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Appropriations Committee March 22, 2023
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CLEMENTS: All right. I think we're ready to get started. Welcome to the Appropriations Committee hearing. My name is Rob Clements. I'm from Elmwood. I represent Legislative District 2, which is Cass County and eastern Lancaster. I serve as Chair of this committee. We'll start off by having members do self-introductions, starting with my far right.

DORN: Myron Dorn, District 30.

DOVER: Robert Dover, District.19.

McDONNELL: Mike McDonnell, LD 5, south Omaha.

LIPPINCOTT: Loren Lippincott, District 34.

ERDMAN: Steve Erdman, District 47.

CLEMENTS: Thank you. Assisting the committee today is Tamara Hunt, our committee clerk. To my left is our fiscal analyst, Mikayla Findlay. Our pages today are Malcolm from Omaha, a UNL student; and Kate from Kansas, a UNL student. At each interest you'll-- entrance you will find green testifier sheets. If you're planning on testifying today, please fill out a green testifier sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying 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 after today's hearing. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please silence your cell phones. Move to the front chairs when you're ready to testify. The order of testimony for bills 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 come to testify, please spell your first and last name for the record before you testify. Be concise. We request that you limit your testimony to five minutes or less. Written materials may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution when you come up to testify. If you have written testimony but do not have 12 copies, please raise your hand now so the pages can make copies for you. And now we will

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begin today's hearing with Agency 25, Department of Health and Human Services, and the Public Health Division is going first. Welcome.

[AGENCY HEARING]

CLEMENTS: We will now open a hearing for LB362. Senator Dorn. Give us a minute to clear the room and switch our notebooks. All right. Welcome, Senator Dorn.

DORN: Thank you. Thank you, Senator Clements and members of the Appropriations Committee. My name is Myron Dorn, M-y-r-o-n D-o-r-n, and I represent Legislative District 30, covering Gage County and southeastern Lancaster County, Nebraska. I am here today to open on LB362, which continues our efforts to increase mental health and substance use treatment provider rates by 5 percent. LB362 seeks to increase these rates in Medicaid, the Children's Health Insurance Program, behavioral health aid, and juvenile justice programs. This committee worked together last year when there was a desperate cry for increases for these providers because of the impact of COVID pandemic and the resulting mental health crisis and need to expand services and increase workforce. Behavioral health providers were very appreciative of these increases; and, frankly, they saved many facilities from closing their doors. We should be proud of how the increase in rates for these providers made a significant difference in the lives of many Nebraskans. I want to tell you about one provider in my district, Blue Valley Behavioral Health, which has been able to increase accessibility of mental health and substance abuse services in 16 counties in southeastern Nebraska, including my district, this past year. Additional funding went directly to salary increases for all the staff, along with covering the increased expense of health insurance and other related benefits cost. So what we did last year decreased threats to staff retention, managed the high demand and low supply of behavioral health professionals. Continued stabilization of behavioral health services in Nebraska must be our focus so that we do not get too far behind again. In 2018, the most recent DHHS department study showed that the difference between rates and a determination for what the key services actually cost providers was between 18 and 15-- 52 percent below the cost of providing services. Although we hope rate increases approved by the Legislature since 2018 have caught up, up with some of these costs, each year inflation increased costs like rent, utility, and wages. COVID-19 didn't help at all and our current 6 percent inflation rate, which is actually 7.87 percent, has just been adding to the problem. This is a big picture summary and

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certainly some rates are better than others in each of these systems included in LB362. But we know that since behavioral health has been significantly more reliant on public payers because of lack of coverage in the private insurance system over the past 40 years, we can come to a reasonable conclusion with the data available. We have a choice to make: continue to invest, invest in a very important system of care that has a proven track record of saving money in the long run and saving lives or fall back into complacency that we have done enough. Thank you. I'll be available for questions.

CLEMENTS: Are there questions? Seeing none, will you be here to close--

DORN: Yes.

CLEMENTS: --I assume? We welcome proponents for LB362. Good afternoon.

CHASE FRANCL: Good afternoon, Senator Clements and Appropriations Committee. My name is Chase Francl, C-h-a-s-e F-r-a-n-c-l. I'm testifying today on behalf of the Nebraska Association for Behavioral Health Organizations in support of LB362. I serve as the president and CEO of Mid-Plains Center for Behavioral Healthcare Services located in Grand Island. We have served Grand Island and the surrounding areas for more than 50 years and provide an array of services, including outpatient and home-based counseling programs, medication management, transportation, youth crisis assessment and crisis stabilization services. We employ about 70 staff and have served about 3,200 Nebraskans across the Medicaid, Probation, Division of Behavioral Health, and private payer networks in the last year. I want to begin by thanking Senator Dorn for introducing LB362 and to this committee for its support for behavioral health systems over the last several years. We recognize there are a lot of good causes competing for state funds right now, but few that I know that have such a profound impact on the most vulnerable Nebraskans that we have, and particularly as the need for behavioral health services has increased from about one in five Americans to one in three post-pandemic. I also want to acknowledge what a lifeline last season's rate increase was and affirm that it was absolutely crucial in supporting agencies like ours who are struggling to get our heads back above water and meet the new challenges that emerged over the past three years. As a committee, you know full well how inflation and rising costs continue to challenge the sustainability of services, and our sector is certainly no different. The focus of my testimony today is going to be on the staffing challenges and the resulting access limitations that

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insufficient funding in the public payer system is creating within Nebraska's behavioral health system today. I would also frame for you what I think are often overlooked impacts when we fail to invest in behavioral health services at a level that allows us to meet the need as it exists. As a human services agency, the only way that we're able to meet our mission to strengthen and support the wellness and recovery of our communities is through person-to-person efforts of our workforce directly engaging with those in need. For Mid-Plains Center, that means roughly 85 percent of our nearly \$4.5 million budget goes directly to personnel and personnel-related expenses and that number continues to grow. From this same time last year, salaries at our agency have increased by 10 percent across the board, with every position receiving at least one pay increase in the last six months. In an effort to bolster recruitment and retention, we began offering referral bonuses, hiring bonuses, increased vacation time. And this past January, we increased our employee health insurance benefits and now cover 75 percent of any employee health insurance plan, an expense that increased nearly \$50,000 from last year. And we're being told to anticipate another 9 to 17 percent increase in this year. We certainly count it a privilege to provide for our employees, but 84 percent of our income comes from these public payer sources, such as Medicaid, Probation, and the regions. So the reality is that our ability to sustain staffing and provide care to our clients is directly tied to the decision on LB362 facing this committee today. The investment that we're asking you to make will be a decisive factor that allow us to meet these and other needs that have emerged out of the challenges of the past three years in particular. And I want to share just two of these examples with you. When I began my role at Mid-Plains Center last fall, our outpatient therapy waitlist had an excess of 100 individuals who were requesting services, most of whom had been languishing on that waitlist for three to four months and some as long as six months. With only five outpatient therapists on our team, we committed ourselves to the recruitment of additional therapists to meet this need. And despite our efforts, the unfortunate reality is we've been unable to add even a single new therapist to any of our therapy teams. And the few applicants we've had have not been able to accept the pay that coming to work for a nonprofit such as ours would have required. And at the same time, we continue to see the need for our services continue to explode. Within our youth crisis assessment program, students and youth who express self-harm or suicidal thoughts have immediate access 24/7 to a counselor for evaluation, referral, and safety planning. And while we'd seen and felt the need for this service increasing, at a recent meeting, Hall County Probation

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reported what to me was a staggering statistic. In just a two-month period from December 15 to February 15, Grand Island Public Schools alone referred 174 students for assessment of or services due to suicidal ideation. That's more than 22 kids per week, more than 3 kids per day. And I don't think that accounts for two weeks off on Christmas break. This has really increased the toll on our therapists and has really quickly maxed out available services for families and youth. Instead, kids and parents end up on waitlists like ours, hoping that services can arrive before it's too late. And the sad realities of agencies like ours aren't able to hire staff and build programs that respond to how youth and family needs occur. I fear for the immediate toll it places on our schools and communities today, only to be multiplied into an already taxed adult system in the future. I'll close with this, is that simply put, our ability to hire, train, and retain quality staff is the single largest factor in our ability to meet our obligation to the community. Without it, individuals will not have available to them the treatment they need to achieve being fully healthy and engaged members in our communities. But our ability to hire, train, and retain staff and programs depends on the rates we receive from the public payer system and for what you decide on LB362. So today I support LB362's request for 5 percent and ask that you stand with providers and with our communities in supporting it as well. Thank you.

CLEMENTS: Thank you. Are there questions from the committee? Senator Lippincott.

LIPPINCOTT: What kind of problems do you see amongst your employees, the people that work for the agency?

CHASE FRANCL: Right. Thank you. I'd say the, the most concerning one to me, particularly with our clinical staff, our therapeutic staff, which make up the bulk of our programs, is the toll that it takes to provide things like the 24/7 assistance that's just required right now with, with the needs that we have; that, that continual burnout, the need and the demand that they want to meet. They're in this field because they want to help people, but the demand is so great and the help is so little that it's really hard for them to sustain that. That's my biggest challenge right now.

LIPPINCOTT: Are you able to keep adequately staffed?

CHASE FRANCL: No, no.

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LIPPINCOTT: No.

