HARDIN: Good morning. Welcome to the Health and Human Services Committee. I'm Senator Brian Hardin, representing Legislative District 48, and I serve as chair of the committee. This public hearing today is your opportunity to be a part of the legislative process and to express your position on the report before us. If you're planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Are they actually there? I think I see something green there. Be sure to print clearly and fill it out completely. Please move to the front row-- you don't have to do that because, well, it's just us today. When it's your turn to come forward, give the testifier sheet to the page. There isn't one, so Barb, will you serve as page?

BARB DORN: Absolutely.

HARDIN: Thank you. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets in the back. We'll skip that since I think all-- almost everyone here is going to be testifying. She's shaking her head, no. When you come up to testify, please speak clearly into the mic. Tell us your name, spell your first and last name to ensure we get an accurate record. We'll begin each hearing-- that would be this one-- with the introducer's opening statement, followed by proponents and opponents, and finally, anyone in the neutral capacity. We'll finish with a closing statement by the introducer if they wish to give one. In this case, we're just doing an 1115 hearing. We're gonna be using a 3-minute light system. Don't worry, if you have more to say, we'll encourage you to speak for a really long time. OK? When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have a minute remaining. The red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow, which do not count against your time. Please give us 12 copies of what you have to share. Props, charts, and other visual aids cannot be used simply because they cannot be transcribed. Please turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause to ask you to have to leave the hearing, and that's when Barb picks you up by the scruff of the neck, neck and takes you out of here. Finally, committee procedures for all committees state that written position comments on a bill to be included in the record must be submitted by 8 a.m. of the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only

those testifying in person before the committee will be included on the committee statement. Sorry. That's all that fun stuff you have to read, like the really fast stuff at the end of a Tier 4 medicine on TV, where you have no idea what that drug is for. I will now have the committee members with us today introduce themselves, starting with Senator Riepe.

RIEPE: I'mMerv Riepe. I represent District 12, which is Omaha, Millard, and the small town of Ralston.

FREDRICKSON: I'm John Fredrickson. I represent District 20, which is in central west Omaha.

QUICK: Dan Quick, District 35, Grand Island.

BALLARD: Beau Ballard, District 21, in northwest Lincoln, northern Lancaster County.

HARDIN: Also assisting the committee today, to my left, is our research analyst, Bryson Bartels. And to my far left is our committee clerk, Barb Dorn. And pursuant to Nebraska Revised Statute Section 81-604, the Department of Health and Human Services is required to notify the chairperson and members of the HHS Committee prior to submitting a demonstration project waiver under Section 1115 of the Social Security Act to CMS. Subsequently, the Health and Human Services Committee is required to hold a public hearing on such waiver application during the period for public comment. Today's hearing is for an 1115 Waiver on Substance Abuse-- or Substance Use Disorder. With that, we will open with the department, to explain more about this waiver. And with that, we are ready, sir. Would you please introduce yourself and spell your name for us, and maybe spell your last name 2 times, just to make sure we get it?

DREW GONSHOROWSKI: OK. Well, thank you for having me back, too. I hope everybody's summer's going well so far, but. Good morning, Chairman Hardin and the members of the Health and Human Services Committee. My name is Drew Gonshorowski, D-r-e-w G-o-n-s-h-o r-o w-s k-i. And as requested, the last name is G-o-n-s-h-o r-o w-s k-i, and I am the Director of the Division of Medicaid and Long-Term Care in the Department of Health and Human Services. Today's hearing is required by Nebraska Revised Statute Section 81-604 as part of our duty to inform the Legislature about our intent to submit an 1115 demonstration waiver amendment to the Center for Medicare and Medicaid Services. Nebraska Medicaid is currently in the process of amending

