violence and we support LB441. As people today have said and will continue to say, we must help people without access to affordable healthcare. Nebraskans Against Gun Violence would like to echo those sentiments and include stories from people in Nebraska with insurance that faced unreachable medical costs after being shot in our state. It is unimaginable what would happen to a family without insurance facing similar circumstances. These stories speak to the moral obligation charged to state government by our state's constitution, listed in the first fundamental right, the right to be alive. Being trapped by medical costs, lack of medical access, and the reality of being out of work for extended periods

of time for recovery inhibit all three of the first inalienable rights listed in our state constitution. Paige Meyers, who's 12 years old here in Lincoln, was shot in her home on the 4th of July. A family friend came over and when his handgun fell out of his pants, it discharged and shot her. Her father was quoted in KLKN-TV News saying: Insurance is nice, but it's not enough. And then all the time going back and forth to physical therapy to the doctor, doctor, doctor, physical therapy, physical therapy, physical therapy, MRI, specialist, specialist, specialist, says Paige's father, Brian Meyer. One month after the incident, the family was having a fund-raiser so they could afford to get Paige to the Mayo Clinic for additional medical services that she needed. Deputy Mike Hutchinson was shot in the line of duty in Big Springs, Nebraska. Workers' compensation covered his medical costs from the shooting, but his insurance was revoked because he was unable to work 30 hours a week during his recovery. While trying to recover, both Deputy Hutchinson and his wife were uninsured and worried about additional unexpected medical incidents, like a car accident. He was quoted in The North Platte Telegraph saying: I didn't ask to be shot, Hutchinson said Wednesday. I was wounded on the job. I'm not asking for anything special, just don't cancel my insurance. Jared Clawson was shot in the back this year in Omaha while walking into work in January. He's a husband and father of two. He endured seven surgeries and likely to have four additional surgeries, according to the Omaha World-Herald. He's not yet three months past the shooting and the family is having to fund-raise for the overwhelming medical costs. I've told you about three Nebraskans but the reality is that according to Gun Violence Archive at least 488 people have survived a gunshot wound from 2014 to 2016, the past three years. And as you can see, a single gunshot wound can severely cripple a family's ability to thrive. Please do your part to help Nebraskans by expanding access to insurance. It is my hope that one day everyone in Nebraska will have a health plan that covers their medical bills without requiring the family to plan and hold community fund-raisers. LB441 would put us in the right direction and we ask you to send this bill to General File. Thank you. [LB441]

SENATOR RIEPE: Thank you. Are there people...committee members that have questions? Hearing none, thank you. Thank you for your information. Next proponent, please. [LB441]

MARY SPURGEON: (Exhibit 15) My name is Mary, M-a-r-y, Spurgeon, S-p-u-r-g-e-o-n. Members of the Health and Human Services Committee, I come before you today speaking as a citizen of Nebraska. For the well-being of the entire state of Nebraska, I urge you to support LB441 and move it out of committee. Over the past four years I have learned a lot about this issue. I've learned that the intent of the Affordable Care Act, the ACA, was to provide health insurance, and thereby healthcare, to all citizens no matter how little money they earn. The writers must have taken the last phrase of the pledge to the flag, "with justice for all," to heart. But because of bad lawyering in construction of the ACA law, i.e., sloppy writing, it became the responsibility of individual states to decide to expand Medicaid in order to cover the working poor. In Nebraska, the folks in this coverage gap number around 90,000. That's about how many

people fill Husker Stadium on a football game day, isn't it? If all of them lived in one locality they would make the third largest city in Nebraska into the fourth. Imagine, 90,000 people, most of them employed, most of them paying federal taxes who get no timely healthcare because the state in which they live and work, in which they have pride and care about, won't pass a law to accept federal monies to provide them with it. Imagine, 90,000 people who are someone's child, sibling, parent, grandparent, aunt, uncle, cousin, neighbor, employee, renter, customer, or friend. Imagine the ripples that go through the lives of adjacent people when 1 of these 90,000 individuals becomes seriously ill or dies because they had no access to timely medical care. They are true Nebraskans. They have pride. If they can't pay for care, they aren't going to the doctor until they are scared and at death's door. Then they regretfully struggle to the ER where their care, whether they live or die, is so much more expensive than a timely intervention would have been, that those of us who wind up paying for it, thee and me and every other person who has a health insurance policy, should view it as punishment for our lapse in moral behavior on this issue, because that's what it is. I feel bad about it. In my elementary social studies class I was repeatedly taught that people are the greatest natural resource of any geographical region. When we fail to care for and provide for our people, we are failing to be good stewards. When we fail in the stewardship role, we don't deserve the label "conservative," for we are conserving nothing. Currently, we have 90,000 weakened, vulnerable parts in the body that we call Nebraska, and we do nothing about it. But we say we want people to come and stay here in Nebraska. Really? If Nebraska is to fail for the working poor of our state, then the state needs to vet any business considering moving here if they are to seek a tax break. If the business can't pay a living wage to every one of their employees, from the CEO down to the person who cleans the toilets, and provide them with good health insurance, then that business is likely to be a drain on the public services and private charities of Nebraska. They should go somewhere else. Finally, I strongly suggest that the committee find out the implications of not having expanded Medicaid by the time the recently proposed federal policies are put into place. Senator Ryan's "Better Way" plan says that only those states that have expanded Medicaid under the ACA would continue to receive monies for that purpose. Passage of LB441, even at this late date, might help Nebraska keep open a financial option. And I will just reiterate what was mentioned by Senator Morfeld. If we are afraid the money is going to run out in four years, then we should just give all the money away, back to the Highway Fund and every other federal money we get because, absolutely, nobody really knows what's happening with the federal government from here on out. Also, why would you take a job if you know that it's going to end in four years? Who needs that income? It just seems kind of silly to me to...that you're even talking about this and debating about it. And I know many of you have serious reservations. I've also heard people of the Legislature say, well, we take care of our own where I come from. Maybe that means we take care of our own people as long as they have health insurance. Let me tell you, when this ends, every local locality is going to be a world of hurt if this is not addressed now. So I don't know how I can be plainer about that. Four years, it's pretty clear to me. Thank you for your time and attention. [LB441]

SENATOR RIEPE: Thank you. Are there any questions from the committee members? Seeing none, thank you very much. [LB441]

MARY SPURGEON: Thank you. [LB441]

SENATOR RIEPE: Next proponent. Sir. [LB441]

JOHN CAVANAUGH: Mr. Chairman, members of the committee, my name is John Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h. I live at 3425 South 94th Avenue and I'm here representing the Holland Children's Movement which is a not-for-profit organization founded by Richard Holland to advocate for low-income children and families. I want to commend Senator Morfeld for introducing LB441 and I really want to just say to this committee, amid all of the uncertainty that surrounds healthcare in America today, you can focus on two things that are certain: that this population exists in Nebraska without healthcare; and that for the next two years, which is the duration of this, these federal funds will be available to serve that population. I think if you boil it down to those two central realities, this becomes a much easier decision. What we do know is that we have a lot of fellow Nebraskans, 90,000 or more, unserved currently by healthcare. We know that these people are among our low-wage working poor and you, I think, had dramatic testimony today in terms of the reality of their daily lives. You have the unique ability to solve this problem in the foreseeable future and the ripples from solving this problem can be nothing but positive. There are no losers under LB441. As Senator Morfeld indicated, it's $170 million of Nebraska federal tax dollars coming back into the state. Those federal tax dollars will go to our hospitals, our doctors, our healthcare providers, and into our economy with all of the rippling effects that that has, and it has the overwhelming benefit of serving people who otherwise have no opportunity for healthcare. So I strongly urge you to advance LB441 and hopefully convince the Legislature that it's time to pass LB441. Thank you very much. [LB441]

SENATOR RIEPE: Hold on, sir. Are there questions? Seeing none, thank you, Congressman. [LB441]

JOHN CAVANAUGH: Thank you. [LB441]

CHERYL FRICKEL: (Exhibit 16) Hello. My name is Cheryl Frickel, C-h-e-r-y-l F-r-i-c-k-e-l. Senator Morfeld, thank you for introducing LB441 and thank you for having me here today, Senators. Again, my name is Cheryl Frickel and I'm an occupational therapist here in Omaha, Nebraska. [LB441]

SENATOR RIEPE: Can you spell your name for us? [LB441]

CHERYL FRICKEL: Yeah. C-h-e-r-y-l F-r-i-c-k-e-l. [LB441]

SENATOR RIEPE: Thank you. [LB441]

CHERYL FRICKEL: You're welcome. I am also the lobbyist for Nebraska Occupational Therapy Association and I'm here today to testify in support of LB441. Part of the mission of NOTA is to advocate for health and well-being of all Nebraskans. We are committed to that mission through the scope of occupational therapy to enhance the health of our citizens and communities. As occupational therapists, we strive and commit our skilled services to positively influence our patients by providing them with the skills, adaptations, and education in order to return home as independently as possible, to be at their prior level of function. This may be because of experiencing illness, disability, injury, or a lifestyle change. NOTA supports LB441 because we believe that all people of Nebraska deserve the right to access healthcare that would provide assistance to care and preventative care. The low-income Nebraskans need our help and should have the same opportunity in order to receive health coverage and function at their best in the state of Nebraska. This is true for receiving not only OT services but basic healthcare needs, such as preventative checkups, health screens, or other needed visits to primary care providers. As cited by Dr. Jenkins' "Nebraska Medicaid Expansion," the uninsured are likely to underuse preventative care, miss recommended screenings, or delay the needed care for economic reasons. By the time they seek medical care, they are sicker and require more expensive treatment over the long term. As Nebraska Appleseed mentioned, right now more than 90,000 people fall into the Medicaid gap. NOTA supports closing this gap. Basic health needs of thousands should be covered now in order to decrease the burden of cost associated with health complications not addressed through preventative care. The rising cost of care will only have a negative effect on Nebraska. Too many people are unable to complete medical visits for the most basic needs due to not having healthcare coverage. Although the future of Affordable Care Act is uncertain, we can be a standard for the nation in standing with our citizens who are the greatest need. To the committee, we, NOTA, thank you for past legislation that protects the good people of each of your districts and we, therefore, ask the committee to advance LB441. As well as being an occupational therapist, I see patients every day at a hospital and skilled nursing facility. Working with my colleagues, we share stories of patients that we've had to turn away for services as well and the biggest thing is that preventative care. We really strive on the health and well-being and quality of life. So I'm open to any questions and if I don't have the answer right now, I can send that to you as well. [LB441]

SENATOR RIEPE: Are there questions from the committee members? Seeing none, thank you very much for your testimony. [LB441]

