

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 11, 2020

STINNER: Good afternoon and welcome to the Appropriat-- Appropriations Committee hearing. My name is John Stinner. I'm from Gering and represent the 48th Legislative District. I serve as Chair of this committee. I'd like to start off by having members do self-introduction, starting with Senator Erdman.

ERDMAN: Steve Erdman, District 47: that's 10 counties in the Panhandle,

CLEMENTS: Rob Clements, District 2: all of Cass County and parts of Sarpy and Otoe.

McDONNELL: Mike McDonnell, Legislative District 5, south Omaha.

HILKEMANN: Robert Hilkemann, District 4: west Omaha.

STINNER: John Stinner, District 48: all of Scotts Bluff County.

WISHART: Senator Anna Wishart, District 27 in west Lincoln.

VARGAS: Tony Vargas, District 7 in downtown and south Omaha.

DORN: Myron Dorn, District 30: Gage County and southeastern Lancaster.

STINNER: Assisting the committee today is Brittany Bohlmeier, our committee clerk. To my left-- or will be at my left, I believe-- is Liz Hruska and, also, Nikki Swope. Our page today is Hallett Moomey. At each entrance you will find a green testifier seats if you are-- sheets. If you are planning on testifying today, please fill out a sign-in sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are white 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 at the end of today's hearings. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please silence or turn off your cell phones. Move to the reserved seats when you are ready to testify. Order of testimony is: introducer; proponents; opponents; neutral; and closing. When we hear testimony regarding agencies, we will first hear from the representative of the agency. We will then hear testimony from anyone who wishes to speak on the agency's budget request. We also request when you come up, spell your first and last name for the record before you testify. Be concise; it is my request that you limit your

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testimony to five minutes. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We need 12 copies. If you have written testimony but do not have twelve copies, please raise your hand now so the page can make copies for you. With that, we will begin today's hearing with LB897, Senator Cavanaugh.

CAVANAUGH: Good afternoon, Chairman Stinner and members of the Appropriations Committee. I'm a little out of breath because I went to your old hearing room and ran here to make sure I didn't hold you up too much, so, apologize. I am Machaela Cavanaugh, M-a-c-h-a-e-l-a C-a-v-a-n-a-u-g-h, and I represent Legislative District 6 in Omaha. Today I am introducing LB897, a bill which reinstates \$4.35 million in fiscal year 2021 for Program 38. This appropriation subsequently-- will subsequently be allocated to the six behavioral health regions for FY 2021. Program 38 was reduced by \$4.35 million for 20-- FY '21 because of the projections for once Medicaid expansion went online. It is my intent to reinstate the amount and encourage the Legislature to revisit the discussion after the full implementation of Medicaid expansion takes place and a rigorous evaluation is completed. The principal importance of this bill is that it will ensure that community-based behavioral health providers can continue to deliver quality statewide services that help Nebraska thrive. We all know that these services are provided by providers who-- while operating on extremely narrow margins. This is a testament to their successes in spite of facing the continued challenge of providing less with more dollars-- or more-- providing more with less dollars. Sorry-- switch that around. However, if the \$4.35 million is not reinstated to Program 38, the preexisting challenges, such as lack of funding and resources, will be greatly exasperated. The negative externalities may metastasize throughout the state as important services are crippled. LB897 would reinstate the \$4.35 million and distribute the dollars to the six behavioral health regions in amounts that are equal to the cuts that the Division of Behavioral Health has already made in their regions for the 2021 contracts. We should hold off on cutting savings that have not yet materialized until we have all reliable information about the impact of Medicaid expansion. It would be tragic if the state experienced declines in the amount and quality of these services on mere speculation. Being prudent about the future requires that we appreciate the virtues that already exist. In closing, we should continue to support the important work being done by the behavioral health regions and our commu-- community-based providers. I am

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followed by individuals representing the behavioral health regions and the Nebraska Association of Behavioral Health Organizations. I'd be happy to answer any questions from the committee, though they may be more aptly prepared to do so. Thank you.

HILKEMANN: Thank you, Senator Cavanaugh, for you opening there. Are there questions of Senator Cavanaugh? Senator Dorn.

DORN: Thank you. Thank you, Senator Hilkemann. I-- just on the appropriation bill, and I don't know, it-- maybe I can ask somebody later too. It says-- you gave a breakdown of what the amount would be for each region fully implementing the amount for next fiscal year. But the restoration and reduction, that is something in this fiscal year that they were not funded? And I can sure ask that later too.

CAVANAUGH: I think we'll let our next-- our testifiers--

DORN: Yeah, we'll ask them later. Thank you.

HILKEMANN: OK.

CAVANAUGH: --the experts answer that--

DORN: Thank you.

CAVANAUGH: --though I appreciate your question.

HILKEMANN: Additional questions? Seeing none, thank you.

CAVANAUGH: Thank you.

HILKEMANN: Proponents for LB897?

KATHY SEACREST: Good afternoon, members of the Appropriation Committee. I am Kathy Seacrest, K-a-t-h-y S-e-a-c-r-e-s-t. I represent-- I'm in support of LB897 and represent members of the Nebraska Regional Administrators Association. I personally am the regional administrator in the North Platte area, the southwest part of our district. We serve 17 counties in that area of the state. This bill will help us contract with our providers at the same level as last year. To answer your question, Senator, the dollars have been taken out of our budget for next year, it will help us bridge the gap until there is full implementation of Medicaid expansion. We serve a population that needs a stable safety net. Often our clients are the most vulnerable and need the most immediate help. Please help us

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bridge the gap for them by restoring the \$4.35 million to the regional budgets. Providers need these dollars in their contracts or they will have to lay off staff, and then they will not be equipped to take the added Medicaid population. Workforce issues are hard enough without adding that stress. Personnel is the key cost in our network, and it is the only significant thing that providers could do to reduce a budget. With the passage of this bill, we can at least maintain what is, which is barely adequate. Without it, we lose staff and services. In Region II, we would have to cut all Medicaid providers at least 7 to 8 percent, and in some of our budgets that is at least one staff position or more. In regions that have more dollars allocated and larger cuts, it means many staff positions. The thing about the regional system is the consistency of our provider network. Without this bill, that consistent is in jeopardy. We require all of our providers to be providers for Medicaid so, if indeed there is a savings, then they won't draw down their dollars from us. and those dollars return to you because we are a capitated system. After Medicaid expansion has been in place for several months and we can see if it truly saves the projected dollars, we can revisit this. My experience over the last 30 years tells me that there will still. We will still have folks who need the sliding-fee scale and who will fall through the cracks in an already fragile system. Without access to the very most basic services, they will need the most expensive services. Please help us keep that access throughout this next fiscal year. Thank you for your time and interest in our work. Please pass LB897 and help us our-- with your most vulnerable constituents. Your consideration is appreciated. Happy to answer any questions from any of you.

HILKEMANN: Thank you, Ms. Seacrest. Yes, Senator Wishart.

WISHART: Well, thank you, Ms. Seacrest, for-- for being here--

KATHY SEACREST: Sure. You bet.

WISHART: --and driving here today. So just to-- to clarify, we have gotten a full commitment from the Department of Health and Human Services that their start date will be October 1, and they'll start bringing people on in Aug-- in August. And in fact, we have a bill potentially that the Legislature would pass that would put that in stone that the start date is going to be October 1. We budgeted last year based off with an understanding that if that October 1 date hits, our sort of fiscal forecast was that the-- the-- the aid that we reduced from behavioral health aid would be made up in the Medicaid

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expansion population. If we were to start-- if everything went smoothly, we start on October 1, do we anticipate still being short on the aid in-- in terms of your experience with North Platte?

KATHY SEACREST: Yeah, Senator, the-- the problem is our fiscal year, of course, starts July 1.

WISHART: Yes.

KATHY SEACREST: So that's three months of that year when we still have to operate. And so our providers have to project forward on who can they keep on. And it's pretty uncertain how many folks really will be on Medicaid or won't be on Medicaid or-- or how that looks. So I think it's the uncertainty that puts our providers in jeopardy. And I don't want to lose any workforce because of this. Now, if indeed the projections are correct and we have those savings and we don't spend it, it comes back to-- to you. But if it's not there to put in the contracts, then as-- as providers, we just-- you know, we can't keep all the staff on.

WISHART: OK.

KATHY SEACREST: Yeah. So-- so that's the issue. It's the timing in some ways.

WISHART: OK.

HILKEMANN: Additional questions? Seeing none, thank you for coming.

KATHY SEACREST: Thank you.

C. J. JOHNSON: Good afternoon, members of the Appropriations Committee. My name is C.J. Johnson. C.J. J-o-h-n-s-o-n, and I'm the regional administrator of Region V Systems, which is the regional behavioral health authority for 16 counties in southeast Nebraska. I'm in-- here in support of LB897, which reinstates \$4.35 million into Program 38 and subsequently allocated to the behavioral health regions for fiscal year 2021. Last year's reduction of \$4.35 million from Program 38 for fiscal year 2021 means that the contracts with behavioral health providers will be reduced by that amount. The reduction of \$4.35 million are based on projections and not on the actual impact of Medicaid expansion. We believe it is important to reinstate the \$4.35 million for fiscal year '21 into Program 38 and subsequently allocate it to the behavioral health regions, as stated in LB897, to ensure that a solid bridge to provide services remains

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across the state as Medicaid expansion occurs. Because the regional system is a capitated system, any funding offsets from Medicaid expansion will be recognized at the end of fiscal year '21. Previous projections of the impact of the Affordable Care Act in 2013 led to the Legislature to reduce service funding to Program 38 by \$15 million, only to see that the anticipated savings were not recognized, and funds were restored to the regions by the Legislature for fiscal year '15 so that service capacity and access were not reduced. Similar to that time, it seems premature to reduce funding based on projections in a reduction that occurs prior to full implementation and significant enrollment in the Medicaid expansion could compromise the ability of behavioral health providers, the providers we work with directly to provide adequate services. As the committee knows, many of the providers we work with operate on an extremely narrow margin. Any reduction in capacity going into fiscal year '21 could result in a fracturing of an already fragile provider network. In summary, given the uncertainty about the actual offsets realized as a result of Medicaid expansion in Nebraska, it is critical to reinstate the \$4.35 million into Program 38 to maintain the current service capacity for fiscal year '21. Maintaining the current reduced funding to Program 38, and subsequently to the regions and other targeted behavioral health programs based on projections and not the actual impact of Medicaid expansion, has the real potential to significantly cripple an already underfunded and under-resourced behavioral health system. I want to urge the committee to reinstate the appropriations as indicated in LB897 to the community-based behavioral health system for fiscal year '21 until full implementation of Medicaid expansion has occurred and its impact can be properly evaluated. Thank you for your consideration, and I'll try to answer any questions you might have.

HILKEMANN: Thank you, Mr. Johnson. Are there questions from-- yes, Senator Wishart.

WISHART: Well, thank you so much for coming. One-- in your mind, when you say full implementation of Medicaid expansion, do you have a date in mind that you're thinking that that would represent? Is that the October 1 date?

C. J. JOHNSON: Well, the way our system works, because it's capitated, if-- even if everything begins October 1, all 90,000 individuals are enrolled and they're going in, the-- the thing that you can be assured of is if individuals who were previously eligible for our funding are coming in and they're Medicaid eligible, then the providers will not

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be billing us, we will not be paying that money out, and at the end of the fiscal year we can look at that and say this really was the impact that Medicaid is starting to have on the behavior health system and these are the offsets that we're really going to see. But right now, we don't really know what offsets we're going to see. And even-- I mean, that's even if October 1, not 90,000 people are enrolled and they're all coming in. And then the other thing, that is a safeguard essentially is the fact that those people that are eligible for our services will now be Medicaid eligible, so you're going to see any offsets at the end of the year. So it's-- to me, going into the fiscal year with those contracts short for providers is really kind of-- you know, it's just unsafe for them and you're going to see the savings at the end of the year anyway.

WISHART: And by the end of the year, you mean the end of your fiscal year--

C. J. JOHNSON: Yeah.

WISHART: --which would be July of 2021.

C. J. JOHNSON: Right. And those, you know, those funds can-- if they're not pulled down, they just go back into the General Fund anyway.

WISHART: OK.

HILKEMANN: Additional questions for Mr. Johnson? Seeing none, thank you for coming.

CAROLE BOYE: Good afternoon, Senators. My name is Carole Boye, C-a-r-o-l-e B-o-y-e. I'm CEO of Community Alliance, which is a nonprofit mental health agency serving over 3,000 adults with serious mental illness in the Region 6 area. And I'm testifying today as a-- as a provider and don't want to repeat some of the things that have already been said but maybe put an exclamation point on a couple of them and then amplify some other points on here. One-- one is we have been here before. Our experience with the ACA was that we made assumptions. Those assumptions didn't come-- come to bear, and then we had to restore services because of those assumptions. The-- the problem is, is that when those assumptions don't bear fruit, reductions in force and reductions in services, once they're put into motion, they're very, very difficult to come back from, especially in the environment that-- that we're in. And it seems to us that-- that

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we should learn from that ACA experiment and try to avoid real and significant damage in this. And-- and that's one the reasons we're putting emphasis on could we-- could we take fiscal year '21 and figure out what the real impact is and then come back, being very transparent with all of you, and say, what is that and-- and what's the diff-- the difference with that? The second point that I really want to make here is that we can't forget that while-- that DBHS and Medicaid funding are not alike. They don't have the same mandate. In terms of behavior health, Medicaid and DBHS can be considered parallel in-- in many ways, and even complementary systems, but they are not identical. Medicaid is inclusive of physical, pharmacological, and behavioral health services, and they only pay for services that are considered medically necessary. It's-- and it's-- it's an insurance company-type model and propayment model. DBHS and the six regions have a much broader mandate within a focused concentration on behavioral health, and that includes serving as the state and local behavioral health authority and assuring a system of care along a broader continuum of care than that medical necessity criteria that Medicaid operates off-- off of. The cut that's-- that is contained within the current budget assumes that current funding and capacity are adequate and that we can simply replace one funding source with another funding source. The reality is that while these two systems may fund some of the same services, DBHS and the regions' role as service coordinator and gap filler to local and statewide needs mandates development services outside the strict medical model. So two quick examples: 98 percent of guests served by a peer-run crisis program operated by Community Alliance report that this service averted an emergency room visit or hospitalization. These funds-- these services are funded solely with region and DBHS dollars yet save the system as a whole, both Medicaid and DBHS, upwards to \$2 million dollars in medical expenses every year. That's a \$3 return for every dollar invested in DBHS funds. No Medicaid dollars are involved in-- in that. These services would not exist if it were not for DBHS funding and Program 38 funding. A second service, one that focuses on individuals who are homeless and have a serious mental illness, indicated-- data that we just received indicated that eight out of ten of those people that were helped through these services did not return to homelessness over a two-year period, again a significant return on dollars, but only DBHS and-- and regional dollars were involved. And we know that housing sta-- stability has been shown to reduce medical as well as correctional and community service-- service costs. We could provide you with many additional examples. Support employee-- employment and support education, again, are only funded-- pathways out of the

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system, if you will, are only funded by DBHS and the regions, not by Medicaid. But we're going to stop here because the point of each is the same: to demonstrate that any assumptions of a clear service-to-service, eligible-to-eligible, utilization-to-utilization quid pro quo between Medicaid and Program 38-funded services put at risk innovative programs across the medical and social need continuum. We're asking you to forestall any cuts, not to not make them but to forestall any cuts this upcoming fiscal year until we can figure out what the impact is that's very real and very measurable. And if-- if I may, Senator, in terms of as a provider, one of the things that-- that I would like to add is that budgets are being prepared now by providers such as ours. We have no choice but to-- to start making reductions at this point to be effective July 1. We're a small business. We can't-- we can't front the dollars for the first three months, real-- real dollars, real expenses, in the hopes that we're going to be able to recoup that in nine months. Small providers, small businesses simply can't do that. So we-- we're kind of between a rock and a hard place here in asking for your help.

HILKEMANN: Thank you, Ms. Boye.

CAROLE BOYE: Thank you.

HILKEMANN: Are there questions from the committee members? Seeing none, thank you.

CAROLE BOYE: Thank you.

ANNETTE DUBAS: Good afternoon, Senator Hilkemann 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. We are a statewide organization advocating for behavioral health providers, hospitals, regional behavioral health authorities, and consumers. And our mission is to build strong alliances that will ensure behavioral health services, including mental health and substance use disorder services, are accessible to everyone in our state. We would like to sincerely thank Senator Cavanaugh for her leadership on this important issue. We know, by virtue of the state's own costs study-- study, that behavioral health rates are significantly below the cost of providing those services, and the rates paid by Medicaid are even lower. You saw those numbers last year, you listened to our testimony last year, and we thank you for the support that you gave us with those rate increases from last year. They are making a difference. But today,

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taking \$4.3 million away from services that are already seriously underfunded just doesn't make sense. It's not uncommon for-- for individuals to cycle in and out, so maybe they're Medicaid eligible for a certain period of time and then, for whatever reason, aren't. The Division of Behavioral Health is able to kind of fill that gap and make sure that their services continue. Taking this amount of money out of the division's budget, the regions' budget, will have a direct impact on access to services and diminished capacity. As was mentioned previously, these providers are already working on their budgets for the next year and they're having to anticipate how they're going to handle this cut to their revenue. And just from some samplings that I'm hearing, you know, we're talking 12 to 15 percent that they're looking at coming out of their budgets. That's pretty significant for smaller and medium-sized organizations. It's a hit for anybody. I don't want to repeat things that have been said, but the region funding is-- is still needed for critical services, and cuts should only be looked at after we fully know the numbers. The need for mental health and substance use disorder services is not lessening. It is growing. Mental health directly impacts every aspect of our society. Schools have named mental health their number-one issue. A high number of children are in out-of-home placements are there because their caregivers are dealing with a mental illness or addiction. Our state is facing a serious problem in the area of corrections. Suicide rates are climbing. Nebraska's rural response hotline calls are increasing-- last month, over 300 calls-- and they provide mental health vouchers through the Division of Behavioral Health. The demand is far exceeding the-- what they have available to-- to give to farmers and ranchers. The need for services is clear. When people can access care, the quality of life improves. Seventy to 90 percent of individuals who receive consistent, ongoing treatment will experience a reduction in their symptoms and an improved quality of life. Treatment works. With the proper treatment, it is very possible for a person with a mental illness to be independent and successful. But the number-one barrier to receiving care is their ability to pay. Without adequate funding, you simply cannot build capacity, and without capacity, access to care is reduced. Four-point-three-five million dollars taken out of the behavioral health system is not in the best interest of the individuals that we are counting us-- counting on us to provide their mental healthcare. So I appreciate your time and attention today and would attempt to any-- answer any questions you may have.

HILKEMANN: Thank you, Senator. Any questions for-- yes, Senator Dorn.

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DORN: Thank you, Senator Hilkemann. Thank you for being here. You made the comment that as they're preparing their budget, they're looking at 12 to 15 percent cuts, approximately. What is the main reason there? Is it because of the delay in implementing or the question about delaying the-- the Medicaid or is it-- is there a lag time between shifting over and not collecting the fees or-- or--

ANNETTE DUBAS: Yeah. Thank you, Senator, for that question. And I think, you know, what the previous testifiers mentioned, is, you know, if there's going to be this much money taken out of the division's budget, that means the regions' budgets are going to be reduced. And so when the providers are submitting their contracts to the regions, they're having to take that into consideration. So those cuts are having to be-- those cuts are having to be put into effect right now because of what they're preparing for.

DORN: Thank you.

HILKEMANN: Are there additional questions? Seeing none, thank you. Are there further proponents for LB897?

ELAINE MENZEL: Chairman Hilkemann and members of the Appropriations Committee, for the record, my name is Elaine Menzel; that's E-l-a-i-n-e M-e-n-z-e-l, and I'm here today on behalf of the Nebraska Association of County Officials in support of LB897 for the reasons that have been identified by the prior testifiers. And as you know, Nebraska is divided into six behavioral health regions responsible for the coordination and delivery of mental health and substance abuse services within their respective regions. Our interest is due to the many funct-- functions of the regions and of the county board members in each of the counties serving on those governing boards to make decisions related to the mental health/behavioral services. Each Nebraska county takes part in a region by appointing one county board member to serve on a regional governing board. Such individuals represent their county and participate in the decision making of the regional governing board, as I've indicated. This appropriation of money by LB897 would assist regions in maintaining much-needed behavioral health services to their constituencies. If you have any questions, I'll be glad to attempt to answer them.

HILKEMANN: Thank you, Ms. Menzel. Are there questions? Senator Clements.

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CLEMENTS: Thank you, Senator Hilkemann. Thank you, Ms. Menzel. I was-- I'm not sure how this system works for funding. Do counties contribute to funding for the regions?

ELAINE MENZEL: I believe, yes.

CLEMENTS: Each county-- each county does put a county board member on--

ELAINE MENZEL: The governing board, yes.

CLEMENTS: --the governing board in their region?

ELAINE MENZEL: Yes. And there is a portion-- I don't know the specifics, but I know that there-- it's a joint partnership between the-- the state and the counties to provide those funding mechanisms. I don't know the percentage, but I believe I-- I mean, if you have-- if you would like additional information, we can find out some information for you.

CLEMENTS: All right. Thank you.

ELAINE MENZEL: Thank you.

HILKEMANN: Are there additional questions? Thank you for coming.

ELAINE MENZEL: Thank you.

HILKEMANN: Are there additional proponents for LB897? Seeing none, are there persons who would speak in opposition to LB897?

SHERI DAWSON: Good afternoon, Chairperson-Senator Hilkemann and members of the Appropriations Committee. My name is Sheri Dawson, S-h-e-r-i D-a-w-s-o-n, and I serve as the Division of Behavioral Health director for Department of Health and Human Services. I'm here to testify in opposition to LB897, which would appropriate for the year \$4,350,000 from the General Funds for fiscal year '21 to DHHS for Program 38, which is behavioral health aid. In preparation for the 2019-21 biennium, DHHS DBH, through analysis and trending of utilization and eligibility data, conservatively estimated the DBH fiscal offset for Medicaid expansion for behavioral health services to be \$4,350,000. As the operative date of expansion is October 1, 2020, the Legislative Fiscal Office, LFO, prorated the reduction, and so the offset is included in the already enacted budget for fiscal year '21 and planning for the offset has been occurring. Any utilization

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greater than the estimate would be addressed through DHH-- DHHS processes and encumbrances at the end of the fiscal year. In addition, the DBH centralized data and electronic billing systems will provide specific monthly utilization and fiscal information that best positions DHHS to be data driven and address 038 reductions. Secondly, allocations for community-based behavioral health aid are appropriated to DHHS and we oppose specifying allocations to specific regions in statute. Aid funds are allocated to regions by DHHS. DHHS DBH will be undergoing a needs and gaps assessment and strategic planning over the next several months, and we're committed to a data-driven discussion in planning for the future needs of the behavioral health system. The budget proposed by Governor Ricketts and enacted by the Legislature in the 2019 Legislative Session supports a budget that continues the DHHS and DBH strategic initiatives and does not diminish the access to D-- DBH-funded providers, as the same services are to be covered under expanded Medicaid. Restoring the \$4,350,000 to behavioral health aid would duplicate funding added for Medicaid expansion. So I'm happy to answer questions.

HILKEMANN: Thank you, Ms. Dawson. Are there questions? Senator Clements.

CLEMENTS: Thank you, Senator Hilkemann. Thank you, Ms. Dawson. I had asked the county representative about funding from the counties. Are you aware of how much the counties contribute to the system?

SHERI DAWSON: I don't have the exact amount, but basically in statute it provides that there would be matching funding, one dollar for every three General Fund dollars.

CLEMENTS: All right. And do you know whether the counties reduced their funding to account for the Medicaid expansion?

SHERI DAWSON: So it's going to depend on counties. But-- but theoretically, with a reduction, there would be a reduction in county match for the services. Some counties do provide, you know, additional dollars over what would be required.

CLEMENTS: Otherwise, it's a one-to-three match--

SHERI DAWSON: It--

CLEMENTS: --one county dollar to three? Is that it?

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SHERI DAWSON: Sate General dollars.

CLEMENTS: To three General?

SHERI DAWSON: Um-hum.

CLEMENTS: Thank you.