CHASE FRANCL: Not in our clinical staff; our support staff we've done well. The conversations we've been having is how we can find ways to meet these needs with nonclinical staff, with associate's level or bachelor's level staff, because we just can't find the clinical staff to hire. To piggyback off previous comments, really the only ones who have the flexibility to be able to pay for services like that in a meaningful way or help us as we treat those is through the regions. Payers like Medicaid just don't have that kind of flexibility.

LIPPINCOTT: How can that be fixed? Is it a money issue or what?

CHASE FRANCL: I think there's been some good steps with the ARPA funds in trying to help support the training, the internships, different things like that the agencies can take on. For us, where we see is a lot of folks have moved to private pay, they've moved to doing online counseling only that's more of a nationwide pool. That just makes it really challenging to be able to hire against. We're hiring against hospitals in a lot of cases and we just can't compete as not-for-profits in a lot of those cases. We've got to really try to delve in and align well with our mission and support our staff at a whole nother level.

LIPPINCOTT: Additionally, how do you interact with the probationary people?

CHASE FRANCL: So we do, we provide outpatient counseling, we provide groups at the probation reporting centers. Probation is a terrific partner for us. They understand what the challenges are. They're experiencing them, too, with their folks. So we operate with-- closely with District 9 and District 10 probation that they're a great partner. But certainly that's a-- that's a challenging population to work with as well.

CLEMENTS: Senator Wishart.

WISHART: Well, thank you for being here today on behalf of NABHO. Our fiscal analysts have put together sort of a chart that shows us behavioral health aid from 2014 to 2023 each year. And what we're seeing is that we are appropriating an amount of dollars, but we're consistently seeing an amount that's unexpended. Can you help us? And I wish I had been here to talk with the department about this and plan on following up. But can you help us understand from your perspective,

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we are appropriating dollars, but we're not expanding them at the level? What, from your understanding, is that due to?

CHASE FRANCL: Right. So a number of factors and [INAUDIBLE] chair about that previously, I think where that started happening was in 2020. We're all aware of what happened in 2020 and some of the shifts that related to capacity for us in terms of how we provided services, what we could draw down and extremely grateful to the Division of Behavioral Health for their support during that time. At the same time, having the ability to have the workforce to meet the needs, I think a lot of times as agencies when we're putting in our request, we're seeing the need and what we would like to be able to do. And then the reality changes. Medicaid expansion played a big part in that, not knowing how many were going to transfer over to that payer system and when. And so that's certainly been a challenge. Beth Baxter commented on, on the crisis stabilization unit, some of the expenses that we have that they weren't able to fill funds into. I can say when I took over, we had a \$500 budget a month for our 12-bed detox facility. Our clients were getting powdered milk because it was the only way to be able to make that available. And so funds were there within the system but weren't able to be allocated where they needed to be. And that speaks to some, some rigidity that's come into the system, particularly around certain types of funded services, expense reimbursed services over the past several years, that, that has made that challenge more pronounced than certainly it was ten years ago.

WISHART: And then one follow-up is because what I'm hearing is from you is that we are seeing an increase in the amount of population that is needing access to behavioral health. But we are not seeing an increase in the amount of funding that is being spent and invested at the state level, even though our appropriations is, is increasing.

CHASE FRANCL: I think by and large what I've seen is there are a lot more people in the Medicaid system now than are in the regional behavioral health system at this time. I hope that that's answering your question--

WISHART: OK.

CHASE FRANCL: --maybe the numbers that you're looking at. We're much more heavily Medicaid funded now than we were--

WISHART: OK.

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CHASE FRANCL: --even three or four years ago. That presents unique challenges to agencies because if I-- if I provide and bill a region service, I'm going to get paid for that service. If I do that with the Medicaid service, there, there are good chances I'm not going to get paid for that entire dollar. There's, there's denials. There's a lot of hoops to jump through. We've had to add a lot of staff and additional cost to be able to claim those dollars for the work that we still do.

WISHART: OK. Thank you.

CLEMENTS: Other questions? Seeing none, thank you.

CHASE FRANCL: Thank you, Senator Clements.

CLEMENTS: Next testifier, proponent I should say. Welcome.

KATIE MCLEESE STEPHENSON: Thank you. Good afternoon, Chairperson Clements, and members of the Appropriations Committee. My name is Katie McLeese Stephenson, spelled K-a-t-i-e M-c-L-e-e-s-e, Stephenson, S-t-e-p-h-e-n-s-o-n. I'm here testifying in support of LB362. I serve as executive director of HopeSpoke based here in Lincoln. We provide an array of community-based behavioral health services and have been in operation since 1949. Last year, HopeSpoke served over 1,000 individuals. We are an active member of the Nebraska Association of Behavioral Health Organizations, commonly referred to as NABHO. NABHO has 53 member organizations, large and small, both rural and urban, that comprise our membership, along with consumer groups and hospitals. We are grateful to the Appropriations Committee and to the Legislature for rate increases in the past, especially last year. We appreciate that Senator Dorn has introduced LB362 to provide a 5 percent rate increase across payers, including Medicaid, the Division of Behavioral Health, which passes that money through to the six behavioral health regions, child welfare, and Probation. The 15 percent rate increase provided last year has been instrumental in helping us reduce the gap between the cost of services and the reimbursement rate. Unfortunately, behavioral healthcare providers still experience a deficit for each service that we provide and we are still in the red. We need the help of the Appropriations Committee to respond to the continued extensive needs in communities across the state for quality behavioral healthcare. The surge that we experienced during the height of the pandemic has not leveled off. For our agency and many others, we have lengthy waiting lists for clients to begin services. Our outpatient waiting list today has increased 128 percent

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as compared to prior to the pandemic. We have long waiting lists for all of our programs. When an individual and their family has finally decided that they're ready for help, the last thing that they want to hear is that they're being placed on a waiting list and that their urgent needs cannot be met at this time. The three biggest financial issues that we are facing currently are, number one, the impact of inflation on overall expenses. We've seen record-breaking increases in the costs for food, gasoline, public utilities, and health insurance rates for our staff. Number two, the, the impact of the very tight labor market where we've been unable to fill key clinical positions to meet the community needs for behavioral healthcare. Despite our best efforts, the wages that we are able to offer are not adequate to attract quality candidates. This has compounded the lengthy waitlist for clients to get into services and at times added to the severity of their needs while they are waiting for treatment. Number three, the increase in expenses based on raises that have been given to our current workforce. Our costs have increased at a higher rate than the compensation that we receive from our public payers. As we provide more services, the gap widens between our expenses and our revenue. We rely on donors to help us bridge this gap. In the current economy, many foundations have decreased giving or have scaled back the frequency of their funding cycles. Private donors are also concerned about the ability to make charitable donations or at least the level they have given at previously, making fundraising even more challenging as a means to offset our expenses. We're all aware of the tremendous needs in the communities across our state for quality behavioral healthcare. As the number of providers who accept payment from Medicaid, the regions, child welfare, and Probation continues to decrease, it's even more vital that those who continue to provide these services be adequately funded. This is the time for those that believe that mental health is important, and I assure you that it is, to act on the belief by supporting the agencies whose providers are serving the most vulnerable children, youth, and adults in our state. Ensuring that individuals have access to mental healthcare can also improve lives and communities. For many, removing these barriers to mental health treatment can dramatically reduce or eliminate the risk of dropping out of school, unemployment, homelessness, suicide, family conflict, and substance use-- abuse. Without a robust behavioral healthcare system, the options that will need to be funded will be much more costly to the state, including hospitalizations, detention for youth, incarceration for adults. It's important that people receive community-based services that can help stabilize and support individuals. I urge you to support LB362 as part of the budget going

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forward. Thank you so much for your service and for your time today. I'm open to answer any questions that you might have.

CLEMENTS: Thank you. Are there questions from the committee? Seeing none, thank you for your testimony.

KATIE McLEESE STEPHENSON: Thank you.

CLEMENTS: Other proponents for LB362?

BETH BAXTER: It's me again.

CLEMENTS: Good afternoon.

BETH BAXTER: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Beth Baxter, B-e-t-h B-a-x-t-e-r, and I'm here as the regional administrator for Region 3 Behavioral Health Services, serving 22 counties in central and south-central Nebraska. I'm here today representing the Nebraska Association of Regional Administrators and the Region 3 Governing Board in support of LB362. As mentioned earlier today in my testimony on the Division of Behavioral Health budget a short while ago, I want to thank each of you for your continued support of behavioral health services, and especially for the \$10.3 million carryover for provider rate increases, which was so desperately needed to address the circumstances that have placed our system at risk of losing services, of losing capacity and access for individuals. I appear before you today in support of LB362, introduced by Senator Dorn. I wish he were sitting in his chair so I could-- so I could thank him for his ongoing support in behavioral. He's a champion for our causes. The rate accrease-- increase by LB362 will provide that 5 percent additional rate increase for behavioral health aid, for children's health insurance, the Medicaid assistant, Medicaid expansion, and also for a provider rate increase of 5 percent for behavioral health services in the Probation system through the Supreme Court. Each of the regions operates a network of community-based behavioral health providers and community coalitions, which provide a comprehensive array of treatment, rehabilitation, support and prevention services. What each of our regional administrators hear from our providers whom we meet with or talk to on a daily basis is that expenses still outpace income. That rate increase that the Legislature passed last year went primarily towards workforce retention and helping to pay for needed pay increases to remain competitive or filing-- filling vacancies that were not able to hire for new staff positions. In fact, I was just

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visiting with one of our providers on Monday and actually two or three of those providers and who shared kind of this, this hope of we're being able to kind of turn the corner on the workforce issue. This is not a story that, that we hear very often in the behavioral health field, particularly in the post-pandemic world of behavioral health. Furthermore, providers have expressed serious concern about the availability of telehealth services. With the unwinding in the post-pandemic, many individuals have come to rely on services that have been provided via telehealth on secure platforms. Individuals in rural and frontier counties in Region 3-- that Region 3 serves can avail themselves of services and really not have to leave their home. The reduction of reimbursement rates for these services, coupled with the continued increase in cost of technology, is something that continually affects providers. An increase like that envisioned through LB362 can assist providers with continuing to provide essential services. In closing, the increase will be essential to continue forward momentum in Nebraska's behavioral health, and the Nebraska Association of Regional Administrators encourage the committee to include the increase proposed in LB362 in the 2023-2025 biennial budget. I appreciate your consideration and would be happy to answer any questions.