CHERYL FRICKEL: Thank you. [LB441]

SENATOR RIEPE: Additional proponents, please. [LB441]

ELSA RAMON-MOODY: (Exhibit 17) Good afternoon, Senators. Thank you for listening to me today. My name is Elsa Ramon-Moody, E-l-s-a R-a-m-o-n-M-o-o-d-y. [LB441]

SENATOR RIEPE: Thank you. [LB441]

ELSA RAMON-MOODY: I may not follow exactly what this is because, as I've listened here to a lot of testimony, I've had a lot of ideas come through. In a nutshell, I have been in Nebraska for a couple years. I have always worked. I am trained as a paralegal and I have always had responsible employment. I'm also 57 years old. I am very ill with diabetes and I have accessed OneWorld Community Centers and some other that help bridge the gap with my healthcare. I can tell you that I am probably going blind, have cardiac problems, and all the other issues that come with bad healthcare. Most of it is due to cost because I cannot afford to see an endocrinologist or any other specialist to help me evaluate where I'm at right now. I'm here to urge you to pass this bill into the floor. My, ironically, my church is the home church of our Governor here. So I find it extremely ironic, because I, too, am a Catholic, that I find myself, as other people do, in this situation without adequate healthcare. I fall into that gap that everybody falls into where you don't make enough or you make too little to be able to access it. So I have to rely on the community centers for healthcare, which is something that is advocated strongly and that is questioned. I wish to be a productive member of society and I refuse to believe that at 57, due to this diagnosis, my life span is getting shortened due to the availability to have healthcare. I am planning on attending school for long-term care administration, which is nursing home administration, and I hope to be active in the work force for 10, 15, maybe 20 more years. So I don't really have much else to say other than I want to be a valuable member of society here in Nebraska and I do urge you to consider this bill. Many people have given many, many different reasons for why it should pass but, more importantly, it is to keep us all healthy and productive members of society. [LB441]

SENATOR RIEPE: Thank you for your testimony. [LB441]

ELSA RAMON-MOODY: Thank you. [LB441]

SENATOR RIEPE: Senator Crawford. [LB441]

SENATOR CRAWFORD: Thank you, Chairman Riepe. And thank you, Ms. Ramon-Moody, is it? [LB441]

ELSA RAMON-MOODY: Yes. [LB441]

SENATOR CRAWFORD: For being here today and sharing your story. And I'm very glad to see that your amazing daughter is in a wonderful nursing program. [LB441]

ELSA RAMON-MOODY: Yes. [LB441]

SENATOR CRAWFORD: And I hope she will increase our work force in the state as well. [LB441]

ELSA RAMON-MOODY: Absolutely. We're committed to... [LB441]

SENATOR CRAWFORD: Yes. [LB441]

ELSA RAMON-MOODY: ...to diversity and also to providing healthcare for underserved populations and this is a very important piece of it. [LB441]

SENATOR CRAWFORD: So I also just thank you for sharing your personal story,... [LB441]

ELSA RAMON-MOODY: Thank you. [LB441]

SENATOR CRAWFORD: ...because that's really an important part of understanding the issue and, in particular, the issue when there is a chronic condition like this. [LB441]

ELSA RAMON-MOODY: Yes. [LB441]

SENATOR CRAWFORD: And so I appreciate you sharing that in terms of there is, and we're very grateful for, clinics and the places that you can go... [LB441]

ELSA RAMON-MOODY: Absolutely. [LB441]

SENATOR CRAWFORD: ...occasionally. But something like diabetes is a very difficult...it is a difficult situation and it's not something that a church clinic or other clinic can really address adequately. [LB441]

ELSA RAMON-MOODY: Yes. And I understand, coming from, you know, the legal field the complexities of the laws and the politics and the this and that, that at the end of the day we're just not getting healthcare, we're not getting the appropriate healthcare because it stops at an office visit. I have a prescription for a medication for diabetes that costs $400 that I can't afford. So you know if I had a copay then...a reasonable copay I could obviously depend on that every day. My daughter thinks you're going to die of this disease and I see the diminished capabilities that I have, and that's just for myself. There are people that have many, many worse diagnoses. [LB441]

SENATOR CRAWFORD: Thank you. [LB441]

ELSA RAMON-MOODY: Thanks. [LB441]

SENATOR RIEPE: Have you talked to your local pharmacist? Because oftentimes for low-income people, there are pharmaceutical companies that do make accommodation. I would encourage you to do that if you haven't. [LB441]

ELSA RAMON-MOODY: I have looked into it. I'm still pursuing that, but it's also trying to find a needle in a haystack because not everybody, you know, there's a great need and not everybody always has these available. But yes. [LB441]

SENATOR RIEPE: Okay. [LB441]

ELSA RAMON-MOODY: Thank you for the suggestion. [LB441]

SENATOR RIEPE: Thank you for your testimony. Are there other questions of the committee? Hearing none, thank you. [LB441]

ELSA RAMON-MOODY: Thank you. [LB441]

SENATOR RIEPE: More proponents, please. [LB441]

SHAWN MURPHY: Senator, committee, thanks for allowing me. Shawn Murphy is my name, S-h-a-w-n, last name Murphy, M-u-r-p-h-y. I am from rural Hall County, Nebraska. I come to you in multiple aspects. I am a gap filler, as I call it, and I am a convicted felon, and I am a single parent. So once I had moved past my incarcerated time, I have become an intricate part of our community, all tri-area counties there. I work with all the youth groups in town. I facilitate them.

I work with troubled kids. I do decision making and family living classes for the youth, and I run a football organization with about 130 kids right now. I have no insurance. I am in a position where if something comes up in my life and I need medical assistance, I either go to an emergency room or I go without. There is no preventative. There is no primary care physician. And I do worry about that with my young children. My youngest came in today. I've had him since he was nine days old. Not sure what he would do without me. I've had many medical problems. I have probably $8,000 to $10,000 in medical bills alone right now in collection agencies that I make small payments to. Being well known in the community, the judges have worked with me. They have assisted me in setting up payment plans. But at the end of the day, I know when I was incarcerated, if something went wrong I was always taken care of. I am not anymore. I work, I pay taxes, I raise my children and I can't get taken care of, and that's a hard one to swallow. I help my community and luckily there's places like the lady a couple ahead of me. I do go to Heartland Health Center. They are out there in that community and they are helping people. But I will like to go to sleep at night knowing I can be there for my children and I will always, always be able to give them what they need. And I would be honored to answer any questions from you guys. [LB441]

SENATOR RIEPE: Thank you very much. Questions? I have a question. Are your children under the CHIP program? [LB441]

SHAWN MURPHY: Yes. [LB441]

SENATOR RIEPE: They are covered, okay. [LB441]

SHAWN MURPHY: Yes. [LB441]

SENATOR RIEPE: So you have a little bit of relief. [LB441]

SHAWN MURPHY: Very much so. [LB441]

SENATOR RIEPE: Okay. [LB441]

SHAWN MURPHY: And without that, I don't know what I would do because that would compound it. But you know, he's very healthy, a fabulous kid, so... [LB441]

SENATOR RIEPE: He's a good-looking kid. [LB441]

SHAWN MURPHY: He gets that from Dad. (Laughter) But, yes, I appreciate that and I know that those steps led...many steps led to that being taken care of and we are in the process of taking these steps to continue this to the rest of the gap fillers like myself. [LB441]

SENATOR RIEPE: Okay. Are there any questions? Thank you so very much for taking your time to be here. It was helpful and we appreciate it. [LB441]

SHAWN MURPHY: Thank you, Chairman and council. Thank you. [LB441]

SENATOR RIEPE: Thank you. Thanks to your boy too. Other proponents, please. [LB441]

BRAD MEURRENS: (Exhibits 18 and 19) Good afternoon, Senator Riepe, members of the Health and Human Services Committee. For the record, my name is Brad, B-r-a-d, Meurrens, M-e-u-r-r-e-n-s, and I'm the public policy director with Disability Rights Nebraska, the designated protection and advocacy organization for Nebraskans with disabilities. I'm here today in support of LB441. Medicaid is a lifeline for many people and families with disabilities. For many people or families with disabilities, it is the only way to access necessary health services, medications, etcetera. It is false to assume that all Nebraskans with disabilities and Nebraska families with disabilities are on or would be eligible for status quo Medicaid. Not all people or families with disabilities meet the current financial or other eligibility limits for traditional Medicaid. Thus, without LB441, many people or families with disabilities are left in the gap between Medicaid eligibility and the insurance exchanges. Cornell University reports that approximately 18.7 percent of noninstitutionalized persons, aged 21 to 64 years, with a disability in Nebraska were uninsured in 2013, which is approximately 17,300 people. The National Association of State Mental Health Program Directors reports about 25 percent of people in the coverage gap have a mental health need. The American Mental Health Counselors Association describes, quote: About one in six currently uninsured adults with incomes below 138 percent of the federal poverty level has a serious mental illness. When persons with mental health conditions or substance use disorders do not receive the proper treatment and supportive services they need, crisis situations often arise, affecting individuals, families, schools, and communities. Health insurance coverage can help people long before they find themselves in a crisis situation, end quote. Medicaid expansion would uniquely benefit people with disabilities in additional ways. One, Medicaid expansion would allow people with disabilities to accumulate assets which translates into better quality of life and health. Research by Jean Hall indicates that, quote: Enrolling in expansion coverage may be financially advantageous for people with disabilities in allowing them to accumulate assets over the usual Medicaid limit. Having greater assets is independently associated with better quality of life and health. Two, current financial eligibility limits create and support a system of forced impoverishment for people and families with disabilities. Medicaid expansion would create pathways for people and families with disabilities

to become more self-sufficient. With the higher unemployment rate for people with disabilities than that of their peers without disabilities, relying on employer-based insurance is no panacea. People with disabilities are forced to refrain from seeking work or taking a raise, quit work so that the individual or family income does not approach the Medicaid financial eligibility ceiling. People with disabilities are more likely to be employed in those states which have adopted Medicaid expansion. Three, Medicaid expansion creates a path for discharged inmates to access needed healthcare. Access to healthcare is often limited or nonexistent after release from jail or prison. This is an especially pernicious situation for those prisoners who had received treatment or medications while in prison but lose that treatment once in the community. A lack of health insurance complicates the ability of former inmates with mental illness to seek treatment or maintain their treatment regimen, providing an outlet for a replay of the issues that brought them into contact with the criminal justice system in the first place. And for these reasons, Disability Rights Nebraska strongly recommends that LB441 be advanced. And I'd be happy to answer any questions the committee may have. [LB441]

