[AGENCY 25]

SENATOR HEIDEMANN: Thank you, Senator Nantkes. With that we'll close the public hearing on LB369, and open up the public hearing on Agency 25, the Department of Health and Human Services. Welcome, Todd. [LB369]

TODD LANDRY: (Exhibit 17) Thank you, Senator. Good afternoon, Senator Heidemann and members of the Appropriations Committee. My name is Todd Landry, T-o-d-d L-a-n-d-r-y. I'm the director of the Division of Children and Family Services in the Department of Health and Human Services, and I'm here to present the department's testimony. I am joined today by four of my colleague directors: Scot Adams, with Behavioral Health; Vivianne Chaumont with Medicaid and Long Term Care; Dr. Joann Schaefer with Public Health, and she also serves as the state's Chief Medical Officer; and John Hilgert with Veterans' Homes. John Wyvill, the director of the Division of Developmental Disabilities, will be with you tomorrow. Before we begin, we wish to thank members of the committee for your work on behalf of the department, and especially on priority areas for us over the past year and the past biennium. The recommendations in the Governor's budget proposal are intended to continue our initiatives while maintaining the basic supports and services for the most vulnerable Nebraskans in our state. We also want to thank you for including many of our requests in your preliminary recommendations. In the interest of time we will not address those requests unless you have additional questions for us. We would like to point out a few specific items. In reference to the aid programs, the committee has included additional funding for rate increases to providers. We request that the committee adopt the Governor's recommendation for a 1 percent rate increase for all programs except Program 424-Developmental Disabilities Aid. The Governor has recommended a rate increase of 2.5 percent for those developmental disability providers. In reference to Program 344-The Children's Health Insurance, and Program 349-Medical Assistance, the committee's preliminary recommendation includes the reinstatement of some of the funds excluded from the Governor's recommendation in FY'11. For example, the

implementation of a two-tiered payment rate and the increase in outlier threshold for DRG hospitals. Implementation of the premium payment for families whose children are Medicaid-eligible without regard to parental income will be delayed if it is determined that such implementation will jeopardize the enhanced federal match. The department continues to support the recommendations of the Medicaid reform initiative to curb the costs of the Medicaid program and requests that the committee adjust their recommendation to be consistent with the Governor's recommendation. In reference to Program 519-Veterans' Homes, the department has requested an increase in its PSL. Because of the move of the Eastern Nebraska Veterans' Home from Omaha to Bellevue, the department has experienced greater success in recruiting and retaining permanent staff for the Veterans' Home, significantly reducing the use of temporary agency staff. The hiring of permanent staff in lieu of temporary agency staff will result in a cost savings to the state. Therefore, we request that the committee increase the PSL for Program 519 by $582,261 in FY'10, and $505,323 in FY'11 to cover the cost increase in permanent staff. In reference to Program 33-Administration, the committee has recommended a reduction of two attorneys in Operations. Now this reduction would have an adverse effect on our ability to provide legal services to all of the divisions of DHHS. The legal services unit has had increased work load due to the assignment of two attorneys nearly full-time to BSDC, supporting their efforts to meet the requirements of the Department of Justice settlement and CMS recertification. In addition, we anticipate an increase of administrative hearings and appeals as the economic downturn increases the utilization of certain aid programs. In reference to Program 347-Public Assistance, if the Appropriation Committee's intent is to fund the child care market survey at the sixtieth percentile, it will need additional funding to cover the revised cost estimate. However, the department requests that the committee support LB319 to allow funding at the fiftieth percentile as included in the Governor's recommendation. The Governor's recommendation also included a $250,000 reduction in Program 250: community-based aid programs and services provided to juvenile offenders committed to the Division of Children and Family Services. The reduction would result in reductions in electronic monitoring of juveniles. The Appropriations

Committee preliminary recommendation adds the $250,00 back in. The department supports the Governor's recommendation. We appreciate the opportunity to discuss our budget request with you. My fellow directors and I would be happy to attempt to answer any questions that you have and hope you'll pardon us if we play a little bit of jack-in-the-box to make sure we have the right director up here in order to address your questions. [AGENCY 25]

SENATOR HEIDEMANN: Thanks, Todd. Senator Wightman. [AGENCY 25]

SENATOR WIGHTMAN: Thank you, Mr. Landry, for being here. As you know, our preliminary, the Appropriations Committee preliminary budget provided for a 2 percent increase in most of the...and you're suggesting that you prefer the 1 percent that the Governor has proposed. Is that right? [AGENCY 25]

TODD LANDRY: That is correct. [AGENCY 25]

SENATOR WIGHTMAN: And you're not talking just about family services, children and family services. You're talking about all the departments in the... [AGENCY 25]

TODD LANDRY: We're talking about the entire department's recommendations supporting the Governor's recommendation of a 1 percent increase. Yes, sir. [AGENCY 25]

SENATOR WIGHTMAN: Now I have some questions with regard to that because we've had a lot of discussion in our committee with regard to the fact that we have historically, for the last several years, past through smaller increases, substantially smaller increases to providers than the state employees have received, particularly when you factor in the health insurance. Because their appropriation increase to providers had to include all of the employees out there that worked with that provider, as well as the health insurance. Is that correct? [AGENCY 25]

TODD LANDRY: That is correct. [AGENCY 25]

SENATOR WIGHTMAN: So that when they get a 1 percent increase and you get a 2.9 percent increase, plus a 10 percent in health insurance, you're getting a much bigger increase than the employees of the private providers. Is that a correct statement? [AGENCY 25]

TODD LANDRY: Well, I would say that it is a partially correct statement from my view. The 1 percent increase is a 1 percent increase on the overall rate that is provided to providers. That does not differentiate between the cost of personnel versus the cost of actual aid programs or services in those programs. In the state appropriations process, of course, the appropriation for that PSL increase is separated from the appropriation increase, if there are any, for the aid programs. So in that case those pieces are actually divided into two separate components, whereas the provider rate increase is a 1 percent that's intended to cover both of those aspects. So it's not exactly an apples-to-apples comparison. [AGENCY 25]

SENATOR WIGHTMAN: I'll concede that it is not an exact correlation between the two, but if we pass through a 1 percent increase or 1.5 percent increase, to providers...and I realize this year you're holding your fairly flat, but in other years you've had increases that exceeded or we gave you an increase and then passed through the wage increases plus the health insurance. Is that not correct? [AGENCY 25]

TODD LANDRY: No, I believe that is correct, Senator. And certainly I think all of us recognize that we're in a very unique budgetary year, this year, and a very unique fiscal situation. We have attempted to do everything possible, and I know the Governor has attempted to do everything that he can in order to make sure that we come in, in a very conservative way in respect to where we are in our total budgetary situation as a state. And so we have had to make some priority decisions about where we're going to ask for

increases and where we're going to try to hold the line and cut costs in other ways without sacrificing the services and the programs that we have to deliver those programs to Nebraskans in need. It has been a trade-off. We recognize that. As a former provider, I can tell you that rate increases were an important component of our budgetary process, just as it was related to fund-raising and other aspects. We're in a difficult economic time right now. We've tried to make sure that we deliver to you as close to a flat budget as absolutely possible, and in this era that meant that the best that we could recommend, in keeping in mind that fiscal restraint, was a 1 percent increase. [AGENCY 25]

SENATOR WIGHTMAN: And I understand and appreciate what you're saying, but in a number of other years we've passed through a rate increase that was substantially higher to the Department of Health than we have to some of the private providers. Is that not correct? [AGENCY 25]

TODD LANDRY: I believe that is correct, albeit, as I said before, it's not always an apples-to-apples comparison. [AGENCY 25]

SENATOR WIGHTMAN: Is it likely that if they get 1 percent increase, that they will be able to fund 2.9 percent or whatever the figure may be, to their employees, plus a 10 percent increase in insurance? [AGENCY 25]

TODD LANDRY: I think that's impossible for me to say. You know, I was the leader of a nonprofit here in Nebraska, as well as a nonprofit in Texas, and as I'm going back to lead a nonprofit in Texas, there are lots of different factors that go into a private organization's budget, including in most cases, fund-raising; including in many cases, the ability to draw from a endowment fund; including some special grants that private nonprofits are able to receive versus public entities. So you have to balance all of those things, and I wouldn't dare speak on behalf of all of them. I'm sure that they would be happy to tell you that they would very much appreciate the Appropriations Committee

recommendation, if not a higher recommendation. But given the economic times that we're in, we felt that we need to deliver to you to an essentially a flat budget, and therefore we felt we could only go to a 1 percent increase recommendation. [AGENCY 25]

