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CLEMENTS: Good afternoon. Welcome to the Appropriations Committee. My name is Rob Clements. I'm from Elmwood and represent LD 2. I serve as Chair of this committee. We will start off by having the members do self-introductions, starting with my far right.

ARMENDARIZ: Christy Armendariz, District 18.

DORN: Myron Dorn, District 30.

DOVER: Robert Dover, District 19.

VARGAS: Tony Vargas, Distrit-- District 7.

WISHART: Anna Wishart, District 27.

McDONNELL: Mike McDonnell, LD 5: south Omaha.

LIPPINCOTT: Loren Lippincott, District 34.

ERDMAN: Steve Erdman, District 47.

CLEMENTS: Some committee members may be coming and going, as they have bills in other committees, as I know that I do. And assisting the committee today is Cori Bierbaum, our committee clerk, on the left. To my immediate left is our Fiscal Analyst, Mikayla Findlay. And our page today is Ella Schmidt from Lincoln, criminal justice and political science major at UNL. If you're planning on testifying today, please fill out a green testifier sheet located in the back of the room and hand it to the page when you come up to testify. If you will not be testifying but want to go on record as having a position on a bill being heard today, there are yellow sign-in sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record after today's hearing. To better facilitate today's hearing, I ask that you abide by the following procedures: please silence your cell phones. Move to the front seats to testify when your bill or agency is up. When hearing bills, the order of testimony will be introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we will first hear from a representative of the agency. Then we will hear testimony from anyone who wishes to speak on the agency's budget request. When you come to testify, please spell

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your first and last name for the record before you testify. Be concise. We request that you limit your testimony to five minutes or less. Written material may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution when you come up to testify. If you have written testimony but do not have 12 copies, please raise your hand now so the page can make copies for you. With that, we will begin today's hearing with Agency 25, Department of Health and Human Services. Welcome. Thank you for coming.

STEVE CORSI: Thank you, Chairman.

CLEMENTS: Go ahead.

STEVE CORSI: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Steve Corsi, S-t-e-v-e C-o-r-s-i. And I am the chief executive officer for the Department of Health and Human Services. I'm here to testify in support of Governor Pillen's budget recommendation, LB1412. Following my testimony will be testimony from our chief financial officer, John Meals. He will be able to provide more information and answer more detailed questions. The department has worked with Governor Pillen to create a budget that will serve Nebraskans through fiscal responsibility. We have worked diligently to ensure Nebraskans receive the aid they need with the best possible service while also being mindful of taxpayer funds. Within our fiscal years 2024 and 2025, mid-biennium budget request is an overall reduction of our General Fund appropriation of $26.6 million. The department will continue identifying areas where we can reduce costs and increase the quality of services to, to Nebraskans. The department is requesting increases in two major areas: child welfare and adult facilities. The department experienced a significant increase in cost related to foster care services and is requesting an increase of general funds in fiscal year '24 of $20 million. The department is working with the provider network to clearly define various tiers of care and to identify appropriate rates for those tiers. We expect necessary changes to be made this fiscal year. Thus, this request is for fiscal year '24. The department continues to experience issues with hiring permanent nursing staff and is requesting an increase of general funds in fiscal year '24 of $15 million. The lack of permanent murs-- nursing staff has forced the department to supplement with contract nurses at a significantly

higher cost. We are working on initiatives to increase permanent staffing within our 24, 24 hour, 7 day a week facilities, but the nursing market is very challenging. The nursing staff issue is not new. During fiscal years '21 through '23, the department received federal ARPA funding to offset this excess cost. That funding ended in June 23 and is not available in this fiscal year. Again, I want to thank Governor Pillen for this-- his budget recommendation. Thank you for the opportunity to testify today. I would be happy to answer questions on this bill.

CLEMENTS: Are there questions from the committee? Senator Dorn.

DORN: Thank you. I guess explain to me a little bit. You, you're looking at $15 million more. And I think you talked-- I don't know-- to this committee or to me or something about-- were you planning on a hiring a bunch of these nurses, which is at the regional center?

STEVE CORSI: Yes, yes, sir. Lincoln Regional Center.

DORN: OK. But I, I guess my question is-- and you, you, you had contract nurses during that time. How did that get counted in the budget then? Because that is already at a significant higher cost than normally nurses would be at. Does that offset itself and now you don't need the $15 million because you're-- well, in other words, what I'm saying is when you had contract nurses, those are probably generally at least time and a half or two times their normal wages. You had those wages in there from last year or from the year before. And I see him shaking the head behind you.

STEVE CORSI: Is it, is it--

DORN: How does that correlate, I guess? How does that correlate? Maybe we-- I'll ask him.

STEVE CORSI: Sen-- Senator Dorn, it may be-- that may be a question to ask John. He may have the details on that. But what I can tell you is that the contract nurses are at a significantly higher cost than department FTEs, and that we have determined that, if we can hire additional nurses, that we can actually reduce our overall costs through bringing nurses in-house and paying them more than what we're

currently, what we're currently paying them, we-- will still be significantly less than we're paying contract travelers.

DORN: But I guess my question is then you had that expense in there last year already. Why do we need a new expense in it? And, and we'll wait for John to come up.

STEVE CORSI: I appreciate that, Senator.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thank you. Thanks for being here.

STEVE CORSI: Yes, ma'am.

ARMENDARIZ: I also see that there was a request to increase the scholarships for nursing, the nursing scholarships. Are you prepared to talk about that?

STEVE CORSI: I am not, no.

ARMENDARIZ: For $2,500 to $5,000.

STEVE CORSI: I, I am not prepare to talk about it. John may be--

ARMENDARIZ: OK. I'll talk-- I'll ask the next person that, that. Thank you.

CLEMENTS: Are there questions? The, the reduction that you mentioned of $26 million, is that from-- which program is that?

STEVE CORSI: That's a-- that's across, across the board.

CLEMENTS: Well--

STEVE CORSI: And John's going to be talking the committee through many of those different line items, if not all of them.

CLEMENTS: Are there other questions for the director? Senator Wishart.

WISHART: Yeah. Thank you, Director, for being here. I think this is the first time we've had you in front of Appropriations.

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STEVE CORSI: Yes, ma'am.

WISHART: Yes. So welcome. The one question I took note of is, with the child welfare aid increases, one of-- we've heard that there may be an increase in letter of agreement rejections for certain services. Just wanted to walk through what the plan is for making sure we are able to get the full array of services for foster kids in the state.

STEVE CORSI: So I, I, I can tell you, Senator, that we are working-- that's actually-- let's see. It's that second to the last paragraph, not the, not the-- there are two sentences at the bottom, but the second to the last paragraph above that is about those LOAs, those letters of agreement. That's a significant challenge to us right now. But I can assure you that we are working to secure every service that's possible. In fact, I just attended, within the last hour or two, attended a three-branch meeting, and this was one of the things that we talked about. We, we have to find ways to expand the services, the array of services that we're providing to Nebraska kids, kids in custody and in care, whether that's on the child welfare side or the, or the juvenile probation side. I don't know if that answers your question, but we're challenged right now by, by significant, fairly exorbitant costs, honestly. And we're working with the providers to, to establish better rates so that we can bring that down. That's why we think we can solve that this year.

WISHART: OK.

STEVE CORSI: The providers have been receptive to those conversations. And we'll, we'll, we'll ensure that we have all the service [INAUDIBLE].

WISHART: OK.

STEVE CORSI: I don't know if that answers your question.

WISHART: Yeah. That, that does. I'm, I'm-- at its-- you're working on it and you're dealing with it this year. And the one other question was-- we did have a discussion in committee. Why is public-- why are public assistance funds being underutilized? Do you have any statistics as why are-- we're continuing to see, for example in

behavioral health, an, an underutilization of the amount of funds that we have appropriated for that?

STEVE CORSI: So those-- that's a, that's a fantastic question, Senator.

WISHART: And you-- OK.

STEVE CORSI: Oh. Actually, John's back there saying he'll answer that. So--

WISHART: OK.

STEVE CORSI: I guess I'll defer. I was going to take a shot at it, but I'm happy to defer to people who are smarter than I am.

WISHART: Thank you.

STEVE CORSI: Yes, ma'am.

CLEMENTS: Question? Senator Vargas.

VARGAS: Yes. Thank you very much, Chairman. It's good to see you again. I know we got to see each other this weekend at the event in north Omaha. It's a follow-up to Senator Wishart's question about the, the cost reductions that you're identifying and-- so I'm, I'm sort of setting this up also for those behind you. You know, last year with the biennium budget, we come into this looking at appropriating the funds for the biennium. And I think we are used to mid-biennium adjustments for cost overruns. And I, and I-- that's been the culture on this committee. We haven't had as much cost-cutting or reductions or efficiencies in mid-biennium budgets. And the reason why we haven't done that is because-- well, I-- to some level, fairness to those that we contract with and those that we work with. So I just wonder if you can walk me through-- like, is everything that is in here-- are there other cost-efficiencies that you're finding that you're not requesting for us to, to change or pull back? Because I've heard different things similar to what Senator Wishart that-- heard from different providers. I just wanted to get a sense of, like, what's to come with how you're identifying these cost-efficiencies and reductions and reviewing the MOUs. What's the process heading into the rest of this year? And what

should the public expect heading into even next year in terms of your train of thought?

STEVE CORSI: So Senator Vargas, I appreciate the question. And by the way, it was wonderful to see you out there on Saturday and have a chance to get to know you a little bit. There are-- I could probably talk about that for easily an hour, maybe two hours. I'll, I'll do my best to sum it up here in a minute or so, but. You know, we, we, we're starting with a series of questions that are fairly basic, questions like, who is the primary customer? And, what are the primary customer's needs? And, of course, in-- at DHHS, the primary customer i-- customer is every citizen of the state of Nebraska. And then we're doing our best to make decisions that are in the customer's best interest. And that means that as we think about decisions that need to be made in the department-- and this drives us toward those cost-efficiencies, by the way-- as we think about decisions that need to be made in the department, we think about, will somebody across the state-- if we make this decision, will somebody or somebodies, plural, will their lives be demonstrably better because we've made this decision? Or is this decision a decision that is maybe helpful to the, the DHHS Department? And if it's in the department's best interest but not in a citizen's best interest, we'll rethink those decisions. We're also looking at-- and I had mentioned this I think in my confirmation hearing last week-- we're also looking at how we're utilizing people currently, people and software and contractors and all resources, indirect and direct, across the state who are putting a focus on direct care and direct service. So those would be your child welfare workers or your SNAP eligibility workers or Medicaid eligibility or whoever those are. Our desire is to ensure that Nebraska's citizens are getting a solid return on investment, that, that we are providing value for every dollar that comes into the department. Those dollars are not ours. They're theirs. And we want to ensure that we're using them well. So as we, as we seek to reduce costs and to reduce that footprint-- which is in keeping with the Governor's broader vision-- we will also be improving and, and potentially even broadening some of the services that we're providing because we're able to repurpose funds and resources-- personnel and otherwise-- that weren't being efficiently used to places where they were needed. In fact, our general counsel-- I hope I don't out him here-- I guess I already did-- but our general counsel, Bo Botelho, in meetings with leadership

has said, hey, folks. We're going to have to stop doing some things so we can start doing other things. And there are things that we need to stop doing that we've, we've been doing for years, and we continue to do them because we've always done them as opposed to doing things that we really know are necessary and needed and, and we can shift to doing some of those. So I don't know if that helps answer your question.

VARGAS: It's, it's helpful. I just want to make sure that, heading into this next year, we-- again, I won't be here, many of us won't-- there's just transparency on the process, your line of thought on, on some of these things just because I'm not used to seeing this many base reductions or pullbacks [INAUDIBLE] contracts in mid-biennium.

STEVE CORSI: And, and Senator Vargas, I would go so far as to say to this committee that if, if anybody on the committee or anybody in the Unicameral would like to know more about the process, we would be happy to sit down with you one-on-one or two-- or five-on-one and have conversation about what we're doing. There will be additional reductions over time. But not reductions in service; reductions in expenditures. Yes, sir.

CLEMENTS: Senator Wishart.

WISHART: I would be interested in sitting in and--

STEVE CORSI: Sure.

WISHART: --listening in to that even though I will be gone as well. One question I have is, is there going to be, as part of this work, a look at to how we are able to have outcomes that we'd like to see in terms of improved health for Nebraskans, less kids going into the foster care system? You know, those outcomes that we're constantly hoping to see. Will that be part of your work?

STEVE CORSI: Yes, ma'am. Thank you for bringing that up. Truly thank you for bringing that up. There will be outcomes, and they will be measurable and they will be observable, and they won't be vague or ambiguous. I'm thinking of a number of, a number of-- I have some very distinct thoughts about strategic plans and strategic planning. It's, it's not very helpful, generally. What happens is organizations may spend, you know, $30,000 to $200,000 or more developing a strategic

plan and then set that on the shelf and nobody looks at it. And it's a three- to five-year plan. Nobody looks at it for three years until it needs to be redone, and then they redo it again. Now, if we have a strategic planning legislative mandate-- and I don't know if we do or not-- then we'll engage in that and we'll get it done. So-- but what I am saying is that, oftentimes, those strategic plans include goals like, we're going to, we're going to improve-- I don't know. I'm trying to think of something-- we're going to improve permanency in child welfare. What does that even mean, improve permanency-- or we're going to improve child well-being? That, that's not a goal. It's a, it's an idea. It's a concept. But we need to be specific about that. If our number-- and these are totally arbitrary, picking them out of the air. They're-- they have nothing to do with Nebraska numbers. But if our child permanency rate is, say, 16% and we know that we're not doing a very good job there, we're going to reestablish that goal. We're going to go, go big-- big and bold. Maybe we set it at 18% and we outline the steps it's going to take us to get there. And we're going to execute on those actions, have somebody in charge of those, and have very identifiable outcomes, not outputs. So does that answer your question, Senator?

WISHART: It does. Thank you.

STEVE CORSI: Yeah. We're, we're pretty excited about it.

CLEMENTS: Senator Vargas.

VARGAS: Can you talk to me a little bit about competitive wages? You know, we've heard from other agencies over the years. We've worked with Department of Corrections. They've increased wages. You know, we've seen this in some of the work within provider rates. Anything that's both internal or external contracted, is there a plan to look at how we're increasing wages more strategically? Because it-- as you're creating cost-efficiencies, we also need to make sure we're reducing the over-- the loss of staff.

STEVE CORSI: Correct.

VARGAS: And I just didn't know if you would want to speak to that or the person after you would like to speak [INAUDIBLE].

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STEVE CORSI: John, what do you want? So, so the question is, what are we doing along the lines of wages and being competitive? I think you're saying with the private sector, Senator--

VARGAS: If we're being strategic on cost reductions and how we're, we're saving more funds--

STEVE CORSI: That's right.

VARGAS: --more immediately to midyear, are we thinking also about how we're retaining the staff to be able to do that more cost-efficient work?

STEVE CORSI: I, I th-- I think we are. I think we are. I will share with you-- happy to share with you that Chief of Staff Lopez and I have had a conversation about this. And just being very upfront, one of his phrases is: have fewer people and pay them more. So we need to do both. We need to make sure that we have the best of the best, and we need to be compensating them accordingly. Part of that is that we need to compensate-- we need to compensate people in a way that competes with and draws the best of them-- or, competes with the private sector and still draws the best of them to state government. And in many places, we have the best, and, and they're not necessarily working for the best wages. I can tell you that we've done, we've done a number of wage comparison studies or kind of analyses since I've arrived, Senator Vargas. I don't recall the exact-- I know nursing was one of those, which is one of the reasons that we are working to increase nursing wages at Lincoln Regional Center. Trying to think where else we've done those. And I can't think of them off the top of my head, but I know we've done some additional wage analysis. We're constantly looking at what we're paying staff as well as wage compression issues to, to make sure that we're balancing things appropriately to get the best people in the right jobs. And, and we'll continue to do that. And, and the intent-- one of the intents-- there-- it's multifaceted, but one of the intentions will be that, as we free up resources, we can enhance other areas, so. It, it won't always be handing back every dollar that we reduce. It'll be trying to find ways that we can repurpose those-- obviously, being transparent while we do that.

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CLEMENTS: Are there other questions? I had just one regarding the foster care comment. The increased cost with foster care, is that because there are more children or just the cost increase of the-- caring for the current population?

STEVE CORSI: So-- Senator, that's a great question. I wish I knew the answer to that. I don't think-- it-- I don't think that-- is it the numbers of kids or-- it's not the numbers of kids are climbing. That's what I thought. I was going to say I don't think the numbers of kids are climbing. We're, we're at, we're at about 3,200 kids in care, and I think that's remaining fairly stable. Yeah. It's the increase in the cost of services, specifically the letters of agreement that we have to get a handle on. Yep.

CLEMENTS: And we'll hear from Mr. Meals.

STEVE CORSI: And, and by the way, Senator, I fully expected to be here for about 90 seconds. So, yeah. I've now exhausted my knowledge.

CLEMENTS: How long have you been in your position?

STEVE CORSI: Five months and a day, but who's counting?

CLEMENTS: Thank you, Director.

STEVE CORSI: Yes, sir.

CLEMENTS: We'll invite other representatives from the agency. Thank you for being here. Welcome.

JOHN MEALS: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is John Meals, J-o-h-n M-e-a-l-s. And I'm the chief financial officer for the Department of Health Human Services. I'm here to testify in support of Governor Pillen's budget recommendation in LB1412. Our mid-biennium request includes many key priorities, including adjustments to our child welfare and public assistance budgets, the adult facilities, and cash authority and cash fund transfers. CEO Corsi referenced the requests in child welfare and the adult facilities, so I'll not detail those again here. If you have further questions, I will be happy to answer them. First item I'll address is our request to transfer cash funds to the General Fund. The department worked to identify cash funds that contain an excess

balance beyond historical utilization or the projected need. And this requested transfer is simply the department returning those excess funds. Next, the department requests to reduce the Public Assistance General Fund budget by $20 million in fiscal year '24 and then by $10 million in fiscal year '25. This request is related to the utilization of federal funds. The department has federal ARPA funds that are still available in child care program through September of '24, and the department is committed to our plan to spend the federal TANF funds. Now, I want to be clear that the department has not reduced services or rates for services in any way. In fact, the department still has five state plan amendments currently awaiting approval with the Federal Administration of Children and Families to expand available services that are funded through TANF. This request is solely about using available federal funds instead of using the state general funds. Department also submitted cash authority requests related to the Opioid Settlement Fund and the MCO Excess Profit Fund. Department is requesting an additional $25 million in cash spending authority in fiscal years '24 and '25 in behavioral health aid related to the Opioid Settlement Fund. This figure is based on potential settlements paid to Nebraska within that time frame. The plan for this funding is being prepared by our Division of Behavioral Health, led by Interim Director Tony Green. The department will present that proposal on February 28 in a meeting between the department and the Opioid Settlement Remediation Advisory Committee. Department also is requesting $38 million in cash spending authority in fiscal year '25 from the MCO Excess Profit Fund. The department continues the process of Medicaid eligibility redeterminations in conjunction with the end of the public health emergency. Funding is earmarked from the MCO Excess Profit Fund in fiscal year '24 to offset costs related to this process, and additional authority is requested in fiscal year '25 to cover any remaining costs. Again, department's grateful to Governor Pillen for his budget recommendation. Thank you for the opportunity to testify today. And I'm happy to answer any questions.

CLEMENTS: OK. I'm up next in another committee, so Vice Chair Wishart, will you take over?

WISHART: OK. Any questions from the committee? Senator Armendariz.

ARMENDARIZ: Thank you. Thank you. So back to the nursing scholarships. I had a question when we were reviewing the preliminary budget about

the language-- and it looks like earmark language-- going from $2,500 to $5,000 reimbursement and work in Nebraska for two years. Can we also-- we talked about contract nursing, right, and how much that cost the state. Can we also add language that would require them to work in a health facility instead of graduate and then go right to contract nursing?

JOHN MEALS: I--

ARMENDARIZ: --because it kind of kills the [INAUDIBLE].

JOHN MEALS: Yep. Thank you for the question, Senator. Off the top of my head, I don't know if there's any, like, federal limitations on that because this is the ARPA funding that we're using, right? So I'd-- we'd have to research that and make sure there's not a federal limitation on that. But assuming that that doesn't exist, I don't see any reason why we couldn't. Our language was more about ensuring that we could-- upping the amount so we could ensure we spend it timely, and then opening the allowable uses to our ends in general versus the single advanced program.

ARMENDARIZ: OK. And that-- yeah. I'd just like to tighten it up a little bit for our end goal. And I could have asked Director Corsi, but he's listening, so y'all understand what I'm trying to get--

JOHN MEALS: We can-- I can follow up with you on the-- yeah.

ARMENDARIZ: I appreciate it.

WISHART: Any additional questions? Senator Dorn.

DORN: Thank you, Senator Wishart. Thank you for being here today.

JOHN MEALS: Yes, sir.

DORN: I, I guess back to my-- what I asked Director Corsi, the-- I-- the contract nursing and that, why the increase this year when that contract nursing had to come-- those extra dollars had to come from somewhere.

JOHN MEALS: Sure. So for the last several years, we've had ARPA funding that has offset that excess cost. So that's what's paid for it

for the last three years. Because like he said in his testimony-- CEO Corsi, that is-- this is not new. I mean, this has been-- there's been excess costs related to contract nursing for several years now. And it's not just HHS. I think Corrections and other areas of the state have had the same issue. Our hope is that if we are able to hire permanent nurses-- which we have a number of initiatives with our HR department trying to make sure that happens-- our hope is that we would be able to save enough from offsetting the, the cost of the contract nurses that this is a one-time request.

DORN: Well, what-- I guess one more question then. And, and I, I don't know who, who told the comments-- it was Director Corsi or who-- but I think you needed 30- or 40-some out there and you got one application, so. Why the tremendous increase when it doesn't look like we're going to get any?

JOHN MEALS: We are going to try. So we're, we're going to-- if, if-- what-- the initiatives that we have in place, if they're not successful, then we'll come back to the committee and, and do the request again. We're trying to keep this to one year because we don't want to make this a permanent change to our budget. We're going to try to live within our means. So that's, that's the purpose for the request only being in fiscal year '24. I don't believe we'll be able to solve the problem within six months, like between now and June. We've already incurred enough expenses to where we're projected to be over our current appropriation. So we need the funding in fiscal year '24. But if, if what we're trying to do with hiring permanent nurses works, then we may not need that request in fiscal year '25. That's the purpose of why we did it the way we did it.

DORN: I understand your explanation a little bit, but-- and I'll take a salary of $150,000 a, a, a, a nurse. You know, that's over six per $100,000. So $1.5 million means that's 90 nurses. No. $1.5 million-- excuse me. Six-- yeah. Yeah. And you're-- and I know he talked about 40-some nurses. So is there increased wages? Or what else is all going into this?

JOHN MEALS: Yes. Yes. There's increased wages. We're going to look at-- we did a--

DORN: Of the current staff?

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JOHN MEALS: Yes, of the current staff. We did a signing bonus program and a retention bonus program during COVID. We're going to try to instu-- institute something like that again. Like I said, there's a number of initiatives that our HR's working on to try to increase the fact that we have 40 open positions and got one application, so.

DORN: Thank you.

