STINNER: Good afternoon and welcome to the Appropriations Committee hearing. My name is John Stinner. I am from Gering and I represent the 48th District. I serve as Chair of the committee. I'd like to start off by having members do self-introductions, starting with Senator Erdman.

ERDMAN: Steve Erdman, District 47, ten counties in the Panhandle.

CLEMENTS: Rob Clements, District 2, Cass County and parts of Sarpy and Otoe.

McDONNELL: Mike McDonnell, LD5, south Omaha.

HILKEMANN: Robert Hilkemann, District 4, west Omaha.

STINNER: John Stinner, District 48, all of Scotts Bluff County.

BOLZ: Senator Kate Bolz, District 29.

WISHART: Anna Wishart, District 27, west Lincoln.

DORN: Myron Dorn, District 30, Gage County and southeast Lancaster.

STINNER: Assisting the committee today is Brittany Bohlmeyer, our committee clerk. To my left is our fiscal analyst Nikki Swope. She'll-- I'll also be joined by Liz Hruska later on. Our page today is Hallett Moomey. At each entrance you'll find a green testifier sheet. If appear are planning to testify today, please fill out a sign-in sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please silence or turn off your cell phones. Move to the reserved seats when you are ready to testify. Order of testimony will be introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we will first hear from the representative of the agency. We will then hear testimony from anyone who wishes to speak on the agency's budget request. We ask that you spell your first and last name for the record before you testify. Be concise. It is my request to limit your testimony to five minutes. Written materials may be distributed to committee members as

exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We need twelve copies. If you have written testimony but do not have 12 copies, please raise your hand now so the page can make copies for you. With that, we will begin our hearing with LB827. Senator Hilkemann, good afternoon.

HILKEMANN: Thank you. Good afternoon, fellow members of the Appropriations Committee. My name is Senator Robert Hilkemann; that's R-o-b-e-r-t H-i-l-k-e-m-a-n-n, representing District 4, here to introduce LB827. LB827 aims to appropriate funds for the rates paid to providers of developmental disability services as determined by the rate study conducted by the Division of Developmental Disabilities and completed in 2018. Last week we worked on an amendment to the bill to ensure that the language reflected in the 2018 rate study and clearly stated to which programs the funds should be drawn into. Please disregard AM2266, which I intend to withdraw, and turn your attention to AM2360, which you have, which doesn't change the intent of the bill in any way. Testimony today will provide you with a good picture of where that study said we should be and why. In an effort to not create redundancy, I will leave that to the experts that we have here today. Ensuring that we are adequately equipping the people who take care of the most vulnerable Nebraskans is important to me, and I know it's important to all of you as well. Thank you for your time and consideration. I'll be happy to take any questions at this time.

STINNER: Any questions?

CLEMENTS: Yes.

STINNER: Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Hilkemann. What-- I was handed out AM2320. I didn't hear you refer to that number.

KATE WOLFE: That's the bill on file-- or that's the amendment on file.

HILKEMANN: That's the amendment that's on file. AM2320 is the one that's on file.

CLEMENTS: Is there going to be another amendment besides that?

HILKEMANN: I said AM2360--

KATE WOLFE: We're withdrawing AM2022-- AM2360.

HILKEMANN: OK. It'll be-- AM2320 will be the one that's on file, the one that you have.

CLEMENTS: Thank you.

STINNER: Additional questions? Seeing none, thank you.

HILKEMANN: Thank you.

STINNER: Additional proponents? Afternoon.

MARK MATULKA: Afternoon. Chairperson Stinner, members of the Appropriations Committee, my name is Mark Matulka, M-a-r-k M-a-t-u-l-k-a, and I appear before you today representing the Nebraska Association of Service Providers, or NASP, and Mosaic in support of LB827 and its amendment, AM2320, which would become the bill. I appreciate the opportunity to testify in front of you today and value your work on behalf of Nebraskans. Also, thank you to Senator Hilkemann for introducing LB827. NASP supports LB827 because it would increase funding for developmental disability aid, which supports providers serving Nebraskans with disabilities in communities across the state. We respectfully request the committee please include LB827's provisions in its budget recommendations. NASP is a statewide membership association of community organizations that provide supports to thousands of people with disabilities. Mosaic is a member of NASP and is a mission-driven organization providing personalized services to over 800 people in its home state of Nebraska. NASP appreciates the committee's work on the 2019-21 biennial budget and values your partnership to address the needs of Nebraska's developmental disability system. As part of our partnership, NASP members are providing quality services to Nebraskans with disabilities while working diligently to address issues relating to the direct-care workforce, growing healthcare costs, and additional mandates placed on providers through federal and state regulations. Beginning in 2017, the state of Nebraska began its rate-rebasing process to update the way Nebraska budgets for disability services. The rate rebase was required by the Centers for Medicare and Medicaid Services when Nebraska renewed its comprehensive developmental disabilities waiver. With the renewed waiver, new rates were calculated based on the newest available numbers. As part of the rate rebase, the Division of Developmental Disabilities hired a consultant for $1.4 million to evaluate provider rates. The consultant's assessment found that

Nebraska was funding services at $10.3 million, or 6.6 percent, below the actual costs of providing care. The consultant recommended provider rates are based on actual general ledger costs and wages without the assumption of a profit margin. The assessment considered the costs of wages, health insurance, staff-to-client ratios, transportation, and administrative cost to implement highly regulated health services for Nebraskans with disabilities. The consultant's rate methodology better reflects the cost of services based on the state's regulatory expectations. LB827 would build on the state's 4 percent in-- rate investment from last year by providing an additional 2.2 percent, or approximately $3.7 million in General Funds, to fully fund the recommended rate methodology, which, again, represents actual costs with no profit margin of providing services to Nebraskans with disabilities. It is critical to fully fund the rate methodology. People with disabilities, their loved ones, and the greater community, including the state of Nebraska, rely on disability service providers to achieve positive outcomes that promote meaningful lives in the community. If providers have to bear the financial burdens and the entirety of increasing costs, it will lead to decreased financial stability for providers, fewer programs and choices for people with disabilities, negative impacts on staff recruitment and retention, and the potential reduction of home- and community-based services. It is also important to recognize that Medicaid is the only payer of services for people with developmental disabilities. Fully funded rates are necessary to meet-- excuse me-- are necessary to meet the needs of Nebraskans with disabilities. For example, Mosaic, my organization, is 95 percent Medicaid funded. Mosaic is a price taker. It cannot set prices, increase reimbursement rates, or shift costs burdens to a non-Medicaid-funded constituency such as private insurance. All disability service providers rely heavily on this federal and state Medicaid partnership to ensure its costs are covered. Because Medicaid reimbursement rates are directly connected to service outcomes, rates must reflect the actual costs of providing services to people with developmental disabilities. In closing, NASP and Mosaic respectfully request the committee please include the provisions of LB827 in its budget recommendations. Thank you again for the opportunity to testify on LB827, and I am happy to answer any questions you may have.

STINNER: Any questions? Senator Bolz.

BOLZ: Thank you. Thanks for being here this afternoon. Could you describe some of the challenges you have in providing services for

this vulnerable population at a level below the actual cost of providing care? How do you make do?

MARK MATULKA: Thank you for the question, Senator Bolz. Mosaic's number-one challenge is the recruitment and retention of staff. Direct-support professionals, the ones providing care in of all-- all of our agencies for day-to-day tasks, have an incredibly high turnover rate. A study just came out at the national level called the "Case for Inclusion," and Nebraska has the highest turnover rate for DSPs at about 62 percent. And so what that high turnover rate translates into for the providing of services is there's less continuity in care. Getting to know somebody when you're providing these very intimate supports, that relationship really leads to those positive outcomes. And with constant turnover, sometimes it's difficult to achieve the outcome expectations that providers set on themselves.

BOLZ: And-- and just one more comment or-- or issue that-- to dialogue about a little bit. That makes sense to me because this committee has already, in our preliminary recommendation, included significant more resources to fully fund the ICAPs, which you and I, doing the work, know that that ICAP is an individual assessment, and the reason we have to fund that at a higher level is because you're seeing higher risks, higher behavioral needs, more demands on those staff members' time. Is that what Mosaic sees as well?

MARK MATULKA: The demands on-- on staff members' times are-- are definitely high. Disability service providers operate in a highly regulated environment. So when there is an assessment done that determines the level of supports for a person, the providers are expected to meet those assessments and achieve those outcomes. And again, we're like any other business in that our costs of employment, healthcare, and just keeping the lights on continues to increase. And so when we're already starting behind the eight ball, it makes it difficult to really target those resources. With the 4 percent, and I'm speaking right now for Mosaic, my own agency, and not other providers who can fill you in on their specifics, the rate rebates last year, while it did give 4 percent, that wasn't 4 percent across the board. Some services were funded better than others. And so my organization is actually realizing a loss with the increased rates from last year just because of the services that those are targeted. And so a lot of the day services where people are still living at home, the underfunding and that, that has to be made up from somewhere. And so providers internally have to shift cost resources

again to meet the quality, the expectations. Everything we want in our services, we're, as providers, not going to let that suffer. We're just here today to ask that the state, in line with the consultant's assessment, ensure that our costs are being fully covered for those services.

BOLZ: Great. Thank you.

STINNER: Additional questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here. I think you said in 2018 the study was done. Do you know, was there one done before that or how-- approximately how often or--

MARK MATULKA: Yeah. Thank you, Senator Dorn, for your question. Centers for Medicare and Medicaid Services, the federal agency providing oversight on this area, they require that states rebase every five years to reassess those costs, which the agency does. But as you know, the agency does their assessment, rebases the rates, recalculates, but then also has to come in front of this committee and the Governor makes a recommendation.

DORN: Do you know, was the previous study then fully funded at some point in time or--

MARK MATULKA: I-- I don't know the answer off the top of my head. That's something I-- I can get back to you on. I've been in this field for about six years and every year it seems we're trying-- we're coming and asking for rates just to break even. Again, this is to break even, general ledger costs.

DORN: OK. Thank you.

MARK MATULKA: Welcome.

STINNER: Additional questions?

CLEMENTS: Yes.

STINNER: Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you for coming, sir. I heard you say that Mosaic had a loss of funding, and when we're thinking it

was a 4 percent increase last year, could you explain more how that happens?

MARK MATULKA: Yes. So thank you for the question, Senator. I appreciate the opportunity to clarify. When the Legislature granted the 4 percent increase, it wasn't a, per se, across-the-board increase to all service lines. The Division of Developmental Disabilities, while working through their rebase process, determined what services are going to be funded at what rate. And so by Mosaic, we provide a mix of residential services, both 24-hour facility and home supports, day services where somebody would go during the day. The department made decisions to invest a lot of those rates in the residential services. And so Mosaic, we provide a lot of day services. We realized a loss within our day services that some of it's being made up for-- within our residential services, but not all of it. So it's really provider specific, provider dependent, based on those determinations made by the department. And I-- I-- I want to be clear. It's not a critique of what the department's doing or why they did it. They've worked with providers to understand how we're approaching the issues, how we provide services. It's-- that's the reality is that the 4 percent appropriation wasn't across the board to all service lines. And so as a result, if the committee were to include the 2.2 percent in its recommendation and the Legislature were ultimately to pass it and the Governor enacts it within the state budget, Mosaic would be back whole within all those service lines because of that additional increase.

CLEMENTS: Yes. Do you believe-- did the department follow the rate study or did they depart from it as far as what-- was the recommendations in the rate study different than what was actually done?

MARK MATULKA: Yes, sir. Yes, Senator. The department's consultant came in and, again, they looked at a variety of cost, staffing ratios, wages, transportation, administrative costs, and said that you're about $10.3 million General Funds under what you should be, which is about 6.6 percent. And so last year we came in for the-- the Governor. We came in for the fully funded rates, made that recommendation, I believe, in LB558. We received 4 percent. And we're back here to try to recoup again that fully funded rate methodology based on the consultant that was hired with taxpayer funds to assess that.

CLEMENTS: When you say-- when you say we received 4 percent, you mean--

MARK MATULKA: Providers.

CLEMENTS: --all the provider-- providers all over. But you're saying Mosaic [INAUDIBLE]

MARK MATULKA: I-- I'm up here representing both NASP and Mosaic, so I-- I apologize about bouncing back and forth. Yes, providers last year advocated for the 4 percent rate increase to services. My organization, Mosaic, received some of that increase in its residential services. But again, because of how the department allocates that general appropriation, we've realized some losses in--

CLEMENTS: All right.

MARK MATULKA: --some of our areas.

CLEMENTS: Yeah. That's all the questions I had.

STINNER: Thank you, Senator. Additional questions? Seeing none, thank you.

MARK MATULKA: Thank you, Senator.

STINNER: Good afternoon.

ALAN ZAVODNY: Good afternoon. Chairman Stinner and members of the Appropriations Committee, my name is Alan Zavodny, A-l-a-n Z-a-v-o-d-n-y. I'm the chief executive officer of NorthStar Services. And it is also my privilege to be serving my third term representing the 2,906 fine citizens of David City, Nebraska, as their mayor. I'd like to begin by thanking Senator Hilkemann for introducing LB827. I'd also like to state my support for the entire testimony of Mark Matulka. I do not intend to repeat any of his testimony. I'm hopeful that this information gains me some favor with the committee. Budgets are moral documents that governments use to fund the priorities of government. I fear that the message we've conveyed the last few years is that intellectual disability funding is not a priority. I've never believed that the Appropriations Committee did not feel that these services were important. Nonetheless, we've been told for the past several years to tighten our belts. We have not done that. We, instead, implemented a slash-and-burn approach. We did this to remain financially viable. We exist for the sole purpose of doing your work.

If we have learned anything, crisis budgeting isn't the best approach. We learned this during the Department of Justice and BSDC experience. That situation resulted in a just under $30 million loss of federal funding. In closing, expectations continue to increase for providers. We are aware that more money for the waiting list is under consideration. We recognize the importance of this funding for people that experience intellectual disabilities in their families. I'd like to take this opportunity, caution that committee that while funding the waiting list is very important, doing so without the funding of LB827, which at a minimum met the actual cost of providing services a couple of years ago, exacerbates an already existing problem. Providers are already struggling to recruit and retain enough employees. It is the age-old analogy that if you're losing a nickel on every bottle of pop you sell, it doesn't do you any good to sell more bottles of pop. I hope you'll take into consideration my almost 40 years of experience in this field when I tell you that this money is absolutely crucial. I'd ask you to look favorably on my request to put the LB827 money into the budget you submit to the full Legislature. I appreciate your thoughtful consideration. I'd also like to thank the people who came a significant difference-- distance in the room to show their support, and I'd be happy to enter-- answer any questions you may have.

STINNER: Questions? Seeing none, thank you.

ALAN ZAVODNY: Thank you.

STINNER: Any additional proponents? Any opponents? Anyone in the neutral capacity? Seeing none, Senator Hilkemann, would you like to close? Senator Hilkemann close-- waives and quote, waives closing. That ends our hearing of LB827. We now open with LB874, Senator Howard. I do not see Senator Howard. I don't-- I do not see Senator Howard yet, but-- and I don't see Senator Walz here either. We could go to mine, but that's maybe rushing things.

WISHART: Should we send someone to HHS? Do you want me to run over there?

DORN: We could bring-- we could bring Senator Hilkemann back and ask him questions.

STINNER: Well, I can probably present mine, right?

DORN: Yeah.

WISHART: I-- John, if you present yours, some of your testifiers might not--

STINNER: You know what, I think I'm going to jump the gun here and present--

WISHART: Here she is. Here she is.

DORN: Here's your staff.

STINNER: --my legislation. Senator Howard is going to have to sit for a minute. [INAUDIBLE]

ERDMAN: Who's going to be in charge?

STINNER: Sorry, guys, we can't find it.

ERDMAN: Who's in charge?

STINNER: I'll do mine.

CLEMENTS: You're the senior senator.

STINNER: Who's going to be the boss here?

ERDMAN: I'm not.

DORN: You're going to do it?

CLEMENTS: You want me to do that?

DORN: Or Senator Clements.

ERDMAN: Go for it, Robert.

DORN: What number are we, LB1215?

CLEMENTS: We'll open the hearing for-- what is your bill number?

STINNER: LB1093.

ERDMAN: LB1093.

CLEMENTS: Oh, LB1093.

STINNER: LB1093.

CLEMENTS: All right, Senator--

DORN: Then this isn't right.

CLEMENTS: Senator Stinner, go ahead.

DORN: Senator Clements, this isn't right here, then.

STINNER: Thank you, Senator Clements--

_____: Oh.

STINNER: --and members of the Appropriations Committee. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r, and I represent the 48th District, which is all of Scotts Bluff County. My original LB1093 looked at taking the utilization money, which is part of the computation for cost and generally an amount that is assumed that we will grow the number of hours by, and that is-- generally had been the carryover amount if people don't show up; in other words, if the utilization is-- that they predicted it is 2,200,000 days in Medicaid and they only hit, say, 2.1 million, which would be flat, those-- that-- those dollars would be carried over. And if you remember from the committee last year, we line "itemed" the Medicaid part-- part of this so that we could follow the nursing homes. And by line item-- line "iteming" that, we actually were able to follow what has happened as far as carryover. Now based on what we were seeing was this utilization was not being absorbed over that period of time. So what I did was to try to calculate what that might be and then use it as a-- in a retroactive amount to go back and-- and reimburse providers almost on a bonus basis, and that was after about a 60-day period of time. Well, I met with the-- with Liz Hruska, and thank Liz for this, and I also met with the HHS part, and I'm going to propose that we amend that with an amendment. And I think that you probably may have that amendment, may not have that amendment. I don't quite see where my note-- I think it's right here in my stack of papers. But there is an amendment that I'm proposing that I think we'll pass out right now. That amendment basically says, OK, I understand that it takes a while to square up all these costs because there's payables and-- and other things. The amendment number is going to be AM103-- AM1093 [SIC] So this was-- this amendment was actually crafted by Liz Hruska, our fiscal analyst, and HHS. And basically what it does is it pulls forward in a kind of carryover and it increases the amount of

reimbursement in the future, in the next year, so as soon as you figure out that that, that amount, was $3 million or $4 million or $5 million, it's tacked on to the reimbursement rate. I think that works better. I think it's within CMS requirements, so we don't have to go back to CMS. I think if you look at the fiscal note, they prepared the fiscal note thinking that CMS was not going to approve my methodology for the retroactive. So that's when we really kind of put our thinking hats on, and this is-- this is the result of that. We believe that prospectively we can-- we can accurately predict what the carryover was and certainly increase the fees accordingly. So that's-- that's really what the legislation is all about. I think if you remember last year, just as a redress, we gave a one-time adjustment for $7.4 million; we gave a 2 percent rate increase for $6.595 million; and the total increase with the utilization of 2.25 percent, which is the department's 2.25 percent estimate on utilization, that ended up being about a $21 million increase in fed and General Funds both combined. And when you take that divided by their estimated 2.2, that was about a $10 amount. Now, if you remember also, we were about $35, $35 from an average price for break-even, so this lowered it, hopefully, intentionally to a number. Interestingly, in that legislation, even though we, I thought, made it abundantly clear that all the money would go out that we appropriate, we did ask the department to give us a report as of the end of August and what their computation was. And they were still computing 2-- $383 million as kind of a break-- their break-even or-- based on their-- their methodology. And we are allocating $300-- I think $336 million, so we're still out of step with break-even. I think as long as we're not at break-even, I think all this carry-over should be given out as rate adjustments, too, especially since we've allocated the appropriation rate adjustments to the actual nursing homes. So that's-- that was the intent. First intent didn't work. The second intent, by virtue of working with the HHS commit-- HHS, as well as our own fiscal analyst, this is what we-- we're bringing to you as a-- certainly a compromise, but certainly a way of moving forward. And I hope people behind me are testifying to that effect. I'm not sure I've shared the-- the adjustment yet with those folks. But as far as the language is concerned, we talked about it in theory, but I think we have done that. So with that, I'll conclude my testimony.

