

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

Appropriations Committee
February 10, 2014

[AGENCY 25]

The Committee on Appropriations met at 1:30 p.m. on Monday, February 10, 2014, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB689, LB827, LB889, LB936, and agency budgets. Senators present: Heath Mello, Chairperson; John Harms, Vice Chairperson; Kate Bolz; Danielle Conrad; Bill Kintner; Tyson Larson; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I'm from south Omaha, representing the 5th Legislative District, and serve as Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting with Senator Kintner.

SENATOR KINTNER: Well, hi, everybody. I'm Bill Kintner from Legislative District 2, which is half of Sarpy County, Cass County, a little bit of Nebraska City.

SENATOR NORDQUIST: Senator Jeremy Nordquist from District 7, downtown and south Omaha.

SENATOR NELSON: John Nelson, District 6, central Omaha.

SENATOR HARMS: John Harms, Scotts Bluff County.

SENATOR MELLO: Sitting to my right is Senator John Wightman from the 36th District, representing Dawson and Custer County.

SENATOR CONRAD: Danielle Conrad, north Lincoln.

SENATOR BOLZ: Senator Kate Bolz representing south-central Lincoln, District 29.

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

Appropriations Committee
February 10, 2014

SENATOR MELLO: Sitting next to Senator Bolz is Senator Tyson Larson representing the 40th Legislative District from northeast Nebraska, and he should be joining us shortly. Assisting the committee today is Anthony Circo, our committee clerk; and Matthew Ruiz, who is a senior studying international business at the University of Nebraska-Lincoln and is our committee's page. Sitting to my right is Liz Hruska, legislative fiscal analyst; and my left, Sandy Sostad, who is also a legislative fiscal analyst helping us with today's public hearings. On the tables in the back of the room you'll find some yellow testifier sheets. If you're planning on testifying today, please fill one out and hand it to Anthony when you come up. It helps us keep an accurate record of today's public hearing. There is also white sheets on the cabinet if you do not wish to testify but would like to record your position on a specific piece of legislation. When we hear testimony regarding the agencies, we will first hear from a representative of the state agency. We will then hear testimony from anyone who wishes to speak on the agency's budget request. We will hear bill testimony in the following order: First will be the introducer. We will then hear those in support of the legislation, followed by those in opposition, then those testifying in the neutral capacity. And we will end with a closing statement by the bill introducer. If you have any handouts, please bring at least 11 copies and give them to Matthew, our page. If you do not have enough copies, he will help make more of them for you. We ask that you begin your testimony today by giving us your full first and last name, and then spelling them for the public record. We will be using a five-minute light system today. When you begin your testimony, the light will, on the table, will turn green. The yellow light is your one-minute warning. When the red light comes on, we please ask that you wrap up your final thoughts. At this time, I would ask all of us, including senators, to please check our cell phones, make sure they are on the silent or vibrate mode. With that being said, at this time we will begin today's public hearing with Agency 25, the Nebraska Department of Health and Human Services.

KERRY WINTERER: (Exhibit 1) Excuse me while I check my phone. All right. Good afternoon, Senator Mello and members of the Appropriations Committee. For the

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

Appropriations Committee
February 10, 2014

record, I am Kerry Winterer, that's spelled K-e-r-r-y W-i-n-t-e-r-e-r, and I am privileged to be the chief executive officer for the Department of Health and Human Services. I am joined today by division directors: Dr. Joseph Acierno of Public Health; Ruth Vineyard, who's the deputy director for Medicaid and Long-Term Care; Thomas Pristow, Children and Family Services; Scot Adams, Behavioral Health; Jodi Fenner, Developmental Disabilities; and Matt Clough, who's the chief operating officer for the department. John Hilgert, the director for the Division of Veterans' Homes, is not able to join us today. Before we begin, we wish to thank you and your staff for your work on behalf of the department and especially on priority areas for us. We also thank you for including most of our requests in your preliminary recommendations. We will not address those requests unless you have additional questions for us. The budget adjustments proposed by Governor Heineman are intended to continue our initiatives to improve services for the most vulnerable Nebraskans. The recommendations reflect the realities of the current economic situation and enable us to implement operational efficiencies throughout the department, to redirect resources where necessary, and to adjust to changes in federal funding. Let me briefly touch on the differences between your preliminary recommendations and the Governor's, and then the directors and I can respond to any questions. The Governor's recommendation does not include a personal service limitation increase at the Lincoln Regional Center for fiscal year '13-14 or '14-15, while the committee's preliminary recommendation includes \$483,000 PSL in '13-14 and \$871,600 PSL in fiscal '14-15. Thank you for the committee's recommendations; however, we are able to manage within the Governor's recommendation. The Governor's recommendation includes a personal service limitation increase at the Norfolk Sex Offender Treatment facility of \$48,558 PSL for fiscal '13-14 and \$105,139 for fiscal '14-15, while the committee's preliminary recommendation includes \$586,843 PSL for '13-14, \$775,079 PSL in '14-15. Again, we thank you for the committee's recommendation; however, we believe we're able to manage within the Governor's recommendation. Governor's recommendation includes a reduction and redirection of \$10 million General Fund in fiscal '15 from Program 046, Patient Protection and Affordable Care Act Contingency Fund, to address the impact of the reduced FMAP,

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

Appropriations Committee
February 10, 2014

with the assumption that provisions of the ACA will cover behavioral health services that had previously been paid through the Division of Behavioral Health. The committee's preliminary recommendation does not include this reduction. The department requests that the committee include the Governor's recommendation to use these funds to address the General Fund impact of the reduced FMAP in the committee's recommendations. We appreciate the opportunity to discuss these budget adjustments with you, and we'd be happy to answer any questions you may have. [AGENCY 25]

SENATOR MELLO: Thank you for your testimony, Director. Are there any questions from the committee? Senator Nordquist. [AGENCY 25]

SENATOR NORDQUIST: Thank you, Mr. Chair. Thank you, Director Winterer. The first question I have is about the Medicaid base adjustment of \$4.6 million in fiscal year '15. What generated that savings? [AGENCY 25]

KERRY WINTERER: I'm not sure that I have an answer to that question. I certainly can provide it for you. [AGENCY 25]

SENATOR NORDQUIST: Okay. Well, my skepticism about that number I guess comes from the discussion we had last year on the mandatory provisions of the Affordable Care Act... [AGENCY 25]

KERRY WINTERER: Right. [AGENCY 25]

SENATOR NORDQUIST: ...and we...the department requested, in total, \$97 million, almost \$98 million of General Funds, additional General Funds for fiscal year '14-15 for Medicaid. This committee, after working with our Fiscal Office and their projections, appropriated \$37 million instead of \$98 million, \$60 million less than was requested by the division. And now you come in say, oh, and we have an additional \$5 million of savings. So I think my concern is how that number that we were...building the

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

Appropriations Committee
February 10, 2014

mandatory ACA provisions, how that number was so inflated last year and how this year, even after appropriating \$60 million less in General Funds last year--in total it's \$140 million when you include federal funds--how we could come back this year and even say, well, we can even save \$5 million more. So if there's any way to get to the bottom of that, I'd appreciate it. [AGENCY 25]

KERRY WINTERER: I think any analysis that we do relative to this is based on whatever the current circumstances are at that point in time. I mean you could project forward, in terms of where you may be, and come up with numbers. Some of this is a result of our actual history, if you will. [AGENCY 25]

SENATOR NORDQUIST: So did we see significantly less enrollment or utilization than was projected in the initial request last year that I believe, talking to our Fiscal Office, was based on the Milliman high-range report? Is that essentially what happened, was less utilization and less enrollment? [AGENCY 25]

KERRY WINTERER: Well, if you'd like, we can certainly do an analysis of comparing where we are this year compared to last year,... [AGENCY 25]

SENATOR NORDQUIST: Okay. Yes, I... [AGENCY 25]

KERRY WINTERER: ...if you want some analysis in terms of where those savings would come from. [AGENCY 25]

SENATOR NORDQUIST: I'd appreciate that. Thank you. [AGENCY 25]

KERRY WINTERER: Okay. [AGENCY 25]

SENATOR MELLO: Senator Kintner. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR KINTNER: Do I have this right, that you're actually coming in here and asking for less money? [AGENCY 25]

KERRY WINTERER: We...yes, you could think of it... [AGENCY 25]

SENATOR KINTNER: Less appropriated money. [AGENCY 25]

KERRY WINTERER: Yeah, you could think of it in that way, yes. [AGENCY 25]

SENATOR KINTNER: I think since I've been on this committee, that's the first time it's ever happened. (Laugh) I want to thank you for being...trying to be a good steward of the taxpayers' money. That's just rare. If we appropriate the money and you didn't need it, you just wouldn't spend it, right? It would just be sitting there. [AGENCY 25]

KERRY WINTERER: Yes. [AGENCY 25]

SENATOR KINTNER: Whereas if we keep the money, we can reappropriate it for something else. [AGENCY 25]

KERRY WINTERER: Yes. [AGENCY 25]

SENATOR KINTNER: That's the difference, right? [AGENCY 25]

KERRY WINTERER: Yes. [AGENCY 25]

SENATOR KINTNER: All right. Well, thank you very much and I appreciate you being here today. [AGENCY 25]

SENATOR MELLO: Senator Conrad. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR CONRAD: Thank you so much, Director. Appreciate you coming in. And I guess maybe to point a different direction from my colleague, Senator Kintner, what I'm worried about is whether or not the department is being a good steward of the taxpayer dollar. And I'm wondering if you have a update on the recent findings from the federal government that we owe over \$22 million in mismanaged funds from the failed privatization effort of the child welfare system. [AGENCY 25]

KERRY WINTERER: Yeah, you're referring to disallowance of IV-E funds that we got a couple of letters in the last two or three weeks stating that disallowance. We knew from the beginning that that disallowance was overstated and we know that we can, in the process, we've been able to substantiate a significant amount of those funds, which we're confident we will recover. We are also, from a legal perspective, doing an appeal of that because then that provides us the time to do further analysis and further documentation of those expenses. It comes down to the documentation and being able to justify that kind of IV-E drawdown, if you will. I can't...I don't know where the final number is going to be. But as you recall, we had anticipated that there was going to be a disallowance from previous audits. And so we believe that it's going to be closer to the number that we originally thought, compared to the \$22 million. [AGENCY 25]

