HARDIN: Welcome to the Health and Human Services Committee. I'm Senator Brian Hardin, representative of Legislative District 48. That's Banner, Kimball, Scotts Bluff County. Who knows where that is in the 93 counties of Nebraska? All three of you. That's marvelous. So go as far west as you can before you fall off into Wyoming. That's where we are. And I serve as chair of this committee. We will take up the bills in the order that they are posted. This public hearing today is your opportunity to be a part of the legislative process and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out one of the green testifiers sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. Please move to the front row to be ready to testify when it's your turn to come forward. Give the testifier sheet to the page. If you do not wish to testify, but would like to indicate your position on a bill. There are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and your last name to ensure that we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We will be using a five minute light system for all testifiers. When you begin your testimony, the light on the table will be green; when the yellow light comes on you have one minute remaining; and the red light means you're about to be launched through the ceiling and somewhere on the other side of the building; we'll ask you to wrap it up at that point. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard, it is just part of the process as senators have other bills. I think there are 600-some bills that have now been dropped? And so they're, they're out there running about introducing those bills. So a few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring at least a dozen and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. You'll get the chance to meet one of our red coats or troopers. Such behavior may be a cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written

position comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included on the committee statement. I will now have the committee members with us today introduce themselves. Starting on my left.

RIEPE: I'm Merv Riepe, I represent District 12, which is Omaha and the little town of Ralston.

FREDRICKSON: Senator John Fredrickson, I represent District 20, which is in central west Omaha.

MEYER: Senator Glen Meyer. I represent District 17; it's Dakota, Thurston, Wayne, and the southern part of Dixon County.

QUICK: Dan Quick, District 35, Grand Island.

BALLARD: Beau Ballard, District 21, in northwest Lincoln and northern Lancaster County.

HARDIN: Also assisting the committee to my left is our research analyst Bryson Bartels, and to my far left is our committee clerk, Barb Dorn. Our pages for the committee today are Sydney Cochran, majoring in business administration and U.S. history at the-- at UNL, and Tate Smith of Columbus, a political science major, also at UNL. Today's agenda is posted outside the hearing room. And with that, we will begin today's hearing with LB10.

HUGHES: I can remember that number.

HARDIN: Welcome.

HUGHES: Thank you. Thank you, Mr. Chairman and fellow members of the Health and Human Services Committee, I am Jana Hughes, J-a-n-a H-u-g-h-e-s, and I represent Legislative District 24, which is Seward, York, Polk County, and a little bit of Butler County. I am here to introduce LB10. LB10 is a cleanup bill. We are cleaning up an issue that was created by the federal government last year after the passage of LB1035, the prescription drug donation program. LB1035 was a bill I brought after hearing from a constituent about what Iowa had been

doing. Rather than throwing away perfectly good prescriptions, Iowa had built a system to safely collect and redistribute medication to under insured and uninsured citizens. These medications are unexpired and in tamper proof packaging. Think blister packs. Any medication that we might buy in a bottle we wouldn't be able to use in a recycling program because you don't know clearly what, what has happened with the medication in that bottle. Any medicine that has to be refrigerated or that is expired, or controlled substances like opioids would not be accepted either. Rather than reinventing the wheel, LB1035 required DHHS to contract with Iowa's program and allow people in Nebraska to donate their unneeded medications, and eligible citizens in Nebraska to receive them. Nebraska currently disposes around 30,000 pounds of prescriptions annually at a cost of $25 a pound. We thought rather than pay a firm, which we send it down to Texas to incinerate, I don't know why Texas, but we do, we could pay Iowa to help us recycle them and then prescribe them back in to folks in Nebraska that are in need. LB1035 passed in April and was signed into law by Governor Pillen. In June, the federal government issued a rule that continued the decade-long efforts to implement a law passed in 2013, the Drug Security Supply Chain Act, the DSSCA. We like our acronyms. I know you're thinking, a decade? Well, it's the federal government, so nothing happens quickly. We should not be surprised. The federal bill was intended to track prescriptions to ensure that they aren't counterfeit and for the safety of those people that receive the medication. That is a very good thing. However, the feds didn't do their homework and wrote the rule and it ultimately disrupted drug donation programs. Iowa has a waiver process in place that allows them to continue programs like their drug donation program if it's impacted by a federal rule or regulation, giving them time to implement a legislative fix. We don't have that here in Nebraska, and that is why this program has been unimplemented to this point. This is why if anybody of you have been paying attention to the governor's budget request that is now in speaker Arch's bill, LB264, that the funds to implement LB1035 have been zeroed out. The reason the funds our donation pro-- program were not spent is because of the federal rule and that was not effectively commi-- communicated to the governor's team and therefore it was on the chopping block. We have been hard at work trying to undo that miscommunication and get the funds for the upcoming budget year to get it restored. In the meantime, LB10 would allow Nebraska to implement the program as intended and as we work to get things sorted out for the, the

financial aspect of it. Since the federal rule to implement DSSCA does not specify whether it applies or not to prescriptions that have been donate, donated, LB10 clarifies that the federal rule does not apply to our prescription drug donation program. LB10 also makes one additional change to the program brought to our attention by the governor's team, and that is to allow the governor to access the program directly, to provide citizens that have been impacted in this in-- by an emergency such as a natural disaster. So right now, how the-- how it works is the only citizens that can get this medication are those that are under-insured or uninsured. But if we would have a case of, maybe I mean, it could be like the tornado thing in Omaha, then even though you, you might be insured, it's an emergency, we could get that medication for those guys if needed in that state of emergency. DHHS, in consul-- consultation with the governor's staff, brought that late change to my attention after I'd introduced LB10. The term "victim" was included in that language to allow the governor to access prescription drug donation in times of emergency, and that has-- is problematic. It's referenced in elsewhere in statute, and it's really used in relation to crimes. So we've handed out an amendment, AM12, that's shared with you, and that replaces the term "victims" with "any individual who is impacted as a result of a state of emergency declared by the governor," so that should clean that up. This amendment also contains an E clause so we can get this passed quickly and get the prescription drug up and running. The prescription drug donation program is an opportunity to spend our tax dollars wisely. Rather than throwing everything away, we can reclaim a portion of our unneeded prescriptions and allow under-insured and under-insured Nebraska residents to access them. We will still need our drug disposal program for expired medicine, controlled substances, etc. But we can save additional state dollars by reducing the cost of Medicaid dollars paying for potential emergency room visits due to lack of access to many preventative medications for things like high blood pressure, diabetes, stroke, and heart condition by bringing those medications back in and directing them to folks that might not have them. In Iowa, where their donation program has existed since 20-- or is in their 18th year, I believe it was 2007, they've extended their access to donate medica-- medicines to those existing, or exiting the justice system there. And there, when you leave the justice system, you're not allowed to take your prescription from the facility, the correctional facility. So when they finish their sentence, they've got-- they have their-- they can access a

prescription drug donation program and get that inmate on release a month, a couple of weeks, whatever of their medications to continue them on that path, and they have actually seen a drop in recidivism rate by allowing that. So that is another potential savings we could have here once we get this up and running. So, Senator Hardin and members of the committee, I urge you to support LB10 and send it to General File so we can get this up and running this year. As I said, I've handed out the amendment, so I would love it to come out of committee with that amendment in place. And I'm going to do my part and resolve the funding issue so that we can actually save the taxpayers money while also helping people in need. So thank you.

HARDIN: Thank you, Senator Hughes. Questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here. Can you tell me what-- how much-- what was the funds, were the funds that the governor cut out?

HUGHES: It was, don't quote me, is about $560,000?

Unidentified: $528,000.

HUGHES: $528,000-ish.

RIEPE: o, OK. I'd like to add to that. I did have the opportunity to go with you, Senator, over--

HUGHES: Yes.

RIEPE: --to Iowa, to Des Moines to visit the facility. And we thought, quite frankly, coming back that we were doing the right thing because we were trying to avoid needless duplication. We didn't need to set up another unit in Nebraska with all the overhead. And I think the fiscal note, correct me where I'm wrong, came in and they put in that we would need a warehouse. I don't know where--

HUGHES: That was the initial fiscal note, and it was well over $1 million, million.

RIEPE: Unless we're going to have a car show, I don't know what, what we needed one for.

HUGHES: Yeah, right. And now we're-- that you're exactly right, Senator Riepe. There was no sense in us creating our own prescription drug donation program and warehouse and all the staffing and at that. And it just it kind of lucked out this-- the constituent of mine that reached out, and then when we reach out to Iowa SafeNetRx, they were also looking for other states to partner with because they have-- when we toured that facility, and it's not that big of a facility, maybe three-ish times the size of this room, four times, $20 million worth of inventory of medication in that footprint. $20 million that we would be destroying. Because once it's been, you know, sent out to someone, we, we're not taking anything back. And so they were looking for more partners because they want-- because as that medication expires in their warehouse, they don't want to have to destroy it, right? So they want more options of getting this medication back out to people in need. So, yeah, we, we agreed and we thought it was a real win-win for Nebraska. The fiscal note did have-- does, have about $80,000 for, for DHHS to manage, which I feel like might be a little high. So I, I-- you know, I mean the fiscal notes are fiscal notes, so we'll see. But ultimately we should save money on the take back because you're destroying less, right? As you're funneling more to the recycling program.

RIEPE: My observation was they have a pharmacist. They have excellent quality control.

HUGHES: Yes.

RIEPE: And it does good for people that cannot afford these things, I mean.

HUGHES: And it is actually a nonprofit, too. So they had people we-- that we saw, people that come and volunteer and work and check in the medication and things like that. But yeah, it was, it was impressive. It was impressive.

RIEPE: I'm not sure what-- excuse me, Chairman. I'm not sure what DHHS' role is once this thing is operational. So if they think that they have to have two full time employees just to oversee it, I, I might argue with that.

HUGHES: Right. Right. And I [INAUDIBLE] one. And it's kind of like any program, it, it'll take, you know, it'll take a while to get going and

for-- it's really medication mostly coming from like nursing homes or those residential type facilities, because they have to be blister packed. I think also in our Corrections, their medication is blister packs, so that could come back if, if, you know, someone doesn't use it. But I mean, you think about it, I, I know people in nursing homes, they'll get a 90 day prescription, right? And let's say it's a blood pressure med, and five days in, it's not working as intended, so you have to change whatever the dosage is. That's 85 days of medication that is thrown away because it's already been prescribed to this individual and it gets ditched. So I think there's a lot of medication there that can go to these type of facilities. And then it's an awareness thing, too, that are like People's City Clinics and stuff aware of it. And how it works is, if I'm a pharmacist for like under-insured or looking for these things, it's real time inventory. I go to the SafeNetRx site. If they've got whatever meds, first come, first served. If I put my order in, it's going to come to me to give to, you know, so and so.

HARDIN: Good.

HUGHES: So pretty neat deal.

HARDIN: Any other questions? Yes, John.

FREDRICKSON: Thank you, Chair Hardin. Thank you, Senator Hughes, for being here, for bringing this bill. I remember when you brought it last year I was excited about it, I think it's a great program.

HUGHES: Yeah, we-- yeah.

FREDRICKSON: So. I, I appreciate also your clarification about the proposed budget from the executive branch, specifically as it relates to sweeping the funds that had previously-- I appreciate you clarifying that part of the reason those weren't spent were not because the program was not working, but more because--

HUGHES: We couldn't.

FREDRICKSON: --we hadn't really had the opportunity to implement. But my question for you, you mentioned something in your opening that was particularly compelling to be used. You said we currently pay around $25 a pound to destroy--

HUGHES: To incinerate.

FREDRICKSON: --medication that's perfectly good. Do you know approximately how much we're spending a year on that? Because I'm just thinking in terms of--

HUGHES: I-- there-- the takeback program, I'm going to check, $750,000-ish? Is that-- oh yeah, we do have a number, sorry. My legislative aide is so helpful. So the current drug disposal program, which incinerates stuff, it's, it's partly funded by appropriations, direct appropriations, and from grants. And so direct appropriations, like for '23-24 and '24-25 were in LB814, that was about $290,000. And then they get grants from like specifically the Nebraska Environmental Trust, because clearly, I mean, you guys know the problem with used medications, you don't want to flush it down the toilet. Right? Because it ends up in our water system and things. So there it's a, it's a very environmental issue as well. And the Environmental Trust Fund has-- well, their fund has like $26 million in it, and they've been around $300,000 when they give out grants and awards. So I, I don't have a specific exact what they spend per year.

FREDRICKSON: Yes. So far from what I'm understanding is we're spending approximately, and I'll have to make sure this is correct, but around $700,000 to $750,000--

HUGHES: Yes, I would say.

FREDRICKSON: --to destroy the medication.

HUGHES: Right. And you're always going to have to have-- you're always going to destroy some.

FREDRICKSON: Yep. Yep. OK. Thank you.

HARDIN: Other questions? Senator Hansen.

HANSEN: Thank you. Does this ever differentiate between different types of medications like opiates at all? Like some that [INAUDIBLE].

HUGHES: It won't-- they don't take opi-- opioids.

HANSEN: OK. I didn't know for sure. OK.

HUGHES: Yeah.

HANSEN: And--

HUGHES: Like controlled substances, anything refrigerated, it's got-- it's-- yeah.

HANSEN: OK. That's what I was wondering. Do you know why-- maybe the Pharmacy Association can answer this after you, if they testify. Why can't people, those who get released from jail, keep using the medication that they're currently on?

HUGHES: That is a good que-- the Corrections will not-- they don't send it-- it seems crazy to me. Give them a week's worth, give them a month's worth on release.

HANSEN: If they're on something, you know, most of the bottle left over, and I don't know, it's prescribed by a medical professional.

HUGHES: Didn't we do some-- did we do something that they automatically can get on Medicare coverage right upon release to help with that last year?

HANSEN: I don't think so.

BRYSON BARTELS: We didn't pass that.

HUGHES: We didn't pass it? OK.

HANSEN: All right. Just curious.

HUGHES: I know. It doesn't seem right. Right? You need to stay on your meds to be stable, like, hello.

HANSEN: Yeah, it's some stuff. Thank you.

HUGHES: Yep.

HARDIN: Senator Meyer.

MEYER: Thank you, Mr. Chairman. Senator, I just have a, a question. And it's just a matter of curiosity on my part. When we talk about dispensing these in an emergency situation, or disaster, whatever,

what's the process on that? And I don't-- I-- if it's addressed in here, I, I missed that, but it--

HUGHES: I think it would-- I would imagine it would be handled the same way. So pharmacists are going to have access to the data, the database at SafeNet--

MEYER: So essentially a pharmacist would be dispensing this on, on request in an emergency situation.

HUGHES: Correct.

MEYER: OK.

HUGHES: Yeah.

MEYER: Thank you.

HUGHES: I don't know why it would be any different. So.

HARDIN: Any other questions? I have one. You were saying that Iowa is an interesting place that's been doing this for 18 years?

HUGHES: 2007 I think, yeah.

HARDIN: 18 years? What's taken us so long?

HUGHES: You tell me. I don't know. I, I have no idea why. And, and a constituent--

HARDIN: To your knowledge, has this come up before?

HUGHES: --someone from Utica sent me an email and I was like, do they do this in Iowa, you know, It was like, it was their dad or mom, I can't remember, in a nursing home.

HARDIN: How many other states touching us do this? Do you know?

HUGHES: Colorado has one. Wyoming have one? And then there's some on the East Coast that I know of for sure.

HARDIN: OK.

HUGHES: Yeah, I, I-- it's, right? It's just common sense.

HARDIN: OK.

HUGHES: Therefore, we won't do it.

HARDIN: Will you be sticking around?

HUGHES: Yes, I will.

HARDIN: Well, thank you. Another proponent for LB10? Anyone in favor of LB10?

JOSEPHINE LITWINOWICZ: I just want to make a brief note to--

HARDIN: If you can come up to the microphone, please. Thanks for helping there, Senator Hughes.

JOSEPHINE LITWINOWICZ: And it really is important, I wasn't going to speak on it.

HARDIN: Can you give us your name and spell it for us?

JOSEPHINE LITWINOWICZ: For us? My name is Josephine Litwinowicz, J-o-s-e-p-h-i-n-e L-i-t-w-i-n-o-w-i-c-z. Can you hear? It can--

HARDIN: I think we can hear you.

JOSEPHINE LITWINOWICZ: Because I just want to--

HARDIN: Sure.

JOSEPHINE LITWINOWICZ: OK. Sometimes I hear [INAUDIBLE]. I'm sorry. I just want to remind everybody that-- I'm assuming the senator was talking about, you know, prisons and release. And, you know, like, all of our prisons are some form of mental institution. I just want to make sure, it's not good to not have your meds. And so the mental health meds in particular. When you get out, we don't need to chop them off at the knees. That's it. Thanks.

HARDIN: Thank you. Any questions? Seeing none, another proponent for LB10? Going once. And we're done. How about oppo-- for opponents for LB10? Any in the neutral for LB10. Seeing none, Senator Hughes.

HUGHES: It is really warm in here. Is anybody warm?

HARDIN: We do that.

HUGHES: OK. So I would like to thank you, Chairman Hardin, for a swift scheduling of LB10 if possible. That-- I would love to get this federal issue resolved so that we can allow the governor to access this program in times of emergencies and to get it off the ground and really start reaping the benefit, benefits of it down the road. I see it taking a little bit of time to get going, and so the longer we wait, you know, the longer that goes. So I look forward to working with you to see if this is a program that we can get going. And I believe it's the fiscally conservative thing to do. So thank you for your time and consideration.

HARDIN: Any further questions from the committee? Seeing none.

HUGHES: All right. Thank you, guys.

HARDIN: Here ends LB10.

HUGHES: One done. How many more you got?