WISHART: Any other questions? OK. I do have a, a couple. Following up then: on the Medicaid Managed Care Excess Profit Fund, if the committee and the Legislature doesn't approve that request, where would those dollars come from?

JOHN MEALS: To, to offset the cost of the unwind?

WISHART: Yes.

JOHN MEALS: We, we have money earmarked in fiscal year '24 to offset that cost. That process should end sometime in the summer. Our request is just in the event that there are costs that continue into fiscal year '25-- that's what we had requested it for-- if, if it's not granted, it would have to come out of the Medicaid aid budget.

WISHART: OK.

JOHN MEALS: Just Program 348.

WISHART: OK. And then-- I understand. What I'm hearing is that the base reduction in public assistance in behavioral health is due to the ability to utilize federal ARPA funds that are available.

JOHN MEALS: Mm-hmm. So-- do you want me to answer that?

WISHART: Yes.

JOHN MEALS: OK. Sorry. Thank you, Senator. The-- so in economic assistance-- or, the public assistance budget, that is true. We are utilizing federal funds. Both-- there are still ARPA dollars related to child welfare-- or, child care, rather, that are available through this September, 2024. And then part of the TANF plan is, is maximizing the amount that we use for child care and, and SSBG and other programs. So in the public assistance budget, it's about utilizing the

available federal funds. In the behavioral health aid budget, it's more related to Medicaid expansion. So-- and Medicaid expansion started in October of 2020. There was a number of individuals that were-- received the same care but were previously funded out of the behavioral health aid budget. They are now receiving the same services, but it's just being funded out of the Medicaid expansion budget. And so that's really the purpose for that reduction request.

WISHART: OK. Thank you. That was helpful. And then do you want to speak any more to the letter of agreement discussion?

JOHN MEALS: So, so the, the main things that we're working on are clearly defining the tiers in foster care, especially the upper tiers. The process that we, that we go through to identify the, the care services that children need are-- it's a very complicated process and it's not very clearly defined right now. So that's what Dr. Alyssa Bish and our CFS team are working on: clearly defining those tiers and then assigning appropriate rates for those tiers. I mean, our first mandate as a department is the care and safety of children, right? So that's why we've just been signing these agreements and, and getting kids the care that they need. I think there's a happy medium here that can exist where we, we understand that there needs to be clear definitions for these tiers in these services, and then appropriate rates, but the costs that we're experiencing are not sustainable as a state.

WISHART: OK. Thank you. And then you spoke a little bit about Medicaid. Any update-- and I probably should have asked CEO on this, but any update on the Medicaid behavioral health director search?

JOHN MEALS: So my understanding is that Director Tony Green is-- Interim Director Tony Green is going to remain interim at least for this calendar year. And then we're going to assess going forward whether or not that's going to be a more permanent request or if that's a-- you know, then we-- I don't think there's an active search right now. I think we're going to leave the interim and make sure that that's working.

WISHART: OK. [INAUDIBLE].

JOHN MEALS: I believe that's still the answer.

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WISHART: OK. Thank you. And then Medicaid as well, the Medicaid director. I'll follow up with the CEO after--

JOHN MEALS: That is a-- that I believe would be a, an ongoing search.

WISHART: OK.

JOHN MEALS: We're not--

WISHART: I'll follow up with the CEO--

JOHN MEALS: But that's a question for CEO Corsi.

WISHART: Senator Lippincott.

LIPPINCOTT: There's building that goes on throughout the system. Do you ta-- do you use competitive bidding for outside contractors or do you use expertise from within your agencies for contracting?

JOHN MEALS: So there is competitive bidding. It, it would depend on the service, though, and what exactly it is as to whether or not if, if we-- if the expertise exists within our agency, then clearly we would use internal resources versus outsourcing that. But there are some things that we may not have that expertise, but we try to use internal resources as much as possible.

LIPPINCOTT: That's good. Thank you.

WISHART: Any other questions? Seeing none. Thank you so much for being here. OK. Additional proponents that would like to speak to Agency 25? Or opponents or anyone in the neutral that would like to speak? Hello.

KATE BOLZ: Good afternoon. My name is Kate Bolz. That's K-a-t-e B-o-l-z. I represent CEDARS Youth Services. And I'm exceptionally pleased to be back in an Appropriations Committee hearing. I'll be brief. I know your time is valuable. There are three main points CEDARS would like to make regarding the child welfare services in the Agency 25 budget. The first is a thank-you for the rate increases in the biennial budget. Those rate increases allow us to keep up with the cost of care and provide high-quality services. We are a fully licensed and accredited agency. The second point I'd like to make is a statement of support for the funding for the letters of agreement in

the child welfare services. We provide services through letters of agreement. They are mostly to serve the highest needs youth that come into services. These letters of agreement help foster parents say yes to a kid that might otherwise be too challenging for their family to take on. The third thing I want to share is that we believe that this request is a reflection of the need for improvements and changes to the way that we fund child welfare and juvenile justice services. Crisis isn't the best way to serve kids. That's never how we prefer to be able to serve youth even though we're happy to do so through letters of agreement when you come in. What is better is some of the strategies that are already in process and discussion through LB1173, which was supported by this body last year. That report recommends a number of strategies that we hope to work with all of you on over the coming year. The first is funding more preventative services. The second is drawing down more federal IV-E funding for administrative funding. Be happy to talk about the ways that we can do that. And the third is by establishing rates that make sense, that cover the cost of care, that meet the levels of need that we're seeing for youth walking in the door, and that are reliable and sustainable. I am happy to talk about child welfare and juvenile justice funding all afternoon long. I realize you have other priorities. I'm happy to answer any of your questions. But our main message this afternoon is a thank-you for your previous support. Thank you for your consideration of this year's request. And a sincere offer to lean in and help find solutions for appropriate funding for child welfare services. Thank you.

WISHART: Thank you. Any questions? Seeing none. It's good to see you. Additional individuals who would like to testify to Agency 25. We are taking any testifiers regarding Agency 25.

ANNETTE DUBAS: Good afternoon, Senator Wishart and members of the Appropriations Committee. My name is-- excuse me-- Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s. And I'm the executive director of the Nebraska Association of Behavioral Health Organizations. We represent 58 organizations statewide, which include community, mental health and substance use disorder providers, hospitals, regional behavioral health authorities, and consumers. NABHO strives to raise awareness and forge alliances to bolster access to behavioral health care. Last year, thank you very much. You included a 5% provider rate increase-- 3% for the first year and 2% for the second. Governor Pillen vetoed the second year Medicaid rate increase, and in his letter stated the

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dollar amount of $15.3 million and that hospitals have seen record profits preceding and throughout the pandemic. He went on to state that the funding for reimber-- reimbursement rates will only provide a Band-Aid to hospitals' bottom line. At the time of the veto, we reached out to the administration to see if that veto of the 2% for Medicaid rates included behavioral health, and we were told that the increase was not vetoed in probation and the regions and were assured that that was also the case for Medicaid. We asked the Policy Research Office and Medicaid several times to make sure our understanding was correct and were assured that it was. And so our members have been operating off the premise of a 2% rate increase coming for this year. But as we've continued to try to dig into the budget and check line items and things, we just aren't quite sure we're seeing the dollar amount and trying to get our head, head wrapped around what that dollar amount should look like. We really, truly appreciate all of the support that you, the Legislature, as well as the Governor has given to behavioral health. The Governor even included the importance of mental health in his State of the State Address. So that tells us he is committed to the care and treatment of our-- that our members provide for all Nebraskans. And again, we thank him. But we are testifying today basically to be on the record to see that the veto of the 2% for Medicaid provider rates does not include behavioral health and that the funding for that rate increase will be in the budget.

WISHART: OK. Thank you, Annette. Any questions? Senator Dorn.

DORN: Thank you. Thank you, Senator Wishart. Thank you for being here. You and I visited several times about that [INAUDIBLE] call it the second year, or the 2%.

ANNETTE DUBAS: Mm-hmm.

DORN: Just so I understood you right, you said the Governor meant to include it in the budget but he did veto it.

ANNETTE DUBAS: What we understood was that the veto did not include the 2% for behavioral health rates, that the 2% was in the budget for behavioral health rates.

DORN: So it, it ha-- it has been included in there.

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ANNETTE DUBAS: That's how-- that's, that's what we were understanding. But we've been trying to dig into that line item and trying to get our head wrapped around what would that dollar amount look like and if it's not there--

DORN: But there-- we had about ten different entities there and that the 2% was going to qualify for or pertain to.

ANNETTE DUBAS: Correct.

DORN: Some of those were vetoed and some were not. And behavioral health, you believe, has not been--

ANNETTE DUBAS: That's--

DORN: --or, was not part of that veto.

ANNETTE DUBAS: Yeah. We, we'd visited with PRO. We visited with the administration. We understood, you know, the 2% wasn't vetoed for division of behavioral health, wasn't vetoed for probation behavioral health rates, and also wasn't vetoed for the Medicaid rates. That's--

DORN: OK.

ANNETTE DUBAS: That's what we kept asking and that's what we were really trying to get a, a firm grasp of.

DORN: Thank you.

WISHART: Any other questions? I just have one follow-up. What is the total dollar amount for behavioral health?

ANNETTE DUBAS: Well, that's what we don't know for sure. That's why we're trying to get a, a good understanding of, it's in there, what is that dollar amount? We've been having conversations with Fiscal, so we're trying--

WISHART: OK.

ANNETTE DUBAS: We'll stay in contact with you as we, we learn this as well.

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WISHART: OK. Thank you. Thank you. Any additional individuals who would like to testify to Agency 25? And if you want to testify to Agency 25, please come and sit in the front row.

JESS LAMMERS: First name, Jess, J-e-s-s; last name, Lammers, L-a-- or-- last name, Lammers, L-a-m-m-e-r-s. Agency 25, Department of Health and Human Services, speaking most generally, echoing Senator Erdman's comments towards Nebraska Game and Parks: if you're going to take money from something, you should take some money from something that's poorly managed. I hear a lot about giving Department of Health and Human Services more money for a lot of different things. But Department of Health and Human Services has not shown that they can do the basics correctly. So why would we carte blanche just give them more money in appropriations? Senator Lippincott, his bill for kratom to make it a Schedule I drug would make DHS-- DHHS's job yet even harder. And so we carte blanche just throw money at the system but then don't know where the money goes, can't account for it-- Saint Francis Ministries. And as someone who was directly damaged by poor accountability at Department of Health and Human Services because apparently no one can correctly interpret Nebraska Revised Statutes 42-701 through 751, the Uniform Interstate Family Support Act, which is then linked to Chapter 43-3301 through 3326, suspending people's driver's licenses and taking away their ability to contract their time and make a living. So when you take away a man's ability to contract his time and make a living, you then take away his ability to support his children, and then you put him in jail for the aforementioned. Now, that's a constitutional violation because you've created a bill, a bill of attainder and you've made me contract with a third-party agency. And the Appropriations' answer is to give more money to the system that failed, specifically Department of Health and Human Services. And they've been failing for 20 years. So I'm confused why the Appropriations Committee would even entertain Governor Pillen's budget bill. If you want to save money at the state of Nebraska, certainly don't follow Senator Erdman's guidance and take it away from Game and Parks. They are certainly not the most poorly managed agency in the state. The most poorly managed agency in the state is a tie between the Nebraska State Patrol and Department of Health and Human Services. There's, there's your poorly managed agencies. So if you want to save some money, I would suggest you look right there at dirty cops, poorly trained cops, and poorly trained people at the Department

of Health and Human Services. And to back that up, I was at the grocery store here in Lincoln yesterday, and there were two-- and I, I'm not a law enforcement officer, so I hate to be profiling-- but there were two what appeared to be single mothers who had state of Nebraska clothing on, state of Nebraska lanyards, and were doing what? Purchasing groceries with EBT cards. So a state employee that, ostensibly speaking, has to have a four-year college degree to work in child services also has to supplement their income with EBT to make a living in the capital city? It's disparaging. It's unconscionable. I could think of stronger words, but they're four letters. And that for me as a constituent is frustrating. And then when I read the legislative bills where you want to throw $8.1 million at mental health, but yet you have no facilities, you have no practitioners, you have no infrastructure, you have no plan for infrastructure. It, it would appear to me that the administrative answer is to give the, the drug cartels carte blanche over mental health and everything. And again, I'm just-- I, I'm baffled that-- this is the best the state of Nebraska has to offer? I would, I would yield any time to the committee and accept any questions about my generalized comments towards Agency 25.

WISHART: Thank you for being here. Any questions? Seeing none. Thank you.

JESS LAMMERS: Yeah. There's never any questions.

WISHART: Additional testifiers? Welcome.

KATIE McCARTHY: Good afternoon, members of the Appropriations Committee. My name is Katie McCarthy, K-a-t-i-e M-c-C-a-r-t-h-y. I'm the regional administrator for the Region II Behavioral Health Authority. We cover 17 counties in west central Nebraska. I'm here today on behalf of the Nebraska Association of Regional Administrators and the Region II Governing Board. I am here testifying in opposition of the proposed $15 million reduction in the Behavioral Health Aid Program budget. Behavioral health authorities develop and coordinate services for prevention and disaster, treatment, recovery, rehabilitation, and housing needs in our unique regions. Our governing boards are made up of elected officials who take an active role in advocating for the needs of their individual communities and the people they serve. In order to meet these needs, the regions

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collaborate with community providers, health departments, law enforcement, schools, hospitals, and other stakeholders. The regions have had limited flexibility in what we are able to create to meet our individualized needs. Oftentimes, we're allowed to initiate projects that fit into an existing Medicaid service definition. These services may not be what is needed. In the event that we are working with the Division of Behavioral Health on something new and unique, it is not uncommon for it to take many months to reach a resolution. For example, it took our region up to 15 months of conversations with the division to bring up mental health youth respite and family support services. Last year's legislative session resulted in a mandated 3% provider rate increase for fiscal year '24 and an upcoming 2% rate increase for fiscal year '25 without appropriating funding. Removing additional funds from the behavioral health system on top of these unfunded provider rate increases will have consequences for the consumers in our communities. It will inevitably lead to fewer consumers being able to access our services. With less funding, the regions will be forced to reduce the capacity we are able to fund, decreasing access to services, especially for indigent, uninsured, and underserved adults and youth. These services include access to same-day urgent outpatient appointments to assess needs, mental health and substance use assessments and outpatient, substance use intensive outpatient, residential programs for substance use, the Professional Partner Program for youth with serious emotional disturbances, and housing assistance. For my region specifically, we're projected to lose up to around $1 million. This means that we will not have the funds available to bring up new services or to expand on current services in our recovery-oriented system of care. Much of Region II is rural, and staffing shortages, consistent need and utilization, and cost to make it difficult to support higher-end services in our area, such as inpatient treatment. With reduced funding, our region will not have access funds available to release requests for proposals to bring up or support services such as a residential treatment center or a detox program. These services are included in a list of core services that the Division of Behavioral Health has made and expect the regions to make sure are available in each of our areas. The proposed budget reduction will limit what we are able to fund, and our abi-- ability to creatively meet the needs identified by our communities, stakeholders, and consumers with severe and persistent mental health, serious emotional disturbances and severe substance use conditions.

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These are the same individuals who are being seen in our jails and emergency departments. I urge you to please reconsider the behavioral health aid funding. Thank you for the opportunity to speak today.

WISHART: Thank you for being here. Any questions? Senator Vargas.

VARGAS: Thank you very much for being here. If you can-- you know, Senator Wishart mentioned this earlier about the spending side. Part of the rationale was that the spending on the services have been significantly brow-- below the appropriated amount. So my question is, can you add some color to this? Like, from your standpoint, why is the spending lower? Is this truly in due part to the regions spending less? Is it because it there are-- there's a ramp up of contracted programs or subprograms? Is it because things aren't being approved at the state level? Like, give a little bit more color. It would be helpful to help us make a decision.

KATIE McCARTHY: Yeah. We have had over the past couple years where we haven't drawn down all of our funds. I think it's a combination for things in our region. Part of it was COVID happening. It really affected staffing and affected how we were able to provide services safely for people and get reimbursed. And then Medicaid expansion at the same time. So we spent some time getting used to the changes and then trying to think of new services that we could bring up. Medicaid unwind, we didn't know how that would affect our budgets as well. So it was really all of those things happening in a close time frame and then trying to think and come up with new ideas of services that would fit our area and that were needed in our communities, and that takes time to, to develop.

VARGAS: And this year-- you know, this would be obviously a pullback in the base reduction before, before this year. If we didn't pull back the $15 million, will the regions be able to spend the $15 million that-- of general funds that would be appropriated?

KATIE McCARTHY: I think that all of the regions are working on projects that would spend more funds. And also, we wouldn't have to reduce capacity. So some things that-- providers have gotten more stabilized. They are able to keep people-- staff-- we've heard from providers that they have had more luck in finding staff, having applicants. So I do think we would draw down more of those funds.

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VARGAS: Thank you.

ERDMAN: Any other questions? Hearing none. Thank you. Any other testifier, please come forward.

WISHART: Welcome.

GALE POHLMANN: Good afternoon, Vice Chair Wishart and members of the Appropriations Committee. My name is Gale Pohlmann, G-a-l-e P-o-h-l-m-a-n-n. I am the Jefferson County Board Commissioner for District II and chair of the Region V System Behavioral Health Authority Regional Governing Board. I am here today on behalf of Region V System's Governing Board. Region V is comprised of 16 counties here in southeast Nebraska. I want to begin by offering my appreciation to you for your contributions to our state, helping make Nebra-- Nebraska a great place to live. And thank you for your service. I appear before you today in opposition to Governor Pillen's recommendation-- recommended reduction to the behavioral health aid base. The recommendation includes an agency requested General Fund appropriation decrease of $15 million in FY '24 and FY '25 in the behavioral health aid. The $15 million is directly and permanently being removed from Program 38, Behavioral Health Aid. This reduction of funds for behavioral services in-- is in direct contrast with what we know is a be-- behavioral health crisis occurring statewide. As a county commissioner, we see it in our jail population with individuals waiting in our county jails for spots to open up at the Lincoln Regional Center. Last week, Brad Johnson-- the director of Lancaster County Corrections-- testified before the Judiciary Committee that there are 14 individuals waiting on average of 74 days to be admitted to the LRC. We are all too familiar with hearing from our local hospitals about the number of individ-- individuals admitting to our hospitals and taking up beds when they need to be in the LRC. Every day, I see Nebraskans across our community who are experiencing significant mental health and severe substance use issues. And we know there are access issues. This budget reduction would be a significant setback in the regional behavioral health authority's efforts to make improvements, cover gaps and needs, improve access, and su-- sustain capacity in a recovery-oriented, oriented system of care. In some cases, these funds are obligated for behavioral health services or projects within our Nebraska communities. In Region V Systems, we are per-- projected to lose $3.5-plus million in our annual budget for

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behavioral health services. The loss of these funds in the behavioral health system has serious consequences, and some of the projects are-- that are at risk of being halted include crisis response in rural areas; crisis stabilization, mental health respite for adults and youth; critical time intervention, intensive case management for adults who have severe persistent mental illness, substance use conditions that are in and out of jail and needing discharge from the Lincoln Regional Center; capacity access guarantee of outpatient and intensive outpatient mental health substance use services within the rural areas; funding for evidence-based training for dialectic behavioral therapy and motivational interviewing; the Professional Partner Program in serving youth with serious emotional disturbances; rental assistance for adults with SPMI/SU; same-day risk assessments for people presenting with suicide ideation; wellness and recovery and education center for adults. These safety net services will support youth, families, and adults throughout our 16 counties and offer them someone to respond, somewhere to go, to go when experiencing a behavioral health crisis versus going to emergency rooms, waiting for hours to learn that they will not be admitted, or else filling up our jails. Now is not the time to reduce the allocation of funds in our system to support people with mental health and substance use conditions. Behavioral health conditions continue to present a noteworthy challenge to the people in our communities and our system. I respectfully ask that the committee not reduce the $15 million from the Health and Human Services Division of Behavioral Health regional budget and invest in the behavioral health system for the well-being and recovery of vulnerable youth, families, and adults here in Nebraska. Thank you for your time, allowing me to discuss some of the challenges that we face in our behavioral health system. And I'm available to answer any questions that you may have. Thank you.

CLEMENTS: Thank you. Are there questions from the committee? Senator Dorn.

DORN: Thank you. Thank you, Senator Clements. And thank you for being here. You listed about ten different programs on the back here that may be cut or may not be funded because of your decrease of $3.58 million in funding.

GALE POHLMANN: That is correct, yes.

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DORN: How long have you had some of those services? Do you know?

GALE POHLMANN: Most of these programs have been in existence for a long time.

DORN: A long time.

GALE POHLMANN: Yes.

DORN: Thank you.

CLEMENTS: Other questions? Seeing none.

GALE POHLMANN: Thank you.

CLEMENTS: Next testifier regarding the ilth-- Health and Human Services budget, please.

TIFFANY GRESSLEY: Good afternoon.

CLEMENTS: Good afternoon.

TIFFANY GRESSLEY: My name is Tiffany Gressley. That's T-i-f-f-a-n-y G-r-e-s-s-l-e-y. And I'm the regional administrator for Region 3 Behavioral Health Services that serves 22 counties in central Nebraska. I'm here today on behalf of the Nebraska Association of Regional Administrators and on behalf of my Region 3 Governing Board members as well. The regional behavioral health authorities have been the structure for public behavioral services across Nebraska since 1974. For 50 years, we've served as the safety net for Nebraskans who are uninsured, underinsured, and those experiencing complex mental health and substance use disorders. Our networks of community-based providers and coalitions provide a comprehensive array of treatment, rehabilitation, support, and prevention services touching all 93 Nebraska counties. As it currently stands, the Governor's mid-biennium budget adjustment recommends a $15 million reduction in behavioral health aid base in Program 038. If this happens, Region 3 will experience a significant reduction in our ability to fund behavioral health services that address the needs of individuals with complex mental health and/or substance use disorders coupled with other social and health challenges. The loss of these funds in this behavioral health system has real consequences for the individuals and

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communities that we serve. In Region 3, the loss of these funds jeopardizes our current recovery-oriented system of care service array and would halt the ability of Region 3 to expand on and bring up additional needed services including but not limited to increasing the number of abai-- available beds in our crisis stabilization unit, or CSU. And the CSU provides a safe, structured environment for mental health stabilization and/or medically assisted detoxification available 24 hours a day, seven days a week. The CSU serves a critical role in diverting individuals in a mental health crisis from our emergency rooms and from EPCs. Also, developing an RFP for a short-term residential program to be located within Region 3. Our waitlist data consistently demonstrates that there are not enough short-term residential beds available to meet the demand of individ-- individuals in need of this level of care. Additionally, during the 107th Legislative Session in 2023 [SIC], funding was not appropriated to cover the mandated 3% provider rate increase for fiscal year '24 as well as the upcoming 2% provider rate increase for fiscal year '25. The total for both of the years was $8,158,808, for which no revenue was included. As a result of the unfunded fiscal year '24 rate increase, capacity to serve individuals in core services such as Assertive Community Treatment, or ACT, youth outpatient mental health, day rehab, our Professional Partner Program, halfway house, and adult outpatient for both mental health and substance use disorder was reduced. The 2% rate increase for fiscal year '25 will require additional reductions in capacity, and as a result will further diminish access to critically needed mental health and substance use services. One of the justifications you've heard for the budget reduction and unfunded rate increase is that the regions and the provider networks are not drawing down their contract funds with the Department of Health and Human Services Division of Behavioral Health Service. Well, as with other sectors, a lingering effect from the pandemic is a behavioral health staffing crisis. Providers have experienced workforce shortages that have reduced service capacity, which impacts their ability to draw down funds and their ability to serve the number of individuals and families they previously had been serving. Providers have been unable to fill essential positions, including therapists, techs, psychiatrists, psychologists, nurses, and peer support specialists. Workforce equals capacity and access. Speaking with our providers, they are optimis-- optimistic that this is beginning to turn around partially due to the recent round of

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workforce stabilization grant funds that were infused into the behavioral health system. One of our providers provided me with their vacancy rates for licensed and unlicensed positions on June 30 of 2023 and at six months after the dipper-- dispersal of these funds. During this time period, this provider has increased their number of licensed employees from 26 to 35, and unlicensed staff has increased from 19.5 to 24. For the first time in several years, the organization is fully staffed. However, as this workforce shortage improves, there will not be the funds to return to pre-pandemic capacity if $15 million behavioral health aid is cut and if funding is not appropriated to cover the rate increases of fiscal year '24 and '25. Without adequate funds to maintain access and capacity, the system will be unable to meet the behavioral health needs of our most vulnerable Nebraskans. Thank you for your time today. I'd be happy to ha-- answer any questions.