SENATOR CONRAD: So the bottom line is we're not exactly sure where we are with the number or the process, that it's pending in appeal and... [AGENCY 25]

KERRY WINTERER: No, we're sure about the process. [AGENCY 25]

SENATOR CONRAD: Okay. [AGENCY 25]

KERRY WINTERER: We're sure about the process because we know what the process is. We know that we need to file an appeal which then begins the process of going through the process of justifying the amount of the disallowance that we believe should be there compared to them. We've already begun that process, and, as I said, we're

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

Appropriations Committee
February 10, 2014

confident that we've been able to produce documentation and can produce documentation that will have a significant impact on that amount. The other part of that is going to take more time to go back through the records and do what we can to justify that drawdown. And so I don't know that we're going to resolve this really in the near term. This could take some months to get through the process and go through the appeal and do what we need to do to finally resolve it. [AGENCY 25]

SENATOR CONRAD: And inherent in that decision to appeal there also comes a risk, though, that may increase the penalty, is that correct, because of how interest is figured and some of those things? [AGENCY 25]

KERRY WINTERER: One of the...that's correct. One of the things that we have to be concerned about, as I'm sure you know, is that the federal government imposes an interest rate on unpaid, if it doesn't get paid within 30 days. We have gone through this before, as you may recall, relative to a previous year. In that situation, although I can't tell you or make representations at that point, but previously the federal government was willing to stay the interest accrual until we've gotten this resolved. We're hopeful that that will occur in this case too. [AGENCY 25]

SENATOR CONRAD: And then finally, could just provide an update to this committee as to the number of citizens that are still on the Developmental Disabilities' waiting list as of today? [AGENCY 25]

KERRY WINTERER: I don't... [AGENCY 25]

SENATOR CONRAD: I see Director Fenner is here too. She may know that number off the top of her head. [AGENCY 25]

KERRY WINTERER: Yeah, I'm sure Jodi can. Jodi has a number. I do not. But... [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR CONRAD: Okay. [AGENCY 25]

KERRY WINTERER: ...she can provide that. [AGENCY 25]

SENATOR CONRAD: That's fine. We'll defer to her expertise in that regard. And then finally, in relation to some other instances of mismanagement and issues that have been brought forward that concern your department, whether it's with the LIHEAP Program or ACCESSNebraska or Beatrice State Developmental Center, are we seeing any improvements in regards to improving our management and finances with those programs? [AGENCY 25]

KERRY WINTERER: Well, a lot of the things that you have referred to and characterized as mismanagement, I don't know that I would share that characterization, in the first place. But we know, take Beatrice BSDC, for example, we know that we're well on the way. We've gotten Medicaid authorization for that and Medicaid certification. We're working with DOJ to work through that process, the Department of Justice, to work through that process. The LIHEAP situation, we do know that there was an issue relative to how some of the LIHEAP benefits were paid at one point in time, which we corrected. We acknowledged there was a mistake there. The second iteration of LIHEAP was, in spite of what the Auditor would like to make of that, it was...the \$5.8 million or \$6 million that was referred to was not mismanaged. Those were funds that, in fact, we could not distribute because we didn't have enough people eligible and making application to use those funds. And so the funds essentially weren't spent because we didn't have anybody qualified that could have used those funds. And so there is...there are...I guess there is another side of each one of these stories that I think if you go through and look at each one of those, have we made mistakes? Absolutely, and I think we have in every case acknowledged the mistakes and not made any qualms about that. But at the same time, I think that there are a lot of things that the department does well and I think a lot of these issues that have come to the forefront, there's, in many

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

Appropriations Committee
February 10, 2014

cases, there is another side to that which I think needs to be explained and addressed.
[AGENCY 25]

SENATOR CONRAD: So in regards to the LIHEAP situation then, is the department working with the Legislature in any capacity to expand eligibility for the program so that we can get those dollars out to Nebraskans in need, or what's your solution in that regard? [AGENCY 25]

KERRY WINTERER: Well, we have...no, the short answer to that is no. The other answer to that is it's a matter of there's a policy issue here in terms of fiscal responsibility. And I think the attitude of the administration is that just simply because there are funds out there that are available, doesn't necessarily mean that we ought to be spending those dollars. There are a lot of LIHEAP dollars out there. And the policy decision is that just because there are dollars out there that may be tax dollars, should we just simply be jumping to spend those dollars? And I think that's a policy issue.
[AGENCY 25]

SENATOR CONRAD: Uh-huh. Sure. And then just on that very topic, last question: What's the difference? What federal dollars are good to draw down and which ones aren't? [AGENCY 25]

KERRY WINTERER: Well, I think part of it depends on what are the conditions for drawing them down. Part of it depends on what the priorities may be relative to the program that is involved. In the case of the IV-E funds, the IV-E funds have been a cornerstone of how we have provided child welfare services for a long time. And so we do rely on those funds and we do want to make those available, to the extent that we can, to provide those kinds of services. [AGENCY 25]

SENATOR CONRAD: So it's a variety of factors, but the department does not disagree that those are federal dollars that were paid for, in part, by Nebraska taxpayers...

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

Appropriations Committee
February 10, 2014

[AGENCY 25]

KERRY WINTERER: Uh-huh. [AGENCY 25]

SENATOR CONRAD: ...and that will readily be accepted by other states to support other citizens if Nebraska isn't aggressive about drawing those back to our borders. Is that fair? [AGENCY 25]

KERRY WINTERER: Well, it depends on the program. Some of these are entitlements and so, therefore, the dollars don't necessarily go to other states. Some there is a fund that then gets distributed among states, yeah. But it really depends on the...it depends on the program and whether it's an entitlement or otherwise. [AGENCY 25]

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

SENATOR MELLO: Thank you, Senator Conrad. One quick question as a follow-up, Director Winterer. The \$22 million penalty that Senator Conrad mentioned regarding the disallowance of IV-E funds, what years are currently covered under that potential \$22 million penalty? [AGENCY 25]

KERRY WINTERER: Twenty-two million I think was '11 and part of '12. But part of '11, also, the '11 disallowance included I think some funds from '10 as well. [AGENCY 25]

SENATOR MELLO: So what other...is there any other years outside of that full 2011, part of 2012 that we would potentially be in violation of outside of that? [AGENCY 25]

KERRY WINTERER: No, because essentially what we have done for the last two years is we have...our claiming has changed. We no longer claim IV-E funds to the extent that we cannot provide the documentation that's required. And so there...I can tell you that there should be no further disallowances from that point forward. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR MELLO: As a policy consideration for this committee and for the Legislature, is it the department's intent then, when we get this penalty back--because there will be penalty we will have to pay the federal government back--that the department would seek to simply address that payment through your own budget? Or is that something that we need to be taking, I should say, more of a contingency approach of maybe utilizing the Cash Reserve to repay the federal government for our blunder, so to speak? [AGENCY 25]

KERRY WINTERER: I think it's too soon right now to answer that question because we don't know the amount and we don't know the time frame. Many times the feds will allow a time frame over a period of time to replenish or not, or to reduce the drawdown in order to do the reimbursement. I think it's too early to tell exactly what it is and how we can accommodate that. [AGENCY 25]

SENATOR MELLO: Okay. [AGENCY 25]

KERRY WINTERER: Next session we, in all likelihood, would know more and be able then to have some kind of plan, if necessary, to deal with that. [AGENCY 25]

SENATOR MELLO: Do you think the Legislature, in light of the Governor requesting to draw down roughly \$225 million from the state's Cash Reserve for tax cuts that overwhelmingly benefit a very select few people, do you think that is something that we should be taking in consideration in respects to this potentially \$22 million that we have to take in consideration for that \$500 million cushion the Governor wants us to leave? [AGENCY 25]

KERRY WINTERER: Well, Senator, I think an opinion on that is probably above my pay grade. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR MELLO: Who else is above your pay grade, I guess? [AGENCY 25]

KERRY WINTERER: (Laugh) [AGENCY 25]

SENATOR MELLO: Thank you, Director Winterer. Senator Nelson. [AGENCY 25]

SENATOR NELSON: Thank you, Senator Mello. Thank you, Director Winterer, good to see you today. This question involves a lot less money. Last session we appropriated \$250,000 so that we could employ a state dental director. It was brought to my attention last week at a hearing that we still don't have one, so far as I know. That money was appropriated so we could comply with... [AGENCY 25]

KERRY WINTERER: Right. [AGENCY 25]

SENATOR NELSON: ...requirements and get additional grant money for dental education, other purposes. Do you or someone that will testify later, can you answer what the status of that is? [AGENCY 25]

KERRY WINTERER: Well, I can tell you that we don't have one and part of my understanding of it is just the difficulty of trying to hire somebody. Dr. Acierno may have a different opinion about that or know more about it than I do. [AGENCY 25]

SENATOR NELSON: Well, maybe she (sic) elaborate on that point, if she's (sic) going to testify. [AGENCY 25]

KERRY WINTERER: I don't know. Jodi, you want to...do you have anything to say about this? You want to come up? Yeah, just for the record, Dr. Acierno says that we're in the process of interviewing and having someone hired. [AGENCY 25]

JOSEPH ACIERNO: Yeah, Acierno, A-c-i-e-r-n-o, first name Joseph, J-o-s-e-p-h. Yes,

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

Appropriations Committee
February 10, 2014

we're in the process of hiring that individual. [AGENCY 25]

SENATOR NELSON: You have candidates... [AGENCY 25]

JOSEPH ACIERNO: Yes. [AGENCY 25]

SENATOR NELSON: ...that you're considering. [AGENCY 25]

JOSEPH ACIERNO: Yes. Yes, absolutely, and I think we have good ones, so I feel pretty confident we'll have somebody on board here in short order. [AGENCY 25]

SENATOR NELSON: In short order? [AGENCY 25]

JOSEPH ACIERNO: Yes. [AGENCY 25]