SENATOR RIEPE: Thank you very much. Are there questions from the committee? Seeing none, thank you. [LB441]

BRAD MEURRENS: Thank you. [LB441]

SENATOR RIEPE: Additional proponents. [LB441]

JORDAN RASMUSSEN: (Exhibit 20) Good afternoon, Chairman Riepe and members of the committee. My name is Jordan Rasmussen, J-o-r-d-a-n R-a-s-m-u-s-s-e-n, and I'm testifying on behalf of the Center for Rural Affairs. Rural Nebraskans are at a distinct disadvantage in their ability to access healthcare coverage. Combined with the limited availability of healthcare providers and facilities, this disadvantage grows as consideration is given to the economics of healthcare access. These economic factors limit access to healthcare coverage and place a greater number of rural residents in the coverage gap. Ultimately, this inability to access adequate healthcare coverage not only places individuals in peril but also the rural communities they call home. Rural Nebraska's economy is built almost exclusively on small businesses and their employees. Of Nebraska's businesses with 50 or fewer employees, only 18.8 percent offer insurance coverage. This leaves the majority of workers to pay premium or other out-of-pocket costs for healthcare insurance coverage. A recent Kaiser Family Foundation report found that 37 percent of households with incomes below $50,000 reported difficulty in paying medical bills. In perspective, Nebraska's median household income is $52,997. Failing to expand access to healthcare insurance forces healthcare providers to provide uncompensated care. Without an insurance payer or individual to pay for care, providers have to write off the costs as...either as bad debt or charity care. Insurers ultimately shift the cost to their policyholders through higher

premiums. Beyond increased premium costs passed on to consumers is the burden faced by rural and critical access hospitals. Fourteen percent of rural hospitals' gross revenue comes from medical payments, excuse me, Medicaid payments. For many hospitals, the ability to provide services to Medicaid patients allows them to remain viable. When rural hospitals face closure it's not only residents in the coverage gap that are left without access to care. When a hospital closes, an economic and social void is left in the community. Hospitals and clinics are significant economic employment drivers in rural communities. As was noted by the University of Nebraska-Kearney study, when the only hospital in a community is closed, a 4 percent drop in per capita income results, as well as a 1.6 percent increase in unemployment. Despite the actions at the federal level to appeal the Affordable Care Act, tens of thousands of Nebraskans remain without insurance coverage. Expanding Medicaid today will only...will allow uninsured Nebraskans to receive the support they need while more easily transitioning into the new system of care being developed by Congress. Thank you for your time and I'd welcome your questions. [LB441]

SENATOR RIEPE: Are there questions? I have a couple questions. One, I see you talked about the, I think, a university study just recently... [LB441]

JORDAN RASMUSSEN: Yes. [LB441]

SENATOR RIEPE: ...about...but it sounded more like it wasn't around healthcare; it was more about employment. [LB441]

JORDAN RASMUSSEN: So it is...encompasses both pieces. I can't repeat many of the pieces of it verbatim, but it covers multiple facets of the importance of rural hospitals and rural access to healthcare in communities and the economic factors as well, so. [LB441]

SENATOR RIEPE: My understanding is that many of the employees of the hospitals are spouses of the farmers and that's how they get their health insurance. [LB441]

JORDAN RASMUSSEN: Yes. [LB441]

SENATOR RIEPE: But these are supposed to be health centers and not employment centers. The other one that I have a concern about is in its own...well, the pages aren't numbered here but it talks in here about the, you know, guarantees. Medicaid, CMS, has said that 20 percent of the rural hospitals should close, not necessarily 20 percent in Nebraska. They're saying 20 percent in the country. [LB441]

JORDAN RASMUSSEN: Correct. [LB441]

SENATOR RIEPE: So, you know, there is some economic principle of the strong will survive. There's also, when I look at it, and in my office I have a folder and every time I see a rural hospital that's building a brand new hospital or a brand new $13 (million), $15 million facility, I put it in my folder. And I could go through there. There's Beatrice. There's Wayne. There's I think Schuyler. So my point is I find it then difficult to believe that there's financial distress when major construction and new replacements are going on. So... [LB441]

JORDAN RASMUSSEN: Okay. [LB441]

SENATOR RIEPE: ...do you have a response? [LB441]

JORDAN RASMUSSEN: So I'm not familiar with all the hospitals, the new hospital developments that... [LB441]

SENATOR RIEPE: I can share my folder. [LB441]

JORDAN RASMUSSEN: Okay. (Laugh) That would be great. So I'm not sure of all the pieces, but some of those that you have mentioned I know that I've looked at...we've looked at some of the hospitals that are in financial distress and those that you mentioned were not on that list. But I know there are examples, too, like Saunders County, where I'm from, they built that facility and now it's financially...it's struggling. So, yes, I don't understand all the economics of that so I don't have a great answer. But, yes, that's a valid point to bring forward that...but also it's not just simply those that are in the Medicaid gap that that hospital serves. I mean we have to look at the broader population as well. [LB441]

SENATOR RIEPE: Okay. Senator Erdman, please. [LB441]

SENATOR ERDMAN: Thank you, Senator Riepe. So those hospitals that are struggling in those areas where they're not doing well, would it be a fair assumption to assume it may be a management problem? [LB441]

JORDAN RASMUSSEN: I'm not sure. I think there's lots of varied situations as to why they would be struggling, so. [LB441]

SENATOR ERDMAN: If they are a business like all other businesses and they're run correctly, they should make money, right? [LB441]

JORDAN RASMUSSEN: Yes, they should. There's also, in rural communities, there's also the concern of the population. There's not the quantity of patients that are able to go there and make use of those services and so that's an impact as well. But, yes, it's multifaceted and I don't know all the details of most of those. [LB441]

SENATOR ERDMAN: I live in a community of 1,400 people. We've added on to our community hospital three times in the last ten years. We're making money. We have good management. [LB441]

JORDAN RASMUSSEN: Okay. [LB441]

SENATOR ERDMAN: That makes the difference between making it and not making it. And so we're a very small community and we're doing quite well. Thank you. [LB441]

JORDAN RASMUSSEN: That's a good deal. [LB441]

SENATOR RIEPE: Okay. Are there additional questions? Thank you. [LB441]

JORDAN RASMUSSEN: Thank you. [LB441]

SENATOR RIEPE: Thank you for being here. Yes, sir. [LB441]

DON WESELY: (Exhibit 21) Mr. Chairman, members of the Health and Human Services Committee, for the record, my name is Don Wesely, D-o-n W-e-s-e-l-y. I'm here representing the Nebraska Nurses Association. I'm distributing a letter from the Nurses Association in support of the bill. I'll let you read it. It was very well written by Melissa Florell. I want to note that for the record. I also want to thank Senator Morfeld for introducing this bill and for your attentiveness this afternoon. There's a lot of people that care deeply about this issue. You gave them your attention and serious consideration and I appreciate that. I'm going to just cover a couple of thoughts for you. And I was impressed by the testimony. They covered a lot of ground for you. Number one, there is a gap in insurance coverage. There's a lot of folks that are uninsured. We need to figure out some way to get them coverage. That includes those that have insurance actually. And, Senator Kolterman, you're right about that deductible. My daughter has got a $7,000 deductible. She's up in Seattle. She's an architect. She's a professional. But her insurance is inadequate. She's in a small firm and her finances aren't adequate and I'm trying to help out

with that. It's hard to see somebody you care about not being able to get tested and treated when they need it. So that needs to be addressed as well. There's a lot in the healthcare system that needs to be addressed and I think the new administration and the new Congress and this discussion about what to do next is timely. So this issue before you is timely. We've been fighting for eight years over the past in a sense with the fight over Obamacare and all the discussion about repeal and everything. We haven't really gotten together to talk about the future, and that's what we need to do here. That's what they need to do in Washington. What is the future going to look like? We don't know for sure what's going to happen with this expansion of Medicaid but it looks like right now they'll go four years with the current situation and figure out things as they go along. One way you could take advantage of this situation of uncertainty in the future would be to put a sunset clause on this particular aspect of the bill, where you would provide for the four years that it looks like we'll be covered and then July 1, 2021, have that section sunset. And we'll figure out what's going on, we'll see. And if it's justified to continue, if the match is still there, you know, you can take that action again in a few years. But in the meantime, take advantage of what is offered by the federal government. The reason I mention that is you've heard before on some rate issues we've had before you with some legislation about using the Medicare rate to cover things and Medicaid and whatever and insurance rates. The lowest cost rate now paid to healthcare providers is Medicaid. The cheapest way to cover people that have medical needs is Medicaid. They have the lowest rate, they'll be the least costly, and you'll have a 90 percent match by the federal government. If we're going to address some of the concerns these individuals have that don't have insurance there's no way to do it at a cheaper rate. Yeah, it's still expensive. I mean that's a lot of money. But honestly, if we could for four years take advantage of that match, of the low rates paid by Medicaid, take a look at that time, whether it continues or not, and in the meantime figure out some of these other things like the deductibles and other things that people have with insurance. I think that's the best way forward for us in Nebraska right now. And again, a lot of decisions are being made by the federal government. We're not sure what they will be. I'm going to leave it at that. Those are just some thoughts. You have a hard task. It's a hard job, I know very well, but I thank you so much for taking the time in thinking about this and working on it. [LB441]

SENATOR RIEPE: Okay. Are there questions? Yes, sir, Senator Williams. [LB441]

SENATOR WILLIAMS: Thank you, Chairman Riepe. And thank you, Senator Wesely, for being here. You do bring a great deal of experience and knowledge, in particular in your previous roles of governing. One of the concerns that I have and a question that I'll have that I would like to pose to you, in your experience, have we ever had a situation where we have granted a significant entitlement of some kind that then we've had to take away and been able to take away? [LB441]

DON WESELY: You know, that's a really good question. And if it's happened, it doesn't come to mind very quickly. That's why I'm suggesting you build it into the law. If you have a sunset then you don't have to take...it is automatically taken away. Because if you don't do that, frankly, it's going to be awfully hard to change. And you're seeing it right now with Obamacare. It's really hard once you grant a benefit of any kind. You're seeing it in retirement. I mean that's why you've got to be so careful before you pass anything, any sort of benefit, any sort of program or assistance, because it is awfully hard to change in the future. So making that first step is very important and that's why I'm suggesting a sunset. [LB441]

SENATOR WILLIAMS: Thank you, sir. [LB441]

SENATOR RIEPE: Is what you're suggesting, now you've been the mayor of Lincoln, you've been a state senator, you've been a lot of things so you've been very politically active. So is it your proposal that if we were to sunset it we would make it after all of us are out of office? [LB441]