CLEMENTS: Thank you. I just wanted to correct you. You-- you mentioned the-- you numbered the amendment AM1093. It's-- it's--

STINNER: Ah, yes, and it's AM2366. I'm sorry. I just was looking at it sideways.

CLEMENTS: All right. Yeah, AM2366. Questions? Senator Wishart.

WISHART: Thank you. Senator, can you clarify then what the fiscal note will be, fiscal--

STINNER: Fiscal note will be zero.

WISHART: Zero, OK.

STINNER: Yes, because otherwise, on the look back, there was-- the department was saying CMS is not going to accept this as a bonus so, therefore, it would be-- whatever they projected the carry-overs to be or the utilization rate to be, that would have been their fiscal note. So I'm pretty sure that's how they computed it, so.

CLEMENTS: Any other questions? Seeing none, are there any other proponents?

HEATH BODDY: Good afternoon, Senator Clements, members of the committee. My name is Heath Boddy; that's H-e-a-t-h B-o-d-d-y. I'm the president and CEO of the Nebraska Health Care Association, and today I'm here on behalf of our 190 nursing facility provider members and the Nebraskans that they serve. I think Senator Stinner did a brilliant job of introducing the intent of the bill today, and so I'll just try to cover a couple of points. During the last legislative session, this committee worked to appropriate certain dollars to be used for provider rates with very clear intent language, as Senator Stinner pointed out. However, following the announcement of the 2019-2020 facility rates, Medicaid acknowledged that approximately $7.3 million, as Senator Stinner out, was withheld in order to have a reserve should utilization increase. So we appreciate the Senator's effort that through LB1093 to recoup any of those unspent funds remaining from the original appropriation and to help ensure that the appropriated amount for nursing facility services is used in that rate calculation. Based on Medicaid's feedback of late, it seems there's unlikely that there will be a huge amount of that $7.3 million left this year. But what Senator Stinner does through the amendment is allows that to be, in my words, trued up to make sure that the dollars that this committee and that the body and that the Governor approved was-- is distributed through the provider rates as intended. The amendment will also help to ensure that there are no unspent dollars

in future years. And there's also, I understand, an acknowledgment that there would be a report produced for the body and for the committee prior to the end of the year. So if there was the thought that there won't be all $7.3 million from-- if we're using the numbers from last year, it would give an opportunity to see where those numbers landed, and then this-- this committee could make a recommendation, if they chose, in the next legislative cycle. So on behalf of our members and, again, those Nebraskans they care for each day, I request your support in LB1093 and the amendment and thank you for your consideration. I'd be happy to answer a question-- questions if that's-- if there are any.

CLEMENTS: Are there any questions? Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here. Just so I-- I guess clarity, as far as for me to understand this, there's no fiscal note for this. This is just assuring that the funds now will be-- I call it used or appropriated.

HEATH BODDY: Thanks for the question, Senator Dorn. Yes. So the committee and the body last year approved appropriated funds and because of the way the calculation was used, they were not-- all those funds were not put into the rate calculation.

DORN: Right.

HEATH BODDY: So this-- my understanding that no-- no fiscal note is related to-- the funds are already appropriated.

DORN: They're already-- they're already appropriated. But this just basically gives us-- I don't know if an avenue-- the right way-- assurance that those funds, because they're appropriated and because methodology showed that they should be used, that they will be, we-- now we have an avenue to make sure that they're used.

HEATH BODDY: That's the way I understand it, Senator, and-- and also a report to tell us if-- if our-- if our approach worked.

DORN: OK.

CLEMENTS: Any other questions? Seeing none, thank you.

HEATH BODDY: Thank you, Senator.

CLEMENTS: Are there other proponents? Welcome.

JENIFER ACIERNO: Hi. Hello, Senator Clements and members of the committee. My name is Jenifer Acierno, and I am the president and CEO for a LeadingAge Nebraska. Jennifer is J-e-n-i-f-e-r, Acierno, A-c-i-e-r-n-o. I am here on behalf of our 70-plus members across the state that provide nonprofit and government-owned care for our folks who receive long-term care across the state. And to make this part short, in honor of everybody's time, I agree with what Mr. Boddy said, as far as the importance of funds being appropriated, being made available as a part of the rate methodology to our providers. Obviously, you know better than most people that long-term care providers across the state are struggling and many of them-- we've had many rural closures in Nebraska. About 89 percent of the closures that have happened have been in rural areas. We want the funds that this Legislature appropriates to take care of our elders to actually be made available to those providers of care to help offset the strong deficit that they receive on a daily basis of roughly $36 a day, as the Chairman had said earlier, to help them to continue to provide quality care to our elders. So I don't have any-- anything further, but I'm glad to take questions.

CLEMENTS: Thank you. Are there any questions? Hearing none, thank you for your testimony.

JENIFER ACIERNO: OK. Yes. I would note that we have not seen the amendment, but based on what-- what Senator Stinner mentioned as far as the-- the information, we would just want to make sure that the priority is getting those funds out to-- to providers.

CLEMENTS: Thank you.

JENIFER ACIERNO: Thank you.

CLEMENTS: Are there other proponents? Welcome.

TERRY STREETMAN: Thank you, Senator. My name is Terry Streetman; that's T-e-r-r-y S-t-r-e-e-t-m-a-n. I am the director of public policy and advocacy for the Alzheimer's Association, Nebraska chapter. I'm here to testify in support of LB1093, and I appreciate the opportunity to be here to speak and Chairman Stinner for introducing the bill. The Alzheimer's Association is the leading voluntary health organization in Alzheimer's disease care, support, and research. We serve statewide and provide help by providing support groups and education while also

advancing crucial research and policy initiatives. I won't go through all of my testimony here because a lot of it has been covered by much more intelligent, educated people than me. But I would like to stress that the Alzheimer's Association sees the importance of ensuring that these funds are paid out as appropriated and that we continue to work to align the reimbursements with the-- the true costs of caring. It's been mentioned in relation to a couple of other things already in this hearing. In past hearings, there have been providers who testified to the gap between reimbursement rates and the actual costs. And for individuals with dementia, in the last five years of their lives, on average, their healthcare costs are 64 percent higher than those even with heart disease or cancer. And so when we look at gaps in reimbursement rates compared to cost of care, these populations can often be hit harder, even harder when those rates are-- are lower than they should be or funds are not appropriated-- or funds are not paid out as appropriated. So I would really just like to express our support for this, to urge the committee to advance these policies, incorporate them into the budget recommendations, and to thank Senator Stinner for introducing it. And I will answer questions if any have them.

CLEMENTS: Are there any questions? Seeing none, thank you for your testimony.

TERRY STREETMAN: Thank you.

CLEMENTS: Are there additional proponents? Seeing none, are there any opponents? Welcome.

JEREMY BRUNSSEN: Hello. Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Jeremy Brunssen, J-e-r-e-m-y B-r-u-n-s-s-e-n. I'm the interim director of the Division of Medicaid and Long-Term Care within the Department of Health and Human Services. I am here to testify in opposition to LB1093, which would require DHHS to retroactively distribute money appropriated for nursing home utilization that goes unspent due to the lack of utilization of Medicaid services. We appreciate Senator Stinner-- Stinner's willingness to meet with the department and discuss our concerns about LB1093, and we have worked with the senator's office, as well as the Legislative Fiscal Office on a proposed amendment. To be clear, the department is here today to testify-- excuse me-- in opposition to the green copy of LB1093. LB1093 would create a system wherein DHHS would use dollars appropriated for nursing facility services that go unexpended to pay providers an incentive payment.

However, federal law prohibits Medicaid from paying for services not rendered. In order to implement this bill, DHHS would be required to submit a state plan amendment to the federal government, with updates to our payment methodology, outlining this incentive payment system. The department expects significant challenges in gaining federal approval of such a system. Without federal approval, DHHS would not be able to leverage federal financial participation for the incentive payment. It is assumed in the department's fiscal note that any reconciliation determining an incentive payment made would have to be done with all General Funds. Regardless of the department's doubts as to whether the federal government would approve this incentive payment system, we see several challenges to operationalize this system. The time frames outlined for this incentive payment program would require the department to execute the incentive payments prior to receiving and paying providers for all claim expenditure liabilities. Currently, providers have six months from the date of service to submit their claims to Medicaid, but this bill would limit it for the purpose of calculating this incent-- incentive payment to two months. As written, LB1093 would require the department to reconcile prior to allowing for the six months of claims [INAUDIBLE] Therefore, we would reconcile to spend the full appropriations, then have additional claims submitted to the department that would need to be processed and paid. This would put the department into a budget deficit and lead to the department calculating payments with insufficient data. The same concerns hold true for any retroactive provider settlements the department is required to perform for any providers who have interim rates for state fiscal year '20 due to the change of ownership or opening a new facility. As drafted, LB1093 poses a serious issue by requiring the department to pay for services not rendered, would be difficult to implement, and puts the department in a position of a budget deficit. We respectfully request that the committee oppose this legislation as introduced, and we appreciate working with Senator Stinner on the pension-- on the potential amendment. Thank you for the opportunity to testify and I'd be happy to answer any questions.

CLEMENTS: Thank you, Mr. Brunssen. Are there any questions? Senator Wishart.

WISHART: Thank you. Well, first of all, Jeremy, thank you for being here and thank you for filling in as interim director. We really appreciate that. Just to clarify, you're testifying in opposition of the green copy.

JEREMY BRUNSSEN: That's correct.

WISHART: And have you had an opportunity to see the amendment that Senator Stinner has given us?

JEREMY BRUNSSEN: We-- we-- I've had the opportunity review a draft amendment. I'm not sure if one's been introduced of-- as of yet, but we had the opportunity, yep.

WISHART: Oh, or-- or-- OK, great. And so you're continuing to work with him on-- on that amendment?

JEREMY BRUNSSEN: Yes.

WISHART: OK. Thank you.

CLEMENTS: Any other questions? Senator Dorn.

DORN: Thank-- thank you, Senator Clements. And thank you, Jeremy, for being here again. Appreciate that, really do appreciate you coming in and-- and filling in the interim. So I guess, and I'm-- I'm-- I'm more doing a leading question, I guess. Do you think there's a possibility then that between Chairman Stinner and yourself and the department, they will be able to come to some resolution of this, especially like with the white copy maybe, or-- or what do you see, I guess, as hindrances to it, other than the fact that we know we can't spend money that's not there or not appropriated. But how do we overcome this, making sure the payments all are appropriated or go out?

JEREMY BRUNSSEN: Sure, so a few questions in there-- I'll try to chunk them up and respond.

DORN: Yeah, too many, too many.

JEREMY BRUNSSEN: That's all right. Thank you, Senator Dorn. So I think first we've-- we've reviewed a draft copy of the amendment and the most recent version that we reviewed, if it's adopted as it's-- as the review we've seen, it removes the concerns that we've noted in our testimony today. I think the challenge that we always run into is that budgeting is a fine art; it's subject to a lot of factors. Not only just, when we talk about utilization, are we talking about the number of people staying in the home, it's also what acuity they have, what level of care they're at, because we pay differently on a scale based on the patient's resource needs. So you'd have to predict with 100 percent accuracy not only the-- the-- the number of people but also

how-- what their acuity level is. So we feel good about where we're at because we're on track to spend-- right now, if we were to just trend the first half of the year across the second half of the year, we'd spend about 99.7 percent of the dollars.

DORN: How-- how do you-- I guess, how do you-- in previous budget years, then how do you-- when you come down to the end and, you know, you-- you're-- you're basing this on rates and-- and then there's a lag time of six months or whatever, how do you come up with that dollar-amount figure that then is left there, I guess, and then where-- how is that used in the next year's budget?

JEREMY BRUNSSEN: So it's-- it's not just automatically rolled forward and used. We do try to basically encumber any unspent dollars. Basically, really, what we're doing is we're looking at services that were rendered in the prior fiscal year and essentially encumbering those dollars for payment to be had through the next state fiscal year.

DORN: So basically you still have a so-called-- it's not a name, but you still have commitments for those dollars.

JEREMY BRUNSSEN: Potentially, right--

DORN: You do.

JEREMY BRUNSSEN: --obligations, right.

DORN: But what if-- what if you come up to the end of the year and you're-- you're-- I don't know, here, just for an example, $5 million left in there, and then there's nothing-- I mean, it doesn't have commitments tied to it. Then what happens to those funds?

JEREMY BRUNSSEN: Well, the department doesn't do anything. If we-- if we can't actually liquidate those dollars or if their services aren't rendered because there aren't as many services to be had, you know, it-- it goes back to the Legislature's purview. It's not within the departments to decide what to do with that money.

DORN: OK, because that could-- I mean that could happen here otherwise at the end. I mean that's what we're trying to head off so that there aren't so-called unallocated dollars at the end of the fiscal year.

JEREMY BRUNSSEN: Yeah, and I think our concerns are-- are the technical aspect of it requires us to settle to make those

reconciliations while we still have liabilities out there, so it creates a likely deficit scenario.

DORN: And because of the--- and if I understand this right, it's basically because of the lag time in there.

JEREMY BRUNSSEN: Primarily.

DORN: Or-- yeah.

JEREMY BRUNSSEN: There's a few different payments that could occur later. Yes, sir.

DORN: OK. Thank you.

CLEMENTS: Any more questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for coming. So as I listened to your testimony, and I see in that third paragraph you said, however, the federal law prohibits Medicaid from paying for services not rendered, so were there services not rendered? Is that why you didn't spend the whole of the money that you were allotted to spend?

JEREMY BRUNSSEN: So I think what we were trying to communicate regarding that statement was the way the-- the bill was currently drafted, or the green copy, states that we would basically redistribute the money, the amount left over. You know, so we-- we would have to pay for a service rendered. The reason there might be potentially dollars not spent-- for example, this year it included a utilization increase-- if we don't actually see utilization increase, we wouldn't expect those dollars to be paid because we didn't actually pay for more services, but that would be the primary driver.

ERDMAN: Thank you.

CLEMENTS: Any other questions? Seeing none, thank you--

JEREMY BRUNSSEN: Thank you.

CLEMENTS: --Mr. Brunssen. Are there any other opponents? Is there anyone in the neutral position? Seeing none, Senator Stinner, would you like to close?

STINNER: I'm going to be brief. AM2366 will be the bill. I think that you heard Jeremy say that it takes away a lot of the concerns that they had with the pro-- with my proposed bill of basically retroactively kicking back money that they said that that-- that unspent dollars presented a problem with CMS, so that kind of wiped that-- that idea out. What we tried to do with pulling it out of the Medicaid and line item, and so we could follow it, it's called general ledger controls, if you want to go back to the CPA days. Prior to that, what we did was to take a look at all the Medicated expense put together in appropriations and then allocate the money, and it just dropped into this big pot called Medicaid. It's by taking it out now we have some kind of control. We can control what the carry-over-- we can see what the carry-over is. And there may be a deficit spend in this thing, should the-- should they have a lot more problems, people-- a lot more people show up, those types of things, but we would then have at least control on it and see what's happening. Prior to that, it could have been lapsed; it could have been pushed off to another-- another agency that needed money. All of those things happened-- were happening and could happen. So by doing what we're doing, I think we're preventing some of that from happening and we can-- we can follow it and we can control it.

CLEMENTS: Questions? Senator Wishart.

WISHART: Well, thank you, Senator, for bringing this bill. Just to be clear, though, even after doing this bill, we're still running into the issue of nursing homes being reimbursed $36 less than the cost of care.

STINNER: I-- I think we're closing that gap.

WISHART: OK.

STINNER: If you looked, we allocated almost $22 million increase, which hopefully closed it by about $10. Through this methodology, we're-- we're continuing to work our way toward a break-even. Of course, their costs continued to go up, too, so with 2 percent increases, we're kind of keeping--

WISHART: OK.

STINNER: --things about even. We'll-- we'll watch that very closely.

WISHART: OK.

STINNER: But you're right. I mean, even on the department's calculation, we're not the break-even yet, so.

CLEMENTS: Other questions? Seeing none, thank you, Senator Stinner.

STINNER: Thank you.

CLEMENTS: That closes the hearing on LB1093. Were there any letters? All right. There is a letter of support from Quality Living Inc.; AARP; Board of County Commissioners, Douglas County, Nebraska; and Nebraska Hospital Association. And-- and that concludes the hearing on LB1093.

STINNER: Thanks for that. You did good. Thank you, Senator Howard, for being patient.

HOWARD: Thank you, Senator Stinner, for--

STINNER: We just like to move along here.

HOWARD: --for-- for skipping over me. I apologize that I was--

STINNER: OK.

HOWARD: You know, Senator Williams had me tied up in Banking, so you can blame him.

STINNER: Well, we'll now open the hearing on LB874, Senator Howard.

HOWARD: Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is Senator Sara Howard, H-o-w-a-r-d, and I represent District 9 in midtown Omaha. Today I'm here to present you LB874, a bill to add restrictions to new spending from the Health Care Cash Fund. Feel like you guys knew this was coming, so thank you for humoring me on this. Created in 2001 through LB693, the Nebraska Health Care Cash Fund is principal and investment income from the Master Tobacco Settlement Funds and the Medicaid Intergovernmental Transfer, or IGT-- IGT Fund. The purpose behind the genesis of this cash fund was to create a long-term, ongoing funding mechanism for healthcare services in Nebraska. Money from the fund is used for an array of ongoing healthcare services in our state. With budget shortfalls in recent years, the importance of the Health Care Cash Fund is growing. Now is a good time to examine if statutory or funding changes are needed to ensure the ongoing viability of these funds. LB874 attempts to protect these funds by allowing no new programs to

be funded from the Health Care Cash Fund with an appropriation total that would exceed the amount of the investment income accrued from the prior fiscal year. This summer, at the interim study hearing for LR116 that examined sustainability of the Health Care Cash Fund, our State Investment Officer Michael Walden-Newman stated that, looking at current spending, the Health Care Cash Fund is not sustainable at these current levels. His predecessors also contended that if we continued to fund additional programs out of this fund, that it would not be sustainable. In the sustainability report released by Aon in July 2018, it reinforced his concerns that current spending exceeded investment income and would eventually deplete the fund. If the principal from the Health Care Cash Fund is depleted, there will be a number of vital programs that will not have funding that serve a valuable purpose in the state. These are things like public health departments, biomedical research, the Children's Health Insurance Program, behavioral health regions, and the developmental disabilities waiting list are a few of-- are examples of programs that receive funds from the Health Care Cash Fund. A great example of why it's important to sustain these funds is the work that the public health departments are already doing in handling the Wuhan Coronavirus emergency. A recent press release asked those who have recently visited China to contact their local health department for guidance and next steps. Last year, when parts of Nebraska experienced the devastating floods, it was the public health departments who aided in the supply of clean drinking water and contamination prevention. The Health Care Cash Fund is one of our only sources for our public health departments, and so if we didn't have any funding for them, we probably wouldn't have public health departments. Our public health department system is actually fairly new when you look at the-- the history of the state. They're quite young. Here are some key programs that would be impacted: behavioral health rate increases, mental health/substance abuse service regions, emergency protective services funding, which we know is a big issue in the rural areas, public health, children's health insurance aid, developmental disability aid, and biomedical research. Without this money, we would have to lower behavioral health provider rates. In 2003, the Health Care Cash Fund provided a much-needed boost to these rates in Medicaid, the behavioral health regions, and child welfare. Funding behavioral health rates for providers and keeping a robust network is already difficult, especially in our mental health field, and we know we have to maintain a certain level of providers in order to continue receiving Medicaid dollars for-- for these types of services. And without this stability, we could potentially see a decline in our

provider network. The Health Care Cash Fund provides over $6 million annually for the children's health insurance aid-- aid-- that's the CHIP program-- and these are vulnerable children in our state who need health insurance, who would not qualify elsewhere. The state match for CHIP was initially funded with money from this fund and serves as the base appropriation for this program now. These are just a few examples of the good work of the Health Care Cash Fund. And Nebraska is one of the only states that still has the funds from our Master Tobacco Settlement. We've-- most importantly, we've made them sustainable or we've made them last. Most states use them immediately and they're gone now. It's imperative that we protect the Health Care Cash Fund for future Nebraskans to rely on. And I thank you for your attention to this matter. I'm happy to try to answer any questions, but I want to be very clear that the role of the Health and Human Services Chair is to make sure that there's funding for health and human services issues, right? And the Health Care Cash Fund is really our only source of funding when we look at the broader scope of-- of where our General Funds are coming from. This is-- this is it for us. And so in an effort to protect them, and I know that we have some disagreement between the sustainability officer and whether or not we believe that it's sustainable, but I think it can only behoove us to consider protecting these dollars into the future because we need them to last beyond our tenures, and they'll certainly last beyond mine, but we want them to last beyond yours as well. And so I'm happy to try to answer any questions you may have, but I appreciate your attention.