CLEMENTS: Senator Wishart.

WISHART: Thank you, Beth, for being here today. So I'm going to ask the same question I asked before to the testifier. When I look at, for example, fiscal year 2021-2022 for behavioral health aid, so for Program 38, we had about \$35 million of unexpended appropriation. Can you help me understand what I'm hearing from other testifiers, that there are waitlists that the need for behavioral health support is increasing, why what we're seeing is the carryover funding consistently, especially since the pandemic?

BETH BAXTER: Yes. Thank you for asking the question. As, as Chase testified, the workforce issue continues to be a challenge. What we've seen through the COVID-19 pandemic is we have seen a lot of provide-- a lot of therapists leave the public behavioral health system and move into telehealth working for national companies. They don't have to face the rigorous requirements through the paperwork that we require, the charting, and just being on call 24/7. Also, we experienced these continual delays from the Division of Behavioral Health. As was testified earlier, Medicaid expansion has really provided a wonderful opportunity within the behavioral health system. The regional administrators have, have worked with the Division of Behavioral

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Health, really trying to help them understand that this is an opportunity for us, that there are dollars that have been freed up. And as you heard some of the testifiers earlier, there's been 20, 30 proposals that have been presented to the division to help expend those dollars, innovative services. These services have been identified through community meetings, through meeting with our stakeholders of individuals who are out on the front lines, who know what the behavioral health needs is out in communities. And yet we've been, because of the rigidity, maybe the delays, we've just been able to-- we've not been able to implement services. So there's million dollars, millions of dollars' worth of services that proposals have been submitted. There were delays. I think Patrick testified to one of the delays that Region V experienced was 288 days to get a proposal so, you know, to get a proposal approved. And then we go through an RFP process. You know, we have a public process to, to get those dollars out there. But COVID-19. I think the, the kind of the, the moral trauma for providers has been significant there. There's just been a myriad of circumstances. And when you combine those, it's just created some real challenges to be able to, to draw those funds down. And as you've heard, the need for behavioral health hasn't changed. It, it hasn't reduced; it's gone up. And so we feel bad. We feel terrible that we're not able to get those dollars out where they're needed. And I don't think you were here when I testified about the crisis stabilization unit. We had dollars in our budget that were unused in the crisis stabilization unit, which is a core essential service, 24/7 serving people in crisis. They experienced increases in food costs, in their insurance costs, just the cost of doing business. And we couldn't help them. We couldn't help them address those costs, even though we had the money to do that because the Division of Behavioral Health would not allow us to move dollars that were in our budget from a unit-based service, a rate-based service over to an expense-based service. And services like the crisis stabilization, I always look at them and it's like you fund your, your fire station in your community. You fund them so that, that it's open 24/7. And I always tell people, I don't want the fire truck to have to stop at the gas station on their way to my house when I have a fire. So we have to-- we have to provide that funding on an expense reimburses-- reimbursement basis to ensure that they're there, the access is available. But their, that inflexibility that didn't allow us to move dollars that we had over to where the need was.

WISHART: Thank you.

CLEMENTS: Other questions? Senator Lippincott.

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LIPPINCOTT: You have telehealth services that's up and running. Is it audio only? Is it audio-visual Zoom? And what percent of your services is telehealth? And has it been effective?

BETH BAXTER: We have secure video-audio. And I, I can't tell you what the percentage is, but I would look that up and send you that information. Telehealth has been it's, it's been very helpful, particularly during the, the onset of COVID in the pandemic. Our providers, it was amazing. They were able to switch on a dime and, and start utilizing that telehealth platform. And that's effective. Now I think that the ability to use that for some providers, maybe on the downside was we then began to see therapists leave our system because they were comfortable with the telehealth piece. But it's extremely important particularly, you know, we, we have-- we serve 15-- we serve about 15,000 square miles of geography in Nebraska with about a less than 225,000 people. So it's extremely helpful.

LIPPINCOTT: Thanks.

BETH BAXTER: Yeah.

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

BETH BAXTER: Thank you.

CLEMENTS: Next proponent for LB362. Welcome.

KRISTEN RODRIGUEZ: Thank you. Good afternoon, Chairperson Clements and members of the Appropriations Committee. My name is Kristen, K-r-i-s-t-e-n, Rodriguez, R-o-d-r-i-g-u-e-z, and I'm testifying on behalf of Heartland Family Service and Nebraska Association for Behavioral Health Organizations, NABHO. You'll see in-- sorry. I'm here in support of LB362 and would like to extend our appreciation to Senator Dorn for bringing this bill forth. I'll let you read a little bit about Heartland and NABHO, which I know you've already heard a little bit about. To answer some of your previous questions, I want to let you know that in terms of Heartland Family Service, grants and contracts makes up about 48 percent of our revenue. Of that 48 percent, about 8 percent of that is through region contracts with Probation and 18 percent is insurance and Medicaid. And I hope that that's helpful to you all. Senator Dorn, we are grateful to you for your longstanding support. Appropriations-- Appropriations Committee, excuse me, your passport has not gone unnoticed by the behavioral

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health field and NABHO members. Today, I need you to understand why pushing LB362 forward is crucial for the behavioral health field at this time. And I will use Heartland Family Service as an example to highlight why. The majority of Heartland's clients are Medicaid beneficiaries, and historically, we have had many years of low rates. Previous 5 percent rate increases have helped us close the financial gap we experience. For example, every Medicaid client who walks through our doors at this point in time, we automatically lose an average of 21 cents on the dollar for each service that we provide. To add to this gap, we recently-- costs have increased by 20 percent across the board, further expand-- expanding this financial gap. The biggest costs of this 20 percent increase are salaries and the overhead of doing basic routine business. With inflation, the cost of living has soared and our employees and Heartland as an agency are in pure survival mode. There's really no more room for any loss. The biggest consequence of the gap is lack of access and services to Nebraskans who are in need. When our rates are not what they need to be, we can't hire people at the salaries we're able to offer within our means, leaving the community at a loss. We aren't able to bill for services to have revenue because we can't provide them without staff. We can't fix our workforce issues without increased rates to be able to compete with private practices. Without a workforce, the access to services is lost for the communities who already have a hard time accessing it to begin with. One could say that this also creates parity issue. The voters of Nebraska who pushed for Medicaid expansion and Heartland has seen an increase in clients served due to that need, particularly in behavioral health services. We urge you to close this gap between reimbursable expenses and actual costs of service delivery. It's getting dire for us at this point. Please pass LB362 out of committee. I'm available for any comments and I appreciate your time.

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

KRISTEN RODRIGUEZ: Thank you.

CLEMENTS: Next proponent for LB362. Seeing none, is anyone here in opposition? Seeing none, is anyone here in the neutral capacity? Seeing none, Senator Dorn, you're welcome to close.

DORN: Well, thank, thank you for taking the time, Appropriations Committee, to hear some of the comments here on this. And I think

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between these comments and what we've had from the agencies today, I think I will just limit my closing and say thank you.

CLEMENTS: Are there any questions? Seeing none, thank you, Senator. And we have position comments for the record on LB362: 30 proponents, no opponents, none in the neutral. And that will conclude LB362. We will now open the hearing for LB601. Is Senator Dungan available?

DUNGAN: My apologies. I'm sorry I made you wait.

CLEMENTS: That's all right, we just finished our bill.

DUNGAN: Having a riveting day over in Revenue.

CLEMENTS: We'll open the hearing for LB601. Senator Dungan.

