STINNER: Agency 25-- No you sure can--Department of Health and Human Services. We've got Children and Family Service Division and Behavioral Health. Which one do we have?

MATT WALLEN: Children and Family Services.

STINNER: OK. If you talk really fast, the other committee people won't be back and-- just kidding.

MATT WALLEN: That would be great. Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Matt Wallen, M-a-t-t W-a-l-l-e-n, and I'm the director of the Division of Children and Family Services within the Department of Health and Human Services. The Division of Children and Family Services has the opportunity to serve thousands of Nebraska children and families every day. The Division of Children and Family Services includes child welfare, Adult Protective Services, economic support programs, child support enforcement, and the youth rehabilitation and treatment centers. Our protection and safety team works in partnership with other groups to help families stay intact. In addition, protection and safety programs are guided by the following priorities: ensure child safety in the family home with primary prevention, improved family engagement to preserve and strengthen the family so parents can safely raise their children in their home without entering child welfare, provide the most appropriate supports and services in the family home to reduce the potential trauma experienced by children and parents, lower caseloads to CFS teammates so they can spend more time on family engagement. These priorities are driven by a firm conviction that the best place for a child is with their family when it is safe to do so and that parents, not the state, make the best parents. The CFS protection and safety team is experiencing ongoing success with alternative response and noncourt-involved cases. These up-front intensive programs are working to prevent a child from experiencing the traumatic event of being separated from their family and being placed in the care of the state. As a result, the state saw a12.2 percent reduction in Nebraska children placed in out-of-home care at the end of 2018. Keeping children in the home helps them thrive in a family and community setting which leads to better life outcomes and increased positive successes, including lower incarceration rates, lower teen pregnancy, and higher marriage employment rates. Moving forward, CFS will continue to emphasize efforts intended to strengthen

families through preventative home-based, family-centered services. Notably October 1 of this year, Nebraska will be one of only a handful of states to implement the Family First Prevention Services Act. This federal law is similar to the work Nebraska is doing in noncourt and alternative response cases. Now under the new law, jurisdictions with an approved Title IV-E Prevention Plan will be able-- able to use Title IV-E funds to cover the cost of prevention services that would support the ability of children at immediate imminent risk of entering foster care to remain living in their home. CFS believes implementing FFPSA will aid in reducing the amount of children placed in the custody of the state but more importantly offer services that will help strengthen at-risk families. We believe this is a very good thing for Nebraska and are maximizing efforts to ensure the state is in compliance by October 1. I would like to thank our CFS team from-- for their efforts during the current emergencies across the state of Nebraska. Call center downtimes were minimized and our teams worked diligently to provide support services accurately and timely during this difficult time of emergency response. In addition to base appropriations, the Governor's balanced budget recommendation includes requests for the following fiscal issues: Program 347, childcare provider rates. The Governor's budget recommendation includes $2.1 million in federal funds for fiscal year 2019-20 and $2.1 million in federal funds for fiscal year 2020-21 for increased childcare provider rates resulting from the childcare market rate survey conducted by the department as required by law. Federal funding for this increase will be funded by an increase in the Child Care and Development Block Grant. These awards are provided for fiscal year 2019-20 and federal fiscal year 2020-21. The committee preliminary recommendation includes the $2.1 million for each year of the biennium. Program 347, public assistance base adjustment. The department identified $2.3 million General Funds for fiscal year '19-20 and $2.3 million General Funds for fiscal year '20-21 available for reduction from the Public Assistance Aid Program. The reduction in General Funds aligns appropriations with the level of expenditures. The Governor's recommendation and the committee preliminary recommendation includes the General Fund reductions for public assistance as requested by the department. Program 354, child welfare provider rates. The Governor's budget recommendation puts funds forward to support providers allowing for a continuum of care for child welfare. The request includes $2.8 million General Funds and $400,000 federal funds for fiscal year '19-20 and $2.6 million General Funds and $800,000 federal funds for

fiscal year '20-21 to improve provider reimbursement for child welfare services. The committee preliminary recommendation includes the funding for child welfare rates as recommended by the Governor. I would like to thank the Appropriations Committee, your staff, and the Legislative Fiscal Office team for your work on the preliminary budget recommendations and for reflecting the Governor's biennium recommendations that impact the division. The budget adjustments we have proposed are intended to continue our initiatives that help protect children, strengthen families, and help people live better lives. Thank you for the opportunity to testify. I would be happy to answer any questions that the committee might have.

STINNER: Questions? Senator Hilkemann.

HILKEMANN: Did you say two point-- did you say 2.6 or 5.6?. I may have not heard you correctly on the-- for '20-21.

MATT WALLEN: So the-- the first year of the biennium was 2.8--

HILKEMANN: Yeah.

MATT WALLEN: --in General Funds and $400,000

HILKEMANN: All right.

MATT WALLEN: --in federal funds. In the second year of the biennium, it's $5.6 million--

HILKEMANN: OK.

MATT WALLEN: --General Funds and $800,000--

HILKEMANN: That's what I read, but I thought I heard you say 2.6. I'm sorry. I just wanted to clarify.

MATT WALLEN: I'm sorry.

STINNER: Senator Bolz.

BOLZ: Thanks, Director Wallen. I wanted to ask in your budget appropriations request you identified a request around therapeutic foster care which is a request from last year as well. And you identified some offsets from the child welfare system for therapeutic foster care. And this committee didn't act on that. I think maybe it

would be beneficial to hear a little bit more about what therapeutic foster is-- foster care is, where the recommendation came from, and how it benefits the system.

MATT WALLEN: Sure. And for therapeutic foster care, it's-- it's really a continuum of care. It's a higher level of foster care and probably a lower level of care than like your PRTF or residential type placement facility. It's a-- it's a level of care that oftentimes we have-- we think we can serve youth and, you know, children in that setting that-- that have just some higher needs and higher-- higher risk levels. So it's an area that we continue to work with our Medicaid partners on-- on how we develop that service and what that service might look like moving forward. So the recommendation that was put forward took the funding away from 347, which levelized that funding and transferred the funds to the Medicaid.

BOLZ: Um-hum. So 347 being the child welfare bucket, right?

MATT WALLEN: 347 is the public assistance bucket rather than child welfare. That's correct.

BOLZ: OK, budget within child welfare.

MATT WALLEN: Yep.

BOLZ: But moving it to serving the same population through therapeutic foster care through the Medicaid system.

MATT WALLEN: That's what-- that's what the original request reflected, yes.

BOLZ: So you identified the offset is part of what I'm trying to put on the record.

MATT WALLEN: Yes. Yes we identified the offset for that. That's correct.

BOLZ: Thank you. And then I-- I just wanted to ask you a little bit and-- and if there's someone else who's a better person to ask this question-- your economic assistance enrollment and eligibility system that didn't move forward as was planned, can you just talk to me about how things are moving forward now without that system?

MATT WALLEN: Right. On the-- we originally put forward a request for that system and hoping to capture some of the [INAUDIBLE] 90/10 funding opportunity and where it was to-- to be phased in as part of that eligibility system. We didn't get to that point to be able to utilize that 90/10 funding opportunity that presented itself at the time. So it will, you know, we'll plan and look at how-- how that will be implemented in the future.

BOLZ: So we can expect a future request in that area or a future strategy in that area?

MATT WALLEN: I would say a future strategy in that area at this point.

BOLZ: OK. OK. I guess my last question is-- is just maybe from my understanding but also to help clarify maybe some of the questions [INAUDIBLE] committee. You've got a $12.4 million increase in Child Care Development Block Grant funds. You asked for-- for some of those funds to be used for the childcare market rate study. When-- when do you put the requests for use of federal funds into your budget documents versus when you don't see that as necessary? How-- when can I expect that and when shouldn't I expect that? I just don't-- I'm not sure I understand when your administration believes that that should be a part of our conversation and when you don't. Can you help me understand?

MATT WALLEN: Sure. What we put forward in the budget request this year was to identify the additional funding requirement for the market rate survey which is required to be done basically in the odd years. Every two years we do it. And that's where we identified putting forward the $2.1 million and identified the discretionary CCDF fund essentially to pay for that-- that increase. The other areas require additional legislative authority. So that was transmitted through the legislative process, if you will, and identified funding for those legislative bills with a fiscal note and identified those federal funds to cover those expenses. Then the other portion of, the remainder of that $12 million really is through the regulatory process to meet our regulatory requirements to be in regulatory compliance with the CCDF requirements from 2014.

BOLZ: Um-hum. So if-- so if you've identified another policy purpose through another committee, then that's not-- that that-- that's not something that shows up in our budget request is what you're saying.

If you've identified another purpose for those funds through another committee, we shouldn't expect that in our agency budget request?

MATT WALLEN: No. I think if we have existing authority to expend those funds that's when-- when we-- we-- we would go ahead and make that expenditure. If we did not have authority to expend those funds, then we would certainly have that-- that conversation with how we want to prioritize the spending of those funds with the committee.

BOLZ: OK. I'll give up the mike. I know others have questions.

STINNER: Senator Wishart.

WISHART: Well, thank you so much for coming today. How are we doing on licensure for kinship?

MATT WALLEN: We're-- we're-- we're doing better on that.

WISHART: OK.

MATT WALLEN: We've identified a new licensure, a new licensing training program which we want to work with relative and kinship homes to get them licensed. It's crucial. I mean, it's great that we have such a high number of our kids in out-of-home care in relative and kinship homes.

WISHART: Yes.

MATT WALLEN: It's unfortunate and we're lucky that we're under the IV-E waiver right now so we're not feeling that impact of not having those homes licensed. We've identified a training module that will create-- make it easier to access for those relative and kinship homes and really make the licensing process easier for them but still make sure they're properly trained and prepared for the-- for the children that they'll-- they're going to take in their home so.

WISHART: Yes, thank you.

MATT WALLEN: We're moving forward with that.

WISHART: So what's the-- so just to be clear, if we-- if we go through with this licensure process and we get more kinship homes licensed, will we be able to pull down more federal dollars?

MATT WALLEN: Yes.

WISHART: OK.

MATT WALLEN: Because right now we were under a IV-E, a IV-E waiver and our IV-E waiver expires September 30. So once that IV-E waiver-- it's a capped allocation-- once that-- that waiver expires, then-- then it's crucially important that we-- we can claim those federal funds for those out-of-home placements.

WISHART: So will we be ready with that module for kinship licensure by the time we run out of the IV-E waiver?

MATT WALLEN: We're moving in that direction.

WISHART: OK. OK. That's great to hear. Thank you. How are we doing on meeting our statutory, both federal and statewide, requirements for caseloads for caseworkers?

MATT WALLEN: Well, it's a-- it's-- it's a state--

WISHART: It's a state.

MATT WALLEN: It's a state statutory requirement.

WISHART: Yes.

MATT WALLEN: And it's the CWLA, Child Welfare League of America, caseload standards; and they were essentially guidance and not compliance type standards. So we've worked a lot over the past year with CWLA on how, first of all, do we properly measure those. And, secondly, how do we manage to them or operationalize them since they were guidance intended to be flexible for-- for jurisdictions to implement to meet their needs. So with that said, we're-- we're doing much better. We have had-- we look at it every month now--

WISHART: OK.

MATT WALLEN: --and we do a monthly average of it. We post our [INAUDIBLE] on our Web site and we have floated above 90 percent compliance. So--

WISHART: OK.

MATT WALLEN: --we've been at 90, 92 and I think 93 percent compliance. So we kind of hover around there. It's a factor of caseloads and making sure that we have our vacancy and turnover rates in check so.

