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Appropriations Committee
February 27, 2007

[AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Good afternoon, Senator Kruse and members of the committee. For the record, I am Chris Peterson, P-e-t-e-r-s-o-n, chief administrative officer of the Health and Human Services System and acting director of the Services agency. I apologize for the cough drop in my mouth. I think I'm going to need it. Dr. Joanne Schaefer is also here today as the interim director for Finance and Support, and she will address the issues within her areas of responsibility. Before we begin, we want to thank the members of the committee for your work on behavioral health, Medicaid, and child welfare reform efforts, which have been priority areas for us over the past years. The recommendations in the Governor's budget proposal are intended to continue these initiatives while maintaining basic supports and services for the most vulnerable Nebraskans. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR KRUSE: Chris, would you pull the microphone over to you, and then you won't have to push your voice quite so hard. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: We also thank you for including many of our requests in your preliminary recommendations. We will not address those requests unless you have additional questions for us. [AGENCY 20 AGENCY 25 AGENCY 26]

JOANNE SCHAEFER: (Exhibit 36) Good afternoon, Senators. For the record, I am Dr. Joanne Schaefer, S-c-h-a-e-f-e-r, director of the Department of HHS Regulation and Licensure, interim director of the Department of HHSS Finance and Support, and chief medical officer. The following recommendations are related to the Department of Regulation and Licensure. First, I want to thank the committee for including \$658,000 in your preliminary recommendations for the purchase of antivirals, which are an important part of our plan to protect Nebraskans in the event of a pandemic flu outbreak. Thanks to your continued support, Nebraska is recognized on the national level as a leader in pandemic flu planning. In reference to R&L Administration, Program 177, Operational

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Item 2, the number of complaints HHSS has received regarding nursing and assisted-living facilities across the state has quadrupled over the last two years, increasing the workload of the Credentialing Division significantly. As our demographics change and more people in both nursing homes and assisted-living facilities, it's reasonable to conclude that complaints will increase and the work required by the federal Centers for Medicare and Medicaid Services, or CMS, will also increase. The additional staff assistant position will be responsible for the work associated with expansion of home and community long-term care services, which is also part of the state's Medicaid reform plans. The funding for it is 10 percent General Funds. The Governor included \$52,211, or \$5,221 in General Funds, for fiscal year 2007-2008; and \$53,777 funds, or \$5,378 in General Funds, for fiscal year 2008-09, in his recommendation for this position. This item is not included in the committee's preliminary recommendation. We ask that this amount be included in your final recommendation. Also in reference to Program 177, Item 177-14, the committee included in your preliminary recommendation a reduction of \$138,000 in fiscal year 2007-08, and fiscal year 2008-09, which would result from excluding medication aides from the Uniform Licensing Laws and increasing the fees paid by medication aides to renew their credentials. In 2003, LB242 changed the professional occupations and licensure fee structure. When this happened, an unintended consequence occurred, causing \$138,000 of the department's general funds to be used until a legislative fix could be made. This funding was from multiple programs and used to fill in the need temporarily. It is vital that that money be returned. LB283, approved by the Governor on February 21, 2007, removes medication aides from the fee structure of the Uniform Licensing Law and allows the department authority to calculate the cost of credentialing medication aides using a different method than that which is currently used. With the passage of LB283, it will not be necessary for the committee to address this issue in your final recommendation because LB283A already made this change. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Again, for the record, I am Chris Peterson, and the following

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recommendations are related to the Services agency. First, I would like to thank the Appropriations Committee for including \$300,000 in your preliminary recommendation to cover the cost of repairing the streets and paving a parking lot at the Grand Island Veterans Home. In reference to Regional Centers, Program 365, Item Operation 1, the Beatrice State Developmental Center, Program 421, Item Operation 1, and the Veterans Home, Program 519, the same, HHS currently contracts with the Department of Correctional Services for laundry services for some of the 24-hour facilities. The Department of Correctional Services has increased the rates it charges HHS to reflect its costs for providing this service. The committee did not include this increase of \$199,206 in your preliminary recommendations. We ask the committee to include funds to cover the increased costs for laundry services at the Lincoln Regional Center, Thomas Fitzgerald Veterans Home, and the Beatrice State Developmental Center in your final recommendation. In reference to Services Administration, Program 33, Item Operation 5, the federal Deficit Reduction Act, the DRA, now requires that we verify citizenship for any person before they become eligible for Medicaid. This has increased the program workload for Program 33, as we now fulfill requests for nearly 210 birth certificates each week in order to determine program eligibility. We did not do that before. The Governor recommended the addition of one full-time equivalent case aide in Program 33 to handle the increased work associated with this new requirement, because we're not only having to get birth certificates for people in Nebraska, get the Nebraska birth certificates, which shouldn't be that hard because we have Vital Statistics under us, we also have to help people who are coming from other states get their birth certificates also, because it is now required they have that presented when they ask for eligibility. The Appropriations Committee did not include this position in their preliminary recommendation. We ask that the committee include funds of \$36,610, \$18,305 in General Funds and \$18,305 in federal funds because they'll match it, in your final recommendation for this position. Also in reference to Program 33, Items Operation 2 to Operation 4, the Governor's recommendation included a fund shift from federal funds to General Funds for three separate areas: genetic testing, the new restriction on the use of child support incentive funds, and block grants. The fund shifts for these

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items are necessary to continue the services in these programs. In essence, the federal government has lowered the support they provide, and we now require it to have General Funds pick it up. Under the DRA, the federal financial participation match rate for genetic testing will be reduced from 90 percent to 66 percent. So when we had to do a paternity test, the federal government would reimburse us previously at 90 percent. Now, they're dropping that reimbursement to 66 percent. We have to establish a 90 percent paternity establishment rate as one of the five criteria of the child support enforcement must obtain to ensure that the state does not lose up to 2 percent of our TANF funding; that's roughly a \$58 million block grant. In addition, the DRA prohibits the Child Support Program from claiming federal matching funds for reimbursable activities paid for with the performance fund. We usually get a performance bonus because of how we do our child support, and we were able to match that in previous years. We cannot do that anymore; we can't use a federal fed to match a federal fund. This reduction in the budget would have the effect of reducing collections by \$15 million and put the program at risk of not meeting the goals established by the federal government, which again they say could result in a loss of up to 25 percent of our funding. The remaining fund shift amount for the operating programs is a result of program increased costs that are partially funded by block grant administrative funds, and the fact that these amounts are capped by the federal government. So when we get the block grant in, it's a certain set amount, regardless of our administration costs or operational costs, that federal match stays the same year after year. So as we have increases, say, in FTEs or salaries or things like that, we need to pick that up with the General Fund because the federal funds for that program are never increased. They are capped. We request that the Appropriations Committee include \$9,760,975 in your final recommendation, the same amount recommended by the Governor for these items. In reference to the Office of Juvenile Services, Program 250, Item Operation 2, the Governor included \$64,841 in fiscal year 2007-2008, and \$135,833 in fiscal year 2008-2009, for inflationary increases for food, drugs, medical and clinical services, and medical supplies for the Youth Rehabilitation and Treatment Centers. We have two of those, one in Kearney and Grand Island. We actually pool with the other 24-hour

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facilities for our drugs, but then we use, also through DAS, the contracts that we have for food, medical, clinical, so on and so forth. The Appropriations Committee did not include funds to cover the inflationary increases, and we would ask that \$201,674 cover the inflationary increases in food, drugs, medical and clinical services, and medical supplies at the YRTCs be included in your final recommendation. Also in reference to the Office of Juvenile Services, Program 250, Item 250-7, the Appropriations Committee, in your preliminary recommendation, included one of our 95 percent budget modification (inaudible) that would reduce the staff at the Office of Juvenile Services, at the Youth Rehabilitation and Treatment Centers, by 5.4 percent in each fiscal year, or \$1,141,892 per year. The YRTCs are a critical component of the juvenile services system in Nebraska. It was originally anticipated that such savings could be achieved by keeping vacant positions in the YRTCs open longer; however, a review of staff turnover data suggests it's unlikely the entire amount could be achieved through vacancy savings. We just don't have people quit. It would take, basically, we would have to have that position stay vacant for over a year. To achieve this reduction, it would be necessary to close one living unit at the YRTC in Kearney and one living unit at the YRTC in Geneva. The 46 youth currently in those units will either need to be released early, if that can be done safely, or transferred to another living unit which will result in overcrowding and lower staff-to-youth ratio. The number of youth per living unit at the YRTC in Kearney will increase from 30 to 37, which will increase the probability of significant incidents, rule violations, and decrease our ability to provide a safe and secure environment, is what happens typically when we have to go into an overcrowding situation. It will also impact the YRTCs' ability to admit youth throughout the year. The reduction will require us to lay off 31.75 FTE staff in the two facilities, and to decrease vocational education and job preparation opportunities which will affect the youths' abilities to succeed in community placement. Included in the 31.75 FTEs is an assistant facility administrator position at the YRTC in Geneva. Eliminating this position places a significant burden on other staff. Reducing staffing in the YRTCs will affect the amount and quality of services provided to troubled youth at a critical time in their lives. And we ask that the committee restore full funding for staff at the YRTCs in your final

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recommendation. In reference to Parental Rights, Program 136, in the past, HHSS has provided funding to the county attorneys offices in Lancaster and Douglas County to be used for personal services costs associated with the termination of parental rights. For many children, termination of parental rights is the critical first step on their road to adoption and permanency. The Governor's recommendation is that Program 136 no longer be funded, and that the funds be transferred to the Legal Services Division in Program 341 in F&S Administration in HHSS to hire two attorneys to perform the work associated with termination of parental rights. By doing so, we are making children's moving to permanency the highest priority. The Governor's Initiatives directed the Department of Health and Human Services, moving children to permanency is one of the Governor's priorities, and we are looking at several different initiatives to do that. One of those proposals, one of those strategies, is to move forward with the TPRs in a more timely manner. We request that the committee transfer funding of \$228,000 for Program 136 to Program 341 in your final recommendation. In reference to the Norfolk Sex Offender, Program 870, the Governor recommended \$13,716,220 for fiscal year 2008-2009. The Appropriations Committee's preliminary recommendation includes only \$10,295,710 for fiscal year 2008-09. The sex offender treatment program is expected to be at capacity, which is 120 beds with 203 staff by June 30, 2008. Clients in this program will be committed to the program by courts and mental health commitment boards. Only those entities have the authority to approve the release of persons from the program to reduce the census below 120. Therefore, the department will need the total continuation funding for clients that are in the program and requests that the committee increase the funding for the first year by \$371,169, and for the second year of the biennium by \$3,420,510 to the level recommended by the Governor. [AGENCY 20 AGENCY 25 AGENCY 26]

JOANNE SCHAEFER: For the record, I am Joanne Schaefer. The following recommendations are related to the Finance and Support agency. In reference to Behavioral Health, Detention, Economic Assistance, Developmental Disabilities, Health Aid, Aging Care Management, and Aging Community-based Services, the Governor has

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generally recommended a 1 percent increase in provider rates. The committee has recommended a 2 percent increase in provider rates. In the past, provider rates have been increased, even during difficult economic times, while cutbacks in other areas were required to compensate for these higher provider rates. While we understand your concerns in this area, a 1 percent provider rate increase is necessary to control the cost of the program. Therefore, we request that the committee set provider rate increases at the level recommended by the Governor. In reference to Finance and Support Administration, Program 341, Items 341-16 through 341-14, the Governor's recommendation includes \$1,166,000 in reductions for Program 341 for vacancy savings, overtime, and temporary staff for the Medicaid division, and Information and Systems Technology division, IS&T, contractors. The committee has included additional reductions from Program 341, totalling more than \$900,000 general funds, which with the federal matching funds represents an additional reduction of approximately \$1.8 million. The Governor has already included some reductions in staffing to the IS&T Division that the department can manage. However any further reductions would result in less support for the MMIS system, N-FOCUS, and the CHARTS system, which translates into support for the Medicaid billing, child welfare case reviews, and the child support system that we operate. In addition, there would be significant delays, postponement, or elimination of improvements to the systems that support delivery of the services by the department. Therefore, we request that the committee adjust their final recommendation to reflect the Governor's recommendation. Also in reference to Program 341, Operational Item 2, the Governor's recommendation includes \$1 million cash funds and \$750,000 federal funds for fiscal year 2007-08, \$2 million cash funds and \$1.25 million federal funds in 2008-09 to be used for the development of a Medicaid Management Information System, or MMIS. The MMIS is the claims processing and information system that the Nebraska Medical Assistance Program, or Medicaid, uses. The committee did not include this in their preliminary recommendation. The Nebraska MMIS was developed over 30 years ago and since that time has undergone numerous modifications in an effort to keep pace with advances in technology, changing state and federal requirements, as well the evolving needs of Medicaid staff and our clients. In

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fiscal year -06, the MMIS processed over 9 million claims worth more than \$1.4 billion in payments to vendors. Nonetheless, an examination of the resources spent to keep the current MMIS in working order leads to the conclusion that the adaptability of the current MMIS has been fully realized. HHSS feels strongly that the current MMIS is no longer a good investment of either human or financial resources. We also believe that an investment in a new MMIS is a good business decision for the state of Nebraska. A new MMIS is the only means of achieving many of the initiatives advanced by the Medicaid reform plan of 2005. The goals of variable benefit packages, enhanced care management, and institution of certain service limitations cannot become realities without a new MMIS. Additionally, a new MMIS will take advantage of new technologies such as secure Web portals for electronic transactions and customer portals for client and provider communications. Substantial federal resources will be leveraged to finance the design, development, and implementation of the new MMIS. The federal government matches funds for this phase at a rate of 90 percent. The remaining 10 percent will be paid with cash resources and will require no state funds. Once certified by the Centers for Medicare and Medicaid Services, the MMIS will receive 75 percent matching funds for ongoing operational costs. The President has proposed a reduction in all federal administrative match rates to a level of 50 percent. The additional funding contained in the Governor's 2007-08, as well as fiscal year 2008-09 recommendations increases the state and federal commitment to the MMIS replacement project to \$50 million. We ask that the committee include funding for the MMIS replacement in your final recommendation. You have asked for additional information on Emergency Medical Services and Tobacco funding, and we've provided those handouts to you. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Finally, HHSS would request the committee remove the \$7 million General Fund transfer from Program 365, the Regional Centers, to Program 38, the Behavioral Health Aid in the deficit appropriation recommendations. HHSS would prefer to operate under the provisions of LB425, Section 104, of the 2005 budget bill. This will allow the department to determine the actual amount of funds available for transfer to

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the Behavioral Health community-based programs during fiscal year 2006-07, which would be approximately \$6 million. This transfer will be made before June 30, 2007, and is in compliance with LB1083, the Behavioral Health Reform. We appreciate the opportunity to discuss our budget requests with you today. We have a number of administrators that are here, so if neither Dr. Schaefer nor myself can answer the question, we can get an answer to you yet today. I also have some information after a discussion with our Medicaid people regarding children advocacy centers on a question that came up earlier, so I'd be glad to try to answer any questions you have. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR KRUSE: All right. Thank you. A signal to all that Chris Peterson and Dr. Schaefer have opened on all the aspects of the three items listed for the rest of the hearing, so we are open on all aspects of HHS. Are there questions? Senator Wightman. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Ms. Peterson, in looking at the entire Health and Human Services Agency 25, I see that there is a total of about 4,800 employees. Is that correct? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yes, that is, Senator. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: And the document that we had from our previous budget book indicated that there were no available figures or it was impossible or difficult to determine the figures for previous years, so I don't have any idea whether that's (inaudible). Say, from we start with 2003-2004, and it doesn't give us a figure and we don't reach a figure until 2006-2007. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: I would assume we would be able to find that. Was that our response that we couldn't get you those numbers? [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR WIGHTMAN: I don't know that we ever asked. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Oh, okay. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: I was just looking at the figures that were (inaudible). [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Actually, I think we even have it back to 1999, where the five agencies came together with the understanding there would be a reduction, I believe, of 200 staff and \$40 million dollars or something. We have those numbers, so we can break it down for you each year. Under the system right now, there are three separate departments, and I apologize, Senator and Senator Heidemann, we've done this before and I guess we didn't ask you if this is the way you wanted the agency to do it, and I apologize for that, without requesting... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: This is great. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: We are hopefully in good hands. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Okay. Typically, we kind of bounce back and forth, depending on which project we work with, within the system, on that. We have the three separate agencies. Regulation and Licensure, which is the smallest. And then Services, which speaks for itself; that's where the ten 24-hour facilities, that's where the majority of the staff is. And then Finance and Support, which is actually the way the funding mechanism comes through. That's where Medicaid is located, which is a billing

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program. That's where the majority of the aid program dollars come in. So the most money is in Agency 26; the most people are in Agency 25. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Okay. To follow up on that, the 4,800 that I find under Agency 26, there's...or under Agency 25. Under Agency 26, which is Finance and Support, my figures show 686 employees in that department. That would be in addition to the 4,800, I assume. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: And the indication here is that from 2003 to 2004, which was 597 employees, that that's grown to 686, and I don't know that I have any later figures than that. Can you tell me what has caused the growth in employees in the Finance and Support area from 2003-2004 to 2006-2007? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Those can be for a variety of reasons, Senator. Typically, if it's in Finance and Support, those would be the operational pieces. So if we had a...one of the things that comes to mind is CHARTS. In that time frame we implemented the Children have a Right to Support, and we increased the number of staff we have working on that. We increased, if there is, for instance, a new legislation that comes in or a new federal requirement, we increased the staff for that. We can actually go back and track where each one of those growths in the employment figures are, and we would be glad to do that for you. But typically the reason is, there's new legislation or there is a new project that the department is required to provide. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: I would direct then a question to Ms. Schaefer, Dr. Schaefer. With regard to Agency 20, the same general line of questioning. I see that today there are about 479 employees, is that correct, in that agency? [AGENCY 20 AGENCY 25 AGENCY 26]

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JOANNE SCHAEFER: That's correct. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: And is that the indication here is that over a period of three or four years that's grown from 336 to 478, which is not quite a 50 percent increase, but probably a strong 40-45 percent increase. Can you tell me why that has occurred?
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JOANNE SCHAEFER: Most certainly. When the merger first occurred, some small programs and some staff were put into certain agencies that made more sense to be over in the department or the area of public health. In fact, the whole section of public health was actually located in Services, an entirely different agency. So a couple of years ago we came over, asked for all of those FTEs to be moved from Services over to Regulation and Licensure, which made much more sense because they were doing the work of public health and they should be in that area. We've had a number of that crisscross back and forth between the agencies, trying to align the exact work with what's being done with the agency. And perhaps tracking some of those members which we can do, very specifically back, and looking at the total number for the system altogether is probably the most helpful look. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Two other examples, Senator: the Office of Women's Health. The Office of Women's Health happened within those...since the Partnership Act. In addition, we came up with what we call the ICC unit, which is an overpayment unit that was created, that has approximately 20 staff in it. What they do is they look back at each one of our programs to see if we've made an overpayment, and then they have to recoup it. Over the past several years there have been movements by the federal government to require us to have quality assurance into all of our programs, so there are a variety of different places, and we will put those into a list for you with a number of specific staff that were added. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR WIGHTMAN: As we move forward, assuming that we finally pass the reorganization bill that divide it into the six departments, what do you see as far as the need for personnel in that new restructured Department of Health, as opposed to where it is right now, or has been? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: The reorganization is not intended to increase staffing at all. We have also said that it's not to look at laying off staff. That was not the intention of it. It's to make sure that people work more efficiently. What it does do though is collapse the upper management. It eliminates the Policy Cabinet pretty much, and goes down the program level. So if there will be changes in FTEs, it will be the upper management level that will go away. At this point, there might be some changes in the different departments moving through...there might be a reduction, say, if we have something in Behavioral Health that maybe should be over under Medicaid or over under Child Welfare, there would be a shift in those numbers. But at this time the reorganization was not to reduce staff or save money other than through the efficiencies that we are anticipating will come from this. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: And what's your opinion as to what improvement we see in efficiencies as we move into the structure? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Oh, I'm glad you said that. I have... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Maybe I should limit you to five minutes. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: I have served in the partnership in the agency since 1999, right after Governor Johanns took over. And one of the first things that we saw when I took over was that they still had the, what we call silos. People still saw themselves as a former social service worker, still saw themselves as a former Department of Public

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Institution worker. As we've gone through some of the major reforms that have happened over the last eight years, such as Behavioral Health, the CHART system, the EBT, the system has been able to see how well it works together. By breaking it in to the specific separate divisions right now, it more clearly defines what the core responsibilities of each of those divisions is. So right now we might find ourselves having...a perfect example. We had a request from a provider wanting to know about their rate. It wasn't quite Medicaid; it wasn't quite Behavioral Health; it wasn't quite DD; and there was really no way to get the coordination done. By having this all, including the funding, tracked, as the Governor said, very transparently underneath each of these divisions, those lines of accountability are crystal-clear: crystal-clear. I don't know if that's a good example of how it works, but right now, the second example I would say is accessibility. I look at this, at the reorganization in two ways: accountability and accessibility. If you look at our organizational structure right now, and you're a person who wants to receive some of our services, you will not find where to go by looking at that structure. You will not find it under Department of Regulation and Licensure, Finance and Support. When you look at the new structure, it breaks out exactly what the core responsibilities of the agency are. And so just at a first glance, they will be able to see who the person is that's at the top of that, what the budget is underneath it, and who to call. So that's a simplified version, but that's how I see it. It lays over, very clearly, the chain of command and who is responsible for what work the agency does. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: So, I gather from becoming more efficient, which you indicate that you will be under the restructuring, that that's not going to result in any position savings or vacancies (inaudible). [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: We hope it will. But it's not the intention that we would be looking at laying people off. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: I'm sure the other members have a lot of questions to ask so