SHERI DAWSON: Um-hum.

HILKEMANN: Senator Bolz.

BOLZ: Thank you, Senator Hilkemann, just a couple questions. The first question I have is I just-- just sort of connecting the dots here, this is the issue I was trying to bring up with the Medicaid director yesterday. Has-- has this information been-- been shared with him since yesterday's hearing? Is he up to speed?

SHERI DAWSON: In-- in-- in what regards? We work with Medicaid on funding and-- and the Medi-- Medicaid expansion--

BOLZ: I-- I just-- I asked Jeremy what-- what was going on with this issue yesterday.

SHERI DAWSON: OK.

BOLZ: And-- and he seemed unfamiliar, so I just want to make sure that the person directing the Medicaid expansion overall is familiar with some of the subissues. I-- I think that this came up in hearings last year, too--

SHERI DAWSON: Yes.

BOLZ: --so I just wanted to make sure that those conversations were happening.

SHERI DAWSON: Yes. And-- and-- and thank you for-- for asking that, Senator Bolz. I, you know, very much appreciate that question. We did have this conversation last year about, you know, what was the Division of Behavioral Health going to be-- do in terms of monitoring that reduction. And in talking with Jeremy on the way back over to the building, I wanted to make sure that folks are-- on the committee understand those opportunities for monitoring and addressing the reductions. It is a challenging time right now, so just to acknowledge that, it is our regional budget planning season. And we have, as you

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can tell, very dedicated network providers and regions and contractors and consumers. Nevertheless, we're at this junction of Medicaid expansion. And so here's-- I'm-- what I'm going to highlight for you in terms of opportunities for monitoring. First of all, in our monthly meetings that we have with the regional administrators, we have always talked about fiscal and expenditures. And so now, more specifically, we'll have to look at service utilization for those like services across. And we're prepared to, as I mentioned in my testimony, with our data systems, to modify reports and-- and continue those conversations on a monthly basis. Medicaid and Long-Term Care, they have meetings that we are engaged in, either one of our deputies in DBH or myself, that talk about Heritage Health Adult and expansion. And so that will continue postimplementation. So we'll have that opportunity on a regular basis to also talk about utilization and services and-- and look again across divisions at that data. We also have the opportunity within DHHS to look at the overall Division of Behavioral Health, which-- with our DHHS budget as a whole. And again, in conversations, there's cross-division opportunities for those conversations. So there is some very structured monitoring processes in place. If we look at the dollars that are available at the end of the year for those DHHS processes, we typically have providers that have continued to serve individuals, even though their particular contract or funding amount may be gone. And over the last year, since I have been director, I don't recall a year that we were not able to provide the funding for those units. And the important thing for the end-of-the-year process is that we have a sense of billing for those particular units so that when it comes to those monthly conversations and the end of the year through the process, we can look at how to mitigate those reductions as much as possible. I would also add that the opportunity that we've had over the last several years is to look across regions so that one particular region may have money that is unexpended or unobligated, but another region, based on utilization and services, may have additional providers that provided services for that. And so we've always tried to make sure that all of the kind of cross-amendments and so forth can go across and really go to where the-- the need is identified. And I think that's important to note because even having done that, 038 has had a balance, either for those contractors that we provide or dollars that might be through the regions or have--

BOLZ: If--

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SHERI DAWSON: --you know, special strengths.

BOLZ: If I could, can we-- can we unpack what you're saying just a little bit?

SHERI DAWSON: Absolutely.

BOLZ: So I-- I think the first thing that I'm trying to raise is, if the cost savings is happening because people are moving from Behavioral Health to Medicaid, we need to make sure that those systems are in place to make sure that we are, in fact, on track for both the people moving onto Medicaid and the savings to materialize. And so what I'm hearing you say is that you envision doing that on a month-by-month basis in conversation with the regions, the Division of Behavioral Health, and Medicaid. Is that-- is that--

SHERI DAWSON: That's--

BOLZ: Is that a fair representation--

SHERI DAWSON: That is a fair summary.

BOLZ: --do you think?

SHERI DAWSON: Yes.

BOLZ: So one of the things that I hear a concern brought to-- to us by the regions is that that may not be-- that may work in terms of budget monitoring. It may not be practical in the real world. In other words, they're concerned about being able to maintain staff and maintain their contracting over time if they can't assure some-- some relationship of, you know, offering those folks business. So how do you envision that working on the ground?

SHERI DAWSON: Um-hum. So, again, from a practical standpoint, it is regional budget planning time for fiscal year '21, so I appreciate the challenge. Again, the offset was identified based on all of our providers, our behavioral health, are region-funded and Medicaid providers. So from a service standpoint, if we're reducing those services, like acute residential and so forth, that Medicaid also pays for, there should be some of those individuals that are being served by-- by Medicaid--

BOLZ: Um-hum, yeah.

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SHERI DAWSON: --from a practical standpoint.

BOLZ: Yeah, I-- I think-- you know, I-- that's-- that's some of what I hear from my region is a con-- concern that capturing the savings and being able to make it work on the ground, there's-- there's a little bit of a disconnect there. So the other thing I'm hearing you say is that you're concerned about this specific bill's allocation region by region, because sometimes you're able to redistribute funds, and, you know, fair enough. I think the-- the-- the bill, as I read it, is trying to be fair and make-- make sure that the-- the distribution of the funds gets to the different communities that might be able to put it to work. Do you-- aside from the-- just so I understand your position, you-- you expressed maybe a concern about that distribution. Fair enough, but you also are opposing the-- the allocation of the funds because you think the savings can be captured.

SHERI DAWSON: I think the offset can be captured and-- and monitored, yes.

BOLZ: OK. Thank you.

HILKEMANN: Are there additional questions? Yes, Senator Wishart.

WISHART: Well, thank you so much for being here. Just one follow-up question. One of the testifiers previously talked about we were in a similar situation with ACA years ago and we-- our assumptions were not correct. What have we done-- what's different about those situations and how-- how have we learned from that and are-- are ensuring that our assumptions are going to be more correct this time around?

SHERI DAWSON: Well, I-- I would say that the ACA project was challenging at best and-- and some of the assumptions were never implemented. And so some of the calculations or projections were probably not entirely accurate. I would say from that particular point in time, Senator, that, you know, we did have the budget process. We always have the budget process every year. And so with that close monitoring, we can always continue, if we're not able to accommodate that through encumbrances and balance and so forth, use the budget process.

BOLZ: Just--

HILKEMANN: Senator Bolz.

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BOLZ: Just one quick follow-up. Is-- is there any rationale-- since, you know, you sort of referenced using the budget process, is there any rationale to just accumulating the-- the offset or the savings, however you want to say it, and making that funds that lapse at the end of the year? Would that be a different way of handling it that could put the behavioral health regions' minds at ease?

SHERI DAWSON: Tell me more about what--

BOLZ: Just saying rather than--

SHERI DAWSON: --that would look like.

BOLZ: --capturing the savings, keep the allocation in-- in the-- in the budget bill, and once those savings are actually materialized, because you've moved the people over to Medicaid, just lapsing the funding in the next biennial budget. I mean, someone would have to keep an eye on that because you'll be rid of me. But-- but--

SHERI DAWSON: Well, and I guess my-- you know, the point that I would make is, through those processes that we talked about in continuing to monitor those expenses and-- and looking at that and looking at those expenditures on a regular basis, and then having that encumbrance process and whatever might be moved around in 038 for other reasons, but I believe that's already within-- within the ability to manage.

BOLZ: OK.

HILKEMANN: OK.

CLEMENTS: One more?

HILKEMANN: Senator Clements.

CLEMENTS: Thank you, Senator Hilkemann. Thank you. One more question. You testified that you conservatively estimated-- or Fiscal conservatively estimated this \$3.5 million. By conservative, did you mean you think there will be more savings from Medicaid than that?

SHERI DAWSON: I think, you know, one of the opportunities that we looked at and looked at other states, if we looked at the percentage of individuals that were under the 138 percent of poverty and looked at a variety of factors for potential offset, our 16 percent of that 137 was the lowest calculation possible; in other words, we were trying to anticipate that there is some unknowns there. We looked at a

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variety of scenarios based on what other states had done from 55 percent of that to 40 percent to 25 percent to 16 percent. And we utilized that based on the information that we have.

CLEMENTS: I see. So you're-- you're really thinking we'll probably have a larger savings from Medicaid than what you've given. The other question is, you know, the '21 fiscal year goes-- starts July 1, August, September, before Medicaid is going to start paying. Are they going to be able to draw funds those three months at the normal rates and then just start being cut after that?

SHERI DAWSON: Well, you know, just from a planning standpoint, I appreciate that challenge because they'll have to look at their particular planned reduction. But, yes, in terms of the billing process, like we always have, those bills would continue to come in and we would continue to look at what those expenditures are.

CLEMENTS: OK. Thank you.

HILKEMANN: Senator Dorn.

DORN: Thank you, Senator Hilkemann. Thank you, Director Dawson, for being here. I appreciate some these questions. I had a lot of same questions too. But I guess part of what I look at here with expanded Medicaid is it's-- it's a new program. So even though the best of planning, because I like some of your comments here, the-- the unknown is still out there. And you made a comment here that you will be reviewing this or-- or on top of this monthly or whatever. You'll be collecting the data monthly to see where it's at. We will be back here next year, a year from now, planning this budget again.

SHERI DAWSON: Yes.

DORN: Will we get reports on how those three months have gone or monthly reports, or how do-- you, I guess, are going to update this committee or-- or have that information out so that we can look at it as you-- maybe you are looking at, or what will we look at there?

SHERI DAWSON: Sure. Well, I-- you know, certainly, I think that the information that we're going to be tracking and-- and looking at internally would also be something that could be external. Obviously, as an Appropriations Committee, you look at the big picture of expenditures, as well as reappropriations and-- and so forth, so definitely we will be tracking that and be accountable for it.

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DORN: And I-- and I would-- I guess I would encourage you to have some information for us next year as we come back to this budget, because there still is some time then yet, although it's a lot more difficult, to make adjustments in the budget at that time. But then we also would have three months or so. We would have some ability to track, I guess, some trends, maybe, and see if they are near what your projections are.

SHERI DAWSON: Yes. Yes. I think that, again, is that year-end process and the annual budget process, Senator, I agree.

DORN: Thank you.

HILKEMANN: Are there any additional questions? Thank you, Ms. Dawson.

SHERI DAWSON: Thank you.

HILKEMANN: Are there additional persons opposed to LB897? Is there anyone wishing to testify in the neutral position on LB897? Seeing none, Senator Cavanaugh, you are welcome to close on LB897.

CAVANAUGH: Thank you, Vice Chair [SIC] Hilkemann and members of the Appropriations Committee. I know that Senator Stinner isn't here, but I just want to once again say happy Dry Bean Day. It is celebrated in Gering, Nebraska, on February 11, and it's just a fun thing for us all to remember. And I want to talk about some of the issues that were brought up by the committee and some of our testifiers. So currently we are waiting on the implementation of the 1115 waiver be-- or the-- the approval of the 1115 waiver for Medicaid expansion before we can begin implementation on October 1. I appreciate that the department has confidence that this waiver will be approved. However, previous states that have implemented-- attempted to implement similar waivers have been denied and have also been taken to court. So I do have some concerns about the 1115 waiver and whether or not it will actually be implemented and that we will have Medicaid expansion implemented on October 1. However, Senator Wishart does have a bill that, regardless of the 1115 waiver, if we were to move forward with her bill, we will be submitting-- or we will be expanding. Medicaid regardless. But again, we'd have to pass her bill. So I'd like us all to keep that in mind when we're talking about what we're doing with the budget here. As we've heard from some of our testifiers today, this is not new money. This is money that we have given to them in the past. So we aren't trying to appropriate additional funds for these services. We're just trying to maintain the services that we're currently

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providing. And in the event that we move forward with Medicaid expansion, regardless of the waiver or not the waiver, whatever it looks like moving forward, these dollars will be turned back to us. These are not dollars that are going to be spent if we have Medicaid covering. So this is just an opportunity for us to ensure that these individuals' healthcare needs are being met. And we know that when we have individuals cycling on and off of behavioral health services, that the cost to us as taxpayers and the state go up exponentially. And this is just an opportunity for to keep that continuum of care going until we know what's going to happen with Medicaid and Medicaid expansion. and the 1115 waiver. So I really encourage this committee to look at this as more of a cost savings in our healthcare costs than anything else. And, you know, we've seen with our Eastern Service Area contract that just changed from PromiseShip to Saint Francis, and there it happened very quickly and there was a different-- discrepancy in the cost of the contracts. And so our providers that were working in-- on that contract were very concerned about whether or not to take on the contract with Saint Francis because they didn't know what the funding was going to look like. And we really do need to take into consideration that these are our providers that we're-- we're trying to maintain and we're trying to make sure that they can maintain the services that they are providing, especially in our underserved and rural areas. If we are providing financial insecurity for them, they are business owners, just like everyone else, and they need financial security if they're going to enter into these contracts. So I hope that the committee will move this bill forward and that the Legislature will move this bill forward. This is, again, not an additional cost to us as a state. It ultimately will probably-- as Director Dawson said, we'll realize a lot of offsets here, but not if we're discontinuing care for people that need it the most. So with that, I thank you for your time and welcome any questions.

HILKEMANN: Are there any additional questions to Senator Cavanaugh? Seeing none, that will close the hearing on LB897 and I will turn the meeting back over to our Vice--

BOLZ: Oh, OK.

CAVANAUGH: Oh, I'm sorry.

HILKEMANN: --Vice Chair Bolz.

BOLZ: Thank-- thank you--

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CAVANAUGH: I misspoke. I apologize.

BOLZ: You're fine. Thank-- thank you, Senator Hilkemann. We will move on to LB1146.

ERDMAN: Any letters, letters-- letters of support or--

HILKEMANN: Oh, there's no letters on this one. Oh, I'm sorry. I'm sorry. There were-- there were ten letters of support on LB897. I'm sorry. They weren't listed specifically, so I missed that.

BOLZ: OK, here we go.

HOWARD: Hi.

BOLZ: Good afternoon, Senator Howard. Welcome to the Appropriations Committee.

HOWARD: Thank you so much for having me again. All right. Good afternoon, Senator Bolz and members of the Appropriations Committee. My name is Senator Sara Howard, H-o-w-a-r-d, and I represent District 9 in midtown Omaha. I also serve as Chair of the Health and Human Services Committee. Today, I bring you-- before you LB1146, a bill that appropriates \$3 million from the Capital Construction Fund, capital improvements, for the purpose of building dormitories at the Youth Rehabilitation and Treatment Center in Kearney so that each youth living there may have a private bedroom. It would also allow for upgraded bathrooms that would allow for more privacy. So six months ago, in August, I visited the YRTC in Geneva after learning about an incident where the Nebraska State Patrol and the local sheriff were called when a number of girls residing in the facility wouldn't go to bed. At that visit, I spoke with the girls, and you've heard this before, hopefully, but the reason why the girls wouldn't go to bed was because they were being asked to sort of sleep in these musty facilities. There was a lot of damage to the buildings, and so the girls said, we're not going to go to bed, and they sort of got-- barricaded themselves into an office, and they called their parents and they called the Ombudsman and they called Child Protective Services. And then the State Patrol and the sheriff were called out to do well-child checks on them. The girls eventually did go to bed. And a couple of days after that, I had the opportunity to visit. And what I saw were major unfinished repairs, significant water damage with a resulting musty smell. It was an overwhelming musty smell. You would walk into a building and it was incredible. There were holes in the

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walls between the rooms large enough for the girls to fit through. There were broken walls with the sharp mesh form and the plaster and lath exposed and a broken fire safety system. Believe it or not, the funds that I'm asking for today are not to fix Geneva. They're actually to fix Kearney. But I want to make sure you understand the context that we're discussing today. So two days after my visit, the girls were moved to the YRTC in Kearney and the Health and Human Services Committee began a six-month fact-finding process, which included several public hearings, one in Geneva, one in Kearney, a joint hearing here in Lincoln with our colleagues on the Judiciary Committee. Committee members, we conducted multiple tours. We either went by ourselves or we went in small groups. And then we also had two formal tours, one in Geneva, one in Kearney, to-- and then we also looked at other facilities that are treating juveniles, so we went to a psychiatric residential treatment facility for juveniles in Omaha. We all had several conversations with former and current staff. We spoke with not only the kids who were affected, the girls, but community members. We really reached out and made sure that we were listening to all parties involved. The committee collaborated regularly with the Office of the Inspector General for Child Welfare and the Ombudsman's Office. And members of the committee, particularly my office, communicated weekly, at times daily, with the Department of Health and Human Services, specifically CEO Dannette Smith. In January, the committee released a report, which all of you should have a copy of, but it looks like this. And don't be intimidated. The report itself is really 48 pages long. The rest is evidence and exhibits, so it's about 600 pages total, so I'm sure you're going to read that on our next recess day. The purpose of the report-- and we had three aims and the committee decided to release the report unanimously. Everything inside of it was unanimously decided upon by the Health and Human Services Committee. The purpose of the report was first to create a history for future Legislatures about the Youth Rehabilitation and Treatment Centers. What we realized is that while other Legislatures have had to deal with problems at the YRTCs, there was no definitive sort of historical document that could point us in the right direction about them. The second reason why we decided to release a report and put together a report was to sort of make-- to make sure there was an outline of the events of August through to the release of the report, so basically it was August through January, so that everybody was on the same page about what the fact finding looked like, who we were hearing from, who we were talking to. And then finally, we wanted to have a report that released specific recommendations and next steps to the Legislature for-- sort of our

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unanimous recommendations to our colleagues about what we can do in the immediate short term to address some of the challenges at YRTC. So LB1146 is one of those 14 unanimous recommendations from the Health and Human Services Committee, and it requires capital improvements at the YRTCs. The report states that the physical plant is integral to the treatment and programming for the youth and the facility must also be able to withstand the potential damage caused by youth with significant behavioral issues. So I'm going to ask you to look at the pictures that I passed-- passed out, those color photographs. They're right here. So when the committee toured YRTC-Kearney after the girls were moved, we were struck by two major differences between Geneva and Kearney. The first one is that in Geneva, the girls had their own rooms. When they moved them to Kearney that first week, they were placed in dorms. And so what you see here is a picture of the dorms. These are-- it's just rows of beds, kids together. You can see it on the other side. It's just rows of beds. And that's what they have at Kearney. OK. The other thing that we were concerned about, and you see it in this picture, is communal showers. So the girls went from having private showers to having communal showers. That's all that they had at Kearney. That's all they have now. In 2007, and this is included in this report, the Nebraska juvenile correctional facilities master plan update was prepared, and it suggests and found that dormitory-style living arrangements at the YRTC-Kearney are not best practice. Furthermore, best practice includes creating facilities with a normative environment of character, i.e., having your own room, and using behavior management as the basis for safety and security. So we as a Legislature have known for years that the dorms are not working, which brings me to a conversation about our most recent incident. And I passed out this article for you from the World-Herald that sort of gives you an idea of what happened on Friday, but I'll-- but I'll tell you about it once again. So the dorms, I think, are exacerbating some of the escalating violence and some of the escalating sort of escapes that we're seeing from the kids at the YRTCs. Last Friday, February 7, at about 1:30 in the morning, four boys who were committed to the YRTC-Kearney took apart those bed frames that you see in the pictures, those old metal bed frames, and use them to assault staff, so four staff were assaulted. Three were admit-- admitted to the hospital. When law enforcement arrived, they weren't able to access the area where the incident occurred because of the locked doors, so. And I've passed out this newspaper article for you to review. It's important to remember, as well, in the back of your mind what are required staff ratios at the YRTC. Because we follow PREA, and PREA is the Prison Rape Elimination Act, and we follow ACA requirements, the American

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Correctional Association, during the day for every eight youths, you have one staff member. At night, for every 16 youth, you have one staff member. So when we think about what happened on Friday, I want you to look at this map that I passed out, and we drew this ourselves because we didn't have a sort of a facilities map. One of the challenges with the dorms, if you look at where the dorms are, the-- the staff is stationed in between two separate dorms. OK? The only way for the staff to get in or out is to go through the dorms and down a set of stairs. OK? So if a staff member wanted to leave, if something was happening, if there was an altercation, they would have to walk through the altercation in the dorms in order to get out. And so when we're talking about switching from dorms to single rooms, we're not talking about it because, oh, these, you know, these kids should have their own rooms and that's, you know, something for them. It's really about safety for staff. We know that the way that the structure of the buildings is, it has made it untenable and unsafe for staff. So when the girls were first moved to YRTC-Kearney, they were placed in a dorm. They behaved a little bit differently than the staff had expected. Girls are a little bit more affectionate with each other than their male colleagues. And so after about a week of this, the girls were moved into the one building on the YRTC campus that does have single rooms. It's called the Morton Building. And the Morton Building had previously been used for your smaller boys, maybe your boys with developmental disabilities, boys who you thought would be preyed upon by some of the bigger boys in the facility. So because the girls were moved into Morton, then those smaller boys were placed into a dormitory setting. OK? So we're sort of getting to a place where the-- the living situation is starting to become untenable. The other thing I want to talk to you about, and the thing I hear the most from the girls, is the communal bathing. It's a different situation for boys versus girls, I can imagine. But for girls who are menstruating, for girls who have maybe been sexually assaulted or had an issue of sexual trauma, having to bathe communally is really difficult for them. And so when we consider their journey and we consider that the YRTCs are meant for rehabilitation and treatment, we really want to make sure that the facilities are aligning with those aims. When I first introduced this bill, I'll be very honest with you, I introduced it by myself. I didn't ask my committee to sign on to it, even though it was one of our recommendations, because I thought it would get a late hearing and I would be doing it to educate all of you so that next year, if there was a little more money, you would feel like, OK, now we can give them the money to fix the dorms or fix the showers. But given the events of this past weekend, I feel very strongly that

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this committee needs to consider an investment to build out those dorms, to put rooms in there, if not for the safety of the kids, then for the safety of the staff. We know that YRTC has a difficult time maintaining staff because it's dangerous, because the people who are there, they want to work with kids. But if it's not safe for them to do it, why would you stay? You're getting paid less. You could go work somewhere else for more money and not be afraid of getting beat up every night. When I started getting emails and phone calls at 3:30 in the morning on Friday about this, I was hearing from spouses and kids and people in the community and family members and parents who were scared for the kids who are at the YRTC, scared for their staff and their loved ones. It is completely within this Legislature's power to fix this issue, if we can allow for the funding to put in those dormitories, the room-- to get rid of the dorms and put in the rooms and to put in private bathing facilities. It is completely within our power to do it, and I certainly hope you'll consider it this session. So I'm happy to try to answer any questions you may have.

STINNER: Questions? Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Howard. I was first wondering how many rooms or how many girls would the \$3 million provide for.

HOWARD: Sure, so that's a good question. So right now, because the girls are in Morton, we're not actually talking about girls. We're talking about the boys who are in the four units that are on YRTC-Kearney campus.

CLEMENTS: All right, and that-- are you talking about tran-- adding separate rooms inside this existing building?

HOWARD: Exactly.

CLEMENTS: And how many rooms would that be, do you know?

HOWARD: I-- I honestly don't know.

CLEMENTS: Oh.

HOWARD: I mean, truthfully, if I had had my druthers, we would have had a cost study and we would have known how much it would have cost--

CLEMENTS: Oh.

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HOWARD: --and then we would have had a number, right?

CLEMENTS: Oh, right.

HOWARD: I mean, there is a challenge, and maybe you'll hear it from the department. But because the department has a hard time with their front door from the judicial branch, they don't know how many kids they're going to be getting. The dorms have worked because then you can just put another bed out. Right? So this would limit their census, but I also think it would help them with staffing, and then they would know that you can't go above the rooms that we have, and that's what-- and that's the space that we have.

CLEMENTS: Do you know what the current population of boys and girls is at Kearney?

HOWARD: Sure. So it's-- it-- it's 23 girls-- I just found out there's one more girl-- and 98 boys.

CLEMENTS: Thank you.

HOWARD: Thank you, Senator Clements.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you, Senator Howard. Senator Howard, I toured that facility on September 18 with the Building and Maintenance Committee. At that time, the girls were housed in those individual rooms, as you spoke about, in the Morton Building. And so I'm not sure how many single rooms are in that building, but is your intent to use that building as single rooms for boys when the girls leave?

