APPROPRIATIONS COMMITTEE February 12, 2018

BOLZ: [00:00:01] [RECORDER MALFUNCTION] Appropriations Committee. Senator Stinner is introducing a bill in another committee. He'll be joining us shortly. We'll start off the agency here and bill hearing related to Health and Human Services by having members do self-introductions, starting with Senator Clements.

CLEMENTS: [00:00:18] I'm Rob Clements from Elmwood. I represent Cass, parts of Sarpy and Otoe, District 2.

McDONNELL: [00:00:21] Mike McDonnell, LD5, south Omaha.

HILKEMANN: [00:00:27] Robert Hilkemann, District 4, west Omaha.

VARGAS: [00:00:31] Tony Vargas, District 7, downtown and south Omaha.

BOLZ: [00:00:35] Thank you. A few logistical notes as we get started: At each entrance you will find green testifier sheets. If you are planning to testify today, please fill out a green sign-in sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please silence or turn off your cell phones. Move to the reserve chairs in the front when you are ready to testify. The order of our testimony today will be introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we will first hear from a representative of the agency. Then we will hear testimony from anyone who wishes to speak on the agency's budget request. When you do testify, please spell your first and last name for the record. Please be concise. It is my request that you limit your testimony today to five minutes. Written materials may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We would like 12 copies. If you have written testimony, do not have 12, but do not have 12 copies, please raise your hand and the page will make copies for you. So with that, we will begin the hearing on LB864, Senator Walz.

WALZ: [00:02:24] Thank you. Good afternoon, members of the Appropriations Committee. For the record, my name is Lynne Walz, L-y-n-n-e W-a-l-z, and I proudly represent District 15. LB864 is a bill that seeks to finalize a solution to a problem that occurred within the provider world and the Division of Developmental Disabilities with the Department of Health and Human Services in 2016. It was discovered that the division was paying providers for habilitative services on weekends and holidays in a manner that was not approved by then-current waiver with the Centers for Medicaid and Medicare. Keep in mind these services were not being performed in an incorrect or inappropriate manner, but the manner in which they were being paid was not the manner that was approved by CMS. The net result was that the services being provided were no longer eligible for federal matching payments to assist in their funding. Upon this discovery, the DDD asked providers to sign new contracts to perform the same services, minus the amount paid by the federal government, which is essentially half the previous amount. During the 2017 Session, LB22 contained General Fund appropriations to cover the missed federal match from October of 2016 to March of 2017. The understanding was that a new waiver would soon be approved by CMS containing an approved payment method for week, weekend day habilitative services, and the federal match would soon kick in. The new home and community-based services waiver was approved and implement, implementation began on May 1 of 2017. However, the new waiver took

some time to implement across the entire DD population. I've included a table that shows the sill, the still substantial but declining monthly missed federal match incurred during the implementation of the new HCBS waiver. The money is to pay providers for services rendered under contract, where payment for those services was essentially cut in half through no fault of their own but due to a mistake made by the administration. These are real dollars and represent losses incurred by the providers who are often already operating in their reserves due to the lack of increased reimbursement rates. I've also included an amendment that was passed out. This changes the date from October 1, 2017, to October 1, 2016, when the problem actually occurred. This was an error in the original draft that wasn't caught before it was introduced. To me, if you provided a service you should get paid for it. It is only right to pay those providers for the services they had already rendered. I want to put this issue to rest and I urge you to consider this bill. I'd be happy to answer any questions that you may have. Thank you.

BOLZ: [00:05:47] Thank you, Senator Walz. Any questions from the committee? Senator, just, just for clarification, if we look at the fiscal note, the date change would move the $5.3 million impact into this year's budget. That's your intent. Correct?

WALZ: [00:06:06] Right.

BOLZ: [00:06:07] OK. Thank you.

WALZ: [00:06:07] Thank you.

BOLZ: [00:06:09] Oh, we've got a question from Senator Hilkemann.

HILKEMANN: [00:06:13] There, are there someone from the department that's going to come in and talk about this at this time, do you know?

WALZ: [00:06:19] I don't know for sure.

HILKEMANN: [00:06:21] OK. OK. So what we're basically doing is we're restoring funds that were promised that haven't been paid.

WALZ: [00:06:29] Exactly.

HILKEMANN: [00:06:30] Thank you.

WALZ: [00:06:31] Thank you.

BOLZ: [00:06:32] Thank you, Senator. Oh,--

VARGAS: [00:06:32] Well,--

BOLZ: [00:06:32] -- one more question from Senator Vargas.

VARGAS: [00:06:34] -- yeah. Sorry, not quite, maybe just sort of responding to there is a letter in the record from DHHS on this [INAUDIBLE].

HILKEMANN: [00:06:44] Oh, OK.

VARGAS: [00:06:44] Yeah.

HILKEMANN: [00:06:44] I missed that then. Thank you.

WALZ: [00:06:45] Thanks, Senator Vargas.

BOLZ: [00:06:46] OK. Thank you, Senator Walz. Do I have any proponents on the bill?

MARK MATULKA: [00:07:01] Good Afternoon, Vice Chair Bolz and members of the Appropriations Committee. My name is Mark Matulka, M-a-r-k M-a-t-u-l-k-a, and I appear before you today representing Mosaic. In addition, Mosaic is a member of the Nebraska Association of Service Providers and is supportive of its positions on the bills before you today. Thank you for the opportunity to provide testimony in support of LB864. Also, thank you to Senator Walz for introducing LB864. My comments today do accompany my submitted letter to the committee. Mosaic is a mission-driven organization serving 3,700 people with intellectual and developmental disabilities throughout ten states, including over 800 people in its home state of Nebraska. Together Mosaic staff members, volunteers, and the people it serves work as partners in providing personalized services. As you are aware, in October 2016 changes were made to the billing of day programming hours by the Nebraska Department of Health and Human Services' Developmental Disabilities Division. In September 2016, the federal Centers for Medicare and Medicaid Services directed the DD Division to stop providing federal funds for contracted day services. Providers were asked by the state to continue providing services while only being reimbursed with the state funds portion of the contracted rate. Mosaic and other providers remain committed to providing quality services to Nebraskans with disabilities, even at significantly reduced rates. Mosaic truly appreciates the Legislature's and the administration's efforts to enact LB22 in 2017, which authorized funding for providers to be reimbursed lost federal funds from October 2016 through February 2017. At that time, the administration was working on implementing the new waiver for services with the goal of a March 1, 2017, implementation date. Unfortunately, the waiver was not finalized by March 1, 2001 or 2017, and providers continued to lose the federal portion of its contracted rate through September 2017 but, nevertheless, continued holding up their end of the bargain and provided valuable services at half of the contracted rate. The loss of funding will impact Mosaic's ability to provide community-based services. Without any action by the Legislature, Mosaic will lose $600,000 of day services revenue for that period because of a DD Division error in its agreement with providers. Mosaic respectfully requests the committee include $5.4 million in funding to make providers whole for the valuable services provided to Nebraskans with disabilities. In addition, if the committee decides to advance the provisions of LB864, Mosaic respectfully recommends that the language be amended, as Senator Walz discussed, to reflect that providers receive funding for services rendered on or after October 1, 2016. People with disabilities, their loved ones, and their community, including the state of Nebraska, rely on service providers to achieve personalized outcomes that promote meaningful lives in the community. If providers have to bear the entirety of the lost funds, it could lead to decreased financial stability for providers, fewer programs and choices for people in service, negative impacts on staff wages and benefits, and the potential reduction of group home and extended family home providers. To put my comments into perspective, Mosaic is 96 percent Medicaid funded and, in Nebraska, 77 percent of its funding goes to direct staffing costs. Mosaic has no ability to set prices, increase reimbursement rates, or shift cost burdens to a non-Medicaid funded constituency, such as private insurance. In economic terms, Medicaid-- in economic terms, disability service providers are price takers and rely heavily on the state Medicaid partnership to ensure its costs are covered. Medicaid reimbursement rates are connected directly to quality services. However, rates seldom reflect the actual costs of providing services to people with intellectual disabilities since the increasing cost of doing business outpace Medicaid rate adjustments. Stagnate funding, loss, and lost revenue compound Mosaic's ability to staff and deliver its services. For example, the yearly inflation costs Mosaic realizes as a business in Nebraska are about $720,000. Because of that, Mosaic must be innovative and efficient with its strategies to cut expenses and mitigate those inflation costs or we'll get further behind the

marketplace with wage rates, which we're already seeing. Again, Mosaic respectfully requests the committee incorporate LB864 into its budget recommendations and provide the requested funding. Thank you again for the opportunity to speak with you all today.

BOLZ: [00:12:11] Thank you, Mr. Matulka.

MARK MATULKA: [00:12:11] And I'll be happy to answer any questions.

BOLZ: [00:12:14] Any questions for Mark? Go ahead, Senator Wishart.

WISHART: [00:12:16] Well, thank you for being here. Can you walk me through why the federal government decided to stop providing federal funds for contracted, for these contracted services?

MARK MATULKA: [00:12:28] Yes. It's my understanding that the way that the contracts were with providers originally in their provider agreement, it allowed for the billing of day habilitation services hour, over the threshold of hours which the federal government had stipulated, including some hours that were done on the weekends. And I, forgive me, I think at the time it was only for 35 hours and we were getting paid for more hours than that. And the federal government said that that is against the regulations at the federal level. But that was put into our agreement by the state for our contracts. And so for, you know, we, we were a party of the contract, we did sign it, but that was not a provision that we inserted.

WISHART: [00:13:18] So what happens in states that haven't done what Nebraska has done and continued these services? What happens to people with disabilities?

MARK MATULKA: [00:13:35] You know, I can't, I, I'm not aware of this issue, at least in the states that Mosaic has been in where we've agreed to something on our contract and it's been done differently. But the service is still needed to provide, be provided. The need doesn't go away. And so for, you know, the habilitation hours, one of the issues I know that was discussed during the new waiver was like lunchtime and, you know, the ability to provide lunch. And so if a provider couldn't bill for lunchtime, it's not like we're just going to go away. It's not like we're going to take a person in service outside the building and say, well, eat your lunch out there, we're not getting reimbursed. We're going to step up and fill that void. And we understand the issues that the department is facing with the administration in losing out on that federal fund, on those federal funds. But it's something providers continue to provide that valuable service, and we're just asking that the agreement that was originally made is upheld. The new waiver was implemented fully starting October 1 and, you know, we understand the limit of hours that we have to go on based on that new waiver.

WISHART: [00:14:45] OK. Thank you.

BOLZ: [00:14:46] Further questions? I do have one. This is my annual articulation of the fact that I have some bias. I work in this field, and so that's, that's clear and on the record. But because I do watch this closely, I know that there was a briefing provided to the Health and Human Services Committee where it was just mistakenly reported that providers over a similar time period had a 5 percent profit. And in actuality, in follow-up and clarification, that was actually .5. So the half percent profit margin is correct. Is that your understanding as well, Mr. Matulka?

MARK MATULKA: [00:15:27] Yes. That the, the rates have not increased by significant percentages. In Nebraska, we've been fortunate to receive some of those cost of living. But, yes, regarding that specific briefing, it was a half percent. And you know, as I had mentioned in my testimony, the inflation costs for wage and benefits is about 2.6 percent per year. Other costs, like keeping your lights on and things associated with the Consumer Price Index, is about 1.7 percent.

And so, you know, the rate of Medicaid doesn't grow that quickly. I think right now the rate of Medicaid grows at about 3.7 percent on the federal level. Well, you know, being a matching program, if funds remain stagnant in the state, were drawing down less money than what it's costing providers to do those services.

BOLZ: [00:16:18] Right. So with, with that .5, or half percent, margin, that puts the importance of LB864 in a little bit clearer light, that with those margins that you're already working with, making up for those funds seems like it would be particularly important.

MARK MATULKA: [00:16:36] Correct. You know when those agreements were signed, we, it was the expectation of Mosaic to receive those fundings for those services. Just like you all, we have to design a budget and live within that budget. And an issue like this comes up, it's unfortunate because providers have to scramble to ensure that those services remain being provided, because the need doesn't go away. The funding may go away, but the need does not.

BOLZ: [00:17:04] Good. Thank you. Senator Wishart.

WISHART: [00:17:07] I just, I guess I, I have to get a little more clarity on this issue. I remember it somewhat from last year, but, frankly, I find it hard to believe. Let me walk through what I think has occurred and then tell me if that's correct. The federal government changed their, their rules and regs around providing a certain service and decided they're not going to pay for it. Is that correct?

MARK MATULKA: [00:17:35] No. The, it's my understanding that those were the regs. It was the--

WISHART: [00:17:40] Those were already--

MARK MATULKA: [00:17:41] Those were already the regs. The previous administration had a different interpretation--

WISHART: [00:17:47] OK.

MARK MATULKA: [00:17:48] -- of those regulations.

WISHART: [00:17:48] OK. So those were already the regulations. We became aware as a state that you could not receive federal dollars for these specific services.

MARK MATULKA: [00:18:02] For the hours beyond--

WISHART: [00:18:02] For the hours. OK.

MARK MATULKA: [00:18:04] Correct.

WISHART: [00:18:04] So then providers met and signed contracts with the Department of Health and Human Services that they would continue to provide those services, the, they would continue to be able to bill for those hours.

MARK MATULKA: [00:18:18] So we, so we had signed contracts prior to September of 2016. And in 2016, that's when federal Centers for Medicare and Medicaid Services informed the state of Nebraska that we were, that the state as a whole was doing something outside of the bounds of the federal regulations.

WISHART: [00:18:38] OK.

