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Appropriations Committee
February 08, 2016

[LB911 LB923 LB931 LB988 LB1030 LB1093]

The Committee on Appropriations met at 1:30 p.m. on Monday, February 8, 2016, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB911, LB923, LB931, LB988, LB1030, and LB1093. Senators present: Heath Mello, Chairperson; Robert Hilkemann, Vice Chairperson; Kate Bolz; Tanya Cook; Ken Haar; Bill Kintner; John Kuehn; John Stinner; and Dan Watermeier. Senators absent: None.

SENATOR MELLO: (Recorder Malfunction)...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 first on my left with Senator Kintner.

SENATOR KINTNER: Well, hi, everybody. I'm Senator Bill Kintner from Legislative District 2.

SENATOR COOK: I'm Senator Tanya Cook from Legislative District 13.

SENATOR MELLO: Sitting next to Senator Cook is Senator John Kuehn, representing the 38th Legislative District.

SENATOR HILKEMANN: I'm Senator Robert Hilkemann, District 4, which is west Omaha.

SENATOR STINNER: I'm Senator John Stinner, District 48.

SENATOR MELLO: Sitting next to Senator Stinner is Senator Kate Bolz, representing the 29th Legislative District in Lincoln. Sitting next to Senator Bolz's seat is Senator Ken Haar, representing the 21st Legislative District in northwest Lancaster County. And last but not least is Senator Dan Watermeier, representing the 1st Legislative District in southeast Nebraska. Assisting the committee today is Laurie Vollertsen, our committee clerk; and our page for the day is Julia. Our fiscal analysts are Liz Hruska and Sandy Sostad. On the tables in the back of the room you will find yellow testifier sheets. If you're planning on testifying today, please fill out one of the sheets and hand it to Laurie when you come up to testify. It helps us keep an accurate record of today's public hearing. There's also a sign-in sheet that if you do not wish to testify but would like to record your position on a specific bill and/or budget item in a state agency. If you do have any handouts, please bring at least 11 copies and give them to the page, Julia, when you come up. If you do not have enough copies, please let her know so that she can make enough copies for the committee. We also ask that you begin your testimony by giving us your first and last name and spelling it for the public record. During a portion of today that is the

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public hearing on legislative bills, we will begin bill testimony with an introducer's opening statements. Following the opening statements, we'll hear from supporters of the bill, then those in opposition, followed by those speaking in the neutral capacity. We will finish with a closing statement by the introducer if they so wish to give one. When we hear testimony regarding state agencies today, we will hear first from a representative or, in this case, representatives of the state agency. We will then hear testimony from anyone who wishes to speak on the agency's budget request. We will be using a five-minute light system today for all testifiers other than the introducer of a legislative bill and/or a state agency representative. When you begin your testimony, the light on the table will turn green. The yellow light is your one-minute warning. And when you see the red light we ask that you wrap up with any final thoughts you may have. As a general matter of committee policy, I'd like to remind everyone that the use of cell phones and other electronic devices is not allowed during public hearings. And at this time I'd ask all of us to take a look at our cell phone and please make sure it is on the silent and/or the vibrate mode. With that, at this time we'll begin today's public hearing with Agency 25, the Nebraska Department of Health and Human Services.

(AGENCY BUDGET HEARING)

SENATOR MELLO: Is there anyone else here wishing to testify on Agency 25? Seeing none, that will end today's public hearing on Agency 25, the Department of Health and Human Services, and take us to our first legislative bill of the day. We've got six of them. Keep that in your mind as you do testimony today. We'll start first with LB911. Senator Bolz. Good afternoon, Senator Bolz. [AGENCY 25]

SENATOR BOLZ: (Exhibits 1, 2, and 3) Good afternoon. I am Senator Bolz, that's K-a-t-e B-o-l-z, and I'm here to introduce LB911. Just some brief history and background for this piece of legislation: In 2004, this Legislature passed LB1083 which fundamentally changed the way that we think about serving individuals with mental illness, moving away from an institutional approach and towards a community-based approach. Today the Division of Behavioral Health estimates there are 62,000 adults in Nebraska with a serious mental illness and that drug and alcohol abuse affects 134,000 adults. And today, with our community-based approach, a significant number of stakeholders work to meet those needs. Folks may get their needs met through Medicaid. The six behavioral health regions respond to demands in local communities. Developmental disability service providers meet the needs of individuals who have both a disability and a mental illness. Hospitals serve individuals in crisis. And other stakeholders include leased apartments, hospitals, county boards, and schools. So today, 12 years later, we're still working to implement that vision of community-based mental health and it's time, in my opinion, to renew that conversation and renew that vision. Specifically, the Legislative Performance Audit Committee put forth a report that recognized gaps and challenges and inefficiencies. And so I thank the members of the Performance Audit Committee that serve on

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this committee and I want to point out that this bill is a response to some of the issues raised in that report. The Performance Audit Committee has requested the Department of Behavioral Health to create a needs assessment. That needs assessment, as I understand it, should be completed this summer. With that needs assessment in hand, LB911 could develop what's called a systems of care approach. What is a systems of care approach? It sounds sort of bureaucratic. But basically, it's bringing together the different stakeholders to try to make sure that we're maximizing the resources that we have together and building a continuum of supports and services. So it complements the work of the Performance Audit Committee and the work of the Behavioral Health Task Force that was proposed in the Executive Committee this afternoon. LB911 uses existing capacity in our aid program and moves it over to operations for this strategic planning system of care initiative, and I would reassure members of the committee that there is sufficient capacity in the aid program to meet the needs while also providing some additional assistance for the strategic planning approach. I think that it really is the kind of thing that is mutually beneficial. Because even though they are originally aid dollars, this will help us become smarter and more strategic in the way that we're both developing the types of services and funding them. So that is LB911 in a nutshell. I know there are some folks behind me who have a few things to say, but I'd be happy to take any initial questions. [LB911]

SENATOR HILKEMANN: Are there questions of Senator Bolz? Senator Watermeier. [LB911]

SENATOR WATERMEIER: Thank you, Chairman. And I appreciate Senator Bolz on this. Really, my hat is off to you, Senator, because I know you live this every day and it's a big deal and I'm glad to support you on it. [LB911]

SENATOR HILKEMANN: Are there other questions? [LB911]

SENATOR BOLZ: Senator Watermeier, that's the easiest this committee has ever been on me. (Laughter) [LB911]

SENATOR WATERMEIER: Put that for the record. [LB911]

SENATOR HILKEMANN: Are there additional proponents for LB911? [LB911]

BRAD MEURRENS: (Exhibits 4 and 6) Good afternoon, Senator Hilkemann, members of the committee. For the record, my name is Brad, B-r-a-d, Meurrens, M-e-u-r-r-e-n-s, and I'm the public policy specialist with Disability Rights Nebraska, the designated protection and advocacy organization for persons with disabilities in Nebraska. I am here today in support of LB911. And I also have a letter of support from The Arc of Nebraska that I've handed out along with my

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written comments. Both the 2015 performance audit of Nebraska's behavioral health system as well as the Technical Assistance Collaborative report identify significant service and system gaps, as well as a strong need to engage in systemic and strategic planning. Specifically, the TAC report highlights three overarching recommendations: that the Division of Behavioral Health should initiate and lead an Olmstead planning process that leads to the development of a working Olmstead plan; they should maximize services and funding strategies to support community integration; and that they should maximize housing opportunities and partnerships to support community integration. LB911 is a wise investment of resources and time. Nebraska's behavioral health system touches many lives in a variety of different contexts. There's a growing awareness, as was said earlier, of the interrelation between behavioral health and corrections. As we know in our report on corrections and mental health, the system of community-based behavioral health resources and access to it plays a key role in preventing individuals with behavioral health issues from entering the criminal justice system and will help those with behavioral health needs who are released from corrections stay out. Additionally, the Nebraska Collaborative Inclusion Workgroup's report notes that persons with a dual diagnosis of mental illness and developmental disability often fall through the cracks as a result of fragmented service systems. The incidence of dual diagnosis of intellectual/developmental disability and mental illness is relatively high. According to the NADD, which is an association for persons with behavioral health needs and developmental disabilities, they say the full range of psychopathology that exists in the general population also can coexist in persons who have intellectual or developmental disabilities, and people with co-occurring IDD, or intellectual and developmental disabilities and mental illness, are frequently referred to as a special population, although it is important to recognize that this group makes up approximately one-third of the total number of individuals with intellectual/developmental disabilities served by state developmental disability agencies nationwide, and that state developmental disability and mental health authorities and service systems continue to struggle in their attempts to provide effective and appropriate treatments and supports on a consistent and comprehensive basis; that such efforts have been significantly hampered by administrative and funding barriers that diffuse responsibilities. Lastly, the Florida Developmental Disabilities Council's report affirms: Unfortunately, the age-old argument of primary disability is still heard and that the new understanding of brain development and the fact that cognitive abilities, emotional status, and physical health are intertwined makes this discussion out of date. These individuals frequently fall between the cracks because the systems responsible for mental health and developmental disabilities are unable to provide treatment, services, and supports. We think that this strategic planning initiative and developing this systemwide approach, figuring out how these systems can work together to best provide the needed services for a variety of different contexts, individuals, and situations, is overdue and surely needed. And as one of the organizations that was supportive of LB1083 and the transition from institutional-based behavioral health/mental healthcare to more of a community-based mental healthcare, we think that this examination of how the systems can work together will

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really, truly be one of the key efforts to really usher in improvements and the true purpose of LB1083. So with that, I'd be happy to answer any questions the committee may have. [LB911]

SENATOR HILKEMANN: Are there any questions for Mr. Meurrens? Seeing none, thank you very much for coming this afternoon. [LB911]

BRAD MEURRENS: Thank you. [LB911]

SENATOR HILKEMANN: Are there...okay. [LB911]

BETH BAXTER: (Exhibit 5) Good afternoon, Senator Hilkemann and members of the Appropriations Committee. My name is Beth Baxter, B-e-t-h B-a-x-t-e-r, and I serve as the regional administrator for Region 3 Behavioral Health Services in Kearney. I appear before you today to testify in support of LB911 on behalf of the Nebraska Association of Regional Administrators that is comprised of the administrators of the six regional behavioral health authorities across the state. I would also like to take this opportunity to thank Senator Bolz for her ongoing interest in behavioral health and introducing this bill. The behavioral health system is complicated, and LB911 addresses this by identifying the importance of developing a blueprint for coordinating and integrating care across the various service systems that involve many players with varying mandates at the community, regional, and state levels. LB911 identifies two significant elements to assist in addressing the various challenges that have been voiced related to behavioral health services, whether provided in the community, at a correctional facility, at a regional center, or other treatment venues. First of all, I believe LB911 purposely uses the term "systems of care" because it is synonymous with addressing systemic problems through a multidisciplinary, comprehensive, and inclusive process. For 30 years systems of care have been very successful across the nation in improving child and family-serving systems' functioning and creating efficiencies to better serve state, community, individual, and family needs. Secondly, by requesting \$200,000, LB911 recognizes the importance of adequately funding a comprehensive planning process that will result in a blueprint that is built on well-researched principles and practices that will ultimately lead to system cohesiveness, service integration, and improved outcomes for those who rely on publicly funded behavioral health services regardless of which door they enter the system. LB911 is consistent--you've heard it from two individuals already today--with the Legislative Performance Audit Committee's Task Force on Behavioral and Mental Health and will support the task force's study of ways to reduce behavioral health service gaps and unmet needs. The six behavioral health regions stand ready to actively participate in developing the blueprint called for in LB911 and to assist in any way that we can. I would like to take this opportunity to thank you for allowing us to testify and share our support, and would be happy to answer any questions if you have any. [LB911]