DUNGAN: Good afternoon, Chair Clements and members of the Appropriations Committee. I'm Senator George Dungan, G-e-o-r-g-e D-u-n-g-a-n. I represent the people of northeast Lincoln in LD 26. Today I am introducing LB601. LB601 would provide an 8.7 percent increase to reimbursement rates paid to providers of developmental disability services. DD services, developmental disabilities, DD services providers are experiencing massive staff shortages. Unlike other industries, DD service providers cannot adjust their prices or hourly rate. They are dependent upon rates set by the Legislature. The average wage for a DD service provider is below \$15 an hour. This forces many of them to have to seek state assistance to support themselves and their families. These staffing shortages have resulted in thousands of Nebraskans waiting for months of services. There are currently 2,000 Nebraskans on the waitlist for services. These-- this results in many parents or guardians having to take significant time off work or even leave the workforce to make up for gaps in service. This has a rippling impact on Nebraska workforce already struggling to fill available jobs. When I was out knocking doors for this campaign, I had an opportunity to talk to a lot of people in my district. We knocked over 10,000-plus doors, and one thing that I heard consistently from folks was how DD services or a lack of funding for DD services affected them. This was not a partisan issue, left and right and in the center. People mentioned the fact that they have folks in their family that are DD, they know people who are DD, they themselves fall into the DD community. And one of the things that I heard time and time again was that there is a lack of availability of services and a lack of funding for these services. I specifically remember one person I knocked on her door and we spoke about her

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daughter who's in the DD community. She's nonverbal. She spends most of her time in a bed in her room. We talked about the struggles the mom had had to try to find services for her. And we talked for about 40 minutes, which I know is a big no-no when you're knocking doors because you're supposed to move on. But she was telling me just about her life and how hard this was, and she actually invited me inside to meet her daughter. I took her up on that. So I went inside and I met her daughter, who was nonverbal but could interact and communicate in other ways. And her mom introduced me to her and explained to me sort of what their life had been like thus far. And she pointed out all of the different things in the room, medical equipment, various things she needed for mobility issues. And she said all of this maintaining it has cost me tens of thousands of dollars and it costs me about \$5,000 a month just to continue to to keep that up. And she'd been seeking ongoing DD services from providers and had been almost unable to find that for years. One of the problems she'd run into was just the lack of availability of those services. And that's one of the many reasons that this bill is incredibly important, not just to me, but to a number of people in my community and constituents of mine, but also I know for a fact, folks in all of your communities as well. I know people who are DD providers. I know people who work in this world. I think a lot of us do, and I know people who are in the DD community themselves and they need our help. And so I understand that there's a number of folks coming in and asking for an increase in provider rates. I know this is one of many, but I just wanted to highlight and underscore the importance of this and make sure we understand that there's a lack of services available. I think you're going to hear from a number of folks here today about what this increase would mean to them. And I would just strongly urge the committee to consider this increase at the rate we requested. I'm happy to answer any questions you might have.

CLEMENTS: Are there questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for coming, Senator Dungan. How did you arrive at 8.7?

DUNGAN: 8.7 was a number. There's a lot of conversations that went in around that. It was a number that was given to me by individuals who worked in and around the community I believe. They determined what was probably going to be the appropriate increase to meet the need. The handout that I gave everybody here has a number of things included, but it shows what we're talking about in terms of the increase here. Senator Fredrickson's bill that's coming up after mine is taken into

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consideration there. But one thing that's highlighted at the bottom of the handout, I think, is that for the purposes of this bill, a 1 percent increase equals about \$1.9 million. Based on that number or that estimate, I believe it was determined that 8.7 would get us to where we needed to be to at least be competitive or manageable trying to fill all those needs. I understand it's a constant balancing act, and I don't envy the position that you all are in with all these competing different interests asking for money. But I do believe that 8.7 reflects where we would need to be in order to be appropriately staffed and provide those services. So I think that's where that number came from, is my understanding. And some folks after me might have a little bit better answer as to the history of that number, where that comes from.

ERDMAN: Seems peculiar. Nine would have been a number, you know what I mean?

DUNGAN: Certainly a rounder number, yes.

CLEMENTS: Are there other questions? Seeing none, will you stay to close?

DUNGAN: Yes.

CLEMENTS: All right.

DUNGAN: Thank you.

VARGAS: Sorry, I do have a question.

CLEMENTS: Oh, I'm sorry.

DUNGAN: That's all right.

VARGAS: I just wanted to clarify. So at the very top of the sheet, you have '23-24, \$19 million. Right, correct for [INAUDIBLE] fund?

DUNGAN: Correct.

VARGAS: And then the next year, '24-25, you have \$19 million twice. And maybe I'm just not understanding why, why it exists twice.

DUNGAN: I have-- I believe it's the General Fund for the subsequent year being included in there as well.

VARGAS: Is that what it is?

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DUNGAN: That's what-- I, I can double-check.

VARGAS: OK.

DUNGAN: New to this graph as well.

VARGAS: I was just looking at the graph and I couldn't see it represented because I saw the 213 General Fund budget.

DUNGAN: Correct.

VARGAS: And then I saw the 233. So I'm assuming it's just because taking into account the previous year's rebasing, but.

DUNGAN: That's what I believe it is. It's taking that into account for the additional year. But Senator Wishart might--

WISHART: Yeah, I was going to say, Senator, is it that you want us-- you want to ensure this is not a one-time increase, but that going forward this would be a percentage increase moving forward?

DUNGAN: And that's yeah, that's what I'm trying to say when it takes into account the subsequent and previous year there. Yeah, it's a consistent, it's an increase going forward. So not just a one-time increase and then steady there.

CLEMENTS: All right. Now we'll take proponents for LB601. If you'd like to testify on the bill, would you move to the front seats, please?

MATT KASIK: Good afternoon.

CLEMENTS: Just a minute. We have people moving up.

MATT KASIK: Chairman Clements and members of the Appropriations Committee, my name is Matt Kasik, M-a-t-t K-a-s-i-k, and I am the CEO of Region V Services. We are one of the six service delivery regions originally established in 1970. Region V Services is a nonprofit political subdivision. We have 16 county commissioners that serve on our board, making us a public entity. Today, we are Nebraska's largest handout or I'm sorry, we are Nebraska's largest community-based DD provider, supporting 750 individuals with developmental disabilities in southeast Nebraska. I included a handout in my packet that talks about, more about Region V Services. First off, I'd like to share my gratitude regarding the provider rate increases that were passed last

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year. Region V, my organization, would have posted a \$3.1 million loss last year had it not been for those rate increases. Other providers were in a similar situation, and so to say it was a life saver is an understatement. This committee should be proud of the work they did, proud of the fact that you stepped up and ensured that Nebraska's most vulnerable citizens were taken care of. I share this so you know just how dire the situation was last year. But it's equally important to know that these increases did not solve all of our problems. We continue to struggle with staffing much like other businesses, but the difference is that our work doesn't stop. We cannot close. We live alongside individuals with disabilities, which is a 24/7 commitment. The new funds appropriated last session amounted to \$7.3 million more in revenue for Region V Services. Most of this increase, roughly \$5.2 million, went to increased wages and benefits for our employees. Region V employs 770 people, 90 percent of which are direct support professionals. DSPs, as we call them, provide direct care to the individuals that we support and are the backbone of all provider organizations. As a result, we brought wages up for this role as high as feasibly possible. Despite this, we still lag behind the market. One of our largest competitors now is the state of Nebraska at the Beatrice State Developmental Center, the BSDC. Direct support staff there earn significantly more per hour than what any community-based provider can pay their staff. Region V operates a location in Beatrice, so we see this firsthand. For comparison, Region V's hourly wages start as high as 16. or \$16.08 per hour for someone who has relevant experience. Our maximum rate is \$19.96. The average BSDC employee earns \$21.79 per hour on their first day. I've included a handout on that as well. The two roles are very similar. Both require the same amount of education and the same amount of work experience. The only difference is the setting. Still, we are losing staff to the BSDC and we cannot compete with the rates as they are set. We've actually even lost staff from our Fairbury location, which is 37 miles away from Beatrice. This disparity in wages began in November, November of 2021 with good reason. Staffing levels at the BSDC were low. Something needed to happen to attract workers and to keep the residents of the BSDC safe. At that time, base wages were increased by 28 percent and a \$3 per hour shift differential was added for every hour, amounting to an additional 22 percent increase. All told, wages went up 48 percent. LB601 is requesting an increase of 8.7 to provider rates, which ties to the increase in Social Security benefits. It goes a step further in continuing to improve the lives of those with disabilities in our state and improve the system. While we not-- while we have not yet matched the increase comparable at 48 percent at BSDC,

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this will go a long ways in improving the system. The fiscal impact of LB601 is \$31.7 million over the next biennium, which I would point out is already appropriated. We estimate that \$90 million will be unspent at the end of this year. I'd like to thank Senator Dungan for his dedication to Nebraskans with disabilities and for introducing LB601. With that, I'm available for any questions.

CLEMENTS: Are there questions from the committee? I had one question. I think I've been told in the past that the level of care at BSDC is more intense, a higher need clients. How would you respond to that?

MATT KASIK: In some cases, yes. In some cases no. So we have the unique position within Region V to be in Beatrice and close to the facility. I can tell you that we have supported individuals that at one time lived in the BSDC. Conversely, we have supported individuals in the community that have then moved into the facility. Staffingwise, we run the gamut. It's the same kind of situation where we've hired folks that have worked there and folks that work there have left Region V to work there. We operate several facilities throughout, mostly group homes that are 24 settings, 24/7 settings throughout the state. I would contend that in a lot of cases that person at a group home is a more intense, stressful position because most times you're the only person there. You're the only staff person there so if something happens, you have to respond to that. You have to manage that issue, whereas the BDC has support staff built in. So yeah, it really runs the gamut of care.

CLEMENTS: OK. Thank you. Just wanted to have an idea of the comparable nature. Are there other questions? Seeing none, next proponent for LB601. Good afternoon.

