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Appropriations Committee  
February 12, 2008

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[AGENCY 25]

CHRIS PETERSON: (Exhibit 2) Good afternoon, Senator Heidemann and members of the committee. My name is Christine Peterson, C-h-r-i-s-t-i-n-e P-e-t-e-r-s-o-n, chief executive officer for the Department of Health and Human Services. I am here today along with the division directors and we would like to first present our budget requests and then respond to any questions you may have. To begin with, we want to thank the members of the committee for funding the DHHS budget for this biennium. There are a few budget adjustments I wanted to address today. First, the department agrees with the committee's recommendation to transfer \$5.4 million in General Funds in fiscal year '07-08, and \$5.8 million in '08-09 from the regional centers, Program 365, to Behavioral Health Aid, Program 38, pursuant to behavioral health reform, which was that the money would move from the institutions out into the community. And the department is prepared to transfer those funds. The department requests that the \$3.5 million in regional center funds, Program 365, for '07-08 not be lapsed to the General Fund, as included in the committee's preliminary recommendations, and we're making this request for several reasons. First, the last patient was discharged from the Hastings Regional Center adolescent psychiatric residential program in December 2007. Therefore, the program was open for the first six months of 2007 and 2008 and the department incurred operating costs for those six months. And the reason the program stayed open that long while there were such few people in it had to do with the fact that LB542 was going on and that we knew that the recommendations were going to come forward on that in terms of what the Hastings Regional Center's future would. In addition, we had already reduced the beds. There were originally 16 beds. We reduced that down to eight and moved the staff on that. And in order to go through that process, we have to let the Behavioral Health Oversight Commission know, as well as the Governor and the Legislature, which we did. We took those steps. One of the parts of statute for the bill is, in order to close any service at a regional center, you must have adequate services set up in the community, and we needed to make sure that we were not going to have a continuing up and down of the children in that adolescent unit. That

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

number held steady from about three to four, on down to where we had the one left. So it took a period of months to do the notification proper, first of all, to reduce the first number of beds, then do the notification, make sure we had the services in the community. Also at that time we have ongoing maintenance costs that stay the same regardless of whether we have 1 person in there or 15 people in there. What we did is we took the staff that were there in the side of the adolescent psychiatric and used them to fill the vacancy for the chemical dependency beds, and so we were using those staff then and when the program was closed we did do layoffs and laid off two people. The rest were used to fill up vacancies in the chemical dependency program. Second, there are fixed costs, as I said, required to maintain a facility, the costs to maintain the grounds that are not affected by the closing of a unit. And third, the regional centers are experiencing increased costs for psychotropic medications. New medications are often considered the treatment of choice by physicians, and many of the new generation psychotropic medications are not yet available in generic form. Therefore, costs for these medications continue to increase at a rate greater than normal inflation. The acuity level of regional center patients continues to increase, as less-ill patients are diverted to the community programs. As a result, the patients in the regional centers now tend to be older and more seriously mentally ill than patients in the past, requiring more intensive medical attention. Finally, the deficiencies at the Lincoln Regional Center, cited by the Centers for Medicare and Medicaid Services, will require additional funding to address. The department requests that the Appropriations Committee increase the limitation on personal services at the Beatrice State Developmental Center for '07 and '08, and '08 and '09. This request is the result of: (A) extraordinary circumstances at BSDC as the result of federal reviews by the Centers for Medicare and Medicaid Services and the Justice Department; and the shortage of full-time staff which results in increased overtime and temporary staffing costs. The department requests an increase in the personal services limitation amount at BSDC, at Program 421, of \$665,000 for fiscal year 2007-2008, and \$1.265 million for fiscal year 2008-2009. These increased amounts are due to a 16 percent staff vacancy rate that has caused increased costs for overtime and temporary staffing. BSDC's goal of rightsizing the

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

facility will alleviate this problem in the future, and no new positions are being requested. No additional funds are required. Part of what we're seeing is, as you go into the scrutiny from the federal regulators that have been there, one of the things that we were cited on and that we've had to improve was our investigations into abuse/neglect. Because of that training that we've done, we had an increased numbers of suspensions, up to where we were running about 120 to 130 suspensions. Because of that, if you have to suspend, say, a whole unit, then we have to bring in extra staffing on top of that. That's where we have to pull in on-call people, pull in our temporaries as best we can. We believe and then we're seeing now, based upon the last time that CMS was there, they're approving of the way we're doing our abuse and neglect investigating and they're willing to look at us now in terms of being able to observe the action to see if it did qualify for abuse and neglect...or abuse and neglect or as opposed to just removing the staff person, which is what we're currently having to do now. So we anticipate that as we come into compliance with their standards, the number of suspensions that we have and the number to have to bring staffing in on short notice is going to go down. In addition, you are aware that we are rightsizing the facility, following the last survey by CMS. They cited us while we had minimum staffing participation. We did not have enough to meet what is called active treatment, which is a requirement to be in an ICF/MR, which is an intermediate care facility for the mentally retarded. That means that if someone wishes to go swimming, use the swimming pool or go shopping, we have to have adequate staff to allow them to do that. And the comments from CMS at the time were, while we've seen tremendous increase, you do not have adequate staffing to meet that. We've tried very hard to get to that staffing level. We're not able to maintain it to meet CMS's standards, and so we are now looking at bringing the rightsizing of the facility. People that are able to be served in the community, we're working with them, their team and their guardians to place them. As you're aware, BSDC is a voluntary placement for people with DD and so, as we move forward, it's kind of a...not only a communal issue but you actually work with all the people involved on-site, on campus, as well as the guardians and the providers that then they will be going with. That's why we're not asking for any additional funds. We believe that by getting to the size where

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

our staffing can meet those needs, we'll be fine. The department also requests that the Appropriations Committee include increased spending authority in the Housing Related Assistance Program for fiscal year 2008, and 2008 and 2009. The Housing Related Assistance Program has received \$600,000 in increased revenue from the 30-cent tax collected by the register of deeds, pursuant to state statute 76-901. The department requests \$600,000 in increased cash spending authority for Program 38, Behavioral Health Aid, for fiscal year 2007 and 2008, and \$600,000 in increased spending authority for Program 38 for fiscal year 2008-2009. We just had more money come in. It's a very excellent program. It's met a lot of housing needs for people with mental illness and so we'd like the authority to be able to go out and provide more funding for them. State statute 68-1604, the Homeless Shelter Assistance Trust Fund, requires the department to use the money remitted for the purpose of alleviating homelessness and promoting self-services. The department's goal is to match the proceeds of the fund to the demand for services. These additional funds will be used for this purpose through contracts with regional housing authorities. The department requests \$200,000 of increased spending authority for Program 38, Behavioral Health Aid, in fiscal year 2007-2008, and \$200,000 of increased spending authority for Program 38 in 2008-2009. The increased request is the result of additional income being received by the Gamblers Assistance Program. The department has received \$200,000 in increased revenue per year from the distribution of lottery games proceeds, pursuant to state statute 9-812. The increase was a result of the passage of LB1039 in April 2006 that increased cash receipts but did not contain an A bill to increase cash spending authority. The first quarter distribution of increased proceeds from this bill was received in April 2007. State statute Section 71-817, the Compulsive Gamblers Assistance Fund, requires the department to use these funds exclusively for counseling individuals and families experiencing difficulty as a result of problem gambling, and to promote awareness of problem gambling. My understanding is that the committee's preliminary recommendations includes our request to reallocate existing appropriations from Program 519, the Nebraska Veterans' Homes to the Department of Veterans' Affairs Program 36, Department of Administration, to fund a Veterans' Affairs Service Officer II position to assist veterans applying for federal and

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

other benefits for which they are eligible. The impact of this should be increased cash and federal contributions to the Nebraska Veterans' Homes that would offset the General Fund reduction. Thank you for your support for this request. And we appreciate the opportunity to discuss our budget with you, and several DHHS administrators/directors are here with me today and we'd be happy to answer any questions. You also have two additional items at the back of the packet. The first has to do with LB1083 transfers. This was what we worked with the Legislative Fiscal Office on. It touches upon the money that we are moving, the final funds that we are moving into the behavioral health regions; shows you what the planned transfers were on line 1, and down to the adjusted amount to be transferred in fiscal year of '08, and shows you how the money has gone out and the different areas where it went, what still needed to be transferred, and now what the amount is left. The second sheet that we have is the monthly budget worksheet for the Beatrice State Developmental Center. The yellow line is what is actually what we were budgeted for, and the white line is what the estimated actual expenses were going to be. So if you look at that top line, the temporary wages budget, we are actually budgeted for \$1.15 million and the temporary wages that we are estimating are going to come in at \$1.463, so we're seeing a 30 percent increase there in wages for temporary work. The overtime budget, as you can see we were budgeted, in the yellow, for \$3.036851 and our overtime estimated, as it continues as it is now, will be \$3.644, and that's about a 9 percent increase. We've been able to manage some of this within the operating budgets we've had. If you look back, you can see a 58 percent increase from the time the feds came, to where we are now where we're managing it a little bit better. But we still are having extraordinary circumstances that we have to maintain the funding at all times and we have to do it through temps and overtime costs right now as we try to get into our staffing...issues changed. So be glad to try to answer any questions and, if I can't, I have the directors here who will be able to respond.

[AGENCY 25]

SENATOR HEIDEMANN: Are there...Senator Engel. [AGENCY 25]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR ENGEL: I just have one question, Chris. [AGENCY 25]

CHRIS PETERSON: Yep. [AGENCY 25]

SENATOR ENGEL: The...on the \$600,000 increase in cash spending authority for Program 38, I know that's for your housing and so forth. [AGENCY 25]

CHRIS PETERSON: Uh-huh. [AGENCY 25]

SENATOR ENGEL: Could you kind of tell me what's in the budget now and what this will do, this \$600,000? [AGENCY 25]

CHRIS PETERSON: I can get you that answer, Senator. Couldn't tell you what the full budget for 38 is right now, but I will get that answer for you yet. [AGENCY 25]

SENATOR ENGEL: Oh, that's...no, no. [AGENCY 25]

CHRIS PETERSON: Okay. [AGENCY 25]

SENATOR ENGEL: So this \$600,000 is...there's plenty of room... [AGENCY 25]

CHRIS PETERSON: That's increased. [AGENCY 25]

SENATOR ENGEL: ...there's plenty of room to spend it, right? [AGENCY 25]

CHRIS PETERSON: Yes. Yes. [AGENCY 25]

SENATOR ENGEL: Okay. [AGENCY 25]

CHRIS PETERSON: Actually, right now I think we've gone from roughly 100 and some,

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

140 people that we're getting housing, up to over 560, and so this is...we actually have the ability to contract right now for this. We have these contracts in place that can go. We just need the cash spending authority to do it. It's probably one of the most successful programs we've had, so...but I'll get you the total... [AGENCY 25]

SENATOR ENGEL: Well, that's enough of an answer. [AGENCY 25]

CHRIS PETERSON: ...the total amount of the budget. [AGENCY 25]

SENATOR ENGEL: You don't have to look anything up for me. [AGENCY 25]

CHRIS PETERSON: Okay. [AGENCY 25]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 25]

SENATOR FULTON: Thanks for being here, Chris. [AGENCY 25]

CHRIS PETERSON: Certainly. [AGENCY 25]

SENATOR FULTON: The...I'm going to ask about on the first page of your testimony, the one, two, three, fourth paragraph, the last sentence regarding Lincoln Regional Center. The deficiencies that were found by CMS,... [AGENCY 25]

CHRIS PETERSON: Right. [AGENCY 25]

SENATOR FULTON: ...are there also any expenditures to expect as a result of the...I forget the name, JCAHO? [AGENCY 25]

CHRIS PETERSON: Of the elopement? [AGENCY 25]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR FULTON: Well, yeah, that. [AGENCY 25]

CHRIS PETERSON: Uh-huh. [AGENCY 25]

SENATOR FULTON: I mean, that's where my attention is drawn. You probably know that. But also I recall understanding it was JCAHO, there is an accreditation that was challenged. [AGENCY 25]

CHRIS PETERSON: Right. [AGENCY 25]

SENATOR FULTON: And I don't know if "lost" is the correct term or not, but I'd ask you to give a little bit better explanation. And the question appropriate to this committee's decision making process is, how much will that end up costing us? [AGENCY 25]