HARDIN: Well, we have three. LB13 is up next. Senator Cavanaugh. We'll be holding that thought on LB13. We're going to have a couple of our handy committee members who are whipping out their cell phones even as we sit here. And they're amazing with their very fast thumbs to see if maybe Senator Cavanaugh will be joining us here soon. Will she be or will you be doing it on her behalf? She's coming?

Unidentified: That depends on our thumbs.

HARDIN: That depends, yes, that's correct. So she's on her way. So thank you. We'll give her a moment to join us. Why, it's Senator Cavanaugh now.

M. CAVANAUGH: Good afternoon, members of the Health and Human Services Committee, and Chairman Hardin. My name is Machaela Cavanaugh, M-a-c-h-a-e-l-a C-a-v-a-n-a-u-g-h. I represent District 6 in west central Omaha, Douglas County. I am so sad to be on this side, but it's nice to see your faces again. And Senator Hansen has reclaimed his old seat, which was my old seat, so. OK, LB13. LB13 would change Nebraska's childcare subsidy program from reimbursement based on day to day attendance to reimbursement on enrollment, which is the standard practice for child care centers in billing non subsidy

program parents. This follows federal guidelines for state programs which ask states to find parity between private billing and their child care subsidy programs. For rural areas of the state, even finding a child care center can be tough. Which makes sense. When more people work, fewer people are at home. However, with our state's good fortune of a strong economy, we're also putting tremendous strain on our state's childcare infrastructure. A 2023 survey conducted by Nebraska Extension and We Care for Kids revealed that 84 of the 93 counties in Nebraska are experiencing a shortage of child care facilities to meet the demand. At the time of the survey, at least ten counties lacked any child care providers altogether. The scarcity has led to approximately 28% of Nebraska's children residing in areas termed child care deserts, where there are no child care services available or where the number of children is three times the available childcare spots. At the same time, providers are competing with other employers for the same pool of employees. We are seeing the kinds of salaries that are being offered at other jobs in retail stores and they are similar to childcare. So obviously it's a sign of strong economy that we should be thrilled about, but one that creates challenges in the childcare sector. As a result, staff costs have gone up and providers are operating on the thinnest of margins. What providers need right now is predictability that day to day billing based on attendance cannot provide. The issue with the current subsidy program is that a provider cannot mirror their staff costs to the unpredictability of the day to-- day by day reimbursement. So I'm going to pause for a second. There's lots of issues facing the childcare industry, as this committee is well aware of. And the chairman specifically is-- it is an industry that you are involved in. And there's no one solve, so this is one of the many layered approaches that you're going to see coming to this committee over this year and probably well into the future. I always equate this as kind of like a gym membership. If you have a gym membership, your gym would-- gyms would go out of business if they only recoup their costs for attendance, because as we well know, we don't all go all 30 days of the month when we have a gym membership. And so having your, your spot held based on your attendance is not a sustainable, especially when you have fixed costs like the facility and the staff. And so the idea is to create more stability and predictability in the budgets for the childcare centers. Yes, this comes as cost for the state. But as we talk about our budget, our budget is a moral document, and it really speaks to what are the priorities of the state. And one of the

priorities that we hear time and time again is to have children in a safe and educational environment ,and having them well cared for when their parents are working and contributing to our workforce, I think, is an essential need. Additionally, we at this-- in the state only reimburse for childcare subsidy at 75% of the market rate. So say, say it costs $1,000 a month. I wish. Thank God my kids aren't in childcare right now. Say it costs $1,000 a month to have your child in childcare and the state will only reimburse $750 a month for your child if you're a subsidy kid. But then if your kid is sick, say they get Covid, strep throat, whatever, then they get even less than that $7-- $750. That is not going to help us with this childcare crisis. This is not-- the barrier to entry to entering into the business, the barrier to entry to staying in the business just keeps getting higher and higher. So this is one way in which we can help our childcare providers across the state to invest in-- for us to invest in those childcare providers, and hopefully recruit and retain a good workforce. I've got a lot of other things in here, but I think that's probably good enough. Any questions?

HARDIN: OK. Thank you. Any questions? So-- Senator Riepe.

RIEPE: I was going to hold up, bit I-- thank you, Chairman. How do you react to the fiscal note that it looks like, at least in my documents, $16.281 million?

M. CAVANAUGH: I'm so happy you brought up the fiscal note. You know, it's one of my favorite areas of talking.

RIEPE: I know you're a real fiscal hawk.

M. CAVANAUGH: So the fiscal note-- before I answer your question, may I have some leniency in addressing something in the fiscal note?

RIEPE: I would assume you're going to take it anyway, so yes you may.

M. CAVANAUGH: That's true. Fair. The fiscal note says that the department would be unable to meet the operational date of October 1st, 2025, due to the time it would take to promulgate regulations and make system changes to N-FOCUS and the billing portal. I was informed, my office was informed, that DHHS is coming in opposition to my bill because of that. However, that is not in my bill. There is not an operational date in my bill. I am happy to bring an amendment to bring an operational date of August 1st, 2026. I will say that the fiscal

note is expensive to make this shift, but they are already required federally to do this by August 1st, 2026. What I'm seeking to do now is to create that level of certainty for providers that they will continue with that process of going through the waiver and getting it approved by, I'm happy to make it August 1st, 2026. But October 1st, 2025 is not in my bill.

RIEPE: So is this $16 million all state or is that state-fed combined?

M. CAVANAUGH: That is-- well, I believe-- it says General Fund, so it's all State.

RIEPE: OK, it's state.

M. CAVANAUGH: Yeah.

RIEPE: If I may, Chairman? I guess my own position is the answer I think that has to be addressed on this thing, is the cost of child care, is that the accountability of the parents, or is that the accountability of the businesses? Because in some ways we're subsidizing smaller businesses if we the state provide it. Or is it strictly a government entitlement, much like Medicare and Social Security? And I haven't come to some grips on that yet, because it's such a-- it's a major, major program, much like Medicare or Social Security at the national level.

M. CAVANAUGH: Yes--

RIEPE: So I'm looking for you, the wise one, to give me an answer.

M. CAVANAUGH: You're on the committee so you don't have to butter me up. I need your vote.

RIEPE: Thank you.

M. CAVANAUGH: So I love this question, and I know you and I have discussed this before, and I think it would be great if our employers were able to offer child care, paying for child care for employees. I don't think that that's the reality of, of the, of businesses, for most businesses, maybe for larger companies. And in Omaha, there are larger companies that offer child care onsite for their employees. But I think when we're talking about smaller businesses that are really, you know, that would make Nebraska great, the smaller locally owned

businesses, I think that to put that burden on to them is, is a lot to ask. It's kind of like if we didn't fund education and we just put it on the communities themselves to fully fund education. That's what our tax-- our tax dollars should go towards, public good. And caring for and educating our children, I believe, is our most important public good. And so for me to have this sort of philosophical conversation, I would say that, well, it would be wonderful if we were in a position where employers could fund this. That's not the reality that we live in, and we still live in the reality that we need children to be well cared for and we need to have parents in the workforce. So we have to balance that. And I believe this program is how we balance that.

RIEPE: But it is a subsidy to small businesses.

M. CAVANAUGH: It is a-- well, it's a subsidy to large businesses as well. Just depends on how the business approaches it.

RIEPE: It could be.

M. CAVANAUGH: It could be, yes. I know--

RIEPE: I'm in the hospital business. We provided it and staffed it 24/7.

M. CAVANAUGH: Because there was a recognition of the value that that brought to not only recruiting, retaining your workforce, but also just to having your workforce be happy and know that their children were nearby and be able to afford to show up to work. I mean, that is an added benefit for, for an employer to have, which--

RIEPE: In the hospital business we had a predominantly female population.

M. CAVANAUGH: Yes.

RIEPE: Which mothers, right or wrong, end up with that account-- primary accountability.

M. CAVANAUGH: They do.

RIEPE: It seems.

M. CAVANAUGH: In my house, my husband is a single parent for six months out of the year, so.

RIEPE: I know him and he's a good man.

M. CAVANAUGH: He is a good man. Pray for him.

HARDIN: Other questions? Yes, Senator Fredrickson.

FREDRICKSON: Thank you, Chair Hardin. Thank you, Senator Cavanaugh, for being here and for this bill. I was actually-- I have a quick question for you a bit as it relates to the fiscal note, since you love talking about fiscal notes.

M. CAVANAUGH: I do.

FREDRICKSON: But I'm also curious because I see on your statement of intent, you mentioned that since April 2020, Nebraska has been providing enrollment based reimbursement on a temporary basis through an executive order from former Governor Ricketts. Is-- do you know is the cost that we're currently paying for this, is it, does that seem to be accurate based on the fiscal note as presented, or?

M. CAVANAUGH: So that I'm s-- the-- that is-- it was-- there was a temporary executive order that had sunset this.

FREDRICKSON: It sunsetted, OK.

M. CAVANAUGH: So we are back to the attendance reimbursement rate and this seeks to go back to that enrollment reimbursement rate instead of attendance. So during the height of the pandemic, that was a move that we made at a state-- well, federal and state level, to utilize this program. So it was-- and it was the money was coming from the federal government, it was part of the rescue package of things, so.

FREDRICKSON: And presumably, and I don't know if you'd have the answer to this, but presumably that decision was made because there was an understanding that that type of reimbursement would help maintain these businesses to, to stay open.

M. CAVANAUGH: Yes, it was-- the intention behind it was that it was critical to make sure that our child care facilities did not close, shutter their doors permanently and as children were not attending

child care for the most part, as most of us can recall when we were trying to educate our teacher-- our children without being trained educators. Didn't go well in my house. But, but this is-- this was one of the efforts to ensure that when we were able to fully back up, open back up as a society, that those essential infrastructures like child care were still in existence.

FREDRICKSON: Thank you.

M. CAVANAUGH: Yep

HARDIN: Senator Riepe.

RIEPE: Thank you, Chairman. I'm Curious George. Have you heard of, or what's your perception about the ability to sell to small businesses slots, that they could buy slots because it's helping them to recruit staff, retain staff? It's a cost of doing business?

M. CAVANAUGH: I love your creative thinking. I haven't pre--

RIEPE: Don't pander to me. Go ahead.

M. CAVANAUGH: I have not heard of that as a concept being brought forward. Though I could see that being something in communities to do. It would take partnership with the childcare facilities and in our larger communities where we have a larger population, but also more small businesses than you might have in smaller communities, we also have waiting lists because we don't have enough childcare providers. I, with my third child, I got on the waiting list for him to be in the childcare that I had a priority because I had older children there. I got on the waiting list when I was three and a half weeks pregnant and he started at six months. So that's a long waiting list for a child to get into a childcare. And again, I had like a priority. So it's, it's harder to say than just that. I mean, I think that's a great idea on how to address some of the fiscal impact of childcare and the workforce. But the reality still is we need to have the facilities and we need to have the providers. And so that's probably for a different bill than this one. But I think if we wanted to as a Legislature come up with a comprehensive approach to addressing the childcare desert, then that should be part of that conversation.

RIEPE: OK. Thank you, Mr. Chairman.

HARDIN: Are there provisions within this talking about where those monies would go for the individual child care centers or schools, as we call them?

M. CAVANAUGH: So this doesn't change who qualifies. It doesn't change eligibility. It, it purely-- if, if you are taking a subsidy child at your facility, you know that you're getting that 75% market rate every month for that child. You're not maybe getting 60% or getting the 75%, it's a guaranteed this is how much you are getting every month for that child. So it's, it's purely making that adjustment for the child care facility. It doesn't really change things for the parent, except for to perhaps make it more enticing to child care facilities to actually take subsidy kids, which is another issue is that because we pay 75% of the market rate and we only pay attendance instead of enrollment, that it is not a desirable population of children to take on in a fiscally strained industry to begin with.

HARDIN: Right. Ok. Any other questions? Thank you. Will you stick around?

M. CAVANAUGH: I will stick around.

HARDIN: Marvelous. Thank you. Do we have proponents for LB13? Welcome.

JEN GOETTEMOELLER WENDL: Thank you, Chairman Hardin. Good afternoon, Chair, committee Members. My name is Jen Goettemoeller Wendl. That's G-o-e-t-t-m-o-e-l-l-e-r W-e-n-d-l. I'm a contract lobbyist for First Five Nebraska, a statewide public policy organization focused on policies that promote quality early care and learning opportunities for our state's youngest children. Thank you for the opportunity to testify today, and also for Senator Cavanaugh to bringing this bill. Of Nebraska's 93 counties, 84 currently have licensed child care programs. 65% of them are family child care homes. And no matter where they are located, providers go to great lengths to support the quality of life we enjoy in Nebraska. They open up their own homes to care for children in our neighborhoods. Some locate in important commercial areas of their communities, helping key industries and businesses meet the needs of their employees. They offer experiences requested by parents such as taking trips to the library or going to the park. They often reflect and share the same cultural and faith backgrounds of the families they serve. They allow parents to pursue careers. They generate business revenue. They help grow the next generation of

talented Nebraskans to keep our states competitive. Providers structure their entire days around caring for children. Not only are they open during business hours, but they spend their closed hours sanitizing the spaces that children play in, shopping for groceries, preparing the meals that they're going to serve those kids. So even their off hours revolve around caring for children. Simply put, child care providers of every type are critical infrastructure in our communities all across the state, and they are often faced with impossible budget scenarios. Child care businesses typically operate with very thin profit margins, and as you can imagine, ensuring reliable revenue streams is essential to maintaining business operations. So to do that, many providers count on revenue from families who can afford to purchase childcare services privately as these payments are based on children's enrollment in the program. That means parents pay for their child's slot regardless of whether they actually attend. So if my child has pinkeye and is highly contagious, I'm going to keep them home and still pay the provider. After all, providers have to keep their lights on and continue providing care even if my child happens to be out for a few days. That's enrollment based billing and it allows for a more consistent revenue stream. This contrasts with attendance based billing in which providers bill for the hours or days children attend their program, which providers cannot predict or control. Prior to 2020, Nebraska was one of 44 states that used an attendance based system to reimburse providers who delivered child care services to families through the child care subsidy. We've got a few more details about that in your hand out in front of you about Nebraska's gradual movement towards an enrollment based reimbursement system. However, recognizing the instability caused by attendance based revenue, the Administration for Children and Families published the 2024 Child Care and Development Fund Final Rule on February 28th of 2024. It became effective on April 30th of last year. One example of policies in that new CCDF Final Rule is the requirement to cap co-payments at 7% of family income. Nebraska is one of 29 states already in compliance. A second requirement is to implement, implement enrollment based payments to providers, which of course is what we're talking about today. According to ACF, as of November 2024, there are currently 23 states in compliance with this policy. Nebraska is not one of them. Nebraska has the temporary waiver to provide additional time to come into compliance with this requirement, and the department is currently working on a rule for enrollment based policies, and all information suggests Nebraska will

be in full compliance with enrollment based policies within that two year extension provided by the waiver. Given that, some may suggest that this bill isn't needed or helpful. But LB13, does indeed update Nebraska statute for compliance on enrollment based billing. And importantly, it implements the funding vehicle to prevent a budget request from the department. In these very tight economic times, it is prudent to anticipate what our fiscal obligations will be and act accordingly. None of us want to see budget requests in the next year or two that we could have addressed but chose to ignore. As you are well aware, access to quality child care in the early years has long lasting positive effects, especially for low income children. LB13 brings us into federal compliance with the new federal requirement, removing a barrier that can discourage providers from accepting the subsidy and supporting those who already do. So I ask that you please advance LB13 to General File. Thank you.

HARDIN: Thank you. Questions? I have one. Are we currently out of federal compliance?

JEN GOETTEMOELLER WENDL: Well, we have a waiver that the feds say, we acknowledge that you are not in compliance.

HARDIN: So we're out of compliance is what you're saying?

JEN GOETTEMOELLER WENDL: Well, Senator, I am not an attorney, but we are not in compliance. I will continue to just say we are not in compliance. But the feds know that and have said, cool, you have another chance.

HARDIN: Are there other states that are equally not in compliance--

JEN GOETTEMOELLER WENDL: Yes.

HARDIN: --as we are not in compliance?

JEN GOETTEMOELLER WENDL: Yes. Yes, Senator, Nebraska is not the only state that has a waiver to give us a little bit more time to come into compliance with this part of the new rule.

HARDIN: And how long until we've walked the plank on that one?

JEN GOETTEMOELLER WENDL: So our waiver was a two year extension. So we should-- we need to be in compliance absolutely no later than July 31st of 2026.

HARDIN: OK. Any other questions? Thanks.

JEN GOETTEMOELLER WENDL: Thank you.

HARDIN: Other proponents of LB13? While someone's coming, I'll just give you some other statistics. We do have 23 proponents who have written in and one opponent and one in the neutral that have written in. Welcome.

SHANNON HAMPSON: Hello. I would like to start off by thanking the committee members for taking the time to learn about the importance of providers being paid by enrollment, and to Senator Cavanaugh for introducing this bill.

HARDIN: Can I interrupt you and make sure we get your name, first and last, and spell that for us.

SHANNON HAMPSON: Will do.

HARDIN: Thank you.