SENATOR WIGHTMAN: Thank you, Mr. Landry. [AGENCY 25]

SENATOR HEIDEMANN: Senator Harms. [AGENCY 25]

SENATOR HARMS: Thank you, Mr. Chairman. Thank you very much, Todd, for coming in, and I want you to know that I appreciate what you. The question that I have, a couple questions I have. One is, do you have a long-range plan in the Department of Health and Human Services? [AGENCY 25]

TODD LANDRY: We do have a long-range plan. We have a strategic plan that goes out for at least five years. It's a plan that I know that we have briefed in detail with the Health and Human Services Committee. It is shown on a visual chart that we can be happy to provide you as well. [AGENCY 25]

SENATOR HARMS: In that plan do you have benchmarks to where you can evaluate your progress, and then secondly, do you compare that to states that are similar to us in regard to the cost? Because I have...where I struggle a little bit with Health and Human Services being handled on the cost side, and whether we're in line or out of line, how you compare with other health and human service in other states. Do you have information like that? [AGENCY 25]

TODD LANDRY: Well, certainly we do have milestones within that program, and I know each of the divisions has certain milestones that they have...that they're seeking to meet. Most of those milestones are programmatic in nature. In my division, that has to do with a safe reduction in the number of wards; it has to do with serving more children

on an in-home basis versus an out-of-home basis. It also has to do with obviously, as you and I have discussed, the ACCESSNebraska project. We attempt to compare ourselves on a per capita basis as well as on an appropriations basis. I will tell on an appropriations basis sometimes I can get very difficult because every state tends to do things a little bit differently and make it sometimes very difficult to compare those specific things. But where ever possible we do compare ourselves on a national basis. I know that happens a lot in public health. A lot of times there, there are readily available benchmarks and milestones that we can look at. The same thing is true in many of our areas in children and families. [AGENCY 25]

SENATOR HARMS: Could you share with us the places where you've actually compared so we kind of get some feel for how we might be with other states and other cost factors? Because I think that's a huge issue and somehow we have to...it would be helpful for me to have a better understanding of how we actually compare with other states. [AGENCY 25]

TODD LANDRY: Sure. I can give you a couple of those comparisons and then I might ask if any of my fellow directors have any specific ones that they'd like to offer. But specifically within children and families, we look at, for example, in our child support enforcement area, how we rank versus other states in the collection of current child support. Currently, we're ranked fifth in the country on that topic. And we also look at how we rate as a percentage of costs associated with collecting each of those dollars, and I believe we rank in the top ten on that. So that's an example that we do there. I can tell you that in some of other programs like child welfare we have a harder time comparing it on a dollar basis because of what's included in some areas or not. One area that we're not doing as well on that we're improving but not doing as well on in child welfare, for example, is our IV-E penetration rate for children in child welfare. We currently sit in the mid-twenties or so on a percentage basis on IV-E penetration rate, whereas we are trying to get up closer to the national average, which I believe is around 35-40 percent. So that's another comparison of where we're comparing ourselves to

other states. I don't know if any of the other directors would like to share any of their specifics, and I'll let them do that at this time. [AGENCY 25]

SENATOR HARMS: I still have another question. [AGENCY 25]

TODD LANDRY: Okay. [AGENCY 25]

SENATOR HARMS: How are we progressing? You know, two years ago we had a testimony here in regard to autistic children, and we put together a matching program together and started raising dollars in regard to that issue. How are we doing with autistic children in this state in regard to helping families and dealing with the issue of coping with an autistic child? Because the data that I looked at, was it 70 percent, 73 percent of the families end up in divorce, and the mother gutsiest usually the individual who gets...has to handle to child. So I'm just curious about where we are with autistic children and what's happening in that particular area. [AGENCY 25]

TODD LANDRY: Well, and I'm going to probably defer that question to Vivianne who probably has more detailed information about that program specifically with autistic children. I will tell, obviously, that that is an issue that we deal with. Certainly we see that even in children and families. But as far as that program that you're specifically referring to, I think it is more appropriate for Vivianne to answer that question. [AGENCY 25]

SENATOR HARMS: Okay. [AGENCY 25]

VIVIANNE CHAUMONT: Good afternoon. Vivianne Chaumont, director of the Division of Medicaid and Long-Term Care. The Legislature passed a bill a couple of years ago to do that...ask the department to do a waiver for home and community-based services for autistic children. The way the bill was drafted met with...the department went ahead and filed a waiver with the federal government, the Centers for Medicare and Medicaid

Services, CMS. That has been pending before CMS since July 1, 2008. We have been negotiating with CMS. CMS is concerned that the bill, as written, had an inherent conflict of interest, since it picked one provider--MMI, Munroe Meyer Institute--to basically handle the program and be the operating agency and the preferred provider. So this year Senator Pahls introduced a bill, LB27, that we agreed to, with the university, and the department, that we think will clear the problems in the previous legislation and allow the waiver to be approved. But it does mean that we need to go back and submit a brand new waiver and go through that process again. We are hopeful that once we submit that waiver it's something that will look a lot more familiar to CMS and they'll be able to grant. As far as...that's a service that provides certain services to autistic children. As far as the program you were talking about, assisting parents, and other than that I don't know anything about...the only one that I know about is that home and community-based service waiver. [AGENCY 25]

SENATOR HARMS: Do you work at all with Dr. Fisher, at the University of Nebraska Medical Center, because I recall... [AGENCY 25]

VIVIANNE CHAUMONT: That's what this bill was. As drafted, the bill was problematic. [AGENCY 25]

SENATOR HARMS: Okay. Because I recall that he was very successful with some autistic and the family issues and those sorts of things, so I was just curious about where we were with that and whether or not we've continued to progress in that particular area. [AGENCY 25]

VIVIANNE CHAUMONT: Well, we've submitted the waiver. CMS hasn't approved it. We have a bill pending which will fix the problem so that hopefully we can get that approval from CMS. [AGENCY 25]

SENATOR HARMS: Okay. [AGENCY 25]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 25]

SENATOR MELLO: This question might be more for Director Landry, but last fall there was a performance audit done by the Legislature's Performance Audit Research Committee that had the finding that DHHS has no comprehensive method for determining compliance, with many of the requirements for transportation contracts. It said specifically, the department does not audit payments for all transportation contracts, does not have a comprehensive system for reviewing contract performance, nor do they systematically spot-check provider compliance with statutory or contract requirements, and lastly, has no uniform policy for handling reports of problems with providers nor is there a formal mechanism for reporting and tracking such problems. My question is, what have you done since October 2008 to solve this problem? [AGENCY 25]

TODD LANDRY: Well, thank you, Senator, for that question. We have taken a number of steps along those to address those specific concerns. Very specifically, and we can get you further details following today's hearing, but very specifically we have established within my division a comprehensive quality improvement unit that has its specific goal of creating a greater standardization along those very specific types of areas, not just for transportation contracts, but other contracts. And so they have the responsibility and the autonomy to standardize those processes across the state. Historically, I will agree with the part of the statement that says we had no standard way of dealing with those issues. Those were dealt with at service level area, region by region. And we're now putting in place, and have put in place in many cases, a standardized tracking system for those pieces, as opposed to having each region have the autonomy to handle those separately. So those are a couple of examples. The other things that we have done that I'll mention very briefly is we have, as some of you may be aware, we moved in July of this year, changing our contracting process for the in-home safety and support services, from literally having hundreds of contractors

provide those services to a network of approximately five providers across the state. As a result of that we have a much easier job now of actually holding those providers to the requirements, the performance-based requirements in those contracts, and those results are posted on our Web site for everyone to see. You can easily go to our Web site right now and see how those providers are performing on each of those core areas. We are now in the process of doing the exact same thing and expanding that concept to our out-of-home contract providers by reducing the total number of providers. It certainly makes it much easier, in my opinion, for the division to monitor those, to effectively provide the oversight over those, and to report back in a transparent way via our Web site for everyone to see exactly how they're performing. [AGENCY 25]