SENATOR NELSON: All right. Thank you. [AGENCY 25]

JOSEPH ACIERNO: Sure. [AGENCY 25]

SENATOR MELLO: Thank you, Senator Nelson. Senator Nordquist. [AGENCY 25]

SENATOR NORDQUIST: Thank you again, Mr. Chair. Regarding the \$10 million contingency for Behavioral Health, what process, I guess what discussions has the department or the Governor or the division had with the regions about how they are able to absorb the \$10 million reduction? Initially, we received a letter from them, and I believe the department was copied on that, saying that they full well expect the Affordable Care Act to create significant savings in Behavioral Health because, as you rightfully said, the expanded coverage, but it's more of a matter of timing, is my understanding, with some of the contracts that they have in place and when they need to approve them. So just can you kind of talk through what discussions you've had and

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

Appropriations Committee
February 10, 2014

how you envision that moving forward, and then maybe kind of moving into the future to create a new reformed behavioral health system with this expansion of private insurance what discussions the department has had to move us down the road five years or beyond. [AGENCY 25]

KERRY WINTERER: Yeah, I have not personally been involved in discussions with the regions. Dr. Adams more likely has. He can come up and answer for himself. I would understand the regions have some concern about this and,... [AGENCY 25]

SENATOR NORDQUIST: Uh-huh. [AGENCY 25]

KERRY WINTERER: ...to a certain extent, I think it is timing and such. I think we try at every case to work with the regions relative to this. [AGENCY 25]

SCOT ADAMS: Good afternoon. My name is Scot Adams, S-c-o-t A-d-a-m-s. Thank you, Senator Nordquist, for the question. You know, I think we have had ongoing conversations with the regions with regard to the first \$5 million for sure and then potential for \$15 million reductions. I think that there is much up in the air in terms of the changing healthcare scene, as we all know. And so we, the Division of Behavioral Health, sometimes with regions, have worked with other systems of care, notably Department of Probation and shifts going on there involving the Medicaid Program. We have also had conversations with the federally qualified health centers. Andrea is here and can verify our conversations with that system of care, which also has seen some expansion of their resources. We also have had conversations with the Veterans Administration on also another source of expansion with regard to systems of care and their ability to work with some peoples. In this case, we have seen sort of some ups and downs with regard to implementation with the delay of the mandate, which happened after the session last year with regard to small businesses, in particular, and that kind of thing. So it has been a very tumultuous time with regard to being able to exactly hit the bull's-eye with the dart in terms of what resources would be necessary. Some are up,

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

Appropriations Committee
February 10, 2014

some are down, and some are going sort of sideways. With regard to that, then, I think that there are differences of opinion between the regions and the division with regard to what's needed. I do think that this is a reasonable position at this time. [AGENCY 25]

SENATOR NORDQUIST: Okay. What kind of long-term planning is...I mean just initial discussions right now or are we actually taking steps with the division and sitting down with the regions to say, look, in five years if private coverage is expanded and there's parity, we're going to have to have some major transformations? Has that discussion or planning started? [AGENCY 25]

SCOT ADAMS: You know, we have had a variety of conversations of that longer term, less tactical and more strategic perspective, in other words, things like if more people are covered with regard to insurance coverages for hospital stays or medication or outpatient treatment, then what might the role be. Traditionally, the Division of Behavioral Health and other state mental health agencies and single state authorities for substance abuse have sort of played that tweener zone between Medicaid and private insurance and have also funded some services that would never be paid for under traditional health insurance coverage, for example, supported housing or supported employment. I think all of us understand how important a job can be to someone's mental health status in terms of giving the sense of being, a reason to get up in the morning, all those things. And so helping a person with a serious and persistent mental illness to be successful in the job market...market might be an increased area of focus. Could be that kind of thing. Toward that end, we have had meetings with Voc-Rehab, with regions involved in this year, last year, within the last couple of months anyway, to be able to look at that kind of opportunity and how we might complement one to the other. [AGENCY 25]

SENATOR NORDQUIST: Okay. Great. [AGENCY 25]

SENATOR MELLO: Senator Bolz. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR BOLZ: Good afternoon. Again in the vein of good stewardship, if memory serves, we appropriated \$2.1 million last year for technology purposes in the ACCESSNebraska Program, and reports to my office from both Performance Audit and from my constituents indicate that we still have long wait times. We have folks who decide to hang up the phone rather than to continue on in that system. And so I would like to hear a report out about whether or not all the technology needs are being met, whether or not you're being able to address the backlog of tasks, and how the ACCESSNebraska system is proceeding overall. [AGENCY 25]

KERRY WINTERER: I think you would find that since October...and just to backtrack for a second, we made a decision at one point to separate Medicaid from economic assistance. And so now we have essentially two functions, if you will, two phone numbers and so on, and we then put more people on reducing tasks and the backlog and so on. Since we've done that, the wait times have decreased remarkably. Generally, we're down to between five and ten minutes in terms of wait time on the phone. We have reduced our 60,000-some work tasks to significantly less than that. We continue to work in that vein. The technology, the \$2.1 million was intended to provide for a shortfall in terms of communication expenses. Some of that has been spent. As a matter of fact, we're going through a process now to determine what other kinds of technological things do we...technological improvements do we need. We have consultants here from...that are working with us from the federal government that are working with the SNAP Program specifically, but what we learn from them we can then extend to the rest of the program. Part of what they're going to be looking at is technological improvements and so on. We're not satisfied with where we are at this point in time, but we're certainly a lot better than we were six months ago in terms of wait times and so on. We can get better, but it's kind of a process. So often I think what we want to try to avoid is some kind of a knee-jerk reaction that says, oh, there's wonderful technology out there to consolidate everything that we need to have happen. Well, that isn't necessarily true. We're trying to do...there's two components to this.

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

Appropriations Committee
February 10, 2014

There's management, which we're focusing on and trying to do, but then there's also the technological side to this. And I think we're reluctant to jump too quickly on the technological side because we don't know necessarily what's going to...what our problems are that technology is really going to solve at this point. So that's a long answer to that question, I guess. [AGENCY 25]

SENATOR BOLZ: Just one follow-up: I'd like to hear a little bit more about the specifics of the wait time. I've heard some concerns from my constituents that the wait time is actually a wait time in one queue, and then they get shuffled to another queue, one staff person to the next staff person. Can you tell me a little bit more about the internal processes and perhaps speak to how long it takes an individual to dial the phone number to getting their case completely addressed, finalized, and hanging up the phone? [AGENCY 25]

KERRY WINTERER: Well, we operate and track a lot of different metrics. The one we spent a lot of time looking at is the average wait time, the time from the time somebody makes a connection with the customer service center to the time that they get a response and then get routed to where they need to go. And as I said, there's an average wait time, which I quoted before. That doesn't mean, and I want to make this clear, that doesn't mean that somebody might call up and have a 20-minute or 30-minute or in some cases 40-minute wait time. We do also track maximum wait time and that becomes then a function of kind of time of day. First of the month is busier, Monday is busier, and those kind of things that are affected by the traffic. But that is average. In some cases, somebody will call up and they'll get answered immediately. I don't know that I've got a metric or a number available to you right now relative to, okay, what happens from the time that call is answered and then another wait time. I'm sure we can provide those, provide those to you. But I think we believe we are certainly making progress relative to where ACCESSNebraska is at this point in time. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR BOLZ: Thank you. [AGENCY 25]

SENATOR MELLO: Director Winterer, I've got, it looks like, a litany of questions and so I was wanting to let some other committee members go before I asked them. So I'm going to sprinkle a couple in here right now. In respects to the veterans' home that we appropriated money to last year, it came out that the project ranked I think 22th, if I'm incorrect, in regards to the national... [AGENCY 25]

KERRY WINTERER: Yes. [AGENCY 25]

SENATOR MELLO: ...list of veterans' homes to be replaced and/or new to be built. Can you give this committee a time frame that you anticipate, based on the federal government's budget for veteran home replacements, of where we anticipate or where the department anticipates the state to actually be able to fall in line to get that federal funding? [AGENCY 25]

KERRY WINTERER: I don't know that I can give you much of a prediction about that, because it's obviously controlled by the federal government in terms of how they want to manage their wait list or their priority list. We do know that we are 22nd. We do know that they have found funds, I think, for the 20th or 21st project. So we are very high on the next round, if you will. There's a couple of unknowns here. One is we don't even now, at least to my knowledge, know how many dollars are available for all of these various projects. There's always a possibility that there may be some additional funds, which would then provide funding for us. The other unknown is how many of the projects above us may actually not happen for one reason or another. The state that provided money may not actually have the money. They may have changed their plans. They may have decided they can't do it in a certain time frame. Who knows? And so that's another unknown that makes it very difficult. Because of either of those, we could find that we are in the money, if you will, virtually overnight. I don't want to say that that's necessarily what we expect,... [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR MELLO: Uh-huh. [AGENCY 25]

KERRY WINTERER: ...because we don't. But this is kind of an ongoing process and it's hard to say, well, this is where we are, end of story until next year. That's really not the way this works. We continue to have contacts. We continue to try to make our case to the people who make these decisions in the Veterans Administration to provide some funding for the home. [AGENCY 25]

SENATOR MELLO: What is the department doing to engage our federal delegation to be able to utilize their positions in Washington, D.C., to help speed this process up? [AGENCY 25]

KERRY WINTERER: Well, they clearly are aware of this and they clearly have weighed in previously in terms of...in terms of trying to establish a priority of the project. I can't tell you necessarily what any particular member is doing, but they're clearly engaged in this and understand what we're trying to do. [AGENCY 25]

SENATOR MELLO: Could you find out for this committee and for the Legislature what each individual member is doing outside of the process, that we as a Legislature essentially established by providing the appropriation to move forward, of what they're doing to help ensure... [AGENCY 25]

KERRY WINTERER: Sure. [AGENCY 25]

SENATOR MELLO: ...that this project moves forward, since this is a priority obviously of both the Legislature and of the administration? Senator Nordquist. [AGENCY 25]