our 1115 Demonstration Waiver for Substance Use Disorder Services. As part of this amendment, we are requesting authority from CMS to provide two additional services. These services will be available for anyone with full coverage Medicaid benefits. The first service will allow us to treat individuals with serious mental illness or serious emotional disturbance for a short-term stay in an institute for men-- for mental disease. This authority will allow Nebraska Medicaid to cover treatment for people undergoing a crisis in a psychiatric hospital for up to 60 days. We anticipate that providing this service will allow people undergoing a crisis to receive prompt, quality care in an appropriate setting. We expect that providing this service will reduce readmissions to emergency rooms and residential care facilities, improve access to services, and better coordinate care along a continuum for those with mental health challenges. The second service we are requesting is to allow Medicaid payment for medical respite services. Pursuant to Nebraska Revised Statute Section 68-911, we plan to have two medical respite, respite facilities: one in Lincoln and one in Omaha. These facilities will offer a place for the homeless population to receive care after they discharge from a medical facility. The respite facilities will offer a stable, safe environment for people to get follow-up care and complete the healing process. We anticipate that providing a safe place for extended care will prevent hospital readmissions and improve health outcomes for this population, reducing future Medicaid expenditures. We are currently in a public comment period. After the public comment period ends, we plan to submit the 1115 demonstration waiver to CMS for approval. The anticipated effective date for SMI/SED stays in an IMD is January 1, 2026, and the anticipated effective day for medical respite is April 1, 2026. Thank you for your time. I would be happy to answer any questions related to this hearing and, and this waiver amendment submission.

HARDIN: Thank you. Questions? Senator Fredrickson.

FREDRICKSON: Thank you, Chair Hardin. Thank you for, for being here, Director, and for sharing your testimony today. So first of all, I think this is a-- I, I certainly think this was a good idea to apply for this waiver. I'm glad to see the department is, is taking steps in, in this action. I did have a couple of questions, though, as I was reading this and, and obviously, kind of thinking about this kind of in the larger context of the recently passed federal legislation, specifically as that relates to Medicaid, Medicaid funding. I know some of the language in HR1, for example, talks about Medicaid waiver, 1115 waivers having the requirement of budget neutrality by a certain

date. And I just wanted to kind of hear what the department's thinking about, long-term sustainability of this waiver, what implications that bill has on sort of how the state will navigate this.

DREW GONSHOROWSKI: I really appreciate that question. It's a, it's a, it's a question I think all of us across government are trying to address, in terms of changes that are coming in HR 1, and also effectively ensuring the sustainability of our Medicaid program. The-- this 1115 waiver, as part of a requirement for 1115 waivers, they, they have to meet budget neutrality. So the anticipation is that any waiver-- effectively, it remains budget neutral for the duration of the waiver. So Medicaid has a specific requirement to manage any sort of waiver under that, I guess, requirement. With that, within this amendment, I believe in June, CMS also extended our SUD waiver, the 1115 waiver for the next 5 years, to 2030. There's sort of similar budget neutrality calculations. This is an amendment within that waiver. I don't necessarily think that there is a risk, a long-term risk, in terms of being able to maintain this waiver through the, the demonstrat-- the demonstration period.

FREDRICKSON: OK, so you don't anticipate this will impact the state budget in that, in that way? OK.

DREW GONSHOROWSKI: I, I don't anticipate it.

FREDRICKSON: OK.

DREW GONSHOROWSKI: And, and if it were to, it would, it would not meet the requirements of maintaining the waiver.

FREDRICKSON: OK. OK. And then my other question, just kind of given the specific population that this waiver would be geared towards or, or, or to serve. Obviously, folks with substance abuse challenges or, or behavioral health-related issues, these are folks that, as you're probably aware, kind of depending on their condition, treatment-wise, might be inpatient for a period of time, might be outpatient treatment, kind of depending on where they are in, in, in their process. And kind of going back to this idea of HR1, I know that one of the requirements in that bill, for example, are, are new work requirements for folks that are on Medicaid, especially-- particularly Medicaid expansion-impacted folks. Considering that with this population that would be served under this waiver, would-- how would that relate or how do we anticipate-- would there, would there be an

exception for folks who might be inpatient or what-- how do you look-- [INAUDIBLE]?

DREW GONSHOROWSKI: Yeah. So, so in terms of the provisions that would impact expansion population is probably what you're referring to in HR 1. It's, it's the-- it's sort of the work requirement and some of the redeterminations of eligibility. There are outlined exclusions. It is my view, and I think the Division's view that folks with SUD or SMI would fall in those exclusions for those work requirements so we wouldn't expect that they would be impacted. But it is sort of on the division to make sure that we are appropriately capturing folks that are excluded under those, under those provisions that are coming.