HOWARD: Well, it's-- that's a great question for the department. At this time, my understanding is that the department doesn't have an intention for the girls to leave or a timeline for that, and so I don't know.

ERDMAN: OK. Well, I have some questions about Geneva. I was never there. So you made opening comments about there was damage to the buildings and there were holes in the wall. How did those-- how did that damage happen?

HOWARD: Oh, sure. So the sprinklers were pulled by-- by the youth. There was no programming and nothing to do, and so what that left them

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with was reading books, drawing, watching television, getting into altercations, or tearing up the building. And so of those five things, I believe they did all of them, but they didn't have anything to do for days and days on end, so the youth really did take apart the building. That's actually what's kind of great about YRTC-Kearney is that the building, the facilities themselves, are very sturdy, and so it would be much, much more difficult to say-- you wouldn't see what you saw in Geneva with the drywall sort of being picked at and pulled apart because those walls in Kearney are significantly stronger, yeah.

ERDMAN: Correct, yeah. So, you know, so you don't believe that the department is going to move people back to Geneva?

HOWARD: Not without some instruction from us.

ERDMAN: OK. Are they working on Geneva to restore it?

HOWARD: Oh, that's a great question. I'm really glad you asked that, and I'm sorry I didn't clarify that earlier. So on Geneva campus, there are four buildings. The newest building, LaFlesche, has been fixed up. It is beautiful. I've seen pictures of it. I-- I hope that they're able to use it again. Their intention is to use LaFlesche as a building for reentry, so kids who are sort of at that high level and they're ready to go back into the community, they'll first transition into Geneva and then spend those last couple of months getting ready to come back. The other three buildings that I had seen, so that's Sacajawea, Burroughs, and Sandoz, they did-- they made a significant investment in mold remediation in all of those buildings. So when I had gone through, I'd taken a lot of pictures. There was a lot of mold in those buildings. And so then the second time we toured, it was plastic sheeting and lots of that. It looked like a-- it was lots of plastic sheeting. So from my understanding, those three buildings remain empty. "Sac" has a high enough ceiling that when I spoke with DAS, they could potentially fix it up and that could be another building for girls. But Burroughs, it sounds like they've got a roof-- a leak in the roof that would take quite a bit of money, and I haven't seen Sandoz or heard news about Sandoz.

ERDMAN: So the young men that attacked the staff people-- last Friday, you say that it was?

HOWARD: Um-hum, Friday morning.

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ERDMAN: --and sent three people to the hospital and-- or four?
Whatever it was--

HOWARD: Three to the hospital.

ERDMAN: OK. These young men aren't in there for stealing a pack of
cigarettes, right?

HOWARD: Well, that's an excellent question, as well, and you're always
welcome to look at the report. The range of issues that a kid can get
into the YRTC for ranges from stealing a pack of gummy bears all the
way to violent assault, so it's-- there's a range. And that's I think
one of the concerning things about having the kids sleeping in these
dormitory-style settings is you could potentially have somebody who's
got a terrible offense next to somebody who doesn't. And so you want
to make sure that you can have that healthy separation of youth.

ERDMAN: OK. Thank you.

HOWARD: Thank you.

STINNER: Additional questions? Senator Bolz.

BOLZ: Thank you, Senator Howard, and thanks for the hard work of your
committee. This is an impressive report. I just wanted to-- to give
you a little bit of opportunity to talk in a little more depth about
the recommendation of the report related to the capital improvements,
maybe building up Senator Erdman's question. Your report references
building spaces that are damage resistant, mitigate the risk of
self-harm and consider their purpose, including behavioral issues of
the residents. What opportunity is that, what does that look like, and
how does that help the safety of the facility and the staff?

HOWARD: Oh, that's an excellent question. I'm very glad you asked it.
I didn't even ask her to ask it. That's wonderful. So here's what we
saw when we visited a psychiatric residential treatment facility:
basic things. This is you put sort of vomit-proof paint on the floor
and you put sort of wall-- this sort of paint that's very plastic, but
you can't damage it. You have door handles where you can't hang
yourself on them. You-- even if you have a lower ceiling, there are
covers for the sprinkler head. So even if a kid really wanted to pop a
sprinkler head, you can buy a cover and put it right on top of it. You
have beds that are built in instead of having beds that are made of
wood and can be torn apart, so things that are sort of mindful of the

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potential that a youth maybe would want to try to take it apart, especially if they're in-- in resident-- and I keep on saying solitary-- if they're in room confinement. So you're mindful of that, but you're also building a space that's maybe a little more open so that kids can sleep safely, but also they can congregate safely, as well, where the person who's on staff can see all of the youth at once. LaFlesche is actually a really good example of that because they can see all of the kids at once. The other piece of the dormitories that I failed to mention and I apologize for, because there have been a lot of incidents with the kids sleeping overnight, in the evenings, they'll often leave the lights on for them. And so I don't know if any of you can sleep with the lights on, but I certainly can't. And so just when you think about these escalating tensions, this tension that's coming out, you have a facility that's not allowing kids to get rest, and then they don't behave well. And then there's not enough programing, and then the staff don't want to be there because they're getting assaulted by kids who haven't gotten any rest. So the facilities go hand in hand with the programing. And-- and I'm not saying that-- I'm not saying that we just do the facilities. I think we also need to consider the programing and the supports therein, as well, that this bill specifically focuses on, those two very important aspects of the facilities, one, the dormitories and where they sleep, and, two, where they bathe, to allow for privacy.

BOLZ: Thank you.

HOWARD: Thank you.

STINNER: Additional questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here, Senator Howard. Do you-- what-- do you-- you told us a little bit about what-- with the students out there, do you know what the staffing-- have you been updated on the staffing or are we still adequate or where's that at?

HOWARD: After-- after Friday's incident?

DORN: After Friday, yeah.

HOWARD: Sure. OK. So I can tell you what I know, and I don't think I'm speaking out of school when I tell you about this. So for staffing, they are pulling in other staff members from other facilities, so Hastings-- Hastings Regional Center, which has a juvenile substance

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use disorder program, Lincoln Regional Center. I don't know about Beatrice, but I know they're pulling in staff from other facilities so that they can have better ratios. So instead of 1 to 8, maybe it'll be 2 to 8; instead of 1 to 16, maybe it'll be 2 to 16. The other pieces that they're-- that CEO Smith has told me about is-- her intention is that one member of her leadership will always be on site 24 hours a day. So she has a four-member leadership team at Kearney, and so one of them will always be on site 24 hours a day. There are two other pieces that CEO Smith has moved forward with in order to address some of these problems in the short term. One is she's restricted visitation, so only your parents can come see you and you can't do off-site visits. And if you have a child, so if a YRTC youth is a parent, if somebody wants to bring your child to you, then they can see them. And the fourth, final one is she's put a pause on furloughs for the next 30 days. So furloughs are when a kid is really in good shape. They're doing quite well. They can go on an overnight home. It helps them transition a little bit easier. These are short-term solutions for a long-term problem unless the Legislature intervenes. I-- I will tell you my personal thoughts, and I know you didn't ask for them, but I'll give them anyway. I think that we have seen the Youth Rehabilitation and Treatment Centers move into a more corrections-focused mindset, away from a rehabilitation mindset, and that has brought to us a whole host of problems. And so the more we clamp down, the more likely it is kids are going to try to escape. We build a fence. They look at it as a challenge, right? When we didn't have the fence, 2018: four escapes. We got a fence: 39 escapes. I mean, that-- to me, that seems very logical. When we limit things like visitation, when we limit things like furloughs, it maybe slows down your escapes, but it doesn't get anyone closer to rehabilitation; it doesn't ensure that these kids are getting better and they're ready to go back into society. So those-- I'm concerned about a lot of things, but really, I'm very hopeful that you'll consider this bill this year.

STINNER: One more question I had.

STINNER: Senator Dorn.

DORN: Some of what we've seen through this, or I think in the report, too, it showed that some of the schools out there, there's different ones, teachers are coming in or-- or did-- has there been a pause in that or are we still having the, I-- I guess, some of the-- the-- those type of needs, what those students really need, are we still continuing that through this?

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HOWARD: So for the teachers? OK.

DORN: Yeah.

HOWARD: So, yes, that's a good question. So when the girls moved out to Kearney, the Department of Health and Human Services paid for the Geneva teachers to go out to Kearney. And so it was a couple of hours they would drive to Kearney, and then they would teach, and then a couple of hours home. It shortened the teaching day because they were only contractually obligated to work for that eight hours. And so it shortened the teaching day and the girls were subsequently short on their hours. They are working on catching them up. What they did in December was they did a-- it's called a RIF, where they sort of sent out letters to staff from Geneva, teachers and staff members, and essentially laid them off and allowed them to apply for other jobs at Kearney, so they sort of did a big layoff of those teachers and staff and allowed them to apply for jobs at Kearney. My understanding is that the girls are on track to get all of their hours done by June. They're going to have to work through June to get all of their hours done. But we have a-- we are also very-- the Human Services Committee is also very worried about their educational opportunities, as well as the structure of the building that the kids are learning in. I figured I'd attack the dorms first. But if you want to know about the school, the school situation is also fairly dire. I worry that there's asbestos in the building. And if in order to go to where the girls are learning, you have to go down sort of a-- a not-well-lit small hallway. And so when the boys are passing through, the girls are not able to go to the bathroom and their medications are kept in a lock-- kept in a locked cart across the hall from them. So it's a very tight space that the girls are in, but CEO Smith assured me that she is getting a-- two portables delivered, and those would come in March for the girls to use.

DORN: March, OK.

HOWARD: OK.

STINNER: I may have missed this, but-- and I apologize if I did, but the \$3 million estimate is-- tell me who's making that estimate.

HOWARD: Honestly, I thought this bill would just be an educational opportunity for the Appropriations Committee, so I guessed that it

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would take \$3 million to build rooms and showers, that--it was-- it was my best guess, sincerely.

STINNER: OK. DAS was in here earlier at a hearing and I asked them for the leases, and they leased a space in Lincoln on a five-year-- five-year basis for YRTC. Do you-- are you aware of what the purpose is for that, who we're moving there, how we're going to use it?

HOWARD: Sure. I-- I am aware, and there is a business plan included in the report. So that department's business plan was to use Kearney as sort of a central hub for YRTCs. So when a youth is sent to the YRTC, they would first go to Kearney. If they had high behavioral health needs, if there were bigger issues than the YRTC-Kearney could manage, then they would send them to YRTC-Lincoln, which is-- would be housed in the Youth Services Center-- Youth Services Center in Lincoln. It is a detention facility. So we do have a statute in place that does not allow them to place a youth in a detention facility, so there's that issue. But they have made a little under \$200,000 in an investment in fixing up a unit at the juvenile detention center in Lancaster County that you're talking about. And then the lease they signed is for five years. It's \$1.8 million for the five years, about \$360,000 a year. There is no penalty for a break, but-- but you have to give them six months' notice, I think, so you'd still pay that six months. So if the courts intervened or if they decided not to use that space, they would still have to pay about six months, but there would be no penalty to break that contract.

STINNER: Both boys and girls will use this?

HOWARD: Yes, and that is a little-- that-- yes. Yes. One of the challenges is that it's the-- I-- I wish I had a map for you. There are two units and in the center of the unit, there's sort of a desk and a ping-pong table and things like that. And so the guard could-- or the staff could see into both units, one for girls, one for boys. The other challenge, though, is that they can see each other. And so right now they're planning on getting a better glass situation and frosting the glass there so that the kids wouldn't be able to see one another when they go to Lincoln, if they go to Lincoln.

STINNER: My last question is-- your report has been out for a period of time. Have you shared that with the department as-- and what is-- are-- do they think this is a good idea or is this part of their overall plan or--

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HOWARD: Sure. So I will tell you that CEO Smith and the department has been aware of sort of every step of the way. So the committee decided to put together the report in October unanimously, and I informed CEO Smith then. I gave her an initial-- we walked through the recommendations in January, on January 3, and then again a few weeks later, and then she was given a copy of the report beforehand. You know, we have had-- last week was YRTC week for the Health and Human Services Committee, and while the department has come in opposition to several of the bills, we still feel that they're very important for the Legislature to consider.

STINNER: OK. Any additional questions? Oh, Senator Erdman. I'm sorry.

ERDMAN: Thank you, Senator Stinner. Senator Howard, if you would, you may have heard Senator Lowe's comments on the floor yesterday, I believe it was, and he said that the young men that attacked those staff people were put in-- what do you say-- time-out for a couple of days and they're back in with the rest of them. So what repercussions do those young people get for what they did?

HOWARD: Well, I think they already have a repercussion for being in the YRTC in the first place, but I-- I will say this bill doesn't speak to that. They have a sort of a separate building--

ERDMAN: OK.

HOWARD: --on YRTC campus called Dickson, and that's used for true solitary where-- when you need a break. And we do know that they use shackles there, so they do use wrist and ankle restraints there.

ERDMAN: OK.

HOWARD: And so I don't know about a couple of hours' time-out. That's not really for me to say. But if the department does testify, that's an excellent question for them.

ERDMAN: So would the facility in Lincoln that you described to Senator Stinner be where they would be eligible to go?

HOWARD: I-- I mean, they would have to use an evidence-based assessment to decide that, but potentially, yes.

STINNER: Questions? Seeing none, thank you.

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HOWARD: Thank you, Senator Stinner.

STINNER: Any proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, would you like to close, Senator?

HOWARD: I will waive closing. Thank you, Senator.

STINNER: Well, thank you. We do have support letters from the Nebraska State Education Association. We have, neutral, Voices for Children, and that concludes our hearing on LB1146. We will now open the hearing for LB1--- LB1161, Senator Hansen.

M. HANSEN: Hello. All right. Good afternoon. Chairman Stinner and members of the Appropriations Committee. For the record, my name is Matt Hansen, M-a-t-t H-a-n-s-e-n, and I represent District 26 in northeast Lincoln. I'm here today to introduce LB-- LB1161, which would appropriate funds from the General Fund to the Department of Health and Human Services for competency restoration and treatment provided outside of a state hospital for the mentally ill. Let me provide you with some quick background. When a person is accused of a crime, the court can conclude that they are not mentally competent to stand trial. This is a pretty high standard and means the individual is completely unable to participate in their own defense. It then becomes the state's responsibility to provide treatment so that they can become mentally competent and ultimately stand trial. Under current law, they go to the Lincoln Regional Center, the state's mental health hospital, for treatment. However, because of a lack of capacity, along with an increase in mental health issues, those ruled incompetent now must wait for months in the county jail before they can even get a bed at the Regional Center. In 2019, the average wait time was just over 100 days. While waiting, the condition often worsens and is a huge burden on our county jails. The average treatment time, once you finally get a bed at the Regional Center, is about the same at just over three months. That means it could be six months or more from when you're ruled incompetent if-- when you finally get back in court to stand trial. To address this, last year, the body passed LB686 as one of the Judic-- Judiciary Committee priority packages, among which would have allowed the Department of Health and Human Services to provide competency outside of the Regional Center, starting in summer of 2021, in order to decrease the wait time for those beds. Previous law required restoration at a state hospital, which is functionally only the Lincoln Regional Center. However, even with this progress, the issue is urgent enough that this

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session I wanted to increase the amount inpatient capacity at the Lincoln Regional Center and, in other words, add more beds. However, as I was preparing a bill that would increase that inpatient capacity, I got feedback from the department and other stakeholders that they would rather have funding to get a jump start on the system for providing outpatient treatment, which, again, will be able to start in July of 2021 as a result of LB686. I proposed \$500,000 for each of the next two years because this amount is close to their estimate of what they predicted they would need to implement this type of treatment in some of the fiscal notes for LB686 and the original LB240, which was included in the package. This is an issue I've been trying to solve for the last three years, and while some progress has been made, I've realized we simply need to increase the capacity of treatment available and the-- the number of persons we can treat. We need to target larger funds so that we can responsibly treat all of those affected by mental illness, rather than just dumping this problem onto our county courts and our county jails. Letting this many people who desperately need treatment languish at pretrial county jails is not fulfilling our obligations as a state. I would like to thank all those who have worked with me on this issue over the years, including county officials, representative from county jails, the Department of Health and Human Services, and staff and attorneys who work with this population. I'm confident that we have the ability to completely eliminate the wait time to get treatment to be restored to competency. With that, I would close. Be happy to take any questions from the committee.

STINNER: Questions? Senator Bolz.

BOLZ: Just-- just maybe to put a finer point on what I think you're communicating to us, the Appropriations Committee responded to the agency budget request to put, I think, \$5 million in for additional staffing for the Regional Center, as well as some facilities funding. Do you think that this strategy would relieve pressure on the Regional Center and the Regional Center staff by serving people in the jail setting?

M. HANSEN: So I think at this point, we're still at the point of we're probably relieving pressure on the county jails, which are holding people waiting to get into DHHS. We had asked DHHS for an estimate of what more beds would cost and at this time, they-- and they were responded back that they weren't looking at that and they were instead

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focused on this outpatient competency. So we decided to bring forward kind of more expedited and increased funding at that point.

BOLZ: But-- but because the competency could be assessed in the jail setting, would that relieve pressure on the staff at the Regional Center who's doing the same work?

M. HANSEN: Um--

BOLZ: Maybe there's-- maybe there's not the connection there.

M. HANSEN: I-- I guess-- I guess ideally, in a perfect scenario, eventually, yes. But we'd have to build up to that capacity. Right now, we would just be decreasing the wait time quicker. But the-- I would imagine the inpatient beds would probably still be at capacity. I think ideally if there is a population that could be treated outpatient and we have enough capacity, then we would eventually take pressure off DHHS. Yes, I see where you're getting. Then that might be a multiyear effort, but I think that should be the goal. I agree.

BOLZ: Um-hum, um-hum, because there's-- there space at the Regional Center that we're not currently able to use because of lack of staff, and so if the staff can be used in a community setting, rather than an institutional setting, maybe-- maybe there's more breathing room.

M. HANSEN: Yeah, absolutely.

BOLZ: Thank you.

STINNER: Additional questions? Seeing none, thank you.

M. HANSEN: Thank you.

STINNER: Afternoon.

C. J. JOHNSON: Good afternoon. Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is C.J. Johnson, C.J. J-o-h-n-s-o-n, and I'm the regional administrator for Region V Systems, one of the six behavioral health authorities in Nebraska. I'm here to testify in support of LB1161, which will provide funding to support competent-- competency restoration treatment outside of the State Regional Center. Each regional behavioral health authority provides coordination activities for the behavioral health emergency system, including the coordination of obtaining treatment for Mental Health Board inpatient commitments. For the most part, these

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individuals are served in a community hospital setting. There are occasions when an individual requires a long-term inpatient stay or cannot be served in a community hospital setting. When this occurs, individuals are referred to the Lincoln Regional Center for their care. Individuals who have been court ordered for competency restoration are also evaluated at the Lincoln Regional Center. Over the past several years, there has been an increase in court orders for competency restoration. Since these individuals are usually given priority over Mental Health Board commitments, there has been a dramatic decrease in the availability of psychiatric acute beds from 90 down to the mid-50s. This can result in long wait periods for individuals who are on a Mental Health Board commitment to be accepted into the Lincoln Regional Center for treatment. LB1161 should provide some relief to the pressure on the Lincoln Regional Center, and hopefully on the availability of psychiatric acute beds, by supporting the 2019 legislation, LB686, that allows for outpatient restoration services. We appreciate your strong consideration of supporting LB1161 and subsequently the behavioral health system. I can answer any questions at this time.

STINNER: Questions? Seeing none, thank you.

C. J. JOHNSON: Thank you.

STINNER: Good afternoon.

MICHELLE WEBER: Good afternoon. My name is Michelle Weber, M-i-c-h-e-l-l-e W-e-b-e-r. I'm here to testify in support of LB1161 on behalf of the Nebraska County Attorneys Association. We agree that the wait time at the Lincoln Regional Center for competency restoration is much too long, and we appreciate efforts to devote more resources to address this problem and Senator Hansen's continued focus on this issue. There has been an increase in filings for competency determinations. More individuals are being found incompetent but restorable, increasing the need for competency restoration services. In Lancaster County, defendants wait, on average, just longer than 60 days to get a bed at LRC to restore competence, which is an improvement over a year ago when it was nearly 90 days on average. Last year, the director of Lancaster County Department of Corrections testified that, at any given time, Lancaster County alone had between 8 to 20 individuals waiting to go to the Regional Center. A delay in competency restoration delays the trial and deprives victims of access to justice. We're pleased to be working with Senator Hansen on a related measure, LB1007, to improve court review of these cases. The

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County Attorneys Association urges your full support of LB1161. Thank you.

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

JOE NIGRO: Good afternoon. Chairperson Stinner, members of the committee, I'm Joe Nigro, J-o-e N-i-g-r-o. I'm the Lancaster County Public Defender, and I appear on behalf of my office and the Nebraska Criminal Defense Attorneys Association in support of LB1161. I want to thank Senator Hansen for introducing this bill. He's been a real leader on issues involving competency to stand trial. At any point where someone's facing criminal charges, any party can ask the court to have the defendant evaluated for competency. The proceedings are put on hold while the def-- the client is evaluated by psychiatrists or clinical psychologists to make sure the client understands the proceedings and can assist in their defense. This is usually due to mental illness, but other disabilities can impact competency. If the client is found to be incompetent to stand trial, a determination must also be made whether or not the client will become competent within the foreseeable future. If they will not become competent within the foreseeable future, the charges must be dismissed and the county attorney must decide whether to seek a civil commitment. If the client may become competent within the foreseeable future, they must go to the Lincoln Regional Center, where attempts will be made to restore the client to competency. For much of my career, clients found incompetent to stand trial were immediately taken to the Lincoln Regional Center. For the last few years, due to a shortage of beds at the Lincoln Regional Center, clients have been put on a waiting list. The current wait, I believe, averages about-- for the last quarter of last year, averaged about 92 days. The average time to restore someone averages 80 days. With the reduction of inpatient beds and the lack of adequate community services, we're seeing more and more clients who are incompetent to stand trial. Many of these clients face minor charges, which could be quickly resolved if they were competent. They wind up locked up for a long period of time because of the wait to get into the Lincoln Regional Center, followed by time to restore them. Litigation in other states based upon excessive wait times has been successful and forced changes. We should act first. Last year, Senator Hansen introduced a bill, which was passed as part of LB686, which allows the court to order outpatient restoration. This should have some impact on the long wait list. It takes effect next year. This bill provides funds for that competency restoration. This is necessary. As I testified last week, next year, you should take on the

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larger task of adequately funding mental health services. For now, this is one more small answer to reducing the number of people with mental health issues in our jails and opening of needed beds at the Lincoln Regional Center sooner. I urge you to advance LB1161, and I'm happy to take any questions.

STINNER: Questions? Seeing none, thank you.

JOE NIGRO: You're welcome.

SPIKE EICKHOLT: Good afternoon, Chairman Stinner, members of the Appropriations Committee.

STINNER: Good afternoon.

SPIKE EICKHOLT: My name is Spike Eickholt, S-p-i-k-e, last name is E-i-c-k-h-o-l-t, appearing on behalf of the ACLU of Nebraska in support of 11-- LB1161. Everything that has been said, I echo, both from the prosecution and the defense side. In Appropriations, you don't often hear from the prosecutors association and the defense and the ACLU on a singular bill. It's very rare, I'll tell you, in App-- in Judiciary Committee that they all agree on a-- a single issue, let alone appear on the same side of a-- of a bill. As Mr. Nigro explained, there is a process that exists in the criminal law where someone is charged a crime. Either the defense attorney, or even the prosecutor or the judge, can order that defendant to be evaluated for competency. And that's a very low standard. Basically, it's a two-prong: The person has to be able to at least understand what's going on, understand the basic part of they're in a courtroom, there's a judge there, they're charged with something, some kind of crime; and they have to also be able to assist, either in communicating with their lawyer or at least describing what's happening from their side of the-- of what happened, to assist in their defense. And that's a relatively low standard, and a lot of people cannot make that. Mostly it's because of a mental illness. Many times it's because they're not medication compliant. And what happens now, unfortunately, as Mr. Nigro explained-- it used to be, when I first started practicing, if somebody was not competent, they would be transported immediately to the Regional Center where they are restored. And usually what happens, they're properly diagnosed, they're given medication; sometimes, if they refuse medication, the staff may seek an order to forcibly medicate them. And that's all treated at-- at a psychiatric hospital, inpatient. What's happening now is they're just sort of held in the jails, and that's a real burden. It's almost where it's some sort

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unfunded shift to the counties to sort of house these people. Our county jails are not really well equipped to treat people with serious mental illnesses like that. And we've heard other bills that Senator Hansen has done. The jail staff has explained how difficult that is, because you have to separate those inmates from other inmates, you have to sort of monitor them a little more carefully, and with the wait time being 60 days, 90 days, that's just a real burden on the local government. Senator Hansen has done a couple of bills in the last three or four years to address this issue. One bill, as Mr. Nigro explained, ended up in LB686, would-- would provide for the restoration to be done on an outpatient basis at the Regional Center. So if somebody becomes medication compliant, they may be able to be released from the Regional Center if they're not a threat to safety. But before that, Senator Hansen did a bill, LB259, which sort of streamlined how quickly a court could order someone to be evaluated so they're not just waiting two, three, four weeks for a hearing date where they have to go to court to have them sort of be ordered to be evaluated. And this is a natural part of that process. And so I, again, want to thank Senator answer for doing-- introducing this bill, and I'd urge the committee to advance it.