SENATOR MELLO: That's good to hear. And if you could send the committee maybe more background, in written form, of kind of the new process that you've established. That would be helpful to probably some other concerns regarding contracts. And the same...I imagine this falls under your area, too, and maybe it might take a little explanation. But I've had conversations with interested parties and constituents about Magellan. And essentially I'm trying to get my hands wrapped around it in regards to what Magellan actually does for this state. And then the more research that I've gathered, I kind of get a good feeling, at least for what I think they do. My question though is who actually decides to deny services to children through the process of Magellan? Who actually is that person who...where does the buck stop, so to speak? [AGENCY 25]

TODD LANDRY: Well, I can explain that a little bit and then again I apologize for the up and down, but I think Vivianne will be in a much better position to explain those details. There are actually three divisions that have contracts with Magellan: my division in children and family services, Vivianne's in Medicaid and long-term care, and Scot's in behavioral health. The best way I guess that I can explain it and then I'll defer to Vivianne for further detail, our Medicaid program really is an insurance program. It's an insurance program with no deductibles, no copay, etcetera, but it is still an insurance

program. We therefore contract with Magellan across our three divisions to assist us in the management of that insurance program. And just as you and I do, I assume you're on the state plan like I am currently, and we have Blue Cross Blue Shield. If I am going to go in for a procedure, that procedure may have to be preapproved based on the medical necessity. The same process holds true for our Medicaid program. We have an obligation to be good stewards of both our federal as well as our state taxpayer dollars, and so that same process really goes through. It's a very analogous kind of process. And sometimes those decisions are made and we'll get--and Vivianne can probably address the details of who actually is making those--where a denial is in occurrence and happens. It happens very infrequently. Last time I looked at the data, 98 percent of requests into the Medicaid program through Magellan were approved, but there about 2 percent where it's not approved. And so when that happens, the provider has the opportunity to appeal that. Provide more information and it can be appealed to Magellan. It can also go to a peer review panel for appeal, as well, to ensure that everything is appropriately happening and the correct medical determinations are being made. If however the provider says nope; I hear what you're saying; maybe in this case it's not appropriate and there's a lower level of care that would be more appropriate, and Magellan agrees with that, they may simply not go through that appeal process and move directly on to that lower level of care. So that's how it works. And from my view, at least, and I'm not the expert on Medicaid and so I'm already out of my league and I'll turn it over to Vivianne, but in essence it's the exact same thing that happens with my insurance program right now at Blue Cross Blue Shield. Vivianne, do you have more to add on that? [AGENCY 25]

VIVIANNE CHAUMONT: No, I think you've got it right. (Laugh) So I don't know if you have any more questions. [AGENCY 25]

SENATOR MELLO: Well, I guess my question is, is in our contract...and I guess it's just a request then if you could provide what Director Landry suggested, that there's 98 percent of the claims are approved and only 2 percent are denied. I'd like some kind of

documentation to just further that for our own records, I guess, as a committee. [AGENCY 25]

VIVIANNE CHAUMONT: Sure. [AGENCY 25]

SENATOR MELLO: But in our contract with Magellan is there any incentive at all in the contract for them to deny coverage at all? [AGENCY 25]

VIVIANNE CHAUMONT: No, there isn't. They get paid a per-member per-month. They're not at risk so there is no incentive for them to do that. But the other thing that you have to remember, even if they're at risk, is managed-care companies are at risk. And Magellan isn't but just for future clarification and education, if a managed-cared company denies services and the person then requires more expensive services, if they are at risk they will be at risk for those services. So it is not in the best interests of the managed-care company to deny necessary services at a lower level. It's in their best interest to manage that person's care in the most appropriate way possible in order to stay within their risk. But Magellan is not at risk and there is no incentive. There was, in the contract, previous contract, there was a clause providing them some incentive for keeping certain levels of care down within...and that has been...that was taken out from the contract before I got here. So that's been years since that's been in there. [AGENCY 25]

SENATOR MELLO: I guess...and I guess Director Landry kind of answered it, but who actually is then the person in charge who denies the coverage? Is it someone who works...is it an office manager or is a clinical psychologist or psychiatrist? Who actually makes the decision to deny the services through Magellan? [AGENCY 25]

VIVIANNE CHAUMONT: Okay, sure. They are clinical people that make the service, and then as you go up through the appeal process then the peer review panel is a panel of psychiatrists or clinical psychologists, clinical workers who will review that, and then

the doctor...it's a psychiatrist basically if it goes all the way through. [AGENCY 25]

SENATOR MELLO: And through the department you would be the person...I mean, if the buck stops with someone in the Department of HHS you would be that person? [AGENCY 25]

VIVIANNE CHAUMONT: It would stop with me. That's correct. I mean, Magellan is under, like any other contractor, they're under contract with us. They need to provide the services that are medically necessary at the most appropriate level in the community, and the contract is with us so we monitor that contract. [AGENCY 25]

SENATOR MELLO: Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 25]

SENATOR WIGHTMAN: Yes, I want to follow up on rate, provider rate increases because on long-term care that is part of our provider rate, both...I assume that you reimburse both assisted living and nursing homes if they are Medicaid patients. Is that correct? [AGENCY 25]

VIVIANNE CHAUMONT: That's correct. [AGENCY 25]

SENATOR WIGHTMAN: And so the 1 percent that has been suggested by Director Landry would apply to them, is that correct? [AGENCY 25]

VIVIANNE CHAUMONT: That's correct. [AGENCY 25]

SENATOR WIGHTMAN: Are we at risk as far as losing some of the providers? Didn't we actually lose some providers in the last rate or last year because some of the either nursing homes, perhaps nursing homes, but more assisted living quit taking Medicaid

patients? [AGENCY 25]

VIVIANNE CHAUMONT: I think there was a national chain that quit taking Medicaid clients in Nebraska. I can't remember the name of the chain or how many assisted living they had. As far as...but more keep opening. As far as nursing facilities are concerned, the state of Nebraska is overbedded in nursing home beds and I haven't seen any nursing homes go out of business. [AGENCY 25]

SENATOR WIGHTMAN: So no nursing homes have quit but one group of assisted living did quit taking Medicaid patients? [AGENCY 25]

VIVIANNE CHAUMONT: Yes. And they said they wouldn't take Medicaid patients. We didn't get too much more explanation other than that. [AGENCY 25]

SENATOR WIGHTMAN: I won't ask any more follow-up questions. (Inaudible) limit it to one. [AGENCY 25]

SENATOR HEIDEMANN: Senator Nordquist. [AGENCY 25]

SENATOR NORDQUIST: Thank you. Thank you, Ms. Chaumont. A couple questions here. First, we eliminated a medical director position for Medicaid in our budget. Who...what were those responsibilities and who would take those responsibilities if that position were not filled? [AGENCY 25]

VIVIANNE CHAUMONT: We had 1.6 medical doctors that assisted the Medicaid program, and one of the doctors retired and so went ahead and said let's see what we can do with a point 6. We have not found that there's any kind of backlog as far as getting her assistance. And we are getting all our business done with Dr. Jeanne Garvin who is doing a wonderful job and so we eliminated that position. [AGENCY 25]

SENATOR NORDQUIST: Okay. There were a couple cost savings pieces in the Medicaid budget and I want to address them, kind of what your thoughts are and why you decided to go down this road. First was the lower reimbursement to critical access hospital. I believe it was 100 to a 90 percent reimbursement reduction. And then the two-tiered payment system for inpatient versus outpatient treatment, if you could address those. [AGENCY 25]

VIVIANNE CHAUMONT: Let me address the two-tiered payment system because I like that one the best. That is...first of all, I just want you to know that we had listed that as a $4 million general fund savings, and that's a mistake. What...it's substantially less than that. It's actually about $800,000, and we had provided the new numbers to Ms. Hruska. What this is, is doctors--and this is the Medicare system--doctors bill, are reimbursed differently whether they see someone in their office where they have overhead or whether they see someone in a hospital where they do not have overhead to pay for during that time. I have spoken to some doctors about this and they said, well, you're already doing that. And I went back and looked, and sure enough, we're doing the two-tier payment rate already on some of the codes, and so now we're seeking to add it to all of the codes. So that's what that issue is and that would align us with Medicare reimbursement. The reason that it's higher than what it in fact is, is that we made a mistake when we were analyzing the numbers. Took all the codes that were possible and didn't limit it to those codes that can actually be done in a physician's office. So for instance a lobotomy would be a code that's included in this $4 million and you don't do a lobotomy these days anyway, but you wouldn't do that in a doctor's office. So the codes are way...you know, way more restrictive than the ones that we included. So it's about $800,000 difference on that one. The other one you said was the critical access hospitals. There's not very many Medicaid providers that are reimbursed at 100 percent of their costs, and so these providers are reimbursed at 100 percent of their cost. When you're trying to have a flat budget that seemed like a good place to get some savings. [AGENCY 25]