STINNER: Questions? Senator Wishart.

WISHART: Well, thank you, Senator Howard, for being here. Can you just walk me through really quickly the-- the fiscal note here? When it's talking about earnings, I'm-- I'm just trying to get an understanding of what funding we can anticipate if this bill passes in terms of being able to spend on maybe one-time projects [INAUDIBLE]

HOWARD: Right, and I think one-time projects are part of the issue. When we have so many--

WISHART: Yes.

HOWARD: --ongoing needs, then it's harder. And it's interesting because-- I know you and I have had this discussion. Is it for ongoing or is it for one-time? And it's interesting because, you know, last year when I lost my mind a little bit about the Health Care Cash Fund on the floor, I had a lot of the original senators who had put it in

place, and the original staffers, come to me and say they were really grateful because it shouldn't be just a piggybank. It shouldn't be just for these one-time appropriations. We need it to last for these ongoing purposes. And then I-- I only just saw the fiscal note--

WISHART: Oh, OK.

HOWARD: --so I apologize that I can't speak to it directly.

WISHART: OK.

HOWARD: Oh.

DORN: She's-- she's looking at this right down here.

HOWARD: Thank you, Myron.

WISHART: I'm just I'm trying to--

HOWARD: You are so sweet just--

WISHART: I'm trying to clarify what this chart down here means.

HOWARD: Yeah, and that's a good question because I wouldn't know how to answer that.

STINNER: I-- I-- I do have the answer to that--

WISHART: OK.

STINNER: --if I may?

HOWARD: Yes, please. That would be wonderful.

STINNER: It-- there was two funds that funded the Health Care Cash Fund. The Nebraska Medicaid Intergovernmental Transfer Fund was a fund that had about $82 million in it. It was funds that came from nursing homes that received Medicaid-- overpayments of Medicaid. They had to pay back in and had-- it was a fund that was created and we took the earnings from that fund and the earnings from the other and the tobacco dollars that came in-- between $35 and $40 million comes in every year-- and that is what sustained the Health Care Cash Fund. Over the last couple years, we decided-- "we" meaning the Legislature, or maybe even myself and Liz decided-- to eliminate that fund and just go with the Health Care Cash Fund. So we took the corpus out when we were offsetting. We took the corpus out and ran it-- ran it into the

Health Care Cash Fund to support what the needs are there, whereby it increased the main fund called the-- Nebraska's Tobacco Settlement Fund. There were now over$ 500 million, and that's from $356 million. So the corpus went up as we pulled this corpus down. And actually, if you look at the total, the total actually has increased over $50 million. That has always been my argument about sustainability. Now we've had great markets, no question about that. But that's-- that's how that happened, and I think that explains this note.

WISHART: OK.

STINNER: And if I'm not accurate on that, I'll-- I'll take any other information that anybody else has on that, so.

HOWARD: You'd be more accurate than me.

STINNER: I think today's balance is $525 million. Back when we had put this exhibit together, I-- which was at 6/30/10, so three years. It was the-- it was $356 million, so, which increased substantially, almost 100 million over that three-, four-year period of time, so.

HOWARD: But it doesn't mean we should start taking more money out of it.

STINNER: OK. Any additional questions?

DORN: Yeah. Yeah, right here.

STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here with this bill. I guess for my part, for understanding and clarity, though, but then, you know, we-- we had the increase. If you look at last year, we had increased earnings of $54 million, which now we understand why. But this bill then would allow us only any new appropriations? I mean our new fund, our new line out of there could only be funded by years that we had that increase, because the year before we had zero dollars' increase. So then basically we're saying we can't have any new funding out of the Health Care Cash Fund.

HOWARD: I mean, essentially what it's saying is you would look at the investment income from the previous year and you could play around with that investment income, but you wouldn't be able to sort of dip into the principal.

DORN: Not-- not into the principal, yes, but-- but does that include-- I call it the current ones we have. I don't know. We have a list of about 15 we currently fund. Those would still be OK. We wouldn't affect those by this bill. It would only-- any source of new funding we wanted to do.

HOWARD: Yeah, I believe so. I believe so.

DORN: That's what you're looking at here?

DORN: Um-hum.

HOWARD: Yeah. OK.

STINNER: Additional questions? So to go back to Senator Dorn's example, we have investment income; it'll support a million dollars that we take out. The next year investment income goes down, we take a look around this and eliminate the million dollars that we put in because there are business cycles.

DORN: Yeah.

STINNER: Markets go up and down.

HOWARD: Right.

STINNER: Earnings vacillate between positive-- it averages. About 6-- 6.6, I think, is what it is. But there are down years.

HOWARD: Um-hum.

DORN: Yeah.

STINNER: And there are three years where we make up those, so, and we've had two or three really great years. I think I'll acknowledge that. But I think that's what we're trying to, I think, unpackage is, OK, we had this great year, we're going to spend more out of here, but there's no sustainability or permanency in that. Is that your intent or is that--

HOWARD: So my intent, however we get to the language, is let's stop eating into the principal, because that's what really harms the sustainability--

STINNER: OK.

HOWARD: --and only use the interest that we're getting from those investments.

STINNER: Your intent is more to take it to an endowment.

HOWARD: Yes.

STINNER: OK, just wanted to get there with that language. Senator Wishart.

WISHART: I like how, how you can just see that I'm thinking a question. So-- so walking through this then, if-- if we were to take it to-- well, first of all, I think you've made a very compelling case, and-- and I appreciate you being the Chair of a committee where you-- where, when you say these things, it-- we all do pay attention to it. If we take it to an endowment model, then are we jeopardizing the current programs that we currently fund out of the Health Care Cash Fund?

HOWARD: I think that's a good question. I think that's a broader question that I wouldn't be able to answer.

WISHART: OK.

HOWARD: But, I mean, my intent is essentially we leave the programs as they are and then we just make sure that we stop eating out the principle of this-- of this fund, because that's the piece that will sort of slowly erode what's in there and then in 20 years you'll have a Legislature that doesn't have a Health Care Cash Fund anymore. And then how do we work on the DD waitlist and how do we pay for CHIP and all of these different investments that we've already made? I mean, I could see, and I won't speak for the people behind me, but I could see a Legislature saying, all right, we need to take sort of 1 percent from everybody because we had a lean year, and then you put it back in future years just to make sure that this fund remains sustainable.

STINNER: Definition of investment income, does that also include Master Settlement Agreement that's the $35 to $40 million comes in on an annual basis? Is that considered investment income too?

HOWARD: You know, that's a good question, and that's something that we-- we should try to clarify because I'm not sure if--

STINNER: Well, without it, we can't do half this-- I mean, we won't be able to do any of this stuff--

HOWARD: Right, right.

STINNER: --or minimal anyhow. OK.

HOWARD: OK?

STINNER: Additional questions? Seeing none, thank you.

HOWARD: Thank you.

STINNER: Good afternoon.

CHRIS RODGERS: Good afternoon. Mr. Chairman, members of the committee, my name is Chris Rodgers. I currently serve as a member of the Douglas County Board of Commissioners and as president of the Board of Health there in Douglas County. I'm here today speaking on behalf of Douglas County, but also the other statewide local health departments across Nebraska. I want to thank Senator Howard, first of all, for her attempt to protect the principal of this fund. Many of the local health departments of Nebraska were established as statewide departments after of the passage of LB692 in 2001 that distributed tobacco settlement dollars through the Health Care Cash Fund. Since that time, the original health departments-- there were 22 at the time-- have now increased to all 93 counties and include 18 districts. These health departments provide scientifically based programs, depending on the local health needs and priorities, determined through a regular comprehensive community health plan and process directed by each district's appointed Board of Health. Current health departments have assumed a leadership role in coordinating the planning to meet the health needs and have been successful in bridging together local organizations to help the public health needs and communities in each of the districts that have been identified. We have formed partnerships, task forces, coalitions to leverage funds to address the unique public health needs in each of the local communities. There are-- the needs are broad and they include things such as cancer, smoking, diabetes or heart disease, low birth rates, fluorination of water, the lack of adequate dental, medical, and childcare, the needs for bilingual interpretation, injury prevention, automobile crashes and seat belt use, underage tobacco and alcohol use address-- addressing meth and other drug uses in the community, domestic violence, disease outbreaks, work site wellness and environmental

hazards. The local health departments have been the leaders in developing healthy communities across this entire state. Local health departments have developed a statewide assessment that enables us not only to identify potential barriers to good health but also to compare this data throughout the state and develop a seamless public health system. This information is used in planning and-- and the prevention of related activities at the local level so that the available resources are directed effectively. All departments contribute to the statewide surveillance activities, including national recalls such as eggs, ground beef, peanut butter, alfalfa sprouts, and more. Local health departments are responsible for disease investigation in their districts, and when there are large outbreaks or disasters, we can depend on our sister public health departments to assist. At the local level, case data on infectious disease such as mumps, measles, meningitis, tuberculosis, pertussis, and potential pandemic flu strains, the local health departments follow up with cases reported directly to them as well as cases reported to them by the state, as well as local hospitals, physicians, clinics, nursing homes, day cares and schools. Public health throughout Nebraska has partnered with existing agencies to develop plans for bioterrorism and other threats. Public health is on the front lines to assist our communities during natural disasters, including wildfires, ice storms, tornadoes and, as we have seen most recently, catastrophic floods. Now we are responding to the level-- to the potential of the Corona-- the00 the Corona virus. We must focus on prevention to address the biggest economic driver of healthcare cost in our state, and that's chronic disease, and to improve the capacity to respond to the current emerging public health threats and provide critical resources to address our statutory responsibility. We urge you to maintain the original intent of the Health Care Cash Fund and grow the fund to continue to meet the healthcare challenges in the future. We must maintain the stability of the fund for those of us to address public health needs at the local level. With that, I'd like to add an additional hat and say I also, in my day job, serve as the director of community and government relations for Creighton University, and I'd like to say that Creighton University is in support of this bill also. So with that, I'm available to answer any questions.

STINNER: Let me ask you, could you state your name and spell it for the record?

CHRIS RODGERS: Sorry. Chris Rodgers, C-h-r-o-d-g-- C-h-r-i-s R-o-d-g-e-r-s.

STINNER: Thank you. Additional questions? Seeing none, thank you,

CHRIS RODGERS: Thank you.

KENNY McMORRIS: Good afternoon.

STINNER: Afternoon.

KENNY McMORRIS: Afternoon. Chairman Stinner, members of the Appropriations Committee, my name is Kenny, K-e-n-n-y, McMorris, M-c-M-o-r-r-i-s, and I'm here representing the Health Center Association of Nebraska and the seven community health centers in our state here. We have a firm belief and commitment to ensuring that all Nebraskans have access to high-quality healthcare, regardless of their economic and insurance status. To that end, Nebraska community health centers provide comprehensive, culturally appropriate primary care to over 101,000 patients statewide within 69 different service locations. Nebraska health centers are a critical component of the safety-- safety-net system in Nebraska. Nearly 47 percent of health center patients are uninsured and 93 percent are low income. HCAN would like to express our support for LB874 and for the preservation of the Health Care Cash Fund. While we recognize that there are currently many important competing priorities for funding, it is essential that the integrity of the fund be preserved so that new programs do not cause disruption to existing current-- existing programs. Currently, health centers receive approximately $2 million annually from the Health Care Cash Fund. These funds have been critical to ensuring access to healthcare for underserved and have allowed health centers to expand and see new populations throughout the state. In 2018, health centers saw 46 more patients annually than they did five years ago. This equates to about a-- roughly about 32,094 patients. In the past years, Nebraska health centers have opened multiple new locations hired new medical, dental, and behavioral health staff, established new treatment programs such as medication-assisted therapy for opiate abuse. Specifically, funding from the Health Care Cash Fund supports community health center workers to screen, educate, and case manage patients suffering from chronic diseases like diabetes and hypertension, screening for follow-up for childhood obesity, increasing early access to prenatal care, and smoking cessation treatment programs. Since 2001, the Legislature has recognized the importance of community health centers in furthering health, and

especially minority health, by providing important funding through the Health Care Cash Fund. The tobacco Master Settlement that is the basis for the Health Care Cash Fund was in large part based upon healthcare cost incurred by the state due to the illnesses caused by smoking. The illnesses and cost were most closely associated with low-income individuals and minority populations. In 2018, health centers provided medical, dental and behavioral health services to 62,746 racial and ethnic minority patients, the vast majority of whom were low income. This includes 4,137 minority patients with diabetes, 6-- 498 pregnant women, and 7,724 hypertensive patients. Preserving the Health Care Cash Fund into the future is critical to ensuring that these services continue to be available to some of the most vulnerable Nebraskans. I would like to thank this committee, Senator Howard, and the Legislature at-large for the continued support of community health centers and for consideration of this bill. I'll be happy to answer and entertain any questions.

STINNER: Any questions? Seeing none, thank you.

KENNY McMORRIS: All right. Thank you.

STINNER: Afternoon.

NICK FAUSTMAN: Good afternoon. I'm Nick Faustman, N-i-c-k F, as in "Frank," -a-u-s-t-m-a-n, and I'm the Nebraska government relations director for the American Cancer Society Cancer Action Network. ACS CAN is the nonprofit, nonpartisan advocacy of affiliate of the American Cancer Society, and we support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem. I'm here to testify in support of LB874. ACS CAN has been an advocate for the Nebraska Health Care Cash Fund since its creation in 2001. Of particular importance, from our perspective, are the fund's programs that help combat cancer: tobacco prevention and control programs, cancer research at postsecondary educational institutions, and the funding utilized by public health departments to battle cancer in communities across the state. Currently, however, these programs are underfunded. Take, for example, the state's tobacco prevention program known as Tobacco Free Nebraska. The key-- key component in tobacco cessation for Tobacco Free Nebraska is the Quitline, which is available to any Nebraskan aged 16 or older. It is particularly important for our state government in that it is also the starting point for Medicaid clients seeking their cessation benefits offered by either straight Medicaid or the managed care organizations. Tobacco Free Nebraska also engages in community outreach programs and media

campaigns to raise awareness of the harmful effects of tobacco use. The problem is that current funding for that program is only 12.4 percent of what the Centers for Disease Control and Prevention recommends for our state. With that in mind, ACS CAN contends that prior-- prioritization should be given to growing the Health Care Cash Fund through additions of new revenue streams such as significant and frequent tobacco tax increases. Thank you for the opportunity to comment on this important topic, and we urge the committee to advance LB874 to the floor.

STINNER: Thank you. Questions? Seeing none, thank you.

NICK FAUSTMAN: Thank you.

ANNETTE DUBAS: Good afternoon, Senator Stinner.

STINNER: Good afternoon.

ANNETTE DUBAS: Members of the Appropriations Committee, my name is Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s, and I'm the executive director for the Nebraska Association of Behavioral Health Organizations, otherwise known as NABHO. We are a statewide organization advocating for behavioral health providers, hospitals, regional behavioral health authorities and consumers. Our mission is to build strong alliances that will ensure behavioral health services, including mental health and substance use disorder services, are accessible to everyone in our state. Our association thanks Senator Howard for LB874 and her fierce determination to protect the intent and sustainability of the Health Care Cash Fund. While other states quickly ran through their settlement dollars, the Nebraska Legislature had the foresight to create the Health Care Cash Fund. We are especially appreciative of their decision to use a portion of those funds to build capacity and support rates in the area of mental health and substance use disorder treatment services through the behavioral health regions and the juvenile justice system. We know that one in five Nebraskans have experienced a mental illness in the past year. Fifteen percent of Nebraska's high school students reported that they have considered suicide. In Nebraska, suicide is the second leading cause of death for 15- to 34-year-olds. We also know that the inability to afford care is a leading reason that keeps people from seeking care. Eighty-eight of our 93 counties are designated mental health workforce shortage areas, with pay and regulatory burden as contributing factors. Behavioral health is heavily reliant on public payers: nationally, 62 percent of funding for mental health treatment and 69 percent of substance use

disorder treatment. Nebraska falls well within or above those percentages. NABHO believes that the Health Care Cash Fund is an important component to help us address these alarming statistics and safeguard the current and future behavioral health needs of Nebraskans. The 2002 Legislature was wise and prudent when they created the Health Care Cash Fund. They understood that investing in the health of our citizens is a worthy venture that will pay dividends for generations. The Health Care Cash Fund was an investment made by past Legislatures. And now it is up to us to find ways to grow this-- this fund through new revenue streams and to sustain the fund. The intent of LB874 is a measured approach to ensure that this fund will remain viable and continue to support the healthcare needs of Nebraskans for many years to come. Thank you very much for your attention.

STINNER: Questions? It's good to see you back here.

ANNETTE DUBAS: Good to see you too. Thank you.

STINNER: Afternoon.

DON WESELY: Mr. Chairman, members of the Appropriations Committee, for the record. My name is Don Wesely, D-o-n W-e-s-e-l-y. I'm here to testify in support of LB874. I wasn't planning on doing it, but I'm a proud father. I'm the father of the Health Care Trust Fund that was originally passed in 1998. Liz Hruska was there at the time. We ended up passing the legislation in anticipation of money coming in. We didn't know for sure how much money. We didn't know for sure if it would happen. But we saw it coming and we thought, let's make sure this stays in public health and in providing for the healthcare of the-- of Nebraskans. So we set up the fund. It was then-Senator Jim Jensen who followed to set up the actual distribution and-- and the structure for the program. And since then, the Legislature-- I'm proud of the Legislature for having stuck with this concept, and I'm proud of Senator Howard for her experience in coming here and trying to preserve that. And, Senator Stinner, you're right that the concept of this is-- is an endowment, and the original term for it was the Health Care Trust Fund. At some point it got changed to the Health Care Cash Fund, and I think it's just because we're not used to having trust funds. But that was the idea, that we put the money in, we save the money, and forevermore it serves the healthcare needs of Nebraskans. I'm really proud-- proud of this Legislature. I'm not sure if any other state did anything like this. We may be unique. But it was the right way to go, instead of taking the money-- in some states, they

took it and put it into roads, into shoring up shortfall-- shortfalls in their budget. And we put it into a trust fund and we kept that trust fund now 20 years. So I'm here in support of the bill. I'm proud of the Legislature for having preserved this-- this program, and thank you for your continued service.

STINNER: Thank you. Questions? Thank you.

DON WESELY: Thank you.

BRENNEN MILLER: Good afternoon, Chairman Stinner, members of the Appropriations Committee, My name is Brennen Miller, B-r-e-n-n-e-n M-i-l-l-e-r, and I am testifying as a registered lobbyist for the Nebraska Association of Regional Administrators, an association of the six administrators of Nebraska's behavioral health regions. You've heard a lot of testimony-- testimony already and you have written comments, so I'll be brief. We appreciate the important subjects that Senator Howard laid out, especially emergency protective custody, psychia-- psychiatric hospital services, and provider rates that are contained within the Health Care Cash Fund. We would just like to say that we very much support maintaining the-- and protecting the corpus of this fund, and we are willing to help out in any way necessary. So with that, you have my written comments. And I do apologize that the name on those comments is Joe Kohout. As much as I try and get my impression of him down, I'm not there yet, so maybe next time. So with that, thank you for your time and I'm happy to answer any questions.