SHANNON HAMPSON: And, and I would like to ask for you guys to support LB13. My name is Shannon Hampson, S-h-a-n-n-o-n H-a-m-p-s-o-n, and I'm a family child care provider here in Lincoln. I have provided care to child care subsidy families since 2012. As a step five nationally accredited program, I receive the maximum subsidy rates possible, yet they are still lower than my private pay rates. I am licensed 24/7, which allows me to offer multiple shifts of care, which helps me increase my income and make up for the inevitable subsidy losses due to absenteeism. For example, in January of 2024, 11 of my enrolled children that receive child care subsidy families became sick with the flu, and one family also welcomed a new baby into their family. All three families went above their five billable absent days that month. My program had an income loss of $1,628.30 that month in which I did not get reimbursed for. While my private pay families did provide steady income, I struggled to cover my program's required expenses, much less provide for my own family. When enrolling private pay families, they are required to pay by enrollment. They pay for the spot whether their child attends or is absent. This includes when I

attend professional development, take a holiday break, or take a day off to recharge to avoid the possibility of burnout. Regardless of attendance, the cost to provide and maintain a quality care program remain the same. Expenses such as food, materials for play and enrichment, liability insurance, and other overhead costs such as mortgage and utilities, must still be met. One provider shared with me that the loss of income is at least $750 per year per subsidy child. This does not include any additional absent days above the five allowable billable days. The Child Care and Development Block grant has required states to pay by enrollment since April 30th, 2024. Unfortunately, Nebraska's continued to be out of compliance. The state has recently requested a waive-- a waiver, which is in effect until August 1st, 2026. While I understand that some may not recognize the urgency of this issue, Nebraska has been in a child care crisis for some time. Families in our community are struggling to find available child care costs. In the community where finding childcare is already challenging, families who rely on childcare subsidies are at an even greater disadvantage in securing quality care. This is due to the financial strain placed on providers when they face income loss from absenteeism. When providers cannot depend on stable income, they are forced to make difficult decisions that can result in fewer available spots, lower quality care, or even the closure of programs. As a result, families who need subsidized subsidized care are left with fewer, if any, reliable options, further amplifying the challenges they face in balancing work and family life. Nebraska's childcare programs are hesitant to enroll children who receive childcare subsidies, as providers know that each enrollment carries the reality of lost income, especially when children fall ill or families face emergencies. Providers are already struggling to cover the costs of running their programs, and we need every dollar we can secure to continue offering quality care. It is imperative that Nebraska comply with the child care and development block grant requirements as soon as possible to alleviate the strain on providers and families and ensure that every child has access to the care they deserve and that the federal government mandates. Reliable, accessible childcare is essential not only for parents, but also for the stability of the workforce. Without it, businesses face growing challenges in retaining employees, ultimately worsening the workforce crisis. The instability in the childcare system harms employers and communities alike, making it harder to maintain a strong, productive workforce in Nebraska. Additionally, child care programs across the state are struggling to

keep their doors open due to rising operational costs. Without the implementation of paid by enrollment as soon as possible, our communities risk losing even more childcare programs, leaving parents with fewer, fewer options and escalating the childcare shortage. Programs are already facing tough decisions on whether they can continue to operate at all, losing more programs would only deepen the crisis, making it harder for working families to find quality care and further harming the stability of our workforce and economy. By ensuring that child care providers are paid by enrollment and families can rely on consistent care, we can support both parents and employers in building a stronger, more stable workforce. Addressing this issue urgently will help families, businesses, and the entire economy move forward. I thank you for your attention on this important matter, and I appreciate your support for LB13 and improving the system that supports child care providers and families in our community. If you have any questions, I'm more than willing to answer them.

HARDIN: Thank you for being here.

SHANNON HAMPSON: You're welcome.

HARDIN: Questions. Senator Riepe.

RIEPE: Thank you, Chairman. How much control, or how much do impose some acuity levels types of things like in your center? Do you-- some that would-- I'm coming from a bit of naivete here, I think. But I don't know how much like a child that is experiencing disabled-- disabilities or, you know, other complex things that require more care. Do you, do you scale your payment on that ,or how do you--

SHANNON HAMPSON: So in my contract with private pay families, depending on it, I do have an additional rate for special needs.

RIEPE: OK.

SHANNON HAMPSON: I know that subsidy does have that process as well. However, it's kind of a lengthy process. Parents have to take the documentation to their doctor, they have to go get that filled out, return it to the subsidy for them to process it. They contact us as a provider to see what it's going to take for us to provide that care. And then they base that, I don't remember the exact percentage, but

they have a percentage that they follow up an increase in pay for something.

RIEPE: Do you have a certain, say I can take six of these or two of these or one? Or do you, do you have anything like that you, to, to try to maintain control of your center and, you know, provide good care to everybody? Do you have control like that or are you forced to take anybody and everybody?

SHANNON HAMPSON: As a family home provider, I have more control over that. So I have had waivers of those children and received that increased subsidy pay for those children in the past. And I did choose to take less children because I knew providing that care for those challenging behaviors, I could not provide care to the amount of children that I'm, I'm licensed for capacity.

RIEPE: OK. Thank you. Thank you for being here. Thank you.

SHANNON HAMPSON: Of course.

HARDIN: Other questions? There aren't very many that do 24/7 care. You can probably count them all in Nebraska on about 3 or 4 fingers.

SHANNON HAMPSON: I'm not sure exactly, but I know I'm one of the few.

HARDIN: Well, thank you for doing that. Have you found it difficult to find quality people since, say, 2020 at an affordable labor rate?

SHANNON HAMPSON: At an affor-- As a family home, I'm the only employee.

HARDIN: Oh you're family home and the only employee?

SHANNON HAMPSON: So I do not have employees. I have subs that come in sometimes.

HARDIN: OK. So you do have subs that come in--

SHANNON HAMPSON: Like today, so that I could come testify.

HARDIN: It's hard to leave those kids just for any length of time at all. So I understand what you mean from that. We really appreciate you being here.

SHANNON HAMPSON: You're welcome.

HARDIN: Thank you.

SHANNON HAMPSON: Thank you.

HARDIN: Any other proponents of LB13? Welcome.

MIKE BIRD: Hello. Good afternoon, Chairman Hardin and the members of the Human Ser-- the Health and Human Services Committee. My name is Mike Byrd. For the record, that's Mike, M-i-k-e, Bird, B-i-r-d. I am the president and CEO of Children's Respite Care Center, or CRCC, in Omaha. CRCC is a nonprofit based in Omaha. We provide comprehensive educational nursing, behavioral health, physical, occupational, and speech therapies for nearly 600 children at our two Omaha based centers, and in the public high school, in some of the public high schools in Omaha. At CRCC, we have the privilege of serving children with profound and persistent medical and developmental needs. In 2024, 94 children in our care presented a unique primary diagnosis. As a result of their profound medical needs, nearly 80% of the clients we serve utilize state assistance in the form of Medicaid waiver programs and childcare subsidy. We are grateful for the opportunity to work for the state in service to our clients and families, and we are committed to being a careful steward of the state dollars. However, I am here to tell you that our state's attendance only reimbursement policy serves as a significant barrier to care for the children and families we serve. Given the medical fragility, the kids in our care are frequently quarantined during times of illness and absent for our center-- from our centers for medical procedures. During the 2024 calendar year, our average absentee rate for children receiving state subsidy, state subsidy assistance was 17%, representing approximately $84,000 in lost revenue. While this number is significant, it doesn't even take into account the sunk staff and operational costs associated with care for those kids. As the members of this committee well know, the fixed costs of providing child care, including staff, wages, rent, and utilities does not decrease when a child is absent, and must be budgeted prior to service delivery. Further, attendance only payment policies create a significant administrative burden and present staff-- staffing challenges that can disrupt continuity of care and education. These challenges are especially acute in our cases as we maintain-- these challenges are especially acute in our cases. We maintain a 4 to 1 staff--child to staff ratio in our centers due to

the complex needs of the kids in our care. CRCC is proud to participate in the child care subsidy program and we are committed to continuing to serve families supported by the program. However, participation presents significant financial and operational challenges. There is no question that the current attendance based payment system acts as a disincentive to enrolling children with special needs. A recent report by our friends at First Five Nebraska details a nearly 40% reduction in children with special-- with special needs being served in child care subsidy programs since 2019. I'm going to repeat that. A recent report by our friends at First Five Nebraska details a nearly 40% reduction in children with special needs being served in the child care subsidy program since 2019. So in just over five years, that's a significant decrease. I respectfully ask the committee to take a hard look at LB9-- LB13. I understand this represents a significant investment in the part of our state, but our most vulnerable kids deserve access to high quality and enriching child care, and their parents deserve the opportunity to be full participants in the workforce of Nebraska. Thank you for the opportunity to testify, and I'm willing to take any questions.

HARDIN: Thank you for being here.

MIKE BIRD: Yeah, of course.

HARDIN: Questions? Senator Fredrickson.

FREDRICKSON: Thank you, Chair. Thank you, Mr. Byrd, for, for being here and for your good work. You-- I just want to make sure I heard you correctly. You said that there's been a 40% reduction in subsidy for children with special needs. Can you tell me, what's your understanding of that, what's driving it?

MIKE BIRD: So, you know, I think there are a lot of things at play coming out of Covid, and I appreciate First Five really digging in and providing a lot of other data besides this one. This really stands out in our line of work because the 40% reduction, I think that during that same time there was a 30% in reduction of centers that accepted child care subsidy. So it appears that it's, it's centers are having to make decisions about who they will take and who they won't take. And the kids that we serve require more investment of labor and time and that and, and so I think it's just putting more pressure on

organizations like us that do take child care subsidy and happen to support kids with special needs as well.

FREDRICKSON: OK. Thank you.

MIKE BIRD: Yeah.

HARDIN: Senator Riepe.

RIEPE: Thank you, Chairman. Of one of your operations is in my legislative district.

MIKE BIRD: Yes, sir.

RIEPE: I know it to be a good-- I have visited your facility more than once, and you had a, a great operation. The question I have, I'm looking at sources of revenue beyond parents that might pay out, and the state that might pay out. Do you receive money from United Way or any other organizations like that?

MIKE BIRD: I appreciate that question. We're a-- we are a $9 million budget all in. We recoup $7 million in fee for service.

RIEPE: What's in fee for service?

MIKE BIRD: So that would include Medicaid, private pay insurance, A and D waiver, DD waiver, and child care subsidy makes up about that, would be the major players in that 80%. The other $2 million, then, we raise privately. Yes, we receive United Way funding. We also receive, you know, a lot of the great philanthropic support of our community and state, recognizing the work that we do. So we're very fortunate in that space.

RIEPE: And you are a 501(c)(3)?

MIKE BIRD: We are, we are a nonprofit.

RIEPE: So you could take a contribution from anyone in the audience?

MIKE BIRD: Gladly.

RIEPE: OK.

MIKE BIRD: And I will say thank you.

RIEPE: Thank you. Thank you very much. Thank you for being here.

HARDIN: Any other questions? I think you have grown significantly in the last two years, have you not?

MIKE BIRD: We have.

HARDIN: Because I think I recall that you had around 400, maybe two years ago?

MIKE BIRD: Yes.

HARDIN: So are you about the only ones who do what you do in Omaha?

MIKE BIRD: Serving the population that we serve? Yes. As far as the medically fragile development ally delayed needing, you know, extra support, I'd say we're a child care for kids that don't have other child care options.

HARDIN: And those who work with those children, of course, they're certified. But more than certified, they have a level of competency and certification that goes well beyond.

MIKE BIRD: Yeah. We have from nurses, and physical therapists, and speech language, and occupational therapy, behavioral therapies, counseling, board certified behavioral analysts. So we run the gamut. And that's really what makes up about $7 million in operational revenue.

HARDIN: OK. Very well. Thank you for being here.

MIKE BIRD: Of course.

HARDIN: Oh, I'm sorry. Senator Hansen.

HANSEN: Yeah, sorry. Just quick question for clarification. So you're a, you're a-- it's a private school at all or is it?

MIKE BIRD: No.

HANSEN: OK, I didn't know if there's an affiliation there with that, because I just saw some of this-- your affiliation with some of the public schools, I know--

MIKE BIRD: Yes.

HANSEN: --you get into some of that as well in your own--

MIKE BIRD: No, we, we are fortunate, and a big part of that 600 kids that we serve is in our behavioral health program, which is our school based mental health program that we also run kind of separate from the child care, but it's part of our mission. So we have licensed mental health practitioners based in the Bellevue schools--

HANSEN: Gotcha.

MIKE BIRD: --the Papillion schools, that are employees of CRCC, see but see kids there at no cost to the school district.

HANSEN: OK. Have you ever thought about, like doing something like getting in the private school industry at all?

MIKE BIRD: You know, that's been-- we've been in just now looking at the changing landscape of education and some of that. So we are open and always looking for how we can best to serve our mission.

HANSEN: So if that was the case, would you be open to public funds being used for private education if there was an investment of that for specifically for kids like the ones you deal with?

MIKE BIRD: So we have a partnership right now like with OPS, and it's a great partnership where we work through the Nebraska Department of Education to serve, and this is early childhood space. So it's kids that have been identified needing early interventions that they can stay in our centers. We have certified teachers that oversee that, and the IEPs are driven by the school districts. So those types of partnerships where it's mutually beneficial, these are kids that have high needs from an autism spectrum disorder. And then they don't have to be transported throughout the day, the parents can drop them off with us, and then the school actually comes in to CRCC and, and we help in the oversight and kind of the direction so that the goal being

that when they go to kindergarten, they're prepared for the rigors of the kindergarten classroom.

HANSEN: OK. Thank you very much.

MIKE BIRD: Yeah.

HANSEN: Thank you for everything you do, too.

HARDIN: Also, if I could ask, what ages are you serving?

MIKE BIRD: Thank you. Birth to 21. So we have an early childhood piece that is more in your traditional chi-- and then from the, the school age, from 5 to 21, it's primarily before school, after school, breaks, and holidays. So the, the school systems don't have those before school and after school programs. And these are kids that primarily, you know, that can't be home alone. They, they're in chairs, or because of developmental delays or things that they can't be alone, so. And again, we are one of the very only, maybe the only in town that, that offers that type of programing.

HARDIN: Thank you.

MIKE BIRD: Yes.

HARDIN: Appreciate it.

MIKE BIRD: Thank you.

HARDIN: Another proponent, LB13. Going once, going thrice. I skipped twice. Opponents, LB13. Mr. Meals.

JOHN MEALS: How are you doing, Senator?

HARDIN: Thank you for joining us.

JOHN MEALS: Ye, sir. Good afternoon, Chairman Hardin, members of the Health and Services Committee. My name is John Meals, J-o-h-n M-e-a-l-s, and I'm the chief financial officer for the Department of Health and Human Services, and I'm here to testify in opposition to LB13. LB13 requires the department to file a state plan amendment for services to pay the child care subsidy based on a child's enrollment rather than attendance. Paying for the time a child is not in attendance at a child care program means that a child could attend as

little as one day a week, and the child care program will be paid for that entire week. If a child is enrolled in a child care program, does not attend during that time, that spot continues to be held for that specific child, and this could reduce access for other children looking for available child care. Children who are not attending child care programs are not in educational environments, and are not taking advantage of the opportunities that child care programs offer in social, emotional and educational areas. The cost associated with the time when a child is not in attendance is estimated to be nearly $18 million per year. Since the department's existing child care costs already exceed the annual federal child care grants, this would ultimately be a state General Fund cost. On March 1st, 2024, the Federal Administration for Children and Families, or ACF, published a new CCDF rule which requires the exact change that is mandated in LB13. The department received a waiver and must enact this change by August 1st, 2026, and the Department is working to implement various steps to ensure compliance by that date and we will be in compliance by then. The department does not receive funding for this additional subsidy cost, thus, the final rule currently represents an unfunded mandate by the federal government, and due to the lack of funding to support its implementation, the cost associated with paying by enrollment may eventually cause Nebraska to implement a waitlist for the child care subsidy program. A waitlist will cause delays for low income families across the state in gaining access to much needed child care and will deny families the opportunity to work and move toward self-sufficiency. We respectfully request that the committee not advance the bill to General File. Thank you for the opportunity to testify, and I'm happy to answer any questions about this bill.

HARDIN: Thank you. Questions? Senator Hansen.

HANSEN: Thank you. With a new sheriff in town at the White House, a new guy there, do you expect any of this to change at all?

JOHN MEALS: We haven't received any information. He hasn't gotten to this yet in the array of things that have happened. It's certainly possible, but we have not been notified in any way that that's--

HANSEN: I know with every administration that comes in--

JOHN MEALS: Yes.

HANSEN: --it seems like everything's changing here and there, so I just to know if you'd heard anything about it.

JOHN MEALS: It's possible, we haven't heard anything yet.

HANSEN: All right. Thanks.

HARDIN: Other questions? Senator Fredrickson.

FREDRICKSON: Thank you, Chair. Thank you, Mr. Meals, for being here and for your testimony. So I-- you mentioned that the department is currently working to be in compliance with the federal rules and requirements. Can you walk us through a little bit what you expect that timeline to look like and when do you think that we'll be in compliance?

JOHN MEALS: Sure. Yeah, So there's a number of things that we have to do to become in compliance. We referenced the October, October 1st deadline only because the way that we read the bill, you know, if it were to pass, it becomes law three months later. Generally, the way our state plan amendments work, they're done 60 days, within 60 days of something being enacted. So if it's a law 30 days after passing, we figured another 60 days was roughly October 1st. So that's where we got that date. And that really isn't, isn't possible. We're going to-- there's going to be a lot of work to be done to be in compliance by next August, but we will get there. Some of the things that we have to do, there are regulations that need revised, so all of these rates are in agreements with over 1,800 providers in the state. So those all have to be manually updated in our system. That's not something that we can just push a button and change those rates. There are over 20,000 subsidy authorizations that need to be manually updated, again in our, it's called N-FOCUS, our eligibility system. In-- there's not a button that we can push, that's manually done, all 20,000 of them. Then the-- our [INAUDIBLE] staff will have to actually make updates to the system to change the way that we bill for this rather than doing it for, you know, full day or partial day rates. We have to change it to full time part time, you know, to be able to pay the subsidy in a different manner. So that's a-- it's just we have to update the system and then be able to train both our staff and the providers on how to utilize whatever that new billing system looks like.

FREDRICKSON: OK. So. And when do, when do you expect that to be completed?