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I'll quit. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Engel, first; Fulton; and then Senator John Synowiecki. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Thank you for coming, Chris and Doctor. You talk about efficiencies. If it's not in the reduction of personnel, where do you expect to get the efficiencies you're talking about? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: One of the things that we have seen, and Dr. Schaefer, in the last four years, but the one of the things that I have seen is we will have a duplication of work that we do. Quality assurance is one of those. We might have a quality assurance in each one of our program areas, and then also in our facilities, and then also maybe over in our operations pieces. That's one of probably the best examples I can give you. We might find duplication. And we've seen a lot of that already. One of the things that happens typically right now with the way the agency is set up, you find yourselves, many times, responding to what the issue of the day or the session is, and not having the real time to go down and work through the funding trends. We don't do a lot of trending. We don't do a lot of observations on performance accountability. By dividing it up the way it is now and very clearly having staff dedicated to the work that is under that specific core responsibility, they're not going to be pulled away over here or over there. They're going to be able to concentrate on what the work of that agency does. So for us to be able to say, trending, we're looking out and we're seeing this coming, instead of having to react to it in an, oh, my gosh, here we are-type way. That's probably one of the goals that I hope to see come from the reorganization. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: One thing, if you're getting rid of duplication, when you have all that duplication, doesn't that require more personnel? You're doing the same thing, so as a result of that, if you get rid of the duplication, doesn't that also equate into reduction of

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personnel? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Absolutely, Senator. And if that should be a vacancy and we don't have a reason to fill it, we will not fill it--absolutely. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Thank you for coming in this late hour. We will probably be later soon. (Laughter) You like that? Later soon? Well, I do have a question of philosophy that I think will go a long way to allay some of the concerns that I have personally and that maybe some other committee members have. You mentioned a little bit earlier that it's difficult for people to approach the Health and Human Services System to determine where they should be appropriately directed. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: That being the case, it is also difficult if one can't approach and find where he should be appropriately placed, it's also difficult to find where we should appropriately appropriate. That causes a concern. The concern I guess I'll try to lay out an analogy is, that we appropriate \$10 to achieve objective X, and only \$1 goes to achieve objective X. We have no way of finding where the other \$9 went. That philosophically is a concern, I think that might be shared with others on this committee. Can you say anything to allay that concern? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: I did not bring, and I apologize for that, the proposal that we sent in to the Appropriations Committee about how it was going to be broken down with the new departments. And it lays it out fairly clearly under each of the six divisions, where the money is at now and where it will be under the new divisions. And maybe it would be best if we brought you that and we could walk through...the numbers in the

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subprograms stay the same. So the dollars that you will be appropriating, while they go under the different divisions, if the intent is that it stays where it's at, that it does that. I'm not being real clear on that, sir. I'm not sure how to answer your question, and I guess I would ask if we could bring you what we put out as a proposal on how the funding will lay out, and see if that...and maybe you've seen that, the color-coded sheet? Okay. I apologize then. I'm sorry. We have it all broken out in how those...the way it's set up now, with the program numbers under each department, and how it then transforms into the divisions: what is new, what is different, what used to go somewhere, where it goes now. I think that lays it out pretty clearly and I apologize we didn't get that to you. But it should not be any...the idea was, we would just take what we're at, what we're doing now, and move it over to the new division, and that would follow-up under those specific programs. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Synowiecki. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Thanks for being here. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Oh, you bet. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: I'm going to air some dirty laundry here. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: That's speaking of the laundry issue. There has been a history of where I'm aware where the Cornhusker State Industries, it's been found that there's a delineation in statute between goods and services produced by Cornhusker State Industries. And are you certain that Cornhusker State Industries can statutorily provide a service to these regional centers, be it Beatrice State Development Center,

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Veterans Home, and so on? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Nope, but I can sure find out. So you're saying the difference between services and goods... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: And I don't have it with me right now, but I'm fully aware, because I have three commercial launderers in my district, and we went round and round with...this is going back a few years now. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yeah, when Tecumseh would have come up. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Exactly. They were providing services to nonprofit organizations. And it was found that they didn't have a legal basis to provide services. Now, they can provide goods; they build a desk or whatnot. But it was found that it's essentially illegal for Cornhusker State Industries to provide a service. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: You know, I don't think I brought an attorney. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: And, Chris, if I... [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: I think...I brought an attorney. Would you let us look into that, Senator, and we'll get back to you? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: I would, and the reason why I bring this up is because I want to make sure that perhaps we might have to go to the open market for contracts for this laundry service. [AGENCY 20 AGENCY 25 AGENCY 26]

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CHRIS PETERSON: Absolutely, if... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: And I just want make sure and get some clarification on that. My...and Dr. Schaefer, your testimony, I'm just going to read from here. In the past...I'm talking about provider rates or behavioral health...in the past, provider rates have been increased even during difficult economic times, while cutbacks in other areas were required to compensate for the higher provider rates. My first year on this committee, we (inaudible) provider rates based upon the fact that in previous years there were certain providers, in particular behavioral health providers, were zeroed out. And we categorized provider rates based upon the previous, I think it was four years, behavioral health rates were zeroed out. So I want to know what you based that testimony upon. [AGENCY 20 AGENCY 25 AGENCY 26]

JOANNE SCHAEFER: Our historical figures, but I would be happy to look at those. I don't have them with me. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: I can assure you it was zeroed out for, if not two years, a full two-year biennium, perhaps a four-year biennium that behavioral health rates, in particular, were zeroed out. So I don't think your testimony here, my personal opinion based upon my service on the Appropriations Committee, is accurate. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Could I ask a question for clarification on that? Did that...? In looking back at that, Senator, we'll certainly look at it too, was that...? Are you considering the 692 dollars, too, that provided the behavioral health rate increases for the behavioral health providers? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: What I'm talking about is provider rates that we appropriate for the private providing community. I know, for a fact, and I know my hat was on

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the...we differentiated 3 percent and 2 percent, and it was based upon the fact there were certain providers, behavioral health being one of them, were zeroed out in previous years. One other question I might have is relative to the youth detention centers and juvenile services programs, and are we thinking out of the box at all, about enhancing our partnerships with the private provider community? And when we send these kids, we send these youngsters to Kearney, they get...and if they're evaluated at needing treatment, they automatically go to Hastings. I mean, we essentially don't have any choices for them. We don't want to expose them to those kids that are Kearney-bound, at all, to any community-based care. They receive no choice. They receive state care once they arrive at Kearney, and everything else is off limits to them. Rather than this narrative as I read it, is there any thinking of some innovation and any partnership with the community-based, like a public/private partnership, enhance that community-based spirit with the community-based providers, who, while you're saying we might have to close down sections of the Kearney section or the Hastings section, they may have empty beds. And it gets to what Tony was asking about, and Senator Engel, about innovative thinking outside the box, doing government differently. We're going through a reorganization. Perhaps you might want to examine what's available in the community-based setting, the private-based setting, and how we can more marriage and work collaboratively and cooperatively with the private-based providers, particularly in juvenile care, when they have empty beds at their facilities. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: And actually, Senator, when you and I visited, the...I went back to double-check because currently when a child is adjudicated and they are sent to the YRTC, they go there. And then if they have a substance abuse problem they go back to the Hastings Regional Center because that puts them in an off-campus...they're not on the same campus as the YRTC, and then we're able to pick up the Medicaid match. And one of the concerns that originally happened when we did this program was not to compete with the private providers. And so the children that are there had to have basically failed at another provider or two, with the understanding though that if there

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was an acute need they would certainly get in right away. As I told you, I'm more than happy to look at those issues. We have a Thursday morning call where we actually go through, child by child, with the private providers. And I think that I would ask Todd Reckling, who is the administrator for Protection and Safety to meet with you about that specific thing, is when he has his kids at the YRTC, what can they do with the private providers there, in addition to maybe something through the Hastings Regional Center. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: You know, Chris, I would very much appreciate that... [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: You betcha. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: ...because what I'm told by those groups is, by the private provider community network in our state, is that they've got kids that are more acute and have worse behavioral problems, and the kids that are in Kearney, they're settled down, they are out of that environment, they've had time to reflect, they're in a controlled environment. They may be ready to actively participate in the treatment program, and I think it would be great if we can get it to where their family could participate in the treatment with them. I mean, we put it in Hastings. It's I don't know how many miles from Scottsbluff, how many miles from Omaha, and, you know, the families don't have an opportunity to participate in the treatment processes with their own kids. And so I...you know, I'm just trying to look at ways we could do thing a little bit differently and it might serve kids a little bit better. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: And I would be glad to work with you on that. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Harms. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR HARMS: Oh, thank you very much. Chris, I want to talk to you a little bit about your organizational structure and I would like to talk a little bit about efficiency. I know that when you reorganize a huge organization like you have, there is no efficiency up-front. Usually there isn't. Because I've been down that road. Not as big as your organization. But there is efficiency as you later go, but what you have to be able to do is you have to be able to set your goals and be able to assess how you are going to get that efficiency, or you will be here four years from now with a budget, and we'll be asking the same question. So my question to you, what are you looking at and what assessment are you going to use to determine how you are going to get to your efficiency...get your efficiency accomplished? Because that's an issue. And it will get even worse. The other side of this, when you do your planning and you address the efficiency question, what benchmarks will you use to determine whether you've gotten there or whether you haven't gotten there? Benchmarks are critical. And how do you compare out with other health and human services that are in a state that may be similar to us? Now, I always get a...sometimes you hear people say, well, you just can't do that. You can do it. Hospitals have done it. Schools are starting to do it. Colleges are starting to do it. And so how are you going to get to that point, because I think it's critical to the future and the cost factor. Because what bothers me here, is, you know, your budget is just huge. It's not that I object to the budget. It's just that the efficiency question, the benchmarking questions, and how are you going to measure it. The other side of it, I know that when you make huge changes like this, you have to make a cultural change. If within your system you have the same culture, (inaudible), even though you've broken this thing down, even though we hope that what you've done will be fruitful, you've still got the same people, you still have turfism. And what are you going to do to break that down? Because that will be the thing that will make it fail. Unless you get buy-in, unless you get people to join you, and I guess one of the things that I would really suggest to you that I've seen happen in other organizations that make huge changes like this, is they bring people in from the outside to assist you, to evaluate for you, even to put a staff development program of how these people are going to communicate with each other, how they are going to get along with their clients. I mean,

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how are they going to share and pick up the telephone, even within your own organization sometimes it's confusing about who is in charge or how you cross over those paths. And then the other side of it is, inefficiency. And you know, people don't like to hear this, but as we look at your organizational structure, the one thing that I would be in hopes that you will really evaluate, is there any place that we could privatize that would give us greater cost efficiencies, that would give us better control, that gets rid of some of the cultural issues that you have? Those are my concerns that I have, and I've been verbal about those, and I don't apologize for it. But I'm just telling you, I think those are the issues for me and I know that it has a cost factor tied to it, and unless you start to address those issues, I'll guarantee you that four years from now or whatever it is when we come back and do the next budget, you're going to have problems. And in order for people to buy in, you've got to convince them and that this culture has to change and you've got to set that structure because it just won't happen. So I'd just like to know what you're going to do. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Okay. Can I...? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HARMS: Absolutely. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: This is probably one of the things, and Dr. Schaefer and I have talked about it, that wakes us up at 3:00 in the morning and you think about it all the time. We have what's called an umbrella agency and every state has health and human services in some form or another, whether they have a separate Medicaid division, whether they have a separate department of public health, separate social services, children and families. We have an umbrella agency which has its good side and it has its bad side. The bad side is that it's huge, it is, we're one of the largest state agencies. We have the biggest budget. We have...we serve the most people. Certainly, we're not on anybody's favorite topic list because the work that we do is for people that have needs and they're vulnerable. And so we don't always provide the service in the best way, we don't provide it the most efficiently, we can be very bureaucratic. So those are

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the things that our goal is...my goal certainly has always been to be more efficient, effective, accountable and accessible. In order to do that, one of the things that came through very loud and clear, through the Health and Human Services Committee meeting, was you do need to have goals, benchmarks and a plan in how to do that. We are lucky, like many of you know, as you've worked with NCSL or CSG and all of those, we have a tremendous amount of technical assistance available to us not only through our professional organizations but also through the feds. The federal government actually has a variety of performance measurements which we are rated on but in addition they have benchmarking. And so we consider them probably a very good source. They work with states that have done this and have done well and haven't done well. So what will happen, as soon as...and again we don't want to presuppose that the legislation will pass, because that's up to the senators to do that. We will be putting together somebody helping us with this proposal, whether we go through the association technical assistance, through the AFSA, which is kind of our professional one, through the feds, other states. But, yes, we will have to lay out the goals, the benchmarks, what do we see as signs of performance measurements? We can measure output until it's dark. We can tell you how many things we did how many times a day. We can tell you how many employees we have and when they came. Can we tell you was it beneficial, did it improve our percentages in moving people off of the services? Are they functioning better? No. And so we have to develop that. Doctor Harms or Senator Harms, I don't think it's going to happen very quickly before the bill becomes law. I think it's going to be a process. The other thing that happens with state government is you have to work on changing the culture and in order to do that you have to process. People have to be felt that they are brought into it. So we have some big things ahead of us. It's not going to happen quickly, but I think if we stay focused on what you've said we can get there. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HARMS: I think one of the things that would be really helpful is once you get your benchmarks established, when you submit your budget share those benchmarks with us so that we have some idea about whether this is efficient or not or whether

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you're making progress toward that being efficient and that you have the goals. You know actually we could all work together to help accomplish this rather than be at odds with each other. But I will tell you that changing the culture is going to be really tough... [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: It is. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HARMS: ...and it's going to be hard. So I'm glad to hear that you have a place to get the benchmarks, you don't have to develop it yourself, because it does and it is a great way to do this, but it's going to be a long haul for you. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Um-hum. And part of that cultural change has to be that people come in agreement with what they see as those benchmarks. They vary from program to program. And it's very important that people are aware of what the benchmarks are. I agree. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HARMS: Yeah. I guess the other side of it for me, Chris, would be probably the biggest criticism that I get when I go home is about foster care... [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HARMS: ...and kids falling through the cracks and all these sort of things. And they give you example after example, you know, with what's happened to them or no response and those sort of things. Are we going to get a handle on it? I know that's a huge...that's a tough question, it's a huge issue, but this is...they are the most important thing we have are children. And to catch them at the front end, it doesn't cost us so much at the other side. And so... [AGENCY 20 AGENCY 25 AGENCY 26]

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CHRIS PETERSON: You know one of the things that I have seen is that when a Legislature, and a Governor, and a Chief Justice, and you get the leadership at the top to direct you where to go, it's very easy to move forward then because everybody is aware of what those priorities are, what the initiatives are. The Governor's initiative, the collaboration between the court system, the Supreme Court and the Attorney General and the Governor, those are all pointing at foster care. We have made what I would consider a good start. As you are well aware of, we had the highest number of children in out-of-placement of any state. And when the Governor's initiatives came out he focused specifically on permanency, moving children to permanency that had been in out-of-home placement 15 out of 22 months. In that time our caseworkers and our supervisors reviewed those 1,184 cases, because we took one day in time, and in his priority 0 to 6 out of the home 15 to 22 months, long-term people in the system or kids that had never been out of the home and were still in care after a certain amount of time or had been back home for six months and still were a foster...a state ward, and we reviewed those 1,184 cases every month. In addition, while those 1,184 were here, we still had kids coming into the system. So not only were our staff working those very closely, as new people came in and for the first time I believe it was two months ago, for the first time in years we had more children leaving the system than were coming in. And a lot of that is just good old case work and supervision. So is it going to be long and hard? Yes, no state has passed their CFSR, the review by the feds, no state has met the performance measurements that the federal government has set. We have that review coming up in 2008. So we are totally focused on that. And so, yes, I would say we have a plan in place, we're moving forward on it and it's with... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HARMS: Thank you, Chris, for being honest, I appreciate that. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: You bet. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR HEIDEMANN: Senator Nantkes [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Thank you so much for joining us here at this late hour, Dr. Schaefer, and Director Peterson...is Director right? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yeah, that's fine. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Okay. Just to follow-up on Senator Harms line of questioning, I'm sure you heard the discussion this morning on the floor about the reorganization proposal before us. I guess from a process perspective you noted earlier in your testimony here, in responding to Senator Harms, that we don't fully have agreement within the department or administration about the benchmarks and outcomes that we want to achieve. And if that is in fact true, how can we propose a brand new structure and be assured that that is the best way to achieve improved outcomes? [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: Well, I think if you look, for me I've been over Regulation and Licensure for the last 18 months, we have a variety of benchmarks that we are meeting. Some of them that we have met, that we have self-set that we have met, some that the feds set and some national organizations on water safety, for instance, have been set. Those are individual program specific, highly driven and we drive the staff down to meet those benchmarks. And they are very clear, they are very concise and that's one sample. So to take that and apply that line of thinking, we have to find what those appropriate benchmarks are for each area. And many times there are, for instance now over in Medicaid just watching the benchmarks of how fast we turn around claims, what are our error rates, how fast are we paying the providers, how quickly are we reviewing cases when people come in with a procedure that they need that's medically necessary, how quickly are we? We have benchmarks set up for that so that patient care is never delayed. And those benchmarks are set out there and we watch them weekly to see if

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we're meeting those benchmarks. And when there's a blip in the radar screen, they're down and we're talking about what's going on. So they are very specific issues that are driven kind of by the area. I think that if you want to take a 50,000 foot view on what are the benchmarks for the overall agency, I think when you have an agency that has or a system that has over 900 statutory responsibilities, it gets a little difficult to say which one comes first, which one is the highest benchmark priority and try to get that overall arching. We've had numerous conversations about trying to figure out where the overarching goals should be and is that really a fruitful, demonstratable benchmark that can be met, other than what is probably more meaningful for you is to know that are our wells safe, are they producing safe drinking water, are we keeping up with the federal regulations for that? Are we meeting the Medicaid benchmarks that we've set for ourselves? And are we meeting the federal regulations on program X, Y or Z that's out there? So I hope that gives you some sort of clear... [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: (Inaudible) didn't have them? I mean we've got many, many of them based upon program responsibilities, grant responsibilities, federal responsibilities, state law responsibilities. I think what Senator Harms was talking about is more of the universal benchmark, at least that's how I took it. If I took it wrong... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HARMS: Yeah, that's correct. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: ...I'm sorry. We have... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HARMS: So that you know that you're getting in line where you can be, so we can judge the efficiency. Yeah. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yes, yeah, right, right. In fact actually when we do our budget request, we have performance measurements on that right now. For every program

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there are two, to three, to five different things that we say we will meet in each of our programs, and there are literally hundreds of those. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Well, I'm glad you mentioned priorities. I just have marked a couple of things in the testimony that you opened with that I'd like to go through, if you have a moment. When it comes to Program 177 and you're asking for an additional appropriation of about \$55,000 for an additional staff position to look at what is associated with the expansion of home and community-based services, which is part of the state's Medicare reform plan, I guess you know, we've been thinking about priorities when we look at the state budget as a whole, which is what the body has charged us to do in these preliminary stages. And I guess when looking at Program 177, which has over a \$30 million budget, if Medicaid reform is in fact a priority of the department and the administration, why in fact wouldn't that \$55,000 be found somewhere within that current appropriation? [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: It's actually \$5,000... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Okay, \$5,000. [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: ...and for the General...it requires a state match. So it's Medicaid dollars that are being leveraged under Medicaid reform that's the state match that's required for it. And so those other funds are being found and that...and it's only \$5,221 for General Funds for that. And I suppose a very fair argument would be can you find that somewhere else? And we really don't have that in that part of the agency. If you look at Regulation and Licensure in Program 177 that's almost entirely cash and federally funded. This is part of Medicaid reform that comes out of the other agency. And the reason why we stuck that position over there is because that's where the work was going to be done. It is in line with Medicaid reform. It can be matched at the Medicaid rate over here. But the reason why they stuck it over there is because the

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survey and cert. teams and all the issues that come on with the complaints, it made sense to put the position over there, not with the fiscal people in Medicaid that didn't...there was no efficiency that was going to be realized by having that position there, even though it was required, we know we needed to do that, it certainly made sense. But that's why it's a state match. And we just don't have the General Funds lying around in that program specifically in that area that we could have leveraged to use that part and that's why. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Okay. And then some other items that were mentioned in your testimony and that we've been learning about as a committee are basically you're indicating to the committee that they are in response to implementing certain aspects of the Deficit Reduction Act of 2005. I know, Director Peterson, earlier in your testimony you talked about, you know, with reorganization hopefully nobody will be caught off guard. Well, the department clearly couldn't have been caught off guard with the full-fledged long-range debate that happened on the national level in regards to the Deficit Reduction Act of 2005. And I'm sure as you know there was a group of...a coalition of groups across the state working, trying to weigh in with our federal delegation to talk about the real impact this would have in Nebraska. Can you talk about your department effort...department's efforts or the administration's efforts in trying to also weigh in and explain these dramatic effects that would happen if adopted? And now it has been adopted and we have to deal with them, seems to me there was a lack of maybe a voice from the state. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: And, Senator, what I would explain to you is that a decision to go to the congressional delegation is one that we are given. We don't go forward unless we have permission to do that. But what we do is if we have a concern about how it's being administered or the problem that it's going to have certainly we get those. Those even come up through the professional piece. I think right now I think the state child welfare people are in Alabama and they are meeting with the feds. I sat in on the ones in Washington, D.C. with not only the child welfare administrators but the TANF