STINNER: Thank you. Questions? Seeing none, thank you.

BRENNEN MILLER: Thank you.

STINNER: Any additional proponents? Anyone in the negative capacity? Or opponents, I guess is how we're supposed to it. Right? Any-- anybody that's neutral? Seeing none, Senator, would you like to close?

HOWARD: I'll just be brief. And I appreciate all of your attention to this issue. I think the Health Care Cash Fund is really one of the most critical cash funds that we have in terms of ensuring that there is a fund specific to public health in the state of Nebraska. I'm actually thrilled that Don Wesely came and spoke, just because I've-- I sort of admired what he did here as my predecessor as Chair of Health and Human Services, and he really sort of set forth a challenge for future Chairs to preserve this fund and make sure that it continues on. I'm happy to change the language in any way necessary

that helps it reach its goal of making sure that we ensure long-term sustainability for the Health Care Cash Fund. So I'm happy to take any suggestions from the committee. You are the experts on how the language needs to work, but I appreciate all of your time and attention for this issue.

STINNER: I-- I did a quick calculation. Based on a-- kind of an average flow from the Tobacco Settlement Fund, we would have to yield about 4.9 percent today. If you want to switch it into an annuitized type of transaction, you're looking more toward the 4 percent, which would mean about $625-- $625 million to sustain or maintain that-- that level if you want to do an endowment. And 4 percent is generally a very conservative number. Now there is testimony that over an historical period of time, and what actually the Investment Council is projecting is 6.6. For the last three years, though, we did add $87 million to the corpus. So we haven't-- I think we've done a pretty good job as stewards over that particular point in time. I get the fact we've had great markets. I think if you're going to head toward in an endowment situation, either we need to reduce the amount that we're taking out, which I hear a lot of people coming up saying we need to-- they need more, but that would be a number to shoot for is 4-- at a 4 percent return. So not that-- I can run it by actuaries and you can get a better number than-- than I'm giving you. But that's kind of the-- the methodology that I use and that I've heard used in the industry. So any additional questions for Senator Howard?

HOWARD: There may be a constitutional issue in terms of the endowment language. We did try that initially and we're told that wouldn't work. And so I think that's why we landed on the language that you have before you. I would also say that we have enjoyed somewhat-- we have enjoyed the pleasure of-- we haven't had any massive recessions. Right? The worst one was when my mom was here and everybody had to go back and think of their own sort of babies that they were going to cut.

STINNER: Oh, I think we've had a pretty good test of it in 2008 to 2010, but why quarrel?

HOWARD: Right. Well, I'm thinking of our tenure--

STINNER: Yeah.

HOWARD: --us as senators. We have never really had that experience, not the same way as 2008, 2010. Were you here in 2008 and 2010?

STINNER: No, but I sure as heck was--

HOWARD: I don't get to ask you questions.

STINNER: --here when we cut $1.2 billion out of the budget.

HOWARD: Right. But they had-- they had to take massive programs away. I mean, it was-- it was heartbreaking for a lot of the senators then, and they looked at the Health Care Cash Fund as an opportunity to fill out some of those gaps. And so we don't want to have that happen again. We want to make sure that these programs last into the future. So whatever language works, I'm happy to-- I'm happy to entertain it.

STINNER: And I know you'll come up with it because you're smart.

HOWARD: Well, I'm hope-- [LAUGHTER] I'm-- I'm hoping you'll help me because this is your-- your arena, sir. All right. Any final questions for me?

STINNER: Questions? Seeing none, thank you.

HOWARD: Thank you, Senator Stinner. Thank you.

STINNER: We have letters in support from the Nebraska Association of County Officials, the Platte Institute, and the Nebraska Medical Association. That concludes our testimony on LB-- and hearing on LB874. We will now open on LB877, Senator Walz. Good afternoon, Senator.

WALZ: Good afternoon, Chairman Stinner and members of the Appropriations Committee. For the record, my name is Lynne Walz, L-y-n-n-e W-a-l-z, and I proudly represent Legislative District 15. I'm here today to introduce LB877, a bill to increase the appropriation for Aging and Disability Resource Centers by the amount of $260,230 for the purposes of expanding collaboration with disability partners and marketing for services provided by the resource centers. The Aging and Disability Resource Center is essential to both elderly and disabled populations in Nebraska. It is vital as a state that we continue to serve these populations and provide appropriate resources to keep these services running smoothly. It is important to note that 15.7 percent of-- of Nebraskans are over 65, and I'm getting there, with that number continually increasing--

it continually increasing. In addition to that, 7.7 are under 65 and disabled. You can see that this is a significant part of our population. ADRCs help provide services to people who might not otherwise have the opportunity to seek the assistance that they-- that they need. Due to the growing elderly population in Nebraska, the ADRCs have become an even more vital resource. Nebraska is seeing more and more closures of our nursing homes and a general lack of resources for the elderly-- elderly population. Elderly rural Nebraskans also have shown a preference to stay in their communities and homes. The ADRC helps to maintain an individual's independence and avoid nursing home placements. In addition to this, the ADRC is able to help avoid extreme nursing home expenses. Due to the fact that most aging Nebraskans live in rural areas, the ADRC needs to expand and, in order to do so, they need to expand their budget. Through this appropriation increase, the Aging and Disability Resource Center will be able to continue with their plan of integrating four disability partners: Easterseals, Munroe-Meyer, Brain Injury Alliance, and the League of Human Dignity. This integration will expand the resources of the citizen and improve accessibility. In addition to this-- to this, the ADRC is not only valuable to the state but also to the citizens, as their goals are help to save the Nebraskans' money, help obtain the care they need, and improve the transi-- transition into aging. The increase in funding also provides for the hire of one within those respective disability partners who will be able to provide expertise in the state to those with disabilities. In addition to this, the ADRC will be able to increase marketing and further reach to the aging, as well as disabled Nebraskans. This-- this appropriations request will allow ADRCs to expand to a broader population, raise awareness, and improve the lives of disabled and aging Nebraskans. Thank you. With that, I would be happy to try and answer any questions.

STINNER: Questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Senator Walz, we had a conversation about the ADRCs last year-- in '18, I should say. I-- I pulled a report on the overview of the ADRCs, and I do not see that the North Platte Office on Aging is participating in the ADRC. Is that correct?

WALZ: I don't know that information, but I can-- I'd be happy to look at that report.

ERDMAN: And I pulled a report and looked at the information gathered there. they give a summation of the costs and expenditures across the

state. And per individual contacted, the statewide average is $63.25. But the Blue Rivers, wherever that is, it was two $202-- $225 per person.

WALZ: In-- in Blue Rivers?

ERDMAN: Yeah.

WALZ: OK.

ERDMAN: And so the others, the average was $63, and some of the others were as low as $23. That is a lot of money for contact. And the question I have is, if North Platte is not involved-- and North Platte, I believe, is called West Central-- and they're not involved in the ADRC, what are they doing and why didn't they join? Yeah, that's-- that's a question. I'm wondering-- I guess my question is, if North Platte, Central, is accomplishing this, why-- why are they not in there? Do you know why?

WALZ: I don't know why, but I would be happy to try to find that information out for you. And maybe somebody behind me can--

RANDALL JONES: Senator, I can address those questions.

WALZ: OK.

ERDMAN: Well, I read-- I read the whole report. It looked-- it's about 10, 12 pages. It was interesting reading. I am sure that they're doing some good. I'm not sure that we need to appropriate another $260,000 to that program. I-- I'm not sure it's efficient in some areas, and we need to review what they're doing so that we can find out why some are so more efficient than the others.

WALZ: Um-hum. Well, I'm hoping that he can answer those questions for you then.

ERDMAN: Thank you.

STINNER: Thank you. Additional questions? Seeing none, thank you.

WALZ: Thank you.

STINNER: Afternoon.

KATHY KAY: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Kathy Kay, and I am the CEO of

the League of Human Dignity, a center for independent living. And we have a statewide footprint in Nebraska. My name is spelled Kathy, K-a-t-h-y; last name is K-a-y. Sorry. I always forget to do that.

STINNER: Thank-- thank you for that.

KATHY KAY: The League of Human Dignity is a private nonprofit organization that has been serving individuals with disabilities since 1971. For the past 48 years, the league has assisted people with disabilities to live independently in their homes and communities. Services provided include independent living skills training, information and referral, individual and systems advocacy, peer mentoring, financial benefits counseling, services coordination, recruitment and supervision of in-home providers, transition and diversion from institutions, youth transition, disability awareness, and grants to make accessibility modifications in consumers' homes. The league is very supportive of LB877 and urges you to vote for this important piece of legislation. The focus of the league is to help people live in their own homes, not institutions. We have centers for independent living in Lincoln, Omaha, and Norfolk, and we also have Medicaid waiver offices in those same locations, as well as Kearney, North Platte, and Scottsbluff. We have been collaborating on the Aging and Disability Resource Center, or ADRC, since its inception. From the beginning, we have raised concerns that the disability partners have not been involved. This legislation was introduced to help provide services to Nebraskans with disabilities. With LB877, we believe that we can best provide services to individuals with disabilities, as the league as over 48 years of expertise on serving individuals with disabilities. The funding of LB877 will allow us to provide this unique skill set of services for the ADRC. The ADRC was created to foster the approach of "no wrong door" and as a single entry point for people that don't know where to turn in their time of need. Newly disabled individuals or new to a diagnosis of a disability frequently do not know how to begin their search for answers and/or resources. This funding will allow the league to receive these referrals and then be able to provide services to work with these individuals. This funding will help to fill in the cracks or the gaps of where to find and locate services and to help keep people from being unserved throughout Nebraska. Please support LB877, as this will ensure that all Nebraskans, whether aged, disabled or both, are met with an open door and will be able to access much-needed help and resources. Thank you.

STINNER: Thank you. Questions? Senator Wishart.

WISHART: Well, thank you so much for being here and for the service you provide to Nebraskans. So to-- to clarify with-- if this bill goes through, the funding you will receive, will the league be providing the services or is the funding for you to connect people to another provider who will provide the services?

KATHY KAY: Both. This is kind of-- it's just one more way of-- when people approach the ADRC, we provide services, the AAAs provide services. There are other partners. There's the Brain Injury Alliance, Easterseals. But what ADRC is, is it's that first contact, so we may provide the direct services or we may refer them on, but it's ensuring that there's that warm handoff that when people call, they don't get, oh, we don't know what to do for you. It's, well, we maybe can't provide this, but we know who can and let's get them on the line. And it's-- and I've-- I've heard before like duplication of services, and this is not because what happens is people aren't getting services. They don't know where to go. And so this really will help stop that of people not finding out what they need, maybe never accessing the services. So to answer your question, we may be providing the services if they do have a disability or we may be referring them on to a partner agency. Whether that's the AAAs or it's another agency, Munroe-Meyer, you know, all of the disability partners and the AAAs are working together on this.

WISHART: And one more question. So you-- under this program, your organization would be considered a disability partner?

KATHY KAY: Yes, that's correct.

WISHART: How has it been in the past working with the AAAs in terms of-- because I know part of the-- the legislation that was introduced compelled those organizations who are receiving the funds to be work-- working with disability providers.

KATHY KAY: Well, there's been some glitches in that. And this would make it a smoother thing because with this additional funding, the disability partners will actually have-- what we're going to do is have an 800 number, so it can be called directly. Instead of funneling the referrals through the AAAs, they will be coming directly to us as a disability partner. So it kind of stops that glitch because it seemed to just kind of-- the disability part was just missing before. And the amount, if you consider what it costs to have a person in a

nursing facility, you know, this is really minimal because you're looking at, you know, $80,000 a year for someone to be in a facility. And we're talking with this-- the fiscal note on this is not very much. So does that answer your questions?

WISHART: Yes, thank you.

KATHY KAY: OK.

STINNER: Additional questions? Seeing none, thank you.

KATHY KAY: Thank you.

STINNER: Afternoon.

DANNY DeLONG: Good afternoon, sir. Chair Stinner and members of the committee, my name is Danny, D-a-n-n-y, DeLong, D-e-L-o-n-g. I'm a volunteer here today testifying in support of LB877 on behalf of AARP Nebraska. I'm also an advisory board member of the Blue Rivers Area Agency on Aging's ADRC. AARP Nebraska is a nearly 200,000 member nonprofit, nonpartisan organization that works across Nebraska to strengthen communities and that advocates for issues that matter most to the 50-plus Nebraska population. AARP supports LB877, a bill that would appropriate additional funding to the ADRCs for the purpose of expanding collaboration with disability partners for services provided by the resource centers. ADRCs operate as comprehensive, collaborative, no-wrong-door program where people of all ages, income and abilities can access information and counseling on the full range of long-term services and support available to them. Today, about 75 percent of adults with intellectual or developmental disabilities live with their parents or other family members. These families need encouragement and support to plan for what will happen as people with intellectual and developmental disabilities and their caregivers age. The ADRC program has proven to be effective at helping families organize a plan to provide the right care at the right time, which enables persons who need support to be able to age in place, remain in their home when possible, and thrive in their home community at reduced cost to the service system. Caregiving services provided by family remains the primary support that allows the frail and disabled older loved ones to remain in their home. According to AARP's Public Policy Institute's 2019 caregiving report, called "Valuing the Invaluable," in Nebraska, in 2017, the most recent year for which caregiving estimates are available, 240,000 Nebraska family caregivers provided 199 million hours of care, worth an estimated $2.9 million--

I'll say that final figure again-- worth an estimated $2.9 million-- provided by family caregivers to their parents, spouses, partners, and disabled young and older adults. It is critical that these caregivers and their family members have ongoing access to the services that the ADRC provides. I began my 46-year professional career by working as a manager of residential and vocational services in one of the nation's top programs, mental-- Nebraska mental retardation services-- when Nebraska was a national and international leader in community-based services for the developmentally disabled. It was during my work there, in 1971, I encountered the first parents who had kept their developmentally disabled child at home to raise him in their home and with their family. When I met the parents, they were beginning to think about what would happen to their child when they were no longer able to care for him. They were the first of many parents I would work with during my 20 years of working in services for citizens who suffer from developmental disabilities. They were parents who provided decades of loving care for their child. The unfortunate reality in Nebraska is we still-- we still have elderly parents who are still seeking services for their aging child living at home. In the summer of 2018, I was attending a caregiver's program, sponsored by Mosaic, in Beatrice, when another set of parents who were looking for answers to help them make plans for the care of their adult son reminded me of that long ago 1971 meeting when those very first parents asked the same questions. The parents at Mosaic were nearing retirement, facing the terrible uncertainty about what was going to happen to their son. Fortunately, a representative who coordinated the ADRC program for the Blue Rivers Area Agency on Aging was at the meeting and was able to set up a time to meet with the parents. In conclusion, AARP Nebraska believes that passage of LB8777 will build on the successful initiatives that have already taken place. It will continue to improve access to community-based care, make our care system more efficient, and benefit disabled people who need those services by helping their families and friends who provide them with caregiving support. Thank you to Senator Walz for introducing this important legislation and for the opportunity to comment. We ask you to advance LB877 to General File. I'm happy to answer any of your questions.

STINNER: Questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Where is Blue Rivers Area on Aging?

DANNY DeLONG: It's based out of Beatrice and covers Saline, Thayer, Gage, and I think the southern part of perhaps Lancaster County.

ERDMAN: OK. The report that I looked at shows the Blue Rivers Agency has the lowest population. It's about 73,000 people. You only had 422 contacts. Are you familiar with the fact that your contact per person is the highest of any ADRC by more than double?

DANNY DeLONG: Senator, I'm not familiar with that information. I joined the advisory board here about six months ago, and we have not looked at any of that information. If that's historical information, I probably wouldn't. If that's like year-or-two-old information, I may not even know about it.

ERDMAN: Right. I found this information on the Internet under Planed Services For ARDC." May not hurt to go take a look at that because that's a lot of money per person compared to the rest of them.

DANNY DeLONG: I will raise that at the advisory committee meeting, at our next one.

ERDMAN: Thank you.

DANNY DeLONG: Thank you.

STINNER: Additional questions? Seeing none, thank you.

DANNY DeLONG: Thank you.

STINNER: Good afternoon.

RANDALL JONES: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Randall Jones, R-a-n-d-a-l-l, Jones, J-o-n-e-s, and I'm chair of the Nebraska Association of Area Agencies on Aging. I want to first thank Senator Bolz for introducing this program to the Legislature and helping to pass its first pilot and then its permanency in terms of service, and then Senator Walz for-- for this addition. And, Senator Erdman, I think you raised some really good questions. If you don't mind, I'd like to do my testimony and then address them specifically. So last year, the ADRCs recorded over 11,000 contacts, and these contacts were provided options counseling, hard and soft referrals, benefits counseling as well. And our feedback from customers, they rate these services very high and most remarked that they would not have known where to turn without the ADRC. I'd like to use the analogy of the ADRC is-- is like the hub on

a wheel. So we get requests from consumers for one service or one particular need. Call that one spoke. But in the course of conversation and options counseling, we identify perhaps a root cause of that need or the fact that that consumer has other needs that can be assisted with. And so because of that options counseling, we then work with the consumer regarding a plan and several spokes of the wheel are then engaged. The consumer may have some follow-up to do. We may engage directly with other agencies or services or perhaps connect that consumer to benefits. How this differs from a normal information and referral site is those information and referral sites are generally directing the consumer to call another agency for assistance. This is actual options counseling where we identify the full breadth of the consumer's need, not just the need that that agency generally addresses. In the past, Area Agencies on Aging only served-- served consumers that were 60 years and over. But with the development of this program, we have expanded our reach to include people under 60 years of age who have a disability. Thirty-- 30-- excuse me-- 34 percent of our costs come from people under the age of 60 years. This shows an expansion of service and an unmet need that we beginning to address. The ADRC website was also developed and it contains 1,638 agency's listings with benefits that are available to consumers who do not wish to call us but wish to reference those agencies online. I can't overemphasize the significance of this service. We've mentioned the closing of nursing homes across the state, and I would love to say that this program eliminates that, and it-- it doesn't. But what it does do is help people prepare to remain in their homes as independently as possible for as long as they possibly can without relying on public assistance or nursing home care. So we are basically delaying their entry. Nebraska Statute 68-1112, the Legislature found that the state should anticipate and prepare for significant growth in the number of older Nebraskans and the future needs of persons with disabilities, both of which will require costly long-term care services. And this program helps to identify community resources that are also available to people to reduce long-term care costs. It goes on to say that the state should improve access to existing services and supports for people with disabilities, and this program, particularly with your approval of this bill, enhances that commitment. Since the beginning of our journey, the disability partners have worked with us to help train our staff to provide guidance. We've developed a leadership team over the [INAUDIBLE]-- the ADRC services that include both triple AAAs as well as our disability partners. This service will fully engage our disability partners in direct service to clients. One of the reasons

why this is so important is that we have heard from our disability partners that they don't think of calling an Area Agency on Aging for disability type of service, so we really think that the services and demand for this service for persons with disabilities is much greater than what we're seeing. By including them, there's more comfort and knowledge from people in the disability community to rely on an agency that they have worked with in the past. Sixteen percent of our consumers have been persons who identified themselves as having a disability. The Nebraska Area Association-- Nebraska Association of Area Agencies on Aging is supportive of this bill and we asked for your endorsement. I'd be happy to address your specific questions. Senator Erdman, I appreciate your-- your oversight to make sure that we're paying-- that we're spending taxpayer dollars appropriately, and I admire that. To answer your question directly, the-- the North Platte Area Agency on Aging did elect not to participate and-- for whatever reason from their advisory council. That was a big disappointment to their colleagues. I think that that has an impact on the people who live in the North Platte area, because we're receiving calls from that area to our other ADRCs across the state. Scottsbluff and Kearney, for example, have received 60 contacts from the North Platte area asking for assistance. We've also heard from Region II behavioral/mental health services. They wish they had a local ADRC. This is more than just a phone call where you call across the state. Options counseling involves personal visits, face-to-face-- face-to-face visits, and time-- sometimes can take a couple of hours in the first visit. In regards to the Blue Rivers cost per client, yes, it's the highest and it-- it deserves some-- some review. I know the State Unit on Aging has spoken with us about looking at a different distribution plan so that it's more equitable in terms of the cost per client. This was originally done because we didn't know what the ability would be from the public. Think it's now time to go back, reassess it, and address what we-- what we assess.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator. So the clients that you're dealing with, how many of those show up in person and how many are making phone calls?