SENATOR NORDQUIST: Okay. Another issue related to Medicaid. Last week you provided me with a copy of a report. In 2005, my predecessor requested a report of companies that had 25 or more family units on Medicaid. And in 2005 there were about 147 companies. The report that I got from you, same criteria, last week had 484 companies. A dramatic increase. Can you give me your thoughts on why we're seeing that kind of increase? And a couple other points to that. What information do we collect when people come in or receive benefits, and what information would be helpful so we can look at determining how we can address the increase in Medicaid usage? [AGENCY 25]

VIVIANNE CHAUMONT: Well, when people come in to apply for Medicaid, you collect information as to what their income, their family income is, what their resources are, how many people in the family, all those kinds of information, which then we ran that report alongside with the Department of Labor report to give you that particular information. I think that we are seeing the number of companies that are dropping their health insurance drop. That's the cost of healthcare that's on the front page everyday. I think that's the cause. [AGENCY 25]

SENATOR NORDQUIST: Is there any question at all about does your employer provide insurance (inaudible)? [AGENCY 25]

VIVIANNE CHAUMONT: Yes. There is a question about whether or not you have insurance. Now if you are a Medicaid person and it's cost-effective for the department to pay your private insurance premium we will go ahead and do that in a program called health insurance premium program--HIPP. We will go ahead and pay your...we do a cost analysis to see if what...if paying your health insurance premium for your family is less expensive or will result in savings than us being primary, because Medicaid is always secondary. It's interesting to note though that federal law prohibits a child on CHIP to have any kind of insurance. So if you want CHIP coverage you have to not have creditable insurance, which then leads a lot of people to drop their health

insurance because Medicaid doesn't have deductibles, doesn't have premiums, doesn't have those types of things, and the benefit package under Medicaid and CHIP is usually a lot broader than health insurance, private health insurance. [AGENCY 25]

SENATOR NORDQUIST: Okay. And then one last question here. I was looking over some of the transfers between behavioral health and Medicaid. And historically it looked it was around $5 million or so from Program 38 to 348. Eight million dollars, maybe in the current year? Can you address maybe some of those services and how that number...where that number comes from and what services are you are taking out of 38 to...? [AGENCY 25]

VIVIANNE CHAUMONT: Yes, we pay for substance abuse basically, in large categories, substances abuse services that Medicaid added when...after 1038, the plan was that we would move people out of--and this is all history to me that I've heard--that we would move people out of the regional centers and out into the community so we needed to have services there. Medicaid can't cover the regional centers. So what we would do is take the money that we were saving from the regional center and use that as the general fund, and then add Medicaid services to take care of those services. So they are basically substance abuse services and then the medical rehab option services which is five services. And then the...when it was decided to add subacute when Lasting Hope, our recovery center in Omaha came up, then those general funds that were paying for those kinds of services then became the general fund match for Medicaid to do the service. And so that's another one. So it's the five, the ten, and then acute. [AGENCY 25]

SENATOR NORDQUIST: Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 25]

SENATOR FULTON: Thank you for testifying, Dr. Chaumont. Is there, care

management...this is kind of a broader topic. I want to speak generally about it. We have a program, Program 559-Aging Care Management, and I'm just...I'm not terribly familiar with it. I am familiar with the practice of care management and the provision of long-term care. Can you comment, is that a part of the overall policy of the department, moving forward, to move toward a more individualized care management policy as opposed...all within the context of both Medicaid and the long-term care policy within our state. It's not a very...it's a $2 million part of the budget, the program anyway, Program 559. It just surprises me, I guess. It seems that it ought to be more. Can you give me some background and...? [AGENCY 25]

VIVIANNE CHAUMONT: Yeah. That particular 559 is basically contracts that the department has with the state units on aging--not the state units on again, I'm sorry--the Area Agencies on Aging. Yes, the triple A's. And then the Independent Living Center and the League of Human Dignity. And what those contractors do is...well, in care management they evaluate a client who's wanting to enter the long-term care system and evaluate them to see if they're eligible, if they need nursing facility-level of care, and then counsel them on alternatives to nursing facilities. So that's what that care management program is. So these are your options. You'd have options in the community to have your care provided or you have options in a nursing home. And usually the community is a lot less expensive and it's something that people prefer if they can be with their family or stay in their own home. So that's what that particular care management program is about. But yes, I think care management is something else. We also have started in the last year an enhanced care coordination contract where we have contracted with a company and it's a fully voluntary program. We give them the names of clients for whom we have spent more than $50,000 in the last year, and then they contact that client. The client cannot be in managed care. They contact that client and see if the client wants to work with them to try to coordinate their services, their physician, their pharmacy, to try to provide them actually with a more coordinated medical care and improve the costs if at all possible. [AGENCY 25]

SENATOR FULTON: Now this is separate and distinct from Medicaid, correct? [AGENCY 25]

VIVIANNE CHAUMONT: Both are Medicaid. [AGENCY 25]

SENATOR FULTON: But the program itself operates separate from the budget that is appropriated for Medicaid. [AGENCY 25]

VIVIANNE CHAUMONT: No. The enhanced care coordination program comes out of my admin budget. [AGENCY 25]

SENATOR FULTON: Okay. [AGENCY 25]

VIVIANNE CHAUMONT: There's a separate line for the care management. [AGENCY 25]

SENATOR HEIDEMANN: Senator Hansen. [LB615]

SENATOR HANSEN: Director Chaumont, I want to follow up on some of Senator Wightman's questions. Director Landry said that...he gave us some rationale and that was what I was looking for: a little more rationale about Medicaid providers. That the Governor suggests 2.5 percent increase for the mental disability providers but yet 1 percent for the rest of the providers. Can you give us a little insight on that rationale? It looks like a provider is a provider is a provider, which I know is not exactly true but there's providers out there that need some additional dollars. [AGENCY 25]

VIVIANNE CHAUMONT: I think the issue is that the Division of Developmental Disabilities is trying to expand its provider network in the community, with all the issues that have been brought up with BSDC and with the waiting list, that they need to expand their providers in the community, and that's why they're getting a higher increase. But

I'm sure Director Wyvill will talk more about that tomorrow. [AGENCY 25]

SENATOR HANSEN: Okay. Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 25]

SENATOR MELLO: Director Chaumont, in your proposed budget which the committee took, there was a $7.2 million base adjustment cut in SCHIP. Can you explain what that general fund reduction was? [AGENCY 25]

VIVIANNE CHAUMONT: That was, I believe that we had always had appropriated...okay, let me see. The federal government, CHIP is different than Medicaid. They allocate a certain amount of money that the state can't go over. If the state goes over that amount, then the state has to pay for it with the regular match, 60-40 match, as opposed to 72-28 match. I believe that had been the past practice to allocate more money in case we had to do something like that. We have not gone over our CHIP in the last several years, and the new CHIP law this year actually increases our allocation. So this was money that we did not believe was necessary so we went ahead and took that out of the CHIP budget, and to be a more realistic statement of the money that we were going to need to sustain the CHIP program. [AGENCY 25]

SENATOR MELLO: So how much money do we have then in the...you know, if it's called the quote, unquote, SCHIP cash reserve in case we go over, knowing that we are obviously in very tough economic times and there will probably see an increase in SCHIP. [AGENCY 25]

VIVIANNE CHAUMONT: I believe that the new allocation...there is no reserve at this time, that the new... [AGENCY 25]

SENATOR MELLO: So we are taking away the reserve then with that cut? [AGENCY

25]

VIVIANNE CHAUMONT: Right. Right, because it hadn't been used before and the new allocation is substantially higher than the old allocation. [AGENCY 25]

SENATOR MELLO: Okay. In the administration--I can't even think of the actual program right now, I'll get to it--there is an implementation of ACCESSNebraska I believe it's called, and could...I imagine that you have...I imagine maybe this is in for Director Landry, I imagine there is some cost-benefit analysis that the department went through that you could provide the committee, that gives a more detailed explanation of how you arrived at the decision that you did with the implementation of the program? [AGENCY 25]

TODD LANDRY: (Exhibit 17) That is correct, Senator. We started looking at ACCESSNebraska, actually my division started looking at ACCESSNebraska prior to me becoming director in 2007. And we were looking and watching very carefully what was happening in a couple other states in particular, one being Utah and one being Florida, as they implemented a modernization of their economic assistance service delivery; relying instead on a, the best way I can describe it is a universal caseload utilizing primarily customer service centers as opposed to an individual caseworker-by-caseworker caseload. What we found in both of those states was a significant increase in savings. And so what we were able to do is take both of those states' data, compare that to Nebraska where we were at that point in time, and we were therefore able to, through a rigorous process, able to do an analysis of exactly how much we would anticipate would be saved. That is how we came up with the total cost savings that's included in our budget projection of a total of, at full implementation in 2012, of an $8 million savings per year in general funds. That will take a period of time to implement and I do have some information here that I can share with you--I only have one copy but we can make additional copies for you--that discusses the time line for the ACCESSNebraska implementation. It actually goes all the way out through 2012.