STINNER: Questions? Seeing none, thank you.

SPIKE EICKHOLT: Thank you.

STINNER: Any additional proponents? I do have a letter of support from the Nebraska State Bar Association. Any opponents? Anyone in the neutral capacity? Senator, would you like to close?

M. HANSEN: Yes, I would. Thank you, Chairman Stinner and members of the committee. So I think-- thank you, all the testifiers here today, and I thank them for laying out kind of the clear stakes of how this goes. There's kind of two prongs as to why our competency restoration process has been in the past so long and so confusing, and this has been mentioned. I've been trying really hard to work with both the defense attorneys and the county attorneys, and there's some agreement on some procedural burden-- burdens in the court system, and we have a bill addressing that in Judiciary. But fundamentally, a lot of this problem is we just need more capacity. So we've been kind of cracking open, little bit by little bit, where, per state law, it's only a state-owned hospital for-- the state-owned hospital, as opposed to even just a private hospital. I know-- I believe for some of the civil commitments, they've contracted with, say, Mary Lanning Hospital that has that kind of a pretty secure facility, they can do some of the

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treatments. But prior to this, they had been pre-- prevented from even doing something like that just to kind of address capacity. We brought this up last Friday. Lancaster County does-- I believe it's a quarterly meeting talking about justice and justice reinvestment. It's their Justice Reinvestment Council, and they have county board members, defense attorneys, prosecutors, community stakeholders, mental health, and both Senator Geist and I were invited to present. She talked about a different issue, but I talked about kind of this issue of competency. And there was kind of broad agreement in the room, and a lot of people testified and sent letters today, that it's just us as a state not funding kind of our minimum requirement to provide this competency restoration. My attempt here with LB1161 is to kind of increase our capacity and start that conversation here in Appropriations, since I've kind of repeatedly kind of gotten in front of the Judiciary Committee, as has been referenced. With that, I'd be happy to close and thank the committee for their support and take any questions.

STINNER: Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Hansen. Do you know how many cases are waiting right now for treatment?

M. HANSEN: Oh, I believe I would have some-- so at any given time-- I'm sorry. I have a variety-- a variety of numbers. I think there was-- no, I actually don't have the exact number of cases. The number of cases, I do know that in the fourth quarter of 2019, there were-- 92 days was how long each case was waiting, but I don't know how many cases those were, if that makes sense.

CLEMENTS: Do you know how many cases \$500,000 would treat in-- that's-- in a year there?

M. HANSEN: No, I-- I-- I don't. And that was a number, I'll admit, it's a bit of a placeholder. We had gotten a variety of estimates, kind of a variety of different times and different fiscal notes and different configurations from the department, and about a half-million to get some staff and start doing some of the initial contracting with outside providers was a good number.

CLEMENTS: And do you know how much time it would take to close the waitlist to where there's immediate treatment?

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M. HANSEN: No, I don't.

CLEMENTS: Would that-- would it be right away or--

M. HANSEN: I highly doubt it would be right away. I think this is going to take some time to kind of upscale, see what providers are interested, see what providers are available, and kind of go from there.

CLEMENTS: So do you think people will all be treated in Lincoln or they'd be treated around the state?

M. HANSEN: I think it could be kind of treated a variety of different places. As I said, I know like Mary Lanning Hospital, which has-- I don't really know if they're a provider here, but I do know they have some facilities for mental health and they contract with the state in other capacities. I think there would be some-- probably some benefit if there are providers outside the state so people aren't also doing the transportation cost to Lincoln, because that's kind of what we're seeing right now is part of the burden on the counties is-- and the time and the wait is just-- you have a competency case anywhere not in Lincoln or Omaha, you have to kind of send a deputy or two on a full-day drive to Lincoln, back and forth each time.

CLEMENTS: All right. Thank you.

M. HANSEN: So I think having outside, more providers, would be helpful.

CLEMENTS: All right. That's all I had.

M. HANSEN: Thank you.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you, Senator Hansen. Hansen-- Senator Hansen, I have a question on the fiscal note that said that there will be one full-time, FTE, that will be a coordinator for the program.

M. HANSEN: Yep.

ERDMAN: And-- and they have the funds listed there to do that. And then the next line, it says the remaining appropriation for providing outpatient community-based competency restoration treatment-- in your

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opinion, what-- what does that mean? Where-- where does the treatment go? Where does the money go for treatment? Who-- who does that?

M. HANSEN: That would be the-- it would be whatever program the Department of Health and Human Services set up, my presumption, that it would be licensed psychologist or psychiatrist that contract with DHHS, so they-- we would essentially be providing the-- paying the doctors' bills for the treatment providers.

ERDMAN: Well, could that be going to the region-- regions to do that?

M. HANSEN: Yeah, I-- I certainly-- I certainly think so, some of the region providers. It would just be-- really, any facility outside the Regional Center would be my intent.

ERDMAN: So your intent here is to-- to coordinate this across the whole state, not just Lincoln or Omaha?

M. HANSEN: Yeah, I think-- I think any provider that could be-- that could have the capacity or the interest would be certainly welcome by me.

ERDMAN: Thank you.

STINNER: Additional questions? Seeing none, thank you.

M. HANSEN: Thank you.

STINNER: And that concludes our hearing on LB1161. We will now open with LB1100, Senator Bolz.

BOLZ: Good afternoon, Chairman Stinner, members of the Appropriations Committee. My name is Kate Bolz, that's K-a-t-e B-o-l-z, and today I bring you LB1100. This bill would increase mental health and substance abuse treatment service rates that remain 15 percent or below the Division of Behavioral Health rate study recommended rate as of '20-21. The recommended rate increase is based on the multiyear cost model data collected by the Division of Behavioral Health. As you may recall, last year, this committee approved appropriations to increase behavioral health rates to get them closer to those rates as recommended by the Division of Behavioral Health cost model. The cost model study indicated at that time that the rates paid to behavioral health providers were anywhere from 7 percent to 35 percent below the reasonably documented cost of providing services and that the average rate paid was 18.1 percent below the reasonably documented cost of

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providing services, I thank the committee for the decision last year to appropriate additional funds to rate-- make the rates for behavioral health providers closer to what is accurate and fair. There are still certain rates that are significantly below the cost of providing care. LB1100 would align the Medicaid and probation rates for the same services to levels consistent with the Division of Behavioral Health rates to ensure that the rates funded are not less than 85 percent of the reasonably documented cost of providing care. Those rates are on the fact sheet that I've provided to you, but they include things like day rehabilitation, mental health individual assessment, substance abuse individual assessment, and others. So, you know, one in five Nebraskans will suffer from a mental illness or addiction in any given year. And Nebraska, like many states, faces significant challenges in addressing the needs of individuals with mental and behavioral health challenges. Fair and equitable rate reimbursement helps to ensure a full continuum of services is available to providers and address multiple needs in our communities. So I am happy to answer any questions, but again, in-- in simple terms, the purpose of this bill is to make sure that no behavioral health provider has to take a rate that is below 85 percent of the actual documented cost of providing care.

STINNER: Thank you. Any questions? Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Bolz. On the fiscal note, I'm not really seeing dollar amounts. Do you know how much General Fund effect it would be?

BOLZ: Senator Clements, I have enjoyed serving with you, and I anticipated your question. [LAUGHTER] I have a-- I have a summary for you, as I understand the fiscal note, and I did this quickly, so I'll trust that you'll do the math and correct me if anything is incorrect. But I think the General Fund impact is about \$5 million, and I'll have him hand these out.

CLEMENTS: Five million per year?

BOLZ: Per year, and-- and to-- to put a finer point on that, or maybe for posterity, I'll use this opportunity to say that one of the things that we have been trying to do as an Appropriations Committee over time is when we adjust a behavioral health rate in one system, we adjust it in the other system so we're playing fair between child welfare, probation, and Medicaid. And so the sheet that you have in front of you includes all three, so that we're adjusting those rates

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in all three systems and you don't have someone getting the exact same service in one system and a different rate than another.

CLEMENTS: All right. Thank you.

BOLZ: Thank you.

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

TOPHER HANSEN: Chairperson Stinner, members of the committee, my name is Topher Hansen, T-o-p-h-e-r H-a-n-s-e-n. I am president-- president of and CEO of CenterPointe, an organization serving people with mental illness and substance use disorders across Nebraska, with service locations in Lincoln and Omaha. I am here today as a member of the Nebraska Association of Behavioral Health Organizations to testify on behalf of NABHO in support of LB1100. First, let me start off by saying that I am grateful to Senator Bolz and to this committee and to the Nebraska Legislature for increasing the rates for providers of mental health and substance use disorder services. In many cases, the cost of doing business was overtaking the revenue provided by the Division of Behavioral Health, Medicaid, and probation, so this increase allowed many organizations to stay in business. Thank you. While the increase voted on last session was helpful to many, it did not cover all services. LB1100 helps remedy the shortfall in several of the programs covered by Medicaid and probation whose rates are significantly below the rates set by DBH. While all the services set out in LB1100 are covered by Medicaid, only the individual mental health and substance sessions and assessment are covered by probation. Let me give you an example of what providers experience with the rate differential, and CenterPointe provides all the services listed in this bill. When a person switches from the DBH, the Division of Behavioral Health, to Medicaid rates because they are now eligible for Medicaid, the provider can incur a 35 percent reduction in reimbursement because of the rate difference. A specific example that we have at CenterPointe is the per-- is person X who received four outpatient sessions which were paid by Region V and had a total billing invoice of \$649.91. As the person switched to Medicaid due to eligibility, the same services billed at \$420.65, a 35 percent reduction. So to draw the analogy between the rates and the salary paid to senators, the \$12,000 salary provided to you to cover the time and cost of being a senator in the Nebraska Legislature would be reduced to \$7,800 with an expectation to do the same work. It is too little in the first place, and a rate reduction adds to the struggle to make it all work. The cost of providing care in the 21st century is

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substantially different than it was even 20 years ago. The cost of electronic sophistication to meet the day-to-day functions of 21st-century healthcare delivery is enormous. Electronic health records, finance and billing, compliance and reporting are just a few of the requirements met through electronic software. Except what we get from the outside world, we are essentially a paperless office. Our largest cost in-- is meeting the demands of the 21st-century workforce. Bob Shueey with South Central Behavioral Health, who sits behind me, will detail this more fully, but know that to retain a high-quality trained and credentialed workforce is our number-one cost. CenterPointe's healthcare cost, our healthcare cost alone, is right at a million dollars per year. We work hard to keep those costs down, but we are at the mercy of the healthcare insurers. I can't meet these costs and retain our workforce when our rate is less than what it costs to do business. The Division of Behavioral Health conducted a rate study to identify what it costs to provide the care to-- for people with mental illness and substance use problems. They did a better job of identifying those costs than has ever been done in my 27 years in this business. Please use the-- the data they identified in their study to bring the low rates of Medicaid and probation up to par with DBH rates. When Magellan's managed-care contract finished three years ago, the provider network had seen increases in rates for specified services, and several providers had value contracts enabling them to receive a bonus or share in the savings. Under the current managed-care contracts, all rates were dropped back to the base rate used by Medicaid. No provider of mental health or substance use care currently has a value-based contract with any of the three MCOs. Not until this legislation in-- Legislature increased the rates last year did any provider gift an increase, yet the demands and the costs grow each year. I urge you to raise the Medicaid and probation rates for the identified services so we are no longer reimbursed at a 35 percent reduction. And so such rates do not stand when these services switch from being reimbursed by DBH to being reimbursed by only Medicaid as Medicaid expands in October. Thank you.

STINNER: Thank you. Questions? No questions? Thank you.

TOPHER HANSEN: Thank you.

BOB SHUEEY: Good afternoon.

STINNER: Good afternoon.

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BOB SHUEEY: My name is Bob Shueey, B-o-b S-h-u-e-e-y, and I'm the director of operations and corporate compliance officer at South Central Behavioral Services in Hastings and Kearney. I'm testifying today in support of LB1100 on behalf of the Nebraska Association of Behavioral Health Organizations. Thank you for the opportunity to testify. At South Central Behavioral Services, we provide our rural communities with a wide range of behavioral health services, including rehabilitative services for the population diagnosed with severe and persistent mental illness. These individuals are profoundly impacted by their illness and represent individuals who would have likely been inhumanely warehoused at the Regional Centers in years gone by. With the support of the services we provide and the support of the state of Nebraska, these individuals are now able to live successfully in their communities and participate in the lives of their communities. They're able to find part-time work, maintain volunteer positions, have families, and do all of the other things that we value as Nebraskans. I want to thank you all for your attention to making sure these individuals receive the care they need and let you know that the rate increases that you passed last session had a positive impact on our agency and really made a big difference to the people we serve. We are so incredibly grateful to this committee for being champions for behavioral health, and to Senator Bolz for her work bringing LB1100 here for your consideration. We strongly believe that passing this bill is absolutely critical to maintaining the behavioral health system in the state of Nebraska. This bill will help to offset some of the erosion of rates that we expect to come with Medicaid expansion, since Medicaid rates are in many cases significantly lower than the rates currently being paid by the department. It will help to prevent further damage to our ability to meet the needs of our patients and will help make it possible to recruit and retain- and retain employees who are qualified to deliver our services. This bill is asking the state to pay service providers at least 85 percent of the rate determined by the state's own cost model, a survey that is based on data that is now more than two years old. I would like to point out that our own internal costing activities support rates even higher than those suggested by the department's model, likely due to our more rural orientation and the time that has elapsed since the department undertook its rate study. I would be less than honest if I did not share our frustration that even after all of the time and work by the state and providers to do a thorough review of the actual costs of delivering care, that we are still not able to fully invest in our system of care and pay rates that would fully cover those costs. You might be asking yourself how

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it is possible that our system is still functioning at all if we were paying for services at rates below the cost to deliver the care. It is a testament to the selflessness of the providers around our state that our behavioral healthcare system still exists at all. We have found people who are so passionate about helping others that they are willing to work the long hours for wages so low that they embarrass me to describe. When we try to hire a new-- a new rehab worker for our day rehab program or our psych-res rehab facility, we're in direct wage competition with McDonald's and Burger King. Not too long ago, we had a bachelor's-level mental health worker who left the field completely and took a job stocking shelves at Walmart because it paid about the same as we did but had better hours for her family, and I can't blame her for making the choice she did. Our field requires extensive and ongoing training, comes with high levels of stress and burnout, deadlines, incredibly high levels of responsibility, and yet we are forced to offer these amazing employees who do this work every day wages far below what they deserve to be paid based on their knowledge, skill, experience, because the rates paid by our state are simply insufficient. Please help us keep the system afloat and build a system that we can be proud of by passing this rate increase and appropriating sufficient funds to maintain current capacity at these higher rates. Thank you, and I'm available for questions.

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

BETH BAXTER: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Beth Baxter, B-e-t-h B-a-x-t-e-r, and I am the regional administrator for Region 3 Behavioral Health Services, which is comprised of 22 counties in central and south-central Nebraska, which are largely rural, frontier-- rural and frontier in nature. I appear before you today on behalf of the Nebraska Association of Regional Administrators in support of LB1100. LB1100 recognizes the essential nature of adequately funding the array of mental health and behavioral health services in order to meet the many needs of Nebraskans who look to the public system for their treatment and support. It also acknowledges the importance of systematically reviewing the cost of service delivery and applying a cost model study that results in rates that approximate the cost of doing business. As Senator Bolz said earlier, on a day-to-day basis, one in five Nebraskans suffer from a mental health or behavioral health disorder. These are our friends, our neighbors, our family members, maybe a veteran who's struggling with post-traumatic stress disorder and depression, or it may be an inmate who failed to

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get treatment in a system that they needed, who is trying to stay afloat on rates that are inadequate and payment methodologies that don't meet their needs. Nebraska relies on community-based mental health and behavioral health providers to effectively address the needs of these individuals. As Nebraskans, we must ensure that rates paid to these providers cover the cost of services that we deliver, ensure-- so that we can ensure that we have a viable system and a sustainable system. I urge your support of LB1100 as we must make every possible effort that we can, take every action to shore up our mental health and behavioral health system, to adequately fund capacity and access for Nebraskans across this great state. Now is the time to invest in strong mental health and behavioral health system by increasing the rates paid to providers to ensure their viability. I would like to thank Senator Bolz and you as a committee for your support of behavioral health services and thank you for the opportunity to share my ongoing commitment to the Nebraska behavioral health system. I appreciate your time this afternoon and would answer any questions that you might have.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you for coming today. You have a description here that I may want to use if you can describe it for me. When you say largely rural, I understand that. What does "frontier in nature" mean?

BETH BAXTER: Frontier is probably when the livestock outnumber the people by maybe ten to one, something like that, in-- in areas that I grew up. So frontier in nature are-- is the-- the great state and often, as we-- the farther west we go, the more frontier we get.

ERDMAN: Thank you. I may use that. I appreciate it. Thank you.

STINNER: Additional questions? Seeing none, thank you.

BETH BAXTER: Thank you.

STINNER: Any additional proponents? Any opponents? Anyone in the neutral capacity? Good afternoon.

BOB DENTON: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Bob Denton, B-o-b D-e-n-t-o-n. I am the deputy probation administrator for programs and services and employed by the Nebraska Supreme Court. I testify today in a neu--

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neutral capacity on LB1100. The Administrative Office of the Courts and Probation is very appreciative of Senator Bolz and the Appropriations Committee for the funding for services appropriated to probation for the current biennium. We recognize the importance of working to create rate equity among payers sources working with our substance use and mental health population. Not only does it work to create enhanced access to services, it also assists in building our service provider networks. Probation, in 2017, began the process of comparing our service rates with our system partners. We specifically looked at rates of Medicaid, the Division of Behavioral Health, the Division of Children and Family Services, and some private insurance companies, and have been making adjustments accordingly. The Administrative Office of the Courts and Probation is currently within the recommended 15 percent alignment of comparable service rates and will make every effort to be aligned with other state agencies in payment of services, although the judicial branch will determine the actual rate of pay for the providers. Probation very much values our partnership with the behavioral health community. In fiscal year '18-19, probation provided financial assistance to approximately 7,329 adults and juveniles who were in need of services. Nebraska continues to be in need of service providers and expansion of services and, without the support of our system partners and the members of our provider network, we would not be able to provide access to services for these individuals. I want to thank you for your time today and would be happy to answer any questions.

STINNER: Senator Erdman.

ERDMAN: Senator Stinner, thank you so much. So thank you for coming. So let me ask you a question then. Are you saying this bill is not needed?

BOB DENTON: I'm saying at this time that we believe our rates are within the 15 percent that the bill states that we need to be at.

ERDMAN: So you're OK if we pass this bill?

BOB DENTON: We are in neutral capacity,

ERDMAN: So we could pass it, won't make a difference to you?

BOB DENTON: Again, neutral capacity, I don't-- I guess I don't know how to answer that.

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ERDMAN: I believe it's a yes or no.

BOB DENTON: Well, again, neutral capacity, so I don't believe-- if I say yes, I'm a proponent, if I say no, I'm an opponent--

ERDMAN: OK.

BOB DENTON: --so again, neutral capacity.

ERDMAN: I'll put you in the category I want you to be in then. Right?

BOB DENTON: OK.

ERDMAN: Yeah, thank you.

BOB DENTON: Thank you.

STINNER: Additional questions? Seeing none, thank you.

BOB DENTON: Thank you.

STINNER: Anyone else in the neutral capacity? Seeing none, Senator, would you like to close?

BOLZ: Briefly. I just want to draw the committee's attention to one note, the fiscal note for LB1100. If you look at the legislative fiscal note, the reason your summary, Senator Clements, includes probation is because the legislative fiscal note references that the-- the only rate that State Probation has that is 15 percent or below the Division of Behavioral Health January 2020 rates is for psychiatric residential treatment facilities, which is below the rate. So that's why it was included in the information that we provided to you. I'll circle back to the Supreme Court and get clarification about that rate specifically. If the-- the testimony as presented today is correct and the PRTF rate does not need to be adjusted, that will of course change the fiscal note. So I think maybe there's just a need for clarification of-- of the information that's been provided in the fiscal note versus what was provided in testimony. The-- the other things I want to say briefly are that this isn't the whole story. Even if-- even if we pass this bill, there are other rates that still need to be adjusted. And again, these are the only rates that-- only the rates that were-- that are comparable to the rates modeled by the Division of Behavioral Health. So you may hear from other constituents, you may hear other testifiers talk about other rates that need to be adjusted. We had to set some parameters for this bill

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and our-- the parameters we chose were they had to be based on the Division of Behavioral Health cost model study. The services had to be comparable, and they had to be underfunded by 15 percent or more. Those were the-- the parameters we set. The last thing I want to say is I knew I had it somewhere, Senator Clements. About a year ago, when I last checked, the waiting list for the Regional Center was at 48, and that number is a little old but 48 people waiting for Regional Center Services, which is-- I both mention because it's the answer to the question raised in the previous hearing but also because it-- I truly believe that if individuals are better served in community-based settings, they are less likely to commit crimes, to hurt people, and to end up in our costly jails, institutions, regional centers, and Department of Correctional Services. And that's why-- that's one of the many reasons I'm so passionate about this issue, so I appreciate your time and attention.

STINNER: Thank you for that. Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Bolz. I was looking at the rates. Some of the testifier, talked about moving from DBH rates to Medicaid rates being at a discount, so this bill really only talks about DBH rates and not the Medicaid rates. We can't affect those, can we?

BOLZ: Actually, the-- the precise opposite, Senator Clements. We are bringing the child welfare, probation, and Medicaid rates to-- on par with the Division of Behavioral Health rates which have been modeled. And what you may be referencing is we only have-- we have some limitations in terms of Medicaid rates, partly because, of course, we get the federal match, that only goes so, far and partly because we have to stay within Medicaid rules in terms of how we determine rate methodology for some services in some cases. I don't mean to drag you into the weeds. The bottom line is we are bringing Medicaid, child welfare, and probation up to the cost model study as determined by the Division of Behavioral Health.

CLEMENTS: Thank you. I was not quite catching. Thanks for the clarification.

BOLZ: There's lots of moving parts. Thank you for the question.

STINNER: Additional questions? Seeing none, thank you, Senator. There is four letters of support: CHI Health; HopeSpoke; National Association of Social Workers; Nebraska Hospital Association. And that

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concludes our hearing on LB1100. We'll now hear open testimony for LB779, and I will turn the committee over to Senator Bolz.

BOLZ: Good afternoon, Senator Stinner.