RANDALL JONES: I'm sorry. I don't have that. Just observation from-- from what we see here in Lincoln, I would say we get probably two or three a day that come in and those are unannounced. We could certainly

serve a lot more by phone, but oftentimes we have to set an appointment for somebody to also come in.

ERDMAN: Would it make sense that if they're contacting you by phone, it doesn't make any difference where they are, and you don't have to have a person at every one of those Area Agency on Offing-- Aging on-- offices, because that's probably why the cost in Beatrice is $225, is because you have people there and you only get 421 people for the year.

RANDALL JONES: Well, you know, certainly, call centers can be very effective. What they miss, though, is that local understanding of the agencies and what they do. And I think that's why Region II behavioral and mental health has expressed interest in having a local ADRC. It's one thing to talk to somebody in your community who knows the status of various services versus somebody across the state. And that's why it's been important to us that we connect these area-- these ADRCs in our agencies across the state. With the league's help, we'll be able to better serve the North Platte area because they have representation there.

ERDMAN: So how many people of those from North Platte are doing counseling, that receive counseling that call in, do you know?

RANDALL JONES: Sixty people so far in the last 12 months, and that's just unplanned connections.

ERDMAN: They've called you, but have they-- are those the ones who went to counseling?

RANDALL JONES: No, they didn't, because we have no local ADRC.

ERDMAN: According to the chart here, the counseling numbers were, for Scottsbluff, 68; there were 80-- 13-- 13 for Beatrice; 52; 121; 223; and 394. The Area Agency in Office-- Off-- Aging Office in-- in North Platte offers everything that all the rest of them do except for information, referral, or-- or options for counseling. Everything else is the same.

RANDALL JONES: And the option-- the options counseling is a key component to this.

ERDMAN: Thank you.

RANDALL JONES: You're welcome.

STINNER: Excuse me. Additional questions?

WISHART: Yeah, I--

STINNER: Senator Wishart.

RANDALL JONES: Yes.

WISHART: Thank you for being here. Can you explain to me what CASA funds are?

RANDALL JONES: Yes. That stands for-- CASA, I'm not sure what the acronym stands for, but those are state-- state dollars that come from the-- I believe it's a state act to help seniors.

WISHART: OK.

RANDALL JONES: The original funding for the project were-- was short of what was needed. And so we've been supplementing. We've-- we've diverted CASA, that money that was being used for other senior programs, to help support this, and that's what that is.

WISHART: OK. OK. And then my understanding, in the legislation that was passed in 2018, I believe, there was a push for these area agencies to find federal dollars--

RANDALL JONES: Yes.

WISHART: --federal matching dollars. Can you report on the status of that?

RANDALL JONES: I-- I think the most accurate report would come from the State Unit on Aging.

WISHART: OK.

RANDALL JONES: They are pursuing some-- a program where we get reimbursed for helping people with-- apply for federal benefits. And I-- I believe they're in the process of hiring a contractor to do a time study so that they get the information to submit to CMS.

WISHART: OK.

RANDALL JONES: But they would have a better answer for that.

WISHART: OK. Thank you.

STINNER: Additional questions? Senator Bolz.

BOLZ: Forgive me if you've covered this. I was introducing--

RANDALL JONES: Sure.

BOLZ: --a bill in another committee. I think one of the things that we talked a lot about as we were establishing this program is the number of folks that we would keep out of higher levels of care.

RANDALL JONES: Right.

BOLZ: Do you have those statistics handy? Can you talk to us a little bit about the number of folks that we've diverted from higher levels of care? I appreciate that we need to keep a close eye on the cost per client served.

RANDALL JONES: Right.

BOLZ: But the real value comes in the cost for a client served that creates cost savings for keeping them in home- and community-based services versus nursing facilities.

RANDALL JONES: I-- I don't have a count for that. And I'd have to go back to see how-- how we might measure that. I can say that in terms of the-- the more complicated types of calls that we get, that show up in our options counseling, deal with affordable housing, health issues, dealing with health issues, mobility issues, access to-- to meals, access to home repairs, heating and air conditioning rep-- repairs, income. It-- it lists-- it goes through a gamut of types of issues. And I-- many of these are-- independently can cause someone to go into an institution, and in many cases several of these issues can, but I don't have that count.

BOLZ: I know that count is available, so maybe somebody else in the room has it or can get it to us.

RANDALL JONES: Sure.

BOLZ: If I-- if my internet was working, I think I could find it myself.

RANDALL JONES: Maybe I could get that for you.

BOLZ: But I think those numbers are the most persuasive.

RANDALL JONES: Absolutely.

STINNER: Any additional questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Going back to Senator Wishart's comments, the report went on to say the ADRCs became permanent in '18 when LB793 had passed in April of '18. The funding was designated from the Health Care Cash Fund, and that was to be taken out of there for the years '19 and '20, and beginning in '21, that fund comes from the General Fund. So it went on to say the Area Agency on Aging were appropriated $613,000-- $613,912 per year, and it's supposed to be divided equal amongst all area aging offices that participated. But the report shows that the funds that were distributed was $574,000. So there's $40,000 that wasn't distributed that the appropriation was supposed to be $613,000 and only ended up being $574,000. And then it was also supposed to be divided equal, and none of those seven agencies got the same amount.

RANDALL JONES: All I can speak for would be that each agency would have their own differing personnel costs and that probably led to that. But I'd be happy to get you more specifics on that, Senator.

ERDMAN: Well, the appropriation said the first three years the AAAs requested the funds to be equally divided.

RANDALL JONES: Yes.

ERDMAN: Equally divided, that means $613,000 divided by 7, and that number is not there. It's a $40,000 difference.

RANDALL JONES: Sure.

ERDMAN: It went somewhere.

RANDALL JONES: I'd be happy to get-- get you that information.

STINNER: Additional questions? Seeing none, thank you.

RANDALL JONES: Thank you very much.

EDISON McDONALD: Hello.

STINNER: Good afternoon.

EDISON McDONALD: Hi. My name is Edison McDonald, E-d-i-s-o-n M-c-D-o-n-a-l-d, representing The Arc of Nebraska, and I'm here today in support of this bill on behalf of our organization and our nine chapters across the state. I did want to speak just a little bit about the roles of the ADRCs, and we've partnered up very well with them. I think that they're a tremendous resource. When a parent with an individual with a disability has an issue, frequently, they have very few places to go. And those places that have access to the resources that they really need are even more rare. So a lot of these calls, we partner up with them and have been one of these partners in the past. And what it really does is it helps to set up quality coordination to ensure that we have the ability to get them the services that they need in a cheaper, more effective fashion. I think, as Senator Bolz pointed out, it's really important that we go and deal with these funding issues because ultimately the cost of having an individual, even one individual in an institution, is two $230,000 per year. The cost of having somebody, even at a high level of need, outside of that, you're looking more about $100,000 per year. So for every single case that you avoid, you're saving about $100,000 in ensuring-- and at the same time, you're ensuring a higher caliber of life. I-- I've been really disappointed that the North Platte area hasn't participated in this. I know out of our chapters that work with these Area Agencies on Aging, Kearney has gone and tried to pick up a lot of those, and we've seen a lot higher reports of issues and we've got fewer resources to send people to in the North Platte area than we do in other areas throughout the state, and I hope that they'll consider participating in the future. One thing also I'd like to address. I believe that the higher cost for the Blue Rivers area is because they have some more administrative capacity within the function of the ADRCs. Thank you.

STINNER: Thank you. Questions?

EDISON McDONALD: No?

STINNER: Thank you. God afternoon.

KRISTEN LARSEN: Good afternoon. My name is Kristen Larsen, K-r-i-s-t-e-n L-a-r-s-e-n, and I am here on behalf of the Nebraska Council on Developmental Disabilities to testify in support of LB877. Although the council is appointed by the Governor and administrated by the Department of Health and Human Services, the council operates independently and our comments do not necessarily reflect the views of

the Governor's administration or the department. We're a federally mandated, independent council comprised of individuals and families of persons with developmental disabilities, community providers, and agency representatives who advocate for systems change equality services. The council serves as a source of information and advice for state policymakers and senators and, when necessary, the council takes a nonpartisan approach to provide education and information on legislation that will impact individuals with developmental disabilities. Council members support LB877, which would appropriate state funding for the purposes of expanding collaboration with disability partners and marketing for services provided by the ADRCs. ADRCs are operated within seven of the eight Area Agencies on Aging Offices, or AAAs, located in communities across the state. The ADRC structure maintains a public website of resources, supports, and services of value to seniors, people with disabilities and family members, caregivers and advocates. ADRC staff are available through face-to-face meetings or over the phone to assist eligible people and/or their representatives in making informed choices about the services and settings that best meet the person's needs. In 2018, LB793 was signed into law, making the ADRC structure permanent in Nebraska. LB793 required that participating AAAs develop a partnership plan with disability organizations for the delivery of the ADRC services. A plan has been developed to integrate four disability partners into the delivery of an effective ADRC services network that includes the Brain Injury Alliance, Easterseals Nebraska, League of Human Dignity, and Munroe-Meyer Institute. These disability partners will assist the AAAs with services, including information and referral, options counseling, benefits assistance and, unique to the-- the disability partners, they'll provide transitional options counseling. LB793 also requires the state to pursue federal matching funds, as you mentioned earlier. The State Unit on Aging is working on a plan to pursue and secure the federal matching fan-- funds through administrative claiming of both state staff activities and the ADRCs. Including the disability partners now, during this key planning stage, is essential. LB877 will provide two benefits. First, it will provide the appropriation that was lacking in previous legislation to compensate the disability partners for their knowledge and expertise and strengthens the focus of the-- of a robust ADRC network. Second, it will support additional marketing activities to increase public awarenesses-- or awareness of the ADRC and the services offered by the disability partners. And additionally, LB877 provides continued support for the state of Nebraska to establish a no-wrong-door system, which is a recommendation of the long-term care redesign plan and is

now a strategy that's mentioned in the Olmstead plan. When disability partners are serving people with disabilities and compensated in the ADRC delivery system, families will receive effective, efficient, and customer-focused state services, fulfilling the mission set by Governor Ricketts and DHHS. Thank you for your consideration. I'd be happy to answer any of your questions.

STINNER: Thank you. Questions?

KRISTEN LARSEN: No? OK.

STINNER: Seeing none, thank you.

KRISTEN LARSEN: Thank you.

TERRY STREETMAN: Hello again. My name Terry Streetman. I'm the public policy director for the Alzheimer's Association, Nebraska chapter. I'm here to testify in support of LB877. And once again, I'll try to keep my comments brief, as I know this is a long committee hearing. By 2035, research shows that people over 65 will represent nearly 21 percent of the state's population, and in rural counties that number rises to more than 35 percent. The ADRCs are a vital resource for Nebraskans living in these communities who may not have ready access to the kinds of resources they need. This appropriation touches on many areas of the Alzheimer's Association's mission. Individuals living with Down syndrome face a significantly higher risk of developing Alzheimer's at a young age. And for these and others living with younger onset Alzheimer's, service providers like the League of Human Dignity and Munroe-Meyer Institute are a tremendous resource. A persistent struggle for aging services in Nebraska is awareness of available resources. In our work at the Alzheimer's Association, one of the most unfortunate and most common things that we hear is "if only I'd known this was here," whatever the resource might be. Funding to better market and raise awareness of the services available from organizations like the ADRCs and those disability service providers is key in addressing that challenge and making sure that people know what resources are there and can fully take advantage of them. As mentioned before, in terms of caregivers and the burden on the system that's relieved, 83,000 dementia caregivers in Nebraska provided 94 million hours of care unpaid, valued at $1.2 billion, relieving that burden off of our dementia care and senior care long-term care systems. These ADRCs are essential in helping to relieve that burden, keep that out of the nursing system and make sure that we can build sustainability in our senior care systems in Nebraska. So I would like to thank you

for the opportunity to speak, to thank the senator for introducing the bill, and I can try to answer any questions.

STINNER: Thank you. Additional questions? Seeing none, thank you.

TERRY STREETMAN: Thank you.

STINNER: Any additional proponents? Any opponents? Seeing none, anyone in the neutral capacity?

MARK SMITH: Good afternoon.

STINNER: Good afternoon.

MARK SMITH: Senators, Chairman, Stinner and the members of the committee, my name is Mark Smith; that's spelled M-a-r-k S-m-i-t-h. I'm here to testify on behalf of LB877. I-- I want to mention that in due diligence, I'm employed as an assistant professor at the Munroe-Meyer Institute at the University of Nebraska Medical Center. However, I am here representing my personal positions on this bill and am in no way representing the positions of Munroe-Meyer Institute, University of Nebraska Medical Center, or the University of Nebraska. Welcome to academia. As such, I'm testifying in the neutral. However, I also should mention that I'm a parent of an adult child with a disability who is eligible for center services, so if I can split hairs finely, I will. Tough crowd. I have had the opportunity over the past several years to work with and-- and as part of the Leadership Committee of the Nebraska Aging and Disability Resource Center. As part of that work, I have contributed to activities to promote public awareness of the center, train center staff, develop recommendations for the online and data-related activities of the center, and participated in other activities in order to encourage the success of the center. It's my opinion that the data emerging from the center activities has shown a successful increase in critical information and services to eligible Nebraskans. Today, the Nebraska ADRC-- ADRC pilot program and implementation have moved the state in a positive direction, and reasonably, adjustments have been made in order to best leverage funds and services to their best end, in my opinion, LB877 represents another needed adjustment. Given the design of the ADRC, the program has performed well. However, given the location of services in the Area Agencies on Aging across the state, the level-- the level of center services to individuals over the age of 60 has consistently been significantly greater than those under 60. While this is to an extent to be expected given the population numbers, ADRC

data has shown that the need remains that we increase services to those with disabilities and their families. The way this should and can be accomplished is to better engage disability-focused organizations with the disability partner organizations to ensure, again, that individuals with disabilities and their families do not slip through the cracks. If LB877 is approved, it will move Nebraska a significant step closer towards ensuring that wherever an eligible Nebraskan or their family reaches out for services and supports, there will be no wrong door in terms of getting what they need. It's worth noting that by far, individuals with disabilities reside at home, as many have mentioned. An ADRC that more significantly includes disability organizations will ensure the availability of services to eligible individuals and families and minimize more expensive out-of-home placements. Thank you. I want to express my gratitude to Senator Bolz and to Senator Walz for their support of the ADRC. And I'm happy to answer any questions.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Mr. Smith, so if we were not to advance this, would that bother you?

MARK SMITH: Yes.

ERDMAN: So then it's your opinion we should advance this?

MARK SMITH: It would be my opinion.

ERDMAN: OK, then why are you in the neutral position?

MARK SMITH: Because-- I-- I made a remark about "welcome to academia." I can't, by my position, represent any position related to the University Nebraska Medical Center.

ERDMAN: OK. But you stated that--

MARK SMITH: I can represent my own position.

ERDMAN: Right. You stated in your opening you weren't representing the Medical Center, but your comments were all positive towards the bill. My question is, why didn't you come in, in support?

MARK SMITH: Again, I can only say that that was what was recommended to me by my administration.

ERDMAN: It'd be far better if you were in the right category. I--

MARK SMITH: I--

ERDMAN: I put your name in the support category.

MARK SMITH: I-- I wouldn't disagree.

ERDMAN: OK. I appreciate that.

MARK SMITH: But I-- I-- again, welcome to academia and what goes with it, so.

ERDMAN: Thank you.

STINNER: Additional questions? Seeing none, thank you.

MARK SMITH: Thank you.

STINNER: Additional testimony in the neutral? Seeing none, I do have a letter of support for LB877 from the Center for Rural Affairs. Senator Walz, would you like to close?

WALZ: Sure, briefly. Well, first of all, I want to thank you, Senator Erdman, for the questions that you had. It did raise some-- it raised some good questions. You know, one of the things that you asked was the difference in funding in different areas, and that's probably something that we need to relook at because I don't see how you can, you know, possibly-- different areas need different needs or have different needs, so I think that that's something that we could look at maybe changing. In my four years as a legislator, I've seen cuts in our aging and our disability programs. And because I've seen that cut-- those cuts, it only makes me feel that collaboration among our services and our programs is more important. It is important that we have or that we provide people points of contacts and resources for aging and people with disabilities, especially in our rural areas. Again, we've seen a decrease in funding for people with disabilities and people who are aging. We unfortunately have seen a lot of nursing facilities closing. We have to do something. We cannot just expect people to not have any type of resources. So to fill that gap, we have to be able to add access to other community resources. And now more than ever, again, I think that we need to work together, we need to be creative to take care of people, and we need to collaborate our

services, and I think that this is a really good way that we can do that. Thank you.

STINNER: Thank you. Question? Senator Wishart.

WISHART: Well, thank you, Senator Walz, for your dedication for-- especially for people with developmental disabilities. I think for me, in order to get a better understanding, especially following up on what Senator Erdman-- some of this line of questioning, it would be helpful. Would you be able to get us a better breakdown of what the seven agencies spent their resources on? And I would also like to kind of understand better what is-- what of our investment in terms of aid is going into administrative overhead and what is going in to direct services to support people. That will help me in terms of looking at the-- the budget.

WALZ: Yep, I understand that completely.

WISHART: OK.

WALZ: I sure will.

STINNER: Senator Erdman.

ERDMAN: No, thanks.

STINNER: You OK?

ERDMAN: Appreciate it though.

STINNER: OK. Additional questions? Seeing none, thank you very much.

WALZ: Thank you.

STINNER: That concludes our hearing on LB877. We will now open with LB1215, Senator Walz.

BOLZ: Welcome back, Senator Walz.

WALZ: Well, thank you. Are you the co-Chair? Good afternoon. co-Chair Bolz and the members of the Appropriations Committee.

ERDMAN: Hi.