MARK MATULKA: [00:18:38] They came to providers and let us know of the error and that the state, the federal portion was going to go away but the state portion of the contract would still be paid. So providers went in with the understanding that this would be rectified by the new waiver and the new waiver would be implemented by March 1. And so that's when we came and talked with you all about LB22,--

WISHART: [00:19:04] Yeah.

MARK MATULKA: [00:19:04] -- to get that funding from October to March. Well, the waiver wasn't implemented by that March 1 deadline, which is no criticism of the administration. It's just a reality that waivers are sometimes difficult to implement. And so they started implementing it around May, I believe, and then full implementation didn't occur until October. And so during that period, we were operating essentially under the old waiver provisions, but we were only getting half of our rate because our new level of understanding and agreement didn't fully kick in until that October 1, 2017, date.

WISHART: [00:19:42] OK. But there was an agreement made with the department that you would be paid for the hours for these services.

MARK MATULKA: [00:19:51] It was our understanding that, yes, that we would be able to see some of that money back that, that should have went towards that federal portion that we missed out on, yes.

WISHART: [00:20:04] OK. Thank you.

BOLZ: [00:20:07] Further questions? Thank you.

MARK MATULKA: [00:20:10] Awesome. Been a pleasure. Thank you, all.

BOLZ: [00:20:12] Further proponents.

DAVE MERRILL: [00:20:25] Vice Chairman Bolz and members of the committee, my name is Dave Merrill, D-a-v-e M-e-r-r-i-l-l, and I am the executive director of Region V Services, a public service provider for individuals with developmental disabilities in southeast and eastern Nebraska. I'm testifying today on behalf of the Nebraska Association of Service Providers, NASP, a providers organization representing certified providers of developmental disability supports across the state of Nebraska. We're here today to support LB864, and want to thank Senator Walz for introducing this bill. It's important for this committee to understand that, unlike many of the appropriations you must consider, supports for people with developmental disabilities are totally dependent upon your decisions. Unlike other providers of services that may have health insurance or insurance that covers services or private pay funding streams, this appropriation provides virtually all the resources for individuals with developmental disabilities. Most people with developmental disabilities live in a state of poverty, so private pay is just not an option. The point is significant, because in June of 2016 we signed a contract with the state of Nebraska, through the Division of Developmental Disabilities, for fiscal year '16-17. And you were asking questions about the timing of things, Senator Wishart.

WISHART: [00:21:53] Yeah.

DAVE MERRILL: [00:21:53] In June was when we signed our contract. And for the first three

months of July, August, and September we were paid according to the contract, and then it changed. And you asked a question kind of about whether it-- quite honestly, we were given a choice to sign the amendment to the contract or risk not being paid anything for the services that we were providing. For Region V Services, a public agency that I represent, it was $200,000 a month that we were asked to find different ways to address, and, and we did our best to try to do that. In any case, what we're asking for with this bill is, is to take care of the months, in particular March, April, May, and June of 2017, at a cost of $5.4 million. It's a one-time payment, which is different than most of the appropriations decisions that you will make, and the one-time payment will allow us to cash flow things and try to stabilize the system as we move to a new funding system. I do have to make a comment about the term "profit," simply because whether the figure is .5, half of 1 percent, all it really means is that providers have tried to act responsibly within the level that they have. That's about as close as you can cut anything, but for organizations, for myself, for the six regions that are public agencies, there is no profit. For the not-for-profit agencies, there is no profit. So I'm not sure how the .5 was arrived at, but I do know for our organization we lost $700,000. So we're part of holding that, whatever profit level that might be, down, I guess. But in any case, I'd be happy to answer any questions at this point.

BOLZ: [00:24:01] Go ahead, Senator Wishart.

WISHART: [00:24:02] So does the new contract that you're working with right now as providers, does that allow for you to bill for the hours for these particular services, even though we're not getting federal matching dollars?

DAVE MERRILL: [00:24:16] There, there is a new federal waiver in place in there. As we have moved it does bring back some of the money that was lost through the federal government--

WISHART: [00:24:27] OK.

DAVE MERRILL: [00:24:27] -- as the new waiver has started, so.

WISHART: [00:24:33] OK.

BOLZ: [00:24:33] Thank you. Further proponents. Seeing none, do I have any opponents? Any testifiers in a neutral capacity? Seeing none, Senator Walz, would you like to close? Senator Walz waives clothing [SIC]. Thank you. That closes our hearing on LB864. And we will move on to LB677. Oh, my apologies. We've got some letters for the record for LB864, letters in support from Mark Matulka from Mosaic, the Nebraska Association of Service Providers, and a letter in the neutral capacity from Courtney Miller with the Nebraska Department of Health and Services. And that closes the hearing on LB864. And we'll open the hearing on LB677. I don't see Senator Krist, so I might send Cadet off to find him, perhaps check in with his office and see if he's available to introduce. And I guess the committee will stand at ease. [EASE] Hi, Senator. Welcome.

KRIST: [00:27:40] Thank you. First of all, my apologies. I was in General Affairs and we thought there might have been one or two more testifiers, but.

BOLZ: [00:27:49] It's okay.

KRIST: [00:27:49] So, good afternoon, the Appropriations Committee. For the record, my name is Bob Krist, B-o-b K-r-i-s-t. I represent the 10th Legislative District in northwest Omaha, along with north-central portions, unincorporated parts of Douglas County, which include the city of Bennington. I appear before you today in introduction and support of Legislative Bill 677. It is the intent of the Legislature by Legislative Bill 677 to restore funding to certain Health and Human

Services programs to the levels approved by the Legislature prior to being voted or vetoed during the 2017 Legislative Session. The four programs this bill pertains to is Behavioral Health Aid to be used for community-based mental health and substance abuse services, including rates paid to providers of mental health and substance abuse services and the cost of maintenance and treatment for persons in emergency protective custody. Second program is the Medical Assistance, to continue the rate increase of behavioral health providers for managed care, inpatient services, and residential treatment services. Third is Child Welfare, Child Welfare Aid for the continuation of health provider rates as they need to increase. Fourth program is Developmental Disability Aid for persons with developmental disabilities who are on a waiting list for services prior to July 1 of 2001 and began receiving the services and/or after that date, who are on the waiting list for services on or after July 1 of 2017, beginning with those on the waiting list who have been on the waiting list the longest. In 2009 this Legislature commenced with a special session. That special session was to eliminate in ten days $1 billion out of the budget. We did that successfully, but we did that by hashing and slashing and cutting things that we never paid attention to in years following. In 2011-12 time frame we again slashed and cut our way to balancing our budget, and again some of these same programs were cut and we never went back and righted what we did. And now last year, and I called it the darkest day I've spent in this Legislature and it wasn't because of ambient light in the Chamber, we veto, we did not override the veto of the Governor, again hashing and slashing the services that are provided to this vulnerable group and riding on the backs of this vulnerable group to balance our budget. This bill is symbolic of a checklist that I think the Appropriations Committee and this Legislature should look at in the upcoming years. You cannot keep cutting funds from the most needy, the most, the people with the most need for, for their services that cannot afford to move in that direction, that cannot afford to fund their own services. When you get money in your bank I won't be here. You all will be here that are sitting in this room, potentially. Look at this group. Look at the cuts that you had to make; arguably, I think not. But look at the cuts we made and try to restore some of those funds, try to pay attention to the funds that were cut because it is far beyond a point now of where we can continue to cut and continue to take money. That's the lecture for the day. I appreciate the time to come before you. I'll sit for any question.

BOLZ: [00:31:39] Any questions? OK. Thank you, Senator.

KRIST: [00:31:44] Thank you.

BOLZ: [00:31:46] Do I have any proponents on LB677? Good afternoon, Alan.

ALAN ZAVODNY: [00:32:12] Good afternoon, Vice Chairman Bolz, members of the Appropriations Committee. Before I begin I'd like to thank Senator Krist for bringing forth this legislation. For the record, my name is Alan Zavodny, A-l-a-n Z-a-v-o-d-n-y. I'm the chief executive officer of NorthStar Services. We support people with intellectual disabilities in 22 counties in northeast Nebraska. I am also privileged to serve as the mayor for the 2,906 fine citizens of David City, Nebraska. Please allow me to get right to it. The developmental disability providers in Nebraska exist for one purpose: They are doing the work of the state of Nebraska. The courts have established, with abundant clarity, that supports to people with developmental disabilities are the responsibility of the state. We understand that LB677 has a very slim chance of going anywhere. That being said, our message today is the same as it was on the day of the failed veto override. We have been absorbing increased costs and increased expectations by tightening our belts for years. I would refer you to our testimony before this committee for the last several years. Without intervention soon, the viability of service providers will not continue. The system is not sustainable. I can't think of a way to make that message any more clear. How can I prove it? For all intents and purposes, the state of Nebraska and the leveraged federal funds that match are the overwhelming source of funding for these programs. We can't raise tuition. Our rates are set by the state. I should note that I feel, I certainly feel the University of Nebraska is also a priority. I don't want my "raise

tuition" quote to be interpreted as we are more important than the university. I think we are equally important. We, like many, have seen large increases in doing business. Our health insurance costs continue to go higher. We've had the state shift the cost of background checks for employees to us. We have wages that are not close to competitive. I've attached a news article from January 9, 2018. It talks about the state, the intent of the state to raise the starting wage at Nebraska Veterans Home to $14.05 an hour, up from $11.70. We agree that this is a necessary move, because the quality of care is clearly tied to the quality of staff that you can hire and retain. Our starting wage is currently $10.25 an hour. I have more proof that the system is struggling. Nebraska Association of Service Providers recently did a survey of its members. The results are sobering. Many providers have made plans for or already do have lines of credit lined up. There's a real concern about making payrolls. Providers are depleting their savings or getting loans from their established foundations, at least the ones that have them. The majority of providers responding indicated that they do not have any operational reserve but they had zero to 30 days of reserve. I'd like to end on a personal note. I've been in this field for 37 years. Last year was the first time ever that I feel like the developmental disability service providers were attacked for trying to support a veto override or to testify to the plight of their situation. NorthStar Services specifically came under fire. In recent weeks I've heard a northeast Nebraska senator stand on the floor of the Legislature and talk about how she was speaking to a group about how important it was to testify in hearings. She was told that it was a seven-and-a-half hour drive for some of these people. She told them to get in their car and drive here like their life depended on it, because it does. We were here and the people we supported were here on the day of the override attempt. Almost immediately after that we read that we got a 20 percent increase a year or two prior to last year. That came from Taylor Gage. Our senator repeated this erroneous fact. She also bemoaned how irresponsible we were for taking people out in a tornado watch. We are the second house. The people we support came that day because their lives do depend on it. They were each asked if they wanted to come. Later that day one of the people we support was devastated. He said to me, I let you down. I knelt down to his eye level, because he uses a wheelchair, and I said, you did exactly the opposite. I've never been more proud of anyone ever. To finish the story on this experience, I believe our presence that day caused the administration to look into what we were saying. I believe they found it to be true and credible. I believe that is why they know we can't take further cuts and survive. To their credit, since that day the Lieutenant Governor came to visit us. The Governor was going to, but the schedule changed at the last minute. Courtney Phillips, head of DHHS, personally came to visit, and Courtney Miller, the head of the develop, of the Division of Developmental Disabilities, came to visit. To this day I don't think the 20 percent increase comment was ever retracted or corrected. I find that to be unfortunate. I'd be happy to answer any questions.

BOLZ: [00:37:16] Any questions for Mr. Zavodny? I think I was the only member of the committee serving at that time and we did make some adjustments, but I don't know that that was a provider rate adjustment. I think that was an adjustment related to the way that we calculate services for individuals. Do you care to comment further on that period of time?

ALAN ZAVODNY: [00:37:44] I think you're accurate in your assessment of how it went. We certainly didn't see a 20 percent rate increase or increase to our bottom line.

BOLZ: [00:37:55] Very good. Thank you.

ALAN ZAVODNY: [00:37:55] Thank you.

BOLZ: [00:37:55] OK. Further proponents on LB677.

ELTON INGRAM: [00:38:09] Good afternoon, Vice Chair Senator Bolz and members of the committee and everyone in attendance. My name is Elton Ingram Jr., E-l-t-o-n I-n-g-r-a-m. I am a

21-year union employee and a steward for the Teamsters Local Union 554 in Omaha, Nebraska. I'm here today on behalf of the Nebraska Labor Unity Council in support of Legislative Bill 677. I'd like to thank Senator Krist for bringing this bill forward and let us, letting us have this, this very important opportunity to have this discussion. There are several of our members that work in the health and human services field that provide services to persons with developmental disabilities. LB677 is an effort to give much needed credit to the hardworking service providers for what they do. The providers' services through these programs for the disabled and vulnerable in Nebraska is essential and we should not turn a cold shoulder at that fact. We should recognize providing adequate funding in these areas as a priority. Please strongly consider this as a priority when you make your recommendations. I know that the budget is probably hard to put together and that there are a lot of pieces that are needed to work things out. These services we are talking about are much needed and the providers are doing this work for that reason, not because it pays well. I ask that we could at least provide a little bit more funding here so they can get back a little bit of their service costs. Once again, thank you, Senator Krist, for bringing this bill forward. Thank you to the committee for giving me the opportunity to testify. And I ask you all to please support the funding provided for LB77 [SIC]. Are there any questions of me?

BOLZ: [00:40:08] Very good. Any questions? Thank you for your testimony.

ELTON INGRAM: [00:40:09] All right. Thank you.

BOLZ: [00:40:11] Further proponents.