CHERYL WICKS: Good afternoon. Thank you so much, Senator Clements and members of the Appropriation Committee. Thanks for the opportunity to come and share my testimony regarding LB601. My name is Cheryl Wicks, C-h-e-r-y-l W-i-c-k-s, and I am the vice president of government relations for Mosaic. Mosaic is a nonprofit healthcare organization serving nearly 5,000 people across 13 states and in over 700 communities. In Nebraska, we support over 600 people with a workforce of over 800. Mosaic relentlessly pursues opportunities that empower people with disabilities, behavioral health, and autism, primarily serving people in home and community-based services in Nebraska. As I reflect on my 22 years of supporting people with intellectual and developmental disabilities, I have never experienced the pure exhaustion and difficulty that our organization has now. Prepandemic,

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we were fearful when our turnover was at 45 percent and now our average is 84 percent. We used to be able to find numerous high-quality employees who were committed and reliable, but now we are having to make difficult decisions of limiting or closing our programs due to lack of staff available. This is unacceptable. The people we support should be able to count on us and providers like Mosaic to provide all of the necessary services that they need underneath the home and community-based services. Through supporting LB601, you are committing to people with intellectual and developmental disabilities in Nebraska that the following are important: quality of services over lackluster support; engagement with their own community; the quality of life for your constituents; and less stress on the government-funded programs due to income stability. Mosaic is passionate about serving people as a whole person and partnering for quality outcomes. Yet with our vacancies of direct support professionals averaging between 22 percent and 28 percent, this is forcing us to make these heart-wrenching decisions. Which programs do we maintain versus which ones do we close? What activities need to be limited due to lack of staff? Do we hire temporary staff, which means more training by our already stretched thin supervisors more often in order to ensure consistent services for people that we support? All of these and more are keeping me up at night. And so I start thinking of what kind of solutions can we have and how can we partner together to solve this problem. We can utilize those expent-- those expected \$50 million-plus from DDD to provide services in a different way. For example, we could increase reimbursement rates for services being provided, which will increase wages and money being used more effectively and efficiently with the IDD system here in Nebraska. We are very grateful for the 15 percent last year and we're starting to see some progress, although it's not exactly where we'd like it to be. As we look to the future of services, we need to challenge ourselves to explore more flexible service delivery options that are cost effective for the state. By providing more personalized services with an elevated reimbursement rate, utilizing existing funds, it will help alleviate the DSP workforce crisis, increase continuity and consistency of care, and decrease safety concerns for those that we support. Thank you for the opportunity to share alternative solutions that support LB601, which will directly impact the lives of those that we support in Nebraska. I'm available for any questions you might have and thank you.

CLEMENTS: Thank you. Are there questions from the committee? Senator Dorn.

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DORN: Thank you, Senator Clements, and thank you for being here. Do you know in Nebraska about how many-- how much of a population you serve?

CHERYL WICKS: We serve approximately 600 people in Nebraska.

DORN: Six hundred people, and about how much your workforce might be then?

CHERYL WICKS: About 800 people.

DORN: Eight hundred people and what one of the previous ones had a, their average wage. Do you know?

CHERYL WICKS: Yes. Our average wage is about \$14.75 an hour across Nebraska. And we would love to be closer to \$18 an hour.

DORN: [INAUDIBLE]

CHERYL WICKS: Yes.

DORN: And you said you had approximately a 22 to 24 percent vacancy or I mean or workforce openings?

CHERYL WICKS: Yes.

DORN: So is that when you said you had, I think, 800 workers, does that count that 20-some percent or is that would be above that?

CHERYL WICKS: That would be above and beyond. Yes.

DORN: Thank you.

CHERYL WICKS: Thank you.

CLEMENTS: Other questions? Seeing none, thank you for your testimony.

CHERYL WICKS: Thank you.

CLEMENTS: Next proponent. Welcome.

PATRICK HAYES: Thank you very much, Chairman Clements. Good afternoon, Chairman Clements and members of the committee. My name is Patrick Hayes, P-a-t-r-i-c-k H-a-y-e-s, and I'm the chief financial officer of Elite Disability Services of Nebraska. Thank you so much for granting us this audience to speak on behalf of the people we are privileged

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enough to support and employ. As a veteran of the world's greatest Air Force, I've learned that the privilege to serve is accompanied by a responsibility to those we serve. The responsibility that lies before us is in addressing the crisis of care for the most vulnerable citizens of our communities. The solution to this crisis can in part be directly attributed to the opportunities that the passage of LB601 creates, to provide not only a livable wage to those who have dedicated their professional lives to the service of others, but also a competitive one. There are currently over 2,000 Nebraskans on the waitlist for DD waiver services, and their current wait time averages nine years. This is over 2,000 of the most vulnerable Nebraskans and their parents or guardians waiting nine years for a glimpse of hope, only to have that hope stifled when they learn that staff shortages are now preventing them from receiving the services they have already waited so long for. The preservation of the status quo is no longer sustainable and change is necessary. It is necessary because making a lasting difference in the lives of our most vulnerable citizens has risen to an incredibly high premium. In times past, this sacrifice was rooted in the ability to act selflessly and be intentionally patient in the service of others. Today, those sacrifices remain, but we have seen significant additions. Now it includes the ability to earn a livable wage and the peace of mind that comes from being truly content with the quality of life that your wages provide, all of this while working to provide a better quality of life for others who could only realize that life through the services our agencies provide. It is through the creation of a competitive wage that we can begin to address the crises before us where job opportunities are abundant, but careers are being sought out. By definition, a job is any post of employment, but a career is a profession requiring special training, certifications, and professional memberships, all things required by those at every level of our very necessary profession. Couple that with the impending increase in the minimum wage in Nebraska. Currently, this skilled labor force makes on average \$2 per hour less than the proposed increase, and this leaves us well below the requirement that skilled workers stay at least 150 percent above the rising tide of minimum wage. The set of circumstances surrounding the passage of LB601 is married to our ability to effect change. As with any industry, money fuels innovation, innovation in available partnerships and opportunities to create pathways to greater inclusion for the people with IDD that we are privileged enough to serve. These bills are not just about the wages we can afford to pay and remain sustainable. These bills are about the people who will be affected by the change you have the power to generate and those of us gifted with

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the responsibility to carry it out. So that when our grandchildren ask us where we were when the most vulnerable among us needed leaders of compassion and purpose, we will be able to confidently look to you and say that we showed up and we showed up on time. Thank you again for your time and for your consideration. You are truly appreciated. I'm available for any questions you may have.

CLEMENTS: Are there questions from the committee? Seeing none, thank you for your testimony.

PATRICK HAYES: Thank you, Chairman.

CLEMENTS: Next proponent. Welcome.

MARY KELLY: Good afternoon, Senators. My name is Mary Kelly, M-a-r-y K-e-l-l-y, and I'm with the League of Women Voters of Nebraska. The League of Women Voters of Nebraska supports an increase in pay for providers of services for citizens who are developmentally disabled. And we support instituting this change on an emergency basis. According to statistics from the Centers for Disease Control and Prevention, one in six children aged 3 to 17 years old has a developmental disability. Enacting a living wage for providers will increase access to quality, safe delivery of services to those affected by intellectual and developmental disabilities, which include cerebral palsy, autism spectrum disorder, and Down's syndrome. These services are needed across the state and are presently suffering from low staffing. A survey of Nebraska Association of Service Providers indicated that members noted a decrease in staff turnover and fewer staff vacancies following wage increases in fiscal year 2022-23. However, the same survey reported that new referrals for support continue to be denied, services are still being reduced, and grave concerns exist about remaining competitive in the labor market as the state minimum wage rises to \$15 an hour over the next three years. Passage of LB601 will have a positive impact toward increasing the good life of all Nebraskans. It will continue the state's move away from institutionalization and toward community-based services, a move which cost comparisons show our 75 percent to 95 percent of the expenditures for those in institutions. Raising reimbursement rates will also decrease the number of lower income direct care staff who need to use the Supplemental Nutrition Assistance Program, Medicaid, Title XX of the Social Security Act and/or Aid to Dependent Children, reducing costs and endless paperwork. This will save the state money and has the potential to raise self-esteem for workers who see evidence that others appreciate their value. Increased provider rates

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would shorten the waitlist for people waiting for the approved comprehensive developmental disability waiver to be accepted and decrease the risk of people not receiving the full spectrum of services they need due to staff shortages. Finally, increased provider rates will reduce the inappropriate use of expensive emergency room visits. A member of our group shared their personal experience. When I was a young mother, I went to apply for my first real job and was denied because I have a disability. I had known about the problem, but I just had no idea it would block me from getting a job. Vocational rehabilitation sent me to school for a year. When I ran short of money, they paid my rent the final months of my schooling. This small thing changed the trajectory of my life for the better. I think LB601 has the potential to do just that for countless Nebraskans. We at the League support an adequate compensation for providers of developmental disability services so their needs, as well as the needs of the people they serve, can be met. We urge you to advance LB601 to General File.

CLEMENTS: Thank you. Are there questions from the committee? Seeing none, thank you for your testimony. Next proponent for LB601. Good afternoon.