DON WESELY: (Laughter) It would help. No. I'm saying that that four years, because right now it looks like that's what's they're going to fund, and then they're going to make a change. So that's the only reason I picked that date. [LB441]

SENATOR RIEPE: I share Senator Williams' question. Now takeaways are real tough. [LB441]

DON WESELY: They are tough, but if it's in the law... [LB441]

SENATOR RIEPE: Ask the cosmetologists, right? [LB441]

DON WESELY: Yeah. But if it's in the law, it's much easier to, if things change and it doesn't make sense anymore, to stop it, so. [LB441]

SENATOR RIEPE: Okay. It's always good to see you. Thank you for your testimony. [LB441]

DON WESELY: Thank you. [LB441]

SENATOR RIEPE: It's always good. [LB441]

DON WESELY: Thank you. [LB441]

SENATOR RIEPE: Any other proponents? No more proponents? Okay, anyone in opposition that would like to talk? Director Lynch. [LB441]

CALDER LYNCH: (Exhibit 22) Thank you, Senator. Thank you, Chairman, members of the committee. My name is Calder Lynch, C-a-l-d-e-r L-y-n-c-h, and I am the director of the Division of Medicaid and Long-Term Care in the Department of Health and Human Services, and I'm here to testify in opposition to LB441, a bill which would require the department to adopt the Medicaid expansion as it currently exists in the Affordable Care Act. Specifically, this bill would require us to submit a state plan amendment to the federal government to expand eligibility to all nonelderly adults up to 138 percent of the federal poverty level. The state Medicaid program provides healthcare coverage to most vulnerable in Nebraskans: children, pregnant women, the elderly, and persons with disabilities. The ACA originally forced states to expand coverage to adults up to 138 percent of the federal poverty level. A later Supreme Court ruling struck down this mandate, giving states the option to expand their programs. I have serious concerns with the expansion of the program, both from a fiscal and policy perspective. I have additional concerns about expanding the program at this time when the new federal administration and Congress have indicated that there will be major changes to the ACA and to Medicaid financing. In 2000, Medicaid expenditures in Nebraska totaled $983 million. Today, expenditures are now well over $2 billion. While it is very difficult to accurately determine the total cost of a Medicaid expansion due to many unknowns, MLTC, the Division of Medicaid and Long-Term Care, has worked to develop a reasonable estimate using the data from our previous actuarial reports and the cost to expand the program as outlined in this bill. Medicaid estimates that the expansion proposed in LB441 would cost the state nearly $600 million in new state spending during its first ten years, adding nearly 100,000 individuals to Medicaid or state...to Medicaid by June 2028. The annual state share of costs will rise to over $60 million by 2022 and $75 million annually by 2027. This cost would not include any provider rate increases to ensure access to services to this new population which, if enacted, would further increase the cost of the program. Additionally, by the time the provisions of LB441 are operational, it is likely that there will be major changes to the Medicaid program by Congress and the new federal administration. One of the first executive orders issued by the President stated his intent to repeal and replace the ACA, including the adult Medicaid expansion. There are several proposals for replacing the ACA currently before Congress, the first of which was released Monday. And these proposals range from completely repealing the expansion to having the federal match for the expansion phased down to the state's traditional match rate. This means that the annual state share of the cost for LB441 could quickly exceed $300 million or more in new annual state spending. It is unclear at this point if federal financial participation in an adult Medicaid expansion program would continue to be available in the future. By time the provisions of this bill are operational, the state cost for this program might increase significantly beyond the $600 million in General Fund costs that we projected over the next ten years. For all these reasons I oppose LB441 and believe it would be more prudent for the state to continue participating in the national

conversation regarding the plans for repeal and replacement of the ACA and to make decisions about changes to the program after we have a clearer picture of the path ahead. Thank you for the opportunity to testify before you today. I ask that you indefinitely postpone LB441 and I'm happy to answer any questions you may have. [LB441]

SENATOR RIEPE: Thank you. Are there questions? Senator... [LB441]

SENATOR CRAWFORD: No, go ahead. [LB441]

SENATOR RIEPE: ...Crawford. No, go ahead. [LB441]

SENATOR CRAWFORD: So I just wanted to note the testimony notes that there are currently many plans before Congress and you note that the proposals range from completely repealing expansion to having a federal...having the federal match go down to the state's traditional match. So that's from nothing on expansion to having the match go to the federal match rate. Isn't it true that the current proposals include a broader range, including several of those proposals keeping the 90 percent match rate? [LB441]

CALDER LYNCH: I am speaking to there are a lot of competing ideas, obviously, about the replacement, Senator. Thank you. The proposals that I'm speaking to are the ones that have been introduced by the leadership in Congress and they vary, do widely. The one that's being marked up currently would phase out the enhanced match for any new enrollees after 2020, as well as anybody that had come off and then come back on. That's the proposal that has the support of the President and the Speaker at this point. [LB441]

SENATOR CRAWFORD: But the...I'm just pointing at the...and it could be a poor choice of words in saying it's the range. I'm saying the range of those proposed is broader than the range that you referred to in your testimony. Isn't that fair? [LB441]

CALDER LYNCH: I think that's fair. [LB441]

SENATOR CRAWFORD: Yes. [LB441]

CALDER LYNCH: Yes. [LB441]

SENATOR CRAWFORD: Thank you. [LB441]

SENATOR RIEPE: Senator Linehan, please. [LB441]

SENATOR LINEHAN: Thank you, Mr. Chairman. Thank you, Mr. Lynch, for being here today. Can you explain the difference here between your fiscal note or why yours is considerably higher, if I'm reading this right, than the Legislative Fiscal Office? [LB441]

CALDER LYNCH: Sure. Absolutely. Thank you, Senator. I'd first want to highlight that the, you know, if you look, the majority of the information contained in both our fiscal note and the one prepared by the LFO are very similar and, if not, in some cases identical. But there are some key differences. There's a slight differential of the population in the uptake figures in terms of the number of folks that will enroll over time. And that can actually have, even though they're small numbers in terms of enrollees, they can have large differences in terms of cost. But the biggest driver of the difference are the assumptions around the offsetting savings for Medicaid expansion. The Legislative Fiscal Office's fiscal note almost doubles, I believe, the estimated savings in behavioral health and does it very quickly in terms of I think about $10 million in the first year. And that's concerning to us with regard to cutting those behavioral health funds so quickly without knowing what that uptick would look like in terms of enrollment and what those continued needs would be for state-funded behavioral health services. So that's probably the largest driver of differences. There's also the Legislative Fiscal Office assumed lower administrative costs than what the department proposed in its fiscal note in terms of the number of staffing and personnel that would be necessary to carry out the activities related to expansion. The original fiscal note which I think has since been updated also included revenue from the health plan insurance tax, which actually don't apply to Medicaid plans. And I believe Director Ramge is here and can explain some of that as well. But I think it's since been revised to remove that revenue. [LB441]

SENATOR LINEHAN: Does the department have any concerns that...and I know these are all hard cases, they are, but if somebody doesn't have health insurance and then all of a sudden, and we call it insurance but it's not really insurance, is it? I mean how does this...I don't...we don't want to go there. But if they don't have coverage and they have to pay out of pocket and then all of a sudden they don't have to pay out of pocket, I would assume, like all things, then the usage would jump, right? [LB441]

CALDER LYNCH: We do have concern, Senator--it's a very good point--with regard to the availability for access for our folks if we were to expand the program by this much. Currently we have about 235,000 enrollees in Medicaid. This would add what we anticipate is almost 100,000. That's a significant expansion of the size of the program. And so there's concern with regard of the capacity of the existing provider networks to be able to serve those members and provide that access and, as you said, with the kind of uptick in demand that would occur when there's no

costs associated with that care. We're very limited in what we can do under federal regulations in terms of imposing cost-sharing and copayments to try to drive folks toward higher value care, dissuade things like nonemergent use of the ER. So one of the things we're hoping to see for our current enrollees is more flexibility from the federal government with regard to how we design some of those benefits to encourage better, higher value utilization of care. [LB441]

SENATOR LINEHAN: Okay. [LB441]

CALDER LYNCH: Sorry. [LB441]

SENATOR LINEHAN: Thank you very much. That's... [LB441]

SENATOR RIEPE: Okay. Senator Erdman, please. [LB441]

SENATOR ERDMAN: Thank you, Senator Riepe. Thank you, Director Lynch, for coming. So I asked this question earlier about how many people it would be. In your opinion is that 90,000 a good solid number or is it more than that? [LB441]

CALDER LYNCH: You know, I think even the Legislative Fiscal Office's note, Senator, admits that it's difficult to forecast some of these numbers. The projections that the department produced are similar. It depends on kind of how far out you look and what you estimate are how quickly folks would enroll. Under our estimate, we believe that it would start in fiscal year '18 with about 54,000 folks coming on, going up to almost 70,000 the next year, and then rising steadily from there to the 90,000 by fiscal year 2022. And then from there just sort of that normal population growth that would occur on an annual basis gets us by 2027 closer to the 100,000 figure. So I think that's in the range of what we're anticipating. [LB441]

SENATOR ERDMAN: Okay. Following up on what Senator Linehan asked brought a question to mind. If one is enrolled in this program, what does it cost them? [LB441]

CALDER LYNCH: Cost them, the individual, Senator? [LB441]

SENATOR ERDMAN: Yeah. [LB441]

CALDER LYNCH: That would depend on which services they utilize and how the program would be designed. Today, we have very limited copayments, a few dollars for prescription drugs, you know, a small copayment for some inpatient hospital admissions. Depending upon

how we designed the program and if there were additional flexibilities through the federal changes in law, there could be additional copayment share but there would not be any premiums under this proposal for folks to pay. [LB441]

SENATOR ERDMAN: So then following up what Senator Kolterman said with his...or Wesely said, his daughter had a $7,000 deductible, these people wouldn't have any deductible. [LB441]

CALDER LYNCH: That's correct, they would not have a deductible or a copayment for besides those very limited ones that we currently impose. [LB441]

SENATOR ERDMAN: That's a pretty good program. [LB441]

CALDER LYNCH: From the member's perspective, you know, there aren't a lot of costs associated up-front. You know, the cost to the state is fairly significant though when you consider the permanent per month costs. [LB441]

SENATOR ERDMAN: As has been said before, this isn't the first time something like this has been introduced. And I don't understand what...can you tell me the difference between the 915(b) (sic--1915(b)) waiver and 1115? What's the difference? Because it appears before they always used it differently, and now they describe something different. [LB441]