TODD BELL: [00:40:22] Committee, Todd Bell with the Nebraska Labor Unity Council. B-e-l-l is the last name. We're here to pay our, survey our, convey our support for LB677. At Teamsters Local 554, we represent the employees that work for ENCOR in Omaha and the surrounding counties. These are very low-income employees and there is an ability, creates a hardship for the ENCOR to hire good, qualified employees due to the low, low wages that are paid. They provide services to people with developmental disabilities through workshops, group homes, home teaching, job coaching, and fun outings for the people they provide their services to. Should you ever have an opportunity to go to any of these locations and see the environments provided to make a better environment for these special people, it would make your job even harder. As a citizen of Nebraska, we owe these special people the opportunities that all citizens have: a quality of life, self-worth, socialization into the community. Therefore, we would ask that you restore, store funding levels to the 2017 Legislature, prior to being vetoed. Anybody have any questions of me? Thank you very much.

BOLZ: [00:41:57] Thank you for your testimony. Further proponents.

THEODORE GILLESPIE: [00:42:13] All righty. Good afternoon, members of the committee. My name is Theodore Gillespie Jr., T-h-e-o-d-o-r-e G-i-l-l-e-s-p-i-e. I'm here on behalf of the Nebraska Labor Unity Council as a member of Teamsters Local 554 out of Omaha, Nebraska, to convey our support for LB677. We have members that work in the area of providing much needed services for persons with developmental disabilities, most specifically my wife. She works at ENCOR, which stands for Eastern Nebraska Community Office of Retardation, in Blair, and it's a very thankless job that, to me, is very much needed in our communities and our society. This bill is an effort to show those that work in this type of service, as well as those receiving these services, that, you know, they're much appreciated for their services and their care. My wife has been with ENCOR since 2010, where she began as a resident, residential assistant, helping those with daily living needs, such as, you know, cleaning, helping make meals, other things of that nature. And since 2013 she's been a member of the direct support service provider for day services in their workshop. So this type of job consists of doing activities out in the community, such as taking them

shopping, also working jobs, going to the zoo, things like that. My wife really loves her job. She enjoys helping others. And the responses she gets from those she helps is great. They really appreciate her and the other staff members. The least that we could do is provide a little more funding here so they can get back a little bit more of their costs for the services they provide. Senator Krist deserves a big thanks for bringing this bill forward and letting us have this important discussion today. I want to thank the committee for the opportunity to testify and ask that you support the funding provided for LB677. Happy to answer any questions if you have any.

BOLZ: [00:44:35] Very good. Thank you for your testimony.

THEODORE GILLESPIE: [00:44:35] Thank you.

ANNETTE DUBAS: [00:44:50] Good afternoon, Vice Chair Bolz and members of the Appropriations Committee. My name is Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s, and I am the executive director for the Nebraska Association of Behavioral Health Organizations, otherwise known as NABHO. We represent providers, regional behavioral health authorities, hospitals, and consumer groups statewide. We would like to thank Senator Krist for recognizing the impact of budget cuts on the behavioral health community. LB677 gives us an opportunity to talk about the need for funding these vital services. It is about so much more than money. It's about parity, building capacity, and ensuring that all individuals who need behavioral healthcare can access that care. Even though provider rates were not actually cut last session, no increase virtually is the same as a cut, as providers' costs continue to rise. Behavioral healthcare is historically underfunded compared to physical healthcare and in relation to the actual cost of doing business. In 2014 NABHO commissioned a study by Seim Johnson to look at Medicaid rates for inpatient and outpatient care as compared to the cost of providing those services. A medical cost-of-living index was used, and the results demonstrated for outpatient care an inflation rate of 45 percent, versus an increase for reimbursements of 12 to 24 percent. For inpatient care, inflation rose 50 percent, versus a .66 percent to a 19 percent increase in rates. Modest increases may inch us forward, but then a cut or no increase takes us many feet back. And for many of my providers, they rely on public funding to provide the services. They receive very few private pay or private insurance dollars. Just as with every other business, my members' cost to provide services continues to rise. This past year, with the implementation of Heritage Health, many providers hired extra help to manage the additional administrative burdens with care authorizations, claims denials, and tracking excessively delinquent payments which amounted to thousands and thousands of dollars. So not only was their cash flow seriously compromised, they had to add extra staff or pay overtime to take care of these administrative requirements. The body of evidence is growing. If you care for an individual's behavioral health needs you see benefits across the board: better productivity and less absenteeism at work and school, a healthy school environment, improved physical health and fewer emergency room visits, less involvement with law enforcement and corrections, families that remain intact, fewer children in out-of-home placements, and individuals who are healthy, productive members of our communities. When there is capacity in the system of care, individuals can access the care they need at the time of their need, which keeps them out of more costly services. We see in Nebraska the direct correlation between prison overcrowding and the need for mental health and addiction services, especially around prevention and early intervention. We also see the impact of addiction on our child welfare system with high numbers of children in out-of-home placements related to a parent's addiction. The 2017 Foster Care Review Board report indicates that for adjudicated reasons for removal over 1,300 of the 3,000 children, or 44 percent, who are state wards were removed due to at least one parent being identified with a substance use disorder. My hospital members were impacted by last year's budget cut with the changed reimbursement rate for dual-eligible patients, another example of reducing revenues while facing added costs of doing business. One in five Nebraskans will experience a mental illness at some point. Less than half of adults with a mental illness and only 15 percent of individuals 12 years of age or older with a substance use disorder

receive treatment, with inability to afford the cost of care the most common barrier to that treatment. Twenty percent of the 1,003, of the 137,000 veterans in Nebraska suffer from PTSD, and substance use disorders and homelessness impacts a high percentage of our veterans. Fifteen percent of Nebraska high school students reported that they have considered suicide. These are just a few statistics which actually represent Nebraskans' lives and demonstrates the need for a strong behavioral health system of care. Former Senator Jim Jensen is credit, is credited with summing up the need for behavioral healthcare by saying, without adequate provider rates you cannot build capacity in the system, and without capacity you impact access to care. We again thank Senator Krist for introducing LB677 and his leadership. And I appreciate your attention to this matter as well. And I'd be happy to answer any questions if I am able.

BOLZ: [00:50:21] Go ahead, Senator Wishart.

WISHART: [00:50:26] Well, thank you so much for being here. It's good to see you.

ANNETTE DUBAS: [00:50:28] You as well.

WISHART: [00:50:29] I just wanted to follow up on a statement that you made about increased costs due to the implementation of Heritage Health and tracking excessively delinquent payments. Can you speak a little to that? We, at least me as an Appropriations Committee member, haven't heard a lot about some of the concerns with Heritage Health.

ANNETTE DUBAS: [00:50:48] I'd have to say, especially in the early days right after the rollout, was just slightly over a year ago, there were extreme problems: payments that weren't being paid, mounting until, like I said, the thousand, into the hundreds of thousands of dollars. You know, the Health Committee spent some time and has had briefings throughout the year. The MCOs have been working with Medicaid and I'll say that things have gotten better. There are still problems out there as far as some delayed payments, problems with authorizations, tracking denials, and what have you. But it was an extreme hardship for our members, especially in those, I would say, the first six to seven months of the implementation of Heritage Health.

WISHART: [00:51:38] OK. Thank you.

BOLZ: [00:51:38] Thank you.

ANNETTE DUBAS: [00:51:39] Thank you.

JEREMY HOHLEN: [00:51:55] Good afternoon, Chairman Bolz and members of the Appropriation Committee. Thank you so much for the opportunity to provide this testimony today. For the record, my name is Jeremy Hohlen, spelled J-e-r-e-m-y H-o-h-l-e-n, and I am the president and CEO of LeadingAge Nebraska. We represent nonprofit providers of senior housing and services in the state of Nebraska and, together, our members serve over 6,000 Nebraskans in, Nebraska seniors in a variety of settings: nursing homes, assisted-living communities, independent communities, PACE, affordable housing, and adult day services. First, I extend my sincere appreciation to each of the members of this committee for your diligent commitment in addressing the fiscal needs of our state. The difficulties in balancing our state's budget in the face of past and current economic forecast is immense. We know additional new funding is currently not available, but we also know one day that may change. Today I provide testimony through that lens. I am here in support of LB677 that Senator Krist has introduced. We appreciate Senator Krist bringing a bill forward that would restore funding to certain health and human services programs to three levels approved by the Legislature prior to being, prior to being vetoed and during the 2017 Legislative Session. While however unlike, unlikely it is this bill will be able to be passed, it is essential and

necessary to share the status of long-term care in Nebraska in light of current funding realities. I'd like to bring three areas of concern to your attention today: long-term care reimbursement shortfalls, facility difficulties, and work force issues. The funding reimbursement shortfall for long-term care is at unsustainable levels. As of January 30, 2017, there were over 12,000 Nebraskan, Nebraskans calling nursing communities their home. Of that number, more than 50 percent of those individuals relied on Medicaid to help care for the need, care they needed to survive. LeadingAge members, as nonprofits, are mission-centered organizations proud to serve those who are on Medicaid. They consider it a calling and their mission to serve those who have no one else to advocate for them. Most of our member facility census, census makeup is comprised of 40 to 50 percent elders who rely on Medicaid as their payer source. But that number can be as high as 80 to 85 percent on Medicaid. On average, long-term care communities are underfunded and lose $25 per day per person for every resident paying with Medicaid. For a facility with 60 licensed bed with 50 percent Medicaid occupancy, the funding shortfall equates to $22,500 per month, or over $270,000 per year. Depending on a variety of facility factors contained in its cost report, the Medicaid underfunding rate can exceed $100 per day per Medic, per Medicaid resident, clearly an unsustainable situation. Facilities, facility difficulties are real and serious. The current budget proposal maintains existing Medicaid funding levels for long-term care providers, and we are relieved that that is the case. However, it is important to remind this committee that continuing to get no increase in reimbursement rates is the same effect as receiving a cut. Provider costs continue to escalate, due to increased regulatory requirements, with no increase in reimbursement. Providers are asked to do business on cost levels from two years ago, minus the negative inflation factor of 2.65 percent contained in the state's existing rate calculation. Nursing facility financial deficits are serious. Ainsworth, Lyons, Exeter, Edgar, Wymore, Scribner, Alliance, Minden: just a few of the communities where nursing homes have had to close in the last couple of years due in large part to economic difficulties. I included a recent January news article for your review of a nursing home in Minden that speaks to that point. I do not know the number of other nursing facilities hanging on by a literal thread, but it's significant. Nursing homes will continue to have no option but to shut their doors. Aside from the obvious, elders within communities now being forced to travel far away from their homes to find and receive care, the net economic impact to these rural communities when the nursing facility closes is also detrimental. Oftentimes the nursing facility is the largest or one of the largest employers in the city, community, or village. When the employment opportunities are not present in the community, neither are the people who would live there. Work force shortages in Nebraska care facilities is reaching epidemic levels. Providers must be able to pay wages that are competitive and that attract workers to our profession. Work force shortages in long-term care facilities is directly related to the disparity in reimbursement rates providers receive. Over the next decade, decade, excuse me, the need for staff and caregivers in assisted living and long-term care facilities in Nebraska is expected to go, grow by 19 percent. By 2020, almost 5 million direct care worker jobs will be available across the U.S. Sadly, the current probability of filling those positions is low. By 2030, individuals aged 64 to 75 living in Nebraska will almost double. By the year 2050, Nebraska's over the, Nebraskans over the age of 70 will outnumber Nebraskans under the age of 30. Where will our elders go when there are not nursing facilities or caregivers to provide their care? Homeless shelters? Emergency rooms? Police stations? Nebraska's census data reinforces the notion there will be great, a great surge in baby boomers living in our state and a sharp decline of individuals available to provide the care that is needed. Again, thank you for the opportunity to share this testimony. And I'd be happy to answer questions, if I may.

BOLZ: [00:58:00] Thank you. Any questions? I do have one. Do you, are you able to provide a calculation of how much the cost of doing business tends to increase year over year? Do you, do you have those numbers?

JEREMY HOHLEN: [00:58:12] I don't have those with me, Senator Bolz, but it's probably research that we can, we can do and get something back to you.

BOLZ: [00:58:17] I would just be curious. In an industry as regulated and healthcare-oriented as yours, I'd be curious what the, what the average increase in cost of doing business year over year might be.

JEREMY HOHLEN: [00:58:29] Sure.

BOLZ: [00:58:29] Thank you. Oh, sorry. Go ahead, Senator Hilkemann.

HILKEMANN: [00:58:33] Thank you, Senator Bolz. A question for you: When we lose nursing homes in Exeter and Edgar and some of these smaller communities that you met, how far do these people have to be transferred? How far are they away from their home base? And I know it depends by the area, but any, any idea?

JEREMY HOHLEN: [00:58:58] It does, and thank you for the question, Senator Hilkemann. And it does vary. We've heard examples. Recently a nursing community in Alliance is closing and we've heard examples that, due to specific diagnosis of an individual, that they're looking at potentially having to come as far as Lincoln to find a community that will, that will take them on and admit them. Part of the challenge is regulatory burden that facilities now face in admitting certain patient types, but it also then is compounded by the lack of a rate that is sustainable to pay. So on average, I don't know if it's an average, I hear throughout the state elders going 50, 60, 70, 100 miles away to find a place to stay.

HILKEMANN: [00:59:46] Following up on that, many nursing homes will, they'll bring on a client that, that's not on Medicaid. And then if they go on Medicaid, they'll continue to be [INAUDIBLE]. What percentage of these care centers will bring, will, will let people who are on Medicaid be entered into their nursing home at the start, in other words, at the onset when they need this care?

JEREMY HOHLEN: [01:00:17] To clarify your question, admit an individual that is already on Medicaid?

HILKEMANN: [01:00:22] That's correct.

JEREMY HOHLEN: [01:00:23] I can't speak for the nursing facility community as a whole. I can attest to the nonprofit sector of nursing communities and would tell you that of my membership I'm not aware of one that would not take somebody already on Medicaid. That's part of the missional nature of a nonprofit nursing community. That will change, I think. Communities are already needing to question, can we literally take one more Medicaid person and pay the light bill and keep the doors open? That's how serious it's getting.

