STINNER: [RECORDER MALFUNCTION] Committee hearing. My name is John Stinner. I'm from Gering and I represent the 48th District. I serve as Chair of this committee. I'd like to start off by having members do self-introductions, starting with Senator Erdman.

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

CLEMENTS: Rob Clements, District 2, Cass County and eastern Lancaster.

STINNER: John Stinner, District 48, all of Scotts Bluff, Banner, and Kimball Counties.

WISHART: Anna Wishart, District 27.

HILKEMANN: Robert Hilkemann, District 4, west Omaha.

KOLTERMAN: Mark Kolterman, District 24: Seward, York, Polk, and a sliver of Butler County.

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

STINNER: Assisting the committee today is Tamara Hunt. And to my left will be the fiscal agent, Liz Hruska will be here. Our hearing-- our page today, is Jason Wendling. At each entrance, you will find green testifier sheets. If you are planning to testify today, please fill out a signed 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 the 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 and at the end of today's hearings. To better facilitate today's proceedings, I ask that you abide by the following. Please silence or turn off your cell phones. Move to reserved chairs. I'm not sure we have reserved chairs, but if you can move to the front chairs. Order of testimony will be introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding--- well, I'll skip that thing. We ask that when you come up to testify, you spell your first and last name for the record before you testify. We ask that you be concise. It is my request that you limit your testimony to five minutes. Written materials may be distributed to the 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 12 copies. If you have written testimony but do not have 12 copies, please raise your hand now as the page can make copies for

you. With that, we will begin today's testimony with LB762. Good afternoon.

DORN: Good afternoon. Thank you, Chairman Stinner, and members of the Appropriations Committee. My name is Myron Dorn, M-y-r-o-n D-o-r-n, representing Legislative District 30. I am here today to open on LB762. Behavioral health providers in our state have had to deal with rates that are far below the cost of providing services. Our own state cost study several years ago showed rates as much as 30 percent of the cost of providing the services. This committee has recognized the need to increase mental health and substance-- substance use treatment service rates over the years, and I believe we must continue. LB762 increases rates by 10 percent for services paid through our Medicaid program. Providers in my district and others from across the state have repeatedly expressed concerns. These past two years have exposed them even more because of workforce shortages exacerbated by the pandemic. It is critical that we keep and encourage more young people to enter behavioral health careers and without funding these services so that clinics and hospitals can pay to keep salaries competitive, we are not going to see things get better. In addition, you will hear today about the substantial increase in demand in this system, whether it be for our children or adults. This demand will not subside. Our providers in both urban and rural communities cannot continue to meet the need, let alone balance their books and consider-- consider expanding services. I do want you to know that all parts of the behavioral health system should be looked at regarding rates during this budget year. LB70-- LB762 is my effort to shore up the Medicaid system and allow our mental health professionals to continue to do the critical frontline work today in our communities. I also handed out an amendment that would include this rate increase for probation, community corrections and Program 437. Normally, they sometimes have been included in this when we have this discussion on this type of services. This, we would like to add they came forward, too, and visited with us about it, and we said we would include that as an amendment. There is a representative from the Administrative Office of the Courts and Probation here that will speak to that amendment that I am offering later. Thank you.

STINNER: Questions? Seeing none, thank you. Additional testifiers, proponents?

DEBORAH MINARDI: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Deborah Minardi, D-e-b-o-r-a-h M-i-n-a-r-d-i, and I am the probation administrator with the Administrative Office of the Courts and Probation. The Administrative

Office of the Courts of Probation is very appreciative that the Appropriations Committee for including the judicial branch in this conversation, having to do with rate adjustments. We recognize the importance to create rate equity among payor sources and the importance it means to our substance use and mental health population. Not only does it work to create an enhanced access to services, but also build a stronger provider network. It is important to note, as the senator mentioned, probation is a significant referral source for behavioral health services, and so rate adjustments for probation is also important. It is beneficial for providers and individuals accessing the state funding for behavioral health services to have consistency within the state payors, including service expectations and comparable rates when possible. To that end, starting in 2017, probation started examining their rates across other behavioral health services, including Medicaid, the Division of Behavioral Health, the Division of Children and Family Services, and the Division of Developmental Disabilities. Since that time, we have maintained our rates to be comparable with any of those entities. In fiscal year 2021, probation provided financial assistance to slightly over 6,000 individuals. We support the increase in provider rates that is outlined in LB762, but again emphasize the importance that probation be included as part of that rate adjustment. We have submitted that amendment as has already been mentioned, and a copy of that has been provided to you with my testimony. I'd be happy to take any questions that you may have of me.

STINNER: Do you have a fiscal note with that, or have you prepared anything?

DEBORAH MINARDI: We-- I can tell you what we're-- what we approximately estimate that that would include. We had not submitted a fiscal note yet because the amendment had not been submitted yet, but we would anticipate that it would be slightly under one million eight hundred.

STINNER: And that's for one year?

DEBORAH MINARDI: Correct.

STINNER: OK. Is that all General Funds or is that going to be--

DEBORAH MINARDI: Pardon me?

STINNER: Is that all General Funds or is that going to be split between General and federal funds?

DEBORAH MINARDI: It would be all General Funds.

STINNER: OK. Any additional questions? Seeing none, thank you.

JON DAY: Good afternoon, members of the Appropriations Committee. My name is Jon Day, J-o-n D-a-y. I'm the executive director of Blue Valley Behavioral Health, Nebraska's largest outpatient behavioral health provider. I'm also here representing the Nebraska Association of Behavioral Health Organizations, NABHO. At Blue Valley Behavioral Health we provide mental health and substance abuse counseling to over 8,000, mostly rural adults and youth over 16 counties in southeast Nebraska. I'm here to support LB762, which allows for a 10 percent increase in Medicaid funding for behavioral health services. During the past couple of years, the total number of adults and youth that we have treated has grown exponentially. As a primarily rural behavioral provider, we've known firsthand of the high demand for mental health and substance abuse services that exist in rural communities. However, as the old saying goes, this is just the tip of the iceberg. Prior to COVID, we would normally expect about a 3 to 4 percent increase in people we treat on an annual basis. Since the duration of COVID over the past couple of years, we are now seeing over 20 percent more people. That's over 1,000 more adults and youth now who are being treated for mental health and substance abuse services along with other treatment options we provide. That increased utilization percentage is now on pace to be even higher based on more people being seen during the first six months of this fiscal year compared to last year. As another way of seeing this increase, that's a lot more people dealing with problems such as anxiety, depression, family conflict, trauma, substance abuse and other emotionally based interferences being experienced on an everyday basis. In addition to the significant increase of people seen over the same timeframe, we've also experienced a 30 percent increase with those on Medicaid. This is due to Medicaid expansion. As a result of the increased number of people being emotionally impacted by COVID, along with the increased number of people on Medicaid, it becomes even more imperative that the Medicaid reimbursement rate are increased to match this high demand. As we all are aware, during this past year, the cost to provide services, particularly behav-- behavioral health services, has skyrocketed due to the comprehensive impact of COVID. Increased expenses associated with staff sick-time, employee health insurance benefits, salaries and other basic operational costs have had a tremendous impact and threatening accessible behavioral health services in the rural areas. There's a general consensus that the impact of COVID is not going away anytime soon. We definitely see the emotional impact that it's having on people of all ages within all

lifestyles as the effects of this pandemic continues. We're seeing its influence on an individual and family level, impacting people's ability to work and function appropriately at school, but also destabilizing people's perceptions of resilience and their sense of predictability. People are truly hurt in a way that we've never experienced before, which is simply evidenced by the increased number of people that we are currently treating. These are the pragmatic reasons why we're asking for your support of LB762 in its 10 percent increase in Medicaid rates. Supporting the Medicaid rate increase will provide the necessary ingredient to continue the availability of behavioral health services. This is the most effective, proactive approach to supporting organizations who provide behavioral health services that are actively working to minimize the emotional and social impact of COVID. Behavioral health services need to continue to have a strong presence in all of our communities, both urban and rural. We've done a very good job so far in responding to this tremendous spike in mental health and substance use needs. However, we have to continue to be vigilant and stay in front of this pandemic so people who are like you and myself, the people we know and care about, and those in our communities can receive the help that's necessary and be successful in coping with it. Your support of LB762 is greatly appreciated and will be depended on by the constituents in your district. Thanks for your time.

STINNER: Thank you. Any questions? You're asking for a 10 percent increase in the-- in the amount of Medicaid reimbursement for your services. Is that correct?

JON DAY: Correct. That's what LB762 is, yes.

STINNER: OK. That's a-- just trying to get an accurate feel for, because I know in a lot of the behavioral health districts, obviously, they have service providers and those folks provide certain services. They're given an annual allocation, so I'm trying to figure out just how-- and we do have some excess money--

JON DAY: Right.

STINNER: So now, how do we get that money out?

JON DAY: Sure. In years gone by, the rate increase could be anywhere from 2 percent to 2.5 percent, and so with this bill it's for 10 percent.

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

JON DAY: Thank you.

STINNER: Afternoon.

KATIE McLEESE STEPHENSON: Good afternoon. Good afternoon, Senator Stinner, and members of the Appropriations Committee. My name is Katie McLeese Stephenson, and that's spelled K-a-t-i-e M-c-L-e-e-s-e, separate word, no hyphen, Stephenson, S-t-e-p-h-e-n-s-o-n. I'm here today to testify on behalf of LB762. I apologize for that typo, and on behalf of the Nebraska Association of Behavioral Health Organizations or NABHO, which Jon Day, that just testified, is also a member. I serve as executive director of HopeSpoke and we are a behavioral health organization located in Lincoln. We were founded in 1949 and last year served nearly 1,500 individuals through an array of community-based mental health services. Seventy-eight percent of those that we served last year were under the age of 19, and our primary revenue sources are comprised of Medicaid, Region 5 support through the Division of Behavioral Health, and Juvenile Probation. Those three sources comprised 72 percent of our $6.4 million budget this year. NABHO represents, and I understand we have 52, not 51, behavioral health agencies, large and small, rural and urban across Nebraska. At HopeSpoke like all behavioral health organizations, we have experienced the impact of COVID-19 on those we serve and our staff. The needs of our clients have increased and the demand for my-- vital mental health services have as well. Our outpatient waiting list has dramatically increased by 400 percent since the beginning of the pandemic. We were typically running at about 60 to 65. Today we're at 220. We were up as high as 260. And nationally on average, it takes an individual eight years between the time that they first experience a mental health symptom and when they reach out for services. So by the time somebody reaches out, it's vitally important that someone is there to be able to start treatment with them. Our staff team is made up of approximately 105 staff, and we currently have 10 percent of our positions vacant, including a psychologist, therapist, nurse and direct care staff. Some positions have been open for 10 months despite significantly increasing our wages, offering a hiring bonus of up to $5,000. Our wages and premiums this fiscal year have increased by over $200,000 without revenue to offset it, and that's to keep the current 90 percent that we have. We're unable to operate all of our programs at full capacity due to our vacancies, especially our outpatient and outpatient schools therapy program and our extended day treatment program that serves 5- to 12-year-old children with 17 to 20 hours a

week of individual family and group therapy, keeping them stabilized in their homes, out of psychiatric hospitalizations and residential treatment centers. We raised all starting wages to a minimum of $15 an hour to compete with retail and fast food restaurants. Our committed direct care and administrative staff have indicated that this has been life changing to be at $15 an hour, and they no longer have to work a second job. Like all businesses, our expenses have increased with the pandemic, including the addition of laptops for therapists to facilitate HIPAA-secure telehealth sessions, air purifiers for all offices and common areas, masks and other protective gear, increased custodial services, and cleaning sup-- supplies and other costs. These expenses, in addition to the increase in wages and premiums, has been significant. NABHO members fully support Senator Dorn's bill that would increase provider rates by 10 percent for Medicaid. In addition to those revenue streams, we would request that the bill be amended to include juvenile and adult probation, as Director Minardi spoke of, and also region dollars. It's important that we have consistency across those-- those payment sources. Our group home houses 12 adolescent males from across the state who have sexually harmed others and without-- we are the only facility of that level in the state of Nebraska for that population. And without our facility, those young men will be going out of state, and often those facilities are at a higher cost and a substandard level of care. But those are typically funded by probation, and so it's really important that we see equity across-- and foster care is another area. If you have probation rates here and child welfare rates here, that's going to put providers and foster parents in a difficult position to not be paid equally. In summary, we support Senator Dorn's introduction of this important bill, and I see I'm out of time.

STINNER: Thank you.

KATIE McLEESE STEPHENSON: One final note this-- these levels of care help keep kids out of YRTCs, and they keep-- help keep adults out of the more restrictive correctional system by having community-based mental health services.

STINNER: Any additional questions? You are with HopeSpoke?

KATIE McLEESE STEPHENSON: Yes. We were formerly the Child Guidance Center and in 2018 we changed our name because 22 percent of who we serve are adults now.

STINNER: Did you get CARES Act money?

KATIE McLEESE STEPHENSON: We did. We had a PPP loan of I think about $857,000 and that was forgiven. And so for the first time, I've been at the agency five and a half years, and for the first time we have a little bit of a reserve which we've really never had, so.

STINNER: And you haven't received any ARPA money directly, have you?

KATIE McLEESE STEPHENSON: No, Lancaster County's meeting today. We have an application in for $660,000, but I don't-- we have not received a penny yet.

STINNER: OK, thank you. Any additional questions? Seeing none, thank you.

KATIE McLEESE STEPHENSON: Thank you so much.

STINNER: Afternoon.

DAVE JOHNSON: Afternoon. Chairperson Stinner and members of the Appropriations Committee, I'm Dave Johnson, D-a-v-e J-o-h-n-s-o-n, and I'm testifying today on behalf of Lutheran Family Services of Nebraska in support of LB762. We're also a NABHO member. We're grateful for Senator Dorn's leadership on this issue and appreciate the Appropriations Committee longstanding commitment to provide-- to providers across the state who serve some of the most vulnerable Nebraskans. Since 1862, Lutheran Family Services of Nebraska has served children and families. What began as orphanages in Fremont and Omaha has become one of the largest nonprofit health and human services agency in the state, with locations across Nebraska and Council Bluffs, Iowa. As the needs of individuals, families and communities have changed over the years, so have our programs. These innovations include our collaboration with BlueStem Health-- excuse me, and General Health Care Pharmacy at Health 360 Integrated Care Campus located on 23rd and O in the heart of Lincoln. Health 360 is a certified community behavioral health clinic, CCBHC, one of the first such clinics in Nebraska. We provide comprehensive behavioral health services across Nebraska, serving adults and children. This includes mobile crisis response, individualized counseling, and support services for active military personnel and veterans, substance abuse disorder treatment and medication management. Over 60 percent of the clients seeking services from Lutheran Family Services use Medicaid funding. With the shift of more clients receiving Medicaid coverage comes with increasing clients seeking services. Improved access to mental health services, especially for those with serious mental illness, can enhance quality of life for those individuals and prevent

more costly interventions, such as psychiatric hospitalizations or criminal justice involvement. However, the reimbursement for Medicaid does not cover the cost of service. For every hour of therapy billed, we lose approximately $20. This is made up for Lutheran Family Services in fundraising donations and cutting costs elsewhere. The lack of adequate reimbursement makes it difficult to build capacity with additional providers, which is needed to keep up with the increased demand of services. LB762 proposes a 10 percent provider rate increase for behavioral health providers like Lutheran Family Services, who continue to serve vulnerable Nebraskans with mental health challenges. Perhaps more importantly, it will allow us to build capacity for increasing demand for behavioral health services as a result of the pandemic. For these reasons, I ask for you to incorporate LB762 into this year's budget package. I'm happy to answer any questions.

STINNER: Any questions? Seeing none, thank you.

DAVE JOHNSON: Thank you.

STINNER: Afternoon.

ANDY HALE: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Andy Hale, A-n-d-y H-a-l-e, and I am vice president of advocacy for the Nebraska Hospital Association, and I'm here to testify in support of LB762. Behavioral health disorders are a major public health issue, and hospitals provide essential behavioral healthcare services to thousands of Nebraskans every day. Nearly one in five Nebraskans have a mental illness. The number of Medicaid recipients that need behavioral health services is much higher. Patients with behavioral health disorders frequently access care through the hospital's emergency department, which usually is not the appropriated method of treatment. The 24-7 availability of the baby-- behavioral health hospitals ED makes us the safety net or provider of last resort for care. There's a lack of access to psychiatric and mental health services in Nebraska, and the problem is even more prevalent in the rural parts of our state: 88 of Nebraska's 93 counties are designated as federal mental health professional shortage areas; 78 counties have no practicing psychiatrist; 32 counties lack behavioral health provider of any kind. And you go 25 miles outside of Lincoln or Omaha, there is a 10,000 to 1 ratio per population and practicing psychiatrists. Compounding the problem is the high percentage of behavioral healthcare workers that is able and expected to retire in the coming years. Obtaining licensed mental health professionals in a rural area often means those facilities must

be very competitive in their wages, ofting pay-- often paying more than their urban counterparts. This is extremely difficult in an already strained-- strained budget. A study by Behavioral Health Division of the Department of Health and Human Services showed that rates paid to providers is anywhere from 7 to 35 percent lower than actual cost of providing those services. And the COVID-19 pandemic has created and will continue to create long-term mental health disorders. Statistics show that the pandemic has increased suicides, drug use, alcohol use, and other harmful behaviors. The NHA wishes to thank Senator Dorn and his staff for introducing this important bill, and we encourage the committee to advance LB762.

STINNER: Any questions? Seeing none, thank you.

ANDY HALE: Thank you, Senator.

STINNER: Good afternoon.

ANNE CONSTANTINO: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Anne Constantino. For the record it's A-n-n-e C-o-n-s-t-a-n-t-i-n-o, and I am the president and CEO of CRCC, a nonprofit in Omaha formerly known as Children's Respite Care Center. I'm here to testify in support of LB762. I want to thank Senator Dorn for offering this bill to increase behavioral health provider rates. Enactment of this bill would help CRCC expand to critical services, support investment, or excuse me, would increase behavioral health provider rates. An enactment of this bill would help CRCC expand access to critical services, support investment in our behavioral health workforce, and extend a lifeline to families struggling with the hard financial and social realities brought forth by COVID-19. We'd like to say at CRCC, we are a place where children find a world of possibilities and where parents find peace of mind. We help children and young people with special needs from birth to age 21 reach their full potential by providing comprehensive educational, nursing, and therapeutic care through behavioral health day and weekend programs. Our licensed nurses, therapists, teachers and paraprofessionals combine their skills and experience to assist children whose needs cannot be met in a traditional setting. By way of context, we currently offer behavioral health services to 291 pediatric clients in our school-based and outpatient services. Our services are provided by a team of LIMHPs that go into the school districts. Like many of the other testifiers have shared, the COVID-19 pandemic has precipitated a behavioral health crisis across the state and nation. Prepandemic, one in five children in Nebraska experienced a significant behavioral health dia-- diagnostic condition. Today, the

number is two in five, and this is no surprise as our state's young people have faced the brunt of the disruptions in their educational, their social and emotional development as a result of the pandemic. Since the onset of the COVID-19 pandemic, our therapists reported a 35 percent increase in referrals for behavioral health services for clients age 5 through 17, with many experiencing serious illness, including depression and anxiety with suicidal ideation. As grim as these statistics are, they do not tell the whole story. We are very well-aware of the myriad of stressors that the pandemic has placed on parents and guardians of the Nebraska-- of Nebraska's children. These stressors are often multiplied when behavioral and mental illness and other complex medical conditions are present, as it is often the case with our clients. Often, our best measure of the financial impact on the parent-- of the pandemic on our client families is requests for patient assistance funding. Our annual patient assistance request to support cost-free or reduced-cost behavioral healthcare increased from roughly 50,000 in the fiscal year 2019 to 225-- 225,000 in fiscal year 2021. I'd be remiss if I did not say a word about our dedicated-- dedicated team of behavioral health therapists. Our providers put in long hours every single day to meet the increased need of the clients and work hand in hand with parents, guardians and school-based professionals to ensure that our young learners have all the tools they need to support academic success. And they do all of this from their homes utilizing telehealth many times or in the schools, but when they're in their homes, they're also serving as caretakers and educators for their own families. These experiences have taken their toll and require attention and thoughtfulness from policymakers around behavioral health provider supports. I would not attempt to claim that a provider rate increase would address all of these challenges. However, LB762 represents a commitment to some of the most vulnerable in our communities and the dedicated professionals who serve them. I will mention in closing that I have included three client stories with my written testimony. I'd encourage you to take a look and read through them. So thank you for the opportunity to testify, and I'm happy to answer any questions that you may have.

STINNER: Questions? Seeing none, thank you.

ANNE CONSTANTINO: Thank you very much.