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SENATOR HILKEMANN: Are there questions for Ms. Baxter? A question I would have, if we're talking this is more of a coordination effort that we're doing here, is it, with this funding? [LB911]

BETH BAXTER: Yes. And it's bringing people together who...behavioral health is an issue that is cross-cutting. People who are in corrections, who are in communities, in child welfare, juvenile justice, education, one oftentimes a solidifying issue that they experience are behavioral health needs. So it's bringing those key players into a coordinated effort to look at the system and identify efficiencies wherever possible. [LB911]

SENATOR HILKEMANN: Well, this is a \$200,000 ask. Is this...do you think that down the line that this will save the state money rather than be an expenditure for us? [LB911]

BETH BAXTER: Absolutely, I do. The potential, what's been shown in other areas, other states, even within our own state, is the probability of reducing duplication of effort, of having multiple systems doing similar things. It helps to reduce the "siloing" effect in terms of systems working in isolation rather than working together. [LB911]

SENATOR HILKEMANN: How many others...do most other states have this type of a coordination of their disability health coordination you're trying to do here? [LB911]

BETH BAXTER: I know across the country there are well over 100 systems of care, initiatives in the children and family service system. I'm not sure that...how many there are that are specifically around the adult behavioral health system. [LB911]

SENATOR HILKEMANN: Do we have any studies that show what impact doing this program may be as far as cost savings to the state? [LB911]

BETH BAXTER: Yes, I believe there are. And again, within the child and family serving systems of care, it's an initiative through the Substance Abuse and Mental Health Services Administration and they have done cost studies over the past 30 years to look at the effectiveness and the efficiency. And what I've read in those is that they are very successful in both efficiencies and effectiveness. [LB911]

SENATOR HILKEMANN: Are there additional questions of Ms. Baxter? Are there other proponents for this LB911? [LB911]

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ELISABETH HURST: (Exhibit 7) Good afternoon, Chairman Mello and members of the Appropriations Committee. My name is Elisabeth Hurst, E-l-i-s-a-b-e-t-h H-u-r-s-t, and I am director of advocacy with the Nebraska Hospital Association. Thank you for the opportunity to testify today. It's the mission of the Nebraska Hospital Association to enhance the delivery of quality patient care and services to our state's citizens. Every year, in support of that mission, Nebraska's hospitals commit hundreds of millions of dollars in uncompensated care to their communities. On behalf of our mission, our 90 member hospitals and the 41,000 individuals they employ, the NHA offers the following testimony in support of LB911. I'm not going to repeat the information that we heard from Mr. Meurrens and Ms. Baxter. What I will tell you that what is on everybody's mind here that we already know is that the current behavioral health system in Nebraska, or lack thereof, is to the point where it no longer requires discussion. It requires action. And what the hospital's perspective is, is that when we realize that the majority of Nebraska's counties are designated as shortage areas, often an individual's first interface with the system regarding their mental health illnesses is the hospital emergency department. And it's just a fact that of the nearly 100 hospitals in Nebraska, only around 10 have designated behavioral health units. Those are located in Norfolk, Hastings, Kearney, North Platte, Geneva, Lincoln, Omaha. And then to add to my list, a correction to my testimony, Fremont has just opened up a 20-bed unit in their community. It really impacts the patients when they are sitting in an emergency room waiting to find accommodations, and that's dangerous not only to staff, other patients, but most of all to that individual who deteriorates at a rapid rate when they aren't getting the services they need in a timely manner. The Hospital Association and our members commend Senator Bolz for her fervent and continual advocacy of behavioral health. You all know from your experience with your respective committees and special committees, especially those regarding corrections, that this is an issue that needs to be addressed immediately. And the hospitals would like to be part of that continued conversation. I'm open to any questions if you should have any. [LB911]

SENATOR HILKEMANN: Are there any questions for Ms. Hurst? Senator Haar. [LB911]

SENATOR HAAR: Yes. When you talk about mental health and behavioral health needs, would that include misuse of opioids and things like that,... [LB911]

ELISABETH HURST: I think... [LB911]

SENATOR HAAR: ...or is that a whole different problem? [LB911]

ELISABETH HURST: No, I think absolutely substance abuse is often seen kind of as a co-existing type of a situation when individuals present in the emergency room or to any provider.

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Substance abuse is absolutely...one might stem from the other but I think they're definitely hand in hand. [LB911]

SENATOR HAAR: Okay. Thank you. [LB911]

SENATOR HILKEMANN: Senator Kintner. [LB911]

SENATOR KINTNER: Good afternoon. Thank you for coming. I do have a question here. I'm looking at the mission here. It says delivery of quality patient care and services for our state's citizens. Where is the part about getting as much taxpayer money as you possibly can? You guys are before this committee asking for money for this, for that, for this, for that. I mean if you had your way, you'd have quite a bit. You'd have your hands on quite a bit of taxpayer money. Don't you think a little truth in advertising would be good here? [LB911]

ELISABETH HURST: Well, providing care is definitely a costly endeavor and we want to do the best we can for Nebraska citizens. [LB911]

SENATOR KINTNER: So part of this then would be getting as much taxpayer money as you possibly can, because you guys are always asking for taxpayer money. [LB911]

ELISABETH HURST: I believe with LB911, it involves a fiscal note of \$200,000 for this particular task force. [LB911]

SENATOR KINTNER: Well, that's one of your smaller fiscal notes you guys have supported. All right. I just wanted to shoot that shot across your bow, that I'd love for you to come here and say, Senator Kintner, on this bill, please don't spend any more money. I'm waiting for that day. It would be a happy day and I'll toast a diet root beer to you if you ever do it. (Inaudible). [LB911]

ELISABETH HURST: I look forward to engaging you in that conversation. [LB911]

SENATOR KINTNER: Okay. All right. [LB911]

SENATOR HILKEMANN: Additional questions? [LB911]

ELISABETH HURST: (Exhibit 8) I also do have a letter from CHI Health also in support of the bill that I will present to the committee. Thank you. [LB911]

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SENATOR MELLO: (Exhibit 2) Thank you, Vice Chairman Hilkemann. And thank you for your testimony, Ms. Hurst. Are there any other proponents for LB911? Seeing none, the committee should have received letters of support from the Nebraska Association of Behavioral Health Organizations, the Nebraska Psychological Association, and CHI Health, and a letter of support from The Arc of Nebraska. Are there any opponents for LB911? Seeing none, is there anyone here in the neutral capacity on LB911? Seeing none, Senator Bolz, would you like to waive closing? (Laughter) [LB911]

SENATOR BOLZ: Senator Mello, as much as I would like to waive closing, I think I need to underscore an important point here which is this is not a request for new dollars. This is a fund transfer, essentially. This is moving dollars from aid to operations for this purpose. And the last thing I'll say is that I didn't request that this bill number be 911, but I think it's apropos. (Laughter) I think this is an urgent issue in the state. [LB911]

SENATOR MELLO: Thank you, Senator Bolz. Any other questions from the committee? Seeing none, that will end today's public hearing on LB911 and take us to our second bill of the afternoon, LB923 from Senator John Stinner. [LB911]

SENATOR STINNER: (Exhibit 1) Thank you, Chairman Mello and members of the Appropriations Committee. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r. I'm introducing LB923 to provide additional appropriations for Nebraska's federally qualified health centers. Nebraska's federally qualified health centers are local, nonprofit, community-based healthcare providers that serve low-income Nebraskans in medically underserved communities. The centers provide quality, affordable, integrated primary care and preventive services, including medical, dental, and behavioral health services. There presently are seven centers located throughout the state, including two in Omaha, Lincoln, Norfolk, Columbus, Grand Island, and Gering, which is my community. I've distributed to you a map of each healthcare center and the areas that they currently serve. I've also distributed an economic impact report on the center that is closest to your district that demonstrates the financial impact health centers have on their communities. This dramatic information on how important health centers are to our communities, and I would tell you to go to actually page 2 of the economic impact, and it really kind of demonstrates what these healthcare centers are all about. As you look at what the U.S. population and how that breaks down versus what these healthcare centers are servicing, it really provides you an understanding of the uniqueness of the clientele that these centers serve. These centers receive federal and some state funding. They also charge individuals with no access to public or private health coverage a sliding fee scale dependent on their income. These health centers can turn no one away. I've seen how critical they are to providing access to care for Nebraskans in my community. Now more than ever, with our uninsured numbers skyrocketing, we must help support them to fill a vital role. New funding through the legislation will allow centers to serve another 12,000 Nebraskans statewide. These individuals are currently on waiting

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lists or have had to delay receiving services, because of a lack of health center capacity, but have no way to access physical, dental, or behavioral healthcare. Nebraska's seven federally qualified healthcare centers are truly our safety net. Investing our dollars in healthcare will allow these people to continue to work, support their families, and participate in their communities. Not serving them will only cost more in the long-run. Individuals who receive care at Nebraska's seven federally qualified health centers saved the state healthcare system over \$87 million last year alone. LB923 will provide additional General Fund dollars in 2016 to '17, totaling \$5 million. These dollars will include \$200,000 per center, which is \$1.4 million; \$1.2 million will be distributed proportionally to each center based on the total number of patients served in the previous year to serve Nebraskans on the waiting list or subject to delays in receiving services at the centers; and \$2.4 million distributed proportionally to each center based on the previous year's numbers of uninsured patients served. I do know, and I know very well, that the current budget outlook puts in place where we are going and we just have to recognize and prioritize our tough choices. LB923 does not solve all the problems for the uninsured but begins to reach out to more families so that they can get the care they need. I do have testifiers in back of me that can probably answer every question that you'll have. Thank you. [LB923]

SENATOR MELLO: Thank you for your testimony this afternoon, Senator Stinner. Are there any questions from the committee? Seeing none, thank you, John. [LB923]

SENATOR STINNER: Thank you. [LB923]

SENATOR MELLO: We'll first hear proponents of LB923. [LB923]

ANDREA SKOLKIN: (Exhibit 4) Good afternoon, Senator Mello, members of the Appropriations Committee. My name is Andrea Skolkin and I'm the current chair of the Health Center Association of Nebraska and the chief executive officer of OneWorld Community Health Centers. I'm here today on behalf of Nebraska's seven federally qualified health centers to support LB923. I'd like to thank Senator Stinner for introducing this bill and for the committee's support of community health centers over time. Nebraska's federally qualified health centers provide comprehensive, community-based, culturally appropriate primary and preventive care, as you heard: medical, dental, behavioral health, pharmacy, and a number of support services. Nebraska's health centers provided services--we're just doing our numbers for 2015--but to almost 70,000 unduplicated patients through 275,000 visits. Ninety percent of our patients fall at or below 200 percent of poverty, which for a family of four was \$48,500 last year. Sixty-eight percent were from racial and ethnic minority populations as well. Our health centers are safety net providers that provide care regardless of insurance status. And over half of our patients are uninsured. They pay a nominal fee using a sliding fee schedule based on the number of people in their household and their income. Our patients are the working poor in your communities.