FREDRICKSON: Sure. Sure. And I know that this is all new, obviously--

DREW GONSHOROWSKI: Yeah.

FREDRICKSON: And I imagine the other department's kind of waiting further federal guidance on kind of what this all looks like, as it, as it rolls out. Has the department been sort of informed of any specific guidance on, on this?

DREW GONSHOROWSKI: So, so that's a really great question. Reading, reading the legislation, you'll note that the guidance deadline is pretty short--

FREDRICKSON: Yeah.

DREW GONSHOROWSKI: --compared to the January 1 or the December 31, '26, implementation date for work requirements date, for example. The expectation is CMS will start reaching out with communication. They haven't just yet. I think they're also sort of figuring out how to operationalize and implement this legislation. So we're, we're in active communication, trying to start getting guidance, but it is, to your point, still very early.

FREDRICKSON: So at this point, no formal guidance.

DREW GONSHOROWSKI: Yeah, no formal guidance. Yeah.

FREDRICKSON: OK. OK. I'll ask one more question then I'll let other folks ask if they have-- but one-- the other, other question I had as it relates to HR 1 is, I know that there's a requirement to establish co-pays on certain Medicaid-related services. I know we, in the state, have kind of gone back and forth with that. Our MCOs have expressed

that that's been more of a challenge than, than, than, than a benefit in, in some cases. Are, are-- do you know-- and I'm not aware of this, are you-- do you know if the 1115 waivers-- so, for example, if population is impacted by this, would they be subject to those co-pays as well?

DREW GONSHOROWSKI: My expectation would be that they wouldn't be--

FREDRICKSON: Would not be. OK.

DREW GONSHOROWSKI: --subject to those co-pays. However, this is another area where we're waiting for specific guidance from, from CMS on, on how even the co-pay is the sort of expectation, in terms of implementation on how they can be applied.

FREDRICKSON: OK. Thank you.

HARDIN: Senator Quick.

QUICK: Thank you, Chairman Hardin. My question is on the-- so you talk about having 2 facilities for respite, one in Lincoln and, and one in Omaha. Are those like facilities that are currently there or is it--

DREW GONSHOROWSKI: So, so the facility in, in Omaha is already identified at Siena Francis House.

QUICK: Oh, OK.

DREW GONSHOROWSKI: We're working with partners here to, to direct resources, so we're trying to identify a, a good location in Lincoln still.

QUICK: OK. OK. And I-- one other question on that is, is, you know, of course, for rural Nebraska, we, we still have those issues the same as Lincoln and Omaha, maybe just not on the same-- but would there be maybe thoughts in the future of, of having some place in maybe Grand Island or central Nebraska, where people could-- wouldn't have to go clear to Lincoln and Omaha for--

DREW GONSHOROWSKI: Yeah, I could, I could see that as a possibility. It is-- it's ultimately the scope of this demonstration, and, and I believe it was Senator Riepe's bill, LB905, that brought this in 2024 was, was sort of what we are proposing for amendment today, so it's a, a smaller demonstration waiver, but--

QUICK: All right. All right. Thank you.

HARDIN: Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here and thanks for the work that you do. Along with on the, the homeless respite care, the ones in Omaha and Lincoln, the Nebraska Hospital Association Foundation has pledged financial support. And I know, with some of the reductions coming in their direction, do we still feel that their commitment is sound, and does that have any impact on the waivers as-- itself?

DREW GONSHOROWSKI: So, so I would be, I would be hopeful that they would, that they would keep their commitment. Just a little context on this, over the past month, I guess it was just before the 4th of July, CMS did approve the hospital estate directed payment that was brought by Jacobson in LB1087. That represents a billion dollars into the hospital systems. That amount of money doesn't get reduced under HR 1 for the first 2 years of the provision, and it's money that Nebraska hospitals have never seen prior to now. So the hope is even when that is reduced through the provisions in HR 1, it is still a higher level than they were previously, and, and I would hope that it doesn't necessarily impact that commitment here.