HILKEMANN: [01:01:02] Yeah. And your statistics at the end are, are, if they aren't frightening to us they ought to be, because this number is going to continue to keep growing up, particularly in rural Nebraska as they lose those services. And where are these people going to go?

JEREMY HOHLEN: [01:01:17] Indeed. Thank you.

HILKEMANN: [01:01:18] Yeah. Thank you.

BOLZ: [01:01:21] Thank you.

JEREMY HOHLEN: [01:01:22] Thank you for your time.

ANDY HALE: [01:01:34] Senator Bolz, members of the Appropriations Committee, my name is Andy Hale, A-n-d-y H-a-l-e, and I'm vice president of advocacy for the Nebraska Hospital Association. I'll be brief in my testimony. I wanted to piggyback what former Senator Annette Dubas stated. We work in conjunction with NABHO. They're partners with us and they help our facilities. But kind of touching on what Senator Hilkemann just said, unfortunately, if these services, in particular behavioral health is what I'm referring to, are not met, these individuals end up in our jails and end up in our emergency departments, and that's nowhere to get the services they need and it's very costly. So I just wanted to have our association be on record. We appreciate Senator Krist and his staff bringing this bill. And if there's any questions, I'd answer them.

BOLZ: [01:02:33] Thank you.

ANDY HALE: [01:02:34] Thank you.

EDISON McDONALD: [01:02:56] Sorry, I get to talk to you guys two times today. Hello. My name is Edison McDonald, E-d-i-s-o-n M-c-D-o-n-a-l-d, and I'm the executive director for The Arc of Nebraska. We have about 1,500 members covering the state and we are advocates for people with intellectual and developmental disabilities. We want to make sure that everyone has the opportunity for the most inclusive and well-supported life that they can live. We strongly support this bill because it ensures that those who need care the most are able to get it across the state. We've had individuals in services and families who have struggled to get the proper support and care that they need due to these misdirected cuts. These cuts are affecting services, time, shifts, and access for all of my members across the state. When I came into this position in October, I went and said, well, how do I go and represent 1,500 members? So I sent out a survey and I got a very, very clear response. Let's see, approximately 71 percent of the surveys I received back mentioned these cuts, in particular, as a concern and as an area that deeply affects their everyday life. I have traveled across every district except, of course, Chairman Stinner walks in right as I come up to testify, except for yours, and I have heard in every one of those districts that those cuts are really deeply felt and people are struggling. We have gone through this last year. It was a large discussion. You heard members coming and speaking to you and saying these will hurt us, and now they're hurting and they're struggling. And I would just urge you to please consider, whether through this way or another way, find some way to help ensure that they receive the support that they need. Thank you. Any questions?

STINNER: [01:05:11] Questions? Seeing none, thank you. Any additional proponents? Seeing none, any opponents? Seeing none, anybody in the neutral capacity? Seeing none, Senator Krist.

KRIST: [01:05:50] Two very quick comments: The first, when I, when I look back in my time here, we reached a point, and I think Liz can more accurately, Ms. Hruska, can more accurately depict exactly that time frame, but we started to privatize or attempted to privatized and outsource too many services and we didn't fund them correctly and that created an implosion within Children and Family Services. I see your Legislature in the next few years reaching that same pinnacle, if you will, if you call a pinnacle. It might be a rut rather than a pinnacle. The other thing I, I would give you as an analogy. I have the great pleasure of flying an airplane and managing airplanes. And once a year, at a minimum, that airplane goes in for maintenance. And I may be flying it through a time when I probably should have done maintenance to it but it wasn't life threatening and it wasn't critical. And it goes in for maintenance and mechanic says, this is all right, this is all right, this needs to be replaced, this is your decision. I don't have to ground the airplane for that one. And then we call, we call it deferred maintenance. You can only defer maintenance on that engine so many times before eventually that engine will stop running. So if you do nothing else in the next few years, when you look at what we did not override in the veto, put it on your checklist. I'm a very

airplane-oriented guy. Put it on your checklist. Make sure you don't take that hit again and again and defer that maintenance. Because if you continue to do that, that engine will stop running. Thank you.

STINNER: [01:07:36] Thank you. Questions? Seeing none, thank you.

KRIST: [01:07:41] Thank you.

STINNER: [01:07:43] I also have letters of support for LB677 from Jenni Benson, NSEA; Mark Matulka, Mosaic; Nebraska Child Health and Education Alliance; Nebraska Association of Service Providers. And that concludes our hearing on LB677. We will now open with LB715. Senator Howard.

HOWARD: [01:08:21] Good afternoon, colleagues.

STINNER: [01:08:22] Good afternoon.

HOWARD: [01:08:23] So my name is Senator Sara Howard, H-o-w-a-r-d, and I represent midtown Omaha. I present to you today LB715, a bill to appropriate $50,000 a year to each one of the public health districts across the state of Nebraska to assist in the delivery and development of workplace chronic disease management strategies. I became convinced that the lack of investment in public health may be the most, one of the most short-sighted actions we as a state take every year when I completed the Great Plains Public Health Leadership Institute. Not only did I develop long-term relationships with leaders in our, in, for leaders for our public's health with local public health leaders across the state who I admire greatly, but I also learned that there is an array of specific workplace-centered activities that result in the savings of lives, in the saving of lives and the decreasing of healthcare costs. I passed out a list of some of, a sampling of some of the work of the public health departments here. They do a lot of emergency preparedness, vaccinations, diabetes prevention, tobacco prevention, food safety. So I like to go on the Douglas County Web site and check out ratings for local restaurants. These are all the things that our public health departments do for us and they're really important in terms of public health and safety. Today we have, we are very fortunate to have several experts from across the state that know firsthand that public health is the answer to some of our most vexing problems of health and finance. From Scottsbluff we've got a nationally recognized model of workplace health, Kim Engel, who's the director of the Panhandle Public Health District, and she'll present how successful workplace health programs work. She's traveled the furthest so she may need just a little more time, but I think she'll answer a lot of questions about how public health applies their knowledge. We also have a fellow from southeast Nebraska, from Falls City, he's a hospital administrator, Mr. Ryan Larsen, who will qualify and quantify how all of the, all of this works. And I'm very excited that my own Douglas County Health Department leader, Dr. Adi Pour, will be here to talk to you about some of the work in that area of the state. So the biggest cost drivers in our budget tend to be chronic disease. Five out of the seven leading causes of death in Nebraska include cancer, heart disease, stroke, chronic lower respiratory disease, and diabetes. And we know cancer from smoking, which we've talked about smoking before, but it costs the state $162 million in our Medicaid budget and $795 million in the overall Nebraska healthcare system. The state and federal tax burden for each Nebraska family from smoking-related costs is $746 annually. Cessation programs like the ones run by our fabulous public health departments in recent years have helped see a decrease in smoking in the state. But we need to be as relentless as the industry that profits by it. The testifiers following me will cover programs that seek to trim the human and financial costs of chronic disease. For your general knowledge, heart disease, for example, in Nebraska costs all of us over $750 million, and diabetes and stroke care costs Nebraskans over $1 billion. These are direct healthcare numbers and, as our testifiers will show you, the productivity loss to be is much greater. Most public health interventions

and workplace wellness programs net at least a 5 to 1 return. And I think some of the info you will hear here today will show you bigger gains. I appreciate your attention and review of this information, and I hope we can find a way to invest in healthcare strategies that are effective, such as the ones implemented by our public health departments. I appreciate your time. Thank you.

STINNER: [01:11:58] Thank you. Questions? Seeing none, thank you.

HOWARD: [01:12:04] Thank you.

STINNER: [01:12:14] Good afternoon.

KIM ENGEL: [01:12:15] Hi.

STINNER: [01:12:15] And we'll keep with our policy. I don't limit anybody from western Nebraska on time.

KIM ENGEL: [01:12:19] Let me go get my longer script. [LAUGHTER] Thank you. My name is Kim Engel, K-i-m E-n-g-e-l, and I'm the health director of Panhandle Public Health District. The annual price tag for chronic disease in Nebraska is over $1.8 billion. Major risk factors for chronic disease include tobacco use, physical inactivity, and poor nutrition. So what is the role that local public health plays in the prevention of chronic illness? Public health began years ago with a focus on infectious disease, hygiene, vaccine, and antibiotics. And added to that over the years is a focus on chronic disease and to address all aspects of life that promote health and well-being. Every three years Panhandle Public Health conducts and coordinates a comprehensive community health needs assessment with our eight local hospitals. Businesses, schools, community-based organizations, and citizens are all partners at the table. Priorities are chosen, evidence-based strategies are identified, and a community health improvement plan is developed. By doing the process together, we collectively implement the strategies to make a difference in health outcomes. These processes are happening all across Nebraska so that everyone has equal access to a healthy life through the efforts of local public health. So what has become of these plans? Well, for us, Panhandle Worksite Wellness Council, a part of Panhandle Public Health, was established in 2011 as one effective example. PPHD has received recognition three times from the U.S. Surgeon General's Office for our efforts in the prevention of chronic disease through worksite wellness, walkability, and the National Diabetes Prevention Program. Since employees spend at least a third of their day at work, worksite wellness is focused on what the employer can do to create a supportive culture for their employees for healthy eating, being active, limiting tobacco use, and access to chronic disease prevention supports. We work with nearly 50 companies, which impacts roughly 12,000 employees. That is one in every four employed people in the Panhandle. We provide training, technical assistance, and integrate our health promotion, like diabetes prevention, health coaching, tobacco-free campuses, healthy vending policies, radon kit distribution, walkable campuses, colon cancer screening kits, etcetera. Worksite wellness is a core strategy of our community health improvement plan. We do this because research shows it works and it's cost-effective. Let me give you a concrete example of one of our participants. The, the annual average cost to employers is nearly $4,500 per diabetic employee. Chadron Community Hospital reduced the number of employees at high risk for diabetes by 10 percent in one year. The hospital has offered the National Diabetes Prevention Program to employees as a support for helping lose 5 to 7 percent of their bodyweight, which decreases their risk for diabetes by 58 percent. They adopted a smoke-free campus and provided supports and cut their tobacco rates to 9 percent, which is half the rate of the Panhandle and the nation at rates of 17 and 20 percent. A 2016 state survey of 2,000 Nebraska businesses showed the following recommendations. Businesses would benefit in multiple ways by shifting to more upstream interventions of prevention and control, community resources can be important to address worksite wellness and can often offset direct costs and responsibility of the business, and since

organizations vary significantly, there is a need to have flexibility in creating a customized, effective health and wellness program. Nebraska has given out 383 Governor wellness awards since it was created ten years ago. The 54 businesses that won in the most recent year increased physical activity by 16 percent, decreased tobacco use by nearly 9 percent, and decreased obesity by nearly 3 percent. Governor Ricketts noted these awards symbolize what we hold dear to Nebraska: commitment to our people. Organizations that put their people first reap tremendous rewards, including a positive culture; happy, healthy, and safe people; and increase productivity. Wellness and safety are strategic business decisions with nearly a 6 to 1 return on investment. But most importantly, it is the right thing to do for our citizens of this great state. Now you may be thinking, isn't eating nutritiously and being active all about personal choice and responsibility? Well, worksite wellness is based on the same principles as worksite safety culture. I'm going to tell you a personal story. My middle son, who is a diesel technician, served on his employer's safety committee. An unforeseen threat arose with the release of a new model of the combine that was taller than any before that. Technicians found that they often had to dodge the rotating blades of the shop's ceiling fan. Some committee members advocated for retraining all the technicians to beware of the fan when those few situations put them in harm's way. My son, who often worked on the high machines, felt the best solution was to put a cage around the fan to protect the safe, life and safety of the worker. His suggestion for the cage, which is an environmental support, won out. My other two sons are nurses and both have worked the night shift. Using the same train of thought as the rotating blades, does it make more sense to hope that individuals are trained to bring healthy, nutritious food to their 12-hour night shift when there are no other options except the candy bar and the soda pop in the vending machine? Or can employers provide an environmental support of healthy options in the vending machine, like Regional West Medical Center has done by adopting healthy vending machine policies to protect the health and safety of their employees? Personal choice and responsibility are important on everyone's part at all levels. Worksite wellness is a cost-efficient model and local public health departments have the expertise to protect, provide technical assistance for policy level and environmental support changes. We also understand the contextual conditions of our communities. Worksite wellness is a proven method to prevent chronic illness and it saves money. Thank you.

STINNER: [01:19:11] Thank you. Questions? I do have a question.

KIM ENGEL: [01:19:12] OK.

STINNER: [01:19:12] How many times did your priorities change over, over your lifetime in this business? And I, I would think--

KIM ENGEL: [01:19:18] Well, in the 2017 iteration of the community health needs assessment in 2014, there are many commonalities, and chronic illness has always been on the list. I would say, one, it's usually chronic illness, mental health, behavioral health issues. This one also included early childhood issues. And we put it into the context of social determinants upheld because we know that those are critical in all of these things. So because these are huge goals that we're working on, the needle doesn't move very far very fast. So they're very similar, but we did add a couple more this year.

STINNER: [01:20:08] What's, what's your number one priority?

KIM ENGEL: [01:20:10] Chronic disease prevention.

STINNER: [01:20:12] Okay.