CLEMENTS: Are there questions from the committee? I had just one question just to verify.

TIFFANY GRESSLEY: Yep.

CLEMENTS: The people that you serve are all-- are they all Medicaid eligible?

TIFFANY GRESSLEY: No, sir. The, the, the regions serve as a safety net for those individuals who are not eligible for Medicaid. So they are either uninsured, underinsured. A lot of individuals we serve may be transient. They may be-- maybe they do have some sort of insurance, but it's, you know, one of those where, gosh, yeah, you pay $20,000 out of pocket and then they'll start helping you out with your insurance. So it's a very unique-- it-- part-- portion of our population that we're responsible to serve.

CLEMENTS: So you don't service Medicaid-eligible people?

TIFFANY GRESSLEY: I mean, that's not what our mission is. I mean, there's some overlap in some of the services. I, I can't speak as well to that without having some notes in front of me, but. I mean, our primary responsibility is-- it's two separate systems that we try to be-- function complementary to each other.

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MIKAYLA FINDLAY: So Medicaid would pay for the Medicaid-eligible behavioral health services.

TIFFANY GRESSLEY: Right. And then if that person's not eligible, then that's when we would step in and be that payer.

CLEMENTS: All right. Thank you.

TIFFANY GRESSLEY: You're welcome.

CLEMENTS: I'm just clarifying that.

TIFFANY GRESSLEY: Yep. It's-- gets confusing. It does.

CLEMENTS: Seeing no other questions. Thank you for your testimony.

TIFFANY GRESSLEY: Thank you.

CLEMENTS: Next testifier regarding Department of Health and Human Services budget. Welcome.

DON LEASE II: Thank you. Good afternoon, Chair Clements and members of the Appropriation Committee. My name is Don Lease, D-o-n L-e-a-s-e, II. I'm a county commissioner for Banner County and a member of the Region 1 Advisory Committee. I'm here today on behalf of Region 1's governing board. Region 1 consists of the 11 panhandle counties: Sioux County down to Deuel County across to Kimble County and back to Sheridan County. We would respectfully ask that the Appropriations Committee oppose the $15-- $15 million budget reduction program for Program 38 and to maintain funds for behavioral health to ensure that there's adequate funding for services to assist Nebraskans with mental healths and substance abuse issues. The budget reduction to Program 38 would be approximately $820,000 for Region 1. The Department of Behavioral Health has currently mandated core services be available in each region. Region 1 is currently in the process of trying to meet these requirements and establish these core services. Region 1's obligated $757,000 for services to be developed in fiscal year '24, '25. Some of the service priorities are: an expansion of services to increase consumer access to services and reduce waiting times; medically monitored detox, social detox-- which there is currently no service in, in western Nebraska. Consumers have to travel as far as Grand Island or further to receive services. This is a core service

required by the Department of Behavioral Health. Medic-- medic-- medicated-- medication-assisted treatment for alcohol. We currently do not have this service in our area, and this is a core service also required by DBH. Crisis stabilization has been identified as a key need in our service area through community strategic planning with all stake-- stakeholders and is also required as a core service. Other services we plan to develop are dual dis-- disorder treatment, intensive community support, mental health respite, substance use respite, and an expansion of our peer program. If the region sustains $820,000 in budget cuts, we'll not have funding to develop services in these areas. On top of not being able to develop these new services, we will be required to cut arout-- to have a cut allo-- in our allocation to our providers and decrease the number of consumers that can receive services in western Nebraska. We're currently-- we currently have an RFP out for the expansion of outpatient services and have received letters of intent. Six of these letters of intent are from providers that are not currently in our network. We will-- we released the RFP for medically monitored detox on February 8 of '24. And we'll be releasing an RFP for medicated assessment-- assisted treatment for alcohol as soon as the RFP is approved through Department of Behavioral Health. If we succeed in bringing these new services up in this fiscal year, we may not be able to sustain them through year 2025 because of a lack of funding. Our system has not yet fully stabilized from COVID-19 and Medicaid expansion. Region 1 offers the Professional Partner Program. And this fiscal year, we're just starting to get back to pre-dam-- pre-pandemic enrollment numbers. To give an example, in fiscal year 2019, our average enrollment in the PPP program was 70 youth per month. In fiscal year 2020, that enrollment dropped to 60 youth per month. In fiscal '21, our average enrollment was 56 youth per month. In fiscal year '24, we average 61, and we have had enrollments at or above 70 youth in the pa-- past several months. We're starting to see the program stabilize and we-- and get back to pre-pandemic enrollment numbers. This is not a Medicaid-funded service and was not affected by Medicaid expansion-- only by the COVID pandemic. It will be pur-- it would be premature at this time to cut the budget just when the system is starting to sabil-- stabilize. Thank you for the opportunity to present this testimony today. I would ask that you oppose the cuts to Program 38 and support behavioral health needs for Nebraska's citizens. Do you have any questions I could answer?

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CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you, Mr. Lease, for coming. You've come a long way.

DON LEASE II: Yes, sir.

ERDMAN: Appreciate it. 400 miles?

DON LEASE II: Yeah.

ERDMAN: That's a long ways to come. So do you know what the waiting times are now? What-- other people have talked about the waiting times being 70, 80, or 90 days.

DON LEASE II: I-- Senator, I couldn't tell you exactly. Maybe one of the other folks--

ERDMAN: OK. So, so if, if, if we continue with the $820,000, is that sufficient funds to add all those services that you do not currently have?

DON LEASE II: I believe it would be pretty close. But again, that's-- [INAUDIBLE] probably is above my knowledge.

ERDMAN: Do you know what the reason is why you haven't had those services? Did you not have the funds before?

DON LEASE II: No, I don't know the answer to that.

ERDMAN: OK.

DON LEASE II: I'm sorry.

ERDMAN: Well, thanks again for coming all that way.

DON LEASE II: Yeah. Yep. Yup.

CLEMENTS: Senator Dorn.

DORN: Thank, thank you, Senator Clements. And thank you for coming today.

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DON LEASE II: Yes, sir.

DORN: You, you talked about the core services, and the, the Department of Health currently mandates that the core services be available in each region. And I don't know if you can answer it or not, but maybe somebody else can yet. What, what does it mean by mandates the-- those core services? Does that mean they're providing funding-- enough funding for it or, no, you have to do it no matter what?

DON LEASE II: I, I wouldn't know the answer to that part, Senator.

DORN: OK. Well, maybe somebody else can answer that later today.

DON LEASE II: Yeah. Sorry.

DORN: Thank you.

CLEMENTS: Are there other questions? Seeing none. Thank you for coming--

DON LEASE II: Thank you.

CLEMENTS: --all this way. Appreciate your testimony. Next testifier, please. Good afternoon.

PATTI JURJEVICH: Good afternoon, Chairman Clements, members of the Appropriation Committee. My name is Patti Jurjevich, P-a-t-t-i J-u-r-j-e-v-i-c-h. I'm the administrator for Region 6 Behavioral Health Care, one of six regional behavioral health authorities with statutory responsibility for planning, developing, coordinating, contracting, and evaluating services in the publicly funded behavioral health system. For your reference, Region 6 is comprised of Cass, Dodge, Douglas, Sarpy, and Washington Counties. I am here today on behalf of the Nebraska Association of Regional Administrators. I am testifying today in opposition to the Governor's mid-biennium budget request to reduce behavioral health aid by $15 million. You've heard comments that the regions are not spending their money and a $15 million cut will not reduce services. That is not accurate. The dollars allocated to the regions are obligated in programs and projects in our annual budgets. A factor impacting the use of those dollars is workforce shortages with our network providers that negatively affect their ability to meet service demands and draw down

their contracted dollars. While we have seen some improvements with workforce shortages, we have not yet returned in all services to the capacity we had before the pandemic. When funds are available in a region's budget for new projects, another factor affecting utilization of the dollars is the lengthy process to obtain Division of Behavioral Health approval. In Region 6, we've experienced delays of over a year to bring a program concept to the point where we can issue a request for proposal to select a service provider. Throughout this lengthy process, the funds for a new project are reserved in the region's budget and may not be available to expend otherwise. The pace with which the Division of Behavioral Health approval process operates directly affects how quickly dollars are available to expend. A $15 million reduction will impact Region 6 by an estimated $4.1 million to $4.9 million. We do not have that amount of unobligated funding in the budget to accommodate that cut. Any reductions we make will reduce service capacity, reduce the number of people that have access to services, and increase waiting times. Additionally, this year, we started three new initiatives, all important in our system, all in varying phases of their implementation, and all that we'd hope to have full operational funding available for next year. It's a new residential service to assist individuals transitioning back into the community, training and consultation with our provider-- network providers on an evidence-based treatment model, and a triage/crisis stabilization center developed in partnership with Sarpy County. A loss of revenue will prevent us from addressing a significant problem in our emergency system. The eight emergency departments and assessment center in Region 6 are experiencing unprecedented number of individuals with psychiatric needs waiting for an inpatient acute care bed. During 2023, there was a daily average of 12 people with behavioral health needs waiting in hospital emergency departments for an average of only eight available psychiatric acute care beds. Compounding that, there was a daily average of nine individuals in acute care beds that were unable to move to their next appropriate place. This is an overloaded, gridlock situation in our psychiatric emergency system, and we need financial resources to respond to it. We know that behavioral health needs are not decreasing. Unfortunately, the revenue loss in FY '24 of $10.3 million and the lack of dollars appropriated for FY '24 and FY '25 rate increases hinders our ability to sustain capacity, create, and/or expand services. Another budget reduction of $15 million to behavioral health aid will severely reduce

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the ability to meet the needs of our citizens. We need to not only maintain but to seek to increase investments to ensure we can respond to needs in our communities. As always, I appreciate your time today and respectfully request the committee not support the recommended $15 million reduction to behavioral health aid. Happy to answer any questions.

CLEMENTS: Thank you. Are there questions from the committee? Senator Dorn.

DORN: Yeah. Thank you, Senator Clements. Thank you for being here. Maybe-- the, the previous question I asked, what are core services? I, I mean-- and how, how does the department classify those? And do they fully fund those?

PATTI JURJEVICH: Well, the expectation-- my understanding is the expectation is regions are to work within the dollars that they have available to ensure that they can bring up those core services that are required to be in place.

DORN: So, so that's-- those core services, are, are, are they a federal guideline you have to meet? Or is this core services that our department says you have to meet?

PATTI JURJEVICH: That's correct. The Division of Behavioral Health has identified the list of core services that they want to see available in the regions.

DORN: Available. Not, not-- they're not mandating you to meet them.

PATTI JURJEVICH: Well, there is a timetable. So there's a list, and then it's kind of broken down into different deadlines to have those developed within each region. So the expectation is the region is to issue an RFP-- assuming that there's dollars to do that-- issue an RFP in order to find a provider to develop that service in the region.

DORN: [INAUDIBLE] core service.

PATTI JURJEVICH: Yes. Correct.

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DORN: And to your knowledge then-- and generally, are those funding amounts provided or you have to request them in your budget or you hope to get them?

PATTI JURJEVICH: Well, again, the, the, the, the idea is that the regions use the dollars that we have available in our contracts with the Division of Behavioral Health to bring up those--

DORN: Core services.

PATTI JURJEVICH: --required services. Correct.

DORN: OK. Thank you.

CLEMENTS: Are there other questions? I had one. [INAUDIBLE] I've been-- because I asked that Medicaid question, now I re-- re-- recall that Medicaid expansion was to provide some of the funding for the regions for behavioral health, as I recall. And, and has it done that? And, and we left some of the budget into behavioral health until we found out how that was going to transfer. Could you comment about that?

PATTI JURJEVICH: Yeah. There was-- nothing that was transferring from Medicaid to the regional behavioral health authorities. But what was to happen is individuals-- as, as, enrollment in Medicaid grew, then individuals that the regions had paid for services would then be paid for by Medicaid, which then freed up dollars in the region's budget to invest in, in new and different services or expansion of existing services. So that gave us dollars to work with that way that had previously been paying for folks enrolled in Medicaid.

CLEMENTS: OK. That's-- that helps me. Thank you.

PATTI JURJEVICH: Good. Sure.

CLEMENTS: Any other questions? Thank you for your testimony.

PATTI JURJEVICH: Thank you.

CLEMENTS: Next testifier, please. Good afternoon.

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TOM DARGY: Good afternoon, Senators. My name is Tom Dargy, T-o-m D-a-r-g-y. And I'm an assistant county administrator with Sarpy County. Part of my duties include mental health programs and initiatives. Sarpy has been a leading county in Nebraska in mental health inno-- innovation. We have been a partner with Region 6 and stepping up with the goal of reducing the impact of criminal just-- in the criminal justice system on those suffering from mental health. And we've made good strides there. Our county has a board of mental health, a mental health court, community corrections. The sheriff's office has a mental health crisis response team, and a wing of our new jails devoted to those with mental health issues. And we're having a first-in-the-state Forensic Psychiatry Fellowship and partner with UNMC beginning next month. The fellowship will be focused on competency restoration. In 2016, Sarpy began researching national programs on crisis stabilization and mental health respite centers, and we've been diligently working towards that goal. This research and development really took off in the last 18 months while we have worked jointly with Region 6 to develop a stabilization and respite center in Sarpy County that first responders can voluntarily take those in a mental health crisis to that gets the patient the care they need and allows the first responders to go back into service quickly. Region 6 has issued and awarded an RFP for this facility. A building has been identified, and conceptual drawings are completed. Sarpy County cannot do this project alone, and we have worked with various philanthropic organizations to provide funding for construction and renovation. But we aren't there yet. What is critical for this project to move forward is the $4 million in funds Region 6 has earmarked for this project to pay for these services that aren't replicated elsewhere. Funds that currently has-- but are in danger of losing to due-- due to possible budget reductions in funding. Stabilization and respite centers have been identified by DHHS as a core service beginning January 1 of 2025. Sarpy County is already moving that way. The county is opposed to any reduction in funding to the regions that would ennes-- in essence delay the project even longer, as the county would be unable to fund their operations of the facility without the support from Region 6. I appreciate your time. And I'm available for any questions you may have. Thank you.

CLEMENTS: Are there questions? Seeing none. Thank you for your testimony.

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TOM DARGY: Thank you.

CLEMENTS: [INAUDIBLE] additional testifiers on HHS budget.

BRENDA MAE STINSON: Hi.

CLEMENTS: Welcome. Go ahead.

BRENDA MAE STINSON: Good afternoon, Senators and committee. My name is Brenda Mae Stinson, B-r-e-n-d-a M-a-e. My last name is S-t-i-n-s-o-n. I'm a constituent and concerned citizen who lives in our city and state of Nebraska. I'm very-- I was very disappointed to read that Governor Pillen is-- in his mid-two-year budget adjustments recommended a behavioral health aid base reduction. This would be a $15 million reduction for the following years to come. Those who may not understand that, that means the funding is directly and permanently being removed from all six regional behavioral health authority budgets. The potential loss of funding will be devastating for those who live with behavioral and mental health every day, and the persons who-- recovery-oriented systems of care will have significant consequences, leaving them to suffer in silence on a greater scale than what they already do. When I read Governor Pillen's budget for myself, this immediately scream-- screamed to me multitudes of devastations the Governor is inviting into the future of many vulnerable Nebraskans that will lead to an increase of suicide, death, increase of homelessness, increase of, of arrests, and increase of carc-- incarcerations. Clearly, we do not have enough resources right now to help people who struggle with behavioral health and mental health conditions. Of course, resources costs money, costs money. I read a contradiction. Governor Jim Pillen signed LB276 this past May, the Certified Community Behavioral Health Clinic Act, into law. This is nice and all, but we don't-- if we don't have the budget to sustain this bill, then all it is is just empty words on a piece of paper. Today, as-- and today-- or-- I'm sorry. Behavioral health and mental health does not discriminate. There are many behavioral and mental health gaps and needs in our system of care today as there were back in 2004, when the mental health reform came about, about. This is obviously a systemic shortcoming in our state mental health care system and those in office settling budget priorities. These shortcomings have affected me and my family directly as well as many other individual families in our state and communities. Until we as a

society deem the problem important enough to warrant bigger budgets for mental health professionals and programs, we will continue to have people whose mental health needs go unmet. It is a shame to think it's easier and certainly more affordable to ignore mental health needs until they can and then dis-- and then disappear the people in need by death or incarcerating them when they're fin-- when they finally become too dangerous to themselves or others that commit a violent act. This is exactly what happened to my adal-- adult son, who is now serving an 18-year prison sentence. He-- we need better access and affordability, more preventative measures in place, more providers, more psychiatric beds, more inpatient care traditional living programs in place capable of treating individuals effectively without dehumanizing features of prison system. I believe my, my son's outcome would have been-- ended differently if there were a bed available for him. Due to the lack of services in our case, we had to turn to the police who could have prevented the attack by intervening at the earlier warning signs instead of waiting until after the violence. Of course, how police respond to such matters go back to policy. I'm not a lawyer or a legislator, but we need the caring legal experts to draft and support policy that address this issue satisfactory. People tend not to care until it happens to them. As long as it remains someone else's problem, the problem will not receive the attention and resources it deserves. But we must remember behavioral and mental health issues do not discriminate. Mental health conditions happen to all people, all backgrounds, whether you're impoverished, middle class, wealthy. It does not care if you have a lay job, a professional, or political status as a pers-- who a person claims. It does not discriminate. I will keep making noise about this if the problem is ignorance of the problem. Awareness is important part of that solution. A problem only becomes a social problem when two things happen: either a large number of ordinary citizens like myself decide it's a problem, name it, and such, or a smaller number of high-profile individuals that make a problem their cause. Our best bet is the former. It's easy to ignore one mom sitting here. It's harder to ignore thousands and thousands of family members all crying for solution that works.

CLEMENTS: Your time is up. Could you wrap up?

BRENDA MAE STINSON: Yes. If people don't hear about these problems in our community response to mental health or our legal system and their

treatments of such cases, they assume everything is working OK-- to serve, protect, to care for. But it's not. Thank you for listening.

CLEMENTS: Are there questions from the committee? Thank you for coming.

BRENDA MAE STINSON: Thank you.

CLEMENTS: Are there additional testifiers regarding the HHS budget? Seeing none. Do we have online comments? We have 0 proponents, 1 opponent, 0 in the neutral capacity. That concludes the hearing for Agency 25. We will now switch to bills. And we have LB943 by Senator Dorn. We'll open that hearing. Welcome to the Appropriations Committee.

DORN: We're here. Finally. LB943 is first or LB944?

CLEMENTS: LB943, yes.

DORN: Yes, first. OK. Good. So I read the right one. Didn't want to get halfway through and be on the wrong page. Good afternoon, Senator Clemens and member of the Appropria-- Appropriations Committee. My name is Myron Dorn, M-y-r-o-n D-o-r-n. And I represent District 30: all of Gage County and southeastern Lancaster County. Last year, the Governor's budget proposal shifted $10.3 million from Behavioral Health Aid Program for other funding needs. This committee was told by the administration that this was money that carried over between fiscal years and the behavioral health region had the dollars in their budgets to implement critical programs and funds-- fund the two-year rate increases to the providers of 5%. This committee approved that funding shift last session and the rate increases. I brought this bill because it appears that the regions did not have enough funding for those rate increases. The Department of Health and Human Services met with me, and they continue to state that the regions have the dollars and have also proposed moving an additional $15 million from the behavioral health aid budget-- and I quote you from the Governor's min-may-- mid-biennium budget book-- to more accurally-- accurately reflect historical and future spending without reducing services. Behavioral health regions behind me will testify today-- and they have been testifying that this is not an accurate statement. I hope today we can get an accurate picture of why dollars are left unspent and a

more detailed accounting of how the department signs off on regional behavioral health authority budgets and I'm-- planning so we can understand why funds lapse between fiscal years. We have a behavioral health crisis, and the regions are a critical part of the system that delivers care for Nebraskans in need of mental health and substance use services so that they can lead productive lives in their communities. Making this system work right will undoubtedly save this state in the long term, so it is well worth our time today to make sure we appropriate the right amount of dollars to sustain that system. And I believe the fiscal note shows about $5 million for this current year. Yeah.

CLEMENTS: Are there any questions?

DORN: Yeah.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you, Senator Dorn. So the additional $5 million will not be distributed on the same formula we currently distribute money now?

DORN: That we'd have to ask the department [INAUDIBLE]. My understanding, it is-- it wa-- it, it has different percentages. [INAUDIBLE]. Yeah. It, it-- but the same type of percentages that they've been distributed before.

ERDMAN: OK. I see it. I see it. All right. Thank you.

DORN: Yeah.

CLEMENTS: Other questions? Seeing none. Thank you. We would welcome proponents for LB943. Good afternoon.