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, appearing before you today on behalf of our client, the Lancaster County Board of Commissioners. I'm also appearing on another group, the League of Extraordinary Lobbyists, who failed to get their

letters in on time and have to come before you in person. Handing around right now is a letter signed by the Chair of the Board, Commissioner Deb Schorr. And I would just highlight the third paragraph. Lancaster County Board believes that expanding access to behavioral and medical healthcare is a sound investment in the community. Most directly, clients who have access to medical and behavioral health providers are less likely to utilize overworked and expensive emergency departments. In addition, this bill promotes better health outcomes by establishing ongoing provider relationships and reducing wait times through an expanded provider pool. Finally, clients' access to behavioral healthcare ser-- providers have the opportunity to manage behavioral health maintenance in crises through medical interventions instead of through more costly and less effective criminal justice interventions. So just appearing before you in strong support. Thank you, Senator Dorn, for bringing this measure, and I'd be happy to answer any questions.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you, Mr. Miller, for coming. So you're a paid lobbyist for Lancaster County Commissioner Board?

BRENNEN MILLER: That I am indeed.

ERDMAN: Peculiar. Thank you.

STINNER: Any additional questions? Seeing none, thank you.

BRENNEN MILLER: Thank you.

STINNER: Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, we have online letters that-- for 7 pros, 0 opponents, 0 neutral in favor of LB762. Would you like to close Senator Dorn? Senator Dorn waives his closing. We'll now hear-- that closes our hearing on LB762. We'll now open with LB893. This may take a while to organize this. Hope this is the right one.

WISHART: Yes.

STINNER: Good afternoon, members of the committee, and Senator Wishart. My name is John Stinner and for the record, it's spelled J-o-h-n S-t-i-n-n-e-r, and I represent the 48th District, which is all of Scotts Bluff, Banner and Kimball County. LB893 appropriates $26.4 million in General Funds, fund-based aid for provider rate increases to Program 424, developmental disability aid. The corresponding

federal merit fed-- federal medical assistance percentage increases $41.3 million. This equates to a 15 percent increase in the base reimbursement rate. Back in March through September of 2020, providers were supplied with a 15 percent increase for heightened cost and lost revenues due to the COVID-19 pandemic. This was covered under Appendix K and again from January through June of last year, they were again paid with an increase in rates from DD. This was a much needed boost to keep them viable throughout the pandemic. However, since July of last year, there have been no aid to the DD providers, while costs associated with the pandemic and revenue losses still exist. I want to point out that even after the pandemic subsidies, we are talking about a segment of providers that are highly sensitive to external pressures such as this due to a very low margins and challenge in competing with the wider job market. For example, the starting wage for frontline workers, a DD provider segment have starting wages of $13 per hour on average. If you compare this to Target, which in 2020 announced a starting wage of $15 an hour plus benefits, you can see how difficult it is for our DD providers to keep pace. Other companies such as Hobby Lobby, Costco, Amazon and many fast food restaurants have raised wages even as high as $20 an hour with benefits. In addition to the private market, the state's agreement with the employee union to increase pay for workers in 24-hour facilities up to 30 percent has given an incentive to workers to switch to similar roles in the current-- they currently serve. Starting wages at the Beatrice Developmental Center is now $17 an hour, with some making over $20 an hour with all with benefits. This would put our DD providers in a dire situation that necessitates a need for an increase. The DD system is currently 35 percent short-staffed on frontline positions, creating a massive amount of overtime. This leads to a lack of services provided to families in unsafe condition for all involved. The increased reimbursement rates being sought by this bill will help shore up that system. Finally, just a quick note. I've been made aware that the child welfare aid provides funding for some of the correlating services for children with developmental disabilities that are placed in out-of-home care, such as residential treatment centers and other types of out-of-home placements. Children and Family Services provides-- provides for these services at the DD rate schedule. That corresponding increase adds $865,000 to the fiscal note, which is something for the committee to consider. Stabilizing our DD provider rates is a critical step in assuring that Nebraskans being covered by these rates receive the care they need. We have seen in other provider areas competing wages in a wider job market, many of which offer benefits, has put an increased strain on the already high-pressure environment. This bill is an attempt to help our providers make better

[INAUDIBLE] while providing the care that many depend on. With that, I'm just going to take-- do a little math problem with you. The 15 percent times $13-- 30 percent times $13 gets you to about that 17 level, and that's kind of what I was looking at as parity with the Beatrice Center. And I think that that's probably where we can go. Now, there is a corresponding bill by an ARPA request by Senator Hilkemann. This gets us halfway to that 30 percent. So I didn't want to raise the base too much because I think there's an affordability piece of this thing, but we need to start that process of trying to get it to that level. But if we can fill in the top part of that with ARPA, we can get close to that $17 or $18 an hour. That I think will probably make them more competitive, be able to-- what we've seen with the 30 percent increase. For an example, at Corrections, they've been able to get more resumes, more people involved, so it looks like that is an answer to some of the other problems that they have. So just doing that math, I've contemplated putting X amount in for DD providers, for nursing homes. Certainly what we just heard, those-- I think there's funds already available for that-- for that need, but certainly child welfare will be up. Those are really kind of the three agencies that we've taken a look at. 24-7 facilities, if you took a look at what the Governor was doing with DD, they provided $30 million. And that'll bridge them through the end of June. But then they fall straight off. What this does is kind of bridge that right across so that they don't have that cliff effect at the end of June. Hopefully, that makes sense. It kind of keeps you on a level playing with the 2 percent increase, it's about 17 percent. So the next generation through the Appropriations is going to have to deal with another base increase. If you can step that base increase up gradually over a few years, where ARPA can kind of subsidize, I think that's a good strategy for the state. When you come out of this whole situation, hopefully we'll have a competitive workforce that provides the services that we need. So with that, I'll take any questions.

WISHART: Thank you, Chairman Stinner. Any questions? Seeing none, thank you.

STINNER: Thank you.

WISHART: We will open this up to proponents of LB893. Good afternoon.

BRETT SAMSON: Good afternoon.

STINNER: Sorry, I left my glasses up there. I couldn't see very good. (LAUGHTER)

BRETT SAMSON: Thank you, Senators, for your time today to speak on this issue. My name is Brett Samson. B-r-e-t-t S-a-m-s-o-n, and I'm the president of Hands of Heartland. My-- we currently provide services and supports to Nebraskans with developmental disabilities in Omaha, Bellevue, Lincoln, Grand Island, Kearney, West Point, Fremont, and Norfolk. I'm not only representing Hands of Heartland today, but also our statewide provider organization, NASP. The first time I sat before this committee was two decades ago as a direct support professional in the same profession. I do not remember what I said verbatim that day, but I do remember stating that I'd never held a job that required such a large array of skills, as was needed to support people with developmental disabilities successfully. Twenty years later, I still believe that. I worked as a DSP through college and I've held-- now, I have held several leadership positions over the years. I say with confidence that I've never seen a more challenging environment than right now due to the staffing shortages across the state. Finding employees to properly work with people with developmental disabilities has never been easy. When the pandemic began, one of our biggest concerns was what we would do if we temporarily lost several employees to quarantine regulations and restrictions. What we did not expect was for the long-term labor shortage that has occurred. Many people simply do not come back to work for providers. The applicant flow was reduced to less than a trickle. Great people who have worked in this field simply left or quit jobs that required less, but paid more. Providers are now relying on overtime at levels that we would have thought unfathomable pre-2020. At one point, my company had over 60 full-time positions open. Providers are paying hourly rates, overtime, double time, shift differentials, and incentives that are simply unsustainable at the current reimbursement rate. But we have to. We don't have a choice. We cannot close our dining area for lunch, reduce our hours or limit the number of checkout lanes like other businesses are doing in response to their own labor shortages. The needs of the people we support are always there. The need is 24 hours a day, every day. If anything, since the beginning of COVID, those needs have enhanced while our workforce has been depleted. The lack of our industry's ability to recruit and retain qualified people is having a domino effect. Good people whom I've known for years, who have dedicated their lives to supporting people with DD are leaving the field. They simply can't work the hours anymore. Managers are working 24 hours straight because there's no one left to ask to work. Directors and CEOs are working overnight shifts when they're not in their offices. I know of instances of human resource personnel working shifts in residential homes because they see the struggles and the lack of applicants.

There's no doubt in my mind that this week across our state there will be mothers and fathers telling their kids, I'm sorry, but I'm going to have to miss your game again because they have to work their seventieth or eightieth hour this week due to open shifts. The temporary increase to our rates for these next few months is very appreciated, but providers must have to have a way to sustain the higher wages and overtime pay they are paying now due to these shortages. We must have to find a way to recruit new employees and retain our current workforce. It's not realistic to think we are ever going to get back to before 2020. This cultural shift isn't temporary. Providers must have the ability to compete for qualified, competent staff to support our fellow Nebraskans who are most in need. It is already a dire situation. Our industry in this state cannot continue to lose more good people. I'm proud to have dedicated my career to this field. I'm a proud Nebraskan. I'm proud of Nebraska's role as a pioneer in community-based services in this country. I'm here to show my support for this bill. I firmly believe community-based service providers, our employees and the people we support in Nebraska need this bill passed in order for the services to be at the level they deserve. Thank you for your time.

WISHART: Thank you for your testimony. Any questions? Seeing none, thank you. Next proponent.

JACOB HILE: Good afternoon, everyone. Thank you for having me. Thank you, Senator Stinner, and Chairperson. So my name is Jacob Hile, J-a-c-o-b H-i-l-e. I am supporting the LB893. I'm advocating on behalf of the people who receive the services. I'm also advocating for the families who have loved ones in home and community-based services. I am a Lincoln provider. We serve about 100 individuals in just the Lincoln area, so that represents a very small number. So, I'm a native Nebraskan and have dedicated my career to providing home and community-based waiver services. I've done it for 13 years. I want to ask everyone in this room to support LB893. The decision you make on supporting this bill will determine the outcome of the most vulnerable population. They're relying on people like me, people behind me, coming to their homes and assisting them with basic hygiene, keeping them safe, administering their medications, keeping them alive. OK. As an agency provider in Nebraska, it's my obligation to advocate and serve my community. I'm directly informing you there is a need for an increase in funding to the home and community-based services in order to adequately support Nebraskans with developmental and intellectual disabilities. By supporting this bill, you will directly improve thousands of people's lives in Nebraska. As an agency provider, we ensure the overall safety and well-being of Nebraskans with

developmental and intellectual disabilities by offering very specific waiver services, OK. So we know what we're doing. We know what's in the waiver that we should be treating people for. We are federally and state regulated as approved agency providers who obtain and maintain certification issued by the Department of Health and Human Services of Nebraska's Division in Developmental Disabilities. So we are highly regulated. Money isn't just being wasted. Without additional funding, we will continue to sit down with families and tell them that we cannot serve them. That's what I do every day. We will continue to watch people deteriorate physically, mentally, emotionally, a lot like what we heard today already. We will continue to tell Nebraskans there is not enough support to meet your needs. We will continue to pray for the thousands of Nebraskans who are on a waiting list. There's thousands of people on the home and community-based waiver services waiting list. So if you're a parent or you have a child and they have a disability or an intellectual disability and they grow up and you need help, you'll be put on a seven-year waiting list. OK. The proposed increase in funding will allow providers the ability to serve Nebraskans in need. The increase in funding will improve the system delivery of waiver services included in the home and community-based program. The increase in funding will allow providers the resources to meet the current demand of the community needs. We're not creating this need. OK, we're just trying to-- to help the people in need. The increase in funding will allow provider agencies the resources to effectively fulfill the state's obligations to meet the needs of their most vulnerable community members. Thank you for your time, and I'm happy to answer any questions anybody has about this program.

WISHART: Thank you so much, Jacob. Any questions? Seeing none, thank you.

JACOB HILE: Thank you.

WISHART: Next testifier. Good afternoon.

SARAH GRAHAM: Good afternoon. Well, my name is Sarah Graham, S-a-r-a-h G-r-a-h-a-m, and I'm the deputy director of DUET, and I'm so grateful for your time today. Duet, formerly ENCOR, was the first community-based service provider for the people that have intellectual or developmental disabilities in the state of Nebraska and the United States. Our organization began more than 50 years ago as a grassroots movement. This effort was filled with advocates that were willing to shout from the rooftops that all people, regardless of their abilities or their challenges, deserve to live their life in a community of their choice; living, working, worshiping and socializing alongside

people that may or may not have an intellectual or developmental disability. These fierce advocates fought to ensure that a person is not defined solely by a diagnosis and that they have the same rights as all other Nebraskans. This effort began because many parents wanted more for their children than a life in an institution, but they would not have been successful without help. The state of Nebraska was at a crossroads, and visionary senators gave this movement a chance to build something that had never been done before. The service provision system that provides support to 5,000 Nebraskans exists only because those lawmakers and advocates that came to a critical crossroad were willing to blaze a trail that had never been traveled. Their visionary efforts transformed the lives of people with a disability in Nebraska and the foundation they created by people just like each of you can be seen throughout the country, and millions of people are better because of it. I speak about the history of our field prior to discussing the current crisis we face today, because just like then, we are all in extraordinary and unprecedented times. We all stand at a similar crossroad that has risen to a crisis level. The decisions made will determine if people that have a developmental disability will be able to continue to live, work, worship, and socialize in the community of their choice. The crisis Nebraska providers face today, largely due to the impact of COVID-19, is unlike anything faced previously. Easily the biggest challenge we have is the ability to hire enough qualified people to provide the support and oversight. Duet is one of the largest providers in the state, and many of the homes supported by Duet have had to be consolidated due to the staffing crisis. By the end of February, Duet will have closed more than 10 homes and will have worked with many people affected to find new-- a new house to call home within our agency. Many providers are making the same difficult decisions. In some instances, they've had to stop providing services to people that have complex needs because they require a dedicated, direct support professional that the agency is unable to provide. The staffing shortage is nearing a point that Duet may have to make similar decisions, and these impossible choices are occurring when we all thought we would be celebrating that 500 Nebraskans were no longer on the wait list. It's not surprising that providers are struggling to attract qualified applicants when the starting wage that we're able to offer is often $2 an hour less than jobs at fast food restaurants, retail stores, or even similar positions offered by the state of Nebraska. Providers fall further behind when the differentials are considered. Unlike those employers, community-based service providers do not have the ability to set the rate for the services provided. Once again, I say that Nebraska-- Nebraska is at a critical crossroad. Today, we are here in support of legislation that

has recognized all that is at stake and takes critical first steps to protect the vision of those trailblazers that make-- made community-based services possible more-- more than 50 years ago today, I urge all of you to support these bills, and I thank you for your time.

WISHART: Thank you, Sarah. Any questions? Thank you so much. Next testifier.

SARA BARTRUFF: Thank you, Chairperson, Senator Stinner, and committee members for the opportunity to speak today. My name is Sara Bartruff, S-a-r-a B-a-r-t-r-u-f-f, and I'm the director of financial planning and analysis at Mosaic. Mosaic is one of the largest providers of developmental disabilities in the state of Nebraska, and we are also in 11 other states. I am also here today on the behalf of NASP. COVID has been a trying time for all businesses and providers that support people with intellectual and developmental disabilities are no different. For the time period of July 2021 through December of 2021, IDD providers of home and community-based services have not received any additional funding from the state of Nebraska. Mosaic provides the services in 11 other states, all of which have received additional funding to help with direct care staffing and rising inflation. While a 15 percent rate increase has been approved for January through June of 2022, this is not sustainable, nor does this allow current providers to make any long-term rate increases for our direct care staff. Providers are currently seeing unprecedented decreases in margins across the state. Five of the largest providers in Nebraska, representing 45 percent of all payments made by DHHS for IDD services, we combined our financial data and our margins from the time period of July through September of 2019, compared to July through September of 2021. Margins were down 12 percent. Neither of these periods received Appendix K financial assistance, which is why we chose to compare those two periods. Providers, on average, are currently posting margin losses of 10.6 percent. Of the five providers who combined data, we were also down in our overall revenue as well. In that same July through September time span, we are down $5.2 million in total revenue from 2019 to 2021. A $4.6 million of that is a decrease in IDD's waiver revenue. In turn, our salaries were only down $812,000, and our contractor payments for our shared living service were actually up $819,000. In fact, of the five providers combined data, we saw only an overall decrease in expenses of $21,000. Simply put, we have gone from gains of $1.1 million in 2019 to losses of $4 million in 2021. Mosaic has seen an increase in what we pay to direct support professionals of 11.4 percent from just July of 2021 to December of 2021. As of Friday, we are short 209-- 219 FTEs, a majority of those in our 24-hour

residential group homes. Mosaic, along with numerous other providers, also compete for direct care staff in our Beatrice community with the Beatrice State Developmental Center, a state-run institution. As Senator Stinner mentioned, their starting wage is $17 an hour and with overtime and differentials, they are paying around $20 to $22 an hour. Providers of IDD services are only reimbursed around $15, although no one can actually start their staff at $15. It's more between $11 and $13 an hour. But we are having to add differentials and bonuses that we cannot afford to make sure that we have staff available to support our vulnerable individuals. No additional funding with increased rates of pay for direct care cost and contractor payments have been an incredible burden for all providers in Nebraska. The temporary rate increase of 15 percent is a start, but it by no means solves our staffing issues and our revenue shortage long term. Thank you for listening today, and we hope we can count on your support to better serve the people in the state of Nebraska with intellectual and developmental disabilities.

WISHART: Thank you. Any questions? I do have one.

SARA BARTRUFF: Yes.

WISHART: Can you speak-- directly, what is the reason why you are experiencing a decrease in funding?

SARA BARTRUFF: So we've also had to stop providing certain services so that is part of the reason why our revenue is down. We had to stop providing day services, which are usually in congregated settings. There are also reasons where family members don't want individuals coming into their home, staff members coming into their home to provide services. Unfortunately, we've also had a number of our individuals that have passed away during this time period due to COVID.

WISHART: OK, thank you. Any other questions? Thank you so much.

SARA BARTRUFF: Thank you.

WISHART: Welcome.

JOE VALENTI: Well, thanks. My name is Joe Valenti, J-o-e V, as in Victor-a-l-e-n-t-i. I'm not a provider, so disclose that. I'm a parent advocate, president of a group called Friends and Family at BSDC. I'm here to discuss LB893. In general, I support this bill and ultimately what you are attempting to do is very positive. Allow me to explain some of my concerns that I have that I'd like you to consider. I don't

believe the rate increase alone will improve the situation facing the providers. As I read the bill, maybe I don't understand the bill, but a general rate increase goes to all the services that providers offer. What we've seen in the past is that the rate increases not go to the DSPs, the actual workers. So in some states and, Senator Stinner, correct me, you know, as I-- as I say that, but somehow I think you've got to figure out a way, and some states have done this, they've designated X percent of the rate increase to go to the actual DSPs. So I'd ask you to take a serious look at that. Maybe it's already in the bill and maybe I misread it. Also, I question, not in a bad way, the reduction in cost of the providers. What I'm having a little trouble figuring out is if they're short that many staff, where has all that salary reduction gone over the last whatever period of time? So if you have a 30 percent, 40 percent reduction in staff, and I know there's been overtime also because my wife is also guardians to three individuals, two in the state of Nebraska. So I know there's been a decrease in services and there's been a lot of overtime done by the DSPs, as well as the managers and other employees of the providers. But what's hard to figure out is, if you've had that many fewer people getting paid, where's that-- where's that-- where are those dollars at? I'd also say to you that Nebraska's turnover rate, as kind of was mentioned, sort of, is probably one of the highest in the nation's for DSPs. This was long before COVID and I do think there's other reasons for that. And I won't go through all those right now because I don't want to bore you, but because that probably goes back to Health and Human Services Committee more than this committee. But I do think the entire developmental disability division needs to have a real hard look at it. And again, that's not this committee's responsibility. Let me speak about BSDC, which we have our son there at BSDC. And you've talked a lot about the rate increase there for salaries because it did go directly to the-- to the DSPs there or whatever their title might be in the category. As you might know, two unions negotiated that. There's the Corrections union as well as another union. And that's how that was negotiated, and I want to thank whoever was involved with that because that's made a big difference. But, having said that, they are still over 30 short of staff at BSDC. So I'm just telling you money alone is not going to correct this, and I'm not sure what's going to correct it, but it's just not money. But I really encourage on the rate increase that's being proposed in this bill, somehow, it needs to be designated that it goes or whatever percent needs to go to the DSPs. Back to Senator Stinner's comments that, you know, moves that rate up along with another bill that you'll be looking at here in the future from the ARPA funds. And I'll be glad to answer any questions. That's all I have. Thank you.

WISHART: Thank you. Thank you so much for being here. Any questions? Senator Hilkemann.

HILKEMANN: Yes. I know you've had son at BSDC for a long time and we've had conversations on this.

JOE VALENTI: Yeah.

HILKEMANN: We haven't really talked but tell me about the-- and I know that's not directly related to the bill. I don't know if you're going to have a chance, but this-- I want this committee-- what's the level of care happening at BSDC now? What are you seeing?