KIM ENGEL: [01:20:13] Yeah. And this is just one area that we're using to address that. I

mentioned a couple times the National Diabetes Prevention Program. We have a very robust system in the Panhandle. We have many partners. All of our hospitals are working with us on that too. And that model was actually recognized by NACCHO as a model practice for the nation to look at. It's very effective and it's stunning to me that reducing 5 to 7 percent of your body weight can reduce the risk of diabetes by 58 percent. That number I used in the beginning, the $1.8 billion, most of that is diabetes. And what's really scary is that that is happening younger and younger and younger in our people. And so these numbers that we're using for the cost is only going to get bigger. We, you know, the whole premise behind that community health improvement plan and all those partners is really to create a culture of wellness. And that takes everybody's part. We really need to consider what we're eating; how, how active we're being; all of those environmental supports.

STINNER: [01:21:24] I'm going to need that 5 to 7 percent diet right after session.

KIM ENGEL: [01:21:29] OK. [LAUGHTER] There's, there's two just starting in Scottsbluff right now. There will probably be another one, so.

STINNER: [01:21:38] Senator Hilkemann.

HILKEMANN: [01:21:38] You know, thank you for your testimony. And how do we, I appreciated that you, toward the end, you talked about the personal responsibility issue.

KIM ENGEL: [01:21:46] Uh-huh.

HILKEMANN: [01:21:47] How do we work with that personal responsibility? I mean you got the three big ones: the tobacco use, inactivity, poor nutrition, all three of which really end up being personal choices. What can we, I mean we can spend money, but how do we encourage people to take personal responsibility for their well-being?

KIM ENGEL: [01:22:08] It is very tough because every day we are bombarded by media and friends and situations and social events that put us in temptation for other choices that may not be as good for us. And I think that's a principle about worksite wellness, is it's really about changing those cultures, about having the selection of a good choice just as readily available as a selection of a bad choice. So I think we just need to keep hammering away at it. I was in a meeting once. It was a national meeting of Boards of Health, and this topic came up. And a gentleman said, we just need to teach our young people not to eat those bad things for them, to choose something else. And right after that there was a break and we all walked out to the hallway and there was this pile of brownies sitting on the table and that was it. And he was the first in line. But if there had been almonds or fruit, there might have been more options. And so we just need to keep that in mind, in any situation, to have other, other options available.

HILKEMANN: [01:23:22] Well, I just really respect you in your, for, I've become so aware that, as Senator Howard mentioned, our public health responsibilities. And, and until we address this,--

KIM ENGEL: [01:23:36] Yeah.

HILKEMANN: [01:23:36] -- our own personal, it's going to continue to keep costing us money. And I, and how do we encourage people? I mean here I'm a guy that's, as senators. I got to do some of my own thing. I'm preaching; I'm it. But, you know, it's, it--

KIM ENGEL: [01:23:50] Me too.

HILKEMANN: [01:23:50] -- thank you for your work on this.

KIM ENGEL: [01:23:55] Thank you.

STINNER: [01:23:57] Additional questions? Now all 18 regions have their own process, their own priorities across the state, depending on--

KIM ENGEL: [01:24:04] That's right.

STINNER: [01:24:05] -- what they--

KIM ENGEL: [01:24:06] That's right. And in the Panhandle this last time, Dave Palm, who's at the university now, shared with us. We reported out on our process. We had a return of 1,600 surveys that were distributed by ourselves and a hoss, and our hospitals, and he told us that he had never heard of a response like that, even for a largely populated area. So it's, we have a lot of community involvement, in addition to the focus groups and all of the other processes that go with it. So--

STINNER: [01:24:36] Well, thank you.

KIM ENGEL: [01:24:36] -- it's happening all across Nebraska.

STINNER: [01:24:39] Thank you for your testimony.

KIM ENGEL: [01:24:40] Thank you very much.

STINNER: [01:24:41] Thank you for driving in.

KIM ENGEL: [01:24:43] Thank you.

STINNER: [01:24:55] Good afternoon.

RYAN LARSEN: [01:24:55] Hello. Good afternoon. I am Ryan Larsen, R-y-a-n L-a-r-s-e-n, and I am the administrator and chief executive officer of Community Medical Center, a critical access hospital in Falls City in Richardson County. Senator Stinner, Chairperson Stinner, members of the Appropriations Committee, and Senator Watermeier, representing my district, I thank you for your service and for the opportunity to testify. My organization does not directly benefit from LB715, nor do I personally. I'm not affiliated with public health. But I have no hesitation to provide my testimony of support for this. I think it's a great idea. In fact, I think public health is pretty much one of the best investments in Nebraska. Senator Krist earlier talked about the analogy of the airplane. That's been on my mind, too. As someone that's had responsibility for businesses, facilities find that while it's important to run a very efficient year-to-year budget, if I skimp on preventative maintenance, eventually, you know, for a couple years it looks good and then there's just no money left for infrastructure development and I'm responding to crisis all the time. And so even in times of austerity, setting aside funds for prevention is important. And that's the same thing with public health. It's preventative health outreach. And, Senator Stinner, you pointed out earlier that each of the 18 districts has different priorities. I think that's one of the key elements of this bill. While it's focused on prevention, it gives each one an ability, each district, to focus on what would be most impactful for the citizens of that district. Now in healthcare, hospitals, I think we do a great job. We take care of people. We're very focused. There's something we need to fix. And we've been trying to learn how to reach out and help people stay well, but very often at hospitals and doctors it's still about the patient who's right in front of us, how do we get them the best possible care or what prevention do they need. Public health can work in that space but also they just have a natural perspective on how do we reach a broader group of people. And when public health works with our

clinical health experts, wow, we can have a tremendous impact. In my area, we work with our health district for our individual community health needs assessments, and then the health department has been pulling us together, the different hospitals, to try to figure out how we can work collaboratively, not asking for more money from the Legislature but how we can share expertise and find ways to solve those problems. My community, we have a physician shared committee that's working on community planning. We talk, say, boy, if we're going to figure this out, how do we do this? And finally the doctor said, wait, you need to call Kevin from the health department because this is where they have expertise. And he was able to set me up with some studies and, OK, how can we move forward on these things. We also had an outbreak of pertussis in my community and the health department stepped in and worked with the schools and the doctors' offices. The schools were elated. You know, they don't have the capacity to manage something like this. And because we worked together we were able to keep people informed, share best practices, and keep an outbreak from turning into something that was much worse or debilitating. Another example that would be in our area, I get asked a lot about why we have so much lung cancer and that's a very serious disease, and, of course, stop smoking. But even among people that are not smoking we find that we're doing a lot of treatment. And the health department studied the issue with us, pointed out that southeast Nebraska is one of two areas in Nebraska that has some of the highest radon levels in the nation and so has worked with us to provide education to the community, testing kits, but also work to help local business owners get certified to take care of these issues, something that, did it cost a whole lot? No, but it costs something. And down the road a couple fewer cancer cases, that's a huge impact for our citizens' lives. A few years ago, eight years ago, Richardson County was, not so proudly, named the least healthy county in Nebraska by an independent group out of Wisconsin. The clinical healthcare was actually really good, but we were not necessarily hitting all of those things that public health brings to the table. And so, as a result, we were having, having issues. We've worked with the health department extensively. We are now way up the list, not number one yet but we'll get there. And I think as we invest and as you invest in public health, you'll find that we can make a similar impact across the state of Nebraska. Thank you.

STINNER: [01:30:12] Thank you. Questions? Seeing none, thank you.

JAMES BOWERS: [01:30:28] Good afternoon, Senator Stinner and members of the Appropriation Committee. My name is James Michael Bowers, J-a-m-e-s M-i-c-h-a-e-l B-o-w-e-r-s, and I appreciate the opportunity to testify, to testify today on behalf of myself in support of LB715. I would also like to share with you some of my experiences as a member of the Lincoln-Lancaster County Board of Health. I've been a member of the board of health for the past three years and currently have the privilege of serving as vice president of the board. I want to emphasize the word "privilege" and tell you in a few words why I've become such a devoted advocate of public health. I came to our board with little knowledge of public health but with a desire to become an effective board member. I wanted to learn about public health and, more specifically, about the Lincoln-Lancaster County Health Department and the work it does in our city and county. And learn I did. It did not take me long to realize that those two small words, "public health," have enormous implications for me, for everyone, and everyone in our community. I was blown away by the scope of public health. And today, if someone says to me that our health department does not impact them, I ask them if they drink our water, eat in restaurants, have a licensed pet, appreciate smoke-free buildings, bring their kids to childcare centers, or pay attention to the tremendous toll that preventable chronic diseases are having on people they know. I could go on and on, but you get the idea. Public health touches absolutely everyone every single day and in many different ways and in many important ways. People need to know this to appreciate this and to recognize that financial support for public health is imperative. My orientation to the board of health and the services of the health department was thorough. With each ride-along to a home visit, an animal control call, or with an environmental health specialist testing our air quality, I was able to see the dedication of the

staff and the importance of the service that they are providing to the citizens. I've observed in the dental and health clinics, attended Safe Kids activities, learned a ton about health data, including the Community Health Improvement Plan, and have become convinced that ongoing flu surveillance is a necessity for the medical community. As a board of health member I have the opportunity to voice my approval of policies and ordinances that are critical to the health of our citizens. I provide input on the direction that programs may take and learn about the impact that the department's programs are having on the health of our community. I know that our citizens are increasingly physically active. More at-risk children are having their teeth checked regularly. The department is prioritizing resources to combat the rising incidence of sexually transmitted infections. And the department is nearing its goal of diverting 100,000 pounds annually of hazardous waste from the landfill. In this past year I've had the good fortune to participate in two events that have been particularly impactful. I was our board of health representative to the National Association of Local Boards of Health Conference, where I spent three days meeting other board members, participating in great learning sessions, and, most importantly, gaining more knowledge about the absolute necessity of having a strong public health system. The second event was my participation as a board of health member in the department's accreditation process by the Public Health Accreditation Board. I know that the pride I felt in the work of the department as we were being interviewed by our site vendors [SIC] showed in every single word. Playing a part in our health department becoming accredited was an honor. Senators, I hope that I've conveyed my dedication to public health and convinced you that the need for funding public health is great. I urge you to support LB715 to appropriate funds to each of the health departments in Nebraska. I can't emphasize to you enough the need for strengthening our public health system to continue to address and improve the health of our citizens. I'm pleased to testify today on my behalf and happy to take any questions.

STINNER: [01:33:58] Thank you. Questions? Senator Bolz.

BOLZ: [01:34:02] Just thank you for your service.

JAMES BOWERS: [01:34:05] Thank you.

BOLZ: [01:34:05] We don't always think about those things like animal control and flu vaccination.

JAMES BOWERS: [01:34:10] Right. Right. Right.

BOLZ: [01:34:10] So I appreciate it.

JAMES BOWERS: [01:34:10] Thank you so much. Appreciate that.

STINNER: [01:34:12] Thank you. Thank you very much.

JAMES BOWERS: [01:34:16] All right. Thank you so much.

ADI POUR: [01:34:26] Afternoon, Chairman Skinner [SIC] and the members of the Appropriations Committee. My name is Adi Pour and I'm the director of the Douglas County Health Department and today I'm representing Friends for Local Public Health, which is an advocacy group of local health directors. For the newer senators, every county is covered by a local health department. So there are 19 of them in the state of Nebraska. You can think of it like a health grid across Nebraska. I'd like to thank Senator Howard for introducing LB715. During this session it is probably correct to say that one of your overarching goal is how to decrease property tax and income tax and, therefore, how to keep money in Nebraskans' pockets. I am suggesting that a decrease in taxes by the constant increase in healthcare cost does not achieve your goal. We need to

find solutions that really decrease healthcare costs and sometimes we need to invest a little at the front end to get to that goal. As you have heard before, every community conducts these community health needs assessment resulting in a community improvement plan. Chronic disease, such as diabetes and cardiovascular disease with underlying high obesity in adults and children, is always on the top of that list. The healthcare cost of these diseases are staggering. According to the Nebraska Public Health Improvement Plan, chronic diseases, such as heart disease, stroke, and diabetes, are estimated at more than $1.8 billion annually for Nebraska. If we want to affect the high chronic disease healthcare cost, we need to address this from the prevention side. We know prevention works. I'd like to tell you how that may look like. You have heard some examples already. In Douglas County we have a grant from Nebraska Health and Human Services to address chronic diseases. This grant ends in September and will not be renewed. It was federal money that was passed through to six local health departments. Through that grant, in addition to many other activities over the last three months, we completed a prediabetic survey, prediabetes survey. Had only seven questions on it. What we found out, that 30 percent of them who took this survey actually were prediabetic, 30 percent. This actually reflects what we see on the national basis, one in three individuals. Most of them agreed to follow up with a diabetes expert, take some of the programs that you heard today, and potentially change their dietary habits and their physical activity. These individuals now have knowledge that they could potentially end up with diabetes down the road. The monetary expenditures, but also the poor quality of life, is horrendous. I have several diabetics in my department and I asked one of them the other day, if someone would have told you, you were prediabetic about ten years ago, would you have made some changes in your lifestyle? He looked at me and said, yes, I would, but nobody ever talked to me about it. Now I see how his walking is affected. He cannot run around with his grandson. I saw him heating up soup the other day for lunch. Liquid is his preferred diet since all the medication has created side effects, such as digestive problems. I saw him taking a handful of pills the other day in a meeting and I was completely taken back, wondering what other damage is this going to cause realizing that the interaction of different medication is really not tested in any pharmaceutical type of testing. The other day he told me they changed his medication again, probably another cocktail, another doctor visit, another day off from work, and another day where the quality of life is miserable, and another day where money left his pocket. He pays $30 for each doctor visit. I asked him before I came down here how many doctor visits does he usually make a month. He said between four and six, which is around $180 a month or $2,000, little bit more than $2,000, per year. He maxes out on his out-of-pocket expenses every year. That is $6,000. This example is from an individual who has the best health insurance, health insurance through the county, and he's well-educated. At least $8,000 comes out of this Nebraskan's pocket every year for the last few years and for the next few years to come. I hope you can see that it's not only tax cuts that are putting money in people's pockets but it is the increasing healthcare cost that we need to address if we want individuals to keep more dollars. We can start to address the high healthcare cost for the person in Omaha and the one in Mullen, Nebraska, by investing in good prevention programs across the state in every community with oversight and accountability from the local health department. Every Nebraskan deserves to live in an environment that supports prevention program and decreases the burden of chronic diseases. Thank you so much.