SENATOR NORDQUIST: Thank you, Mr. Chair. Want to ask about the series of Milliman reports that have come out and most recent...the most recent one. How much

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

Appropriations Committee
February 10, 2014

in the current fiscal year is our agreement with Milliman for their actuarial services?
[AGENCY 25]

KERRY WINTERER: The...I don't have an exact number for you. My thinking is the current report was about a, what do I want to say, about a \$20,000 deal would you say, Ruth? I'm sorry? Thirty thousand dollar for the current report that was just released a couple weeks ago. [AGENCY 25]

SENATOR NORDQUIST: And does that come out of Medicaid administration expenses? [AGENCY 25]

KERRY WINTERER: Yes. [AGENCY 25]

SENATOR NORDQUIST: Okay. And in that report, I noticed there was a change in I would call methodology or just reporting out that previously they had reported a midrange and then a full participation scenario. And actually, the midrange was very close to the numbers last year when we were doing our budget to what the Legislative Fiscal Office came up with. And those were the numbers I cited earlier that were substantially less than the request. But in this latest report, they picked a...they did a blended between the two. Is that a change that the department requested or a change in their reporting out? [AGENCY 25]

KERRY WINTERER: I'm sure Ruth can answer that better than I. [AGENCY 25]

SENATOR NORDQUIST: Okay. [AGENCY 25]

KERRY WINTERER: But I don't know. I think this was a methodology that they decided that they were going to do based on their continuing experience with these kinds of studies. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR NORDQUIST: Okay. And then does the department give them any direction in target participation rates, or is that all... [AGENCY 25]

KERRY WINTERER: I'll have Ruth answer that question. She's been involved... [AGENCY 25]

SENATOR NORDQUIST: ...yeah, or is that...well, I can finish the question. [AGENCY 25]

KERRY WINTERER: ...with these discussions with Milliman and she would know. [AGENCY 25]

SENATOR NORDQUIST: Okay. So the question is, does the department give Milliman direction in what we think participation rates are or do they make those determinations? [AGENCY 25]

RUTH VINEYARD: My name is Ruth Vineyard. Milliman uses national data in determining the participation rate. So it's based on our population... [AGENCY 25]

SENATOR NORDQUIST: Uh-huh. [AGENCY 25]

RUTH VINEYARD: ...and the national projection. [AGENCY 25]

SENATOR NORDQUIST: Okay. If you would, could you, if you're able to get information from them, and I know sometimes actuarial firms working with our retirement issues have proprietary models and everything, but in Nebraska's, I think they were assuming, when we get to 2016-2017, an 85 percent-plus participation rate. And in Iowa, which Iowa has a similar proposal to what we're doing...attempting to do in LB877, they were looking at like about a 60 percent participation rate. So if you could contact them... [AGENCY 25]

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

Appropriations Committee
February 10, 2014

RUTH VINEYARD: We can follow up... [AGENCY 25]

SENATOR NORDQUIST: ...and get back to me on why there's such a difference in the participation assumptions between the two reports. [AGENCY 25]

RUTH VINEYARD: Some of the things that we've talked to Milliman about were the starting points are certainly different for each state. [AGENCY 25]

SENATOR NORDQUIST: Uh-huh. [AGENCY 25]

RUTH VINEYARD: But I'd be happy to follow up. [AGENCY 25]

SENATOR NORDQUIST: Thank you. [AGENCY 25]

SENATOR MELLO: Senator Harms. [AGENCY 25]

SENATOR HARMS: Thank you, Senator Mello. Kerry, thank you for coming and testifying. I want to go back a little bit and talk about ACCESSNebraska just for a minute. As you know, the Performance Audit Committee did a pretty good review of ACCESSNebraska. As you know, we found a lot of shortcomings, and I know you're working on those and you're not going to fix those overnight. It's going to take a while. My concern after visiting with people in the field as well as our auditors that went through this whole process of evaluating ACCESSNebraska, it was pretty evident to me, at least my thoughts were, that when we put this together we just didn't buy the right software or good enough software, and that software now is so outdated that we could have resolved a lot of these issues by getting the right software to start, because I know your goal, as I remember the goal, was not to have anybody wait any longer than three minutes. Well, I don't think we came very close. We may have on a couple of occasions, but not very many times did we get anywhere close to three minutes. And it always

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

Appropriations Committee
February 10, 2014

looked like to me, and in talking with some of the people, as I said, in the field, the software just wasn't adequate. And so I guess the question I have for you is what it would cost for us to put the right system in and do this right. We should have done that to start with but we didn't. Well, Nebraska happens to always want to take the most cost-effective way to go and we end up paying more money than it would have been to do it right to start with. What would it cost to put the right software in? Do you have any idea what we're talking about? [AGENCY 25]

KERRY WINTERER: Let me say a couple things about that. I think you are right in the sense that the technology that's supporting ACCESSNebraska was not...we have found is not adequate for doing what we need to do. It's difficult to use that software, I think, to support what people would acknowledge as a state-of-the-art customer call center or customer service center. That was...there was...and I wasn't involved in that. That was essentially back in 2008 when this was put together. But just by the passage of time, 2008 to 2014, you know how these things go. And the fact of the matter is, things progress and whatever, even if it was state of the art in 2008, I can tell you it's probably not state of the art now. And that is something we're looking at seriously. That is something that we want to address. And that is...that is a challenge. And if you look at...we've done a lot...we've spent a lot of time looking at commercial customer service centers. Go to Nelnet or whatever, and their capabilities in terms of queuing up calls on hold or calling back people that are on hold and saying, your approximate wait time is five minutes, if you don't want to wait we'll call you back when somebody is available, and that's a totally automated process. We have no ability to do that. [AGENCY 25]

SENATOR HARMS: Yes, I understand. [AGENCY 25]

KERRY WINTERER: And it's... [AGENCY 25]

SENATOR HARMS: Yeah, I... [AGENCY 25]

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

Appropriations Committee
February 10, 2014

KERRY WINTERER: ...these systems are becoming less expensive essentially every day, and that's something that ultimately has to be part of the whole answer in terms of how this system operates. [AGENCY 25]

SENATOR HARMS: Yeah, I agree with you 100 percent in regard to that. I think the other thing that a lot of people don't really realize, Kerry, that a lot of the issues we're addressing and dealing with were already down the road before you even got here. And it's kind of hard when you come in as a director to try to bring all that back in and put the right kind of, you know, strategic planning process to make sure that it's correct. The other thing I wanted to just ask you, even though you have divided, you know, the system up,... [AGENCY 25]

KERRY WINTERER: Yeah. [AGENCY 25]

SENATOR HARMS: ...I'm still concerned about that on the basis...not that you divide it, but, again, I'm going to come back to that software, because a lot of those people are going to blend across. They're not all going to be in one category. [AGENCY 25]

KERRY WINTERER: That's right. [AGENCY 25]

SENATOR HARMS: And the software system you've got, you've got to be able to transfer back and forth between the two, and I don't think, at least my understanding is, I don't think that's going to work very well for us unless we can get a new system in. And I won't be here to push that aspect a year from now, but I hope when you bring in that new budget that we have the right software and whatever it costs to fix this. Because what happens is it's the client that gets hurt and you get caught in the middle of this because we were unwilling to do it right to start with. [AGENCY 25]

KERRY WINTERER: Uh-huh. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR HARMS: So is that correct in regard to crossing back and forth? And will your system actually handle it? [AGENCY 25]

KERRY WINTERER: Well, it is. It is to the extent of, shall we say, being state of the art in managing the phone calls. But at the same time, both Medicaid and economic assistance still use the same data system. They're still using N-FOCUS. So an entry over here on Medicaid, based on a Medicaid application or whatever, goes into N-FOCUS and is available for economic assistance. So that's a common...that's a common database that would eliminate some of the need to do an application over here, an application over there, doesn't entirely eliminate it but it would to a large extent. [AGENCY 25]

SENATOR HARMS: When you move in this direction in regard to the software, my fear for you and for the organization is that we won't do the right kind of training. Because when you make that transfer, from my past experiences in going into new computer systems, it takes a lot of background, a lot of training, a lot of education for people or they're going to be lost immediately. And I hope that as you put it together, whoever you contract with to get this will lay out a plan for you, because it's going to be very difficult for you to do this, as massive as this program is. You've got to have the right training or it will get lost and you'll have a lot more difficulties. So I hope as you think through this and you come back before this committee in the future that you lay out that plan and the planning process that's going to be used to train people, because that will be your next big issue I think. So thank you very much for coming. I appreciate it. [AGENCY 25]

SENATOR MELLO: Thank you, Senator Harms. Director Winterer, on your Vital Records deficit request, where are the General Funds that would have been redirected to cover the Vital Records shortfall for this year? [AGENCY 25]

KERRY WINTERER: They would come out of our administrative budget, which is referred to as 033. So those expenses and the shortfall in that, as you describe it, would

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

Appropriations Committee
February 10, 2014

come out of our general administrative budget, which is 033. [AGENCY 25]

SENATOR MELLO: How...what impacts would that have then in the administration budget then? [AGENCY 25]

KERRY WINTERER: Well, it means that we would need to cut back in other areas and manage the overall budget to accommodate that. I mean we kind of do those things all the time, but it doesn't necessarily mean it's easy. And you've got to have vital records. (Laugh) People need their marriage certificates and their...and all of that, so. And it now becomes funded by General Funds. [AGENCY 25]

SENATOR MELLO: Has the department evaluated the bill that the Health and Human Services Committee has brought forward to give the department more authority in regards to the fees it charges for vital records materials? [AGENCY 25]

KERRY WINTERER: Yeah. We intend to testify on that when it comes up. [AGENCY 25]

SENATOR MELLO: In support? [AGENCY 25]

KERRY WINTERER: Can't tell you right now. [AGENCY 25]

SENATOR MELLO: (Laugh) Fair enough. Fair enough. This committee, in last year's biennial budget, appropriated roughly \$50 million to the department for the purchase and development of a new MMIS system. The Governor vetoed the first year of that funding, which is this current fiscal year, in which the committee chose at the time not to override his veto. With the upcoming fiscal year pending in July, where is the department at right now in regards to moving forward in regards to possibly with RFPs and/or... [AGENCY 25]