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administrators when we had everybody from Wade Horn there and everything was very clearly articulated to them. And I would just say one thing and I'm not sure if Mike Harris is here, who is our head of the TANF program and Daryl Wusk, who is the head of Child Support, we found out about one of the DRA changes, the rules were still just coming out. In fact that's why when we had some of our requests to change the waivers we hadn't gotten the final recommendations from them. I mean that was still coming out. I'm going to turn for just a second. Mike is here. When did you get the federal ones on the child support? [AGENCY 20 AGENCY 25 AGENCY 26]

DARYL WUSK: (From audience.) No, Mike isn't here. The final rules (inaudible) we just got those in January, but they are still not final. (Inaudible). [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: So we're still playing catchup on some of the DRA stuff. So in...so I know it maybe looks like we weren't planning for it, but they just didn't get some of the things out to us. That's why some of our waivers, we made later requests on that, why we didn't do those. Remember it was just a reauthorization year after year after year. And so no we didn't have the foresight for some of the requests that we've had here now. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Would you disagree though that maybe other states and other governors were very visible in weighing in on the state impacts that would have to be implemented if the Deficit Reduction Act was passed? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Senator Nantkes, I can't speak for other states. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR WIGHTMAN: There's been a lot of...first of all, thank you both for coming in. And I know it's been difficult for us and probably won't get better. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Oh that's fine. No, I think it's going to (inaudible). [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: But at any rate I want to follow up on some of the questions about perhaps transferring some of the work of the Health and Human Services to community-based facilities. And I guess I'm wondering how often do you evaluate a complete program as to its cost-effectiveness as to maybe what it would cost to run that same program through a community-based organization? Do you do that often? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: I'm just going to be as honest as I can with my experience. We do it when there is a legislative proposal or there is an initiative to come forward. We also do it if there is new information that comes out or a new requirement of us that we have to do something. Based upon the legislation that we have right now in terms of privatization we have to look if a state employee is currently doing that job. And we have to do quite a bit of actual work before we would privatize something that's currently being done by a state employee. So that's one thing. For something that's new that comes in, for instance the whole issue on the community-based behavioral health reform LB1083, yes, we did spend a lot of time looking at that and dollars and working with providers and so on and so forth, Senator. So what I would say is if the issue comes to us, yes we do. Do we pull up on a regular basis or an annual basis, would it be...could we do this in the community at a better rate? That's an ongoing process. Many of the grants that we now contract for out in the community we used to do. And it's always kind of 50-50 if the people that are receiving the services feel it's better to be contracted out or have the state provide it. So no, not on a regular basis we do not do that. We do it if there's a specific proposal that comes at us or if we have to provide a

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new service. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: And that's one of the things that concerned me and I cringe, I guess, every time I look at a request for funding more either employees or supervisors at any level because it seems to me we create a bureaucracy. And then it becomes very difficult to downsize that bureaucracy. I'm just going to point out one example and I realize it's probably not a good example because there's a lot of federal funding for it. But I just happened to look at the number of patients there are in Nebraska veterans homes. I'm certainly not suggesting that we discontinue the veterans homes, because it probably would be as near a political suicide as I could manage to accomplish here in this meeting. (Laugh) But if I divide the number of patients that we care for in the veterans homes into the total budget for that department, and I'm looking at 2006-2007 figures the ending census, I think, was 584, that comes to about \$80,000 per person that's in that facility. Obviously, they could be taken care of and you could pay probably all (inaudible) back in a community nursing home or whatever it might be so much cheaper. So it's a real fallacy to think well, the federal government or the state government could do it cheaper, because that is just not the case. And this is one where it could be community-based, I think there is no question about that. But at any rate it comes out about that figure, which is about \$20,000 more per person that it would take to care for that same person probably at as good a level or better level back within the community and they'd be closer to their family. But again this is just one that I happened to do some math on. And obviously if you just looked at it from a strictly financial basis it is not the most efficient way, nor the most cost-effective way of providing that service. I guess I'd be interested and I realize this is one that probably would be among the most difficult to change because I don't think the public ever knows those figures and they don't have access to those figures. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Senator, probably what I would do is tell you that there's, as you're aware, there's a federal per diem. And certainly this was a promise that the feds and the state have made to their veterans. So by not specifically talking about that the veterans

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homes would shift over to LB1083, which I think was exactly what you're prescribing but one of our different facilities, those were the regional centers. And people divided that money out and said we're serving people for behavioral health needs that could be put into the communities. And so we looked at the three regional centers that we have--Lincoln, Norfolk and Hastings, and that took a long, a long time to get LB1083 passed. And we are still working on implementing fully LB1083. So while I would say, yes that's one way to look at it, a lot of other issues come into it. But we do always look because we get asked obviously a lot, how do you compare with your state facilities compared to the private facilities? And while that can be black and white, dollars and cents, sometimes what we find is we have to...the state is always going to be responsible for people that will not be served by community providers--right, wrong, good or bad. We have some people that we have to care for in some of our facilities, whether it's the YRTC or the regional center or any of the others, that a provider would not probably be able to make a go of it because it's not a large population of certain kinds. For instance, right now we're putting some children out of state because we don't have providers that are specifically geared towards the complex needs that some of those children have. So I would say, yes, that's a good idea always to look at the cost, certainly that should be one of the guiding principles and then also to look at what do we see as the role for people maybe that wouldn't...might be hard to find that service for them? We always weigh those two things. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Engel. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: I think I remember what I wanted to say. (Laughter) I was here during the first reorganization, you know and that was a real mess before that. And, of course, that was going to straighten things out and a couple things did get straightened

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out. One...five different agencies handling one particular case, DED, they did get that straightened out where one person came and that person worked back, so that was one thing. Other than that I don't think we really accomplished a lot, in fact I don't think we accomplished anything over the years. So hopefully, what you're trying to do here...I'm happy to see what the Governor wants to do. But as far as like Senator Harms said, if we don't change the culture and the mindset of everybody within the departments, I don't think we're going to change anything again because shifting from one side all the way to what I call the other... [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yep. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: ...isn't going to change a thing until you change that. And how you're going to do that I don't know. But I think that should be a priority of the department is to figure out how to change that mindset and that culture. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: I agree. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. I have two questions with some specificity to them as opposed to the philosophical questions I had before. Agency 26, Program 341, you spoke about this in your opening testimony, the Medicaid Management Information System. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: The request was for cash funds with some federal match. There is some apprehension...I had some apprehension, this is computer programming here. [AGENCY 20 AGENCY 25 AGENCY 26]

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CHRIS PETERSON: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: And I had some apprehension with the amount of money that's being requested for this...for MMIS. Can you tell us, does this represent a one-time expenditure or is this...is MMIS going to cost us something more? And I guess the question is, my understanding is this could be a \$50 million computer program. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Could you address if I'm...from an engineering standpoint I'm going to get a computer program to do X. How much is that program going to cost in the end? [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: This is our best estimate based on a lot of research that is what it will cost to replace the MMIS system, the \$50 million. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Fifty million dollars? [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: Right. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Senator, that's based on the...as we're getting ready to issue the RFP, that's based on other states and the number of people that are able to build the system. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: That's...I hope you can understand why that causes apprehension; \$50 million represents about 5 percent of this agency's overall budget, which is already \$1 billion, with a B. [AGENCY 20 AGENCY 25 AGENCY 26]

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CHRIS PETERSON: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: This is for a computer program. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yes, one time. [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: It handles billions of dollars in transactions and the billing component, the components that make up what this will be able to do for clients and for the providers is necessary. We're working with a 30-year-old dinosaur that has been, for lack of a better term, duct taped in about every different way that you can to get it to work. It cost us thousands of dollars to go in and make very small programming changes that are necessary to keep it going. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Does this \$50 million represent programming time? Does it represent...I mean this is...there are a lot of programmers that, you know, \$80 an hour for a contracting program or I mean that's... [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: It's the whole gamut of services, it's some hardware, software, licensing fees, customization. The people will come out and make it fit your system, keeping up with the federal requirements. It's the whole nine yards. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Senator, we have Mary Steiner here from Medicaid who, I believe, was in the previous discussion with (inaudible) RFP. And she could answer those questions, I'm assuming, in greater detail if you'd like to have her talk for a minute. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR FULTON: That would be fine. I have \$50 million...we...(laugh) [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: And part of the reason that the financial federal participation is so high is because states couldn't afford this. This is why it's 90 percent that the feds are funding for this... [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: In this phase. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: ...in this phase, to build the system. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR KRUSE: And you mean this is only 10 percent of it? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: This represents...\$50 million is 10 percent? [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: No, no, no, no. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Fifty million dollars is it. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: Is it, but in this particular phase of it...there are different phases in the project and this particular phase that we're in right now the feds will match it at...we only put in the 10 percent. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: So \$50 million represents the state's... [AGENCY 20 AGENCY 25

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AGENCY 26]

DR. JOANN SCHAEFER: Total. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: ...total. Okay [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: The \$50 million is the total that we are budgeting, it's a two-year actual time period. So it's not 5 percent of the one year, that's \$50 million over the two-year time period. Most of that money is at 90-10, so we only need to put up 10 percent of match. Some of it is at 75 percent and some of it is at 50-50, depending on whether it's hardware or new development, it's actually purchase...the plan right now is to purchase a system that already operates, bring it in here and then it's customization, it's our rates, it's our policy, it's our providers and changing it all into our MMIS. And then our staff would operate it beyond that time period. So it is...the idea is that that \$50 million is to purchase and to customize that for Nebraska, which is a pretty good deal compared to what other states are getting into for new MMIS. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Is this coming from a private company? Are we buying this program from a private company? [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: And I assume this private company is selling a similar program perhaps to other states. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: Right. And that's what the 90 percent is for is just for the customization. That initial programming time and all the screens and the fact that it will take a claim in and it will price it and it will pay it, that's already been paid for, the feds have already paid for that. What they'll pay 90 percent for is for them to come in and put

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our rate schedules in and our pricing logic and all of that, that's what we're paying for now. So we're not paying for the \$200 million program that does all of the different payments. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: So then there is a large, an encompassing program that's produced by some private company that the feds or someone else has paid \$200 million for? Is that...am I... [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: I don't know what the numbers are... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Well, that's... [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: ...but that's what... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: ...that's where I'm going with this. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: ...Maine, they got into...someone was going to come in and build it from scratch for them and they're still working on it. (Laugh) And it's been probably close to that. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: But we're putting out an RFP so... [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: We're putting out an RFP to have a fully-capable system brought in. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Who's...is someone being...the RFP was rejected as I understand... [AGENCY 20 AGENCY 25 AGENCY 26]

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MARY STEINER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: ...and then there is some type of lawsuit now or is that correct or...
[AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: Right. We...and I don't know about... [AGENCY 20 AGENCY 25
AGENCY 26]

SENATOR FULTON: A lawsuit has been filed? [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: ...exactly where that is, but we are planning to release another RFP
that replaces that one. We couldn't select any of the bidders under the first round, which
you know we did have an appropriation of cash to do this in the previous biennium, the
one that we're finishing up. And so now we're wanting to get back into it. The lawsuit, I
think, was...we did have the... [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: I apologize, we keep turning around but there are different people
that have different answers. [AGENCY 20 AGENCY 25 AGENCY 26]

_____: (From audience.) (Inaudible) dismissed by the judge. [AGENCY 20
AGENCY 25 AGENCY 26]

MARY STEINER: Okay, it was dismissed, just, like last week. So we should be clear to
go forward. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Harms. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR HARMS: I just wanted to ask you one question. When you get this new system in you going to have a backup structure, because when you convert that over, I can tell you now, from...it isn't going to all work. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: Right. And that's...that's... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HARMS: So will you be running a dual system that will communicate with each other? [AGENCY 20 AGENCY 25 AGENCY 26]

MARY STEINER: Well, there is supposed to be a big testing process. And one of the things that is good in Nebraska is that we currently operate our own MMIS. So we use staff at the Office of the CIO and our own staff to enter and pay claims. So we can keep running that and we can do the parallel testing. And part of the whole plan is to have extensive testing in terms of each component. And then once it comes up and that might get into a third year for it to make sure that that is fully operational. But we're very aware of the fact that we need to make sure that, you know we're paying a billion dollars worth of claims in a year and it's a lot even per week. So there's a lot of risk there. And it's extremely complicated, I think, when Dr. Schaefer was talking about the changes and the duct tape, I mean there are so many details to what we process and pay. There are lots of different provider types and lots of different recipient eligibility and procedure codes, so...it's huge. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Nelson. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NELSON: I'll get off the computer systems here and go back to Program 250, that was the Office of Juvenile Services. In your printed material here and we accepted a modification of about \$1.141 million for the year. And you say it was originally anticipated that those savings could be achieved by keeping vacant positions in the YRTC's open longer? But then you say a review of staff turnover data suggests

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that it's unlikely the entire amount could be achieved through vacancy savings. Well, does that mean you can't achieve any part of that? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: We could achieve a part of it and I believe that was taken. And so what we were looking at was at any given time across the agency, with the approximately 6,000 people we have, we have vacancies that we're not paying people for and so we have money that has already been appropriated. What we found though in this specific area is we do not have a high turnover rate in OJS. With the number of staff that we have there we had approximately 20 people, 20 vacancies last year. It just wasn't enough to allow us to get to what we had hoped would be that roughly 5 percent of vacancy savings specifically. So when we do our 95 percent budget modification, what we looked at was reducing across the system that 5 percent, picking up some of it from vacancy savings, which we did get, but not enough from the rest of it. That's why we're asking for that to be refunded. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Senator Fulton. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Last one. Agency 26, Program 341, under Administration, we had a question about item number 13 in our black book, add two full-time equivalents to conduct background checks on prospective employees and volunteers working with vulnerable adults and children. Are you familiar with that? [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. Whose employees are these actually? Are these state employees? [AGENCY 20 AGENCY 25 AGENCY 26]

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CHRIS PETERSON: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. So we have state employees that are in care facilities, assisted living facilities and child care facilities? [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: Wait, can you ask that again? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: I'll just...what I have here, the staff assistants would conduct background checks on prospective employees and volunteers of licensed care facilities that serve vulnerable populations including long-term care facilities, assisted living facilities, child care centers. So we have state employees... [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: Staff would do that, yes. Yes, we do. Those are state employees. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: We provide those background checks for the facilities when they are in the process of hiring. That's a (inaudible). [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: It's a requirement of licensure. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Yeah, we do that. And... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: We provide the background checks? The facilities don't provide

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the background checks? [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: We do that through our APS and our CPS and look at those records because we keep those records. And so we have the staff that go back and do the background check to see if they are on the CPS registry or the APS registry. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: I guess my confusion here is how do we have state employees doing work in other assisted living facilities or child care facilities? I didn't realize we had state employees in those facilities? [AGENCY 20 AGENCY 25 AGENCY 26]

_____: They're not in the facilities. [AGENCY 20 AGENCY 25 AGENCY 26]

_____: No, they're not there... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay, what...can you clarify what it is they're doing? [AGENCY 20 AGENCY 25 AGENCY 26]

_____: Yes, we can. Could I ask Todd or is it Betty? [AGENCY 20 AGENCY 25 AGENCY 26]

BETTY MEDINGER: (From audience.) We don't have state employees in child care facilities. I think what we're asking for is staff to run checks, sometimes it could be on state employees for like (inaudible), something like that, but there would be nonstate employees (inaudible). We have to do the background checks (inaudible). [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Betty, could you come up, please. [AGENCY 20 AGENCY 25

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SENATOR HEIDEMANN: She's going to have to come up and be on the mike so that we can transcribe this later on. [AGENCY 20 AGENCY 25 AGENCY 26]

BETTY MEDINGER: Betty Medinger, M-e-d-i-n-g-e-r, child care administrator. Point of clarification, we do not have child care staff, you know, state employees doing child care, no. This would be staff to do checks for people that are doing that kind of work in the private sector. But you could also have a state employee doing it, because they lumped all this together, maybe in a veterans home, there would be direct staff to client work happening, so a background check would be done on them as well. Okay?
[AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. Then I guess my question then is, if we're doing background checks for other facilities, if they are not state employees, are we doing background checks for someone else's employee? I don't follow why, I'm not understanding why we're doing these background checks. If their employees...if they are not state employees, then shouldn't whoever it is that's employing them do the background check? [AGENCY 20 AGENCY 25 AGENCY 26]

BETTY MEDINGER: They are required by law often to have those kind of background checks done and so the state is charged with having to provide that to the public, to the agencies out there. I'm not certain if we're charging a fee for that or not. At this point I don't believe we're charging fees for that service. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: So that's a statutory requirement that we conduct these background checks for other employers? [AGENCY 20 AGENCY 25 AGENCY 26]

BETTY MEDINGER: Yes. I can give you one specific example, the bill that just passed

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last year which had to do with the transportation, which would allow people who were outside of the Public Service Commission and there are types of transportation agencies to provide transportation, our bill originally was if they were not the legally responsible person, the Transportation Committee enlarged that to say that anybody that passed a background check, and the state is required to do the background check. So we're assuming, and again we'd have to look into this, that that is what these are for. We will have to do the background checks on all the people now that will be billing us to provide transportation to all of our clients. [AGENCY 20 AGENCY 25 AGENCY 26]

DR. JOANN SCHAEFER: And I apologize for looking somewhat perplexed, because we do have background check responsibilities in Regulation and Licensure, which is Agency 20. So for a moment I was confused with the question. And those fees, and they are fee-based, those are taken back to the facilities. And so those positions that are over there doing that workload, which is tremendous when you account for the LPNs, the RNs, the doctors, the CNAs, the medication aides, that it is a tremendous number of people that they are doing those checks for. Those are taken back to the facilities and so that cost is recouped there. And so for a second, I apologize for my confusion. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: We do a lot of background checks and it varies on whether it's fee-based or whether required by statute to do it and we can get a breakdown of those for you. We also do the background checks on the adult protective agents, see if they're on the registry for that and the registry for the CPS. So there is a wide variety of background checks that we do do. But we think this is the one for the transportation providers that just passed. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. To be clear, I think background checks are of the utmost importance. I'm just trying to determine who's responsibility it is appropriately. And if there is a state law then I will appreciate any type of clarifying information. [AGENCY 20 AGENCY 25 AGENCY 26]

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CHRIS PETERSON: Right, you bet. We will get that clarification for you. Sorry we look like...but there are variety of them and we weren't sure which one this one was.
[AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay, thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you for being patient with all of our questions. [AGENCY 20 AGENCY 25 AGENCY 26]

CHRIS PETERSON: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Is there any other testimony for this agency budget?
[AGENCY 20 AGENCY 25 AGENCY 26]

GENE KLEIN: (Exhibits 35 and 36) Good evening, it is evening now. My name is Gene Klein and I'm here representing the Nebraska Association of Child Advocacy Centers, I'm also the director of the Omaha Child Advocacy Center Project Harmony. And I'm here to speak in support of the budget that you have appropriated in your budget along with the Governor of \$912,500 is the actual amount and would encourage you to consider increasing that amount. And the reason for this is Project Harmony and Child Advocacy Centers across the state are a part of the solution. And this is, I think, a concept that I've talked to many of you and think you need to think about funding solutions instead of problems. This is a model that is replicated all across the country, there are 500 centers in the United States and the outcomes for children around child abuse and neglect have been significant. In fact in Nebraska in 2004, you appropriated the first dollars to Child Advocacy Centers. Prior to that, children were served in a collaborative manner without state funding and there were about 800 children across the state that were served prior to state funding. In 2006, we served 3,500 children across the state, all of which were children subject to child abuse and neglect. There is

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significant research that shows that when children are processed in an investigation through Child Advocacy Centers there is...versus non-child advocacy centers, there is a 36 percent increase in the cost of that investigation. Additional research shows that when children have been sexually abused and their perpetrator is not prosecuted, children are three times more likely to be placed in foster care. Instead of placing the child out of the home, we should be placing the perpetrator out of the home. Legal outcomes are much improved. And you'll hear in a minute from a county attorney when children are served by Child Advocacy Centers more cases are filed for prosecution, charges are more accurate, more perpetrators plead guilty because the evidence is clear and it's gathered in a more meaningful way. In fact when younger children are involved they are much more likely to be prosecuted. What's the return on this investment? To place a child in foster care roughly costs over \$30,000 without the medical side probably, in 2006. If we can serve those children in a better way, put the perpetrator in jail instead of the child and removing them out of the home and placing them with a protective parent, the dollar amount could be significant. If just 2 percent of the children we served in 2006 were served in that manner we could certainly save well over \$2 million. What you see in front of you is the annual report which shows the data from all the Child Advocacy Centers in 2006. We're asking for...that your consideration of moving the \$912,500 to \$1.3 million in 2007-2008, and \$1.5 million in the '08-'09 budget. This would include funding that you heard earlier discussed regarding the Valentine Center. There is a need in that region for an additional center. And this formula would include funding that region as well. I'd be happy to take any questions.
[AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any questions for Gene? Seeing none, thank you for coming in again. [AGENCY 20 AGENCY 25 AGENCY 26]