WISHART: Well, that was going to be my next question and I'll preface this by saying and I know you inherited-- you inherited this situation so I don't ding you for that. But when I was a foster parent we-- we had a little one for three months and I went through three different caseworkers in that time with the Department of Health and Human Services. Luckily I had one person on the CEDARS side that stuck with me through the whole time.

MATT WALLEN: Sure.

WISHART: But three different people in three months. And it was hard for them to even get to-- get to know our situation. So how are we doing on turnover?

MATT WALLEN: We're improving with room for improvement to continue. So going back-- back to 2017 we had a turnover rate of about 32 percent. So you turn over about a third of your work force.

WISHART: Yeah.

MATT WALLEN: This past year, we got it down to the high 20s which is still too much, too high. We turn over about 3 percent a month. We lose anywhere from 11 to 13 of our teammates a month. So we've really focused hard on recruiting, recruiting the right people and then retention efforts. We have some pretty significant retention initiatives underway as far as flexible schedules, trying to-- trying to meet the needs of our-- of our teammates, making sure they're properly resourced and supported, making sure that we do hold to those caseload standards, understanding that the stress that our caseworkers undergo and the secondary trauma that's inflicted upon them from going in and visiting some-- some pretty difficult homes. So we're doing everything we can to-- to really retain the teammates that we have and getting the right people into the door. So we flow when-- when we have that turnover rate of around 32 percent, we had about 40 to 44 vacancies. Right now we're under-- under 30 percent turnover on an annual basis. Like I said, it's about 3 percent a month and we float around 20 to 25 vacancies. So we're making a really hard push to continue to get those hires, get them through training. And it can be

upwards of about 12 months before a new hire can-- can basically work up to a full caseload as they work through their, through their training and then handle a limited caseload and then get to a full caseload. So we've set up mentor programs for those-- for those teammates coming on board so they have, you know, a resource that supports them as well internally. So we've made a significant improvement in that area.

WISHART: And what about longevity pay or-- because I know one of the other issues with this field is just the length of stay can be quite short--

MATT WALLEN: Um-hum.

WISHART: --from burnout, for many reasons that, you know, may not even be in your control. But one thing that is, is doing step raises or longevity pay. Do we-- do we implement, are we-- are we working on any kind of incentive pay situation?

MATT WALLEN: We are.

WISHART: OK.

MATT WALLEN: And it's something that was identified in the department's business plan that came out at the start of the fiscal year. It's one of those areas where we know that when people leave one of the reasons they're leaving is a lack of a career ladder. So we certainly--

WISHART: Yes.

MATT WALLEN: --want to acknowledge that there needs to be kind of that step in that process. And that career growth and professional growth opportunities is something that we will-- we've looked at a lot internally and will likely discuss more with our teammates after the labor process plays it's-- it's course.

WISHART: OK. And then the last thing is kind of going off of what Senator Bolz said. You know when-- philosophically I agree with you that-- that we should be focusing on keeping kids in their home. And it's very, very traumatic when you remove a kid from a home. So I commend you on-- on making that-- that tough shift. With that said, you know, I have heard as a senator from a lot of providers, from

judges, from child welfare advocates just concern because it was such a significant shift in a quick amount of time. And the communication, there-- there was just this sense of-- I think the communication was a part that may have been lacking. What are you doing in the future to-- to talk and work with providers and judges and those who are so invested in this field ahead of time so that-- so that we don't deal with some of the friction that we experienced?

MATT WALLEN: Yeah. Now and I-- I heard some of that same frustration--

WISHART: Yeah.

MATT WALLEN: --from some of those same stakeholders. And really it is communication, communication, communication. We can't communicate enough. Oftentimes in child welfare we're reactive to things. We're making a concerted effort to be much more transparent, inclusive, and share all of our data and our information. That starts with on our website we share, like I said, our-- our caseworker turnover statistics, our caseload compliance statistics. We've got our most recent CQI packet on our website. Our performance data and some general PowerPoint presentation type data that we've presented.

WISHART: OK.

MATT WALLEN: So we're trying to share and circulate that data the best we can. We've got the number of children in our system by service area on our website. We've put some historical data out there. So we're really trying to share that data and those data points with-- with anybody through our website. They're also taking the time to-- to spend some time with some key stakeholders and advocacy organizations and providers. And I mean, it's-- it's really Nebraska's child welfare system. It's not the department's. And if we don't have all those key stakeholders on the same page with us, we're not going to be successful. It's really not going to be in the best interest of families. I reference Families First the Families First Prevention Services Act going forward. I mean that is really the new-- it's-- it's a game changer in the child welfare arena as far as federal funding is concerned for in-home prevention services. And it is something that-- our practice has really been shifting and evolving that direction. We're-- we're well poised to-- to implement Families First come October 1. But it is a change and it is-- I mean safety is paramount in all that we do. Safety is always first and foremost for

the children and we're working with and we're charged with protecting day in and day out. But we're trying to do it in an approach that-- that is trauma informed and recognizes the value of being in their homes so.

WISHART: Well, thank you. I-- I-- I commend you for looking at that communication aspect and in finding ways to better work with those who are involved. Thank you.

MATT WALLEN: Absolutely. Thank you.

STINNER: I just have a couple questions and one of them is, is that we've done a pretty good job in reducing the number of out-of-home placements. I looked at your budget and it looks like you're gonna have a decent carryover or at least you're not spending, burning your budget up. You got any idea where you're at budgetwise as you look at year end?

MATT WALLEN: Right. Right. And last year we came in with a supplemental request.

STINNER: Right.

MATT WALLEN: And last year you funded about $25 million in that supplemental request. And that really helped us keep the lights on through the end of the fiscal year. This fiscal year you included about $30 million additional. And that has been helpful as well to make sure that we can continue the continuum of care that we need to provide for our families to make sure that we can continue to provide the services that we have. We are running pretty pretty close or a little bit under budget. But the other component, the third component of our request last year was $15 million to-- to be able to fully encumber prior year expenses.

STINNER: And it was catching up on pay.

MATT WALLEN: Right. So where I sit now with the coming of the Families First Prevention Services Act coming up as of October 1 and being able to fully encumber the full amount of expenses that I'll experience in this state fiscal year, I think I'll be right on budget.

STINNER: Where do you think you're going to be at with your-- I think PromiseShip comes up for negotiation again on the new contract?

MATT WALLEN: I don't want to say too much about that. We have an-- a live RFP on the street.

STINNER: OK.

MATT WALLEN: That RFP was released in January and the bid opening is-- is scheduled for April 4.

STINNER: OK. How about provider rates for the rest of the state? You and I have talked about what I believe to be a huge disparity between what we're doing in Omaha area versus the rest of the state. Have you taken a look or analyzed anything in terms of that and can we start to close that gap?

MATT WALLEN: Well, I think you saw reflected in the Governor's request the inclusion of additional funds for providers. So I think that's really important. When we look at the eastern service area contract that we have, that is very different. That is for case case management services.

STINNER: Right.

MATT WALLEN: It is very different than the child welfare services. So it's not exactly apples to apples, if you will. Their contract has been essentially capped at a do not exceed amount for the last contract that they're under and that do not exceed amount has not been raised. So I think the market will respond through the RFP process to see where we come in with eastern service area RFP, if you will. We certainly acknowledge the importance of a healthy provider panel and healthy provider network to provide essential services across the state so. We participate in a work group that meets monthly to try to look at enhancing services in particular to rural and western Nebraska to understand that. There's certainly a lack of services out there. We're trying to do and acknowledge that we want to bring up more services; and just because people are out in western Nebraska, there's still that need for services. So I think the-- the increase, the provider increase requested in the Governor's budget and then acknowledged and included in the committee draft, if you will, I think that will go a long ways to acknowledging that.

STINNER: We do have a big gap out west versus where we're at on the eastern side of the state so.

MATT WALLEN: We're looking at that. I know we've got some additional foster homes that are-- that are coming up through the licensing process and and just really that continuum of care out in western Nebraska. It's just--

STINNER: OK.

MATT WALLEN: --it's really a different service delivery model than in eastern Nebraska.

STINNER: OK. Any additional? Senator Dorn.

DORN: Thank you and thank you for coming today. I'm just going to piggyback on that last-- his last question there because I've had some providers talk to me about out west. You know, in Lincoln you're so many blocks away or whatever. Out there, some of them are driving 60, 80 miles to go to a case. And then the-- either the-- I call it the stipend for that or isn't adequate or even some of them are using their own and not getting paid for their vehicle. I mean, what is-- how is that going to be incorporated or how do you look at that?

MATT WALLEN: Well, I'll tell you the-- the travel time and distance is something that our-- our providers have a lot of-- lot of communication a lot of feedback for us and whether it's-- it's sufficient to meet their needs and whether, quite frankly, it makes business sense to-- to go out and drive two hours and provide an hour service and then travel two hours back so.

DORN: Well, no, I mean I figure if we're hearing it, you're hearing it also.

MATT WALLEN: Yes.

DORN: And, yeah, John asked a good question.

MATT WALLEN: I know on some of our more intensive services we pay a case rate for those intensive services, a tiered case rate. So those three tiers acknowledge a certain level of additional travel

associated with those case rates. And I think that works better but it's not perfect.

STINNER: I'd actually like to study just exactly if we have coverage what's our problem, what's the cost of delivering the type of service that-- that we all expect to be delivered. So you may see something on that as-- as we move forward. And I'd appreciate just working so I understand the difference between PromiseShip and the rest of the state in terms of services, case management, those types of things.

MATT WALLEN: Certainly.

STINNER: Certainly that would be helpful. You and I talked about the back room on the audit side. I'm not going to go into the audit. Have you taken any time to try to look at what-- what they were trying to say in the audit, take a look at workflows, take a look at the work force that you have there?

MATT WALLEN: We have. We've certainly learned from that audit process and we-- we've-- we've made some backroom changes. We have made some technological changes to-- to flag and automate some of those things that we-- we had missed and were identified. So we have made some operating changes and we've made some tech-- technical changes. We've also added additional work force to help us with some-- some financial and auditing expertise as we-- as we do our [INAUDIBLE] monitoring.

STINNER: I appreciate that. Any additional questions? Seeing none, thank you.

MATT WALLEN: Great, thank you.

STINNER: Afternoon or I guess it's evening.