BRENT ANDERSON: Good afternoon, Senator Clements and members of the Appropriations Committee. My name's Brent Anderson, B-r-e-n-t A-n-d-e-r-s-o-n. I'm the executive director of Cirrus House, Inc., located in Scottsbluff. Cirrus House is a nonprofit 501(c)(3) serving multiple counties in the rural and frontier panhandle of Nebraska. Founded in 1985, we specialize in helping people improve their mental health so they can live productive, active lives with the greatest amount of independence possible. A majority of the people that we

serve fall under a severe and persistent mental health diagnosis. In our nearly four decades as a community mental health provider, we've helped thousands of individuals realize their goals and dreams of greater independence. I can talk at great length about the lives that we've changed, tell you tear-jerking stories and inspiring stories of saved lives and lives that have broken free from dependance on social welfare programs, but this is about appropriations and how to logically invest the state of Nebraska's dollars into areas that give the best returns and outcomes. Cirrus House has been serving high-risk youth since early 2000, including our youth transition services. This is one of our smallest programs-- just a little over $100,000 per year. It's supported by Region 1 funding, but it's-- also relies on United Way funds and private funds from private sources. This successful program has graduates ages 25 to 35 who are now living productive and independent lives in our community. In one of the handouts I provided, you can see that we serve, as an agency, 233 to 255 people each month who need mental health care. We received both Medicaid and region funds but also receive around $200,000 per year in private donations and grants. At the end of each year, we struggle just to break even some years. I can only speak for one agency-- Cirrus House, out in the frontier of western Nebraska-- but I can tell you in my 28 years as a nonprofit leader, things have never looked as bleak as they do right now. When I try to plot my agency's course over the next 24 months, there's a real threat that we will have to shut down a majority of our region-funded fee-for-service programs, including our day rehabilitation programs, youth programs, community support programs, employment programs, and our emergency community support if we don't have the-- a way to financially sustain them. Workforce has been a challenge. Ideally, our entry-level people have a minimum of two years experience in human services and a bachelor's in human services, social work, or a related field. When I look at my audited financials ending in 2022, the required minimum wage increase over the next two years will amount to a 23.68% increase for Cirrus House. We have no way to fund this additional expense without increases from our state partners. Today, we're talking about the $8.1 million specifically allocated to behavioral health regions to pay for rate increases. Let me provide an example of our Ment-- Menta-- Mental Health, Day Rehabilitation Program. At one time, we were able to bill the region as a non-fee-for-service, and this was changed to a fee-for-service, which caused us to lose out on $120,000 each year out

of our budget. We can not recuperate this loss from region funding, but we've been able to generate enough income from our expanded therapy services to continue to cash-flow the Day Program. But we're getting to the point where we're squeezed and we're at a breaking point. I've included several exhibits for your review. One shows the number of clients that we serve each year over the past three years. And I do ask you to include the $8.1 million in the budget, but I also need you to know that there's much more that needs to be done. This is a start. So I just ask you to please allow us to pay for the many things that we are already doing that truly make a difference in the lives of your constituents. And I would be happy to answer any questions that you might have.

CLEMENTS: Are there questions from the committee? Seeing none. Thank you for your testimony.

BRENT ANDERSON: Thank you.

CLEMENTS: Next proponent. Good afternoon.

JON DAY: Good afternoon, Senator Clements and the members of the Appropriations Committee. I'm Jon Day, J-o-n D-a-y. I'm the executive director of Blue Valley Behavioral Health, Nebraska's largest outpatient behavioral provider. We provide mental health and [INAUDIBLE] counseling to over 8,000 mostly rural adults and, and youth over 16 counties in southeast Nebraska. I'm here to support LB943, which places approximately $8 million back into the behavioral health aid budget to fully implement the, the provider rate increases in the second year of the biennium budget that was previously approved. These rate increases are used each year by Nebraska's contracted behavioral health providers within the Division of Behavioral Health, DBH, to help offset the increased costs that occ-- occur each year with providing behavioral health services. It was assumed since DBH and contracted providers did not utilize all of their previous annual funding there would be enough remaining to absorb their annual rate increases. Although this, although this may have made initial sense by looking at the numbers on a spreadsheet, it seriously failed to reflect an accurate picture of the different factors influencing the, the-- these necessary funds. In reality, there were situational factors that occurred prior to and from the pandemic that impacted the utilization of this funding, which included

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Medicaid expansion, interrupted services, delays in approving new services, and different workforce issues. Even though the pandemic has subsided and is no longer a national state health emergency, the behavioral health emergency that was created by it still exists. The demand and need for mental health and substance abuse treatment continues to be at a higher level than normal. Long waitlists for services and increased complicated behavioral health issues have become more commonplace in our communities. In fact, we already know all of this because we hear and read about the need for behavioral services on a daily basis on a local and national level. Even just yesterday, there was another front-page article in the Lincoln Journal Star addressing the very same issue we're discussing right now: the continued need for accessible behavioral health treatment. However, between the $8 million associated with LB943 and the $15 million recommended reduction from the same behavioral health aid budget is a $23 million shift in total funds. That's $23 million less in behavioral health services and treatment for all of us in Nebraska who will need it. Based on the repeated messages we all hear every day about the increase in suicides, mental health shortages throughout Nebraska, and the greater need with-- that we see with our own eyes for additional mental health treatment, should our response to all of this involve shifting funding away from those who are already providing these services? Is the best way to counter Nebraska's behavioral health crisis is to provide even less services? Instead, we need to apply the same logic to our current behavioral health funds as we do to other realities that have resulted from the recent pandemic. We all know that it'll take time for the interest rates and home and gas and food prices that have all spiked during the past couple years to eventually return to something that's more normal. The same is true for different factors influencing behavioral health services funding. Waiting and seeing the true impact of Medicaid ex-- waiting and seeing the true impact of Medicaid expansion, allowing time for organizations to increase their workforce, and removing unnecessary delays that are preventing expanded and new behavioral services from occurring is the rational choice in responding to this type of problem. For instance, at, at, at, at Blue Valley Behavioral Health, one of the services we offer is a rural crisis response program for law enforcement, but hospitals and schools have also benefited from it. Due to changes in the service definition and the implementation of the 988 Crisis Line, we needed to enhance this already highly utilized service. Due to its

success, we are now in real time needing to add another crisis staff to meet this growing demand. However, despite having this funding available now to hire the staff, we are not able to do so because we know that these funding issues that's being addressed regarding what's being added and what could remain in the behavioral health budget may change our decision. If not, this position won't be filled even though it should already have happened already. This real-life scenario I'm describing can be played out in several different ways for other current and new services throughout Nebraska. That's how important supporting the $8 million from LB943 and keeping the $15 million intact so behavioral services are not reduced. Nebraska's not experiencing difficult financial times. We're not going through a poor economic period or having a shortage in funds. However, it is faced with a behavioral health crisis that is not going away any time soon and needs to have access to all of its normal appropriated funds so we and the people we care about can avoid problems that we hear about daily. We appreciate your support with the passing of LB943, which would keep the funding for behavioral health services intact and prevent a decrease in access-- in accessible treatment to the adults and youth in Nebraska. [INAUDIBLE] questions.

CLEMENTS: [INAUDIBLE] questions? I had a question.

JON DAY: Mm-hmm.

CLEMENTS: You seem to be saying that the $15 million reduction, the $8 million adds to that, making it $23 million reduction. But your first paragraph says this puts $8.5-- $8.1 million back into the behavioral health aid budget. I'm not sure--

JON DAY: Yeah, sure. It's, it's more of a, a shift in funds than an actual reduction. The $8 million was supposed to be part of the second-year rate increases that was not-- that was originally part of the budget, but it was vetoed out. And so we're asking for that to be put back in. Plus, the $15 million reduction that's currently at, at-- being at risk right now equals a $24 million shift in funds.

CLEMENTS: Oh. The $8 million reduction from the veto adds to the $15 million reduction. Is that--

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JON DAY: It's in addition to. So there was $8 million that should have been part of this year two rate increases. That's not there. So we're missing $8 million because of that lack of rate, rate increase for the second year. So we're asking for that $8 million be-- to be put back into the budget. But then there's also a $15 million decrease.

CLEMENTS: Wouldn't it be 15 minus 8?

JON DAY: No.

CLEMENTS: You, you agree that it's $23 million?

MIKAYLA FINDLAY: We'll have to look at it.

CLEMENTS: OK.

JON DAY: Yeah. It's a-- more of a-- it's a, it's a shift of funds, right? There's $8 million that was originally part of the budget that was not part of it. So we're asking for that to be put back into it. Then on top of that, there's a $15 million reduction in the behavioral health aid budget. So between-- those two amounts, the 8 and the 15 is the $23 million. There's a shift in funds there. So right now as a, as a provider--

CLEMENTS: All right. Our Fiscal Analyst is saying it's, it's between the two different fiscal years, so.

JON DAY: Right.

CLEMENTS: Thank you. Any other questions? Seeing none. Thank you for your testimony.

JON DAY: Thank you.

CLEMENTS: Are there additional proponents for LB943? Good afternoon.

LAURA OSBORNE: Good afternoon, Chair Clements and members of the Appropriations Committee. My name is Laura Osborne, L-a-u-r-a O-s-b-o-r-n-e. And I'm from Auburn, Nebraska. And I'm here today in support of LB943, which would appropriate $8.1 million to the regional behavioral health authorities, and in support of maintained funding for behavioral health and mental health prevention and treatment in

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Nebraska. You've heard this afternoon about the harm to our behavioral health system that a reduction in behavioral aid funds would cause. LB943 would increase funds to the behavioral health regions for the purpose of addressing the movement of individuals in mental health crisis out of emergency rooms, funding crisis stabilization, and funding youth and adult crisis services. I'm very concerned about this issue because, through my work in behavioral health, prevention as a community member, and in my role as a member of a board of education, I am seeing and hearing firsthand accounts of people in Nebraska who are needing mental health and behavioral health supports. This is for a number of reasons, but it is seen across all ages, races, cultures, and socioeconomic levels. Increasingly, these challenges have been seen with school students since the pandemic. Our schools need the behavioral health regions to be fully funded, our providers to be fully funded, and new and innovative resources to be funded because schools cannot bear the burden alone, nor should they. Resources to address behavioral and mental health needs are especially lacking in rural Nebraska, and cutting funding to the projects mentioned today would exacerbate the lack of available help for our citizens. It is my understanding that part of the reasoning for the reduction is an alleged nonuse of funds. However, it is crucial to understand that those funds are obligated for programs and services that have been in development for over a year and are very close to implementation. These programs and services are extremely important for the rural communities in Nebraska, including the counties of Nemaha, Johnson, Pawnee, and Richardson where I live and work. One example of these programs and services is the Family Crisis Resource Center in Lancaster County. This project has included many stakeholders from both urban and rural communities and entities in the Region V Behavioral Health Region. It has now being given the title "Square One," and negotiations are currently in progress to purchase the site for the center. It will provide respite for families who are experiencing crisis with their youth. They will also be able to go to Square One and receive assistance with family communication, mental health, behavioral health, and navigating resources with the option of an overnight respite stay for youth needing time away from high-anxiety situations in the home. The purpose is to give families in crisis support with the goal of maintaining the family unit in the home. This is a critical need for families across Region V, a region that is primarily composed of rural counties and communities. I am

concerned that funding currently obligated to support it could be placed in jeopardy if funding is continued to be diverted from approved, existing programs. This will create chaos for the partners who have come together with Region V to create it. It is my belief that Nebraska can be a thriving state only if we are continuing to care about and for each other. When it comes to mental and behavioral health, that means supplying needed levels of funding to ensure that the recovery-oriented system of care is able to exist, to function, and to function well. Therefore, I humbly request that this committee support LB943 and full funding of Nebraska's behavioral health regions without cutting their budgets. I thank you for your time and attention. And I'll do my best to answer any questions you may have.

CLEMENTS: Are there questions from the committee? Seeing none. Thank you-- oh. Excuse me.

ERDMAN: Thank, thank you, Senator Clements.

CLEMENTS: Senator Erdman.

ERDMAN: So in your testimony, you said you're a member of the board of education. What school district is that?

LAURA OSBORNE: District 29. However, I only represent myself, not the entire board today.

ERDMAN: Thank you.

CLEMENTS: Are there questions? Seeing none. Thank you for your testimony.

LAURA OSBORNE: Thank you.

CLEMENTS: Are there other proponents? Come on up.

MARY KELLY: Hi. I'm Mary Kelly, M-a-r-y K-e-l-l-y. I'm a member of the League of Women Voters of Nebraska. And the League of Women Voters believes that every U.S. resident should have access to a basic level of care that includes mental health care. Further, the league believes that every U.S. resident should have access to affordable, quality in- and outpatient behavioral health care, including needed medications and supportive service that is integrated with and achieves parity

with physical health care. Nationally, between 2007 and 2016, the proportion of emergency department visits for mental health increased from 6.6% to 10.9% for pediatric patients and young adults. A recent study found that while emergency visits have remained relatively stable over the last decade, there has been a fivefold increase in the proportion of visits for suicide-related symptoms, in-- indicating a dire need to increase crisis support systems. In the case of children with developmental and behavioral disorders, the Minneapolis Star Tribune reported on a child in Minneapolis who had been boarded in the emergency room for several months, as foster and group homes can't handle him and keep sending him back to the ER-- the one place obliged by law to take him. They reported staff at the hospital have been injured and stuck in a cycle of confrontation with the child. The law requiring hospitals to treat every patient who arrives also requires appropriate transfers of patients. But in the case of these children, that means sending them to group homes or treatment centers, which are often full and have waiting lists. Patient boarding is generally known as the holding of a patient in the emergency department while waiting on an inpatient mental health bed. The wait time can be exacerbated if the hospital needs to transfer the patient to an outside facility for treatment. Boarding of patients with mental health concerns in the emergency department is associated with longer patient visits, increased cost for the hospital, and less availability of the emergency departments to care for other patients. Senator Dorn's bill would increase funding for behavioral health supports and direct the funding to the six behavioral health regions in Nebraska to help move those who are having mental health crises out of emergency departments and into crisis stabilization programs. The League of Women Voters of Nebraska asks that you advance this bill to the General File for full debate. Any questions?

CLEMENTS: Are there questions from the committee? Seeing none.

MARY KELLY: Thank you.

CLEMENTS: Thank you for your testimony. Next proponent. Welcome back.

PATTI JURJEVICH: Good afternoon again. Chair Clements, members of the Appropriations Committee. I'm Patti Jurjevich, P-a-t-t-i J-u-r-j-e-v-i-c-h. I'm the administrator for Region 6 Behavioral Health Care. Here testifying in support of LB943 and on behalf of the

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Nebraska Association of Regional Administrators. So I, I just wanted to provide maybe some additional information about the intent with LB943 and the request for the $8.1 million. So the rate increase-- the increase in the reimbursement rates that were required this year-- 3%; next year, 2%-- that-- the cost of that was the $8.1 million. There was no appropriation for that $8.1 million in the budget. So essentially what happens is we have to increase the reimbursement rates, but we have no additional revenue to do that. So we have a couple choices with that. We can find money elsewhere in our budget to increase an allocation for a service and for that provider to pay that higher reimbursement rate. Or if there isn't money to, to add to the service or that contract-- we're still paying the higher reimbursement rates-- then essentially that reduces capacity. So when capacity is reduced, then fewer individuals are, are seen and that access then is, is less. And then certainly that impacts the, the wait time for services. So it's really-- it's, it's in addition to the $15 million reduction that we talked about earlier. The $8.1 million was essentially a reduction because there was no revenue that was appropriated with those mandated increases-- 3% this year, 2% next year. Happy to answer any questions.

CLEMENTS: Senator Wishart.

WISHART: Well, thank you for, for that clarification. So have you not had-- have you had conversations with the department about them utilizing unutilized behavioral health funds to be able to provide those dollars that allow you to meet the $8.1 million obligation?

PATTI JURJEVICH: Unutilized dollars in our allocations?

WISHART: In the-- yeah. In the behavioral health aid funds.

PATTI JURJEVICH: So certainly if, if in, in a region we had dollars that were-- as I said earlier, we're, we're really not sitting with any unobligated dollars. So if-- with a rate increase, we are-- we have to find the money to, to increase the reimbursement rates. We're either taking it from some area that's already obligated to do something, to shift it over for those reimbursement rates, or we don't increase the allocation to that provider and then their capacity goes down. So--

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WISHART: I think I'm-- no. What I'm asking is, have you talked with the Department of Health and Human Services who's showing here that there is $15-- at least $15 million of unobligated funds that we've appropriated in behavioral health? Has there been a conversation about those dollars going to the regions to support this increased provider rate?

PATTI JURJEVICH: That conversation has not taken place.

WISHART: OK. Thank you.

CLEMENTS: Are there questions? Seeing none. Thank you for your testimony.

PATTI JURJEVICH: Thank you.

CLEMENTS: Are there other proponents for LB943? Good afternoon.

BRENDA MAE STINSON: Hello again, Senators. Do I need to restate my name?

CLEMENTS: Mm-hmm.

BRENDA MAE STINSON: OK. My name is Brenda Mae Stinson, B-r-e-n-d-a M-a-e S-t-i-n-s-o-n. And I am for the-- Senator Dorn's LB943. And with-- in that, there was some verbiage about the criminal justice system as well and for behavioral health. And, and so with that being said, I had spoke to my son and I asked him about what does the behavioral health services look like in-- while he's incarcerated. And he had told me that they're very minimal and nonexistent. And it does not seem like it has a lot of direction and-- and so on his behalf, I would like to voice that-- to see some sort of moneys go be appropriated to that to somehow bridge the community and the Corrections together. I know that there is some possible behavioral health director for the comm-- for the Corrections coming about, or at least there was talk about that I read in-- somewhere. But I'm hoping that somehow the Correctional portion of this is not forgotten within the appropriations. That's all I have to add. Thank you.

CLEMENTS: Are there questions? Seeing none. Thank you for your testimony.

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BRENDA MAE STINSON: Thank you.

***MARY ANGUS:** I am testifying on my own behalf. I am not expressing the beliefs of any other person or organization. My name is Mary Angus, M-A-R-Y A-N-G-U-S. Last session we were told there were excess funds in the Behavioral Health budget. They were re-allocated to pay off a lawsuit filed against the State. At the same time, there were people in crisis sitting in emergency rooms awaiting a room in a hospital to stabilize. That was time wasted for that person. It was also time wasted for the hospital emergency room. It was time wasted by hospital and/or law enforcement who had to be vigilant over someone who had been placed under emergency protection.That is too much lost time towards appropriate treatment. For some, sitting in the emergency room amounted to being told they didn't matter enough to be helped. For others, it may have meant the got no treatment at all. They had to be committed or discharged before their emergency room visit ended. Please consider this information when you think about LB943. Thank you Senator Dorn.

CLEMENTS: Are there other proponents for LB943? Seeing none. Is anyone here in opposition of the bill? Good afternoon.

TONY GREEN: Good afternoon, Senator Clements and members of the Appropriations Committee. My name is Tony Green, T-o-n-y G-r-e-e-n. And I am the interim director for the Division of Behavioral Health at the Department of Health and Human Services. I'm here to testify in opposition of LB943, which does provide a direct appropriation of state general funds to the six regional behavioral health regions. The Behavioral Health Services Act charges the Division of Behavioral Health to provide coordination and oversight of the regional behavioral health authorities. This includes approval of annual budgets and prioritization of expenditures. Current practice permits a region to submit budget shift requests throughout the fiscal year to address emergent trends in service needs that may arise after the budget plan has been approved. To ensure effective and efficient use of funds, these requests for shifts are supported by a revised budget, a justification of need, and intended outcome data. Regional spending in current fiscal year '24 contracts is trending at a rate to leave over $30.4 million unexpended from the six regional contracts. The two previous years' contract spend-- $35 million unexpended in '23; and $27.2 million unexpended in fiscal year '22-- demonstrate that there

is sufficient funding available for the proposed services in LB943. Currently, three proposals addressing crisis stabilization and emergency services have been submitted and approved by the division. If the regional behavioral health authorities would have current unmet needs in the area of movement from emergency rooms or crisis stabilization, proposals should be submitted to the division. LB943 calls for an increase of over $3 million in state general funds in '24 and $5 million in '25. The division supports the Governor's proposed budget, which retains sufficient funds for the emergency system. And we respectfully ask that the committee not advance this bill to General File. And I'm happy to answer any questions on this bill that I can.

CLEMENTS: Any questions? We've-- have had testimony that the funds are obligated and-- would you respond to that?

TONY GREEN: Yeah. So the, the term "obligated," in, in my mind, it-- I don't use that term. I think they're referring to they've been budgeted in the budgets that have been submitted. And, and what I'm saying is that those budgets are being underutilized in almost all categories, both mental health and substance use, which is the cause that's leaving the 30-- $30 million and $20 million, respectively-- those, those surpluses that I mentioned in my testimony. So while they are obligated and they've been put into their budgets, they're not being expended at current levels in, in multiple areas.

CLEMENTS: OK. I, I see. Then--

MIKAYLA FINDLAY: How would the reduction affect the budgets? Would it even?

CLEMENTS: All right. The question is: the $15 million decrease in funding, is that going to be-- would that be spread over all of the regions'--

MIKAYLA FINDLAY: Budgets.

CLEMENTS: --budgets?

TONY GREEN: You're going back to the budget bill--

CLEMENTS: Right.

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TONY GREEN: --not this-- OK. Would the $15 million in the budget bill be spread amongst the regions?

CLEMENTS: Yes.

TONY GREEN: Yes. It would, it would be spread across the-- yes, proportionately based on the, the dollars of unspent funds.

MIKAYLA FINDLAY: Proportionally [INAUDIBLE] population.

TONY GREEN: Correct.

CLEMENTS: And that's back to the-- we didn't ask that question from the department earlier. Are there other questions?

WISHART: I do.

CLEMENTS: Senator Wishart.

WISHART: Thank you for being here.

TONY GREEN: You're welcome.

WISHART: So what is the reason that you're seeing these budgets underutilized?

TONY GREEN: So I'll, I'll point to a couple things that were, were mentioned maybe in other testimonies. One, I think the, the obligation or the budgeted amounts don't seem to be quite appropriate to needs that are being presented at, at the, the behavioral health regions. Significant reduction in the folks that are being supported under this funding stream while significant increases are happening on the other two funding streams-- to include Medicaid and the Affordable Care Act folks. So those two populations are drastically increasing, or did with Medicaid expansion. And with the continual rise in Nebraskans receiving coverage under ACA, that leaves less folks to be supported in this pot of money through the regional behavioral health authorities. Figures that, that we track for them-- and we've shared these with the regions-- that since 2018, we've actually seen a, a, a 38% reduction in, in clients being served through the regional behavioral health funding system-- some regions more than others. But in total, it's been a 38% reduction to date.

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CLEMENTS: In number of clients?

TONY GREEN: Number of clients.

CLEMENTS: Number of clients. And that's-- you think that's because they're being served by the Affordable Care Act or Medicaid expansion?

TONY GREEN: I would say that's a, a, a, a big component of that. I, I don't know that I would go out on a limb and say all of them are in one of those two categories. But, but I would argue that there are a large number of folks having that covered under Medicaid and, and private insurance or through the ACA.

CLEMENTS: Senator Wishart.

WISHART: That's very helpful. We've been hearing an increase since the pandemic of people needing behavioral health services. So that's where I'm trying to understand. Is it-- you're saying it's mainly attributed to just a switch in this sort of bucket of money that provides its services. Is staffing also causing a challenge for the services not to be provided because there's nobody to provide the services?

TONY GREEN: So staffing is a, is a unique dilemma we're in. I, I think-- I would, I would say, yes, there, there are staffing shortages. Interestingly enough-- and we just had at our, our regional behavioral health auth-- authority meeting that we held last week-- had BHECN, who's in charge of the behavioral health workforce, kind of studying that. Nebraska's kind of an anomaly in that we actually have more licensed clinicians today in mental health, behavioral health-- to include psychology, psychiatric services-- there are more licensed clinicians today in Nebraska than there were in the past. That's not a, a, a, a piece of data that you see in those other states. We have some conversations at our meeting of, of working with BHECN to kind of dive in because it doesn't seem that, at the provider level, those licensed clinicians are doing clinical services, right? So they might be embedded in agencies. They might be in academia, other places. But interestingly enough, Nebraska does have a larger workforce of clinicians today than we have in the past.

WISHART: So are we seeing an increase in behavioral health needs in the state?