CHRIS PETERSON: Okay. Thank you for giving the opportunity respond to that. The accreditation organization actually came out at our request so that we could get our Joint Commission accreditation, which allows us to claim funding, and they did an on-site visit with us and I think there were...I believe there were three of them there, and of the numerous tags that you have under each condition, we passed approximately 380 out of 394 or 395 that were there. What we did not pass was in the Forensic Unit and at that time there was a nurse making a medication pass and the surveyor felt that that was a dangerous situation because there was no one close to her at the time. And so they sent us...they cited us for several deficiencies and so we are in the process. We've responded back to them; they've accepted our plan of correction and what that would require would be cameras on-site. It would require panic buttons that the staff would be able to have. But the main issue that they wanted, they wanted security personnel on that floor and so we're working with a private company to look into that with the ultimate goal being that we would be able to have our own staff become the security people. We are guessing, based upon just the estimates that we have, that the cameras alone will probably run close to \$460,000-\$480,000. Those will be dome

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

cameras. As you're...if you've visited the Forensic Unit or any of the buildings at HRC, you know...or LRC, you now that there are long hallways which are not easy to see into, and typically if you have just one person down there, the JCAHO accreditation felt there always needed to be two so we didn't have anybody working alone. So the cameras will be about that much. We're anticipating, if we go to the security...with the security staff from a private company, we would be looking at a short-term cost probably of around \$100,000 on that. They wanted someone on the floor at all times that would have line-of-sight with all of our staff, and so we're anticipating that will run about that much. There are also panic buttons so that the staff will have immediate access should they feel threatened any place, and they would be...those would be on their...on their selves, and I think that's roughly around 75,000. I can get you a closer breakdown on that, Senator, but roughly, you know, it's going to be around \$600,000. [AGENCY 25]

SENATOR FULTON: Okay. And that, to be clear, that's going to...that is not reflected in the existing budget that we've put forward that this will... [AGENCY 25]

CHRIS PETERSON: No. [AGENCY 25]

SENATOR FULTON: Okay. [AGENCY 25]

CHRIS PETERSON: That is a direct result of the visit that occurred within the last month. [AGENCY 25]

SENATOR FULTON: Okay. [AGENCY 25]

CHRIS PETERSON: Those were what we were cited that we had to do in order to have a vote taken on then on our JCAHO accreditation by the board. They are on hold right now, waiting for the survey team to come back. We have let them know that we have acknowledged compliance with what they've asked us. They have told us that they will be back within a certain period of time, but it's an unannounced visit and then the board

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

will vote after that. [AGENCY 25]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 25]

SENATOR WIGHTMAN: Thank you, Chris. With regard to the Hastings Regional Center now, the...you stated that the last patient was discharged from the adolescent psychiatric residential program in December. [AGENCY 25]

CHRIS PETERSON: Uh-huh. [AGENCY 25]

SENATOR WIGHTMAN: Tell us what remains. I know that the chemical dependency is there and that...about how many patients are there? [AGENCY 25]

CHRIS PETERSON: Uh-huh. There are 40 beds there. The chemical dependency is for adolescent boys and they have to come through the YRTC. They have to be adjudicated there by a court. They go to the YRTC and then, based on that evaluation, they go back out to Hastings to that site where they have the chemical dependency. Part of that criteria is that they have to have failed three community-based placements. So there's 40 beds there. Then we have an additional 14 beds that is called the Bridges Program and that is actually under the Beatrice State Developmental Center budget. Those are 14 people that have tested high on the aggression level and are there based on their...by guardian approval for developmental disabled people. I think there are 14 beds there and I believe 12 of those are full. Right now, that's all that is on-site with the exception of the administration. [AGENCY 25]

SENATOR WIGHTMAN: On the 40 that are on...beds for the chemical dependency, are they all filled at the present time? [AGENCY 25]

CHRIS PETERSON: They usually run pretty full. Senator, if you could wait I can just turn around and look. [AGENCY 25]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SCOT ADAMS: Yes. [AGENCY 25]

CHRIS PETERSON: Yes, they are. [AGENCY 25]

SENATOR WIGHTMAN: How many employees are located out there? Well, I assume they're broken down into the two units. [AGENCY 25]

CHRIS PETERSON: Yes. They are. I'm not...I'm afraid to give you a guess but I can get that answer yet before we finish with our hearing. [AGENCY 25]

SENATOR WIGHTMAN: Okay. And I know we have some bills that would perhaps appropriate money for changing locations... [AGENCY 25]

CHRIS PETERSON: Yes. [AGENCY 25]

SENATOR WIGHTMAN: ...or making that community-based, so... [AGENCY 25]

CHRIS PETERSON: Uh-huh. And, in addition, when the LB542 task force finished, the department then was to give a recommendation back to the Legislature, which we provided, I believe, on December...January 1, and in that we said that we would be looking to a new facility, we would not be staying at the Hastings site. [AGENCY 25]

SENATOR WIGHTMAN: Thank you. [AGENCY 25]

CHRIS PETERSON: Uh-huh. [AGENCY 25]

SENATOR HEIDEMANN: Senator Nantkes. [AGENCY 25]

SENATOR NANTKES: Hi. Thanks, Chris. Thanks for being here. I was wondering, and

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

you mentioned it, I think, briefly in your testimony, but...and I'm sorry I missed the beginning, but if you could talk just a little bit more about there's been a lot of attention paid to the \$10 million and kind of one-time funds that are available to assist different community groups and otherwise, in terms of some of the important work that they carry out. If you could just, I think, maybe talk a little bit more about kind of that process and where those funds originated from and what you see as maybe, or the department sees, as the proper... [AGENCY 25]

CHRIS PETERSON: Use for those funds. [AGENCY 25]

SENATOR NANTKES: ...use for those, exactly. [AGENCY 25]

CHRIS PETERSON: Yes. [AGENCY 25]

SENATOR NANTKES: Thank you. [AGENCY 25]

CHRIS PETERSON: And what I would like to do, Senator, if that's all right, give you a quick 20-second and then ask Scot Adams, who's working with that,... [AGENCY 25]

SENATOR NANTKES: That would be great. [AGENCY 25]

CHRIS PETERSON: ...to come up and I'll step back and let him answer the questions. One of the issues that I wanted to make clear is that the money was never lost. We continually asked for it to be reappropriated so that it wouldn't have lapsed, based upon the agreement we had with the community-based providers. And so based upon finally getting down to probably just being in the third or fourth year of behavioral health reform, we're down to the final dollars and how they go out to the community. This part of the bill that we have before us, your preliminary recommendations, does take the last of the HRC money and puts it out into the community. That's that \$5 million transfer. And the other \$3.5 million that's on that piece takes care of still some of the beds that

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

are being used at the Norfolk Regional Center. If it's all right, I'd like to ask Scot now to come up and walk through that. [AGENCY 25]

SENATOR NANTKES: No, please. Well, I'll defer to the Chair, of course. [AGENCY 25]

(UNKNOWN): Chris. [AGENCY 25]

CHRIS PETERSON: Oh. Thank you. [AGENCY 25]

SCOT ADAMS: Thank you. I'm glad she gets to keep the hot seat. Senator, I want to make sure I understand your question with regard to... [AGENCY 25]

SENATOR NANTKES: Well, Scot, I know that you and I have had a chance to visit a little bit about it in our conversations pre-session, but there's obviously a lot of attention being paid to this \$10 million figure that's been made available in terms of dollars that have been found or I don't know what the appropriate term the department want to use in describing those funds, and kind of where those are from and I think Chris Peterson gave us a good idea of where they came from, but if you had any ideas or comments in terms of those funds and appropriate uses. [AGENCY 25]

SCOT ADAMS: You bet. Let me, first of all, clarify that there are really two pots of money that are involved here, so that we can make sure that we're clear as to which one we're talking about. There is a... monies that will be transferred to the community as a result of the cessation of services at the regional centers. This includes inpatient services, this includes the ACT program, includes outpatient services at both Norfolk and Hastings. In those services, those monies represent ongoing funding that will be able to be provided year after year to the community through this appropriations process. The second pot of money, if you will, has been termed one-time money because these are funds that have not been spent previously in earlier years as a result of a variety of things. Some services across the state had started up and then stopped,

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

and so those funds were budgeted for the year, but during the course of the year various problems and different issues have arisen and so some of those funds were left over and returned, if you will, unused to the state. Each of the last bienniums, couple of bienniums, the Appropriations Committee and Unicameral, in cooperation with the Governor of course, have made the decision to reallocate those funds over the course of the last two sessions and what we have is sort of the accumulation of that effect, if you will. Now then, in terms of the spending of those, of those dollars, we have asked providers, and the Oversight Commission in particular, our partners in the process, for their best ideas on how this...on how these funds might be used. Where we are with regard to the one-time dollars is that, surprise, surprise, there's a long list of ways to spend the money that various people from various points of view have, numbering literally nearly 100 different suggestions for ways to spend \$10 million. We don't think that averaging that out is a good idea to do that. What we want to do is to look at the infusion of these ongoing funds into the community and then to see how the infusion of capital funds might assist those and enhance the overall effectiveness and efficiency of the ongoing operational funds. For example, one of the issues that has come to the Behavioral Health Division's attention on a sort of repeated basis is the person at a regional center or perhaps in the community who has a dual diagnosis of both a developmental disability and a mental illness. Community...some...many community-based providers have been unwilling to work, one side to the other, in the combination, and so the development of a particular service for such a population may require the additional development of a rehabilitation of a facility or space or things like that. So we want to see how we can complement a good idea in the community for services, along with the capital side of things. And we are in the process of review of that since we're right in the middle of distributing the funds to the community presently on the operational side. Is that helpful? [AGENCY 25]

SENATOR NANTKES: Yes. Thank you. [AGENCY 25]

SCOT ADAMS: Okay. Thank you. [AGENCY 25]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR HEIDEMANN: Senator Synowiecki. [AGENCY 25]

SENATOR SYNOWIECKI: Welcome. Do you have a time line on those one-time funds?  
[AGENCY 25]

SCOT ADAMS: The...well, the operational funds have gone to the regions, the contracts have gone to the regions last week, and so those funds are in process. We have also asked for the development of additional particular ideas with regard to special populations. We expect those back in March and I think decisions can be made with regard to the best use of the one-time funds probably in the April time frame. [AGENCY 25]

SENATOR SYNOWIECKI: On this sheet, Chris, that you handed out, I believe these are the sustainable funds, though the decrease in use of the regional centers it comes out to \$9.2 million. At the very top, it kind of caught my eye, this number one, planned transfers. I'm one of the old-timers up here that was actually here when LB1083 passed. [AGENCY 25]

CHRIS PETERSON: Yep. [AGENCY 25]

SENATOR SYNOWIECKI: I think maybe Pat and I. [AGENCY 25]

SENATOR ENGEL: Chris was here too. [AGENCY 25]

CHRIS PETERSON: Yep. [AGENCY 25]

SENATOR SYNOWIECKI: Well, Chris was here too. (Laughter) I don't remember an actual number being identified at that time. [AGENCY 25]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

CHRIS PETERSON: Yes, there was. Actually, we carry that book, as Sandy is nodding, we carry that book with us at all times. It was when we did the...when we did the original LB1083 formula, we took what the budget was for HRC, LRC and NRC, and we took out, I think, some of the federal funding and it was the magic \$25 million. And so where some of the money came from is, when we were talking \$25 million that was going out in contracts, in essence, you had a continuing escalation of the budget just based upon the natural increase. So that's where... [AGENCY 25]

SENATOR SYNOWIECKI: Uh-huh. [AGENCY 25]

CHRIS PETERSON: ...some of those dollars came. Also, we had vacancy savings and when you roll your money over each time instead of letting any of it lapse, then you get to keep that. That's why we made sure the Appropriations Committee always reappropriated that program's budget to it; it didn't wipe out at the end of the biennium. So, yes, there was a specific...I don't, to be honest with you, I don't remember it being \$25,889, I thought it was \$25,902, but... [AGENCY 25]

SENATOR SYNOWIECKI: Uh-huh. [AGENCY 25]

CHRIS PETERSON: ...it was \$25 million. [AGENCY 25]

SENATOR SYNOWIECKI: Okay. [AGENCY 25]

CHRIS PETERSON: And I can get you that original presentation, Senator, too.  
[AGENCY 25]

SENATOR SYNOWIECKI: Okay. Then these one-time funds Senator Nantkes was speaking of, they kind of came on a radar screen. I mean I've been around here and I don't...the conversation and identification of those funds, did that occur as a result of Behavioral Health Oversight Commission activities? How did it come to fruition and how

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

did it come to... [AGENCY 25]

CHRIS PETERSON: It would have...well, I'll give what I...how I think it happened. There was \$6 million transition funds, so that as the services went down and people were going out into the community we had the ability to pay both. [AGENCY 25]

SENATOR SYNOWIECKI: Uh-huh. Right. [AGENCY 25]