CALDER LYNCH: Yes, Senator, right. There are various authorities that states could operationalize a Medicaid coverage program under, including the expansion. Previous proposals that have come before this body have contemplated use of what's called an 1115 research and demonstration waiver. And the reason they called for that waiver is that it was requiring that the state, instead of just enrolling folks directly into Medicaid, enroll them into a premium assistance program in which they would pay for their cost-sharing on the exchange to purchase private insurance. The couple of states that have adopted that approach have done so, those research and demonstration waivers, those have a lot of requirements that have to be negotiated with the federal government. You've got to demonstrate budget neutrality. They're pretty cumbersome approaches. Under this proposal, we would do this through an amendment to our state plan as well as an amendment to our existing 1915(b) waiver, and that waiver does a number of things. It includes the ability to enroll individuals into a managed care delivery system so into our health plans. It also includes some services that we can't cover through our state plan. So this would require an amendment to our 1915(b) waiver in addition to an amendment to our state plan. [LB441]

SENATOR ERDMAN: Okay. [LB441]

SENATOR RIEPE: Senator Linehan, please. [LB441]

SENATOR LINEHAN: And this is subjective so I don't think you can probably--thank you--give me answer. But it seems to me one of the concerns I have with this is you've got people who are just about, hopefully, to get into where they can afford insurance and they can get on an insurance plan and they get off the bottom of the charts or the bottom of the rungs, get up a little higher. But when you have a program that gives you basically free healthcare when you're here on the ladder, you got to go way up here on the ladder if you're going to have a $7,000 deductible and $1,000 a month premium. So that's what really concerns me, is how...you get so...I don't know. A family would have to stop really hard and think about what they wanted to do if they're going to get off that, because the costs to a family of four or five and the deductible is huge. [LB441]

CALDER LYNCH: Uh-huh. [LB441]

SENATOR LINEHAN: So do you have any thoughts on that? I'm sorry. It was a question sort of. [LB441]

CALDER LYNCH: Senator, no, it's a great point and I think it's one that has to be part of the conversation that's happening nationally with regard to how do we design these programs in a way that encourage and lift folks up, you know, out of poverty and give them that ladder to do so, rather than create benefit cliffs where, you know, $1 over and you lose a tremendous amount of assistance and that creates disincentives for folks to continue to lift themselves up out of poverty. I think that's a struggle we have today with some of the programs that we have. It's a struggle under the design of the ACA with regard to how they tier some of those assistances and I think that has to be part of why the fed...it's important that the federal government give states flexibility to design these programs in a way that makes sense for their population. [LB441]

SENATOR LINEHAN: One more question. In your statement here, in 2000 our Medicaid expenditures were $938, excuse me, $983 million and now they're over $2 billion. What is the driver there? That's huge. [LB441]

CALDER LYNCH: Yes, Senator, it's a huge growth. It is, I think, part of just the inherent growth in the cost of healthcare in this country, is a big part of that. And certainly we've seen that here in Nebraska, not just in Medicaid but in the premium increases that we see in the private insurance market on an annual basis. And I think a large part of that, as well as the growth in spending, are in long-term care. You know Medicaid is the most predominant payer of long-term care services and we continue to have a population that is aging and those costs are continuing to rise as well

when you consider that the 24 or so percent of our enrollees that consume long-term care account for about 65 percent of our annual spending. It's a tremendous... [LB441]

SENATOR LINEHAN: Okay. [LB441]

CALDER LYNCH: ...it's a tremendous cost driver for us. [LB441]

SENATOR LINEHAN: That's the answer. Okay. Thank you very much. [LB441]

CALDER LYNCH: Thank you. [LB441]

SENATOR RIEPE: Senator Kolterman. [LB441]

SENATOR KOLTERMAN: Thank you, Senator Riepe. Welcome, Calder. [LB441]

CALDER LYNCH: Thank you. [LB441]

SENATOR KOLTERMAN: Talk a little bit more about one of the concerns that I have is you addressed it briefly when you were talking about the capacity of the providers. Because what I find even in my small rural area and even here in Lincoln, there are many providers that won't accept Medicaid any longer. So if we were to add 90,000 or 100,000 more to the program, would we have the providers available to accept what Medicaid is paying, number one; or even if they were paying costs plus would they take them, in your estimation? [LB441]

CALDER LYNCH: Thank you, Senator. I think that's a really good question and something we struggle with even today in terms of ensuring that we've got adequate access. And part of that is driven both by, as you said, providers that are choosing not to participate in Medicaid or limit the amount of Medicaid that they'll do but also just some access challenges we've had in general, particularly in some of our more rural parts of the state where there just aren't the providers there. I do think adding an additional 90,000 to 100,000 adults to the program would further stress that system and I think it would increase the pressure that we collectively face in terms of the reimbursement levels for Medicaid. And that could have some pretty serious implications from a fiscal perspective in terms of the costs of the program because increasing reimbursement rates in Medicaid is done...would be done sort of across the board, including both expansion and nonexpansion populations. And for those nonexpansion populations, that match rate continues to be our 52/48, where the state is putting up nearly half the cost. So that's where we could start seeing some costs increase. And under some of the new federal regulations that we hope the new administration revisits there are very, very new strict new requirements around access monitoring

and kind of assurances around access that could give CMS really the ability to more proactively kind of require states address reimbursement issues when they're creating access challenges, whereas before it's really been, you know, if we tried to cut a rate they would maybe review that. So there's some concern with regard to the pressure we're going to continue to face from a federal regulatory perspective with regard to our reimbursement unless we can demonstrate adequate access. [LB441]

SENATOR KOLTERMAN: Thank you. [LB441]

CALDER LYNCH: Thank you. [LB441]

SENATOR RIEPE: Senator Howard. [LB441]

SENATOR HOWARD: Thank you, Senator Riepe. Thank you for visiting with us today. Just for the record, should we make this change, is it your expectation that this new population would go into our managed care? [LB441]

CALDER LYNCH: That is my expectation, yes, Senator. They would enroll in Heritage Health. [LB441]

SENATOR HOWARD: Okay. And do you think...do you anticipate any challenges there? We've seen some challenges with the roll out and so if we were to put this new population there, would there be problems? [LB441]

CALDER LYNCH: Thank you, Senator. It's a great question. I don't think that there would be problems separate and apart from just the general challenges of bringing that many folks into the program. We would work with the plans and the enrollment broker. There would be costs associated with some of that. We pay our enrollment broker on a per member per month basis, so there would be some costs associated with that. And it would take some time to ready the contract amendments, the regulatory changes. But I think that the challenges we would face around access, around ensuring folks have members would exist whether we had the health plan infrastructure in place or not. [LB441]

SENATOR HOWARD: Now are we managing our provider networks or are our managed care companies doing that for us? [LB441]

CALDER LYNCH: I would say that the managed care companies have the primary responsibility for managing the provider networks, with our oversight, ensuring that they meet the standards that we laid out in our contract. [LB441]

SENATOR HOWARD: Is that part of their contract, to manage the access portion? [LB441]

CALDER LYNCH: Yes, Senator, it is in their contract and spelled out specifically what those access standards are in their contract. [LB441]

SENATOR HOWARD: Great. Thank you. [LB441]

CALDER LYNCH: Thank you. [LB441]

SENATOR RIEPE: Is it in terminology their network adequacy? [LB441]

CALDER LYNCH: It is, yes, Senator, which we measure both based on where their members live and their access on time and distance standards to enroll providers. And right now, you know, we work to make sure that what they have contracted is meeting those standards, but that's an ongoing effort to make sure not only are they contracted but are they actually, you know, taking patients, seeing patients. And that's one of our roles and responsibilities of ensuring that the program overall is meeting those expectations. [LB441]

SENATOR RIEPE: Could Medicaid expansion through LB441 risk Medicaid, Nebraska's most vulnerable? That was a topic we talked about last session, partly because the incentive there would be to cut the existing Medicaid as opposed to the expanded Medicaid. [LB441]

CALDER LYNCH: Thank you, Senator. I think one of the challenges under the policy of the expansion is that it does create an imbalance in terms of how federal resources are being applied for members in the program. So for states that have expanded, they're getting 90-plus percent match for the expansion population while they continue to have, you know, match rates of 50 (percent) to 70 percent, depending upon their FMAP, for their existing children, people, individuals with disabilities, elderly. And so when you look at where to make investments and where to cover folks or how to make budget decisions, you know, there is an inclination that there's more protections around the expansion population because states have less skin in the game there. So some of the conversations are around how do you balance that out to create more equity for folks and really put the emphasis of the program back on the core populations that it was designed to serve. And I do think that's a concern with the expansion, is that it does put

some priority on those expansion populations at maybe the expense of the folks we really should be investing in, like the folks on our waiting list for developmental disability services. [LB441]

SENATOR RIEPE: Absolutely. Does this, in fact, cover the gap population? [LB441]

CALDER LYNCH: So when folks refer to the gap population, Senator, I think they're generally referring to the area below 100 percent of the federal poverty level, recognizing that folks from 100 (percent) to 138 (percent), while eligible for expansion, can get subsidy on the exchange today. And certainly this would grant them eligibility for Medicaid and so they'd be able to get coverage. But in addition to that I think there are folks that are covered today, either in the exchange or through their employer, that would also be able to enroll in Medicaid. So I think it even goes further than the gap, which is why I think, you know, states should have the flexibility to design more targeted approaches. [LB441]

SENATOR RIEPE: Okay. Senator Linehan, please. [LB441]

SENATOR LINEHAN: Okay, I'm still confused then. Thank you, Mr. Chairman. So if you're at 100 percent, over 100 percent of poverty, you can go on the...buy insurance through...with subsidies? [LB441]

CALDER LYNCH: That's correct, Senator. [LB441]

SENATOR LINEHAN: Not 138 percent. [LB441]

CALDER LYNCH: That's correct. It's a discrepancy that we think--no one is quite sure--that it was probably unintentional as the bill was being drafted in reconciliation and bringing a couple bills together back in 2010 that the expansion went to 138 (percent) but the subsidy in the exchange started at 100 (percent), keeping in mind that when the bill was written there was not a contemplation that the expansion would be optional. So in reality, if all states had expanded, the subsidies would have, in effect, begun at 138 (percent). But because the expansion was optional, for states that don't expand, individuals between 100 (percent) and 138 (percent) are eligible for subsidy on the exchange. [LB441]

SENATOR LINEHAN: Do you think that's well known in Nebraska, because it seems to me some of our testifiers today might be eligible for that unless... [LB441]

CALDER LYNCH: If they had applied either for Medicaid or the exchange and their income had fallen in that range, they would have been referred over to the marketplace for an eligibility

determination for a subsidy. And I think the folks that are doing assistance for folks, either whether it's our staff or other folks that work at the community centers, are aware of what those eligibility standards are, yes. [LB441]