JOE VALENTI: Well, I think the level of care there, and I have some friends behind me that will be probably stabbing me here pretty quickly, but the level of care there is-- is extremely high. And I think, yes, there is no question. Some of you may remember, Steve Lathrop's committee of many years ago, investigative committee that investigated BSDC when the DOJ came in and you all had to supply more funds to BSDC. But the level of care there is excellent. I think, and I think there was another testifier here, but with co-occurring conditions, mental illness and behaviors and so forth and high medical needs, Beatrice is a good solution for our state. I will tell you, a lot of states have-- I mean, there are a lot-- there's a big push from CMS to get rid of institutional care. And I wish that term could be changed to a different term, but that's the way it's defined in CMS's rules. But the level of care there is excellent. Our son is very fortunate to be there. We are very fortunate to have our son there because of his needs. But when you have 24-hour care and you have a full team of people at Beatrice, I hope all of you have a chance to see it. I know a number of you have over the years, but I would really encourage you to get down there. It's-- it is-- it is just excellent. And quite frankly, we wouldn't have our son there if it wasn't excellent.

HILKEMANN: Thank you.

WISHART: Thank you. Thank you so much for being here.

JOE VALENTI: Thank you.

WISHART: Next testifier.

JUSTIN SOLOMON: Good afternoon, Senator Wishart and members of the committee. My name is Justin Solomon. That's J-u-s-t-i-n S-o-l-o-m-o-n. I am the chief operating officer of a company called

Integrated Life Choices. My testimony is going to change a little bit because Senator Stinner nailed a lot of the issues, but I do want to cover this packet that was passed out to each of you, which covers what state spending and what state appropriations have done in the DD system over the last six years. At ILC, we provide support to people across the state as far west as Scottsbluff, as far east as Omaha and a lot of towns and communities in-between. And ahead of this legislative session, I was able to meet with many on this committee, and there was a popular refrain that can be summed up as, we've been appropriating money, is it getting to providers? I'm a numbers person, so I'll spend my time today helping answer that question by examining again the historical expenses and appropriations over the last six years for Program 424. This information again is covered out and we'll-- there's several charts and data points that I think you, this committee specifically will find helpful. To start, I think it's important to cover what the state is spending on DD services. So on page 4 of the handout there, there is a synopsis of-- since 2015-16 what the state is spending for Program 424. Please keep in mind that this does not include federal sources, but that will be covered in subsequent charts. Page 4 showcases the expenditures for DD aid and you can see in '15-16 state expenditures totaled about $155.5 million. Last fiscal year, the state spent nearly $10.5 million less on DD services for home and community-based providers at $145 million. The key takeaway here is that over the past six fiscal years, state spending on DD services has decreased, and I'm not sure many people in this body are necessarily familiar with that data point. The following page, page 5 here, shows expense growth in many other state budget categories over the same timeframe, and you can see state expenses have grown significantly over this period, including the cost of DD service coordination, which has increased 25.26 percent. However, Program 424 has decreased 6.6 percent over the same timeframe. It is important to note the metal-- the federal matching funds, or FMAP, has increased over this period, so in total, more dollars are in the DD system today. However, it is also very important to point out the number of people receiving DD services through this program has increased as well. On page 6, there's a bit of a complicated chart there, but it goes and gives you the entire picture of what the state and federal funds are spent on DD services. In state fiscal year '15-16, there were roughly 4,500 people receiving DD services in the state of Nebraska for a total cost of per-- per person, again, from both federal and state sources, of about $68,000. This year, if DD-- DD spends its entire appropriation on the roughly 5,000 people receiving these services, the cost would be about $75,000 per person. That's those green bars in that chart in front of you. However, we

should also assess inflation, correct? And so that's what that black bar does. That black bar shows that if we adjusted and had been keeping pace with inflation, that's we-- where-- when we-- sorry, when we calculate inflation on the whole, the cost for DD services is actually down and trailing by about 9.5 percent. The other side of the story, and the one that this committee is more likely interested in is how resources are being appropriated to 424. Page 7 details the history of DD appropriations for services over the last eight years, and it may be a surprise to some of you that the amount appropriated for 424 for our current fiscal year is actually a reduction from where we were at in '15-16. Not including encumbrances from the previous year, the '15-16 appropriation was just over $165 million and this year's total was 164. However, just because funds are appropriated does not mean they are being spent. Page 8 shows that over the course of the last two fiscal years, the Division for Developmental Disabilities has returned significant resources to the General Fund through lapsed funds. Last year, the DD system underspent its appropriation by $10.2 million, and it is important to point out, too, that that $10.2 million has a compounding effect when you consider those matching-- federal matching dollars. All told, if that $10.2 million had been spent on DD services, the total available funding for these services would have been about $27 million. I'm going to run out of time, unfortunately, so, but I do want to try to get to this next point specifically, and that is where we're-- where we are projected to spend this year for DD services. Again, we're-- we're out of pace to underspend. Page 9 outlines the specific current trajectory of spending of 424 as of-- oh sorry, and I'm out of time.

WISHART: Thank you, Justin. We'll-- we'll follow up with you and read this.

JUSTIN SOLOMON: OK.

WISHART: Anybody have any questions? OK, thank you. Next testifier. Good afternoon.

ANNE CONSTANTINO: Hello again. Chairman Stinner and members of the Appropriations Committee, again, my name is Anne Constantino, A-n-n-e C-o-n-s-t-a-n-t-i-n-o. I'm the president and CEO of CRCC, which is a nonprofit in Omaha, formerly known as Children's Respite Care Center. I'm here to testify in support of LB893. I want to thank Chairman Stinner for offering this bill and for his commitment to Nebraska children and families throughout his time in the Legislature. And I want to thank the Nebraska Legislature in general and this committee in particular for attention you have paid to the needs of Nebraskans

with intellectual and developmental disabilities and the providers and parents and guardians who help support them. Again, we help children and young adults with special needs from birth until the age of 21 to help reach their full potential by offering a myriad of different services that help support them on a daily basis. We currently serve 350 children, young adults in our two center-based locations in Omaha, of which upwards of 30 percent are supported by DD comprehensive waivers. Like so many of my fellow testifiers, the COVID-19 pandemic has outsized the impact on our organization. As I sit here today, we have four classrooms that are currently closed due to COVID exposure and illness. During the month of January alone, we had 72 children and 12 staff out as a result of a COVID exposure. Since the onset of the pandemic, the COVID-related room closures and absences have related an operational losses of over a million dollars, and that's just one side of the equation. Room closures mean that the children we serve are not receiving the essential education, nursing, and therapy services. In lieu of CRCC providing those services, parents and guardians must take up the slack and often requiring them to exhaust all of their sick leave or leave the workforce altogether. To give you an idea of the scope of the impact on our client families, our patient assistance utilization, which is money that we go and do fundraising for, for free or reduced cost day healthcare increased by 100 percent when compared to prepandemic levels. A provider rate increase for DD services is as not-- obviously not a solution to all the challenges, but it does represent a lifeline and also signals a commitment from the state of Nebraska to the provider community and the families and the children that we serve. I want to say thank you for the opportunity to appear today, and I'm happy to answer any questions that you may have.

WISHART: Any questions? Seeing none, thank you.

ANNE CONSTANTINO: Thank you.

WISHART: Next proponent.

EDISON McDONALD: Hello.

WISHART: Hi.

EDISON McDONALD: My name is Edison McDonald, E-d-i-s-o-n M-c-D-o-n-a-ld. I'm the executive director for the Arc of Nebraska. We're a nonprofit with 1,500 members and nine chapters covering the state. For over 60 years, the Arc of Nebraska has provided advocacy to people with intellectual and developmental disabilities and their

families. We're here today in support of LB893 and want to thank Senator Stinner for his leadership in bringing this bill forward. We must look at expanding support for providers. Agency providers need a rate increase to cover their increased staffing costs that NASP has estimated at approximately 30 percent. This bill takes a good first step of increasing it by 15 percent. We also need to be thinking not only about agency providers, but independent providers who in many rural communities or for people with unique needs are the only option. We must look at helping the agencies to evolve to better serve our needs. Providers are dealing with the ongoing impacts of COVID, which even though we now have vaccines and we've started to see some scale downs, there's still tremendous needs for people with intellectual and developmental disabilities who are 11 times more likely to die of COVID. This across-the-board increase is the right approach to not create disparities between types of providers. When we fail to keep up with proper rates, we risk losing more providers. This year, we lost, in particular, a rural agency and a huge number of independent providers. Unfortunately, independent providers have lacked the ability to take advantage of PPP loans, and the private sector grants that have been vital in keeping agencies operational. When people are displaced, having a revolving door of DSPs because of low pay and have trouble finding providers with openings, there's a significant drop in quality of life. And more importantly, for the Appropriations Committee, there's an increase in related costs. We need to really think through how we deal with this issue comprehensively. As has been pointed out by a number of previous testifiers before me, and I think HHS is really taking some key steps on that, in particular the Olmstead Plan that helps to go and set out kind of more of a strategic plan of how we deal with our DD services. Unfortunately, the state has only added a one percent increase within our Olmsted Plan, which fails to even keep up with inflation. So it's not a realistic plan. Instead, every year DD providers are going to have to come back and continue to ask for more money instead of following along with that strategic plan like we wish that we could. I think one of the other concerns that we've really dealt with is how do we make sure that that money is getting to individuals and properly dealing with the wide variety of issues? Tomorrow, you'll have LB376 up in front of you that was part of strategic proposals that we had talked with the HHS Committee about. It does a couple of things. It helps to make sure that we're dealing with the thousand or so children on the waiting list, make sure that we're dealing more with preventative costs instead of costs down the road. And I think that's important in DD. When you think about the average person coming off of the wait list, the average cost there is going to be down around $30,000 per person per year. If you

go and wait, however, and they get into an emergency setting, they don't get the care that they need when they need it, the cost balloons to $130,000 per individual. And then if they really don't get the care, then they end up in an institutional setting like BSDC, where the average cost per person skyrockets to $230,000 per person per year. So as much as we can really work on this preventative services and thought through structured approaches like LB1004 from Senator Arch, that really helps to improve our system and prevents us from having to come back and ask for more money. So I encourage you to support this bill and thank you for-- for your thoughtful approach and time.

WISHART: Thank you. Do we have any questions? Yeah, Senator Erdman.

ERDMAN: Thank you, Senator Wishart. Thanks for being here, Mr. McDonald. Explain to me how if they don't get the service when needed, it goes from $30,000 to $130,000?

EDISON McDONALD: Yeah. You know, I think they talked a little bit about that. When you're dealing with an individual who has kind of basic needs, who has had the supports of our educational system up through the age of 21, where they're going to age out, that makes for a lot easier transition. But then on the other side, let's say you've got somebody who-- who had those supports, but they sit around for years without those supports and then they become homeless or they end up in some sort of criminal activity, then it just becomes a lot harder to support them. All that progress that we've made over those decades of education will be lost. And then, you know, as you become homeless or if you end up with some sort of criminal issue, things skyrocket and it just becomes a lot harder to support those individuals. You need a lot higher level of staffing, so instead of, you know, like one staff, you may need a couple of staff for an individual. So that's where you see those-- those increased costs.

ERDMAN: So do you have individual examples of how that happened at these--?

EDISON McDONALD: Yeah, yeah. No.

ERDMAN: I'd like to see those.

EDISON McDONALD: Yeah. And I can definitely-- I don't have, you know, a whole bunch of great numbers because we're not an agency ourselves, but I can talk you through some of those stories of families. I just testified about that the other day in HHS. And I think that it's

really just an-- it's an ongoing kind of curve of if people don't get that care that they need, you know? And I think that happens for all of us in a lot of medical issues is that if you have just a little bit of a fix now, if you can go and get a crown fixed even, that's going to save you a lot down the line versus having to really deal with deeper replacements.

ERDMAN: Your brief explanation didn't make a lot of sense, but maybe later on it will.

EDISON McDONALD: Yeah, yeah, I'd be happy to talk with you.

WISHART: Any additional questions? Seeing none, thank you, Edison. Next testifier. Anybody else as the proponents? OK. Do you have any opponents? Good afternoon.

TERRY JESSEN: Hi. My name is Terry Jessen, T-e-r-r-y J-e-s-s-e-n. I am here as a taxpayer, a voter, and a Nebraska resident. I'm here as an individual. I think the press has done a lot of disservice and I think that's what we're seeing here today. So the press has said there-- the Legislature, the state has a lot of extra money, some of it's federal money, some of it's state money. And so you have all these people behind me that are here saying, we want a big piece of it. And I believe that most of that is the taxpayers' money; and that rather than looking for ways that we could spend, spend spend, we should be looking for ways to return money to the taxpayers where it come from. If I'm reading these bills correctly, this excess spending, the first bill, 10 percent and this one 15 percent of-- that's causing inflation. Someone would argue that it's reacting to inflation, and some of it may be, but it's also causing inflation. My personal opinion is that paid lobbyists should not be able to testify how to spend taxpayers' money. I'm here as a taxpayer, it's my money. As individuals, it's their money, but they're here testifying as lobbyists. I'm confused by the bill itself because the bill says is asking for $26,403,499. But in the fiscal note, it has a different number. It has $27,268,744 or $865,245 more than what the bill is asking for. I don't understand that. Then the total asking for this one bill is $68 million. Well, the other money is free money. It's government, it's federal government money, $41 million. We need to spend that in Nebraska. I'm probably going to get hate mail because I'm here speaking against this. I know nothing about the actual programs that-- that these four bills address, but these four bills are asking for $139 million. Plus, that's-- that's just what's asking for now. You're going to tag onto that. You're going to increase that other years. For instance, the one for the next bill coming up is $10

million, first year and every year thereafter. I bet these others are kind of the same way. They just don't state it that way. So I-- I would ask you to have fiscal restraint. These may well be great programs, needed programs, but most of the people testifying are not families that are affected by it. They're-- I view them as lobbyists or they're testifying for a company that operates these services. I just think that it's-- there should always be fiscal restraint and we shouldn't get caught up in, hey, we have a pot full of money, we need to see how quickly we can spend it. I think it needs to be returned to the taxpayers. That's really all I have. Thank you.

WISHART: Thank you, Terry. Any questions from the committee? Thank you for being here.

TERRY JESSEN: Thank you.

WISHART: Any additional opponents? Anyone in the neutral? Chairman Stinner. We also have 5 letters of proponents, 0 opponents, and 0 in the neutral.

STINNER: First of all, just to talk about that $865,000. I thought I explained that $865,000 discrepancy in my presentation and that has to do with child welfare. It came up at the end after the fiscal note was put together. So that will answer that. The other things that I've been focused on is to make sure the programs that we look at, DD, all of these programs that are in front of you, behavioral health, are really dictated by CMS by mandate of the federal government. They say, state, we're giving you X amount of reimbursement, but we want you all to conduct certain services. When I started here about 8 years ago-- now, 7-- 7 years ago, we had what was called clawbacks and Senator Hilkemann and I sat there and looked at quarter of a million dollar clawbacks, half a million dollar clawback because we didn't do the right thing. All I'm trying to do is what's right, try to keep people in business, try to keep the services in front of you. I think you heard from one of the presentations over a lunch hour that talked about DD and other places that didn't have staffing for the congregate housing. Guess what? National Guard had to go and look over these people. Is that what we want? I mean, we already know we've got a wait list that we haven't even serviced yet. Is that what we want? There's demand there, and I guess I'm going to crunch the numbers, too, because I was listening. If we're not using the money, if it's not going out, we need to find out why. We need to find out why. And I think we're all-- and I'm really testy about it because I've been here too long, probably, about money that this-- that we look at, that we cherish every dollar that goes out because it is taxpayer money and

our expectations are that it's used for that purpose. But when I look at behavioral health and they got $39 million of General Funds sitting there, which is the answer by the way of getting dollars up, that kind of puts my hair on fire. I want to know why. I have spent time talking to people in my district on behavioral health. People out there, they ran-- they ran out of money in September-- September. They're trying to make things happen. The DD providers right now, 35 percent vacancies. Sounds like our State Pen. Now, is a raise, getting the-- getting the wage up to a competitive wage going to be the all answer? No, just not all of the answer, but it appears to be a good part of it. I don't want to leave here leaving all of you in a situation where we don't do anything. Good for you because you will see clawbacks, you will see disaster happen. You will see some of these programs and people not getting the services that, frankly, the court system will tell you you have to do. We just saw a whole bunch of people coming on to DD because the court system told us we had to. It frustrates me to-- to look at dollars that we've allocated and not go out. It frustrates and I am, I think, a pretty good steward of tax dollars. I don't want to spend $1 more than we have to, but by God, we got challenges. By God, we have mandates that we have to comply with, so. In that case, we will have further discussions on this. We might have even people come in and tell us so we can crunch these numbers even harder to make sure that we're not spending any more dollars than we have to, but we're trying to address a problem because we are problem solvers on this committee. And I'm pretty proud of this committee, frankly.

WISHART: Thank you, Chairman. Does the committee have any questions? Yes, Senator Erdman.

ERDMAN: Thank you, Senator Wishart. Senator Stinner, you heard the gentleman say, if you have a shortage in employees, and perhaps that's where that 30 million was, they didn't pay it out because they didn't have the employees to pay it to.

STINNER: It starts a downward spiral. You know, you don't have employees, you don't have the service, therefore you don't bill it out. Therefore, revenue goes down. You know, it's-- I've been there and done that in some businesses. I've seen it happen in some businesses, but that's-- that would be one of the things that we've got to analyze.

WISHART: Any additional questions? OK, that closes then the hearing for LB893, and Chairman, I believe you are up next.

HILKEMANN: I guess I'm in charge. Thank you. All right.

STINNER: Good afternoon, 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 District 48 representing all of Scotts Bluff, Banner and Kimball Counties. LB1067 appropriates $10 million from the General Fund, 20-- in 2020-- '21-22 and each year thereafter to the University of Nebraska for expenditures and distri-- and distribution to aid Behavioral Health Education Center of Nebraska or BHECN. And I will say there is about$2.5 million. It's an existing program, so $10 million might-- it's actually an increase over and above the $2.5 million I believe that's being allocated right now in carrying out Section 71-830. I would note that I have a companion bill, LB1068, referenced to the HHS Committee, which would amend the same statute. This bill would cover the costs associated with the change proposed by LB1068. I've been working to find a way to improve access to behavioral health services in rural Nebraska since I came to the Legislature. With over 95 percent of Nebraska counties classified as behavioral health professional shortage areas by the Federal Health Resource and Service-- Services Administration and the Nebraska Department of Health and Human Services, I know that there are access problems across the state. We are facing severe behavioral health workforce shortages, which negative-- negatively impact access to appropriate behavioral health services. The COVID-19 pandemic-- pandemic only made matters worse. We must act now to address immediate needs and implement long-term strategies to alleviate education, recruitment, and retention challenges in the behavioral health-- health field. Given the fact that we have a potential one-time opportunity to make meaningful impact, I brought together a large group of stakeholders over the interim to discuss the best ways to address these issues. Our group concluded that we should strive to provide funding in a way that will positively impact the entire state, not create winners or losers based on geographic resources. Secondly, we need to focus on using existing programs that have proven track record and existing relationships. Finally, we need to focus on building a workforce pipeline, expanding quality education, professional training opportunities and working to ensure Nebraskans can get access to behavioral health services regardless of where they live. I have proposed a three-bill package to bring meaningful changes for both the behavioral health workforce and access to behavioral healthcare services across the state without creating new programs. This bill is the portion of that package that will ensure long-term success of establishing recruitment, education, training and service programming done by BHECN, which is housed at the University of

Nebraska Med-- Med Center and enumerated in Section 71-830 and BHECN does provide an annual, or maybe it's a biannual, report to the Legislature. So if you want to get the 2021 report, it kind of goes through all of the things that BHECN does and provides for the state. BHECN was created by the Legislature in 2009 to address behavioral workforce shortages. They have made big differences with their programming, which has resulted in a 33-- 33 percent increase in behavioral health providers across the state. BHECN now has over 10 years of experience working with behavioral health stakeholders, students, and professionals across the state. Their programming makes the center for-- well positioned to help address our current workforce shortage and meet the behavioral health needs of Nebraskans now and into the future. Dr. Marley Doyle, the director of BHECN, is here to talk more about what they do and the urgent need that exists across the state. With that, I thank you for your consideration and would welcome any questions that you have at this time.

HILKEMANN: Any members of the committee have questions? OK, thank you.