CHRIS PETERSON: And I think as Scot talked about, the services didn't come up completely at the beginning of each one. And so of the \$6 million that was there for transitional, we couldn't use it all. We just...even if the people had...even if the providers had been able to get all the services up immediately, we couldn't move the people into the system that quickly. And so you just found, because of the transition period, those dollars built up over that period of time. So that's the... [AGENCY 25]

SENATOR SYNOWIECKI: So that original...what they call bridge money... [AGENCY 25]

CHRIS PETERSON: Yes. [AGENCY 25]

SENATOR SYNOWIECKI: ...is the source of these one-time funds. [AGENCY 25]

CHRIS PETERSON: That's what...that what this is, yes. This is...has the original bridge money in it. [AGENCY 25]

SENATOR SYNOWIECKI: Is there any thought from the department of giving the one-time monies to community-based through the regional system and let the regions use that money, what they see fit, on their best interests within their own communities? Is there any thought to that? [AGENCY 25]

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Transcriber's Office  
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Appropriations Committee  
February 12, 2008

---

CHRIS PETERSON: Go ahead. [AGENCY 25]

SCOT ADAMS: Well, I think that's exactly what we're intending to do. [AGENCY 25]

CHRIS PETERSON: Yeah. It just can't be ongoing funding. [AGENCY 25]

SCOT ADAMS: Yeah. [AGENCY 25]

SENATOR SYNOWIECKI: It's one-time funding... [AGENCY 25]

SCOT ADAMS: Right. [AGENCY 25]

SENATOR SYNOWIECKI: ...and I know...I'm aware that each region submitted a list of plans of what they would do with their share. [AGENCY 25]

SCOT ADAMS: Right. [AGENCY 25]

SENATOR SYNOWIECKI: So I'm having a hard time figuring out what the delay is then if it's going to be to the discretion of the regions, for their use and what they see is in the best interest of their communities. [AGENCY 25]

SCOT ADAMS: Yeah. You know, Senator, I appreciate the question very much. The regions, in the collective conversation, have submitted multiple ideas, part of that was 99 ideas that have been submitted by them and by others, and we feel that the authority of LB1083 and the responsibility of LB1083 is to look at a cooperative venture, especially at this point in time where we're able to, from a statewide perspective, sort of see a few special populations that are giving I think providers, communities, regions and others some difficulty in terms of finding community-based placement. An example is in the early and original planning there was the idea of what was called an ISS, and I'm not entirely sure the acronym stands for, but essentially services for older adults with mental

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

illness, and that was not developed because at the time it was felt that there were insufficient personnel, people, consumers to be able to make that a financially stable operation in a single place. And so the thought was to turned to perhaps maybe developing multiple sites within nursing homes or other places that could care for older adults, but perhaps wrapped around additional services. That, too, has proved to be sort of a frustrating element in terms of that as plan B, but we still, nevertheless, see older adults with a mental illness who are causing some troubles, if you will, from a management perspective; who are living their lives, from another perspective, in nursing homes. So we wanted to see the best ideas as we infuse operational monies for services and then complement that with capital where possible. [AGENCY 25]

SENATOR SYNOWIECKI: Uh-huh. Now Senator Ashford has brought us a bill that speaks to one-time infusion of money and I'd like to get your perspective on the degree and depth of legislative oversight over these one-time monies, particularly given that this committee is now entertaining a bill brought to us by Senator Ashford. [AGENCY 25]

CHRIS PETERSON: I'm blanking on the bill. Senator, could you... [AGENCY 25]

SENATOR SYNOWIECKI: I don't know what the bill... [AGENCY 25]

CHRIS PETERSON: Okay. [AGENCY 25]

SENATOR SYNOWIECKI: ...I don't even know my own bill numbers so...(laughter)  
[AGENCY 25]

CHRIS PETERSON: Okay. And it's a one-time infusion of dollars for behavioral health services? [AGENCY 25]

SENATOR SYNOWIECKI: One-time appropriation. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR NANTKES: It's a carry-over, isn't it? [AGENCY 25]

SENATOR SYNOWIECKI: Huh? It's a carry-over bill from last year that's still being considered by this committee. [AGENCY 25]

CHRIS PETERSON: I apologize. I am blanking. [AGENCY 25]

SENATOR SYNOWIECKI: Oh, you can...you bet. [AGENCY 25]

CHRIS PETERSON: I am blanking on it. I would tell you, though, on the one-time funding, one of the elements that we hear a lot about, too, is also the ability to maintain data, which we do not do in a consistent effort, especially to look at it in terms of trending. The other piece that's out there is the continuing cost of drugs. And so I think for the \$10 million, while the goal is certainly to get it out to the regions, it's not going to stay with us, but it's a little larger discussion than the wish lists that have been put together trying to come up with a unified program across the state. EPCs are constantly talked about, the dual diagnosis. Sorry. [AGENCY 25]

SENATOR SYNOWIECKI: Oh, it's LB559, so you don't have to do a whole lot of research when you go to look for it. [AGENCY 25]

CHRIS PETERSON: Okay. I apologize. I just...I'm blanking on it. [AGENCY 25]

SENATOR SYNOWIECKI: The...Senator Wightman has asked some questions relative to the Children's Behavioral Health Services at the Hastings Regional Center and I've had a little bit of involvement with those services as well. And in direct response to Senator Wightman's questions, I have a follow-up question on that mental health unit that has now been closed. And press reports in the newspaper estimated the cost of that one service at \$2.5 million to \$3 million. Were them press reports unfounded or...?

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

[AGENCY 25]

CHRIS PETERSON: Go ahead. [AGENCY 25]

SCOT ADAMS: You know... [AGENCY 25]

SENATOR SYNOWIECKI: And where were they getting that information, I guess, if you know? You may not know and I don't... [AGENCY 25]

SCOT ADAMS: Well, I can't speak for the particular media, but the number is not necessarily an inaccurate number. I believe that the Hastings Regional Center mental health program was around \$2.6 million and about \$800,000 of that goes to the Department of Administrative Services for the cost of rent of the space to the state. And so the actual operational costs associated with the Hastings Regional Center is just under \$1 million that will be saved as a result of the closure of the program. There are other administrative costs. We still have the secretary, still have the facility operating officer. She was not reduced in time at this point. We have...at the same time, this committee authorized 150-151 FTEs for the Hastings Regional Center. Last report we were at 120. [AGENCY 25]

SENATOR SYNOWIECKI: And, I'm sorry, you put a number on there, one point what million or something? Scot, I wasn't following. [AGENCY 25]

SCOT ADAMS: For the actual savings? [AGENCY 25]

SENATOR SYNOWIECKI: Yeah, savings. [AGENCY 25]

SCOT ADAMS: I think it's in the neighborhood of \$1 million. [AGENCY 25]

SENATOR SYNOWIECKI: Now will that go through the mechanism set out in LB1083,

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

those savings? [AGENCY 25]

SCOT ADAMS: The... [AGENCY 25]

CHRIS PETERSON: It's not part of LB1083. That is the adolescent psychiatric and at that time the budgets that were being used to fund LB1083 were specifically the regional center budget. The actual budget for the adolescents moved from LRC, where that program had been for years, when we were doing remodeling LRC, and that money moved over to HRC. But it was never...it was never part of the original discussion of LB1083. [AGENCY 25]

SENATOR SYNOWIECKI: But it is a regional center service that's being downsized. [AGENCY 25]

CHRIS PETERSON: Sure. [AGENCY 25]

SENATOR SYNOWIECKI: And you...if I'm recollecting correctly, the department put out notices... [AGENCY 25]

CHRIS PETERSON: We did. [AGENCY 25]

SENATOR SYNOWIECKI: ...pursuant to LB1083. [AGENCY 25]

CHRIS PETERSON: We did based upon...based upon the discussion of any service that was performed in a regional center falls under the statute that you have to provide the notice. I think your question was, was the dollars for the adolescent program part of that original \$25 million, and I am thinking it is not. Is that right? Yeah. That's just how it was back then. [AGENCY 25]

SENATOR SYNOWIECKI: Right. [AGENCY 25]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

CHRIS PETERSON: It was not part of it then. [AGENCY 25]

SENATOR SYNOWIECKI: My recollection on LB1083 didn't differentiate between adult and children services. And I don't...is there an amount noted in LB...I'm talking about the statute itself, is there an amount denoted in the statute books? [AGENCY 25]

CHRIS PETERSON: Not in the statute books, no; in the material we put together there was. [AGENCY 25]

SENATOR SYNOWIECKI: But in the statute, any time a service is downsized in the institutions, that money reserved for that has to go to the community under the mechanisms laid out under LB1083, and there is no ceiling amount in statute, as I understand it. So... [AGENCY 25]

CHRIS PETERSON: Senator, I couldn't answer that. That's an excellent question for us to look into. If it says specifically that any service downsized into the community, my understanding is the service actually has to be paid for in the community. So we're using that to pay for those children now probably. I mean, obviously, they're being served somewhere, so what I'm not thinking that's gone out to the community yet is the dollars we're still using because the facility is still open. But, yeah, once the facility closes we'll have to take those dollars, because we still have the kids that have that...need that care so... [AGENCY 25]

SENATOR SYNOWIECKI: Uh-huh. But there is no kids in the mental health unit. [AGENCY 25]

CHRIS PETERSON: No. [AGENCY 25]

SCOT ADAMS: No. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR SYNOWIECKI: And they're in the community now. [AGENCY 25]

CHRIS PETERSON: No. They're out with providers. They're out with the providers.  
[AGENCY 25]

SENATOR SYNOWIECKI: And we had... [AGENCY 25]

CHRIS PETERSON: They're out in out-of-state places. [AGENCY 25]

SENATOR SYNOWIECKI: And we had...we had money flowing to the Hastings Regional Center for the mental health unit. The mental health unit is now closed, not being utilized. And under mechanisms laid out in LB1083, as I understand it, those monies ought to flow to community-based care. [AGENCY 25]

CHRIS PETERSON: And I...okay, I think we're seeing that. [AGENCY 25]

SENATOR SYNOWIECKI: So maybe we... [AGENCY 25]

CHRIS PETERSON: The kids that aren't in the regional center are being served somewhere else in a community-based program. That's what...the funds are using that. The remaining funds that are still at the Hastings Regional Center still have to be used to keep that facility open because that's just part of the maintenance contract. [AGENCY 25]

SCOT ADAMS: Uh-huh. [AGENCY 25]

CHRIS PETERSON: Maybe I'm not saying it the right way but, yes, the goal is the kids that were in the psychiatric adolescent will be served in the community. The dollars will follow them. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR SYNOWIECKI: Okay. One last question: We...a 2 percent...I'm talking about provider rates now in behavioral health. A 2 percent rate adjustment was appropriated by the Legislature. I believe it was originally 3 percent, got vetoed down to 2 percent, and then what I've heard from numerous providers in the community, that the 2...it didn't come up to 2 percent till relatively recently. Do you know any history relative to that? [AGENCY 25]

SCOT ADAMS: The...there...it was an administrative issue. I'll take responsibility for that, Senator. The increase to the...to our appropriation, to our base, was 2 percent overall with intention of guidelines for providers. LB95 drugs, which is paid out of our program, has been rising at a much larger rate than that and so 2 percent didn't, if you will, stretch over the whole shebang. By the time we got to clarity and a decision to implement the full 2 percent, roughly...some months had past and in redrafting the new contracts effective October of last year, so a quarter passed, we could not go back and pay additional monies, by prohibition of the state constitution, for services already agreed to. So it ends up being about 1.85 for the entire...for that time, but they are at the full 2 percent moving forward from October 1 on. [AGENCY 25]

SENATOR SYNOWIECKI: Could we proactively, for the next biennium, perhaps increase it up to 2.25 percent to compensate providers for that quarter? [AGENCY 25]

SCOT ADAMS: For the last quarter. It's my understanding that no matter how you...what you call this rose, it's still a rose. We really tried to find a way to go back to July 1, but were told repeatedly by legal counsel that you can't go back and pay more for something that's already been an agreed-upon deal. [AGENCY 25]

SENATOR SYNOWIECKI: Okay. Thanks again for your responses. Thank you for being here. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

CHRIS PETERSON: And I should say, Senator, when we found that out, Scot being new to the system when that rate passed on through, typically it's the rate passes on through, period, and as soon as we caught it we tried to change it right away. So that was just a... [AGENCY 25]

SENATOR SYNOWIECKI: Appreciate that. Thank you. [AGENCY 25]

CHRIS PETERSON: ...a historical thing. [AGENCY 25]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in today. [AGENCY 25]

SCOT ADAMS: Thank you very much. [AGENCY 25]

SENATOR HEIDEMANN: Is there anyone else wishing to testify on Agency 25, Department of Health and Human Services? [AGENCY 25]