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

Appropriations Committee
February 10, 2014

KERRY WINTERER: Yeah. [AGENCY 25]

SENATOR MELLO: ...contracting out the process for us to replace that decades-old MMIS system? [AGENCY 25]

KERRY WINTERER: We're doing...we're in the midst of what's called the MITA process, which is the process to identify, that the federal government requires in order to get their matching funds, process that the federal government requires to do an analysis of what that system ought to look like. So MMIS is certainly not off the table. It's been, as a practical matter, delayed by virtue of a lot of other things we've had to do, and some of the urgencies come off of that. But it's clearly still something we have to do. The MMIS system is not...talk about state of the art, it's far from state of the art in terms of what it needs to do just to play claims. [AGENCY 25]

SENATOR MELLO: Uh-huh. [AGENCY 25]

KERRY WINTERER: And so we're doing the MITA process which will...the result of that will be to set a direction and identify what we need to have that system do for us so that then ultimately CMS signs off on that. We can proceed then to do an RFP relative to the system itself. [AGENCY 25]

SENATOR MELLO: When do you anticipate that RFP process beginning? [AGENCY 25]

KERRY WINTERER: I really couldn't tell you at this point in time. We could make some kind of projection, if you want. I don't...I really don't...we're not hurrying this along. It takes...it's a long, long process. But if you'd like some dates or a time line, we can certainly get that for you. [AGENCY 25]

SENATOR MELLO: That would be, I think, helpful to the entire committee as that is one

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

Appropriations Committee
February 10, 2014

of, I think, infrastructure priorities the committee made in last year's biennial budget. But in that same vein, has the department begun the process through the Nebraska Information Technology Commission in regards to MMIS. Should be, if I'm not mistaken, I believe it is, an enterprise project that needs to get their approval before the department can move forward. If I'm not mistaken, a past report I think I read back in 2009 had the NITC kind of knew it was on their radar but they didn't sign off on anything. Where is the department at in regards to following that process... [AGENCY 25]

KERRY WINTERER: Well, our IS&T director I think... [AGENCY 25]

SENATOR MELLO: ...before the RFP? [AGENCY 25]

KERRY WINTERER: I'm sorry. Our IS&T director has been involving them in this project. I don't know enough about their process to know is there some formality we need to go through or whatever. They clearly know that this project is on the table or will be on the table. [AGENCY 25]

SENATOR MELLO: And I think it needs to get their approval, I believe, before the department can move forward, but... [AGENCY 25]

KERRY WINTERER: Could be. [AGENCY 25]

SENATOR MELLO: In respects to we have a pending bill at the end of the day but it's based off of the department's initial request, the state ward...or the State Ward Permanency Pilot Project. Can you give this committee more background on why the department withdrew that initial request? [AGENCY 25]

KERRY WINTERER: I think Jodi Fenner intends to testify on that and she can give you kind of chapter and verse. I think the short answer is we move forward but concluded

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

Appropriations Committee
February 10, 2014

that this was not the time and we weren't really prepared to do what we thought this project would require. But she's got a...she has a very full explanation for the committee when that comes up. [AGENCY 25]

SENATOR MELLO: Okay. Okay. One last question, and it's more of maybe a point of clarification. I believe both the Governor and this committee and the Legislature as a whole appropriated half a million dollars, \$500,000, each year for NeHII, the Nebraska information health records initiative, and which I wanted to know if you can give this committee an update in regards to if that money for this current fiscal year has been appropriated and has been disbursed to NeHII, and if it hasn't why not? [AGENCY 25]

KERRY WINTERER: I don't believe that it has, as of this point. I know that Dr. Acierno has been working with them. He's on...as a matter of fact, he represents the department on their board. I can't tell you whether...have we disbursed anything yet? I know we've been aware of it. Part of it is getting together with them and having them make the case for making that disbursement. [AGENCY 25]

SENATOR MELLO: Has the department considered utilizing the funding that we appropriated for NeHII for any other purpose... [AGENCY 25]

KERRY WINTERER: No. [AGENCY 25]

SENATOR MELLO: ...besides NeHII... [AGENCY 25]

KERRY WINTERER: No. [AGENCY 25]

SENATOR MELLO: ...as matching funds for any other federal program? [AGENCY 25]

KERRY WINTERER: No. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR MELLO: The department has not. Okay, that's good to know. Any other questions from the committee? Senator Nordquist. [AGENCY 25]

SENATOR NORDQUIST: Real quick, on the Lincoln Regional Center, can you explain the reasoning for not needing the additional PSL and why they asked for it but, I mean, you just don't think they need to hire additional... [AGENCY 25]

KERRY WINTERER: Well,... [AGENCY 25]

SENATOR NORDQUIST: ...is it psychiatrists? [AGENCY 25]

KERRY WINTERER: ...PSL is one of those things that I think we, as is the case with budget, PSL is one of those things that you manage too. And to the extent that the PSL is available, we think we can manage that operation and stay within that PSL limitation at this point. [AGENCY 25]

SENATOR NORDQUIST: Okay. So the... [AGENCY 25]

KERRY WINTERER: If you want...well, go ahead. I'm sorry. [AGENCY 25]

SENATOR NORDQUIST: Oh, just so...I mean they have a limited amount of dollars of budget, we're just talking PSL here, so they're making the choice to spend it on personnel to serve the population there rather than some other nonpersonnel source. Why? I guess I don't understand why we would be reluctant to do that. [AGENCY 25]

KERRY WINTERER: Well,... [AGENCY 25]

SENATOR NORDQUIST: I mean it would be a difference if were talking adding additional dollars to their budget or not, but we're just saying you can spend more on the medical service team. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

KERRY WINTERER: That's, yes, I understand that. And what we're saying is that based on the PSL as it exists, we can manage within that limitation. [AGENCY 25]

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

SENATOR MELLO: Director Winterer, maybe it would be better for Director Fenner to come up in regards to that state ward DD pilot project. In response to questions by the Legislative Fiscal Office, it was stated that the change in Medicaid eligibility for state wards had no impact on DD services, yet Nebraska Families Collaborative saw a change from almost all developmentally disabled state wards being funded from the Division of Developmental Disabilities to only those meeting certain priority status. How is the deficit request not related to the change in Medicaid status when you initially went from 100 percent being funded to now just those qualified under priority status? [AGENCY 25]

JODI FENNER: Good afternoon. My name is Jodi Fenner, F-e-n-n-e-r. You're talking about two completely separate things. The deficit request had nothing to do with Medicaid eligibility issues. It had to do with us targeting permanency for at-risk youth. NFC's issue, the prioritization requirement, there was a policy decision made, I believe in 2009 or prior to my time, that we would prioritize state wards. And quite frankly, that's a violation of what we are told from Medicaid, CMS. We can't supplant state child welfare funds by automatically prioritizing and supplanting those child welfare funds. So we have to file the standard priority status policies and procedures, just like we do for every other at-risk youth. So that is a policy change we made as soon as I realized my staff were doing that inappropriately, so to speak, and actually, we actually did get some guidance from our national association reminding states in 2010 that this was not something we should be doing. And so as soon as we got, I think, well, 2010 or '11, I apologize, I'd have to check back. So we've stopped doing that for several years. That isn't recent and it has nothing to do with the pilot project that was proposed. [AGENCY

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

Appropriations Committee
February 10, 2014

25]

SENATOR MELLO: All right. Thank you. [AGENCY 25]

JODI FENNER: Does that help? [AGENCY 25]

SENATOR MELLO: That helps. Thank you. Any other questions from the committee? Senator (sic) Winterer, I'll leave you with one final question and it's, in part, I think Senator Conrad mentioned it earlier, this is now my sixth year of sitting on this committee and it appears in the last 12 months, give or take, that your department has undergone a significant number of audits by the State Auditor which has pointed out a significant number of deficiencies within your state agency. This committee, amongst many other committees in the Legislature, from Performance Audit to the Health and Human Services Committee, has had trouble getting access to information from your department. Your department has shown up at interim studies where they've provided little useful information and, unfortunately, even times just completely outdated information. The question I'm going to pose to you is, with the change in administration, is going to occur come next year, do you think it's time that the Legislature strongly considers working with the department and other interested parties to deconsolidate the Department of Health and Human Services from one agency to maybe multiple agencies to help provide more transparency, not just to the Legislature but to the public at large, so we can find out exactly how dollars are being spent, programs are being utilized, and look for more effectiveness in state government? [AGENCY 25]

KERRY WINTERER: I don't know specifically what you're referring to in terms of our not providing information or whatever, and I'd be happy to talk further about any instances. That's not deliberate on our part. But relative to your larger question here, I don't know that I really know the answer to that question. But I would say that I don't think necessarily that just simply doing something like that, to the extent there's a perceived problem, that that's necessarily going to fix the problem, to the extent that there is a

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

Appropriations Committee
February 10, 2014

problem or there's a perceived problem. I think a lot of times in government there's this attitude, well, you know, we can restructure and that's going to fix things. Well, I would counsel that what you really ought to be doing is spending a little bit more time in trying to understand, (a) is there are problem, (b) if there is a problem, what's the crux of the problem and is it something that restructuring or dividing or whatever is really going to fix. And so I'm not saying necessarily that that isn't a good idea, but I'm saying that I don't think the Legislature wants to do something just to do something. I think it takes more analysis in terms of what is the problem, is there a problem, and is that the proper solution. There's a lot of good reasons why this department exists as it does and that is the theory is that all of the benefits, all of the safety net programs that the state offers and has a hand in are all consolidated in a single function. I think, in theory, that's I think a very good thing. We can share finance operations. We can share personnel HR operations and all of that, and then find ways to work together as directors do on more...much more of an informal basis than a formal basis, because the statute is pretty regimented in terms of what programs are in what division. So I would say that what needs to happen is let's look at how it's working now, and to the extent that you want to break it apart, if the Legislature wants to break it apart, what's the downside to that and is there more downside to that than upside. So I would say it's not an easy question. I think it's very tempting to say, oh, well, let's see, if this were six different departments we'd get more out of it. But at what cost? And does it cost more to run six separate departments than one department with six divisions? And I don't know the answer to that question. My gut tells me there have to be some economies here that we have that aren't otherwise had. [AGENCY 25]