COURTNEY MILLER: Good evening, Chairman Stinner and members of the Appropriations Committee. My name is Courtney Miller, C-o-u-r-t-n-e-y, Miller, M-i-l-l-e-r, and I am the director of the Division of Developmental Disabilities with the Nebraska Department of Human Services. I appreciate the opportunity to come before you today regarding our division and we want to thank you for your work on the preliminary budget recommendations and for supporting the Governor's biennium recommendations to better serve Nebraskans with developmental disabilities. The transfer of funds from the Beatrice State Development Center budget to the DD administration budget as

recommended by the Governor and included in the committee's preliminary budget will allow the division to continue with the next phase of our quality management strategy. This transfer will accomplish two things. (1) add up to 19 FTE positions to the division and allocate funds to contract with a certified quality improvement organization or a QIO entity. The division has embarked on a multiyear phased approach to enhance quality throughout the system. We have been building our quality infrastructure in the division to support our quality management strategy initiatives. The additional positions will allow the division to keep service coordination caseloads at an acceptable level. The division has made more waitlist funding offers in 2018 than the previous five years combined. And with that commitment, we need to realign caseload ratios to ensure appropriate quality monitoring as established in the Department of Justice settlement agreement. The additional positions will also provide focus resources for those we serve with high behavioral and medical needs. In 2016, funding was provided through legislative appropriation for positions to assist the division in building a quality team that have the duties and responsibilities to ensure program accuracy at varying levels that was not being completed. We are develop and implementing policies, procedures, oversight, and monitoring of service quality and assessments of the fiscal integrity of service billing and reimbursement that had been determined inadequate by our federal partners. We have made great progress. We recognize we still have a lot of work to do. In January of 2018, a joint report developed by three agencies of the U.S. Department of Health and Human Services, the Administration on Community Living, the Office for Civil Rights, and the Office of Inspector General was released. It is entitled Ensuring Beneficiary Health and Safety in Group Homes Through State Implementation of Comprehensive Compliance Oversight. The OIG found that health and safety policies and procedures were not being followed. These are not isolated incidents but a systemic problem based on 49 states having had media reports of health and safety problems in group homes. CMS subsequently released a bulletin advising states they intend to issue further guidance highlighting promising practices in infectuating the suggestions contained in the joint report along with proposed performance metrics for evaluating the health and welfare of individuals receiving home and community-based waiver services. CMS subsequently released a bulletin advising states they intend to issue further guidance highlighting-- contained in the joint report along with proposed performance metrics for evaluating

the health and welfare of individuals. I provided the handout that was included in the report for your reference. Investing in a quality improvement organization will allow the division to continue our commitment to the quality management strategy and implement model practices for components of a robust oversight framework that were identified in the joint report. The contract scope of work would include a robust incident management-- incident report management and investigation system, incident management audits, death mortality reviews, and training and technical assistance to assist in building the highest quality in our community-based provider capacity. Seventy-five percent federal financial participation is available for the performance of these activities. This will allow the division to improve our system of reporting and analytics and position us to strengthen our ability to recognize trends and assess risk and begin a deeper dive to address those areas of need to best serve this population. Without these critical next steps, we are vulnerable to federal involvement. Chairman Stinner suggested that I provide a brief history lesson on the past involvement related to quality services with this population in Nebraska. The Department of Justice notified the Beatrice State Development Center in May 2007 that they were initiating an investigation of BSDC pursuant to the Civil Rights of Institutionalized Persons Act. They concluded that numerous conditions and practices at BSDC violated the constitutional and federal statutory requirements of its residents. BSDC was subsequently decertified due to noncompliance with four of the eight conditions of participation resulting in loss of federal funding. In 2008, the U.S. District Court approved this settlement agreement and entered it as a court order. The agreement recrier-- required Nebraska to remedy health, safety, and welfare issues at Nebraska's two state-owned and operated institutions: the Beatrice State Development Center and Bridges. An important part relevant to today is that the settlement agreement also required the state to significantly expand and enhance community capacity to ensure positive individual outcomes for people in integrated settings as required by the Americans With Disabilities Act and the Supreme Court's Olmstead Opinion. The Legislature appropriated over $81 million of additional state funding to address the loss of federal funds and provide for the requirements in the settlement agreement. In August 2015, seven years later, the U.S. District Court approved the joint motion of the DOJ and the state of Nebraska to terminate the settlement agreement and dismiss the case without prejudice. The division remains committed to transforming our

service delivery system by enhancing community capacity and improving outcomes for individuals with developmental disabilities through an effective quality management strategy. Thank you for the opportunity to provide you with information on the Division of Developmental Disabilities and for supporting Governor Ricketts' budget recommendation. I would be happy to answer any questions that you may have

STINNER: Questions? Did-- did we ever get our federal funds reinstated for Beatrice [INAUDIBLE]?

COURTNEY MILLER: Yes, we did.

STINNER: OK. Senator Bolz.

WISHART: Actually I--

STINNER: Senator Wishart.

WISHART: So thank you so much for being here today. You know, I noticed that you didn't testify in opposition to the two bills that we brought to increase funding for developmental disabilities.

COURTNEY MILLER: Um-hum.

WISHART: But I'm wondering why when we have a-- when there is an understanding that there are dollars owed for services provided to DD providers because of a mistake that the state made why you wouldn't have requested those within your budget request, why-- why they weren't included within that?

COURTNEY MILLER: So the state determined that when we found that error in our billing guidelines that providers were compensated for the residential funding for that rate and also the day services. And as we work through that, we wanted to ensure that the state match was provided regardless in a tight budget situation. And so we did propose and it was in the Governor's recommendation to fulfill some of that funding but that that's where it stayed.

WISHART: OK.

STINNER: Can you tell me why we don't have an Olmsted Plan?

COURTNEY MILLER: I cannot tell you why we do not have an Olmstead Plan.

STINNER: You know, it's in-- there is a bill there out there today.

COURTNEY MILLER: Um-hum.

STINNER: So are we making any progress? Have we put it on your radar screen yet or?

COURTNEY MILLER: I think we've made a lot of progress. I personally have learned lots about-- about the Olmstead Plan, the decision, and what that means to a state. We-- we had the bill, LB1033 in 2016 from Senator Campbell and that required the Department of Health and Human Services to-- to write the plan. And that was due December 15 of, I'm sorry, December-- yes, December 15 of this year. And what we found is that when we went to look at hiring a consultant that funding was not available. And so we met with constituents and the advisory committee and walked through some-- what some of their concerns were. We were very blessed to have dollars given to us through a grant, if you will, from the DD Council on Developmental Disabilities. Those were federal dollars. And then we found some in our DD budget that we were able to complete the contract with Technical Assistance Collaborative. That's who we contracted with. And we-- as soon as we had the dollars and TAC came on board, we dived right in. But that was kind of towards the end of the-- of the three-year period that we had or two-year period to-- to do that. And I would say that it took a while to get all the stakeholders at the table and there were still some entities that weren't involved that are on the stakeholder engagement list or part of the committee. An Olmstead Plan is a state plan. It's not a DHHS plan. And so we wanted the robust plan. And what we did was rather than have TAC provide a DHHS plan, we made the decision to do come-- to have components of a larger plan to keep going rather than just settle for the DHHS plan.

STINNER: So you'll need additional dollars to complete it.

COURTNEY MILLER: Um-hum. LB570 there is a A bill that lays out the dollars that the department provided. When LB570 was introduced, we turned to our friends at TAC and asked them for a preliminary report or a proposal on completing the requirements of LB570. And they

provide us that information and we were transparent and provided that with the Health and Human Services Committee.

STINNER: OK. I think we've identified some dollars for you. Senator Hilkemann.

HILKEMANN: Could you tell how many residents at Beatrice now?

COURTNEY MILLER: Um-hum. So my numbers right-- so our total census at the Beatrice State Development Center is 104. We have 96 long-term residents and we have 8 in our crisis stabilization unit.

HILKEMANN: And that--that's a decrease in the last year or two. Am I correct?

COURTNEY MILLER: Yes. We-- in 2018 the census average was 108and the year before that in 2017 it was 110.

HILKEMANN: Would-- in a thumbnail sketch, what's the plan for--?

COURTNEY MILLER: In a thumbnail?

HILKEMANN: Yeah.

COURTNEY MILLER: OK. We're continuing to evaluate. When-- when we looked at LB895 and established the plan, we knew that we didn't have the capacity in the community for closure at BSDC. And what we looked at is what-- what is the capacity constraints of the community? And we found that behavioral support is becoming more prominent and we wanted to address that. And BSDC was a good place to start the crisis stabilization unit to see if we could address some of those stabilization needs. More and more I hear that individuals with developmental disabilities are sitting in emergency rooms and they're not being seen and they wait until they're calmer and they say that they're not in crisis anymore and they send them home. And just like you or I if we needed medication adjustments or certain things, we would want to do that in a safe environment. And so when we [INAUDIBLE] the crisis stabilization unit, I can tell you with the four beds that we started with it was very evident that there was a need. So we have to-- we have to find the solution to that need if it's not going to be at the Beatrice State Development Center. And I think in a continuum of care an intermediate care facility is an appropriate place for that crisis stabilization. And so as the census

on the long-term side, we are reallocating resources to the crisis stabilization unit to now that we are serving eight. That is our-- that is our capacity at this point. I don't know what that end number should be. We're still evaluating the impact on the community and working with the community. When someone comes into crisis stabilization, it's short term. Right? That's-- that-- that's-- that's the way it's supposed to be. And then we want them reintegrated in the community as quickly as possible. And so we are working with providers and I believe we have five providers now, yeah, five providers now that are identified as risk providers. And so they have stepped up and they have clinicians on their teams that they are able to work with the individuals at the crisis unit and they have been very successful in having folks. We've only had 2 readmissions and so 18 admissions since 2017. We brought individuals out of the regional centers, Corrections, local and state, and we have picked them up at the emergency department and police departments. And I think it has been successful. So we have to determine the longevity. What-- what are we doing in the community-based side before you can even think about discontinuing in an institutional setting? I have seen other states that move towards deinstitutionalization and they have closed all of their facilities only to-- to stand a few back up again because there is those individuals that-- that no one will serve. And as a state, we have to find that placement.

HILKEMANN: It's been a couple years since I've been there. How are the facilities?

COURTNEY MILLER: The facility is very well, very well. We have a good partnership with Department of Administrative Services. And I think that the campus looks wonderful, and I believe they're scheduling the next tour with the friends and family group here in a couple of weeks.

HILKEMANN: Thank you.

STINNER: Additional questions? Seeing none, thank you.

COURTNEY MILLER: OK. Thank you.

SHERI DAWSON: Batting cleanup.

STINNER: Good evening.

SHERI DAWSON: Good evening, Senator Stinner and members of the Appropriations Committee. For the record, I am Sheri Dawson, S-h-e-r-i D-a-w-s-o-n, and I serve as the director of the Department of Health and Human Services Division of Behavioral Health. The Division of Behavioral Health is dedicated to delivering high-quality, effective, and efficient mental health and substance use disorder prevention, treatment, and recovery services to over 32,000 Nebraskans across the state. We believe there is no health without behavioral health and this motivates our work towards continuous system improvement for individuals with mental illness and substance use disorders. Our division administers services for consumers who are not Medicaid eligible and who do not have insurance. And we do this through the regions and the tribes. And we manage additional contracts, for example, the Nebraska Family Helpline, the Rural Hotline, Family Peer Support, and others. The Division of Behavioral Health's work is guided by our 2017-2020 strategic plan and the triple healthcare aim of effectiveness, efficiency, and experience of care. In 201,8 we embarked on 126 strategies and are on track to complete 87 percent of those by the end of the year. Some highlights include for the second year in a row serving additional people in 2018 than in the previous year, fiscal year '17. The Children's System of Care grant brought up crisis response services for youth and families and has served over 1,179 youth and 75 percent remaining in their home. The division developed a behavioral health resource document for schools through collaboration with the Department of Education. The division administers two federal opioid grants that support implementation of Project ECHO, which stands for extension for community healthcare outcomes, and it provides real-time learning for physicians and clinicians on opioid use as well as pain management. We've distributed over 400 Naloxone kits across Nebraska and that's growing. I checked the number today-- it's up to 1,000-- and a 42 percent increase of active medication assisted treatment providers, which are Buprenorphine prescribers. This is a challenging but significant work-- work force accomplishment. Our centralized data system and electronic billing system is now enabling us to improve our analysis of services outcomes as well as costs of service by specific variables. Stable living and employment are key recovery outcomes. The rate of individuals employed at discharge from behavioral health funded services is above the national average. The community-based provider system works to ensure consumers are discharged from services to stable living arrangements and we have set a target of 85 percent