JOHN MEALS: I mean, the date that I would put is next summer, right? So our, our plan right now is to, is to, unless otherwise, you know, told, is we have to be in compliance with all of this by August 1st. Generally, our state plan for child care is done on July 1st, so the beginning of every fiscal, state fiscal year. So our plan was to have these changes added to our state plan July 1st, 2026, and then be in compliance 30 days later.

FREDRICKSON: OK. And I know the introducer mentioned, and I won't speak for her, but she seemed to mention that she would be flexible with the time to make it in compliance with 2026. Would that be something the department would be supportive of?

JOHN MEALS: I mean, we would appreciate any additional time that we are granted.

FREDRICKSON: Thank you.

HARDIN: Senator Riepe.

RIEPE: Thank you, Chairman. I'm trying to read and listen all at the same time, and this first, I've had-- the thing that jumped out at me is that, I think it's in your third paragraph, it says, and I quote, not in educational environments. I've kind of pulled that out. My question would be then is, it almost goes to the purpose of the effort, and it seems that this would fill in of some that the schools aren't either prepared or willing to accommodate some of these clients, personnel, if you will, will probably fall outside what the educational system is may-- may be prepared to take on just because the capacity or the mix in a student classroom. So to me, I have a belief that there's a need for these organizations, I'm just saying. So I've tried to set aside the financial implications, as naughty as those might and, and usually are. But can you help me out on that? I mean, is there a role for, for this other function? I mean, if we disapprove LB13, do we just say, you know, we really don't need that service?

JOHN MEALS: So I don't, I don't think we were saying that we, we don't need the service or we wouldn't be providing it. It's, It's by-- I mean by definition, we're paying for a service that isn't being

provided, right? If, if the kid is not attending the childcare or the daycare center, they're not in that environment. And so we'd be paying for a service that by definition is not being provided. I think that was the purpose of this.

RIEPE: Isn't that the purpose of this bill though, to even out cash flow? That's what I thought I heard, it--of trying to get paid, not for when the child necessarily shows up, but it's like a subscription to a newspaper. Whether you read it that day or not, you get it. So if you're available to provide the service, there's some merit or some value to that.

JOHN MEALS: I completely agree. I guess from a provider perspective, I mean, the, the way I would answer that is if we're paying for the time an-- anyway, could that deter someone from showing up, right? If the, or from trying to encourage kids to show up to the educational environment that's in these daycare centers or child care centers, if the subsidy is already being paid and covered, then child care centers aren't necessarily mandated to search out kids that are going to attend their center, right? Because they're already receiving the payment. So--

RIEPE: Is, is this an all or nothing? Are you saying that the enrollees need to have some, quote unquote, skin in the game, that if they don't, if they don't happen to decide to go show up that day, rather than level payment, they would have to pay like $20 or-- a day?

JOHN MEALS: I don't know that I can answer that today. And that wasn't--

RIEPE: That's the thing I'm trying to figure out.

JOHN MEALS: --really the intention of the statement. I mean, the statement was just there, to, to say inherently, if, if the child is not in the educational environment, we are paying for a service that is by definition not being provided. And that's, that's really the only thing behind the statement.

RIEPE: Thank you. Thank you for being here. Thank you, Chairman.

HARDIN: Senator Fredrickson.

FREDRICKSON: Thank you. Chair That actually-- that was it-- it got me thinking a little bit more. Now I'm going to be Curious George instead of Riepe. But, you know, you, you mentioned in your testimony, so I guess I'm curious, does the department have evidence of children who are enrolled in child care programs choosing not to-- because I'm thinking about this as a young parent. I don't know why you would not want your child to go to childcare.

JOHN MEALS: I-- it's, it's not-- it wasn't that it is a statement that it, that it is happening. It is a we wanted to bring it as it is a possibility and it could be an issue. That's, that's really it.

FREDRICKSON: I, I certainly understand that. But I mean, I'm just reading this as-- I would imagine if you're only going one day a week, that's not for malfeasance, but more of necessity based on health care related issues or something other than that. I mean I-- that just seemed like an interesting--

JOHN MEALS: It, it, it could. And I mean, again, thank you for the question, Senator. The, the overarching reason for our opposition to this is because we have limited resources available for child care. Right? I mean, I know I said in here in the testimony that we already exceed the amount of federal funding that we get for this by a significant margin. And so we want to ensure that we're using the available resources to pay for children that are actually attending these centers.

FREDRICKSON: Right. But, but if someone does get sick.

JOHN MEALS: And that's fine, but if it's if it's an ongoing thing, right? I mean, that's the-- again, we understand people may not show up for a day here or there. And that's not a, I think, a pervasive concern, but this still comes with a significant price tag. Right? I mean, $18 million a year is significant, and we want to ensure that we're using our available resources for kids that are showing up to these centers.

FREDRICKSON: Sure. Thank you.

HARDIN: Senator Ballard.

BALLARD: Thank you, Chairman Hardin. Can you help me understand the mechanics of, of this fund? So is it-- so is-- so if a child is absent

from childcare, does that money just go back into the fund? Or when you're budgeting out for a long period of time, you just-- does your formula include absence?

JOHN MEALS: So we get static amounts of federal funds that are available. Anything in excess of that is is General, state General Funds, right? We get about, if you include all of the different federal grants that we receive in child care, it's about $73 million a year. We also use part of TANF, which is another about $17 million, so it's about $90 million a year in total that we have available for federal funding for this. And those come with some match requirements, that's another about $17 million a year. So all in all, $90 million in federal funds, there's about another $17 million in state requirements. So it'd be $107 million that is, say, available for the subsidy program. In fiscal year '25, the current fiscal year, through the first six months, we've already spent over $65 million, so we're on trend to spend $130 million, $131 million on subsidy this year. So anything-- so I mean, we authorize as they are eligible. And basically-- so there's not a cap on this. We don't have a waitlist for subsidy. We're, we're very proud of the fact that as a state we don't have a waitlist for subsidy. Child care centers may have waitlists, but the subsidy program does not. So if someone is approved, they, you know, they get, they get the subsidy. So any added cost for this program just makes it go from $130 million to almost $150 million a year, which becomes a steep jump on cost.

BALLARD: And you, you request as a-- within the Appropriations Committee or does that come out of your existing cash fund, or existing General Fund?

JOHN MEALS: So right now, we have not requested it for fiscal year '27 because it's not part of the first year of the biennium, and in the second year we believe that we can absorb it within existing appropriations. We have communicated this to the governor's budget office and, and we will to the Appropriations Committee when we testify there that this will be a cost in the next biennium, in '28 and '29 of, you know, right now $18 million a year unless utilization changes between now and then.

BALLARD: OK. Thank you.

HARDIN: Any other questions? Seeing none, thank you for coming. Any other proponents for LB13? Opponents? I'm sorry, those in opposition? Anyone in the neutral, LB13? Seeing none, Senator Cavanaugh. Again, we have 23 proponents, one opponent, one in the neutral, who have written in.

M. CAVANAUGH: Thank you, Chairman Hardin and members of the Health and Human Services Committee. So I am bemoaning not getting to be able to see a copy of the testimony because I always like to follow along. So that's the deficit of no longer being on the committee. So I was trying to take notes to Mr. Meal's testimony so that I could address some of the concerns raised. I'd like to start with, and I have not previously met Mr. Meals, so I, I don't know him. We haven't built a relationship as I have with previous members of DHHS, but I have always been willing to work with the state agencies to address issues and concerns to the best of my ability, and it is always disappointing when they do not come to the introducer of a bill in advance to see if we can work out an agreement. I am happy to bring an amendment that has the date, the enacting date, to be August 1st, 2026, which seems to be what their intention is already. As to the other commentary in Mr. Meals' testimony. This goes back to-- my comments here go back to an idea that former Senator Justin Wayne brought forward in legislation, in that our state agencies should come in testifying neutral on our bills. They should not have an opinion about the substance of the bill. They should be telling us what is, what is workable and what is not workable, and what the timeline is for what is workable. That is their role when they come in front of a committee. So to come and, and talk about hypothetical situations that they are trying to thwart from happening that aren't currently happening is frankly nonsensical and very frustrating. I want to have grace in this conversation, because again, I do not know Mr. Meals, and I do not know what his experience has been. But this is the first day of hearings in this committee, and we have a new senator who has-- this is his first day of hearings ever, and I want to make sure that there's an understanding that this isn't-- this should not be considered the norm. It isn't the norm for a state agency to come in and editorialize a viewpoint of a bill. And also it is disrespectful to the working families and the workforce to assume malfeasance when there is no reason or evidence of malfeasance. Families in Nebraska are struggling. We are struggling to get our kids to child care. We are struggling to get our kids to school. We are struggling to pay our

bills and feed our families and house our families. And when you get your child into a high quality child care, you take your child to that high quality child care for a number of reasons. One being you have a job you have to show up at, so you don't just not take your kid because you know that your child care is going to get paid regardless of if you take your kid or not. You don't take your kid because there's a reason. Your kid has Covid, your kid has strep throat, your kid has hand, foot, and mouth, you have hand, foot and mouth from your kid, your kid has now given a hand, foot, and mouth to the other members of your family and you all have strep throat and doubled your infections. There is always a reason, and it is miserable, generally speaking, whatever that reason is. But if you can take your children to school or to childcare, you do, period. I don't know a single parent that's like, hey, you know what? Why don't you just stay home? That'll make my day easier of juggling, working my meetings around, and, you know, seeing if I can just get an employer that pays me hourly, that's going to be totally cool with me not showing up, but will still pay me, because they won't. It's insulting. It is insulting to the people of Nebraska, to the families of Nebraska, to the workforce of Nebraska, to insinuate that they are gaming the system. And I do not appreciate our state agencies coming in here testifying in opposition when their only opposition is a date that they could have asked for, which they will receive, this committee will receive an amendment with that date. And then their opposition goes to demonize the populations that we are serving. That is not normal. That is not appropriate. And I'm very disappointed, and I don't want to normalize that. The working families in Nebraska deserve our grace, our compassion, and our ability to the best that we can to address the problems that are facing them. Senator Riepe has asked a lot of very interesting questions, and I wanted to come back to one of them, which was about the whether or not we should be paying for this or businesses should be paying for this. So what I would like to say in response to that is maybe, but the fact of the matter is we pay for subsidy kids in child care, and we have a responsibility for as long as we have this program to administer this program appropriately and in a way that benefits everyone in Nebraska, and harming the child care industry does not benefit anyone. So I ask that when you get my amendment, that you will exec on this bill and move it to the floor, because I see no reason for opposition from DHHS if they already

intend to do this, and if I put in the date certain that they would like it by. Thank you.

HARDIN: Any concluding questions? Seeing none.

M. CAVANAUGH: Thank you so much.

HARDIN: This concludes--

M. CAVANAUGH: It was nice to be back.

HARDIN: Welcome back. This concludes LB13. LB27 is next. Senator Ballard is here. We'll wait just a moment, Senator Ballard, for the spawning of the salmon to finish. That is, those folks going out and coming in.

BALLARD: That hurts my ego.

HARDIN: Oh. Sometimes they just move on, and they do that.

BALLARD: Say they're observers.

HARDIN: They know that you are bringing such a marvelous bill that--

BALLARD: I am bringing a marvelous bill.

HARDIN: That's right. So welcome.

BALLARD: Thank you, Chairman. It's good to be here. Good afternoon, Chairman Hardin and members of the committee. My name is Beau Ballard, for the record, that is B-e-a-u B-a--l-l-a-r-d, and I'm here today to introduce LB27 on behalf of the Nebraska Dental Association. Together with the dentists and numerous other organizations, we have been trying to come up with creative solutions to solve real problems facing our state, which is the lack of dental care for many of our fellow Nebraskans. As many of you have heard in recent years, the reimbursement rates for dentists, including Medicaid services, are far too low. The HHS committee took initial steps and-- last year trying to raise those rates by advancing LB358 to the floor where it was subsequently passed into law and signed by the governor. Another step we can take to attack this problem from another angle. Like a number of other health professionals, young dentists are graduating from dental school with significant debt. Currently, our state's premier health occupation loan repayment program focuses on recruiting medical

professionals to rural areas by offering loan repayment to physicians, dentists, physician assistants, pharmacists and others. LB27, offers a different way to offer assistance to dentists, to dentists to help paying off his or her student loans. LB27 would use existing rural health system professional incentive structure, giving to the Rural Health Advisory Commission the authority to enter into contract with early practicing dentists to incentivize them to use the Medicaid patients that otherwise would able-- would not be able to see. These dentists could be in rural or urban settings. The bill would authorize the commission to agree to pay back the $60,000-- up to $60,000 in dental student loans per dentist, up to five years per dentist if that dentist saw a certain percentage of Medicaid patients as part of their overall patient volume. The bill leaves up to the commission to determine this appropriate percentage. The funding of this bill would come from the Medicaid Excess Profit Fund, which, as many of you know, had a balance of about $45 million this past fall. There are countless Nebraskans waiting on dental care today. They're in pain and they're missing work. They're missing school or not doing as well as they could at work and school. Simply put, we need more dentists who are willing to participate in our state Medicaid program. I'm hopeful that the good discussion today about this idea and I'm happy to answer any questions that the committee might have, but I do have dentists, dentists that are relatively out of school behind me as well.

HARDIN: Thank you. Any questions? Senator Riepe.

RIEPE: Thank you for being here. I think currently [INAUDIBLE] here that you referred to the Managed Care Excess Fund?

BALLARD: Yes. Correct.

RIEPE: Can you help me? I don't have any idea what the balance is right now.

BALLARD: It's around $45 million.

RIEPE: $25 million?

BALLARD: $45 million.

RIEPE: $45 million. That's a difference. How much-- do you know offhand? Because I don't. How many-- how many are drawing on that

right at this time? Because I hear it mentioned all the time that it's the kiddy pool you know.

BALLARD: That I do not know. I don't know the specific amount.

RIEPE: I don't either, so. OK. Thank you. Thank you.

HARDIN: I'll call Senator Hansen.

HANSEN: Is there a income ceiling to people who receive these funds? Just saying, if someone comes out and they're already making $150,000 a year after year two, which I'm sure every dentist does when they get out of school? That was a joke. That's OK. So say-- or they have income already, you know, for some reason. Is there a ceiling where they may not be able to receive these funds or is it just open to everybody?

BALLARD: It's open to everyone, that's not right now. But I'm happy to look at an amendment if that would be--

HANSEN: Yep. Just curious.

BALLARD: Yeah, of course.

HARDIN: Senator Fredrickson.

FREDRICKSON: Thank you. Thank you, Senator Ballard. I think this is a very-- we spoke about this on the floor a little bit earlier. It's a great idea to improve access to care for folks. A question I did have is I am looking through here, is there a cap of how much can be spent a year on this? I know you mentioned there's individual caps for--

BALLARD: Yes.

FREDRICKSON: --what an individual can receive, but are you thinking of-- is there a certain amount you want the state to appropriate in total for this?

BALLARD: Yes, it's about $1.5 million.

FREDRICKSON: $1.5 million per year. OK.

BALLARD: And then there's some administrative costs on top of that.

FREDRICKSON: Got it. Thank you.

BALLARD: Yes.

HARDIN: Do you know how many dentists we're short in general? Because it probably costs well more than $60,000 to go. I'm just making a guess.

BALLARD: Yes.

HARDIN: And any idea how many dentists we might be short across the state?

BALLARD: I do not know the exact number. I know we're especially short outside of Lincoln and Omaha, in your part of almost Wyoming, I think, as he said. But yes, $60,000. We wanted to keep-- we wanted to bring as many dentists in as possible. And so we did cap it at that $60,000. You're right, that probably will not suffice for what these students behind me are having to pay in dental costs.

HARDIN: I would imagine they would have liked this.

BALLARD: I'm sure they will. But we wanted to open this up to as many as possible because we are seeing a lack of, of dentists around the state.

HARDIN: OK.

BALLARD: Especially that are willing to take Medicaid patients.

HARDIN: OK, thanks.

BALLARD: Yes.

HARDIN: Will you be with us?

BALLARD: Of course.

HARDIN: OK. Thank you so much. The first proponent for LB27. Welcome.

FRANCES RENSCH: Thank you. All right. Good afternoon. My name is Frances Rensch. It's spelled F-r-a-n-c-e-s R-e-n-s-c-h. I'm a pediatric dentist in Omaha, and I work for a group practice, Pediatric Dental Specialists of Greater Nebraska. They serve communities in

Omaha, Grand Island, Hastings, Kearney, and North Platte. I'm speaking in favor of this bill. All of our practices accept a large percentage of Medicaid, on average 50%, and this number is much higher for young dentists in the practice like myself. The current Nebraska loan repayment program is based on dental professional shortage areas, and therefore I do not qualify since I work in Omaha. What makes this new loan repayment program unique is despite where a young dentist chooses to practice, it is tied only to how much Medicaid care they provide. I'll add some personal statistics to give some context. My spouse and my entire family resides in Omaha. We currently have a one year old and are planning to expand our family. So living close to that family is vitally important for us to help, to help with daycare costs and support. Moving to rural Nebraska to practice was just something we weren't willing to do. I paid for my undergraduate degree in my dental school here at UNL and UNMC. Over the course of those eight years, I held jobs pretty consistently, but still acquired student loans that totaled over $350,000. I ultimately decided to refinance those loans due to interest rates that char-- that ranged between 5% and 8.5%. All of these loans were federally, federally funded. I now pay about $2,900 per month for my loan repayment, and will, will do so for the next 13 years. While it was my decision to invest in my education and pay back my loans, deciding what kind of payer mix I see in my practice constantly is on my mind. I love seeing my patients with Medicaid. They have a lot of dental need, are more medically complex, and can have a lot of behavioral challenges, but I do enjoy them and their families. However, even with the recent fee increase the Legislature provided us last year, Medicaid is still our lowest paying dental insurance plan. I do want to say thank you on behalf of the dentists in the state and the Medicaid population for that fee increase. However, by adding this out of the box loan repayment option, I believe Nebraska's newest dentists would be enticed to join in the fight and care for Nebraskans with Medicaid. Ultimately, we believe that when dentists engage early in their career with the Medicaid program and patients, they learn through mentorship and experience how to be successful with it. I know I have learned that from my practice partners. In addition, this program is set up as a pilot with an outside entity eventually determining if it is successful or not. The other dentists in my practice who chose to go rural were able to participate in the Nebraska loan repayment program. However, I cannot. Yet we are committed to seeing the same vulnerable population, and we, we share the same high educational debt burden.