WALZ: For the record, my name is Lynne Walz, L-y-n-n-e W-a-l-z, and I represent District 15. I'm here today to introduce LB1215, a bill to

appropriate $17 million from the General Fund for the fiscal year 2020-2021 to the Department of Health and Human Services for Program 424 to fund all persons on the wait list for developmental disabilities services. It has come to my attention that the department has concerns that the language in this bill does not represent our intentions correctly and would require them to only use this $17 million to decrease the waitlist. So just to clarify, that is not the case. We have drafted an amendment to remove the word "all" on page 2, line 4, in an attempt to reconcile this confusion. Before I proceed any further, I would just like to say that I understand that we are once again in a difficult budget situation and we have a number of priorities. I also want to solve the property tax problem in our state. But at the same time, we need to ensure that we are not shirking our other responsibilities in the state. Understand, the longer we delay eliminating the waitlist, the more it will cost us in the future. When you are providing people with disability services, it is pivotal that the care they receive is timely and effective. If it is not, the repercussions they experience are not the same as you and I, but they compound and make issues harder to solve at a later date, and we will eventually have to pay for that delay. What is more important than the financial strain is that when people do not receive services they need, not only does this impact their quality of life, they are less able to give back to their community and they will suffer from this lack of care. Currently, the department is serving around 4,800 individuals on the developmental disability services waiver, with a budget of about $150 million. According to an information request my office made to the department this past March, there were a little more than 2,300 individuals on the waitlist, and it would cost us another $90 million to eliminate that waitlist. The person residing on the waitlist the longest has been there since August 1, 2003. As of November 1 this year, or this last year, according to DHHS, there are now around 2,600 people on the waitlist. That's 400 more people that were added in the last eight months. Of those 2,600 people, almost 1,100 of them are children. It is crucial we provide these young children this care, as it will have an extremely detrimental impact on the rest of their lives if we do not. By allowing them to remain on the waitlist and re-- and allowing more children to be added at the same time, we are taking a gamble with their lives in what are extremely formative developmental years of their life. To further clarify, some of those individuals on the waitlist are receiving services under Priority 6 day services waiver. The day services waiver involves more limited services than Priority 1 comprehensive waiver and does not indicate the level of care an

individual needs. I would also like to mention that as of March 2019, of the 2,326 individuals on the waiting list, there are 586 people receiving services on the adult day waiver while they are waiting for residential services on the DD comprehensive waiver. To me, this seems like we are trying to put a Band-Aid on a bullet wound. Another important fact I would like to mention is that the A-- FMAP is going up this year from 54.72 to 56.47, an almost 2 percent increase. This means that for every dollar we invest, the more we get reimbursed by the federal government. For the past few years, the FMAP has gone up and it is going to continue to do so-- and it is going to continue to do, so we should take advantage of the situation to help reduce our waitlist. It is my understanding that the department is not requesting a budget increase during this fiscal year, but they are requesting around $3.7 million in fiscal year 2021. If you average that out over the two years, it's about a 1.2 increase in their overall budget. And while I appreciate that this is a higher percentage increase than what the department said they were going to ask for in the Olmstead plan, which-- which is indic-- which indicated they were going to ask for a 1 percent increase each year, I do not feel that this is enough. What current-- concerns me is that the inflation rate over the past decade has averaged 1.8. The current fund-- levels of funding will not allow for any reduction in the waitlist and will only further compound our problems. If we do nothing, it will create problems in the future that the Legislature will have to address, and it will be a much more substantial hurdle than we have to come today-- overcome today. The problem is getting out of hand and it could quickly worsen if we do not start behaving in a proactive or working in a proactive manner. More important than that, there are people that need our help and we are not doing enough for them. Thank you. And with that, I would be happy to try to answer any questions.

BOLZ: Thank you, Senator Walz. Questions? Go ahead, Senator Wishart.

WISHART: I have so many questions, but I'll-- I'll stick to a few and then maybe talk with you off the mike. What-- what-- what kind of services is somebody who's on this waitlist waiting for? And also, what kind of health situation are we talking about? Just-- just walk me through so I can get a better understanding of the individual circumstances of the people on the waitlist and what kind of services they're waiting for.

WALZ: I'm going to try to answer that.

WISHART: Yeah.

WALZ: And I-- I'm sure that some people behind me could give you a better answer, but I'm going to say that it's-- it's going to be a variety of people in a variety of situations. The-- the services that they're waiting for are day services as well as residential service-- services. And again, it-- go ahead.

WISHART: Yeah. So what happens-- so are-- for-- in order for them to be on this waitlist, does it mean they've already qualified in terms of being able to be qualified for getting DD services?

WALZ: Yes, they have, yeah. I just wanted to make sure I was-- I was right. But, yes, they have already qualified.

WISHART: So what are they doing?

WALZ: They're sitting at home. You know, they-- they may be private paying somebody to come and help in the home. But for the most part, that's never enough. People with disabilities need to be employed, just like you and I. They need to have social lives, just like you and I.

WISHART: Yes.

WALZ: They need to enjoy recreational and be-- activities and be part of the community, just like you and I. And they're not able to do that. You know, there are a lot of families who are in situations where-- where both parents are working, and that leaves the person waiting for services at home.

WISHART: OK.

BOLZ: Seeing no further questions, thank you, Senator Walz.

WALZ: Yep.

BOLZ: I'll invite up proponents.

ERIN PHILLIPS: Dear Senator Stinner and members of the Appropriations Committee, my name is Erin Phillips, E-r-i-n P-h-i-l-l-i-p-s. I am one of the disabled policy specialists for People First of Nebraska. I am requesting more time to speak so I can be understood. People First is the only statewide advocacy organization in Nebraska run by and for people with disabilities. Our motto is "Nothing about us-- about us

without us." It means we believe the people with disabilities should be included in all parts of life. We speak for those who can't speak for themselves or are afraid to speak up. People First supports LB1-- LB1215 because it would provide money to fund services for people with developmental disabilities on the waitlist. Other numbers-- others have the numbers. I want to tell you what happens when you wait for services. I wanted to see my friend-- I wanted to see my friends, go to movies and other things, but I couldn't go far because I could only walk to places. My memory is fuzzy. I know I got very depressed. I had to ask my mom about what happened. She told me I was able to work five days a week for six hours no problem without a job coach. When I went on the waitlist, I waited for a long time. Now I work only two days a week for three hours and I need a job coach. I started working for People First with an advisor, a job coach, and mentors. When I was on the waitlist, I lost important skills that I'm still working on. I'm not at the point that I was before the waitlist. Mom says I got used to sitting around and doing nothing and it was hard to get me going. My mom said I would go-- my mom would come home on her lunch break and get me up in the afternoon. Mom and dad were supportive and helped me find services. They found a chore helper and respite on their own. My service coordinator didn't help my parents at all. I found my own job at Super Saver. My coworker, Jessica Barrett, said she wasn't able to get any services because there were so few in Western Nebraska. She lives in Morrill, near Scottsbluff. People First of Nebraska supports LB1215. It would finance services for people with developmental disabilities for them to live in the community like everybody else. Thank you, Senator-- thank you, and I'll answer any questions.

STINNER: Thank you. Questions? Seeing none, thank you very much. Good afternoon.

TORI SORENSEN: Hello. My name is Tori Sorensen, T-o-r-i S-o-r-e-n-s-e-n, and I come wearing a bunch of different hats today. I happen to be originally from western Nebraska, Hemingford, and now I live in Omaha. I'm a physical therapist. I am a parent to three adopted children with special needs and a foster parent at the same time. I come today to advocate for a small part of the kids waiting on the waitlist, specifically the foster children. In previous conversations with Senator Howard, we had thought that this problem with foster children not having a solution for permanency was fixed. But when the law came out, it read that children could be prioritized at age 19. So I come to you today to talk about permanency options for children. Right now, our foster care system is kind of a mess, and I

think everybody would agree to that. It's very costly. To care for children that have high special needs is extremely costly and sometimes our options are very limited. Kids are placed in homes that don't have the knowledge, the equipping, the finances to meet their needs effectively. At times, children in foster care are pushed to be placed back with families that are not equipped to help them just because that's the only option, and I've noticed that personally in advocating for different kids at different times. And so I want to direct you to-- it's actually a piece of paper I created about a year ago. The yellow is currently-- was an option until about a year ago where kids could be in long-term foster care with a letter of agreement for extended family home provider, which is a high level of care. We're talking kids that need like nursing home level of care in Omaha. Ambassador can't take these children because they don't have trachs. They often need transportation, which is extremely costly, to get to the appointments that they need to make. And this was a good stopgap solution for a period of time, but in the summer months last year they have ceased to provide this level of care to children. And so some children are being cared for with approximately $1,000 to $2,000 a month, which doesn't even pay for a vehicle where you can get their wheelchair in and out of the vehicle. Families that take that much money to care for a child with high special needs either are lower income or have to personally sacrifice to be able to have enough time off work to be able to meet their needs. So you can see it's just a compounding problem. What I would advocate for-- in addition to funding other people on the waitlist, I'm also guardian for two adults on the DD waitlist-- sorry, DD funded. One went through Priority 2 funding years ago, so I'm familiar with that process. But in particular for the children who are in foster care, whose cases could close if they were funded that are already on the DD waitlist, we are spending thousands and thousands of dollars paying for attorneys that are not needed, paying for reasonable efforts for parents that are not needed because their case could close if they could be prioritized on the waitlist. And so to provide some extra time to answer questions, I'll stop with that and answer anything specifically.

STINNER: Thank you very much. Questions? Senator Bolz.

BOLZ: I'm going to try to unpack what I think I heard with you--

TORI SORENSEN: Sure.

BOLZ: --with the committee if-- if we can. So last year we had some challenges with kids who needed help. Right? And there are different

kinds of services under which they could get that help. Lots of that got sorted out. Right? And you're saying there are about seven kids?

TORI SORENSEN: I don't know the number.

BOLZ: OK.

TORI SORENSEN: Personally, I know three--

BOLZ: OK.

TORI SORENSEN: --that are being pushed to guardianship with very low funding where we're putting kids back into a situation where families don't have enough money to take care of their needs appropriately and we're just cycling them back through again and again.

BOLZ: OK. But we're talking about kids that are-- would qualify for Priority 2 status, right?

TORI SORENSEN: But it said at age 19. Priority 2 is nursing home level of care. I had an adult that did Priority 2 funding previously. I'm talking about children in foster care. Their cases could close if they were prioritized on the DD waitlist.

BOLZ: OK. And what priority level are the kids we're talking about?

TORI SORENSEN: I-- there isn't a priority that-- that allows for that. We had thought-- in discussions with Senator Howard, she thought that it had been fixed. But at the last moment, terminology was added that the foster children could only be prioritized at age 19. So these kids that we thought were going to get funded at the last minute, no. And so, I mean, on the outside looking in, this isn't what I do professionally, but it seems like there is a power struggle between DD and CPS. DD says, it's not our problem, you're legally responsible. CPS says, we don't have what we need to meet the needs of these kids. And so they're just sitting, waiting, no permanency, wasted money that doesn't need to be spent. So my advocacy is for, in particularly, foster children that need to be prioritized on the waitlist. So if you take a bunch of people on the waitlist, that just shortens the wait for these other children that would need care.

BOLZ: I-- I'm-- I'm sorry if I'm not getting-- if-- if my brain is not processing what you're trying to communicate. Are-- are you saying that the kids that you're concerned about are kids in the foster care

system, but they don't have a box to check in the priority status list?

TORI SORENSEN: That is part of the problem. So if you take a bunch out, then we take away-- a judge is not very comfortable with leaving a child in foster care for eight years to wait that maybe someday they'll be DD funded. So if you take a huge chunk out, that can help shorten the wait for children. But in addition, these are kids that could be well taken care of. They're the most vulnerable. They're the families that are the most vulnerable. So I-- I think just taking care of some of the people on the waitlist would help the whole situation.

BOLZ: OK, thank you.

STINNER: Additional questions? Seeing none, thank you.

TORI SORENSEN: Thank you.

STINNER: Afternoon.

EDISON McDONALD: Good afternoon. My name is Edison McDonald, E-d-i-s-o-n M-c-D-o-n-a-l-d. I'm the executive director for The Arc of Nebraska. We advocate for people with intellectual and developmental disabilities. Sixty years ago, people with developmental disabilities were forced into segregated institutions, unable to live with their friends, families, and communities. Now we have 2,332 people who qualify for services under the developmental disability services waiver but are not receiving funding. Instead, they've been forced onto a waiting list that will require them to wait years to get-- to access vital services. This means that they are supported by their families, many of whom are aging. Many individuals with intellectual and developmental disabilities who are nearing retirement age themselves are still being-- are still being cared for by their aging parents. Children with IDD and behavioral health issues who may pose a risk to themselves or others cannot access support. Young adults with IDD who-- who don't have the necessary support frequently encounter police. Rather than providing the preventative and less-intensive home- and community-based services, we are supporting these individuals through foster care placements, prison, juvenile detention settings, and nursing facilities. Unfortunately, these are much more costly to taxpayers and is also at a significant cost to both the individual and the family. Over a decade ago, in LR156, the Nebraska Legislature said Nebraska is-- is at a crossroads with its obligation to Nebraska citizens with developmental disabilities. Several Nebraska

senators have recognized the urgent need to develop a strategic plan to address the current and future needs of citizens with developmental disabilities in their families. We need to take action to ensure this. We heard previously from Ms. Erin Phillips, who is a self-advocate, who is a perfect example of the impacts of the waiting list. Ultimately, while today she is a tremendously productive young lady who has been able to accomplish some amazing things, without those supports she was unable to live her life at the quality that she should. We invest in these students throughout our special education programs in schools, and then ultimately after that we leave them in a hole, in a gap. At this point, I'd like to turn your attention to-- I know I handed out two studies. We undertook-- one study is The Arc of Nebraska. Also, some of our allies, including Disability Rights, Nebraska Consortium for Developmental Disabilities, undertook another study looking more at the economic impacts of the waiting list. I'll-- I'll direct you to the first one with our logo on the front and to look at page 25. For those of you who are not familiar, there are six basic categories that we deal with people on the waiting list. And then outside of that, I'd also point you to the cost of having someone institutionalized, which creates a lower quality of life but also a significantly higher cost. In Nebraska, the cost is $221,920 per individual per year. If we look down at the Table 8 on page 25, we walk through the priority categories. That first one is the emergency settings and the DD Court-Ordered Custody Act. That average cost is $134,000. Second is transition of institutional persons, so that's getting somebody out of an institution: $109,000 per person per year. The third category is that foster care system still at $97,000 per year. The fourth, we drop down to $19,000 a year. The fifth is dependent of our armed forces members. We haven't used that category yet. And the sixth is the date of application waitlist. And that's the waitlist funding that we're talking about. These funds, the number came out-- that was produced came out of the other study and said basically that over the last decade we've lost $33 million because we have failed to properly fund the waitlist, so this $17 million will help to ensure that we won't be losing those federal funds out over the next decade. I hope that you will take into deep considerations the impacts, not only for our fiscal situation as a state but also for the life quality of individuals who are on the waitlist and for the families who are crying out in need. Thank you. Questions?

STINNER: Questions? Seeing none, thank you.

EDISON McDONALD: Thank you.

CRISTAL PETERSEN: Good afternoon, Chairman and Appropriations Committee. My name is Cristal Peterson, C-r-i-s-t-a-l P-e-t-e-r-s-e-n, and I come in support of LB1215. I'm advocating on behalf of my son, Maxwell, who is five years old and he is on the waitlist. Max is autistic and he suffers from several different kind of side pieces for his disability. When I looked at the DD waiver and said, what can it do to help us, it provides case management. So ultimately, once the DD waiver is funded, you have a bucket of money. And when you have the bucket of money, it's an annual bucket and your case manager goes through that bucket with you and says, oh, your son, he can't go to the dentist without being sedated because it's too much of a sensory overload, so he could have cavities, could cause secondary infections, all of those things, and they would help coordinate a dental visit for me or behavioral support. My son went to the DMV recently and was upset and didn't want to go inside and threw himself in the street, and to get him transitioned to go inside the building was a struggle. Even with the therapies that we have in place today, they're just not doing enough of what we need. My house is in a constant state of chaos because I am attentive to his care at all times. And so when he is not at therapy, then he could be throwing toys, not because he's being bad but because he's overstimulated or he's having a reaction to something in his environment. So identifying what that is and then calming him down is exhausting, and so the prospect of going to the grocery store, the prospect of going to an OB/GYN appointment with my son is an absolute nightmare, and so respite care would absolutely change the quality of our life. And in regard to nutrition support, which is another piece to the DD waiver, is my son is very prone to only eating certain textures. So it's not smooth, he will gag and he won't eat it. So you have to make sure that bananas are mashed up and that he's not going to have broccoli and those types of things. Well, he's lacking in certain nutritional pieces because we don't have the nutritional support of the therapy right now. And so we just recently applied for the DD waiver. And we're told that best-case scenario, people from 2012 are being served today. So Maxwell, who's 5, and we're exhausted today, without this bill getting the funding that it needs, he'll be 13 years old. His-- his ship will have sailed in regards to how these things will play themselves out. And so what do parents do? They're just-- they're tired and they're looking for resources that just aren't available because the DD waiver plays this piece to fill that

gap and it's not funded today. So with that, I ask for your support and would open up for any questions that you might have.

STINNER: Questions? Seeing none, thank you.

CRISTAL PETERSEN: Thank you so much. Afternoon.

KRISTEN LARSEN: Hi again. I'm back. So again, for the record, my name is Kristen Larsen, K-r-i-s-t-e-n L-a-r-s-e-n, and I'm here on behalf of the Nebraska Council on Developmental Disabilities to testify in support of LB1215. I'm the executive director of the Nebraska Council on Development Disabilities, and I also have-- also have lived experience. I have a 26-year-old son with autism and an intellectual disability who is receiving services. He's one of the lucky few. We-- we won a lottery ticket, I think. But anyway, I need to tell you with the disclaimer that although the council is appointed by the Governor and administrated by the Department of Health and Human Services, the council operates independently and our comments do not necessarily reflect the views of the Governor's administration or the department. We're a federally mandated, independent council. We're made up of individ-- individuals and families of people with developmental disabilities, community providers, and agency representatives who advocate for systems change and quality services. And when necessary, the council takes a nonpartisan approach to provide education and information on legislation that will impact individuals with developmental disabilities. Council members support LB1215, which would appropriate $17 million to DHHS to be used to reduce the DD wait-- waiver waitlist. As noted in the October 2019 Waiting for Services report published by Disability Rights of Nebraska and NCCD, according to DHHS, as of 7/22/2019, there were 2,326 individuals on the waiting list for Medicaid, HCBS, DD waiver services; and of those, over a thousand-- 1,087 individuals were under the age of 21, were waiting for services, mostly children. As of January 2020, that list grew to 2,600-- over 2,600 people being currently still waiting on the waitlist. So as weeks, months, and years pass, the DD waitlist continues to grow. The val-- the council definitely values home- and community-based service waiver options provided through the Division of Developmental Disabilities. These services meet the residential, vocational, and habilitative needs of individuals with developmental disabilities. Waiver services support individuals with DD in lead-- in leading meaningful, productive, and integrated lives through all facets of community life. Currently, over 4,800 individuals with DD and their families across Nebraska in both urban and rural areas

currently receive and rely on these waiver services. But for those who remain on the waitlist for waiver services, their quality of life is compromised and families struggle emotionally, physically, financially just to maintain the caregiving, residential, and independence-focused supports. More work needs to be done to collect accurate information on what it will truly cost to serve each person on the waitlist. Waiver services are individualized and each person's budget varies. Additionally, funds are needed to cover DHHS agency staff salaries, direct costs, and additional service coordinators and supervisors who provide quality oversight in case management of the waiver services. And then another complication that needs to be taken into consideration is that DD service pro-- providers are anticipating increased difficulty with service capacity, their reimbursement rates, their infrastructure and staffing levels, especially since Nebraska is facing a direct support provider shortage crisis. This could be eased by passing LB827, which you heard about earlier. The $17 million appropriation will make a significant impact on the waitlist. However, many people still will be waiting. Perhaps the Legislature could consider appropriating additional funds using a staggered multi-year time frame to develop a strategic plan to fund the waitlist and prevent it from reoccurring, especially as additional children, youth, and adults are determined eligible for waiver services. The council urges DHHS to explore other CMS demonstration waivers that will address these support needs and provide the state with a federal match. In 1991, the Legislature passed the Developmental Disability Service Act. We must keep our promise to provide services in the community for people with DD. Providing those services in the community allows them to direct their own services and make their own decisions about how they live their lives. Without the needed funding, people with DD are at greater risk of being placed in institutions. DHHS and the Legislature must commit to a long-term solution to eliminate the waitlist. Thank you for your consideration and I'd be happy to answer your questions.

STINNER: Questions? Seeing none, thank you.

KRISTEN LARSEN: OK. Thank you.