for calendar year 2019. To assist this, we continue to provide housing-related assistance to vulnerable Nebraskans. These efforts are not without notice. In the latest annual consumer survey of our persons served, 86.1 percent of respondents reported a positive satisfaction with the services received. Governor Ricketts' budget recommendation and Appropriation Committee preliminary budget-- I'd like to thank you and and your staff and the Legislative Fiscal Office team for your work on the preliminary budget and the recommendations, for reflecting the majority of the Governor's biennium recommendation as it relates to the Division of Behavioral Health. The budget proposed by Governor Ricketts continues our strategic initiatives and our priority services. Significant changes in Nebraska have occurred since the division submitted its preliminary recommendation to the Governor. With the impact of Medicaid expansion on the state, including potential change in service types, eligible population, and fluctuations in eligibility and variances in utilization, Behavioral Health supports and is committed to managing the behavioral health aid program at the level recommended by the Governor. The committee requested some general information about housing and supports by the division. Stable living or a place to call home is a core tenet of recovery. And as such, the Behavioral Health Strategic Plan includes strategies that support access to housing and services that support sustained community living. The division tracks and monitors stable living at discharge from all services. We achieve 79.8 percent of persons discharged to stable living in fiscal year '18. Of that number, only 1.1 percent were reported as discharged to a 24-hour supervised setting. An independent life in the community with or without supports is really a goal for the individuals we serve and for our system. Our target for discharges to stable living in 2019 is 85 percent. There are a number of individuals or families who may be delayed from successfully transitioning out of services due to limited access to safe and affordable housing. If housing is available, they may not have the resources to pay rent until permanent subsidized housing is made available. The division administers the housing-related assistance, we call it HRA program, with funds generated from the documentary stamp tax. And the program provides housing assistance for the extremely low-income adults with serious mental illness to serve as a bridge to other permanent housing resources. In fiscal year '18, Behavioral Health provided housing assistance to 1,001 individuals. Persons discharging from an inpatient mental health board commitment setting like a hospital or residential

care have the highest priority for assistance if needed. The work of the HRA program as well as supporting all consumers to maintain stable living and community tenure is accomplished through the work of the regional house-- the region's regional housing coordinators and a myriad of support service providers in the communities. Thank you for supporting the Governor's recommendation to increase the authority for housing-related assistance programs to serve more consumers as requested by the department. In fiscal year '20-21, the division is requesting an ongoing $300,000 increase in spending authority for housing-related assistance which will provide housing vouchers for at least an additional 50 individuals. There's also a request in fiscal year '20 for a one-time increase of $800,000 in spending authority to be utilized for the purposes of rehabilitation-- rehabilitating or acquiring additional housing units across the state. Increasing access to safe and affordable housing includes increasing the supply of housing in Nebraska and is vital to our continuing efforts to help people live better lives. The budget as recommended by the Governor enables us to be good stewards of taxpayer dollars and also to support our mission. And I'm happy to answer any questions.

STINNER: Questions? Senator Bolz.

BOLZ: Thank you for the thorough report and it sounds like lots of progress being made on your end. I just have a few questions for you. The first is I want to try to better understand how you see the cash flow working for Medicaid expansion. And I guess the distinction that I would make for your agency as compared to the Medicaid agencies is that because Medicaid is an entitlement if the dollars don't match up will force the deficit request and then we'll have to work through that versus your agency which will be a little bit different. And I wonder how you'll manage the appropriations that we have for the Medicaid expansion population with the offsets. Have you thought it through? Can you help us understand?

SHERI DAWSON: Sure. Sure. So for the first year of the offset there's about $1.8 million and-- but that's really targeted at anticipating that the people that we currently serve will be Medicaid eligible. And we were fairly conservative, to be honest with you, in that startup based on what we know from other states in terms of people getting enrolled and changing eligibility the information. And so we really believe that in coordination with Medicaid and Long-Term Care that we will be able to manage together the timing of the date, you know, and

implementation of Medicaid and looking at the services that we used to, you know, used to provide that they will be eligible for Medicaid. And then in the second year of the biennium, it's anticipated they'll be at full implementation. And so there's an additional $2.7 million in-- in fiscal year '21. Again anticipating that people that we serve also then will become Medicaid eligible as we have those mirrored services.

BOLZ: May-- thank you. I think that's a good explanation of what-- what is being proposed and how you see things moving forward. But maybe I'm not asking-- sorry, it's a little bit late in the day.

SHERI DAWSON: OK.

BOLZ: Maybe I'm not asking my question very well. I guess I'm concerned that I don't understand how the offsets in your program will be managed. So will you reduce the expenditures going out to the regions over-- over the first year quarterly, monthly? Will you hold back and settle up at the end? I'm really asking the mechanics of that.

SHERI DAWSON: OK. So for part of the-- part of the coordination with Medicaid we'll be really looking at that implementation startup. So for the first fiscal year, it's anticipated that we're gonna have a partial year of Medicaid expansion. And so we've been working with the regions and looking at the whole of the expenditures. So if we look at what they're going to get for cost model, for example, and then the offset for those behavioral health services really looking at how we have the opportunity to contract with the reduced allocation. And I think it's really important, Senator Bolz, to recognize that when we think about those services there is also an important impact to county match and our federal block grant. And so the division is committed to very much monitoring the contract on a monthly basis which is basically what we do now. What we've learned from other states is that when you are making a transition from a behavioral health division to Medicaid expansion sometimes take-- things take a little bit longer. And so the coordination with Medicaid to make sure that if the transition is going slower in terms of making sure that people are served that we're having those regular conversations with Medicaid to really look at that-- those service dollars.

BOLZ: Maybe-- maybe it's a follow-up conversation to get more clarity on my end, but I guess it's my hope that the cost model study really does increase those rates and that we are able to serve the people coming in the door and that that offset with the Medicaid expansion population doesn't decrease the behavioral health regions' ability to serve the demand of the people that keep-- keep walking in that front door.

SHERI DAWSON: Sure, sure. And I think it's important, Senator, too, to recognize with the change in population and those mirrored services which is that offset, the regions will continue to do the services with emergency and prevention and all of the other systems.

BOLZ: OK. I've just got a couple more questions. The second question is you mentioned the rural hotline.

SHERI DAWSON: Um-hum.

BOLZ: And this committee took action to pretty significantly reduce the rural hotline's appropriation a couple of years ago. I'm wondering how that hotline is doing especially now that we have potentially more demand with the flooding.

SHERI DAWSON: Um-hum. We're making regular checks with the hotline. We're not the only funder. We are one funder and so we're continuing to check in with them. It is a number that's been given out throughout the floods and-- and the disaster, and so they have seen an increase in call volume. Our dollars go for the individuals that are identified for the voucher that are actually going to receive services.

BOLZ: Um-hum. And I think what we heard from testifiers earlier today is that maybe not immediately but eventually we'll see more demand for those [INAUDIBLE] services as the stress and the long-term impacts become clearer on people's long-term mental health.

SHERI DAWSON: Absolutely.

BOLZ: It would be helpful to me if you would report back to us--

SHERI DAWSON: OK.

BOLZ: --what you find from those checks that you're checking in on. My last question relates to LRC. Are you here to answer questions about LRC or do you have other teammates who are answering [INAUDIBLE]?

SHERI DAWSON: I will do my best.

BOLZ: OK. I guess my biggest concern is your staffing adequacy and the ability to speed up the fifth unit. The last time I checked, I think there were 35 people on your waiting list for LRC. I just wonder what the strategies are to open up that fifth unit. I think it intersects with our conversations around Corrections reform.

SHERI DAWSON: Yes. And I would say it's kind of a multipronged approach to be honest with you. Certainly more recently when we have had the staff work on the competency restoration, there has been an operational excellence process. And so the days to actual restoration are decreasing which again helps with that flow through. We have a learning collaborative that we-- Nebraska was accepted into with the GAINS and SAMHSA. So we will be bringing Douglas County and Lancaster County who are our largest numbers of admissions for competency. And we will look at best practices and what those options are for competency and develop a plan together. We have a lot of work to do in terms of recruiting and retaining staff. And there's some great conversations happening right now with human resources. It's a great time. We have new leaders just in the last few months with facility operating officers, John Reynolds [PHONETIC]. There's new facility operating officer at Lincoln and Norfolk and actually at Whitehall. And with CEO Smith's really focus on helping us look at the infrastructure and the opportunity for us to maximize fit for teammates and look at the HR processes as she's committed to, I believe we'll be able to make some progress to open that. We also have coming up here in this quarter the opportunity to look at all of the facilities and look at all of the opportunity for beds-- are we using the beds for the right people with the right program and the right staffing-- with the new leadership group. And so I hope that we will continue to identify how we can serve more people in system flow through. I'm pretty proud, I will say, from a mental health board commitment. We have our teams from both community services and LRC working together. We started this a couple of months ago. We're establishing goals. The first goal was six lives, six transitions and in six weeks. And looking at people that had been there for a while and having some challenges with moving them to the community, you're

able to get folks discharged and have a combination of services for them. So I also think that will help the system flow on the mental health side in decreasing the wait, but we absolutely have to work on the staffing piece.

BOLZ: OK. Just last question, the last time I checked you had three youth at LRC. Is that still accurate?

SHERI DAWSON: Yes.

BOLZ: Was not a long-term strategy or--

SHERI DAWSON: No.

BOLZ: --is that something that will be changing soon?

SHERI DAWSON: No, no. We are working-- the team is working very diligently to find alternative services for those young people. And the team within DHHS is really looking at how can we be data driven in trying to find what those solutions are in the missing pieces with youth that have complex needs. And so looking at some data on the kids that are going out of state and trying to identify what is that profile look like, what are those needs, and what are those solutions?b

BOLZ: OK. I have monopolized the mike. Thank you.

STINNER: Senator Wishart, you don't have a question? Senator Dorn.

DORN: Thank you, Chair. I'm going to piggyback on some of Senator Bolz's questions. I guess part of what we've had and the senators and I'm sure you have, too, discussions from some of the behavioral health groups about some of the concerns they have about the needs with our flooding issue and what that might bring for them a cost or manpower in, you know, the weeks and months ahead. You know, what, I guess I don't know-- I don't know quite how to ask a question other than if-- if there is a need developed or more cost developed, what kind of-- I guess how would you address that?

SHERI DAWSON: Well, certainly we have right now in working with our regional behavioral health authorities regular daily check-ins that they're working with the providers in their area to see if those volumes are going up. We'll certainly look at our utilization data

anyway and continue to monitor that, Senator. And, you know, depending upon where we go, we are a capitated system. We'll have to go through the regular process of, you know, asking for additional money. But right now it's-- there's a lot of great work going on really trying to support individuals and we're monitoring it every single day.

DORN: OK. I thank you for that because I know there-- I've been approached by some or visited by some that have concerns as particularly in some of the areas along some of the major areas that were really flooded.

SHERI DAWSON: I knew that.

DORN: And, you know, there-- we all know there's going to be a lot more stress in those areas--

SHERI DAWSON: Yeah.

DORN: --and a lot of concerns for a lot of those individuals so.

SHERI DAWSON: Yeah, you bet.

DORN: Yes. And we also know that there will be other groups that may be approaching us later for funding so.