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TONY GREEN: I think we are. And I, I think how you define that, I think-- I can certainly speak even from the, the regional center's perspective-- for the folks that we're supporting there-- the, the complexity of the needs has drastically increased.

WISHART: OK.

TONY GREEN: I, I can say that, yes. And I would say that that is probably equally concerning across the community-based providers as well.

WISHART: OK. So if there's an increase in need, how are we meeting that need with the services if we are not-- I'd imagine there would be an increase in, in budget need then.

TONY GREEN: It hasn't, it hasn't equated to that yet. So, so one of the-- as you've heard before-- the regions, you know, being responsible to kind of manage the service needs within their, their catchment areas. We have thus far since January of '23-- so almost-- a little over a year now-- we've had 28 submissions of proposals from the regions that weren't in their original budgets to address emergent needs or funding shifts that might need to happen to a-- to address those areas. So I think they are trying to meet those needs. And all of those but three have been approved for funding within the existing appropriation that is still set to leave, projected, $30 million this fiscal year. So to your point, even of the, the, the, the conversations about rates needing to be self-sustained within the budget, we've been able to sustain those. And still even this fiscal year, based on current spending, are set to lapse another $30 million this year.

WISHART: OK. Thank you.

CLEMENTS: Are there other questions? I was glad to hear that because I was just going to ask you about-- we had a number of testifiers talking about wanting to expand and increase services. And I was going to ask if that-- are they spending the savings from the Affordable Care and Medicaid expansion savings or, or-- and wanting to move that to new types of services? Is that what you were saying? Was that the 28 requests you've had?

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TONY GREEN: Yeah. So the 28 requests are-- they had originally submitted their budget of here's how they were going to spend their mental health and their substance use dollars. And based on underutilization perhaps as one example of why they might send a shift in, a new need has surfaced in their community. And so they asked for a budget shift with a new proposal that's come in for a new service. And we have been approving all of those that, that have come in within their existing budgets. So some of the, the com-- the comments that you heard about cutting services, we, we still-- and, and I have these conversations with the regions, so we just kind of agree to disagree at this point-- that there would need to be service cuts because most of the things are already obligated within an existing budget. They're just not being utilized. And for any of those that might not yet have materialized, they would have been budgeted at the time of the approval when those new services were being requested. We would have requested that the budget show the shift from another fund to cover that program. And I would just make the final comment that, to any of the expansion things that maybe haven't materialized yet into a budget-- I think there was an example of a $4 million project that might not be able to go forward if, if funding weren't there-- that specific region in our calculation has $12.7 million in unexpended funds projected. And so we believe there is, is room within the existing appropriation to meet all of the existing needs. And if there are additional needs, we would entertain proposals from the regions to meet those needs. We do not currently have any pending request from the behavioral health regions for new services.

CLEMENTS: Can you confirm that one of those is a Sarpy County issue--

MIKAYLA FINDLAY: Crisis stabilization--

CLEMENTS: --crisis stabilization request?

MIKAYLA FINDLAY: That you're referring to.

TONY GREEN: That's already been approved or in-- is already in existence that maybe-- yeah. I'm not sure what the question is. Sorry.

CLEMENTS: Is that one that's been approved for a transfer?

TONY GREEN: I would have to check, Senator. I'm, I'm not--

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MIKAYLA FINDLAY: It says three proposals have been approved. Is that one of them?

TONY GREEN: It could be.

MIKAYLA FINDLAY: Would that-- it could be.

TONY GREEN: If it's been, if it's been started since January of '23-- let me look at Region 6. It potentially could be. We do have a crisis stabilization and research center that was approved in August of '23.

CLEMENTS: I thought I heard you say there'd been-- you'd had 28 requests to change funding and-- how many of those have been approved? Was that all that but three?

TONY GREEN: Yes.

CLEMENTS: I thought that's what I heard you say.

TONY GREEN: I think I said three denials. So 25.

CLEMENTS: OK. That's--

MIKAYLA FINDLAY: Do you have any information on the timeliness?

CLEMENTS: That's what I heard.

TONY GREEN: Yeah, I would-- my, my comment on, on some of the timeliness I think sometimes-- so I'll own for the division past timeliness issues if there were some, right? I, I, I can't fix it, but I think they would all honestly say-- since I took the helm in January of '23, we've made it a point within the division that we were not going to be a barrier as it related to timeliness or getting to the answer of yes. And so I, I would say I feel that that has drastically improved, that the, that the timeliness is, is there and the answer of yes is, is there in the data.

CLEMENTS: Thank you for your testimony. Seeing no other questions.

TONY GREEN: Thank you.

CLEMENTS: Is there anyone else in opposition of LB943?

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JESS LAMMERS: Jess Lammers, J-e-s-s L-a-m-m-e-r-s. And I would be opposed to the funding described in the legislative bill because, as the last testifier pointed out, there's money on the table that the different regions could be using and haven't. I, I can't justify giving them more money. And in my specific case, I, I think the problem arises in that we are not having-- and that's not to say people don't have mental health crises. I don't believe that Nebraska is experiencing an uptick in mental health issues. I believe what Nebraska is experiencing is a high turnover rate and poor training in certain departments, which then the departments such as the judiciary, law enforcement, probation, Health and Human Services, their answer to their poor training, citing Monell v. Department of Health and Human Services [SIC] and Owen v. Independence-- both Supreme Court cases-- their answer is to call the incumbent crazy and refer that incumbent to mental health services. In my case specifically, I was committed to Lincoln Regional Center for 52 days, to which, at the end of those 52 days, I was told, you're saying you're competent and you're not wrong. Department of Health and Human Services misapplied the law, overcharged you $38,000, and you're rightfully pissed that someone stole $38,000 of your money. In this case, it was a government entity that stole my money and then told me I was crazy when I asked for public accountability. And we're going to give mental health $8.1 million more. Excuse me. I don't think mental health is the issue. I think accountability is. I think we need to hold law enforcement, DHHS, the judiciary, probation departments-- all these state employees that are not being held accountable, for whatever reason, is the issue. Mental health of the constituency is not declining. I would say competency of state employees is declining. And I would question if anybody in the room has read the Nebraska Administrative Code Manual except for me. And if you have read it, please tell me what Section 87.001 says. And why would I ask a committee that? Because the use of shall and/or is probably directly relative to how you would write a bill-- the department shall; the department shall and/or in certain situations. Now, this is all relative to Chapters 42 and 43 of Nebraska Revised Statute. Any lawyers in the room? I'm not one. But it is Abe Lincoln's birthday, and he did teach himself to be a lawyer. So I, I would question what the excuse of the bar-carded attorneys is when they make a mistake. Because it goes right back down to accountability. No one wants to be held accountable for their mistakes. And the court's answer when a constituent or a defendant

says, hey, you're wrong, the court's answer when they hit the speedy trial-- Nebraska Revised Statute 29-1207-- when they hit speedy trial rights, the court's answer is call him crazy and then [INAUDIBLE] speedy trial against the defendant and give the state carte blanche to just make more mistakes. I'm sorry. I cannot support giving any more money to mental health services when there's still money on the table and we have shown poor allocation and use of resources. I would yield my time and accept any questions from the committee.

CLEMENTS: Are there questions from the committee?

JESS LAMMERS: No. Never any questions.

CLEMENTS: Thank you for your testimony.

JESS LAMMERS: You're welcome, sir. Thank you for pointing out the discrepancy in paragraph one [INAUDIBLE].

CLEMENTS: Are there other opponents on LB943? Seeing none. Anyone in the neutral position? Seeing none. Senator Dorn, you may close.

DORN: Thank you. Thank you for quite the discussion. I, I, I also wanted to address a little bit the, the $8.1 million. And Mikayla, you tell me if I'm wrong on this or whatever. And I don't know if we passed that. I don't think we did. But the fiscal note for this shows fiscal year '24, and that was a little over $3 million. That would have been in the current year we're in. What we're looking at as a budget for the re-- for next year or whatever. So that is that $3 million, which was 3%, plus 2% more, which would be about 5%, or $5 million. Yeah. Because we did 3% the first year, and then the next year-- and then 5%, but the 5% adds up to the-- 3% carries over to the second year also, plus another 2%. So that's the 5% and the $5 million-- to explain what Senator Clements' question was and why the fiscal note right now only shows a little over $5 million. Because you have 3%-- when you approved the 3% the first year, that's both of the years you get 3%. Then the second year is an additional 2%. So that's why the $3 million and now the $5 million because it's three plus two to get up to the five. That would have been the $8 million, roughly. Those numbers all total. But since we're not in our budget now, we're not doing the first $3 million. We're just doing the second year, which is the $5 million.

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MIKAYLA FINDLAY: We could still do this for the current year.

DORN: The 2%-- but, but the 3% from the first year would have been counted in that? Correct. OK. Director Green talked a little bit about that some of the, I call it, the funding that maybe is available there now has gone over to or what some of the providers have had, behavioral health providers have had, over to Medicaid, which we didn't have at one time. We didn't have the expanded Medicaid. So some-- not providers. Some of those patients have gone over there. Well, I think if-- as we've gone as a committee and we've talked a lot about the fact hospitals, nursing homes, everything, Medicaid doesn't cover everything. So when you have those patients now go from here to here and now you're on this Medicaid, you're on a fixed, fixed number now that is going to be allocated for whatever service you do. That, that may not be covering the cost that that entity has for that whole fixed cost or whatever. So you, you, you still have the staff. You still have everybody there. But now is that covering all of that? And that's why some of this increase in these rates and some of this things-- you, you still have, I call it, employee cost and everything going up. But if you took some of your people that weren't on expanded Medicaid before, if they were private-- more private or not-- but I don't know if they were state or not-- they may not be covering as much as the cost. And that's just something I'm bringing up. I don't know if I'm right there or not, but I question that. If you go from here to here, you still have all the staff working. You still have all the people working. But now you may not be-- and I don't-- I, I didn't have those numbers and didn't have time to look them up-- you may not be quite getting as much as some of the other rates maybe. I don't know. That's a thought I had. I-- Mikayla would have to look at some of that stuff up or whatever. But I wanted to point that out. One last thing: part of what Director Green talked about was that this is funds that they have out there. They budgeted, didn't use them. Haven't used-- or-- haven't-- they've been obligated, but they're still sitting there and they haven't, I call it, been expensed or whatever. Part of the reason-- when Diri-- Director Corsi was here and I asked about his nurse-- nursing situation, and they're asking for $15 million for more nurses and increased cost. We as a committee, though, we often go ahead and approve those things even though-- they don't have the nurses hired. The nurses aren't there. I remember two, three years ago when we had the Correction facility, they asked for-- I

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forget. They asked for quite an increase in funding for staffing. They'd-- had not never been below 137 empty spots that year. I remember when they came in and testified for us. We didn't approve that because they had all these open spots, and yet-- they had budgeted for those open spots, and now they wanted more increase to hire so many more. I guess some of those things that-- and I just look at it and I go, oh, do we need to-- yes, we need to fund new nurses because there's a need. But yet in this program, now they want to cut it even though there's a need. So where is that correlation? That, that's just me talking. And maybe shouldn't mention that, but I get to because I get to close on it, so. Thank you. So. OK. That's all I have. Thank you. Unless you have any more questions. And I hope we explained the 5-- why it's a $5 million fiscal note now instead of the $8 million.

MIKAYLA FINDLAY: It's still $8 million. It just doesn't show [INAUDIBLE].

DORN: Yeah.

CLEMENTS: Yeah. Thank you for that clarification. Are there any questions? Seeing none. I think that's it for that.

DORN: Yup.

CLEMENTS: And I have some position comments for the record. We have proponents, 13; opponents, 1; neutral, 0. We have ADA accommodation testimony: we have 1 proponent, 0 opponents, and 0 neutral. That concludes LB943. And we will then open the hearing for LB944. Welcome.

DORN: Good afternoon again. Chairman Clements and fellow members of the Appropriations Committee. My name is Senator Myron Dorn, M-y-r-o-n D-o-r-n. Representing District 30, which comprises all of Gage County and a por-- portion of Lancaster County. As all of you know, I've been a strong supporter of Medicaid providers. We must be able to work with providers to ensure that our public health care system can continue to serve those most in need. And without regular increases in rates, these providers cannot continue to serve patients, particularly in mental health and substance use services that have been notoriously underfunded by the state. LB944 seeks to respond to the ongoing need to increase behavioral health rates by setting aside dollars from the

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Excess Profit Fund in the Medicaid system. You will hear today from a testifier following me that the history of that fund and why it makes sense to tap for this purpose. This bill does not appropriate dollars, but rather it sets the dollars aside for future decision-makings. This language ensure that future Appropriation Committees and Governors have the ability to utilize these dollars first for rate increases. Your support of this bill sends a message to the behavioral health providers that we know keeping up with increasing costs will enable them to serve patients during the most vulnerable time and keep them active and healthy in their communities. The need is there. Accurding-- according to the Kaiser Foundation, in February 2023, 32% of Nebraska reported symptoms of anxiety and/or depression. That's 1/3 of our state population. Today, I have an amendment that specifically sets aside $3 million each biennium from the fund for mental health and substance use treatment service rate increases. Along with the federal match dollars, this amounts to approximately a 2.5% increase each biennium, which is the minimum that should be considered. One last point I'd like to make: this bill does not intend to usurp the Department of Health and Human Services' ability to, to propose allocations from this fund, which has been done recently to pay for Medicaid unwind costs post-COVID. Again, it simply sets aside dollars for behavioral health rate increases to send a strong message from this committee that behavioral health services are critical to future generations. And I think we sent out an email-- and everybody should have a white copy of an amendment to LB944. That becomes the bill. When we had the discussions with them and brought the bill forward, we did not have no exact dollar amount in that fund. We had multiple different agencies or groups reach out to us and talk to us about how that might work and some-- what some of the funding is tend-- intended for or whatever. But the white copy now becomes the bill. [INAUDIBLE] intended-- it is the intent of the Legislature that no less than $3 million be available for biennium appropriations from the fund for behavioral health care services rate increases under the Medical Assistant [SIC] Act. And that's-- wanted to make sure everybody knew that because I do know there are some people that are going to come testify opposed to the green copy, or at least we've heard that, so. Thank you.

CLEMENTS: Are there questions? Seeing none. Thank you. Are there proponents for LB944? Good afternoon.

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ANNETTE DUBAS: Good afternoon, Senator Clements 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 for the Nebraska Association of Behavioral Health Organizations, otherwise known as NABHO, which includes 58 member organizations statewide, including community behavioral health providers, hospitals, regional behavioral health authorities, and consumers. We'd like to thank Senator Dorn for introducing LB944 and appreciate all that he's done on behalf of behavioral health over his tenure. The managed care statute was first passed by the Legislature in 2012, and I had the privilege of being in the Legislature at that time and being a supporter of that bill. At that time, behavioral health was a carve-out. So the original statute was imp-- implemented in the context of a standalone behavioral health managed care program. But as managed care moved to an integrated model bringing in physical health and pharmacy, the statute needed updates. The section we're talking about today deals with the excess profits realized by managed care companies and how those dollars are to be used. And in the early days, those funds were referred to as community reinvestment funds. Under the original statute, Magellan operated as the sole managed care company strictly dealing with behavioral health. The statute directed that those profits were to be used to fund additional behavioral health services. In those very early days, the distribution of the money was managed by Magellan, and they created their own application and submission form, reviewed those, those forms, and then distributed the money through grants. So that money went back out into the provider community, into the community for services. Now we have evolved to an integrated managed care program, Heritage Health, and the Legislature has updated the statute to reflect these changes and in how the excess profits are used. The department-- in particular, the Division of Medicaid and Long-Term Care-- took over the management of the money. Medicaid directors over the recent past have had different takes on how to use that money. So in 2020, the Legislature acted under Senator Arch's leadership to create the excess profit funds to allow you, the appropriators, an opportunity for more oversight and accountability on how the funds are to be distributed. In this most recent budget, money was allocated to support costs associated with the Medicaid unwind. Every year, the behavioral health community appears before this committee to make our case for why you should increase provider rates, and we sincerely thank you for recognizing the need to support behavioral health care

and include those rate increases in your budget. We have gone a-- you have gone a long way to help providers keep their doors open and provide life-changing treatment. And I want to leave you today with the message that having this as an ongoing funding will help provider rates, but what do those rates really do? I, I, I could tell you-- you know, beyond just paying the, the bills and keeping the doors open, I, I could give you story after story of programs supported by these rates that make a difference in the lives of the people you served. Recently, I visited with a mother with an adult son who struggles with severe depression to the point where he attempted suicide. She was able to get him into a program; and with ongoing treatment for his depression, he is living a productive, happy, and healthy life. Peer-led program-- peer-led programs that go into our Correctional facilities and lead WRAP groups-- WRAP stands for Wellness Recovery Action Plans-- and helps inmates address their mental illness and addictions to develop a wellness and recovery plan and put it into place to aid them not only while they are incarcerated but also upon their release. Or community providers who work with schools and send therapists on-site to help children dealing with mental illness and addictions. Schools and parents see the benefits because kiddos don't have to leave school, parents don't have to leave work or find transportation. You don't have to lea-- and, and children are then better able to focus on learning and be less disruptive in class. It's important to understand that when you provide financial resources through provider reimbursements, the end result is children and adults from all walks of life will benefit. When our community members are mentally healthy, our community at large is healthy and productive. So using a small portion of this fund to consistently invest in provider rates will bring stability to a provider's bottom line and take pressure off of state general funds. It also go back-- goes back to the intent of this section of statute, which is to invest these dollars in services for children, families, and adults. Rate increases are a way to allow providers to look not only at sustaining current programs but also to fund other-- excuse me-- but also to fill service gaps and provides system improvements. We believe LB944 is a way to demonstrate the state's ongoing commitment to behavioral health. Thank you.

CLEMENTS: Thank you. Are there questions? Seeing none. Thank you for your testimony. Other proponents? Good afternoon.

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TOPHER HANSEN: Good afternoon. Chairman Clements, members of the Appropriations Committee. My name is Topher Hansen, T-o-p-h-e-r H-a-n-s-e-n. I am the president and CEO of CenterPointe. I'm here today on behalf of the Nebraska Association of Behavioral Health Organizations, where I've been a member for over 23 years. I also sit as the audit committee chair of the National Council of Mental Wellbeing and on their board of directors. I am here to support LB944. In-- I'm going to touch base a little bit on what Annette touched on, but I think it's important. I was here during all of that. In fact, I was president of NABHO at that time. And NABHO then worked with a, a, a contractor to develop a response for RFI, or request for information, from Medicaid. And we put the package together that we submitted to Medicaid, which became the carve-out package, the contract for Magellan, when it was employed to be that first managed care provider at that time. So we were intimately involved. But the other thing we understood was we didn't really have guardrails. Like, how much can you spend? What ab-- how-- what about leftover money? What do we do with that? And so the Community Reinvestment Act was passed by Senator Krist at that time-- introduced by him, passed by the Legislature at that time to guide how we treat these contracts. And so the money gets reinvested. So LB1158 worked with NABHO and the legislation to help develop the parameters for the medical assistance contract. And that legislation directed a reinvestment of unspent funds for additional behavioral health services for children, families, and adults. Later, in 2016, Senator Campbell brought LB1011, which clarified the money to be set aside related to excess profits of the managed care companies. It directed the reinvestment of any remittance if the contractor does not meet the minimum medical loss ratio-- that's what money they spent-- to fund additional health services for children's-- children, families, and adults according to a plan developed with input from stakeholders and approved by DHHS. In 2020, then Senator Arch sponsored the Medicaid Managed Care Excess Profit Fund in LB1158 to receive any remittance from the managed care contractor not meeting the minimum medical loss ratio in any un-- and any unearned incentive funds and any other funds. So we've been doing iterations of this, trying to figure out how to do it, and ex-- and, and, and gather the money that gets left over so then we can do something with it. Good. What we're saying is we want to have some of that-- as was the original statute-- go back to mental health and substance use activities so we can address the needs that are there,

especially as it relates to rates. So, you know, the, the testimony today has been replete with the need. And I can tell you, as the CEO of CenterPointe, I was sitting with our outpatient services director the other day at noon. And she said to me, we have done 17 comprehensive assessments on people coming in the door in the last day and a half. So that wasn't how many that week. It wasn't how many we had that day. It was in a day and a half we'd done that many. And the appointments continue to roll on. So the demand is overwhelming. It's, it's a tsunami. And, and we are trying to meet those needs the best we can. In-- we have a facility, a residential facility in Omaha that-- we have two 26-bed facilities-- one long-term, one short-term-- and then a new 20-bed facility that adds to the short-term. So all told, that would be 46 beds. We can't open the 20-bed facility because we don't have the staff to do it. You have to operate in ratio. We can't find the therapists and we can't find the nurses and we can't find the what we call behavioral health technicians sufficient to meet that ratio in the Omaha area. So when we hear testimony that, that BHECN has identified that we have plenty of people, I don't know where they are. I would be interested in a data drill down on what that says because we're not experiencing it. And Medicaid, it's-- as a department is not reporting those numbers in the numbers that I've seen. So the demand is huge. This crosses over every single-- mental health and substance crosses over every single area of life, whether it's any of us in our personal life. We say it at our shop: everybody knows somebody. But talk to the police officers. And we, we work closely in Lancaster County with Lincoln Police Department. The demand is huge. And so what we need is to plan for that with this fund to help address rates so providers can meet those costs, which are enormous. And thank you, thank you, thank you for what you've done in the past. That's been wonderful. It's completely saved our operation by meeting the cost, our 25% cost, in salaries. But I, I'm here also to tell you that the cost bubble has pretty much filled the revenue bubble. And, and so happy to show you that data at any time. But this kind of fund helps you all be prepared for that next request where we say we need help to meet the cost of doing business. So I'll stop with that.

CLEMENTS: OK. Are there questions? Thank you for your testimony.

TOPHER HANSEN: Thank you.

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CLEMENTS: Are there other proponents for LB944?

MARY KELLY: Hello again. Mary Kelly M-a-r-y, K-e-l-l-y. Member of the League of Women Voters of Nebraska. The League of Women Voters believes that every U.S. resident should have access to a basic level of care that includes mental health care. Further, the league believes that every U.S. resident should have access to affordable quality in- and outpatient behavioral health care, including-- this is the wrong letter. I'm sorry. I don't know where the other one went. I maybe have too many. OK. Here we are. Toward that end, the League of Women Voters of Nebraska supports the amending of Section 68-996, Revised Statutes, Cumulative Supplement, 2022, as proposed in LB944. The original supplement created the Medicaid Managed Care Excess Profit Fund. LB944 would tailor the use of those funds specifically toward an increase in provider service rates. This increase in service rates would be a critical factor in attracting and retaining qualified mental health providers. Recent statistics indicates 62,000 Nebraska adults have a serious mental illness. Lincoln County, home to north Platte, has 54 mental health providers for its 35,000 people, or 1.5 providers per 1,000 county residents. Contrast that with Lancaster County, where the rate is 2.3 providers per 1,000, or to the 29 counties in Nebraska that have zero providers. A February 2023 article published by the University of Nebraska Medical Center noted that 88 of Nebraska's 93 counties are considered to have a shortage of behavioral health professionals. 29 counties don't have any behavioral health professionals at all. This amendment provides for a long due increase in Medicaid provider rates and removes any ambiguity regarding the purpose of the funds. For these reasons, League of Women Voters of Nebraska supports LB944 and urges you to advance it to the General File. Thank you for your consideration. Any questions?