STINNER: [01:40:37] Thank you. Questions? Senator Hilkemann.

HILKEMANN: [01:40:44] Not a question. Thank you for coming down, Dr. Pour.

ADI POUR: [01:40:44] You're welcome.

HILKEMANN: [01:40:44] You know, when you were testifying you were talking about, we used to have in Douglas County, and I think Dr. Zweiback [PHONETIC] was one of the, the head of that, we used to do these screenings. I think they called it the Midland Screenings. I know that one point

I helped out that did, put screenings together checking for diet. Do we still have that in Douglas County?

ADI POUR: [01:41:08] You know, we have a number of screenings that occur on health fair sometimes. But what you need to do is screening by itself is not enough. You actually need to have resources available then so that somebody actually can take actions on it. So I always say, you know, screenings at health, health fairs, let's be cautious, because you actually increase the anxiety level of somebody and you don't give them any way to handle it. So what we are doing, especially in the prediabetes testing, we actually have a number of resources that we provide those individuals after the survey.

HILKEMANN: [01:41:43] OK. I just, just while you were testifying I thought, whatever happened to those, because we had lots of sites that we had all those screenings.

ADI POUR: [01:41:52] No, we don't have, we don't have anything organized like that anymore, Senator Hilkemann.

HILKEMANN: [01:41:57] And where's, did, where's Nebraska as far as healthiest state right now?

ADI POUR: [01:42:02] We just dropped two more levels down so we are number 12 now.

HILKEMANN: [01:42:09] Wow.

ADI POUR: [01:42:09] We were number ten late last time, last year. So now we are number 12. So we are going the wrong direction.

HILKEMANN: [01:42:16] We're going the wrong, because it seemed like when I got here we were about 7th or 8th.

ADI POUR: [01:42:22] Yeah, we were around 8.

HILKEMANN: [01:42:23] Wow.

ADI POUR: [01:42:23] Yeah, we are going the wrong direction. So some investment is really necessary if we want to become the healthiest state of the nation as our Governor, as our chancellor really wants this community to be. So thank you for the question.

HILKEMANN: [01:42:36] Well, where, when we, when we drop down, what are the factors that are, what are causing us to drop down? What are those factors? Do you know?

ADI POUR: [01:42:43] You know, tobacco, alcohol use is a strong factor--

HILKEMANN: [01:42:47] Yeah. Oh, yeah.

ADI POUR: [01:42:47] -- and obesity. Where you see a lot of the other states actually obesity is going down, in Nebraska it is level, sometimes even going up a little bit.

HILKEMANN: [01:43:01] OK.

ADI POUR: [01:43:01] So those are--

HILKEMANN: [01:43:01] Thank you.

ADI POUR: [01:43:02] You're welcome. Thank you.

STINNER: [01:43:04] Thank you. Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, there are letters of support from Larry Dix at Nebraska Association of County Officials; Robert Rhodes, Nebraska Medical Association; Joe Moore, International Health, Racquet and Sportsclub Association; and Labonna [SIC] Lausterer, Lincoln-Lancaster County Health Department. And that concludes our hearing of, excuse me. I'm sorry.

HOWARD: [01:43:59] I'll waive.

STINNER: [01:43:59] You're waiving? Thank you. Thank you, Senator Howard. That concludes our hearing on LB715. We'll now open with LB985.

HOWARD: [01:44:19] OK. Good afternoon, Senators.

STINNER: [01:44:22] Sorry about that.

HOWARD: [01:44:22] That's, that's OK. I was, I wasn't planning on closing anyway. OK. Good afternoon, Senator Stinner and members of the Appropriations Committee, all of you that are here. My name is Senator Sara Howard and I rep, H-o-w-a-r-d, and I represent District 9 in midtown Omaha. Today I'm presenting to you LB985, a bill regarding the CHIP 599 program, which provides prenatal care coverage for pregnant women who are otherwise ineligible for a Medicaid program. I passed out a little cheat sheet for background that I made over the summer. We had a lot of constituents and colleagues calling and so we just put this together so that folks would know exactly what, what our CHIP program is. So over the past several months, federal reauthorization of funding of the Children's Health Insurance Program has been a topic of national debate. While Congress did reauthorize this program for the next six years, LB985 puts in place a necessary safeguard in the event that this funding is not reauthorized. In Nebraska, through the Children's Health Insurance Program, or CHIP, not only do we insure children below 200 percent of the federal poverty level. We also operate 599 program. We received an enhanced match rate or an enhanced FMAP beyond our usual FMAP for Medicaid. So right now this year our FMAP for Medicaid is 52.55 percent, and our FMAP for CHIP is 89.9 percent. OK. So I just want to give you some history on this because I don't think any of us were here in 2012. So several years ago, pregnant women who were not otherwise eligible for Medicaid, usually women who didn't have legal status in the United States, were in fact being covered by the Nebraska Medicaid program. And Medicaid wrote our Medicaid director at the time, Vivian Chaumont, who's since passed away, and told her that it was very noble that we were covering this population of pregnant women through our Medicaid program but that we were not allowed to do it. And so this meant that the state had an option. They could administratively move these women into our Children's Health Insurance Program or they could do nothing. And at the time, the state decided to do nothing and so the Legislature decided to act. So it was 2012, six years ago, short session, and in April, on the very last, I think it was the very last day of session, and the fiscal analyst may remember this better, they overrode a veto from Governor Heineman to implement this program. And essentially what this program does is it follows the unborn child. So the woman receives prenatal care coverage. She doesn't receive anything that's not related to her pregnancy. So if she comes in for a cold, if it's not related to her pregnancy she doesn't have coverage for that, and it doesn't really cover postpartum care either so once that baby is born. So if any of you heard about any challenges from your providers in regards to the managed care companies being able to bill for 599, the reason why is because there is no patient number until that baby is born. But our 599 program essentially follows the fetus. OK. That makes sense. OK. So, and it was a huge bipartisan effort. When that happened

in 2012, I mean my mom felt like that was one of the most significant votes she took when she was here in the Legislature. So if the federal government were ever to discontinue the Children's Health Insurance Program, and we came just about as close as we've ever come. And I've worked in public health policy for almost ten years now. I have never ever seen our country get so close to not reauthorizing the Children's Health Insurance Program. We have always agreed, regardless of party, that kids deserve healthcare coverage. And so this was really the first year when it was in jeopardy. But the challenge was is that while if CHIP went away tomorrow, under the Affordable Care Act the state of Nebraska would still be covered by a maintenance of effort under requiring us to continue covering kids until 2019. However, the pregnant women that we were covering with 599 would not have been included. So if CHIP went away tomorrow, the people who would drop off would be women who were pregnant. And one of the reasons why 599 was so important was because there were women who would say, I can't afford prenatal care, or they would come in for their first trimester and say, oh, if it gets more expensive from here I'm just not going to come back. And then by their third trimester they would have complications. And so really we felt as though, as a body, we felt as though this was a significant decision to make in terms of public health but also in terms of kids who are going to be Nebraskans. All right. So the language itself doesn't cost us anything. All it says is that if CHIP funding goes away, we'll use General Funds to take care of the prenatal care for these women. So I want to just draw your attention to the fiscal note. So the fiscal note from the Legislature, no fiscal impact at this time. The fiscal note from the department, however, and I, and I don't, I'm still trying to understand their reasoning, the fiscal note from the department actually dings this bill for the lower FMAP that's coming in the future. That's going to come regardless of whether or not this bill is here. The bill really just says that if the CHIP program goes away, we will continue to cover pregnant women. And so I'm not really sure why the lowered FMAP that we know is coming in 2020 would sort of count against this bill because it's just a clarification of who would pay for these pregnant women and the prenatal care. So the other, the other side of this coin is that I want to make sure that not just pregnant women who are receiving our Children's Health Insurance Program, 599 program, have some stability during their pregnancy knowing that those funds will be there for them, but also for providers knowing that if they provide this type of care they will have the stability that it will be paid for. I appreciate your consideration for LB985 and I will tell you that it is borne exclusively out of a very personal concern that if the Children's Health Insurance Program goes away there will be pregnant women who are not receiving prenatal care that they need and that there will be babies born with complications and challenges that will immediately go on our Medicaid program and cost us more. I think every baby in this state deserves the opportunity to have a healthy birth and a healthy life, and that's one of my core values. So I'm happy to try to answer any questions you may have.

STINNER: [01:51:20] Thank you, Senator. So what's the status right now?

HOWARD: [01:51:23] So CHIP has been reauthorized for the next six years,--

STINNER: [01:51:26] OK.

HOWARD: [01:51:26] -- which is very exciting, but we do anticipate a lowered FMAP coming in 2020. But that's, this, this, that doesn't have anything to do with this bill.

STINNER: [01:51:36] OK. Senator Wishart.

WISHART: [01:51:37] How many women currently participate in this program?

HOWARD: [01:51:41] You know, I'd have, I can get that number for you. I will tell you prenatal care is not one of our more expensive Medicaid items in terms of the service itself. But I can certainly go back and find out how many women.

WISHART: [01:51:54] OK. Thank you.

HOWARD: [01:51:54] Uh-huh.

STINNER: [01:51:58] Additional questions? Seeing none, thank you.

HOWARD: [01:52:02] Thank you.

STINNER: [01:52:14] Any additional proponents? Good afternoon.

KENNY McMORRIS: [01:52:23] Good afternoon. Senator Stinner, members of the Appropriations Committee, my name is Kenny, K-e-n-n-y, McMorris, M-c-M-o-r-r-i-s. I currently am the CEO of Charles Drew Health Center in Omaha, Nebraska, and I'm here representing the Health Center Association of Nebraska and the seven federally qualified health centers in our state. I would like to say thank you to Senator Howard for introducing this legislation. Nebraska health centers care for everyone who walks through our doors regardless of insurance status or the ability to pay. Uninsured patients contribute to the cost of their care through a sliding fee scale. Our health centers are committed to delivering high-quality, culturally competent, comprehensive primary care, as well as supportive services such as education, translation, transportation that promote the health and well-being of our patients. The very core of our mission is to serve the underserved and the vulnerable populations in our respective communities. Ensuring access to prenatal care is fundamental to ensuring the overall health and well-being of the mother and the unborn child. Nebraska has been at the forefront of ensuring access to prenatal care for all women, regardless of immigration status. When undue delay and uncertainty places, was placed on, on the reauthorization of CHIP funding in jeopardy, that access to prenatal care also faced a tenuous future. Health centers know all too well the constraints placed on programming when funding hangs in the balance. LB985 prevents that uncertainty from causing undue harm to access for critical healthcare services should we encounter this crisis in the future. Included within my testimony is a letter from Andrea Skolkin. She is the CEO of OneWorld Community Health Center in Omaha, Nebraska. Among the health centers, OneWorld has the largest population of undocumented pregnant women and can attest to the powerful impact this program has had on the health and well-being of the unborn children that OneWorld serves today. We encourage the committee's support of LB985 and thank you. And I'll be happy to entertain any questions.

STINNER: [01:54:31] Thank you. Senator Bolz.

KENNY McMORRIS: [01:54:35] Yes.

BOLZ: [01:54:35] Good afternoon.

KENNY McMORRIS: [01:54:35] Good afternoon.

BOLZ: [01:54:38] If I'm remembering correctly from the latest Kids Count report, I was surprised that about 15 percent of women don't actually receive all the prenatal care that they need. I was surprised that that number was that high. And I'll cross-check it. Julia is here and maybe she can help me. But I just wondered if you had any insight as to why those women don't receive those services. Is it Medicaid eligibility? Is it access to Title X? What is it that's preventing them from getting what they need?

KENNY McMORRIS: [01:55:10] I would say there's a number of factors that go into that. Medicaid eligibility is one. I think that we have to, as a community, understand that a lot of the

drivers that impact healthcare is health literacy and understanding the importance of getting services early and often. I believe the entities that provide the services do a great job, but it is very difficult when you have a number of barriers that are in the way, whether it's language barriers, financial barriers, transportation. You have a lot of families that are working poor. And so it's incumbent on us to try to figure out how do we administer healthcare in a way that meets the patient where they are, that's nonjudgmental in a lot of cases, and has the opportunity to help those families reach their fullest potential.

BOLZ: [01:55:56] Uh-huh. Could you, could you serve any woman who walked in your door with prenatal care services or is there any point in time where you would no longer have the resources to, to serve someone?

KENNY McMORRIS: [01:56:07] So, as a federally qualified health center, we're responsible for serving anyone who walks through our doors. Now, obviously, resources are a big part of that. And so we just most recently, the community health centers, was, was not funded. Actually we were not reauthorized, and we were able to get over the hurdle last week actually. And so when you have those challenges, you have to figure out how do you best stretch your resources. And so, to that extent, we look at accessing access hours, locations obviously. And so the more resources you have allow you to be able to carry that dollar and provide options for the families that so desperately use our support.

BOLZ: [01:56:47] Uh-huh. OK. Thank you.

STINNER: [01:56:49] Is there any other pending federal funding or any cuts in the federal funding for healthcare centers?