This isn't something that's going to happen at a moment's notice. It will happen over a period of years to get to that point. [AGENCY 25]

SENATOR MELLO: What safeguards have you built in then to this new program to ensure the same kind of service that a Nebraskan would get through a traditional caseworker process, knowing that they might not actually ever meet a person through this process? [AGENCY 25]

TODD LANDRY: I think it's an excellent question and one that we've watched very carefully, those other states, and developed our own processes. First and foremost, this does not get rid of our staff in our local offices. It will, in many cases, reduce the number of staff in our local offices with more people served through our customer service centers. But we have always included the fact that any individual who still wants to do an in-person interview, who still wants to come into the office to fill out the application, or who still wants to do, as I said before, an in-person versus an over-the-phone interview will always have that right to request that. The department will always retain the right to mandate an in-person interview if we have any suspicions of details that could lead potentially to fraud that we want to make sure that we investigate in person, as opposed to doing that over the telephone. What we have found in looking at Utah and Florida is that their accuracy rates, while they do dip during implementation, as many of you who have gone through any major implementation process in your own companies would probably know, you do see a drop in performance. But then those numbers have come back up. Florida is the one that we have watched most carefully on that. They had a pretty low accuracy rate. This past year they are number one in the country in their accuracy rate, so we do believe that we're going to be able to ensure our accuracy, do it at a lower cost, and still provide those safeguards of people who want to come into the office for an interview or in those situations where we will require it. [AGENCY 25]

SENATOR MELLO: I guess then that might answer my next question. How will your

interpretation services be for potential clients, particularly with the Sudanese population it's sometimes very tough to find an interpreter for that very growing population in this state, knowing that they are sometimes political refugees, legally here, obviously, that need our assistance? How is the new ACCESSNebraska going to deal with that? [AGENCY 25]

TODD LANDRY: And I should point out that is a situation and a challenge that we face today in our current environment, much less in the future environment. What we are able to utilize through technology is we have a language linked line that's not only available to us in our department, I believe it's a statewide resource that has access to interpreters on the phone of over 40 different languages. And so we are able to serve them now, and that's how we do that. And most of our offices do not have fluent Somalis language personnel on staff, for example. And that's how we're doing it now. If they come into the office or if they call us on the phone, we are good enough that generally we recognize the language or have someone help us recognize the language. We're able to say enough to them to put them on hold, call the link line, and conference call those parties together in order to address that language barrier. That is how we're doing it now and I believe it's going to be easier to do it in the future, particularly since these call centers are going to have larger staffs than many of our local offices where we may only have two or three individuals. The smallest of the call centers we project would be 50; they may be as large as 200, depending on our RFD process. So I actually think there will be a greater opportunity for us to have a greater variety of those skills in our customer service centers. But if in fact they're not there, we'll still retain that language link resource. [AGENCY 25]

SENATOR MELLO: What's, then, the number of actual full-time equivalent positions if you're going to be cutting staff in the field offices and then essentially build call centers? What's the ratio there of... (Weather announcement.) [AGENCY 25]

SENATOR HEIDEMANN: Go ahead. [AGENCY 25]

SENATOR MELLO: What will be your, essentially, job or position reduction at the end after you implement the full program and then build up the call centers? [AGENCY 25]

TODD LANDRY: And I believe those numbers are detailed in the sheets that are coming back to you, but we anticipate a 25-27 percent total reduction in our economic assistance staff. That's approximately 250 positions. [AGENCY 25]

SENATOR MELLO: Okay. I guess my last question would be ACCESSNebraska. It goes back to what kind of program or what kind of, I guess, operations are you going to start to do now on a trial basis, so to speak, or pilot programs, to make sure that this is a fairly large initiative that the department will undertake of moving from caseworker to electronic, whether it's via phone or Internet? What are you doing to work out the kinks those steps of the way before the program becomes fully available? [AGENCY 25]

TODD LANDRY: I think it's an excellent question and that is one of the reasons why it's going to take us until 2012 to fully implement this. We're doing this in a stepwise fashion. On September 8 of this past year we implemented our electronic application. Until that point in time, if you wanted to apply for those economic assistance services in our state, you had to come into our local office or you had to call us and we would physically mail you the application to complete. Beginning on September 8, you had a new option available with the electronic applications. As of last month, we had over 3,000 applications come in electronically. That accounts for about 10 percent of our total. That number is steadily increasing. And in fact, we had only anticipated about 5 percent of our total applications coming in electronically by the end of the first year, much less at the end of the first few months. So we're already seeing an increase in that respect. Thank you. [AGENCY 25]

SENATOR MELLO: Do you know the percentage of those on-line users that were done at a state office or a state IP address, so essentially it's a wash. They would have been

in one of the state's office buildings to do it instead of at their home. Do you know that number? [AGENCY 25]

TODD LANDRY: Yeah, actually very few of them are. We'll get you the specific number, but the vast majority of them are coming in during evening hours and on weekends, electronically, versus in the...if you go to the very last page of this packet you can see the breakdown in the number of electronic applications received, by month. It's the very last page. You can see there that we've had over 13,200 applications since September '08. Thirty-eight percent of those were submitted after business hours and that accounts for a total of 10 percent of all applications that have been received electronically. I will get back with you with the data specifically on the number that came through at one of our local offices or one of local office's IP addresses. But I do believe it's, if I remember the data correctly, it's a very small number. [AGENCY 25]

SENATOR MELLO: Okay. Thank you. [AGENCY 25]

SENATOR HEIDEMANN: Just so I can get my hands on this a little bit better, you're talking...the total number of people employed in the call centers, how many? [AGENCY 25]

TODD LANDRY: I believe the total number of people employed in the call centers, and this may be in your packet...no, I'm sorry it's not in your packet. We'll get you that number. The total number of people employed in the call center is going to be approximately 400. Those will be in the customer service centers located across the state. That's not all just one, of course, but approximately 400 of them will have...that will still leave I believe approximately 200 staff that will be in the local offices across the state. [AGENCY 25]

SENATOR HEIDEMANN: So the amount--and I think you said this before--the amount of people that you're cutting in the local office is how many? [AGENCY 25]

TODD LANDRY: The amount of total reduction of all FTEs is about 250, I believe. So currently we have about 800 and...Willard (phonetic), do you remember the exact number? [AGENCY 25]

_____: (Inaudible) remember the exact number. [AGENCY 25]

TODD LANDRY: We have over 800 staff that are employed in our economic assistance programs. That number will be reduced by about 250, with 400 of the remaining employees will be placed in customer call centers or customer service centers, with the remaining 200 or so will be in our local offices. [AGENCY 25]

SENATOR HEIDEMANN: How many local offices are there? [AGENCY 25]

TODD LANDRY: There are currently approximately 35 local offices across the state. [AGENCY 25]

SENATOR HEIDEMANN: And none of those will close. [AGENCY 25]

TODD LANDRY: I will not say that none of them will close. We do not know at this point until we know where the customer call centers are going to be. What I can tell you is that it is not our anticipation that very many of them, if any of them, will close. But many of them will reduce in size and some of them may change their hours. For example, they may not be open full days, five days a week. They may be open full days, three days a week, or partial days for five days a week. Also I would like to point out to keep in mind that these local offices may also not close because there are other staff from our department that are in those local offices, as well, such as children and family specialists working child abuse and neglect, juvenile services workers, as well as public health or other folks from other divisions within the department. [AGENCY 25]