STINNER: Good afternoon, Senator Bolz and fellow members of the Appropriations Committee. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r, and I represent the 48th District, which is all of Scotts Bluff County. LB779 would appropriate \$3,425,000 to the Department of Health and Human Services for 2021 for the support of the Child Advocacy Centers. Allocation under the current 2019-21 biennium budget is approximately \$2,275,356. This bill would amount to an increase of 1,000- \$1,149,644. Legislative intent is included to continue this funding level in future fiscal years. With service coverage over the entire state, Nebraska's seven CACs and satellite offices are child-focused facilities in which multidisciplinary teams of law enforcement, child protective services, prosecutors, medical professionals, medical healthcare providers, and victim advocates coordinate their efforts to investigate and treat child abuse, while also holding offenders accountable as required by Section 28-728. These centers provide forensic interviews, medical evaluations, trauma-focused mental healthcare and victim advocacy for victims of child abuse and child sexual-- sexual exploitation. CACs first received funding from the state in 2006 as part of an implementation of recommendations to prevent child deaths and better respond to abuse. Such recommendations come-- came from a task force created by then-Governor Johanns following a series of child deaths across the state. State funding allowed for the expansion of the CAC locations, especially in rural Nebraska. The intent of this legislation is to provide a stable and ongoing source of state funding to support the drastic increase in volume for Nebraska CACs to further their efforts to combat child abuse, hold offenders accountable, improve outcomes for child victims and their family. The number of children served at the centers nearly doubled over the four-year window from 4,945 children and their families served in 2015 to 7,080 in 2018. Nebraska's CACs have sought additional outside private funding sources to cover the increase in children and families which are statutorily obligated to serve. However, sadly, with the demand for center services continuing to rise, additional support from the state of Nebraska is needed. Additional funding will help ensure the children who are victims of sexual abuse and serious physical abuse or neg-- negligent-- negligent receive a high quality of care that they deserve, will also help local and state responders, investigators of

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child abuse, maximize resources and reduce costs. I got a representative here from the Nebraska Alliance of Child Advocacy Centers in support of the bill who can break down some of the numbers for you. And I understand there may be additional stakeholders present to give their testimony as well. I thank the committee and will take any questions.

BOLZ: Thank you, Senator Stinner. Go ahead, Senator Clements.

CLEMENTS: Thank you, Vice Chair Bolz. Thank you, Senator Stinner. I see it's a 50 percent increase in appropriation [INAUDIBLE]

STINNER: It's actually 52.7 percent, if you want to be precise.

CLEMENTS: OK.

STINNER: Thank you.

CLEMENTS: And as you just said, there was a 43 percent increase in the number of children. I was just wondering, in the current budget, did we not appropriate as much as was requested in the 2019 budget?

STINNER: They-- we did not-- we haven't increased their allocation at all since--

CLEMENTS: It was--

STINNER: --even before that.

CLEMENTS: It has been flat.

STINNER: Right, it's been flat, and I think there is also some testimony coming about what is-- what we see from the national side versus what our state-- we-- we are lagging behind. I'm trying to find it in the report. But we are lagging behind what the national-- what happens at the national level. If I could find it, put my fingers on it, I would give you those numbers. But my recollection is those numbers are somewhere close to-- we're less-- we're less than 50 percent. Were like 40-some percent of funding from the state, where the national is more like 60 percent. And like-- again, if I could put my hands on that, I could give you exact numbers. But we're behind from the national side of things. We saw-- I think 2019 will be reported. I think there were 7,400, so we continue to see that ratchet up. There has been an initiative by the Attorney General as well. And actually, I carried the bill my first year to-- to expand funding so

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that we could do the satellites. And of course, there was initiative by the Attorney General that time to-- to go around the state and try to educate these teams as to child abuse and some of the forensics that have to go on. So I've spent a considerable amount of time just with the capstone in my-- my district. They do great work. It's multidisciplinary. It's to protect the child. The child goes through a forensic exam that's-- that-- that actually is taped. And, you know, the multidiscipline team, whether it be county attorney or childcare specialist, those types of things, can watch that. But they have it on tape. They can only-- they only-- the beauty of it is you only interview the kid in this traumatic environment just one time, so it saves them coming to court and re-- redoing their testimony or being cross-examined by a lot of other attorneys. So this is really pointed to protect the child. It's something that I-- I believe in and I've seen it work, so they do very, very good work. I will say most of the child abuse is neglect, and a lot of that's drug related from the parents, but we do get some others as well, so. And I think the people be-- behind me will answer that question as well.

BOLZ: Thank you, Senator Stinner. Further questions from the committee? OK.

STINNER: Thank you.

BOLZ: Proponents, please.

IVY SVOBODA: Good afternoon, Senator Bolz and members of the Appropriations Committee. My name is Ivy Svoboda, I-v-y S-v-o-b-o-d-a. I'm the executive director of the Nebraska Alliance of Child Advocacy Centers, and I'm testifying in support of LB779, which will increase state funding for Child Advocacy Centers. The Nebraska Alliance is the membership organization for our state's seven nationally accredited Child Advocacy Centers, or CACs. Our centers serve children, their caregivers, and first responders who must investigate child sexual abuse, sexual exploitation, and other severe forms of child abuse in all of our 93 counties. Thanks to Senator Stinner for introducing this important bill, and thanks to this committee for your longstanding support of Child Advocacy Centers. The Legislature recognizes that the Child Advocacy Center model provides best practice, high-quality investigations, and services to children and families who have experienced abuse. The CAC model is also fiscally smart. It reduces costs for law enforcement agencies and prosecutions and minimizes the long-term negative impact to children. Children who have experienced abuse yet get proper care and treatment go on to fill-- live full and

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productive lives. When the impact of abuse is unaddressed, studies show a correlation between experiencing child abuse and ending up with negative health and mental health outcomes, rates of substance abuse and rates of criminal justice involvement and incarceration. I've distributed two fact sheets, but the one mainly about the funding provides details on the current state funding for Child Advocacy Centers. CACs first received funding from the state of Nebraska in 2006. Both state funding and legislative requirements for CACs to provide additional services have increased gradually over time. Why are CACs asking for more state funding now? The centers have not had an increase in funding since 2015. By 2018, the number seen at the Child Advocacy Centers has increased by over 43 percent. Preliminary 2019 service numbers showed a continued increase of 7,414 children served, or a 50 percent increase. We don't expect the state to fund 100 percent of our operations. We're community-based organizations who are proud to help the state form public-private partnerships and have happily sought out support from local foundations, held fundraisers, and aggressively applied for federal grants and other forms of support. We want to make sure kids and families and first responders to child abuse and neglect can access needed, statutorily required CAC services 24 hours a day, seven days a week. All these efforts have helped our centers to move-- to see more children, even while state funding has not increased. However, now our centers are currently at maximum capacity. Demand is increasing, and untapped sources of funding are few and far between. And there's information that federal funds we rely on through Victims of Crime Act funding may be decreasing in coming years. CACs ask their staff to do more with less. Staff burnout and turnover is an increasing challenge because of the difficult nature of the work, the high volume, and the low pay that many of our CACs, especially in rural areas, must offer due to financial constraints. In some areas of the state, services that first responders need for children have not always been available due to the capacity constraints. Children and families have had to travel for medical exams in cases of acute sexual assault. Investigators and the department have had to wait for open time slots for forensic interviews. It delays their ability to gather needed evidence for criminal prosecutions, as well as their ability to fully understand the safety risks and needs of our children and families. Our rural centers operate on shoestring budgets and cover vast geographical areas with small amounts of numbers of staff. Imagine you're a Child Advocacy Center director. Your staff has a full day of forensic interviews and advocacy sessions scheduled. You're working on your fundraiser, scheduled for tomorrow, which covers 10 percent of your

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center's annual budget when the phone rings. A law enforcement officer-- a law enforcement agency is bringing three siblings in for forensic interviews and exams who have just witnessed serious domestic violence incident. How do you meet that challenge? Support for LB779 will help CACs across the state to meet the needs of their communities and serve the children who are currently coming to the centers, as well as those currently not being served. LB779 would bring the percentage of Child Advocacy Center funding provided by government sources to Nebraska to 67 percent, the same as the national average. I urge you to advance this important increase, and I welcome any questions.

BOLZ: Thank you. Questions for this testifier? Seeing none, thank you.

ANNE BOATRIGHT: Good afternoon, Senator Bolz and members of the Appropriations Committee. My name is Anne Boatright, A-n-n-e B-o-a-t-r-i-g-h-t. I'm a registered nurse and currently serve as the state forensic nursing coordinator and sexual assault payment program administrator with the Nebraska Office of the Attorney General. I come here today as the representative for the Attorney General's Office in support of LB779. In my work as the state forensic nursing coordinator, I strive to set best-practice standards around sexual assault, domestic violence, human trafficking, and strangulation across our state. I also work to review payments for sexual assault examinations statewide. I've worked as a registered nurse for about 14 years and received specialized training and education in the area of forensics. While caring for victims of sexual assault, trafficking, child abuse, neglect, I've seen the tremendous need for services across our state. The Child Advocacy Centers serve children who have experienced these crimes in our state with a multitude of resources crucial to their healing. Expanding state partnership and funding for CACs is essential in filling in gaps, especially as our state focuses on identifying and disrupting the sexual exploitation and trafficking of children in Nebraska and rooting out child sexual abuse. These are priority areas for the Attorney General, and we continue to recognize that ensuring CACs across our state have the resources to meet victim needs 24/7 is crucial to our success. I've seen the tremendous impact that they have with victims who experience this incredible trauma. These-- some of these resources CACs provide include medical examination with specially trained providers, evidence collection for sexual assault examinations, forensic interviewers who will testify in court proceedings, or connection to therapy services are all available to these victims. One such victim was served through a CAC in

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south-central Nebraska. The child had experienced severe abuse and was a victim of sex trafficking. She was initially identified and brought to the center for an interview, forensic interview, and medical care. The child was treated with extreme compassion and care, and without those CACs' extraordinary staff, we would not have been able to begin to support this victim in her healing from these atrocious crimes. As we move forward prosecuting perpetrators, we need additional services to support victims through the CACs. We cannot expect victims who have experienced such intense levels of abuse to recover without these specialized services, and the CACs do just that. Without CACs, we could not make the majority of our child exploitation cases in court. Additionally, there has been a significant increase in sexual assault medical examinations taking place statewide. Since 2016, the Sexual Assault Payment Program was initiated through the Legislature. In the first fiscal year of the SAPP, or Sexual Assault Payment Program, we issued payment for over 900 examinations statewide. In 2018-2019, we issued payment for over 1,050 examinations. In 2019-2020, year to date, we have issued over 1,500-- 1,055 examinations with five months remaining in the fiscal year. The CACs are serving many of these sexual assault victims across our state and providing them with these examinations. Of course, our payment program alone does not fully cover the costs of these exams. Such examples of that would be ensuring the availability of specially trained medical staff 24/7, 365. That's all on the CAC's. There are still sort-- shortages of providers across our state and the CACs have been important partners in working to address this. They have sought grant funding to help fill in gaps and have worked to create creative solutions with us to serve any and all victims. The CACs also provide important medical exams to the children who suffer forms of other abuse and neglect, and these are not reimbursed by the state. I'd like to thank you for your attention to this issue, and I would welcome any questions that you have.

BOLZ: Thank you for your testimony. Any questions for this testifier? Seeing none, thank you.

ANNE BOATRIGHT: Thank you.

MICHELLE WEBER: Good afternoon, Senators. My name is Michelle Weber, M-i-c-h-e-l-l-e W-e-b-e-r. I'm here today to support LB779 on behalf of the Nebraska County Attorneys Association, I've brought a letter from Lynelle Homolka, the Merrick County attorney, and Bruce Prenda, the chief deputy Lancaster County attorney, the association's

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legislative co-chairs. This letter details the county attorneys' support for Child Advocacy Centers. I'll hit the high points. We appreciate the committee's recognition of the important work being done at CACs throughout the state to protect and meet the needs of our state's most vulnerable children. County attorneys are passionate about the need to be a part of a strong, comprehensive, and coordinated system of child protection, safety, and care. This funding assures CACs have the resources and staff to help coordinate multidisciplinary team efforts on child abuse and neglect cases. The CAC model is the best practice for conducting joint investigations of child abuse and neglect, including forensic interviews in the least intrusive and traumatic manner. CAC professionals also work to protect our most vulnerable by providing medical exams and service referrals to children and their families. There is an increasing demand for all facets of CAC work. CACs provide direct services in all counties. LB779 is an investment in the children and families in our state who are deserving of our compassion and assistance. The count-- Nebraska County Attorneys Association urges your full support. Thank you.

BOLZ: Thank you for your testimony. Any questions? Thank you.

GENE KLEIN: Good afternoon, Senator Bolz and Appropriations Committee members. My name is Gene Klein, G-e-n-e K-l-e-i-n, and I'm the executive director of Project Harmony, a Child Advocacy Center in Omaha, Nebraska, and I'm here in support of LB779. Why didn't you run away? Why didn't you say something? Why didn't you fight back? Why didn't you speak out sooner? These are some of the questions from adults who were on the receiving end of a child disclosing sexual abuse. The child's response: I didn't think anyone would believe me. He's my teacher. She's my coach. It's dad or mom's boyfriend, my cousin. Ninety percent of the children we see in our Child Advocacy Centers know their abuser. And unfortunately, from the time the abuse occurs to the time a child finds the courage to tell their story, it's nine years. These children often ask themselves, who is going to believe me; will I be retaliated against; what will happen to our family or our friends? Unfortunately, their fears are real. Project Harmony and the Child Advocacy Centers in Nebraska have been working on changing the culture of child abuse response for nearly 25 years, giving a voice to the voiceless and engaging the community to strengthen the response and remove the shame and silence around abuse. The statistics are startling: one out of ten children is abused before their 18th birthday. I've been in this work for over 30 years and those statistics are real. In 2002, when I joined Project Harmony, we

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served just over 300 children that year, just from the metro-Omaha area. In 2012, we saw 2,000 children just from the same area, and last year we saw over 4,200 children annually. This is about 15 children every day coming to the doors, making a disclosure of-- of sexual abuse or physical abuse. Unfortunately, 75 percent of these kids are under 12, 26 percent are under 6 years old, and it's about an even split of boys to girls. Many ask, is there more child abuse, is that the reason for this increase? We don't believe so. We believe there's always been this story there, but the increase is a result of a stronger system, a system that you've helped create. Today's schools, early childhood providers, youth and childcare programs now receive ongoing training and how to report abuse and what to say to a child who's coming forward to them. Now Child Advocacy Centers across the state and across the country, with now the more than 900 across the United States, have created a robust and comprehensive system just for these kids. You've created legislation and guidance for how we should do this practice, and it's now fully endorsed by local, regional, and national experts as the best response we can put together for these children. With this increase in confidence, Project Harmony serves children who are at risk-- at risk of being sex trafficked, running away from care, exposed to domestic violence, witness to a violent crime, youth fire setters, and children who have been sexually abused by other youth. Delivering this care to these populations decreases the need for traditional child welfare service-- services or foster care intervention, allowing children to remain at home with their families while also ensuring families have access to critical services. Much of this expansion is only possible in our community and across the state by leveraging private fundraising support, and we're grateful for that. However, the significant volume and increase in our state cannot be managed with golf tournaments and fundraisers. This is just not sustainable, nor is it fair to these children. These services require state funding. Project Harmony serves 16 counties in southwest Iowa in addition to our service area in Nebraska. And to compare Nebraska's investment to our neighboring state, the state of Iowa provides approximately \$700-- \$750 per child evaluation. It costs about \$2,200. The state of Nebraska reimburses about \$140 per evaluation, nearly 80 percent of the Iowa rate, which is still less than a third of what it costs. The Nebraska legislative funding at Project Harmony levels have remained flat over the last eight years and we have not kept up with this demand. However, you are and you can be the key support to these children. So on behalf of those 4,200 children in Omaha and over the 7,400 across the state of Nebraska

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served just in the last year, please consider this support. And I'd be glad to respond to any questions.

BOLZ: Thankyou. Any questions from the committee? Seeing none, thanks for coming this afternoon. Do I have further proponents? Do I have any opponents? Any testifiers in a neutral capacity? Senator Stinner, would you like to close?

STINNER: I'm going to be very quick. I just wanted to update numbers: 2019 was 7,414 cases. And when you compare that to 0215, 4,900, increase in cases are 49.93 percent, so we're asking for 52. The other numbers I was trying to get to is the national average for government support of this activity is 67.76 percent. We are funding 48.96 percent. So that's just a national comparison. It has nothing to do necessarily-- numbers have to do with number of cases. But again, it-- you have to really kind of break it down into what has happened relative to cost and the type folks and the type of exams they're doing. So with that, I'll close and--

BOLZ: Senator Clements, go ahead.

STINNER: --ask for any clarification.

CLEMENTS: Sorry, but thank you. We're currently at 49 percent. And do you know what percent we'll be if we fund this?

STINNER: I did not do that calculation, but I sure could provide that to you later.

CLEMENTS: We can work on that.

STINNER: I-- we'll be closing in on maybe the national average at that point. That's just a guess because-- you could probably do the math-- if it's 67 or-- 6.9 percent total amount to run these seven centers, then do the math of what that increase would be and you'd be-- you'd be closing in on 60 anyhow--

CLEMENTS: Yeah.

STINNER: --just eyeball.

CLEMENTS: Right. Good.

STINNER: That's just really quick swag math.

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BOLZ: There you go. Thank you, Senator Stinner. Seeing no further questions, I will note that there were an impressive 47 letters of support for LB779. And that closes the hearing for this bill and opens the hearing on Agency 25.

CLEMENTS: Did she say 47 letters?

BOLZ: That's what my sheet says.

STINNER: We have 48.

STINNER: Forty-seven. Where are we at? Agency 25. Holy buckets. Somebody put a whoopie cushion in. Afternoon.

GARY ANTHONE: Good afternoon. Chairman Stinner and members of the Appropriations Committee, I'm Gary Anthone, A-n-- G-a-r-y A-n-t-h-o-n-e, and I serve as Chief Medical Officer and director of the Division of Public Health for the Department of Health and Human Services. I began this position on September 3, 2019. I'm joined today by fellow department leadership, Mark LaBouchardiere, facilities director, and Steve Greene, division deputy director of Children and Family Services. It's an honor to work with CEO Dannette Smith and the team at DHHS. I have been welcomed into the department by a kind, talented, and passionate staff. The Division of Public Health impacts the life of every Nebraskan by: ensuring clean air and water; lessening disease; promoting healthy schools, communities, and workplaces; ensuring quality care at safe healthcare facilities; and preparing for and responding to natural disasters and public health emergencies. The budget proposed by Governor Ricketts will enable us to continue to prioritize efficient, effective, and customer-focused state government. In 2019, the current vendor of the department's Licensure Information System, LIS, notified the department of the end of system support in June of 2020. I'd like to thank the Appropriations Committee for including the Governor's recommendation to increase cash spending authority, end Program 178, to aid in the replacement of the LIS, which is essential to the continued success of our licensing activities. The agency requested a number of features in the RFP [PHONETIC] for the new system that will increase efficiently-- efficiency and be more customer-focused. Included among these are the ability to apply for both initial and renewal licensure online, including required documentation submission and payment. This will encompass healthcare professions and occupations, healthcare facilities, and childcare entities. Prospective licensees will be able to establish customer accounts, allowing them to log in to track the

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status of their applications, including information on any missing documents they may need to submit. Other new features will serve to protect the public, including secure transmission of confidential documents to allow boards to conduct paperless disciplinary proceedings. Additionally, this new system will allow for online lookup of all disciplinary action for healthcare facilities and childcare services, a feature currently only available for healthcare professions and occupations. These improvements will ensure the healthcare professionals we licensed each year are able to get their credentials and get to work in a timely manner. We will, we will be able to make sure that both initial and renewal applications are simplified, screening processes are streamlined, and we'll be able to issue licenses with a, a shorter turnaround time. The Division of Public Health will continue to build and strengthen our relationships, both within the department and with our external partners in the coming year. I am excited and honored to be part of CEO Smith's team and to lead the Division of Public Health into the future. I would once again like to thank the Appropriations Committee for including the Governor's recommendation to fund the replacement Licensure Information System. Thank you for your time, and I'm happy to answer any questions you may have.

STINNER: Questions? Seeing none, thank you.

GARY ANTHONE: Thank you.

STINNER: Afternoon.

STEVE GREENE: Good afternoon. Good afternoon, Chairman Stinner and members of the Appropriation Committee. My name is Steve Greene; that's S-t-e-v-e G-r-e-e-n-e, and I'm a deputy director of the Division of Children and Family Services within the Department of Health and Human Services here in the state of Nebraska. The Division of Children and Family Serves Services has the fortunate opportunity to serve thousands of Nebraskan children, families-- our children and families-- every day. The Division of Children and Family Services includes: child welfare; adult protective services; economic support programs; and child support enforcement. The Governor's budget recommendations, supported by the Appropriation Committee, includes requests for the following four item, items that I would like to highlight for the midbiennium. At the end of 2019, the department successfully transitioned child welfare case management providers in the Nebraska Eastern Service Area. The child welfare services for the ESA were competitively bid under the statutorily required state RFP

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process in the spring of 2019. The awarded proposal contained expenditure estimates, which were lower than the existing contract levels. As a result, the new ESA contract is anticipated to save \$6 million of general funds in the fiscal year 2020, and \$27 of general funds in fiscal year 2021, for Program 354. The increase in Child Abuse Prevention Fund spending authority would utilize current available revenues and balances. No new revenues or funding sources are being requested. Additional spending authority of the existing cash fund balance will facilitate current child abuse prevention program goals focused on reducing child abuse and neglect in Nebraska, including: outreach efforts; education; public awareness; and other child abuse prevention initiatives. Revenues for the Homeless Shelter Assistance Cash [SIC] Fund with Program 347 are currently exceeding the fund's existing spending authority. An increase in spending authority would utilize current available revenues and balances. No new revenues or funding sources are being requested and will increase assistance available for the state homeless shelters. The committee's preliminary budget recommendation has a cash authority increase of \$350,000 in fiscal year '20, and \$560,000 in fiscal year 2021, a difference of an additional two hundred ten thousand in fiscal year 2021 when compared to the Governor's budget recommendation. The department supports the Governor's recommendation-- recommended cash authority increase of \$350,000 in each fiscal year to align with the fund's revenue and available cash balance. The department also identified \$4 million in general funds available for reduction from Program 347 Public Assistance aid. Program 347 has historically underspent its general fund to federal fund ratio when Program 354 Child Welfare aid was split out as a separate budget program in fiscal year 2013. This reduction in general funds aligns with appropriations to historical spending levels, and will not affect total fund expenditures. In conclusion, the division supports the Governor's budget recommendation, which provides CFS with the resources necessary to continue its ability to serve thousands of Nebraska-- of Nebraska children and families every day. I would like to thank the Appropriation Committee, Committee for this time and would be happy to answer any questions you may have.

STINNER: Questions? Senator Dorn.

DORN: Well, thank you, Chairman Stinner. And thank you for coming here. Just could you give us a quick update a little bit on the, the eastern, the new Eastern Service Area contract?

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STEVE GREENE: Sure.

DORN: We, you know-- the bidding process was out there.

STEVE GREENE: Yep.

DORN: And since and we've heard comments, or that--

STEVE GREENE: Um-hum.

DORN: they've come back, request more or-- where are we at on that?

STEVE GREENE: Yeah. So as of January 1, 2020, St. Francis Ministries has assumed as the case management provider in the Eastern Service Area. We had, starting in, in July, a transition process that we executed in tandem with both St. Francis Ministries and, at the time, PromiseShip. And so in October, they started-- we started to shift cases gradually after, after they completed a readiness assessment-- or part of a readiness assessment, I should say-- and then completed case transfer at the end of the year. So as of now, St. Francis Ministries has now assumed the case management and is providing services, similar to what PromiseShip was providing. And it's important just to point out that the service levels, the, the expenditures for service levels wasn't-- there wasn't a change in the amount that we're paying in the contract for services provided both with PromiseShip and with St. Francis.

DORN: Thank you.

STEVE GREENE: Um-hum.

STINNER: Senator Wishart.

WISHART: Thank you for being here.

STEVE GREENE: Yeah, thank you.

WISHART: My understanding with what happened between St. Francis and the PromiseShip--

STEVE GREENE: Um-hum.

WISHART: --sort of bid and exchange was that St. Francis came in, in their original bid, with an under, underbidding due to them not being

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aware of the amount of the statutory requirement for caseloads. And when they-- and correct me if I'm wrong in this--

STEVE GREENE: Right.

WISHART: --I've-- this is just my understanding with this.

STEVE GREENE: Um-hum.