Thank you for considering this bill. Nebraska Dental Association is working hard and creatively with Medicaid and long term care as well as with the NCO's in our state to ensure all Nebraskans with Medicaid can achieve a dental home. When that happens, we know we will drive down the high costs of more expensive alternatives to care, such as patients going to hospital emergency rooms and forgoing dental care until it becomes catastrophic. I look forward to do all I can to care for these kids with Medicaid. However, the pressure to reduce the number in my schedule with Medicaid is always looming so I can have a more manageable debt. Thank you.

FREDRICKSON: Thank you for your testimony. Any questions? Seeing-- oh, Senator Riepe.

RIEPE: A question.

FRANCES RENSCH: Yeah.

RIEPE: Maybe you can enlighten me that-- I read somewhere there were 3,000 children on the waiting list, mostly in western Nebraska. Is that correct or is that--

FRANCES RENSCH: It's pretty, it's pretty correct. Yeah. We don't--

RIEPE: It's high.

FRANCES RENSCH: Yeah it's high. We don't have a waiting list in Omaha. We actually just hired a new pediatric dentist, so our office has gone from one pediatric dentist to three within the last five years. So we do not have a waiting list. But in North Platte, I think that waiting list is in the thousands for sure.

RIEPE: OK.

FRANCES RENSCH: Yeah.

RIEPE: What is your-- I want your opinion on this to--

FRANCES RENSCH: On, on the what?

RIEPE: The University of Minnesota, for example, has a program on dental therapist. My sense is if we had-- and I don't know that-- to me, you take a dental hygienist and maybe make them a screener, which would benefit pedi-- pediatric dentist as well, because you'd have a,

a feeder and doing more higher level type of treatment as opposed to the fundamental X-rays and yadda, yadda, yadda.

FRANCES RENSCH: Yeah.

RIEPE: There's some resistance on that from some of the older practice dent-- practicing dentists. You're a young one. How do you feel about that.

FRANCES RENSCH: Now--

RIEPE: Would you partner with a dental therapist?

FRANCES RENSCH: Potentially. You know, I, I work with Dr. Jessica Meeske, who I'm sure you guys have all met many times. I'd say even though, you know, she's not newly out of school, she's very forward thinking. So we actually, in our practice are piloting some kind of similar, I would say, aspects of, you know, like when Dr. Meeske's out on a CE or out of town. We are using our dental hygienists to screen patients with like a scanner that we have basically, and then Dr. Meeske goes in at the end of the day, reviews the scans, reviews those X-rays, and then, you know, we'll either appoint them for a procedure or appoint them for just a, a recare again in six months. So I think it is something that is feasible. But, you know, we just-- I don't think do it here in the state. So. Of course, Jessica is going to figure out how.

RIEPE: I'm just concerned with, with the waiting list of 3,000. It could be five years, well these kids will be grown up with bad teeth and maybe bad disease because of it. I think it's a real concerning problem. And I've talked with the Dental Association, they're not very friendly with me. So I'm sorry.

FRANCES RENSCH: Yeah. Yeah, I'm, I'm, I'm not super familiar with-- I, I know the program--

RIEPE: [INAUDIBLE].

--you're talking about and-- I know you're-- I know the program you're talking about in Minnesota with the dental therapists. I'm not 100% certain of like, what education they go through and, and how that all is panned out. But I think, you know, we do acknowledge the wait list and how hard it is for kids to come in and then even, you know, to

find, you know, maybe they're driving an hour and a half and they don't have a ride. I mean, the list goes kind of goes on and on. And so I think we, we do talk about that in our meetings with the partners and all the practices to try and kind of figure out a way. And I think this, this new way of, you know, having our dental hygienists screen patients is something that can be helpful.

RIEPE: And I, I think you're also doing some on the other side of it in nursing homes.

FRANCES RENSCH: Yeah. I think-- yes, in general we're going to start doing that.

RIEPE: A lot of the hygienists do quite a bit of work in there.

FRANCES RENSCH: Yeah.

RIEPE: Maybe even beyond the scope of their practice authorization.

FRANCES RENSCH: I'm, I'm not aware of that, but yeah.

RIEPE: We don't see it, we don't tell about it. Thank you.

FRANCES RENSCH: I don't, I don't make it to nursing homes too often.

RIEPE: OK. Thank you for being here.

FRANCES RENSCH: Thank you.

FREDRICKSON: Thank you, Senator Riepe. Any other questions? Senator Meyer?

MEYER: Thank you, Vice Chair. I'm aware of student loan repayment in underserved rural communities. It, it-- and once again, without going through all this and essentially being a new kid on the block here, I have a question for you. Is the-- is there a student loan repayment program right now for dental in rural communities, underserved communities?

FRANCES RENSCH: For-- Yes. So the--

MEYER: And so you're--

FRANCES RENSCH: --the rural is dental, I think physical therapy, medical, physician assistant.

MEYER: So you're just asking for an extension to be in other than underserved communities, that's--

FRANCES RENSCH: Other than rural, but it's tied to that percentage of Medicaid. So I think the dentist signs a contract basically saying, you know, I'm going to see this number of Medicaid patients per year, and, and gets the portion of the loans forgiven or paid back.

MEYER: And if I heard correctly there, you don't have a waiting list per se, in Omaha, Nebraska. But we certainly have evidently, anecdotally, about 3,000 children in rural communities that aren't being served right now. Is--

FRANCES RENSCH: Yeah. Yeah.

MEYER: Any suggestions as to how to remedy that? I don't want to put you on the spot. Maybe thats a--

Speaker 5: Yeah. No, that's OK. You're asking good questions.

MEYER: And perhaps that's an inappropriate question for you. I think that's for, that's for Senator Ballard, perhaps, and I, I'm sorry I didn't ask it [INAUDIBLE].

FRANCES RENSCH: Yeah, and I think you're all kind of speaking to-- I know when Dr. Meeske has come in the past, she's talked a lot about the waiting lists. I, I don't work in those areas, so I don't see the waiting list. But I do know, you know, they have, you know, five very established dentists there. Their patient lists are massive, huge, you know, every single person in Hastings, Nebraska, goes, goes to have dental practice for their child's care. I guess I can only really speak to the Nebraska, or to, to the Omaha situation. You know, we, we might not have a waiting list, but there are certainly children that just, you know, are, are call-- I mean, every day we have calls when, you know, families are saying, we've called five different offices and no one's accepting any new patients. And then we finally found you guys, you know, who are accepting new patients. We don't have a cap right now on our Medicaid. But kind of how that works is practices will say, OK, every month, you know, we're only going to allow 20 new Medicaid patients. And then once you hit that number, they don't, they

don't accept any longer And, and strictly, that's, you know, for money's sake really most of the time.

MEYER: And just, just one other question. The, the student loan repayment program, as I understand it, would be to encourage people to, our medical professionals to relocate to underserved communities, certainly western Nebraska, central, and even northeast Nebraska in some instances. And so that was designed, I believe, to be an incentive program, partly, to encourage our medical professionals to go to the rural communities and to provide those services.

FRANCES RENSCH: True.

MEYER: And so I realize there's a lifestyle choice that there's no-- you're not inclined to go to an underserved community. And perhaps-- once again, I don't mean to be unfair in that, but--

FRANCES RENSCH: No, that's OK.

MEYER: --but I, I believe that was essentially part of the incentive of the student loan repayment program is to encourage our medical professionals to relocate or to return to their communities and provide those services, so--

FRANCES RENSCH: Yep.

MEYER: --is-- doesn't appear that this is contributing to that, I guess is my position. So I'm curious, just your opinion, do you think that's, that's been productive, encouraging people? I know it's a lifestyle choice, and once again, I apologize if I'm being unfair.

FRANCES RENSCH: No, no, you're not. I-- it is essentially, I guess, kind of a lifestyle choice. Our, you know, whole family just lives in Omaha. We have young, you know, a young baby. Hopefully more children. I just want them to be close to their grandparents and, you know, see them on a Wednesday night for dinner. So, so for us, yeah, that was not the choice we wanted to make. It has been, you know, greatly beneficial to my partners. I think every single one of them has done this program and has benefited from it, and every single one of them still accepts that high number of Medicaid patients. It's-- I think it's something that makes our practice special. But I think that, you know, that, that is also something that a lot of the participants that I that have gone through that loan repayment program, I think have

stayed. You know, they've built roots, they've had families that, you know, come to their practices for years and years, and they're not, like, accepting that money and then, you know, hightailing it back to Omaha. I haven't seen that.

RIEPE: Sure.

FRANCES RENSCH: Was that your question?

MEYER: Not necessarily, but, but once again, I put you on the spot.

FRANCES RENSCH: Yeah.

MEYER: I should have directed that to Senator Ballard.

FRANCES RENSCH: OK.

MEYER: I apologize if I put you on the spot.

FRANCES RENSCH: That's OK. Sorry I didn't answer it correctly.

HARDIN: Any other questions? Seeing none.

FRANCES RENSCH: Thank you.

HARDIN: Thank you. The next proponent for LB27? Welcome.

KATE DELANEY: Hello. Well, OK. Good afternoon, committee members. My name is Kate Delaney. It is spelled K-a-t-e D-e-l-a-n-e-y, and I'm currently a first year dental student at UNMC College of Dentistry. I'm speaking in favor of this bill. I grew up in Hastings and attended the University of Nebraska-Lincoln for my undergraduate degree. My dental journey was slightly unconventional as I had been waitlisted from the program and was expecting to start school in fall of 2025. Fortunately, I received a call just one week into the academic year that a spot had opened. Over a weekend, I had to find an apartment, move, start school, apply for loans. Needless to say, it was a lot of learning. In the time between graduating from UNL and starting at UNMC, I worked as a dental assistant. This experience provided me with invaluable insight into patient care. During my time working, I had the opportunity to serve patients with Medicaid and got to see first hand how important it is to care for those who are vulnerable. This experience further solidified my aspiration to care for those who need it. While I am incredibly grateful for the opportunity to pursue my

education, I was quickly faced with the reality that I will have acquired over $300,000 in student loans by the end of my education. Currently, the interest rates on these loans are between 8 and 9%. The acquired debt is something that my classmates and I often talk about. However, our main priority is being well-rounded and competent health care professionals that care for a wide range of individuals, including those with more complex needs and disabilities. My clinical experience is limited as I'm just in my first year, but at UNMC we have the opportunity to treat patients with Medicaid. This strengthens our clinical training and our ability to support patients who are faced with hardships. We are also taught the ethical obligations of serving different populations and how to positively impact the health care community. As of June 2024, there were 345,461 people enrolled in Medicaid and the Children's Health Insurance Program. This is a significant population in need of dental care. I believe this bill will attract newly practicing dentists to step up and help treat Nebraskans who are enrolled in Medicaid. Unlike the Nebraska loan repayment program, this bill does not restrict where a dentist must live in order to participate, allowing for greater flexibility and the potential to reach more patients statewide. Personally, I would like to own my own practice and treat many individuals from various backgrounds, but with the looming financial pressures, I fear this will be extremely difficult. However, with this bill, I'm confident that it will not only alleviate these pressures for many of us, but will also encourage dentists to serve Medicaid patients throughout the entirety of our careers. Thank you for considering this bill. It has been a pleasure to share my experience and how this bill, if passed, will positively impact both providers and patients. Thank you.

HARDIN: Thank you. Questions? Senator Riepe.

RIEPE: Thank you. First of all, I appreciate the fact that you followed your heart regardless of the dollar cost, I know that can be very discouraging. I wonder, too, if the state, instead of having an 8 or 9% interest rate, could somewhere or another get into a reinsurance thing, which maybe cuts the interest rate in half, which then, rather than this $300,000, like a snowball growing bigger over time, can do that. The other concern that I have is the University of Nebraska School of Medicine, I'm told, has 60 slots for dental students, so you obviously are both bright students to be able to get into the school. But it seems to me, and I think that it's something that will come up is at some point in time Nebraska needs double the slots for dental

school. We need to, we needed to supply a demand, we need to be turning out more dentists, assuming we have qualified students coming up. But you can respond to that, if-- go ahead.

KATE DELANEY: Well, being as I was the last person to get into my class, I would agree--

RIEPE: It doesn't matter. You're in.

KATE DELANEY: But, but I mean, there's always, I think if there's more people who are qualified to attend UNMC, then absolutely. We also have Creighton too, which I mean, that's also a good school, but that's even more expensive than UBMC. But I, I would agree that if there are qualified and able students willing to take on the challenge of dental school and want to stay in Nebraska, then I agree that there could be more spots.

RIEPE: In Omaha, we lightly say the University of Utah at Creighton, because there are many of those students that-- and rarely-- I'll go on record here and get criticized-- rarely do they go to remote areas in Nebraska to serve. They go back, they go home. I don't blame them. It's good school, but-- so it doesn't do much for our inventory, our workforce development of dentists in the state of Nebraska. So we really like Nebraska.

KATE DELANEY: Yes. I plan to stay in Nebraska, so. And even in Hastings or another rural area, but--

RIEPE: You know this is being recorded, so you're on record.

KATE DELANEY: Well, I have no-- I plan to.

RIEPE: OK.

RIEPE: Thank you, Chairman.

HARDIN: Other questions? Can I ask your conjecture, to guess and we won't hold you to it. So since I'm from out there where he was referencing, out west, where, well, Nebraska falls off into the world of Wyoming. Do you sense that there are people in your class and those just ahead of you and whatnot who have a desire to go to the rural areas? Or is the promise of the dental world in the cities just so much more attractive that we really do need some sort of incentivized

reason to go on out to the frontier? I mean, what's your what's your sense? I'm asking you to guess.

KATE DELANEY: If I were to guess, I'd say being able to practice anywhere is enticing, just for more opportunities, more diverse patients that you see. I think continuing to grow your techniques and your practice, I think. But that would be my guess as to why people would want to practice anywhere rather than just a rural area.

HARDIN: I see. OK. Well, thank you for being here.

KATE DELANEY: Thank you.

HARDIN: Great. More proponents, LB27? Proponents? Opponents to LB27? Seeing none, those in the neutral for LB27? We have no others in the neutral. Senator Ballard, if you'll come back, we have six proponents online, zero opponents, one in the neutral.

BALLARD: It's a great consent calendar bill.

HARDIN: It's, it, it has that potential.

BALLARD: It does, doesn't it?

FREDRICKSON: Big fiscal note.

BALLARD: Ah, fiscal doesn't matter.

HARDIN: Big fiscal note, yes.

BALLARD: It's-- ah, the money's there, it just needs to be authorized. I'd just like to thank the students that came, and the, the dentist that came. I think I was asked to work on this bill with the Nebraska Dental Association because I mistakenly said I wanted to be a dentist when I grew up. That didn't happen, as you can tell.

RIEPE: Not too late.

BALLARD: Not too late. I, I can't pass organic chemistry. That's the thing. I know it. It was I did not do well in organic chemistry, so my dental days were numbered. But I would just like to thank, thank them for being here, taking time out of their, their lives. I will answer a couple questions. They asked them for total dentists. There's about 1, 1,052 dentists in Nebraska, and that number is actually decreased by

35 this last year to 1,017 in the state. So we are seeing a decrease because, as Senator Riepe said, we are seeing some flight from our dental schools. Senator Meyer, I completely agree with you. We do need to-- I would love to work with you on finding how to get more dentists to our rural communities. That's not quite what this is trying to address. We're looking at dentists that take Medicaid patients, because we learned last year, and I'm sorry, I probably should have spelled this out more in my testimony, If you take Medicaid patients, their reimbursement rate from the state is about 40 to 50% compared to commercial insurance. And so we're looking at trying to, to do two birds with one stone of making sure Nebraskans are taken care of that are on Medicaid, but also keeping recruiting and retaining talent in the state, regardless of whether they're in Omaha, Waverly, or out near Wyoming. So that's kind of the purpose behind this bill. But I love to work on trying to find more rural dentists for northeast Nebraska and out west as well. With that, I'd love-- looking forward to working on this bill with the committee, but I'd be happy to answer any final questions.

HARDIN: Final questions, anyone? Yes, Senator Quick.

QUICK: Thank you, Chairman. And just one que-- and you kind of alluded to it a little bit, but I know in Grand Island we've had many of the de-- I mean, they quit taking Medicaid, Medicaid patients altogether. So we face that. And if this bill could address that, I, I would agree with we can do that. One thing I think about is we should up the Medicaid reimbursement rates. So I don't know if that's-- I know that can be part of this bill, but that's just one of my, my things. If we can up the Medicaid reimbursement rate, that might help with a lot of these issues too, with, with-- we have current dentists who probably wouldn't be able to apply for these because they're maybe in their 50s or 60s, already got their loans paid off. And, and so I don't know if that would work for them. Probably not work for them, but, but--

BALLARD: You know, yeah, I thank you, Senator, I, I, I agree with you. And there's waitlists across Nebraska, Omaha, Lincoln, Grand Island. Just dentists are not taking these patients anymore. And I will, I'll end with this if there's no more questions. If-- I mean, this Excess Profit Fund, it's going to be a hot-- there's a lot-- I think I saw reference-- we referenced bills that dealt with trying to, trying to access these funds. But I don't think there's a better use of Medicaid Excess Profit Funds than actually for serving Medicaid patients. And

so this is something small we can do to try to help recent, recent dental grads, but also serving Nebraskans.