CLEMENTS: Thank you. Are there questions? Thank you for your testimony.

***MARY ANGUS:** I am testifying on my own behalf. I am not expressing the beliefs of any other person or organization. My name is Mary Angus, M-A-R-Y A-N-G-U-S. I am testifying on my own behalf to support LB944. As we have gone through the pandemic and come out the other side, there is plenty of evidence of the impact it has had on the mental and behavioral health of both adults and children. Please consider the needs of Nebraskans for evidence supported treatment and how we can

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best manage the situation. Having set aside dollars each biennium from the Excess Profit Fund in the Medical Assistance Program for future behavioral health rate increases as approved by the Legislature and the Governor, provides an assurance that we are committed to the mental and behavioral health of all Nebraskans.

CLEMENTS: Are there additional proponents on LB944? Seeing none. Are there any opponents? Good afternoon.

MATTHEW AHERN: All right. Good afternoon, Chairman Clements and the members of the Appropriations Committee. My name is Matthew Ahern, M-a-t-t-h-e-w A-h-e-r-n. And I'm the interim director for the Division of Medicaid and Long-Term Care within the Department of Health and Human Services. And I'm here to testify in opposition to the green copy of LB944, which limits the allowable use of funds in the Managed Care Excess Profit Fund. LB944 limits the use of funds to only increase Medicaid provider rates for behavioral health services, implying this fund is a sustainable source of funding, and removes any discretion the department has for using the fund. Currently, the statute allows for these funds to be used for all service types and specifically states that the funds can be used to fill service gaps, provide for system improvements, and sustain access to care. Historically, reinvestment of managed care profit funds was specific to behavioral health services, as outlined in earlier testimony. At the time, behavioral health services were provided under a separate managed care, and therefore the funds captured were specific to behavioral health. As managed care has evolved to also include physical health, dental, and pharmacy services, the Reinvestment Fund was created. And the use of the Excess Profit Fund has evolved as well. This legislation would limit the use of the funds to be allowed only for increasing behavioral health provider rates. However, over the past six years, the funds have been generated from the entire array of services. Currently, behavioral health services represent under 11% of the total share of claims. Additionally, the Excess Profit Fund is not a sustainable source for increasing provider rates. There are no guarantees that revenue will continue to flow into the cash fund or at what volume the funds may come in. Using these funds to increase rates can lead to sustainability, sustainability issues for future years and to a decrease in rates for behavioral health providers if cash funds are not available. Lastly, the legislation does not allow for any discretionary use of the-- by the department.

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For example, the department currently has authority to use some of these funds for the nonfederal share of iServe system development. If the legislation were to pass, DHHS and the legislative body would be constrained, losing the authority to prioritize the use of funds to meet the greatest need and would result in increased General Fund costs. Due to these concerns, DHHS respectfully requests the committee not advance LB944. Thank you for the opportunity to testify today. And I'd be happy to answer any questions you have pertaining to this bill.

CLEMENTS: Are there questions? Just to be clear: if this does not pass, can the agency still use some of these funds for behavioral health purposes?

MATTHEW AHERN: Absolutely.

CLEMENTS: But you're wanting to have flexibility as to where the highest priority need is?

MATTHEW AHERN: Yep. That's the intention. And I, I'm looking forward to reading the proposed amendments to, to, to see what that impact is. But yeah, that, that really is our, our driving factor, is that we have some concerns about using the, the Excess Profit Fund for ongoing rate increases because it, it's simply not necessarily a sustainable source of funding. You know, we're in kind of a boom period as a result of the COVID pandemic, and, and there are going to be lean periods where we may not have anything going into the Excess Profit Fund. So linking ongoing increase for rates with, with what is a, a, a periodic cash fund becomes problematic for us. And then the flexibility, as you said, is, is our main issue to be able to prioritize.

CLEMENTS: What's the most recent amount of excess profit that's been returned?

MATTHEW AHERN: You know, I know right now, the current, the current amount in the Excess Profit Fund is somewhere in the neighborhood of $68 million. We anticipate here in the next year as we go through calendar year '22 information, we, we are likely to see an increase of another $30 million is what we're projecting. But that will likely kind of vary year over year.

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CLEMENTS: The $68 million came from 2022--

MATTHEW AHERN: So $68 million is the current, the current balance, right, in the cash fund as we've added up the, the prior years and whatever we've expended.

CLEMENTS: And the $30 million will be-- come from fiscal year what?

MATTHEW AHERN: So calendar year '22, once we go through our reconciliation there, we're anticipating another approximately $30 million.

CLEMENTS: Oh, you use calendar years?

MATTHEW AHERN: Yep, for, for, for the reconciliation.

CLEMENTS: OK.

MATTHEW AHERN: Yep.

CLEMENTS: Thank you. Are there any questions? Seeing none. Thank you for your testimony.

MATTHEW AHERN: All right. Thank you very much.

CLEMENTS: Is there anyone else in, in opposition of LB944?

JESS LAMMERS: Jess Lammers, J-e-s-s L-a-m-m-e-r-s. I-- and, and maybe I'm just a, a country boy and a simpleton, but citing the Nebraska Administrative Code Manual-- again, part 87: permissible language in, in bills and amendments. On the landing page for the introducer's statement, it says: Excess Profit Fund in the Medical Assistance Program. As we do a lot of talking about money here, money there, these people need more money, these people didn't spend all their money-- excess profit in the assistance program. Should there be excess profit in the assistance program? It seems oxymoronical to me that we would cite some $68 million in excess profit. And then if we're going to cite excess profit while mentioning provider rates, shouldn't the providers who are already in unit or using the program or providing services, shouldn't the excess profit be doled out to those clinics, the people who already took a hit on the, on the rate that they were paid to provide services? They, they had to give par

services at a subpar rate because of Medicare or Medicaid reimbursement. And now we have extra profit that we're not redistributing to the people who are already participating. And then we cite why people don't want to come here and work. I mean, it, it can't seem more common sense to me as a country boy from the farm. I would yield any, any time I have left and, and field any questions from the committee.

CLEMENTS: Are there questions? Thank you for your comments and your testimony. Anyone here-- else here in opposition to LB944? Seeing none. Is anyone here in the neutral capacity? Seeing none. Senator, you may close.

DORN: Thank you. Just, just wanted to point out one more time again: I think the director, when he talked a little bit, he talked about the fact that he was making some comments off the green copy, because the white copy now becomes the bill. And asked for $3 million. Originally, when the people came and visited with us about this bill last fall, probably in October already-- interesting to hear now that they're still today at $68 million in there. There was $60 million, I believe, at the end of the fiscal year. That's the number that was in there. So there is funds in there. We always keep talking that, as a committee or as a Legislature, that what fund can I go borrow that? Or sometimes we use the word "rob that from" or "use that out of." This is where a group of people came to me and said, here's something that we can use that for. And I think he-- somebody pointed out that Senator Arch, Speaker Arch was the one in 2020 or 21' or whatever that brought the bill, that this is allowable use for this. So we did have a lot of people reach out to us that-- there would have been more here opposing that if we would have left it, the green copy, the way it was. So we visited with our people and came up with the white copy. So we narrowed it down into specific areas. So thank you much.

CLEMENTS: Are there any other questions? Seeing none. Thank you for your testimony-- thank you for your bill. We do have comments for the record. We have 9 proponents, 0 opponents, 1 in the neutral capacity. On ADA accommodation testimony: 1 proponent, 0 in opposition, and 0 neutral. That concludes LB944. Next, we will open the hearing for LB1128. Senator Vargas, welcome to the Appropriations Committee.

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TONY VARGAS: I know you never get tired of making that joke. Thank you very much. Chairman Clements and members of my fellow Appropriations Committee. My name is Tony Vargas, T-o-n-y V-a-r-g-a-s. I represent District 7, which includes the communities of downtown and south Omaha-- the best part of south Omaha. Just kidding. I'm here to introduce LB1128, which would create the Opioid Cash Fund and change how the dollars are appropriated as we continue to receive funds from settlements. There's two things I want to make sure to hand out. One is a one-pager and-- thank you. And one is an amendment that just clears up some of the language. I see this largely as a bit of a cleanup bill. You know, part of the reason the creation of the Opioid Cash Fund would work hand in hand with the way we currently do it is, as we currently have a cash fund, it, it, it lacks the structure from the current settlement dollars. Even earlier today, you, you heard the agency. We had a little dis-- we, we could see [INAUDIBLE] item. We have to appropriate the cash fund authority to enable them to move funds to be able to be utilized from the Opioid Recovery Trust Fund. And, and this wouldn't change any of the authority. What this really does is makes sure that we're treating this fund, this new fund more like the Health Care Cash Fund. What it would do is stipulates when the funds can be transferred, appropriated, or invested. The allowable uses is probably the bigger change. So currently, our, our settlement dollars are deposited into the Nebraska Opioid Recovery Trust Fund. The bill would require the State Treasurer to transfer X amount of dollars on or before every July 15 from the trust fund to the Opioid Cash Fund. The amount-- bless you. The amount transferred shall be reduced by the amount of the unobligated balance in the cash fund at the times the transfer is made. The State Investment Officer shall, shall advise the State Treasurer on the amounts to be transferred from the Opioid Recovery Trust Fund in order to sustain such transfers in perpetuity. Unless otherwise provided in law, no more than the amount specified in this subsection may be appropriated or transferred from the Opioid Cash Fund at any fiscal year. Really high level. What the amendment does is makes sure that the funds are used for opioid prevention or related reasons so that the fund is utilized for that purpose. The Health Care Cash Fund has to be used for health care reasons. That is largely what this bill is doing. It doesn't allocate more funds. It doesn't allocate less funds. It doesn't change the cash fund appropriation or authority that we provide to DHHS to, to utilize. It's more of a cleanup bill to make sure that we are having

some good statutory framework and guidance for a cash fund that uses settlement dollars.

CLEMENTS: Are there any questions? Seeing none. Are there proponents for LB1128? Good afternoon.

CHASE FRANCL: Good afternoon, Senator Clements, members of the Appropriations Committee. Thank you for having me. My name is Chase Francl, C-h-a-s-e F-r-a-n-c-l. And I'm testifying today on behalf of the Nebraska Association of Behavioral Health Organizations, NABHO, in support of LB1128. I serve as the president and CEO for Mid-Plains Center for Behavioral Healthcare Services. We're headquartered in Grand Island, Nebraska. We've served our communities for more than 50 years, providing an array of services, including outpatient and home-based counseling, medication management, transportation, along with a service that's been talked about a lot today, crisis stabilization, and our detox services. We employ about 70 staff and serve about 3,200 Nebraskans each year, so I'm grateful to be here on their behalf. As we're all aware, the opiate crisis continues to climb nationwide at, at alarming rates. And although Nebraska thankfully has not found itself at ground zero this epidemic, neither are we immune to its devastating influence, as we saw the Nebraska State Patrol's 120 pound fentanyl seizure near Kearney in 2018 that contained enough of the drug to kill an estimated 26 million people. While being at a geographical crossroads is great for industry, it also places Nebraskans in harm's way for drug trafficking, making our efforts to stay ahead of this trend imperative. Nationally, the statistics are sobering. And according to the CDC, the number of people dying from drug overdose in 2021 was over six times the number of victims in 1999, with more than 645,000 lives lost during that period. The number of drug overdose deaths increased more than 16% from 2020 to 2021, and over 75% of the nearly 107,000 drug overdose deaths in 2021 involved an opioid. Similarly, deaths attributed to fentanyl and fentanyl analogs has increased 22% in a single year, between 2020 and '21, with an overdose rate in 21 that was nearly 22 times the rate seen just eight years prior in 2013, accounting for over 71,000 overdose deaths in 2021 alone. So I don't have to tell you the enemy is at the gates. As a substance use provider agency, Mid-Plains is preparing to meet this emerging need, as we're currently awaiting approval by the Division of Behavioral Health that would allow us to relocate our detox center, increase the number of detox beds, increase staffing to

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handle higher acuity patients, and begin offering medication-assisted treatment at both detox and outpatient levels of care to promote the safe, long-term management of opiate dependance. In the past, our agency's medil-- medical director had been reluctant to take on treatment of the opiate population in large part due to the high risks and costs incurred in treating this population. However, in just the past year in a conversation, he expressed that he now finds himself encountering too many patients with too few resources available. And with the safety and effectiveness of naloxone or Narcan, he's now supportive of us taking on that need. LB1128 presents an opportunity to be strategic in how we address this crisis and provide crucial support to communities and agencies like ours grappling with addiction and its consequences. Similar to the success Nebraska has realized through designating tobacco settlement funds as a foundation of the Health Care Cash Fund, LB1128's establishment of an Opiate Recovery Cash Fund would serve as a dedicated resource for initiatives aimed at prevention, treatment, and recovery support for individuals struggling with opioid addiction. Rightly directed, this fund would open doors to support community-based organizations, health care providers, and law enforcement agencies working on the front lines of the crisis while holding reserves to extend the life of the funding while also being able to be used to leverage future federal funding opportunities such as grants through SAMHSA or the CDC. Finally, I want to encourage the committee to allow our recent experience to be instructive in how we invest for the future use of these funds. In the same way that few of us understood the emerging threat that fentanyl posed just a few short years ago, Nebraska would do well to set aside and disperse these funds in ways that allow us to be responsive to the next potential opiate-related threat we encounter, whatever and whenever that may prove to be. In Nebraska, we're fortunate to have the regional behavioral health system that has the experience, the expertise, and relationships to understand and coordinate responses based on the varied needs we'll no doubt experience across our diverse state. I want to express my complete trust in their ability to steward these funds, as they've already begun doing, and ask for the committee's support in clearly designating the regions as the agency responsible for management and disbursement of these funds. So as an agency that's working to press closer to the front lines of this problem, I urge you to support this important piece of legislation that will help equip agencies like ours be prepared to meet the challenges from the opiate

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epidemic as it presents in our state both now and into the future. So thank you for your attention to this issue.

CLEMENTS: Thank you. Are there questions? Seeing none.

LIPPINCOTT: Sir--

CLEMENTS: Thank you for your test-- oh.

LIPPINCOTT: A couple minutes to question, please?

CLEMENTS: Yes.

LIPPINCOTT: Yeah. The people that you treat and help us serve, approximately how long will you have interaction with them? What's a typical treatment? How much does it cost? What's the success?

CHASE FRANCL: Yeah. So individuals coming through-- our crisis stabilization unit is a blend of both mental health stabilization as well as detox. About 85% of the people who come through do come seeking detox services. I think last I looked, our average length of stay is somewhere between 4.5 to 5.5 days. And then our role is to try to get them sober, help connect them with residential treatment, and then in most cases we actually transport them to treatment to make sure there isn't a gap that-- and an opportunity for that to fall off. Our budget's about between $1.6 and $1.7 million, and we serve about 1,200 people a year. That doesn't include triage people. We just assess and then try to help get to the correct levels of care. That's folks that we actually admit. And so that comes down to somewhere in the realm of about $1,400, $1,500 per individual. So you-- compare that to a hospital stay or somewhere else they would go if crisis stabilization wasn't available. The cost of a five-day stay is roughly equivalent to what one day would be in, in some of those higher levels of care.

LIPPINCOTT: And are those mostly Nebraska state residents, out-of-state, illegals?

CHASE FRANCL: Almost entirely in state. Very rare that we have maybe one or two from out of state. Around the holidays, you'll see it sometimes-- someone's visiting family and, and falls into crisis.

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We're-- because of, of the regions, we're able to accept those and, and still provide that care.

LIPPINCOTT: How about retreat-- repeat patients?

CHASE FRANCL: We, we certainly see our fair share of, of folks. Our, our goal in those situations is to really try to build their motivation, move them one step closer so perhaps next time they come a little more ready to, to pursue that treatment. So we certainly see, see folks on a repeat basis.

LIPPINCOTT: How about drug versus alcohol?

CHASE FRANCL: Alcohol's still the most prevalent for us. One of our challenges is we haven't been set up to be able to take opiates because of the added cost and the added staffing needs. And so that's where-- we're in that process right now. My, my hope if we get approval is that, by the 1st of July, we'll be expanding that so that we can start seeing folks with opiates. Because right now, there really-- outside of hospitals, there's no one west, west of us. We're, we're sending people past us all the way to Lincoln to come here to the bridge to be able to get that. And, and there needs to be greater access to that service.

LIPPINCOTT: And how about the bell curve in terms of age? What's the typical age?

CHASE FRANCL: Our, our heaviest demographic is our, our males in that probably 21 to 50 age range is what we tend to see.

LIPPINCOTT: Mm-hmm. Thank you, sir.

CHASE FRANCL: Yes.

CLEMENTS: I had a question.

CHASE FRANCL: Yes, sir.

CLEMENTS: It sounds like-- well, we currently had the-- have the Opioid Trust Fund. Are you unable to access money from the Opioid Trust Fund?

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CHASE FRANCL: So my understanding-- it's, it's imperfect. I don't know if there's any regions here-- is that the plan had been to disperse those through the regions. And the regions were setting up mini grant processes throughout each of them. I think recently there was some concern that control of those funds was going to revert back to DBH and the regions wouldn't necessarily have the ability to contract those out. That would be a mistake, in my mind, to, to remove it further in-- into maybe not as well-staffed of an agency when the regions by and large have already built their processes, hired their staff to help administer those. You know, we already have contracting relationships with them that makes that disbursement really easy. So I believe they've gotten their first deposit of funds. And it's questionable whether any further will, will route through them without maybe some further clarification.

CLEMENTS: OK. So that's why you're waiting for approval for treating opioids.

CHASE FRANCL: So the expansion of that I believe the regions were hoping to take out of some of their existing funds as an expansion. And then opiate funds, if necessary, could come to help offset cost of medication, other needs that might come up around treating that population. But this is an example from, you know, similar to what you've heard earlier of, there's an opportunity to spend some more of these dollars. I, I can't say for sure, you know, whether the time that's taken has been long or short. From our perspective, we've, we've been ready to move on it for several months and, and haven't been able to, just awaiting clarification on the process to-- on how to access those.

CLEMENTS: Other questions? Seeing none. Thank you for your testimony.

CHASE FRANCL: Thank you, Senators.

CLEMENTS: Are there other proponents for LB1128? Good afternoon.

JOHN GREENWOOD: Hello. My name is John Greenwood. Chairperson Clements, thanks for the time. And members of the Appropriations Committee. John Greenwood is J-o-h-n G-r-e-e-n-w-o-o-d. I'm a former research scientist and cofounder of the Billion Pill Pledge and Goldfinch Health. And I'm testifying in support of LB1128. And I want

to thank Senator Vargas for bringing this legislation forward. At its peak, opioid manufacturers were spending more than $200 million annually marketing directly to health care providers to encourage them to prescribe opioids as the first line against treating pain. Their efforts were remarkably effective, and unfortunately these practices remain with us to this day. In fact, according to the latest CDC data, Nebraska ranks in the highest quartile, prescribing over 45 prescriptions for opioids for every 100 people. It continues to feed the crisis. In fact, each year, there are over 3 billion leftover opioid pills after surgery. Many of these pills end up misused by the patients or diverted to others in the community, like what happened to my, to my family in Omaha. Others-- this is often a key gateway to the illicit drug supply tainted by fentanyl. In fact, studies show 80% of illicit drug use begins with a single valid prescription for opioids, either diverted or directly for that patient. And perhaps even more remarkably, if two opioid prescriptions comes into a person's home or into a household, the risk of someone in that household goes up by over six times. Also, opioids don't even treat pain that well because they do nothing to address the source of that pain. But I am very optimistic in that better pain management and fewer opioids is not only possible but is supported by decades of research on opioid alternatives. So we launched the Billion Pill Pledge on a mission to reduce leftover opioid pills after surgery by 1 billion nationally. And it brings a true first dose opioid prescription prevention to a key gateway, and that's surgery. The deliverables are, are trackable. We prevent-- we provide clinical education, remote nursing support, and adherence to best practices around surgery called enhanced recovery after surgery. And as a side note, my dad just got this this morning at Methodist. He had an emergency open heart surgery, so it's very relevant. But the Billion Pill pledge was launched in Iowa with the help of the attorney general's office in 2022. And after a year of data and 15 hospitals implemented, we've shown a 70% reduction in opioids prescribed, a 90% reduction in the opioid refills-- which is a key gateway. That's a key figure-- and a 75% reduction in readmissions. Goes, goes directly to health care costs. In fact, we estimate in Nebraska, with universal adoption, it would be-- it would save about $150 million in direct health care costs alone. It absolutely works. It's based on what's called enhanced recovery after surgery protocols. But what's missing is that last mile support. Just telling doctors to write less doesn't do enough, particularly in these

critical access and rural hospitals. And in fact, we-- you can see in a-- the, the packet we'd sent that there are over 23-- that there are over-- that there are letters of support for over 23 hospitals from all aspects-- all corners of the state would like to participate in the program should we seek funding. The state of Nebraska has a tremendous opportunity to impact the opioid epidemic with all these settlement funds. While treatment and recovery are absolutely vital, as we've heard, let us not confuse nor overlook what true first dose opioid prevention really looks like. It's extremely impactful, cost-effective, and measurable. Targeted training and support for prescribers of opioids and impact-- on impacting critical moments when people begin to struggle their-- struggle with their opioid addiction is critical. My hope is this committee will advance this legislation and emphasize the urgency of funding allocation to match the urgency of the issue. We also hope you consider a statewide prevention program as part of a comprehensive strategy to help bring to the o-- bring an end to the opioid epidemic in Nebraska. I want to thank the committee for your time today and willingness to serve in public os-- office. And I'm happy to answer any questions.

CLEMENTS: Are there questions? Seeing none. Thank you for your testimony.

JOHN GREENWOOD: All right. Thank you.

CLEMENTS: Additional proponents for LB1128? Seeing none. Is there anyone in opposition? Seeing none. Anyone in the neutral capacity?

JESS LAMMERS: Jess Lammers, J-e-s-s L-a-m-m-e-r-s. And I am neutral to the language in Senator Vargas's bill. However, I think it should be addressed that if we're going to talk about opiates and we're going to structure the Opiate Cash Fund to match the general whatever fund, I think we must address Senator Lippincott's bill to put kratom, a plant, on the Schedule I list because those things would be at odds with each other. So if people who used to use opiates now have a way to use a plant to take the edge off, reduce the anxiety, or otherwise get off of opiates in a safe manner without side effects, why would Senator Lippincott seek to make that a Schedule I drug? Wouldn't a better use of the money in the Opiate Cash Fund be to form NEKPA, the Nebraska Kratom Consumer Protection Act, N-E-K-- yeah-- N-E-K-C-P-A. I sent Mr. Lippincott a b-- an email about such idea, to which I have

received no reply. Called and even stopped by your office, to which I've received no reply. And now I sit and listen to Senator Vargas introduce a bill where we're going to structure opiate money from the Sackler problem or whatever from Big Pharma. Again, it would seem that this side of the room is not communicating with this side of the room, which reiterates the problem I've had through this whole Appropriations Committee is-- we're spending all this money, pushing all this money around, but nobody seems to know where the money's going or what the money's doing. And then some of these bills seem to create legislative minutia where none would be needed if we would just exercise common sense at the department level. That would conclude my comments. And I would ask, Senator Vargas and Senator Lippincott to work together and form the Nebraska Kratom Consumer Protection Act so that people getting off opiates in the state of Nebraska would have a safe, reliable, and effective alternative to opiates that wouldn't be laden with heavy metals or just poor quality in general because a consumer protection act would address those issues involving the Nebraska Attorney General. Would yield any time left and field comments or questions from the committee.