SHERI DAWSON: Yes. No, it is-- there's a lot of-- a lot of really good work going on right now. And I think the opportunity to recognize that, you know, when people are in the midst of these events it's really later on research shows us with recovery but we still try to make help available. We're working on, you know, our federal crisis counseling grant to provide some additional resources with FEMA in the affected counties. And public health, for example, today we had a conversation. They collect some hospital data and they were noticing that reason for contact was mental health concerns and medication related to the disaster. And so we have that data now and that'll be shared with our regional partners so we can kind of focus some of those interventions.

DORN: And then one of the other questions you' kind of answered because it was a concern about in the budget because of expanded Medicaid the $1.8 million that wasn't part of the funding. But I didn't realize that if it's not implemented as quick or certain things

don't line up we-- that those-- part of those patients will still be under Medicaid then so it's not like that will just drop off.

SHERI DAWSON: We'll have to monitor it very closely,--

DORN: Yeah.

SHERI DAWSON: --you know, with that implementation when it rolls out. And, you know, again working with Medicaid in partnership we'll look at those funds and make sure that we don't have gaps.

DORN: All right. Thank you for that information so.

STINNER: I'm going to ask one quick question. Are the rates that you're paying today going to be the same, less than, or greater than the amount that is going to be paid under Medicaid expansion, providers?

SHERI DAWSON: It depends on the service. Some of them are above the Medicaid rate.

STINNER: OK. Additional questions? Seeing none, thank you.

SHERI DAWSON: Thank you.

STINNER: I just want to ask how many testifiers do we have? Can I see hands? Six, seven, eight, nine. I'll stick with five minutes but if you can keep it short, that would be perfect.

DEBRA RUNYAN: Four minutes and fifty five seconds. My name is Debra Runyan, Debra, D-e-b-r-a R-u-n-y-a-n. I don't represent any company. I represent myself, my husband, and my 34-year-old son. I'd like to address the Appropriations Committee about the need for a change in Nebraska's care for the mentally ill. There are several changes that need to be made. But today I'd like to focus only on the need for more long-term recovery facilities in Nebraska and the use of them. Long-term recovery facilities, also called secure residential facilities, provide the mentally ill with longer stays, typically three to six months, than an acute care hospital can give them; and it provides the patients with a secure and supportive environment where they can be completely stabilized and ready to be successful when they return home. My husband and I have a son Nick who has been diagnosed with schizophrenia. Please notice the patterns of his 12

hospitalizations. In June of 2007, Nick was hospitalized for the first time for four days. Two months later he was back in the hospital for five days. Twenty-three days later he was back in the hospital for five days. Two months later he was back in the hospital for eight days. Twenty-two days later he was back in the hospital for ten days. During all these hospitalizations, Nick was never stabilized to the point that he could be successful at release. Over the next two and a half years, Nick was a loose cannon bouncing around between friends and towns and it was very scary and upsetting to watch. Finally in 2010 Nick was EPCed and my husband and I were granted guardianship over Nick. This time Nick was hospitalized for five months. During that time, he had the chance to find a med that worked for him. He was required to stay on those meds. He was completely stabilized so that when he returned to his home he was able to work for a few part time jobs and he did very well. Because of his prolonged hospitalization, Nick was not hospitalized again for almost four years. In December of 2014, Nick was again hospitalized for four days. Two and a half months later he was hospitalized for 28 days. Fifteen days later he was back in the hospital. This time Nick was kept in an acute care hospital for 43 days and then transferred to Telecare in Omaha, a long-term recovery facility. Humana gave him only two months at Telecare but during those two months he had the chance to adhere to a strict medication schedule, attended groups and sessions dealing with his issues to help them cope with his illness, and he received professional counseling and the support that he needed. Most importantly, Nick was given time-- time to recover and become stable. Time is the key to being successful when you are mentally ill. Three months would have been ideal for Nick, but we took what we could get. Upon release from Telecare, Nick took his meds, kept his appointments with his doctors, and cooperated with the support of community support staff. Based on this behavior, we were sure that Nick's good health would continue and keep him out of the hospital for years. Unfortunately, a pharmacy misread his prescription rate; and by the time we realized the medication error, it was too late and he had stopped taking his meds altogether. Nick again had to be EPCed and because he hurt someone while receiving his injectable meds, he was transferred to the Lincoln Regional Center. Nick was [INAUDIBLE]. During this time, he received even better care than he received at Telecare. Again he got the time to recover and stabilized completely so that when he left the facility he was successful. When he was released from LRC, for the first time ever Nick started to volunteer

at a local charity, quit drinking, and started to set long-term goals for himself. This excellent health continued for almost three years. Because of the nature of this disease, he again had to be hospitalised this past January and was kept for only 15 days. In nine days, he was back in the hospital and released in 16 days. This brings us up to the present day; and based on Nick's behavior in the last couple weeks, he will probably end up in the hospital again soon. The purpose of this history of Nick's hospitalizations is to show proof that short-term revolving door hospitalizations barely stabilizing patients and then releasing them to the community-- to community care simply does not work for the mentally ill. The three times that Nick was allowed to remain in treatment for months he was successful. Mentally ill patients need care for months rather than days to help them stabilize and be successful when they-- and successful to keep him out of the hospital. Ideally, I'd like to see the regional centers in Nebraska reopen to help people like my son. But I've learned this probably isn't going to happen. So I'm asking the committee to seriously consider-- consider appropriating funds towards the development of more long-term care facilities like Telecare, making the long-term recovery facilities the second phase of care for all mentally ill people after they've been released from the acute care hospitalization-- hospital. This second phase is the key to their success in staying healthy and staying out of the hospital. The second phase gives them time to recover. Over the past 12 years, we've talked with many professionals in Nebraska's mental health care system. We have found that most have agreed that Nebraska's laws dealing with the care of the mentally ill simply do not allow them to care for their patients properly nor for the patient to be successful. This process is broken and needs to be changed. People with mental illnesses need to have much longer inpatient care. Thank you for your time.

STINNER: Thank you. Any questions? Seeing none, thank you.

DEBRA RUNYAN: Thank you.

SARAH HELVEY: Good evening. My name is Sarah HELVEY, S-a-r-a-h, last name H-e-l-v-e-y. I'm a staff attorney and director of the child welfare program at Nebraska Appleseed. And we want to begin by stating that we support the committee's decision to fully fund child welfare services and Program 354 in its initial budget recommendations. The state has a legal duty to children and families in our state's foster care system, and therefore funding for these needs is an obligation we

must meet. I want to specifically comment on three aspects of the child welfare budget. First, noncourt-involved cases and the Family First Act; second provider rates; and third, therapeutic foster care, TFC. You've already heard a bit about noncourt cases and the Family First Act so I won't go go through all of that other than to say it's something that Appleseed and as advocates we strongly support and, as Dr. Wallen said, dovetails nicely with the direction that the system has been going in recent years and gives us an opportunity to access greater support and maximize the use of federal funding for those services. But that comes with certain federal requirements. And if we don't meet those, we may miss an opportunity to reduce our ratio of state to federal funding from the second highest in the nation. Traditionally, we haven't always done a great job of maximizing federal funding in the area of child welfare. Prior to our current IV-E waiver, we had one of the lowest penetration rates or ability to draw down federal funding for child welfare services. But this is a new opportunity to do better, both for our taxpayers and for children and families in Nebraska. I just want to briefly note that we-- related to that, we strongly support the 2 percent provider rate increase and we know that that's an ongoing need and one that will be particularly critical as the state implements the-- the Family First Act. And then lastly we strongly urge the committee to include funding for therapeutic foster care or TFC in its final budget recommendations. That was mentioned earlier. But just to give a little more information again, TFC is appropriate for youth who have mental or behavioral health needs too intense to be accommodated in a traditional foster home but would benefit from setting less restrictive than a residential placement. It's a wraparound model of care including a bundle of medically necessary treatment supported and provided within a foster home, coordinated by a medical professional into a structured and individualized plan. The department's current Medicaid regulations include TFC as a covered service. But despite that, it has not been provided for a number of years in Nebraska. And despite this, we've seen a real need for this middle level of care for youth in Nebraska in order to prevent unnecessary placements out of state or in residential settings or unsafely placed in a home-based setting but with inadequate services. Senator Bolz mentioned youth placed in the Lincoln Regional Center. Of course, I'm not in a position to speak to whether TFC would have been medically necessary for those youth. But it does go to that situation where-- and I've heard judges state this-- there's not a residential treatment provider

that will accept the youth, but they're not comfortable also placing children in a home-based setting with enough services to ensure their safety. It's Appleseed's position that as a recipient of federal Medicaid funds Nebraska's federally required to promptly and effectively provide TFC to all medically eligible children when it's been determined by that child's treating provider to be necessary-- medically necessary to correct or ameliorate a medical condition identified through their qualified health screening pursuant to Medicaid's EPSDT or early periodic screening, diagnosis, and treatment coverage category and DHHS's own regulations regardless of the youth's location in the state and regardless of the availability of those services. In fact, within the proposed-- agency's proposed budget submitted this fall, DHHS agreed with our position noting that Medicaid and Long-Term Care legal has advised that Appleseed has grounds for winning a legal battle around this issue based on the inclusion of TFC in their regs. We were just saying that was a first for Appleseed. We almost framed it. But it was also a recommendation of a work group of the Nebraska Children's Commission. Therefore, we urge the committee to include funding for TFC in the committee's final budget recommendations. And we thank you for all the work you do for our taxpayers and for our children and families in Nebraska. I'm happy to answer any questions.

STINNER: Thank you. Questions? Seeing none, thank you.

PATTI JURJEVICH: Good evening. Chairman Stinner, members of the Appropriations Committee, my name is Patti Jurjevich, P-a-t-t-i J-u-r-j-e-v-i-c-h. I'm the administrator of Region 6 Behavioral Healthcare, which is one of six regional behavioral health authorities in Nebraska. I'm here representing the Nebraska Association of Regional Administrators. I appear before you today to discuss the impact of the preliminary recommendations on our behavioral health system. The table that follows provides the detailed changes to Program 38 based upon funding included in LB294. We thank you for the committee's preliminary recommendation to provide an additional $658,000 in FY '20 and $1.6 million in FY '21 to address service gaps in the system. The regions appreciate the addition of housing-related assistance funds to expand housing options and to provide additional rental assistance to individuals. A tight housing market and waiting lists for rental assistance makes this positive investment in our system timely and significant. We also appreciate the addition of funds to increase reimbursement rates to our community providers that

is based upon the cost model study conducted by the Division of Behavioral Health. This is also an important contribution to help ensure that service capacity and access to services remains stable. It should be noted that the Division of Behavioral Health's cost model study identified $5.2 million is needed to bring the rates to a sustainable level to ensure an adequately funded behavioral health service array. Of concern to the regions is the reduction of $1.885 million in FY '20 and $4.6 million in FY '21 for Medicaid expansion. I've included in your information today a copy of the report developed by the Nebraska Association of Regional Administrators that examines the impact of budget cuts on our system related to Medicaid expansion. We understand that when Medicaid expansion is in full effect there will be a change in the payment source between regions and Medicaid for some behavioral health services for some individuals. However, there is no timeline identified for implementing Medicaid expansion. Based upon the need by Medicaid and Long-Term Care staff to amend contracts with the managed care organizations, revise states-- state regulations, hire and train staff, and update information technology systems, it is conceivable that implementation will easily be several years away. It is also difficult to project how quickly individuals in this newly expanded Medicaid population will be enrolled, how stable their enrollment will be, and what services will be covered. The consequence of prematurely reducing dollars to our system in the upcoming biennium without expanded Medicaid revenue to replace it is that people will not get services, providers will not be paid for delivering care, and capacity in our system will decrease. In 2013 the Legislature reduced the region's budget by $15 million with the expectation that services would be covered by the Affordable Care Act plans. Ultimately the anticipated savings did not occur and funds were restored by the Legislature and HHS so that service capacity and access were not reduced. It is an important piece of our history to understand because we find ourselves in a similar situation with Medicaid expansion; cutting dollars in the behavioral health system before we know when and how expanded Medicaid will impact existing systems in our state. Our request of you is to eliminate the reduction of the $1,885,000 in funding for FY '20 and the 4 point-- $4,640,000 for FY '21. Let us resist the temptation to guess how and when Medicaid expansion will occur and instead give ourselves time to monitor implementation and have thoughtful and strategic discussions on how best to protect and invest resources in an already underfunded safety net behavioral health system to ensure a strong infrastructure

is in place to meet our citizens' needs. My counterparts from Region 5 and Region 2 will follow my testimony and provide additional information about the budget recommendations. I thank you for your ongoing commitment to Nebraska's behavioral health system and for the opportunity to provide this testimony. And I will try to answer any questions that you might have.