PHILIP GRAY: Good afternoon, Senator Clements and committee. Before I start my more formal remarks, I would like to say that-- my name is Philip Gray, P-h-i-l-i-p G-r-a-y, from Omaha. And before I start my more prepared or formal remarks, I would like to say that I am the-- you are the effort who's allowed me to manage for my son. Without the support that you've provided, I don't know what would have happened, quite honestly. We were quite lucky, really lucky to not have a five- or eight-year waiting list when he left school because he left school during the Nelson administration when Governor Nelson actually eliminated the waiting list. I was actually part of that effort as a parent. Now we see the list where it is now. It's troubling to me. I waited 20 years to see it eliminated. And it would probably be another 20 years before I see it eliminated. I would suggest you should talk to parents who are waiting on that list for six years to see what funding would be appropriate to help with that. I've been a parent advocate for 40 years. I'm currently on the executive committee of Ollie Web and the Arc of Nebraska. I'm also president of Home at Last, a provider agency that does extended family services. I do have to apologize for my handout. I was planning this to go to the Health and Human Services Committee, but I gave it to you anyway because other than the heading, it's the same thing. I'm-- and I'm here to support both bills, LB526 and LB601. You will probably have another hearing. The DD system in Nebraska and across the nation is facing severe

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challenges. They are not, as you've heard from the agencies, not able to meet the challenges that they have. They don't have the staff. They don't have resources. Part of that, a major part of that problem is not only pay, but the direct service personnel and I have to add, the first line supervisors who actually stand in place of direct service personnel on a-- on a daily basis because they have to fill in when the DSPs are not there. They're not staying in these jobs because of the pay, because the jobs are stressful, because there's no relief if they're working, and they're leaving for higher paying jobs. They can go to Target and make \$18 an hour and not have the same issues that they have now and get support for college. As you're aware, Nebraska is primarily a state-funded NGO system. The majority of, of processes are with nongovernment organizations. The-- these two bills, I think, are excellent in helping deal with the resource-- the issues facing these folks. And hopefully they'll be able to take more folks off the waiting list and hopefully there will be capacity to accept those folks, which is an issue, as you've heard from the other people here. With that in mind, I'd also like to suggest that both of these bills might be more appropriate if you would designate a percentage of these increases to go directly to direct line service people. That-- that's a new concept. It's-- I don't know if it's one that's accepted in Nebraska and maybe it's not needed because we don't know what percentage of the funds that received by the NGOs go to direct line service personnel. The DSPs and the first line supervisors need to be included in that because the first line supervisors kind of have a job that they don't have enough resources to do and are required to fill in when the DSPs are gone. The-- I did-- I just read a-- an interesting study out of Massachusetts. It was the report by COFAR, the Massachusetts Coalition for Families and Advocates. Now, I don't know if this applies in Nebraska, but I think we should know and I think that we need these-- this information to kind of help plan management and our efforts at where we're going. They found in their study that between 2012 and 2020, CEO pay went from \$102 million to \$125 million, while DSP staffing remained constant, was stable, was not increased. So while they got-- the management got a 23 percent increase, the DSPs really got nothing. Now, I don't, like I said, Nebraska is not Massachusetts, so I don't know if that applies here or not. But it would seem to me that we ought to know that. We ought to know how much the money we're spending goes and where it goes, and whether it's involved with direct services, whether it's involved in management, whether management is getting an adequate amount. And I think I'm out of time.

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CLEMENTS: That's your time.

PHILIP GRAY: Any-- are there any questions?

CLEMENTS: Any questions?

PHILIP GRAY: You haven't heard from any parents but me today so I appreciate the time. Thank you.

CLEMENTS: Thank you for coming. Next proponent. Welcome.

KRISTEN LARSEN: Hi. Good afternoon. My name is Kristen Larsen, and that's spelled K-r-i-s-t-e-n L-a-r-s-e-n, and I'm here on behalf of the Nebraska Council on Developmental Disabilities to testify in support of LB601. Although the council is appointed by the Governor and administrated by DHHS, the council operates independently, and our comments do not necessarily reflect the views of the Governor's administration or the department. We are a federally mandated independent council comprised of individuals and families of persons with developmental disabilities, community providers, and agency reps who advocate for systems change and quality services. And when necessary, the council takes a nonpartisan approach to provide education and information on legislation that will impact individuals with developmental disabilities. LB601 would make it possible to appropriate additional funds to implement that 8.7 percent increase to reimbursement rates paid to providers for DD services. It's an important bill as a tool for the state of Nebraska to address the critical workforce care crisis due to staff shortages among DD waiver service providers. It's no secret that Nebraska, like many other states, is experiencing a crisis of not having enough direct support providers or DSPs to provide the critical habilitative residential care, employment, and behavioral health and medical assistance services to individuals with DD who are eligible for home and community-based services. The HCBS infrastructure in Nebraska and across the nation is in free fall and action is needed to address this emergency. Individuals-- currently over 5,000 Nebraskans receive some sort of DD services in our state, and they receive those by agency and independent providers in all rural and urban areas in Nebraska. Individuals with DD and their family members rely on these critical supports to stay connected to their community and avoid isolation. Without them, many parents and guardians would not be able to work and contribute to Nebraska's economy. A high quality DSP workforce that earns a living wage is essential to providing the necessary support and services to Nebraskans with DD where they live and work. As you

know, Medicaid is a primary source of funding for the programs employing these workers. And the current Medicaid reimbursement system, ongoing concerns with potential cost-cutting actions by state legislatures and Medicaid officials, and recent strides to raise the minimum wage in several cities and states, including Nebraska, have exasperated the workforce crisis across the nation. DD waiver providers are truly hampered by low wages, a lack of affordable health insurance, high turnover, and a shortage of staff. Demand for these workers from private industry and other human services sectors is also high, leading to competition among millions of people. These problems have been compounded over three decades, leading to a crisis that presents a grave threat to the lives of people with DD and their families. Don't forget that we have many individuals with DD who currently are not receiving these DD waiver services or who are receiving partial day services while they await comprehensive waiver supports. These individuals receive help and support from family and unpaid caregivers and burnout is inevitable. The reports they provide are critical, and yet we do not have sufficient data for strategic future planning conversations and exploration of community-supported living options and employment goals when family caregivers can no longer provide adequate care. LB601 is a mechanism to address future planning to establish capacity in the waiver system. Nebraska must ensure adequate funding so that DSPs are paid a living wage or as much as other jobs in the area that require the same skills or market wage, whichever is greater, including appropriate benefits. Community DSPs should earn as much as their peers who do similar work in the state-run ICF at the BSDC, just like you heard in the previous testimony, but unfortunately they do not. And the council fears that some senators and Nebraskans think that the provider wage problem was solved last year with the historic 26 percent rate increase, where 17 percent of the rate increase was done with permanent funding and 9 percent was done with temporary one-time ARPA funds. The, the temporary increase must become permanent, especially in light of the minimum wage increase and soaring inflation rates. The investments, investments must be made so that DSP-- DSPs are earning more than 150 above minimum wage rates. Providing adequate reimbursement rates to cover waiver services also includes appropriate staffing levels to ensure the provision of person-centered services. Without this investment, providers might decline referrals or give notice to stop providing essential services, placing people with DD at risk for institutionalization or creating a situation where family members are forced to provide these supports with-- without any type of compensation. Legislation like LB601 and LB526 will help Nebraska

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implement a plan to address all relevant components that drive the crisis, including low wages and reimbursement rates, high turnover, and inadequate training. The council prioritizes advocating for access to community living and supports, and we hope that our speaking up encourages all of us to bravely have uncomfortable conversations resulting in adequate provider investments. Thank you for your time.

CLEMENTS: Thank you. Are there questions from the committee?

KRISTEN LARSEN: I might note, too, that I'm also a parent, happen to serve as executive director, and have been personally impacted by the crisis. And so I just appreciate that you're taking this into serious consideration.

CLEMENTS: Thank you. Oh, Senator Dorn.

DORN: Thank you. Thank you, Senator Clements. Thank you for being here. So your development disability council, talk a little bit about that; how many people are on it and when was it formed and that type of stuff.

KRISTEN LARSEN: There's a-- there's a state DD Council in every state and territory in the nation. We are federally mandated from the Developmental Disabilities Act that was passed in 1970. In Nebraska, we have 25 Governor-appointed members. Sixty percent of those members are actually family members who have a person with a developmental disability in their family or an individual with developmental disabilities. So and then we, we look at the gaps and barriers across the state. We have a state plan that looks at those areas and we give out innovative funding to do some great work to address those issues as well as use staff time to work towards making improvements in those areas. So we're tied also to national peers and I'm very aware of this DSP crisis. It's not unique to Nebraska, but it is, yes, definitely an emergency that we need to address.

DORN: Thank you.

KRISTEN LARSEN: Thank you.

CLEMENTS: Seeing no other questions, thank you for your testimony.

KRISTEN LARSEN: Thank you. I appreciate it.

CLEMENTS: Are there additional proponents for LB601? Seeing none, is anyone here in opposition? Seeing none, does anyone wish to testify in

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a neutral capacity? Seeing none, Senator Dungan, you're welcome to close.