MARK INTERMILL: (Exhibit 3) Mr. Chairman, my name is Mark Intermill, I-n-t-e-r-m-i-l-l, and I'm here today representing AARP. We have a recommendation for your consideration regarding Agency 21 (sic), Program 571, which is the Community Aging Services Act program that provides funding for the state's area agencies on aging, and aging services provided by those agencies. What we are recommending is that the Community Aging Services Act budget be increased from approximately \$4.9 million to \$12.5 million, and we would recommend an offsetting reduction in the homestead exemption program in the Department of Revenue Program 108 from \$76.1 to \$68.5. These two programs are both programs that we are very fond of at AARP, the homestead exemption and the Community Aging Services Act. We don't recommend a reduction in the homestead exemption lightly, but what we have seen in the budget this year is that the expected claims on the homestead exemption have not been as great as had been anticipated. There was a reduction in FY '08 of \$7 million in the budget that

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

was submitted by the Governor, but there was no adjustment in FY '09 for those...for that program. We see that the funds for FY '09 should probably come in at about an 8.7 percent increase, which was originally anticipated, instead of the 20 percent increase that's included in LB959. We make this fairly dramatic recommendation because aging services are under pressure. We have a situation where we're facing what the Department of Health and Human Services Committee...or Health and Human Services Committee has called a tidal wave of demand that we're facing, as the baby boomers begin to reach the age of 65. We're also at a point where area agencies on aging funding has not kept up with inflation. We're seeing that, as a consequence, agencies are not able to keep up with the market demand for employers and are losing employers to other parts...other services. Older persons who are seeking services and have a legitimate need are being denied service because there's no money with which to provide the service. Waiting lists are popping up as well. We are facing an increase in the population over the age of 80. I've included a chart in the testimony that shows, by 2030, we'll have 110,000 people over the age of 80, compared to less than 80,000 in 2008, and that's really the cusp of the growth in the 80-plus population. By 2040, that should reach about 130,000. Area agencies on aging serve a vulnerable clientele. Just to give you a profile of the people that the care management program services, the typical person would be an 80-year-old woman who lives alone, has an income below 150 percent of poverty and needs assistance with multiple activities to live independently. This is a person who may be living in a nursing home absent those services, and we have seen a decrease in the nursing home population in the state of Nebraska. Table 2 shows that we've gone from...well, from 1996 to 2006, from 8,900 people living in nursing homes over the age of 85, to about 6,800, so a drop of more than 2,000 individuals. So we think that those...that drop in nursing home population is attributable to the provision of in-home services provided by area agencies on aging. Now with the homestead exemption, in 2006 there was some improvements that were made in the homestead exemption program, both in terms of the maximum exemption allowed and the maximum value of a home that could be eligible. So there was an increase in eligibility based on the maximum value of a home, and some increase in the

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

amount of the exemption based on the maximum exemption change. But what we see in the homestead exemption is the spending for the homestead exemption is tied to the amount of residential property taxes paid. It's been very consistent over the years. As we've seen a fairly dramatic increase in homestead exemption spending, it almost mirrors exactly the amount of property taxes paid for residential property owners. I would also make a case that aging services have had an impact on Medicaid. We've seen, over the last five years, a \$11.6 million reduction in Medicaid payments to nursing facilities, and if you look at nursing facility plus in-home services covered by Medicaid, we've seen them grow at an average annual increase of 0.4 percent, which is actually quite remarkable. I think that contributes to the fact that we're not seeing a deficit request for Medicaid in this request. We would...we recognize that we're asking a lot of the committee. This is a substantial increase in the budget for the Community Aging Services Act. We're asking you to more than double that appropriation, but I would argue that it's a program that has been neglected over the years and so dramatic measures are warranted. We also believe there's savings that can still be realized in Medicaid in the long-term care area. One of the things that we've looked at recently is what does Nebraska spend per capita, and what we've found is that we're spending about \$50 more per capita for Medicaid long-term care services than any of our neighboring states, so I think we still have some opportunity to save money in Medicaid and long-term care, but we need to have the community-based services to do that. We're not in the habit of coming to this committee to ask for increased spending. Our members, 213,000 members in Nebraska, pay a significant portion of the taxes that go into the General Fund. Our state's taxation system is not retiree-friendly, so we're careful about pursuing spending proposals. And to assure you that the committee, and us, that the money is spent wisely, I'd suggest that if you do decide to increase the funding for this agency that you include a requirement that the AAAs support a report to the committee outlining how the money was spent so that there can be evaluation of the use of the funds. We would ask that you give this request some consideration. We believe it's good government. It will deliver needed services to vulnerable older Nebraskans, and it's a positive step in the process of preparing Nebraska for the

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

demographic shift that's taken place. Be glad to... [AGENCY 25]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 25]

SENATOR FULTON: You said demographic shift and not democratic shift, right?  
(Laughter) [AGENCY 25]

MARK INTERMILL: No. Demographic. [AGENCY 25]

SENATOR FULTON: Okay. (Laughter) Just double-checking. [AGENCY 25]

MARK INTERMILL: We're nonpartisan at AARP. [AGENCY 25]

SENATOR FULTON: When...can you explain a little bit more. I asked this question in earlier testimony when the Governor's recommendation came forward, and in fiscal year '07-08, I think is what it was, there was a reduction in the amount in the Department of Revenue Program 108, a reduction in the amount of the homestead exemption, and there was not a similar reduction in the following year. And the question I asked is that if we recognize a deduction in year X, in the following year why don't we recognize a similar reduction? And the response was that there had been legislative activity which led to statutory realities that occurred in 2006 which disallowed that reduction to occur in fiscal year '08-09. So would you be willing to respond to that? [AGENCY 25]

MARK INTERMILL: Yes. The legislative action that was taken was taken in the 2006 Legislative Session. That's when the increase...the changes in the maximum exemption, maximum value took place. Those worked their way through the system in FY '08, '07-08. So they should have been worked into the...they should have found their way through the process. And, you know, we...this was a proposal that...the change in the homestead exemption was something that we advocated for and worked with Senator Combs, at the time, to try to move through the Legislature, and as a result of its

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

passage we felt that we needed to help in its implementation. So we have been active in...we've done mailings to our members, worked with area agencies on aging to get inserts into electric bills and a number of different things. We've, in our publications, we've publicized this and people have applied for homestead exemptions that included the changes, so those have been accounted for in, for the first time, in FY '08. So I don't believe that...I think people have been made aware of the changes that exist and have been...that they should have been accounted for already in the FY '08 budget.

[AGENCY 25]

SENATOR HEIDEMANN: I think there's a lot of...there's people that are wondering how that is all going to play out and was very leery to pull money out. I find it a curious way for you to try to fund something because literally it would be a General Fund expense, because that money would have to go back into the General Fund and then go back out, the way at least I understand it. So you're asking for General Funds. [AGENCY 25]

MARK INTERMILL: Yeah, for the Community Aging Services Act, that that would be an increase in the General Fund budget from the General Fund for Community Aging Services Act but a commensurate reduction that I don't think we'll need for the homestead exemption. The 20 percent increase in FY '09 is not something that I perceive will be needed. [AGENCY 25]

SENATOR HEIDEMANN: It still will show as a General Fund expense. [AGENCY 25]

MARK INTERMILL: Yeah. [AGENCY 25]

SENATOR HEIDEMANN: We just need to make sure that we know what we're dealing with. [AGENCY 25]

MARK INTERMILL: That's correct. Both the CASA, Community Aging Services Act, and the homestead exemption would be General Fund. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR HEIDEMANN: Yes. Senator Engel. [AGENCY 25]

SENATOR ENGEL: I've always been an advocate and in favor of all these programs because I think it improves the quality of life of the elderly. But the thing is, a couple years ago there was a bill before the Legislature that would recoup some of the funds that were utilized for homestead exemptions after the recipients have left the homes. So in other words, this bill was about was to recoup those funds rather than leave them for the heirs, instead of funding the estates. And then you could have brought that money back into the system and utilized it again and again and again. But your organization fought that right down to the tooth and nail, and I'd like to know why. [AGENCY 25]

MARK INTERMILL: Well, you're absolutely correct, we did fight it tooth and nail. And one reason, we didn't see that there was a mechanism for bringing that money back into the system, say into the Community Aging Services Act, to provide for those services. But also, even if there had been, this is something that our members had some serious concerns about, that the placement of a lien on a property that had received a homestead exemption would serve as a deterrent to somebody who might need the homestead exemption from getting it. So that was, in essence, the reason why we were opposed to it; it's that our members told us that they were opposed to it. So that's...we have to follow their lead. [AGENCY 25]

SENATOR ENGEL: Well, I think they said that because they were frightened from it. And the thing is, I think, I think all these programs are well and good and I think...but I do think that I think we have to be more responsible. So the recipients...I want to give everybody everything you've got coming, even probably a little more, but I do think we have to be prudent in these giveaway...and it's not a giveaway program, but at least making things work on an equitable manner and by funding estates, to me, is not part of the estate tax system. I don't think we should have to fund estates and that's the only thing I was trying to bring out in that bill. But it was fought and you...you're very effective

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

and you won. But the thing is I still think it's a good idea and still not taking anything away from anybody. We could give more. So I just had to make that statement...

[AGENCY 25]

MARK INTERMILL: Thank you. [AGENCY 25]

SENATOR ENGEL: ...and I'm sure it's not going to go anyplace but...this year I know it won't, so... [AGENCY 25]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in today, Mark. [AGENCY 25]

MARK INTERMILL: Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Good afternoon. [AGENCY 25]

C.J. JOHNSON: (Exhibit 4) Senator Heidemann, 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 for Region V Systems, which is one of the six behavioral health regions covering southeast Nebraska, 16 counties in southeast Nebraska. We are the second largest by population region in the state. We've already had testimony about the two pots of money so I won't go into a long explanation of that, since that's already been discussed today. I would like to point out that LB1083 clearly states that as regional center services are reduced or continued (sic), the division shall make appropriate reductions in regional center personnel and other expenditures related to the provision of such services. All funding related to the provision of regional center services that are reduced or discontinued under this section shall be reallocated and expended by the division for purposes related to the statewide development and provision of community-based services. On February 6, 2008, each of the six behavioral health regions were informed that they would receive \$250,000 for fiscal year '07-08. This constitutes only \$1.5 million

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

out of \$8.9 million of ongoing regional center funds that DHHS has indicates was available for '07-08. Department of Health Services indicates that the remaining \$7.4 million has been earmarked for other areas, and I'll go into that in a minute. It is evident that these dollars either cannot be utilized or are not needed for this fiscal year for those areas identified. This would leave another \$7.4 million in ongoing funds that were to be reallocated and expended for the development and provision of community-based services, unutilized, and added to the already \$10 million sitting in DHHS coffers. Each year in Region V alone, there are 10,000 to 14,000 new admissions for mental health and substance abuse services for individuals with limited or no services (sic) to pay for such services. Additionally, hundreds of individuals are placed on waiting lists where they may wait for needed services for weeks or months. It is troubling that, with such a need, literally millions of dollars meant to be used for increased community-based behavioral health services are sitting in DHHS coffers, while thousands of Nebraska citizens across the state languish on waiting lists. Citizens, consumers, providers and other behavioral health providers...or stakeholders in Region V geographic area have been patiently waiting for equal funding since the passing of LB1083. In anticipation of the transfer funds, Region V stakeholders have met on an ongoing basis to identify needs, supports, and services, with a preliminary proposal provided to the Division of Behavioral Health on November 6, 2007, which I've attached in the packet I've given you. However, of the behavioral health funds allocated to date, the Region V behavioral health system has been underfunded, based on an agreed allocation formula, by almost 3 percent, or approximately \$2.3 million. Again, one must ask the question as to what is preventing DHHS from using the millions of dollars sitting in their coffers to rightsize the funding in each of the behavioral health regions. I would ask that the Appropriations Committee support the ongoing efforts as outlined in LB1083 and that the remaining monies that have been part of LB1083 be allocated for the development and provision of community-based services in order that behavioral health reform can continue in the direction of the legislative intent. And before I answer any questions I would like to comment, there was earlier testimony about holding \$3.5 million of the ongoing funds back. I would like to point out that I really question the need for that because that \$3.5