HARDIN: Any other questions? Senator Hansen.

HANSEN: Thank you, Chairman. Just to make sure, this, this is not specific for those who would then have to go to a rural area of Nebraska--

BALLARD: It's not.

HANSEN: --it's going out all throughout Nebraska, OK?

BALLARD: It's not.

HANSEN: I'll agree, I'll agree with my good friend, Senator Quick, that we should probably look at reimbursement rates for Medicaid for pediatric dentistry like we've done the last eight years.

BALLARD: I'm sure the folks behind me are loving to hear that.

HANSEN: Yep. Thank you.

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

BALLARD: Thank you, Chair. Appreciate it.

HARDIN: This ends the hearing for LB27. Last, though certainly not least, the hearing for LB61. There is a shifting about. We'll give it just a few seconds. And so, Senator Storer, we always have to say, down, set, because here in Nebraska, we're used to doing that kind of thing. And then you can hike the ball. It looks like we're finally ready.

STORER: I'm ready. Great.

HARDIN: Thank you for being here.

STORER: Good afternoon. Good afternoon, Chairman Hardin and members of the committee. It's good to be here. My name is Senator Tanya Storer, T-a-n-y-a S-t-o-r-e-r. I represent Nebraska Legislative District 43. That would be 11 counties up in the north central part of our beautiful state. I'm here today to introduce LB61, which would require the Department of Health and Human Services to file a Medicaid waiver

amendment for memory care rates. Nebraska is at a crossroads when it comes to caring for one of our most vulnerable populations, which are individuals living with Alzheimer's disease and other forms of dementia. According to the Alzheimer's Association, and I found this quite shocking, over 35,000 Nebraskans aged 65 and older are currently living with Alzheimer's, and this number is projected to increase by 21% this year. 21%. Our aging population, coupled with the unique challenges of dementia care, underscores the urgent need for a dedicated Medicaid rate for assisted living memory care services. LB61, does two things. The first would require the Nebraska Department of Health and Human Services to file an amendment to the home and community based services waiver for the aged and disabled for memory care rates. Secondly, it would require the Legislature to appropriate funds for the specialty care rate. Caring for individuals with dementia requires specialized environments, training, and staffing levels that differ significantly from standard assisted living services. These residents often experience cognitive decline that necessitates primarily supervision; behavioral and psychological symptoms that require skilled intervention, such as aggression, wandering or anxiety; and personal care challenges, including difficulties with eating, bathing, and mobility, which demand higher staffing ratios and specialized training. Many individuals, especially in the early stages of Alzheimer's, may be physically healthy, but their cognitive struggles put them at risk for harm. These individuals don't typically require 24 hour nursing care provided by a nursing home. They need a secure and safe environment, staff who understands their disease progression, engaging activities available when they need them, and special programs designed to maximize their quality of life. Unfortunately, Medicaid's current reimbursement structure does not adequately account for these additional care requirements, leaving facilities to either absorb the cost, or honestly, more often, simply unable to serve those who do not have private financial resources. Believe it or not, there are economic benefits of a Medicaid memory care rate. One, the cost to Medicaid. Assisted living memory care is a more cost effective solution than nursing home placement. Nursing homes often cost Medicaid substantially more per resident, while many individuals with dementia could safely remain in an assisted living memory care with appropriate resources. Two, support for providers. Without a memory care rate, providers face financial instability that can lead to closures, particularly in our rural areas. This reduces access to care for Nebraskans, and ultimately would increase reliance

on higher cost alternatives. And thirdly, job creation and retention. Establishing a sustainable reimbursement rate would allow facilities to recruit and retain the skilled workforce required for memory care, improving Nebraska's health care job market and quality of care. In 2020, the Nebraska Department of Health and Human Services contracted with an outside provider to complete a rate study and offer recommendations for those rates. One of the recommendations is to create a separate waiver service and rate for Medicaid beneficiaries who require memory care and assisted living. I would ask that the committee support the department's own rate study recommendations with LB61. The passage of LB61 may potentially save Medicaid dollars and provide much needed support to those suffering from Alzheimer's and other dementia diseases. Please advance LB61 to General File for debate. I would be happy to take any questions.

HARDIN: Thank you. Senator Riepe, do you have questions?

STORER: Sounds like a presumption.

RIEPE: As usual, yes. Thank you, Chairman. I think you've noted, and I appreciate your being here, I think you noted that there's an opportunity for offsetting costs, that it might be more cost effective. My concern gets to be as [INAUDIBLE] say that the fiscal people didn't feel the same way.

STORER: I, I see that.

RIEPE: Yeah. And so, you know, my concern, of course, gets to be, not only this year but every year, we really have, as Senator Hansen pointed out, with Medicaid reimbursement up and down the line of virtually every program that we provide, we seem to be behind the curve and have never gotten caught up. But this one looks like a $15 million year one and a $29 million year two, and that's it. I knew an administrator one time said, don't bite off more than you could chew. You know, I'm afraid this is a big bite. So the merit's there, I'm just trying to figure out how to fund it.

STORER: No, I appreciate that. I think that's a, that's a fair observation. You know, this is the beginning of a conversation. And I'll be honest, there'll be some folks coming up behind me and that can address some of the specifics on the data a bit better than I can. But I do know that we were having trouble coming up with the, with the

numbers that we were really comfortable with and that we wanted. So I don't think that we're there yet. I don't know that I'm, I'm comfortable with the fiscal note where it is accounting for some of those offsets, quite frankly. So this, this is sort of the start of that conversation. But, you know, when you look at the, the, that increase, we're going to look at 21% more people potentially in the state of Nebraska being diagnosed and suffering with dementia and Alzheimer's. And we're already, as you mentioned, behind the curve. I think it's time to start to be a bit more proactive and, and try to be ahead of the curve a little bit, or at least keeping pace with the curve as, as we look at caring for this-- really, it's the baby boomers, right, that are entering into this age of care. And, and when you look at right now, the, the rate, the Medicare reimbursement rate for assisted living and in compared to an average, and that's what we had trouble coming up with was a specific Medicare rate for a nursing home facilities just for memory care, that's difficult to nail down, but an average reimbursement rate for nursing care facilities, there's room in there, quite a bit of room, in my opinion, to be able to offer care. Even though it's higher than our reimbursement rate currently for assisted living, it would still be lower than the cost of care for nursing home facilities. And I'm afraid that's maybe what was not accounted for in this fiscal note.

RIEPE: Well, if it's any comfort to you, any of us that have served or had bills have wrestled with the fiscal note. So welcome, welcome to the orientation.

STORER: Yeah. Here we go.

RIEPE: Here we go.

HARDIN: Senator Hansen.

HANSEN: Thank you. Is this your first hearing so far?

HANSEN: It is.

HANSEN: Well, good. I going to ask you as specific questions I possibly can.

STORER: Good. Great. This is--

HANSEN: No.

STORER: Get me warmed up.

HANSEN: Maybe the people behind you can answer this, but do you know if there's any other states that have been approved for this kind of funding for Medicare?

STORER: I do not know.

HANSEN: OK.

STORER: But I'm guessing some folks behind me would be able to answer that question.

HANSEN: Yeah, It looks like in the fiscal note, they were trying to reflect like what we currently use for general assisted living and the difference in cost between current rates and a potential new rate, thus-- which would tell us what they struggled with right there. So according to the fiscal office, it looks like DHHS, there's-- there would be a cost saving, like you mentioned. The more we go from nursing facility to memory care assisted living. I'd be kind of curious what other states that they-- if they have incorporated this kind of care, how many have actually--

STORER: Been able to carry forward on this.

HANSEN: --moved from-- that might kind of give us a better idea of the cost savings we might have to the taxpayer, so. But again, that might be-- that's more of a statistical kind of data point.

STORER: But I agree with you. Yeah, we need, we need to be looking at how this has impacted other states. And again, I think some of the folks behind me can help answer that. But we will certainly-- we're going to continue to try and get better data. We're-- I guess I-- we didn't get the numbers that-- we weren't quite where I would like to even be with the numbers. And this is the beginning of, I think, a much longer conversation.

HANSEN: Well, get used to it, you'll never be happy with fiscal notes typically, so. Usually, but. Thank you very much.

STORER: You're welcome.

HARDIN: Any other questions? I have one. How long am I take for a waiver? Do you know? I mean, have a sense?

STORER: How long for the-- again, those coming behind me can probably answer that more accurately than I can. I know that I think you're going to hear from Department of Health and Human Services that they actually would like a little bit different date than we put in the bill for that application to, to kind of be realistic in terms of the time frame.

HARDIN: OK. Very well. Well, thank you. Will you be sticking around for closing?

STORER: I will.

HARDIN: Wonderful. Thank you. Proponents for LB61? Welcome back.

JOSEPHINE LITWINOWICZ: Well, which one of you said Beetlejuice, Beetlejuice, Beetlejuice? Hi. My name is Josephine Litwinowicz, J-o-s-e-p-h-i-n-e L-i-t-w-i-n-o-w-i-c-z, and I represent the Higher Power Church. And I just want to say, I think I'm breaking in the new pages, I think I'm wearing them out. So first I want to say, because it is so incredible to me that what is going on right now with Trump, in, in freeing people that beat up officers and put pickaxes in the Capitol. And you know, he, he talks about the hostages right in front-- or he talks about them as being hostages. And guess who's in the background while he says that. Those are the ones that have hostages in Gaza. Did you see that? I mean, it is a total catastrophe. It is disgusting. And I hope you write an open letter disavowing him. I hope you have the guts, because this is serious, and we're following the playbook. In fact, I suggest that we teach, you know, as part of civics, you know, how autoc-- autocracies form. I mean, he's got control of the other two branches of government, he's targetting people, and my God. You know, I, I could see it. I didn't know it was going to progress this fast. Anyway, I support this bill, but I-- and I don't want to take away from that. I just I'm always here when there's provider rate increase bills. And because I had worked with Senator Hansen a little bit on a, on a bill and I know he does, he does-- is involved with that. So I just want to tell you how things are at my end. And so I have home health, and I've had problems getting people to fill my home health appointments. And sometimes I just stay in bed, you know. And not just not mine, but a skilled-- I

know a couple-- one is a bigger skilled nursing home, and that owner makes visits repeatedly. And, and I'll repeat the story of a, of the home health facility in Wilbur Nebraska, and I can give you the phone, Hosanna Health Care. She had to reincorporate. She paid the penalty of running a successful business in Nebraska, because the provider, you can't negotiate with the state for provider rates. You can't, like, negotiate, renegotiate. So what she had to do, and she was in business for a long time, so the differential from, you know, she couldn't afford to pay her employees, so she was able to reincorporate while maintaining services. I don't think we want that. And it, it's frustrating because-- and I just hope you listen, because I'm pretty sure a lot of you think I'm an abomination, and so just imagine it's somebody else and not me. Please do that. Because anybody who voted for the bill 30 on party lines. So anyway, I don't want to detract from the provider. I mean, many years now we, they got either 2% or nothing. And you know what? It's hard. You know, it's hard to find employees. And, and so please increase provider rates for this population, because if you abandon these people, you're going to bet, you're going to bet 100% on causing potential harm. And, you know, I'm just a muddle when it comes to economics. But I, I think we should really evaluate this. And for many of the ser-- Medicaid waiver services with-- they need higher provider rates so that, you know, they can attract quality people that are willing to work and do the things that they have to do in home health, which might not be fun all the time. You're competing with people that work at Chipotle for $15 an hour. In fact, I had a aid, an aid that made a little less than that. And so-- and I know nursing homes and assisted living homes fall into the same category and everything does. So we got to get the governor, you know, who's benefiting, you know, for, you know, you know. Anyway, I don't have to go into that. And so, you know, when you cut taxes so much. You know, it's expensive to live in a society that you can morally live with. That costs money. That costs money. And so, like for me, I don't-- I always thought of taxes like, well, I just pay him because, you know-- Anyway, it's frustrating to me. And so please support this bill and, and increase the provider rates for this demographic.

HARDIN: Thank you.

JOSEPHINE LITWINOWICZ: I don't know if anyone has any questions.

HARDIN: Josephine. Josephine, we're glad you're here. Thank you. Any questions?

JOSEPHINE LITWINOWICZ: Last time I had a question was four years ago. Five? Anyway, it just doesn't happen with me. You guys have a great day.

HARDIN: Thank you for being here. Proponents, LB61. Welcome.

HEATH BODDY: Thank you. Good afternoon. Good afternoon, Chairman Hardin and members of the Health and Human Services Committee. I'm Heath Boddy. You spell that H-e-a-t-h B-o-d-d-y. I'm the chief operating officer for Vetter Senior Living in Omaha, and I'm here today to testify in support of LB61. So maybe helpful, some quick background on Vetter Senior Living. Our company was founded 50 years ago by Jack and Eldora Vetter. Both are lifelong Nebraskans, both operating in this state, all of those 50 years. Our company provides facility based senior care as a nonprofit in 22 communities across the state. We also provide home health care and hospice care in 36 of our counties here in Nebraska. On any given day, our 3,800 teammates are serving about 2,500 Nebraskans that are entrusted to them. The people who will testify after me are probably a lot more versed in some of the particulars that you've already asked about, and so I'll leave some of those specifics for them. But I thought I might share a story as it relates to our company that is actually live right now. We recently acquired a small building in a rural community here in Nebraska that would literally be perfect for assisted living memory care. Unfortunately, when we considered the cost of memory care in relationship to the reimbursement that happens through the Medicaid waiver program and the likelihood of the payer mix in the area in which the building is at, the operation would not be sustainable. And the point I hope to emphasize to you is that we are willing to provide these services in assisted living environments, but it's only possible with an adequate reimbursement rate. Opening the Medicaid waiver to include memory care in assisted living does two important things in my opinion. One, and perhaps the most important, it provides more options for the many Nebraskans that the senator alluded to before that will be-- that are and will be in need of this memory care; and two it makes it possible from a business standpoint for providers to be viable. I'd like to thank Senator Storer for introducing this bill and

to thank each of you for giving this consideration as it's important to the Nebraskans we serve, and I'd be happy to answer any questions.

HARDIN: Thank you. Questions, anyone? Senator Fredrickson.

FREDRICKSON: Thank you, Chair. Thank you, Mr. Boddy, for being here today, and thank you for the work that you do. One, one question I have, and I know you don't have a crystal ball per se, but I am kind of curious. If we weren't to do anything about this, what do you envision some of the risks we might face just given the reality that we, we are having an aging population, and particularly in rural parts of the state? I'm just kind of curious to hear if you have any thoughts on that.

HEATH BODDY: Thank you, Senator. It's a great question, and, and I think I can say with certainty the access to care, specifically assisted living memory care in rural Nebraska for those that rely on state assistance, is already an issue. And when you look at the business model of this, trying to find viability as, again, in our case, trying to create an opportunity for people in given rural areas to do that, my assessment would be this is only going to get worse. The population trends for the people over 65 years old starting this year start to escalate quickly. And when we hear the senator sharing what, what the Alzheimer's Association is talking about with the increase in the number of people in America that will have memory care deficits, memory care needs, the only thing it leads me to is more and more pressure as access to care.

FREDRICKSON: Thank you.

HARDIN: Senator Riepe.

RIEPE: Thank you, Chairman. Heath, it's good to see you.

HEATH BODDY: Senator, good to see you, too.

RIEPE: It's been a long time. The question I have in regards to non-institutional memory care, what do we have in inventory? Are there providers out there that provide this for in-home for-- and then my question gets to be is, are there any assisted living facilities that are then taking this service, this non-institutional, non-nursing home memory care and applying it in that existing-- I'm, I'm trying to look at kind of a model program, a pilot program thing. Is there anyone

that you're aware of, you know, you know, Vetter-- you guys almost control the state, so many [INAUDIBLE].

HEATH BODDY: That's very kind, Senator, thank you.

RIEPE: Jack would appreciate that.

HEATH BODDY: So there's a couple of testifiers coming up that may be able to shed some light on that. I would say this; there, there-- I've seen a few models being advertised in the state that use more of a home based approach to it, so it's literally a residential home towards assisted living. I do not know, however, if they base that towards memory care. And I think what you're going to hear from a couple of the experts that do memory care really well is it's a very different model. There's al-- there's already different requirements. But to do it right, to, to, to treat people in the way that they need to be treated and have programming the way they need that, it, it's just not the same thing. So I-- but I don't know if those models do that now.

RIEPE: I don't know what your level of expertise in memory care is, but I'm assuming it's much like general medicine where you have acuity levels of various stages of that memory loss and what the requirements, then, of the individual and depending upon their home situation, there are lots of variables that come into this, and particularly in some areas where maybe an elderly couple or the children aren't around, you know, that complicates it, too. I just, I just-- I'm looking for-- I'm looking for an easy answer, and I don't think there is one.

HEATH BODDY: I think you're absolutely correct, Senator. I don't think there's a good answer.

RIEPE: That's good to hear. Thank you. Thank you, Chairman.

HARDIN: I have a question.

HEATH BODDY: Absolutely.

HARDIN: I, I applaud you for speaking as a proponent on this, because it speaks to this medical desert that we talk about. Talk to me in plain language as someone who works where you work, doing what you do. And I may ask this of other folks coming in. How does it work when

someone as Senator Riepe was indicating they kind of move through various phases, and we certainly need help at all levels. But what happens when, in fact this is successful? And what happens if, in fact, it's so successful that we actually have a much greater need there, and will this exacerbate a bottleneck on the other side? Do you know what I mean? Where if in fact, someone's condition worsens to the point that now we have a challenge where there just aren't nearly enough on the other side, do we make places like Vetter Senior Living more vulnerable because they're actually retaining or keeping memory care patients who are actually beyond what you might be capable of helping? Does that make sense?