DUNGAN: Thank you, Chair Clements. And I want to thank the folks who came in and testified here. I know that this is a big issue for a lot of people in the community, and so I appreciate them taking the time to come do that. And I want to make sure I say that on the record. To clarify a couple of things, the handout that I gave, we're going to verify some of the numbers on there. It is-- it is correct. It just takes into account, I believe, two different bills, the one that you're about to hear from Senator, Senator Fredrickson, as well as mine. In addition to that, just to clarify, the intent behind this bill was to have an 8.7 percent increase in the next fiscal year and then an additional 8.7 percent increase from that in the year following that. And so I think that's where some of the confusion maybe comes in, in the different numbers there that are being added up. And I think that, again, I will verify all of those numbers, but I just wanted to make it clear to the members of the committee that's the request. One of the other folks who testified, Senator Erdman, I think, answered your question maybe a bit clearer as to where that 8.7 percent came from. It's trying to mirror that Social Security increase that was also given. And I believe that was a number that was provided as a starting point in terms of what would be an equitable sort of increase in this as well. The reason we're asking for that 8.7 increase in one fiscal year and an additional 8.7 percent increase in the next is that's what's going to really get us to a competitive place. I think the folks who came in here and testified today did a really good job of outlining the importance of making sure that large-scale providers have the ability to pay their folks and the importance of making sure that direct service providers are paid a fair wage for the hard work they do. As I said earlier, and I don't want to belabor the point, but I have very close friends who have worked as DSPs, who have been direct service providers, and it is incredibly difficult work at times. And they oftentimes felt very underpaid. They had to leave those jobs after years of working there simply because they couldn't make ends meet. In preparation for this bill, I had a chance to go tour some facilities that do service work where people go to do day programming. Folks in the DD community will go and spend their days there doing social programming and also, you know, learning life skills and things like that. And what I heard from the folks who run those facilities is that they're struggling right now to find people who want to make it a career. We see folks pop in and pop out. Maybe they spend a year there, two years there and then

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move on to another field because they struggle to make that a career. And what they were lamenting is the fact that you lose a lot of institutional knowledge and you lose a lot of the folks who really know what they're doing, who can care for folks in the DD community and provide that support. One thing that I know is incredibly important oftentimes in this service providing and in the care that's being provided is the long-term emotional connection that you can sometimes build with a service provider is huge, and it's vital to make sure that there's a continuity of services. And when you have constant turnover and when you have people leaving the field because they literally can't pay their bills at the end of the day, it's a problem. So again, this is not a partisan issue. I'm happy again to clarify some of the numbers on that, but it seems to me that this is integral to ensuring that we make sure that service providers get a living rate and get a living wage. And in addition to that, I would also just like to highlight the rippling effects that happen when there's not adequate service providers. And what I mean by that is it doesn't just affect the folks in the DD community. It affects maybe their parents who you heard today have to take time off work or have to quit their job to then care for their kids because they can't find a service provider. And then that has the rippling effect of the parent no longer working, which causes a labor shortage, which then people are asking, well, where are people? Why aren't they working? It really is this rippling out effect when we don't provide for folks the way that we should. Happy to talk about whether or not that number is what the committee thinks is appropriate. I think we can continue to have these conversations. But the bottom line is that we need to make sure that our service providers are getting reimbursed at a higher rate because it really does affect everyone in the state. So happy to answer questions, and I would urge your consideration of this bill.

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

DUNGAN: Thank you.

CLEMENTS: Regarding LB601, we have an ADA accommodation testimony from Leslie Bishop Hartung, one proponent, no opponents, no neutral. That's all we have for comments. OK. Excuse me. Online comments, we have 11 proponents, no opponents, none in the neutral on LB601. Thank you. That concludes LB601. We will now open the hearing for LB526. Senator Fredrickson. Welcome.

FREDRICKSON: Thank you. I'm making my Appropriations debut. Good afternoon. Thank you, Chair Clements and members of the Appropriations

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Committee. I am happy to be here today to-- well, for the record, I'm John Fredrickson, J-o-h-n F-r-e-d-r-i-c-k-s-o-n. I represent District 20, which is in central-west Omaha. I'm happy to be here today to introduce LB526, which appropriates funds to the Department of Health and Human Services for Developmental Disability Aid. The appropriated dollars in LB526 will allow the state to make up for expiring ARPA funds for developing-- for developmental disability services and allow for federal matching funds. Essentially, this bill will ensure that those FY23 temporary ARPA funds for services requiring staff are permanent. Specifically, these funds will help ensure necessary staff levels for our providers. There is a crisis of care, as we've heard from some of the previous bills, due to staff shortages among developmental disability service providers. In our highly competitive labor market, these providers are dependent upon rates set by the Legislature. Funding needs to be sufficient to reduce waiting line-- waiting lines for services. Supporting those with developmental disabilities should be among the state's highest priorities. The general public often incorrectly assumes that disability services are an entitlement, meaning anyone with a verified disability receives the services that they need. This is unfortunately not true. The reality is a waitlist can last years. I am aware that there are significant unexpended dollars for the Developmental Disability Aid. We need to get a better picture as to why these dollars are not being spent. Clearly, appropriating more dollars for workforce development is a critical component to addressing the problems of waiting lists. So I would ask that you ensure that these appropriations are part of our budget. I know Governor Pillen has-- also includes these appropriations as part of his own budget proposal. So I am thankful for his support of this funding. With that, I'd be glad to answer any questions you may have. I'll keep this quick. I know it's the penultimate day of hearings, and so I appreciate you all being here and paying attention still because it's been a long ride. So thank you.

CLEMENTS: Are there questions from the committee? Seeing none.

FREDRICKSON: All right. Thank you very much.

CLEMENTS: Thank you, Senator. We'll welcome the first proponent for LB526. Good afternoon.

ALANA SCHRIVER: Good afternoon. Thank you, Chairman Clements and members of the committee, for the opportunity to speak in support of both LB601 and LB526 today. My name is Alana Schriver, A-l-a-n-a

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S-c-h-r-i-v-e-r. And I'm the executive director of the Nebraska Association of Service Providers, which is the statewide association for those home and community-based providers of IDD services. We're extremely grateful for the life-saving rate increase last year, without which the crisis of care would be even more catastrophic. But prior to today's testimony, maybe there was a misassumption that that was profit for providers, and that's not correct. As you've heard from our provider members, we were-- we're barely getting back to zero. We were in the red so hard that this is almost giving us back to the starting point where we hope growth and innovation might be an option down the road. But until we address the staffing crisis, that's just not a possibility. ARPA being made permanent would allow the-- with it temporary, we could only do bonuses, hiring bonuses, retention bonuses. But making it permanent would actually allow some of that healing to take place where you could raise wages and actually keep staff and attract staff. So these bills should not be viewed as a rate increase, but rather a prevention of what effectively would be a decrease in rates without them. And as much as we would prefer to come before you each year with plans for growth and innovation, we're ruttled in our legislative efforts to just beg to remain solvent and keep our doors open until rates are tied to some metric like CPI index or some other method down the road hopefully. The businesses NASP represents are utterly essential and nonpartisan by nature. Without community service providers, parents like myself and Phil and Kristen may have to leave work, as Senator Fredrickson mentioned. Which what happens when you're not working? You become reliant on state assistance like Medicaid and TANF and, and food stamps for your own families. It's also worth noting, as someone from Albion, that when there aren't home and community-based services in the rural areas, you lose families. You lose population when they're forced to move to a place where services are available. We've heard from previous testifiers about the low wages DSPs with their own families, forcing them to often be reliant on economic assistance as well. So I'll change up my testimony a little bit to just point out some of our DSPs are job coaches and they help the individuals they support get competitive, integrated jobs in their communities. And it can be a little demoralizing when you're helping someone get a job that pays more than your own. And, you know, like, what's to stop them from filling out that application for themselves along with the person that they're supporting? And to address Phil's very valid concern and other people's concern that rate increases might go directly to CEOs or presidents, there is obviously a need for admin staff when you're working with vulnerable [INAUDIBLE] individuals to ensure high quality

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and oversight and make sure people are safe and doing their jobs well. But our cost reports are public. We have to submit cost reports for the past two years to DHHS and those are audited. So you can see how much is going towards admin versus direct staff, direct line of care staff if, if you so choose. The DD division at DHHS is, is on track to leave \$90 million in unexpended funds on the table this year. Those unexpended funds would cover the cost of both LB526 and LB601 for the biennium. Basically, we haven't made it possible yet to spend down those funds. Without higher reimbursement rates, we can't offer the wages that will attract staff. Without staff, we can't provide services. When you don't provide services, you can't bill for services, so you can't spend that money. So if we can raise those reimbursement rates to enable us to actually hire people and start serving people, then that money is going to get spent down really quickly. I did have a handout of that survey a previous testifier mentioned about our members and having to cut programs or turn down new referrals. So you can see those numbers on that handout. And you understand already that raising wages is what it takes to get this work done, which is why it's happened already for BSDC. And we just ask that you allow us to do the same with our own staff. So I'm happy to answer any questions.

CLEMENTS: Are there questions? Senator Vargas.

VARGAS: Thank you for being here. And I don't know if you wanted to comment on this because the way you just described this, the problem that we're having, the nearly \$90 million funds available, but reimbursement rates not allowing us to utilize it. That sounds a lot like the problems we had in 2020 when we were dealing with our corrections system and we'd have over-- we would appropriate every year based off of the demand and need of staff. And the, the administration kept wages pretty stagnant. Until they adjusted their wages, they weren't able to actually utilize those funds. However, they kept requesting it and we kept appropriating it. The only difference here is we can do something about the reimbursement rates. I appreciate you bringing that to light, because I think that's an important distinction. We can keep appropriating funds, but if we don't-- if we don't actually increase the rates or make that very clear in our intent language, they won't-- it won't get out to you. And, and then the question will be, why are we continuing to appropriate funds if they're not going to get out through the rates? So I don't know if you wanted to comment to that, but that was just very helpful.