GENE KLEIN: Thank you. You bet. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other testimony on this agency budget? [AGENCY 20

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AGENCY 25 AGENCY 26]

DON KLEINE: Good evening, my name is Don Kleine, K-l-e-i-n-e. I'm the Douglas County attorney and prior to that I was the chief of the Criminal Bureau for the Nebraska Attorney General's Office. I've been a lawyer for 29 years and 20 of those years have been as a prosecutor. And I've handled many, many, many child abuse cases, child sexual assault cases, child abuse resulting in death cases not only in Douglas County but throughout the state of Nebraska. The Child Advocacy Centers are a crucial and critical element of the successful prosecution of these crimes against children to get these perpetrators. I've also had the experience of prosecuting these kinds of cases or attempting to prosecute them prior to the existence of Child Advocacy Centers and there is a tremendous difference, I can speak from experience. In successfully being able to file charges, in getting cooperation of witnesses, in the ability to...of law enforcement and the medical profession to successfully analyze or produce evidence in those cases there is a world of difference between the pre-Child Advocacy Centers and post-Child Advocacy Centers. So it's made a tremendous difference in our ability to prosecute those cases. And I would strongly suggest that you appropriately fund the Child Advocacy Centers. And not only from the standpoint of the prosecution of those cases but simply for the welfare of the children. The tremendous difference in pre- and post- in Child Advocacy Centers is the training that we have with Child Advocacy Centers, the experience and expertise that we have with the centers, the communication that exists between the law enforcement agencies, the medical people at the centers, the counselors, the social workers all in one setting and this helps so much with the children themselves in how they are handled throughout this process. You know, this is a very difficult process, as you can imagine, for a child to go through. And with the Child Advocacy Centers in a one-stop location with all those services that we can provide for the children it makes a huge difference in their welfare in and of itself talking about the prosecution of the case. So I would strongly suggest that you appropriately fund the Child Advocacy Centers. I think they are a tremendous asset to our communities and the safety of our children and the prosecution of those cases. I'd

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be happy to answer any questions. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Engel. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Just a comment. I very much admire what you do. Then one question, do you get paid by the hour? (Laughter) [AGENCY 20 AGENCY 25 AGENCY 26]

DON KLEINE: No. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

DON KLEINE: Thank you. The other thing I would ask is the sheriff of Lancaster County, Terry Wagner, was here to testify. He had to leave to another commitment so I'd ask that...he has an oral testimony here, if I could...if that would be all right with the chair to have that passed out to the members? Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: (Exhibit 39) Thank you very much for coming in to the committee today. Is there any other testimony on this agency budget? [AGENCY 20 AGENCY 25 AGENCY 26]

MIKE MARVIN: (Exhibits 40 and 41) Good evening Senator Heidemann, members of the Appropriations Committee. My name is Mike Marvin. I'm the executive director of NAPE/AFSCME, the union representing the majority of state employees including most of HHS. I'm here today to ask you to appropriate money in the biennium HHS budget to allow HHS to hire enough protection and safety workers to meet the accreditation standards set out by the Child Welfare League of America. I realize there is another bill, LB410, with its own fiscal note that would mandate staffing levels, but we do not know where that's going to go. We could resolve the issue here today if you would fund this.

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The first obligation of government is to protect its citizens, chief among them is the most vulnerable. We cannot do that today with current staffing levels. We've just come through some difficult financial times and now our income is in better shape we have the opportunity to meet our obligations and we should. The citizens of Nebraska deserve it, the protection and safety workers deserve manageable caseloads. If it is in your power please provide adequate funding to achieve it. I have also included a statement from a Deb Strudl, one of the protection and safety workers who is here, who can talk about what lower caseloads do. Unfortunately, Deb had to leave to meet with a client this evening and she's supplied her written testimony. If anybody has any questions, I'd be more than happy... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Is there any questions for Mike? Seeing none, thank you for coming in today. [AGENCY 20 AGENCY 25 AGENCY 26]

MIKE MARVIN: Thank you very much. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Is there any other testimony on this agency budget?
[AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: (Exhibit 42) Good evening. It's evening. Senator Heidemann and members of the Appropriations Committee, my name is Connie Cooper, C-o-n-n-i-e C-o-o-p-e-r, director of the Northeast Nebraska Area Agency on Aging in Norfolk. Today I am here on behalf of the eight Area Agencies on Aging here in Nebraska. And I have several of the directors here with me today, if they want to raise their hand you can see who they all are. The Nebraska Area Agencies on Aging provide a comprehensive and coordinated service system for older adults. This is accomplished by working with federal, state and local officials, older Nebraskans, their families and service providers. The state of Nebraska provides funding through two programs: Care Management and through the Community Aging Services Act, which will be talked about as CASA dollars. In fiscal year '07, state funding for Care Management is \$1,878,915 and CASA funding

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is \$4,163,298 of which \$3,385,388 is given to the Area Agencies on Aging. This funding totals \$5,264,303 for the Area Agencies on Aging for this fiscal year. Each of you has been given a document that illustrates the efficiencies and effectiveness of the programs and services of the Area Agencies on Aging. Care Management assists the older adult in identifying unmet needs. A comprehensive assessment is completed, a care plan is developed and services are implemented with ongoing monitoring to ensure appropriate services are provided. To illustrate a Care Management case, this case involves a couple who is currently residing in a nursing facility. The referral came from their daughter because they want to return home. He is 79 and she is 77. He is a diabetic, has a history of bladder cancer and is recuperating from recent knee replacement. She has hypertension, asthma, spinal stenosis, thyroid problems, history of hip and knee replacements and a recent fractured pelvis from a fall she sustained while he was in the hospital. He takes 14 medications costing \$40 a month due to VA benefits and Humana. She takes 17 meds costing \$150 due to Humana from the Medicare Part D program. She needs help with bathing, dressing, mobility and transfer due to pelvic pain. Prior to her fall, they had been able to work together and do everything for themselves. They moved to a home with fewer steps that is more handicapped accessible anticipating his mobility needs after knee surgery. Their income is \$1,800 a month. This is a fair income except last year's expenses totaled \$15,200 out-of-pocket due to no assistance with Medicaid (sic, medication) costs before Medicare Part D became effective. They have no resources and are unsure of their financial future if she is not able to return home. The interventions: immediate needs--he was discharged from the nursing facility to stay with the daughter until his wife is home; he will use a local hospital van for transportation to daily physical therapy and Care Management will set up home-delivered meals. The needs after the wife is discharged--the Care Manager will find a provider to do laundry and housekeeping; the Care Management will set up home-delivered meals for both of them; the Care Management will provide information for the daughter on being a power of attorney; the Care Manager will set up transportation through handi-bus for shopping and doctor appointments; Humana and VA continue to provide medications; the Care Manager

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offered respite for him once she is home and he will consider this; as well as suggested lifeline and he will consider. The monthly cost comparison: nursing facility would be \$3,500 for each of them; the assisted living would be \$1,800 for each of them; and in-home services for both of them is under \$300. The following data is derived from the Nebraska Aging Management Information System administered by the state Unit on Aging. This is a statewide composite for fiscal year 2006. It is more detailed for you on page 8 in your booklet. The average cost of services and care management per client as implemented in the care plan is \$503. With the average cost of nursing facilities being \$2,805 the cost-savings per month per client not residing in a nursing facility is \$2,302. The annual cost savings then for the 5,003 clients is \$138,202,872. To state this again, the annual cost savings for the 5,003 clients not residing in a nursing facility but residing and home and community-based services is \$138,202,872. To look at this in Medicaid terms with a 60/40 federal/state split, 40 percent of the \$138 million would be \$55 million in General Fund savings. Again, this information in your booklet describes it more in detail for you. The Community Aging Services Act: Just as important as Care Management are the home and community-based services. Services such as housekeeping, chore, personal care, respite, lifeline, home-delivered meals, snow removal and lawn care. And these services can be paid through a variety of different funding sources such as the Older Americans Act, the Block Grant, Lifespan Respite, Disabled Persons and Family Support and CASA dollars. It is extremely frustrating when services have waiting lists and the older adult must be placed on hold because the funding cannot meet the needs. One senior told me after a care management assessment, "What good is this when I can't get the services I need to stay at home?" The Area Agencies on Aging request: Although the population in Nebraska is growing at a relatively steady rate of 2 percent, the number of people moving into the 65 and older category is growing at a rate of 32 percent by 2020 and more importantly the growth of persons 85 and older is projected to be 30,000 by 2020. To further illustrate this, on page 22 it shows a chart with the population changes in Nebraska from 2000 to 2005. On line 1, Nebraska's overall population grew by an annual rate of .44 percent, less than one-half of 1 percent. Yet the number of people in

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the 65 and over category increased 2.48 percent annually and the number of persons in the 85 and older category grew 1.2 percent annually. The Area Agencies on Aging have worked very hard on the development of home and community-based services and we are proud of our accomplishment. In the booklet, on page 20, it notes the increase in the 65 and over population and the continued decrease in the nursing facility residents. However we must continue to address the growing need for long term care services. The Area Agencies on Aging requests \$500,000 for fiscal year '08 and an additional \$500,000 for fiscal year '09 for Care Management Services, Program 559. This additional funding is the equivalent of one additional care manager in each one of the Area Agencies on Aging. The Area Agencies on Aging also requests \$1.5 million in CASA funds for fiscal year '08 and an additional \$1.5 million in fiscal '09, Program 571. This funding will provide much needed in-home services. Investing in the Care Management and CASA programs has proven to be effective in assuring appropriate use of resources. It is through these programs that choices for long term care are offered. Funding must encourage home and community-based services as the first option. I thank you for your time today. With the help of the directors who are here today, I will answer any questions that you may have. And if you have any questions about the material, you may contact any of the eight Area Agencies on Aging.
[AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: The couple that you described, he was 79 and she was 77, you're confident they could get by with the in-home services that only cost \$300?
[AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Ten dollars a day? [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR HEIDEMANN: That's pretty impressive. [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Very impressive, isn't it? Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Almost unbelievably impressive. (Laughter) [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Um-hum. Each month my board receives a case history similar to this and we show and demonstrate to them each month how cost-effective we are and what services that we can provide. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Thank you for your testimony and for your work. [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Thank you, thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Have you been able to peruse the preliminary recommendation that we've made? [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: I don't I believe I know what the initial one is, unless it's...is it \$18,000...I believe the Governor's recommendation or maybe it's yours as well is \$18,000 for Care Management and then \$133,000 for CASA, is that correct? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Our numbers are a little bit different, but this...I just...maybe I'll talk with some of the directors later. [AGENCY 20 AGENCY 25 AGENCY 26]

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CONNIE COOPER: Okay, that would be great. Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Nelson. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NELSON: Does that \$300 figure does that take into account your staff members and everything that are coordinating this? [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Um-hum. um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NELSON: That's averaged out? [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Right. Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Engel. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: I know you handle the Senior Citizen Centers also. [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Absolutely. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: And that...I am one, but I don't...I attend once in awhile. But the thing is what that has done for people over the years, that's kept them out of nursing homes, too,... [AGENCY 20 AGENCY 25 AGENCY 26]

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CONNIE COOPER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: ...because it gives them something to do, keeps them active.
[AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: It improves their mental health and their physical health. So I think it's...you're doing a great job. [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: I, too, thank you for your services. Can you tell me a little bit more on the Area Agencies on Aging as to how they are funded? You're not state employees, I guess? [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: No, we're not. We're what they call a quasi governmental agency. I'm not sure who made that term up, but the way I look at that is we have the best of all worlds. I have a governing board and because I have 22 counties I have a 22-county board, county board members and commissioners that are on that board. And we receive county funds as well as federal funds, state funds, some city funds, as well as donations and contributions and then from other different programs and services. So we receive them from a variety of different services. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: You mentioned 5,003 clients, I think somewhere in here. You have 5,003 clients that you're working for that none of them are in a care home? Is that

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correct? [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Actually, we have a total of 7,428 that are not in care homes. The 5,003 would be considered at-risk to be put into a nursing facility. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Okay. So at least a major part you're thinking... [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: ...of that 5,003 might be in a care home if it were not for your services? [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Absolutely. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: The rest of them probably would be able to live outside the care home? [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Is this \$300 a month for in-home services for two, is that typical or is that an extreme case? [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: It can be typical. It varies and that's what makes this program so successful. It's so individualized because you can't say what works for one person or one couple will work for another. So but generally speaking it's around...under \$500, for the most part, as far as what services and Care Management costs. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR WIGHTMAN: Now you're talking about a \$500,000 increase. What's the total funding today that the state is providing? I don't have that figure on hand. [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: What I gave you before, that \$500,264,303 total in Care Management and CASA dollars. And by the way, in Care Management what that \$500,000 would do for you is it would serve an additional 738 clients in Care Management and then in CASA for the in-home services it would serve an additional 488 people with services. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Um-hum. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you for coming today, very informative. [AGENCY 20 AGENCY 25 AGENCY 26]

CONNIE COOPER: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

JOHN LAKEY: (Exhibit 43) Good evening Senator Heidemann and members of the Appropriations Committee. My name is John Lakey, L-a-k-e-y and I serve as the board chairperson of Buffalo County Citizen Advocacy in Kearney. I am here today to ask for your support for our request for an additional \$80,000 in state funding for the operation and support of a statewide network of Citizen Advocacy programs. If this request is funded each of the five existing Citizen Advocacy programs in North Platte, Kearney, Grand Island, Beatrice-Fairbury and Lincoln will receive an additional \$6,000, for a total increase of \$30,000. Our request also includes an additional \$50,000 allocation to Nebraska Advocacy Services, Incorporated to support a range of activities that are critical to insuring the quality, clarity and continuity of citizen advocacy programs in accordance with established principles and practices. The additional funds will allow for

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maintaining and enhancing the excellent program consultation, training and technical assistance provided to board members and coordinators of local citizen advocacy programs. As a community volunteer I have dedicated lots of time making sure that our program has the resources to fulfill our mission and purpose--to initiate and support one-to-one citizen advocacy relationships. As a member of the board I take my responsibility of having fiduciary and legal responsibility very seriously. As part of this oversight function, we have worked to make what we do as cost-efficient and effective as we possibly can. For the board in Kearney that means hiring and supervising a full-time coordinator with limited support staff. Our operation is streamlined and, other than the paid coordinator, we rely on community volunteers for every aspect of the program. In addition to volunteer board, citizen advocates receive no pay or compensation for being involved in a long term relationship. In conclusion, we are requesting your support for a total increase of \$80,000 for operation and support of citizen advocacy programs. We strongly believe in the value of this program and, after the Omaha Citizen Advocacy Office is operational, we will begin planning a seventh office somewhere in the state. However, until then, our efforts will be focused on strengthening what we have going now. On behalf of local Citizen Advocacy board members and all people involved in citizen advocacy relationships throughout the state, we thank the Appropriations Committee for the long-standing commitment to citizen advocacy. We greatly appreciate the time and support you have shown. At this time I'd like to ask Pat Shafer, who is a volunteer coordinator advocate, to just say a few words. [AGENCY 20 AGENCY 25 AGENCY 26]

PAT SHAFER: Good evening Senator Heidemann and members of the committee. My name is Pat Shafer, it's spelled S-h-a-f-e-r. And I'm here without statistics but with a story. I'm here to tell you about my friend, Liz. When I told Liz that I was coming to talk to you today, she let me know that she wanted you to see her picture. Liz is the one in the wheelchair, when you see the picture. About a year ago now I was at home quietly enjoying a relatively recent retirement and the phone rang. And a woman named Bonnie introduced herself as coordinator of Lincoln's Citizen Advocacy, Incorporated, and said

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she'd like to take me to coffee and talk about their program. Then she mentioned that she'd gotten my name from a colleague of mine whom I respected very much and trusted and said that she was involved in the program. And so I said, okay, if Arlene thinks this is okay, I'll meet. So we went to coffee. Little did I know what was in store for me. When we met she told me about Liz, at that time a 57-year-old woman, living in a nursing home here in Lincoln. She is severely disabled as a result of cerebral palsy. She can do almost nothing for herself. She cannot talk normally. She can drive her wheelchair with her chin better than I can. She sometimes lets me drive her and then laughs and rolls her eyes at how incapable I am at (laugh) getting her where we want to go in a very good way. But Liz, I learned, has been in an institution for 45 years or thereabouts. She became a ward of the state in Illinois and was institutionalized when she was 11 years old. She was separated from her family, family lost track of her. A few years ago one of her brothers found her, brought her here to Nebraska because that's where he was living. Their families found it difficult to be much support or companionship...and provide her much companionship and so Liz needs a friend, she's very lonely. She doesn't have anyone to advocate for her with the nursing home or anyone else. So I agreed to meet Liz. I was a little concerned. I didn't know what we would say to one another or how we would say it, would we just stare at each other? You know, I had no idea how this was going to work? I couldn't imagine. But we met and what I found was a wonderfully bright woman with a wonderful sense of humor and sense of fun, a woman who was never given an education but who's interested in everything. She was before special education. She never learned to read. And I was intrigued at first. And I found out that Liz was about to get a voice. She'd been approved by Medicaid for a computer that would speak for her by using a dot on her head and electronic things I don't understand to run a pointer on a computer that could talk for her. And so my first experiences with her were going with her to the Barkley Center here at the university and working with her as we both learned how to work that communication device. We're still learning, but we're getting better. We don't make as many mistakes anymore as we used to, (laugh) but that was a wonderful beginning experience. And as we worked through that process, I began to know more about her.

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She loves Elvis, she's crazy about Elvis (laugh) to be honest with you and the highlight of her life is having visited Graceland. A benefactor in Omaha made that possible a few years ago. She liked "General Hospital". She is more excited about her birthday than any other holiday in the year because she gets to go eat pizza and drink beer on that night. (Laughter) So you know, she's wonderful. She likes to tease and she's very fond of the fact that I'm older than she is. And the lowest moment of our relationship was when I told her how stricken I was that I'd received my Medicare card in the mail, she laughed out loud. And I haven't quite forgiven her for that yet, but I will eventually. (Laugh) But she's a delight. We are friends. Over the last year we've done a number of things together beyond learning how to use that crazy computer. We made a trip to Omaha to go to celebrate her birthday with friends and she did indeed get to have her beer and pizza. We've learned how to express some of her concerns and needs to the staff that she was having difficulty doing before we met and before I got to know her a little better. As you saw in the picture, we attended a picnic this summer. We have watched movies, we've read books, we are planning a movie and inviting some of her friends. Her friend that's in the picture, Tammy, and who has an advocate as well, we're planning a night of just fun. We've attended Halloween and Christmas and Valentine's parties at the nursing home together. We've danced, you know, to a group from Crete that sings polka tunes (laugh) and other things. In other words, we've had a good time but we've always dealt with serious issues. Liz was not happy with who had her medical power of attorney and so we made some changes in that. Liz is interested in possibly changing her place of residence and I've helped her make application or a change of residence. I've learned about her sorrows and her hopes and about who she is spiritually and I've come to love her very much. Not very long ago, when I was telling a friend a little bit about this, they said, well, you know this is great you're doing this, but what's in it for you? You know, what can she do for you as a friend? And I said, every time she sees me her face lights up, what more could I ask? I would never have met Liz, we would not be friends if it were not for Citizen Advocacy, for their introduction and for their support as we were building our fragile relationship in the early days. So I ask you to, you know, consider their request for some additional funding to support this

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wonderful program. Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you for coming in, Pat. Thank you for coming in and testifying. [AGENCY 20 AGENCY 25 AGENCY 26]

JOHN LAKEY: Okay. Are there any questions? We'd be glad to... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Do we have questions? Danielle. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Well, I just wanted to say, welcome, Pat. [AGENCY 20 AGENCY 25 AGENCY 26]

PAT SHAFER: Hi, how are you Stephanie (sic, Danielle)? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: It's always so nice to see you. [AGENCY 20 AGENCY 25 AGENCY 26]

PAT SHAFER: Good to see you, dear. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: And thank you for sharing your experience with the committee. I knew that your service to our community was multifaceted, but I did not know that you participated in this program. So thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

PAT SHAFER: This is what retirement will do for you. (Laughter) Gives you a chance to do some new things. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR WIGHTMAN: I want to make a comment first. And I thank you for all of your services and it's a tremendous story. I guess, I just wanted to ask you, Mr. Lakey, for all of these services are we paying any health insurance for any employees? [AGENCY 20 AGENCY 25 AGENCY 26]

JOHN LAKEY: Not in Kearney. I can't speak for the other, but I know we're not in Kearney. (Laughter) [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Synowiecki. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Appreciate your story. It was very enlightening. [AGENCY 20 AGENCY 25 AGENCY 26]

PAT SHAFER: Sure, sure. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Sounds like the relationship with your friend has done just as much for you as you've done for her. [AGENCY 20 AGENCY 25 AGENCY 26]

PAT SHAFER: Indeed it has. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: And this is a remarkable program. I've advocated for this program in the past with this committee and I will continue to do so for this additional appropriation. It really is a volunteer-based program. There is only one paid employee, as I understand,... [AGENCY 20 AGENCY 25 AGENCY 26]