KENNY McMORRIS: [01:56:57] Yeah. So, at this point, no, but the reauthorization was only for two years and we're actually almost probably about six months into that two years. So we'll be in a situation to where we're going to be fighting that battle again to reauthorize the community health center fund at this point. But as of today, we're sitting in a position to where the health center funding has been reauthorized and some additional support related to expanding services for our patients.

STINNER: [01:57:21] OK. Thank you. Additional questions? Seeing none, thank you.

KENNY McMORRIS: [01:57:27] All right. Thank you.

STINNER: [01:57:27] Afternoon.

MOLLY McCLEERY: [01:57:48] Good afternoon. Chairman Stinner, members of the committee, my name is Molly McCleery, M-o-l-l-y M-c-C-l-e-e-r-y, and I am the deputy director of the Health Care Access Program at Nebraska Appleseed. We are a nonprofit organization that fights for justice and opportunity for all Nebraskans. I'm here to testify in support of LB985. The way that the reauthorization for the Children's Health Insurance Program played out this fall was a bit confusing, and I detail that in written testimony that I have provided. But Congress failed to reauthorize it by the deadline, which was Jan, or September 30, 2017, meaning that funding for the program lapsed. Nearly four months later, funding for the CHIP program was reauthorized in, on January 22, 2018, in the first continuing resolution that we saw this winter. Then on February 9, so last week, the second continuing resolution to fund the government funded CHIP for an additional four years. So the total reauthorization period is now ten years, through federal fiscal year 2027. It's also worth noting that in that reauthorization that maintenance of effort requirement that Senator Howard mentioned, where children who are eligible under our traditional Medicaid or under our traditional

CHIP program get moved and covered under Medicaid, that requirement was also extended through federal fiscal year 2027. So ultimately, the conversation that would be occurring ten years from now if that funding lapsed would be the same conversation where the 599 CHIP program still lacks protection. But other children who were covered when the ACA was passed in 2010 would be covered. Because the 599 CHIP program was not in effect on the date of passage of the ACA in 2010, that group would not be protected under that requirement. Because of how Nebraska was able to budget for the CHIP program, we were fortunate in that we had reserve funds to operate the program on during that lapse in funding. Other states were not as fortunate. States started sending out notices around cuts to eligibility or changes to their program, and really sent families to worry about disruption in their coverage. Because of the nature of prenatal care and the short duration of coverage and the seriousness of that coverage, it's essential that we continue to make sure that that population is protected and that there are no disruptions in that coverage. With that, we just ask that the committee support this bill. And I'd be happy to answer any questions.

STINNER: [02:00:36] Thank you. Questions? Seeing none, thank you.

MOLLY McCLEERY: [02:00:40] OK. Thanks.

STINNER: [02:00:52] Afternoon.

JULIA TSE: [02:00:53] Good afternoon. Good afternoon, Chairman Stinner and members of the Appropriations Committee. For the record, my name is Julia Tse, J-u-l-i-a T-s-e, and I'm here on behalf of Voices for Children in Nebraska in support of LB985. We believe that children are Nebraska's greatest resource and that our early investments in our future generations will see significant returns when children are able to reach their full potential in adulthood. Quality and consistent preventive healthcare beginning even before birth is the foundation of proper child development. Voices for Children in Nebraska supports LB985 because it would reinforce state investments in critical prenatal care for pregnant Nebraska mothers. Research shows that prenatal care beginning in the first trimester of pregnancy offers babies the best possible chances in life. Quality prenatal care identifies risks early on, treats medical problems, and educates parents to ensure a healthy birth. Studies show that inadequate prenat, prenatal care resulted in an increased risk for prematurity, stillbirth, early and late neonatal death, and even infant death. Healthcare coverage is a primary barri, barrier to adequate prenatal care. In Nebraska, although adequate prenatal care was sought in three, in three and four of all pregnancies, fewer than half of mothers without insurance received adequate prenatal care. For decades our collective investments in public health insurance coverage for low-income mothers have ensured that more Nebraska babies have the best opportunity to become healthy and productive in adulthood. While Nebraska ranks highly in the nation for birth and maternal outcomes, data in the state have largely, largely remained unchanged in recent years. And, Senator Bolz, your question about the number of, of babies receiving inadequate prenatal care, that was, that was the correct percentage, 15 percent or so. And looking at a couple of other measures, in the long term some of our outcomes have really not changed very much. In both 2005 and 2015, 1.2 percent of Nebraska births were to low birthweight babies and 12 percent of all births were preterm. In order to address this lack of progress in our state, our efforts to improve outcomes for all babies should target those who are most at risk for inadequate prenatal care. Research and data indicates that poverty, race and ethnicity, and immigration status are highly linked to poor access and utilization of healthcare. A reduction of disparity in access to healthcare coverage and prenatal care can result in long-term savings in newborn, postnatal, and even lifelong health costs. As has been mentioned, the Nebraska Legislature acted swiftly to this end in 2012 passing LB599, notwithstanding the veto of then-Governor Heineman, to create a separate CHIP program called 599 CHIP. At the time, lawmakers rightly acted, rightfully acted to restore critical prenatal care to unborn Nebraska babies who would ultimately pay the price for this loss of care. While we realize that the urgency has sort of

diminished now that Congress has reauthorized CHIP for six and an additional four years, for a total of ten, we think it would be a wise decision for this Legislature to support funding for that program without federal funds. We believe that LB985 is a reaffirmation of Nebraska values. Access to prenatal care for all children is important. It's a pro-kid investment in, in our future economic prosperity. We thank Senator Howard for her leadership on this issue and this committee for their time and consideration, and would respectfully urge you to advance the bill. Thank you.

STINNER: [02:04:40] Thank you. Questions? Seeing none, thank you very much.

JULIA TSE: [02:04:52] Thank you.

STINNER: [02:04:52] Any additional proponents? Good afternoon.

MARION MINER: [02:05:03] Good afternoon. Thank you, Chairman Stinner and members of the Appropriations Committee. My name is Marion Miner, M-a-r-i-o-n M-i-n-e-r, and I am here on behalf of the Nebraska Catholic Conference, which represents the mutual public policy interests of Nebraska's three Catholic bishops. Our understanding is that this legislation is, in a strictly practical sense, basically moot for the time being because Congress has reauthorized federal CHIP funding. So, in that sense, we're dealing with a hyper, hypothetical scenario where ten years down the road or more Congress fails to reauthorize the program. However, we are supporting LB985 today because the principle at issue here is important, which is that unborn life, regardless of the status of its parents, is due recognition in the insurance of prenatal care. Unborn children, in their state of innocence, should not be made to suffer the consequences of their mother's unlawful immigration status. In addition, a mother seeking prenatal care is demonstrating love and responsibility for the child she is supporting which, regardless of her legal status, is something the state should encourage. The unborn child is the most vulnerable of all persons and is, therefore, the first whom we should extend our protection and care. In a culture was, which is increasingly hostile to life whether unborn or infirm or physically or mentally disabled, the state's policy, policy should be to encourage protection of the most vulnerable. The Catholic Conference certainly appreciates and understands the need for reform of the immigration system in our country. For those innocents who are here, however, we encourage you to assure continued protection and care.

STINNER: [02:06:52] Thank you. Questions? Seeing none, thank you.

MARION MINER: [02:06:57] Thank you.

STINNER: [02:07:11] Any additional proponents? Seeing none, any opponents? Anyone in the neutral capacity? Seeing none, would you like to close? Senator Howard waives closing. Thank you very much. We have some letters for the record. In support is the Nebraska Women's Health Advisory Council, the National Association of Social Workers, Nebraska Planning Council on Developmental Disabilities, Nebraska Child Health and Education Alliance, and Sherry Miller, League of Women Voters, all in support of LB985. So that concludes the hearing for LB985. We'll now open with LB1101. Senator Vargas.

VARGAS: [02:08:12] Good afternoon. My name is Tony Vargas, T-o-n-y V-a-r-g-a-s, and I represent District 7, the communities of downtown and south Omaha, in the Nebraska Legislature. I want to thank you, Chairman Stinner and other members of the committee. I'm here today to talk to you about my bill, LB1101, which I'm proud to cosponsor with Senator Kate Bolz. LB1101 will provide funding for a 5 percent increase in providers of three forms of behavioral health services: short-term residential treatment services, intensive outpatient treatment services, and substance use assessment services. Now, the National Center on Addiction and Substance Abuse reports that 65 percent of inmates in the United States have a substance addiction, while only 11 percent receive

treatment. If you add to the, to the number of inmates that were under the influence of alcohol or other drugs at the time of committing their crimes, 85 percent of the U.S. prison population are there because of substance abuse. Our Director of Corrections, Scott Frakes, has estimated 90 percent of Nebraska's prison population are likely incarcerated because of an addict, addiction to alcohol or drugs. This is why I introduced LB1101. Now the behavioral health services listed in this bill have been identified by service providers as key in reducing recidivism. Short-term residential treatment and outpatient treatment services provide intensive medical treatment and counseling to individuals experiencing addiction to alcohol and drugs or co-occurring addiction and mental health problems. Substance use assessment services evaluate risk for addiction and help providers recommend the best forms of treatment. A study by the National Reentry Resource Center of the Council of State Governments found that treatment programs lead to reductions in recidivism of nearly 20 percent, and reductions in those on probation and returning to prison by as much as 50 percent over a short time period. Substance use treatment providers in Nebraska agree that these three key services are needed for this population. And to ensure that those services are in our communities, we must invest in them to build capacity to take on additional men and women on probation or those coming out of the correctional system after serving their sentences. Now, unfortunately, the interim and short-term facilities providing these services are at or above 100 percent of capacity. The DHHS 2016 Behavioral Needs Assessment indicated wait times for behavioral health services averaged 19.5 days, with 60 percent of those waits for short-term residential services. The funding increase in LB1101 would be directed at services through programs and probation under the Supreme Court through Nebraska's behavioral health regions and through Medicaid and the Department of Health and Human Services. LB1101 is a focused approach to reducing recidivism and starting to deal with some of the issues we've seen in Corrections. Just as you do, I know well that we are in a budget dilemma this year. But I also know that if we do not invest in building capacity in these areas we will continue to pay far more down the road. There are professionals testifying behind me today that will tell you why these services were picked for a funding increase. Our goal here is to make sure treatment continues or at least starts once someone is released, and if they're lucky enough to get into the probation system, that the services are there to get them healthy and redirected to taking care of themselves and their families. Now at the end of the day I think we have to ask ourselves this: How can we expect people who have substance abuse and addiction issues who commit crimes to not reoffend if we don't do our part to ensure that treatment is available? The state must be a partner with providers, the corrections system, and policymakers to reduce the number of people who are incarcerated. Now with that, I'll be happy to answer any questions the committee may have. Thank you.

STINNER: [02:12:22] Thank you. Any question? Now this is additional funding over 605 that we put funding into.

VARGAS: [02:12:32] Uh-huh. Correct.

STINNER: [02:12:32] We also put funding in for programming for Corrections for substance abuse as well, didn't we, or?

VARGAS: [02:12:40] I can't remember off the top of my head if we did that.

STINNER: [02:12:45] OK. I'll have to go back and look through it.

VARGAS: [02:12:51] Yeah.

STINNER: [02:12:52] Thank you.

VARGAS: [02:12:52] Thank you very much.

STINNER: [02:13:07] Afternoon.

CHASE FRANCL: [02:13:08] Good afternoon, Senator Stinner, members of the Appropriation Committee. My name is Chase FrancL, C-h-a-s-e F-r-a-n-c-l, and I'm submitting the following testimony on behalf of the Friendship House, a mental health and substance use treatment provider in Grand Island, Nebraska, and this letter is being offered in support of LB1101 relating to appropriations to behavioral health service providers. I currently serve as the president-elect of NABHO and as executive director for the Friendship House, the only halfway house located in Grand Island. For the past 50 years our agency has provided transitional support through a 6- to 12-month treatment program for men who have successfully completed short-term residential treatment for substance dependence. Our services are specifically designed to support those who recognize the need for additional time in a recovery-focused environment in order to sustain their sobriety while they learn to utilize their skills in a nonsecured real-world environment. In July of 2017, we expanded to open an outpatient counseling clinic with special focus on serving Hall County's exploding Hispanic population through employing three fully bilingual counselors providing mental health and substance use treatment. However, throughout the past year our agency has seen an overwhelming increase in need for substance use services. As a 20-bed treatment facility, it's not uncommon to have a wait list of three to five individuals awaiting bed availability at our halfway house. However, over the past nine months we have regularly run wait lists ranging from 12 to as high as 17 individuals awaiting a bed. The Division of Behavioral Health requires that individuals who qualify as a priority population, which for male populations includes those being treated for IV drug use and for mental health board commitments, are offered placement ahead of those who are not. Over a period of eight months the need and severity of those seeking treatment was so great that we were only able to offer placement to individuals from this priority wait list. The sad reality was that anyone who did not fit these narrow criteria were simply not able to access our level of treatment and had to be referred elsewhere and to other services, such as intensive outpatient or outpatient, which itself often face, faces long wait lists. Through regular interaction with providers across our straight, our state, we well understand the funding challenges that we all face together as relates to our sector. Yet, the belief is that somehow we can just cut a little bit deeper, when the cold reality is that we have 36 separate programs or agencies since the year 2000 who have had to close their doors or kill off programs due to a loss of funding. And I provide that list of providers in Attachment A. We were one of the lucky few who received a rate increase that went into effect March of 2016, and I can attest that in the years prior to that the Friendship House made no profit. Our door stayed open only due to $85,000 a year in expense reimbursed funding from the Division of Behavioral Health that allowed us to meet our basic expenses. At that time our service was 70 percent below Medicaid rates and paying less than $70 per day for a 24/7 residential service. The entirety of our contract did not even cover our staffing costs alone, let alone facility maintenance and upkeep, utilities, food for our residents, training or insurance for staff, and other essential operations costs. And it's important to understand that we didn't get in that position overnight but, rather, by slowly enduring year after year of little or no increases to keep up with the rising costs. And my great fear is that without efforts such as LB1101 other treatment providers will begin to face that same fate, disrupting the vital interconnectedness of our system. Yet, even in receiving our increase, no new allocation was awarded, so our gain came directly at the expense of other providers in our region network whose own services had to be reduced so that we could be paid our new rate. An increase in our services meant that there was now that much less for our system partners, and it's a system that only works when all services across the continuum are adequately supported. From evaluation to short-term residential treatment to a halfway house to IOP to outpatient, our clients and your constituents require a careful and controlled transition if we're to provide them with the best opportunity to escape the prison of addiction and experience freedom as a healthy, functioning adult. No one becomes sober by accident. So as you approach this decision on whether rate increases for the substance use services included in LB1101 is warranted, I