MARLEY DOYLE: Good afternoon to the Appropriations Committee. For the record, my name is Marley Doyle, M-a-r-l-e-y D-o-y-l-e, and I'm a psychiatrist and the director of the Behavioral Health Education Center of Nebraska, or BHECN. I'm appearing today on behalf of the Nebraska University system in support of LB1067, which is a proposal that looks at appropriating additional funding to address the workforce shortage needs across the state of Nebraska. Thank you to Senator Stinner for his leadership and work on LR143, which was the interim study that led to the introduction of this bill. For background, BHECN is the state-funded Behavioral Health Workforce Center that works to improve access to behavioral healthcare for all Nebraskans. Our mission is to recruit, train, and retain the behavioral health workforce. We are housed at the University of Nebraska Medical Center. Since BHECN's inception, the behavioral health workforce has increased by 33 percent. However, there are still significant disparities and limited access to care as you have heard today. According to the Health Resources Services Administration, or HRSA, Nebraska has approximately 48 percent of the behavioral health providers needed to adequately meet the needs of behavioral health. In addition, 88 of our 93 counties are designated as mental health professional shortage areas. Though these numbers are striking, BHECN has the infrastructure in place to tackle the workforce shortages. Our current budget is approximately $2.4 million. With additional funding, we would be able to expand on our successful programming over the past decade, as well as expand our reach across the state. With this funding, we would be able to have an immediate impact on the workforce

shortage by increasing the pool of behavioral health providers. With LB1067, we would be able to put roughly half of the funding into training behavioral health professionals, which include psychiatrists, psychiatric nurse practitioners, physician assistants, psychologists, licensed mental health therapists, and drug and addiction counselors. Currently, BHECN funds 4.5 psychiatry residents and 2 psychology interns per year. With this additional funding, we would be able to train up to 10 psychiatry residents, 12 psychology interns, and 10 mental health therapists per year. Another significant impact of LB1067 would be expanding our reach across the state in areas that currently do not have a BHECN presence. Currently, BHECN's main site is in Omaha, but we have two satellite sites, one in Kearney, and one in the Panhandle. With this funding, we would be able to open three new sites, BHECN southwest, BHECN southeast and BHECN northeast. This would allow us to have a workforce development presence in all of the six behavioral health regions. Lastly, we would be able to increase our recruitment and retention programming. Over the past decade, we have had successful programs looking at recruitment of students and retention of current behavioral health providers. This would allow us to expand our reach to students in rural and underserved areas. It would allow us to strengthen our partnerships with K-12 school districts, and it would allow us to have a stronger mentorship program for all future behavioral health professionals. Developing workforce takes a lot of time and investment. We think we have the infrastructure to increase the number of behavioral health providers in the state. This, in turn, would address the limited access to behavioral healthcare, especially in rural areas. On behalf of BHECN, UNMC, our partners in the Nebraska University system, we are grateful for Senator Stinner for his leadership and passion for this issue. And we have faith that if we work together, we will be able to tackle this shortage. Thank you and I'm open for any questions.

WISHART: Thank you so much. Any questions? Senator Clements.

CLEMENTS: Thank you. Thank you, Ms. Doyle. Are you turning away people now who would like to be trained?

MARLEY DOYLE: Yes, actually. I mean, it's so competitive. It depends on the specialty, but it's very competitive. For example, psychiatry residency, we have about-- well over the number of applicants that we can actually take per year. And even with this increased funding, that would still be the case. It's very competitive. But we do have to send people oftentimes to other states for training because we don't have enough spots here.

CLEMENTS: So the-- this funding would hire more professors or staff, or what?

MARLEY DOYLE: We-- what we would do-- so right now, for example, at the University of Nebraska Medical Center, we can take five psychiatry residents per year. This would increase the number of residents that we could take per year, so we would be able to turn out more residents per year and that would be ongoing. And so each year, if we had more and more residents that we could turn out, that would increase the chances that we would then have practicing psychiatrists in Nebraska. And part of the requirement for residents that train with BHECN funding is that they have to do a portion in rural Nebraska, and that would continue to be a requirement.

CLEMENTS: All right, and that's all I had right now.

WISHART: Thank you. Any additional questions? Senator Kolterman. Oh, Senator Kolterman and then Senator Hilkemann.

KOLTERMAN: Go ahead.

HILKEMANN: You're up.

KOLTERMAN: Thank you, Senator Wishart. Dr. Doyle, thank you for being here. I've been a proponent of growing our state through economic development for years and the people that you're recruiting and bringing into these programs, what kind of entry level salaries do these people make and what kind of an impact would that have in our rural communities?

MARLEY DOYLE: Well, I can only speak to-- we look at data looking at the licensed behavioral health workforce. And so depending on the specialty, the starting salary--

KOLTERMAN: Let's use a psychiatrist as an example.

MARLEY DOYLE: For a psychiatrist?

KOLTERMAN: What kind of income does a psychiatrist make?

MARLEY DOYLE: Well, it really varies and it depends on the setting. It depends on inpatient or outpatient and then also the part of the state. And so we don't really look at provider rates or salaries. What we do is look at training the providers. And so we're very focused on reaching students from an early age. We have programming for high

school students, for undergraduates, all the way up through graduate training programs. So that's where our focus is.

KOLTERMAN: And then-- and then once you get them trained up, do you know-- do you keep track of what percentage of them actually stay in the state?

MARLEY DOYLE: We do. We do keep track of that. And we also look at the number of professionals that go on to obtain a full license. And then we have a lot of programming trying to retain our providers. So we have done workforce surveys looking at burnout. We offer free continuing education credit. We try to make it as easy as possible to meet the needs of our current behavioral health workforce, as well as trying to recruit new students into it because both aspects are important. In fact, 50 percent of our workforce is over the age of 50. And so as much as we have a problem now, we're going to have an even more of a problem in the next decade if we don't, you know, try to address it as best we can.

KOLTERMAN: It looks to me like you've had significant increases in the PAs, the ARPNs and psychiatrists actually stay pretty flat. But we also have a huge interest in LIMHPs. What does that stand for?

MARLEY DOYLE: Those are licensed mental health therapists. And so you can become a licensed mental health therapist by several different routes. You can maintain a counseling degree. You can get marriage and family therapy degree. There's different paths that you can take and then they all have the same licensure.

KOLTERMAN: And do many of those go on to get additional degrees or licenses in the future from this program?

MARLEY DOYLE: Some do. We actually have quite a few providers that are about-- are both LIMHPs and then LADAC, which are licensed alcohol and drug counselors. So there's quite a few providers in the state that have both of those licenses. That's a pretty common combination.

KOLTERMAN: Thank you for your work.

WISHART: Senator Hilkemann.

HILKEMANN: Senator Clements' question answered a good part of mine, but I have a question. So if this is-- if we're using this for training purposes and we're going to increase salaries or salary so we can bring in more psychiatry residents, tell me why we are going to build-- or we're going to have two new facilities, which you're going

to develop. What is-- why is that necessary if what we're trying to do is to-- is to bring more people and train more people?

MARLEY DOYLE: So what we have found over the years is that it's very important to have a local presence to be able to better mentor students and provide a network for professionals in that area. So when BHECN first started in 2009, Omaha was the only site. And over time, it was realized that there was very different needs in Omaha versus the Panhandle versus Kearney. And so five years ago, we started the BHECN Kearney site, and then two years ago, we started the BHECN Panhandle site. And the goal of that is to allow BHECN to have a presence so students have somewhere to go if they're looking for mentorship, training opportunities, and looking for networking opportunities as well. So the-- each of those centers, it is made up of a faculty member from UNK and then Chadron State, and it's not necessarily a building that we have there. They have an office and a presence, but most of their work is done in the community. So they go and they host job panels. They do a farm camp where they bring in kids from high school and teach them about behavioral health. They do community events to raise mental health awareness, and each center operates differently because their communities are different. And so that model has been very successful, which is why we want to expand it because we don't have that kind of reach in-- on all of the regions. And so that-- that's one of our goals.

HILKEMANN: So that-- so that additional resources that will help fund the person or persons who are working, for example, at Chadron or at Kearney, is that what we're talking about?

MARLEY DOYLE: Yes, that would be part of it. And then there would also be a pool of money available to them to put on behavioral health training to offer free continuing education for providers in that area. For example, our BHECN Panhandle team has a Western Nebraska Behavioral Health Conference every year. And so that is a really good use of resources for their community because it brings the providers together and they don't often do that. And they, you know, their providers have different issues. They feel isolated a lot of times and really express a need, you know, for having that kind of event. But our BHECN Kearney site, they do different things with their resources. So it would kind of be the people, but then also allowing them to kind of have training opportunities that are specific to their area.

HILKEMANN: OK. Thank you for explaining that for me. Appreciate that. Thank you, Senator Wishart.

WISHART: Senator Erdman.

ERDMAN: Thank you, Senator Wishart. Thanks for being here. So currently, what is your funding now? We're adding an additional $10 million. What's your funding now?

MARLEY DOYLE: $2.4 (million).

ERDMAN: $2.4 (million). So I went back and looked up 71-830 to see because you said you're amending that. It looked to me like that was a pilot program and the last time it was amended was 2014. And it said, referred to providing funds for five one-year doctoral level psychology internships within Nebraska within the next 12 months. Effective date of this program shall-- shall be 10 within 30-- shall begin within 36 months of the effective date. So how many people do you have involved in this program now?

MARLEY DOYLE: In the psychology training program?

ERDMAN: Yeah, in the program 731-- 71-830. It was a pilot program. How many people are involved in that?

MARLEY DOYLE: Right now, the two psychology interns that we're funding.

ERDMAN: So we give you 10 more million, how many more are going to be in there? How many more?

MARLEY DOYLE: Up to 12. So it would increase our ability to train by quite a bit.

ERDMAN: That's a pretty significant cost, ten million for 12 people.

MARLEY DOYLE: Oh, I'm sorry, I misunderstood you. So it would be 12 psychology interns, 10 psychiatry residents and 10 mental health therapists. So that would be a portion of it. That would be about half of the funding for the proposal. And then the other, about 30 percent, would go towards the expansion into all of the regions with the behavioral health centers that we discussed and then the remaining 20 percent approximately would go towards recruitment and retention efforts.

ERDMAN: OK. So somewhere we must have-- there must be some other amendment to 730-- 71-830 to include all those people because what I read in 71-- in 901 was the bill. LB901, 2014, did not include all those people.

MARLEY DOYLE: Right, and so our companion bill, and Senator Stinner if I'm misstating this, but our companion bill that LB1067 goes with is LB1068, which is amending our language to expand it to describe what I-- with all the psychiatry residents and--

ERDMAN: You already have a significant more number of people than the bill said you would have. Now, why do we need another bill to expand it if you've already done it?

MARLEY DOYLE: Well, when the original bill was passed, the landscape was very different. So the original bill looked primarily only at psychiatrists and psychologists. And since we-- our inception, we've really expanded our reach to include all of the licensed behavioral healthcare providers. And the original bill language does not, it's not that inclusive. And there's been a huge increase in psychiatric nurse practitioners, for example, over the past decade, and so we wanted to amend the language to be able to be as inclusive as possible because we didn't feel like our original bill met that need.

ERDMAN: Maybe I'm missing something. So are you exceeding a statutory authority that this 7-- 71-830 allowed you to do or not?

MARLEY DOYLE: I don't-- no.

ERDMAN: OK. I'll have to do some more research.

MARLEY DOYLE: OK. Thank you.

WISHART: Thank you. Any additional questions? Seeing none, thank you.

MARLEY DOYLE: Thank you.

WISHART: Any additional proponents for LB1067? Good afternoon.

ROCKY ESTERAICH: Good afternoon. Good afternoon, members of Appropriations Committee. For the record, my name is Dr. Rocky Esteraich. It's R-o-c-k-y E-s-t-e-r-a-i-c-h. I'm testifying on my own accord and do not represent UNMC or the University System. I'm a psychiatrist and instructor in the Department of Psychiatry at UNMC, appearing today in support of LB1067, a proposal to allocate additional funding to address behavioral health workforce shortages across Nebraska. I grew up in McCook, Nebraska, and prior to attending college at UNK, I had very little exposure to career counseling or formal courses or seminars related to behavioral health. What awareness I did have mainly came from my sister, who was pursuing a graduate degree in clinical psychology at the time. She inspired me to

take psychology courses in college, which I enjoyed, but a career in mental health was difficult to envision. Several years after college, I, by chance, became friends with someone who was a psychiatry resident. In large part because of our conversations, I decided to go to medical school with the goal of becoming a psychiatrist. Right now, there is no BHECN presence in McCook or the southwest part of the state. If there had been when I lived there, I may have been introduced to behavioral health sooner and had a clearer vision of possible career paths. And for those who didn't-- sorry, and for those who don't by chance have close family or friends in behavioral health, exposure in high school and college is even more vital. In 2018 I was a speaker at BHECN's ambassador conference in Kearney and talked to high school students about a career in psychiatry. For many students, BHECN-sponsored events like this are the most in-depth and meaningful exposure they will have to behavioral health professions. BHECN has also impacted my professional life directly through their support of rural psychiatry and community psychiatry rotations during residency. This is an integral part of the residency program and is another way BHECN is working to increase the psychiatric workforce in rural areas. Increasing funding for these residencies and expanding it to include psychiatric physician assistants and nurse practitioners will go a long way in helping address the shortage of prescribing professionals in rural communities. Expanding BHECN will not only allow for satellite sites in southwest Nebraska, but also other parts of the states that don't already have a BHECN presence. The increase in outreach and engagement through this bill will no doubt have a large impact on the young people in rural Nebraska. In closing, I want to reiterate the importance of investing in our future behavioral health workforce. Thank you for your time and attention.

WISHART: Thank you. Any questions? Seeing none, thanks for being here. Next proponent.

ANNETTE DUBAS: Good afternoon, Senator Wishart and members of the Appropriations Committee. My name is Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s, and I am the executive director for the Nebraska Association of Behavioral Health Organizations, otherwise known as NABHO, and I will also add that I also serve on the BHECN's advisory committee as well. We are a statewide organization advocating for behavioral health providers, hospitals, regional behavioral health authorities, and consumers, and I'm here today testifying in support of LB1067. I was in the Legislature in 2008 when we had to deal with the unintended consequences of safe haven. It was written so broadly when it was passed that it allowed parents or guardians to leave their children up to the age of 18 at a Nebraska hospital without facing any

abandonment charges. Under that law, 36 children were dropped off at a hospital during a 127-day period. None were newborns or infants, and many were brought to Nebraska across state lines. Many of those children were dealing with behavioral health issues, and parents were at the end of their rope not knowing where to go for help. Nebraska's law became the subject of passionate national publicity. It sparked increased public discussion about whether Nebraska was meeting the behavioral health needs of our children. LB603 was passed in 2009 and contained multiple policy initiatives to address the behavioral health challenges that the nation had been watching Nebraska in 2008. Among those initiatives was the creation of the Behavioral Health Education Center of Nebraska to help address the behavioral health workforce shortages. I share with you this quote from the first annual report that BHECN presented in 2011. Quote: BHECN was created at a time of crisis in Nebraska. This crisis had been a long time coming. Numbers of behavioral health providers were low or nonexistent in rural areas. There exists a shortage of faculty available to train a new generation of providers. State hospitals had been closed and law enforcement and the Department of Corrections bore an increasing burden for the care of mentally ill. People with serious mental health problems were-- excuse me, people with serious health problems were returned to community care providers but were not receiving adequate treatment due to the absence of trained behavioral health professionals in those communities. Increasingly, the mentally ill were ending up in emergency rooms, homeless clinics, jails, and the streets. BHECN's creation was intended to address the shortage of a competent workforce to meet the needs of the state. End quote. I am here today again to testify in support of LB1067, a General Fund appropriation to ensure that BHECN's important work of growing, supporting, and sustaining our behavioral work-- workforce continues. Still today, as was mentioned, 88 of our 93 Nebraska counties are designated mental health professional workforce shortage areas. One in five Nebraskans will suffer with a mental illness or substance use disorder. But because of BHECN's innovation and dedication to not only supporting the existing workforce but finding ways to fill the pipeline for the future, we are moving in the right direction. BHECN's extensive research and devoted staff has them providing trainings to combat compassion fatigue, cope with the impact of this pandemic and deal with trauma, along with a wide range of additional trainings. These trainings give our existing workforce the education they need to meet the needs of their clients and take care of their own mental health. They have launched programs that reach our young people, especially in the rural and frontier areas of our state, that allow them to explore-- explore, rewarding and life-changing careers in behavioral health. This appropriation

will allow BHECN to continue their important work by building our behavioral health workforce all across the state. I'd be happy to answer any questions, if you have any.

WISHART: Thank you, Annette. Any questions? Seeing none, thank you for being here. Hello again.

ANDY HALE: Hello again. Good afternoon, Vice Chair Wishart and members of the Appropriations Committee. My name is Andy Hale, A-n-d-y H-a-l-e, and I'm vice president of advocacy for the Nebraska Hospital Association, and I'm here to testify in support of LB1067. Previously I mentioned in LB762 the statistics and Ms. Dubas mentioned them as well. And so really, what it comes down to is, is the workforce issue we have across the state, especially in our rural parts, really from all over. We've worked with BHECN very closely. Dr. Doyle outlined the issue. We need a better workforce; and especially when it comes to behavioral health, the state is in dire need. And when you look at the pandemic and what it has done, the problem has only gotten worse. And my fear is that it will continue to get worse once we're on the other side of this. And so Senator Stinner-- Stinner also mentioned the companion bills that go with this. The NHA supports those as well. We're excited to work with BHECN on all of those, especially on the telemedicine and telehealth bills that will be coming up. We're going to make sure that we can partner with BHECN for our members and that we're utilizing it. So with that, I want to thank Senator Stinner and his staff, and will take any questions.

WISHART: Thank you, Andy. Any questions? Seeing none, thank you.

ANDY HALE: Thank you, Senator.

WISHART: Any additional proponents for LB1067? Any opponents? Anyone in the neutral? We do have 5 letters in support, 0 in opposition and 0 in neutral. Chairman Stinner.

STINNER: Thank you. I'd-- I just need to clarify something. We have a present program. It's $2.4 million right now being appropriated to BHECN. OK? That $2.4 million right now is servicing three of the six behavioral healthcare regions, and BHECN is in Omaha at the University of Nebraska, at Kearney, and in Chadron; $1.7, almost $1.8 million is being proposed as an increase in funding, so we can pick up Region 2, 4 and 5. So it covers all of the entire state. Right now, it does not cover the entire state. The second part, which I think is the most important part, is being funded on a limited basis right now for paid internship and right now for psychiatry residency training

opportunities for behavioral health, community-based organizations: Community Alliance in Omaha, Lasting Hope in Omaha, Great Plains Hospital in North Platte, and Richard Young hospitals are-- are the places where, you know, these interns are being placed. I think it needs to be expanded. Scottsbluff would be a wonderful place. I have psychologists in Scottsbluff right now that have 24 applications for people that want to do postdoctoral work in Scottsbluff with that, and they'll pick maybe one or two. Having a paid internship program is helpful to them and helping to get them there. That includes a lot of the nurses. We have two slots in our hospital that are open on a-- almost a constant basis for psych-- psychiatric, for somebody that's a psychiatrist. It's a revolving door. Last person that was there lasted a week and she said there's too much work here, 250 cases, way too much and left. So we need to have a network. We need to have an internship program that is paid because somebody isn't going to just voluntarily go to Scottsbluff and try to pay for their rent and their room and a car and all those expenses. They need to have something. They're not billable, by the way, under the Medicaid program for about six months, or there's a certification process that you've got to go through. So there is complications in trying to get funding to psychologists, psychiatrists or anybody else in the healthcare, and this goes to social workers as well. We're short across the board. But we also have to have in part another part of this from the ARPA funds is telehealth. We need to have that network, and that's what we're trying to set up right now is a network to address attracting, retaining, educating a workforce throughout the state of Nebraska and 24-7 access because if you understand the mental health situation across the state, and they've got statistics they can share with you, it's probably our number one medical problem that we have to deal with. Many times you don't get in for a period of six months to a year. Do you know what happens to you? You end up in the emergency ward. So another part of this ARPA bill is to provide a grant program for rural hospitals because they're short of acute beds. They're short of a workforce as well. So this is kind of a comprehensive program. We spent four or five Zooms on this with people that have an interest in certain parts of this thing, and all I'm trying to do is build this network across the state that-- that really kind of focuses in on this. And yes, I have to expand a lot of those areas to cover what our intention is from-- from-- from these people. So that's the intention of the program. This is just the ongoing appropriations that provides the resources on an ongoing basis for expansion of the medical health for paid internship and training and recruitment and retention programs. That's what it's broken down to be. With that, I'd ask for any questions.

WISHART: Thank you, Chairman Stinner. Any final questions? Thank you. OK, that closes the hearing for LB1067. We will now open the hearing for LB988.