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

million is being held out for this fiscal year. It's my understanding that last year the Appropriations Committee allocated \$14.5 million to fund 120 beds at the Norfolk Regional Center. At that time it was understood that there would be a transition of behavioral health individuals, and those identified for sex offender treatment, there would be a transition as those 120 beds are filled. As of today, there's only 87 individuals at the Norfolk Regional Center, which means throughout this year a significant amount of the money that you allocated for the Norfolk Regional Center to support LB1199 has not been used, has not been needed in that sense other than to fund those 120 beds, and that that \$3.5 million from behavioral health reform has not been needed to fund any of those beds at Norfolk Regional Center. And I would further argue that if you look at the projections for the number of sex offenders that are coming into the Norfolk Regional Center, it will still be...and as behavioral health individuals leave there, it will still be at least probably a year before those 120 beds are full. So the question begs itself, what is the \$3.5 million that is dedicated to behavioral health...why is that needed to be held back and why is that not being put into the community to build ongoing community-based services when there's already funding for those 120 beds which have yet to be filled and probably will not be filled for at least another year? And maybe as community-based services are brought up and more individuals are brought out of Norfolk Regional Center for behavioral health, we could be talking at least two years before those 120 beds are ever filled with individuals seeking sex offender treatment. So with that, I'll answer any questions. [AGENCY 25]

SENATOR HEIDEMANN: Thank you for coming in today, C.J. Are there any questions? Seeing none, thank you. [AGENCY 25]

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

BRAD SHER: (Exhibit 5) Members of the committee, my name is Brad Sher, S-h-e-r. I'm a vice president of managed care and public policy at BryanLGH Medical Center, and a registered lobbyist working solely on behalf of BryanLGH, also a member of the steering

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Appropriations Committee  
February 12, 2008

---

committee of the Nebraska Behavioral Health Coalition. This coalition is made up of the following organizations: Alegent Health, Children and Family Coalition of Nebraska, Nebraska Association of Behavioral Health Organizations, Nebraska Association of Homes and Services for Children, Nebraska Association of Private Practice Therapists, Nebraska Health Care Association, Nebraska Hospital Association, Nebraska Medical Association, Nebraska Psychological Association, Nebraska Association of Social Workers, and Voices for Children. Members of the Nebraska Behavioral Health Coalition asked Seim, Johnson to study the Medicaid rate increases in Nebraska for behavioral healthcare for the past five years and to compare the Nebraska rate increases to healthcare industry benchmarks and general cost of living benchmarks. Mr. Roger Howard of Seim, Johnson is here to give you a brief summary of that study and will be following me shortly. From the perspective of BryanLGH, I've attached to my testimony a chart showing the rate increases from the Department of Health and Human Services to BryanLGH Medical Center since calendar 2002, and please note that two years we received no rate increases and last year we received a 1.35 percent increase. Nebraska Behavioral Health Coalition is asking committee for two actions: first, to fund behavioral health providers a full 5 percent for this year. Last year, the first year of the biennium budget, we asked the committee for a 5 percent increase. In the end, after debate and the Governor's veto, we received a 1.2 to 2 percent increase. The coalition is asking the committee today to make up the difference. We estimate that this means \$7.5 million in state dollars, bringing in another \$2.7 million in Medicaid match funds to the state. I've attached the coalition's summary sheet to my testimony for your consideration. Second, to advance LB576 to the full Legislature for consideration. This is Senator Kruse's bill establishing a rate review committee and process. This is the long-term solution to access and capacity building in our community behavioral health system after the Legislature's passage of LB1083, which began implementation of behavioral health reform. The Behavioral Health Coalition members all believe that the group...that as a group we have been a good partner with the Legislature and the Department of Health and Human Services. We have given great service, met needs in our community, and lived with no or very small increases for the last several years.

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

Today we ask the committee and the Legislature to pass these...to pay these providers so that they can keep their doors open and continue to serve the most vulnerable citizens of Nebraska. Thank you for your time and consideration. [AGENCY 25]

SENATOR HEIDEMANN: Thank you, Brad, for coming in. Senator Fulton. [AGENCY 25]

SENATOR FULTON: Thank you, Brad. [AGENCY 25]

BRAD SHER: Yeah. [AGENCY 25]

SENATOR FULTON: Echo the Chairman. '06-07 the change was 1.35 percent? [AGENCY 25]

BRAD SHER: Correct. [AGENCY 25]

SENATOR FULTON: It was my understanding that the upshot of our legislative purview would have had that at 2 percent. Is that your understanding? If so, how did we not get to 2 percent? [AGENCY 25]

BRAD SHER: That is my understanding, that it should have been 2 percent. I was aware at the time that I thought that was the deal. I have no idea why we didn't get a full 2 percent at our facility. That was my expectation. [AGENCY 25]

SENATOR HEIDEMANN: Senator Nantkes. [AGENCY 25]

SENATOR NANTKES: Thanks for being here, Brad,... [AGENCY 25]

BRAD SHER: Yeah. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR NANTKES: ...and thanks for consolidating testimony of many interested parties,... [AGENCY 25]

BRAD SHER: Yes. [AGENCY 25]

SENATOR NANTKES: ...which we always appreciate and reward. (Laughter) Well, I don't know about that last part, but...(laughter) nonetheless, and this really follows along Senator Fulton's question. I think that you were here and you heard the department's testimony in light of the discrepancies between the increase in provider rates. And I guess, you know, I basically was wondering if you could speak for yourself or for the provider community that you represent here today if you're satisfied with the explanation to how we got a discrepancy from a pretty clear legislative directive about where we wanted to see rates be increased to. [AGENCY 25]

BRAD SHER: Yeah. I don't...I don't understand all of the budget process here at the Legislature, and I would look at Liz for one person who I think knows more than anybody, and everybody in the room probably. I...all I know is when the deal was cut last spring, it was the expectation was 2 percent and was like just across the board. I've heard so many different things I don't know what the right reason or rational about what happened. What I do know is I heard some people got a little bit more; I got less. I'm not sure where it weighs out overall. I've heard there were bucket problems, which is which bucket was the right thing in. I've heard all kinds of stuff. I can't address that. What the coalition believes is we were not fully funded overall. I do know a few people got some rates that were higher, like 2.74 was like the highest I heard or whatever. I just know what happened with my rates in particular and I do think there was a discrepancy in the difference. I do think that the issue before us is not only what's happening now but what we've seen happen over the last several years because, as you've seen from the chart, I had two years with nothing, 1.942 percent, and 1.35, and when you know...hear about the steady increases, you know, it's 5 percent when inflation on any conservative measure has gone up anywhere from 16 to 21 percent. And we keep falling behind

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Appropriations Committee  
February 12, 2008

---

and... [AGENCY 25]

SENATOR NANTKES: For healthcare inflation. [AGENCY 25]

BRAD SHER: For healthcare inflation or even general CPI or whatever you want to do. We're not keeping up. And what I have said and been consistent for years is we have a very precious resource of providers that we have to keep in the game, because there's not a lot of people coming into the game chasing these patients and these services, so we have to keep them viable, and that's what the Nebraska coalition is about and try to do that, and we've got to pay them the money to keep them, you know, with competitive pay and benefits and services. [AGENCY 25]

SENATOR NANTKES: Thanks. [AGENCY 25]

BRAD SHER: Sure. [AGENCY 25]

SENATOR NANTKES: And, you know, not to step on the Chairman's authority by any means, but I'd appreciate any additional information that the department would like to offer in that regard as well. And, Brad, another thing I just wanted to kind of pick your brain about a little bit whole we have the benefit of your expertise... [AGENCY 25]

BRAD SHER: Uh-huh. [AGENCY 25]

SENATOR NANTKES: ...with us here this afternoon, and one thing that we've discussed on numerous occasions as a committee is I think it just sets up a really unfortunate dynamic if we start to pit different providers against each other. [AGENCY 25]

BRAD SHER: Uh-huh. Uh-huh. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR NANTKES: And that's something that I'm very concerned about and very worried of engaging in. And I just don't think it serves Nebraska's most vulnerable citizens well and I think that it, you know, really asks us to make an impossible choice in terms of the heroic efforts being made... [AGENCY 25]

BRAD SHER: Uh-huh. [AGENCY 25]

SENATOR NANTKES: ...by many providers across the state. And so I don't know if you had...and I know that coming together again in a coalition form... [AGENCY 25]

BRAD SHER: Uh-huh. [AGENCY 25]

SENATOR NANTKES: ...it helps to kind of provide a united front and address some of those equitable ideas, but if you...issues, but if you had any comments or thoughts in regards to some of those decisions, I would appreciate an elaboration on that.  
[AGENCY 25]

BRAD SHER: In general, we need to have a clear plan and direction of what we need to do on a group-by-group basis. Because if you just...if I just take my services as a descriptor, I've got child and adolescent, I've got adult, and I've got senior population. And when it comes...and let's take child and adolescent as the first one. What's the direction? Because if you look at it from if I'm the highest level at this point, not counting RTCs and stuff like that, just as a different thing, I know that in the plan that I heard they were talking about a level five acute facility because we're sending kids outstate and stuff like that. But when people...when kids get in crisis, they come to our place and get stabilized, and then we want to move them down. Well, trying to figure out the right way they get moved down and the timeliness of moving and so forth is what everybody wants to do and I've, unfortunately, been around long enough that between administrations and turnover of the leadership of HHSS from, you know, the original collapsing of the five divisions and so forth, we just want to know what's the right way to

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Rough Draft

Appropriations Committee  
February 12, 2008

---

keep moving forward. Then everybody can adapt and say, what's the right level of service and what do we need to pay for those level of services. The classic I keep bringing up is, you know, we can't get kids out of our facility, okay? So you can keep paying me \$550 bucks a day or whatever the last number is because we can't move the kids down and they get parked at our place, you know, for 30, 60, 90 days, an administrative off, at \$550 a day, but we don't now the right plan on how we want to move the kids along. So we need to have those plans in place and then we all as providers can adjust to that and know what level of services do people want, how we're going to pay for them, and then the commitment to stick with them. Because I've heard from a lot of people and you've talked with a lot of people, we get told we want this and six months later it's either I need a lower rate or I don't really want that service or that capacity. And people have put in capital costs, they've put in education costs, they've put in recruiting costs to get people, and then it's like, okay, we've gone left, now we want you to go right. And it's that planning and that direction, we need some go forward. That would be the first thing. Then we all can adjust to that, you know, because we all can make the argument why I'm more important than somebody else, but I think if we have the plan and the direction and what's the right thing for the kids, what's the right thing for the adults and so forth, then we can all make the right decisions moving forward. I would just say overall, and it's not any different--I've got an article in here I just printed off--from Georgia--which is we have to realize that Medicaid completely underpays everybody--that's just kind of a given--and it's harder to shift it to anybody else. And when you're predominantly Medicaid as an organization, a lot of behavioral health providers, you know, from a psych perspective, it's 35-40 percent of our business so it's pretty dominant in our area, but for a lot of other people, if it's 50, 60, 70 percent, you got to get reimbursement that covers your costs and it's very, very difficult to do that anymore. And that is not just a state phenomenon. That's a countrywide phenomenon. We all have to acknowledge that. We've got to keep up with the cost of personnel or just expenses at this point, and I think when you see in your study you'll understand that. We're just not doing that. That gap is pretty dramatic. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR NANTKES: Thanks. [AGENCY 25]

SENATOR HEIDEMANN: You indicated in '02-03 you got a 0 percent increase; '03-04, 0 percent; '04-05, 1.94; '05-06, 2 percent; and '06-07, 1.35. What...we are in the current fiscal year of '07-08. [AGENCY 25]

BRAD SHER: It's kind of how we describe our fiscal years and so forth at BryanLGH. It doesn't match up a little bit, but the last year of what we consider our year was the '07...'06-07. That's how we describe it. This is...I have my reimbursement people. It's really the current rate. That's what I read we got last year, how we describe it. [AGENCY 25]

SENATOR HEIDEMANN: So you have no idea how '08 is going to treat you. [AGENCY 25]

BRAD SHER: No. [AGENCY 25]

SENATOR HEIDEMANN: Okay. Are there any other... [AGENCY 25]

BRAD SHER: I just know last year. We came in after 3 percent and, you know, the Governor didn't do anything and we settle on 2. My expectation on July 1 or whenever the click of the calendar should have been for the payment, those numbers right there should have said 2 percent rate increase. That we did not get. We got a 1.35 percent rate increase at BryanLGH. [AGENCY 25]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in today. [AGENCY 25]

BRAD SHER: Thank you very much. [AGENCY 25]

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Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR HEIDEMANN: Welcome. [AGENCY 25]