SENATOR MELLO: I appreciate your analysis. I maybe disagree with your initial premise that I think there are problems in the department. I think there are well-documented problems in the department. I believe that they're management driven, which is where most audits and performance audits have shown us that it's where it's at. Outside of your disagreeing with my premise, the Legislature created an office of the inspector general when it came to child welfare because of, I would say, the general

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

Appropriations Committee
February 10, 2014

distrust of your department as it related to child welfare. Do you think that's a policy area that the Legislature should consider moving forward? Taking your premise and construct that maybe we shouldn't automatically just deconstruct the department because we don't trust the department, do you think it's maybe a more advantageous role for the Legislature to insert ourselves, maybe through the creation of various inspector generals, to provide direct legislative oversight over programming and fiscal matters within the department then if we didn't choose to go towards a deconsolidation route? [AGENCY 25]

KERRY WINTERER: Relative to the inspector general, I don't think I really have an opinion about that. One of the things I would be concerned about, though, is having one more...one more finger in the pie, if you will, I mean one more function to which the department needs to be accountable and so on, and after a while...we have a lot of people we're accountable to now and we spend a lot of time and effort just doing what we need to do to report and to be accountable. And to the extent there's more out there, an inspector general or whatever, I think it creates more...it dilutes, I think, what we're trying to do and where we're trying to go. I don't have an opinion on an inspector general one way or another. I've seen it work very well in some cases. I've seen it just being kind of an extra bit of bureaucracy that doesn't do anything for anybody. [AGENCY 25]

SENATOR MELLO: I can appreciate that perspective, Director Winterer, and by no means, please don't take this question or these questions as, I think, a derogatory remark in the sense, I would argue, speaking on behalf of all 9 members of this committee as well as all 49 members of the Legislature, we want to see your department be successful. We want to see citizens served with the programs that either have been created by former Legislatures and/or are currently being funded by this Legislature. It just appears, and I think more importantly with the advent of term limits, with the change of a new executive branch coming next year, that the experiences that I've had in the six years I've been here leads me to believe that there are some pretty

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

Appropriations Committee
February 10, 2014

wholesale changes that need to be made within your department, understanding it's the largest department in state government. Next to public education, there's more money appropriated to your department than any other area in state government. And unfortunately, we still struggle, even as veterans of this committee, those being here for eight years and some of us being six years, struggle getting information and being able to understand fiscally how your department operates and how you come about making decisions. So by no means, I don't want to monopolize the time and leave it open for public debate, but I have a feeling this is a conversation that you and I and others will probably continue to have later this session, if possible. So with that, I appreciate your testimony, Director Winterer. Any further questions from the committee? Seeing none, thank you, Director. [AGENCY 25]

KERRY WINTERER: Thank you. [AGENCY 25]

SENATOR MELLO: We will now open it up for public testimony for Agency 25, the Department of Health and Human Services. [AGENCY 25]

KATHY SEACREST: (Exhibit 2) Senator Mello and members of the Appropriations Committee, I'm Kathy Seacrest, K-a-t-h-y S-e-a-c-r-e-s-t, and I just want to appreciate the fact that we can appear before you today. I'm the regional administrator for Region 2, which is in southwest Nebraska. I'm here to testify on behalf of the Nebraska Association of Regional Administrators. Thank you in advance for your time and attention. In very simple and quick terms, we are here today to thank you for reinstating the \$10 million from Program 46 back to Program 38. We appreciate your response to the distress that this cut would have cost the behavioral health providers and clients. We fully expect that over the course of the next several years we will see significant changes in the payer system for some of our services. As of today, we are not realizing those changes and, in fact, we are hearing from clients and others that they do not qualify for Medicaid and the Affordable Care Act coverage. I have collected many scenarios, and if any of you would like to have them I can certainly get them to you. The

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

Appropriations Committee
February 10, 2014

fact remains that providers are seeing more individuals on sliding fee, and the need for behavioral health funding has not decreased at this point in time. We appreciate your foresight in putting the \$10 million in a fund that could be accessed if needed, and we are here to say that those funds are desperately needed. I want to alert you that as well as...anytime the state does have a change in maintenance of effort, we also look at suffering the loss of federal block grants, and that impact then becomes much greater than any deficit that this committee chooses. The Division of Behavioral Health has those exact figures for the committee, if you would like them at any point. We're working hard to create the data you need for future decisions and to assure you that if units of service are not needed, they will not be drawn down and will revert to the General Fund. Persons using behavioral health dollars must be financially and clinically eligible, so if folks do get insurance or Medicaid, the funds will not be needed and you will see those savings. That said, so far we have not seen this resolved but expect to start seeing it if Medicaid expands and the Affordable Care Act is truly implemented as promised. We're hopeful that over time the parity law will also help, but many parts of that law are yet to be interpreted and are not in effect at this moment. There are many parts of the Affordable Care Act that have been delayed, and this body could not have anticipated those delays last year when decisions were made. Your foresight in setting aside the funding to be accessed is needed is greatly appreciated. We're working on data and on an implementation plan to help create the changes needed. We will work with this Legislature to create a long-term strategic plan that helps Nebraskans have the access to behavioral healthcare no matter the payment source. We successfully helped this state close many regional center beds and implemented a successful community-based recovery system. That system has become a safety net for all parts of the state and is highly regarded by the many partners in our state, including law enforcement. Your funding helped create this successful system change, and we stand ready to help create what the next steps might be. If you want further information of any kind, please let me know and we will get it for you. We have all kinds of background information, data, and individual stories that can emphasize the need to continue to fund the services for Nebraskans in need of behavioral health services at this time. Thank you,

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

Appropriations Committee
February 10, 2014

Senators. We appreciate you. [AGENCY 25]

SENATOR MELLO: Thank you for your testimony, Kathy. Are there any questions from the committee? I've got one question and it's more of a follow-up one. [AGENCY 25]

KATHY SEACREST: Sure. [AGENCY 25]

SENATOR MELLO: I know I appreciate your willingness to work with this committee and other committees in the Legislature... [AGENCY 25]

KATHY SEACREST: You bet. [AGENCY 25]

SENATOR MELLO: ...in regards to looking at a longer term strategic plan for our behavioral health system in light of the Affordable Care Act. Another committee recently had a public hearing, the Judiciary Committee, in respects to challenges that were identifying as people who were leaving our corrections system in need of behavioral healthcare. If yourself and the other regional administrators could provide more information to both our committee and the Judiciary Committee in regards to the number of potential clients that your providers are serving that are being released or have currently come from our Department of Corrections or our department, our Probation or Parole, that would be very helpful in respects to what we know are going to be a number of long-term challenges that this Legislature will have to work on in respects to behavioral health coverage and behavioral healthcare for those currently incarcerated and as they're leaving and reentering to society. So if you could provide that information both to this committee and to Senator Ashford and the Judiciary, that would be very helpful. [AGENCY 25]

KATHY SEACREST: We would be happy to. So let me clarify though. In addition to folks who are coming out of the prison system, you'd also like some numbers on... [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR MELLO: People... [AGENCY 25]

KATHY SEACREST: ...folks in Probation, Parole, etcetera, that we're currently serving?
[AGENCY 25]

SENATOR MELLO: Probation and Parole, would be those two... [AGENCY 25]

KATHY SEACREST: Sure. [AGENCY 25]

SENATOR MELLO: ...those two agencies as well or those two programs. [AGENCY 25]

KATHY SEACREST: We can get those for you. [AGENCY 25]

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

KATHY SEACREST: Yes. [AGENCY 25]

SENATOR MELLO: Thank you, Kathy. [AGENCY 25]

KATHY SEACREST: Uh-huh. [AGENCY 25]

SENATOR MELLO: Any other questions from the committee? [AGENCY 25]

KATHY SEACREST: Okay. Thank you, Senators. [AGENCY 25]

SENATOR MELLO: Seeing none, thank you. [AGENCY 25]

MICKEY CREAGER: (Exhibit 3) Good afternoon, Senator Mello and members of the
Appropriations Committee. My name is Mickey Creager. Mickey is spelled M-i-c-k-e-y,

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

Appropriations Committee
February 10, 2014

Creager is spelled C-r-e-a-g-e-r. I serve as the board chairperson of Lincoln Citizen Advocacy, Inc. I'm here today to ask for your support for our proposal, which includes an increase in state support for citizen advocacy programs in North Platte, Kearney, Grand Island, Lincoln, and Omaha by \$40,000, divided equally among the offices. Our proposal also includes additional \$45,000 for board and staff training support offered by Disability Rights Nebraska. This training helps ensure continued quality, clarity, and continuity of the citizen advocacy principles and practices. These funds will be used to maintain and expand the excellent program consultation, training, and technical assistance provided to board members and coordinators of local citizen advocacy programs through Disability Rights Nebraska. As a volunteer, I have dedicated lots of time making sure that our program has the resources to fulfill our mission and purpose--to initiate and support one-to-one citizen advocacy relationships. As a member of the board, I take my responsibilities of having fiduciary and legal responsibility very seriously. As part of this oversight function, we have worked to make what we do as cost-efficient and effective as we possibly can. For the board in Lincoln, that means hiring and supervising a full-time coordinator. Our operation is streamlined, and other than the paid coordinator, we rely on volunteers for every aspect of the program. In addition to the volunteer board, citizen advocates receive no pay or compensation for being involved in a long-term relationship. We come to you today asking for your support. Our proposed increase is modest, and if we are successful and you grant the increase, we plan to leave well enough alone for several years to come. In another two or three years, we'll begin planning a sixth office somewhere in the state. But until then, our efforts will be focused on strengthening what we have now. On behalf of local Citizen Advocacy board members and people involved in Citizen Advocacy relationships throughout the state, we thank you for your time and support. I have asked Sandi Kaskie to briefly talk with you about her citizen advocacy relationship. Thanks.
[AGENCY 25]