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Nebraska's health centers care for the second highest number of uninsured patients in the country for community health centers, which means that we have to augment the cost of that care with other resources. This creates a delicate balance and that is a barrier to our ability to increase access in the communities that we serve. The funding proposed under LB923 would allow our health centers to keep up with the increases in program operating but expand our resources, and we anticipate we could care for about 10,000 more individuals a year, which is an increase of about 20 percent. OneWorld, an example of the clinic that I lead, currently has clinics in Omaha, Plattsmouth, and Bellevue. Depending on the location and the type of care being sought, a patient can wait three weeks for medical care, three months for dental care or behavioral health before being able to have an appointment. For individuals who are already facing barriers, such as access to transportation, language issues, and inflexible work schedules further delaying care, further exacerbates their condition. Studies have repeatedly shown that disadvantaged individuals who have access to care at health centers have fewer hospital visits and are more likely to receive preventive screenings, such as the cancer screening we heard about today, than non-health-center patients and, among uninsured health center patients, have fewer outpatient and emergency room visits compared to non-health-center patients. Research has also demonstrated that for each patient, as Senator Stinner presented, who receives healthcare in a health center, the health system is saved about 24 percent in costs. In Nebraska alone, that's about \$88 million a year. We are truly safety net providers in the state, and we see every day the challenges that people face with the inability to access healthcare. Additional appropriations will afford our federally qualified health centers the ability to expand the safety net in Nebraska and meet the increasing demand for services. Thank you for your time, and I'd be happy to answer questions. [LB923]

SENATOR MELLO: Thank you for your testimony this afternoon, Ms. Skolkin. Are there any questions from the committee? Senator Hilkemann. [LB923]

SENATOR HILKEMANN: For total disclosure, I am a board member of OneWorld. If this...would you anticipate that if this is approved that OneWorld would add additional locations? [LB923]

ANDREA SKOLKIN: Senator Hilkemann, thank you for that question. We do have on OneWorld itself, there are...would probably add another location. There are numerous neighborhoods in the Omaha metropolitan area that could benefit from other health centers. [LB923]

SENATOR HILKEMANN: Then let me ask the question: If we did not approve this, how is this going to affect OneWorld? [LB923]

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ANDREA SKOLKIN: It will be lack of access to healthcare. We will be turning patients, hopefully not away totally, but we're unable to keep up with the demand and the requests for services at this point in time. [LB923]

SENATOR HILKEMANN: Thank you very much. [LB923]

SENATOR MELLO: Senator Haar. [LB923]

SENATOR HAAR: Thank you. I see from Senator Stinner's presentation where we have annual cost savings and total economic impact and total tax impact. It's all good and well. Do you see any moral motivation for caring about these poor people the way you do? [LB923]

ANDREA SKOLKIN: Well, of course I'm going to say yes. I think it's a moral imperative when you think about people going without healthcare that are sick. That is not what we want to do for our population and Nebraska's residents. [LB923]

SENATOR HAAR: It almost sounds a little bit like a Christian motivation (inaudible). [LB923]

ANDREA SKOLKIN: I don't know if you would call it religious. I call it the common good of all people, but it could be seen as a religious motivation. [LB923]

SENATOR HAAR: Yeah. Well, I appreciate that. [LB923]

ANDREA SKOLKIN: Uh-huh. [LB923]

SENATOR HAAR: I agree with you, by the way. [LB923]

ANDREA SKOLKIN: Oh, thank you. [LB923]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Andrea. [LB923]

ANDREA SKOLKIN: Thank you. [LB923]

SENATOR MELLO: Next proponent for LB923. [LB923]

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JEFF TRACY: (Exhibit 5) Good afternoon. My name is Jeff Tracy. I'm the chief operating officer of Community Action Partnership of Western Nebraska in Gering, Nebraska. Senator Mello and members of the Appropriations Committee, I'm pleased to be here today to talk in support of LB923. Last year, in 2015, CAPWN Health Center served 6,850 unduplicated patients in our primary clinic in Gering, Nebraska; our satellite dental clinic in Chadron, Nebraska; our seasonal and temporary clinic in...for migrants in Alliance, Nebraska; and with our migrant voucher program. Our primary service area are the 11 counties in the Panhandle. Approximately 50 percent of all of our patients are currently uninsured; 50 percent are racial and ethnic minorities; and almost all of our patients, about 88 percent, are at or below 200 percent of the federal poverty guideline. By far, the greatest unmet need in our service area is oral healthcare. Currently, CAPWN has two full-time dentists: one in Chadron, Nebraska; one in Gering. And we've just hired a third full-time dentist to work with us in Gering. Despite that, unless it's an emergency, an individual calling in as an adult trying to get a new appointment at the health center is going to have a 2.5- to 3-month wait in order to be able to be scheduled for that appointment. On a regular basis, we have well over 50 patients at any one time who are asking for dentures and waiting for those denture cases to be completed. And over the last couple of weeks we've had well over 75 calls a week of individuals who are asking to get into the health center just in terms of oral healthcare. And as you can see, that need in our area for oral healthcare, especially for adults, really outpaces our ability to be able to provide that service. And while oral healthcare certainly is our primary unmet need, we have unmet needs in medical and behavioral health services as well. It's our hope that in the upcoming years we're able to work closely with partners in the area, whether those are public health districts, critical access hospitals, rural health clinics, and regional hospitals to identify key areas in our area that we can expand services to better meet the unmet needs in our service area. In addition to filling the needs of patients, each of the seven community health centers in their respective communities plays an important economic role in their communities, and that is further defined in the handout that Senator Stinner has provided to you. In the western Nebraska area, in the Gering-Scottsbluff area, CAPWN Health Center has an approximately \$20 million economic impact on the local economy annually, and we provide over 65 full-time jobs for individuals in our area. And while our mission is focused on the patients we serve, the impact that we have on the community and the other health centers have on their respective communities is felt well beyond the four walls of the health centers themselves. And lastly, in closing, I would just say that access to high-quality affordable healthcare plays a critical role in ensuring that Nebraskans are successful and the well-being of Nebraskans is taken care of. The additional funding that would be provided by LB923 is critical to our ability to increase the number of patients that we can see, whether it be in western Nebraska or in Omaha or in the communities in between. It is our hope that by seeing those additional patients we would be able to address the unmet needs of many of those individuals and keeping them, in turn, out of the ER and keep costs down for the state of Nebraska. Thank you for your time. And if you have any questions, I'd be glad to try to answer those. [LB923]

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SENATOR MELLO: Thank you for your testimony this afternoon, Mr. Tracy. Are there any questions from the committee? Senator Kintner. [LB923]

SENATOR KINTNER: Hi. Thank you for coming. [LB923]

JEFF TRACY: Yes, sir. [LB923]

SENATOR KINTNER: I'm glad you do what you do and I'm glad you're doing it. So let me think here. You talked about economic impact. Just make sure we're on the same page, you're not creating wealth. You're taking money from someone else and spending it over here. And then they're donating it to you, you're getting a grant or something. No problem with that. But you're not creating wealth, right? We understand that. You're just taking money from over here and spending it over here. There's no new money being created. We're just shifting it around. So if the economic impact wasn't with you, the economic impact would be over here or be over here. Or some guy in Omaha that gave you a check and you spent it, or someone from your local community, a rich guy like Senator Stinner, gave you a check and you spent it, you're not creating wealth. You're just moving money around. [LB923]

JEFF TRACY: I think that's generally true. And that, I think, is pretty much how our capitalistic system works. [LB923]

SENATOR KINTNER: Well, no, our capitalistic system works because we create wealth. Senator Stinner loans the money out from his bank and someone builds something. It's creating wealth. That's how the capitalistic system works. And because we have wealth creation, people have money to support things that are worthy, like yours, which is good. I mean I can't speak for the committee but...so I don't know if we'll get you some money and when it will come. But I'm glad you do what you do, but let's not think that what you're doing is capitalism or wealth creation. It's just moving money around. I think that's an important distinction, that, you know, this guy creates the wealth and then you have a great way to spend it, and nothing wrong with that. [LB923]

JEFF TRACY: Thank you. [LB923]

SENATOR KINTNER: (Inaudible) what you're doing. Thank you very much. Appreciate it. [LB923]

JEFF TRACY: And thank you. [LB923]

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SENATOR MELLO: Mr. Tracy, I've got to give you at least an opportunity. [LB923]

JEFF TRACY: Sure. [LB923]

SENATOR MELLO: Are you understanding that our healthcare system at all in the United States is supposed to generate wealth; that the healthcare system itself is supposed to provide healthcare and maybe not generate wealth for people while they're providing that healthcare? Is that a general understanding of a lot of Hippocratic oaths that many providers take in regards to providing healthcare? [LB923]

JEFF TRACY: I would say that that's true. And this could be a long philosophical discussion. But if we are helping people remain healthy, I think that they are then able to be a participant in this society and, therefore, be able to participate and generate wealth in one form or another. Yes, sir. [LB923]

SENATOR MELLO: Any other questions from the committee? Senator Hilkemann. [LB923]

JEFF TRACY: Yes, sir. [LB923]

SENATOR HILKEMANN: What's the...your center, is it in Scottsbluff or is it in Gering? [LB923]

JEFF TRACY: It's actually in Gering. [LB923]

SENATOR HILKEMANN: Okay. What's your annual budget? [LB923]

JEFF TRACY: For the whole agency, it's about \$9 million, sir. And we have, for the health center itself, it's about \$5 million, but we are a part of the Community Action Agency in western Nebraska, and so the agency as a whole is about \$8 million. [LB923]

SENATOR HILKEMANN: Okay. Do you have a cash reserve fund? [LB923]

JEFF TRACY: We have a small cash reserve fund, yes, building. [LB923]

SENATOR HILKEMANN: What percentage would you say that you have a cash reserve fund? [LB923]

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JEFF TRACY: Right now, we're probably at about 30 days, which is about a third of what we would like it to be. [LB923]

SENATOR HILKEMANN: Thank you. [LB923]

JEFF TRACY: Yes, sir. [LB923]

SENATOR MELLO: Any other questions from the committee? Senator Haar. [LB923]

SENATOR HAAR: Well, since I can't ask questions of the other people at this dais, I'll ask you. For example, a person who's employing somebody, how could better dental care for those employees help build that wealth for that person? [LB923]

JEFF TRACY: Didn't realize I was going to talk so much about wealth, but (laughter)... [LB923]

SENATOR HAAR: Well, yeah. How could...yeah, good dental care. Why does that have to do anything with workers helping to build wealth for someone? [LB923]

JEFF TRACY: I think any of us who have had a toothache recognizes that that can be a pretty debilitating event. And to the extent that we can provide preventive care to keep people healthy, whether that's through their oral healthcare or their medical care or behavioral healthcare, and allowing those individuals to stay active in the work force without having to be home or be out because of those illnesses, I think that helps the community as a whole and that particular family or that particular individual in their ability to be able to sustain their economic status in the community. [LB923]

SENATOR HAAR: Uh-huh. So if they're working for someone, for example, they might have less sick days... [LB923]

JEFF TRACY: Correct. [LB923]

SENATOR HAAR: ...that have to be absorbed by that employer. [LB923]

JEFF TRACY: Absolutely. [LB923]

SENATOR HAAR: And you've actually... [LB923]

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JEFF TRACY: From my perspective, yes. [LB923]