STINNER: Good afternoon, members of Appropriations. 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, Banner, and Kimball Counties. LB988 appropriates $100,000 from General Funds for the fiscal year '22-23 to the Department of Health and Human Services to carry out a formal Medicaid waiver assisted living-- assisted living rate study. Such studies shall be completed by September 1, 2022, and submitted to the Appropriations Committee. The bill directs DHHS to claim a federal Medicaid match for the cost of the study, totaling $100,000 in fed funds. Last year, I introduced LR145, an interim study which intended to get a grasp on the current Medicaid waiver funding provided for assisted living facilities, and to start the discussion on the need for a rate study which has long been overdue. Prior to the interim hearing, I sent a letter to DHHS requesting information on the ALFs that participate in aged and disabled waiver program, including need assessments of those individuals who participate in the program. While the agency was able to provide some of the numbers on a current waiver, participants, discharge rates and comparison of costs between Medicaid nursing and the ALFs, the average length of stay in an ALF participants, there were still significant amounts of data missing, which necessitates the need for the study. During the interim hearing for LR145, this committee heard from providers about how the Medicaid waiver rate has increasingly fallen behind the cost of care. We also heard that the formal rate study has never been conducted for the ALFs, which gives me concern about the continuing statewide access to assisted living services by Medicaid beneficiaries. There are a few testifiers behind me who can give you a little more information on the need and offer more details about the study, what the study will entail. Assisted living is an important care option for a growing number of older Nebraskans. I urge you to support LB988 so that you can gather additional information on the potential need to increase rates to maintain statewide access. With that, I will say the study, we can't make decisions without knowing what the numbers look like, and that's really-- you can say that our costs are here or there. It's kind of one of those, prove it and that's kind of what this study is about. So with that, I'll close and open up for any questions.

WISHART: Any questions? I do have one. Chairman, it's-- this issue has come up before with different providers in the sense that it's a Catch-22 where they come asking for a rate increase and we say, well, has there been a study? And they say no, but then there isn't a study

and we're just-- it's sort of a vicious cycle. Do you think it would make sense if not only we looked at doing this great study, but if we sort of baked into the system of appropriations, you know, sort of a five-year sort of timespan where the department just does studies to update rates. I'd imagine if you do one study, you can just build off of that in five years instead of having to build the system again.

STINNER: DD has that built in with-- actually it's the Health and Human Services Committee I think that they really respond to. And then, of course, we spent several years trying to true up the cost of that. So it's helpful. I think it's informative for this committee and I think it's a necessary add. So whether it be child welfare or DD or nursing homes or assisted living, yeah, having-- having number of comparisons, having a feel for costs associated with services across the state. And I will maintain to this day that there are some of this cost more in rural Nebraska than it does in urban Nebraska. So it's beneficial to get that-- those kind of numbers in front of you so that you really can assess and-- and react to it.

WISHART: Any other questions? Thank you, Chairman. Proponents for LB988.

JALENE CARPENTER: Good afternoon. I'm Jalene Carpenter. I-- J-a-l-e-n-e C-a-r-p-e-n-t-e-r. Thank you, Senators, for having me this afternoon. I am president and CEO of Nebraska Health Care Association. I'm here today on behalf of our 238 nonprofit and proprietary assisted living members here in support of LB988. This legislation would appropriate funds to direct the Department of Health and Human Services to conduct a Medicaid waiver rate living study, mouthful. Currently, there is a single rate for anyone on Medicaid waiver in assisted living. The purpose of this study would be to determine what a reasonable rate for assisted living care is, as well as a reasonable rate for assisted living memory care. This may include in looking at the rate methodology of how they determine those wages-- those rates. Nebraska Aged and Disabled Medicaid Waiver program was established in 1991, and it is our understanding there has never been a formal rate study to determine the appropriate assisted living rate. Although 75 percent of Nebraska's assisted living communities participate in the waiver program, many limit admissions due to the underfunding of that rate. Providers of memory care say the cost is two to three times more than a standard assisted living rate, and many do not offer the Medicaid waiver program to their memory care portion. There is a large portion of our population that assisted living is the appropriate level of care, and it's important that we make sure that Nebraskans have the right care at the right time and that their payer source is

not that fun-- that --that only factor that goes into where they receive their care. We would like to thank Senator Stinner for his continued leadership on this issue and ask your support of LB988, and I would be happy to answer any questions.

WISHART: Any questions? Senator Dorn.

DORN: Thank you, Vice Chair Wishart, and thank you for coming today. What-- I mean, this is a little bit about we've had several nursing homes close over the last couple of years. Is that mainly because of what I call the rate? How much of that is from the rate set by Medicaid and how much of that is other factors, maybe, or this a little bit of both?

JALENE CARPENTER: This bill would be specific to assisted living and not nursing facilities. We have seen a significant number of rural assisted living close. Last year, there were five assisted livings that closed in Nebraska. I will-- we have providers with us today that will help speak on that behalf. But a big portion is there's a lot of providers who do not accept a lot of Medicaid assisted living rate waivers because the funding is so low and is a standard single rate.

DORN: Thank you.

WISHART: Senator Hilkemann.

HILKEMANN: I've just got a couple of questions. We're talking about raising rate. Is this-- I just-- when we think about these, that the rates are so low and so forth, and you said you represent the not-for-profit?

JALENE CARPENTER: So I represent the not-for-profit and for-profit, the proprietary assisted living members.

HILKEMANN: OK. I just-- I see in my area there's a real proliferation of these assisted living and memory care units. And so there-- so we-- is it just where the disparity that we're seeing? Is this the real problem that we're having?

JALENE CARPENTER: So access is a real reason for needing this rate study to be completed because there are assisted living providers who will require one to three years of private funding for any new admission. And so expanding that access, having first appropriate funding for that waiver, I do believe, will expand access for more Nebraskans to be able have better options for their care. Does that answer your question?

HILKEMANN: And so this-- OK. So this is just to do a study again?

JALENE CARPENTER: Correct, just to determine an appropriate rate for assisted living Medicaid waiver.

WISHART: Any additional questions? Seeing none, thank you. Next proponent. Good afternoon.

LISA NIELSEN: Good afternoon, Vice Chair Wishart, and members of the Appropriations Committee. My name is Lisa Nielsen, L-i-s-a N-i-e-l-s-e-n. I'm a member of the Nebraska Health Care Association Reimbursement Committee and vice president of Ray Brown & Associates Development and Management Company. I testified earlier at LR145 and shared some of my experience with the Medicaid rate, and I'm happy to be back here today to testify for LB988. I've served in capacity of assisted living owner and administrator, but probably most recently I've worked the night shift, I've worked CNA, and I've been a cook because just like everyone else we've talked to today, labor is-- it's a tough market right now. So I'm happy to be here to talk about the rate because that is definitely something that we need to talk about. Assisted living provides vital services to elderly and disabled individuals, and the typical services include a private apartment with a private bathroom, a kitchenette, all the utilities, maintenance, cable, Internet, transportation, three meals a day, snacks, personal toiletry items, social activities, medication administration, intermittent nursing assistance in scheduling medical appointments and personal care 24 hours a day. In addition to these services, we provide personal attention and compassion, and we're sometimes more family than family. All of these services are being provided for the current Medicaid rate of $82.22 a day. That's the rural Medicaid rate. It's becoming increasingly more difficult to maintain a level of service that we're required to maintain and that we want to provide with this Medicaid rate. Currently, there is an urban and an a-- and a rural assisted living rate. The urban rate is $10 a day higher. And I think that Senator Stinner has spoke about the rural areas a little bit and that the cost is just as high in rural areas. So that's a really good reason also for this study to look at the disparity there. A rate-- rate study for traditional assisted living is long past due, and it's even more critical that we look at the rates needed to provide care for people with dementia and Alzheimer's. Assisted living memory care facilities are appropriate and they're a desired environment for those living with Alzheimer's and dementia. They're usually much smaller in nature. They usually have a higher, much higher staff-to-resident ratio. In a memory care facility, you're probably needing one staff person to every five residents to keep

people safe. Staff turnover and burnout is much more likely in a memory care unit than it is in a traditional assisted living. And just like everybody that spoke today, we just need more money to hire these staff and recruit staff and get them to come to long-- long-term care facilities. I looked back in some of my documents and found the rate for 2008 for our memory care, or for assisted living-- I'm sorry, was $2,088 and the current rate is $2,501, so that's an increase of 17 percent over 13 years, while inflation at the same time is more than 34 percent. So I just really appreciate your support of LB988 so we can get a better understanding of what it costs to care for our senior Nebraskans. Thank you for your time and consideration. Thank you, Senator Stinner, for introducing this bill, and I'm happy to answer any questions.

WISHART: Thank you for being here. Any questions? Seeing none, thank you. Any additional proponents?

BRIAN SHANKS: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Brian Shanks, spelled B-r-i-a-n S-h-a-n-k-s, and I am chief financial officer for Tabitha Health Care Services in Lincoln. I'm testifying on behalf of Tabitha and LeadingAge Nebraska. We want to thank Senator Stinner for introducing LB988 to declare an emergency and study rates for assisted living care and assisted living memory care. Tabitha is Nebraska's largest mission-focused nonprofit, offers Nebraska's first and comprehensive line of senior care services in 27 Nebraska counties. Our main campus is in Lincoln and we currently operate assisted living facilities in Lincoln and Crete. Our new facility will open in Grand Island in October, which brings our capacity to serve up to 147 assisted living patients, which includes memory care. In 2021, Tabitha's assisted living facilities averaged 90 patients per day. This is down 10 percent due to some COVID-related market conditions, and we serve one-fourth on Medicaid waiver and one-fourth in memory care. Several factors contribute to a state of emergency and crisis, several you've heard today. Staff availability and cost are foremost. To retain staff, Tabitha-- Tabitha is paying up to 25 percent higher hourly rates compared to prepandemic times. Also, we are forced to use agency staffing, which costs $110 an hour for a registered nurse, $75 an hour for an LPN, and $55 an hour for a certified nurse assistant. Inflation has driven up other costs as well, up to 20 percent for supplies, food and insurance. So when you combine less revenue with the higher expenses, it becomes a very challenging situation and is doubtful-- and it's very doubtful that costs will ever go down. Medicaid reimbursement is a significant source of income for Tabitha, and we will remain-- and will remain so as long as we can serve this

population. The current average reimbursement rate of $79 a day falls short by $40 a day for assisted living services and falls short by $80 a day for memory care services. This is a cost shortage of $15,000 to $29,000 per year per patient, depending on the type of care delivered. Rate adjustments have not kept up with the cost of care and is simply not sustainable or fair to those who are paying for care with insurance plans or personal fam-- family resources. For Tabitha, we try to fundraise to make up for the mission-related shortages. The total gap for Medicaid assisted living clients is just under $700,000 for us. Our donors are generous, but the dollars keep escalating and it's getting harder and harder to raise this level of funds. LB988 addresses the need to declare an emergency and study assisted living and memory care reimbursement rates. The bill, appropriately defines areas of study, describes the structure of the study, and will require an evaluation process along with long-term desired outcomes. Updated reimbursement rates, along with annual inflation adjustments, would have an-- a dramatically positive effect on the industry. I have an 85-year-old mother that will require memory care assisted living very soon. She will also need financial assistance from Medicaid. My sister and I do our best to care for her, but it's very stressful and difficult. My hope for her and many other Nebraskans is that this high-quality care is accessible-- is accessible. Thanks for listening. Are there any questions?

WISHART: Thank you. Are there any questions? Seeing none, thank you.

BRIAN SHANKS: Thank you.

WISHART: Next proponent.

MARV FRITZ: Members of the committee, my name is Marv Fritz, M-a-r-v F-r-i-t-z. I'm a part owner and operator of a small assisted living in O'Neill, Nebraska. Thank you for the opportunity to testify today. It's been a stressful couple of years. I come to you looking for some help from a-- for a small but not insignificant portion of that population. And I included in there notes, a chart of all of our expenses and for year 2021 to see how far-- to show what the reimbursement rate is versus what it's costing us to operate. And I further come to you as a member of a group that are not attached to skilled facilities because we didn't get any of our stuff paid for. A lot of-- a lot of the-- 20 years ago when the industry started, they went out and built a lot of the skilled facilities to turn their wings into assisted living, so we have a higher cost structure than they do. There's-- what's part of our breakdown or our problem today with assisted living is as there are-- there's three different groups of--

of assisted living people that I see as one-- one group that's got insurance or they've got enough funds, they do whatever they want to. And then there's the second group that-- that need help. Some of them don't need much help, but some of them need a lot of help. And that's where-- where the Medicaid waiver breaks down really bad as we get paid the same rate, whether we've got to spend hours a day with them or whether they're just barely there. We've absorbed this for a lot of years, but we're just getting to the point where we can't do that anymore. And if we have to send these to the-- to the nursing home it's going to cost the state a lot more money. We had a couple of years ago, we had a resident come over. The state paid us $80 a day and they were-- they were paying the nursing home $170 a day just to the same person at the same time. So we-- and they, you know, we only have one rate so they can tack on all these extra rates so that just leaves us at a huge disadvantage. And we don't-- we can't-- we can't run two ships in the same building. If we were, you know, in an urban setting, those people can just simply not accept Medicaid waiver and they have plenty of people to go around and then they send their Medicaid waiver people off to a government subsidized place most of the time or whatever it might be. And in a rural community, we can't do that for practical reasons. And then-- and we wouldn't want to do it. I mean, there just isn't any other place for them to go. They would have-- there's just not two facilities in the community. And we don't-- we won't-- we can't treat people differently. We wouldn't treat people differently. So I could run a facility if it was all Medicaid waiver and I had 100 of them and I didn't have any thrill or frills or anything else, I could make that model work. But it's hard to make a model work that where you have to have private services and Medicaid services at the same rates. It's just very difficult to do anymore. And as one of the other people previously said, I mean, we just get so much screaming when the people that are on private pay are complaining that they know that we're subsidized, they have to subsidize the people that are on Medicaid waiver. And it's just really got out of whack. We were, as Lisa had mentioned, you know, where we were 20 years ago, our Medicaid rate and our small room rate was the same, and now it's a thousand dollars a month difference. So it just hasn't kept up. Anyway, I appreciate you bringing up the study. I'd like to be involved or would be glad to help with any work that we need to do on that to get you the numbers that you-- so you do have the information because it's a lot more than a three-minute discussion. Thank you for your time.

WISHART: Well, thank you. And before we go into questions, can you spell your first name-- first and last name?

MARV FRITZ: My-- M-a-r-v F-r-i-t-z.

WISHART: OK, thank you. Senator Dorn.

DORN: Thank you, Senator Wishart. In the handout that gave your talking points or whatever, included a second page. Are these your-- I guess, are these your costs from O'Neill?

MARV FRITZ: Yes.

DORN: Thank you. Thank you very much, interesting work. Thank you.

MARV FRITZ: Uh-huh.

WISHART: Any additional questions?

MARV FRITZ: Oh, excuse me.

WISHART: Senator Hilkemann.

HILKEMANN: What percentage of your residents are on Medicaid waiver?

MARV FRITZ: It runs-- it runs anywhere from 15 to 25 percent over the years.

HILKEMANN: OK.

WISHART: Seeing no other questions, thank you for being here.

MARV FRITZ: Thank you.

WISHART: Any additional proponents? Any opponents? Anyone in the neutral? We do have for LB988, 35 letters in support and 0 in opposition and 0 neutral. Chairman Stinner.

STINNER: I'm waiving.

WISHART: OK, that closes the hearing for LB988, and we'll move on to LB989.

STINNER: My last ask. (LAUGHTER) How's that?

HILKEMANN: Yeah.

WISHART: We're keeping a tally, Chair. OK. This opens the hearing for LB989.

STINNER: Thank you, Senator Wishart. Good afternoon, 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, Banner and Kimball Counties. LB989 appropriates $26 million from the General Fund to raise the base aid for nursing facility provider rates. A corresponding $34.4 million in federal matching funds is included with the rate adjustment beginning on July 1 of this year. This additional funding is designed to help nursing facilities offer competitive direct care wages. At the top of everybody's mind in the healthcare space is the 2021 announcement that the state-run facilities would be offering 30 to 40 percent increase in starting wages for direct care staff to address the state's staffing challenges. Due to the limitations in Medicaid rate, nursing facilities with a high percentage of Medicaid beds lack the resources to take similar action to offer competitive wages. This has put many of our nursing homes, especially rural Nebraska, in a precarious position as we already face crisis levels of closure and challenges with rising operating costs. Over the past year alone, nine additional rural nursing facilities were forced to close or partially close due to rising costs and staffing shortages. Adequate staffing has been a repeated issue over the years, and reimbursement is a large piece of that puzzle. While Governor Ricketts reinstated an extra $20 per bed, per day payment to assisted living facilities early this year, and that's for Medicaid patients, more is needed to keep these facilities open. Many of the facilities operate at well over 50 percent Medicaid nursing beds, and some are reaching as high as 70 percent. In total, Medicaid pays for 55 percent of all the nursing home care facilities in the state of Nebraska. Add to the stress of the previous crisis situation the COVID-19 pandemic puts on our nursing homes, only worsened the situation with occupation rates dropping and putting further strain on an already stressed industry. The additional funding in LB989 is designed to address this issue and allow the facilities to recruit and contain-- retain staff. It's really just kind of to prevent that $20 when it goes off of falling to zero and we're trying to get halfway to the wall once again with nursing homes, just like we are with DD, trying to get some ARPA funds, kind of stretch that forward to get the nursing home facility reimbursement rate to where it needs to be to stay competitive, and hopefully we can stabilize it. We've had one crisis that we've already confronted within this committee. We had that stopped and COVID hit. And of course, a lot of it's staffing problems right now. People have retired, people have left and went to a more competitive situation. People just got tired of the business. And so here we are with declined-- with a declined population in the nursing homes and a shortage of labor. If you've got

a shortage of labor, your ability to build back is not gonna look very good. So this may take a 2-, 3-year stretch, and I think we've got ARPA dollars to do some of that. It'll be up to this committee to kind of stage itself in, just like on the DD side. So that's my recommendation. And with that, I'll take any questions.

WISHART: Any questions? Seeing none, thank you.

STINNER: Thank you.

WISHART: Proponents for LB989.

JALENE CARPENTER: Good afternoon, Senators. My name is Jalene Carpenter, J-a-l-e-n-e C-a-r-p-e-n-t-e-r. I'm the president and CEO of Nebraska Health Care Association. I am here speaking in support of LB989 on behalf of our 190 nonprofit proprietary skilled nursing facilities. I want to thank Chairman Stinner for introducing this bill and for being a continued champion for long-term care and elder Nebraskans. He shared his concerns and it is indeed a crisis that we have today in our skilled nursing facilities, but I think what's also important is this bill also sets the stage for what our skilled nursing facilities will look like in Nebraska over the next 20 years. It is important to note that we have just started a tidal wave of what we call in the industry a silver tsunami. Starting 2020 to 2040, those Nebraskan residents over the age of 75 is projected to increase by 91 percent. So the current crisis is definitely a big issue, but there will be a demand now, and even more so in the future. That population increase will need long-term care services and will need skilled nursing services. I, again say, we want to ensure Nebraskans have access, the right care at the right time and where they want their care. Workforce and recruitment has been a consistent problem in long-term care partially due to underfunding by Medicaid, leaving providers generally not able to attract and retain top talent. COVID-19 has only exacerbated an incredibly difficult situation, and the tightening of the labor market has really tipped us to this point. Potential and current staff are being recruited away to simply the highest bidder. Our own state-run 24-hour facilities increased their base wages, their starting wage by over 40 percent. We cannot win a bidding war in skilled nursing. On average, 78 percent of our expenses go directly to labor. This is simply not a lever that we can pull to increase our wages. The need is immediate right now, but I hope you also see that this is an important step for the future of long-term care. In a few moments, you're going to hear from a national expert that we recruited to look at what would it take to increase our provider rates to be competitive with the wages of those state-run

24-hour facilities? So she will be able to speak to why there's a need for that funding increase. Additionally, we have several providers here today to talk about what they currently face in their facilities. I truly believe now is an opportunity for Nebraska to evaluate and understand the needs of our seniors now and in the future. Thank you for your time, and I'm happy to answer any questions.

WISHART: Thank you. Any questions? Senator Clements.

CLEMENTS: Thank you. Thank you, Ms. Carpenter. What level of care does this entail? Does this-- you're talking about skilled, is it also other levels of care?

JALENE CARPENTER: So this would be for skilled nursing facilities. So those are facilities that provide 24-7 care at a high-- the highest rate offered for nursing facilities.

CLEMENTS: So it doesn't affect intermediate or custodial services?

JALENE CARPENTER: This would just be for skilled nursing facilities.

CLEMENTS: All right. I missed answer-- asking a question on the assisted living study. Maybe you could help me.

JALENE CARPENTER: Sure.

CLEMENTS: If-- you know there's federal matching dollars for these funds. In assisted living, if Nebraska had a higher rate of pay reimbursement for memory care, would the federal government also have a higher rate of pay?

JALENE CARPENTER: For the Medi-- assisted living Medicaid waiver program, yes, there would be a federal match. Again, that goes back to the need for the study to evaluate what is the proper rate methodology to use.

CLEMENTS: So if Nebraska increases its rate for memory care, the federal would match that.

JALENE CARPENTER: I believe so. I can get you the exact details, though.

CLEMENTS: That was quite a bit of the discussion and I wasn't sure if we were going to be out on our own with the increased memory care rate or if the federal would help, but I'd appreciate that. Thank you.

WISHART: Any additional questions? Seeing none, thank you.