HEATH BODDY: Absolutely, Senator.

HARDIN: There's a, there's a temptation there because we're Nebraskans, we care about people, and we have this huge need. Might we be setting assisted living centers up for future failure?

HEATH BODDY: I don't think so.

HARDIN: OK. Help me understand.

HEATH BODDY: So we are Nebraskans. And, and what Nebraskans do is try to help their neighbor, their loved ones, their friends, their families. And we would say in our company, we want to give the right care in the right way, at the right time, in the right setting so that that person is successful. Part of the way our company sees it, and I think that speaks to the larger landscape in Nebraska, is that we see it as a continuum. So if we have, let's say we have the ability where, where we're going to give care, memory care, to people that leverage state assistance in assisted living environments and that creates more people. There's opportunities for us to care for other people in many other models. The, the, the number of Nebraskans, the number of Americans, as the population trends go up, that will need care is there. So if your question was, would it put other, other parts of the health care system at risk? I don't think it does, just from the sheer number of people coming into the system. Where-- you heard me reference we're in home based care, we're in facility based care. Some people would say, what-- why would you do both? Again, because we think people-- we need to give quality care to people at the right place in the right way. And so that's why-- I'm not saying there won't

be a provider that this doesn't become a conversation. You have those things now in America. I, I don't know that this makes it worse.

HARDIN: OK. Thank you. Any other questions? Seeing none, thank you. Other proponents for LB61? Welcome.

MARY LYNNE BOLDEN: Hello. I feel really short. Good afternoon, Mr. Chairman, members of the committee. My name is Mary Lynne Bolden, M-a-r-y L-y-n-n-e B-o-l-d-e-n, and I'm here today to testify in support of LB61. I represent MJ Senior Living, which operates nine senior living communities in Nebraska, seven of which have memory care assisted living. Memory care assisted living and traditional assisted living serve different populations, and the differences are particularly significant for individuals with memory related conditions like dementia. Traditional assisted living supports residents who need help with daily activities, bathing, dressing, med management. But they don't require specialized dementia care. It's designed for those with full cognitive awareness or mild cognitive decline, and offers general recreational and social activities. Memory care assisted living, on the other hand, is specifically designed for individuals with dementia, some form of cognitive decline. These communities provide a secure environment to prevent from wandering or leaving the community. Staff are trained in dementia care techniques to manage challenging behaviors and learn overall communication on how to have successful communications with people who have memory loss. And the residents benefit from structured therapeutic activities tailored to their cognitive abilities, improving the quality of life and creating a supportive environment. So our staffing needs in traditional assisted living and memory care assisted living differ pretty greatly. Memory care requires one team member for every 5 to 7 residents approximately, again, that would be based upon needs of those residents, compared to one staff member for maybe every 15 to 20 residents in a traditional assisted living. That's a big difference. So the higher staffing ratio reflects the intensive support needed in memory care. As a result, memory care is certainly more expensive. It's more expensive to provide. In our communities, the average cost for our memory care, again, this is just an average, is about $8,000 a month approximately, compared to $5,000 a month on average for traditional assisted living. However, Medicaid waiver reimbursement rates fall far short of covering these costs, the urban rate, there's two rates for Medicaid waiver, there's an urban rate and a rural rate. The urban rate is about $3,100 per month, and the rural rate is $2,800

per month. That's a big difference there. And these rates are significantly below the actual cost of providing high quality care, particularly for memory care residents who require specialized staffing and security measures. For this reason, MJ Senior Living does not accept Medicaid waiver in our memory care communities. We don't accept Medicaid waiver in any of the memory cares. Balancing costs and services is essential to maintaining the level of care and amenities required for individuals with cognitive impairments. Accepting Medicaid waiver would create budget constraints that could compromise the quality of care that we provide. It is vital for Nebraska to establish a system where everyone, regardless of financial resources, can access the care they need at the right time so that they can thrive and be successful in those final years. Thank you for your time, and I would be happy to take any questions.

HARDIN: Thank you. Questions? Can I repeat some questions?

MARY LYNNE BOLDEN: Sure.

HARDIN: Because I like to get lots of notions on the same thing.

MARY LYNNE BOLDEN: Sure.

HARDIN: So how do we get to a place where when we open the doors, you were just saying, gosh, $3,100 versus $8,000 a month.

MARY LYNNE BOLDEN: Yeah.

HARDIN: That's a significant difference. And so does it create a temptation for us to put somewhere where we can help them, but what happens next? What's the next domino to fall? And I guess I'm just asking the question because it seems somewhat inevitable that that next domino in time may fall. Not everyone goes to a place where they need full memory care.

MARY LYNNE BOLDEN: Right.

HARDIN: But there will be some that do. And with 20% more than we've had before, just because there are baby boomers starting to fill those ranks, right? The numbers are going up 20%? So there you go. I'm asking you to speculate. What does this look like if we open this door in assisted living kind of helps fill this gap that is perhaps more of

a chasm than a gap. What's it look like if we do this, what's it look like if we don't?

MARY LYNNE BOLDEN: I think if you do this, I think there are assisted livings out there who are going to be more willing to accept Medicaid waiver residents in their memory cares. We just don't right now because we can't, we can't cover the staffing levels, just, just staffing levels alone.

HARDIN: 7 to 1.

MARY LYNNE BOLDEN: Yeah. Yeah. And if the residents have more acute needs, it's, it's even greater than that, it's 1 to 5, you know. So I just don't think that-- a couple of things. I think right now what we're trying to do is families are trying to save their money and make it, make it stretch a little bit further. So what they're doing is they're trying to put, say, can mom stay in the assisted living if we do some extra measures to keep her safe? And I can tell you what we do. I don't know what other assisted living in the state do. But I can tell you what we do, as long as we can put a plan in place that keeps mom or dad safe, then we can, we will allow that to happen. But the moment that we're concerned about their safety in any way, that's when we have to have those conversations to say, we can't do this anymore.

HARDIN: Can you help--

MARY LYNNE BOLDEN: So what happens is then they would go to a nursing home or a Medicaid specialized assisted living community, and there aren't many. Finding a place is almost impossible.

HARDIN: Would you say that taking medicine on time and in the right amounts is a main piece of how that works within an assisted living scenario? Or what, what triggers are there that make a-- make sense to say, OK, should we now consider this for our mom or our, you know, grandfather, so on and so forth?

MARY LYNNE BOLDEN: Sure. A lot of people wait because they don't understand how, how dire the situation is. So by the time they get to us, they've waited far too long.

HARDIN: OK.

MARY LYNNE BOLDEN: I don't know if that answers your question there, but.

HARDIN: Every family goes through that journey. I've been part of that myself. And so sometimes you look back with 20/20 hindsight.

MARY LYNNE BOLDEN: That's right.

HARDIN: And so, yeah, just curious to get a feel for some of these issues because we're looking at this and saying, how do we deal with this desert? Because there are a lot of people out there. I'm also just curious, have you seen anything that differs from the urban world, the suburban world, to the rural world in terms of rates of memory loss?

MARY LYNNE BOLDEN: I don't have that information for you. I can gather that information for you, and perhaps some testifying that me might have that information, but.

HARDIN: All right. Yes, Senator Meyer.

MEYER: Thank you, Mr. Chair. Just a question. Increasing, increasing rates, the availability of staff with increasing pay, is staff available out there to staff these centers?

MARY LYNNE BOLDEN: That's always the question. And so when-- we do often get approached by other investor groups and companies that say, hey, we'd like to build a place out here, or we have a place out here, would you be interested in acquiring this building? Our, our first question is always, can we staff it? What is, what is the labor shortage in that particular area?

MEYER: It appears that regardless of, of how we provide these services, the need doesn't go away.

MARY LYNNE BOLDEN: No.

MEYER: You know, and that's what we're facing. The need exists and is increasing. And so it appears that we, we have got to come to grips with that and try to provide a viable alternative or a viable option in order to take care of these folks. I appreciate the chair's question. OK. As, as the dementia or Alzheimer's advances, then what? That's always a question, you know, that's always a question in any

medical care. but from my perspective, it appears that the need is ongoing and will increase. And so we do have to explore and find some viable, affordable way to take care of this problem. Just perhaps an observation on my part, but I appreciate your efforts on that quite frankly. Thank you.

MARY LYNNE BOLDEN: Sure.

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

MARY LYNNE BOLDEN: Thank you.

HARDIN: The next proponent for LB61. Welcome.

LOIS JORDAN: Thank you. Good afternoon. Chairperson Harden and members of the Health and Human Services Committee, my name is Lois Jordan, L-o-i-s J-o-r-d-a-n. I'm the president and CEO for Midwest Geriatrics and the past president, past chair for LeadingAge Nebraska. I'm here to testify in support of LB61. Midwest Geriatrics provides assisted living services to roughly 95 to 100 seniors in Nebraska, and more than 80% of those are on Medicaid waiver. With the shortfall in the Medicaid waiver reimbursement failing to meet our actual costs. We have operated with a very thin margin, if any, margin, for many years. Our ability to sustain our operations depends on closely managing our payer mix amongst our resident population, and the primary payers for assisted living are either private pay, or once an individual has spent their savings or resources down, then would--they would apply for Medicaid and Medicaid waiver. Medicaid waiver rates were established over 30 years ago with an informal process that didn't take into consideration the two different types of assisted living care, memory care and traditional assisted living. And both are paid right now equally the same despite the significant difference in the cost of care. In addition, over those 30 years, rate adjustments have not kept up with the cost of providing care. So as a result, assisted living providers limit the number of individuals they serve whose primary payer is Medicaid waiver. The shortfall in reimbursement for memory care in assisted living is more pronounced due to the higher staffing to resident ratio. Despite the addi-- the necessity for additional staff to ensure residents' safety, again, assisted living memory care communities are paid the same as traditional assisted living. So, for example, traditional assisted living, as was mentioned, may staff 1 to 15 or 1 to 30 residents. In memory care, we

staff 1 to 5. Individuals needing memory care require closer observation, more one on one care. Our average cost of care for traditional assisted living in Omaha for us is approximately $3,500 for traditional. Our average cost of care in memory care for us is $5,000. So the cost of this care without any profit margin is exactly what I've given you. The communities serving individuals on Medicaid waiver received $3,140 per month. In our memory care, this results in a shortfall of $1,860 per resident per month. And there again is the reason so many providers do not allow individuals on Medicaid. Those reimbursement shortfalls amount to $22,320 per year per resident on Medicaid waiver. And for us, that's a $300,000 loss each year. So why do we continue to do this? We simply can't turn our backs on the individuals that need this service. Many times we ask ourselves, if we don't do this, who will? We are one of the largest Medicaid waiver memory care assisted living providers in Omaha. Our fear is that without this service, many of these individuals will continue to either stay in a home that's not designed for the needs that they have with their dementia, or may end up going to a nursing home, which isn't the appropriate setting simply because of their cognitive need. The individuals with dementia didn't ask for this disease. They didn't know that their care would require sometimes 1 to 1 assistance every day. That level of care comes at a cost and few can continue to pay that privately for very long. Our Nebraska seniors deserve unrestricted access to assisted living services, including memory care when needed. And as was stated earlier, in five short years, it's projected that individuals with dementia will reach 82 million. And as Senator recently or just said, 21% growth in that number just this year alone. So it is my hope that passing LB61 would rectify that payment disparity for assisted living memory care providers and improve the access to care for seniors needing memory care services. Thank you, and I'm here to testify in support of LB61.

HARDIN: Thank you.

LOIS JORDAN: Thank you.

HARDIN: Questions? Can I ask, do you know, how does Nebraska compare to the states that border us on these reimbursement rates? What do we look like? Do, do you know what's out there, and, and how we're doing? Clearly, we've got this going on as it is, I'm just curious, how, how does South Dakota, Wyoming, Iowa--

LOIS JORDAN: I don't have that information--

HARDIN: OK.

LOIS JORDAN: --off the top of my head--

HARDIN: Just curious.

LOIS JORDAN: --but I can get that for you.

HARDIN: OK. Also, just curious, kind of the same question that I, I asked earlier. Do you, do you have any sense how long a waiver might take out there in the big wide world?

LOIS JORDAN: I do not.

HARDIN: OK.

LOIS JORDAN: I'm sorry.

HARDIN: Yeah. And can I ask the same speculation question I asked earlier? And that is we're looking to stretch how we can provide medical care. And this sounds like one potential way of doing that. Are we potentially in the process of doing that, setting ourselves up to not have the level of certified folks on hand as that memory situation becomes more acute, and not just for one person, but for multiple people, because there might not be a next place to go. I'm wondering if we might behoove ourselves to fix multiple problems while we're at this is what I'm wondering. Any thoughts on that?

LOIS JORDAN: The, the individuals, the staff that we utilize in assisted living are trained and experienced to provide the services for individuals on-- that have dementia or have Alzheimer's. As that disease progresses, there is the reverse in the abilities. So individuals will lose last what they'd gained first. So typically their care becomes more-- once the behaviors have either shifted or changed, what's happening is that they're losing that ability to toilet themselves and then they need that assistance. We are able to provide assistance to individuals with memory loss through end of life. In an assisted living that staff's 1 to 5, because if their care continues along that progression, we're able to do that. Now if they're requiring transfer assistance or lifts, we don't provide that. That then would result in probably a referral to a nursing home. But

if an individual is just needing someone to help them into the dining room, sit with them and help them eat, prompt for showers and bathing, and help get dressed, those types of things, we're able to do that in assisted living.

HARDIN: OK.

LOIS JORDAN: So that service is there and it's-- the staff are trained for that.

HARDIN: That's helpful. Thank you. Any other questions? Seeing none. Thank you.

LOIS JORDAN: Thank you.

HARDIN: Proponents, LB61? Welcome.

KIERSTIN REED: Good afternoon. Chairman Hardin, members of the Health and Human Services Committee, my name is Kierstin Reed, that's K-i-e-r-s-t-i-n R-e-e-d, and I serve as the CEO for LeadingAge Nebraska. We represent nonprofit and locally owned aging services providers, and together our members serve over 5,000 Nebraska seniors every day in a variety of settings. I'd like to thank Senator Storer for bringing this bill forward, and while we understand that this issue has been brought to the Legislature in the past, we do believe that now is the time to establish this waiver service specific to memory care. Alzheimer's disease and other dementias are the most expensive condition in our country, and they're growing at a rapid rate. 1 in 10 people over the age of 65 is living with Alzheimer's disease. Currently, it's the sixth leading cause of death in our country. The average price of memory care services, as you've heard today, is about $6,000 a month if someone were to be paying privately in Nebraska. The Medicaid reimbursement for this service is less than half of that. This number is driving down the number of providers that are willing to provide or able to provide this service. Currently, Nebraska has 280 licensed assisted living providers in our state. That number drops to 197 if you only include those who take Medicaid waiver. If you only include those who take Medicaid waiver and have a memory care or endorsement for Alzheimer's care, 44. We're down to 44 providers in the state that take both of those. And that's almost split equally urban and rural. The Medicaid waiver reimbursement for those services has currently-- has remained stagnant since September

of 2023. There's been no increase. The cost associated with those services has risen so much that it has caused a lot of providers to close. That's resulted since 2017 in an 11% reduction in assisted living providers in the state. The demand for these services is very high. Families struggle to find services, especially memory care services. Dementia is currently one of the top four reasons for hospital discharge delays in Nebraska. The population of older adults in Nebraska in and of itself is continuing to rise. So in 2021 there were 17.2% that was above the age of 65. And by 2030, we're going to reach almost 30%, 29.7. Currently, there's about 35,000 folks that are experiencing dementia living in Nebraska, and that's about a 5,000 person increase over the previous year. So if our population over 65 continues to grow and dementia continues to grow, we're looking at about 60,000 people by 2050. The current reimbursement rate, and the current system that we have is not set up to manage that kind of influx. We just simply don't have the capacity with 44 providers. Providing quality services to people with dementia, as you've heard, takes additional resources, it takes specialized training. We need to be able to provide that higher staffing ratio. But in order to do that, those providers need that assurance that they're going to have the reimbursement to cover those costs, otherwise they're not going to be able to do that. So we're hopeful that having that distinct service category for memory care is going to increase the number of assisted living providers that are going to be able to provide those services. So we appreciate you taking a look at this and we hope that we're able to move forward with this in the future. I'm happy to answer any questions.

HARDIN: Thank you. Questions? 35,000?

KIERSTIN REED: Now.

HARDIN: 44 provider units. How many average each unit? I'm wondering where those 35,000 people go.

KIERSTIN REED: Well, they don't all go to assisted living memory care, so. And they're not all in Medicaid. So there are other places that provide memory care services, but just not Medicaid memory care services.

HARDIN: And so--

KIERSTIN REED: 197 providers--

HARDIN: --when we--

KIERSTIN REED: --have some type of-- well, that, that would be your waiver provider. So there's other memory care units. And as you said, some people live at home.

HARDIN: OK.

KIERSTIN REED: Some people need-- have other health care needs and may need a nursing home.

HARDIN: I guess my point being that the typical process is one where people may start out in a very financially robust place because they kind of go from having more money than they've ever had in their lives to going through this process where they then end up with less money than they may have ever had in their lives.

KIERSTIN REED: Yes.

HARDIN: Hence, we introduced that Medicare piece. Am I right?

KIERSTIN REED: Yep.

HARDIN: And so I guess my question is, it sounds like there are an awful lot of people who are not in those 197, and there's too many to fit in the 44, and I guess I wonder what that number is.

KIERSTIN REED: That's a good question. I don't know that I have an answer for you.

HARDIN: OK.

KIERSTIN REED: But good question.

HARDIN: Well, we're here to make it that way and just make it difficult for you. But I appreciate what you've shared. Do you have a speculation on how long that kind of a waiver could take to achieve.