RIEPE: OK. Second question would be, is on the mental health side of this, one of my concerns gets to be is, it seems mental health delivery, to me, is very fragmented. There's little mom and pop or rosy kinds of shops. Does this fit into the plan? I mean, does this help consolidate or correct or something like that?

DREW GONSHOROWSKI: Yeah. I, I think that-- I think that's a, a really great question. And, and I'll try to do the really great work that Dr. Janousek does over in the Department of-- or the Division of Behavioral Health, some justice here. But this does fit into sort of the holistic vision that you want to be able to meet people in, in a acute setting and, and be able direct them to other points of care. In, in terms of the respite setting, that's-- the, the respite care that is in this, in this waiver, it's a great example of that, right? So it's someone that might have had an acute hospital stay, needs some extra time to recoup, instead of, you know, sending them out, out, without sort of a, a place that they can recover safely. That's effectively what the goal is here, is to make sure that they can recover, and then also, direct them to other resources that are already available in the state, in that setting.

RIEPE: I know with the hospitals, the cost of keeping them in the hospital at $2,000 a day, versus being able to put them in a respite center at maybe $250 a day, was significant enough to make the Hospital Association step up and commit.

DREW GONSHOROWSKI: Yeah. Exactly, and that, and that respite setting should also prevent a, a readmission that would be, you know, detrimental to the member, but also costly.

RIEPE: And costly to the hospital.

DREW GONSHOROWSKI: Yeah.

RIEPE: Even the hospitals in Grand Island. Well, thank you, Mr. Chairman.

HARDIN: What I'm looking at right now is not something that you, you handed out for us today, but just because we were doing some digging-- the Department of Health and Human Services' draft of the 1115 demonstration amendment is what I'm looking at. And I don't know that you have that in front of you. It's just a big picture question, I guess.

DREW GONSHOROWSKI: Yeah.

HARDIN: And what it states in Section 3.4.1, SMI/SED stays in institutions for mental disease enrollment. What it shows after that is in fiscal year '26, we anticipate there could be 504 enrollment by member months, so there could be 504. The next year shows 1,025, a little more than double what happens in, in the first year. Is, is there a top to that? Do we anticipate what those numbers might look like in 2028 and beyond? Granted, these are-- I think they kind of look at them in 3-year periods. Is that right?

DREW GONSHOROWSKI: Yeah, that's, that's a good question. I don't have that number in front of me immediately.

HARDIN: OK. I was just curious how it more than doubled and then what it might look like in the--

DREW GONSHOROWSKI: Yeah.

HARDIN: How many of these interventions might we have is, I guess, my question.

DREW GONSHOROWSKI: Yeah, and that, and that's a great question. I can--

HARDIN: OK.

DREW GONSHOROWSKI: I can get back to you on that.

HARDIN: All right. Very well.

DREW GONSHOROWSKI: And I'll, and I'll say, too, I think the-- it, it seems like-- because I think the number was 10-- 1,024 in terms of member months--

HARDIN: Yes.

DREW GONSHOROWSKI: So roughly around 100 members, sort of in the--

HARDIN: A month-- ish.

DREW GONSHOROWSKI: in that first-- yeah. In that first period.

HARDIN: I see.

DREW GONSHOROWSKI: And, and my expectation is that the, the sort of ramp-up was, was a, was a question of getting take up or getting people to start utilizing the service--

HARDIN: OK.

DREW GONSHOROWSKI: --or, or program. But, but it's a great question and I'll take it back to the team on--

HARDIN: OK.

DREW GONSHOROWSKI: What, what the sort of growth expectation is after those 2 years.

HARDIN: OK. Senator Ballard.

BALLARD: Thank you, Chair. Thank you for being here, Director. Kind of back to Senator Riepe's question about the plan. In the document you sent out, the goals of, of utilizing the length of stay in EDs and hospitals while awaiting medical for specialized settings. Can you give us a snapshot of-- I know beds are at a premium for some of these facilities. How does this fit into the plan of-- is there a, is there a process to make-- to ensure that these individuals are getting into

these specialized facilities and making sure that there's, there's open beds in these facilities, as well?