WISHART: So then they amended their bid to reflect what our statutory requirement is for caseloads and the amount of money that it would cost for them to provide the services with that new understanding. We denied that amendment, and so we're moving forward with the original bid that St. Francis gave to us. But I just want to be clear with the department. We're going to uphold the statutory requirements for caseloads. So how are we going to-- how is St. Francis going to make that work?

STEVE GREENE: Yeah. So that's a, that's a fair and a great question. So one thing that I would point out is that we have a contract oversight team that's made up of different-- so two deputies within the department or the division, both for finance and then also our CQI, our continuous quality improvement, because that's the natural question is: How are we going to maintain the services-- the service level that was-- so there's a continuity of care? Within the contract itself, there are a lot of performance measures that, that we tied to our federal indicators for reporting, which is there's, I think, 23 different performance indicators. And then there's also related to case ratios, and staff turnover, and just general, sort of in that, in that sphere of day, day-to-day operation that we're monitoring. And so it's not just a single person; it's a group that internally meets quarterly to review data and outcomes that St. Francis is providing us, but also working with St. Francis to make sure that they're meeting the expectations that they signed up for. Does that make--

WISHART: Yeah.

STEVE GREENE: Is that helpful?

WISHART: Yeah.

STEVE GREENE: OK.

WISHART: Yeah.

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STINNER: Senator Bolz.

BOLZ: Thank you, Senator Dorn and Senator Wishart. I have a couple questions along the same lines. Just to put a finer point on what Senator Wishart was asking, is the Eastern Service Area currently in full compliance with all of the statutory caseload ratios at the moment?

STEVE GREENE: I generally do not know that answer, but I will find out and get back to you today.

BOLZ: OK. I'd appreciate that if you could give us a status update, because there are different cases and I know you know this--

STEVE GREENE: Right.

BOLZ: --but just so the committee knows what I'm asking for.

STEVE GREENE: Um-hum.

BOLZ: There are different caseload ratios for different types of cases at different points in time. And I think it's very important that, that as we bring on a new lead agency, they are in full compliance.

STEVE GREENE: Right.

BOLZ: And part of the reason that's an appropriate question for the Appropriations Committee is, what was publicly reported was that there was concern by St., expressed by St. Francis, at least as reported in the newspaper--

STEVE GREENE: Um-hum.

BOLZ: -- that in order to fully comply with the caseload ratios, there would be an additional \$15 million expenditure.

STEVE GREENE: Right.

BOLZ: And so I think some of those issues have been sorted out--

STEVE GREENE: Um-hum.

BOLZ: --but if they have not, that certainly needs to be on the radar screen--

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STEVE GREENE: Yeah.

BOLZ: of the Appropriations Committee. So I appreciate that follow up.

STEVE GREENE: Yep.

BOLZ: I, I have a couple of other questions along the same lines.

STEVE GREENE: Sure.

BOLZ: You and I have already had some conversation and exchange about the readiness assessment.

STEVE GREENE: Right.

BOLZ: So, of course, our statute requires that, if we transition to a new lead agency, that agency has to be ready to take on the responsibility of our children in the child welfare system. Letters and communication that I received last fall--

STEVE GREENE: Um-hum.

BOLZ: --showed that when cases began to transfer, parts of the readiness assessment were fully complete and other parts were in process.

STEVE GREENE: Right.

BOLZ: Have we reached full readiness? Are all of--

STEVE GREENE: Yes,

BOLZ: --those indicators a, a complete green light?

STEVE GREENE: They are. And I will point to the public website.

BOLZ: Um-hum.

STEVE GREENE: And so on December 30th of 2019, we actually updated our ready, our readiness assessment to show that we had fully completed the readiness assessment that we had provided for St. Francis to [INAUDIBLE].

BOLZ: Um-hum.

STEVE GREENE: So yes.

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BOLZ: And just to, just to make sure I am--

STEVE GREENE: Yep.

BOLZ: asking my question--

STEVE GREENE: OK.

BOLZ: --with appropriate specificity--

STEVE GREENE: OK.

BOLZ: --In previous discussions, there has been a distinction made between completing a readiness assessment--

STEVE GREENE: Um-hum.

BOLZ: --and the lead agency articulating your assessment through-- let me be more clear. Completing a readiness assessment is one thing; being fully ready is another. So it's like taking a test.

STEVE GREENE: Yes.

BOLZ: You can say, yes, I took this test, but you might get a grade of 50 percent or 75 percent or 100 percent.

STEVE GREENE: Right.

BOLZ: Are, are-- has the lead agency been assessed to be fully ready?

STEVE GREENE: Yes. And what I would say is, in-- within the readiness assessment, there-- it isn't just a, a rubber stamp approval. So for instance, for an example-- one example that was provided is a disaster plan that, that St. Francis Ministries had to provide when, sort of like when we complete an implementation plan for our federal partners, we will say, hey, this is what we want to-- this is how we want to proceed. Does this meet your requirements? And they can say, no, here's what you need to do in order to be in compliance with that, that requirement and readiness assessment. That was similar to what St. Francis-- what we used with St. Francis. And so again, they have completed the readiness assessment. And I don't know if it's, it's a grade A, B or C. It's, it's a pass/fail, and they have passed all the requirements for readiness,

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BOLZ: if you wouldn't mind, I'd, I'd appreciate, just-- just for my knowledge--

STEVE GREENE: Yep.

BOLZ: --and the committee's knowledge, if you could provide us a current status sheet at the matrix that you've been--

STEVE GREENE: Yep.

BOLZ: --working on. And just for the committee's understanding, the reason that is relevant to the Appropriations Committee is that their assessments of financial readiness, do they have, you know, appropriate financial resources--

STEVE GREENE: Um-hum.

BOLZ: --should something happen in the future? It's not just a readiness assessment about staffing or training.

STEVE GREENE: Right.

BOLZ: It's also a financial--

STEVE GREENE: Yep.

BOLZ: --readiness assessment. OK. I'd appreciate that. A couple more questions, if you don't mind, Chairman. One is another issue that has come, come to my office. An issue of concern is that the contractors working with St. Francis were working-- or were waiting for contracts for a period of time. And so because that's a couple of steps removed from the Appropriations Committee--

STEVE GREENE: Um-hum.

BOLZ: --but of course, state funds, have all of those-- have all those contracts got signed on the dotted line? Is anybody still waiting to?

STEVE GREENE: Not that, not that I'm aware of, but I am not the, the contract monitor and-- for, for the providers. So I apologize. Not to my awareness, but, but I, I would give you an incomplete answer, so--

BOLZ: Um-hum.

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STEVE GREENE: --ad I apologize that I can't say with certainty, but I'm not aware of that--

BOLZ: Sure.

STEVE GREENE: of anybody waiting.

BOLZ: If you can provide us that assurance, that would be--

STEVE GREENE: Um-hum.

BOLZ: --helpful. A related question that is maybe just a little bit out of the Appropriations Committee's wheelhouse but, nonetheless, relevant, is a concern-- a specific concern was brought to me that some of those contractors were placing children in, in facilities that were not foster care licensed beds.

STEVE GREENE: Um-hum.

BOLZ: Are you aware that any child welfare, any children in our child welfare system have been placed in facilities that were not child welfare licensed beds in the Eastern Service Area??

STEVE GREENE: I would have to know specifically what you're referring to. I --that specific concern has not been brought to my attention. So that would be a new concern, and I would need to know specifics to that case.

BOLZ: OK. Well, I'll, I'll bring that--

STEVE GREENE: OK.

BOLZ: --concern to you--

STEVE GREENE: OK.

BOLZ: --and let you, let you run your chops--

STEVE GREENE: OK.

BOLZ: --with it. The reason I think it's relevant to this conversation is, if, if we are not able to establish the contracts with the services that are appropriately licensed--

STEVE GREENE: Right.

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BOLZ: --then we're not ready.

STEVE GREENE: Right.

BOLZ: And the transition-- it's an indicator of whether or not the--

STEVE GREENE: Yeah.

BOLZ: --transition is working.

STEVE GREENE: No, I'd-- please let me know the specifics and I-- I'll be happy to follow up.

BOLZ: OK. My, my last question related to child welfare is, I requested some information a while back and received a, a little bit of information about TANF rainy day funds--

STEVE GREENE: Yes.

BOLZ: --and the department's proposed use for those funds. One of those proposed uses is TANF supportive services and work supports for Child Welfare families.

STEVE GREENE: Um-hum.

BOLZ: Can you tell me more about that? Is that just the Eastern Service area? Is that across the state? What purpose is that serving?

STEVE GREENE: So the information that we provided, in my understanding, the, the question is the information that we provided back was related to-- was our plan, with some of the TANF, the TANF carryover or the TANF spend plan. Is that correct, If I'm following?

BOLZ: Um-hum, yeah.

STEVE GREENE: So one thing that we want to do, so something that I enjoy talking about is Temporary Assistance for Needy Families, which is a block grant. And each state gets allotted a certain amount, and is given general flexibility on how you can operate those programs. And there's four purposes of TANF. The first two are means tested. Purpose three and four are more, sort of, philosophically, like for instance, reducing the instances of out-of-wedlock births, reducing--or the creation of two-parent homes. One thing that we've wanted to do, sort as a division in a department in light of Family First, which I know is something that we both share that enthusiasm

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for, is getting in sort of the front end of prevention services or front, frontline prevention services. And I'm going off a little bit on a tangent, to set up the answer, is-- how can we help families before they come in contact with the child welfare system? Obviously, as you all have heard about this, once a child is removed from a home, it can be very traumatic, as you heard from the child advocacy centers earlier, just the trauma it's inflicted in those homes. Sometimes there could be a-- there's a whole host of crisis-- or situations that could lead a family coming into contact with our system. And so an emergency assistance was going-- the plan was to be state, statewide, not specific to a certain area, but that, if a family met certain criteria, because that's the-- the trick with TANF is that we have to adhere to all the federal rules and regulations that guide how we use TANF dollars, but we want to use it specifically for families that would be eligible for a TANF program for emergency assistance, specifically. So something like a concrete support-- maybe it's a tire that needs to be replaced because they're having trouble getting to work, and so we want to support that. Anything that we can do within the specific guidelines of this, sort of the spending rules and regs, we want to provide for those families as supports. I don't know if that answered your question, but we want to make it a statewide program, and we're really excited about this because this is a new opportunity for us as a, as a division.

BOLZ: Um-hum. And the reason I bring it up in this committee is that the committee might get tired of me talking about how things have changed over my eight years. So I ask for your patience. But we've, we've had a lot of volatility in the child welfare system. We had contract negotiations that were significantly more than we expected. We had to integrate that at the last minute. We had back bills that we had to pay to avoid fines and penalties. And so if, if the TANF rainy day funds are necessary to supplement what we're doing in the child welfare system, whether it's Families First or the lead agency contract or just shoring up the program overall, I think this committee needs to understand that it may be appropriate.

STEVE GREENE: Um-hum.

BOLZ: It may even be beneficial. But if it is part of our overall picture for funding and stabilizing the child welfare system, we need to have that conversation. When we're talking about big numbers like \$27 million less--

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STEVE GREENE: Yeah.

BOLZ: --than previously contracted, that communication and that discussion helps us make better decisions. So I would appreciate more, more details and more conversation--

STEVE GREENE: OK.

BOLZ: --about the use of the TANF funds and how they intersect with the child welfare system.

STEVE GREENE: OK. Thank you.

BOLZ: Thank you.

STINNER: Senator Clements.

CLEMENTS: Thank you, Senator-- Chairman-- Mr. Chairman-- excuse me. All right. Thank you for being here. And the question-- well, you know, this is just the Eastern Service Area, \$200 million worth of funds. And I was just wondering if you'd tell me how many wards of the state-- statewide-- are you aware of for the latest report?

STEVE GREENE: That is a really good question, and I have all these different stats in my, in my bullet point, and that is one of the, one of, one stat that I don't have. I believe it's approximately if you-- so there's, there's different ways that we count it, but I think it's approximately-- let me get back to you, if you don't mind. I'm sorry, I should have that number in my head and--

CLEMENTS: It's 4,000 or more, isn't it?

STEVE GREENE: Yeah. Okay. Yeah, yes. It's north of 4,000, but I don't know the exact number. And that's embarrassing that I actually don't have that exact number with me. So I apologize.

CLEMENTS: Can you speak to what the trend has been in the last year or two--

STEVE GREENE: Yeah.

CLEMENTS: --those numbers?

STEVE GREENE: Yeah. So over the last several years we've seen a decrease in the amount of kids that are in foster care. In part, Nebraska has seen themselves as a leader nationally in not only being

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one of the first states to implement what's called the Family First Prevention Services Act-- it was part of the, I believe, 2018 appropriation bill signed by the President, in which new dollars could be-- typically, when a child was removed and we got federal reimbursements, it was after a kid was placed into foster care. And what Families First is doing, is it's saying we will allow you to use federal dollars that would typically be reserved for once kids have been removed into foster care for prevention, certain prevention services. So how can we help strengthen that family prior to coming into the child welfare system? And as a shift as a state, we really started to-- there was, there were several different factors that were going that had been going on. One, for instance, is Alternative Response, which is a bill actually Senator Crawford introduced in Health and Human Services, to continue that program in which we work with families collaboratively. And we've been doing that for several, several years to help mitigate the chances of them coming into the child welfare system. Another emphasis has just been on prevention services as a whole. We want to be providing prevention services for families so that they can, they can [INAUDIBLE] in the home. And then another one, that I would be remiss if I didn't say this, is that we've really doubled our efforts with community collaboratives. So I don't know if you're familiar with Bring Up Nebraska, but it's a-- sort of a local community prevention program that we work with individual cities around the state to really help those communities identify how can they have, get the resources that would help a family, so that families not being-- is not coming in the child welfare system because of, of poverty or neglect, but that they can get those concrete support in those local communities. So there's a lot of different factors that are driving that number, but it's-- I think it's just a better partnership across the state with communities is, is part of it.

CLEMENTS: All right. Thank you. I would be-- appreciate an email, maybe, of the--

STEVE GREENE: Um-hum.

CLEMENTS: --those total numbers--

STEVE GREENE: Yep.

CLEMENTS: --the last three years.

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STEVE GREENE: OK.

STINNER: Additional questions? Senator Vargas.

VARGAS: Thank you very much for being here.

STEVE GREENE: Thank you.

VARGAS: I just had a question about-- give you an opportunity to talk a little bit about the Homeless Shelter Assistance--

STEVE GREENE: Yeah.

VARGAS: --cash authority.

STEVE GREENE: Yes.

VARGAS: It's a little intricate here because it seems like you're disagreeing or-- with, with our preliminary budget recommendation--

STEVE GREENE: Um-hum.

VARGAS: --compared to the Governor's recommendation. I wanted to give you the opportunity to explain why--

STEVE GREENE: Hmm.

VARGAS: --and then also just talk a little, historically, about the spending cash authority--

STEVE GREENE: Yep.

VARGAS: and what we've spent on the programs--

STEVE GREENE: Yep.

VARGAS: --on what the need is.

STEVE GREENE: Um-hum. So there-- so the Homeless Shelter Assistance Cash [SIC] Fund is-- they get really specific for-- 25 cents for every \$1,000 that's spent on a home purchase or real estate, it goes into this fund. And we have historically had-- need, need to take a step back-- so that fund has existed for-- I found out just talking to somebody else-- for a few decades and has provided, just as a state program, grants to different homeless, homeless groups or--

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VARGAS: Um-hum.

STEVE GREENE: --homeless programs across the state. I think our authority-- if you give me a second, let me get to my page-- it is approximately-- \$2.8 million or \$2.75 million has historically been our spending authority. We have a year-end cash balance of about approximately \$2.5 million. And so what we, what we wanted to do is we wanted to spend down that cash balance over a 10-year period, and also raise it so that our spending authority reflects current revenue projections. I think currently our revenues are around \$2.9 million. So you can see that sort of-- the difference between the \$2.7 million, which is our spending authority, and the revenues, which is about \$2.9 million. So what we wanted to do is do two things. We wanted to work towards spending the amount that's appropriated to us and then, also, over 10 years, reduce that end-of-year fund balance. And so that's why we did the \$100,000 versus, I think, with-- the, the other proposal is that we would spend that balance down in six years.

VARGAS: Are you concerned that-- thank you, I appreciate it. Are you concerned that the cash fund is not going to be sustainable? 'Cause--

STEVE GREENE: No, it's not. I don't think it's that it's sustainable because it's tied to that documentary stamp tax, so I don't think there's a concern about stability. But you bring up a good point that it is tied to the housing market, and overall sales, and the strength of the housing market in Nebraska.

VARGAS: I mean, it's been, it's been going up. The reason why I ask is I'm hearing from, from not only those providers, the individuals that'll get the grants, that there is an increased need--

STEVE GREENE: Um-hum.

VARGAS: --these grants are going to detrimentally impact a significant number of programs across the state, because it looks like the reduction----at least what was proposed, not what necessarily we're recommending-- but the reduction would be at least 20 percent reduction, and a, maybe, 35 percent reduction, and it won't be going out to communities.

STEVE GREENE: Right.

VARGAS: I, I'm just worried about that drastic of a jump. We don't often do that drastic of a, of a decrease when it's a cash funded

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program that is healthy. So I just, I don't know if you want to respond to that [INAUDIBLE].

STEVE GREENE: So part of our review over the summer was this reviewing sort of our cash fund levels and--

VARGAS: Um-hum.

STEVE GREENE: --cash fund authority. And so that's why you'll notice both the Child Abuse Prevention Fund-- we asked for an adjust, adjustment-- and then also the homeless, Homeless Shelter Assistance Cash [SIC] Fund. What we saw is that we had-- we, as a division, were outspending our authorities, so we were spending more than what we had the authority to spend. And so that's, that's part of the reason why there's the, the-- part of that proposal is, I think, answering your question. But the look on your face makes me think that I, I missed that.

VARGAS: Only because of--

STEVE GREENE: Yeah.

VARGAS: --spending more than we--

STEVE GREENE: Right.

VARGAS: --we give the authority.

STEVE GREENE: Right.

VARGAS: Yeah.

STEVE GREENE: And so we-- we self-recognize that--

STINNER: I'm having palpitations.

STEVE GREENE: Yeah, I know.

VARGAS: Yeah.

STEVE GREENE: We recognized that at the division, and that was-- its part in collaboration with our-- as a division, wanted to make that known, and, and ask for the spending increase, as part of it. So, so yeah, I'll, I understand that there is frustration that, that there could be a cut to that service, but that was in part because we

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historically weren't aligned with where we're, where our spending authority should have been.

VARGAS: I appreciate it. And the only thing I'll say is-- I mean, we're, you know-- we had the Child Advocacy Centers come in and they're looking for General Fund. We have a, we have a cash fund that has the ability to continue to fund these programs. I would like to make sure that we're not detrimentally impacting programs and services across the state, if we have the funds.

STEVE GREENE: Right.

VARGAS: But thank you,.

STINNER: Senator Bolz.

BOLZ: Thank you. And forgive me if I, if I didn't follow all of that exchange correctly. My understanding of the situation is maybe just a little bit different than Senator Vargas. My understanding is that we are facing a reduction of \$1.7 million--

STEVE GREENE: Correct.

BOLZ: --in federal funds. Is that correct?

STEVE GREENE: No, not federal funds.

BOLZ: Not federal funds.

STEVE GREENE: Correct, yeah.

BOLZ: Can you unpack that for me?

STEVE GREENE: Yeah. So the federal funds remain the same. So what we, we had done-- so federal funds won't be impacted. It would be related to this, this cash fund and the reduction, because we had-- we were spending more, and this was more than what we historically had the authority to spend. And so we-- when we had looked at the five-year spend, it had increased. I don't know the approximate year-over-year, but there was an increase. And so we realized that we were, through just again, a review of our cash fund spending authority and how much we were actually spending, that we were spending above what we, what we were authorized to spend.

BOLZ: Um-hum.

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STEVE GREENE: And so if we don't make those adjustments at the level that we were at, then that would be approximately 24 months before we would have gone through that balance. That remaining balance. And so what we're proposing is over a 10-year period, and that's where our opinion is a little different than the, the committee's recommendation.

BOLZ: Thanks for that correction-- I think I misheard or misunderstood--

STEVE GREENE: OK.

BOLZ: --a piece of that, that I thought there was a federal component. What have your conversations with the homelessness and housing assistance folks been like? What are they--

STEVE GREENE: Yeah.

BOLZ: --telling you will be the impact of these changes?

STEVE GREENE: Yeah. I had a conversation with, with one today, and I understand their concern, And my understanding is-- I don't want to speak for them specifically, but they, they, they did communicate that this would be an impact, or it could be, it could be an impact to them. And so I think what, what our conversation was, let's continue to have an ongoing conversation about if there is anything that the department can do to help ease that, that effect. But that specifically we had, just prior to this this committee, had a conversation with one provider.

BOLZ: I, I never want to be anything other than kind and, and respectful. But, but I-- it's also my responsibility to--

STEVE GREENE: Um-hum.

BOLZ: --under, understand these, these programs and how things go. Help me understand why today was the first time that conversation happened.

STEVE GREENE: Me, me personally, I can't speak to whether CEO Smith has had those conversations, if somebody in finance has had those conversations, if somebody in the program who facilitates that program-- I mean, they-- so me personally, that's what I can say to my experience, not on behalf of the whole department.

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BOLZ: Um-hum.

STEVE GREENE: So I, I'm not aware-- I'm not aware, but I know that there's been conversations with the providers about this program, and, and that we have communicated what our intent was. But me personally, I have not had those conversations as a, as a [INAUDIBLE].

BOLZ: OK. I'm sure we'll hear from those providers, so maybe I'll leave it there--. But it just seems to me that it seems to me that we've got a 10-year plan--

STEVE GREENE: Um-hum.

BOLZ: --and a two-year problem. And I, I don't know why, why we've landed here. It seems like maybe we need further conversation to be more solution-oriented. Thank you, Mr. Stinner.

STEVE GREENE: I--

BOLZ: Or thank you, Mr. Greene. Thank you, Chairman Stinner.

STINNER: So I got to get this down in my brain.

STEVE GREENE: Sure.

STINNER: A little different than what you're explaining. We currently have how much appropriations? Is it \$2.7 million, I think, is our appropriated amount?

STEVE GREENE: Correct. That's our spending authority; it's \$2.75 million.

STINNER: That's the spending authority that we allow them to do.

STEVE GREENE: Right.

STINNER: They bring in revenue of about \$2.9 million--

STEVE GREENE: Correct, sir.

STINNER: --which means the balance should have gone up. And you're requesting to reduce the appropriation by \$1.7 million.

STEVE GREENE: So what-- sorry, I was unclear and I apologize, Senator.

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STINNER: So first question is, of the \$2.7 million, how, how much over did they overspend the appropriations? Let's just start there.

STEVE GREENE: Yeah. So--and be happy to show you the spending amount that we were allotting to the program over four years. But roughly it went from \$2.7 million to \$3.4 million to \$3.9 million to \$4.3 million. And so we were overspending our authority, what was our, our spending authority. And so when--

STINNER: When the amount of money we were spending went to \$4.3 million--

STEVE GREENE: Correct.

STINNER: OK. Wouldn't that tell you that that was the need that the homeless shelters need to have?

STEVE GREENE: It would. The, the, the, the flipside of that is that we only-- so our revenues were around \$2.9 million, and we had a 2-- about a balance of \$2.5 million. So if we spent that at that current level of \$4.3 million, we would not only be out of our, our ending balance of that \$2.5 million, but we wouldn't have enough, within about 24 months, to maintain that level of spending.

STINNER: I, I understand--

STEVE GREENE: OK.

STINNER: --part of it. But what-- how important is it to continue to try to fund homeless shelters at the level that they're asking? And I get the fact that there's limitations relative to revenue, and all the rest of that stuff, and where it comes from. But what I'm trying to figure out is that gap of \$1.7 million.

STEVE GREENE: Right.

STINNER: Do we make it up with general funds or do we make it up with something else that we can find?

STEVE GREENE: Right.

STINNER: I mean, is it important that we spend the \$1.7 million and help these homeless shelters?

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STEVE GREENE: That's-- I think it's-- I think they do great work. I think there are, there's close to, I think, 7 different regions, 30 different programs. I think that's an important question. I think we support-- well, while I agree that they do important work, the 10-year plan that we had was to sort of, sort gradually spend down that remaining balance from year over year.