STINNER: Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, we do have letters of support from AARP. Senator, would you like to close?

WALZ: Yes, I sure would.

STINNER: Very good.

WALZ: Thank you. Oh, I brought up an extra book I didn't need. You know, first of all, I want to thank everybody for coming today. Tori made some really good points regarding foster care that I didn't even think about, so I really appreciate the fact that we had her come and-- and everybody who came to testify. It's very different for us to be sitting on this side and not have to try and care for a child with a disability. It's very different for us. We don't have any idea or worry about how I'm going to care for that child in the future when I'm gone. That's a big concern of so many parents. I was fortunate enough to have the opportunity to just get a tiny bit of understanding on what that's like. As a residential day-care staff, I worked for ENCORE right out of high school, and I had the opportunity to watch three ladies that I lived with grow and just prosper in the community. They moved into the community from Beatrice State Developmental Center. And they learned to live as independent as possible. They had a job. They had so many skills that allowed them to-- to, again, live independently. And without the services that we were able to provide, these ladies would probably still be living in the institution. And that would have been a much more costly situation than what the community residential and day services is providing or is able to provide. I'm in-- I'm disappointed, actually, that DHHS requested the level of funding that they did. I feel that it neglects our responsibility to provide services and it is definitely contrary to the mission statement of helping people live better lives. We have the opportunity-- we have the opportunity to create a plan that promotes independence, reduces the waiting list, and, yes, it also fights poverty with the opportunity for people to be employed and to be independent. We have the chance to fulfill the mission statement. We have that chance. We have that opportunity to fulfill that mission statement-- statement: Helping people live better lives. And you know what? I think when we do that, we just help Nebraska as a whole. And with that, thank you for the opportunity to talk today.

STINNER: Thank you, Senator Walz. Questions? Senator Bolz.

BOLZ: Thank you, Senator Stinner. I-- I see some of the folks from the Department of Health and Human Services coming into the hearing room, so I'll ask this question to put it out to you and to put it out to them, and maybe we can get to the bottom of it. The previous testifier-- I think her name was Tori--

WALZ: Yeah.

BOLZ: --expressed a concern about individuals who are state wards accessing developmental disability services. What I was trying to get to the bottom of and what I am still having a hard time understanding is if we look at our statutes, this third funding priority of the state is responding to the needs of persons with developmental disabilities for serving wards of the department or persons placed under the supervision, etcetera, related to the-- to turning age 19. So the way that I read this, the-- the third funding priority shall be for serving wards of the department, I'm curious as to whether it's that we can't fund that third funding priority or whether there's some other technical reason why we're not getting to that population of folks when we've prioritized them and the non-legal understanding--

WALZ: Right--

BOLZ: --of the priority list is that state wards will be third.

WALZ: I don't--

BOLZ: Maybe you have insight or-- or maybe folks in the room can help us get to the bottom of it. But I think, whether or not we can fund more off of the waiting list, we can talk about whether or not we can figure out how to fund the priority of state wards on the waiting list.

WALZ: Absolutely, yeah, and I-- I don't have the answer for you, but I-- yes, I agree.

BOLZ: Very good, thanks.

STINNER: Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Walz. You had mentioned in your opening that this needed to be amended. Could you ex-- did-- didn't I hear you say that-- from funding all persons on the waitlist. Right? Well, I see the-- in comment in the fiscal note that it would take $91 million to fund 2,600 individuals. That $17 million would fund about 18 percent of the individuals. Are you intending to-- the $17 million to fund 2,600 people?

WALZ: Yes.

CLEMENTS: Oh, OK.

WALZ: No. [LAUGH] No, I'm not. Hold on. I need to find the answer out for you. Can I--

CLEMENTS: All right. Then--

TOM ARNSPERGER: [INAUDIBLE] back up for that.

WALZ: Oh, yes. I see what you're saying. Yeah. Let me go back to that. I'm sorry. I see what you're saying. It comes to my attention department-- concern that the language in this bill does not represent our intentions correctly and would require them to only use this $17 million to decrease the waitlist, not fully get rid of it.

CLEMENTS: Oh, all right. Then I see in the fiscal note federal funds are only $600,000 compared to General Funds of $17 million. Isn't there a better match for that or federal?

WALZ: There is a federal match.

STINNER: Yeah, it's 55-point-something [INAUDIBLE]

CLEMENTS: So should--

WALZ: Go back to that again.

CLEMENTS: --should this be a larger number in the federal fund column/row?

WALZ: It is--

CLEMENTS: Maybe we can ask our fiscal analyst.

WALZ: We can. It's-- it's going from 54.72 to 56.47, and I don't know if that's reflected in that fiscal note or not. So we can find out for you, Senator Clements.

CLEMENTS: All right. Thank you.

STINNER: Thank you. Additional questions? Seeing none, thank you, Senator Walz.

WALZ: Thank you very much.

STINNER: We do have four letters in support, Quality Living Incorporated, AARP-- excuse me, AARP is in support.

WALZ: OK.

STINNER: Well, thank you.

CLEMENTS: Very last bill, LB1215.

STINNER: That concludes our hearing on LB1215. We will now open our hearing on Agency 25. Agency 25. Do we have an opening?

DANNETTE SMITH: Senator Stinner, it's been one of those days.

STINNER: I can guarantee it. I resemble that.

DANNETTE SMITH: Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is Dannette Smith, D-a-n-n-e-t-t-e, middle initial R, the last name Smith, S-m-i-t-h, and I am the chief executive officer for the Nebraska Department of Health and Human Services. Today and tomorrow, I will be joined by members of my leadership team who will present their departmental budget requests. They include Courtney Miller, division director for Developmental Disabilities; Dr. Gary Anthone, division director for Public Health; Mark LaBouchardiere, facilities director; and finally, Steve Greene, deputy director for Children and Family Services. My tenure with the department began on February 25, 2019. As I approach a year in this position, I reflect on how much I have learned and how much momentum we have made on our path forward. I cannot thank my team enough for the support and leadership that they have provided on a daily basis. I truly can say that every day these teammates work to embody the mission of DHS, which is helping people live better lives. We aim to do so with an efficient and customer-focused methodology to service delivery. In the last year, the business plan I outlined my four-prong approach that continues to guide our work. The tenets are as follows: creates an integrated service delivery system; establish and enhance a collaborative relationship; align DHHS teammates under our mission of helping people live better lives; and finally, enhancing the department's internal infrastructure to provide more efficient, effective customer-focused services to Nebraskans. Please allow me to take a brief moment to say thank you to the Appropriations Committee for your support of DHHS. Last session with your support, we were able to set our budget for this biennium. The appropriations provided enabled us to-- to better support the vulnerable populations and

individuals that we serve. As emergent issues have come to light since the biennial budget, DHHS has identified the need for midbiennial adjustments. In support of these adjustments, the Governor's midbiennial budget recommendations include increases to two of our General Fund programs. The first, an $8.6 million increase for the Division of Developmental Disabilities to further meet the needs of individual clients. Courtney Miller in her testimony this afternoon will discuss more with you about the waitlist, how that waitlist impacts children in foster care. The second is an increase of $18.8 million for improved staffing and facilities to enhance patient safety and address ligature concerns at the Lincoln Regional Center, the LRC. Also included in the Governor's recommendations are offsetting reductions, reductions where appropriations could be limited without affecting the quality of services provided. We have improved the fund mix with changes to our cost allocation plan, allowing us to claim additional federal dollars, thereby reducing our General Fund requirements by $3.2 million over the biennium. We have also reduced our budget for our CHIP program by $4 million over the biennium. This reduction again will not have an impact on the number or types of services in CHIP program, but rather aligns the appropriations more closely with estimated expenditures. In child welfare, we were able to reduce our budget by $33 million due to the Nebraska Eastern Service Area, ESA, transition. This was due in part to the savings were associated with change in the contractor from PromiseShip to St. Francis. Overall, DHHS was able to achieve a net reduction of nearly $23 million in state General Fund. As you hear from the department's leadership, my department's leadership team, they will provide a framework of issues that are most pressing in priority to give you a better understanding of the requests in their respective budgets, as well as share with you how that translates into our ability to work in a more efficient and effective manner. As I close, I want to again especially thank my team for their thoughtful approach to the process in our budget request. I would like to thank the Governor for his recommendations that will allow further support for programing and initiatives within DHHS. These funds truly help us to help people live better lives. Lastly, to the Appropriations Committee, thank you for your consideration. I sincerely appreciate your time and commitment. The department's leadership team who will follow me today and tomorrow, will be able to answer any particular questions you may have on division specific requests. Thank you and this concludes my testimony.

STINNER: Thank you. Questions? Seeing none--

DANNETTE SMITH: Thank you.

STINNER: --apparently we don't have any questions. Well, thank you. Good afternoon.

COURTNEY MILLER: Afternoon. Chairman Stinner and members of the Appropriations Committee, my name is Courtney Miller, C-o-u-r-t-n-e-y M-i-l-l-e-r, and I am the director of the Division of Developmental Disabilities within the Nebraska Department of Health and Human Services. I appreciate the opportunity to come before you today regarding our division. I want to thank you for your work on the preliminary budget recommendations and for supporting the Governor's midbiennium recommendations to better serve Nebraskans with developmental disabilities. The division is requesting three adjustments to our current appropriations. The first adjustment is to fund the overall budget impact of recently completed inventory for client and agency planning, we refer to it as the ICAP, assessments for individuals with developmental disabilities participating in the Medicaid home and community-based waivers. While working closely with our federal partners, the Centers for Medicare and Medicaid Services or CMS, through the DD waiver renewal application process to address areas of noncompliance, CMS recognized an extraordinarily high number of participants with exception funding. The division received a corrective action plan to address the need for a rate rebase, which was resolved in 2019, but with a negotiated understanding we would also address the individual budget allocation process to match budgets to risk. Nebraska statute indicates that individual budget amounts shall be determined through an objective assessment process from which a DD waiver participant could purchase the services and supports to meet their needs. Exception funding may be authorized in addition to the individual budget amount to provide for health and safety needs that are not identified by the current objective assessment process. The division serves approximately 4,800 individuals, of which 30 percent receive exception funding. The acceptable range, according to CMS, should be no more than 5 percent, which is in line with other states. The ICAP is a standardized assessment tool and was designed to be a service needs assessment, not to determine individual budget amounts. Nebraska is the only state that solely relies on the ICAP to determine individual budget amounts. However, many states do use the ICAP as one part of the objective budget allocation process. The reason is that the ICAP does not adequately account for comorbidities

of high medical and behavioral health acuity. This has resulted in the high frequency of exception funding for participants in Nebraska. National best practices to administer the ICAP every two years. Historically, individuals received an ICAP assessment upon entrance to the program and upon request through a burdensome process for families and providers. The ICAP assessments were on average 10 years old and did not accurately capture the current acuity of the population for a correlation to service needs analysis. The alignment of the ICAP assessment is a necessary part of the redesign of Nebraska's objective budget allocation process to have a predictive model to match payment to risk based on acuity tiers. We recently completed the process of standardizing the frequency for administration of ICAP assessments to every two years. In 2018, approximately 2,400 individuals were assessed based on even-numbered birth year. In 2019, approximately 2,400 individuals were assessed based on odd-numbered birth year. The fiscal impact was uncertain, since the outcome could be for an individual's budget amount to increase, decrease, or stay the same. In 2018, we were able to successfully manage the budget to absorb the changes. In 2019, the changes were much more pronounced in the monthly forecasting report and began to provide evidence of a continued trend. While the majority of individuals reviewed in 2019 had no acuity level change, there were many more that were underfunded. The state fiscal year '21-22 fiscal impact of the realignment is estimated at $5 million General Funds and the division is already realizing these increased costs. The division continues to work toward the completion of the Objective Assessment Process Redesign Project and anticipate its completion later this year as negotiated under our agreement with CMS. The second adjustment to appropriations is approximately $3.7 million General Funds to ensure funding for our anticipated increase in funding offers for the first priority outlined in Nebraska law. Individuals enter DD waiver services through the first priority because of immediate crisis due to caregiver-- caregiver death, risk of homelessness, other threats to the life and safety of the individual, or when ordered in accordance with Nebraska's Developmental Disabilities Court-Ordered Custody Act. In state fiscal year 2019, the division began serving 56 individuals with DD waiver services who became eligible and were immediately funded through the first priority. This number was much higher than prior years. In state fiscal years 2017 and 2018, the numbers entering services through this funding priority were 16 and 32. The additional appropriations will ensure the division is able to meet the immediate service needs of individuals entering DD waivers through the first priority, as well as the anticipated entrance through priorities two through five in the

current biennium, including individuals transitioning from the education system upon hitting 21 years of age and the state wards as well. The third adjustment reduces the base appropriations by $1 million General Funds for the Beatrice State Development Center to align with expenditures and are not needed to maintain the high quality of service levels at BSDC. The division submitted a plan for the future of BSDC to the Governor and Legislature on June 1 of 2017. This was the first step to provide a framework towards enhancing the continuum of care to best serve Nebraskans with developmental disabilities who require institutional level of care services and supports. The report contained a plan for BSDC to continue services for 36 months to allow further evaluation of the role of BSDC and enhance community-based services' capacity to address gaps within our delivery system. I look forward to meeting with the committee in June 2020 to review the current status of BSDC and community-based services since the submission of the report, progress updates on the recommendations included in the plan, and discuss proposed next steps and strategies to achieve the division's goal of transforming our service delivery system with an integrated service array to best serve Nebraskans with developmental disabilities. Thank you for the opportunity to provide you with information on the Division of Developmental Disabilities and for supporting the Governor's budget recommendations. I would be happy to answer any questions you may have.

STINNER: Questions? Senator Bolz.

BOLZ: I think you addressed the question. But just for clarity, we had a testifier previously concerned about state wards being funded through the developmental disability system. Am I hearing and reading correctly that you think that the priority one appropriation could help with coverage of the state wards as well?

COURTNEY MILLER: Yes.

BOLZ: OK. Thanks.

STINNER: Any time I see corrective action plan, that means that we've got to make some corrective action, right?

COURTNEY MILLER: Um-hum.

STINNER: And we did some of that by rebasing in 2019. And you're saying we didn't completely comply with all of the provisions of the corrective action plan.

COURTNEY MILLER: We have no open corrective action plans at this time. What we did was negotiate an understanding that we would address our budget allocation process with the exception funding.

STINNER: So do we have to adopt another assessment tool other than the ICAP assessment tool? Is that what you're saying?

COURTNEY MILLER: What we have to do is look at the ICAP assessment tool and we need to look at other tools that complement the ICAP assessment to be able to make sure that we have identified the behavioral and medical needs of the individuals that are not addressed under the ICAP. And so we have risk assessments that accompany that.

STINNER: So if we can't get down to their 5 percent, does that mean we get clawbacks and other things that we don't even want to talk about today?

COURTNEY MILLER: We have the potential for that, yes.

STINNER: OK. Do you want to explain to me what comorbidities is?

COURTNEY MILLER: Well, from a nonphysician, that-- my understanding is that means for individuals that have maybe a severe and persistent mental illness and diabetes. And so the comorbidities is-- is more of a dual diagnosis role.

STINNER: So are we going after each individual case we're analyzing to see if it fits into another assessment model or are we trying to find another assessment? How do we get this thing back down to 5 percent [INAUDIBLE]?

COURTNEY MILLER: So we're looking at right now we're doing the objective assessment process redesign. And what we're doing is looking at those factors that would impact an individual's needs and then the budget that corresponds with that. And so it's to maintain for the risk. And so the ICAP is one tool that we use to gather information and document needs. We also have risk assessments that are homegrown tools. And so right now we have our contractor, Optumas, looking at are those risk assessments sufficient and do they meet best practice

of what other states use since historically we have only used the ICAP solely.

STINNER: So we've incurred additional costs by contractor to come in and help us evaluate this and drive this stuff back down to 5 percent or are we doing it internally or how?

COURTNEY MILLER: We do have a contractor for-- we brought on the contractor for the rate rebase. And then with the corrective action plan, we expanded that scope to-- to handle the objective assessment process redesign.

STINNER: Do you think we'll go up or down as a budget request as we start to move to conformity from 30 percent to 5 percent? Is that going to be an increase in cost or a decrease?

COURTNEY MILLER: I think it-- I'm thinking that it's budget neutral and I say that because right now we-- we provide the exception funding. And so if somebody has a budget-- I'm going to use really simple math-- of $10 and the exception funding is $5, on top of that is $15. And really what you're looking at is for a budget amount to identify that that individual needs can be met with the $15 the first time, the right time so that 95 percent of the population gets one budgeted amount without exception.

STINNER: And so by doing that, it eliminates that exception of going to $15 instead of $10?

COURTNEY MILLER: It doesn't eliminate the $15. It eliminates the-- the-- the process of exception funding. So we have five funding tiers. We have basic, intermediate, high, advanced, and risk. And so what we're doing is with the objective assessment process redesign is redefining those tiers to determine the budget amount that corresponds to that-- that acuity level. And so the acuity level for an advanced tier could be $15. And then they are just simply on the advanced tier. Today, they may be on the advanced tier with exception funding.

STINNER: OK. I give up, but I'll continue to dig into this. I-- I have a bad feeling about this, but that's OK. Turn it over. Additional questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here today. Yes. A million dollars reduction in Beatrice State Home funding that--

does that have any effect on the federal funding with that then or not or?

COURTNEY MILLER: I'm not understanding the question.

DORN: OK. Our Beatrice State Home, so much of it is federal funding that supports that program down there. The million dollars here that we reduced in the budget are you asking for a reduction in the budget this year because of staffing are in the [INAUDIBLE] right now that doesn't have any carryover effect or that will not affect our federal part of that funding at all.

COURTNEY MILLER: No, it doesn't affect [INAUDIBLE].

DORN: It does not. OK. And then you're going to have a-- this summer will be the end of the three-year study and then you'll have a report for this committee or for the Legislature or what are we looking at?

COURTNEY MILLER: Yes. We will meet with the Health and Human Services Committee, the Appropriations Committee, to provide those updates.

DORN: OK, good. And then one other question, if I could. I think, you know, we-- we talked here or Senator Walz had the bill for helping to fund the waiting list or whatever.

COURTNEY MILLER: Um-hum.

DORN: And maybe-- I thought I heard Annette talk right that you were the one kind of that maybe would have some comments on that or this $8.6 million in the bottom of your first page, is that going to help that waiting list, the bottom of the first page we have from, or no, excuse me. That is from Dannette's comments. She has a first an $8.6 million increase for the Division of Developmental Disabilities to further meet the needs of individual clients. That's not trying to address the waiting list.

COURTNEY MILLER: No. Those dollars address the current participants that are served on them on the waiver programs with the increase to the budgets from the ICAPs.

DORN: So other, I mean, there-- there is no proposal or thought or I guess are we looking at something to help with a waiting list?

COURTNEY MILLER: Yes, that's the discussion that we're going to have for the biennium that was in our Olmstead Plan of the reduction for the waitlist.

DORN: So the next-- our next budget next year basically. OK. Thank you.

STINNER: I'm just underline this and this is you can help me with this. The majority of individuals reviewed in 2019 had no acuity level change. So we accurately put them into the levels that they were supposed to be. But you also go on to state there-- there were many more that were underfunded. And that is where I guess I-- it just caught my eye.

COURTNEY MILLER: That was--

STINNER: Is there more funding that we're gonna have to do in the future especially if we come--

COURTNEY MILLER: We are on this cycle for every two years of reviewing the ICAPs to determine individual acuity levels. We had-- of the ICAP distribution, we had 555 of those 4,800 that had a decrease; and we had 1,190 individuals that had an increase to their tier or their funding level.

STINNER: OK. You're saying the $5 million that you've identified is takes care of it which [INAUDIBLE]

COURTNEY MILLER: Right. We are-- we have completed the full cycle of ICAPs to catch everyone up and now we are on the two-year cycle.