MARTY FATTIG: (Exhibits 6 and 7) Hi, Senator Heidemann. Senator Heidemann and members of the Appropriations Committee, I want to thank you for this opportunity to testify before you today. My name is Marty Fattig, M-a-r-t-y F-a-t-t-i-g, and I am the CEO of Nemaha County Hospital in Auburn, Nebraska, hometown of Senator Fulton here. And I also serve on the Governor-appointed Rural Health Advisory Commission and I'm here on behalf of the commission to request additional funding and cash spending authority for the rural incentive programs. And these rural incentive programs include a student loan program for medical, dental, and graduate-level mental health students, and a loan repayment program for certain licensed healthcare professionals. One of the biggest challenges facing the healthcare industry in rural communities is the recruitment of necessary professionals to provide care. There are fewer opportunities for financial gain in rural communities than in urban centers, the work tends to be harder, and the opportunities for professional networking are less. Healthcare facilities are very necessary for the physical, and mental, I might add, well-being of residents in rural Nebraska, and they also have a huge economic impact on the communities in which they are located. It should also be noticed that the cost of recruiting healthcare professionals continues to climb. In 1991, the Legislature passed the Rural Health Systems and Professional Incentive Act, which redefined the Nebraska student loan program and created the Nebraska loan repayment program. The Nebraska student loan program was funded that year; however, funding for the Nebraska loan repayment program was not appropriated until 1994. The Nebraska loan repayment program provides a means for certain healthcare professionals who agree to practice in state-designated shortage areas for up to three...for a period of three years to have a portion of their government and/or commercial student loans paid for. The program calls for all state funding to be matched by a local entity, usually the employer where the healthcare professional is working or the local hospital. This is the purpose of the cash fund and the cash spending authority that is administered by the commission. The money for the community match goes into the cash fund, where it is distributed via the

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

cash spending authority back to the healthcare professionals who awarded the grants in the program. Healthcare professionals who default on their agreement to practice in a state-designated shortage area for the required three years are required to return 125 percent of the funds they were awarded. Any funds collected due to defaults are also placed in the cash fund. In 1998, pharmacists, occupational therapists, physical therapists, and dentists were added to the Nebraska loan repayment program. In 2000, dental students were added to the Nebraska student loan program and the maximum amount of student loan awards was increased to \$20,000 from \$10,000. In 2004, graduate-level mental health students--licensed mental health providers and psychologists--were added to the Nebraska student loan program to address the behavioral health movement in this state. In 2006, the maximum amount of loan repayment was doubled to increase...to account for the increase that healthcare professionals are incurring. The loan repayment program has been really quite successful in that since 1994 the Rural Health Advisory Commission has approved 296 loan repayment awards, and 92 percent of the loan repayment recipients have completed their practice obligation or are currently serving in their practice obligation in state-designated shortage areas. Since 1998, no new general funds have been appropriated for these programs. Yet, as you can clearly see, the amount of the rewards has doubled when legislation was passed in 2000 and 2006, and the programs were expanded when the new health professionals and students were added to the incentive programs in 1998, 2000, and in 2004. The impact of these changes without an increase in funding has resulted in fewer awards at higher amounts to remain competitive in the market, thus reducing the pool of health professionals with practice obligations to our state's rural shortage areas. The commission currently has 19 providers on the waiting list for the loan repayment program because we have already obligated the funds for fiscal year 2007-2008, and most of the funds for 2008-2009. Their applications have been complete and the communities in which these health professionals plan to practice or are currently practicing have committed to pay their portion of the program cost. Without the Nebraska loan repayment program incentive, rural communities risk losing these professionals to urban centers, who can afford to pay them more and/or pay off

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

their student loans. The Rural Health Advisory Commission recommends a \$500,000 increase in the General Fund appropriation and a \$365,000 increase in cash spending authority for the local match component of the loan repayment program. This \$500,000 increase in General Fund is based on an additional \$135,000 for student loans...for the student loan program to fully fund the student loans at a maximum level, and \$365,000 for the Nebraska loan repayment program, plus an equal amount in cash spending authority for the local match to fully fund the loan repayment program at the maximum level. The Rural Health Advisory Commission, along with the Office of Rural Health, regularly receive correspondence from rural shortage areas indicating the difficulty they have in recruiting primary healthcare professionals. In order to compete in the market, these rural communities need assistance through the rural incentive programs. Please help us to ensure the future of the healthcare in rural Nebraska by supporting additional funding for these programs. I would also, with your permission, like to have you look at a letter that I included in your packet from Dr. David Isom. Dr. Isom was a recipient of the Nebraska student loan program and in 1994 or, excuse me, in 2004 set up a medical practice in the community of Alliance. And from the second paragraph of his letter I read: I graduated from residency in July of 2004. Since then, I have established a much needed new family practice clinic named Alliance Family Medicine. I have hired two other family physicians and two PAs and currently employ 12 other professionals...or employees. It has been my mission to recruit and maintain providers in this county to end the high turnover rate Alliance has witnessed for several years. As you can see, the program works. Of the people listed in the heading of his letterhead, four of the five have participated in one of these programs. This letter was received spontaneously when he applied for the money, it was not solicited, and we did...do give it to you with his permission, by the way. And then I have also supplied you wish some additional information on the numbers of grants provided and who those grants were provided to. If I could, I'd answer any questions for you. [AGENCY 25]

SENATOR HEIDEMANN: I will say that I've actually had people contact me and say that if this was more well funded they would like to participate and actually locate in a rural

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Rough Draft

Appropriations Committee  
February 12, 2008

---

community, so I know there's a need out there. I will also say that we as a state...it might be difficult to fund everything that we would like to fund this year, and I think we as a committee, we've heard a couple of different proposals already that would help get help in the rural areas, and I guess we're going to have to sort that out. One of the other ones I'm talking about is the AHECs would like additional funding and, first, we're probably going to have to figure out if we have any money to do anything and then, if we do, we're going to have to figure out our priorities and what best we can do to help. Would you like to comment on that at all? [AGENCY 25]

MARTY FATTIG: The comment that I have is the same on that I told the Governor when I visited with him. I believe that an investment in rural healthcare is an investment in the rural economy. I don't believe that the fixed pie exists when you invest in rural healthcare. The statistics show that every job created in rural healthcare creates another one and a half jobs downtown. To me, that's a pretty good investment. I'd like to have some investments like that. So I believe there's an immediate issue here. That is the reason I think this is the top priority. The immediate issue, we have 19 on the waiting list. I'm afraid...some of those people are already practicing in rural communities, but I fear we risk losing some of those to other areas if we don't get funding for this soon, and we just received...well, Dr. Isom would be 19 on the list. We have not approved his application yet, so we cannot say, yes, he's on, you know, but I'm sure he will be granted. He definitely qualifies. I also submitted a letter of support from the Nebraska Hospital Association. [AGENCY 25]

SENATOR HEIDEMANN: That's noted. Senator Nelson. [AGENCY 25]

SENATOR NELSON: What attracted these...or what is attracting these professionals to the community, provided, you know, that they can get the money you kind of recoup on their loans? [AGENCY 25]

MARTY FATTIG: The...great, great question. Most of the people that we recruit to rural

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

communities--I've been involved in this about 30 years--are rural kids. You know, they understand the rural life; they like it. Many of them have worked in a city for five years or so and now they have kids and they want to come back home and raise their kids in a healthy environment. The problem is these kids are coming out of school at anywhere from \$150,000 to \$250,000 worth of debt, and if they can make enough more in the city to pay off those debts, they're going to do it. If we can offer them loan repayment to work in our communities so that the community is invested, you know, with the \$20,000 a year as the max for three years, so they've got \$60,000 on the table, and then the state kicks in another \$60,000, we've got a chance of keeping these kids in rural communities, or these professionals. Without the healthcare, I mean, the industries that I talk to in rural communities, when they talk about relocating to rural communities, it's education and healthcare. Without them, they're not coming. So it's a vision cycle.

[AGENCY 25]

SENATOR NELSON: On the basis of your...and this is a loaded question. [AGENCY 25]

MARTY FATTIG: Huh. [AGENCY 25]

SENATOR NELSON: We have to, as the Chairman says, we've got to kind of establish priorities here. Do you feel that if you've got these people, that they're rural people originally and they want to come back and find a good community to raise their children at least, you think we're better off to give your program here priority than perhaps the AHECs, where I know they're casting a big net and trying to...trying to get people interested in these programs? But are we actually losing people that [AGENCY 25]

MARTY FATTIG: Well, this really is a loaded question because I'm the chairman of the Southeast Nebraska AHEC board, by the way, too. (Laughter) So...but... [AGENCY 25]

SENATOR NELSON: Well, then you can make a good comparison. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

MARTY FATTIG: But I will, as Senator Heidemann has asked me that specific question and I've been honest with him and I'll be honest with you. I believe this is a more immediate need and, therefore, I would prefer to fund this program. I'll probably get shot when I go to the next board meeting, but that is my unbiased opinion, or biased opinion, whichever you may... [AGENCY 25]

SENATOR HEIDEMANN: Are there any other questions? If not, thank you for coming before us today, Marty. [AGENCY 25]

MARTY FATTIG: Thank you for being here. [AGENCY 25]

CAROLE BOYE: (Exhibit 8) Good afternoon. My name is Carole Boye. I'm the executive director of Community Alliance, which is a mental health rehabilitation agency, the largest in the state of Nebraska, located in Omaha, Nebraska. I also serve on the legislative Behavioral Health Oversight Commission and, while I'm not here certainly speaking for the commission, some of the information that I bring to you and some of the thoughts that I bring to you come with that hat on as an active member of that. You know, it occurs to me as I'm sitting here, I want to talk...I want to circle back one more time about the money that is out there that...under LB1083, but as I was sitting here listening it occurred to me that I don't need to go through all of this again, but what's making an impression on me is that on this particular issue we may be the only ones here today that are not asking for more money. We really are not asking for any more money in terms of implementing and reconciling and finalizing behavioral health reform. What we're asking for is a reconciliation and we're asking that the funds that are statutorily mandated and the funds that this committee and this body appropriated and authorized, and that the Governor signed off on, and that all of us have been working on for four years, that it actually get to the citizens that you all have said need these services and these monies. So with that in mind, I just want to touch upon a couple of things again. You've heard about a lot of these things. First of all, and I don't remember my history, but there's that phrase that, you know, a million here, a million there, pretty

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

soon you're talking about real money. We're talking about over \$20 million here by the time you add up all the dollars that have been appropriated and have yet to hit the community and have yet to be used for our citizens. That's real money. That's real lives. That's real services. We've been trying to reconcile these dollars for some time. If we go to the \$10 million carry-over money that we've talked about this afternoon, it really is, just for the record, at least as of July 1, 2007, it was really \$11.7 million. I don't know where it went from \$11.7 million to \$10 million, but there is documentation that as of July 1, 2007, there was \$11.7 million that, again, this body had appropriated, had carried over with the intent that it go to services. On July of 2007, and all the way through September of 2007, any number of us have been trying to get a reconciliation of what was left to be transferred. We were told by HHS in September that it was \$3.7 million. At the Oversight Commission meeting, we challenged that a little bit and said our calculations show that it was closer to \$9.7 million. Within a month we were at \$9.3 million, \$9.3 million. That was in October. We've been asking since July when the \$11 million carry-over money would hit the community. We've been asking since July for a reconciliation of dollars, and certainly since September and October been promised that the \$9.3 million would get to the community and get to services. We have submitted plan after plan. It's February--eight months into this fiscal year--and we haven't seen any of it. Last week was the first movement. Last week \$250,000 per region was allocated by HHS. That's \$1.5 million out of over \$20 million. So I think what I'm here today to talk about is: (A) emphasize we're not asking for any more money, we're asking for an accountability; and (B) we've tried as providers, we've tried as advocates, some of us have tried as Oversight Commission members, I think...I think what I'm asking for is for your help to get this job done. We want to get LB1083 done. We want to...the dollar amounts have been reconciled. Let's get it to where it belongs. Let's reconcile it this year so that I'm not back here next year and 5 other people or 10 other people or 20 other people aren't back here next year. Please help us get it to the people that it belongs to. We have some very specific recommendations of how to do that on the last page of the document that I handed out to you, you know, specifically transferring the dollars now and putting a mandate, transfer to the regions. We have regions that have

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

plans in place, needs identified, waiting lists, providers ready to go, families, consumer groups that need help. Let's get it transferred to the regions by some date certain. The carry-over money, same thing, plans have been put in place. Let's get it to the regions. Let's let the regions do some things. One other comment I would make, irrespective of whether it's \$3 million or \$1 million net increase...or net savings from the closing of the Hastings facility, I can tell you as an Oversight member that no services, no children's services were ever, ever included in the calculation of that \$9.3 million. And LB1083 does, in fact, the language of LB1083 is sitting here, every reading that anyone has given to LB1083 does include the closing of those services and the savings that have gone there that should be included over and above that \$9.3 million. We had understood it was \$3 million. That's what my figures say. If it's \$1 million, okay. But again, it's real money, it's real lives, it's real services. We would greatly appreciate your help in getting...finishing this job. Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Thank you for coming before us today, Carole. Are there any questions? Senator Nantkes. [AGENCY 25]