SENATOR HAAR: Yeah, you've actually seen that happen where people have less sick days because of good dental health? [LB923]

JEFF TRACY: Sure. I mean there are lots of studies across the country on numerous levels that show that if individuals are healthy, if they can do preventive care, again, whether that's oral healthcare or medical care or even behavioral healthcare for that matter, keeping those individuals coming in on a regular basis allows them to stay healthy, keeping them in the work force, keeping them from being sick. [LB923]

SENATOR HAAR: And producing more wealth in society. [LB923]

JEFF TRACY: Absolutely. [LB923]

SENATOR HAAR: Yeah. Appreciate that. Thank you. [LB923]

JEFF TRACY: Thank you. [LB923]

SENATOR MELLO: Thank you, Senator Haar. Any other questions from the committee? Senator Hilkemann. [LB923]

SENATOR HILKEMANN: Yeah, I want to follow up on one question. There's seven health systems across the state. Is that correct? [LB923]

JEFF TRACY: There are seven community health centers, yes, sir. [LB923]

SENATOR HILKEMANN: Yeah. What's the overall financial well-being of those? Are there any of them that are just basically going...you said you have a 30-day type of cash reserve. Do we have some that are almost on a hand-to-mouth, just were making it through the finances on a week-to-week basis almost? [LB923]

JEFF TRACY: I honestly don't know the exact answer to that because each of the community health centers are private, nonprofit organizations and so their individual cash reserves I am not sure of. But I think that we run the gamut from community health centers that are well established who I think are kind of the gold standard, whether it's in the state or nationally, in terms of having that cash reserve, to other entities, and I would use our health center as an

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example that I think are more hand-to-mouth, if you will, at this point. The goal of all community health centers, and it's a...not necessarily a mandate but a strong recommendation from the Bureau of Primary Health Care, which is one of the funding sources that all community health centers...that receive funds for, is that we all have at least a three-month reserve. So getting to that for many community health centers in Nebraska and across the country is a constant push because of many of the variables that I think that you have heard earlier today. The services that we provide are often not going to generate much income for those community health centers themselves. And we're picking up those pieces as best we can to ensure that as few people as possible are turned away for those health services. So that's kind of a long-winded answer, sir, but I think that we run the gamut in terms of our financial stability. What I would say is that we definitely have a big streak of creativity in being able to try to continue to meet those needs and the funding sources that we are able to make use of to provide those services. [LB923]

SENATOR HILKEMANN: Would it be safe to say that if, because of the budget shortfalls that we have this year, if we were not to advance this to the full house we would not lose any of our community health centers? [LB923]

JEFF TRACY: I think that is...I think that, from my perspective, would be a true statement. The difficulty I think is that with not expanding those services we continue to have the situation that we talked about earlier where we have those waiting lists. We don't have the capability of serving the individuals that need those services. And if we don't do that, I mean if there was some other way for those services to be offered to the state of Nebraska citizens and we didn't have to do that, I think that we would certainly be good with that. But that doesn't seem to be the case. So I think that the difficulty in not expanding those services or funding this bill would be that we leave a lot of individuals unserved that end up costing the state a lot more money. [LB923]

SENATOR HILKEMANN: Thank you very much. [LB923]

JEFF TRACY: Yes, sir. [LB923]

SENATOR MELLO: Thank you, Senator Hilkemann. Are there any other questions from the committee? Seeing none, thank you, Mr. Tracy. [LB923]

JEFF TRACY: All right. Thank you very much. [LB923]

SENATOR MELLO: Are there any other proponents for LB923? Any other proponents for LB923? [LB923]

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ELISABETH HURST: Just letters. [LB923]

SENATOR MELLO: There is one, yes, okay. [LB923]

KARI WADE: (Exhibit 6) Good afternoon, Senator Mello, members of the Appropriations Committee. My name is Kari Wade, K-a-r-i W-a-d-e. I will keep this brief. I'm here on behalf of the Nebraska Nurses Association. We want to share our support of LB923. I have a letter here that you can read from our chair of our Legislative and Representation Committee, and we just want to go on the record as supporting improved funding for access to healthcare. Any questions? [LB923]

SENATOR MELLO: Thank you for your brief testimony. We appreciate your testimony today. Are there any questions from the committee? [LB923]

SENATOR HAAR: Yes, I have one. [LB923]

KARI WADE: Yes. [LB923]

SENATOR MELLO: Senator Haar. [LB923]

SENATOR HAAR: In your job, and you're a nurse. Is that correct? [LB923]

KARI WADE: Correct. [LB923]

SENATOR HAAR: Have you seen that people with good health make better workers? [LB923]

KARI WADE: Perhaps. I don't see them in the work setting. I only see them when they're at their most vulnerable. I guess I would assume that if they're a healthy individual, they are a more productive individual in their work setting, whatever that may be. [LB923]

SENATOR HAAR: Uh-huh. Okay. Thank you. [LB923]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you. [LB923]

KARI WADE: Thank you. [LB923]

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SENATOR MELLO: (Exhibits 2, 3, and 7) Are there any other proponents for LB923? Seeing none, the committee received letters of support for LB923 from the Nebraska Hospital Association, the Nebraska Home Care Association, and the Nebraska Dental Association. With that being said, is there any opponents to LB923? Seeing none, is there anyone here in the neutral capacity on LB923? Seeing none, Senator Stinner, would you like to waive closing? Yes, you would. Thank you, Senator Stinner, for waiving closing. That will end today's public hearing on LB923 and take us to our third bill of the afternoon, LB931 from Senator Kate Bolz.
[LB923]

SENATOR BOLZ: (Exhibits 1, 2, and 3) So I'm still Senator Kate Bolz, that's K-a-t-e B-o-l-z, and I bring you LB931. As we've discussed earlier today, over time as a state we've evolved in our practices and our principles relating to serving individuals with mental illness and other disabilities, moving towards a more community-based approach. And that approach is rooted in dignity and quality and choice for individuals. So it is my belief that the vast majority of healthcare professionals in facilities in the state recognize those principles and do their best to achieve them. However, this summer I was contacted by a family member of someone who is being served in my district in an assisted-living facility. This individual has mental illness and many people don't realize that there are certain assisted-living facilities that specialize in serving individuals with mental illness. Her loved one had been diagnosed and was living in this facility for a period of months when she became concerned about his well-being and the circumstances related to how he was being treated. So at a similar point in time, the Mental Health Coalition of Nebraska started holding a series of town hall meetings about this issue because assisted-living facilities that serve individuals mainly with mental illness who might have some concerning circumstances are not special to District 29. They're all across the state. I've shared some media coverage with you regarding the town hall meetings, which brought to light some awfully concerning issues, issues like bedbugs, soiled adult diapers, and seniors or individuals who are severely mentally ill and have left facilities to spend the night out in the cold alone. So this bill is in response to these concerns. I want to be clear that it's intended to help facilities improve quality and to offer options to individuals who want more choice. It's not a judgment about any facility in particular and it's not any critique of the individuals who work very hard in our licensure unit. It's intended to be a constructive response to a problem that's been brought to my attention. It would help in two ways. First, it would fund assistance to facilities that want to become accredited. National accreditation is basically a quality improvement process. It's a process where people do self-evaluations, peer reviews. They get technical assistance, and they ultimately achieve the title of accredited facility. The bill also provides resources to the housing-related assistance program, which is a program that individuals with mental illness can utilize to find independent housing opportunities for themselves outside of a facility context. I originally thought that this piece of legislation would go to the HHS Committee, but because it has come to the Appropriations Committee, I want to make a couple of specific notes for this committee. The first is that I've brought an amendment that strikes some of the technical changes and some of the

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issues that I would have brought up in front of the HHS Committee. I think it's more appropriate just to focus on the funding since the bill did come to Appropriations. The second thing is that I do want to point out that people pay for these services. People pay for these assisted-living services through generally two funding sources. One is their Social Security income, but the other is our program, the Aid to the Aged, Blind, and Disabled Program, the AABD program. And so I just want this committee to understand that state dollars are being spent in facilities that don't meet the quality standards that I would like them to meet. The other thing I would like to articulate is maybe a reiteration of what I mentioned on LB911, which is in 2004, LB1083 moved dollars from institutional care into the community. So this continues to be our work that is necessary to build that community vision of care. So I think it's appropriate that we continue to invest in quality in these assisted-living facilities that are serving a vulnerable population. Thank you for your attention to this issue. I'd be happy to answer any questions. [LB931]

SENATOR MELLO: Thank you for your testimony this afternoon, Senator Bolz. Is there any questions from the committee? Any questions? Senator Kintner. [LB931]

SENATOR KINTNER: Senator Bolz, this is year number four here we've been here together, having fun together. During my first three years, you got quite a bit of new spending through for all kind of programs, helping this, helping that, making this work better, put a little more money over here, fixing this. But the aggregate of all that or the sum total of all that has been a pretty fair amount of money. And you know, some of it hasn't gone through; some of it has gone through. I bet you do (inaudible) for HHS, which shoo out HHS in two seconds. Where does all this stop? I mean once you get some money for one problem, we give more money for this program, next year it will be more money for another problem, and there will be another problem. And we're not linking these at all saying, hold it, we've spent too much. Every one of these you're asking us to judge totally on its own merit without any regard to the money that we've already spent. I mean we obviously can't do this forever, can we? I mean that's why we have some of the highest taxes in the country. We're a top 30 tax state in the country. I guess I'm asking you kind of a theoretical question, but at some point do you ever say this is enough? [LB931]

SENATOR BOLZ: I guess I have a couple of responses to your comments, Senator Kintner. The first is that the first bill I brought you this morning is intended to be a bill that creates efficiencies and effectiveness within the system as a whole and would prevent problems like the one that I'm bringing you today. But I feel like it's my duty, as the state senator representing a district where a facility is in place using state dollars that has health and safety concerns, to respond to that. I think that's part of democracy too. And the last thing I would say, since you sort of referenced my agenda and the way that I approach things, you'd be welcome to sign on to my childcare tax credit increase bill because that's my favorite bill that would provide tax relief to families.