PAT SHAFER: At each site, yes. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR SYNOWIECKI: ...the coordinator. And stories like this abound tremendously throughout the program. And I'm particularly excited because the Omaha Advocacy is going to get started here; they're in the formulation process as I understand it. So I particularly appreciate you coming to the committee today, particularly appreciate your service, your volunteer service and it's a great program and thanks for informing us of that. [AGENCY 20 AGENCY 25 AGENCY 26]

JOHN LAKEY: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

PAT SHAFER: You're most welcome. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you for coming in. [AGENCY 20 AGENCY 25 AGENCY 26]

PAT SHAFER: I do need my picture back, please. (Laugh) Liz would be very upset. Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: (Exhibit 44) Good evening senators. Senator Heidemann and members of the Legislature, my name is Mary Ann Borgeson, M-a-r-y A-n-n B-o-r-g-e-s-o-n. With me today I do have my executive director of the Office of Aging, Bev Griffith (phonetic), and a recipient of some of our services, Karen, who will make a brief statement after I'm finished. I am the chairperson of the Eastern Nebraska Office of Aging's governing board. ENOA is one of eight members of the Nebraska Association of Area Agencies on Aging, which you heard from just a little bit ago. My purpose here today is to request \$1 million in additional state funding for fiscal year '07-'08 for ENOA, the agency that provides programs, information and services each year for more than 30,000 older adults in Douglas, Sarpy, Dodge, Cass and Washington Counties. Like the other Nebraska Area Agencies on Aging, ENOA's programs and services are designed to keep men and women, age 60 and older, living safely in their homes for as long as possible and to reduce or delay the number of nursing home placements. ENOA began

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fiscal year '06-'07 facing a deficit of nearly \$500,000 in its \$10.5 million annual budget. We responded by eliminating six programs: the Caregiver Information Project, caregiver supplemental services, a care manager for the Omaha Housing Authority senior high-rises, lawn care and snow removal, mental health counseling services, and the Golden Carriage medical transportation program, along with cutting four staff positions, merging two staff positions and closing three senior centers--one in Gretna, Elkhorn and Scribner. At various times during the first half of fiscal year '06-'07, we had waiting lists for homemaker services which are services such as cooking, cleaning, laundry for the older adult that is unable perform those tasks themselves. We also have a waiting list of more than 500 clients who need an emergency response system in their home. And this is a system that summons help 24 hours a day by just pushing a button that...a device that's worn around the individual's neck. Despite the 3 percent increase in state appropriations for each of the last two years, which we do deeply appreciate, ENOA also had to eliminate transportation to our nutrition services, another staff position, Handyman programs in Dodge, Cass and Washington Counties, and the Tax Counseling for the Elderly program. These cuts totaled \$201,800. Several factors were responsible for the '06-'07 deficit, including the loss of nearly \$155,000 in federal Older American Act funds, increases in the fees charged to ENOA by several of its contractors, a reduction in client contributions, a 5 percent increase in employees' health cost, rising gasoline prices, and increases in the cost of outsourcing payroll production and the agency's annual audit. In addition to efficiently providing the basic programs and services which keep thousands of older Nebraskans in their homes, ENOA also saves the state taxpayers more than \$5.2 million each year through the Medicaid Waiver program, which is \$5 million, and the Medicaid Personal Assistant program, which is \$200,000. Through the Medicaid Waiver program, ENOA's service coordinators evaluate Medicaid-eligible older adults to determine whether nursing facility, in-home or community-based care is the most appropriate for these men and women. The state contracts with ENOA to provide RN case managers to assess the needs of individuals eligible for Medicaid personal assistant services. ENOA determined the appropriate number of hours needed to meet each of the individual's health care

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needs. Each year the state provides approximately \$6 million for aging services in Nebraska. Of that \$6 million the state allocates for older Nebraskans, ENOA receives \$1.6 million. That breaks down to approximately \$17.39 per year for each of the 92,000 residents of Douglas, Sarpy, Dodge, Cass and Washington age 60 years and older. Each month ENOA receives an average of 200 to 250 new intakes for older adults requesting programs and services that will allow them to remain safely in their homes. These callers' average age is 79. During the next 20 years, America's Baby Boomers will become the population most often served by the nation's aging network. In Douglas and Sarpy Counties, the average age-60 population is expected to grow 77 percent from 1990 to 2020. The age-80 plus population is projected to increase by 355 percent during that same period of time. For the nation to meet the demands of its Baby Boomers, there will be greater emphasis on providing community-based and in-home services which will delay alternative living situation placements. In earlier testimony before this committee, the Nebraska Association of Area Agencies on Aging requested an additional \$500,000 for case management services and \$1.5 million more for Community Aging Services Act funds for fiscal year '07-'08, which ENOA supports. But based on the current population totals and the expected growth in the number of older adults in the five-county area we serve, I'm requesting an additional \$500,000 for case management and \$500,000 more in CASA funds for ENOA next year. My request for the additional \$1 million for ENOA is the agency's proactive response to the growing need for in-home and community-based services. I know you have a tremendous task before you. Being on the county board, I think at times that's overwhelming. I've learned plenty sitting here during the entire presentation today. (Laughter) I wish you luck. (Laughter) But I'd be happy to answer any questions. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you for coming in and testifying today. Are there any questions? Senator Wightman. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Could you give us a little idea of how many people are served

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by your Eastern Nebraska Agency compared to say statewide? [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: We serve 30,000 individuals in the five-county area. I don't know if we have...can you come up here? [AGENCY 20 AGENCY 25 AGENCY 26]

_____: (Inaudible, from audience.) [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: Forty percent? [AGENCY 20 AGENCY 25 AGENCY 26]

_____: (Inaudible from audience.) [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Of the state total? [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: Of the state total. [AGENCY 20 AGENCY 25 AGENCY 25]

SENATOR WIGHTMAN: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Just to clarify, at the end of your written statement here you say your request for the additional \$1 million for ENOA is into the year 2007-2008. Are you requesting just for the first year of the biennium? [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: No, that would be additional for the '08-'09 as well. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: So you're request would be... [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: For the biennium. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR HEIDEMANN: ...for both years in the biennium? [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: Both years, yes, sir. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: The \$1 million is for both? [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: Yes, sir, yes, sir. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: That was a little confusing. Just wanted to clarify. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: Um-hum, sorry. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: This is in addition to what had previously been requested? [AGENCY 20 AGENCY 25 AGENCY 26]

MARY ANN BORGESON: Yes, sir. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay, okay. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you for coming in. [AGENCY 20 AGENCY 25 AGENCY 26]

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MARY ANN BORGESON: Thank you. I'm sorry. Karen, on the recipients, had a quick comment she wants to make to the committee. [AGENCY 20 AGENCY 25 AGENCY 26]

KAREN BERNA: Good evening and thank you for your time. I also sat this afternoon and am amazed at all that has transpired here this afternoon. It was a good learning experience and I appreciate the opportunity to have five minutes of your time. My mother...oh, first off, my name is Karen Berna. That's spelled B-e-r-n-a. And my mother is 84 years old and she has lived with us and our family for the past 14 years. Part of that time she had minor health issues, but she could basically take care of herself and it was a workable arrangement and we all had our own independent lives. I was working full-time. We still had our family at home, that sort of thing, it worked out fine. But all of that changed in January of 2003, when she blacked out at one of the senior centers while playing bingo and found out that she needed to have a pacemaker implant and there was other complications. That hospital visit ended up to be four weeks. From there she went to a rehab center for five weeks. And when the physical and occupational therapists were working with her they kept commenting about why she couldn't walk a straight line. And she just happened to have an appointment with her eye care specialist only to reveal...have him reveal to me that she had a stroke and that was a total surprise to me and my family. And as a result she lost her left peripheral vision in both eyes, her mobility and balance and short-term memory. So as a result of all of that, our lives have changed tremendously. And she's lacking the confidence to do self-administration of medications and her diabetes management basically because of the fact of the low vision. And as a result and consequently, I mean, she's still one of the lucky ones when we do a comparison to what other people have gone through. As all of this transition took place, I felt there was this invisible web of responsibility and dependency that just grew deeper roots. And I felt for the longest time like I was the Lone Ranger and this was my total responsibility, even though I have two older brothers. And you ask yourself many questions: How did I get into this predicament? Why is it only my responsibility when there's other family members? I felt resentment towards them when I hear about the special getaway weekends because of a birthday

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or an anniversary. Well, I had some of those same identities as well. And worse off is what about my future, because I wasn't employed at the time because I was taking care of her. And caregiving was one of the hardest jobs I've ever had in my life, and it's like I'm not getting any monetary compensation for doing this, nor is anyone building up my 401(k) by making contributions to my retirement. And as a result, you start asking yourself, what's going to happen to me in 15 years? Do we repeat this whole cycle with my children or what? And then to complicate that even further, all of a sudden we had this knock on the door and our sole breadwinner, which is my husband, was diagnosed with cancer, and that complicated the issue even more. So, needless to say, we were a very dysfunctional family. There was a lot of emotional stress, financial burden among many other things, but we were survivors. We got through some of this. I don't know if you want to say we were lucky or not, but I think part of it is we knew how to help ourselves and how to resolve some of the situation. And I did a lot of research on the Internet and I kept thinking to myself, what happens to all these other people who don't take that initiative to help themselves? And luckily, I had discovered the ENOA and I had nothing to lose at this point, but everything to gain, to reach out for help, and that reaching out is one of the most difficult things that I've ever had to do. And I'm glad I did it because the networking was fabulous. Little did I know that there was many services under the roof of ENO that we were already implementing in place. One of them was the Lifeline, which had been a security for me more so than for Mom, so when I had to go to the grocery store or something at least I knew she had that means of asking for help. We've been using the various senior centers. We had been aware of Meals on Wheels but, because she had me in the environment, we didn't need to use that, nor did we need to use senior transportation. But little did I know at the time that that was all under this umbrella of ENOA. The division of aging has made a big difference in our lives. It has given me an opportunity to escape from these requirements that my mom has for me. I was able to go and attend my son's wedding, which was out of the area, and I would have never been able to do that, so I'm very appreciative of all their help with that, in addition to the fact that they did provide some financial assistance for this respite care, which I never would have had otherwise. In addition to that particular

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situation, there's a respite subsidiary program and they have helped me tremendously with that as well. So in addition to all of that, they have given me the best thing and that's the hope, that I'm not the Lone Ranger out there and this isn't always on my shoulders. So my point to all of you is thank you for all that you have done and for your consideration for any type of budget changes or anything else that you can do, because I'm here to tell you that it does work and I appreciate any of the help that we can get. So thank you for your time. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any questions? Senator Nelson. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NELSON: Is it safe to assume that your mother has limited financial resources? [AGENCY 20 AGENCY 25 AGENCY 26]

KAREN BERNA: Most definitely. She is one of these situations where it's like do we...I've completed the Medicaid application but by doing...submitting that, she can either do her Medicaid or she can do her...we'd have to forfeit her limited health insurance that she does have right now, because we can't have both. And I'm very leery about giving that up because when that program went into effect, she was getting dialysis for kidneys if needed and, because she is a diabetic and because she has had some bladder failures in the past, this is an important thing to have. And I've been told that if we surrender that, we'd never be able to duplicate it today because no insurance company will even touch it. So it's a real fine line as to do you or don't you, and I'm not versed on a lot of this so I'm proceeding very cautiously. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NELSON: Well, I just hope on behalf of the committee want to thank you for taking care of your mother at home and for the sacrifices, and I just wish we had more people that are willing to do that. So thank you very much. [AGENCY 20 AGENCY 25 AGENCY 26]

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KAREN BERNA: Well, thank you. It's been very difficult because, financially, we're in a very bad situation right now with the cancer and all of the medical bills and that sort of thing, and it's been very, very difficult but it is the right thing to do. And I feel that sometimes when one door closes there's another one that opens and there's a reason for it. So trying to stay positive and trying to figure out how I can get back into a full-time position to earn some money to take that pressure off but still take care of Mom the way she needs to be done. And I realize that our situation is still relatively probably easy compared to what some of these other caregivers are dealing with every day, and so I try to keep it into perspective that way. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NELSON: Thank you very much. [AGENCY 20 AGENCY 25 AGENCY 26]

KAREN BERNA: So thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you very much. Any other testimony on this agency budget? At this time, just looking at the hour, out of curiosity, how many other people are going to testify on this agency budget? (Laugh) I am going to tell you right now that you've waited six hours. You will get your five minutes. I can't guarantee your funding, but I can guarantee your five minutes. (Laughter) We do ask that you keep it as short as possible and concise. If you have written testimony, if at all possible you can hand it to us. We will have it on a record and if you can summarize; if not, though, we're with you. I want to thank everybody for their patience. It's been a long day for all of us. [AGENCY 20 AGENCY 25 AGENCY 26]

JERRY McCALLUM: I'll say a whole bunch in a little bit of time, Chairman. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

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JERRY McCALLUM: Good evening, Chairman Heidemann and the rest of the Appropriations Committee. It's a pleasure for me to sit before you and testify on behalf of Agency 26, Program 38, which is Behavioral Health. First of all, I want to commend all of you. I've been sitting here, listening to all of you about your concerns of accountability. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR KRUSE: What's your name, Jerry? (Laughter) [AGENCY 20 AGENCY 25 AGENCY 26]

JERRY McCALLUM: Oh. Jerry McCallum, J-e-r-r-y M-c-C-a-l-l-u-m. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR KRUSE: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

JERRY McCALLUM: I'm Madison County Commissioner and I'm on the Region IV executive board and regional board, and I'm also president of NACO, the national association. Thank you, Senator Kruse. Where was I at? Anyway, your accountability and concern for the dollars spent in behavioral health, I really appreciate that because that is something that you've been elected for, and now we're asking you for support to run a system that is very complex. We have people who need services. It's been underfunded forever. All of us know that. And I might answer Senator Synowiecki's question on why boys from Kearney going to Hastings maybe don't get involved in the private sector or private providers, is because I don't know if maybe the funds aren't there. That's one of the reasons I would say, an opinion. Senator Harms, I will answer your question about changes. Yes, they cost drastically. I was kind of involved in LB1083. When it came around, Governor Johanns invited a bunch of us in. We talked about LB1083. The senators of the Legislature okayed it. It was the way to go. I think we should fund it until it's been completed. We have to take the bull by the horns. It's going to take money. There is no doubt about that. There's people out there who are helpless. They have no way to have scholarships to go to college. They have to be

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taken care of by us. We have to think about that when we start cutting budgets on Health and Human Services. It's very, very difficult for me to see someone who needs services and they're not available. It happens every day out there. We need to move in a direction where...when this thing kind of hit us, we're like an airplane flying along. When LB1083 was injected, we went into a whirl, and now we've got it leveled out, starting it to fly again, and I'm asking you please don't let us down now because it could be really crippled if you did. We have a mess, I think. I'm asking you for \$5 million bucks, strictly used for more capacity in our regional centers, in our emergency centers where EPCs and where the...the law enforcement needs help, you guys. They need it bad. They're running around all over the state looking for places to put people. I could read you a letter right now, if you want me to. Just let me read this letter to you. It's from a sheriff, Platte County: Dear Senator Stuthman, I'm again venting my disgust with the state of Nebraska's mental health system. We were called to the east-central district health department last evening regarding a female. They'd felt she'd undergo an EPC...an EPC. After taking the female into custody we once again began the phone call saga. After Lieutenant Schuller (phonetic) spent nearly four hours on the phone, talking to everyone, including the director of Region IV who stayed up with me till midnight, it came down to the only place in the state I had an open bed was Scottsbluff, Nebraska. Schuller (phonetic) was told by Region IV and Faith Regional in Norfolk, Nebraska, the next opening in Norfolk would not be for another two weeks. It is completely unacceptable for us to make an eight-hour trip to Scottsbluff to EPC someone and then have to turn around a couple of days later and make another trip bringing her back. And he goes on and on about this trip. You know, committee, we're building penitentiaries to hold felons, costing us millions, and can't we afford a 300-bed unit or something in this state to take care of our mentally ill? I'm asking you. This is not fair, and I'm asking you for the \$5 million, just a mere \$5 million, because I...the reason I'm asking you for that is I think the \$25 million that was allotted to us as a result of the expenses of the regional center has to be turned over, and running a parallel system back into human health and should follow the consumer into...I'm not too sure that the Consumer Price Index was following that \$25 million. Prices go up. Costs go up. And if we're just now only getting

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the \$25 million there should be, since 2004, an increase in those funds to take up for the costs of production, costs of whatever it takes to serve. That's the reason I'm asking for the extra money, and I think we can...let us take that budget and we'll run with it this year. I accept the Governor's budget, other than that, and we'll run with it. Governor Heineman is intent on making LB1083 work. He will...and I've talked to him personally in the last week. His intent is to make it work. And I know funds are short, but let's think about what we're doing with the mentally ill. Thank you very much. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you for testifying. Are there any questions? Seeing none, thank you very much. [AGENCY 20 AGENCY 25 AGENCY 26]

JERRY McCALLUM: You bet. [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Good evening. Promise I'll be brief. Chairman Heidemann and members of the Appropriations Committee, my name is Patty Jurjevich, J-u-r-j-e-v-i-c-h. I'm the administrator with Region VI Behavioral Health Care. Our Region VI board chair, Mary Ann Borgeson, is also here with me this evening to talk about behavioral health. I appreciate the opportunity to speak to you about behavioral health services in Region VI, and I want to thank the committee for your previous support and commitment to address the behavioral health needs of our citizens. I am here this evening to ask for your assistance to ensure that existing behavioral health services in our community remain viable and strong. The committee's preliminary report includes a 2 percent rate increase for behavioral health. I am requesting your consideration of a 3 percent rate increase. A 3 percent rate increase helps ensure that behavioral health service providers in our community can maintain the amount of services currently offered, as well as sustaining the required quality of care. In Region VI, we have worked hard to develop services that meet the needs of our citizens, and we cannot afford to lose service capacity and, subsequently, serve fewer people. There is an unprecedented level of commitment by our community-based service providers. We need your help to

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provide them with the financial resources necessary to continue serving individuals in need of behavioral healthcare. Your support of a 3 percent rate increase is a critical element in our successful continuation of services. I am also asking for your consideration of additional financial resources to meet the needs of our citizens so that we can complete behavioral health reform. LB1083, behavioral health reform, passed three years ago. In Region VI, because of these additional funds through LB1083, we've had the opportunity to develop services and processes to better meet the behavioral health needs of our citizens. Everything that was asked of us we did, and we did it with a level of dedication and enthusiasm seldom seen before that. Consistent with the intent of LB1083, we were asked to develop a plan that described our needs, and we did that. We were asked to develop services with a fraction of the money that we said we needed, and we did that. Since our reform funded services started shortly over two years ago, we have transitioned back into our community 164 individuals that were in a regional center. In addition, 402 individuals were diverted from even going to a regional center because their behavioral health needs could be met through community services. And now, three years into behavioral health reform, our services are filled and we continue to be asked to do more and serve more people. We have worked to identify additional services needed to further the reform efforts. This, of course, requires an additional financial investment to make it happen. A priority area for discussion in Region VI is the development of the behavioral health recovery center. This statewide resource for services and education is moving forward with significant conceptual support. Of concern, however, is that funding of the operation may shift current financial resources from other Region VI community services. It is our hope to obtain additional funds to support the recovery center and to permit the continuation and/or development of services in our community to allow the recovery center to reach its full potential in the system. We also need assurances that all the funds promised through the passage of LB1083 come to community-based services. This is a critical time for behavioral health reform efforts in Region VI and in Nebraska. We know there is much more to be done. So I come to you and I say we are ready, we are willing, and we need your support to get us there to finish what we've started through behavioral health reform. So I thank

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you for your time and your consideration of this request. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you for testifying. Is there any questions for Patty? Senator Synowiecki. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Patty, thanks for sticking around. You know, it's been a slow process in Region VI, but we've made a lot of headway, haven't we, in terms of... [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: We certainly have. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: ...developing and getting enough services in the community. [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Yes, we have. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: And I kind of want to congratulate you and your board for the hard work you put in. My question is relative to, we are...have some parallel reforms going on. We have LB1083, which I think is significant public policy, shift change in public policy, but we concurrently have LB46 reforms in the criminal justice system, and for the first time the criminal justice system, if you will, contributing to the treatment needs of the offender community, which for years, and I'm very well aware of this, for years has been taken and assumed by Region VI, and your network of services in Region VI have provided the services to that offender community. [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Uh-huh. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Now, with the onslaught of probation fees, General Fund

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appropriations, the probation department, in collaboration with the community corrections council, has developed a voucher program whereby the voucher follows the offender to the services they pick. And my concern with that is has...you know, I guess it's a question, is the...how much collaboration was done with Region VI? Again noting that you have proven that you can get services up in the community to meet the needs or to try to meet the needs of the vulnerable population within your jurisdiction, what type of collaborative efforts have been executed between you and the probation community and the voucher program within Region VI? [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Senator, there were discussions that took place early on with the staff responsible for developing that program. They, I think, were wanting to make us aware of how the program was going to work and certainly at that time we had concerns about the capacity that was available in our substance abuse treatment community to meet the additional needs that would be required for additional individuals to come into that system. Certainly in virtually all of our services we have a wait list, even before that program started, so we did go on record with them with our concerns that we would all kind of be bumping into the same capacities, trying to access those same services. So beyond those initial discussions that we had with them, we really have not worked closely after that. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: And as a follow-up to that, that's been my impression as well, that the problem within Douglas and Sarpy County, the more metropolitan area, is capacity issues. And while...let me put my old probation hat on for a moment, and you would have an offender, you'd conduct the presentence investigation, and not at any one time had I ever had, and this was a Douglas County probation officer, not one time was any individual that I supervised denied treatment at any level, whether it be residential, whether it be outpatient, whether it be an education program. Not one offender was ever denied treatment because of the lack of funds. They all went into your system, into the regional behavioral health system, and they received services.