STINNER: OK. All right. Additional? Senator Vargas,

VARGAS: Thank you very much, Senator Stinner. So the question given that we're talking about, reduction of the base appropriations for BSDC and also in light of YRTC, how many, if any, staff from BSDC are being sent to YRTC Kearney?

COURTNEY MILLER: I am not aware that any direct care staff today are being transitioned or participating with the YRTCs.

VARGAS: OK. And you said direct care staff. Are there other potential staff that may be?

COURTNEY MILLER: I just know at one time that we were utilizing resources briefly for, but they were direct care staff.

VARGAS: Oh, OK. So we're not doing that anymore you said.

COURTNEY MILLER: No.

VARGAS: OK, great, appreciate it. Thank you.

STINNER: Additional questions? Senator Wishart.

WISHART: Can you remind me? Thank you. Can you remind me how much did we in the department invest in the rate study for DD?

COURTNEY MILLER: I don't have the exact dollar amount at my fingertips. I know it was 4 percent increase.

WISHART: Well, how much money for the consultant did we invest in to-- to get to that-- to get to the final analysis of the rates?

COURTNEY MILLER: Of the rate rebase?

WISHART: Yes.

COURTNEY MILLER: I don't have that amount at my fingertips, but I could follow up with you [INAUDIBLE].

WISHART: OK. That would be helpful. Do-- do you and the department have a plan? I know Senator Hilkemann brought a bill that would get us to what the recommendations were out of that study. Do we have a plan on how we would start to-- to get those dollars to where the study said we should be?

COURTNEY MILLER: So the study was-- the study was to build a model and the state chose the direct care wage model. And so the 4 percent allowed for the increase in the direct care wages. So any additional appropriations that would be received would be adjusted in that direct care wage. The 6.6 percent figure that's there raised the-- the direct care wage even higher. And it also was to introduce a new service.

WISHART: OK. What was that service?

COURTNEY MILLER: It was called habilitative community integration.

WISHART: OK.

STINNER: Additional questions? Seeing none, thank you.

COURTNEY MILLER: Thank you.

STINNER: Any additional proponents? Senator Bolz would like to have somebody from Medicaid come up on the agency and make a statement.

BOLZ: I don't know how you-- I don't know if you want to do DD first or--

STINNER: No, that's fine. I'd just as soon have the directors up first and then I know we have questions. I didn't see any of the other directors coming up so that's why I went to proponents. But Senator Bolz would like to talk about Medicaid.

JEREMY BRUNSSEN: Hello. How are you?

BOLZ: Good.

JEREMY BRUNSSEN: Good afternoon, Senator Stinner--

STINNER: Good afternoon.

JEREMY BRUNSSEN: --and members of the Appropriations Committee. I think from Medicaid's perspective--

STINNER: Say your name and spell your name.

JEREMY BRUNSSEN: Jeremy Brunssen, interim director of Medicaid, J-e-r-e-m-y B-r-u-n-s-s-e-n. In our request, I'd like to thank you for supporting the Governor's budget recommendation. The only item of significance that we'd point out, CO Smith mentioned earlier that we've proposed a reduction to the CHIP program for both years of the biennium, not a reduction in services or rates, but simply an alignment to where we actually are-- our historical expenditures have been over the last few years. Otherwise, I thank you for your support over the process and I'd be happy to take any questions.

STINNER: Senator Bolz.

BOLZ: Thank you, Senator Stinner. I appreciate it. I think-- I have several questions for you, but I think an appropriate place to start is can you give the Appropriations Committee an update on Medicaid expansion, specifically as it relates to your budget request from last year? I think what I'm trying to ask is, are we on track in terms of

expenditures and are we on track in terms of deliverables, specifically information technology and systems integration I think is-- is where you're at right now. And this committee had a lot of questions about the administration of Medicaid expansion and the associated dollars needed so can you give us an update?

JEREMY BRUNSSEN: Sure. So I'd be happy to start about just the process of where we're at with the expansion project and then I can talk a little bit about the expenditures and where they're at. So, you know, I testified earlier in a neutral capacity a few weeks ago or maybe it was last week on another bill that was introduced. And we are on time on target for our enrollment or benefit start date of October 1, with applications beginning to be taken for beneficiaries on August 1. We continue to track all of our separate work processes, whether it's information technology, which you just referenced. We have continued to work with all of our partners across the agency and IS&T and with our program staff to ensure that we have the testing plans created; and we've completed the-- the requirements reviews and they're in the active design and development phases right now. So we feel good about where we're at in terms of really all aspects of the expansion project. We continue to work with our federal partners, both on the state plan amendments as well as on the 1115 waiver. And we've had great working relationships and have appreciated their partnership in the process and expect that-- that we'll receive the approvals in the timeframes necessary for us to proceed. From an expenditure perspective, I think if you look at the actual just expenditure burn rate, you'd show that we're well under budget at this point. And I think that can be a little bit misleading for a variety of reasons. First, a lot of our contractor payment deliverables are that, deliverable base. They're not billing us hourly. We will not sign off on a deliverable and pay for it until we feel that it's met all of the outcomes that we require as part of the deliverable. So some of it could appear to be a little bit kind of backloaded in terms of our expenditures. That's really the biggest thing I would note in terms of the expenditures, but I would say we're on track to be on plan and under budget.

BOLZ: OK. If I could have the committee's patience, I just have a few more questions. I guess the first question is it's reassuring to know that we're in terms of burn rate. We're on track. I've been keeping up with your quarterly reports which have been appreciated. Is there a way that you could provide some additional budget details to the Appropriations Committee in terms of your burn rate for those

expenditures? The-- the report is helpful, but it doesn't tell a number story. It's-- would that be possible?

JEREMY BRUNSSEN: Sure. I think that definitely is possible.

BOLZ: That would be helpful. A couple of other questions. I think one of the phases you're in right now is the MMIS system integration and testing. And just as an appropriator making sure that the MMIS system, of course, is making sure we're-- we're on the same page with the feds to get our payments. Is everything going smoothly? Have we had any hiccups? Are we on track? Are we in a testing phase? Where are we at with that?

JEREMY BRUNSSEN: Yeah. So from a federal approval perspective, we did submit a what we call an IAPD. So it's a-- basically it's an implementation advance planning document where we request funding for projects when they touch typically two-- two different areas of our business, both N-FOCUS, our eligibility system, and MMIS, which is our main processor, and those have been approved. We would expect to provide an, what we call an IAPDU or an update sometime the late spring as we know that projects do meander a little bit from when we are in the planning phases. But it would be a standard update that we would issue for pretty much any project. So I have no concerns around that aspect of it either.

BOLZ: OK. Could you give me an update on the work you're doing around capitation rates? Are they-- are those estimates coming in as you expected them to as planned, or are there any surprises about the capitation rate?

JEREMY BRUNSSEN: So I think, you know, we're still not to a place where we could say we know exactly where the capitation rates will be. But I think we-- so in terms of project work, we are in the middle of a project plan where we're right now accepting some feedback from the managed care companies, not about the rates themselves because they're still in development, but looking at ways that we plan for risk mitigation when potentially mix of individuals and the acuity of those individuals coming in. And how do we ensure that we don't set them up for failure, but also protect the state's interest? And that if the members are not as-- don't have as high pent-up demand for health services, what we predict that we don't overpay. So when we first rolled out our plan, we did communicate pretty broadly that we intend to put a risk corridor around that just to protect ourselves, but also to be reasonable with the managed care companies. So that is

definitely something that we'll likely see in terms of the capitation rates and any amendments that we execute with the MCOs as part of that process. We're still in the development phase. I would say that we've received more data from our actuary who's done expansion work in other states. And generally what they see is they see that when you have a like population that comes on through expansion with pent-up demand, the first couple of years you could expect to see maybe a 15 to 20 percent higher costs for those members. And typically the folks that sign up first are those that are waiting to come on and want the services. So you might expect that to be a bit more extreme right out of the gate, but over time, kind of plateau or level off a bit.

BOLZ: OK. And I assume that if those capitation rates for some reason came out, came in outside of your risk corridor, that's something you'dt communicate to the Appropriations Committee.

JEREMY BRUNSSEN: So it's-- let me make sure I clarify one-- one quick point. So we would still set the rates. And basically just to make sure you understand, a lot of what we're doing is assumption based because we're-- we're using like populations and experience in other states. So we don't have the historical information that we have the opportunity to look at with our current populations. So when we create that risk corridor, if the true expenses, the medical expenses are either greater than or less than what we actually pay out in capitation rates by a certain percentage and we're targeting 3 percent corridor, then essentially there's a payback on either side just to mitigate any excess costs or profits.

BOLZ: I think what I'm asking as a citizen legislator is if there's anything off track, if there are any flags, you'll communicate that to Appropriations.

JEREMY BRUNSSEN: Sure. Absolutely.

BOLZ: Just-- just a couple of more questions. One is there were-- there were two issues that came in front of the Appropriations Committee in previous conversations about Medicaid expansion that I want to revisit. The first is this committee had some I'll call it just healthy skepticism about the enrollment and how quickly we can ramp up and enroll all the folks that would require the funding levels that were requested. Are you on track? I know it's early days, but are you are you on track with staffing? Do you have a plan for outreach? Is that all going smoothly, such that we can justify those-- those

numbers and those dollars in August when we start enrolling and in October when we go live?

JEREMY BRUNSSEN: Yes. We continue to work hard on staffing. We focused very heavily on ensuring the field, our SSWs, folks that are going to be processing eligibility applications. Much of our efforts, we've been doing a lot of career fairs in that space. We filled a significant number of those positions. I don't have the exact number offhand, but I can follow up with you on that. The reason that we really it's important for us to get those folks in on the ground now is because there's a significant training process that they really need to go to-- go through to ensure that they're providing a good experience for beneficiaries as they apply. And we continue to also work on the central office staff. A lot of that work is still underway.

BOLZ: I think an update there would be appreciated--

JEREMY BRUNSSEN: Sure.

BOLZ: --just because, of course, they've got to connect the dots between the staffing and the enrollment and then the dollars spent on the back end. My last question I promise, Chairman Stinner, is last year we had some concerns from members of the behavioral health community about integrating cost savings in behavioral health into our-- our budget plan. Basically concerns that-- that capturing those savings before they were real or materialized would make developing contracts and actually covering the needs in the behavioral health world complicated or-- or maybe impossible for behavioral health providers. My recollection, and it's been a little bit, was that your-- your thought from the Medicaid Division was that you would be able to track and monitor on a month-by-month basis in order to sort of smooth that impact. I've heard differently from my behavioral-- regional behavioral health folks. Can you talk to us about how you expect those cost savings to work out for our behavioral health providers?

JEREMY BRUNSSEN: So I think when you say cost savings, you're referencing the save-- the reductions to the behavioral-- Division of Behavioral Health for basically expenditures that maybe are being paid out through other divisions today, that those individuals receiving the services will transfer or become eligible for Medicaid based on the higher FPL. I can't say that I've had any-- I haven't had any direct conversations with any providers on that issue, but obviously I

work closely with our other divisions. And, you know, we're aware of the concerns, obviously, from the prior hearings. I guess I don't have any information that I could share that we have any reason to believe it would be different than the numbers that were provided previously. I guess I'm not quite sure what you're asking me to--

BOLZ: I think the concern is-- is sort of one of timing. That-- that our budget captures the savings before the savings are actually going to be realized. And so how will that process work is the-- is sort of the concern. And-- and maybe it's a question for Director Dawson or maybe it's a question between the regional providers and you more directly. But I think making sure that we're monitoring that on a month-by-month basis so that the behavioral health providers can keep afloat while we're making the transition is what's most important. And if that can't be done, I think we need to have an honest conversation between the Medicaid Division, the behavioral health providers, and the Appropriations Committee that if, and I'm not saying it is, but I'm saying if it is, that those capturing those cost saving is premature. And a more prudent thing to do is to wait until we've captured them and then pull them back. I think we need to just be frank with each other about it. So, you know, we can-- I'm sure the division or the regional health providers will at some point come talk to us.

JEREMY BRUNSSEN: Understood.

BOLZ: Thank you.

STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner. I'm going to, I guess, piggyback on that question a little bit. Part of what we've done is we build into the budget that expanded Medicaid is going to start October 1. I guess some of the concern that some of those-- some of those providers have are what if it doesn't start and now the budget is set, their budget is set based on it starting and now it doesn't. What happens to that funding as far as those people they're taking care of now, not being on the expanded Medicaid and yet they don't have anything in their budget to fund that?

JEREMY BRUNSSEN: Yeah, I think, you know, from my perspective, we do plan on being-- going live in October for benefits. I don't want to speculate otherwise, but I would imagine that given that it's a full fiscal year, if we if, God forbid, something happens, that that could

be addressed through legislation in the upcoming session. But-- but I can't-- Medicaid can't affect that per se.

DORN: Right. But there-- and I guess just coming back to, though, they plan for their budgets, too, just like we do.

JEREMY BRUNSSEN: Absolutely.

DORN: And for them, I guess the unknown is something what we are also experiencing here with rolling out this program. And I like or like your-- some of your comments today have been very, I call it positive, that that is going to happen. Now I hope or I'm-- I'm-- I like your comments. And I think we-- I don't know how to put it in the form of a question, I guess, other than I hope you're right and that you have success.

STINNER: Additional questions? What's the chances of us actually starting early on the Medicaid expansion?

JEREMY BRUNSSEN: I don't expect us to start early. I expect us to start on time.

STINNER: Thank you. The question that our committee had was on methodology and I know that you're working with Health and Human Services on that. I don't know precisely where you're at. But there-- there is a change as we relate to long-term healthcare in methodology. Would you like to give us an idea where you're at?

JEREMY BRUNSSEN: Sure. Just to make sure that I am on the same page, you're speaking to the nursing facility per diem reimbursement methodology?

STINNER: Yes.

JEREMY BRUNSSEN: OK. So if-- I would say that we've had really collaborative conversations with both the Nebraska Health Care Association, as well as LeadingAge, a subset of providers, Senator Williams and the HHS Committee. We met five or six times through November, starting in November, through the end of January to follow up on previous working communication that we, the department, completed in the summer and the fall of last year. And ultimately we agreed upon a compromise that we-- is not what the department had initially proposed, but we feel is a significant improvement over how we calculate rates today. And really what it does is it-- it accomplishes to some degree two of the main priorities that Medicaid

had been working towards. And first, as it starts to introduce quality into the payment paradigm for nursing facility per diem payments. So we'll be using the CMS quality measure rating to provide basically a rate add-on, a per day rate add-on for any facility that is at the three, four or five star quality measure for the CMS quality star system. And then secondfold, what we've done is we've managed to start to narrow the gap between the reimbursement rate between facilities. So if you were to look at the current state fiscal year's per diem amount, a patient at what we would consider the base level of care today, based on the old methodology, you could have Medicaid beneficiary per diem payment to the nursing home as low as $111 a day or as high as $257 a day. So there's a huge disparity for the same services being rendered to a Medicaid beneficiary. We had proposed a flat rate, a price-based model, not a cost-based model. But we we heard significant concerns from the industry about taking that approach. So what we did was collaborated and compromised on a model that essentially starts to narrow that gap. And so it would go from about the $146 a day difference to about $96 a day, I believe, offhand. So over time, it will start to truncate that and level the playing field.

STINNER: Now that tells me that you're actually bringing the low rate up toward the middle. So that would be helpful to--

JEREMY BRUNSSEN: Yeah, that's exactly our goal.

STINNER: --most of the rural nursing homes. So that will help a little bit. Any additional questions? Is there anybody else that wants to ask another one of the directors up here? OK. Seeing none--

CLEMENTS: Excuse me.

STINNER: Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. I heard you just say the new method is from $146 a day to $96?

JEREMY BRUNSSEN: No. So-- so currently the-- the rate variance is about $146 a day and it will go down to about $96. So we're truncating that by-- we're, you know, shortening it by about a third.

CLEMENTS: And are the-- is the top end coming down?

JEREMY BRUNSSEN: They are. So-- and so that was, you know, important in our processes that we had representation from everybody, from--

from not everybody but from facilities across that spectrum. So you had providers that, quote unquote, would be coming down and others that were coming up. But ultimately, it was a compromise to find what was the best thing for Nebraska. And people had to really set aside their own personal perspective based on what facility they were representing and come to the table willing to find a solution.

CLEMENTS: And then does--

STINNER: Pretty-- pretty much try to keep it revenue neutral.

CLEMENTS: That is my next question, OK?

STINNER: Sorry.

CLEMENTS: Cost-- cost neutral we call it.

JEREMY BRUNSSEN: Yes. Budget neutral, yes--

CLEMENTS: Thank you.

JEREMY BRUNSSEN: --to the state.

STINNER: Very good. Additional questions? Seeing none, thank you very much.

JEREMY BRUNSSEN: Thank you.

STINNER: Thank you for being patient. Afternoon. Actually after five we should say good evening, right?.

MEGHAN MALIK: Good afternoon. Good evening. Thank you for staying. I really appreciate it. Chairperson Stinner and members of the Appropriations Committee, my name is Meghan Malik, M-e-g-h-a-n M-a-l-i-k, and I'm the trafficking project manager with the Women's Fund of Omaha. The Women's Fund of Omaha is a nonprofit organization focused on improving the lives of women and girls. We are committed to the fight against sex trafficking, including ensuring survivors have access to critical services in Nebraska. I'm here today to speak to the operations request and would like to request the Appropriations Committee include funding for sex trafficking services in the DHHS budget. This Legislature has made incredible strides in modernizing our laws to bring traffickers and sex buyers to justice and provide survivors who have committed crimes as a result of their trafficking victimization, an avenue to rebuild their lives. However, our state

must now invest in the safety and well-being and economic stability of survivors by providing funding for trafficking services. You all have already been part of this work through advancing LB518 to Final Reading. LB518 creates an advisory board to develop, oversee, and coordinate a statewide multiagency trafficking response, primarily through the creation of a state plan and strategies to address the provision of supportive services for victims. A new Office of Support for Trafficking Survivors within the Department of Health and Human Services would coordinate and implement the state plan. Most critically, this bill creates a framework for competitive grants for trafficking victims services across the state. But the bill does not provide for funding of the program. Funding for this last portion is crucial for the success of this whole system. The Nebraska Human Trafficking Task Force, led by the office of the Attorney General, has done tremendous work over the past few years, but federal funding supporting that work has ended. What's more, our current system often criminalizes those it should be protecting, sometimes only out of a lack of more appropriate services models being available. Providing funding for services allows law enforcement to connect victims to services provided through a community provider rather than arresting victims and housing them in jail. This is the promising trafficking response model popping up across the country. Other states have invested in services and are providing law enforcement an alternative to arresting victims. As a result, trust between victims and law enforcement increases, cooperation increases, and prosecutions of traffickers and sex buyers increases. After five years of investing in services, Minnesota increased charges of sex traffickers by 100 percent and increased convictions of sex traffickers by 500 percent. We've made incredible strides in our state. We are taking steps towards trauma-informed and victim-centered investigations and prosecutions. We've trained over 15,000 people, including law enforcement, service providers, community members and everyone in between. And now it is time for our state to build a sustainable service system for trafficking services. We believe an initial investment of $500,000 would make an incredible difference in the work being done across our state. The framework for the program is already provided in LB518. We respectfully request the Appropriations Committee to appropriate $500,000 for the competitive grant program through the budgeted process in order to continue our state's good work in eradicating this heinous crime. Thank you for your time and I would be happy to answer any questions today.

STINNER: Thank you. Questions? Seeing none, thank you.

MEGHAN MALIK: Thank you.

STINNER: Any additional proponents? Any opponents? Anyone in the neutral capacity? That concludes our hearing of Agency 25 and concludes our hearing for this evening. I'm sorry. Oh, we do have a letter in support of the Medicaid rate for Halfway House Services. Thank you.