JALENE CARPENTER: Thank you.

WISHART: Next proponent. Good afternoon.

LORI BRUNHOLTZ: Good afternoon. My name is Lori Brunholtz. I'm a CPA and managing director with BKD. BKD is a top 20--

WISHART: Lori, will you please spell your name?

LORI BRUNHOLTZ: Oh, I'm sorry. It's L-o-r-i B-r-u-n-h-o-l-t-z. Thank you. Sorry. BKD is a top 20 national accounting and consulting firm, and we're ranked in the top 10 healthcare consulting firms across the nation. Our consultants provide services to more than 2,500 healthcare providers across the country. I've been with BKD more than 38 years and for the past 25 years or more, I've worked with mostly, exclusively, long-term care and senior living providers. I provide accounting and reimbursement consulting in Medicare and Medicaid cost reporting. I also serve as a reimbursement consultant for several state long-term care associations like Nebraska Health Care and help them with Medicaid rate consulting, design and development of payment methodologies, determining the costs of providing care, and evaluating the effect of proposed state and federal policy on reimbursement rates. The Nebraska Health Care Association asked our help in preparing an estimate for the additional Medicaid reimbursement needed to adjust current nursing facility staff wage rates similar to the incremental increases that the state 24-hour operated facilities recently implemented in order to be competitive for recruiting and retaining their current staff. To analyze the overall impact of the anticipated salary increases, we needed to obtain the number of hours worked by nursing facility staff. The Nebraska Medicaid cost report, as other states sometimes do, did not-- does not require reporting hours worked by staff. So we turn to the Medicare cost reports because the majority of Nebraska's nursing facilities are also Medicare certified and have to file an annual cost report with CMS for Medicaid services. We accumulated the most recent total annual hours paid by each staff physician from the Medicare Cost Report database that BKD maintains, which is public information available from CMS for the Nebraska facilities, which included the information for calendar year 2020. We multiplied those hours for only the select positions that were identified in the state's employment recruiting ads by the incremental salary rate increases that were listed in those advertisements. We sum the total dollars required for those increases by multiplying the hours, times the rates, and sum the total of those

increases and then divided that total dollar increase by the number of days that were reported in the Medicare cost report to get an annual average base per diem rate per resident per day. We then inflated that per diem rate by an amount that we thought was appropriate to adjust for things like premium pay for holidays, weekends, shift differential and so forth. We then further increased that by a factor to account for wage-related costs such as FICA tax, unemployment tax, and workers' compensation premiums. The resulting estimated additional salary and benefit cost per resident per day was $63.46 a day. And then to determine the aggregate cost to the Medicaid program, we multiplied that $63.46 a day times an estimated 2 million Medicaid days that is typically paid by the state of Nebraska to get a result of $126,913,000. We prepared a detailed report which was passed out to you moments ago that details a lot more, our assumptions, our methodology, and the results of our analysis. And you're welcome to look through that, and I'd be happy to answer any questions that you have about my testimony or that report. And thank you for your time.

WISHART: Thank you. Thank you for being here. Any questions? Senator Hilkemann.

HILKEMANN: I've got some questions. I'm just-- and this is just more curiosity. I know that you-- we had this patient mix that we want to have, you know, people, private pay and insurance. What's the-- what's-- obviously you'd love to have 100 percent private pay, but what's the-- what's the formula that they use in the industry, the best-- in other words if your Medicaid numbers go above 45 percent or 50 percent, that it's difficult to continue operations, or is that just such an individual basis?

LORI BRUNHOLTZ: It's a pretty individual basis. I work in a lot of states and depending upon what the rates are for each individual state and Medicare funds a lot of that, the skilled services that Medicare pays.

HILKEMANN: Right.

LORI BRUNHOLTZ: But Medicare is not available to our long-term care residents--

HILKEMANN: Right.

LORI BRUNHOLTZ: --for routine care. So the margin on Medicare and on insurance and managed care services, because those rates are typically higher for skilled services basically it-- it absorbs the losses from

the Medicaid program. So depending upon what your mix is and what your costs are in each one of those programs, that's the amount of money that you can kind of use to subsidize your underfunding for Medicaid.

HILKEMANN: Do you find-- you say you do this on a national level. Do you find that Nebraska nursing homes have a higher percentage of people on Medi-- that-- that are dependent upon the Medicaid for the skilled as other states or is there a ranking?

LORI BRUNHOLTZ: Nebraska is actually a little bit lower Medicaid dependence than what I've seen in other states. I work in Arkansas. I work in Oklahoma. I've worked in Arizona. I've worked for Wisconsin. Arkansas and Oklahoma are both around 70 percent Medicaid utilization, so they are much more dependent. But yet, Nebraska's about 55 percent Medicaid dependent on average. I mean, one facility may be 80, one facility may be 30.

HILKEMANN: Right.

LORI BRUNHOLTZ: So I'm looking at statewide averages. And so depending upon how much, you know, your Medicaid utilization is, then you know your dependence on cost shifting from other payer sources is greater and being able to recognize the operating margins on those facilities. But if you-- if costs increase, just like the wage rates increase, we only-- we only computed-- we have computed an average $63.46 a day. Well, that brings down the margin on Medicare services, on private pay services, on managed care services as well. Because as our costs increase, it reduces our margin on the non-Medicaid services.

HILKEMANN: Right.

LORI BRUNHOLTZ: So the subsidy we're asking for in Medicaid is only a partial problem that these facilities face in the fact that they're underfunding for Medicaid, but they're also reducing their operating margins from other payer sources.

HILKEMANN: OK.

WISHART: Senator Dorn.

DORN: Thank you, Senator Wishart. Thank you for being here. I guess I got a couple of questions about the survey. This-- this was done when and-- or when did they have you complete the survey because you're talking here some about 2019 cost and then you're talking about a November 1, 2021, wage add and stuff. So when was this done or--

LORI BRUNHOLTZ: The 2019 was the most recent cost reports available from DHHS Nebraska. And so that was the only information that they were able to provide for us. And so the wage rates in-- and the cost per day, according to that report, at that time, from those cost reports on average from the Medicaid cost report was $232 a day. That was [INAUDIBLE].

DORN: When did you submit this report then, I guess is my--

LORI BRUNHOLTZ: Last week.

DORN: Last week. OK, that's what I was looking for. Sorry.

LORI BRUNHOLTZ: Yeah. I mean, it's based on the 2020 hours data, so we're a little behind, but 2020 was-- we've got some mix of pandemic hours in there starting as well, so.

DORN: Thank you.

WISHART: Any additional questions? Seeing none, thank you for being here.

LORI BRUNHOLTZ: Thank you.

WISHART: Next proponent.

KIERSTIN REED: Good afternoon. Senator Stinner, and members of the Appropriations Committee, thank you for the opportunity to testify on-- as a proponent of LB890-- or LB989. My name is Kierstin Reed, K-i-e-r-s-t-i-n R-e-e-d, and I'm the CEO for LeadingAge Nebraska. LeadingAge Nebraska is a state association of nonprofit and like-minded long-term care facilities, representing over 70 long-term care providers across Nebraska. Our nursing facilities are-- were struggling financially with Medicaid reimbursement rates prior to COVID-19. This problem has only become more pronounced in the past two years. At the beginning of the COVID-19 pandemic, many long-term care facilities saw their census trending downward, meaning there are less patients for them to care for, but also less income for their facility. Unfortunately, the cost to provide that care to their residents increased significantly. The lack of available staff means that they were unable to increase the number of people in their program, and they were forced by-- nearly every agency across Nebraska was forced to use temporary staffing agencies to continue to care for the residents they do have. A recent survey showed that 82 percent of our members were utilizing staffing agencies to meet the current needs of their program. Rates for temporary staffing agencies are two to

four times the industry average for the same position. A comparative prepandemic rate survey to current rates showed that there was a significant shift in all salaries, nursing and support staff. One small nursing home that is a member of Leading Age in a rural program in Nebraska experienced a 29 percent increase in their staffing costs in that period of time. That was without filling all of their open positions and counting for their reduced sense-- census. All of our member facilities across Nebraska can tell you the same story of struggling to make ends meet while they're striving to continue to provide the quality of care that's needed in their communities. The increased cost means that the average nursing facilities are losing between $40 and $80 per day on every Medicaid-funded bed. The bottom line is this: Without adjustments to the Medicaid nursing rate calculation, Nebraskans are at risk for losing the services that they need to provide them care. Nursing homes are closing because they can no longer afford to provide those services. This is pushing Nebraskans further from home. Nursing facilities cannot provide the increased wage expectation to recruit and retain staff. This is pushing them to increase their reliance on temporary staffing agencies. And nursing facilities are not able to relieve the pressure in our hospital system, which is taking additional residents because they cannot staff their buildings and they financially cannot afford to lose more money. Fifty-five percent of older Nebraskans in our nursing facilities are receiving Medicaid funding. Without adjustments to that funding, the facilities are forced to take on less Medicaid beds. LB989 provides the necessary funding to meet the financial deficit in our nursing facilities and allows these trusted facilities to continue to provide the care to meet the needs of Nebraskans. Thank you for your support of long-term care. I'm happy to answer any questions.

WISHART: Any questions? Seeing none, thank you. Additional proponents?

JONATHAN BRANDOW: Good afternoon, Senator Wishert and members of the Appropriations Committee. Thank you for your time. My name is Jonathan Brandow, J-o-n-a-t-h-a-n B-r-a-n-d-o-w. I'm the mana-- the administrator of the Wisner Care Center and Stanton Health Care Center in northeast Nebraska. I'd like to talk to you about our current situation as it stands in long-term care homes in Nebraska. Over the last two years, cost of care for our seniors has outpaced what Medicaid reimburses our facilities for. At the beginning of the pandemic in 2020, the average wage in my area of the state for a certified nursing assistant, at the very-- very basic care level, personnel was $12.50 an hour, not including things like shift incentives, hiring incentives and pick-up bonuses. That cost has now ballooned over the last two years to anywhere from $20 to $22 an hour

for some-- for some facilities. Some facilities in my area are even offering $32 to $35 an hour in an attempt to compete with agency staffing organizations who often take the staff we use in our buildings and then recruit them for their own agencies. The VA Home and Regional Center in Norfolk have solicited our staff for $4 more an hour than we are currently able to pay, in order to fill their ranks. I can't blame them as a provider myself. However, hasn't made our situation easier. These costs are associated with a lucky few nursing homes who are actually able to field staff. Nursing homes who are forced to rely on agencies to fill out their minimum requirements for staffing levels are now paying anywhere from $40 an hour, the lowest, to $60 to $80 an hour for just a CNA. And if they do manage to contract the CNA in some instances, it basically goes to care to the highest bidder, which means a CNA can more or less ask their price from an agency provider and then that CNA will work for that facility for a contracted amount of time. For some homes, that's about an 80 percent increase in wages at the current time. These staff care for mothers and fathers, sisters and brothers during some of the hardest times in their lives. We fulfill an essential service to our communities who would otherwise be left to fend for themselves for the care of their elderly and infirm. Our support services, such as cooks, housekeeper-- and housekeepers, have also risen by close to 50 percent for their wages due to increased competition from places such as Subway, McDonald's, any local small business. Anybody who can get staff is paying what they can to get them. At present, we have administrators working the floors as CNAs and nurses, management and cooking and social workers providing housekeeping services and laundry. I know some homes where administrators have literally had to hire their own spouses just to field some sort of care for their residents until they could find staff to replace their husband or wife. And that's kind of where we're at currently. I implore you to consider allocating more money to the Medicaid base rate so that we can at least try to pay the staff who are still willing to care for our seniors what they're worth. Even before the pandemic, our facilities have been chronically underfunded to the tune of 10 years. A popular number that had been at that time floating around was $30 a day underfunded for the Medicaid program. It's far surpassed that now. Our homes enable our farmers to work in their fields, our local business owners to work in their businesses and our teachers to educate the next group of Nebraskans. Our neighborly power-- pioneer spirit is what sets us apart from other states. I'm asking you as your neighbor to assist us in our time of need. Thank you. Any questions I would be happy to field.

WISHART: Thank you. Any questions? Senator Hilkemann.

HILKEMANN: What percentage increase in the-- in the Medicaid day rate would you need to have to-- at this point?

JONATHAN BRANDOW: Just to break even on a Medicaid person, that would probably be close to $63 to $70 a day on average, just for the Medicaid clients in our local homes.

HILKEMANN: $60 to $70 a day and-- and you're-- and you're receiving how much now?

JONATHAN BRANDOW: Generally we're underfunded by around that same amount. So for instance, if you take somebody who's like a medium level-- care level person, they're usually anywhere from $1,000 to $2,000 lower than any of our private pay residents. One of my homes is a VA contractor, and they're actually about $2,600 lower on typical than the VA program itself. So there is a large disparity. It's almost a third of-- of what-- a third lower than like what our private pay folks pay.

HILKEMANN: So in other words, to-- and that's always going to be the case.

JONATHAN BRANDOW: Absolutely, yeah.

HILKEMANN: But to talk about the crisis that you're in right now, you're seeing that the state would have to increase its rate approximately 100 percent in order to just level things out. Is that correct or is that too high?

JONATHAN BRANDOW: That-- that may be too high. I-- I'm not an actuary by any means. So I-- I really couldn't tell you what the specific number is. But I do know that there are people who are far more knowledgeable about that than I am that are probably in this room that could help with that information.

HILKEMANN: Thank you.

WISHART: Any additional questions? I have one. Who dictates your staffing levels and services? Is it a federal mandate, state mandate or is it your own private companies decision making?

JONATHAN BRANDOW: It's kind of a mix. I will say that CMS is coming out with minimum staffing requirements very soon, so it will be federally mandated to what we provide as far as care goes. Currently,

as it stands, there is a minimum level of staffing that you can do for any nursing home. My two facilities generally run one to seven or one to eight. That's CNA to resident. As far as nursing, you know, my Wisner facility is a 38-bed facility. At Stanton it's a 70-bed facility. At Wisner, we try to run one nurse per each hallway, which is about a 1 to 14-15 ratio. And in Stanton, it's more like 1 to 20 or so. So that kind of gives you an idea, I suppose, of a small local facility. But we are at the point, too, where the federal government is going to tell us what we have to provide and then that will impact our-- our star rating, which will then impact our Medicaid reimbursement from the state of Nebraska since our reimbursement is now factored on partly on that star rating system.

WISHART: Thank you. Any additional questions? Seeing none, thank you for being here.

JONATHAN BRANDOW: Thank you.

NATHAN SCHEMA: Good afternoon, and thank you, Senator Wishart, and Appropriations Committee. My name is Nathan Schema, N-a-t-h-a-n S-c-h-e-m-a, and I'm the president and CEO of the Good Samaritan Society. We operate over 300 communities, a mix of skilled nursing, senior living, twin homes across 22 states. And we have got-- we have a significant presence here in Nebraska. Ninety-- 92 days ago, I was standing in front of residents, families and staff at the Good Samaritan Society in Ravenna, Nebraska, where I announced closure of a five-star skilled nursing facility serving 35 to-- 35 to 40 residents on any given day. At that same time, two of my team members were also announcing closure at the Good Samaritan Society in Valentine and the Good Samaritan Society in Arapahoe. I'm here to tell you today that the pressures that we're experiencing are extremely real and that we are in a crisis. Senator Hilkemann, I know you had questions around payer mix and what exactly would it take to get us to where we need to be today. And from what we see at the Good Samaritan Society, our prepandemic costs of labor, labor alone, not PPE, not supplies, nothing else, have gone from an average of $170 per day to $233 a day to close '20-21, a difference of $63. So for us, at the Good Samaritan Society, we would be looking at nearly 40 percent costs just to get us back to a break-even where we need to be. Unfortunately, we don't have the ability to shift costs in many of our rural communities like Bloomfield, like Valentine, like Ravenna. We're there to care for whoever dons our doors. And that's what we've been committed to do for almost 100 years at the Good Samaritan Society. We-- we've been committed to working with these communities and find creative solutions. We met with the mayor, we met with the city council, we met

with the county, we met with everybody and anybody who would listen to us as we tried to find creative ways to get us to be able to sustain our mission a little bit longer in these communities. I think the question came up, you know, what else would have changed? Are there other factors? You know, I'm here to tell you that if our reimbursement was a little bit different, if we have the ability to have these funds come our direction, they're going to be directly invested in the work forces that have heroically cared for our caregivers these last two years and certainly who have dedicated their lives to the communities and to the residents that they've been blessed to serve. Over the last-- over the last 12 months, we've spent $62 million in agency staff, and I think Brandon, my colleague, shared just a minute ago that it is a bidding war out there. I can find agency staff from all over the country, but it will cost me anywhere from one, two, sometimes three times or more to find caregivers to come to Nebraska. It's not quite the destination between December and February every year with our cold weather. Access challenges. We're worried about people having to drive now upwards of 50 miles from Valentine to find care that they deserve. But without the hope of a different future with the funding that we need to-- to just sustain care, we came to the decision, the tragic decision to close these-- these three different nursing homes. Today, we have over 200 open positions in Nebraska, Nebraska alone, over 2,200 in our organization. So this funding will make a difference. It will allow us to compete at a different level than we are able to do today. We've all been to Subway, we've all been to Jimmy John's, and they haven't raised their rates 2 or 3 percent a year. I don't know about you all, but my Sub costs about $14 now, and that's a lot different than it was just two years ago. So, yes, the cost reports are always a little delayed. You heard Lori talk about that just a minute ago. They're always two or three years behind. Our costs have gone up exponentially over the last two years. Our payer mix is always a factor. But again, in these small rural communities, you don't have the luxury to say, you know what, I don't want-- I don't want that private or that Medicaid resident. We're going to fill it with a private pay bed. Just does not exist. Plus, that's not our mission as our organization. Thank you in advance for your time and consideration of this LB989. If there's any questions.

WISHART: Any questions? Senator Dorn.

DORN: Thank you for being here and explaining those rates. Where-- where do you see those rates and the employment issue being a year from now?

NATHAN SCHEMA: Where do I see the rates being a year from now?

DORN: Yeah, your wages. Your wages and your-- I call it lack of numbers out there. Where do you see that being a year from now? What do you think is going to happen in the industry?

NATHAN SCHEMA: You know, without significant intervention here at the state level, I don't-- I don't expect to see any other PRF funds right now. My understanding is the PRF funds have all been changed. There will be no tranche five. We were an organization that saw substantial dollars come our way in 2020, and that was wonderful to get us through. We lost incredible dollars last year and other organizations will be in the same similar-- in similar situations that we are and have to make excruciating decisions if additional relief is not had at the state or federal level. Where we need to see is, you know, obviously the-- we would love to see 40 percent. I don't know that that's realistic in everybody's budget situations. But if we can get halfway there and come up with a more permanent solution and look at our costs on a more frequent basis basis. Senator Wishart, you've said, why don't we bake this into our studies? Love to see that, but it needs to be more frequently than five years. It needs to be every year, if not every two years, so that we can keep up with the rising costs in healthcare and compete with-- with-- with the greater market out there.

DORN: So do you think our labor shortage might lessen or grow?

NATHAN SCHEMA: Well, I think the great resignation certainly is well-documented. That said, I would-- I believe that this funding allows us to compete, at least in a different way with some of the private industries.

DORN: Thank you. Thank you much for your answer.

WISHART: Any additional questions? Seeing none, thanks for being here. Anyone else proponent of LB989? Seeing none, any opponents? Seeing none, anyone in the neutral? We do have 33 letters submitted into the record and-- who are proponents, 0 opponents and 0 in the neutral, and the Chair waives. That closes our hearing for LB989 and we will open our hearing for, I believe, LB1177.

STINNER: Afternoon.

BOSTAR: Good afternoon, Chairman Stinner and members of the Appropriations Committee. I'm Eliot Bostar, E-l-i-o-t B-o-s-t-a-r, representing Legislative District 29 in Lincoln. I'm here today to

introduce LB1177, a bill that appropriates $500,000 in fiscal year 2022-23 and $500,000 in fiscal year 2023-24 to the Department of Health and Human Services to conduct a comprehensive health and resiliency screening pilot program for frontline first responders. First responders are exposed to significant hazards to their physical and mental health on a regular basis. Studies have shown that posttraumatic stress disorder affects between 15 and 30 percent of first responders. The National Institute for Occupational Safety and Health recently undertook two large studies focused on cancer in firefighters, and concluded that compared to the general public, firefighters face a 9 percent increase in cancer diagnosis and a 14 percent increase in cancer-related deaths. The COVID-19 pandemic has induced a shortage of emergency medical technicians and paramedics nationwide due to pandemic-related burnout and compassion fatigue. The situation is so dire that in some communities ambulance service providers warn of sharp cuts to services and longer wait times for 911 calls. According to a 2020 AAA survey of 258 EMS organizations across the country, nearly a third of the workforce left their ambulance company within a year, 11 percent within the first three months. A similar story is unfolding in police departments across the country. A recent survey of nearly 200 departments found a 45 percent increase in the retirement rate and a nearly 20 percent increase in resignations in 2020 compared to 2019. Despite this reality, we should not concede that this is acceptable or that these conditions are inevitable. The goal of the pilot program in LB1177 is to help determine where best to focus resources in order to achieve the best results for keeping our career first responders on the job, reducing burnout, turnover and health-related absences. There is a national standard for a firefighter physical exam, but this does not include any mental health screening or in-depth cancer screening. A comprehensive healthcare screening can cost upwards of $5,000 per individual and would include mental health screening, as well as EKG screenings, X-rays, bone density scans, and other important health evaluations. There will be first responders testifying after me provide additional details on the risks they face regularly and the job-- on the job, and provide additional details on this legislation. With that, I would thank you all for your time and appreciate-- and would be happy to answer any questions you might have.