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The problem was the wait, and that's when we lose them. [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Uh-huh. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: There would be a four-week wait, an eight-week wait for residential level or for outpatient care or for intensive outpatient, and we would lose them because of the capacity issues. Now they sit in a wait line with a voucher, you know, so it just doesn't make a whole lot of sense to me and I'm trying to navigate through this. And I just would like to get your feedback on that, on my perception, of what's going on in Region VI. []

PATTY JURJEVICH: Uh-huh. Sure. Right. Well, and... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: And also, if I might follow up, Patty, on the fact that we're probably blowing an opportunity for more capacity development. We have an infusion of treatment funds, significant amount of treatment funds under the criminal justice arena, and we're not going to get one bed in Region VI because of it. I mean that is...that's a problem, it's a significant problem, and I would hope that we'd have some representation from Region VI when the community corrections stuff is discussed here tomorrow, that this committee become cognizant of what's going on and that we begin to constructively work this program on a collaborative level so that we develop capacity. What you and what the county commissioner just before you spoke to, that's what's needed. [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Uh-huh. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: And to have individuals wait in line with a voucher for services is not constructive and it's not meeting the needs of the offender community.

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And if our goal is to reach out and grab an offender population that's now going to the penitentiary, we don't have the capacity to put them anywhere and we're not developing it. [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: And I would say that it's my understanding that the belief on the probation side was that if these additional dollars were available for substance abuse treatment that capacity would expand by itself,... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Patty,... [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: ...and my response is this is something that has to be orchestrated. We have a long history of orchestrating capacity development and expansion so we can bring those, that skill and expertise, to the table to assist with that. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: I couldn't agree with you more. And given the history of LB1083, you know darn well there's not one private-based community provider that will develop capacity based upon a voucher program. [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Right. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Isn't that a safe assumption? [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Yes, that is. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: I hope that we have some representation from the regional behavioral health system when we have that discussion tomorrow. And thank you.

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[AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions of Patty? Seeing none, thank you very much. [AGENCY 20 AGENCY 25 AGENCY 26]

PATTY JURJEVICH: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

BRIAN KRANNAWITTER: (Exhibit 45) Mr. Chairman, members of the Appropriations Committee, my name is Brian Krannawitter, and I am the advocacy director for the American Heart Association, and that last name is spelled K-r-a-n-n-a-w-i-t-t-e-r. And I just want to thank you for the opportunity to speak here today in support of funding for tobacco prevention and cessation programming. The toll tobacco takes on Nebraska is enormous. Nearly 22 percent of Nebraska high school students smoke; 2,200 additional Nebraska kids every year become new, regular, daily smokers; and 36,000 kids alive today will ultimately die from smoking, given the current smoking levels. The CDC also estimates that Nebraska's annual tobacco-related healthcare expenditures, directly caused by tobacco use, to be at \$537 million, with the state's Medicaid program total health expenditures caused by tobacco use at \$134 million. A proven effective method of addressing youth smoking and helping adult smokers quit is through significant funding of comprehensive tobacco prevention and cessation programming. What the experts at the CDC refer to as a comprehensive program is one that follows the programmatic elements of public education, cessation, community programs, enforcement, and monitoring and evaluation. With respect to funding, several years ago the CDC established minimum recommendations for all the states with respect to tobacco prevention/cessation. For Nebraska, the CDC minimum recommendation is \$13.3 million per year for a comprehensive tobacco prevention/cessation program. In terms of current funding, \$2.5 million, from the Tobacco Master Settlement Agreement dollars, is allocated toward tobacco prevention/cessation, and this is administered by

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Nebraska Health and Human Services. While ultimately many of us in the public health community would like to see Nebraska reach the CDC minimum, we realize that is a large increase. That being the case, we believe it is very reasonable for the program to be funded \$7 million annually. When the program was first put together, the planning was based on the CDC best practices and the \$7 million figure, I believe, was back in around the year 2000 or so. Well, since then the funding has fluctuated a great deal, from \$7 million to, I believe, zero dollars in terms in Tobacco Master Settlement dollars in 2003 or 2004, and currently the past two or three years at \$2.5 million level. So in a sense, what we're asking for is a reinstatement of the original amount of \$7 million. There are a variety of reasons why we support this increase in funding, including saving lives and saving money--the obvious. As I pointed out previously, the toll of tobacco on our state is enormous. Another reason is the comprehensive approach and funding are both key in terms of establishing an effective prevention program. While the program follows and excellent job of following the CDC guidelines, the other half is having the resources to do it, which unfortunately it does not. If you just take one component, take the media component, which Nebraska spends, I believe, less than \$1 million a year on, it is incredibly difficult, if not impossible, to effectively run a public education campaign when going against \$91 point million that is spent each year on tobacco advertising and product promotion in our state. And certainly while not the CDC minimum, it would bring us much closer to the CDC recommendations. And finally, another big issue, which I passed...which I had a handout passed out to all of you, is the money. Is it there? And indeed, it is, by our analysis. We took a look at the dollars coming in from the Master Settlement Agreement and certainly the one thing we did not want to do was hamper any funding that goes to the entities supported by LB652. And at least based upon our analysis, they would not. And I had my assistant, who's much better at addition than I am, do some figuring of the totals. The Nebraska Investment Council does some analysis and they give a report to the legislative Clerk every year on the sustainability of the \$52 million that goes to LB652 recipients, and they take that by adding the total healthcare contributions from tobacco and the Medicaid intergovernmental transfer funds, and the expected returns, and then they determine if it's sustainable. Well, from

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2007 to 2016, and I apologize, I'll have another copy of this made and give it to the committee, here's some of the amounts. In 2007, the total amount is \$73,787,558. Certainly this can support a \$52 million contribution. In 2008, it's \$77,722,000. And the bottom line is the lowest amount in the next ten years that's estimated from the Investment Council is \$68,507,000. And so we feel, based upon the numbers given by the Investment Council, that actually you can make the case that you could support the full CDC minimum. But if, you know, to be conservative and to give us a safe buffer, if you will, certainly we think the \$7 million is doable, and that would be an increase of a total of \$4.5 million from what is there now. I'd be happy to answer any questions. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Is there any questions for Brian? Seeing none, thank you for testifying this evening. [AGENCY 20 AGENCY 25 AGENCY 26]

ROGER STORTENBECKER: (Exhibit 46) Mr. Chairman, members of the committee, my name is Roger Stortenbecker, R-o-g-e-r S-t-o-r-t-e-n-b-e-c-k-e-r, and I hope that my brevity doesn't belie my sense of importance on this. Right to the point, I work for Development Services of Nebraska. We're a community-based developmental disability service provider. I testified before you on LB229 earlier about staff turnover and relationships. I'll not go into that again. We appreciate the 1 percent proposed increase, the effort there, but I'm concerned, very concerned, that that won't be enough. And I would just leave it with encouraging the committee to stick with a rate methodology, tying the increases to state salaries. I'd be happy to answer any additional questions that you might have. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you for coming back before us again this evening. Are there any questions for Roger? Seeing none, thank you very much. [AGENCY 20 AGENCY 25 AGENCY 26]

ROGER STORTENBECKER: You're welcome. [AGENCY 20 AGENCY 25 AGENCY 26]

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CHARLOTTE BURKE: (Exhibits 47 and 48) Chairman Heidemann and members of the Appropriations Committee, my name is Charlotte Burke, it's C-h-a-r-l-o-t-t-e B-u-r-k-e, and I'm here representing the American Cancer Society as a member of the board of directors for the High Plains Division, and I do appreciate the opportunity to talk to you today about support of funding for tobacco prevention and cessation efforts across the state of Nebraska. I have written testimony here that I'd like to provide, and I also am providing a letter of support from the Public Health Association of Nebraska. I'll just summarize my testimony, because it is...it supports what Mr. Krannawitter had just testified on. The Cancer Society is certainly known for its efforts in dealing with cancer screening, early detection, etcetera, but it also deals very aggressively with ways to prevent cancer. We know that in Nebraska, in 2007, there is going to be an estimated 1,190 new cases of lung cancer that will be diagnosed, and 900 Nebraskans will die of lung cancer. Certainly, tobacco use is a contributing factor to many other cancers and to cardiovascular disease, as well as many other chronic diseases, and death from tobacco use is definitely preventable. The Center for Disease Control and Prevention has proven that a comprehensive approach is the most effective way to prevent tobacco use. Education is great, but education alone does not do the trick. Certainly education combined with media countermarketing, enforcement, youth empowerment, and cessation opportunities do make a difference. The state's Tobacco Free Nebraska program does a good job of using this multipronged approach to tobacco prevention with the funds that it currently receives, but so much more could be done in more communities across the state if additional funds were available. I am asking that the amount of Tobacco Master Settlement Agreement funds that will go to the Tobacco Free Nebraska program be increased to \$7 million this year. From the ACS perspective, adding more funds from the Tobacco Master Settlement Agreement to the Tobacco Free Nebraska program is an investment in Nebraska's future. As was mentioned before, we are spending a lot of money every year in health-related and tobacco-related health expenses, and a lot of money in Medicaid expenses that are tobacco related, and how can we not afford then to put more money into tobacco prevention and cessation?

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Increasing funding for the Tobacco Free Nebraska program also supports what ACS believes the intent of the Tobacco Master Settlement Agreement to be and that is to provide funds for tobacco prevention. So on behalf of the American Cancer Society, I ask that you increase funding to the Tobacco Free Nebraska program to \$7 million per year. And thank you, and I'd be happy to answer any questions. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Engel. But just really shortly here, I believe, by statute, that we can only to do \$2.5 million a year. We would actually need a bill to increase this funding, the way I understand it, just to let you know that. [AGENCY 20 AGENCY 25 AGENCY 26]

CHARLOTTE BURKE: Uh-huh. And I can't speak to that. I'm sure someone else could. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Okay. Any other...Senator Engel. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: How effective has the cessation program been working? I mean, there's been money spent on that. Have you had any statistics yet, or not? [AGENCY 20 AGENCY 25 AGENCY 26]

CHARLOTTE BURKE: Well, I can...certainly from the beginning of the dollars that went into the program, there was a lot that was done with tobacco cessation regarding the Quitline. As funding then went away, that Quitline went away. It has now been reinstated and the numbers are starting to come in. I can tell you that I'm very familiar with Lincoln, because I live here, and I can tell you that in Lincoln using the multipronged approach that I was suggesting through my testimony I believe that that has made a significant difference in reduction in both youth...tobacco use rate and in adult tobacco use rate. In just the last three years, the adult tobacco use rate has gone

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down to, our latest statistics are, 16.8 percent, which is a really relatively low number, and that represents more than 12,000 people in just the last three years that have quit smoking in Lancaster County. So, from the standpoint of a comprehensive approach, I certainly believe that that is the way to go. And the funding to be used across the state is, in my opinion, very much needed. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Thank you for your testimony.
[AGENCY 20 AGENCY 25 AGENCY 26]

CAROLYN THIELE: (Exhibit 49) Good evening. I'm Carolyn Thiele, T-h-i-e-l-e, and I'm the vice president of Nebraska Professional Services for Heartland Family Service, which is a nonprofit social service agency that serves Omaha and southwest Iowa. I have some written testimony here that you could pass out. I'm here tonight to follow up on a written request that Heartland Family Service made to you at the end of January. It's kind of an unusual request. We are asking for an appropriation to Health and Human Services, Behavioral Health Division of \$226,000 for fiscal year '07-08, and \$372,000 for fiscal year '08-09, and asking that this funding be designated to be for...be designated to Region VI behavioral healthcare so that they can make the 40 percent match to the Medicaid dollar that is needed for Heartland Family Service to bill Medicaid for a residential substance abuse treatment program for pregnant and postpartum women. The reason that we're asking for this request is we have been granted a three-year SAMHSA grant from the Center for Substance Abuse Treatment--\$850,000. We're only able to access this funding if we're able to bill Medicaid for services for these women, because that is going to provide us sustainability of the program once our SAMHSA grant ends. The program is going to meet two very important goals the state has. One is providing treatment to a very high-risk population of pregnant and women who are parenting young children. It's also a program that's going to keep kids out of foster care because they're going to be able to stay with their mother while she's in treatment,

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rather than being placed in foster care. This grant is going to enable us to...well, first, let me say this is one of eight SAMHSA awards that were done with this round of funding. It is...we're going to be doing our program evaluation through the UNL Center for Public Policy. We're also going to be participating in a cross-site evaluation with the other seven sites across the country. This is the only Midwest grant that's been funded. With this, we have gotten support from donors in Omaha, with a commitment of over \$200,000 for the first two years of the program, and by billing Medicaid we're also going to be able to leverage about \$700,000 in federal funding. So I just urge you to support us by making this allocation to Region VI because it's going to enable the state to add another residential treatment program for women with children. Right now, the only one that exists is St. Monica's in Lincoln, which has a limited capacity. So I'd be happy to answer any questions. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: That will happen after three year, when the federal funding has stopped? Where will the funding come from at that time? [AGENCY 20 AGENCY 25 AGENCY 26]

CAROLYN THIELE: The funding would come by billing Medicaid, and then this allocation that we're asking for has a small amount of money in it for Region VI to pay for the women who would not be Medicaid eligible. We are planning to build a facility using a low-income tax credit financing, so that we would own a facility, so that with an owned facility and the revenue from billing Medicaid we'd be able to sustain the program. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: So after three years you wouldn't be back asking for more money? [AGENCY 20 AGENCY 25 AGENCY 26]

CAROLYN THIELE: We'd be asking for the 40 percent Medicaid match on an ongoing basis. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR HEIDEMANN: Okay. Okay, that's what I was after. [AGENCY 20 AGENCY 25 AGENCY 26]

CAROLYN THIELE: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Senator Synowiecki. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Carolyn, I guess I just don't understand. If a person is Medicaid eligible, they go to a residential level program and it's...Medicaid pays for that service. [AGENCY 20 AGENCY 25 AGENCY 26]

CAROLYN THIELE: Correct. The way the Medicaid waiver for adult substance abuse treatment was established, the regions have to provide the 40 percent state match for the 60 percent federal dollar for those services, for adult substance abuse treatment. It's only for adult substance abuse treatment. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you for your testimony. [AGENCY 20 AGENCY 25 AGENCY 26]

CAROLYN THIELE: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

BRIAN WATKINS: (Exhibit 50) Good evening, Chairman. Brian Watkins, W-a-t-k-i-n-s. I work with O.U.R. Homes. It appears to me that this committee needs a little reality talk, and I'm the one who's going to give it to you, after hearing all this testimony today. We're the boots on the street as it relates to behavioral health. We've been there. We've been walking the walk, talking the talk, doing the job for you for 40 years, almost 45 years. Now I'm going to talk about Program 347, but first I want to make just a couple comments about the tobacco deal. I think that's a good idea. We asked for the tobacco committee at Health and Human Services to come and do a cessation program for our

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people. People with mental illness abuse tobacco. They use tobacco as treatment for their illness. They're probably the worst abusers in the state. They also have the least amount of money and cost us the most when they have emphysema, other health problems. Well, the agency doesn't have any money for that kind of class. We'll give them some pamphlets. That's not service. That's nothing. We declined. We provide adult day rehabilitation at one of our facilities--best program in the state. I'm going to say that. Somebody else can challenge me on it, that's fine. What do we get from Region V? Nothing. We don't have any money. You're a provider in the region, but we don't have any money to provide for you for day rehabilitation. We're kind of the gorilla because we need 20,000 units, because we serve a lot of people. They're very ill. We do participate in the Title XX day program. What's happening there? Well, it's being reduced from five days a week to people that need it to have structure and stability in their lives with mental illness, down to three days a week. We're serving more people. We're still serving them, but we're not getting paid. Serving more people and getting paid less. The curve is starting to inverse for us. Now I'd like to start my testimony on Program 347: 347 is public assistance. We've missed it. (Laugh) The people that are getting Program 347 care in assisted living, 75 percent of those people in this state have severe, persistent mental illness. I'm talking about people that have lost their jobs, they've lost their homes, they've lost their families, they've lost their money. They've been in the hospitals. They've been in the crisis centers. They've been in the regional centers. They've even lost their minds. And where do they come to us from? They come to us from each of those places, O.U.R. Homes and other like providers, and we're paid under a system called AABD--100 percent state funded, along with their SSI. Because again, remember, these people are poor. And just traditionally we've paid for people with behavioral health problems under public assistance. Now that rate is currently \$32 a day, \$32.90 as a matter of fact, because it's \$32 to put "Fluffy" up in the kennel. Now I will tell you, I've cared for human beings, for 300 human beings, every single day, 365, for the last ten years at O.U.R. Homes and it costs a damn site more than it does to care for my dogs. And that's what we're paid. Now what I've asked for is a slight increase. I don't want parity with the private sector. We've talked about parities and

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salaries and 60 percent and 75 percent on different programs. I did ask for 60 percent if you want to tell programs like ours, that are similar to us across the state, 60 percent of what the private...average private pay sector is for assisted living, I'd do a cartwheel out of this place. I'd be happy with 40 percent. I'd be happy if you gave me the rate that you pay home health to give somebody a bath. I would care for them. I'd pay their insurance. I'd feed them. I'd staff them, pay the utilities. I'd do everything that we do for these people. I'd do all the supportive services for free if you'd pay me just that rate that you pay for a bath to home health. That's \$47 a day. Now something is wrong. It's just wrong. And so I'm here to tell you that there is an anomaly in our system. There's a black hole in behavioral health. We've called it the wrong thing. Health and Human Services has sort of ignored it because we've just done the job. We've saved this state millions and millions of dollars. Our outcomes are terrific. My staff is dedicated. But we're about at the end of our rope. We've put off deferred maintenance. We're losing all the benefits that we possibly can pay our employees. The discharges into the community are tougher because you're wanting to push them out of the regional centers and hospitals quicker. Job is not getting any easier, but we're dedicated to it and we want to do it, but if you don't pay us we can't do it. O.U.R. Homes is going to have a Y at the beginning. It's going to be called "YOUR" Home and it's going to cost you just a lot more money, because I know how much it costs the state or the county to run something--\$80,000 a year for veterans. We get \$12,000, Senator. That's your spread. You know, we're pretty effective at what we do, but just all we're looking for is I don't want parity, I just want fair. I just want to stay in business, that's all, and I want other like providers to be able to stay in business. If you have any questions, be happy to answer them. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any questions? Senator Nantkes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Thank you, Brian, so much for joining us, and thank you for all the time that you spent in our office prior to this hearing and dropping off all of that really

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informational material and for your services to this vulnerable population. [AGENCY 20 AGENCY 25 AGENCY 26]

BRIAN WATKINS: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Could I ask you a question? What is your actual request? Do you have a dollar figure or...? [AGENCY 20 AGENCY 25 AGENCY 26]

BRIAN WATKINS: What did you say the limit was, \$2.5 million? (Laughter) I actually in the handout, it was \$2.8 million if you wanted to raise the level to \$1,600 a month for those providing, I'd say, higher-structured services, and it was about \$2.6 million if you wanted to go across the board to all the AABD providers, and there are different levels of care, all the way from warehousing to sophisticated. If you raised it \$250 a month, that was about \$2.6 million across the board in that program. So the request is in there. I didn't want to go over that again. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Okay. Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

BRIAN WATKINS: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

TOM McBRIDE: (Exhibit 51) Good evening, senators. My name is Tom McBride. I appreciate the opportunity for everybody to hang around and listen to us. One of the things I want to...and it's M-c-B-r-i-d-e...to point out is tonight I'm representing a coalition of behavioral healthcare providers. In that organization is Nebraska Association of Behavioral Health Organizations, Children and Family Coalition of Nebraska, Nebraska Psychological Association, Nebraska Association of Homes and Services for Children, Nebraska Medical Association, Hospital Association, the Association of Private Practice Therapists, Nebraska Health Care Association, and Alegent. Think one of the things that Senator Synowiecki brought up during some previous testimony was, what do you do to think outside the box, what do you do think collaboratively? When you have a

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group of behavioral health associations, as depicted here, that's one of the things we're doing all the time, is getting together, you know, beg, borrowing and stealing from each other as far as programs, what's working, what can we do collaboratively. This committee has been the driving force that's enabled many private providers to keep their doors open in the past many years, and we appreciate everything that the Appropriations Committee has done to ensure that that happens. Yes, we had some...and I'm sure that there are different funding mechanisms, you know, each year, but from our perspective, as a provider, there were many years where we had no rate increases. And I think the one stretch we went through was six years without a rate increase. We're here tonight to respectfully...respectfully request that the 1 percent that the Governor has indicated in his budget, the 2 percent that the committee has recommended, that we look at a 3 percent increase, you know, for services in behavioral health--tremendously important services and programs for adults, for children, for families. And we've spoken with all of you before. You're familiar with our services. I don't want to belabor that. One thing I would like to, if I can add some mud to the waters from previous testimony about background checks, as a private provider of services, and we have...we are required to do various checks, the checks that we receive from the state, free of charge, are the adult abuse registry and the child abuse registry check, and we have to fill those out on anybody. It's direct care, volunteer, staff, whatever. We also have to check with the State Patrol for the sex offender registry list. But then the criminal history background checks that we provide or that we have to conduct, as private providers, we pay out of our pocket. The state is not paying us to do that. We also have to pay for the driver's license checks. We also have to pay for what they call the primary source checks for, like, psychiatrists or doctors where you, you know, the accrediting bodies and stuff want to see that you go back to the universities or wherever they received their medical degrees or certifications from, that you check there. So, you know, in regards to that, that's not something the state picks up. Depending on if you have someone that comes from out of state that comes into Nebraska to work that say with...has lived in the state 18 months, we still then have to go back out to those previous states and find out, you know, what kind of criminal