CLEMENTS: Senator Lippincott.

LIPPINCOTT: Have you ever talked to anybody who's been on kratom for two months or longer and have tried to get off of it?

JESS LAMMERS: Yes. Yes. I've had detailed conversations with people who use kratom, but that would also go back to the comments of the last testifier. The use of kratom or the use of opiates doesn't change the orthopedic problem or the pain problem or the mental health problem or psychological problem that caused the opiate addiction or the kratom addiction. I think what needs to be addressed is what makes people feel powerless over their lives that they turn to drugs and alcohol. I think that would be the underlying problem. And if we used a different format to approach the problem, we might get better results bringing Governor Pillen into the matter. Like at Pillen Farms, the, the, the problem resolution strategy they use is STAR: situation, tak-- task, action, result. So we have a situation. It's an opiate crisis. We have a task. We need to ad-- address the money, how we're going to move the money, and how we're going to attack the problem at the, I guess, the street level, the provider level, and the legislative level. What action needs to be taken in, in my mind is a

kratom consumer protection act because, that way, you don't open up a, a spot for organized crime to find a niche. So currently, as your bill would be slated to come out of committee if you get enough votes, Senator Lippincott, the state of Nebraska is going to put out guidance. Kratom's illegal after this day. How many people in the state are going to go buy pounds and kilos of kratom, stockpile it, and then sell it on the street after the fact? Your bill literally creates a niche for organized crime. And, and as a, as a constituent of the state, I, I don't understand why a legislator, but allegedly an intelligent man, would create a niche for organized crime. We just legalized gambling and took it away from the bookies and, and gave it to the state. And, and now you're going to create a racket for organized crime. I, I just-- it seems, it seems counterintuitive, oxymoronical.

LIPPINCOTT: Yup. Have the other six states that have made it illegal, does that happen in those states?

JESS LAMMERS: I can't speak to that, but I can speak to the states that have consumer-- kratom consumer protection acts. And I, I think that their resources would suggest that the Kratom Consumer Protection Act is a better way to go than creating a Schedule I drug, thus overburdening the criminal justice system, thus overburdening mental health providers, thus overburdening all the bills we've talked about previously today.

LIPPINCOTT: Help draft an amendment.

JESS LAMMERS: I literally emailed your office. I, I, I have a kratom consumer protection act drafted. And I have not received comment from your office as to, you know, can we have a meeting? Maybe check in with your secretary, sir. I don't mean to sound facetious.

LIPPINCOTT: Thank you, sir.

JESS LAMMERS: You're welcome.

CLEMENTS: Are there other questions for Mr. Lammers?

JESS LAMMERS: Senator Dover.

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DOVER: I, I, I was just going to mention: just because these bills are being presented for appropriations that you're concerned about doesn't mean that we're going to appropriate the funds.

JESS LAMMERS: I-- and I appreciate your comment. And that's, that's why I'm here. I understand that I can't control, as one voice, whether or not you do or don't appropriate the funds. But if no one comes to play devil's advocate, how can you expect-- I mean, you-- it should be metered or, or-- there should be discussion from both sides of the aisle, I guess is my take-home message. And-- thank you, sir.

CLEMENTS: Thank you for your comments and your testimony. Is there any other testimony in the neutral capacity? Seeing none. Senator Vargas waives closing. Do we have online comments? On LB1128, we have 4 proponents, 1 opponent, 1 neutral. That concludes LB1128. And that means we will now open the hearing for LB11-- oh. Let's see. It'll be LB1124.

TONY VARGAS: Hi. I'm Senator Dungan. Yes. Yes. You're correct. No, it's OK.

CLEMENTS: Senator Dungan not being here--

TONY VARGAS: Flattered to be Senator Dungan. That's-- flattered. Flattered.

CLEMENTS: All right. Please proceed.

VARGAS: Thank you.

CLEMENTS: LB1124.

TONY VARGAS: Good afternoon, Chairman Clements, members of the Appropriations Committee. My name is Senator Tony Vargas, V-a-r-g-a-s. I'm presenting LB1124, a bill to increase funding for evidence-based early intervention home visitation visiting programs in our state. I want to thank this committee and the, the past Legislature and also our cosponsors: Bosn, Dorn, Kauth, Lippincott, Raybould, Wishart, and Hughes. This is going to seem familiar to you because it's something that we had last year. Home visitation is an evidence-based service that supports the health and well-being of families with young children. I have a few things to pass out. It's voluntary, free for

families, and cost-effective, and the funding from the state is utilized for a specific home visitation model with remarkable outcomes called Healthy Families America, or HFA. Healthy Families America supports pregnant women and mothers with their children up to the age of three by pairing them with a trained professional who can tailor the program to meet the family's specific needs. Home visitors form trusting relationships with mothers and families to help them reach their goals in child development, family health, parent-child relationship, school readiness, and more during a critical and often isolating time for families. As you can see from this one-pager, there are many outcomes associated with both the parents and children, including but not limited to: more likely to be enrolled in school, more likely to be employed, more likely to access prenatal care, fewer CPS reports, and even calls to the hotline, less likely to need emergency medical care, more likely to engage in positive parenting techniques. And for children: improved early language and cognitive development, greater math and reading achievement, reduced absentee rates and suspensions compared with children not enrolled in home visiting. Basically, what we heard from DHHS CEO Corsi: evidence-based programs are the ones that we are really trying to invest in, and this is a evidence-based program that we currently fund and have been funding. So the history of this is pretty long, in fact. You know, we had a legislative effort back in 2007 that included an allocation of $600,000 from nose-- nurse home visitation services in budget. The line item was then modified to expand the definition for nursing home visitation to evidence-based home visitation, and increased at that time to $1.1 million. It has not been increased or modified since then, and the $1.1 million was included in the Governor's budget and has been for the last several biennium. But the increase in allocation now at this amount is very important and significant. In Nebraska and every state in the country, the backbone of our funding for home visiting comes through the Maternal and Infant Early Childhood Home Visitation Act, or MIECHV. MIECHV is a federal program that began in 2010 and has to be reauthorized every five years. In the recent reauthorization of MIE-- MIEC-- MIECVH, Nebraska's base amount of funding for home visiting was increased to $1.7 million, with our current allocation of $1.1 million becoming a maintenance of effort, which means we cannot go below that amount without losing funds from our baseline. And just a note and a big thank-you, Congressman Adrian Smith was a huge support in this at the federal level. He was a lead

cosponsor and helped shepherd this through. He actually recently got an award from one of the public health regions in his area for his work. And this was supported by the entire congressional delegation. The MIECHV reauthorization bill created this new opportunity-- this is the reason why we're bringing this bill-- to add additional funds for home visitation at a 25%/75% matching rate that is capped annually. The only catch for the match is that the funds have to be new and they have to be nonfederal dollars. We can't take nonfederal dollars. We can't use our existing funds that we currently already using, which means we have to use new funds. We can't use, like, something like TANF funds to draw it down. LB1124 is asking for a $900,000 increase-- the same as last year-- to this specific line item to maximize this federal matching opportunity. So the $900,000, by 2027, will allow us to receive a 75% federal obligation. So at the max level, we will receive $2.6 million in federal funds for our $900,000 appropriation of general funds. That is a really great federal match. It will fully make sure that this program is realized. And again, an evidence-based program that has broad bipartisan support in Congress. And in closing-- you know, one of the things I wanted to make sure that this item was included in our budget and has increased. But again, we've not increased the funds in a way that fully realizes its potential. This-- what you're going to hear from behind me are going to be individuals that have worked with the Healthy Families America, Nebraska's home visiting program model. You'll hear from a parent from Columbus who participated in home visiting. You'll hear from Sara Howard, a former state senator, from First Five Nebraska, who can speak specifically to the MIECHV reauthorization and answer specific statutory questions about the federal funding. This is a critical, I think, very pragmatic, and time-intensive-- or, sort of time-sensitive need for us to appropriate these funds now so we can actually fully receive the federal funds to come back to us. Let's add taxpayer funds into programs that clearly meet the metric of efficiency, accountability, transparency, and high efficacy. With that, thank you for your support in the past. Thank you for your support-- or, hopeful support in this. And I'm happy to answer any questions.

CLEMENTS: Are there questions? Seeing none. Thank you. We would now welcome proponents for LB1124. Good afternoon.

KIM ANDERSON: Good afternoon. My name is Kim Anderson, K-i-m A-n-d-e-r-s-o-n. And I am the chief program officer for Nebraska

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Children's Home Society, or NCHS. I'm testifying today in support of LB1124. Thank you for the opportunity to testify today. NCHS is a statewide, accredited child and family serving nonprofit with three core programs in family support, foster care, and adoption. Home visiting is a voluntary service that pairs home health or family support professionals with caregivers of infants and young children to provide parents with education, support, skills to alleviate stress, and promote healthy parent-child relationships and connections to community resources. NCHS began in 2010 with our Teen and Young Parent Program. And then in 2013, we began offering Healthy Families America, or HFA, in Douglas County with the help of federal funds administrated by the state's Maternal, Infant, and Early Childhood Home Visiting, or MIECHV, Program. We are one of several providers across the state. However, we provide home visiting services in Douglas and Sarpy Countings-- Counties, and beginning this year in Lincoln County as well. Families enroll in the program through a variety of ways, including self-referral, peer participants, maternal homes, DHHS, and other community referrals. During a home visit, a family resource specialist, FRS, meets with parents and young children to engage them in an activity use-- using a strength-based curriculum that guides each meeting to work toward goals identified by the parents. The FRS is a partner with parents, providing connections to items such as diapers, food pantries, and housing transportation-- housing and transportation, utility or rental assistance, and mental health services. The meeting frequency is determined by program guidelines and the family's goals, with some families meeting weekly and others meeting monthly or less frequently depending on each family's circumstance. Activities during home visits depend on the age of the child and the caregiver's goals. This could include education on infant care, working through challenging developmental stages, and understanding brain development of a young child. Last year, we served 164 families. And included in the materials that you were provided also include child development and parenting outcomes for the families that we served. It also includes a story of one mother that we worked with and her HFA journey. HFA is an evidence-based early intervention and primary child abuse and foster care prevention program that truly has the capacity to change the course of a family's life. NCHs uses a mix of federal funds such as MIECHV, Temporary Assistance for Needy Families, or TANF, and Family First Prevention Services Act dollars, as well as private dollars to provide our home visiting services. Many

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states recognize the importance of partnering with families early on before a crisis happens in a voluntary approach to prevent deeper-end system involvement. Our national partners at Children's Home Society of America have been leaders in promoting maternal health initiatives as an innovative and early solution to disrupting cycles of poverty, abuse, and neglect. We are excited to see Nebraska going-- growing their capacity to serve more. Thank you, Senator Vargas, for introducing LB1124. And thank you to this committee for your work to support home visiting during the last session. I would be happy to answer any questions that you may have.

CLEMENTS: Are there questions? Seeing none. Thank you--

KIM ANDERSON: Thank you.

CLEMENTS: --for your testimony. Next proponent, please.

HAILEY CRUMLEY: Good afternoon. My name is Hailey Crumley, spelled H-a-i-l-e-y C-r-u-m-l-e-y. I am here today as a parent in support of LB1124. I will be sharing my personal experience from receiving home visiting services. I'm a child care director and have worked in the early childhood field for more than 12 years now. I'm a mother of four children and I've also been a foster parent. In early 2022, my husband and I found out we were having twins. And even for an early childhood professional like myself, that was a very intimidating. Double babies to care for, double the bills, the diapers, nursing formula, and double the lack of sleep. A teacher that works for me recommended that I contact the Healthy Families Program through our hospital. I know how valuable community resources can be, and I really enjoy networking. I thought it would be a great resource to at least try out. I made some phone calls and I met with Jill. She's the program manager of the Healthy Families Program at the Communi-- Columbus Community Hospital. She reassured me that they serve a variety of families, and if at any point I didn't need the services that it's very simple to withdraw. Karla Rosendahl was assigned as our home visitor. She always worked around our schedule, visited us wherever and whenever worked and was easiest for us. She gave us so many great resources, helped remi-- remind me of appointments. But most of all, Karla gave me a peace of mind, helping me be less anxious about the unknowns of twin pregnancy and parenting. And when we had our twins in September-- which also happened to be the worst time for my husband,

who is a farmhand, and we were in the trenches of harvest. He was only able to take a few days off of work, and this was challenging as we didn't have a large support system in our area. Karla quickly became an anchor in our chaotic life. She would come over and sit with me and ask me how the three of us were doing. Sometimes just ask if I'd drinken water for the day. She would hold one of the babies, bringing a major sense of calm and comfort. She knew I was worried about weights, and she was this little thing that would carry this big, giant hospital scale just to help weas-- measure and weigh the babies just to ease my mind. She helped me with nursing, making lactation appointments, and even helped me purchase a hands-free portable pump. Both of our twins had some health complications, and Karla was so great about sharing contacts of specialists, researching relatable details and resources, and often just listening to my anxieties and reassuring me. Karla checked in with my emotions and mental health often, and, this time around, it was very hard with two infants and a lack of support. She ended up encouraging me to mention it to my doctor, and I'm glad and I'm thankful that I had her support in that. In the sonomer-- in the summer of 2023, we received a call from DHHS asking if we would be interested in taking in a toddler in as a kinship foster placement. Our twins were not even one yet, and we were crazy to think that we could do it, but we knew that we had to try. We cli-- we quickly realized how hard and time-consuming foster parenting is. Loving and caring for a child is truly the easiest part. The paperwork, the court hearings, home visits, all of those things definitely rocked our world. I reached out to Karla. She also thought we were crazy, but she jumped in with us wholeheartedly. She signed up for respite, texted to check in on us, helped us decipher the confusing court documents, helped with resources for developmental delays, helped with setting up child therapy appointments, listened to me vent and cry, brought us diapers-- because three in diapers, hoo-- sat in on our home visits and team meetings, and she advocated for our new bonus child. When we were in the trenches, burned out from the foster care system after six months, unable to manage a child with special needs on top of our own four, Karla held my hand. She let me cry and sob and let me talk through and make a plan for one of the hardest decisions I've ever made. In short, I could not have handled twins and maternity leave without my Karla, and I most definitely could not have handled the foster care system. As you take on the difficult task of deciding which programs to inde-- invest into for

our state, I hope you'll consider advancing this bill so more families across our state can receive access to their own Karla. Thank you for allowing me to testify today.

CLEMENTS: Thank you. Are there questions? Are there-- any questions from a twin on the committee?

WISHART: You've got a couple right here.

HAILEY CRUMLEY: Are you twins? Bless your mom's heart. I also just would love to--

WISHART: We are not twins.

HAILEY CRUMLEY: Oh, you're not twins? No. No, no, no. Oh, hmm. Wait.

WISHART: I know it's hard to believe.

HAILEY CRUMLEY: Yeah. Yeah.

CLEMENTS: Have you had something else to say?

HAILEY CRUMLEY: I also love hearing the proactiveness that's coming from Senator Vargas. We, we heard so much about DHS [SIC] and mental health that has to do with adults. I love seeing the proactiveness going into early childhood. We know that there's amazing outcomes that come out of that. What an amazing way to be proactive. Thank you.

CLEMENTS: Well, thank you. I, I have five children, none of them twins. But when our first was born, it shocked my system so much I thought, my mother had two of these at once. So I congratulate you for managing with all this. And thank you for--

HAILEY CRUMLEY: Thank you.

CLEMENTS: --your testimony.

HAILEY CRUMLEY: Thank you. Thank you all.

CLEMENTS: Are there other proponents for LB1124?

SARA HOWARD: Twins. That's incredible. It's uncanny. All right.

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CLEMENTS: Good afternoon.

SARA HOWARD: Chairman Clements and members of the Appropriations Committee. Thank you for allowing me to testify today. My name is Sara Howard, spelled S-a-r-a H-o-w-a-r-d. I'm a policy advisor at First Five Nebraska. First Five Nebraska is a statewide public policy organization focused on promoting quality early care and learning opportunities for Nebraska's youngest children. My position at First Five Nebraska is focused on the area of maternal and infant health policy because we know that healthy moms and babies are critical to ensuring the long-term success of children in our state. I'm here to testify in support of LB1124. And first, I want to thank Senator Vargas for his interest in home visiting in the state of Nebraska and for his continued support of this program. So I'll just give you that a little bit-- you've got my full testimony. You can read it with your abundant free time. I want to take us back to 2007, when we first put a home visiting into the budget. So my mom, then-Senator Gwen Howard-- who had worked with then-Senator Phil Erdman-- she was able to include a line item in the budget that was only about $300,000 for nursing home visiting services. My mom, her background: she had been a social worker for 34 years for the state of Nebraska. She had done frontline work. And she realized that families were more likely to come to the door for a supportive person, a nurse or a home visitor, as opposed to a caseworker who might remove your children from your home. And so she became really passionate about home visiting, and so she was able to get it included in the buse-- budget in 2007. My first year in the Legislature was after the passage of the Maternal and Infant Early Childhood Home Visiting Program, where we could draw down federal funds, but we had to expand the definition in the, in the budget line item. So we went from nurse home visiting in 2000-- in 2007 to 2013, I passed a bill that expanded it to the line item that you see now, which is evidence-based home visiting programs. And that allowed us to draw down those MIECHV dollars. So in December of 2022, the federal government reauthorized MIECHV. It's a five-year program, and it has to be reauthorized every year. It's kind of a weird program in the sense that, for every other federal program that you guys are encountering or talking about, there's some sort of matching amount that, that we have to provide, right? From SNAP to Medicaid, we are offering a match. For MIECHV, you get a baseline amount and you can use a portion of it for admin, but you just get a base amount. We're

not, we're not offering anything from the state side. So the conservative members of Congress really wanted to get some skin in the game from states. And so in addition to our base funding in 2022, they offered this matching opportunity. And it is capped. And it is that 25%/75% match, which is still an incredibly high match for a program from the federal government. So in my handout, you'll see the matching chart that Senator Vargas was referring to. The max that we can draw down is $2.6 million. And the reasoning behind the $900,000 increase-- which doesn't feel like a lot when you've looked at a line item that's been at $1.1 million for over ten years. But that $900,000 is kind of that sweet spot that ensures that, every year, we are going to draw down the maximum amount that is available to us for MIECHV so that we can offer home visiting to more families. I will also say, last year, all of you voted for, for this line item. We were so-- I was so thrilled. I was so excited. And then unfortunately, it was vetoed by the Governor. I think there might have been some confusion. The trick around the funding is that it has to be new and it has to be nonfederal. And so when Governor Pillen was looking at this, this veto, he said-- he cited, we're using TANF dollars, we're using the Families First Prevention Services Act dollars. And unfortunately, those are federal sources of funding. And so they would have to be new dollars. And then when they were exploring-- they would have to be nonfederal dollars. When they were exploring what other dollars were already existing in the budget, unfortunately all of those are not new. Those are, those are old dollars, unfortunately. And so it really will take sort of movement from you or an increase in your budget to really maximize and draw down the entirety of, of the federal support. But I promise if we're able to get to the $900,000, we will not bother you again for another five years because we believe that by maximizing that federal match, we'll see the expansion that you need to see in home visiting across the state and really impact a lot more families like Hailey's. She did such a good job. It was her first time testifying. And she just really knocked it out. So I want to thank your, your time and attention to this bill and this subject. It really does make a different for-- difference for children and families in our state. And I'm happy to try to answer any questions you may have.

CLEMENTS: All right. Senator Armendariz.

ARMENDARIZ: Thank you. Thank you for being here. This--

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SARA HOWARD: Thank you for having me.

ARMENDARIZ: This is a great program. Thanks for the description. And it, it does seem like it's extremely helpful. You also heard some questions about staffing. So if we, if we increase this funding by this much, do you have the staff to take up-- do you have the need for this much increase of funding?

SARA HOWARD: Yeah.

ARMENDARIZ: How would you really serve the families if the staff shortage-- with the staffing shortage?

SARA HOWARD: That's an excellent question. One, I want to be super duper clear: First Five, we're just policy people. We do policies. The main folks who run the home visiting programs in our state are public health departments and individual agencies like Visiting Nurse Association or the Nebraska Children's Home Society, NCHS. With this last reauthorization-- so our previous amount that we were getting from the federal government was $1.2 million. We went up to $1.7 million in base funding for home visiting. And they're already expanding programs with the increase in our base, and they're already able to hire. There are a lot more people who want to work in home visiting because it's not case management. We're not, we're not removing your children. We are not the, the tough guy. And so what they're finding is that, while it's difficult to fill the slots because there is a longer training time for Healthy Families America, they're, they're-- they are able to fill them and sort of meet the, the, the, the staffing challenges that we've been talking about. These are not high-level positions, right? These are not-- we're not looking for PhDs. We're looking for sort of people who are committed to children and families who are willing to do this work. To your question, is there the need, the, the programs that are expanding right now have families who are very excited, and some of the programs already have sort of waitlists. So when you hear about Hailey when she was talking about Karla, she was like, Karla's full up. She cannot take any more families. And so they're hoping they can, with, with these additional dollars-- especially in places where we know there's need-- they can direct them into areas of the state where there are waitlists already, which is exciting.

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ARMENDARIZ: Could I have a follow-up?

CLEMENTS: Sure.

ARMENDARIZ: So for one, if, if the dollars aren't fully expended, will-- what happens to the state dollars and the federal dollars? Do the fed-- do the federal dollars get taken back if they are not fully expended in a certain amount of time? And then are the state dollars still committed fully--

SARA HOWARD: Sure. So--

ARMENDARIZ: --because it's a match?

SARA HOWARD: I-- so for the match, if we do not have the new funds, we don-- we will not get the match. And then the match will get redistributed to other states.

ARMENDARIZ: But what if we don't-- we aren't able to spend it? Because I'm assuming there's going to be a budget amount for staff, hopefully frontline staff actually visiting families, not administrative costs. Or at least more of it would be going front line.

SARA HOWARD: Right. Right.

ARMENDARIZ: And, and if we are able to hire enough staff, what happens to the dollars we aren't able to expend in the hiring process?

SARA HOWARD: Sure.

ARMENDARIZ: Do they get taken back by the federal government?

SARA HOWARD: My understanding is, because the way the MIECHV Program functions-- so it's at the state level. Once we have the funds that are committed and obligated, they get sent down to the grantees who are doing the work on the ground. And so as long as those funds are-- and we talked about the word "obligated" earlier--

ARMENDARIZ: Mm-hmm.

SARA HOWARD: --as long as those funds are obligated, there is no concern about return. I will say, though: the MIECHV amount that we

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are getting is expended every year. We have never had a year where we've been eligible for MIECHV that we have not expended it. In fact, we usually need more, and that's when you see the utilization of TANF rainy day funds moved over into home visiting because there is such a, a demand for this service.

ARMENDARIZ: OK.