KIERSTIN REED: Writing the waiver?

HARDIN: Getting, getting, getting the waiver?

KIERSTIN REED: Like getting it?

HARDIN: Yeah.

KIERSTIN REED: I'm going to leave that to the state.

HARDIN: OK.

KIERSTIN REED: You know, they've, they've had to write new waivers before and they have to renew wavers, they're the experts on that.

HARDIN: They've had to write new wavers before, right. I guess I was just curious from your vantage point, what, what you're whispering in the halls, in your world, so.

KIERSTIN REED: No whispering.

HARDIN: All right, no whispering. Thank you.

KIERSTIN REED: You did ask about other states.

HARDIN: Yes.

KIERSTIN REED: I actually did just get South Dakota as if you'd like me to share that.

HARDIN: I would like that.

KIERSTIN REED: They do not have a memory care rate, but their assisted living rate, they actually have three. Their base rate is $79.95, this is per day. The tier one rate, which would be a little bit higher acuity level is $90.72 a day. And their tier two is $105.79. So even their base rate is higher than Nebraska's rate.

HARDIN: And what are, what are our daily rates? Because I heard some monthly rates, but I don't know if I can--

KIERSTIN REED: Yeah, I don't have the daily rates on me.

HARDIN: --do that math, that sounds difficult. So I can do it later, that's OK. I'll take a times and divide it by 30, I'll get there.

KIERSTIN REED: $68-ish. And it's different for urban and rural, so.

HARDIN: OK.

HARDIN: Thank you.

KIERSTIN REED: Yep. Thank you.

HARDIN: Appreciate it. Any other proponents for LB61? Welcome.

ALEX DeGARMO: Good afternoon, Chairman Hardin, and members of the Health and Human Services Committee. My name is Alex DeGarmo, A-l-e-x D-e-G-a-r-m-o, and I'm the public policy director for the Alzheimer's Association Nebraska Chapter. The Alzheimer's Association is dedicated to leading the fight against Alzheimer's and all other dementias by advancing global research, promoting risk reduction and early detection, and enhancing quality care and support for those affected. I'm here today to express my strong support for LB61. This is a vital piece of legislation that'll help ensure quality care is accessible to all Nebraskans living with Alzheimer's and dementia. As we've heard today, currently there are 35,100 Nebraskans living with Alzheimer's, a number that is steadily increasing. Alzheimer's and dementia are complex diseases that require additional time, specialized staff, and indivi-- individualized care. A very recent NIH funded study from NYU with contributors from Johns Hopkins University reveals that Americans over the age of 55 face a 42% lifetime risk of developing dementia, more than double the previous rate. This equates to a approximately 500,000 new cases in 2025, rising to 1 million annually by 2060. Dementia leads to progressive declines in memory, concentration, and judgment, with rising cases linked to aging, genetic predis-- predispositions, and risk factors such as hypertension, diabetes, obesity, poor diet, physical inactivity, and mental health challenges. Managing coexisting conditions becomes significantly more complex with those with Alzheimer's. For instance, a Nebraskan with both Alzheimer's disease and diabetes requires far more intensive blood sugar monitoring, insulin management, and personalized care than a patient without cognitive impairment. LB61 takes a critical step forward by amending the Aged and Disabled Home Community Service Waiver to adjust reimbursement rates for memory care. This change better aligns funding with the actual cost of providing specialized dementia care. Furthermore, shifting care from high-- higher cost nursing facilities to memory care assisted living settings can reduce overall state expenses. On behalf of the Alzheimer's Association and the Nebraskans we serve, I respectfully urge your support for LB61.

Together, we can ensure that every individual living with Alzheimer's and dementia receives the quality care they deserve. Thank you for your time and consideration. I welcome any questions you may have.

HARDIN: Thank you. Questions? Did you say that there's a greater percentage of those who are actually acquiring memory related issues?

ALEX DeGARMO: Correct, a, a very recent study that was just released this week actually now says that we're looking at 40-- there's a 42% lifetime risk of developing dementia for those over 55.

HARDIN: What is it-- before that study came out, what did we believe?

ALEX DeGARMO: That was the 21% that was quoted earlier.

HARDIN: So doubled in the last few minutes.

ALEX DeGARMO: Yes. And this is, this is the most recent study, like I said, that was just released this week.

HARDIN: Can you kind of trot through once again, what are the reasons for that massive increase? What in the world did we just do? I'm, I'm curious. Even if they're wrong by half, that's alarming.

ALEX DeGARMO: They're linking cases to aging, genetic predispositions, and then risk factors such as hypertension, diabetes, obesity, poor diet, physical activity, and mental health challenges. And Senator, I can get a copy of that study and share it with you.

HARDIN: I'd like to see that, yeah.

ALEX DeGARMO: I myself have only just seen it in the last couple of days, so--

HARDIN: Well, that's alarming.

ALEX DeGARMO: --very, very recent, yes.

HARDIN: OK.

ALEX DeGARMO: And like I said, across the United States, we're looking at a million cases annually by 2060.

HARDIN: OK. Thank you-- wait. Senator Meyer.

MEYER: Thank you, Mr. Chairman. I'm just curious, how does this compare with other so-called developed countries? Do you have any idea?

ALEX DeGARMO: I don't have a comparison currently to other, other countries, but I can see if we have research on that.

MEYER: I, I, I would be curious just to make the comparison with other developed countries and see if there's some underlying reason why we see the exponentially having an increase in our health issues, quite frankly. It seems like we're a snowball rolling downhill and maybe we ought to also investigate the cause of that as opposed to just trying to treat the, treat the result, so. I'd appreciate that if you could.

ALEX DeGARMO: Yeah. Yeah, I'll look into that for you, Senator.

MEYER: Thank you.

HARDIN: Thank you. Any other questions? Seeing none.

ALEX DeGARMO: All right, thank you for your time.

HARDIN: Thank you. Proponents, LB61. Welcome.

JINA RAGLAND: Good afternoon, Chair Hardin and members of the Health and Human Services Committee. My name is Jina Ragland, J-i-n-a R-a-g-l-a-n-d. And I'm here today testifying in support of LB61 on behalf of AARP Nebraska. AARP is a nonprofit, nonpartisan organization that works across Nebraska to strengthen communities and advocates for the issues that matter most to families and those 50 plus. It is the policy of AARP that federal and state governments should ensure reimbursement is adequate to safeguard access to high quality, long term supports and services, and they should be enough to ensure a viable, reasonable choice of services and settings. Financial reimbursements should be adequate to encourage providers to care for all clients, particularly those with the heavy needs. It's not surprising that when asked, most older adults state that they want to age in place so they can continue to live in their own homes or communities. Unfortunately, though, as we age and our health needs change, the need increases for accessing various long term services and supports. It also requires with those changes the assurance not

only for themselves but for their family care, caregivers that when the need arises, there will be adequate facilities in their communities to provide care and services. A critical part of the continuum of care is ensuring that individuals in assisted living and other facilities remain at the lowest level of care nearest their family, friends and community supports. As you've heard, the prevalence of dementia is increasing as the population of people over 65 increases. The population of, the population of Americans aged 65 and older is projected to grow from 58 million in 2022 to 82 million by 2050. There are currently approximately 293,000 people in Nebraska over the age of 65, 17.2% of that population, and 1 in 10 of them will suffer dementia. I think that's up for debate now with some of the changes in those numbers that were just reported. There are currently 17 counties in Nebraska where 12% or more of the population is living with dementia. Dementia does not discriminate based on age, race, income, geographic location, gender, education, religion or political affiliation. It has, it is, or it will affect all of us in relation to someone we know or love in some way, shape, or form over the course of our lifetime. While memory care facilities offer many of the same services as a standard assisted living community, they also provide a secure environment with structured activities aimed at supporting cognitive function and enhancing quality of life. Facilities focusing on dementia care ensure that residents are not just safe, but are also living a life filled with dignity. Because memory care offers this higher level of specialized care, of course, it means memory care almost always costs more than traditional assisted living. And again, you've kind of heard some of those statistics. One major factor affecting availability of facility beds is the increasing numbers of facility closures. We've all heard the facility based care that takes a major-- that has taken a major hit in the last seven years with nearly 39 nursing home closures and 32 assisted living closures since 2017. There are currently 22 counties in the state with zero nursing homes within county lines, and 17 of those counties in the state lack an assisted living. Several factors lead to the closures. Again, low reimbursement rates, increasing costs of care, shortages of qualified employees in a field with generally lower salaries, as well as reductions in residents due to other programs or services assisting one to live at home. When facilities close, residents become displaced and are forced to find a new place to live, putting at risk their health and stability physically and emotionally, especially for those with a dementia diagnosis. Another elephant in the room, of course, as

people live longer, their assets eventually run out, often forcing them then to rely on Medicaid to assist in paying for their care. When facilities don't accept Medicaid and the residents assets eventually run out, they often must relocate to other locations that do accept it. This creates further disruption, especially to the dementia patient. Many Nebraskans with dementia are living in long term care facilities instead of assisted living solely because of their payer source. This especially affects members of underserved communities even more heavily. Nebraska's facilities are struggling due to continued Medicaid payment rates falling behind the actual costs of operation for the last several years. Many assisted living facilities are limited in their ability to accept many people on Medicaid waiver because they would not be able to meet and sustain operating costs. And they're not. Current reimbursement with only one reimbursement rate, regardless of the acuity of the patient, does not consider these memory support needs. Operating at a loss further puts a risk-- further puts at risk patients being denied access to needed quality care based on their ability to pay. It's critical that we strongly consider an enhanced reimbursement rate for memory care residents to potentially increase the number of assisted living facilities that will accept individuals on Medicaid waiver needing a memory support level of care. The sustainability of our assisted living facilities, especially those providing care and assistance to those with memory care issues, is critical as we continue to adapt to the increases in our aging population and the potential need for every bed in all communities, rural and urban, across the state. I'm out of time, so I will stop. Senator.

HARDIN: Do you have anything more to add?

JINA RAGLAND: Thank you, Chair. Just real quick. Increasing the reimbursement rate for memory care residents would allow more facilities to take Medicaid, decrease the amount of facility closures, and allow facilities to hire and retain staff, all with the ultimate result in providing the highest quality of care for older Nebraskans. Lastly, I want to thank Senator Storer for introducing the bill, and of course to Senators DeKay, Dorn, Holdcroft, Jacobson, Strommen, and most recently Senator Fredrickson for cosigning the bill. Thank you again to the committee for the opportunity to provide comments, and we would kindly ask you to support LB61 and move it to the floor, and I'd be happy to answer any questions.

HARDIN: Thank you.

JINA RAGLAND: Thank you.

HARDIN: Are there questions? Did you share-- you shared something that went by too quickly for me. But do you have a list of the counties and the percentage of those folks, I think you said 12% in a limited number of counties. I'd be fascinated to see that and how that extrapolates across the state.

JINA RAGLAND: Yeah, and I don't have that with me today, but I'd be happy to get that to you, Senator Hardin.

HARDIN: Thank you.

JINA RAGLAND: And again, I know you've asked that question about is it in different parts of the state, is there a higher prevalence? I, I think there probably-- I don't have that information, but I do think that's another step in this whole puzzle of the brain health of our state. You know, taking it down a whole another avenue with cancer, I think in our rural communities, too, with the runoff of, you know, pesticides. So I think there's more to be done with that.

HARDIN: What are we putting in us?

JINA RAGLAND: Yes. I don't know. And again, I don't have that information. But I do think you spark an interesting topic--

HARDIN: OK, thank you.

JINA RAGLAND: --for discussion.

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

JINA RAGLAND: Thank you, Senator.

HARDIN: Proponents, LB61? Welcome.

JALENE CARPENTER: Good afternoon, Chairman Hardin and members of the Health and Human Services Committee. My name is Jalene Carpenter, J-a-l-e-n-e C-a-r-p-e-n-t-e-r. I am the President and CEO of the Nebraska Health Care Association, which represents Nebraska assisted living. I am the last proponent that Te-- is testifying today. I am hopefully going to answer all of the questions that have been raised

and also unpack the fiscal note. So in the next five minutes, I might breeze through a few things very quickly, but I do have a page and a half of notes of the questions that have been unanswered, so bear with me as I have my pen and I cross off to make sure I don't miss any points. Our association represents 230 nonprofit and proprietary assisted living community members, and I would like to thank Senator Storer for introducing LB61 and we are here today to testify in support. I really want to start first by identifying the definition of Medicaid waiver. That term has been used extensively throughout the, the hearing today, and I want to make sure people understand what it means for a Nebraskan to qualify for this particular type of waiver. First and foremost, it's under aged and disabled. An individual must be aged or disabled to qualify for this waiver. Second, the department determines their medical necessity. So if the department determines that there are a proper acuity level for an assisted living Medicaid waiver, or if they require more extensive services like a nursing home. Finally, an elder would have to have spent down their entire life savings. This means cashing out life insurance, selling their home, literally expending down every financial resource to $4,000 or less. Qualifying for Medicaid waiver is not a simple thing that is done, and it's an extensive process. There are individuals, like Senator Hardin indicated, who had funds and resources that they thought would be enough to cover their care or to cover their final years, but they unfortunately outlive their resources. We see this happening. So, again, to qualify for a waiver, all of those things have to happen. All right. Let's unpack the fiscal note. First, the fiscal note clearly states that the fiscal impacts reflects individuals currently in assisted living and the difference in cost between the current rate and the potential new rate. Current rate, Senator Hardin for urban assisted living is $73.91 a day for a waiver and rural is $62.73 a day. So the fiscal note states that they would need 18 new caseworkers to be able to handle this caseload. I would question that considering they're saying they're basing these numbers off currently-- people currently residing in assisted living. So I would question their number of caseworkers needed. The note also states that the fe-- they used Medicaid data to estimate the affected population by looking at individuals with dementia or Alzheimer's already within assisted living facilities. Using a diagnosis of dementia for who is eligible would not be accurate. A diagnosis of dementia does not mean you automatically require memory care services, as demonstrated by the fact that they're using the current population.

Per the Alzheimer's Association website, it states at some point a person with dementia may require around the clock care for behaviors, aggression, wandering that make it no longer safe to stay at home. So using the diagnosis of dementia as a qualifier means that the fiscal note is highly inflated. There are currently, from the last department's data, 1,750 individuals on assisted living Medicaid waiver. Their fiscal notes projects a 720 of them would qualify for Medicaid-- for a memory care unit. I question that 40% of current assisted living waiver residents would qualify for memory care. Again, it's because they used only the diagnosis. I also question their length of stay. They estimated that an average memory care length of stay would be 12 months. The current data they provided most recently says the average assisted living waiver length of stay is six and a half months. Finally, Senator Riepe has left, but the fiscal note does acknowledge the fact that they may-- that there would be a cost savings from anyone moving from a nursing home into a memory care, but they have no way of calculating that potential impact, so none is included in the fiscal note. So they do acknowledge that there is a potential cost savings. OK. I'm going to try-- other states, yes, I don't have all of the data, Senator Hardin, on what other states do. Because assisted living is regulated at the state level, there's varying potential programs that states have. Nebraska already has a Medicaid waiver specialty care rate for traumatic brain injuries. So the standard does exist in Nebraska currently, but not for memory care rate. The time it takes for CMS to approve a waiver is 90 days. They're required to respond within 90 days of waiver application. And generally, the department will phone-- phone. They'll ask ahead of time from CMS what other information that you need, so hopefully they can expedite the waivers that way. And that is my time. So I will--

HARDIN: Do you have more you would love to add?

JALENE CARPENTER: I feel like I've, I have stated a lot of information--

HARDIN: You have.

JALENE CARPENTER: --in a short period of time. I would like to reiterate your bottleneck question, Senator Hardin.

HARDIN: Yes.

JALENE CARPENTER: In that there is criteria that Medicaid has for eligibility of medical necessity for the different levels of care.

HARDIN: OK.

JALENE CARPENTER: So there is a potential that individuals who are at assisted living on memory care would become too high of a level of care for that, that particular type of facility and need higher level of care like a nursing home. Does that answer that question?

HARDIN: It helps. Thank you.

JALENE CARPENTER: And I, I will, I will-- I think I answered most of them as quickly and efficiently as I could.

HARDIN: Thank you, we appreciate you conscientiousness to detail. Questions? Well, thank you very much, and we look forward to the arm wrestling match that may be forthcoming. So thanks on that. Proponents, LB61? If there are no others, opponents, LB61? Opponents? Anyone in the neutral, LB61? We have, online, nine proponents, one opponent, one in the neutral. Senator Storer, would you mind coming back?

STORER: I would love to. Thank you. Thank you, Chairman Hardin and committee members. We've all received a lot of information this afternoon, and I appreciate all of those that came to testify and provide their individual expertise on this issue. I think the one thing that has become crystal clear is we are-- we see the wave coming. It is undeniable that we are going to have a significant increase in need in our state. Ignoring that reality is not going to make it go away. And so I encourage you to be thoughtful in how we move forward in acknowledging that it, that it is best to be proactive, knowing that we're going to be facing, facing some of these dramatic increases. Again, the bill is asking for two things. So it's asking for the application for the waiver. And the second part is asking the, the Legislature to allocate the funds. What I would encourage you to do, at least as a first step, is to apply for the waiver. That, that gives us a lot better idea where we're at for the funding, and, and having that ongoing discussion as we move into potentially the next budget year. But that is the first step, to know where we're at, what, what this is going to look like from a fiscal-- give us a little bit more of a fiscal picture that's, that's more

realistic. So the bill is asking for two things. I am asking you to seriously consider taking step one and applying for that waiver. Happy to answer any additional questions, but again, appreciate, I appreciate your thoughtfulness.

HARDIN: More questions? Seeing none, thank you.

STORER: Thank you.

HARDIN: This concludes the hearing for LB61, and our time here today. Thank you.