SENATOR HEIDEMANN: And you talked about a savings of $8 million a year by the year 2012? [AGENCY 25]

TODD LANDRY: 2012. Yes, sir. A million dollars per year. [AGENCY 25]

SENATOR HEIDEMANN: And that will...the $8 million will come from where? Where will those savings come from? [AGENCY 25]

TODD LANDRY: Those savings will come out of the general fund through a reduction in staff positions. [AGENCY 25]

SENATOR HEIDEMANN: So we are going to save the $8 million because they'll be the 250 less employees. [AGENCY 25]

TODD LANDRY: That's correct. [AGENCY 25]

SENATOR HEIDEMANN: And the people in the call centers will be state employees? [AGENCY 25]

TODD LANDRY: They will all be state employees and all customer service centers will be located within the state of Nebraska. [AGENCY 25]

SENATOR HEIDEMANN: Senator Fulton had a question. [AGENCY 25]

SENATOR FULTON: Who was next after me? [AGENCY 25]

SENATOR HEIDEMANN: Actually Senator Nantkes is next. [AGENCY 25]

SENATOR FULTON: Is yours on this topic? I would trade, respectfully. [AGENCY 25]

SENATOR HEIDEMANN: Senator Nantkes. [AGENCY 25]

SENATOR NANTKES: Agreed. Thank you, Director Landry. I wanted to just elicit a little bit more information in terms of the ACCESSNebraska project, which I think you know I'm very supportive of and continue to be, not only because of the cost savings but because our world is changing. And this is, I think, a good example of how the department is utilizing new technologies to try and reach more people, and that's an important part of your mission, obviously, which all the directors will understand. But I wanted to go back into some of the points that Senator Heidemann brought out in terms of maybe less employees or less offices being open. It's my understanding that ACCESSNebraska will also partner with nonprofits across the state to set up kiosks to access this kind of information. And so even if there may, down the line, be a reduction in a local office, there's still a variety of access points for those in need to utilize these services. Is that right? [AGENCY 25]

TODD LANDRY: That's exactly right. We have been working very hard to partner with community agencies across the state, because one of the things that we heard loud and clear from them was they were frustrated because if an individual came into their food bank, using that as an example, they would ask them, have you applied for food stamps to help your family? And they would say, no, I haven't had a chance to apply for food stamps. Well, before September 8, they literally had to say here's the address of your office, local office, or here's the phone number for your local office; call them and get an application and fill it out. They no longer have to do that, and many of them have made their computers that are, as long as they're Internet accessible, available for that individual. They can say, why don't you sit down right now and we'll help you if you need to, but you can screen and then actually can apply on-line for the food stamps without having to try to figure out how you're going to get to the office or how you're going to do that, or you put it off for another day and you don't get that done. We have seen an increase in the number of economic assistance applications. I will not say it's all due because of ACCESSNebraska. Obviously, the economic conditions in our state has

gotten to the point where we have seen an increase. But I firmly believe that that 38 percent of those on-line applications that are coming in after hours and on weekends, I truly believe that's because we now have that new option available to them so that they don't have off work or they don't have to try to find childcare to go and apply for these programs across our state. But we've been very fortunate with food banks, local community action agencies, senior citizen centers, and many others who have willingly come to the table and said we'll work with you and we'll make a kiosk or a computer available for a family who needs to apply on-line. [AGENCY 25]

SENATOR NANTKES: Okay. And just a quick follow-up question. I know Senator Mello touched upon a few of the concerns that have been raised in regards to ACCESSNebraska, and I'm familiar with those and every director who's involved in this project. And I guess I would just encourage the department to continue to work with all interested parties and have an open dialogue with public employees about the transition, which I know you are doing, and would just encourage that kind of partnership as you move on. Because, of course, with any change there comes uncertainty and worry, and I know that working together we can hopefully resolve and reduce that. [AGENCY 25]

TODD LANDRY: And I appreciate that, and it's something that we will continue to do and we anticipate, and I know we've had a meeting with Senator Harms, in particular, on this topic. We recognize that you have concerns about this. We recognize that there's anxiety created by any kind of change, and certainly a change of this magnitude. We want to keep you informed. We want to invite you as our customer service centers come up and on-line, we want you to be there to see this and witness it, in person, exactly what we're trying to do. [AGENCY 25]

SENATOR NANTKES: Great. Thank you. [AGENCY 25]

SENATOR HEIDEMANN: I do want to say I'm glad I hear that you're going to partner

with local groups, because we had a workforce development center shut down in one or our areas, and they could access the services through the Internet but they didn't have Internet services. They all ended up at the local library, and we were told in no uncertain terms that they didn't have the staff to help these people because they were illiterate with how to deal with the Internet. I'm glad you are partnering with local people to see this happen. [AGENCY 25]

TODD LANDRY: And we want to partner with as many as possible. We are not telling them they have to be experts in this in any way, shape, or form. We are asking them to have a computer terminal available for people who want to use them if they're coming for other services. And we've been very fortunate. Many people have said, great, we've been wanting you to do this on-line; it's about time, in some cases, they've told us. And I agree with that. You know, we're moving towards...and we're not there and it will take time for all of our citizens potentially to get there, but we are moving towards a more mobile community, a more...a community that is more familiar with and comfortable with technology, and we can use that to our advantage while still keeping the local option available. [AGENCY 25]

SENATOR HEIDEMANN: Thank you. Senator Mello for a...did you have a question for Todd? [AGENCY 25]

SENATOR MELLO: Actually I think mine is more for Director Chaumont, so I can wait. [AGENCY 25]

SENATOR HEIDEMANN: Okay. Senator Fulton. [AGENCY 25]

SENATOR FULTON: Yes, mine is for Todd. A question on ICCU. I just...I've had a number of e-mails on the topic and I have a cursory knowledge. I would like to get your side of it. Thanks. [AGENCY 25]

TODD LANDRY: Sure. The ICCUs or the integrative care continuuim...coordination units, excuse me...were brought up several years ago. I don't know the exact date. But they were brought up several years ago, primarily from my perspective and as I look back in the history on this, they were brought up because we had a large increase in the number of child abuse and neglect cases. We had a very high caseload ratio. We needed to find a way to deliver those services without increasing PSL. And so... (Weather announcement.) I'm afraid to say the longer I testify, the worse the weather seems to be getting. (Laughter) The ICCUs were brought up through the regions, through each of the six regions in the state as a way of increasing the availability of caseworkers in order to deal with that increase in the caseload sizes. Those were done some years ago and those have been in place for whatever that period of time is, and I regret that I don't know exactly when that point in time started. As all of you know, one of the great things that I think we can all be proud of: Over the past two years we have seen a significant reduction in the total number of state wards. That has been due in large part, I believe, by the concentrated effort that we've had on increasing permanency and expediting permanency, as well as doing a better job of assessing who really needs to come into the state care and who doesn't. As a result of that, our caseload sizes have dropped, and they have dropped to the point where we're now below, across the entire state, we are now below our CWLA standards and our Nebraska standards for the first time--at or below, I should say--our caseload standard sizes across the entire state. We therefore, in some of our regions in the state, we no longer have the need for that additional capacity provided by the ICCUs. It started out west. That's where we've had some of the largest reductions in our total number of state wards and cases. That region, specially in Region II, that contract and the ICCU was dismantled or done away with last fall. The second region where it happened, because of our reduction in caseload sizes, was here in Region V, in the surrounding Lincoln area in our southeast service area. So the decision was made to conserve those resources along the lines of what the Governor has said, of saying save it and keep it for the future years as opposed to spend it and lose it. We have made the decision to go ahead and discontinue that contract and gradually and carefully transition those cases

back to state workers. It's going to impact...the total number of cases that were in the ICCU was something like 250, but because of the number of staff that were already part of the HHS that were housed at the ICCU, as well as some ICCU staff have taken vacant positions within the department, it's only going to impact about 93 families between now and the end of April. It saves the state about $600,000 in this fiscal year. That enables us to be better positioned to deal with the future economic challenges that we believe we'll face in the coming years, and so we made the decision to go ahead and do that. Recognize that it's caused some anxiety and some concern within the region. It's caused some anxiety and concern among those employees who are no longer going to have that position. But as we have all heard, we have a...probably a...we don't seem to have any concerns about needing those types of people in other agencies, companies, whatever the case may be. I don't think that's going to be the issue. What we do want to make sure, though, is that the transition happens smoothly. I believe we're doing that, and to my knowledge I haven't had a single call yet from a family, who's been impacted by this, upset by the change. Certainly I've heard from workers who are upset about the change, and certainly from the region, but not from any of the families. That tells me we're doing a pretty good job of transitioning those cases. [AGENCY 25]