DREW GONSHOROWSKI: Yeah. So, so that's a, that's a really great question. And, and ultimately, I'm not sure if there is a specific process here. I think the expectation is in terms of referrals from other settings. But I, I would have to go back and, and look for it in a, a specific setting.

BALLARD: And then-- yeah. And then my next question, if I may. So how do you-- I mean, DHHS and the Legislature has a-- has an interest in making sure that these individuals don't come back into the hospital setting for these. So what's the kind of plan, DHHS's role with providers, to ensure that these individuals are staying?

DREW GONSHOROWSKI: Yeah, so, so Dr. Janousek works very closely across our behavioral health networks, and it is ultimately making sure that when the person is in, in a, you know, high-intensity setting, as they are moving to transition out of that setting, they have specific options in front of them. You know, it's, it's what Medicaid services are available for that population. These waivers do cover people with full Medicaid benefit, so that it is, it is sort of built into this that when they're in that setting, they'll, they'll be, to, to quote Dr. Janousek, wrapped in services, or, or at least presented with the, the wide array of behavioral health services that are available in, in the state.

BALLARD: Yeah, I know that's part of the, the care coordination plan. [INAUDIBLE] used to talk about it a lot.

DREW GONSHOROWSKI: Yeah, the care coordination.

BALLARD: OK. Absolutely. Well, thank you so much.

DREW GONSHOROWSKI: Yeah. No problem.

HARDIN: Have we seen these numbers or anticipated numbers change since COVID?

DREW GONSHOROWSKI: In terms of-- I, I would say-- I don't have the specifics on that. My expectation is that it has increased since COVID. And, and in terms of the SUD waiver, just more broadly, the numbers have increased in the past 5 years.

HARDIN: OK.

DREW GONSHOROWSKI: And, and just, just sort of for reference on this, the SED waiver effectively served people with the short-term stays, to the, to the tune over the, over the waiver period, I think it was slightly over 6,000 people that wouldn't have-- Medicaid wouldn't have been able to cover them prior to the waiver. So, so it's very clear, and then I think CMS understood that the, the, the past 5 years have been successful on, on that waiver and, and why they extended the waiver. But it, but it really is-- there is an, an unmet need that, that these kinds of waivers do serve.

HARDIN: Very well. Senator Fredrickson.

FREDRICKSON: Thank you, Chair. These-- one of the questions got me thinking a bit more about this, and specifically, kind of Senator Riepe and Senator Ballard's questions, as well. You know, one of the things I'm thinking about, kind of, is, is sort of this idea of continuity of care. And obviously, we're talking specifically about folks who are with acute needs. But, you know, it is certainly in the interest of the state and in the interests of Nebraskans to ensure that people have continuing care. You know, I know the governor's recently come out, expressing a desire to further cut the state budget by $500 million, in addition to some of these larger thing. Curious to think about what, if any, do we impact-- what impact, if any, do we expect that to have on, on, on DHHS and our ability to, perhaps, continue to provide support to individuals to ensure that they aren't sort of, for lack of a better word, recidivating back into or relapsing back into these issues?

DREW GONSHOROWSKI: No, and I think that is a, a, a really great question, given our current, our current times, HR 1, with also, sort of our, our budgetary pressures at the state level. And, and I, I would think that it, it means that the divisions across DHHS should be charged to looking for solutions such as these. You know, it's, it's about thinking creatively with the resources that you have, having targeted interventions and programs that come in that specifically serve to facilitate continuity of care, but also prevent sort of costly, costly services being provided, you know, in, in terms of setting, right? So the respite bill, as, as Senator Riepe really, really nicely described, is, is all about making sure that someone is in the appropriate setting and doesn't reenter a setting if we can prevent that. And I, and I, I really do think that that's, that's sort of the, the unifying factor across DHHS. It's ensuring that people are receiving timely and appropriate care and quality care. I think that

alignment still can fit under any sort of uncertainty around the federal legislation or otherwise.

FREDRICKSON: OK.

HARDIN: Other questions? Seeing none, thank you.

DREW GONSHOROWSKI: Thank you.

HARDIN: Proponents for the 1115 waiver? Opponents, 1115 waiver? Anyone in the neutral for the 1115 waiver? Seeing none of those, this concludes our hearing for the day. Thank you, everyone.