SENATOR MELLO: Thank you for your testimony, Mickey. Sandi, do you just want to go right away? [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SANDI KASKIE: Sure. [AGENCY 25]

SENATOR MELLO: Okay. [AGENCY 25]

SANDI KASKIE: (Exhibit 4) That would be fine. Good afternoon, Senator Mello, members of the Appropriations Committee. My name is Sandi Kaski, S-a-n-d-i K-a-s-k-i-e, and I'm from North Platte. My husband and I moved from Rapid City to North Platte in 1995, and together we own Twin Rivers Testing and Environmental, and I'm the vice president. I'm here today asking your support in the form of advocacy that is very near and dear to my heart, Citizen Advocacy. My journey of involvement began when I met North Platte coordinator Joyce Perkins through Leadership Lincoln County. Eventually, I was invited to join the North Platte Citizen Advocacy board of directors in 2012, and was recently elected board treasurer. Over the last few years, the Pawnee Hotel has been on the front page of the newspaper in North Platte. Since Citizen Advocacy recruits ordinary citizens to become advocates and we aren't engaged in systems advocacy, we have tried to keep our focus on individual, vulnerable people, and stay away from the emotion and drama that surrounded the Pawnee Hotel. Although advocates have been recruited for people who live there, the minute that their efforts grew beyond friendship to advocacy, all hell would break loose, resulting in advocates being banned from the Pawnee. The ban would be reinforced by the Pawnee administration, the staff, and by the person's guardian. Everything was tied up in a neat little bow, leaving the advocate powerless and the vulnerable person even more vulnerable. The advocate would be left with no alternative other than to give up and walk away. Joyce approached me about meeting and becoming an advocate to Valerie, who had an advocate previously. Valerie grew up in the Panhandle and she had a psychiatric disability and learning disability. She had been staying at the Pawnee her whole life pretty much, well, not her whole life but 20 years of it. Other than people paid to be part of her life, she was all alone. Even though I told her I'd be interested--it was important to mention that Valerie's guardian was also the guardian for hundreds of

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

Appropriations Committee
February 10, 2014

people that was recently busted (laugh), thank goodness--trying to meet and spend time with Valerie was made virtually impossible. Whenever Joyce and I would ask for Valerie at the front desk, the staff would either ignore us or say she was nowhere to be found. Although we left messages for Valerie, they were ignored and this went on for a period of weeks. One day, by pure coincidence, we spotted Valerie in the commons area of the Pawnee and got the chance to talk to her. Valerie and I both agreed that I would become her citizen advocate. A short time later, the news broke the Pawnee Hotel would be closing. Valerie was under the impression from her guardian that she would be moving to another facility in North Platte. Those plans changed, and two days before Valerie was to move she was notified. She was moved to Palmer, Nebraska, with the clothes on her back. She was not even allowed to take her personal Bible. Once she arrived at the facility, they gave her \$10 to buy clothes, that's undergarments, bedding, clothes, personal belongings, anything that had to do with...that we take for granted every day that we use. Joyce and I traveled to the community to continue the introduction process so I could become Valerie's citizen advocate. Even though we didn't know each other very well, when we walked through the door of the new place, Valerie's face just lit up. She just kept running towards us. She was just so thrilled. When I got back home, I contacted Disability Rights Nebraska and shared my concerns about the condition of the facility. It's...I don't know if any of you have been to Palmer, but it's a very remote, small town, small grocery store, a "Do-It" center that sells everything from sheets to washers and dryers. It has a bar and a restaurant, a barber, a pool, and a school. Even though the facility is right across from the pool, the people who live at the facility are not allowed to go over and use the pool because it is located right next to a school and they don't want these people by the children. The heating and cooling systems are mounted on the walls. It reminds you of a old motel room where you have the unit right on the wall. The paint was coming off the walls. The actual units were crooked on the walls, like they weren't even there study. There was black-like mold, like from condensation underneath. She then decided to show us the rest room. It was one large room. It had a toilet and it had a washer and dryer, a vanity, and two showers. This was not even curtained off, so if they had to use the rest room in there

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

Appropriations Committee
February 10, 2014

and someone was taking a shower, there was no privacy. It's just all open. Reminded me of like when you were in school when you had gym class and you had to take a shower. And it was not very clean, put it that way. (Laugh) After seeing that bathroom facility, I got to see her bedroom and there were two people in there. Valerie's bed was a mattress, not a sheet on the mattress, a mattress. Valerie has to wear one of those CPAP machines and, as a result, her, you know, her sleeping...to sleep. Anyway, because of the location change, when Valerie would go to sleep, she was disoriented in the night when she would have to get up and use the rest room and she soiled her sheets. However, because it was not her wash day, she had to go wait till her wash day the following week so she could have clean bedding. So she had no blankets or anything, just a mattress to sleep on. When I returned back home, I filed the necessary paperwork with the courts and was recently awarded temporary guardianship. I plan to become Valerie's permanent guardian. I'm in the process of gathering records, talking to the counselors in Region 2 and others so that Valerie can return to North Platte and live in a place that provides her with the support she needs that is aesthetically pleasing, warm, and safe. When my husband and I talked about becoming Valerie's citizen advocate and guardian, he responded, if you don't do it, who will? I am asking you today to increase the level of support the state provides for the five Citizen Advocacy Programs and to Disability Rights Nebraska. Thank you for your time and consideration of this request. [AGENCY 25]

SENATOR MELLO: Thank you for your testimony, Sandi. Are there any questions from the committee for Mickey or Sandi. Senator Conrad. [AGENCY 25]

SENATOR CONRAD: Thank you so much for coming in, for making the trip all the way from North Platte and sharing your personal story. I think it really helped to describe the program to maybe some new members of the committee who weren't familiar with your good works. And I'll throw my questions to either of you. And just in rough numbers, what's the total budget for this program roughly? [AGENCY 25]

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

Appropriations Committee
February 10, 2014

MICKEY CREAGER: It's about \$399,000 at this point. [AGENCY 25]

SENATOR CONRAD: Okay. Great. And the last increase that you sought was some time ago. Is that right? [AGENCY 25]

MICKEY CREAGER: It was about four years ago. [AGENCY 25]

SENATOR CONRAD: About four years ago. Okay. And today you're asking for about \$40,000 in each year? [AGENCY 25]

MICKEY CREAGER: For each office. [AGENCY 25]

SENATOR CONRAD: For each office. [AGENCY 25]

MICKEY CREAGER: And \$45,000 for Disability Rights Nebraska is there for training, technical assistance (inaudible). [AGENCY 25]

SENATOR CONRAD: Very good. Okay. Do you currently have a waiting list in terms of the number of clients that are waiting for citizen advocates? [AGENCY 25]

MICKEY CREAGER: Well, we would if they knew about it. [AGENCY 25]

SENATOR CONRAD: Right. [AGENCY 25]

MICKEY CREAGER: But we don't. We really are not structured that way. [AGENCY 25]

SENATOR CONRAD: Okay. [AGENCY 25]

MICKEY CREAGER: When our coordinators come across a person that needs an advocate, that coordinator will then get to know that person as a person,... [AGENCY

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

Appropriations Committee
February 10, 2014

25]

SENATOR CONRAD: Uh-huh. [AGENCY 25]

MICKEY CREAGER: ...not...because we don't want to have a volunteer that will come in, a volunteer for a disability. [AGENCY 25]

SENATOR CONRAD: Uh-huh. [AGENCY 25]

MICKEY CREAGER: These are people. These are our citizens. These are our parents, our children, you know, grandchildren of citizens of Nebraska. And so our coordinator gets to know these people personally and then finds out what do they need, you know, to make their life better. Is it a friend? You know, is it somebody that needs to help them, you know, balance their checkbook or help them get out of an institution when they're able to live on their own? So we don't really...we don't have a waiting list, I guess. [AGENCY 25]

SENATOR CONRAD: Not a formal waiting list. [AGENCY 25]

MICKEY CREAGER: Yeah. [AGENCY 25]

SENATOR CONRAD: But the demand and need always remains high, I imagine. [AGENCY 25]

MICKEY CREAGER: Oh, the demand, yes. The need is there. [AGENCY 25]

SENATOR CONRAD: Yes. Okay, very good. And just as you noted in your testimony, obviously a variety of factors have prompted a wholesale review of our guardianship system in Nebraska. It's long overdue and welcome that we'll be seeing some reforms in that area. But also with the changing demographics in our state and as we see more

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

Appropriations Committee
February 10, 2014

parents who maybe aren't going to be around to help out those adult children with some special needs, I just see that your program is such a shining light in terms of bringing some clarity and good work to both of those significant public policy areas and this is a very modest request. So I hope that when you do look towards the future and you do plan to open additional offices, that you think big in terms of how you can be a part of helping Nebraska chart through those issues. [AGENCY 25]

MICKEY CREAGER: Okay. Thank you, Senator Conrad. [AGENCY 25]

SENATOR MELLO: Any other questions from the committee? Just as a point of clarification, is your request \$40,000 for each of the five offices, or \$40,000 total... [AGENCY 25]

MICKEY CREAGER: To be divided. [AGENCY 25]

SENATOR MELLO: ...to be divided amongst the five? [AGENCY 25]

MICKEY CREAGER: To be divided. [AGENCY 25]

SENATOR MELLO: Okay. Talking with our fiscal analyst, we wanted to make sure. [AGENCY 25]

MICKEY CREAGER: Yeah, unless you want to give it to us the other way. (Laughter) [AGENCY 25]

SENATOR MELLO: I just wanted to make sure for our purposes after the hearing. [AGENCY 25]

MICKEY CREAGER: Yeah, no, that's the total. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR MELLO: Okay. All right. Thank you so much. Thank you, Mickey and Sandi, for your testimony. [AGENCY 25]

SENATOR NELSON: Senator, may I ask...? [AGENCY 25]

SENATOR MELLO: Oops, Senator Nelson. [AGENCY 25]

SENATOR NELSON: Sorry. I...thank you, Senator Mello. I just appreciate your coming today. I'm a little familiar with the program, spoke with someone in Grand Island. Follow with Senator Conrad's statement, we're going to be facing the possibility of a public guardian, which is going to be expensive. And along with that, there's a need for volunteer guardians. My understanding is that a lot of your advocates are willing to serve as either temporary or permanent guardians if they can be appointed. Is that correct? [AGENCY 25]