SENATOR LINEHAN: They do. Okay. Okay. All right. Thank you. [LB441]

SENATOR RIEPE: Director, you're highly engaged and I know you're on a national board and everything else. How does our...this proposed LB441, how does this compare to some others, as the optometrist would say, better, worse, or...? [LB441]

CALDER LYNCH: Thank you, Senator. I think it's difficult to gauge yet exactly where we stand as a state in relation to some of the proposals, and we're certainly digging into that and doing that analysis so that we can provide, you know, this body as well as our Congressional delegation, others feedback in terms of how this impacts us. I think there's a lot of questions still with regard to some of the policy and how it's to be operationalized, particularly around some of the financing changes. There's dollars allocated in the most recent proposal that's being marked up this week, I think about $10 billion across the country that gets divvied up to states based on their respective share of the uninsured population under 138 percent of the federal poverty level, so new questions as to how those dollars could be used, would be used in the states, you know, and how that analysis is done to figure out what the share is for each state. So we're kind of doing some of that modeling analysis to better understand that, recognizing that this is going to be a moving process as it moves both through the House and the Senate. We know there's already folks on both sides who have come out with different positions, taken different stands. And the President himself said it's a starting point for compromise. So we're going to continue to stay engaged in that conversation. [LB441]

SENATOR RIEPE: Very good. Are there additional questions? Thank you. [LB441]

CALDER LYNCH: Thank you. [LB441]

SENATOR RIEPE: You're very knowledgeable. We do appreciate having that resource. [LB441]

CALDER LYNCH: Thank you, Senator. Thank you, Senators. [LB441]

SENATOR RIEPE: Thank you. Opponents, please. Director, welcome. [LB441]

BRUCE RAMGE: (Exhibit 23) Good afternoon, members of the Health and Human Services Committee. My name is Bruce Ramge, spelled B-r-u-c-e R-a-m-g-e, and I'm the director of

Insurance for the state of Nebraska. I'm here today to testify in opposition of LB441. As you know, LB441 would expand Medicaid to certain adults based on income levels who are not otherwise eligible for Medicaid. LB441, as drafted, does not involve private insurance. However, the legislation seeks to expand Medicaid in an environment of great turmoil for the Affordable Care Act and healthcare coverage in general. As an example, late Monday afternoon Republicans in the House of Representatives released their repeal and replace plan for the Affordable Care Act and it contains both provisions for Medicaid and insurance. Other proposals have been released or are forthcoming. Speaking today, I have no idea what the health insurance market might resemble one year from today. In this environment, I believe it would be unwise to fundamentally change any program that relates back to the Affordable Care Act, including Medicaid. Instead, it is better to wait and see how the repeal and replacement of the Affordable Care Act will change the landscape of healthcare finance. Additionally, please know that I oppose any attempt to amend LB441 to involve private insurance. For these reasons, I oppose LB441. And thank you for the opportunity to comment. [LB441]

SENATOR RIEPE: Thank you very much. Are there questions of...yes, Senator Erdman. [LB441]

SENATOR ERDMAN: Thank you, Senator Riepe. Thank you for coming. Do you know in the other states that have expanded Medicare...Medicaid what is happening in the insurance industry in those states? [LB441]

BRUCE RAMGE: Insurance industry, many insurers have dropped out of the market because they are losing money on the Affordable Care Act business. And in states, including Nebraska, one of the largest concerns is there will be no carriers to be offering insurance in the marketplace. We are down to two. Many counties throughout the country are down to just one insurer and everyone is holding their breath for 2018. [LB441]

SENATOR ERDMAN: So it could be a problem here as well, huh, and we could... [LB441]

BRUCE RAMGE: Yes. [LB441]

SENATOR KOLTERMAN: Already is. [LB441]

BRUCE RAMGE: Yes. [LB441]

SENATOR RIEPE: So what happens if there's zero? [LB441]

BRUCE RAMGE: That's a very good question. And there are supplemental health plans. There is the direct primary care model that was passed last year. [LB441]

SENATOR RIEPE: Excellent program. (Laughter) [LB441]

BRUCE RAMGE: Yes, it is. (Laughter) There is, you know, the people will be scrambling. And so I can't predict because I don't know what's going to be coming out of Washington and what type of programs might be available to individuals. I think, you know, I've not had an opportunity to fully analyze what came out yet this week. Folks in the Department of Insurance are putting together a briefing and I'll look at it. But I do understand that even it is subject to debate and change, amendment, and it's a starting point and not a done deal. [LB441]

SENATOR RIEPE: Okay. Thank you. I think Senator Kolterman has one over here. [LB441]

BRUCE RAMGE: Yes, Senator Kolterman. [LB441]

SENATOR KOLTERMAN: Yeah, thank you, Senator Riepe. Welcome, Director. You and I have been doing this for a long time in the health insurance arena. [LB441]

BRUCE RAMGE: Yes. [LB441]

SENATOR KOLTERMAN: Can you remember a time in the history that you've been involved either...before even you were a director, where there was so much chaos and turmoil in the industry as a health insurance provider? [LB441]

BRUCE RAMGE: No, honestly, no. And whether you are, you know, a person who has benefited from the Affordable Care Act or one who has not benefited, I think it's fair to say that currently it's a mess. [LB441]

SENATOR KOLTERMAN: And we have in Nebraska two providers. One has only been in the marketplace for two years. That's Medica. [LB441]

BRUCE RAMGE: Yes. [LB441]

SENATOR KOLTERMAN: Who's the other provider? [LB441]

BRUCE RAMGE: Aetna, and we're only one of four states. They like the people of Nebraska. I think that's the only reason they're here. (Laugh) They feel that they can do business here because of the demographics of our state. [LB441]

SENATOR KOLTERMAN: Have you had...has your office experienced concerns about the costs of the insurance and the ability to collect under the insurance? [LB441]

BRUCE RAMGE: Yes, because the price of insurance has basically doubled since 2014 and so many people who don't qualify for the premium subsidies just simply can't afford to buy it. [LB441]

SENATOR KOLTERMAN: And that would be, what, about 200 percent above poverty level? [LB441]

BRUCE RAMGE: Four hundred percent above poverty level. [LB441]

SENATOR KOLTERMAN: That's the maximum you can get a subsidy. [LB441]

BRUCE RAMGE: Yes, absolutely. [LB441]

SENATOR KOLTERMAN: Would you get your best subsidies, about 200 percent or less? [LB441]

BRUCE RAMGE: I think so, yes. [LB441]

SENATOR KOLTERMAN: Thank you. [LB441]

BRUCE RAMGE: Yes. [LB441]

SENATOR RIEPE: Senator Howard. [LB441]

SENATOR HOWARD: Thank you, Senator Riepe. It's nice to see you, Director Ramge. [LB441]

BRUCE RAMGE: Nice to see you. [LB441]

SENATOR HOWARD: This is sort of a broader question about the proposal that Congress is considering, but what will it do to the insurance market if we don't have an individual mandate but we maintain the preexisting condition exclusion? [LB441]

BRUCE RAMGE: I think that that is one of the big areas that needs to have a lot of discussion. There needs to be incentives in there for people to purchase insurance or waiting periods. So whether it's an extra premium that you would have to pay if you go without, because that's one of the drivers is the adverse selection we're seeing by people taking advantage of some of the special enrollment periods when they actually didn't...should not have qualified for the special enrollments. So I think that's something to be seen. And I know no one likes the individual mandate and so if there were some thoughtful ways to put together incentives for people to buy and stay insured, that would be very helpful. But keeping...making it affordable is even a bigger issue. [LB441]

SENATOR HOWARD: So better incentives than subsidies or tax credits? [LB441]

BRUCE RAMGE: Yeah, for those...primarily for those who, you know, don't have the subsidies and find it very difficult to purchase. [LB441]

SENATOR HOWARD: So above 400 percent of the federal poverty level? [LB441]

BRUCE RAMGE: Uh-huh. Yes. [LB441]

SENATOR HOWARD: How high do you think it would be reasonable for the government to go to offer tax credits and subsidies? [LB441]

BRUCE RAMGE: I don't have an opinion on that. I don't know what's in the budget. It would be nice if everyone had a subsidy, but I don't know what's affordable and what the will of Washington is. [LB441]

SENATOR HOWARD: All right. Thank you for sharing your perspective. [LB441]

BRUCE RAMGE: You bet. [LB441]

SENATOR RIEPE: Senator Crawford. [LB441]

SENATOR CRAWFORD: Thank you, Chairman Riepe. And thank you, Director Ramge, for being here today. And I appreciate you answering our broad questions that even go beyond the scope of the bill. [LB441]

BRUCE RAMGE: Sure. [LB441]

SENATOR CRAWFORD: So I just wanted to pull back to make sure for the record and conversation that we understand the impact of several of the issues that you raise and whether or not they relate to the bill. So the bill itself doesn't rely on the marketplace or...and does not use private health insurance. Isn't that correct? [LB441]

BRUCE RAMGE: Except for the managed care aspect of it. And there was news out of Iowa yesterday that the managed care companies have each lost like $100 million, and so it would be very important that they would have an appropriate way to set rates. There's not too many companies out there that are in a position to be able to lose $100 million and continue in business. [LB441]

SENATOR CRAWFORD: But the bill doesn't relate to the providers that are in our...that are in the marketplace, right? Correct? The bill is covering people who are not able to use the marketplace. [LB441]

BRUCE RAMGE: Oh, I see,... [LB441]

SENATOR CRAWFORD: Yes. [LB441]

BRUCE RAMGE: ...in terms of the eligible... [LB441]

SENATOR CRAWFORD: The bill in front of us,... [LB441]

BRUCE RAMGE: ...yes. [LB441]

SENATOR CRAWFORD: ...LB441,... [LB441]

BRUCE RAMGE: Yes, the only... [LB441]

SENATOR CRAWFORD: ...does not rely upon the marketplace. [LB441]

BRUCE RAMGE: Correct. The only impact would be for that group of individuals between 100 percent of the FPL and 138 percent of the FPL in terms of how there might be just a shift. [LB441]

SENATOR CRAWFORD: I think we heard from an earlier testifier that if you expand Medicaid then your population from one...that population from 100 (percent) to 138 (percent) is in your Medicaid program too. [LB441]

BRUCE RAMGE: That's my understanding. [LB441]

SENATOR CRAWFORD: So I think under LB441, I'm thinking that what's going on with the private...what's going on with the private insurance systems and the marketplace is not an issue related to LB441. I mean I appreciate your answering our questions about that. I'm just clarifying for the record. [LB441]