SENATOR NANTKES: Well, it's not really a question, Carole, but I just really want to commend you and your organization for organizing your testimony in this fashion. I think it's really helpful to have a time line and specific recommendations to really summarize this complicated time line that exists and the many component parts of this issue, and I find it really a great resource. [AGENCY 25]

CAROLE BOYE: I like to think logically, so hopefully it's logical. [AGENCY 25]

SENATOR NANTKES: Great. Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Thank you for...are there any other questions? Seeing none, thank you for coming before us today. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

CAROLE BOYE: Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Just out of curiosity--you can come forward, Korby--what we're up against today, would everybody that plans to publicly testify please raise your hands. Okay. We know where we're at. I might ask that question after a couple hours to figure out where we're at again. (Laughter) But it will be helpful...we...I do want to state that we realize you came probably sometimes for a distance. It's very important, I understand, for you to get your point across and we understand that importance. We're here for you, but we do ask that you don't be repetitive. Be as short as possible. After HHS, all the people who just raised their hands, we also have four bills to do today yet also. So we just ask you to help us out as much as possible. Thank you. Welcome.  
[AGENCY 25]

KORBY GILBERTSON: (Exhibit 9) Good afternoon, Chairman Heidemann, members of the committee. For the record, my name is Korby Gilbertson, it's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of Nebraskans for Public Health Funding, specifically to ask for increased funding to Program 514, which is Public Health and Health Aid. These funds, a portion of which go for what we call the Pap and chlamydia money, but it's Pap smears and various STD testing procedures that are paid for, for lower income people across the state, many of whom are in rural communities. I have provided you with some bullets. Many of you are familiar with LB536, which was introduced last year by Senator Schimek and cosponsored by Senator Kruse and Nantkes, which would also have increased funding to this program. Since the introduction of that legislation last year, there have been a few changes that I wanted to bring the committee up to date on. During the interim, HHS had decided to increase to whom these funds could go and make the funds available to all Every Woman Matters providers. In essence, that would increase the number of providers receiving these funds from fewer than 50 to more than 800, so...my math skills aren't real good, but any time you increase something by 750 percent, it would make sense that of course finding increase in funding would also follow that

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

change in policy, and for that reason we would like to ask for some increased funds to be placed into this program to make sure that the funds do not run out and that people are provided the services that they need. Many times...under 514 there's a whole list of services that can be provided, but it is well known that most of the time the funding ends after the first couple of services on that list and that can create a problem, especially for people who don't then receive care and then are faced with coming to an emergency room or something like that with big health problems. So this is one of those cases in which prevention really does help. And I'd be happy to try to answer any questions.  
[AGENCY 25]

SENATOR HEIDEMANN: I'm read through this and I've tried to listen to everything you said as I was reading. [AGENCY 25]

KORBY GILBERTSON: Uh-huh. That's okay. [AGENCY 25]

SENATOR HEIDEMANN: The one thing that I have not picked up yet is the amount you're asking. [AGENCY 25]

KORBY GILBERTSON: Yeah. (Laugh) The amount, well, you know, pie in the sky would say a 750 percent increase would be great if you're going to follow the number of providers increase. However, I'm a little more of a realist and I think has year we asked for around \$100,000 increased in the funds, and I think that's a very reasonable request based on if you look at a decade ago we were actually receiving more money than we are now. So that, I think, would be a reasonable step in the right direction. [AGENCY 25]

SENATOR HEIDEMANN: \$100,000. Okay. [AGENCY 25]

KORBY GILBERTSON: I know, I'm a cheap date. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR HEIDEMANN: (Laughter) Questions? Senator Synowiecki. [AGENCY 25]

SENATOR SYNOWIECKI: Yeah, (laugh)... [AGENCY 25]

KORBY GILBERTSON: (Laugh) Gotcha, didn't I? [AGENCY 25]

SENATOR SYNOWIECKI: I had to follow that, didn't I? I think I remember this. We expanded the service providers. And I agree with your testimony. It would have been logical to expand the funding base for it. Why didn't we do that? [AGENCY 25]

KORBY GILBERTSON: That was actually done after session ended last year. A letter was received by, I think, Senator Schimek and a few other people received a letter right before it happened, and the providers received a letter right at the same time, and were just simply told we are now going to expand the program to all these other providers. [AGENCY 25]

SENATOR SYNOWIECKI: Wasn't that legislative action then, expanded? [AGENCY 25]

KORBY GILBERTSON: There was some discussion. [AGENCY 25]

SENATOR SYNOWIECKI: If I... [AGENCY 25]

KORBY GILBERTSON: There was some discussion on the floor but that was not...yeah, it was not done by the Legislature. [AGENCY 25]

SENATOR SYNOWIECKI: Oh, I thought we...no, I'm serious, I thought we did expand it. [AGENCY 25]

KORBY GILBERTSON: There was discussion on the floor on that issue. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR SYNOWIECKI: Right. [AGENCY 25]

KORBY GILBERTSON: But... [AGENCY 25]

SENATOR SYNOWIECKI: Was that three years ago? [AGENCY 25]

KORBY GILBERTSON: Two, right. [AGENCY 25]

SENATOR SYNOWIECKI: Two years ago? [AGENCY 25]

KORBY GILBERTSON: But no legislative action was actually taken. [AGENCY 25]

SENATOR SYNOWIECKI: Oh, we never did expand it then? [AGENCY 25]

KORBY GILBERTSON: No. [AGENCY 25]

SENATOR SYNOWIECKI: Oh, okay. So how did it get...why did we need legislative action to expand it? [AGENCY 25]

KORBY GILBERTSON: Because... my understanding is that because it is simply a line-item appropriation to Health and Human Services, that they are free to decide who the providers are that receive it. And so we are not going to dispute that idea, but we do think that if you're going to do that... [AGENCY 25]

SENATOR SYNOWIECKI: So it was done administratively. [AGENCY 25]

KORBY GILBERTSON: Yes, it was. [AGENCY 25]

SENATOR SYNOWIECKI: Okay. Thank you. [AGENCY 25]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR HEIDEMANN: Senator Nantkes. [AGENCY 25]

SENATOR NANTKES: Thanks for coming in, Korby, and I know you and I have had a chance to discuss this issue pretty extensively last session, over the interim and then again this session. And, you know, one thing that came to mind, as we prepared for the hearing today, was that last session this committee took fairly dramatic action in eliminating a state agency known as the Women's Commission, and for a variety of very valid public policy reasons which you know that I agree with and fought very diligently to accomplish. But, you know, in thinking about those actions and as part of those conversations, we talked a lot about ensuring those limited and precious state resources really go to direct services that are going to help women, and we haven't really seen that action translate into another kind of source. And it seems to me that this would be a natural option, something that's already in place, that's proven, etcetera, and I didn't know if you wanted to expand on that at all or... [AGENCY 25]

KORBY GILBERTSON: I would agree that that would make a natural...there would be a natural progression there for the funds to follow. This is basic preventative healthcare that everyone knows works, and so I think obviously that the money is not going to waste. The reimbursements that providers receive don't cover the actual costs of them anyway. This just helps provide services to low-income women, and men, I should say also, who go in for STD testing and in rural areas as well as Omaha, which has one of the highest rates of STDs in the nation. So it's very important money that we will end up paying for it one way or the other. I think this is the cheaper alternative. [AGENCY 25]

SENATOR NANTKES: Thanks. [AGENCY 25]

SENATOR HEIDEMANN: I do want to point out we didn't take steps to eliminate the Women's Commission. We just didn't fund them (laughter) at the point that they would have liked maybe. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR NANTKES: Thanks for that. Appreciate that. (Laughter) [AGENCY 25]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thanks today, Korby. [AGENCY 25]

KORBY GILBERTSON: Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Thank you for coming in today. [AGENCY 25]

ROGER HOWARD: (Exhibit 10) Good afternoon. My name is Roger Howard and I'm a CPA. My name is R-o-g-e-r H-o-w-a-r-d, and I'm with the accounting firm of Seim, Johnson, Sestak and Quist in Omaha, and earlier Brad Sher referred to our report. We were commissioned by the Nebraska Behavioral Health Coalition to take a look at the last five years of rate increases in Medicaid rate increases for behavioral health, and compare those to what's been going on with the cost of inputs in behavioral health, if you will, inflationary increases. Our firm specializes in healthcare. We work with over half the Nebraska hospitals and several hundred physicians. We also work in 23 other states. Most of our time is devoted to healthcare. For comparison to other healthcare benchmarks, what we took a look at was, in terms of the physicians and the hospitals, we said for the physicians' purposes. In fact, today you have this very detailed report that was given to you previously and then I just handed out three graphs that will visually today indicate...summarize a much longer report. So what you're being handed out may be easier to work with. For a comparison to other healthcare benchmarks, we used the Medicare cost-of-living adjustment factors that are used nationally. For physicians, that's the Medicare economic index. That's the type of increases they give every year. And for hospitals, it was the hospital input price index. For inflation, we took a look at the CPI for medical services. And for today's purposes, the little handout that you have also has the overall CPI for comparison to the rate increases that have been given the providers in Nebraska for behavioral healthcare compared to what inflation has been doing. The three graphs that you have are just the Magellan managed care

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

rates for behavioral healthcare, because that comprises about 90 to 95 percent of the total payments for behavioral health in the state of Nebraska. When we take a look at the inflationary increases, the first chart you have, Exhibit 1, shows on the bottom line there, the blue line, that over the last five years for child welfare rates, the total increase over five years in the rates is 4.5 percent. During that same time, the inflationary increases are 13 to 26 percent. If you look at outpatient behavioral health--psychologists, psychiatrists, licensed mental health practitioners--their rates have gone up a total of 9.4 percent in five years, and, again, the inflationary increases were 13 to 26 percent. There's a huge gap in the graphs. And if we look at the last chart there, Exhibit 4, we see on the inpatient side that over the last five years--and Mr. Sher indicated this earlier, there were several 0 percent years--that the total increase has been 5.4 percent, whereas the inflation of their costs has been 21 to 26 percent, using all the available indices. So very simply, we believe these charts indicate that the Medicaid rate increases for Nebraska behavioral healthcare providers have not covered their increase in costs. [AGENCY 25]

SENATOR HEIDEMANN: Thank you for coming in today, Roger. Are there any questions? Senator Synowiecki. [AGENCY 25]

SENATOR SYNOWIECKI: Thanks for your testimony. Appreciate the information. I've got one question relative to terminology. When you say inpatient behavioral health, are you...what is your definition of inpatient behavioral health? Is that residential substance abuse, residential mental health services? Or when you say inpatient, you're talking about hospital-based inpatient? [AGENCY 25]

ROGER HOWARD: When you talk about inpatient in this case, we're talking about hospital based. [AGENCY 25]

SENATOR SYNOWIECKI: Hospital based. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

ROGER HOWARD: Yes. [AGENCY 25]

SENATOR SYNOWIECKI: Do you have another chart for residential-based mental health and substance abuse services or not? [AGENCY 25]

ROGER HOWARD: We do for children. That's the child welfare chart and that includes all the levels of care and we just averaged the increases. They were pretty similar across all levels of care, whether it was residential treatment or all the other levels of treatment that they provide through the various providers that we surveyed, and that is...that would include group homes, agency-based foster care, emergency shelter. It's actually Exhibit 7 in the big report. [AGENCY 25]

SENATOR SYNOWIECKI: Okay. Thank you. Exhibit 7? [AGENCY 25]

ROGER HOWARD: Yes. And that indicates all the rate increases that they've had for the last five years. Some of those years were zero, as you can see by the chart. [AGENCY 25]

SENATOR SYNOWIECKI: I noticed 2003-2004 particularly in child welfare, and inpatient behavioral health was zeroed out, essentially? [AGENCY 25]

ROGER HOWARD: That's correct. [AGENCY 25]

SENATOR SYNOWIECKI: Okay. Thank you. [AGENCY 25]

ROGER HOWARD: Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Are there any...Senator Kruse. [AGENCY 25]

SENATOR KRUSE: Roger, thank you, I think, for putting this so clearly. It's a impressive

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

graphic, and I appreciate it. [AGENCY 25]

SENATOR HEIDEMANN: Are there any other questions or comments? Seeing none, thank you, Roger. [AGENCY 25]

ROGER HOWARD: Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Welcome. [AGENCY 25]