SENATOR FULTON: Okay. Thank you. [AGENCY 25]

SENATOR HARMS: Senator Mello. [AGENCY 25]

SENATOR MELLO: Director Landry, how many current full-time equivalent vacancies are there in the Department of Health and Human Services? [AGENCY 25]

TODD LANDRY: In the entire department, I'm going to look for some help. Do you guys know? It does. As... [AGENCY 25]

SENATOR MELLO: Rough estimate from this past month, March, February? [AGENCY

25]

TODD LANDRY: Well, I can tell you within the division we about 45 vacancies this past month out of our total 2,000 employees, in my division. So that was the number in my division. We may be able to ask each of the directors. Joann, do you happen to know? [AGENCY 25]

JOANN SCHAEFER: We have a chart, a detailed chart that we can get you. [AGENCY 25]

TODD LANDRY: And we will get you that chart to show you that, so. [AGENCY 25]

SENATOR MELLO: I think the committee...I know that's an ongoing question I ask all of our department heads, how many vacancies you have. I guess my next question is for Director Chaumont. Senator Harms asked earlier about long-term planning. And obviously probably a growing concern in the state is the need for a long-term plan dealing with our aging population, full-well knowing that the more money we can put in prevention now, we can save more money in the long run. And I guess my question to you is, can you give us more background on your department's long-term plan in regards to dealing with aging services and possibly cost-savings initiatives that you're going through to provide more preventative care, maybe working in conjunction with the Commission for the Blind or the Visually Impaired and the Hard of Hearing and various other commissions around state government that kind of interact with your department? [AGENCY 25]

VIVIANNE CHAUMONT: We are not doing anything with those agencies as far as I know. What we are doing in the area of long-term care is we are fostering the community programs like I spoke about earlier, which...so that we have a more cost-effective alternative than nursing facilities. There's the Money Follows the Person grant program that we have where if we move people from a nursing home--voluntarily,

this is, from a nursing home--or an ICF/MR into the community, then we get enhanced federal funding for a period of time. We have...so we have moved aggressively to try to expand our community-based programs. We are also looking to do a program that I actually am hoping to hire someone to start doing it, to implement a PACE program, which is called a Program of All-inclusive Care for the Elderly, and that's something that I'm familiar with from Colorado. It has a very expansive program in the Denver area and now in the Grand Junction area. But what that is, is it's a managed-care program where the managed-care company is at risk for all of that person's care. So normally, by the time you have an elderly person, they have Medicare that takes care of the acute side, and Medicaid that takes care of the nursing home, more of the custodial care side. In this PACE program, the Medicare pays a premium, Medicaid pays a premium. And again, the object is to keep the person in the community in the most cost-effective way that they can for a period of time. It saves money and it provides options for a more coordinated care for the clients, and it's a program that's really growing in other states. It's basically, the way it's configured now, it's kind of an urban program, but CMS is making changes to it to try to bring it out in the rural communities. Pennsylvania is doing a lot of that because they have a very high percentage of people in nursing homes as opposed to the community, and it's a helpful way to allow people to stay at home. So any of those kinds of programs, the enhanced care coordination, again to try to prevent people from needing nursing facility care. [AGENCY 25]

SENATOR MELLO: So that's on a physical document, like a long-term plan, so to speak, that you could provide the committee that kind of lays out maybe a 5- to 10-year kind of action plan, so to speak, of where we're moving as a state? [AGENCY 25]

VIVIANNE CHAUMONT: I think the PACE program is mentioned in our strategic plan but I don't...we don't have a strategic plan specifically for long-term care. [AGENCY 25]

SENATOR MELLO: Okay. Thank you. [AGENCY 25]

SENATOR HARMS: Senator Hansen. [AGENCY 25]

SENATOR HANSEN: Thank you. My original question was for Director Landry but while you're here I'll ask this. What is the PACE program do to our Areas on Aging? I mean, we have very successful areas, especially out west, so...and I think they're here in Lincoln and Omaha too. What is the connection there? [AGENCY 25]

VIVIANNE CHAUMONT: The Areas on Aging will still be the ones who will evaluate through that care management program that Senator Mello asked about, who will evaluate the client and determine...that will be just one more choice that they can provide the clients to determine where they want to...you know, what care they want to receive. And the area agencies still provide all kinds of services that wouldn't be covered through the PACE program, like the meals program, some of the legal services, some of the community-type services. So I don't see it affecting, negatively impacting the area agencies. [AGENCY 25]

SENATOR HANSEN: So when does the PACE program start in a person's age line? [AGENCY 25]

VIVIANNE CHAUMONT: Fifty-five. [AGENCY 25]

SENATOR HANSEN: Fifty-five. Okay. So you missed me. (Laughter) [AGENCY 25]

VIVIANNE CHAUMONT: But you'll get there soon? (Laughter) [AGENCY 25]

SENATOR HANSEN: Right. (Laughter) [AGENCY 25]

SENATOR HARMS: Senator Nantkes. [AGENCY 25]

SENATOR NANTKES: Thank you. I think actually this question is probably best directed

to Dr. Schaefer, but...and I think that we had a chance to communicate earlier about...I was hoping that maybe you could provide an update for the committee in terms of the Parkinson's Registry. And for the new members of the committee who maybe don't know, Nebraska has really been a leader in this regard, and we provided some resources, I think, within the context of the budget in the last cycle to address these issues. And I was wondering if you could just let the committee know kind of where we're at... [AGENCY 25]

JOANN SCHAEFER: Where we're at. [AGENCY 25]

SENATOR NANTKES: ...with that and what we need to do or don't need to do to continue that good work. [AGENCY 25]

JOANN SCHAEFER: Well, we've had several opportunities. The Michael J. Fox Foundation gave us some sizeable funds a couple years ago which we started the Parkinson's Disease Registry, and then we received additional $20,000 from them last year which has been really helpful. And then, of course, the money that's allocated. The deal with registries is interesting. It's a huge data collection. It requires at least one staff person to verify that the data is real. And because the Parkinson's Disease Registry is...it is challenging to do a disease registry based on pharmacy data and voluntary physician input, even though they're supposed to report it. That staff person does have to call and check if those drugs are actually given to the patients for Parkinson's disease. Many of them are used for a variety of different diagnoses. So just because you have a Parkinson's drug, it doesn't necessarily mean that you have Parkinson's disease. And then the person also is responsible for confirming with physicians that information, and then the physicians also voluntarily report. The strength of any registry is in the quality of the data. And the large portion of what we were looking for is to get some information on Parkinson's disease. Obviously the whole idea is prevention and scientific study of that. You know, some good preliminary epidemiological investigation has been done. The registries are funny, in that the more money you put into them, the

better the data they get. So I can tell you we're making do with what we have. I can tell you all resources would always be...you know, better resources would always lend better data, but we try to manage within the resources that we have. I don't envy you in the decisions that you have to make in prioritizing funding. [AGENCY 25]

SENATOR NANTKES: Well, Dr. Schaefer, I can tell you that I don't envy the difficult decisions that you make in the course of your daily work. And so thank you for that update. I think it's informative for the committee. And I know I've been working with members, people who are very interested in Parkinson's disease and the registry, to ensure its continued support, and I think that's one of those good stories that we have to tell in Nebraska. [AGENCY 25]

JOANN SCHAEFER: Absolutely. We're truly leading the nation in this, helping to figure out the cause. [AGENCY 25]

SENATOR HARMS: Do we have any further questions for Dr. Schaefer? Dr. Schaefer, thank you for testifying. [AGENCY 25]

JOANN SCHAEFER: Thank you. [AGENCY 25]

SENATOR HARMS: Do we have anyone else who would like to testify on Agency 25? [AGENCY 25]