BRUCE RAMGE: Sure. But it's the Affordable Care Act... [LB441]

SENATOR CRAWFORD: Correct. Right. [LB441]

BRUCE RAMGE: ...you know in general... [LB441]

SENATOR CRAWFORD: Right. [LB441]

BRUCE RAMGE: ...has impact on both. [LB441]

SENATOR CRAWFORD: And I appreciate your willingness to answer our questions about that. [LB441]

BRUCE RAMGE: Yes. Sure. [LB441]

SENATOR CRAWFORD: I was just clarifying for the record that those issues with the marketplace are not concerns or questions that we have to consider as we're making a choice about LB441 because LB441 does not rely upon the marketplace. [LB441]

BRUCE RAMGE: That would seem to be correct, yes. [LB441]

SENATOR CRAWFORD: Thank you. [LB441]

BRUCE RAMGE: Yes. [LB441]

SENATOR CRAWFORD: Thank you, Director. I appreciate it. [LB441]

SENATOR RIEPE: Senator Howard. [LB441]

SENATOR HOWARD: Thank you, Senator Riepe. I wanted to clarify your concern about our managed care companies... [LB441]

BRUCE RAMGE: Yes. [LB441]

SENATOR HOWARD: ...because we just heard from Director Lynch that they're doing very well. And wasn't there a small problem in the beginning? [LB441]

BRUCE RAMGE: This was not Nebraska. This was Iowa. And so the key is, you know, Iowa expanded and they probably had a lot of new entrants into the system. [LB441]

SENATOR HOWARD: Iowa expanded...didn't they do a hybrid system? [LB441]

BRUCE RAMGE: Perhaps, and... [LB441]

SENATOR HOWARD: I think they did a hybrid into private insurance. [LB441]

BRUCE RAMGE: Yeah, and Director Lynch would understand better. I just...all I know is I saw this article that said they have each lost $100 million, which tells me that when they developed their rates they were way under. [LB441]

SENATOR HOWARD: For their Medicaid program? [LB441]

BRUCE RAMGE: Yes, for the Medi... [LB441]

SENATOR HOWARD: For their managed care? [LB441]

BRUCE RAMGE: Yes. And that possibly could have been because of new entrants and not having experience to rely on when they were setting their rates. [LB441]

SENATOR HOWARD: Now Iowa has had some challenges with their managed care in the past though, their managed care Medicaid,... [LB441]

BRUCE RAMGE: Uh-huh. [LB441]

SENATOR HOWARD: ...even their RFP process. [LB441]

BRUCE RAMGE: Uh-huh. [LB441]

SENATOR HOWARD: Everybody said, let's not be like Iowa, when we were going through our managed care RFP process. [LB441]

BRUCE RAMGE: Okay. [LB441]

SENATOR HOWARD: But I think what I want to get to is that are you here with concerns about how managed care, some of those risk-bearing entities that are managing the care for our Medicaid population, will handle this? Should this be something that we're worried about? [LB441]

BRUCE RAMGE: I believe that the system that is set up currently by our Medicaid system is well managed. But I just wanted to...when I brought that up, I wanted to throw this out as, yes, it's something we need to keep our eye on in light of what has happened in Iowa. [LB441]

SENATOR HOWARD: Okay. Thank you. [LB441]

SENATOR RIEPE: Senator Linehan, did you have something? [LB441]

SENATOR LINEHAN: Well, are you done? [LB441]

SENATOR HOWARD: Yes. [LB441]

SENATOR LINEHAN: Thank you, Mr. Chairman. So I think what you just said, and I just want to clarify, it goes back to this...because I think we heard different things today, whether it was

100 percent or 138 percent. So right now if you're selling insurance, somebody in Nebraska is selling insurance with...to the people between 100 (percent) and 138 percent and they're using subsidies to buy that insurance. [LB441]

BRUCE RAMGE: Correct, but it would have to be off of the federal exchange. [LB441]

SENATOR LINEHAN: Right. [LB441]

BRUCE RAMGE: Yeah, okay. [LB441]

SENATOR LINEHAN: But those people, some of them maybe, are buying insurance now. [LB441]

BRUCE RAMGE: Yes. [LB441]

SENATOR LINEHAN: And if we pass this bill they wouldn't be buying insurance because they would be... [LB441]

BRUCE RAMGE: They would shift to Medicaid. [LB441]

SENATOR LINEHAN: Okay. And we don't have any idea, from what I gathered today, it doesn't seem anybody has a firm handle on what that number might be, if it's 10 or 100 or 1,000 or... [LB441]

BRUCE RAMGE: You know, we have I think roughly 85,000 people who have signed up on the exchange and, of those, roughly 85-89 percent receive subsidies. But I don't have... [LB441]

SENATOR LINEHAN: Whether they're above 100 (percent)? [LB441]

BRUCE RAMGE: Yes. [LB441]

SENATOR LINEHAN: Right. [LB441]

BRUCE RAMGE: Yeah. [LB441]

SENATOR LINEHAN: Okay. [LB441]

BRUCE RAMGE: And I don't know if those numbers are out there or not,... [LB441]

SENATOR LINEHAN: That seems like of important information for us. [LB441]

BRUCE RAMGE: ...but we could...I could certainly ask if there's some organization that has that data. [LB441]

SENATOR LINEHAN: Well, I think that would be helpful. [LB441]

BRUCE RAMGE: Okay. [LB441]

SENATOR LINEHAN: Thank you very much for being here. Appreciate it. [LB441]

SENATOR RIEPE: Okay. [LB441]

BRUCE RAMGE: You're welcome. [LB441]

SENATOR RIEPE: Seeing no other questions, thank you very much for being here. [LB441]

BRUCE RAMGE: Thank you for allowing me to be here today. [LB441]

SENATOR RIEPE: Thanks for all your time. Additional opponents. No additional opponents speaking in opposition. Okay, how about someone testifying in a neutral capacity. Let's, Tyler, would you read in. And, please, be seated. Do you have all the letters, Tyler? [LB441]

TYLER MAHOOD: (Exhibits 24-47) Yes, I have the following letters in support: Nick Faustman of the American Cancer Society Cancer Action Network; Mayor Chris Beutler of the city of Lincoln; Kim Engel of Friends of Public Health in Nebraska; Matt Keppler of the March of Dimes; Kaleigh Nelsen of the National Association of Social Workers, Nebraska Chapter; Byron Line and Bud Clouse of the Nebraska Democratic Party Veterans and Military Families Caucus; Jordan Delmundo of the Nebraska AIDS Project; Omaha Together One Community; Meg Mikolajczyk of Planned Parenthood of the Heartland; Brandon Grimm and...a letter signed by Brandon Grimm and Margaret Brink of Public Health Association of Nebraska; Denise Dickeson on behalf of herself; Kelly Adams on behalf of herself; Nancy Meyer on behalf of herself; Paula Cellar on behalf of herself; Reverend Victoria Parker on behalf of herself; Sandra Black on behalf of herself; Victoria Osler on behalf of herself; Kaitlin Reece on behalf of Voices for Children; John...a letter signed by John Cavanaugh and Pat Connell of the Nebraska Child

Health and Education Alliance; Jennifer Gilg on behalf of herself; Jeannette Jones-Vazansky of the Delta Sigma Theta Sorority; Major Dewayne Mays of the Lincoln Branch of the NAACP. (Also, a letter signed by Susan Martin of the Nebraska State AFL-CIO.) And a letter signed by Sarah Curry of the Platte Institute in opposition. And that is it. [LB441]

SENATOR RIEPE: Thank you. Now, Senator Morfeld, you're welcome to close. [LB441]

SENATOR MORFELD: No neutral testimony from Nathan Leach? I'm going to have to write him. [LB441]

SENATOR RIEPE: They've heard of Senator Erdman. [LB441]

SENATOR WILLIAMS: We're going to take a break if you're not careful. [LB441]

SENATOR MORFELD: Well, thank you everybody for your time today. This is actually...is this the last bill, Senator? [LB441]

SENATOR KOLTERMAN: Today. [LB441]

SENATOR RIEPE: Today. [LB441]

SENATOR MORFELD: Today? Oh. This is an early day for the Education and Judiciary Committees,... [LB441]

SENATOR RIEPE: Oh, sure. [LB441]

SENATOR MORFELD: ...my colleagues. [LB441]

SENATOR KOLTERMAN: Well, you're not on Education. [LB441]

SENATOR ERDMAN: We're not done yet. [LB441]

SENATOR MORFELD: In any case, thank you guys for all of your patience. I do have a few comments but I plan to not take us too far here. First, you know, in terms of the Department of Insurance, I mean I think it's really important to note that we're not talking about the private insurance market. And also, the problem with Iowa's program and their managed care program

was because they rammed through underfunded contracts for other services other than Medicaid expansion, not because of Medicaid expansion. So before the testifier brings those things up, I wish they would be knowledgeable on those issues in opposition to my bill. I would like to also point out in general that we're talking about how the market is in great turmoil and that things have never been worse. But I'll tell you right now that from a personal experience of my own family almost going bankrupt before the Affordable Care Act, the market was in turmoil before. The difference is that we weren't trying to take bold actions to solve those problems and to make sure that middle-income families like my own, who don't have thousands and thousands of dollars in assets laying around, don't go bankrupt even though they work hard and they have an unforeseen medical situation. In terms of some of the things, I know that Senator Erdman brought up that things are going really well in his community and I respect that. You probably know your community better than I. But based on the numbers that we receive from the community population survey, there's 1,700 members of your district that fall in the Medicaid expansion gap and don't have healthcare insurance. So I don't know how things are going so well for them, particularly if they have a major, unforeseen medical circumstance. In my district it's 2,700, as I noted earlier. In terms of Director Lynch's testimony, you know, 32 other states have made this work, and I want to just read a few quotes from a few of the different leaders of those states. One, we encourage you to look at Arkansas Works, their state's new innovative approach to Medicaid expansion as a model for programs that help individuals move up the economic ladder and off Medicaid while smoothing transition into the commercial market. Another one, the important thing we need to let them know is that Healthy Michigan, Michigan's Medicaid expansion, is a model that can work for the rest of the country. We should be speaking out and I look forward to working with many of my federal partners to talk about the value of the program, how it can even be enhanced. Another one, thank God we expanded Medicaid because Medicaid money is helping to rehab people. I'll keep going on and on, but I have three more statements from folks and they're all from Republican governors from states that made it work. In addition, I would like to also note that when we were talking about...maybe it was Senator Kolterman or maybe it was Senator Erdman, we were talking about--I think it was Senator Erdman actually--about having enough providers to take care of this influx of new patients. Well, we're already taking care of these people. The difference is it's in our emergency rooms, and the difference is that it's uncompensated care that's making other people's insurance rates and premiums go up that are not considered low income. So we're already paying for this. They're just showing up in the emergency rooms or, in the worst case, maybe they're dying prematurely. I find it ironic that we take care of people better in our prisons than we take care of them when they're out working in the community and paying taxes. And that's not to say that we shouldn't take care of them in the prisons. I think we should. But I think that points out a serious problem. And I thought that gentleman's testimony was fairly compelling. The other thing that's consistent with the Department of Insurance testimony, which I'm still confused by because this doesn't deal with the private market, and also Calder Lynch's testimony is that there's no solutions; it's wait and see, wait and see. And there are some people on the floor of the Legislature the last two