PAM PERRY: (Exhibits 11 and 12) Thank you. Good afternoon. I'm Pam Perry, P-a-m P-e-r-r-y, executive director of Nebraska Domestic Violence, Sexual Assault Coalition, and I'm here today to visit with you about a funding increase for the 22 Nebraska domestic violence, sexual assault programs across our state. And as most of you are aware, we had an interim study that was sponsored by Senator McGill and so I'd like to speak just a bit about the results of that and the funding recommendation that came as a result of that study. You have a binder of information for you so it's reference materials you can look at later. But I wonder if right now you might flip to the section entitled "Program Services," and this just gives you a brief snapshot of the services that are provided by our programs, for instance: responding to over 50,000 crisis line calls; over 100,000 face-to-face services; shelter beds, they provided over 58,000 shelter bed nights, and you note that that was a 20 percent increase from the previous year. Programs also provide community education and they educated over 45 percent more people than in the previous year. So what we're finding, and we found this through the study as well, is that the program services are really stretched thin, in part because of the volume, the increase in numbers of people coming to the programs, but also because of the types of people that are coming to our programs now. We're seeing more children and youth who are seeking services from the programs as a result of sexual violence, dating violence; more individuals coming to the programs who have very complex needs, maybe substance abuse, mental illness, and because of that our programs, as I say, are just really strapped to provide the service. In that "Program

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

Service" section, the second page in there outlines the services that are included in the program contracts with HHS, so these are the services that are required to be provided by the programs. And then the very last section of "Program Services" talks about the statutes, so this is what HHS is required to provide for victims of domestic violence, sexual assault and stalking, and they do that largely through the contracts with the 22 local programs. So that's something that you can have just as your reference. But when we did the interim study we not only found the services were pretty stretched thin, but also the last funding increase had occurred in 2002 as far as state funding. And if you flip to the next section, the "Program Funding," that offers you a chart that I think most of you have seen before on some of our one-on-one discussions, but that shows you the general funding sources for the programs. So approximately 17.6 percent of the funding is from state funds; 11.5 percent from the General Fund line that we would like to see the increase in. Currently, that's \$1.3 million. The results of the study actually suggested that we increase that to...by actually \$4 million total, and what we're asking for today is actually a \$2 million increase in that line, so that would bring us more to like \$3.3 million for that line. And in the next pages, the second page shows the local funding sources. I know when some of us met one on one, you were asking about local funding. More than 40 percent of the funding comes from, you know, approximately--it depends on the year--but from local funding sources; another 40 percent approximately from federal funding. And the local funding is a combination of charitable organizations, like United Way. Some programs actually do get monies from their counties, as you'll see in the chart. And then the third chart in that section shows if there was an increase in the appropriation by \$2 million, it shows the breakdown per our funding formula and how that money would be distributed among the programs. And in case you wonder about those amounts, it's based largely on population but then there also is an adjustment for the programs that are in the rural areas that serve multiple counties, a large geographic area. So they have an adjusted increase to help pay for the additional costs of mileage for rural outreach. And then in the last section we have letters from the local programs, and so there's probably a letter in there from a program in your districts, if you're interested in that. But one thing that I think is really important to point out is that

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

this additional money goes directly to victim services. We don't even have the luxury of asking for parity in wage increase...wage rates. As a matter of fact, the program directors even kind of joke sometimes that they lose staff to HHS, and that's kind of sad, because our pay rates are so low. But what they're used for, I listed out some of them. A lot of the programs would like to increase the services that they would have available for teen victims, in particular, or for outreach into schools for education. Programs had things like being able to replace a boiler in the shelter or expand the shelter beds; rural outreach, that means more mileage; being able to provide more transportation for victims. We just had a situation recently that we became aware of at our coalition office, just by happenstance, and that was a local program didn't have the staff to be able to transport a victim who was needing shelter. She finally got the nerve to leave and so she scooped up her toddler, she went to the local McDonald's and she called the program. And the program had no one to come get her; their shelter was full. And so she was thinking she was going to have to go back home and try again tomorrow. And fortunately, through a series of phone calls, we were able to find someone from another program who could go pick her up, transport her to another community, be able to meet an advocate to get shelter in another community. So it all worked out and at least, you know, we used our resources efficiently, but that's a really scary situation to think that we have people in a crisis situation that at risk that we might not be able to get them to safety. Other examples of ways programs would use the money would be for deposit assistance if somebody is moving from shelter into an apartment. A lot of...most times the reason people go back to an abuser is because they don't have the economic resources to be able to maintain their independence and their stability, be able to feed their children, that kind of thing. So that direct financial aid is really important and, again, that's something that's required in our contracts with HHS. Counseling for victims, expanded support groups, right now they offer over 80 ongoing support groups, but still we have the need for more, particularly again for children and teens. So that's kind of it in a nutshell, trying to brief, but there is some additional information here from our study that talks about the impact of domestic violence here in Nebraska, social costs, the costs to business, the costs to our medical system and so on. So are there any

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

questions? [AGENCY 25]

SENATOR HEIDEMANN: Thank you for coming before us today, Pam. Are there any questions? Senator Fulton. [AGENCY 25]

SENATOR FULTON: Quick question. Thank you, Pam, for being here. [AGENCY 25]

PAM PERRY: Sure. [AGENCY 25]

SENATOR FULTON: You do very important work. So it's \$2 million is the request, correct? [AGENCY 25]

PAM PERRY: Right. [AGENCY 25]

SENATOR FULTON: Can you give me an idea...I'm interested in transportation. You touched on this a little bit but it's something that in my experience has...it's a significant portion of this budget. How much of that \$2 million falls under...would you say is to address transportation shortfalls? [AGENCY 25]

PAM PERRY: You know, I can't tell you off the top of my head, but I can get you that information. We have a spreadsheet from the programs that shows the categories of their expenditures, actually per program even, and so I could certainly show that to you. It does vary widely among programs and we even find that in the larger communities they may tend to use more provide providers, and in the smaller communities they are using staff. And I asked the question recently why there weren't more volunteers used for that and the programs are concerned about liability issues and sometimes they are able to use trained volunteers. But generally it's staff. But I will follow up with that information today. [AGENCY 25]

SENATOR HEIDEMANN: Are there any other? Senator Synowiecki. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR SYNOWIECKI: The state funding on this comes from the Homeless Trust Fund. I think, Pam, we had that discussion. [AGENCY 25]

PAM PERRY: Right. [AGENCY 25]

SENATOR SYNOWIECKI: This is Denny Byars established this program. [AGENCY 25]

PAM PERRY: Some of the state funding comes from that, right. [AGENCY 25]

SENATOR SYNOWIECKI: And has there been any interest in your organization looking at that doc stamp tax and a potential increase in that to try to fortify these funds? [AGENCY 25]

PAM PERRY: Well, certainly we would be very interested in doing that and I think something that we would look at in the future and probably in collaboration with other homeless providers. I know we just had a continuum of a meeting with representatives from the various regions for the continuum of care, and they did say that the first or second highest reason why the homeless providers are finding people come to them is because of domestic violence as well. So...and I don't want to compete, you know, for that money with the other homeless providers, but I think in collaboration with them we would certainly be interested in looking at that. [AGENCY 25]

SENATOR SYNOWIECKI: So you just...you receive a portion of those funds. [AGENCY 25]

PAM PERRY: A portion of that, right. [AGENCY 25]

SENATOR SYNOWIECKI: Okay. Thank you. [AGENCY 25]

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

SENATOR HEIDEMANN: Are there any other questions? Thank you for coming before us today. [AGENCY 25]

PAM PERRY: Okay. Thank you very much for your time. [AGENCY 25]

JONI COVER: I was going to let them go first. [AGENCY 25]

SENATOR HEIDEMANN: It looks like you're up. [AGENCY 25]

JONI COVER: (Exhibit 13) Looks like it's me. Okay. I'm going to read this whole set of stuff to you. Just kidding. (Laughter) Just kidding. Good afternoon, Senator Heidemann, members of the committee. My name is Joni Cover, it's J-o-n-i C-o-v-e-r, and I'm the executive vice president of the Nebraska Pharmacists Association, and I appear before you today with a request, and I have an amendment that I would like to share with you. And I have to say that, what, it's 3:30 now; that year I appeared before you at 9:00 p.m., so this is much better. (Laugh) [AGENCY 25]

SENATOR HEIDEMANN: Stick around. [AGENCY 25]

JONI COVER: Well, we have another bill up today so we'll still be here. Last session Senator Kruse introduced LB577, which was a request for increase in dispensing fee on Medicaid generic prescriptions, and the reason we asked for that increase in dispensing fee was because of the federal mandate from the Federal Deficit Reduction Act. The federal government has decided, in their wisdom, to change the way pharmacies are reimbursed for drugs, the cost of the drugs, and they are going from average wholesale price to average manufacturer price. We're going to talk more about this in LB940 here later this afternoon. So what I am proposing with this amendment, and I've worked with Senator Fulton and Senator Heidemann, is to bring forward some language to basically hold harmless the pharmacies under the Medicaid program. And what the amendment does is it's a budget neutral proposal that will, in essence, once the Federal Deficit

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Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

---

Reduction Act AMP calculations go into effect, this money...or this amendment will say that the Medicaid program will take the cost savings from that...those cheaper generic drugs savings from the state and apply them basically back to the pharmacies in the form of dispensing fees. It doesn't cost the state any additional money. It just takes what money that they save and put it back into the pharmacies for dispensing. And the reason we're asking for that question is because we are guesstimating that the DRA will have a very negative impact on pharmacies for reimbursement on the cost of the drug of...of the cost of generic drugs under the Medicaid program. Again, this amendment only takes effect once the DRA goes into effect. There was a temporary restraining order/injunction put into place at the end of last year so we're still...I wish I could come to you this year and say we have the answer and this is what we need, but we still don't have that. So we're hopeful that we'll get it solved soon and I'm guessing that the Legislature will be adjourned and I'm guessing you probably don't want to call a special session just to address our issue. So we'd like to put this amendment in now and ask that if something does happen with the DRA that this will be in place to protect the pharmacies in Nebraska. [AGENCY 25]

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

JONI COVER: We'll be able to answer more questions about DRA on LB940 later. [AGENCY 25]

SENATOR HEIDEMANN: Sounds good. Thank you. [AGENCY 25]

JONI COVER: Thank you. [AGENCY 25]

CAREY POTTER: I'll slip in for a quick cleanup. I am Carey Potter with the National Association of Chain Drug Stores. I'm going to ask the page to hand out my testimony now. We have pharmacists that are testifying later today so I won't come back for the bill, but I will be here if you need me to answer questions when we talk about the

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office  
Rough Draft

Appropriations Committee  
February 12, 2008

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dispensing fee. There you go. I just did want to point out to the committee that back when we had HCFA, before it became CMS, back in 1987 it was recommended by the federal government that states do dispensing fee increases to try to keep pharmacy fees in a reasonable amount, to take into consideration what it was costing pharmacists to dispense Medicaid drugs. And with the shift in HCFA, it's still in their preamble, but those surveys went away. So there are only a handful of states in the United States today that still do those surveys. Nebraska hasn't done one for, well, until last year, for a long time so pharmacy fees in Nebraska have not been addressed for over 20 years. Pharmacies today are being paid less than they were 22 years ago for dispensing fees, so when you're hearing from the other folks that are having provider issues about Medicaid reimbursement, the pharmacists are right in there with that. I wanted to share with you that what we're asking with this amendment is in line with what a lot of the other states have already done or are looking at this year. This hold harmless language is a way for us to ask the states to look at what we're being paid, to take into consideration what the cost of dispensing surveys have shown, and to allocate that money that's coming to savings, to the state from AMP, to the pharmacy fees. So there are 12 states that have hold harmless language already in place in the state budgets through legislation or budget language like Joni has just handed out, and then there are, I believe, 17 states that are either looking at it or are proposing regulatory changes where the fees could be changed in regulation. And so we're working with Medicaid divisions there. So that's 29 states that are addressing this right now, so that's a majority of the states that have adopted or are addressing the dispensing fees, as we're asking. So we would thank you for considering that when you're deliberating. [AGENCY 25]

SENATOR HEIDEMANN: Thank you. [AGENCY 25]

CAREY POTTER: If you have any questions... [AGENCY 25]

SENATOR HEIDEMANN: Are there any questions? Thank you for coming. [AGENCY

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February 12, 2008

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CAREY POTTER: Thank you. [AGENCY 25]

SENATOR HEIDEMANN: I don't believe we went through everybody that fast, but that would be a good thing. (Laughter) Is there anyone else wishing to testify on Agency 25? (See also Exhibit 14) Okay, we are going to close the public hearing on Agency 25. We might have to stand down just for a little bit. We didn't realize how long this was going to last. When I asked who was all going to testify, I think we had a misunderstanding. I was talking about Agency 25. But everybody...evidently there's people here to testify on the bills. So we might have to stand down just for a little bit until Senator Karpisek gets here. [AGENCY 25]