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ALANA SCHRIVER: Yeah. You nailed it. The only thing I would add is for individuals with developmental disabilities, depending on your individual need, you have a budget that might look different to your roommate at the group home or someone else. And so a lot of individuals may require two-to-one staffing or three-to-one staffing, and you might only have one staff member available at your agency and, and then you can't support that person. And so some of the appropriated funds is dependent on the individual's budgets, which is taken into account because we know what those are. But you're exactly right. If, if we can't-- if we can't pay people more, then we don't have people to, to support those people in Nebraska.

VARGAS: Thank you.

CLEMENTS: Other questions? I just had a comment about one disadvantage you have is I calculated the pay that the committee receives is \$5.70 per hour.

ALANA SCHRIVER: But we have to work 365 days a year, 24 hours a day, 7 days a week. We don't-- we don't get holidays. We don't get anything.

CLEMENTS: But we ask for it.

ALANA SCHRIVER: Well, we're all very deserving public servants. We're all public servants. And I might add, as a parent to, to Senator Fredrickson's point that a lot of people assume it's an entitlement. I don't know if you've seen the movie Champions yet, but I would encourage you to. I went with a friend and one of the characters has traumatic brain injury. And so I had mentioned, you know, only 20 people a year in Nebraska can get that support. And she was absolutely shocked. And a lot of times I'll have my son at a doctor's appointment and even the medical professionals when I ask, oh, gosh, how much is that treatment going to cost? They're like, what do you mean? Medicaid is going to cover it. And I'm like, I don't have Medicaid. And they just assume because he's disabled that everything falls into place and, and that those people are taken care of. And that's just not the reality even though it should be.

CLEMENTS: Senator Erdman, did you have a question?

ERDMAN: Yes, Senator Clements. FYI, if you figure up every hour, it's \$1.37 when [INAUDIBLE]

CLEMENTS: I only used 40 hours a week.

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ERDMAN: Every day, every hour it's \$1.37.

CLEMENTS: OK.

VARGAS: Forty hours a week? Nevermind, keep going.

CLEMENTS: Well, thank you for your testimony.

ALANA SCHRIVER: Thank you.

CLEMENTS: Next proponent. Good afternoon.

EDISON McDONALD: Good afternoon. Hello. My name is Edison McDonald, E-d-i-s-o-n M-c-D-o-n-a-l-d. I'm here representing the Arc of Nebraska. We are Nebraska's largest membership organization, representing people with intellectual and developmental disabilities and their families. We support LB526 and LB 601. We must protect the rate increases made last year for disability service providers. We need to ensure both agency and independent providers have adequate funding. If we underfund this system in the short term, we see the significant impacts that cost us more in the long term. The state does not get to choose if they will serve people with disabilities. They can only choose where they serve them. As you can see in the chart attached from information in our 2019 waiver study, where you serve someone in community-based services off of the date of application or the waiting list, it's about \$33,771 per individual to serve someone. However, if we wait and they don't get services when they need, the average cost spikes from a foster care placement, which is priority three, where we would pay \$97,408 to an institutional placement like BSDC that the cost is \$221,920 per person per year. That doesn't even mention that 3 percent of people with intellectual and developmental disabilities who we have on our waiting list of over 2,000 people. Further, it doesn't even begin to address the 80 percent of people with intellectual and developmental disabilities who get nothing. This is comprised of two main groups: those who don't realize what is available and people who don't meet our narrow eligibility criteria. That could mean they have significant disabilities but fail our problematic eligibility process that says you can eat if you can raise a spoon, but it misses that they can't get the spoon all the way to their mouth. Or it could be an individual with autism that has an IQ that's too high. However, it isn't considering the co-occurring behavioral health condition that to an average citizen they would realize they need supports. When we fail to keep up with proper rates, we lose-- we risk losing more providers. The disability system is

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actively crashing. After critical underfunding for so long, we've failed to provide adequate support for people with disabilities. This is not solely a Nebraska problem. It's happening across the country. Unfortunately, our plans for our disability system have been shortsighted. We need to begin looking at how to deal with the staffing crisis, which is not a short-term issue. We've lost so many baby boomers from the workforce and we don't have enough Gen-X, millennials, or Zoomers to make it up. Our radical underfunding has left rural communities starkly underserved. You can see on our attached resource map below a list of providers across the state that if you have a kid with a disability, you are significantly forced to look towards more urban areas. We need to ensure this funding. We need to make sure that we are making forward-looking investments in technology, reform our waiver system, which LB376 that was passed last year has a contractor looking at, we need to allow legally responsible individuals to be paid, and we need to tie rates to COLA. This will ensure that our private providers have a stable market that will ensure they can plan for steady business. Many states that have tied minimum wage to inflation like Nebraska have done this, and it will ensure DSPs will receive adequate pay. Most importantly, we need to start planning with a long-term vision and an open mind to defend the system that cares for our most vulnerable. With that, any questions?

CLEMENTS: Senator Wishart.

WISHART: Thank you so much, Edison, for being here. Is there a piece of legislation introduced this year that would tie funding to inflation?

EDISON McDONALD: There's not, but I think there should be.

WISHART: OK. That's something I'd like to talk with you a little more about.

EDISON McDONALD: Yeah.

CLEMENTS: Other questions from the committee? Seeing none, thank you for your testimony. Next proponent.

MARY KELLY: Hello again.

CLEMENTS: Welcome.

MARY KELLY: Mary Kelly, M-a-r-y K-e-l-l-y, M-a-r-y K-e-l-l-y, the League of Women Voters of Nebraska. The League of Women Voters of

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Nebraska supports an adequately funded mental and behavioral healthcare system that provides comprehensive and coordinated services for children and adults. As such, the League supports appropriating funds to the Department of Health and Human Services to support individuals with developmental disabilities in our state. These funds are needed to help keep providers open and serving one of our most vulnerable populations. Several providers closed in the wake of the COVID-19 pandemic, leaving families struggling to find independent providers to care for their loved ones while taking on the added task of managing care for their children. If they cannot find a provider, they end up needing to leave work to care for their loved one or losing employment. The Kaiser Family Foundation reported that nearly all states reported at least one provider closing following the pandemic. Nebraska continues to struggle with its waitlist for developmental disability services, which may reflect both shortages of workers and insufficient state funds to provide services for all who need them. Disability providers have indicated through the Nebraska Association of Service Providers that they are still struggling to find workers to fill needed positions to care for individuals with developmental disabilities. With the raise to the state minimum wage, providers are concerned that they will not be able to retain qualified, caring staff to support individuals in the community. Making the ARPA rate adjustment permanent will allow providers who care for individuals in the community to continue to hire and retain quality staff. The League urges the Appropriations Committee to support LB526 and move it to full debate by the Legislature.

CLEMENTS: Thank you. Are there questions from the committee? Seeing none, thank you for your testimony. Are there other proponents for LB526? Welcome back.

KRISTEN LARSEN: I'm coming back. But just to go on record and I'm not going to read my whole because it's essentially the same message that I gave earlier. But I just want to again say my name is Kristen Larsen, K-r-i-s-t-e-n L-a-r-s-e-n, and I'm here on behalf of the Nebraska Council on Developmental Disabilities. For those of you who weren't here earlier, I explained that there's a DD Council in every state, territory in the nation. We're federally mandated to work together to improve system change-- to make systems changes and address the needs in our state. Our Governor appoints the 25 members. Sixty percent of those members are individuals with developmental disabilities or family members. And then we also have agency representatives. And we meet with providers and others who advocate for quality services. And it provides a unique opportunity for, for

family members to sit across the table from like Director-- DD Director Tony Green, and be able to push back a little bit and to also collaborate. We do a lot of collaboration with the DD Division as well, so that's a plus. But the topic of provider rates is a hot one. We've never come in to testify publicly on this. This is the first time that I'm doing that and I can tell you that it's an important thing and that's why LB-- we want to support LB526 to make sure that we're making that ARPA funding from last year permanent. Back to what we've been talking about, it all comes down to stabilizing. The house is on fire and we have to stabilize it or people are very much at risk. And I want to remind you guys that March is Developmental Disabilities Awareness Month. It was put into practice or it was a-- President Ronald Reagan is the one who proclaimed the month of March as Development Disabilities Awareness Month. And the purpose was and continues to be to urge all of us as Americans to see the, the benefits and the dignity that individuals with intellectual developmental disabilities bring to our communities. And in order for them to lead productive lives and achieve their potential, they're going to need good supports. We have to have good DSPs and good provider supports if we really, truly want folks to be included in all parts of community life and to-- for them to live the lives that we want them to live. So with that, I'm just going to echo what everyone else said and just want to be on record again. But both of these bills would definitely be a step in the right direction. Thank you.

CLEMENTS: Are there questions from the committee? Seeing none, thank you for your testimony. Are there other proponents for LB526? Seeing none, is there anyone in opposition? Seeing none, anyone here in the neutral capacity? Seeing none, is Senator Fredrickson here to-- Senator Fredrickson waives closing. We have comments on LB526. We have an ADA testimony from Leslie Bishop Hartung, one proponent, no opponents, none in neutral. We have other position comments for the record: nine proponents, no opponents, none in the neutral. And that concludes LB526. And that concludes our hearing for today.