STINNER: Any questions? Seeing none, thank you.

BOSTAR: Thank you.

STINNER: Any proponents? Afternoon.

NICK HOWE: Good afternoon, Appropriations Committee. Thank you for taking the time to hear us and our testimonies. My name is Nick Howe, N-i-c-k H-o-w-e, and I am a proponent for LB1177. Just a few facts. Chronic disease are a tremendous burden to both patients and the healthcare system. In 2014, 60 percent of adult Americans had at least one chronic disease or condition, and 42 percent had multiple diseases. Most people don't experience cancer symptoms when diseases are in the earliest, most treatable stages, and chronic diseases can profoundly reduce the quality of life for patients and their families, affect an enjoyment of life, family relationships and finances. Working can be difficult for people with chronic diseases, rates of absenteeism. Higher in income is often lower among people who have a chronic disease compared to people who do not have one. Again, my name is Nick Howe. I'm a firefighter and have been in such capacity for the last 18 years, 8 of those years as a career firefighter. I am married with three little children under the age of three. Six years ago, at the age of 31, I was diagnosed with a very aggressive, life-threatening type of non-Hodgkin's lymphoma. This type of lymphoma is very common and accounts for 22 percent of all lymphoma cases each year. The journey wasn't easy upon being diagnosed with Stage 3 non-Hodgkin's lymphoma. I endured two years of treatments ranging from chemotherapy, immunotherapy, autologous stem cell transplant and more chemotherapy and various medical trials that I kept failing until reaching full remission after receiving a groundbreaking treatment called CAR T-cell therapy. When I was diagnosed with cancer, one of my first of many fears was losing my career as a firefighter. As firefighters, we are witness to the effects cancer has on other patients we respond to and with that exposure, we have a greater understanding than that of the general population of what we could potentially expect when faced with a cancer diagnosis ourselves. At the time of my initial diagnosis of Stage 3 non-Hodgkin's lymphoma, you immediately begin to try to understand the why of your diagnosis. I remember having a generic annual wellness visit just months before my diagnosis and asking myself, why didn't we catch it then? Because in all honesty, those are not considered a true health screening. Those are opportunities for you to talk to your primary care provider and determine if you have experienced anything out of the norm, which at the time I wasn't. I was only 31 years old being diagnosed with a disease that is commonly found in patients above the age of 50. So no fault to my PCP because I had no symptoms and nothing was abnormal during my basic assessment, which wouldn't justify bloodwork or any other further investigating. So then I asked myself, what if I had-- what if I had done a health screening-- screening instead, would my treatment journey have looked different? I believe it would have. A

cancer diagnosis [INAUDIBLE] you, your family, your close friends and those you serve alongside fearing for your survival and you add in the stress of a financial burden a cancer diagnosis places on your life. Simply put, life still moves forward and your responsibilities in that life do not stop the moment you were diagnosed with cancer. Then you have the stress of how your body changes with every passing treatment you receive and fighting to maintain your physical ability to do your job as a firefighter. Your life you once knew is quickly becoming unrecognizable. And I would, after two years of battling cancer, return to full duty as a firefighter. I remain in such capacity since. I know from my experience and myself and my community I serve would have benefited from a preventative health screening program. I reflected on LB1177 several times now, and I can't help but relive my experience as a firefighter battling cancer and ask myself, if that experiences could have looked different if I had been screened. I want to express some of the positive impacts this bill would have on our Nebraska frontline first responders. Medical leave would be reduced due to early detection. Retention of experience would be maintained due to the health of our first responders. Most importantly, early detection saves lives. I have only been able to give you a brief look at the challenges this disease continues to place on Nebraska first responders and the value this bill provides. We, as first responders, do not like to ask for help. That doesn't mean we do not need it. The reality is, we do need help. Thank you for your time and listening to my testimony today.

STINNER: Questions? Seeing none, thank you very much. Thank you for your service.

NICK HOWE: Thanks.

STINNER: Afternoon.

TYLER FAUSSET: Afternoon. Chairman Stinner and members of the Appropriations Committee, my name is Tyler Fausset, T-y-l-e-r, F-a-u-s-s-e-t, recently retired from the Omaha Fire Department as a firefighter paramedic. I was honored to serve the citizens of my community for just over 11 years until I began to suffer from the effects of posttraumatic stress injury. That injury then no longer allowed me to do the job that I loved so much. Since my retirement, I have redirected my life to now serve the responders who help the community that I no longer can. In early 2016, after responding to a call for service that occurred in June-- in June of 2015, I found myself at rock bottom. The darkness was real. I knew at that point that I had two options, take my own life to protect those around me

from me, or to ask for help. Thankfully, today, I chose to ask for help. The problem was at that time help was not easily accessible normal-- nor were people trained and educated on how to help me. It was very much about helping and meeting me with where I was at in that specific moment. Since 2016, wonderful advancements have been made across the state within our community to educate and train people to help serve individuals like myself. Unfortunately, it's still heavily centered on meeting people in their specific state instead of being proactive. This is where the state and LB1177 come into play. By taking a proactive approach to mental health, we have found an increase in the longevity-- longevity of the employees, fewer workers' comp claims, less workplace discipline, fewer doctors appointments related to cardiac and GI issues, less rates of divorce, less rates of burnout, and the list continues to go on. But most importantly, what we have seen is lower rates of suicide. It can be easily described as a boxer with no experience jumping right into the ring only to get knocked out by the first punch. We're asking that LB1177 can provide is for that responder to be trained and have the resiliency and the education to walk through, take that punch and keep fighting. Since I was able to get myself better and learn how to heal from my injury, I find myself in numerous roles helping first responders suffering with mental injuries. I'm currently on the board of directors for the First Responders Support Network out of northern California. When I-- was one of three people who worked very hard to bring their six-day in-patient program for first responders here to Nebraska. And they'll be--appear at these retreats educating and helping-- and helping these men and women who felt so long-- alone for so long. I found myself traveling around the state of Nebraska to various departments talking with these men and women on the frontline to educate first responder-- responders on warning signs of their peers and how to better themselves. And daily I receive phone calls from first responders treading water to get to tomorrow only with hopes that it has to be better than today. The greatest thing that I have learned from all of this is that first responders do not reach out five days after their critical incident and say that was really messed up, I should talk this out. They wait five months or five years after their incident when their world is falling apart, their spouse is about to leave, their kids want nothing to do with them, and their mind and world have become so twisted, let's look down the barrel of a gun and pull the trigger is the only real peace, a real feeling that they can find. The other thing that I have learned is exactly what LB1177 provides, that if we can begin to provide benchmarks for first responders like any other disease or illness, we will see the trends towards the darkness. With the funding, we can catch them ahead of time and say, let me walk

with you. Let me help you stay healthy and here are the resources available for you. It takes a strong person to reach out and say that I need help. But I promise it takes an even stronger person to say to them, trust me, I've got you and I'm going to walk with you down your path in your journey. You'll never be alone again. That is what you're saying to our men and women who put their uniform on every day with LB1177. Appreciate your guys' time and I'm open for any questions you may have.

STINNER: Thank you. Questions? Senator Hilkemann-- or Senator Kolterman.

KOLTERMAN: Thank you, Senator Stinner. Thank you for being here today. I have a couple of questions for you just-- and this is just more educational for the rest of the committee. But do you get any kind of a disability benefit from the federal government?

TYLER FAUSSET: I have from the City of Omaha Fire Department, I have a disability pension.

KOLTERMAN: But you don't-- you don't-- you don't get Social Security disability, do you?

TYLER FAUSSET: No, my paycheck, because it is disability, is tax free. But our-- our service, because of the way it's designed with our pension system, we don't apply for Social Security.

KOLTERMAN: I don't-- I don't think people are aware of the fact that paid firemen don't get Social Security benefits. That's a huge misappropriation of funds, in my opinion. The other thing, what age is mandatory retirement for a fireman?

TYLER FAUSSET: I believe it would-- I would-- I would be guessing if I told you with the state of Nebraska laws.

KOLTERMAN: Is Darren going to testify next?

TYLER FAUSSET: Yeah, he'll be able to answer that one for you.

KOLTERMAN: Thank you for your service.

TYLER FAUSSET: Thank you.

STINNER: Any additional questions? Seeing none, thank you very much.

TYLER FAUSSET: Thank you.

STINNER: Afternoon.

DARREN GARREAN: Good afternoon, members of the Appropriations Committee. My name is Darren Garrean, D-a-r-r-e-n, last name Garrean, G-a-r-r-e-a-n, and I'm with the Nebraska Professional Firefighters Association. We represent approximately 1,400 career firefighters and paramedics here in Nebraska, and I work full-time on the-- on the streets as a firefighter paramedic. You heard testimony from a couple of other healthcare issues from first responders that first responders are affected at a different rate than that of the general public. Yes, we know that we have dangerous jobs and we continuously do what we can to make that less dangerous. We feel that LB1177 will help us do that. You heard the importance of early detection, early treatment of devastating healthcare items. With something implemented like a comprehensive healthcare screening process, we can create continued longevity for first responders and their workforce, hopefully removing some of these catastrophic healthcare events. As professionals over the last few years, we've established the growing need of cancer detection and mental health detection. With early detection, we can begin early treatment. No one would have predicted the impact of a global pandemic, but here we are seeing its negative influence on our first responders. No one would have predicted the great resignation, but it too has reached our first responders. We have an uncanny number leaving the first responder professions. We're not seeing a number of applicants hoping to fill those positions like we did a few years ago. We take a good-- we took a good look at the situation to try to help find a solution, to make sure that we can help maintain a healthy workforce of the first responders in Nebraska. The vision of LB1177 is to find a best practice in a healthcare screening process for the first responders that can help eliminate, reduce some healthcare items that we know that sidelined some of our first responders and unfortunately take them out of the workforce. Conversations with healthcare professionals on the subject matter show that this should be done with an accountable care organization. This is being proactive for Nebraska's first responders. It will help us create an effective and efficient healthcare screening process that can be scaled up and expanded when this is proven productive. Ultimately, this will provide a better service to Nebraska communities with hopes of being able to retain-- excuse me, retain as well as maintain a healthy first responder workforce. And ancillary long-term impacts should be that healthcare reduction cost will be a part of this as well. With that, I appreciate the time of the committee and I want to thank Senator Bostar for introducing this and Senator McDonnell for cosponsoring. If there's any questions, I'd be glad to answer them. And if I can-- I

guess your question specifically, firefighters in Nebraska do not get Social Security, and so they rely solely on-- on other means of being protected should they get injured so they don't have any backfall. And that's where some things, like in Tyler's case, he has a pension system that had been negotiated, which has a backfall. First-class cities really don't have a backfall. So it really depends on-- on which location you want to get into the specifics. And-- but you're exactly right. First-class cities mandatory is age 55, but we find that most firefighters cannot retire at 55 because they don't have the resources to do so. And that varies differently from like Omaha and Lincoln compared to first-class cities. I don't know if that answers your-- your question.

STINNER: Senator Kolterman.

KOLTERMAN: Thank you. That helps that-- in Omaha is it 60 or is it 55?

DARREN GARREAN: It's-- it's a minimum age 50 previously before we made some changes. Now it's a minimum age 55. We made some changes to the-- to the system. So it's age 55 and then you have to have a minimum years of service on top of that. The new minimum years of service is 30 years.

KOLTERMAN: So you alluded to first-class cities. I believe there are 17 of those that have firefighters in them.

DARREN GARREAN: I believe you're correct.

KOLTERMAN: We've been looking at that, as you well know--

DARREN GARREAN: Yes.

KOLTERMAN: --of their retirement plan for them.

DARREN GARREAN: Yes.

KOLTERMAN: But they don't-- typically don't have even as good a benefits as the city of Omaha because they don't have disability in many cases and things of that nature [INAUDIBLE].

DARREN GARREAN: I would say it's drastically worse in many cases, particularly if, let's say somebody got injured off the job, not necessarily on just-- you know, not a work comp claim, but somebody got injured off. They have no backup coverage of like a Social Security. Somebody might get injured making a-- I use this. Somebody might get hit by a bus on their day off and somebody would have a

backup protection from Social Security if they couldn't perform and-- and do-- do anything, where a firefighter really what-- whatever they have in their pocket is really all they have to live with.

KOLTERMAN: And Darren, when you-- when you work for the city of Omaha or if you're a paid fireman and you aren't eligible for Social Security, even if you go to work at age 60 or 55 and start working for 55 to 65 someplace else, your benefits are reduced dramatically and you and your spouse's benefits are reduced dramatically, is that correct?

DARREN GARREAN: That's correct. The impact of the windfall elimination provision in the Government Pension Offset can reduce any Social Security I might receive from a benefit as great as 90 percent, even though I paid for that benefit fully.

KOLTERMAN: In this particular bill, LB1177, we're specifically dealing-- are we specifically dealing with paid first responders or is there a provision in here for volunteer first responders?

DARREN GARREAN: So the goal of this program as a pilot would be to create a healthcare screening for the career side of things with a goal of maintaining that healthy workforce so they don't get sidelined or taken out of the workforce. The second part of this is, we'd like to build it in a way that is scalable and expandable, where if we prove that there are issues and if we get early detection on these things and we can make an impact, we should be able to scale that and expand that to include volunteers. But we've got to start somewhere, and that's where the pilot program say, OK, let's create a best practice, capture these things, show that if we-- if we detect these things early, creates the early treatment and have better outcomes. But in this-- in this part that we're looking to do is make sure that our workforce isn't sidelined.

KOLTERMAN: Thank you.

STINNER: Senator Dorn.

DORN: Thank you for being here. And maybe you asked-- answered some of the questions already, but if not, we're going to ask maybe Senator Bostar, I guess. You said you represent 1,400 first responders, so give me a little bit better idea what a first responder is, is it just firemen or does it include some other?

DARREN GARREAN: So the goal of this-- I represent the fire side--

DORN: OK.

DARREN GARREAN: --in addition to paramedics, so I do not necessarily represent law enforcement. But as firefighters and paramedics are, you know, throughout the state of Nebraska is who I represent.

DORN: OK. And maybe Senator Bostar can better-- $500,000 and this is a pilot screening program, so and maybe I misunderstood the cost a little bit there, but there's so much of a cost with this per person.

DARREN GARREAN: Right.

DORN: So, and the numbers may be then how it's going to factor out of how many.

DARREN GARREAN: And I think the limit is 400 was the max of this pilot program. What we know is just from the fire side of it, the National Fire Protection Association has a national standard healthcare screening, but it doesn't include some expanded things that we now know should be included. And the big part of that is the mental health screening that isn't there. So at the $5,000 that you mentioned is the max, that's like the ultimate Cadillac. Doing the basic NFPA standard that we know doesn't include everything, that's about $1,500 to $2,000.

DORN: OK.

DARREN GARREAN: So, if you look at that from a comparison aspect, that gives you-- that might give you some scale.

DORN: It's $5,000 per person and you're wanting to do 100 and that's why --

DARREN GARREAN: Exactly. So, so that really gets to what we want to get to the best practice of what is the best screening that we can do, the most amount of good for the most amount of people. What does that look like and how do that-- how do those results become measurable at the end that we can show, hey, this is-- this is going to make a difference?

DORN: Appreciate that explanation. Thank you.

DARREN GARREAN: You bet.

STINNER: Additional questions? Seeing none, thank you.

DARREN GARREAN: Thank you for your time.

STINNER: Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, we have one proponent on LB1177, which was submitted online letters. With that, Senator Bostar, would you like to close?

BOSTAR: Thank you very much, Chairman Stinner, members of the committee, for your time and attention to this issue. You know, we as a society require individuals to take up the profession of first responder. And we know that that comes with increased risks to their health. And we-- we do what we can to mitigate-- mitigate the-- those risks in the job itself, the exposure to those-- those hazards. But obviously, we can't eliminate all of them. And so therefore, this group of people are being asked by us a society to expose themselves to hazards and risks that will inevitably affect a significant number of them. So this is the other side. This is to say we should get out in front of the consequences of the job that we require them to do and help them and prevent as much as we can, some of the worst possible things from happening to this group of people that we need and ask do this job. So with that, I thank you all for your consideration. I hope that you will support this. I'd be happy to answer any other questions.

STINNER: Senator Clements.

CLEMENTS: Thank you, Chairman Stinner. Thank you, Senator Bostar. The bill talks about frontline first responders, and Mr. Garrean indicated this was going to be only for professional firefighters and paramedics. Is that your intention?

BOSTAR: So I've been working on this legislation with the professional firefighters. I think that the objective as a pilot program is to determine the-- the benefits that we can see out of this and then have it expand to be much broader. But at the moment, I have been working with the professional firefighters on this legislation.

CLEMENTS: And how will the first responders be contacted? Will they have to reach out or is somebody going to go survey every one of them?

BOSTAR: So actually, my involvement in this is coming after a lot of these organizations have been working on trying to establish what the optimum health screen is, what we would like to see in a-- in a pilot program to determine the-- the best results going forward as we try to expand it. So all this to say that there are a number of people within

the community who are actively participating already and would be available to take advantage of this pilot program if-- if it were adopted by the Legislature.

CLEMENTS: Thank you.

BOSTAR: Thank you.

STINNER: Additional questions? Senator McDonnell.

McDONNELL: Thank you, Senator Bolstar. Thanks for the information. So basically, you'd be working-- through this bill would be working through the Department of Health and Human Services to go along with Program 502 that currently exists.

BOSTAR: That's correct.

McDONNELL: With the idea of a number of firefighters throughout the state trying to make sure that we look at all paid and volunteer firefighters in the future, but the idea that your call volume is so much higher with the paid departments based on the size of the number of calls they're making and actually the exposures they're having based on the number of those calls, isn't that correct?

BOSTAR: That's correct, sir.

McDONNELL: Thank you.

STINNER: Any additional questions? Seeing none, thank you very much.

BOSTAR: Thank you very much.

STINNER: That concludes our hearing on LB1177. We'll now open up our hearing on LB1164, child welfare aid.

WISHART: Thank you, Chairman Stinner.

STINNER: Let everybody settle in here so they can pick you up on the mike. Go ahead.

WISHART: Thank you, Chairman Stinner and members of the Appropriations Committee. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t. I represent the 27th District, including parts of west Lincoln and southwestern Lancaster County. I'm here today to introduce LB1164, a bill to provide a 15 percent increase to reimbursement rates for child welfare providers. As many of you know, the Governor announced a rate increase to many providers under the Department of Health and Human Services,

including child welfare providers of parenting time and family support services. While I applaud the Governor for this generous and needed increase, it's my understanding from talking with providers and other child welfare providers of different services that they also need to be included in this increase and that increases need to be permanent. LB1164, as I stated, provides a 15 percent increase to the reimbursement rate for the following: group home services, out-of-home care services, out-of-home maintenance, agency supported foster care, emergency shelter center care, agency supported respite care, drug testing, in-home family support, out-of-home family support, supervised visitation, in-home safety, travel time and distance, intensive family preservation, and intensive family reunification services. Colleagues, I've invited providers here today to go into detail about why this rate increase is desperately needed and to provide some historical context that supports at least a 15 percent increase. They will break down the numbers for you of why this increase is needed. I'd be happy to answer any questions.

STINNER: Questions? Seeing none, thank you. Additional proponents?