years that have seen this fail go up to the introducer of those bills right after that vote count and promise to help find a solution. And I was surprised this year to see that I was the only person that introduced a bill that provides a solution. We need action. Sitting around and saying that, well, gee, the system is messed up, and not taking advantage of the resources that we have in front of us is not action. It's not a solution. It's not acceptable. In terms of some of these high-deductible plans, somebody brought out the point, I think it was former Senator Wesely brought out the point of her (sic) daughter being a very well-educated professional and having a $7,000 deductible. And at my nonprofit we provide healthcare for our employees and we don't have a $7,000 deductible but, you know, it's not a cheap deductible either. Well, $7,000 is about a little bit over half of the annual income of somebody who is eligible for Medicaid. The highest individual at 133 percent makes about $1,300 a month and I do the rough math and that's around, I don't know, it's probably around $14,000-$15,000 a year if you add it up. So, or I don't know, I'm not doing my math very well. I'm an attorney, not a mathematician. But in any case, it's about close to half. And I think $7,000 is too high for anybody for a deductible, quite frankly, but for somebody like that, they certainly can't afford it. And Mr. Wesely's daughter might be able to better afford it. These are folks that are really poor but they're working. Three-fourths of them are working it's estimated. In addition, somebody brought up the point, well, when is the last time that we've taken a benefit away? Well, there's actually several notable times. In 2002 we changed the calculation for Medicaid eligibility and we took 10,000 adults off and 25,000 children off. Childcare subsidy, I think around...in the early 2000s was taken down from 185 percent of the poverty level to 120 percent. We took away prenatal care, which is interesting, to 2,000 women and then restored it later on. I think that was a veto override down the road. But in any case the bottom line is--and I could go on and on, I have a lot of different notes and I'll talk to you individually after this--is that this is the fifth year. And every year that I've heard about this debate, people have talked about, once they've voted against this bill, we're going to find a solution, we're going to work hard to find a solution. And every year we fail to do that. It's just simply, simply unacceptable. And every year we kick the can down the road while working Nebraskans go bankrupt, can't afford healthcare, and can't be successful individuals in our society because of it. And we need to take action. We can take action now. The President's proposal and some of the leaders of Congress have maintained Medicaid expansion because many states, Republican and Democratic led alike, have said that this is a valuable problem. It works in their state and it can work in our state. We just need to have the political courage to make it happen. I'd be happy to answer any questions. [LB441]

SENATOR RIEPE: I have an initial question. I know you're very passionate about this. So may we assume that this is going to be your personal priority? [LB441]

SENATOR MORFELD: We'll see. I still have 24 hours. A lot can happen in 24 hours. [LB441]

SENATOR RIEPE: Okay. So that is a no or a maybe or a neutral? Is that what it is? [LB441]

SENATOR MORFELD: It's an I don't want to answer the question yet, Senator, so. (Laughter) Thank you for the question though. [LB441]

SENATOR RIEPE: Senator Erdman, we have any more questions? [LB441]

SENATOR ERDMAN: I have a...basically for the record, I'd like to state that my comment about the hospital... [LB441]

SENATOR MORFELD: Yeah. [LB441]

SENATOR ERDMAN: ...was directly about the hospital. [LB441]

SENATOR MORFELD: Oh, okay. [LB441]

SENATOR ERDMAN: It was not about the people in my district not having coverage. [LB441]

SENATOR MORFELD: Uh-huh. [LB441]

SENATOR ERDMAN: Our hospital is doing quite fine. [LB441]

SENATOR MORFELD: Okay. [LB441]

SENATOR ERDMAN: They've got two building additions and they're doing fine. It was about the hospital. [LB441]

SENATOR MORFELD: Okay. [LB441]

SENATOR ERDMAN: And the part about asking about the people who were in that situation was Senator Kolterman. It wasn't me. [LB441]

SENATOR MORFELD: Okay. Thank you, Senator. [LB441]

SENATOR RIEPE: Just as a point for the record, I think we talked about...some of the people that we were talking about access and the number of providers, and I know some of them testifying said they simply didn't seek healthcare. The young lady who talked about her Type II diabetes I think... [LB441]

SENATOR MORFELD: Uh-huh. [LB441]

SENATOR RIEPE: ...said that she just didn't seek health (care). So there's some of that. Go back to a personal story, I know when I was with Children's Hospital we had families from Lincoln--I hate to pick on Lincoln--... [LB441]

SENATOR MORFELD: Uh-huh. [LB441]

SENATOR RIEPE: ...but we had them drive in to Children's because they could not get access to Medicaid for their children in Lincoln. And that... [LB441]

SENATOR MORFELD: Okay. [LB441]

SENATOR RIEPE: ...that's a true story. The other one question that I have, or concern I guess that I have, is I think Medicaid has no deductible. The problem that I have, when I go and talk to my people in my district, many of them...it's a middle-class, upper-middle-class district--most of them are couples, both people working. [LB441]

SENATOR MORFELD: Uh-huh. [LB441]

SENATOR RIEPE: And between them they have $3,000 to $7,000 deductible. [LB441]

SENATOR MORFELD: Uh-huh. [LB441]

SENATOR RIEPE: They don't see that as fair, that they're working to pay for the premium of someone else who has no deduction, no deductible. [LB441]

SENATOR MORFELD: Uh-huh. [LB441]

SENATOR RIEPE: That's just...I wish I could turn that into a question instead of a comment. [LB441]

SENATOR MORFELD: Well, I'll still respond to it though, Senator. [LB441]

SENATOR RIEPE: Okay. [LB441]

SENATOR MORFELD: You know, I would just say that, you know, the folks in my district, too, they're working very hard as well and they're probably a lot lower income than your folks, just simply because my district is the third lowest income district in the state so I'm just making an assumption. [LB441]

SENATOR RIEPE: And they're young. [LB441]

SENATOR MORFELD: The average household income is, I think, $36,000 a year. And so I, quite frankly, I don't think it is fair that the deductibles are so high for middle- and upper-income families, but that's a separate issue, in my opinion. And I'm willing to address that issue with you, and I think there could be some state solutions. Fact of the matter is that we've got folks who can't afford healthcare at all based on their income, and they're working, and this is a solution then. But I agree with you, that is a problem, but I don't think that that's a problem that excludes this as being another policy solution. And, in fact, their deductible may be that high and their care may be that high simply because these people are forced to go into the emergency room. The lady who had diabetes, well, she probably knows what's going to happen. She either has to wait until she can go in the emergency room or she's just simply not going to get care. [LB441]

SENATOR RIEPE: I think you also said there were 32 states that have, quote unquote, made it work. I would say if that's the case then why are we in the dilemma at the federal level right now of saying we're going to repeal and try to figure out some replacement? I mean, obviously, it might be working for some of those folks, but the...and the question is...or the issue has been over years and years and years--everyone can come up with a great health plan; people can't come up with how to pay for it. That's been the 50-year problem with it. [LB441]

SENATOR MORFELD: Well, I mean I think to answer your question, the reason why we're changing on a national level is politics. There were a lot...there was a lot of political maneuvering that took away funding from insurance companies and stopgaps over the course of the last few years that have exacerbated this problem. Also, there was a federal lawsuit led by some folks that made it so that Medicaid expansion wasn't mandatory, which then leads to higher rates for other people because there's still a lot of uncompensated care. So the original Affordable Care Act I don't think was necessarily perfect. It doesn't...it didn't solve the cost control problem. But here's the issue. If you're going to make healthcare more affordable, you've got to do one or two things or a combination thereof. You either need to increase the taxpayer subsidies or you need to put on price controls or do a combination thereof. Price controls often get, you know, demonized as socialism or whatever the case, you know, putting limitations on the free market. And subsidies is basically, you know, when does the subsidies end, you know? And so...and I see that. But the politics, the reason why we're at where we're at today and people

want to change it, number one, I think the original plan had been subverted in a way that made it untenable in some cases, and then also the fact that we don't have any price controls on some of this, which there's politics behind price controls, too, on a market that's largely been a free market. [LB441]

SENATOR RIEPE: Well, I'm envious of your youth and your energy, but Richard Nixon tried price controls and it failed. So I don't think... [LB441]

SENATOR MORFELD: Well,... [LB441]

SENATOR RIEPE: ...price controls...my issue gets to be is everyone is talking about insurance. No one is talking about the fundamental core reform at the delivery level, (inaudible) level. [LB441]

SENATOR MORFELD: And I'm not arguing that...I'm not arguing...sorry to interrupt you, Senator. [LB441]

SENATOR RIEPE: No, no. [LB441]

SENATOR MORFELD: I'm not arguing that we don't need that. And given my youth, I have still maybe another 30-40 years on this planet unless I get hit by a bus or something else happens to me, and I'm very concerned about making sure that the folks... [LB441]

SENATOR KOLTERMAN: (Inaudible) 30 years. [LB441]

SENATOR MORFELD: (Laugh) Senator Kolterman, we'll talk about your comment later. (Laughter) You know, I'm very... [LB441]

SENATOR KOLTERMAN: Well, your expectations are very high. (Laughter) [LB441]

SENATOR MORFELD: Well, depending on if I keep introducing these bills, you know, who knows what will happen? (Laughter) In any case, you know, the bottom line is there are certain targeted measures that we can take to alleviate certain pressure points and pain points for folks, and this is one of them. And in the meantime what we can do is we can position those folks to be successful while we try to transition into maybe a better plan. But in the meantime, inaction, I don't think is acceptable. We've already tested out inaction for the last five years. It's not working. [LB441]

SENATOR RIEPE: We appreciate your engaging on a very challenging subject and the hard work that you've put into it and the energy you bring to it, and so I'll at least personally thank you. I think the committee would feel the same. [LB441]

SENATOR MORFELD: Thank you for your time, Chairman. I appreciate it. [LB441]

SENATOR RIEPE: Thank you. With that, this closes the HHS hearing of LB441. [LB441]