SARA HOWARD: It's also-- this is not your question, but when we think about our child welfare system and calls to the hotline-- which, when I was in HHS, that was the number one thing. Who's calling into the hotline? How many calls to the hotline are we having? There's a-- for families that have home visiting, they do not have calls to the hotline. And so instead of having a family be in need and get that call to the hotline and then be court-involved, it's so much cheaper to say, OK. We'll invest $900,000, draw down additional funds, and offer them services right out the-- out of the gate. It's very-- it's-- the hotline calls are very, very expensive. And home visiting has such an evidence base around reduction of CPS calls that it's, it's a-- it can end up being quite a money-saver, I would say. It was not your question, but I-- it's a nice anecdote.

ARMENDARIZ: No, no, no. I appreciate it. Do you think that the, the grantees are prepared to provide proportionate results-based numbers once those funds are allocated to them?

SARA HOWARD: Yes. And we annually report to the federal government on how home visiting is going. There is a bill pending in HHS with Senator Raybould that would have a report to the Legislature on [INAUDIBLE] investments are going. It's, it's hanging out there. You never know. But I think-- you know, my one sort of heartache around home visiting is that it's really hard for you all to have line of sight as to how well it is going, except for these lovely anecdotes, because our report just goes to the federal government instead of coming to you as policymakers to see how your money is working for families. But that's another committee. Another committee another day.

ARMENDARIZ: I appreciate it. Thank you.

SARA HOWARD: Thank you.

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CLEMENTS: Any other questions? Seeing none. Thank you for your testimony.

SARA HOWARD: Thank you for having me.

CLEMENTS: Are there other proponents for LB1124? Are there any opponents? Seeing none. Anyone in the neutral capacity? Seeing none. Senator Vargas.

TONY VARGAS: Thank you. The reason I brought this bill and, and invested into it is we often talk about results. We talk about workforce. We talk about what we're seeing. I think abou-- like Senator Lippincott and when we were-- the CTE bill. Like, we, we, we sometimes see gaps later on down the pipeline and we want to make sure we fill them proactively, and I think that's a very proactive measure. And CTE is an evidence base. We can clearly see, if we reach kids earlier, we can get them into the career and technical jobs that we need. The reason why this is something that I support and bring forward is it meets a lot of the metrics we talk about, which is, can we leverage federal funds in a very-- and not in a-- we say match, but in a 25%/75%, that doesn't happen very often, which means we're getting the skin in the game that our federal representatives were asking for. We're getting it. We don't always talk about evidence base. I want you to think about the programs and people asking for funds. They don't always come with how effectively they use their funds. If they're asking for more, it's usually based off of need. This is very clearly reducing-- when you talk about more likely to be employed, less likely to enter-- fewer CPS reports, more likely to have positive parenting techniques, early language and cognitive development-- these are the things that are sometimes-- will oftentimes lead to the gap in learning and affect our workforce development we are looking for. That's the reason why I think this is a proactive program. I appreciate your past support. As mentioned, there's just a misunderstanding, I think, on how we can use the funds to, to utilize this with the TANF funds. But we really need to do the $900,000, in my opinion, because it is putting the skin in the game in an appropriate way and saying we are investing in programs that work and not just investing in programs just because. So with that, happy to answer more questions. I appreciate you. Thank you.

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CLEMENTS: Any other questions? Seeing none. Thank you, Senator Vargas. We have position comments for LB1124: 30 proponents, 0 opponents, and 0 in the neutral. That concludes the hearing for LB1124. We'll now open the hearing for LB1125.

WISHART: Well, good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t. And I represent the 27th Legislative District, including west Lincoln and southwestern Lancaster County. I'm here today to introduce LB1125, a bill to support nurse home visiting programs in our state. I would consider this, like, a part two to what Senator Vargas introduced just earlier. Similar to home visiting programs you heard about with Senator Vargas's bill, nurse home visiting programs support the health and well-being of families with young children. The nurse home visiting model covered by LB1125 is called Family Connects, and it is designed to connect mothers and their newborns with a supportive resource for three to four visits upon discharge from the hospital. So within that first three weeks of having a newborn, this program, this nurse would, would come into that person's home. It's a voluntary program. So you don't have to have somebody come into your home, a nurse come into your home. And it has remarkable outcomes for a mother and baby. Some of the key areas covered in this visit-- and again, this is with a nurse-- head-to-toe health assessment for the baby, postpartum health assessment for the mom, breastfeeding support, education and guidance about topics relevant to all newborns and, and their-- and her maternal needs. And, you know, my sister-- my twin sister-- just had a little baby. And, you know, you have the internet at your disposal, but you can go down a rabbit hole pretty quickly. And having a nurse come into your home who is skilled, medical professional to ask some of those questions that you might be tempted to, to type into Google I think is a, is a much better result for that mo-- mother and her baby. Nurses also assist with connecting to a medical home and scheduling those routine care visits that are so important for a growing infant. And then, finally, that nurse can connect that mother and father with the services and resources around the community that it's needed. Nurse home visitors form trusting relationships with mothers and families to help them during an important time after their baby is born. The Family Connects Program is only available in the Lincoln area-- we are piloting it here-- although all mothers in the state should be offered

this important service. And that's why I'm bringing this legislation. As we've seen, the benefits here in Lincoln-- although it's a fairly new pilot program that, that we've established. But this is something that all moms in the state should have access to. And so, like I said, LB1125 will help us get closer to that goal. In Nebraska, as in every state in the country, the backbone of our funding for home visiting is through the Maternal, Infant, Early Childhood Home Visitation Act. And we've heard about that in Senator Vargas's bill, so I'll, I'll skip over that. But it's, it's a federal program, as you know, and has been notably cosponsored and championed by our Nebraska delegation here-- in particular, Congressman Adrian Smith. And we thank him for his work on that in the federal level. The-- this program-- this federal program reauthorization created a new opportunity for states to receive additional funds for home visiting. As we talked about, 25%/75% matching rate. And again, we talked about the fact that the only catch is it has to be new money and it has to be from state dollars, not federal dollars. And so what I'm asking for this committee to consider is a $500,000 allocation from the Medicaid Managed Care Excess Profit Fund that we heard about today. So as we heard earlier today, the Department of Health and Human Services said there's approximately $68 million in that fund. We anticipate another $30 million to be coming into that fund. I know the department. I've talked with them, sat down and talked with them. They have some, some plans to utilize $38 million of that fund. But I do think that $500,000 allocation from this state fund is, is a modest request that I think we can do within our state budget. And it will be drawing down additional federal funds to go and support this absolutely incredible program for new moms in our state. In closing, the new funding for nursing home visitation requested in this bill begins a conversation about some-- supporting mothers with newborns immediately upon their return from the hospital. And behind me, you're going to hear from Lincoln-Lancaster County Health Department because they're going to talk about this pilot. You're also going to hear from the VNA in Omaha, who would love to start this program in Omaha. And you're going to hear from, of course, former Senator Sara Howard from First Five Nebraska. And she can, she can talk to you if you have questions about the nuances of the differences of this program and also about the applicability of these dollars falling within the Medicare [SIC] Managed Care Excess Profit Fund. So with that, I'll take any questions.

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CLEMENTS: Are there questions? Senator Armendariz.

ARMENDARIZ: Thank you. Thank you. So you said you talked to DHHS about using the Excess Profit Cash Fund.

WISHART: I did. Yep.

ARMENDARIZ: And--

WISHART: I talked to them before I introduced the bill.

ARMENDARIZ: And did you talk to Director Corsi about that?

WISHART: I believe I've had an introductory meeting with Director Corsi, but I, I didn't-- he was not in the room when I sat down with the department in particular about this legislation. And I believe the department has submitted a letter in neutral-- in neutral.

ARMENDARIZ: OK. Thanks.

CLEMENTS: Are there questions? Seeing none. We welcome proponents for LB1125. Welcome.

KERRY KERNEN: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Kerry Kernen, K-e-r-r-y K-e-r-n-e-n. And I'm the assistant health director with the Lincoln-Lancaster County Health Department, and I oversee our home visitation services. I'm here to speak with you today about our Family Connects Lincoln-Lancaster County, a universal home visitation program. We recognize that bringing home a newborn can be a challenging time for any parent. The Family Connects universal home visitation program services are provided regardless of geography, economic or educational status, demographic, or previous number of children. It's open to all parents of a newborn and is 100% voluntary. This evidence-based model currently being implemented by the Health Department has been developed out of Durham, North Carolina, where home visits are provided by registered nurses within the first three weeks of birth, and one to three visits are made based on the needs of the family. Several assessments are completed for both mother and infant. For example, the mother receives a postpartum health assessment, including a blood pressure check and postpartum depression screening, and assuring that the postpartum appointment has been

scheduled with her OB provider. The infant health check includes a head-to-toe assessment, including a weight, length, and head circumference. Breast and nutrition supports are provided. Social determinants of health are screened with referrals provided. We talk about safe sleep practices, tobacco cessation, and referrals to quality child care as an op-- as examples. Caregiver-child interaction, assessment, and coaching is provided along with supportive guidance about topics relevant to all newborns and to address maternal health needs. A compelling statistic for many of the Family Connects programs being implemented in 19 states and 40 communities across the nation is that 94% of all families receiving Family Connects universal visitation services received and followed up with at least one community-based organization. Since the launch of the Family Connects in Lincoln-Lancaster County, we've completed 125 postpartum home visits. This was effective-- we started this last fall. And a few examples follow that highlight the importance of what we consider and call fourth trimester care. We had a first-time mom share during the visit that she was having a lot of pain while breastfeeding, but she assumed this was normal. Through her assessment, our nurse-- who was also a certified lactation consultant-- found this mom to have a fever and multiple symptoms of what to be appeared mastitis, which is an inflammation of the breast. Our nurse was able to educate Mom on what this condition is, things she could do to relieve some of the symptoms, and got her scheduled to see her provider right away for further evaluation and treatment. The second example is we had parents that had just come home from-- with their infant from the NICU. Mom had delivered via C-section, was experiencing quite a bit of pain and discomfort. But because they had spent so much time at the hospital, Mom was having anxiety over returning to the doctor and did not want to schedule an appointment. After our, our nurse assessed Mom, she determined her symptoms were not consistent with the normal recovery and shared some reasons Mom could be experiencing these symptoms and that it was important to see her health care provider before things became worse. Mom immediately agreed and allowed her nurse to make her an appointment. One final example is, through the course of a visit, we had a young, first-time mother disclose to our nurse that she was in an abusive relationship in which she was fearful of her partner, was suffering from postpartum depression, and was struggling with meeting her-- excuse me-- her family basics needs. Our nurse addressed all of her concerns,

connected her with several resources, and formed a safely-- safety plan with the mom before leaving the home. Due to the complex needs of this family, our nurse was able to return for two more follow-up visits, which included a warm handoff for a long-term home visitor in our Healthy Families America Program. We're excited that we're now offering support to all parents of newborns in our community. And I thank you for your time and attention as you consider home visit an important role in the health outcomes of mothers and our youngest community members.

CLEMENTS: Thank you. Are there questions? Seeing none. Thank you for your testimony. Additional proponents. Welcome.

SANDY SPICCIATI: Hello. Almost to the end, I think. End of the day. Good afternoon. My name is Sandy Spicciati, S-a-n-d-y S-p-i-c-c-i-a-t-i. And I am representing the Visiting Nurse Association. I am the vice president of Health Services. VNA has been around in the Omaha community for over 128 years. We provide community health services to the Omaha and Council Bluffs area. This includes nursing home visiting services to pregnant individuals and parents with young children ages zero to five. Before I begin, I just want to say thank you to Senator Wishart for introducing LB11-- LB1125, nurse home visiting. On a personal note, I gave my-- I began my nursing career in 1995 in the mother-baby unit at the ho-- local hospital in Omaha. Two years later, I entered the home health care field using Dr. David Olds' evidence-based model. At that time in Omaha, we called it the PEACH Program, but now it is widely kno-- known as the Nurse Family Partnership, or NFP, model. At that time, the child health clinics funded the PEACH Program in Douglas County from 1997 to 2003-- at which time, the funding was reallocated to other areas, resulting in sunsetting of the program. Fast forward ten years to 2013, a community needs assessment in both Iowa and Nebraska identified a need for prenatal and early childhood home visitation programs to improve prenatal and childhood outcomes. At separate times, VNA applied for and was awarded as the provider for these two evidence-based programs: Nurse Family Partnership, NFP, was awarded for Pottawattamie County in Iowa; and Healthy Families America program model for our-- Nebraska's side, Douglas County specifically. And it was funded through-- is currently funded through MIECHV funding. VNA uses both models, and we have bur-- nurses in both models. You might ask, why nurses? So you've heard some testimony about that. Because I have been in the field for

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so long, I, I'm just sharing some of the, the observations that I have experienced myself. Nurses are viewed as highly trusted professionals who build relationships easily and in a supportive manner. This relationship is key to engaging clients in the program, building parenting skills, promoting positive parent-child relationships, and empowering families. Public health nurses have the privilege of not only providing accurate prenatal and childhood health education, but they are also equipped to conduct health assessments and respond in a collaborative ethort-- effort with other medical health providers. Nurses are more likely to identify early signs and symptoms of preterm labor or perinatal hypertension due to their assessment skills and frequent in-home visits. Additionally, being in the home allows for a more comprehensive assessment and ability to assess problem-solving issues related to family dynamics as well as social determinants of health. This year marks my 27th year in working in voluntary nursing home visiting programs. And throughout my cre-- career, I've witnessed many miracles because of a public health nurse going into a client's home and assessing the situation, which have prevented and identified potentially-- potential health risks early on. By supporting LB1125, the additional funding for a nurse home visiting in Nebraska would provide: number one, implement-- improvement in maternal and newborn health; prevention of child abuse and neglect; improvement in school readiness; reduction in crime or violence; and improvement in family economic self-sufficiency; and six, improvements in coordination and referrals with other community referrals and supports. VNA advocates to bring nurse home visiting through an evidence-based model like NFP or Family Connects to Nebraska, specifically Douglas and Sarpy Counties, if the funds are made available. Thank you. Questions?

CLEMENTS: Are there questions? Seeing none. Thank you for your testimony.

HAILEY CRUMLEY: Mm-hmm. Thank you.

CLEMENTS: Next proponent, please.

SARA HOWARD: I'm the last one. I'm your last testifier of the day. It's my honor. OK. Chairman Clements and members of the Appropriations Committee. Thank you for allowing me to testify today. My name is Sara Howard, spelled S-a-r-a H-o-w-a-r-d. And I'm a policy advisor at First Five Nebraska. First Five Nebraska is a statewide public policy

organization focused on promoting quality early care and learning opportunities for Nebraska's youngest children. My position at First Five Nebraska is focused on the area of maternal and infant health policy because we know that healthy moms babies are critical to ensuring the long-term success of children in our state. I'm here to testify in support of LB1125. And first, I want to thank Senator Wishart for her commitment to children and families and to nurse home visiting in the state of Nebraska. It actually gave me flashbacks because Senator Wishart introduced LB419 last year that you passed. That was the postpartum extension. And that whole conversation was around the fourth trimester and how do we support mothers in that fourth trimester. OK. So I won't bring, bring you back to 2007 when my mother passed the bill. We're not going to do that again. We won't do 2013 again. I'm actually going to take you to 2017 and talk to you about the Medicaid Managed Care Excess Profit Fund because I know Senator Dorn's bill addressed it. And Topher Hansen came and talked about his, his sort of view of the genesis of that bill. But I worked very actively on that legislation, and so I'll give you a little bit of background on sort of our thought process. So in 2017, we sort of discovered that Medicaid and long-term care was getting sort of these buckets of money back from the managed care organizations and using them however they wanted to. There were some special projects. There were programs. There were endowed chairs at the university. And the Legislature had no involvement whatsoever in where these funds were going, how they were being used. And so Senator Arch appropriately got upset. I think we were all a little upset about it, but he really did the, the heavy lifting on it. And he introduced in 2020-- and I'm going to just cheat for a second-- LB836. He introduced a, a companion bill, LB1158, at the same time. And so because 2020 was a weird year-- let's see. Senator Erdman was here. You were here for 2020 as well. 2020 was a weird year because it was my last year in the Legislature and my last year as chair. We started session in good faith. We thought we would have all the time in the world. And then we went out on March 11 or 12. And we ended up coming back in this sort of quick and dirty three-week session in August of 2020. I think you, you remember that, Senator Erdman. So what we ended up doing was starting to package bills together within the HHS Committee so that we could move them as quickly as possible. And so Senator Arch prioritized LB1158, which was a bill that he had and he was very passionate about that provided sort of work information, job information to Medicaid

recipients. And so we felt it was appropriate to include the Medicaid Managed Care Excess Profit Fund inside of that. And the deliberations that we made when we were considering the language is that, first, this fund has to be used to offset any losses in your Medicaid program. We traditionally never see a loss in our Medicaid program because we overbudget for Medicaid, which is what you should do. I'm never going to tell you different. Always overbudget for your Medicaid program because you never want to come back in a special session to just do Medicaid funding. It's really unpleasant. I think they did it maybe 30 years ago. They never wanted to do it again. And so we budget over what we think we need in Medicaid so that we don't have to come back. So the first use of this fund is to offset those losses. The next is to fill gaps in needs and services. So is, is there a service that maybe isn't covered by Medicaid yet or maybe isn't eligible to be covered by Medicaid? Or is it a service that we know will improve the outcomes for people who are under the Medical Assistance Act? Under the Medical Assistance Act are people who are eligible for Medicaid or CHIP. They don't necessarily have to be enrolled. So people who are under the Medical Assistance Act. So it's really to offset losses, fill those service gaps. They can use it for system improvement. We talked about innovation with them because we knew that they had always told us they needed a new MMIS system or they needed a new iServe system. They could use this for that if they needed it to. But since then, what we've seen is there have been this-- there have been big returns from the managed care company. $68 million is bigger than I actually thought. And so-- that's quite a lot of money. The next question you should be asking me is, this sounds like Medicaid. Can you use it for the match for MIECHV? Knew-- oh, look at this guy. I know. It's because you're Senator Wishart's twin. I knew what you were going to ask. So I did actually a lot of research with our national partners to see-- other people have these funds. What do they look like? How does it work? The way that it works is when a manded-- a managed care company makes too much money, right-- so they're making too much money and they have to return it to us-- before the money ever hits this fund, the federal portion is removed and returned to the feds. So whatever is in this fund is state funds. It's not, it's not federal dollars anymore. Because in order for the MIECHV match-- you remember from last time-- it has to be new and nonfederal. So every dollar in this is state funds, but it has to be used for

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individuals under the Medical Assistance Act. So I'm happy to try to answer any questions you might have. That was a lot.

CLEMENTS: Senator Lippincott.

LIPPINCOTT: How does this translate to services out in the rural part of the state out west?

SARA HOWARD: Oh. So, so nurse home visiting, the-- you know, the only place that we have nurse home visiting right now is in Lincoln-Lancaster County, and that's funded through the county and the city together. And the reason why we're here today is, honestly, because that program is going really well. Every single baby that's born in Lincoln-Lancaster County, is offered three to four visits from a nurse. I think with the $500,000 that you're considering, looking at it as a pilot and saying, does it work? Is it going to work? Could be something that you would want to build on. I don't know where the funds would go. That would be up to DHHS and whoever applies for them in order to offer the service. But I will tell you-- listen, we have an enormous problem with maternal care deserts in, in our rural areas. We are losing labor and delivery in a remarkable way. And by remarkable, I mean there is no money in labor and delivery. There's no ROI for hospitals. They're just dropping it. And so being able to offer a mother who maybe has to deliver in, I would say-- I'll use Scottsbluff as an example and then go back up to Hemingford-- and knowing that a nurse would be visiting her three to four times after she delivers in town and then goes home I think would be very meaningful.

CLEMENTS: Are there questions? [INAUDIBLE] get back to this. This money, whether the, the people being served-- or, the children-- adults and children are under Medicaid or the Medical Assistance Act. Could you help--

SARA HOWARD: Sure.

CLEMENTS: --explain that?

SARA HOWARD: So the exact language of the statute-- and I'll give you the statute: it's 68-996-- we chose to use the term "children and families," I believe, under the Medical Assistance Act. So when we say

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"under," we do not mean enrolled. We mean people who we meant. We meant people who are lower income, who would be eligible but maybe are not enrolled. So we really wanted to make sure that these funds got to the individuals that they were targeted for. "Under" is also a term that you see in TANF. So when we think about how you use the TANF rainy day fund, the TANF rainy day fund is not for families who are enrolled in TANF, but it is for families who are under the Temporary Assistance for Needy Families Act. So that's why we use-- we chose the term "under," not "un--" "enrolled," I would say.

CLEMENTS: So we would need to be low income.

SARA HOWARD: Yes.

CLEMENTS: Could be eligible, not-- but not-- may not be enrolled.

SARA HOWARD: May not be enrolled.

CLEMENTS: OK. So. Now, Lancaster said it's open to all parents of a newborn.

SARA HOWARD: It is.

CLEMENTS: So that is more expansive than what we're talking about here.

SARA HOWARD: You, you know, the dream-- I would tell-- I'll tell you my dreams because where else am I going to put them? The dream is that every baby born in Nebraska is offered a home visit by a nurse. But we got to start somewhere. And so $500,000 focused on families who are low income who we know need that supportive service is, is sort of that, that drop in the bucket. I will say-- and I may phone a friend-- it is not very expensive in Lincoln-Lancaster County. $900,000?

PAT LOPEZ: $700,000.

SARA HOWARD: $700-- $700,000 for every single baby in Lincoln-Lancaster County to be offered a home visit with a nur-- three to four home visits with a nurse. That's very affordable--

CLEMENTS: All right. OK.

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SARA HOWARD: --in my opinion.

CLEMENTS: Any other questions? Senator Dover.

DOVER: How many babies in a year then?

SARA HOWARD: I knew these numbers like--

PAT LOPEZ: 1,700--

SARA HOWARD: 1,700, 1,700 babies in Lincoln-Lancaster County.

CLEMENTS: Any other questions?

SARA HOWARD: These are great questions. Oh, I love it.

CLEMENTS: Thank you. Thank you for your testimony.

SARA HOWARD: Thank you for having me. Have a lovely evening.

MIKAYLA FINDLAY: About $400 a baby.

SARA HOWARD: $400 a baby. Look at that math. All right. Thanks, you guys.

LIPPINCOTT: What was that again, Mikalya?

MIKAYLA FINDLAY: $412 a baby.

PAT LOPEZ: It's 2,600--

MIKAYLA FINDLAY: It's $2,600 a baby?

ERDMAN: If there's 135 babies--

MIKAYLA FINDLAY: 2,600 babies.

ARMENDARIZ: Oh. Even better ROI [INAUDIBLE].

MIKAYLA FINDLAY: Yeah. Let's do the math there.

CLEMENTS: Oh--

DORN: $300--

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CLEMENTS: 1,700 families. All right. [INAUDIBLE] something like that. All right. Any other proponents for LB--

MIKAYLA FINDLAY: $270 a baby.

CLEMENTS: --LB1125? Any other proponents? Are there any opponents? Seeing none. Anyone here in the neutral position? Seeing none. Senator Wishart waives. We have position comments for the record on LB1125: proponents, 12; opponents, 0; neutral, 1. That concludes LB1125. That concludes our hearings for today.