encourage you to consider a few questions that should guide any reasoned approach: Have we seen a decrease in the need for substance use services across our state? Knowing that behavioral health populations overlap child welfare and corrections populations, have those sectors seen evidence of a decreased need for substance use services across our state? Do we have a history of excessively funding behavioral health in our state that would suggest there remains room for additional cuts or further delayed increases? Does a point exist in which no more meaningful efficiencies can be found, especially in an environment of constantly rising costs? And finally, is there enough financial and individual value in the services that substance use treatment provides to make this a worthwhile and impactful investment? I firmly believe that these are the questions on which your decisions must rest, and we need to recognize that the zero-sum game which pits provider against provider must be viewed through a far wider lens than just behavioral health alone and take into account that substance use is a cost driver for other far more costly sectors. According to a nationwide 2009 study, out of every dollar that is spent as a result of the wreckage of substance abuse, only 2 cents is spent on treatment, prevention, and research. This staggering disproportion exists, despite that for every $1 spent on treatment a $12 return on investment is realized within our communities. Given time, an investment in behavioral health funding will begin to pay dividends in corrections, in emergency services, and in child welfare, among others. But to try to pay one provider at the direct expense of the other is like removing the shoelace from your left shoe to replace the missing one on your right. The problem hasn't been addressed. It's just now on the other foot. Thank you for your time.

STINNER: [02:18:28] Thank you. Questions? Senator Bolz.

BOLZ: [02:18:32] Thank you for your testimony. When, when I have heard feedback on how LB605 has been working, one of the things I hear is that 605 isn't drawing down the incarcerated population as quickly as we hoped because, one of the reasons is, because judges aren't using probation at the rate that we originally projected. And what I hear from judges is that that is related to access to community-based services. Similar conversations on the parole side, that making sure that folks, folks have those community-based services is really important. The question I'm trying to ask you is what is your experience in the intersection with the court system in your community? Do you hear the same concerns about need for services from the courts that have a direct impact on this bill?

CHASE FRANCL: [02:19:20] Absolutely. We in Hall County work really closely with our, with our drug court, a little bit with parole but primarily with probation. And since we launched our outpatient clinic in July of this year, the bulk of our referrals has been from probation and has been because there's a new clinic. We have the capacity to get people in very quickly, within the same week a referral takes place. And because of that we've really seen an influx and are growing about 20 percent month over month, primarily driven by probation populations. Parole is a little bit more difficult. Typically, our referrals for parole are for folks to transition to our halfway house. That's always a long ways out and hard to project when a bed might be available. We work hard to meet with them and reserve a bed if we know we're getting within a couple weeks of when someone would be released. But there are some barriers there just in matching up the timing.

BOLZ: [02:20:06] Uh-huh. And what kind of a difference would this bill make in terms of being able to say yes to probation more often?

CHASE FRANCL: [02:20:14] I think for us it's about expanding that capacity and knowing that the need is there but the time it takes and the vulnerability of the population. If someone is on probation, if they're struggling, if they're not making appointments, the timeliness is a huge factor prior to, so that you're preventing against reoffense and things that might result in someone being incarcerated again.

BOLZ: [02:20:36] Thank you.

STINNER: [02:20:38] Additional questions? Seeing none, thank you.

CHASE FRANCL: [02:20:42] Thank you.

TOPHER HANSEN: [02:20:42] Chairman Stinner, I'm from east-- I'm west of the eastern border. I don't know if that buys me any more time. But [LAUGHTER] I read the same book that Chase read of how to cram seven minutes of testimony into five minutes. So we'll see how well I read it.

STINNER: [02:21:02] OK. Thank you. Good afternoon.

TOPHER HANSEN: [02:21:05] Good afternoon, Chairman Stinner, members of the Appropriations Committee. First, let me say thank you to Senator Vargas, who just did a disappearing act behind me, and to Senator Bolz for cosponsoring this bill. My name is Topher Hansen. I am here representing the Nebraska Association of Behavioral Health Organizations, known as NABHO, and to support LB1101. I'm also the president, CEO of CenterPointe, an organization providing behavioral health services in Lincoln and Omaha. We currently operate 36 pro, programs, ranging from homeless street outreach and 24/7 crisis intervention to treatment, rehabilitation, and housing.

STINNER: [02:21:46] Mr. Hansen, could you spell your name?

TOPHER HANSEN: [02:21:47] Oh, sorry. Please, I get asked that every time I say it. Topher, T-o-p-h-e-r, Hansen, H-a-n-s-e-n. Thank you, sir.

STINNER: [02:21:52] Thank you.

TOPHER HANSEN: [02:21:56] NABHO is supporting LB1101 as a common-sense way to address the need to be supportive of the services in our community that are used by adults in the criminal justice system and child welfare system. For many years, the behavioral health system has been paid less than the cost of doing business. You heard from Chase Francl that the halfway house rates were 70 percent under the base Medicaid rate and were raised to prevent the service from disappearing altogether. All the other rates for behavioral health services are less than the cost of business, as illustrated in attachment one, a study done by Seim Johnson which shows the results for outpatient services up to 2014. This situation has not improved since then. LB1101 is a bill that is sensitive to the financial circumstances faced by the Legislature by supporting three behavioral health services which are most likely to impact people in the criminal justice system. By supporting these services to hire the best qualified staff and build the infrastructure required in today's service delivery, the Legislature provides some of the needed assistance in the behavioral health service sector and strengthens services that will help avoid corrections and take steps to no longer need services in the child welfare system. In CenterPointe's short-term residential program 43 percent of those served have legal problems and 6 percent have a connection to the child welfare system. At South Central Behavioral Health in Hastings, 100 percent of the people served in that IOP, intensive outpatient program, have connections to the criminal justice system and child welfare system. The child welfare statistics alone from the division tell us that the reason 44 percent of the children were removed from their home was because their parent had a substance use problem. Additionally, 26 percent of parents whose kids were removed from the home for other reasons were found to have a substance use problem that contributed to the issues. Every person seeking treatment must go through an assessment to identify their clinical need for services and match them to the correct level. It's an essential service for every person needing care, and organizations must not be in a

position to lose money in their effort to get people connected to the right program. Behavioral health services are essential services. Everyone knows someone with a substance use problem. It crosses over so many issues that you face every single day: corrections, probation, child welfare, domestic violence, education, physical health, and on and on. This is a service industry you want to be strong if you seek to have a healthy, productive population in the state. You don't get to education and you don't get the jobs after until you go through healthcare. Healthcare comes as the foundation for all else. This is not an expense; it's an investment in the health of Nebraskans. Of the people that have been identified as needing substance treatment, only 10 percent receive it. We must do better. We must start by employing a measured approach to paying the private sector, that is stepping to the plate to do this public service, a rate that is commensurate with the cost of doing business. When you undercut the behavioral health industry you get worse outcomes in all the areas I mentioned above. You build more prisons. You have more kids placed out of their homes and more services for kids in school. Our own Division of Behavioral Health has completed a study of the rates for these services. My speculation from the evidence we see in Exhibit 1 and the fact that the division dramatically increased the rate of halfway house programs is that all the other service levels will be identified as having less than the cost rates. The division is not choosing to release that information until the end of quarter three and in quarter four. While NABHO advocates for increasing rates for all service levels, we think LB1101 is a sensible and balanced approach when the state faces difficult financial choices. As a group of nonprofit organizations, we understand tough budgets. We also know that we must keep all the vitals, all the services vital if we're to be effective. Undercutting behavioral health services as a nonessential service will put the state in the same quandary we have all watched in developmental disabilities, child welfare, and corrections. Join us in supporting this incremental approach to a strong behavioral health system that will impact the criminal justice and child welfare system and lead to a healthier Nebraska. Thank you.

STINNER: [02:26:18] Thank you. Questions? Senator Bolz.

BOLZ: [02:26:24] We've, we've all heard about and been concerned about the information that we're hearing from division and from the Governor of a 9 percent increase in utilization for child welfare and the one in three kids who are in the child welfare system because of substance use by their parents. And so I, I want to ask you a couple questions about that, because later today we'll be talking about the, the funding request in child welfare. For CenterPointe, do you know what percentage of your people served are child welfare involved?

TOPHER HANSEN: [02:26:58] Not, other than the statistics I pulled out of the short-term res. program, because we are focused on that one in particular. We have that number that I can get for the rest of our programs. But it was a small percentage in the short-term residential program and, of course, it fluctuates a little with time. But generally speaking, that's what we are seeing.

BOLZ: [02:27:22] Uh-huh. Is the short term-- so the three services here, behavioral health, medical assistance, probation services, any of those services could be serving someone who is child welfare involved.

TOPHER HANSEN: [02:27:31] Yes, absolutely. And the reason that these are focused is short-term residential is 30 to 45 days and it's substance specific. It's sort of the mental health gets thrown in for free, at least at CenterPointe. But it costs us money to do that, psychiatric time and so on. Intensive outpatient is same way. It's really kind of funded as a substance program and that's what we are targeting. We're trying to be incremental here in looking at this and so this takes us that baby step forward in trying to get providers up to what it costs to do business. And so, and to answer a question you had earlier, in our short-term residential program in Omaha, for instance, where we have 26 beds, we have, at my last check, we had 80 people standing in line waiting to get in. And that came from a smattering of corrections and other agency referrals, self-referral and so on. But

corrections and probation are a big piece of what we do.

BOLZ: [02:28:35] Uh-huh. That's helpful. The connection to our corrections issues is very clear for the requests for Program 67 probation services, obviously. The other two, if you have any information from NABHO to follow-up with me about the demand as it relates to child welfare involved families, that might be helpful information for the committee.

TOPHER HANSEN: [02:28:57] Yeah, we can. As to these specific services or beyond that?

BOLZ: [02:29:01] The two, the two other services, the behavioral health and the medical assistance, I think would be helpful to know.

TOPHER HANSEN: [02:29:08] Oh, OK. Yep. Will do.

STINNER: [02:29:10] Thank you.

TOPHER HANSEN: [02:29:12] Thank you.

STINNER: [02:29:12] Thank you.

DEB MINARDI: [02:29:23] Good afternoon.

STINNER: [02:29:25] Afternoon.

DEB MINARDI: [02:29:26] Chairman Stinner, members of the Appropriations Committee, I am Deb Minardi, D-e-b M-i-n-a-r-d-i. I'm the deputy probation administrator for community-based programs and services. I come before you today testifying in support of LB1101. I'd like to thank Senator Vargas and Senator Bolz for recognizing Probation's role in providing important rehabilitative services to adults and juveniles. Both justice reinvestment and juvenile justice reform significantly expanded not only the number of clients accessing services but the variety of services, which includes those in 11, LB1101. Why is funding for providers important to Probation? Simply put, low reimbursement rates come, become an obstacle to accomplish our goal of helping clients successfully complete probation or postrelease supervision. Completion of probation equates to recidivism reduction. The rates Probation pays for some services are already below those paid by others. For example, compared to Medicaid reimbursement, Probation is 5 percent lower for assessments and 11 percent lower for intensive outpatient and short-term residential treatment. It's not so much the percentage difference in rates that is concerning, it's the impact of lower rates on our clients. How are Probation clients affected? We know that some entities have told us directly that they choose not to become a registered provider because other organizations pay at a higher rate. We're also told that at times providers feel compelled to prioritize clients based on an entity that can pay a higher rate. It's understandable. Many providers are small businesses, especially those in our rural communities where cash flow and sustainable revenue are a constant problem. However, we need the best providers available if we are serious about recidivism reduction. Clients on postrelease supervision are also affected. Our postrelease population is coming out of prison and oftentime receive little or no services whatsoever. They are at a higher risk to reoffend, especially compared to those on traditional probation. Therefore, it is essential that quality services are readily available to increase our clients' likelihood of successful reentry back into the community. Lastly, we are concerned about the juvenile probation population. We assume that adults are the subject of LB1101. However, an unintended consequence of increasing funding for adult services could be that providers shift to adults, meaning there would be less providers for juveniles. To conclude, does LB1101 address all of our service provider rates issues? No. Does it keep us from falling further behind? Yes. Even a 5 percent increase is a start. We support any attempt that brings us

closer to providing the quality and quantity of services that will, that will help our clients be successful. Thank you again for your interest in probation service needs and this opportunity to testify. I appreciate your time and we're happy to answer any questions.

STINNER: [02:32:40] Thank you. Any questions? Seeing none, thank you. Any additional proponents? Seeing none, any opponents? Anybody in the neutral capacity? Would you like to close? Senator Vargas waives closing. We do have letters of support from Jenni Benson, NSEA supports LB1101. And that concludes our hearing of LB1101. Since it's a little after 4:00, I do want to take a ten-minute break to allow everybody the opportunity to stand up, do whatever.

[02:33:39] [BREAK]