STINNER: I get that part of it; I understand that. OK. We'll have to check into it. Who-- who is responsible to watch the appropriations and the amount of money that we have in the fund? Who's-- who's in charge of that?

STEVE GREENE: So we have a program manager that is over the homelessness, or Homeless Assistance Program. And then we have a deputy director who is over finance and relatively new to the position, and then our chief financial officer.

STINNER: And they--

STEVE GREENE: [INAUDIBLE].

STINNER: --understand that when we set an appropriation amount, that's--

STEVE GREENE: Right.

STINNER: --all you're allowed to spend? OK.

STEVE GREENE: Yeah.

STINNER: Just checking.

STEVE GREENE: Yeah.

STINNER: OK. Any additional? Senator Vargas.

VARGAS: Thank you very much. So the public assistance, this is just something that I want to try to understand a little bit more. We've had this conversation. I've had this conversation with the past administration. But when we are changing the reduction in Program 347, Public Assistance aid--

STEVE GREENE: Right.

VARGAS: --we are doing this-- I'm going to give you the opportunity. Why are we doing this? Is this based off of historical expenditures?

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Or we thinking like five-year averages or what we did last year? How are we comparing that also--

STEVE GREENE: Right.

VARGAS: --with increased eligibility and need--

STEVE GREENE: Right.

VARGAS: --for the public assistance programs?

STEVE GREENE: So won't speak to the Medicaid portion because that's a different conversation--

VARGAS: Of course.

STEVE GREENE: --for a different, a different person. With public assistance in general-- so that would be childcare subsidies, SNAP, TANF-- or Aid to Dependent Children-- historically, we've seen over the last five years especially, to get to your question, a reduction in the, in the amount of individuals utilizing those services. That is, that is true for most states across the country. As you-- you all know that we have historical low unemployment rates. And so with that, then, there has been less of a need for the, for individuals to access some of those services. So this is just to sort of rebalance with what we've seen as an historical sort of projection across public assistance. It's not that we're cutting those services. It just reflects sort of our caseload standards or our caseload sizes.

VARGAS: I just wanted to--

STEVE GREENE: Yeah.

VARGAS: --give you the opportunity to add more color to that.

STEVE GREENE: Um-hum, thank you.

STINNER: Additional questions? Seeing none, thank you.

STEVE GREENE: Thank you, sir.

STINNER: Good afternoon.

MARK LaBOUCHARDIERE: Good afternoon. Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Mark LaBouchardiere, M-a-r-k L-a-B-o-u-c-h-a-r-d-i-e-r-e. I am the director

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of the 24-hour care facilities for the Department of Health and Human Services. I appreciate the opportunity to come before you today regarding 24-hour care facilities, requesting three adjustments in funding regarding patient safety at the Lincoln Regional Center. In September 2019, LRC underwent the triennial Joint Commission accreditation survey for both the hospital and behavioral health programs. The hospital program was determined to have one conditional finding related to patient-- National Patient Safety Goal 15.01.01, which requires the hospital to reduce the risk for self-harm. LRC negotiated a mitigation plan with the Joint Commission that was subsequently approved by the Centers for Medicare and Medicaid Services-- CMS-- for implementation. The approved plan consists of two parts: fiscal plan changes; and temporary staffing. LRC contracted with the [INAUDIBLE] Group, which is an architectural and design firm, to get a full antiligature assessment of the current structure. This led to a \$5.6 million request for increased funds to make structural upgrades for ligature mitigation in the facility. The conditional finding and subsequent mitigation plan also required LRC to increase staffing to ensure patient safety, including a ten-minute safety check for all patients and continuous monitoring of areas identified as being at most risk to patients. In order to sustain this temporary mitigation plan, LRC had to increase the number of staff within a 24-hour period by 21 additional staff. This staffing mitigation plan requires an additional request of \$3.2 million. To reduce overtime at LRC, the administrative team has worked hard to reduce the employee vacancy rate over the last year. The facility continues to use contracted agencies to provide temporary staffing to supplement vacancies-- security specialist and registered nurse positions. The use of mandatory overtime has decreased over the last year, due to the additional support from the contracting agencies, as well as filling vacant security specialist positions. With the continued use of contracted agencies, we requested \$5 million in increased funding annually through the biennium. To date, the number of vacant security specialists is 12, compared to 59 in January 2019. We will continue to provide-- sorry. The facility continues to have 18 nurse vacancies, compared to 31 in January 2019. We will continue to prioritize filling the full-time employee vacancies while maintaining patient safety through the use of contracted personnel, as needed, to ensure patient care and safety. I'd like to thank the committee, your staff, and the Legislative Fiscal Office team for your work on the preliminary budget recommendations, and for supporting the Governor's binding recommendation as it relates to the facilities. The budget proposed by Governor Ricketts reflects the increase in funding for LRC to include

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allocations of facility improvements, ligature mitigation, and staffing. We would like to thank you all for supporting this increase in order to continue to serve patients in our care. I'd be happy to answer any questions,

STINNER: Questions? Senator Wishart.

WISHART: Thank you so much for being here. How many beds do we currently-- how many vacancies do we have in terms of beds that are open in the Regional Center?

MARK LaBOUCHARDIERE: We have a vacant area in Building 5, our forensic building.

WISHART: OK.

MARK LaBOUCHARDIERE: However, we don't have the staffing to staff that unit.

WISHART: OK. And how many--

MARK LaBOUCHARDIERE: We, we-- I'm sorry.

WISHART: OK. How many people do we have in the waiting list in to-- from our county jails and in other places to be able to get into the Regional Center?

MARK LaBOUCHARDIERE: So currently our waitlist for-- we have a, we have a court, a court waitlist and a mental health board commitment waitlist.

WISHART: OK.

MARK LaBOUCHARDIERE: On our waitlist for the males, we have 14 males--

WISHART: OK.

MARK LaBOUCHARDIERE: --and eight females for our courts.

WISHART: OK.

MARK LaBOUCHARDIERE: For our mental health board, we have two males and four females, in comparison to a year ago when we had 30 for our court commits and then 11 for our mental health board. What that means in terms of time frame, we've actually been really, really well over this last six months to eight months. For our court, I'll break it out

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to males and females. For our males, for court it will be at 26.5 days, and for our mental health board, it's 31 days for the wait, for the females, it is 45 days, and for the mental health board 38 days. This is in comparison to, if you recall, about a year and a half, two years ago, people waiting months on end to get in. So those are the latest numbers, as of--it's actually today's data.

WISHART: So what are the-- what are some of the steps you're going to take? Do you have a plan for how we're going to open up that wing, in terms of staffing, so that we can fill some of those beds that are there?

MARK LaBOUCHARDIERE: Yes. In the future, we'd probably have to have a request to open up that wing, to ensure that it would be-- have to ensure we have our staff in place to be able to do that. I think in the past sometimes we quickly opened up areas without the staffing. And that's what happened with the increased overtime. And staff--

WISHART: Um-hum.

MARK LaBOUCHARDIERE: get tired, so we have to try to get this more strategically in how we do this--

WISHART: OK.

MARK LaBOUCHARDIERE: --next time around.

WISHART: Thank you.

MARK LaBOUCHARDIERE: Thank you, Senator.

STINNER: Additional questions? Senator Vargas.

VARGAS: Thank you very much for being here, Director. I know we had an opportunity to talk in a couple different other bills I introduced in other committees. I just wanted to give you the opportunity, if you wanted to share a little bit more about-- as a director, I know one of the changes we're, we're at least making within YRTC's is, you know, the contracting with a new building in Lincoln, as part of a three-pronged process. And I know there's a business plan. But I wanted you to just-- if you can give a, a little bit of color as to, you know, where the funding for some of the-- I know there have been some significant changes to this to make this work. And I know some

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senators have gone and visited it. I just wanted you to talk a little bit about where the funding for this came from--

MARK LaBOUCHARDIERE: OK.

VARGAS: --what changes were made, because that's not a request that you're coming to us for, but I was curious where, where the funding allocations for this came from.

MARK LaBOUCHARDIERE: So the funding for the YRTCs fall under Program 250. And so we-- as you guys are aware, we used to have YRTC-Kearney and YRTC-Geneva. As of August 2019, we had moved all the girls to the Kearney facility. So with the funding that we used for Geneva, that's the funding we used for YRTC-Lincoln.

VARGAS: Um-hum.

MARK LaBOUCHARDIERE: As you mentioned, the business plan calls for YRTC-Kearney being the hub for the males and females. The YRTC-Geneva facilities would be much smaller, and that's going to be for your reentry population for just the females. And then the Lincoln facility would be the, for the high-acuity males and females. So the funding, to answer your question, came from the Geneva piece of it. So we had-- to we didn't have to ask any additional funding, if you may.

VARGAS: OK, so just for clarity, so you're just moving the funding that was allocated for Geneva, for the purposes of this contracted building, as part of the business plan in Lincoln?

MARK LaBOUCHARDIERE: Yes, Senator.

VARGAS: OK. Thank you.

STINNER: Senator Bolz.

BOLZ: I, I'd also like to ask a couple questions about YRTC. Are you-- the YRTCs, are you currently fully staffed? Do you have all the staff that you need to handle the folks that are in need of support of the YRTCs?

MARK LaBOUCHARDIERE: No, we, we do have quite a bit of vacancies at our Kearney facility right now.

BOLZ: Um-hum.

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MARK LaBOUCHARDIERE: So we're trying to get that filled as soon as possible. We had a hiring event about a week and a half ago in Kearney. We have another hiring event through HR, coming up in March.

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: So we hope to get more of the vacancies cut down.

BOLZ: Um-hum. How are you-- how are you covering shifts now?

MARK LaBOUCHARDIERE: All right. So we have, within our youth facilities which I oversee, we also have-- we have staff coming from the Hastings Regional Center, from Whitehall, from YRTC-Lincoln, because we have no youth there right now, and YRTC-Geneva, since we have no youth there, as well. So they come in to provide support to our staff. And we also have a-- our security advisors change that schedule to provide additional support, including our compliance staff.

BOLZ: OK. Can you, can you help me understand? And please do catch me up. I haven't followed this the way that the HHS Committee has followed this. I think Senator Howard referenced a reduction in force in December. And now in February, you're talking about staff from other facilities. Did I misunderstand what she was communicating? Or what, what happened there?

MARK LaBOUCHARDIERE: I don't want to put-- speak for Senator Howard, but I, I think what she meant by reduction of force was in the Geneva facility. So when we had the staff in Geneva and we moved all the girls over, and once we closed down the Geneva facility for the whole operations piece of it, that's where we reduced staff. That's where we have staff from there-- we just used the staff which we needed for the reentry piece of it. And the rest of them, we had opened up an MLTC Center down there in Geneva where staff were able to, to move and get jobs over there, as well.

BOLZ: So will you hire new staff for the Lincoln facility?

MARK LaBOUCHARDIERE: Yes. We, we, we did offer any staff the ability to apply for jobs at our Kearney and Lincoln facility.

BOLZ: Um-hum.

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MARK LaBOUCHARDIERE: But it's-- from Geneva to Kearney, it's what's a-- it's maybe a little over an hour, hour and 15 minutes, hour and 20 minutes.

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: And then it's an hour to Lincoln. So not everybody has the flexibility to just drive up and down every day as their job--

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: --on a normal basis.

BOLZ: And so with-- and correct me if I'm not understanding this, this correctly. But with all of those changes, you have, you have enough funding and PSL authority to fund the needs that you have across your changes. In fact, you probably have some vacancies savings, right?

MARK LaBOUCHARDIERE: That's--

BOLZ: You probably have some--

MARK LaBOUCHARDIERE: It's not just vacancy savings. It's, it's-- we were really strategic in how we were able to move the PSL operations into Lincoln because the Lincoln facility is not-- it's, it's going to be a 20-bed facility; you have 11 males and 9 females. And the Geneva facility is going to have about 3 to 6 females.

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: So that's where the funding savings also came from, because it was a reduction of beds, if you may, as well--

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: because the Geneva facility was budgeted for a much higher number. So there was also savings with that mechanism, is what I'm saying.

BOLZ: OK. And, and just one more piece of that. So is your-- is the intention that the Lincoln facility is a permanent facility?

MARK LaBOUCHARDIERE: No. Right now-- in fact, we just had a visioning session last week where-- this is, this is what I think some people are getting caught up on, where the people feel as though this is a

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long-term plan for DHHS, saying it's going to be three facilities in the whole business plan. This whole plan was just something right now in the interim-- what to do, especially after what we saw at Geneva. There's a long-term plan which is being done from interactions through different stakeholders, to say, what is that continuum in Nebraska going to look like for youth in our care, not necessarily just when they coming to-- in the facility, as in, in the YRTC kind of setting, but also prior and after. There's, there is a lot of work that also can be done in the after part once the kid leaves, so they don't come back to us [INAUDIBLE].

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: So this is just interim plan--

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: --till that bigger vision group looks at that and says--

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: --what does that need to look like? And looking at other models from other states which have been proven to work, whether it's the Missouri model or the New York model, and bringing the national consultants to say what that needs to look like, and how people are going to collaborate, not just from my DHHS setting, but from Probation, from courts, the whole--

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: --group.

BOLZ: Do you need any, any funding to develop that plan? Do you need a consultant? Do you do have the flexibility and support that you need to--

MARK LaBOUCHARDIERE: That--

BOLZ: --put that all together [INAUDIBLE]?

MARK LaBOUCHARDIERE: There's actually a bill through Senator Howard, who actually has that, asking for that five-year plan. So that's part of a bill which speaks for that, as well.

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BOLZ: OK. And does that bill include the cost-- the recommendation related to the cost study and needs assessment for the inpatient residential psychiatric unit?

MARK LaBOUCHARDIERE: That is a separate bill that's for-- you're speaking of opening up adolescent unit at LRC.

BOLZ: OK, so those recommendations are being brought up through the Health and Human Services Committee?

MARK LaBOUCHARDIERE: Yes, Senator.

BOLZ: All right. And last question here-- do those, do those bills have fiscal notes?

MARK LaBOUCHARDIERE: My understanding, the one for LRC, for the inpatient unit, there's a fiscal hole for that to do an assessment to see what that's going to cost.

BOLZ: Um-hum.

MARK LaBOUCHARDIERE: For the other one, which you talked about the five-year plan piece, I don't believe there's a fiscal note to that.

BOLZ: OK. Thank you for your patience. I think the committee might want to keep an eye on needs on the floor.

MARK LaBOUCHARDIERE: And that's where the visionary group comes in. Maybe next year when that group meets, it's going to look at a whole, a whole skew of different things from-- does it, does it require Geneva and Kearney? Does it require more of smaller facilities across Nebraska? We see most of our youth coming from Omaha and Lincoln, but yet our facilities are in Kearney and Geneva. And nationally, people are going closer to home-- community services-- so there could be a whole different request. So I, I mean, I don't what that's going to look like, and--

BOLZ: Thank you.

STINNER: Senator Vargas.

VARGAS: So a follow-up question. So you said that this is-- the moving to Lincoln, or at least the contract in Lincoln is an interim plan.

MARK LaBOUCHARDIERE: Um-hum.

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VARGAS: How long is the lease terms for the Lincoln, Lincoln building and Lincoln facility right now?

MARK LaBOUCHARDIERE: The lease term right now, in my understanding, is five years.

VARGAS: It feels like more than an interim plan of five years, but OK. So--

MARK LaBOUCHARDIERE: So I get, I-- so hypothetically, if you may, so let's say the group, the vision group or some national consultant comes and says, you ought to have-- open up a small facility in Lincoln, 'cause most of our kids come from Lincoln. That could potentially be our location already there, which we could make into more of a smaller, Lancaster-based-- only for Lancaster-- youth facility, where that could potentially work. Does that make sense? So I mean, and with a lease like that, there's always-- if a group meets and says we have to go a different complete direction, there's always clauses in a lease to that effect.

VARGAS: The reason why I bring it up is because, you know, we're appropriating the funds with the intent for the existing facilities. So you talked about moving the funds that were meant for Geneva to this, and that was done in the interim. But we appropriated those funds because we were assuming that Geneva was going to continue to be meeting the programing needs, right?

MARK LaBOUCHARDIERE: Um-hum.

VARGAS: Were there funds last year? Actually, I kind of briefly remember Senator Erdman sending a report on how many funds were spent on facilities and maintenance at Geneva in 2019. I don't know if you can reference or you know, how much we spent before we made the change to Lincoln.

MARK LaBOUCHARDIERE: I do not know that number, Senator. I'm sorry.

VARGAS: OK.

MARK LaBOUCHARDIERE: I can get that information for you, though.

VARGAS: Thank you.

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MARK LaBOUCHARDIERE: You're talking about maintenance issues specific, right?

VARGAS: Yep. Yep.

STINNER: Senator Clements.

CLEMENTS: Thank you, Director. Regarding-- you mentioned Senator Howard. We had Senator Howard presenting a bill, LB1146, to divide some-- the Kearney building into private rooms and bathrooms. Do you have a position on that? Does that fit in with your plans?

MARK LaBOUCHARDIERE: The department chose to do no action on that just because-- my opinion is that there was a note attached to it for \$3 million, and we would have to have-- to be thoughtful and "intentful" about that. We would have to actually have an architectural firm come in to give you an exact number, what that's going to look like. I know just even in our facility in HRC, which we just opened up, it was \$5.2 million, and those were not for high-risk youth. So we're talking about a high-youth-- high-risk youth setting, you're talking about strong walls where they cannot break through, you're talking about metal doors they cannot kick through with like some of the wood ones we have. So to put a number on that, until we have a architectural design firm come in to say, this is what it's exactly going to look like, if we wanted those existing structures at that facility. So--

CLEMENTS: Are you looking into making some changes like that, though, in your plans?

MARK LaBOUCHARDIERE: Yes, I think, again, that's part of the vision session to see what that needs to look like for a continuum of care for all our facilities, so that would be part of it.

CLEMENTS: Thank you.

MARK LaBOUCHARDIERE: You're welcome.

STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here today. Do you know a date when you will start up the people coming to Lincoln? We keep hearing different dates, I guess. Is it-- are you, are you close enough to know when that might happen?

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MARK LaBOUCHARDIERE: Yes, it should be by the end of this month, is what they told us.

DORN: By the end of this month, capacity of-- you said, I think, 20.

MARK LaBOUCHARDIERE: So I was talking about total capacity being 20. It is a brand new facility. We're talking about high acute kids right now. So if we would have dumped 20 kids into that facility right now, it'd probably implode. So we're going to be strategic and bring kids slowly at a time. So you're going to have staff develop relationships with those kids first, at a much smaller number. And then slowly, as time goes, we'll progress to a larger and larger number. This way, it's more technical in terms of how we have these kids progress and succeed.

DORN: Thank you. And then one other question, I guess. You were talking a little bit ago, about a five-year plan or this plan coming, I guess. I don't know, I guess from a perspective of just myself, you know, over the last several years, we've seen kind of Geneva go backwards, and then we had to close it because of issues there. Now we move some of these kids to Kearney. And now within the last week here again, we hear more issues. I guess to me we're not-- somewhere along the line, we're not advancing. We're not solving the problem, I guess. We're more putting Band-Aids on it, and we're not coming up with a solution, I guess. And I don't know if your five-year plan or what-- or, or how will we-- where will we start seeing results, I guess?

MARK LaBOUCHARDIERE: The five-year plan I mentioned was a bill that Senator Howard had put in there, asking the department for a five-year plan. So that's what that piece came from.

DORN: That's where that piece came from. What, what-- I mean, what do we-- what are we looking at here, though, in the next six months, maybe, to, as we go forward, so that we don't continue to have some of these problems we're having, I guess? I don't, I don't know if, facility-wise or if other things, if there's thoughts?

MARK LaBOUCHARDIERE: There, there's several things going into planning right now. It's part in the facilities and where they need to be located at, to who-- or what kind of kids need to be served there. I know we had some of the senators talk about the high-acuity 10 percent of the kids in Kearney right now and where they could potentially benefit from a Lincoln facility. That-- I think sometimes where I think we have failed it is sometimes we only concentrated just on the

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YRTC piece of it. And if we don't look at the other elements of it, from the court side to the probation side to the prevention side, I think that's you fail. I think that's where CEO Smith is trying to look at that whole vision of what that's going to look like. And so I have this vision group, it's just not the HHS folks. It's-- we have advocacy groups, we have some representatives, some senators, we have Probation in there, we have court representation to look at that entire picture because, even with a kid who we have issues with, [INAUDIBLE] right now with aftercare services, if we have to send a kid home for a furlough or different services. Having everybody together at the same table and say this is what that needs to look like, or for best practice, and looking at other states and how it's been successful out there. I mean, that's more of a much more thoughtful plan versus just piecemealing it, saying it's just the YRTCs.

DORN: Thank you for that explanation. Thank you.

MARK LaBOUCHARDIERE: You're welcome, Senator.

STINNER: Additional [INAUDIBLE] questions? Seeing none, thank you.

MARK LaBOUCHARDIERE: Thank you. Senator Stinner.

STINNER: Any additional proponents? Any opponents? Anyone in the neutral capacity? Oh, we have somebody in the neutral. Good afternoon.

KATIE McLEESE STEPHENSON: Good afternoon. Could almost say good evening. Good afternoon, Chairperson Stinner and members of the Appropriation Committee. My name is Katie McLeese Stephenson, spelled K-a-t-i-e M-c-L-e-e-s-e S-t-e-p-h-e-n-s-o-n, and I serve as the executive director of HopeSpoke, formerly known as Child Guidance Center, here in Lincoln. I am here today representing the Nebraska Association of Behavioral Health Organizations, a statewide entity with 48 member organizations, providing an array of services for those in need of behavioral healthcare across the lifespan. Today, I want to underscore the importance of community [SIC] access guarantee funds-- often referred to by their acronym CAG funds-- through the Division of Behavioral Health. The division has let the regions and, in turn, providers know that they are moving to do away with this funding to move these funds into a fee-for-service arrangement. This will lead to a decrease in capacity and access to those-- to serve those in need from the agencies impacted. Whatever gains that were anticipated by those agencies when rates were increased by your work in the

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legislator-- Legislature last year will, we, will be wiped out, as well as further financial destabilization. We are requesting that CAG funds be left in place or, if a different strategy is used, that providers do not lose funds in the end. CAG funds were designed to allow the behavioral health regions the ability to ensure that access to services are guaranteed in certain specialized situations by providing funds that can be utilized when other means of reimbursement are not available. The CAG funds are critical to-- critical to program sustainability in that they allow programs to break even by covering the excess expenses. Similarly, in the event that revenue exceeds expenses for a particular month, the excess revenue is credited back to the CAG balance at the region. The purpose of these funds is in keeping with the regional behavioral health system intent, which was created to be flexible and to meet the needs of the area where they exist. The removal of CAG funds takes away that regional-- needed regional flexibility. HopeSpoke receives a variety of funding from public and private entities, and raises charitable dollars each year to make ends meet. There is a significant gap, as has been talked about earlier today, in the cost of providing behavioral healthcare and the reimbursement rates received from two of our largest sources of public funds: the Division of Behavioral Health, through the regional system, and Medicaid. Our agency is unique in that we serve a large number of children and youth. Last year, 88 percent of the clients that we served were under the age of 18-- excuse me, 19. When providing services to a minor client, it's essential that you work closely with the family or guardians, and also with the multitude of system partners that the child or youth are involved with. Based on experience, we know that the time associated with collateral contacts for children and youth far exceeds that of adults and impacts our costs greatly. Yet the rate for providing these services is the same for children as is adults. The fiscal-- this fiscal year we will receive \$196,453 in CAG funds for our office and school-based outpatient services for children. CAG funds are essential in allowing us to sustain our outpatient service program. A fee-for-service arrangement, at current rates, does not work out for these programs due to the extenuating reason that CAG funds are put in place. Without the CAG funds, our organization would need to scale back and significantly decrease the children's services that we've provided for over 70 years in our community. This would also occur for other organizations that receive CAG funds in both rural and urban settings. I'm here to request that whatever solutions are developed by the Division of Behavioral Health do not decrease access or program sustainability. To do so in a system that's designed to help the most

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vulnerable when behavioral health concerns are on the rise and in the forefront of many societal issues, feels shortsighted, especially when these funds are for some of the lowest levels and least expensive community-based services to be carried out. We request that providers of services within the regional behavioral health system do not lose CAG funds as a mean to sustain these specialized services in a more cost neutral way. If not, there will be decreased services and access that will be harmful to Nebraskans in need. Thank you for your time, and I'd be happy to answer-- to try and respond to any questions that you might have.