[LB931]

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SENATOR KINTNER: Well, quite often you come in here, and you know I don't...I mean the fact that you even find some of these programs, you see they're in need and you're able to point to a problem is way, way beyond what I could do, because I don't even know how these things exist. But usually when you come in here, there's three or four groups that are advocating for it, lobbying for it, saying if we only had a little more money. There's not a single taxpayer here. There's not a single taxpayer. I'm it for the taxpayers here and maybe a few other senators here. They're working. They're working to pay for these things. Do you just...do you see my concern that they can't come here? They're depending on me to sit here and fight for them and they don't have a bunch of lobbyists here to say, I can't afford any more money. That's my concern. And you know it's never personal with you and me. You and I know it's only when we're talking about the issue. It's not that I dislike you or anything you're trying to do. I never question your motives. But there's not one taxpayer here saying enough is enough. But when I get to their door, they tell me enough is enough, but they can't come here because they're working right now to pay these taxes. And I just want to make sure we keep that in mind, that there's not an endless amount of money. And if you come back next year with three more programs to help more groups and a couple more programs the next group and you expect me not to remember that we're looking at money now and the money we spent the last three years, that can't be done. So I mean I just...I'm just concerned that there's a never-ending number of problems that we have in this state. There's always people hurting. There was people hurting back when the Romans were running the world and we didn't have a welfare state and there were poor. There's always been poor people. And I just don't know how we're going to solve all these problems. There's an endless amount of people hurting and I just don't know how we do it. That's always my concern. I'm never impugning your intentions. But there's an awful lot of problems. I'm just not sure there's the money to do all these. I'm not speaking to this one specifically. We'll talk about that when we get into Executive Session. But that's always my concern. [LB931]

SENATOR BOLZ: I would bring the conversation back to this bill specifically. Colleagues, it's not okay with me that we have reports of assisted-living facilities that receive state dollars that have health and safety violations. And not to be dramatic here, but bedbugs, soiled adult diapers, and folks who leave facilities on their own when we know they're mentally ill is not appropriate. And so we can either have a carrot or stick response, and I think it's in the best interest of everyone that we have a carrot response. [LB931]

SENATOR KINTNER: Yeah. I'll say the last thing is that is a problem, not saying it's not a problem, but is it worse than the problem over here or the problem over here? We've got to have priorities. If we can't fix every problem, we're going to have to prioritize at some point and we've got to fit this into a hierarchy of problems at some point. Thank you very much. We'll have more discussion later. Thank you. [LB931]

SENATOR MELLO: Senator Haar. [LB931]

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SENATOR HAAR: Well, I would just like to say I am a taxpayer and I pay taxes on my \$1,000 a month that I get from this job. And I think this is a very good concern. And I am still looking for that passage in the Bible where Jesus said, you know what, enough is enough. And the closest I can come is when they brought...Jesus was kind of tired and they brought children to him and he said...and the disciples said, get away, get away, Jesus is tired, you know? And he said, bring the children to me. So I'm still looking for that passage that says, you know, enough is enough. Maybe if you find out then you can help me, Senator Bolz. [LB931]

SENATOR MELLO: Thank you, Senator Haar. Any other questions from the committee? Senator Bolz, I've got just a couple clarification questions. In general, the assisted-living facility, do they...they have employees that are taxpayers, correct? [LB931]

SENATOR BOLZ: They do. [LB931]

SENATOR MELLO: They do have clients that likely are taxpayers and/or family members who are taxpayers. Would that be also correct? [LB931]

SENATOR BOLZ: That's accurate. [LB931]

SENATOR MELLO: I see we have some letters of support from social workers in the state. They are taxpayers. Am I correct on that issue as well? [LB931]

SENATOR BOLZ: As one myself, I can confirm that. [LB931]

SENATOR MELLO: Okay. I just wanted to double-check on the simple fact of the issue you raise in regards to the health and safety of our most vulnerable population, which is our senior citizens with Alzheimer's disease or other serious mental illnesses, that they are in fact taxpayers and/or their family members are taxpayers. And I would appreciate, to some extent, we keep that in the back of our mind in regards to when we want to lay claim in regards to who's paying taxes and who's not in the state. With that, are there any other questions from the committee? Seeing none, thank you, Senator Bolz. We'll first take proponents for LB931. Good afternoon. [LB931]

DIANNE DeLAIR: (Exhibit 6) Good afternoon, committee members. My name is Dianne Delair, that's D-i-a-n-n-e D-e-L-a-i-r. I'm the senior staff attorney at Disability Rights Nebraska, and that's the state's protection and advocacy organization. I'm here to testify in support of LB931, but I also want to let you know that as a part of my work at Disability Rights Nebraska over the last 15 years, I've visited the assisted-living facilities that are mentioned and are relevant to this particular bill. Over 90 percent of the individuals that live there at these types of assisted-

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living facilities have a significant mental illness. And we do see that it's Social Security and state tax dollars that support these facilities. And the facilities that I'm talking about are not just in Lincoln and Omaha. They are in all of the behavioral health regions within the state, and what I'm telling you is that it is a crisis. Now I'm here to support LB931 because I think accreditation makes sense. That is a good use of taxpayer dollars. Right now what is not a good use of taxpayer dollars are the rotating and revolving door of violations found by the Division of Public Health. And it's the same revolving door. I have boxes and boxes of these violations in my office and I've seen them years after years. The licensing of these facilities, it's not working. The same violations are reported over and over again, and it isn't until a facility can no longer pay their bills do they shut down. It is not because HHS or the Division of Public Health is yanking the license. I have not seen that. Now I want to give a little bit of context of why LB931 is important, and essentially this bill is going to help people right now. Now we have the Performance Audit study, which I've had a chance to review and study. And I would note that on page 24 there is a need that's noted in Gap 7 for Region 5, and that's Lincoln, "Need for additional funding for rental assistance." People don't have safe and secure housing, and additional dollars to supportive housing makes sense. Why does that makes sense? Because people who are in supportive housing also receive the intense community-based services that they need to maintain their independence in their own apartment. We shouldn't be sending tax dollars to these facilities that can barely operate in hygienic conditions, let alone provide any type of services the people may need. But why does supportive housing make sense? It makes sense because it helps people maintain stability in their life and they are not cycling in and out of the psychiatric wards. They are not in jail. The studies have shown that this decreases the reliance and the money spent on services, acute-care services, which are very expensive. Now the real issue with behavioral health comes down to systemic planning, and this bill is a small first step towards that. Now there's a bill that's been introduced called LB1033, which is Olmstead planning that would require HHS and all of their divisions and other state agencies to adhere to Title II of the ADA and Olmstead. But that type of planning and implementation is going to take years. And what I'm telling you is that people are suffering right now and we're supporting it. Now I mentioned Olmstead, and if you're not familiar with that Supreme Court case, it was a case decided back in 1999 and it said, states, if you're going to provide services to people, you need to do it in the most integrative setting. The Department of Justice, which implements Title II of the ADA in drafting and formulating regulations, has stated one way to show that you are adhering to Title II of the ADA is to create an Olmstead plan. It's been 17 years. Our own consultant hired by HHS says that we don't have a disability Olmstead plan for any group, not one. What I'm telling you is that we are going to be back in the same place we were when the DOJ was here investigating BSDC and, really, that's the tip of the iceberg. But what I'm saying is that I've seen people. People are in need right now and HHS, the Division of Public Health, they're not doing what they need to be doing right now. And I'll take any questions if you have any. [LB931]

SENATOR HILKEMANN: Senator Haar. [LB931]

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SENATOR HAAR: Yes. Thank you. When institute...or when providers become accredited, does that include then regular kinds of inspections and so on? Does that part of it goes on or how does that work? [LB931]

DIANNE DeLAIR: Well, Senator, what I think this bill is intending to do is that it would provide an incentive for a provider to...it's an expensive process so it would encourage them to go through an accreditation process that is independent of what the state is doing for their minimal licensing. [LB931]

SENATOR HAAR: Okay. Okay. [LB931]

DIANNE DeLAIR: So it would be an accreditation agency, like CARF or JCAHO that would be coming in and looking through the lens of best practices. [LB931]

SENATOR HAAR: Okay. So the...and I was going to ask that one. It says provide incentives. So the incentives would be to help people get that accreditation, not a tax refund or something like that? [LB931]

DIANNE DeLAIR: No. No, Senator. [LB931]

SENATOR HAAR: Okay. Are you a taxpayer? [LB931]

DIANNE DeLAIR: Yes, I am a taxpayer. I just paid my taxes. [LB931]

SENATOR HAAR: An attorney, you probably make more than I do. So does it offend you that we're possibly going to spend money on this then? [LB931]

DIANNE DeLAIR: No, Senator. What offends me is that the checks and balances that are in place and that are supposed to be in place right now are not working and people are suffering right now. And if you think this is...if BSDC, if we spend a lot of money on that when we lost our federal funds, it's going to be a lot bigger than that, I'm telling you. You know, we're on the radar of the Department of Justice. [LB931]

SENATOR HAAR: Appreciate it. Thank you. [LB931]

SENATOR HILKEMANN: Senator Stinner. [LB931]

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SENATOR STINNER: I'm struggling a little bit with the fact that we have all of these problems, apparently, in the assisted living. And you're telling me it's a fairly big problem. But we have a Health and Human Services that's supposed to have rules and supposed to do inspections. Are they the ones that do it or does Public Health do it or what body is supposed to be monitoring this? [LB931]

DIANNE DeLAIR: That's a good question, Senator. The Division of Public Health, one of their subdivisions is Regulation and Licensure. [LB931]

SENATOR STINNER: Right. [LB931]

DIANNE DeLAIR: So they have a team of people that will go out and assess whether or not they meet the minimal components for licensing. But what we don't see and what I don't see is the Division of Behavioral Health keeping track of what's going on with these particular assisted-living facilities and the problems that are going on and maybe doing some coordinated planning to help people. And it's not the assisted-living facility where we go to maybe retire or, you know, nice facilities. These are converted motels in the middle of nowhere. I think you would truly be shocked if you saw where people are living. It shocked me and it still does. [LB931]

SENATOR STINNER: Is there a grading system that they use--A, B, C--so that when somebody checks into a facility they know they're going into a C-rated facility instead of a B or an A? Is there some kind of tiered... [LB931]

DIANNE DeLAIR: Not with the facilities I visit, no. [LB931]

SENATOR STINNER: Okay. But the accreditation, you think the money that you're providing is going to incent these types of facilities to upgrade to where they don't have the violations that...or the problems that you're talking about. [LB931]

DIANNE DeLAIR: It would provide additional oversight because these are going to be independent accreditation type of agencies. Now will all facilities be interested in doing this? Probably not. There will be some that are interested in providing good, quality care. [LB931]

SENATOR STINNER: That's a little of my point. Shouldn't everybody try to get to this standard? I mean... [LB931]

DIANNE DeLAIR: Well,... [LB931]

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SENATOR STINNER: ...or is that too hard to regulate, too hard to... [LB931]

DIANNE DeLAIR: Like I mentioned, I think this is just a small piece in the puzzle. Part of this bill is also increasing funds for supportive housing, for the housing assistance voucher program. Because really, as the state spends more money on maintaining these facilities and licensing them, they do fall under the Olmstead integration mandate, meaning in violation. So it's our position as an agency that these places are places no one should live. But that's not going to help people right now. And the federal policy is going into a direction where these are considered institutions. Even though they're privately run, the state is still implicated, I guess is my point on this. [LB931]

SENATOR STINNER: Okay. Thank you. [LB931]

SENATOR HILKEMANN: Senator Haar. [LB931]

SENATOR HAAR: Yes. Are you a nonprofit organization, Disability Rights Nebraska? [LB931]

DIANNE DeLAIR: We are a private, nonprofit. We're independent from the state. We act as a watchdog, if you will, but we were created back in the '60s when people were being deinstitutionalized across the U.S. And Senator Kennedy kind of blew the whistle about our big institutions but what I'm...so the P&As, we exist in every state to advocate on behalf of people with disabilities. But what's happening now is we don't have our big institutions, closing those down. We've got smaller ones across the state, privately run, but with the same if not worse conditions. [LB931]

SENATOR HAAR: Uh-huh. So as people get accredited by national accreditation bodies, that's also something that's published somewhere so that people placing relatives or friends or whatever in a care facility could look at this certification and then have some confidence about what's happening. [LB931]

DIANNE DeLAIR: That's correct. I think that's a fair statement, Senator. [LB931]

SENATOR HAAR: Okay. Is this available from DHHS or...the accreditation of various facilities? Or where do we go for that? [LB931]