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history they might have had at that time. We really appreciate...we think that there are some things that can be done so we don't have these hearings, you know, lasting into the night like this. From our perspective, LB576, which you'll be hearing later on, establishes an annual rate increase based on the Consumer Price Index and also establishes a rate advisory committee, and we think that that's very important. There's other legislation that we'll be discussing, you know, with the committee and in other committees, and I would tell you we very much appreciate everything you have done for us and would really appreciate consideration of a 3 percent increase over a 1 or a 2 percent. And with that, I would take any questions. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you, Tom. Are there any questions? [AGENCY 20 AGENCY 25 AGENCY 26]

TOM McBRIDE: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Seeing none, thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

ALAN ZAVODNY: (Exhibit 52) We so should have ordered pizza. (Laughter) I am still Alan Zavodny, A-l-a-n Z-a-v-o-d-n-y, and we've already reached bedtime for my six- and one-year-old boys and their daddy, so I'm going to go fast. First of all, I respect Chris Peterson an awful lot. I just disagree with a lot she had to say tonight. We do have concern with the 1 percent. I am not reading this, so Senator Synowiecki saved us a lot of time by asking some of the questions he asked earlier that covers a lot of it. The second year, the \$950,000 for leave days is a big concern of ours. We'd like you to keep that in mind. I would respectfully point out that you've already passed LB283, which dealt with medication aides, and that was a really costly deal for us when they told us it was going to be a very nominal expense. We've had to expend hundreds of thousands of dollars to make that work, when they told us it would be a nominal little fee of \$8 per

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person. And now that we've moved it from three to two years, that's even more expense. I would, in response to some questions that have been asked, tell you, you might want to look at the cost of BSDC, price per person there, versus community based. We know we had figures awhile back that would compare that from \$90,000 to about \$50,000. It's a big savings in community based. And you asked about something else, where are other areas that could save money. A couple years ago you agreed to do LR42, which studied services coordination, and I think it was a lot cheaper for you before they became state employees. And I realize with that comment right there I probably dove into a swimming pool without any water, but those are areas where we've spent more money, which we might not have had to, and it'd be worth looking at that. With that, I am done, and thank you for your attentiveness and sticking around.
[AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you, Alan. Are there any questions? Seeing none, thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

ALAN ZAVODNY: Thanks. [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: (Exhibit 53) Good evening, members. My name is Brendon Polt, that's spelled B-r-e-n-d-o-n P-o-l-t. I'm the assistant executive director of the Nebraska Health Care Association. We're a trade association with a membership of nursing homes and assisted-living facilities, approximately 400 in total. I'm submitting my testimony for the record and I don't want to read it, but I do want to make the points in summary that I've provided in my also brief written testimony and be able to respond to questions, because what I get a feeling for, as I hear this hearing and in general, is that nursing homes are somehow wasteful or somehow undesirable, or that we don't support home-based placement or community-based placement. You know, 56.7 percent residents in nursing homes last year were financed by Medicaid, and I do want to stress that the reason for that is not because the providers failed the plan for their long-term care. It's the residents. But we in Nebraska have an agreement with the federal

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government to provide a Medicaid program and if the state wants to provide that program then it has to adequately finance the providers of those services or they simply can't provide Medicaid. What I've done is taken a look at the 1.95 percent, which is the indicated increase for nursing home providers in the preliminary budget, and working in consultation with the CPA from Seim, Johnson, Sestak, and Quist, LLP--they do a tremendous amount of work in long-term care accounting--I've computed what the per-resident day loss will be for nursing homes providing care to residents. Currently, the loss per resident day is about \$8.93. That hurts a lot. Under the proposed budget, if I look at the average inflationary increase as an allowable Medicaid cost, we're looking at a \$12 per resident day loss in the first year of the biennium, and over \$15, \$15.24, in the second year. And as I'll allude to...I'll indicate later, not only is it inadequate; it's arguably in violation of the federal law that states must operation under that provide Medicaid. I also want to stress that if minimum wage increases are passed at the federal level, 70 percent of nursing home costs are staff. And if that ripple effect carries through, if even 1 percent...caused a 1 percent increase in the cost of care, we'd be looking at about \$14 or \$13.50 per resident day and \$18.20 in the second year. There's about 2,700,000 Medicaid days paid for in the proposed budget increases at about 1.50 percent. I do want to indicate to the committee the federal law under which you, the state, operates, and that's 42 U.S.C.S. 1396(a)(30)(A). That states that states that provide a Medicaid program must assure that payments are consistent with efficiency, economy, and quality of care, and are sufficient to enlist enough providers so that care and services are available under the plan. And when I tell my members what the proposed rate increase, they shake their heads in despair because they don't believe that they can operate at that amount of loss. I also want to stress very strongly that the Nebraska Health Care Association membership voted to support Medicaid reform. We have...we're working on the Governor's Medicaid reform plan. Tomorrow, I will be going out to Kearney, along with a number of our members. We're looking at ways to increase the ability for facility-based providers of care to expand into home-based care. But currently, over half of our members are providing home-based care as either personal care services or dully licensed as home health agencies. So we support home- and

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community-based reforms, but under the existing structure, if you're eligible for Medicaid, if there's no waiver slot, or if there isn't room in the home- and community-based waiver program, then you are, by default, placed in a nursing facility. And so our facilities can turn people away, but I don't think that's the state's intent. So the only way to makeup for those losses is to really drive up private pay, and this would really, really hurt the people that did provide for their long-term care because they'll be paying the difference, or else facilities go bankrupt, can't provide the home-based services. There's really no other way around it. So earlier, Senator Heidemann, you asked a prior witness what are we asking for. Well, we're already at a \$9 per-patient day loss, and I guess what we don't yet have is the 2006 fiscal year cost reports for Medicaid, but we need something closer to inflation because we're already operating at a loss. So, you know, just 1.95 percent just compounds that and is not adequate and is inconsistent with federal law. But I'm very happy to answer any questions. And I did mean to start my testimony by saying thank you very much for going above what the Governor did, but I still have to stress that we're in big trouble with this amount.
[AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: You talk about being in violation of federal law. Does that jeopardize us, in your opinion? [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: Well, there are a lot of instances of people suing the state. It would appear, depending on the circuit, that a provider can't sue under that provision. Whether or not a beneficiary can, if, for example, there was no services in, you know, a rural part of the state, they may be able to. And as I read the case law, it looks unsettled and it would probably have to go another higher level above the circuit courts to determine exactly who has standing under that section. But, you know, you can...anyone can sue, whether or not it gets thrown out. I always say probably a provider can't. We wouldn't be the ones suing. I'm not threatening our members are going to sue, but there is an issue out there that the state, if it says it's providing Medicaid, has do to that, has to pay for it.
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SENATOR HEIDEMANN: Senator Wightman. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Can you tell me how our rate is determined, the reimbursement rate? Is it a percentage of what they would charge a private patient paying his own bill, or is it a dollar per day amount? [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: What they do is develop what are allowable costs under the Medicaid program. It doesn't include things like promotion and advertising, but they take a look at direct nursing support and then support services and appreciation. Then they come up with somewhat of an averaging, is the way I'll explain it, and say if you're operating above a certain amount we think you're wasteful and so that becomes a non-Medicaid-allowable cost. You can't operate at too much above the average. So then they determine for a whole series of levels of care, from very light care to heavy care, what is the direct nursing component, what is the support services component, and then they just take...they allow a certain amount. So when you bill out for a resident, you look at their case weight, or their needs, and then so if they're at a 52 level, then they get a certain amount of funding, or...it just depends. But so it's sort of an averaging of what a efficient facility should be able to provide that at, and that's all done through the regulations process. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: I'm somewhat familiar with their rating system and point system that they use, but is there then some percentage that you could point to and say that that's the rate we're funding at what a private individual paying his own rate would be? Do you have a...has the industry determined any average or... [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: Well, I guess...well, I will tell you that it costs the state \$48,000 a year to provide the average nursing home stay. It's \$65,000 for private pay rates, so...

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SENATOR WIGHTMAN: That's what I was wanting. [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: Yeah. But the Medicaid rate isn't related to the private rate. I mean, they take a look at the private rate based on what the costs are and then you have to set your private pay rate so you can stay afloat. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: But on average, that's about what they'd run, \$65,000 for a private, and \$48,000 for your reimbursement. [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: Yeah, that would be the 2006 figure. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Nantkes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Thanks so much for sticking with us late into the night, Brendon, and I just wanted to, I guess not confirm, but buttress your comments that you made earlier in your testimony. And you know, you and I have worked together for years. [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: Senator, I'm nervous because I know how much you know about the Medicaid program from prior years. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: In full disclosure, we were also law school classmates, but since that time, we've worked together very closely in our professional capacities on Medicaid

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reform issues, and you and your organization and your executive director, Pat Snyder have been real leaders and honest brokers in those discussions. And so thank you for being here today. [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: Oh, thank you. I was waiting for the "but." (Laughter) Thank you, Senator Nantkes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Senator Nelson. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NELSON: Thank you, Brendon. It's probably because I'm almost brain dead now, but in the...on the reverse side of your statement there, saying higher care individuals are more economically served in a facility, in other words, those who need 24-hour skilled supervision. And then you say this shift to higher care levels is driving up costs. I don't quite follow. What do you mean? What shift are we talking about? [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: If we take away the lowest cost individuals out of nursing homes and serve them in the community, then what you're left with is the highest care in the facility, so then the average...you know, when we would calculate what is the average cost of care for a nursing facility, we've taken out the bottom half of the people and so you only have the top half, so it would drive that up. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NELSON: Okay. Okay. I see. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Senator Wightman. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: This was done largely through the advent of assisted-living facilities, wasn't it, to where they took your lower-need patients and... [AGENCY 20

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BRENDON POLT: To a certain level, because assisted living is a community-based service under the waiver, so you can't get Medicaid financing and live in assisted living unless you're nursing home eligible, and that's how the waiver works. That's not...it has nothing to do with us. That's a federal requirement in the waiver for assisted living. So...but I think that there's a shared sense that at the lowest care levels, where you are nursing home eligible, you could be served by home health. You could be served at a lower care. And there needs to be a revisiting of the tool or the system that you use to assess and determine what's the appropriate placement. We don't argue that it's the perfect system right now, but it is the system and we have to take the people and we have to lose money on it. So until that system is redeveloped and we don't have them and have to incur the loss, then it just...there just needs to be funding commensurate with some reasonable loss level. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: So you're willing to take a loss? [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: Yeah. In fact, yes, because I'm not asking...I'm not asking for...I'm not asking for what would be a dollar, you know, where we have a \$12 per resident day loss, I'm not asking that times 2.7 million. We could probably stay afloat and continue to overcharge the private pay at maybe a \$6 per resident day. That was last year. Now we're at \$9. And we just start...as my testimony...in my written testimony, you start to see more deficiencies which are, well, quality issues. When the surveyors come out, or the inspectors, they see more instances of falls or of bed sores or the problems, and people complain to the state because their family member isn't being cared for. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR FULTON: The funding is at...thank you, Brendon, for being here...1.95 percent. Can you give us a figure that you're shooting for or hoping for? Are you just saying more than 1.95, or is there a... [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: Well, I guess my guess is that after we see the 2006 cost reports we'll see that healthcare inflation in 2006 was something like 4.5 percent. Now if minimum wage happens, you know, maybe in the future years it will be 5. But, you know, I understand those are getting to be quite large numbers, so I think that if we could continue to operate at a loss but at least hold it steady, because really a 1.95 percent budget increase, when inflation is 4.5 to 5 percent, is a budget cut in real dollars. So our facilities have to lose more. So it's a cut. So I'd, you know, to answer your question, I'd say I'd like to work with the department after cost reports are looked at and I think that...I think it's about 4.5. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you for your testimony. [AGENCY 20 AGENCY 25 AGENCY 26]

BRENDON POLT: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: How many people are left to testify? One, two, three, four, five, six. We're with you yet. (Laugh) [AGENCY 20 AGENCY 25 AGENCY 26]

C.J. JOHNSON: Evening, Chairman Heidemann and members of the Appropriations Committee. My name is C.J. Johnson, C.-J. J-o-h-n-s-o-n. I'm the regional administrator with the Region V Systems, which is the behavioral health authority for southeast Nebraska. I'm going to be very brief because I did not intend on testifying today and, therefore, I don't have a testimonial paper with me. I can get the information to you. I wanted to comment just quickly on Senator Harms's questions earlier when Director Peterson was talking, as well as Senator Synowiecki, in relation to capacity development with the regions. I just want to give you an example, when you were

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asking about private partnerships. Region V, all the behavioral health regions, just like the regions on aging or the regions on developmental disabilities, are quasi-governmental entities. That doesn't mean we're the private sector, but it is an example of how private sector can come in and save money. We are able to operate very much like a private organization but yet, at the same time, we have stipulations that we have to meet with state and federal guidelines many times. A number of years ago there was a collaboration started with the state of Nebraska called the integrated care coordination units with five of the behavioral regions. That was a collaborative relationship with protection and safety in the regions to actually provide care coordination or case management for children who were state wards, and their families. The intention there was to actually develop cost savings for the purpose of then reinvesting that money into additional behavioral health services with children. The integrated care coordination units were started based on taking dollars that were currently being used for services, and that's not even for staff but just the services, for children under state wardship, and then taking a percentage off the top of that, and then allowing the regions to, through that collaboration, provide those services. Over several years the regions across the state saw a \$6.2 million, that was a \$6.2 million, cost savings to those programs in protection and safety. That doesn't even count the operating risk pools and the financial risk pools that we are also able to maintain based on the authorization of services that we had out. The point I'm making here, real quickly, is now we're going into the culture discussion, because I do believe there needs to be a culture change and a look at that, because despite that collaboration and despite the promise that those services could be reinvested for additional behavioral health services in the state of Nebraska--and in Region III, by the way, I want to point out, out in Kearney, they had actually started a program for children zero to five years old who were not state wards yet to prevent them from becoming state wards--there was a decision made at the start of this fiscal year that each of the regions had to start paying themselves out of those cost savings for those ICCUs. Thus, that \$6.2 million was reabsorbed into the General Fund and was not used to increase capacity for children's behavior health services in Nebraska. Now the reason I say that is a cultural issue is

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one of the things that has been my experience is that if there's not a shift in making things more efficient, but then penalizing those people who make things more efficient, or people who make things more efficient so they can expand capacity but turn around and penalizing them, all you're doing is de incentivizing the private sector from, number one, wanting to enter into such collaborations; and number two, when they do, ending up actually being penalized and subsequently having to compromise a variety of other services in relation to various changes. I can also point out \$450,000, Brian Watkins, who came up here so passionately. The regions and in my region, we had saved \$450,000 in tobacco settlement dollars for emergency services that were for postcommitment days. We had that down, that cost, down to \$54,000 in '04-05. However, there were some changes made in relation to behavioral health reform which the very first month those changes were made I came in and said those changes are directly going to impact the emergency system. Subsequently, over the last two years, we've had to spend the total amount of that \$450,000 each year, which we were positioning ourselves to reinvest in services very similar to what Brian Watkins was talking about earlier today. So I can show a number of situations in which we have had a cost savings. We have had efficiencies in the private sector, so to speak, or in community-based services. But there needs to be a culture shift in relation to what that means when you do have more efficiencies and can expand capacity with those efficiencies. So with that, I'll let the rest of the people testify. Any questions? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any questions? Senator Synowiecki. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: C.J., I'd just comment that's pretty compelling testimony, actually. I'm glad you stuck around. And maybe speak to what could have been. I know we have a profound lack of a continuum of behavioral healthcare for particularly youngsters, and what maybe could have been done with those type of funds that you speak of, with the savings and reinvestment of those funds. [AGENCY 20 AGENCY 25

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AGENCY 26]

C.J. JOHNSON: Right. Well,... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: I mean, what were you going to do with those funds? What could have...what was the business plan for them funds in long range? [AGENCY 20 AGENCY 25 AGENCY 26]

C.J. JOHNSON: Well, like in Region III, they directly invested those funds into doing wraparound programs for families who are at high risk, who had children zero to five years of age who were at high risk of becoming state wards, and they were being very effective in keeping those children from becoming state wards. Region V had made a similar request, as far as a program, but that was denied. We subsequently made ten different program suggestions for the...we had \$2.2 million in that cost savings. Some of that had to focus on culture-specific treatment for Native Americans. In the ICCU, for example, despite the fact that there's approximately 3 percent, I believe, Native American population in the state of Nebraska, we had over 8 percent at that time of Native American children in our program, so we wanted to invest in some treatment-specific programming there. There were some other prevention programs which is the thing that, when you think about it, behavioral health dollars really is about. It's not about waiting. You know, it's putting up those treatment services that are the fence across the cliff, rather than paying for that ambulance at the bottom of the cliff, because that's a lot more expensive than putting that fence up there. And that's really what behavioral health dollars are all about, is trying to prevent individuals from having those high-end services whenever possible. And that...so we had a number of proposals that would have specifically done that. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: I'll ask you the same question I asked Patty relative to what, if any, collaboration has been taking place with the criminal justice reforms within

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Region V? [AGENCY 20 AGENCY 25 AGENCY 26]

C.J. JOHNSON: We have not directly been approached. We have tried, when we can, to attend any discussions around that but, again, we have not been approached in relation to providing those substance abuse services or contracting for them. And when I say provide, I should point out Region V doesn't provide services. We contract for them. But we haven't been approached yet. It seems only wise to come to the behavioral health regions to look at how to expand the capacity of substance abuse services no matter what the population, just as I would go to the aging region, which we did in relation to expanding some community support type programs. We don't know how to do those, but we're able to fund some of those services with their expertise and knowing how to best do that for the aging population. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: It's just profoundly amazing to me that we have these parallel reforms going and they're not talking to each other. [AGENCY 20 AGENCY 25 AGENCY 26]

C.J. JOHNSON: Uh-huh. I absolutely agree. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR SYNOWIECKI: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Thank you for your testimony. [AGENCY 20 AGENCY 25 AGENCY 26]

C.J. JOHNSON: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

KAY OESTMANN: (Exhibits 54 and 57) Good morning. (Laughter) [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR HEIDEMANN: That's good. [AGENCY 20 AGENCY 25 AGENCY 26]

KAY OESTMANN: My name is Kay Oestmann, and that's O-e-s-t-m-a-n-n. I'm the chairman of the partnership of local health directors, or SACCHO, which means that we're a group that is all the health directors across the state of the health departments. Unlike all the testimony today, I'm here neither to ask you to support or not support any particular bill, but to report some positive results that were associated with the decision that about half of this committee made last year. Through legislation that the committee advanced, funding was directed for assessment and surveillance for the health departments. It's been utilized by the local health departments to further meet our responsibilities. And with this funding, we've been able to move ahead with the development of a seamless public health system. HHS is the glue that holds this together. They offering mentoring, TA, education, oversight to our new public health system across the state, and we appreciate what they do. Nearly everybody that's testified here today has had...has some sort of interaction with your local health departments across the state. Currently, we've been developing a statewide assessment that will enable us not only to identify potential barriers to good health, but also to process and compare data throughout the state and define it down to counties or to districts or to the amounts that we can work with. All departments have contributed to statewide surveillance activities, including spinach, baby food, and, most recently, the peanut butter scares. We've gathered case data for infectious disease and followed up on cases reported to us by the state, as well as doctors' offices, hospitals, nursing homes, schools, and day cares. Our departments have been active partners during last spring's mumps epidemic and, recently, with the cases of influenza in children. Public health throughout Nebraska is partnered with existing agencies to develop plans for bioterrorism and other threats. This past year, one of those threats addressed has been pandemic flu planning. We've been present to assist our communities during recent wildfires, ice storms, and flooding. We've mobilized our communities to address needs identified by them, and formed task forces and coalitions to help them address these unique problems. Whether it's high rates of cancer, diabetes, or heart disease, low birth

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rates, fluoridation of water, lack of adequate dental, medical, or childcare, need for bilingual interpretation, injury prevention, automobile crashes/seat belt usage, underage tobacco and alcohol use, addressing meth in the community, or domestic violence, public health has a presence in Nebraska. Before 2001, this was a dream. Now, in 2007, thanks to the Legislature and dedicated public health practitioners, it's a reliable asset that continues to have dreams. We appreciate Health and Human Service. We appreciate the Appropriations Committee for giving us the chance last year to increase these things that I've spoken to here. My testimony is in front of the books that we just handed out. There's a map on the back of them that shows all the local health departments and the districts, and thank you, on behalf of public health and the local health directors across Nebraska. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you for coming up this evening, Kay. Are there any questions? Seeing none, thank you for all you do. [AGENCY 20 AGENCY 25 AGENCY 26]