MICKEY CREAGER: That does happen from time to time. [AGENCY 25]

SENATOR NELSON: But it...it's... [AGENCY 25]

MICKEY CREAGER: But I mean they don't...they aren't signing up, you know, as a guardian. [AGENCY 25]

SENATOR NELSON: No, I... [AGENCY 25]

MICKEY CREAGER: They are becoming an advocate and then, if the... [AGENCY 25]

SENATOR NELSON: But if need be, they are available if... [AGENCY 25]

MICKEY CREAGER: Yes. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

SENATOR NELSON: ...if they're willing to do that. [AGENCY 25]

MICKEY CREAGER: Yes, we've had that happen many times. [AGENCY 25]

SENATOR NELSON: And it's difficult to find people to take on those responsibilities. So I want to commend your group. And I don't know, in that instance who pays the filing fees and filing the papers and everything? Does that come out of your program? [AGENCY 25]

MICKEY CREAGER: I can't answer that question,... [AGENCY 25]

SENATOR NELSON: All right. It's not a lot of money but... [AGENCY 25]

MICKEY CREAGER: ...but I can certainly get back to you on that. [AGENCY 25]

SENATOR NELSON: ...sometimes money is not available for that. [AGENCY 25]

MICKEY CREAGER: I can tell you, though, that there's oftentimes that advocates will spend his or her own money on... [AGENCY 25]

SENATOR NELSON: All right. [AGENCY 25]

MICKEY CREAGER: ...their protege, because, you know, they develop a relationship and a lot of times these are lifelong relationships. And so, you know, we have a lot of wonderful advocates and they do give freely not only of their time but often of their money. [AGENCY 25]

SENATOR NELSON: Uh-huh. Thank you very much. [AGENCY 25]

SANDI KASKIE: Each of our offices, I'm not sure if you're aware, only employs one

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

Appropriations Committee
February 10, 2014

coordinator. There's no other staff. And one of the big reasons we are able to touch so many people is because all our money stays in those specific areas, I mean, and they're pretty frugal. For instance, for our office, we actually participate in the Staples reward program for the print cartridges. So we return the print cartridges, get those funds, and buy other office supplies with them. I don't know too many other places that do that, but, you know, we're...our goal is to spend the funds directly on the needs of those people that need the assistance. [AGENCY 25]

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

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you both. [AGENCY 25]

MICKEY CREAGER: Thank you very much. [AGENCY 25]

SENATOR MELLO: Next testifier for Agency 25, Department of Health and Human Services. [AGENCY 25]

DON WESELY: (Exhibit 5) Chairman Mello, members of the Appropriations Committee, my name is Don Wesely, D-o-n W-e-s-e-l-y. I am here as the registered lobbyist for Nebraskans for Rate Equity. I am passing out for your a letter from NASP, Nebraska Association of Service Providers, but I'm not here testifying on their behalf. I'm here to talk about, first off, the grateful people both receiving and providing services to the developmentally disabled for your generous support over the years to try to improve funding for community-based programs. So first off, thank you very much for that. Second off, we do have some suggestions and requests for you. First off, the rate methodology study, which is to be implemented starting July of this year, we do support its implementation. There's some uncertainty about its impact, but we know that the intent is correct. And although it says rate methodology, it's actually more focused on service equity because there are assessments that are done for individuals in the DD

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

Appropriations Committee
February 10, 2014

service system, their needs are identified but not always met. And so rate methodology or service equity is to try to make sure people's needs are met, and that's what the funding for that will accomplish. There's also an examination of rates in that, but they're based on 2010 numbers and we're now in 2014. So our concern is about adequacy of provider rate reimbursement. And that leads to the second point, and that is we again thank you. Last year you funded a 2.25 percent increase in rate reimbursement to providers, and we appreciate that. It was much needed. But it actually goes off the books at the end of this fiscal year and our concern is that it ought to be continued. So we actually will see a decrease in rate reimbursement if you don't act to reinstate that 2.25 percent increase that we got this year. In addition, frankly, there's a concern that we would appreciate an additional 2.25 percent increase, for a total of 4.50 percent for next year. Well, actually it's only a 2.25 percent increase over what they're currently getting. And the reason for that, and you may...it is other service providers are getting that level of increase. But the concern we have, and we want to share it with you, is that turnover rate for DD community-based providers and staff, direct staff, is 40 percent to 80 percent turnover rate. Now how often it gets to 80 percent I don't know, but that's outrageous. But I do know 40 percent to 50 percent turnover rate is common. This makes it difficult to maintain trained staff, to do a good job in these community-based programs. And so a lot of this funding we're asking for is to make sure our staff are adequately reimbursed so we don't have such a high turnover rate. So that's our request. We appreciate your support in the past, want to ask for your support with these proposals for this fiscal year. Thank you. [AGENCY 25]

SENATOR MELLO: Thank you, Mr. Wesely, for your testimony. Are there any questions from the committee? Seeing none, thank you, Don. [AGENCY 25]

DON WESELY: Thank you very much. Thanks. [AGENCY 25]

SENATOR MELLO: Next testifier on behalf of Agency 25, the Department of Health and Human Services. [AGENCY 25]

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

Appropriations Committee
February 10, 2014

ANDREA SKOLKIN: (Exhibit 6) Good afternoon, Senators. Most of you know me, but I'm Andrea Skolkin, A-n-d-r-e-a S-k-o-l-k-i-n, and I'm the chief executive officer of OneWorld Community Health Centers, with 12 locations in Omaha and Plattsmouth. I'm here today on behalf of the Health Center Association of Nebraska, which represents Nebraska's six federally qualified health centers in 27 locations throughout the state. As you know, federally qualified health centers are community-based organizations that provide comprehensive primary care and preventive care, including medical, dental, behavioral health, pharmacy, and support services to persons of all ages and backgrounds, according to their ability to pay. We cared for over 65,000 patients this year; 41,000 of those are racial and ethnic minorities. We are asking you today to make adjustments to the part of the minority health funding which is contained in the Health Care Cash Fund. We are asking not to take funds from any other recipient but to update the funding mechanism to align health center funding to be more efficiently allocated for areas outside of Omaha. In 2001, when the Legislature established the Health Care Cash Fund, minority health funds were set aside for services at OneWorld and Charles Drew Community Health Centers in Omaha because of the high concentration of underserved racial and ethnic minorities in our service areas. It was also argued that this would provide more funding for direct services, eliminating the costly overhead of administering a grant process. The first year funding, \$300,000 was allocated for OneWorld and \$700,000 for Charles Drew. In a subsequent session, OneWorld's amount was raised to \$700,000 to provide an equal amount for both health centers. Both of the centers provide annual reports to the Department of Health and Human Services on the use of the funds. As is true for all federally qualified health centers, we are subject to rigorous and robust federal reporting requirements that provide accountability and transparency for the services we provide and the outcomes we achieve. The Legislature, in creation of the minority health section, set aside funds for the remainder of the state to be allocated by the Department of Health and Human Services, and Congressional Districts 1 and 3 receive their funding through a grant process. Health centers have received funding through this grant process since its

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

Appropriations Committee
February 10, 2014

inception. I'm here today to ask you that health centers serving minority populations in Congressional Districts 1 and 3 be moved outside the grant process and receive a direct allocation in the same way as the Omaha center locations. This would provide equity to the allocation process and would also eliminate the costly and timely time-consuming grant process for the health center staff. Our center directors have agreed to a formula for the allocation, and in order to maintain current funding received by the centers and ensure fair distribution, we ask that an additional \$146,762 be provided. In addition, we ask that you restore funding for the Omaha centers to the full \$700,000 amount, which was reduced to \$688,000 in an across-the-board budget cut. That change will require \$24,000. Again, we ask that both of these requests not be taken from other funds in the minority health portion of the fund but be provided through the General Fund or another source. I have listed in the outline the health centers and the amounts that would be there from People's Health Center in Lincoln; to OneWorld in Omaha, not for District 2 but Congressional District 1; Community Action Partnership of Nebraska, Gering/Panhandle; Good Neighbor; Norfolk Community Health Center. At a future date, when it's operational, we would ask that funding be provided for the newest health center in Grand Island. In conclusion, minority health funding of the Health Care Cash Fund helps our health centers bring vital, quality, cost-effective health services to our underserved and minority populations. We do this through direct services and important supporting services, such as interpretation, specialized health education, and transportation. We ask you to help us serve these patients in the most cost-efficient manner through a direct allocation of funds to all the health centers across the state. Thank you for the time. I see I ran out. I'd be happy to answer questions. [AGENCY 25]

SENATOR MELLO: Thank you for your testimony, Andrea. Is there any questions from the committee? Seeing none, thank you. [AGENCY 25]

ANDREA SKOLKIN: Thank you. [AGENCY 25]

SENATOR MELLO: And for the record, Senator Tyson Larson from District 40 has now

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

Appropriations Committee
February 10, 2014

joined the committee. Any other testimony on Agency 25, Department of Health and Human Services? [AGENCY 25]

JEFF WIBEL: (Exhibit 7) My name is Jeff Wibel, J-e-f-f W-i-b-e-l. I represent Salvation Army in Omaha, and I'd just like to reiterate what the region representative shared about thanking your for returning the funds, the \$10 million, back to our use. Most of the folks that we serve have zero income, and so they're not going to be able to take advantage of the Affordable Care Act for quite some time. So I have written testimony, but in the interest of time, thank you very much. [AGENCY 25]

SENATOR MELLO: Thank you for your testimony, Jeff. Are there any questions from the committee? Seeing none, thank you. [AGENCY 25]

JEFF WIBEL: Thank you. [AGENCY 25]

SENATOR MELLO: Is there anyone else wishing to testify on Agency 25? Seeing none, that will close today's public hearing on Agency 25, the Department of Health and Human Services, and move us to our first bill introduction of the day, LB689. Senator Kate Bolz. [AGENCY 25]