DIANNE DeLAIR: Well, as far as these accrediting bodies, they're independent organizations. They're not affiliated with HHS. [LB931]

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SENATOR HAAR: Okay. [LB931]

DIANNE DeLAIR: They're national accrediting bodies that you might find in other type of...you know, hospitals are accredited by outside agencies, as well as a state licensing requirements. But I think it would and it does say a lot if an organization does have that outside accrediting and people do look to that because it is independent from the state. [LB931]

SENATOR HILKEMANN: Additional questions? Yes, Senator Kintner. [LB931]

SENATOR KINTNER: Dianne, thank you for coming out today. Three things: Between you and Senator Bolz, you've convinced me there is a need here. Question is, where is it compared to all the other needs and how does it fit in there? We'll have to make that decision. Second, you said we're on the Department of Justice's watch list. Well, let's give it a year. We might just quickly come off the watch list and Planned Parenthood might go on it, depending on who's elected. So I wouldn't be too worried about watch lists at this point. And third, you said you're a watchdog. That's good news. How is HHS doing now? Do you see them becoming more responsive? Have you seen a willingness to work with you better or to address problems or anything that we've got new people running and stuff? Are we moving in the right direction from where you sit? [LB931]

DIANNE DeLAIR: Senator, I do think we are moving in the right direction. We've had a lot more open communication with HHS and the division directors, so I do have hope. That wasn't the case in the previous administration and just the willingness for them to discuss and talk about these issues is, quite frankly, a breath of fresh air. As far as the watch list is concerned, you know, our own consultant has said we are at...there's a possibility of litigation because we don't have some of these plans, these comprehensive plans, and implementation procedures going on. And I go back to Olmstead and that was 17 years ago. So when they do come and look here, because they go to other states that even have the Olmstead plans, they say, you know, for example, Minnesota, they were in court for three years because the Olmstead plan wasn't specific and concrete enough to address the issues. Well, if they came to our state, the guidelines for DOJ to take a look at this is, okay, let's take a look at your plan and see what you've done. And then they also look at how long ago did you implement your plan, you know, since the Olmstead decision? So it's 17 years and we don't have a plan. So our odds are not good on this. And it's many different categories, not only behavioral health, developmental disabilities, people with a traumatic brain injury, people who are unnecessarily confined to nursing homes when they could be receiving care in the community, which costs less. So I hope I addressed (inaudible). [LB931]

SENATOR KINTNER: Okay. It was very interesting. I'm glad to hear that and hopefully we'll keep moving forward. Well, thank you very much for coming today. [LB931]

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DIANNE DeLAIR: Thank you, Senator. [LB931]

SENATOR HILKEMANN: I have...any other questions from other members? I have several questions for you. How many people do you think this involves? [LB931]

DIANNE DeLAIR: If we're talking about the assisting-living facilities... [LB931]

SENATOR HILKEMANN: Yes. [LB931]

DIANNE DeLAIR: ...and people who are waiting for supportive housing, I would say thousands. [LB931]

SENATOR HILKEMANN: Okay. And I'm going to ask you some questions, and I don't want to come across as not sensitive to this because I'm hugely sensitive to this. I'm having troubles to think...and you said that some of this...so part of this bill, I was just looking, \$100,000 is allocated to this. And you just said we have thousands. [LB931]

DIANNE DeLAIR: Correct. [LB931]

SENATOR HILKEMANN: So if we allocate, it's \$50 or \$100 per person. Is that going to do anything? [LB931]

DIANNE DeLAIR: It is, Senator. It's going to help the number of people either get out of these type of facilities or get out of a homeless shelter or a nursing home. And it's a good start. This bill is not about fixing this entire system. But what is important to know is that the checks and balances through HHS has not worked in helping people and there's a need right now. People are suffering. [LB931]

SENATOR HILKEMANN: Now you implied that HHS is paying these facilities that are substandard. Is that correct? [LB931]

DIANNE DeLAIR: That's correct. [LB931]

SENATOR HILKEMANN: What percentage of our facilities are substandard? [LB931]

DIANNE DeLAIR: There's a unique subset of assisting-living facilities where what's basically happening are people with mental illness, the supports and services are not there throughout the

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regions, and so they are being effectively warehoused in these types of facility. If you want an approximate number about how many we're talking about, I would estimate between 100 and 125. Now if you look at the entire roster for assisting-living facilities in Nebraska, I believe it's somewhere around 1,000. So it's a unique subset where this type of facility is proliferated. [LB931]

SENATOR HILKEMANN: Now according to this bill, what we're looking at is for accrediting these facilities. Why are we paying for facilities that are not accredited? I come out of the healthcare background. [LB931]

DIANNE DeLAIR: Sure. [LB931]

SENATOR HILKEMANN: You know, there's not a hospital, there's not a surgical center, none of these facilities that if they're not accredited is paid by either private insurance or by the state or whatever. [LB931]

DIANNE DeLAIR: I agree with you. And it was shocking when I started looking into this issue. What's happening is that in order for these places to stay afloat, people will turn over their Social Security check. So that's not run through the state. The state, what it's doing through its AABD program, it's a direct cash payment to the person but it really goes to the facility, and I think that is possibly, you know, how they're getting around that. But the licensing regulations don't require independent accreditation for assisted-living facilities. [LB931]

SENATOR HILKEMANN: So are you talking about people who are being placed in some of the community? I'm aware of, you know, that there's some houses in Omaha that have three or four people that live in these? Is this the type facility you're talking about? [LB931]

DIANNE DeLAIR: Yes. Some, like I had mentioned, they're motels that are converted and, you know, there's two people to a room. I've been to a few of these homes in Omaha and it's typically, you know, licensed at between 16 and 20. Two or three people share a room, two bathrooms maybe for the whole house, and people pay \$1,200 a month for room and board. That's typically the rate. It's the Social Security and the remainder is made up by the state. [LB931]

SENATOR HILKEMANN: But this whole bill is asking for \$200,000. How is this...if this is such a huge problem, how is this going to make any...? This is like taking a garden hose to M's Pub's fire, right? [LB931]

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DIANNE DeLAIR: Well, I don't think so. I think when we look at the systemic issue, that type of planning takes time. I think there are good...I think there are providers out there who would benefit and would want to do a better job. Now let's say that \$250,000 and you don't have people or facilities that are lining up for accreditation, then I would suggest shifting that money into supportive housing and getting people out of the facilities. [LB931]

SENATOR HILKEMANN: But wouldn't we be better, if these are so substandard, wouldn't the faster answer be for the state not to pay them anything? [LB931]

DIANNE DeLAIR: Well, I think there are some facilities, that would...could be placed into that category. How you're going to do that I don't know because I filed numerous, numerous complaints about facilities all over this state and they go through due process. You know, they say they're going to do better, and it just continues. So I don't know the answer to that. [LB931]

SENATOR HILKEMANN: So if we're paying them for substandard care now, how is, if we put accreditation in front of it, how is that going to change anything? [LB931]

DIANNE DeLAIR: Like I said, Senator, I think there would be some facilities that want to do a better job and accreditation helps achieve best practices. Not all of the facilities that we're talking about I think would even meet accreditation standards if they even tried. Why? Because they're in rural communities and people have access to nothing there. Like I said, it's a first step and it's important. [LB931]

SENATOR HILKEMANN: Thank you. I didn't...it's very concerning to me that you present this type of a problem that we have and then it would seem to me like we need to get to the real root of the problem which is why we're paying for people to be...why the state is paying funds for people in harmful or substandard housing at all. [LB931]

DIANNE DeLAIR: I don't disagree with you, Senator. [LB931]

SENATOR HILKEMANN: Thank you. Are there any other...are there any other questions? Thank you. [LB931]

DIANNE DeLAIR: Thanks. [LB931]

SENATOR MELLO: Any other proponents for LB931? [LB931]

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ALAN GREEN: Good afternoon, Senator Mello and members of the Appropriations Committee. My name is Alan Green, A-l-a-n, last name Green, G-r-e-e-n, just like the color. I'm executive director of the Mental Health Association of Nebraska. Senator Bolz kind of mentioned that we were approached by local law enforcement to convene some public meetings to discuss some of the issues that were raised regarding the quality of care that we're receiving in assisted-living facilities. What I'm here to talk about, though, since it's been pretty well covered, my organization is CARF accredited, as are probably the majority if not all behavioral health organizations in this state, along with other forms...other healthcare organizations that have their own accreditation also. In addition, I am also a CARF surveyor. I do the administrative component of CARF surveys, I have for about the last six years, and I've done about 45 different organizations across the country. And so I'm here basically just to talk about the process, the accreditation process. Some of the questions that were raised though: What's the benefit, and if we start small how would that really help things? From my organization, which is a small behavioral health organization, and again another interesting fact about my organization is that we are the only peer-run behavioral health service provider in the state. We don't provide clinical services. We provide recovery oriented services that are geared towards helping people gain the skills they need to get out and live independently. Approximately four-fifths of my staff at one point in time were under state care or institutional care and were told that they wouldn't, couldn't, shouldn't ever have a life, and now they are working, they are off benefits, they're buying houses, getting married, and having babies. So there is a basis to the quality of services that are being provided. What came out of our meetings with the community basically dealt with, again, the quality of care and the opportunity and choice that was given to people that were staying there. It was mentioned also kind of the institutionalization of some facilities. You know, we're talking about people with severe mental health issues. And again, one thing that surrounds the stigma of severe mental health issues is that of sickness. First off, people that have severe diagnoses are not stupid. They are not incapable of working. They are not incapable of having a life. And so if we can get the people, while they are there, opportunities and access to services and trainings and other support services, that they do succeed in the community. So there is, again, a basis there. Now back to the survey process, accreditation focuses on efficiency, both of the quality of care, the health and safety of the people that work there and the residents; the stewardship of funding that they get; adherence to laws; quality improvement; fiscal management. It's a very, very intense process and on an average survey we review approximately 1,300 different standards through the process. In addition to the administrative component that deals with business practices, the accreditation process also looks at programs and that can be everything from case management or medication management to the psych rehab type services, as far as giving people skills again to regain their own success in the community and their own independence. And then a lot of it deals with the rights of people served and people being given the information they need to make informed choices. And again going back to the small, incremental approach to accreditation, it is an expensive and intense process. For my organization, gaining accreditation gave us credibility. It gave us something that we could market, that we could take forth to other

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funders and other funding sources to get the funding that we needed to expand our programming. Would I like to see accreditation mandated across the board? Yes. But I think as far as a start, this is a way to draw a line between those that do care about what they're getting...or delivering and those that really don't care. I'm sorry, that might be a little hard, but for want of a better of a better way to put it. So I see that the incremental approach is beneficial. It is an expensive process. We go through all policies and procedures, all program handbooks, employee handbooks, all marketing materials, confidentiality, the whole gamut. It is very, very intense and very, very thorough. With that, I would entertain any questions if anybody has any. [LB931]

SENATOR MELLO: Thank you for your testimony this afternoon, Alan. Are there any questions from the committee? Seeing none, thank you. [LB931]

ALAN GREEN: Thank you. [LB931]

SENATOR MELLO: (Exhibits 4 and 5) Are there any other proponents for LB931? Seeing none, the committee received a letter of support for LB931 from the Nebraska Association of Social...or the National Association of Social Workers, Nebraska Chapter. Is there anyone here in the neutral capacity? Seeing none, the committee received a letter in the neutral capacity on LB931 from the Nebraska Psychological Association. Is there anyone here in opposition to LB931? Seeing none, Senator Bolz, would you like to close? [LB931]