STINNER: Questions? Senator Hilkemann.

HILKEMANN: Yeah. Could you tell me are you concerned about what will happen to the continuum of care in your region if. We reduce this appropriation?

PATTI JURJEVICH: You know, certainly if this-- if this reduction goes forward the dollars that the regions have to work with will be reduced. In turn then, we will have to make reductions to our community-based providers, targeting those Medicaid reimbursable services. So they-- those providers will see a reduction in their allocation for those services. And the concern is if we make that reduction and there is not the Medicaid revenue for the expanded population that can come in and replace that revenue, then those providers are going to have a shortfall. And unfortunately, that can mean the reduction of their staff, the reduction of their capacity, fewer individuals are able to be served.

HILKEMANN: Thank you.

STINNER: Additional questions. Senator McDonnell.

McDONNELL: So can you elaborate a little bit more with the Medicaid expansion, the time frame, your information, why you're so confident that we're-- the monies that we're gonna need in the timeframe that you testified to on page-- it's your second of three pages, your fourth paragraph down.

PATTI JURJEVICH: And really what we have used to develop out of the report that you have is information that's been-- the Medicaid director has provided information in the media doing interviews. A website also does not identify a timeframe. So we have not been able to get any information from sources to give us any estimate of a timeframe for Medicaid expansion to be up and running. So that-- that's-- and what we know is, as I identified in my testimony, is the

number of things that need to be done by Medicaid in order to get expanded Medicaid up and running.

STINNER: Additional questions? Senator Dorn.

DORN: I don't know whether mine's a question or comment I guess. When SheriDawson was up here, you know, we asked her and she commented about that I guess and they're looking at it from their aspect. And I know several of your agencies or your regionals have visited with me or other members of Appropriations Committee about concerns that, you know, $1.8 million less is in the budget for you.

PATTI JURJEVICH: Correct.

DORN: And the concern is that if the timeline, just as you commented, doesn't flow like it maybe should or doesn't get implemented as quick and everything, now you will have less money on that end and you also have the $1.8 million less. And that was part of the reason I asked her the question I did so that we have some-- I guess I'm not putting her on the spot but some comments from her about how they are looking at that and how they're handling that. I believe Monday morning there is a-- I think it's, yeah, it's Monday morning that's when the plan's out. There is a--

PATTI JURJEVICH: Press conference.

DORN: --press conference that Appropriations and I think Health and Human Services are invited to attend. So some of this will be-- I have no idea what it is, but some of it will be out there then because the plan has to be into the government.

PATTI JURJEVICH: Correct.

DORN: --and we're government by April 1. Now I don't know where we're gonna be at. I can't sit there and tell you so. And part of that time is definitely going to tell. And I hope-- I hope that we don't see a reduction in funding on both ends for our behavioral health services.

PATTI JURJEVICH: Yes, I would agree. This is not the time I don't think in our state to-- to look at reductions--

DORN: No.

PATTI JURJEVICH: --for behavioral healthcare.

STINNER: Additional questions? Seeing none, thank you.

PATTI JURJEVICH: Thank you.

C.J. JOHNSON: Good evening, Chairman Stinner and members of the Appropriations Committee. My name is C.J. Johnson, C.-J. J-o-h-n-s-o-n and I am the regional administrator for Region 5 Systems, which is the regional behavioral health authority for 16 counties in southeast Nebraska. I'm here to provide observations on some of the recommendations that impact funding to Program 38. I would first like to thank both you, the members of the Appropriations Committee, and Governor Ricketts for recommending that there be an increase of $2.8 million to begin to address the rate cost model study that the Department of Health and Human Services Division of Behavioral Health initiated a couple of years ago. It is obviously-- it is absolutely critical to ensure that rates for the provision of behavioral health services adequately reflect the cost to behavioral health providers to ensure their viability to provide services throughout Nebraska. The focus of my testimony today is in regard to the proposed cost savings or offset costs due to Medicaid expansion. It is being recommended that funding for services to Program 38 be reduced by $1.8 million in fiscal year '20 and an additional $2.7 million in fiscal year '21. The recommended cuts are based on projections and not on the actual impact of Medicaid expansion. Ms. Jurjevich already discussed with you the effect of projections of the impact of the Affordable Care Act in 2013 which led the Legislature to reduce service funding to Program 38 by $15 million, only to see that anticipated savings were not recognized and funds were restored to the regions by the Legislature for fiscal year '15 so that service capacity and access were not reduced. Similar to that time, it feels premature to reduce funding based on projections. Any reduction that occurs prior to full implementation and significant enrollment in the Medicaid expansion will likely cripple the ability of behavioral health providers, the providers we work with directly, to provide adequate services. This crippling could also be significant enough to force the closing of service providers, as you heard testimony earlier on LB327, when you were provided a list of a number of providers that had to close their doors and/or close down services over the last several years. As the committee knows, many of the providers we work with operate on an extremely narrow margin. And while a rate increase may help with covering more of the

actual cost of service, the reduction in capacity that the cut to Program 38 would incur could impact those providers even more. In summary, given the uncertainty about the timeline for Medicaid expansion in Nebraska, it is premature to cut funds to Nebraska behavioral health system in fiscal year '20 and fiscal year '21. Reducing funding to Program 38 and subsequently to the regions based on projections and not the actual impact of Medicaid expansion has a real potential to significantly cripple an already underfunded and under-resourced behavioral health system. I want to urge the Legislature not to implement any reductions to the community-based behavioral health system managed by the regions for fiscal year '20 and '21 until full implementation of Medicaid expansion has occurred and its impact can be properly evaluated. Thank you for your consideration and I'll try to answer any questions you might have.

STINNER: Questions? Seeing none, thank you.

KATHY SEACREST: Well, I think for all of your behavioral health purposes you got to get cooler air in here. We're all going to be looking for services somewhere.

STINNER: Thank you for that.

KATHY SEACREST: Senator Stinner and members of the Appropriation Committee, my name is Kathy Seacrest, K-a-t-h-y S-e-a-c-r-e-s-t. I'm regional administrator in the 17 counties in southwest Nebraska. So I appear before you today on behalf of my regional governing board and the Nebraska Association of Regional Administrators. By way of background, I've worked with the region in a leadership capacity for 30-- since 1989, and I've experienced the many highs and lows that have happened. My daughter and her friends recently thought I ought to write a book about the changes that we have seen, and we have seen fabulous changes in what we can do in the behavioral health field. But the one constant and is the continual struggle to secure enough funding to keep services open especially in our rural areas. In many of our communities, we are the only resource for behavioral healthcare. We appreciate the appropriation for rates, and we recognize it's greatly needed and that will help keep providers in place. And I'm hopeful that over time Medicaid expansion will help, but it isn't going to help by July 1 and that's when our budget starts. And so I ask you to think about the fact that we could lose providers for the very neediest of Nebraskans. And as I was listening

to testimony, I also want to remind you that folks go on and off Medicaid. It isn't like they get Medicaid and they have it for life. So many of the folks we serve have Medicaid for a few months and then whatever happens they don't have it, but they don't have insurance in the meantime. And their behavioral health needs absolutely continue in that time. Experience has taught us that nature will emerge over time because of the recent blizzards and floods and extreme stress. And in six months, a year many of our folks will be facing huge and devastating crisis. Calls to rural health crisis centers around the country have skyrocketed and suicide has become a part of our economic reality. And as we know, we face that in Nebraska. Each year in our client surveys, clients express their gratitude for the behavioral healthcare they receive. They express their desperation for help and their belief that they wouldn't be in this world without that help. We as providers and regions know that it is this body that makes it possible for us to be there for them. And so we want to thank you because we know that and we appreciate that. And it is a wise and wonderful use of tax dollars. I hate to be in opposition ever to the division because we do have a fabulous partnership. But on this issue we think it is too soon to withdraw these dollars. Thank you for your time.

STINNER: Thank you. Questions?

KATHY SEACREST: Oh, sorry.

DORN: In your area out there, what-- what do you see as a trend and the need for the behavioral health? Has it increased?

KATHY SEACREST: Yes, significantly. And the severity and acuity of the people that we see is just increased immeasurably in the years that I've been in this work. And we're taking care of many more people in the community which is great. But the acuity of the symptoms and the need to access medication, you know, it's-- it's-- behavioral-- mental health, mental illness is an illness. And so medication is often an answer and we have to have that access to the prescriber and the medication. So I would say the acuity and severity has increased greatly as have the numbers. Yes.

STINNER: Thank you.

KATHY SEACREST: Thank you.

ANNETTE DUBAS: I won't be shy. Senator Stinner and members of the Appropriations Committee, my name is Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s, and I am the executive director of the Nebraska Association of Behavioral Health Organizations, otherwise known as NABHO. We are a statewide organization advocating for behavioral health providers, hospitals, regional behavioral health authorities, and consumers. And our mission is to build strong alliances that will ensure behavioral health services, including mental health and substance use disorder services, are accessible to everyone in our state. NABHO members appreciate the great working relationship we have with the Division of Behavioral Health and the regional behavioral health authorities. We rely heavily on these public payers for our resources, with NAB home members receiving approximately 40 percent of their funds from the Division of Behavioral Health through the respective regions. The cuts proposed by the administration seem premature and potentially devastating for client services. Any cuts to the division's budget puts all services in jeopardy and ultimately impacts the ability of individuals to access critical healthcare. These cuts could also affect matching dollars that currently are relied upon. NABHO would also like to be on the record that we support fully funding the results of the costs model. It is impossible to maintain the services we provide let alone build capacity with the current rates. We do appreciate the rate increase that is in the preliminary budget. But even with a modest increase, we cannot maintain current-- current services let alone build any capacity. We see what is happening to nursing homes across our state because of insufficient rates, and we simply cannot afford to have that happen with behavioral health. The division is doing everything it can to meet their mandate of providing community-based care. But when you cut their budget, the results are fewer services at the local level, pushing people onto waitlists, and it impacts less intensive prevention and early intervention services which leads to higher cost and less effective care through hospital emergency rooms, child welfare, or worse yet involvement with law enforcement or Corrections. The system of care is well documented by the state's own numbers that it is underfunded and under-resourced. Any miscalculation of savings and premature implementation of cuts will have a devastating impact on providers and the people we care for and treat. Please reconsider any cuts and realize the importance of making a strong behavioral health system of care a state priority.

Thank you for your time and I'd try to answer any questions you may have.

STINNER: Any questions? I would-- I do want to make this clear. These are oppositions, not proponents.