KAY OESTMANN: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

FRED GROSSMAN: Good evening, Senator Heidemann, council members. My name is Fred Grossman, F-r-e-d G-r-o-s-s-m-a-n, and tonight I represent and I'm holding a couple of hats. One is a private sector business owner; also the president of the Eastern Nebraska Chapter of the National Private Duty Association; and kind of representing the ten offices of Home Instead Senior Care in Nebraska. We provide nonmedical in-home care to the seniors. We've been doing this now in Nebraska for over 11 years. The reason that I'm coming up to testify, basically, is for ENOA. We've been providing their services. We're a brokered service. And the problem, as we see it, as a private industry is, as it was mentioned before in previous testimony, the minimum wage is going up. There's nothing we can really do about that. The services that we provide we have to match and make a living, obviously. There are external costs and factors that come into play. ENOA has made a great program. They have some great providers that are

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providing some necessary quality services to the seniors across the state of Nebraska, and we're finding it hard to be able to really provide or continue to provide these services in the private sector because ENOA and the other office, Area on Aging, aren't getting the monies that they need to...basically, to pay the providers that are doing these services. It's very simple, easy math. I think, Senator Fulton, you're aware of what we do, what you do. You just look around your communities and see what's happening. A lot of strong testimony has been given previous to this, and we just think it's very, very essential. We want to keep our seniors safe. We want to keep them in their home. We don't want to have them be a burden on the state, and the monies that they could be drawing from the state programs, and it's just essential that we look at allowing the Offices on Aging more monies to provide these services for the seniors in their homes. And that's simple, down, and the take home is more money to the Office on Aging. And that's all I have, if you have any questions. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any questions? Seeing none, thank you for your testimony. [AGENCY 20 AGENCY 25 AGENCY 26]

FRED GROSSMAN: Thank you, sir. [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: (Exhibits 55 and 56) I have some stuff to hand out. Well, good evening, Senator Heidemann and members of the Appropriations Committee. For the record, my name is Joni Cover. It's J-o-n-i C-o-v-e-r, and I'm the executive director of the Nebraska Pharmacists Association. I was wondering, if you started on one day, does that...and you go to the next day, what day does that actually end up on the testimony sheet? (Laughter) This a new one for me. I've never had to do this, this late before. I appear today on behalf of the Nebraska Pharmacists Association to bring your attention to an issue that is of great concern to us. The Nebraska Pharmacists Association, with the help of Senator Kruse--thank you, Senator Kruse--introduced LB577 in the legislative session this year and it was heard before the Health Committee a couple weeks ago, and why we introduced LB577 was to respond to an unfunded mandate by the federal

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government, known as the Federal Deficit Reduction Act. You've heard that mentioned a couple times this evening and this afternoon. One of the things that we're concerned with the DRA is how they are going to define how pharmacists are reimbursed for the cost of the drugs. Currently, pharmacies are reimbursed under an AWP, average wholesale price model, and that's currently what's in our regulations. What they are doing under the DRA is changing the definition to an AMP, which is average manufacturer's price. The problem is they're pushing this mandate on us but, yet, they haven't defined exactly what they mean by AMP. Bottom line is that the federal government is telling you, we will pay for the cost under AMP, but it's up to each state to pay the dispensing fee to the pharmacies. And Nebraska pharmacies have not had a pharmacy dispensing increase since the mid-eighties. We're not one of those providers who's been given a 2 percent every year. This is the first time we've been to the Legislature to ask for a dispensing fee increase, primarily because we've never had any data before to say, how much does it really cost us to dispense a drug. We have worked for a couple of years to implement a survey, a cost of dispensing survey. We finally got that going and would hope...hoped to have results by now. We do not. We have some preliminary results. Those preliminary results are telling us that it costs the pharmacists \$10...around \$10.62 to dispense. There was a national cost of dispensing survey, and Carey is going to talk about that, that indicates that it's around \$9.65 to dispense. That doesn't include the cost of the drug. That's just what it costs to dispense the drug. So what could occur with the Deficit Reduction Act is this; that if pharmacies are not reimbursed or not incentivized to dispense generic drugs--now this definition of AMP only applies to generic drugs. It does not touch brand name drugs, which I'm assuming will happen eventually, but right now that's not what we're focusing on--then pharmacies are going to have a few decisions. They can continue to dispense drugs at a loss, they can dispense brand name drugs under the Medicaid program, or maybe we could not be involved in the Medicaid program at all because, like other third parties, we sign a contract to provide Medicaid services. Now I'm not a pharmacist, but I can tell you that the people that I work for are some of the nicest people in the world and I can't imagine them saying, no, we're not going to take care of our patients in this state, because that's

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just not what they do. But I can tell you that if you look at the sheet that I just handed out, if you take the number...you see the number of generic drugs that were dispensed last year and you see the number of brand name drugs and you see the cost difference, if you just take half of the generic drugs and dispense brand, that's about 900,000 drugs, and you average that at a cost of \$97 per prescription, that all of a sudden costs the state of Nebraska over \$87 million. That's a big chunk of change and I don't think that any of us want that. So what I'm requesting is that we work together to figure out how to incentivize our pharmacists to continue to dispense generic drugs to give us a fair dispensing fee to cover the costs of what it costs to be involved in the program, and to work with us to come up with programs. We know how much the Medicaid program spends on drugs, and it keeps going up and up. But it's not going to the providers. It's going to the cost of the drug. So we understand that issue. But we need to be fairly reimbursed for our services too. The other map or the other piece of paper I handed out was a map and if you look at that map you'll see that 19 counties in our state do not have pharmacy services. In fact, one of them, I grew up in Garden County, and if you should happen to lose that pharmacy in Garden County, that pharmacist there takes care of all the people in the area. She takes care of the hospital, Oshkosh. Did you not get it? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: I was going to say, I don't think we have it. [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: It was in that blue folder, wasn't it? Isn't there more in there? Okay, I'll get you a map. Sorry. It must be in my briefcase. Sorry. Anyway, Lauren (phonetic) takes care of the hospital and takes care of the nursing home. If she...do you have then? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: They're here, yeah. [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: Okay. If she closes her doors then you're not going to have a pharmacist

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taking care of anybody in the hospital and anybody in the long-term care facility. So my plea to you is to encourage you and the senators and the Governor to work with us on a solution that will save the state money, that will continue to provide access to the poorest of the poor in the state, and to fairly reimburse our pharmacists so that we can maintain pharmacy services across the state of Nebraska. I'd be happy to answer any questions. I have a lot more I could tell you but, you know what, you probably don't want to hear it right now. (Laughter) [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: We appreciate you coming in and sharing. Is there any questions for Joni? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: I have one. Is this not final figures for 2006? [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: That is 2006. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: I'm wondering why we had such a lower rate of drug dispensing for 2006. [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: Because in 2006 we had Medicare Part D, and a lot of our individuals that were on the Medicaid program, the seniors, were transitioned from Medicaid to Medicare. So now they're being taken care of... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR WIGHTMAN: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: ...by the federal government, which...don't get me started on that. But one of the things that the state is still responsible for under Medicare Part D is paying a claw back. So they're paying the federal government for the federal government taking care of the seniors in our state. So that's why. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR WIGHTMAN: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other? Senator Fulton. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Quickly, you're going to have some figures, some further figures, to share with us here in the new future, correct? [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: As soon as I get information from CMS on how AMP is going to be defined because, as of today, we still don't have that answer, then I will be coming back with a figure of this is what it's going to end up costing the state. We're guesstimating that it would be \$2.5 million to \$7 million loss for us... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: ...just on the cost of the ingredient, of the drug, not the dispensing fee, so... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR FULTON: We'll look forward to getting that information. Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: Okay. Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Senator Nantkes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: I'd be remiss if I didn't thank you, Joni, for sticking with us

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tonight and also for all of your work and your organization's tireless work on Medicaid reform issues over the past few years. Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

JONI COVER: Thank you. Well, we...you know, I'm proud to represent the pharmacists and I think that they have done an outstanding job in trying to help curb Medicaid drug costs, because it's a big issue. And we've worked a lot on trying to educate people, and would be happy to do this for the Appropriations Committee, if you're interested, on what exactly you get with a preferred drug list and a drug purchasing pool versus what we have now as a prior authorization program. I think that that's very important for you all to understand. And we talk a lot about PDLs but, in reality, they probably wouldn't save the money that people think they would. So would be happy to do that, not tonight, but at another time. Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

CAREY POTTER: (Exhibit 59) Okay, I'm going to hop in here real quickly since she said Carey. I'm Carey, Carey Potter, with the National Association of Chain Drug Stores, for those of you that I haven't met. I have written testimony. I have a very in-depth explanation of what the Deficit Reduction Act probably will do to the state of Nebraska. And then, as Joni referenced, I also have a national cost of dispensing survey. I was hesitant...when Senator Kruse introduced the bill, I supported the bill in Health Committee, and I was hesitant to hand this survey out then because I was hopeful that we would have Nebraska...specific Nebraska data from our survey. But since we don't have that yet, I did want to show you this. It's a really detailed methodology, so I don't suggest that you read it right now, because I'm sure you will doze off before the rest of us get finished talking. The National Association of Chain Drug Stores has identified the dispensing fee increase issue as our top priority for this year and I'm working with Joni and with her colleagues in other states. I represent nine states for the national association, and we're meeting with budget committees, with Medicaid directors, with Governors, with anybody that we can bend an ear to, to talk about this, because it is really a scary situation for pharmacy. And part of what's really scary, I know, Senator

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Nantkes, you were talking about how can you prepare for DRA and why didn't you, and I think there are things that we can do and I think we can use this national survey and our state survey to maybe beef up on where we're going to be so that we do have a little bit of prep for what it's going to cost the state. But it's really frustrating to know that the feds put this on us and we don't know how to define AMP. We really don't. The comments were due two Fridays ago. We all commented and contacted our congressional delegation and so on, but, you know, it could be July, it could be later than that before we have a definition; yet, this thing is going to go into play. So we need to be very prepared and make a best guess as to how we can budget for some of these increases, because they're going to be needed. So with that, I feel your pain, as I have told eight other states. It's really a tough deal to deal with, but we stand ready to do what we can. Joni and I are working together and we'll be contacting the committee here in a couple of weeks, hopefully, to put together our webinar. And, Liz, we'll want to talk with you and our analyst at the national level, to put together an interactive webinar so that you can ask questions and we can go over what we project. NACDS used the state of Nebraska's CMS data from, I think, the last six months, and then this federal proposal with best guess of how we would calculate AMP, to give some projections of what that means for Nebraska. And I think, as the Appropriations Committee, you certainly need to be aware of that. So if you would put us on your radar screen, we would appreciate that. Any questions. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Senator Nantkes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Did your organization weigh in with our federal delegation when the Deficit Reduction Act was being debated? [AGENCY 20 AGENCY 25 AGENCY 26]

CAREY POTTER: Over and over and over again. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: And you continue to follow that implementation process.

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[AGENCY 20 AGENCY 25 AGENCY 26]

CAREY POTTER: Uh-huh. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: And, to the best of your knowledge, has the department or Governor weighed in with CMS or the federal delegation at this point in time about implications that arise when that federal legislation was passed? [AGENCY 20 AGENCY 25 AGENCY 26]

CAREY POTTER: I don't know. I don't know. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Thanks. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you very much for your testimony. [AGENCY 20 AGENCY 25 AGENCY 26]

CAREY POTTER: Thanks. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY LEE FITZSIMMONS: I think he thinks he gets a prize if he's last. (Laughter) Well, good evening. My name is Mary Lee Fitzsimmons, M-a-r-y L-e-e F-i-t-z-s-i-m-m-o-n-s. I'm the member services director for the Nebraska Primary Care Association. That's the community health centers. And, yes, you did hear from the community health centers earlier this afternoon. The community health centers that were here this afternoon talked to you about LB281, which is a one-time capital expenditure to support infrastructure development in the community health centers. The community health centers also have, in the bill before you, ongoing operational funds, and I want to thank at least half of you for your support last year with those operational funds which included overriding the Governor's veto of the funds. So thank you for that. We're here again and the reason I'm here tonight is to talk to you about why community health center funding is a solid investment for the state. You've heard everything about need.

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We don't have to go over that again, but there are four reasons why funds for community health centers strengthen the state of Nebraska. First of all, Nebraska is below average in the percentage of employer contribution towards health insurance. That's one reason we have the uninsured numbers we do. Nebraska is also above the national average in the percentage of employee contribution towards our own healthcare. Community health centers help address that inequity, and it's significant that the Nebraska Health Insurance Policy Coalition then prioritized increasing the numbers of community health centers and the capacity of community health centers in Nebraska to address that issue. The second reason we're a solid investment has to do with Medicaid. Nebraska Medicaid saves one-third on every Medicaid patient seen by our community health centers. Where does that savings come from? Well, first of all, at least 22 percent are less likely to be hospitalized. Secondly, they have lower lengths of hospital stays, less costly admissions. That's why the Nebraska Medicaid Reform Commission prioritized expanding the capacity of community health centers to save Medicaid dollars. Third reason--emergency room visits: If you look at People's Health Center here in Lincoln and the work they've done with Lincoln (sic) LGH and St. E's, you'll see that the high ER utilizers, when paired with a community health center, stop using the ERs at that higher utilization rate, which saves total healthcare dollars in the healthcare system--third reason. Last reason--community health centers in Nebraska have a combined total budget of \$22 million that's reinvested back in the state. That's vendors in the communities in which we serve, that's other healthcare professionals, 300 employees and their salaries. The community health centers are not located in, shall we say, the creme de la creme places in Nebraska. They're located in the lower income areas of the state. And so we are a significant economic development engine in those sections of the state. Another reason, aside from it's the right thing to do, to support community health centers, the one thing we know is that good health and good healthcare are essential to a productive society and are essential to maintaining our current strong economy. And that's the reason we're asking for the ongoing operational support of the community health centers. Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR HEIDEMANN: Thank you for your testimony in this late hour. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY LEE FITZSIMMONS: Yeah. Thank you for staying around, frankly. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Is there any questions for Mary Lee? Seeing...yeah, Senator Nantkes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: Real quick, just again, Mary Lee, thanks so much for your service on the Medicaid Reform Commission over these past few years. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY LEE FITZSIMMONS: Oh, you're welcome, Danielle. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR NANTKES: And I know that with your background and that expertise, you'll be of great assistance to this committee and the rest of the body as we move forward in Medicaid reform. So thanks. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY LEE FITZSIMMONS: Thank you. Thank you. We'll get there with Medicaid, maybe, maybe. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Thank you. [AGENCY 20 AGENCY 25 AGENCY 26]

MARY LEE FITZSIMMONS: Thanks a lot. And soon, we won't turn into a pumpkin, I don't think. []

BRUCE BEINS: (Exhibit 60) Good evening. I didn't necessarily want to be last, but I

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didn't want to go in front of the ladies either, so I was taught to allow the ladies to go first. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Appreciate your patience. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Well, thank you. I tell you, I would sleep here all night if I could just have your ear for a little bit, so... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: You have it. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: ...the patience was not a problem for me staying. I also have some material here to provide you. My name is Bruce Beins. It's spelled B-e-i-n-s. I'm an EMT from Republican City, Nebraska. I also serve as chair of the State Board of Emergency Medical Services, and I'm a legislative representative of the Nebraska Medical Services Association. I'm not going to go into detail because some of the information you'll have right in front of you, as far as who EMS is in Nebraska and how we're funded. Some years back, and I lose track of time, we did come to this committee with a dire need in Nebraska. And as you can see from the sheet in front of you, about 80 percent of our people that provide emergency medical service in Nebraska are volunteers. Those are mostly in the small towns, in the rural areas. And we had a real problem with recruitment and retention of those volunteers. It is still a problem, but with that problem we came to the Legislature, to this committee, and asked for appropriation to provide training money so we could eliminate the cost of the training as a barrier to recruitment and retention of volunteers. This committee was very good. They appropriated about a half a million dollars for us for that training money. It was at that point "line-itemed" down some by then-Governor Nelson and those monies have fluctuated some with some budget cuts and stuff over the years. A few years back we come back to this committee and asked for some additional money, I believe it was \$50,000--I believe I didn't put that on my sheet there--so we could do the same thing with intermediates and

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paramedics that we were trying to get to come into the rural areas and help provide services and stuff into the rural areas, too, and again the Legislature, the Appropriations Committee, allowed us that appropriation. Over the years, though, the increased costs of tuition, increased costs of books, increased costs of testing fees has got it to where the funding that we have got for that training does not cover the cost of the training, and that's what I'm here to talk to you about today. The numbers I have there under the training numbers, that's for a two-year period and those are the actual numbers, to try to put a figure on this. I used the actual numbers for the last two years and then the shortfall is the amount that's not covered by appropriation from the state. So that's the amount. The tuition reimbursement shortfall is the amount that we're short. We've never really been able to pay for textbooks for EMTs, intermediates and paramedics. And then, of course, the national registry testing fees are something that is getting to be quite a thorn in everybody's side too. EMTs in Nebraska are public servants. I mean, we have been providing this service at a great, great savings to the state for a lot of years and will continue to do so. We provide of our own time to train, to go on calls. We miss our suppers with our families. We miss our kids' school events and so forth so we can take the calls to take care of the people of the public, and not only from our own areas but from other areas of the state. We provide a huge service. The local communities then also provide a huge service by providing the vehicles, the insurance, the things that we need to be able to carry that on. In small towns like mine, a village of 190 persons, with a very small tax base and, like I say, it's very difficult. Honestly, we are still having soup suppers and pancake feeds to buy ambulances, and I say that with all seriousness because we do that. EMS is still one of the few essential services that there is no statutory authority for anybody to have to provide in the state of Nebraska. If my service would quit, the city doesn't have to do it, the county doesn't have to do it, the state doesn't have to do it. We could just go away. And of course, with no authority, we also have no ability to levy taxes to support ourselves. So again, I am coming back to the Legislature asking you to help us out by providing the money that we need to train EMTs in the state. What you're doing is you're making an investment. You train an EMT in Nebraska and now you have a provider and a public servant that's going to provide

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that service for you for years to come. So excellent bang for your buck, for the money that you would spend providing training for emergency medical technicians. With that, I would answer any questions I could. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: In a lot of our smaller communities it takes a volunteer to make it work. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: And your town is a little bit bigger than my town. (Laughter) Senator Engel. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: I notice here less than 50 percent are directly associated with a fire department. I know, of course, locally, we have our volunteer fire departments and I use to serve on it, in fact, and of course the EMT training. Now you provide the training for them? [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: The training for the EMTs, you're talking about? [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Yeah. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: The training is provided by mostly community colleges. Training agencies, which I think the...I guess I didn't give you the training agencies, there's 24 EMS training agencies across the state. Most of those are community colleges. They're the ones that actually provide the training. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: The training. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Right. [AGENCY 20 AGENCY 25 AGENCY 26]

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SENATOR ENGEL: So that's what you're...oh, I see. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Yeah. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: But now so there's the fire department, but there's EMTs outside of fire departments even? [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Oh yes. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: See, I didn't know that. I didn't know that. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: And like I say, yeah, only about half or less than half are truly affiliated with fire departments. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Then, I mean, like in your community then, I know in a community where they have volunteer fire departments and they call for rescue, well, then they have...how do they contact you and the other communities as far as... [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: We're still...that's why I said directly affiliated, and to try to kind of give you just a...I'll talk about my community. The fire department is the rural fire board. That's the fire department. The ambulance service is the city. Now we all house our vehicles in the same building. A lot of the same people make up both pieces of it, but you have fire and you have rescue. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Oh, they're just separate from the... [AGENCY 20 AGENCY 25 AGENCY 26]

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BRUCE BEINS: Right. Now you have certain communities that fire and rescue are completely separate. You've got the fire department over here, and in a separate building, separate personnel and everything, you have the rescue department. There's a lot of those in Nebraska also. And it's a common misconception. When people think EMS rescue, they think fire departments, because in the big cities that's what you have. You have fire and rescue like Lincoln or Omaha. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Well, of course, a lot of our smaller...I mean, all my communities are small communities,... [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Yeah. Yeah. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: ...and they're combined,... [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Yeah. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: ...I mean, out of the same place. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: I'm a fireman. I'm also an EMT, you know, from the same community and so most people wouldn't know the difference. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: And of course a lot of those, of course, the training is paid for by the cities. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Right. But the rural fire board will be able to tax funds and so forth to pay for fire equipment and pay for the training for a fire department, but they don't

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provide anything for the EMS side because, statutorily, they don't have to. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Because where you're separate, where you're separate like that. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Right. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: In our case, they're one, so that they do do that. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Uh-huh. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: Yeah, okay. Okay. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you for your testimony this evening. [AGENCY 20 AGENCY 25 AGENCY 26]

BRUCE BEINS: Thank you very much. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Is there any other testimony on this agency budget? (See also Exhibits 58, 61, and 62.) Senator Engel. [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR ENGEL: I'd like to have Rich Lombardi come up and testify (inaudible). (Laughter) No? Well... [AGENCY 20 AGENCY 25 AGENCY 26]

SENATOR HEIDEMANN: Seeing no other people that wish to testify, I will close the public hearing on Agency 20, Agency 25, and Agency 26. Thanks for your patience. [AGENCY 20 AGENCY 25 AGENCY 26]