STINNER: Any questions? Seeing none, Senator Erdman's not here. I'm sure he would have a couple of questions (LAUGHTER).

HILKEMANN: That's so frustrating.

STINNER: Thank you.

KATIE McLEESE STEPHENSON: Thank you.

NICK FAUSTMAN: Good. I'm Nick Faustman.

STINNER: You're chasing everybody away. Did you notice that?

NICK FAUSTMAN: I did; I noticed that. That-- sorry about that, guys. Nick Faustman, with the American Cancer Society Cancer Action Network. That's Nick, N-i-c-k; Faustman, F as in Frank-a-u-s-t-m-a-n. Given the hour, I'll streamline my testimony. But I wanted to talk about the current youth tobacco epidemic, which has brought to light the aggressive tactics used by the tobacco industry to target young people. The rapid increased use of e-cigarettes by youth and the under regulation of these products requires action at the state level to protect that population, as well as the public health at large. Ensuring that the state's tobacco control program is adequately funded will be an extremely important tool in addressing this epidemic. The toll that tobacco has had on the state has been enormous, and, in fact, one of those handouts that we've had distributed to the committee members will outline those, those costs. In addition to those costs, the Campaign for Tobacco Free Kids estimates that 38,000 Nebraska kids now under 18 will ultimately die a premature death from smoking. However, we can significantly decrease those costs-- disease and deaths --with the investment of more funds into Tobacco Free Nebraska. Current funding, as you know, is only 12 point percent of what the Centers for Disease Control and Prevention recommends for the

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state of Nebraska. Two years ago, public health and patient advocates requested the Appropriations Committee consider additional funding for Tobacco Free Nebraska in recognizing how important the program is to the physical and economic health of our state. The committee did approve a one-time increase of \$500,000. The increase in funds were put forward-- or I'm sorry, they were put towards Quitline and media efforts regarding the Surgeon General's PSA on e-cigarette use. Once again, this year we are requesting that an increase in the same amount be made to the program's budget on a sustained basis. The funding is needed now more than ever.

STINNER: Thank you. Questions? Thank you.

NICK FAUSTMAN: Thank you.

BETH BAXTER: Good afternoon, Chairman Stinner and members of the Appropriations Committee. Thank you for hanging in here with us all day long. And, and I know that the, the time has been long, and so I'm going to be brief, as well. My name is Beth Baxter, B-e-t-h B-a-x-t-e-r, and I'm the regional administrator for Region 3 Behavioral Health Services that covers the 22 counties in central and south-central Nebraska. As a regional administrator for over 28 years. I understand the challenges that providers of public behavioral health system face. Nebraska is a diverse state in terms of demographics, geography, resources, and needs. The Nebraska behavioral health system is also diverse in terms of its comprehensive array of services and coordination functions that require payment methodologies to cover the cost of service delivery across the state. Today we've talked about funding, we've talked about rates, and I'd like to say that there is more to our system than just the funding and the rates, but it's the methodology in which that funding receives-- is received by providers. Many services are paid on a rate based on a unit of service. However, not all services are suited for reimbursement on a rate. Due to the comprehensive nature of the Nebraska behavioral health system, the complex needs of the individual seeking treatment and support, the expanse of Nebraska, and the lack of critical mass in many areas of the state, a variety of payment methodologies is necessary. Over the years, this system has benefited from the foresight and understanding of the Division of Behavioral Health and behavioral health regions, to utilize payment methodologies including: rates; capacity access guarantee--the CAG; rate enhancement; service enhancement; and what we call expense reimbursement, knowing that capacity and access must be maintained in order to achieve a balanced

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service array, ready to serve those who walk through our doors. The Division of Behavioral Health, regions, providers, consumers, and stakeholders have worked together to create us a delivery system that is recovery oriented, trauma informed, and effective. However, this system is experiencing a narrowing of payment methodologies that place some services and some providers at risk of closure. The reduction in the flexibility concerns me and many of my colleagues, as we know that services are needed across this entire state. Our system has right-- recognized what I call the fire station effect, in that we must fund the fire department when they're battling a fire and when they're not, when they're standing ready to, to serve. It's the same way for an effective behavioral health system in a diverse state. Even though some areas of the state do not have the critical mass to fully support essential services, it doesn't lessen the importance of service access and capacity that is available to meet the needs and individuals in frontier, rural, as well as metropolitan areas. My colleagues and I will continue to work with the Division of Behavioral Health and advocate for flexible funding methodologies to ensure that we have a viable system across our entire state. I appreciate your time, again this afternoon, and would be happy to answer any questions.

STINNER: Thank you. Question? Seeing none, thank you. How many more testifiers do we have for this--by hands? One, two--

HILKEMANN: Six or seven [INAUDIBLE].

STINNER: OK.

RANDY McCOY: Good afternoon, Mr.--

STINNER: We'll try, we'll try to keep it at five minutes. It may have to--

RANDY McCOY: Yes, sir. Good afternoon, Chairman Steiner and members of the committee. My name is Randy McCloy; I am R-a-n-d-y M-c-C-o-y. I'm the executive director of the Metro Area Continuum of Care for the Homeless, serving Douglas and Sarpy Counties. And today, I'm here to speak about proposed reductions of 2020 funding for the Nebraska Homeless Shelter Assistance Trust Fund. Mr. Chairman, I would start with a question you posed earlier. How important is it to fund homeless shelters? And my answer would be that it is critical. The key to preventing and ending homelessness in Nebraska is the availability of effective programs, a critical element in creating success in the availability of reliable funding that ensures communities can provide

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services. In our state, the Nebraska Homeless Shelter Assistance Trust Fund has done just that. HSATF funds provide services for homeless prevention, street outrights -- outreach, emergency shelter, and rapid rehousing. That funding is what our communities rely on to help Nebraskans experiencing homelessness return to stability. Unfortunately for 2020, the HSATF program is proposing a reduction in funding of nearly \$1.8 million. This reduction in funding will lead to both short- and long-term impacts. In the short term, we will see increased episodes of homelessness, longer stays in emergency shelters, and fewer opportunities for households to move into stable housing. Additionally, providers across the state that receive funding, both from HSATF and from federal sources like HUD, will have a double impact. The contracts between HUD and providers across the state require a cash match. An HSA-- HSATF funding, because it is state level funding, can be used as that match. So at the same time, the providers who are receiving both of these sources of funding are losing money because of the HSATF reduction. They will also find it harder to come up with cash match to satisfy their federal obligations in the long term. And as a result of the short-term impacts, Nebraska's continuums of care could become less competitive in annual competitions for homeless assistance funds from the Department of Housing and Urban Development. A loss of competitiveness would make it harder for our state to retain existing federal funds, and would reduce our ability to attract new funds for expanded services. These outcomes would undercut the success of the last decade. Since 2010, Nebraska has achieved an overall reduction in homelessness of 39 percent. We are recognized as one of the top five states in the country in our ability to provide shelter for those experiencing homelessness. The Omaha Continuum of Care has reduced veteran homelessness by 41 percent, and the Lincoln and Balance of State Continuums to have effectively ended veteran homelessness. I encourage the Appropriations Committee to consider these accomplishments and the potential impacts of the 2020 reduction, and to restore funding to the 2019 level, to ensure that all Nebraskans have a safe and stable place to call home. I'd be happy to answer any questions,

STINNER: Questions? I can assure you, I think the committee understands the plight, and we'll see what we can get done for you.

RANDY McCOY: Thank you, Mr. Chairman. We appreciate it.

LEAH DROGE: Hello. Good afternoon.

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STINNER: Yes, almost evening.

LEAH DROGE: Right, almost evening. So good almost evening, Chairman Stinner and members of the Appropriations Committee. I'm going to echo a lot of what Randy just said. My name is Leah Droge, L-e-a-h D-r-o-g-e, and I'm here today on behalf of the Lincoln Homeless Coalition. We are a collection of more than 45 member agencies who provide a continuum of shelter and services for those who are at risk of, or currently experiencing, homelessness in Lincoln, Nebraska, I also work for Friendship Home, who receives [INAUDIBLE] funds, providing safe, confidential emergency shelter for victims of domestic violence. Through a coordinated assessment and collaborative efforts, resources in our Lincoln Continuum of Care have focused on the most vulnerable members of our community. The proposed 45-- almost 46 percent reduction in Lincoln's allocation of the Homeless Shelter Assistance Trust Fund in 2020 would translate to an estimated 837 unserved households in our community. In addition, the reduction will result in significant long-term impacts on the homeless service system. Emergency shelters already operate at or above capacity. Increases in homelessness, due to fewer prevention services and a reduction in available shelter bed nights, will result in more people being unable to access shelter and force them into unsafe living conditions. As a staff member at Friendship Home, I have witnessed the impact of emergency shelter to provide safety for many victims over the years, including: a mother severely assaulted by her intimate partner, who left the emergency room without a safe home for her and her children to return to; a pregnant young woman who was strangled, stalked, harassed, and threatened by her ex-boyfriend; a victim-- beaten, threatened with a gun, and left on the side of the road after being told by her intimate partner, if you say anything, I will come back and finish what I started. It was essential for these victims and others that emergency shelter was available in their time of need. In closing, the Lincoln Homeless Coalition urges you to consider the long-term impact of the proposed reduction. It is critical that emergency shelter, rapid rehousing, prevention, and outreach be maintained for those at risk of, or experiencing, homelessness in our community and across the state. Thank you for your time, and I'm happy to answer any questions.

STINNER: You're Region 6?

LEAH DROGE: Yes,

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

LEAH DROGE: Um-hum.

TERA KUCERA: Good evening.

STINNER: Good evening.

TERA KUCERA: Thank you, Chairman Stinner and members of the Appropriation Committee. My name is Tera Kucera, and I am the CEO of Care Corps, Inc., in Fremont, Nebraska. Today I'm here to represent the Balance of State Continuum of Care, which has 23 agencies funded by the Homeless Shelter Assistance Trust Fund. This funding has allowed service providers the opportunity to respond with solutions that lead to long-term success for those most vulnerable in our state. The ability to respond takes into consideration not only the well-being of those we serve, but the well-being of each community and the state of Nebraska as a whole. If we lose nearly \$715,000 in funding, we lose the ability to respond to and effectively assist those who are homeless, near homeless, or fleeing domestic violence. While we are currently responding to these circumstances, it is on an already stretched-thin budget. I want to share with you an example of how my own agency has responded to homelessness with this funding. A family entered into our homeless shelter with five little boys, all under the age of seven, one whom is autistic. This family had been living in their Suburban since March, when their rental home was lost in the flood. Dirty, hungry, and tired, they entered a shelter with only a few articles of clothing. Once their basic needs were met, a case manager sat down with this family to help them figure out the underlying issues that have kept this family living in their vehicle for more than six months. Their case manager assisted them in getting the oldest two children enrolled in school. They walked alongside them as they applied for SNAP benefits and Medicaid. Once Medicaid was approved, the child with autism was able to have surgery to remove a large tumor on his leg that the family couldn't address because they couldn't afford it. Mom and dad have both taking classes in parenting and budgeting, and dad is now learning new job skills while mom is attending AA and learning to live a sober, sober life. Because of this funding through NHAP, this family is now entering into rapid rehousing and will be permanently housed within the Balance of State. While we would be able to offer this family-- and families like these-- a place to sleep, eat a meal, and clean, and clean up, we would not be able to offer the wraparound services that are leading them to self-sufficiency. Instead, we would know that they would end up

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entering again into a homeless situation, perhaps at our agency or another shelter, dirty, hungry, and tired, with the threat of CPS involvement. This is just one family from one agency out of 93 counties. The Homeless Shelter Assistance Trust Fund allows the state of Nebraska to respond to and intervene in homelessness, near homelessness, and those fleeing domestic violence, rather than react to it, which is far more costly. In closing, the cut that we are facing will significantly decrease our ability to provide services to those most vulnerable in our state, which will cause an increase in hospital visits, law enforcement interventions, CPS involvement, along with increased crime rates just to get the most basic of human needs met. On behalf of the Balance of State. I beg you to consider the efforts of this proposed reduction in funding. Thank you. Now I'd take any questions behind them.

STINNER: Thanks for sticking around, and thank you for doing what you're doing.

TERA KUCERA: Thank you.

STINNER: Questions? And drive careful.

TERA KUCERA: Thank you; I will.

MARY FRASER MEINTS: Hello.

STINNER: Good evening.

MARY FRASER MEINTS: Thank you. Chairman Stinner and members of the Appropriations Committee. I am Mary Fraser Meints, M-a-r-y F-r-a-s-e-r M-e-i-n-t-s. I'm here to raise concerns about the funding that you've already heard about, that YES provides critically needed resources to empower young people, who are experiencing homelessness and near homelessness, to become self-sufficient. We want them to get back on their feet, be in school and have a job. We served over 3000 young people ages, 12 to 24, last year. We provide a variety of support services through prevention and self-sufficiency. Providers across the state who serve youth work strategically to prevent youth homelessness and, ultimately, to eliminate it. Until then, if a youth experiences homelessness, we strive to make it a rare, brief, and one-time occurrence. YES recently received funding through this trust fund. We received a little under \$100,000, and we were able to help 100 young people each year to prevent them from being homeless. We could pay for their rent, their deposits. They could get back on track, and we could

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help them move forward. Young people who face an eviction get it on their record, and it's also a trauma. And we can help them so they don't have that trauma or an eviction on the record. So let me tell you a story about one father. He has, he has four children, and two of his children live with him. And he was seeking the custody of his newborn son who lived with his-- the mother. And he was concerned that the mother was abusing or neglecting him. So he was taking time off from work, he wasn't paying his rent, and he was about to be kicked out of his home. So he came to us and we used this funding to help him stay in his apartment. And he was able to legally get custody of his son to avoid the son going into the foster care system. And he now has three of his four children living with him. So this fund-- we talked earlier about Families First Prevention Services. This fund can help families avoid the child welfare system. These services are critical to prevent young people from experiencing chronic homelessness. We must address this because adult homelessness has been working, but if we continue to have homeless youth, we're not going to address the issue in the future. I've attached a document from the National-- let's see-- Law Center on Homelessness And Poverty, of True Colors. They recently released a report on the State Index of Homelessness. Nebraska's 48th. So please help us keep this funding to help people who are experiencing homelessness and near homelessness. Thank you for your attention. And I understand that you support this issue. If you have any questions, I'll be glad to answer them.

STINNER: Questions? Yes, ten seconds or [INAUDIBLE].

HILKEMANN: A ten-second comment.

MARY FRASER MEINTS: OK, thank you.

HILKEMANN: And I've visited your facility, and thank you for the work that you're doing in Omaha.

MARY FRASER MEINTS: Thank you.

HILKEMANN: I appreciate it very much.

MARY FRASER MEINTS: Thank you for visiting us.

STINNER: Yeah, the only thing that exceeds this is our prison overcrowding. And think we're 49th or it could even be 50. I don't-- I can't remember [INAUDIBLE].

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MARY FRASER MEINTS: Yeah, it's pretty sad.

STINNER: None of them were very good.

MARY FRASER MEINTS: I gave you the scorecard. We've got some more work to do on legislation-- maybe next year.

STINNER: OK.

MARY FRASER MEINTS: Any other questions?

STINNER: Any questions? Seeing none, thank you.

MARY FRASER MEINTS: Thank you.

STINNER: Good evening.

MINDY PACES: Good evening. Thanks for staying late. Chairman Stinner and members of the Appropriations Committee, thank you for having us. My name is Mindy Paces, M-i-n-d-y P-a-c-e-s. I'm the vice president for Heartland Family Service in Omaha, Nebraska. Many of the clients that we serve are survivors of domestic violence and sexual assault, living with substance use and mental health disorders, living in poverty, and experiencing homelessness. Homeless-- the Homeless Shelter Assistance Trust Fund dollars are used to staff our overnight shifts at our domestic violence shelter, provide case management and financial assistance for individuals who are at risk of becoming homeless, and provide similar services for individuals who are already experiencing homelessness. Our goal is to help individuals and families quickly obtain housing and find a lasting way out of homelessness. When individuals have little or no financial resources, we do not deny them for services, nor do we turn them away if they have other challenges like past debts or criminal histories that, you know, that may prohibit them from having housing stability. The services that we provide are really a stepping stone to self-sufficiency where once, you know, housing has been obtained, then a sense of stability can really be established. We have seen mothers and their children leave, as survivors, from our domestic violence shelter. As they have found their way out of homelessness, they're free from fear; they have a stable roof over their head. We've also had individuals who've come to us from living in their car on the streets-- in their car, on the streets-- really looking for any assistance that they can get to be able to, you know, get a chance to start their light over, life over and get back on their feet. So

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through these services, they do have a new chance that they would not have if not for the funding that the Homeless Shelter Assistance Trust Fund provides. So a reduction in funding means several things: an internal shift of programming; job cuts; and a reduction in service offerings. However, you know, on a much larger scale, it will mean that more families will continue to languish in shelters and on the streets. Options to find a way out of homelessness will be slim, and for those who are on the brink of becoming homeless, the few resources that we have to help them avoid homelessness will be much harder to find. On a much bigger scale, our state will see an influx of individuals who will enter the homeless system, creating a strain on our already overcapacity shelter system. And additionally, bottlenecks will be intensified as, you know, our resources dwindle to help those find a way out of homelessness. So in closing I, I strongly urge the committee to identify solutions and an alternative to this funding reduction. And just please consider the impacts that this will have, not only on individual continuum of care, but on the larger state of homelessness in Nebraska. And it sounds like you guys are aware of that, so--

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

MINDY PACES: Thank you.

JAY CONRAD: Senator Stinner and Appropriations Committee members, my name is Jay Conrad. I'm executive director at Houses of Hope in Lincoln, and today I'm speaking on behalf of the five halfway house providers in Nebraska. That would be: Friendship House in Grand Island; The Link in Norfolk; Santa Monica's in Omaha; the Arch in Omaha; and Houses of Hope here in Lincoln. We're here to ask that the Appropriations Committee consider our specific request to increase the Medicaid rate for halfway house services. The halfway house Level 3.1 service definitions are the same for both the Division of Behavioral Health and Medicaid, yet the rates paid by the two are vastly different. I'd like to illustrate the rationale for our Medicaid increase request. From fiscal year '11 through '12, '13/14, rates between DBH and Medicaid we 're incredibly similar. Beginning in '14/15, that changed, initially for the positive. Then in '15 and '16, they were also similar, but at '17 through '18, the difference became significant. For the past three years, the Medicaid rate has been 42.63 to 40.34 percent below the DBH rate. And the DBH rate has not increased since July of 2016. And there is a chart that kind of helps indicate where these rates have kind of gone and how far below they

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are. With Medicaid expansion, we'll see more clients reimbursed at this lower rate, and with no decrease in staff coverage or staff expectations or program expenses. This will have a devastating impact on our halfway house programs. This is not something we're going to be able to weather. The current Medicaid, Medicaid rate results in the loss of about \$1,400 per person per month for every individual we serve. In addition, we've not been able to assess-- we won't be able to assess sliding fees, which we're required to collect by the Division of Behavioral Health. We assess sliding fees based on client income they earn as they get back in the-- back to the work force while they're in our programs. This has always been a living skill, which helps each client learn to budget and be prepared to pay their own rent when they move into independent living. The loss of sliding fees on top of the reduced Medicaid rate increases the loss in revenue to \$1,700 to \$2,100 per person per month. The Medicaid and DBH service definitions indicate that individuals typically require halfway house services for longer than six months for maximum effectiveness. Using those figures I just cited, that would equate to a loss of between \$8,600 and almost \$13,000 for each Medicaid client served over a six-month period. The reimbursement loss will undermine our ability to continue to provide quality services. Halfway house services are a vital and effective part of a substance abuse treatment system. As halfway house providers, we have 228 years of experience serving individuals with substance use and mental health issues. Our halfway house programs offer community-based safe housing with 24-hour staffing, and programming for adults seeking integration into the community. We offer cost-effective treatment where consumers begin their return to work, resume paying taxes, reconnect with families, resume child support payments, regain custody of their children, and remain clean and sober. They can once again be successful parts of our community. A large percentage of our clients-- between 60 and 80 percent across the state-- have some level of involvement with Probation, Diversion, Courts, Drug Courts, or Corrections. Halfway house services will be even more important as we all-- as we're moving more individuals out of the correctional facilities, who will benefit from treatment and recovery supports to aid in their successful transition back to the community. We offer high-quality services provided by master's-level licensed substance abuse and mental health professionals, and a cadre of Behavioral Health staff. Each of our halfway house facilities are licensed by the state of Nebraska and are CARF accredited, so we have national accreditation. Senator Stinner and members of the Appropriation Committee, we respectfully ask that you increase the Medicaid rate to at least the level of the Division

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of Behavioral Health. This will provide the resources needed to meet the complex needs of clients being referred to our services.

STINNER: Thank you. Questions? Seeing none-- I'm sorry, I was texting my wife. I don't, I don't want to be homeless after tonight.

JAY CONRAD: And hungry, too [LAUGHTER]. Thank you.

STINNER: Is it possible that you're the last one to give testimony?

BRIAN KRANNAWITTER: I think I might be the last one, and I will-- I promise. I'll keep it very brief; I know it's been a long day. And I was about ready to say good afternoon, but I think it's almost good evening. So good evening, members of the Appropriations Committee, Senator Stinner. I thank you for the opportunity to testify this evening. My name is Brian Krannawitter; its B-r-i-a-n, last name is spelled K-r-a-n-n-a-w-i-t-t-e-r. And I'm the government relations director for the American Heart Association here in Nebraska. Just to reiterate what my colleague, Nick Faustman of the American Cancer Society, said, we also do support the, the appropriation of \$500,000 for tobacco prevention association. As Nick indicated, e-cigarette youth rates have skyrocketed. And as you may have noticed as well, the federal government did raise the age to 21. So we have a lot of youth that are addicted to these products and could use help quitting the addiction. And also, since I'm up here. I would make a, a bit of a pitch here for heart and stroke system funding. Cardiovascular disease remains the leading cause of death in the United States. And just a little bit of history here. Senator Stinner and Senator Hilkemann, I believe, were on the Appropriations Committee when I came here about five, six years ago. And at that time we were involved in what is called a, a Mission Lifeline STEMI. And that-- STEMI is the most dangerous type of heart attack. And my mom actually had a STEMI and, fortunately, survived. And we were engaged in a, a process at the time-- in a project, I should say-- where we were focusing on STEMI. And one of the key components of that was funding what they called 12-lead monitors for our EMS units. With the help of the Legislature and our own fundraising that we did, I think it was over 100 different EMS services were equipped with this lifesaving equipment. And I must tell you, anecdotally, I hear, time to time, how these were used in saves. So the work that you do truly does have an impact on people's lives, and sometimes even saves their lives. And I can tell you from my own experience with my mom, she survived, due in part-- she's from Kansas but, fortunately, they had this equipment, and they had just received it a few months earlier. And they detected the STEMI, and

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they got her to the appropriate hospital and saved her life. We are engaged in a similar type of project right now, called Mission: Lifeline Stroke, where we're working with hospitals, EMS, to improve our stroke system of care. And I guess my pitch I'm making here is particularly on the data side, 'cause that old saying: you can't improve performance until you measure it. A-- I would just pitch for, you know, a consistent line-item funding so we continue, continue to sustain the work that's already occurred, and continue to save lives on both the stroke and heart front and all in there. But I would be remiss if I missed anybody that was on the committee then-- my memory is failing me here-- but I know at least Senator Stinner and Senator Hilkeemann were, and Senator Bolz was, as well. Thank you for approving that appropriation five years ago because it's, it's helped to save lives. And that concludes my testimony.

STINNER: Any questions? Seeing none, thank you.

BRIAN KRANNAWITTER: Thank you.

STINNER: Anybody else in a neutral capacity? Seeing none, I have two letters: one from Trilogy Integrated Resources-- sent in a letter for a program, behavioral-- in behavioral health; Friends of Public Health sent a letter for a program-- public health. That concludes our hearings on Agency 25 and our hearings for this evening. Thank you all for staying, and drive careful.