ANNETTE DUBAS: Correct. Opposed to the--

STINNER: So for the record, these last few were oppositions. Now you were a state senator. You understand budgets have to deal with estimates. And especially in the Medicaid side, we use estimates as to utilization and rates and, you know, all kinds of different formulas. In fact, it leaves your head spinning many times. We also use instead of what we call a contingency fund, a thirteenth month. OK? So there's-- there's funds over here because we're not perfect in estimating. We're trying to do our best to estimate what the reimbursement rate is going to be for the-- your behavioral health side. That's all we're trying to do. Do you think that we're going to-- if you end up short money, please come in here because then we could have a deficit request which will make this up. Looking at this as a cut, I'm sorry. I just don't agree. This is estimating to try to put the entire budget together so that we have some level of accuracy as to bottom line. But that's my only comments.

ANNETTE DUBAS: I certainly understand that.

STINNER: I'll get off my soapbox.

ANNETTE DUBAS: No. I certainly understand that as a former state senator. But--

STINNER: I just don't want it to go out that we're cutting.

ANNETTE DUBAS: Absolutely. Absolutely. Looking at the budget and having to--

STINNER: We are estimating a flow of money from the federal government. Now is the timing going to be perfect? Is there going to be slippage? Absolutely there is going to be slippage. But we have some room in the Medicaid budget overall. We have some other rooms that we can move around some of this money if we have to or come in with a deficit request. We'll get you covered.

ANNETTE DUBAS: We know any transition is difficult.

STINNER: We also understand that we-- we're way short on reimbursement rates and so we're taking that cost study. We're trying to step that up too.

ANNETTE DUBAS: Well, we certainly do appreciate that, Senator, and know you are in a very difficult position. My members are just kind of nervous about things that are going on.

STINNER: I get that.

ANNETTE DUBAS: So that's what I'm here to represent. But I certainly-- please know that I have an extreme amount of empathy for where you are at and the difficult decisions that lie ahead of you and anything that we can do to help--

STINNER: Just call it a reimbursement rate and we'll be golden because it's an estimated reimbursement.

ANNETTE DUBAS: Absolutely. So I thank you for your comments.

STINNER: I just wanted to clarify that for the record. That's how I look at it that I think this committee looks at it the same.

BOLZ: Can I ask a question?

STINNER: Depends on what she's going to ask.

BOLZ: Thank you for your graciousness, Mr. Chairman. I do-- I do-- I'm sincere. Thank you for humoring me. I do-- I do want to appreciate your concerns. And I guess one of the things that is-- that I perceive as different, and you can tell me if I'm not on track, is that you as the regions you're not-- you're not in a position yourself to discern whether or not a deficit budget request will be submitted. And that's one of the things that's different about behavioral health regions as compared to Medicaid because Medicaid is an entitlement. Is your concern that will-- will squeeze the overall budget and it will be more difficult to to discern whether or not we we have really cut access to services that-- that that won't be as clear as it is in the Medicaid division? I do want to understand your position.

ANNETTE DUBAS: I think mostly it's just the not knowing what that transition is going to look like and understanding you know what it's going to take to may be covered and how how soon that will happen, what-- what that potential lapse could look like. And for our members, I mean they're already operating on an extremely narrow margin if there is one at all. So I think there's just a lot of angst about what that transition is going to look like, what will be the ability of the division to come in, you know, there's just-- there's just so many moving parts. And I guess, you know, again I understand it as a former senator and what you're able to do. But for my members to really, how do they plan their budget? You know, they're getting ready to put their budget together for the next fiscal year. What are the things they need to do in looking at what their resources are that they've had a pretty reliable understanding comes from the division versus what comes from Medicaid? So you know, just-- just the angst of the providers and where things are at right now. We're just at such a critical junction on so many things that, you know, you know, I hope you can understand that angst.

BOLZ: Yeah. I do appreciate that you-- you are not in control as the behavioral health providers as to whether or not a deficit budget comes in--

ANNETTE DUBAS: Right.

BOLZ: --as a formal request to us and it's not a certainty because it's not [INAUDIBLE].

ANNETTE DUBAS: Right. Exactly.

STINNER: But my concern is that the Medicaid reimbursement rate is at least equal to what they're getting reimbursed for now. And I think when I asked that questions she said maybe.

ANNETTE DUBAS: Yeah.

STINNER: Some might be higher; some might be lower. So that's an adjustment period, too, and that's a concern that-- that all of us have. Just what's the outcome going to look like?

ANNETTE DUBAS: And I think that chart that was passed out in the previous hearing doing that rate comparison that kind of shows where

our members are out too. OK, if we're getting this from DBH but that's going to maybe diminish or go away, will Medicaid be able to pick so--

STINNER: That's a legitimate concern.

ANNETTE DUBAS: Yeah.

STINNER: I think that's one that we just, like I said, we've got to see how this all works out. But that sliver of folks that you're serving today that you're getting reimbursed by is now going to get reimbursed by Medicaid. It's hard to know.

ANNETTE DUBAS: It's certainly-- and anything that our association can do as far as--

STINNER: But we as budgeters have to-- have to guess. We have to estimate--

ANNETTE DUBAS: We understand.

STINNER: --the best we can.

ANNETTE DUBAS: Any information that we can provide for you as you go forward, please know that you-- we will do our best to give you our most accurate understanding of things so. We want to help you as well. We don't want to be adversaries. We want to help you

STINNER: OK.

ANNETTE DUBAS: And we appreciate all of your support and efforts.

STINNER: But I would like to hear from proponents first. How's that?

ANNETTE DUBAS: OK.

STINNER: OK.

ANNETTE DUBAS: Thank you.

McDONNELL: Proponent or opponent? What are we on now?

STINNER: We are on proponents right at the moment.

KEVIN NELSON: I'm a proponent.

STINNER: OK. I was confused there for a while.

KEVIN NELSON: Good evening, Chairman Stinner and members of the Appropriations Committee. For the record, my name is Kevin Nelson, spelled K-e-v-i-n N-e-l-s-o-n, and I am the controller for Better Living Counselling Services. I also serve as the treasurer at the Nebraska Alliance of Family and Child Service Providers, an organization of six child welfare providers who serve vulnerable families and children over 50 counties in the state of Nebraska. Our agencies contract with the Department of Health and Human Services to provide child welfare related services to children and families, including foster care, supervised visitation, drug testing, and intensive family preservation and reunification. I'm here today to thank Governor Ricketts for including additional dollars for child welfare provider rates in the budget he presented to the Legislature earlier this year. I also want to thank this commit-- this committee for including a 2 percent increase to child welfare provider rates in the preliminary budget you presented to the Legislature earlier this month. As many of you know, the child welfare providers who serve the 91 counties outside of Douglas and Sarpy County have not had a rate increase since at least 2010. In fact, over the past several years we've seen a decrease in several of our service rates due to contract changes. Since 2010, members of our association have seen our health insurance rates increase by as much as 45 percent and workers' compensation, unemployment, and personal and professional liability insurance rates have increased anywhere ranging from 30 percent to over 200 percent. We've also seen an increase in the-- to the minimum wage as well as an increase in general business expenses and increased costs placed on us due to contractual demands required by the Department of Health and Human Services. During the same time period, DHHS reduced the travel time rate when state wards were being transported. They've assumed responsibility for 50 percent of the relative kinship foster homes. DHHS has reduced its drug testing expenses by taking on lab confirmation services that used to be provided by child welfare providers such as ourselves. DHHS also reduced the amount that they pay when a client does not attend a scheduled visit by over-- by 50 percent. Last year the department changed their intake process resulting in fewer children and families being admitted into the system. In addition, DHHS is serving more families internally through alternative response which translates into fewer families being referred to providers. Lower number of families

being referred, our increased administrative costs, along with stagnant or reduced rates has made it financially difficult to partner with the department. Our goal has always been to serve families and children across the straight-- across the state especially in rural areas. Until there is acknowledgement for the cost to provide services to families in rural Nebraska especially with transportation costs, the state will experience bigger capacity issues than those that already exist in the western service area. As a result of the changes made in the past 12 months, we are also significantly reducing our expenses and even laying off staff. Some members of our organization have even closed visitation centers in smaller rural communities. I want to put the territory we cover and the services we provide in some sort of context. Together the six agencies that make up our alliance employ over 375 people and work with over 1,800 families each year. As an association, our employees traveled nearly 4 million miles last year serving children and families throughout the state. Nearly 700 families served last year required at least a 60-mile round trip to provide the service. And these services were provided multiple times a week to ensure the family and our children receive the services requested by DHHS. I respectfully ask the budget you send to the floor keep the additional 2 percent for child welfare provider rates or due to not receiving an increase for the last 10 years, consider increasing the 2 percent. I also ask for your assistance in assuring providers in the northern, southeast, central, and western service areas get the funding they need so is there-- so there is equity across the state. I'd be happy to answer any of your questions.

STINNER: Questions? Senator Dorn.

DORN: Your last comment there, I mean, so who or how do they determine who gets what provider rates? How is that formula done?

KEVIN NELSON: As far as the provider rates go, the child welfare providers that are in the 91 counties other than Douglas and Sarpy County all get the same contract, get the same-- same-- same rate. Because as-- as Director Wallen alluded to, there is a different case management contract in Douglas and Sarpy County. They're under a completely different contract, different cost structure. It's-- it's an apples to oranges contract.

DORN: So and-- and then you talked about your mileage. You're going so far [INAUDIBLE] so that I almost took it that you aren't getting covered there either.

KEVIN NELSON: Well, we do get paid from the department the IRS mileage rate for several of our services. Now other services that we provide such as drug testing services there is no mileage reimbursement for that. The IFP, intensive family preservation, intensive family reunification rate, there was a mileage and travel component built into that case rate. But that case rate hasn't been reviewed now in the last two years that they've had that service. So those increased costs haven't been adjusted for there. So in addition, we do get paid a certain dollar amount for travel time and that rate has not been increased since prior to 2010.

DORN: Thank you.

STINNER: It's one of those funds we ought to study in the summertime. What do you think?

KEVIN NELSON: Well, that has been brought up in the past. We've asked each of the last three or four contract years to have some kind of a rate study done on these services; and each year we've kind of been, well, there's not any money in the budget for that kind of rate study so the can has just kind of been kicked down the curb a ways.

STINNER: OK. Thank you for that. Any additional questions? Seeing none, thank you.

KEVIN NELSON: Thank you.

STACY MARTIN: Good evening--

STINNER: Good evening.

STACY MARTIN: --Chairman Stinner and members of the Appropriations Committee. My name is Stacy Martin, S-t-a-c-y M-a-r-t-i-n, and I'm the president and CEO of Lutheran Family Services of Nebraska. Lutheran Family Services has a 125-year history of providing quality human care services that build and strengthen individual, family, and community life. You have before you my full testimony. So in the interest of time, I will aim for brevity. This evening I am here to speak in support of the inclusion of funding for therapeutic foster care in the

Appropriations Committee final budget. The Division of Children and Family Services requested a $4.8 million transfer to cover therapeutic foster care or TFC which was not included in the Governor's preliminary budget. Therapeutic foster care, also called treatment foster care, is an intensive treatment option for children with severe emotional, behavioral, or psychiatric issues and require out-of-home placement. At its core, TFC is a blend of traditional foster care and residential treatment delivered in a family-based rather than institutional setting. TFC is not simply a placement option but a medical approach to treatment which is why current Medicaid regulations include therapeutic foster care as a covered service in the Nebraska Medicaid program. TFC is a treatment method recognized as a model program in the 1999 Surgeon General report on mental health and the 2001 Surgeon General report on youth violence. Numerous studies have found that youth who completed quality treatment foster care programs were less likely to have criminal referrals or engage in delinquent behavior. What's more, young men who participated in treatment foster care were more likely to complete treatment and return to their families than counterparts who received group home care. TFC would also be in line with federal priorities in the recently enacted Family First Prevention Services Act. As appropriators in a tight fiscal environment, I do not envy the work you have before you. However, I respectfully request that the committee consider investing in programs like therapeutic foster care that are evidence based and will result in long-term savings by eliminating duplicative services and reducing the demand for deep end, more restrictive settings that come with a higher price tag. Thank you very much for your consideration, for all you do, and I am happy to entertain questions should you have any.