SENATOR BOLZ: Just briefly. I want to address your question, Senator Hilkemann. I share your frustration but there are a couple of complicating factors. One is because the AABD payments go to the individual, they have some choice about how those dollars are spent. And so this is an indirect way of making sure that we have good...not good, we have better options for folks. So...and, frankly, I think the alternative might be homelessness because people on limited budgets with needs only have so many options in our communities. So my approach here is to try to increase the quality of the services provided as well as to provide some additional dollars for the supportive housing program that you've heard about. And why only \$100,000 there? It's because we currently have about 337 people on the waiting list and it's not just that more dollars would help them get off the waiting list. It's that more dollars are needed to build the capacity in that program to work with landlords and service providers to open up more of those opportunities for people. So I, too, would like to see things move more quickly, but I think this is a strategic approach that focuses on options and quality and is the first step towards a bigger vision. [LB931]

SENATOR MELLO: Any other questions from the committee? Seeing none, that will close LB...that will close the hearing today on LB931. And can I see a quick show of hands who is

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here to testify on Senator Cook's LB988? We're going to do LB988 next and then take a quick, brief, five-minute break after LB988. With that, Senator Cook, LB988. [LB931]

SENATOR COOK: Thank you, Senator Mello, and thank you, fellow members of the Appropriations Committee. My name is Tanya Cook. That is spelled T-a-n-y-a C-o-o-k. I represent Legislative District 13 in Omaha, introducing today LB988, a bill to direct a portion of the Medicaid Fraud Fund to those federally qualified health centers receiving special populations funding for care of patients who are homeless, those living in public housing, and those serving migrant workers. Nebraska's seven federally qualified health centers provide comprehensive, community-based, culturally appropriate primary and preventative care, including medical, dental, behavioral health, pharmacy, and support services to more than 69,000 patients annually, regardless of their insurance status or ability to pay. LB988 would ensure that 5 percent of the Medicaid Fraud Fund be designated specifically for those health centers receiving special funding for serving homeless, public housing, and migrant worker populations. Given the complexity of the medical diagnoses facing these populations, including mental health disorders, unmanaged multiple chronic diseases, and social barriers to access to care, providing care for these patients is very resource-intensive. Whether it be clinics in homeless shelters, public housing complexes, or in the heart of migrant communities, these community health centers bring healthcare directly to the communities they serve. In greater Nebraska, migrant workers from 19 different communities seek out care at the migrant health clinic operated in Alliance. In Omaha, six different clinic sites provide access to care for the homeless and public housing residents. The testifiers to follow will further define the importance of LB988 and the reason for this additional support. I strongly urge your support of this legislation. Thank you. [LB988]

SENATOR MELLO: Thank you, Senator Cook. Are there any questions from the committee? [LB988]

SENATOR HAAR: Yes. [LB988]

SENATOR MELLO: Senator Haar. [LB988]

SENATOR HAAR: When you say 5 percent, about how much? Do you have an idea about how much? [LB988]

SENATOR COOK: I have a breakout which I can provide for you after. [LB988]

SENATOR HAAR: That would be good. Yeah. [LB988]

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SENATOR COOK: And that may come up in the testimony following me as well. [LB988]

SENATOR HAAR: Okay. [LB988]

SENATOR COOK: Because of the nature of the fund, it does vary. But as we understand from the testimony on Senator Stinner's proposal, federally qualified health centers are good at maximizing what they get and managing their resources as they become available. [LB988]

SENATOR HAAR: Good. Thank you. [LB988]

SENATOR MELLO: Any other questions from the committee? I would just point, Senator Haar, the breakout actually is on the fiscal note in regard to that 5 percent. [LB988]

SENATOR COOK: Thank you. [LB988]

SENATOR MELLO: It was just broken down by the fiscal analyst over the last six years what that 5 percent would look like. So it is there on the fiscal note. [LB988]

SENATOR COOK: Yes. There it is. [LB988]

SENATOR MELLO: Any other questions from the committee? [LB988]

SENATOR KINTNER: I think I just (inaudible). [LB988]

SENATOR MELLO: Senator Kintner. [LB988]

SENATOR KINTNER: The funds are \$3 million, \$4.5 (million), \$7 million, \$3.6 (million), and then we're down to \$393,000 and \$369,000. Do you recall where that money went and why it's so low? And maybe Mr. Chairman might answer that too. [LB988]

SENATOR COOK: Well, as I understand it, the source of the funding varies because it would be returned to the state once Medicaid fraud has been determined by that provider. [LB988]

SENATOR KINTNER: So maybe they just didn't find a lot of fraud those two years. [LB988]

SENATOR COOK: Right,... [LB988]

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SENATOR KINTNER: Or it got spent somewhere else. [LB988]

SENATOR COOK: ...which is potentially good news. Or somebody got away with it for one more year. Let's think positively this afternoon that that's what happened. [LB988]

SENATOR KINTNER: So right now, this year, only \$18,000 would go. [LB988]

SENATOR COOK: Correct. [LB988]

SENATOR KINTNER: But next year it could be \$150,000. [LB988]

SENATOR COOK: Correct. [LB988]

SENATOR KINTNER: So we don't have...it's not a steady stream. [LB988]

SENATOR COOK: Absolutely. [LB988]

SENATOR KINTNER: So they don't have...they won't get used to spending at this level and get hurt when they have to spend at this level. [LB988]

SENATOR COOK: I certainly hope not. And as I was researching this bill and talking with the federally qualified health centers to which it would apply, I tried to emphasize that point, to not count on any particular dollar amount but to view it more...to use it more in the way one would a gift or a windfall within their organization, in the best way that the directors and the executive leadership would decide at that time. [LB988]

SENATOR KINTNER: All right. Thank you. [LB988]

SENATOR MELLO: Thank you, Senator Kintner. Any other questions from the committee? Seeing none, thank you, Senator Cook. [LB988]

SENATOR COOK: Thank you. [LB988]

SENATOR MELLO: We'll first hear proponents for LB988. [LB988]

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KENNY McMORRIS: Well, good afternoon, I guess evening now at this point. Senator Mello, members of the Appropriations Committee, my name is Kenny McMorris, K-e-n-n-y, McMorris, M-c-M-o-r-r-i-s. I'm currently the chief executive officer of Charles Drew Health Center located in Omaha and I come here today in support of LB988. I would like to say thank you to Senator Cook for her unwavering commitment and consistency with supporting some of our most vulnerable within our state. Charles Drew Health Center provides comprehensive, community-based, appropriate primary care and preventative care for nearly 10,000 individuals annually: 70 percent of our patient population is of racial and ethnic minority, 54 percent of our patients are uninsured, and 100 percent of our patients are below 200 percent of the federal poverty line. In addition, Charles Drew Health Center serves the highest percentage of homeless and public housing residents in the state. Approximately 14 percent of our population is homeless and 9 percent reside within public housing. LB988 directly addresses the increased need that comes with serving as a safety net provider for these special populations. Homeless populations are unique and have special healthcare needs that are multidimensional and complex to treat. The chronically addicted and mentally ill homeless persons may not currently be in treatment or taking medications. As an integrated behavioral health service provider, our homeless and public housing patients average at least one diagnosed mental health disorder and roughly about 1.5 chronic conditions. With the inherent transient nature of the homeless, you have an extremely resource-intensive population to serve. LB988 seeks to help alleviate the cost burden associated with care for these special populations. Community health centers, such as Charles Drew, are uniquely positioned to address the health disparities and barriers faced by the homeless and public housing residents. We currently serve...currently have two locations that serve the homeless population located at the Catholic Charities Campus for Hope and Sienna Francis House, which is Nebraska's largest overnight shelter providing support for over 3,000 men, women, and children annually. We also provide services within the public housing location towers through a partnership with the Omaha Housing Authority. Our ability to reach patients directly where they reside allows us to introduce consistent, coordinated access to health services. We know that access or lack thereof to healthcare and homelessness are intimately related. Consistent access to high-quality, comprehensive care reduces the continued use of the emergency room for primary care treatment and the improvement and management of chronic conditions, reducing the overall financial impact to the healthcare delivery system. That access and continuity of care is precisely what community health centers such as Charles Drew provide to the greater community. I urge you and I thank you for your time today in support of LB988 for some of our most vulnerable in Nebraska. I'll be happy to answer any questions you may have. [LB988]

SENATOR MELLO: Thank you for your testimony this afternoon, Mr. McMorris. Are there any questions from the committee? Seeing none, thank you, Kenny. [LB988]

KENNY McMORRIS: All right. Thank you. [LB988]

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SENATOR MELLO: Other proponents for LB988. Seeing none, is there any opponents for LB988? Seeing none, is there anyone here in the neutral capacity for LB988? Seeing none, Senator Cook, would you like...thank you, Senator Cook, for waiving closing. That will end today's public hearing on LB988. And it's my...we're going to just keep going because, my understanding, the next two bills are going to be relatively quick, I believe. So instead of taking a break, we're going to just continue moving forward. We have LB1030, the trifecta for Senator Kate Bolz today. [LB988]

SENATOR BOLZ: Thank you. I am still Senator Bolz, B-o-l-z. [LB1030]

SENATOR HAAR: Still? [LB1030]

SENATOR BOLZ: Yeah, still. LB1030 relates to a piece of legislation that was brought by Senator Danielle Conrad a couple of years ago that ensures that families who have children with special nutritional needs can access the nutritional supplements that are necessary. These are prescribed by a doctor. They're scientifically developed and they're quite expensive. So with her good work, a subsidy program was developed. There was some confusion this year about whether or not that program would continue as originally intended, and there was some concern that there might be some sunset provisions in it that would take away this literally life-saving initiative from families. So we dropped LB1030 as a contingency to make sure that the bill was in place if we needed to take some action. After consultation with the Fiscal Office, with the Governor's Policy Office, and with the legal counsel in HHS, it is not necessary to take any action on this bill. There are families here today, (inaudible) to recognize them. They'd be happy to answer any questions you have about the importance of this program. But because no action is necessary, I would thank them for their diligence and just ask that the committee support this program in the future and take no action today. [LB1030]

SENATOR MELLO: Thank you for opening, Senator Bolz. Any questions from the committee? Seeing none, thank you, Senator Bolz. Any proponents for LB1030? [LB1030]

KARI WADE: (Exhibit 1) Good afternoon again, Senator Mello and Appropriations Committee members. My name is Dr. Kari Wade, K-a-r-i W-a-d-e, and I am a registered nurse here in Nebraska. I am here on behalf of the Nebraska Nurses Association in support of the LB1030. Every month, infants are born in Nebraska who are unable to process the essential and naturally occurring nutrients, such as milk and soy proteins. Consequently, parents must seek synthetically made, amino acid-based formulas to provide proper and medically necessary nutrition to their child. Without such treatment, the child would become malnourished, which could lead to a decline in physical health or even death. There is no available medication treatment for milk and soy protein intolerance. When an amino acid-based formula is prescribed, it is because it is