PEGG SIEMEK-ASCHE: Good afternoon, or evening, members of the Appropriations Committee. My name is Pegg Siemek-Asche, P-e-g-g S-i-e-m-e-k-A-s-c-h-e. I am the CEO of NOVA Treatment Community and president of the Children and Family Coalition of Nebraska or CAFCON, who I'm testifying on behalf of today. CAFCON is comprised of nine child welfare and family service provider agencies with a shared mission to make a collective, positive impact for Nebraska's children, youth and families. The nine established leader organizations of CAFCON are the backbone of child welfare services in the state. These agencies include Bethany Christian Services, Boys Town, CSI, Heartland Family Services, KDC, Lutheran Family Services, Nebraska Children's Home Society, NOVA, and Omaha Home for Boys. We do appreciate the opportunity to share our experiences today. First, I wish to thank Senator Wishart and the attentiveness of the Appropriations Committee to child welfare service providers. To be expedient with the committee's time, I am testifying as president of CAFCON, but I provided a collection of letters from member agencies for your review and consideration. CAFCON is committed to ensure children and families have their needs met, and although that commitment remains true, it has been difficult and challenging due to the increased demand and cost to our member organizations over the last several years. In preparation for today's hearing, CAFCON members were asked to review the financial sustainability of their state contracts and what percent increase would be necessary to continue providing the service and pay a competitive wage to their staff. Deficiencies ranged anywhere from

10 percent to 50 percent of the current contracted rate. Most respondents indicated a 15 percent increase would be a good starting place, although for some that amount would be a considerable compromise. Service providers are essential to timely safety, permanency, and stability for children and families. Unfortunately, the details did-- detailed in LB1164 do not include the entirety of early intervention and postpermanency services provided to children and families in Nebraska. We ask the committee to consider ensuring the rate increase applies to the broad scope of services provided, and caution that an exclusive list may miss some important services that are presently underfunded. Indeed, there are currently some services that are in transition from St. Francis to DHHS, and service names can change over time. Without an intent to provide an across-the-board rent-- rate increase to all providers for all child welfare service types, it will create an unintended disincentive for the creation and piloting of new services that could better meet a family's needs. We ask the committee to consider an increase reimbursement rate for all child welfare service providers under contract with DHHS Children and Family Services. The services affected would include, but are not limited to, services for candidates of foster care, in-home and out-of-home supports and services provided to children, parents and caregivers of children under the state's custody to achieve and sustain permanency objectives. Thank you, Senator Wishart, for introducing the bill and the Appropriations Committee for your consideration. We'd be happy to continue discussions and be a resource to the committee. I'm available to answer any questions you may have.

STINNER: Any questions? So when I compare the $5.1 million that the Governor did for welfare rates for six months, you're saying not all of the services that you're recommending are in his?

PEGG SIEMEK-ASCHE: Correct.

STINNER: Do you know which services?

PEGG SIEMEK-ASCHE: I do not know which ones. I know that of all these entities, there's a number and a range of services that are provided. So I don't know which ones.

STINNER: OK, thank you very much.

PEGG SIEMEK-ASCHE: You're welcome.

DEBORAH MINARDI: Good afternoon again, Senators, and Chairman Stinner.

STINNER: Good afternoon.

DEBORAH MINARDI: My name is Deborah Minardi, D-e-b-o-r-a-h M-i-n-a-r-d-i, and I'm the probation administrator. I am not going to read to you my testimony today, as it would be much of what you heard earlier from me about why including rates is important, as well as for our provider network. Probation and the Supreme Court is in support of LB1164. In particular, juvenile justice is-- is a user through a referral source and-- and a payee for the services listed in LB1164. We have had discussions with Senator Wishart. We understand that she is open to an amendment to this bill as well to include probation as part of those rate changes to ensure that we are able to access these services as well. So it just in summation, I would say we support the rates, we need the providers. We have waiting lists that are way too long for our kids. This is an important bill and we are in favor and I'll answer any questions that you may have.

STINNER: So, you say you have a waiting list. Where are they waiting at? Are they still in the home where they were at, or have you pulled them out of the home, put them in jail, or where do they go?

DEBORAH MINARDI: Unfortunately, many of our youth stay in detention waiting for some of these services.

STINNER: That's if we have detention.

DEBORAH MINARDI: If we have detention.

STINNER: I don't have it out west.

DEBORAH MINARDI: Then we oftentimes transport them to a detention facility way away-- miles away from their parents. Or they're in, you know, or they're forced to go into a level of care that may not be appropriate for them.

STINNER: OK, until you can find someone to take them.

DEBORAH MINARDI: Correct.

STINNER: I'd really like to have more details on your waiting list and where those kids are today, so I--

DEBORAH MINARDI: We'll be happy to provide that for you.

STINNER: -- can take a look. Yeah. Senator Dorn.

DORN: Thank you for being here. When you say probation, have they gone-- they've gone through a program or through the court system to put them in that, or what do you mean by probation?

DEBORAH MINARDI: When a youth is placed on probation, there are certain conditions of that-- if they have been adjudicated and now are under the supervision of probation, and sometimes those youth need services that can include foster care or out-of-home placement because of their needs.

STINNER: Additional questions? Seeing none, thank you.

DEBORAH MINARDI: Thank you.

HEATHER BIRD: Well, good afternoon or evening, Chairman Stinner.

STINNER: It's getting close. We got 45 minutes, so it's still afternoon, right?

HEATHER BIRD: I know. Who knows?

STINNER: I hate deduction things.

HEATHER BIRD: Well, hello. Just welcome, I guess. Thanks for having me here. My name is Heather Bird, spelled H-e-a-t-h-e-r B-i-r-d, and I serve as the Nebraska Behavioral Health Director of Heartland Family Service, a nonprofit in Omaha. But I appear before you today as vice president of Adult Services of NABH0. NABHO is an association of 49 behavioral health member organizations, and our mission is focused on ensuring-- ensuring quality behavioral health services in our state. So on behalf of our member agencies who serve Nebraskans across all of our 93 counties, I want to thank Senator Wishart for introducing this bill. We would encourage you to vote in favor of LB1164 to increase child welfare rates. As funding gaps widen in our current financial and social climate, we are seeing a destabilizing of services for families. That's really a major cause for concern. Our staff and programs that provide quality services to children and families are very much underfunded, and the result is our families aren't being adequately served. So for example, at Heartland Family Service, we have a residential substance use treatment program for women and children, and typically about 60 percent of our families in that program are involved in child welfare. And often, moms come to the program without their kids and their kids are-- have been removed. And so typically the children are reunited with the moms after about 30 days, 30 to 45 days of being in the program. And so to reunite, the moms need to have successful supervised visits first. We are-- we have

been seeing time and time again, this is not happening because of the lack of service and workers available. And this extends the reunification rate for the children, which extends the behavioral health needs of the children and families. Our program addresses the trauma and the attachment needs of separation. And we have less time to work with the families because of that. So it's just a cycle that is not helpful in meeting the families' needs. With very little progress and nominal increases on-- increases on occasion, we've had to close programs and decrease the resources available in our community to help children and families. One example is in 2019, we had to close our Emergency Shelter Group Home and in-home service program that we operated in Fremont due to our inability to meet the rising costs and the growing gap by the gaps of the funding. And now it's just only widening with the worker shortage that all of the businesses are facing. And we're having a hard time, as you've heard before, recruiting candidates to work in our programs. So right now, to meet the gap, it would-- what it costs us to deliver our services and what we are reimbursed, we would need a 44 percent increase to break even. So continue underfunding of these programs is extremely destabilizing and creates additional trauma and harm for our children and families. We really encourage you with great urgency to vote in favor of the bill and vote it out of committee. Thank you.

STINNER: Are there questions? Seeing none, thank you very much. Afternoon.

JIM BLUE: Good afternoon, I was looking for a cue on that.

STINNER: Another 40 minutes, how's that?

JIM BLUE: Senator Stinner, members of the Appropriations Committee, my name is Jim Blue, J-i-m B-l-u-e. I'd like to thank you for this opportunity to talk today about LB1164 and how important it is to services for children and family in the state of Nebraska. I also would like to thank certainly Senator Wishart for her leadership in introducing this bill and the conversation today. To build on an earlier testimony, it's also really important that probation be under consideration here also. Nearly every service that the Cedars organization provides is provided duly to the Department of Health and Human Services and the Juvenile Probation System, so those rates need be commensurate. Cedars organization is one of the largest child welfare organizations in the state. We provide services in Douglas County, Lancaster County, and really throughout Nebraska. Kids from all over the state come for the services because they have become so limited over the years, largely because of the rate issue. Last year,

this committee included a 2 percent rate increase for child welfare services, and that was a much-needed start. We were able to give our foster parents that same 2 percent increase, and that was critically important because they are the backbone of our system of care for any child who cannot live safely at home. The current rate for our nationally accredited emergency shelter, which is one of the few remaining in the state, is approximately half of our actual cost of care. You just heard testimony about our friends at Heartland Family Services having to make that difficult decision, and we are hanging on because it was a founding program of the Cedars organization in 1947. The rates are half of our actual cost of care today and we are full this morning. Nearly all of the young lives that we are working for here today are the legal responsibility of the state of Nebraska. This is not just nice work, this is essential work, which is the responsibility of every citizen of our state. If we've learned anything from the selection process of a certain private contractor in the Omaha area, children's welfare should not be about who can do it the cheapest. Beyond that experience, though, there has been a huge cost of service inefficiencies throughout our state because of our decades-long underinvestment in children and family services. You're going to be hearing a lot of concerns here today. You already have. I want you to know there are great things being done for children, youth and families across our state, but it is getting very, very desperate. We've had to come up with $250,000, a quarter of a million dollars, to boost salaries to attract people to come and be with the kids in emergency shelter and all these other services. This is critically important and we are so grateful for your consideration today. And I am done. I'll be happy to answer any questions you might have.

STINNER: Questions? Seeing none, thank you. Thank you for your work.

MIKE BETZOLD: Good afternoon, Chairman Stinner and members of the Appropriations Committee. I am Mike Betzold, spelled M-i-k-e B-e-t-z-o-l-d. I am the CEO of Better Living Counseling Services, and today I represent the Nebraska Alliance of Family and Child Service Providers as the president. We are an association of child welfare providers, making up the seven organizations who individually contract with DHHS to provide child welfare services to hundreds of families in over 60 Nebraska counties outside of the eastern service area. Our employees drive over 3.5 million miles annually in their own vehicles, ensuring that children are safe and that families receive the services they need. I want to thank Senator Wishart for introducing LB1164 and for her recognition that our child welfare system needs some immediate help. I'm going to be very blunt with you today. Providers outside of Nebraska-- outside of Douglas and Sarpy County are currently picking

and choosing cases that we take based on where the families live, as well as our capacity to serve them. Let me explain inclusively, walk you through the top page of the handout that I just gave you. We have received a 2 percent rate increase, 3 of the last 12 years. At that same time frame, there have been over 20 changes to our contract, resulting in decreased revenue and/or increased expenses costing us hundreds of thousands, and in some cases, millions of dollars. One of the biggest changes occurred in 2015 when DHHS reduced the amount they pay to transport families to and from services. Our reimbursed rate went from $47 an hour to $18 an hour plus mileage. However, our expenses for providing the service remain the same. Fast forward to today. We are looking at a third year of a pandemic. The number of families needing services is on the rise. The actual needs of families we serve is on the rise. The number of weeks families are staying in the system is on the rise. The security needs of our employees is on the rise when they go to the homes of the vulnerable families in which they work. Our business expenses also continue to go up. We can no longer do what DHHS is asking us to do based on what they are paying, and families cannot wait years for the state to figure out what to do and how much to pay. Quite simply, we cannot hire enough employees. Therefore, we are refusing to take cases in rural areas that require a lot of travel time because we lose money on these cases and have for years. And we simply can't afford to continue to do so. Some of us have offices in several smaller communities that we're going to have to close in the next six months if something doesn't change. We can't keep employees because they quickly realize they can work elsewhere, including the state, for more money and better working conditions with the regular hours. But the majority of our employees work evenings and weekends, and the state requires providers to be on-call 24-7. In addition, we struggle hiring enough mental health therapists. Therefore, we cannot provide intensive family preservation and intensive family reunification services to all of the families that need assistance. The waiting lists continue to grow and grow and grow. As I wrap up, I want to express one more concern. The Department of Health and Human Services has a long history of making changes to the contract that eats up any rate increases passed along to providers. For example, the 2 percent increase we received each of the last three years has been eaten up by changes that are mandated in the contract by DHHS, including increased insurance costs that we have to carry, as well as increased training time that is required of our employees before they go out and serve families. These are all things that the department continues to add to the contract without funding any of those changes passed along to providers. A testifier behind me will speak more directly to what we need so providers no longer are forced

to pick and choose the cases that we take. In addition to what I have already handed you, I have two letters from foster families who could not be here today because they have four to seven children in their home, and they weren't able to sit here and wait to testify, but they wanted their voice to be heard. They wanted you to know that they are, because providers can't do the services, are offering to do the services on their behalf without being paid for their time. And so I will give you those as well. With that, I'd be happy to answer any questions. And Senator Stinner, I'll answer the question you asked earlier. The recent increase that providers were given by the Governor only covered family support and visitation services. The Department of Health and Human Services had asked us as a provider community to put together our cost of what we would need for a rate for those two services; $35 for drive time; $65 for the actual service time. We were told that the Governor decided to meet us somewhere in the middle. And so that's how that amount was determined. It is still not enough. It's a good start and we're happy that he came forward with that, but it still doesn't address our issue.

STINNER: Very good. Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here today. What happens to those kids or foster kids that then you're choosing not to serve?

MIKE BETZOLD: That would be a good question to ask the department. I can make a guess, but I'm not there, so I can't tell you.

DORN: Most likely, they're not served.

MIKE BETZOLD: Correct.

DORN: OK, thank you.

STINNER: Additional questions? Thank you.

MIKE BETZOLD: Thank you.

STINNER: Good evening. It's 5:30.

RYAN STANTON: All right. Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Ryan Stanton. That's spelled R-y-a-n S-t-a-n-t-o-n. I'm the CEO of Compass in Kearney, and we're also a member of the Nebraska Alliance for Child and-- Family and Child Service Providers. I, too, want to thank Senator Wishart for introducing this bill of legislation for caring about vulnerable

children across our state. You might remember that I testified in front of you last week asking for American Rescue Plan Act dollars. Like Mike said, the hole is deep and we need you to utilize all of your tools at your disposal for filling it. I want to quickly walk you through what we need to do that. Currently, we're paid $49.88 an hour for family support, parenting time, supervised visitation. That has to cover an employee's hourly wage, administrative expenses, operating expenses, and other business expenses. Keep in mind that only 6 percent-- that's 6 percent more than what we were paid in 2010, and that 6 percent has all been eaten up by changes to our contract as explained before. In order to ensure that our rate covers all of our expenses, we're only able to pay our employees $13 to $15 an hour. That's the exact same wage we were paying them in 2019 before the pandemic. I think it's important to note that the state recognized that they were not able to compete for employees in the marketplace, so on November 1 they gave several employee classifications, including their family service specialists, a 20 percent increase. So as a result, the state is paying trade employees who do similar work as ours over $22 an hour, plus very generous state benefits. In October of 2021, we sent DHHS a letter that you should have received last fall, but I have provided that, another copy to you today. That requested the family support parenting time, supervised visitation rate be raised from $49.88 an hour to $65 an hour, and the drive-time rate be raised from $19.10 an hour to $35 an hour. We believe that this would allow us to pay our employees about $16 to $18 an hour. I would be remiss if I didn't recognize the Governor for responding to our request by giving us a temporary rate increase to $55 an hour for family support and parenting time, supervised visitation and 25 hours for drive time. And while we are grateful that he heard our pleas, this increase doesn't fix any of the problems in our short term or for the long term. We've not heard when we can expect to see that rate change. It was effective January 1, but we haven't seen any updated authorizations come out yet. And because it's temporary, we certainly can't make any long-term decisions based on that. We've been told by some senate-- senators, including some of those on this committee, that we should be paying our employees $20 an hour. And let me be the first to say that I couldn't agree more. To do so, we need the family support and parenting-- parenting time rate to be over $70 an hour. We want to be clear, until we're paid a rate that reflects the marketplace that we're operating in and values the services that we provide, we're forced to continue to pick and choose which families we serve and those that we don't serve will likely be in those rural-- rural areas. Again, I want to thank Senator Wishart for introducing this bill and being willing to address child welfare provider rates is

no small task, and we're grateful for her to take it on. I'm happy to answer any questions.

STINNER: Very good. Any questions? Seeing none, thank you.

RYAN STANTON: Thank you.

BRIAN RADER: Good evening.

STINNER: Evening.

BRIAN RADER: My name is Brian Rader, B-r-i-a-n R-a-d-e-r, and I am the risk and facilities officer for Christian Heritage, and today-- this evening, I'll be testifying in support of LB1164. Good afternoon, Chairman Stinner and members of the Appropriations Committee. Senator Wishart, on behalf of Christian Heritage and many other providers across our great state, as well as the many children and families that we are privileged to serve, I extend our appreciation to you for introducing LB1164. As I prepared and reviewed my testimony for today, I realize that you are all very aware of the situation that the service providers and the Nebraska Department of Health and Human Services are facing. Therefore, I will simply just remind you of a few critical issues that we are facing and how we need to continue to shore up our partnership with the Nebraska Department of Health and Human Services in order to be able to continue to provide services that prevent abuse and neglect, that protect vulnerable children, and that restore children with their families. It's been stated that institutions move at the speed of the mission, but families move at the speed of the slowest person. Well, as you are all aware, the past two years have really influenced our world, our nation, the state, cities, communities, and the family unit. Families are facing health, social and financial issues, and sadly too many families are unable to manage all these issues. As a result, the need for mental health services, preventative and protective family support and family based services is on the rise. Vulnerable children and families need our support, our care and our services as together we slow down to help them manage the many issues they face, which too often includes trauma within family homes. Caring for our vulnerable children and families is at the core of who we are as Nebraskans and American citizens. Now, from my perspective, the sky is not falling. However, from my realistic perspective, the earth is shaking and we need to shore up the foundation to improve family stability, especially for our vulnerable children and their families. Inflation is high. The cost of living is rising. Out-of-home care in the past-- Nebraska is back on the rise and the need for preventative, protective, and restorative

services is outpacing our ability as providers to respond to the needs. Now, I know that all of you know this, as evidenced by the recent rate and pay increases that have already been approved within various departments and programs in the state of Nebraska. Likewise, at Christian Heritage, we've increased our base wages three times within the last 15 months in order to attract qualified applicants. However, our current open job list is larger, not smaller. As a result, we are at a critical point of turning away vulnerable children and families simply because we're not able to fill multiple staff vacancies that provide the necessary support that the children and families are in immediate need of. However, with your support of LB1164, this rate increase will allow us to offer competitive wages with which to employ qualified staff who will run towards, much as a first responder does, to the vulnerable children and families and provide them with the necessary support and care that they deserve. Thank you for listening to our testimony this afternoon and for your support of LB1164. I'd be happy to respond to any questions that you might have for me.

STINNER: Any questions? Seeing none, thank you.

LAURA OPFER: Evening.

STINNER: Evening.

LAURA OPFER: Good evening, Chairman Stinner and Appropriations Committee members. My name is Laura Opfer, L-a-u-r-a O-p-f-e-r, and I'm the policy analyst for the Nebraska Children's Commission. On behalf of the commission, I'm testifying in support of LB1164. I also want to add that I am a former case manager and foster and adoptive parent. I have three girls who are just as sweet as can be, and just a few years ago relied on these very services that we're talking about today. So this is near and dear to my heart. I'm here today to speak specifically about foster care rates. The Foster Care Rate Reimbursement Committee, as some of you know, is one of five statutory committees that falls under the commission. The commission provides three branch leadership and community resource expertise to support transparent policy change. The committee includes Governor appointed foster parents, foster care agencies, advocates as well as DHHS and probation representatives. When the committee was created in 2012, some of you may remember privatization had collapsed in most of our state and Nebraska's child-- Nebraska's foster care rates were among the lowest in our nation. In fact, they had not been updated since the 1990s. Since its inception, the rate committee has spearheaded many components of foster care reform, including standardized levels of

care, direct payment to foster parents, and several assessment tools. The rate committee is required by statute to submit a report every four years regarding foster care reimbursement rates to the HHS Committee. In June of 2020, the rate committee submitted its most recent port-- report to the HHS Committee, making recommendations in four main areas. One of them, of course, to increase foster parent and agency support rates backed by several years of research. These recommendations were made using four main sources, and those are listed in my testimony. It is important to note that the work of the Rate Committee for its 2020 report was completed largely in 2018 and 2019, seems like so long ago, prior to the COVID-19 pandemic. Our rate recommendations considered average inflation rates over the time frame they were intended to span, and over the last two years, service providers and foster parents alike, as you've heard this evening, have experienced significant unexpected cost increases. Given the rate committee's recommendations in 2020 and the unusual increase in the cost of goods and services over the last two years, it is essential to address child welfare provider rates. We saw the impact ignoring rates had on the foster care system leading up to 2012, and to be honest, that's not a mistake we can afford to make again. LB1164 validates foster parents and service providers through maintaining fair rates that accurately reflect the costs of caring for children. Thank you, Senator Wishart and Appropriations Committee, for your leadership and work on behalf of children and families in Nebraska. On behalf of the commission, I urge you to advance LB1164. With that, I'll take any questions.

STINNER: Any questions? Seeing none, thank you.

LAURA OPFER: Thank you.

STINNER: Any additional proponents? Any opponents? Seeing none, anyone in the neutral capacity? We have letters of support on LB1164, 5 proponents, 0 opponents, 0 neutral. Senator Wishart, would you like to close? Senator Wishart waives, mercifully. (LAUGHTER) And that concludes our testimony on LB1164 and our hearings for today.