STINNER: Questions? Seeing none, thank you. How many more testifiers do we have? We have one, two, three. OK. Thank you. If they'd have had 10, I would have cut you down to three minutes.

BILL WILLIAMS: Well, I promise if you promise to listen fast I promise to speak equally fast.

STINNER: Absolutely, I'll listen fast.

BILL WILLIAMS: Good evening, Chairman Stinner and members of the Appropriations Committee. My name is Bill Williams, B-i-l-l W-i-l-l-i-a-m-s. I'm the chief operating officer of Compass, a family

services agency located in Kearney, Nebraska. At Compass we serve children and families throughout central and western Nebraska and last year our staff traveled over 155,000 miles delivering services to children and families. I do want to thank you, as Kevin mentioned earlier, the Governor and this committee for including additional dollars for child welfare provider rates in preliminary budgets. And I want to encourage you to continue to maintain that additional funding in the budget that you send on to the floor. My wife and I, along with another couple, launched Compass 12 years ago actually on this very day. And we did it from my basement because we felt called to care for children in need. And I say that because I'm very fortunate to have two amazing parents that have been married 61 years. My life was never touched by drug addiction, mental illness, family instability, poverty, domestic violence. But in my career I see the consequences of those factors lived out in the lives of children every single day. For the past 12 years, Compass has made a positive impact investing in the lives of at-risk teens, supporting hundreds of foster families, providing parenting instruction services to hundreds of families in crisis. And the work we do is deeply personal to me as well. My wife and I have raised five biological children and we've had the extreme privilege of opening our home and living life alongside-- alongside of 47 foster children including over a dozen kids from YRTC, several of which who escaped at one time or another. And we did it all without a fence, within the walls of our home. Not to be smug at all, but there is a real need in rural and remote areas of our state for quality services that put children and families on the path to success and meeting that need is becoming increasingly difficult. Running a family services agency takes funds. We have educated and trained staff. We have a family training center that accommodates parents visiting their children and a family friendly place for parental instruction. And we don't work 9:00 to 5:00. We're available to our clients 24 hours a day every single day of the year. And going nine years, almost a decade without a rate increase greatly impacts our ability to serve. My staff have similar responsibilities to state case managers who start out at $18 an hour. My staff start at about 75 percent of that rate with far less benefits. And over the past decade, DHHS has needed to increase funds for their HR costs. We heard Director Wallen talk about training and retention costs and their healthcare costs have risen. What I want to bring to your attention is that-- that the agencies actually providing the services to children and families have not received any rate increases during that same time period. And this is my point. If

we commit to investing more dollars to administer programs to children and families, shouldn't we invest more dollars in the programs themselves? Shouldn't we prioritize the expenses directly impacting Nebraska's children and families? Failure to increase rates for service provider-- providers in child welfare jeopardizes service viability, service availability, and service quality. And responding to something that you said, Senator Stinner, I appreciate what you said about we need to study this. Absolutely we do. But it's been a decade. And cost-- conservative cost of living indicators and inflationary tables would say that the cost in the last nine years have risen 15 to 25 percent and we've received no increased costs and we'll see-- receive nothing without your help. So I'd ask that we want to keep serving Nebraska's vulnerable children. Please keep that 2 percent increase for child welfare rates in the budget and consider increasing it further. I'll answer any questions you might have.

STINNER: Any questions?

BOLZ: Just one. At the risk--

STINNER: Senator Bolz.

BOLZ: At the risk of agitating the Chairman, I appreciate your comments about doing a study. It seems to me that there has been discussion of doing a study. It seems to me that last year about this time there was discussion of doing a study. Has your association had conversations with the administration about such a study?

BILL WILLIAMS: Yes, we have. We've spoken. We've met with Director Wallen and we've asked for that. And-- and I think that there's a valid point that we need to assess where that is. But I think that it doesn't take a rocket scientist or an economist to realize that over the course of a decade costs have to have risen on some level. Some, I mean, and without having a cost of living adjustment or any sort of even nominal conservative increase of 1 or 2 percent factored into that has to mean that we're-- at this point we're underwater.

BOLZ: Thank you. Yeah. I just wanted to get on the record that this is not a new conversation.

BILL WILLIAMS: No, not at all.

BOLZ: This is a conversation that's been had over time and it's maybe really time to stop talking and start doing.

BILL WILLIAMS: Absolutely.

STINNER: Well, I appreciate somebody that has that much enthusiasm and passion after sitting here for about six hours so thank you.

BILL WILLIAMS: And I appreciate your patience in dealing with it. It is so hot in here. I think that's to keep people from talking as long winded as I am. So thank you very much.

STINNER: Thank you.

JEFF SCHMIDT: Unfortunately, I get to follow Bill. Good evening, Chairman Stinner and members of the Appropriations Committee. My name is Jeff Schmidt spelled J-e-f-f S-c-h-m-i-d-t, and I am president of Jenda Family Services which is another member of the alliance that Kevin and Bill referenced in their testimony. I'm here in support of the budget increase of at least 2 percent funding for child welfare provider rates for service providers. Our main office for Jenda is here in Lincoln. But our staff work with families throughout northeast Nebraska, southeast Nebraska, and as far west as Grand Island. Our staff will go almost anywhere to help families. In fact, they traveled 1.1 million miles to do that in 2018 alone. I also want to thank the Governor and this committee for recognizing the child welfare provider rates need additional funding. I want to respectfully ask that you maintain that additional funding or more for this purpose in the budget that you send to the floor. I'm here because it's important that we as service providers bring our concerns to your attention. The amount of money you include in the budget for child welfare rates impacts our ability to hire and keep good, well-trained staff here in Nebraska. Those staff are the people who work with parents and families every day to help them raise strong, productive adults, the next generation of Nebraska's parents. Perhaps one of the reasons providers in 91 counties have not received a rate increase in the last nine years is because we haven't been vocal enough or just plain haven't asked you for one. You can't be expected to help us if we don't tell you that we need help. And if that's the case, I want you to know we need your help now. As you've heard, our revenues continue to decline while our costs continue to go up. Some of those costs over the last ten years are a result of the department requiring additional

documentation, demanding better outcomes, and meeting various audit expectations. These are all good things. We all agree that's a good thing because we are serving families and taxpayers better now than we did ten years ago. But those improvements aren't free. There's value to Nebraska in implementing these changes and the department has to be able to pay for them. At a meeting of providers a few weeks ago, Director Wallen made a point of saying there are few, if any, providers serving portions of western service area western Nebraska. And I think he mentioned that in his testimony earlier tonight. He encouraged those of us in attendance to think about serving that area of the state. I have thought about it. Unfortunately, I can't afford it. My business model doesn't allow me to spend the money to start up services in that part of the state especially when the reimbursement doesn't really put me in a place where we'd be able to even break even. I do sympathize with the director in terms of getting quality services to the Panhandle, the western Nebraska. I recognize it's difficult. However, as provider costs go up without rates keeping pace, I foresee additional capacity issues in the future and probably not just in western Nebraska. I don't want to repeat testimony you've already heard. Kevin and Bill did a wonderful job of laying things out. But I do want to reiterate to you the importance of including at least the requested increase in the budget you submit to the Legislature for debate and help ensure those will be spent in rural areas of the state, ensuring those families receive quality services. With that, if you have questions, I'll answer them.

STINNER: Thank you. I've only got a portion of my committee here. Senator Dorn.

DORN: You don't have to look around that far anymore. No, I-- your one comment there about you guys have started visiting with or Director Wallen started visiting with you about the lack of service providers in western part of the state. How are we going to solve that problem?

STINNER: We're going to double the rate in the areas where we can't have providers. How's that? That will incent you to be there.

JEFF SCHMIDT: Sold.

DORN: Sold.

JEFF SCHMIDT: Western Nebraska is-- is difficult because the distance to travel is greater. The population is smaller. And so while you may have a number of cases in Chadron this month, in six months you may not have any in Chadron so it's difficult to allocate staff. So I do understand that. The reality though is in order to fix that you have to be able and willing to fund resources that aren't necessarily going to be used every day of the year. And that's, I think from my perspective, that's the holdup in adding services to some parts of the states. There are times when there has to be a base payment to keep those resources in place even if there's not a demand for them at that particular time.

DORN: But there's not that there's not a need out there.

JEFF SCHMIDT: There's a need. It's just a-- it's a-- it's a different need.

DORN: Thank you.

JEFF SCHMIDT: You bet.

STINNER: Thank you. We're still on proponents. I just wanted to make that announcement in case somebody is asleep at this time.

TIM HRUZA: Chairman Stinner, members of the Appropriations Committee, my name is Tim Hruza, last name is spelled H-r-u-z-a. I'm appearing today on behalf of the Children and Families Coalition of Nebraska, also known as CAFCON, appear today, passing out a statement from our president. He was unable to stay this evening so I'll keep my remarks very brief. I think a lot of the testifiers who have come before me with regard to the rate increase included in the budget request and this committee's preliminary report and the Division of Children and Family Services with regard to child welfare rates, we are in support of that. We appreciate the Governor including that in his budget. We appreciate this committee incorporating that 2 percent rate increase as you've heard plenty of testifiers explain today. We would encourage this-- this committee and the department to continue to look at a true rate study as we've heard with other programs and other providers in different areas. There is significant-- there's a significant lag in the amount of rates that are being paid right now. We think that that's probably true in the child welfare services as well. So we would encourage this committee to continue to pursue some sort of

formal rate study. And then just by way of example, I know a lot of others have testified about how-- how their members or how different providers have been directly impacted. By way of example, we've kind of seen this year one thing that has hit our members and certain costs that they're going to have that won't be reflected in the rates that they're paid in two bills that are brought and we testified on in the Health and Human Services Committee, LB459 and LB460 are two pieces of legislation that are brought due to the Families First Preventive Services Act and the requirements under federal law to keep the department in compliance. Those put costs on providers and they're not necessarily reflected in the rates that we're paying for them. So we have-- we voiced our concerns in front of the HHS Committee. We've been working with that committee to help offset those costs. But every time that we have things like background checks to keep our kids safe those costs are found in the base rates, the overhead costs of providers and they're not necessarily reflected in the rates that we're currently paying when we don't look at those on a regular basis. So with that, we again thank the Governor. We thank this committee for their support. We would encourage you to continue to look at those provider rates that are paid and we appreciate the support that we've had from the Legislature. I'd be happy to answer any questions you might have.

STINNER: Questions? Seeing none, thank you.

TIM HRUZA: Thank you.

STINNER: I can't believe it. Are we out of proponents already? Any additional proponents? Any opponents? Anybody in the neutral capacity? Seeing none, that concludes our hearing of Agency 25. Thank you all for staying this hour-- till this hour.