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medically necessary and there are no other nutrition options for that child. Amino acid-based formulas are typically not covered by insurers and can lead to tremendous financial strain on these families. During my 16 years as a registered nurse here in Nebraska, I've encountered families who have lost their homes, had to take out second mortgages, or even had to seek out desperate and unsafe methods of obtaining the amino acid-based formula in order to provide the medically necessary nutrition to their child. LB1030 would ensure continued financial assistance for these families who are desperately trying to provide adequate nutrition to their child through the use of their only option, which is the amino acid-based formulas. Thank you. And I'd be happy to take any questions. [LB1030]

SENATOR MELLO: Thank you for your testimony this afternoon, Doctor. Are there any questions from the committee? Senator Hilkemann. [LB1030]

SENATOR HILKEMANN: Just two questions (inaudible). [LB1030]

KARI WADE: Sure. [LB1030]

SENATOR HILKEMANN: What's the average cost of these feeding formulas for a family? [LB1030]

KARI WADE: The feeding formulas, they typically take...they come in a can like an average formula can. Usually probably three cans a week are needed to provide the full nutrition to an infant. Now if it's an older child, then that amount would be increased. But they do run about \$60 and up per can. So that is \$180 a week just for the formula alone for an infant, it could be. [LB1030]

SENATOR HILKEMANN: And all of these are fed by a feeding tube. Is that correct? [LB1030]

KARI WADE: No, if it's an infant they can have it through a bottle as well. Sometimes that is a stipulation with insurance companies whether or not they'll cover it is if the child, the infant is able to take it orally, they may not cover it because they consider it just a supplement, a nutritional supplement. If they do have a feeding tube, sometimes they do cover it because then they consider it medically necessary. However, in both cases it is medically necessary and the infant or child cannot survive without it. [LB1030]

SENATOR HILKEMANN: How do insurance companies get around that? [LB1030]

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KARI WADE: That is an excellent question and we have been advocating for that to change. [LB1030]

SENATOR MELLO: Any other questions from the committee? Senator Haar. [LB1030]

SENATOR HAAR: Yeah. This is sort of a follow-up on Senator Hilkemann's question. Do you know whether state employees have this covered in their insurance? [LB1030]

KARI WADE: The WIC Program does have it covered. As far as state employees, can you elaborate on that for me? [LB1030]

SENATOR HAAR: Well, if somebody is employed by the state and they have this need, I would think there would be a place we could do something and say it will be covered. [LB1030]

KARI WADE: I don't know the exact answer for that. I know we have come forward in the past, promoting advocacy for insurance companies to cover this formula, however those attempts have not progressed. And so this was an alternative that was able to financially help those families. [LB1030]

SENATOR HAAR: Thank you. [LB1030]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you. [LB1030]

KARI WADE: Thank you. [LB1030]

SENATOR MELLO: (Exhibits 2-9) Any other proponents for LB1030? Seeing none, the committee has received a number of letters of support for LB1030, starting first with the American Partnership for Eosinophilic, did I pronounce that correctly, the Eosinophilic Disorders. We received another letter of support from the Nebraska Academy of Nutrition and Dietetics, letter of support from Children's Hospital and Medical Center, a letter of support from Brad and Linda Muehling, a letter of support from the Nebraska Medical Association, and a letter of support from Dr. Robert Wood from Johns Hopkins University. Is there anyone else here wishing to testify in support of LB1030? Seeing none, is there anyone here in opposition to LB1030? Seeing none, is there anyone here in the neutral capacity on LB1030? Seeing none, Senator Bolz. Senator Bolz waives closing on LB1030 and that closes the public hearing today on LB1030 and takes us to our last public hearing of the day on LB1093. Good afternoon, good evening, Vice Chairman Hilkemann, members of the Appropriations Committee. My name is

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Heath Mello, H-e-a-t-h M-e-l-l-o, and I represent the 5th Legislative District in south Omaha. LB1093 is a technical cleanup bill that would repeal two funds that are no longer needed: the first, the Tobacco Prevention and Control Cash Fund, and the Stem Cell Research Cash Fund. The language describing the use of the cash fund would be changed to describe the programs. The unobligated balances in the funds would be transferred back to the Nebraska Health Care Cash Fund on July 1, 2016. In the 2012 Legislative Session, LB969 eliminated the transfers into the cash funds and a direct appropriation was provided for the tobacco prevention and control activities and for stem cell research. There's approximately \$1.3 million in the Tobacco Prevention and Control Fund, and \$66,750 in the Stem Cell Research Fund. LB1093 does have an emergency clause. And with that, colleagues, I'd be happy to answer any questions you may have. [LB1030 LB1093]

SENATOR HILKEMANN: Are there any questions of Senator Mello from the committee? Senator Kintner. [LB1093]

SENATOR KINTNER: Mr. Chairman, I got a question here. The Nebraska Health Care Cash Fund, what would the money be used for? So we close out these two accounts, move it over here. What do you think the money would be used for then? [LB1093]

SENATOR MELLO: Well, the money goes back to the Health Care Cash Fund, which essentially is the Health Care Cash Fund trust fund. So it just simply goes back into the trust fund, the money that's sitting there now. And to some extent, we appropriate money every biennium out of the Nebraska Health Care Cash Fund to a number of programs ranging from tobacco control, stem cell research, behavioral health, to assisting the Attorney General's Office with Medicaid claims. You name it, it's a number of programs that we fund, biomedical research being another. So it would just go back into the fund where the money originally came. [LB1093]

SENATOR KINTNER: How much money is in that fund right now? [LB1093]

SENATOR MELLO: There's well over 300 and I want to say--I want to throw an estimate--over \$375 million in the fund, in the trust fund right now. [LB1093]

SENATOR WATERMEIER: Which one? [LB1093]

SENATOR MELLO: The Nebraska Health Care Cash Fund has over...there's over \$375 million in that fund now. We roughly appropriate \$60 million-plus, give or take, a year out of that fund. And we get revenue that comes into that fund still from the tobacco settlement as well as interest

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that's generated from the Nebraska Health Care Cash Fund. So we generally have made a policy priority of trying to focus on the long-term sustainability of the fund, which the fund I believe is sustainable for another 30 years before the fund would essentially run out. [LB1093]

SENATOR KINTNER: Are there any guidelines in terms of how much we should keep in it and how much we could spend each year? [LB1093]

SENATOR MELLO: No, actually. It's actually a policy consideration that this Appropriations Committee and the Legislature as a whole gets to make in regards to how much money could...can be spent out of that fund and what that money can or should be spent for. We, I think Nebraska in general is, in the creation of the fund back in I believe 2001 when it was created, we are one of the only if not the only state that took our Tobacco Settlement Trust Fund dollars, that was created when state governments across the country settled an agreement with the major tobacco companies, in regards to we used our money to create this trust fund. In comparison, most states used the money to pay...just put in their general fund and used for a variety of general fund spending, and which we are, I believe, the only state left that has an established trust fund that is only dedicated towards healthcare-related activities and healthcare-related appropriations in the country. [LB1093]

SENATOR KINTNER: Okay. Thank you very much. [LB1093]

SENATOR HILKEMANN: Senator Stinner. [LB1093]

SENATOR STINNER: Is this not the fund that we're talking about that also the State Treasurer writes us, on either a biennium basis or an annual basis, telling us the sustain...giving us an idea of what we can spend and what the sustainability would be? Or do I have that confused with something else? [LB1093]

SENATOR MELLO: No, you are correct. Actually, it's not the State Treasurer. It's the Nebraska Investment Officer... [LB1093]

SENATOR STINNER: Yes. [LB1093]

SENATOR MELLO: ...from the Nebraska Investment Council who oversees the investment of the Health Care Cash Fund in light of we have seen over a number of years now that we have been spending more out of the fund in comparison to the revenue investments, investment returns that we get from the fund, as well as what revenue we're getting still from...it's still money that we're getting from the tobacco settlement and some Medicaid intergovernmental funding that

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goes into it as well. So we get a report every two years from the Investment Council that gives us a breakdown of where the fund is at; where, to some extent, a new purview or a new time frame, so to speak, of how long we have with the fund before the fund would run to zero. And as I said, I believe it's well over 30 years. I think it's still close to 35 years before the fund would completely run out based on current projections of usage and current projections on investment returns. [LB1093]

SENATOR STINNER: Does that tell us that we've really looked at this fund as something that might be more sustainable over a long, long period of time as opposed to just spending it right out, if we would have a budget shortfall for an example? [LB1093]

SENATOR MELLO: Well, that's a great question, Senator Stinner, because I think the caveat, as I've made mention before, is the previous administration, in which the Legislature agreed to in the short term, utilized this one to help balance the budget back in 2011-2012, off-shifting or, say, shifting a number of programs, both children's health insurance and behavioral health related program costs to providers to this fund, away from the General Fund. And it's never been shifted back to the General Fund. To some extent, there's an argument that could be made, the reason that we're actually not sustainable is due to decisions over the last...probably that 2011-2012 time frame where we never shifted it back, so to speak, after we came out of the Great Recession. The reality is still is there's an argument that is consistently made that, depending upon the calculations, there's always I guess a good healthy debate in the Retirement Committee when we start discussing the investment returns on this fund in comparison to other funds where we've seen an increase in the Health Care Cash Fund growth actually during the Great Recession period and the actual dollar amount. And to some extent, the sustainability has actually gotten better even as we've spent a little bit more money out of the fund over the last eight to nine years. But this bill, as I remind everyone, this puts money actually back into the fund. It's not taking any money out. Now if that's the decision this committee wants to make is to spend that money, that \$1.3 million, on something else that's a priority of the committee, that's an option we have. This simply is the decision in talking with the Fiscal Office. Since the money originally came from the fund, we simply thought it would be best to introduce the bill to have the money go back into the fund. But as you've heard, there are a number of other potential priorities that are healthcare related that this \$1.3 million could go to. It is one-time money in nature, I remind everyone. It's not ongoing, as we're just trying to clean up some existing funds and clean up some statutory funds that need to be taken out of statute. [LB1093]

SENATOR STINNER: Thank you. I just wanted to make the point that there was a shift, that it is being used, that actually coming out of that Great Recession we had exceptional returns. That may not be in place, so we may have to look at shifting back. But thank you. [LB1093]

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SENATOR MELLO: Uh-huh. [LB1093]

SENATOR HILKEMANN: Senator Watermeier. [LB1093]

SENATOR WATERMEIER: Thank you, Chairman Hilkemann. I just want to make sure, Senator Mello, what you're talking about. In '11 and '12 we took some funds out of there, not as an ongoing, continuing, just twice. [LB1093]

SENATOR MELLO: No. [LB1093]

SENATOR WATERMEIER: It still is ongoing? [LB1093]

SENATOR MELLO: Ongoing, yes. [LB1093]

SENATOR WATERMEIER: Okay. So we do want to visit about that. [LB1093]

SENATOR MELLO: Yeah. [LB1093]

SENATOR WATERMEIER: It's still ongoing annually today. [LB1093]

SENATOR MELLO: Yes. [LB1093]

SENATOR STINNER: Yes. [LB1093]

SENATOR HILKEMANN: Are there other questions for Senator Mello? Seeing none, thank you, Senator Mello. [LB1093]

SENATOR MELLO: Thank you. [LB1093]

SENATOR HILKEMANN: Are there other proponents for LB1093? Are there any opponents to LB1093? Seeing none, is there anyone who would like to testify in the neutral position on LB1093? Seeing none, I see Senator Mello is waiving closing. And with that, we will close the hearing on LB1093. And pursuant to the Chairman's change, that we are adjourned for today. [LB1093]