BRIAN WATKINS: Within anything in the agency? Senator, I'm your guy. My name is Brian Watkins, W-a-t-k-i-n-s. I'm a former employee at OUR Homes. We provide services to people with mental illness. And the duality of mental and physical kind of gets confusing because people who have a mental problem also usually have a physical problem. And people with a physical problem, the mental side sometimes plays into it. I'm just going to spend about ten seconds talking about Senator Harms's issues. I agree with you. At age 50 you better get a colonoscopy. I've had colon cancer. I've had

prostate cancer and I've had liver cancer. Early detection saves lives. Senator Nantkes, I agree with your bill also. Early detection in cancer, saves lives. That's all I have to say about that. I'll spend a brief amount of time. We talked about...Senator Mello, you talked about Magellan. It's a train wreck. We give it a score of 4 in our group. We run one program. We just have all kinds of problems--providers do. But I think the Department of Behavioral Health is doing a job trying to clear it up. It will be better. On the transportation side, it's pathetic. It's so bad that we gave up using the Magellan provider to take people to mental health meetings, and it costs our agency 40 percent; so we lose 40 percent of revenue from that because the provider, the Magellan provider was so pathetic. They wouldn't pick them up, they wouldn't get them there on time. They wouldn't show up. They needed paperwork. We stopped using them. The clients needed the help. That's all I'll spend on that. What we do at our area is the real deal. There's 1,050 people in this state that are poor and they're sick and they need to be in assisted living and they have been denied a fair way to the providers since 19...well, since forever. I've been doing this for 12 years. I don't do it anymore. And a lot of these people have mental illness, severe persistent mental illness. They just happen to fall into that slot. The disease hits them 18 to 25, 26 years old, they just don't have money. What do they need to survive in the community because that's the goal, our key word today is recovery. And recovery means...that means you've had a crisis. And so the state pours all this money and I gave...I handed out to each of you about a week or ten days ago a brochure. And if you look at the graph everything that costs a lot of money is dealing with crisis. So you're pouring your money into crisis when you ought to be pouring it into prevention. They stay with us 95 percent of the time. Don't worry about the storm, we're in an economic tsunami. A little tornado isn't going to bother me at all. We get paid pitifully. We're at 43 percent of the average for assisted living in the state, 43 percent, that's pathetic. And it's...I got nowhere to go but here. HHS doesn't do it, we don't have any money. Governor doesn't want to propose anything. I'm here again, to say give us a little bit of money. And I actually toned back the request that I made. I'm asking for $198 a month more to the providers. There's 23, 24 providers in the state that do it, there's also a few mental health centers, what they call mental health centers that

do the same kind of thing--long-term residential care. Our clients can't survive unless they get proper medication administrated to them. That's the number one thing. When they go off their meds we're going to see headlines that end with the person had a history of mental illness. And I don't want to be the one who's causing the next Von Maur problem. They need structure and we provide that. Unfortunately, the state only pays for 60 percent, they only pay for three days a week for adult day services. They've cut it back, like some miracle, you don't need your wheelchair anymore. Pathetic, that's the words I'm going to use. These folks need to nutrition to be healthy and they need a good living environment, that's it, that's it. We can no longer do it on $1,052 a month. We can't do it. And things will change, things will change. We've done all the prevention we can, that's what we do, we do a really good job. And every time we prevent something, we prevent catastrophic things, we prevent that higher graph of higher costs. I've had three people in the last week call me. One was moving out. He said, Brian, can I come back and live here if it doesn't work out? Sure. You haven't killed anybody, you haven't started a fire, you know, come on back. I had somebody call me who was living in an apartment. That's the new goal, let's put them all out in the community all by themselves. Brian, I am so lonely and sad, my friends all live there, help me. Well, no, you're in a program, stay in your program. And I just...these kinds of things just...it's too much. One out of five or one out of seven people with mental illness are in a prison. That's great. We're doing a bang-up job. We can take care of those people. We do take care of those people. We keep those people from committing crimes. The best thing we do is keep those people from having people from the outside come in and take advantage of them. These are vulnerable adults living in our state, there's about 1,050. It's been a consistent number from 950 to 1,050 for ten years. The request may seem high, but you can look at today's paper they talk about people with mental illness living in nursing homes. Gee, we don't want them there, they bang people on the head with radios, they kill them, they rape them, they do this, oh these awful things that people with mental illness can do. They shouldn't be in nursing homes. Well, where are they going to live? Well, we're going to find all these treatments, these expensive treatments but where are they going to live? That's us, that's our little group

of dumb bunnies that do this. I have absolutely no idea why we continue to do it and we certainly can't continue to do it and we won't continue to do it the way we're doing it. Now either if you don't fund us that's your choice because we'll have to be talking to these folks for innovative programs. But you fund every other living situation that the state runs but them long-term care places at a much greater rate than you fund us, much greater rate. And that's not fair and they're coming in for increases for their groups but not one single for us, not one. We bring in somebody from out of state because she's smarter than the rest of us, I guess, to run BSDC. Well, we've dumped truckloads of money, you've dumped more truckloads of money there than the increase I've asked for that could run our programs for the next two years. And here little quote was in the paper, initially, as funding diminishes people do more with less but eventually something collapses, she said. Well, I'm here again asking for your help. It's simple, I laid it out. I can't do anymore. I know I sound like I'm bellyaching. And everybody who comes in asks you for money but this is a program that you've missed the boat on. And you keep missing the boat. And when something happens, all I can say is I've told you it was coming, I told you what we can do, I told you how we can help stop it and keep these folks in business. And like Pontius Pilate 2000 years ago, I wash my hands of it, it's yours, it's not mine. We've done our part. If you have any questions... [AGENCY 25]

SENATOR HEIDEMANN: Fine, thank you for your testimony. You have any questions. (Weather announcement.) [AGENCY 25]

SENATOR MELLO: Mr. Watkins, I'd like to thank you for your testimony. And... [AGENCY 25]

SENATOR NANTKES: I'm sorry, can we get some sort of advice. I'm sorry to interrupt, Senator Mello, but... [AGENCY 25]

SENATOR HEIDEMANN: We was having trouble, number one, with our feed, it quit feeding for some reason across the TV. So what I'm working on, they are...if you're

uncomfortable with your situation, they are opening up, the way I understand it, is that right, Senator Fulton, the basement if you want to go to it. I don't feel quite threatened yet but it will be a personal judgment of your own. [AGENCY 25]

SENATOR HARMS: There was just a brief PA announcement of a tornado warning for southern Lincoln. That was all that they announced. [AGENCY 25]

SENATOR HEIDEMANN: Okay, we probably will continue on for a little while yet. [AGENCY 25]

SENATOR MELLO: Mr. Watkins, in our conversations as a committee I not only myself but other senators have brought up performance and measuring the performance of our state agencies, departments, particularly Health and Human Services. If you had to give a performance review of the Department of Health and Human Services, what grade would you give them? [AGENCY 25]

BRIAN WATKINS: Can they be asked to leave the room? Uh-oh. They are well-intentioned people. They are absolutely professional, well-intentioned people, well-informed. I do believe they feel hamstrung because every single thing I've ever asked them in ten years they've said no and the reason why is because they don't have money. And it took me six years to figure out that I have to come up here and ask you guys for money for them. So if they don't have the money to do it, they can't do anything different than what they already have on their plate. And so I give them an 8 or 9 on a scale of 10 for knowledge and wanting to do the right thing for everybody in this state. Easily an 8-9. What they actually do do for us in our particular little instance is about a 2. [AGENCY 25]

SENATOR MELLO: Okay, thank you. [AGENCY 25]

SENATOR HEIDEMANN: Just briefly, what is the dollar amount that you're asking for?

[AGENCY 25]

BRIAN WATKINS: Twelve fifty per month net to the provider for assisted living under the standard of need for people that are poor, I guess, in Agency 347. It's only that particular program, people in assisted living. [AGENCY 25]

SENATOR HEIDEMANN: Fine, thank you very much, appreciate it. [AGENCY 25]

BRIAN WATKINS: Thank you, Senator. [AGENCY 25]

SENATOR HARMS: Can I find out how many are here yet to testify for this Agency 25. Okay. We have quite a few, so it would really be helpful if you could make it short and to the point for us. We'll stay here as long as you want to but it would be real helpful, so... [AGENCY 25]

JULIE DAKE ABEL: (Exhibits 19 and 20) Good afternoon, senators. I do have some copies of my testimony here as well as some written testimony that I'm also submitting from another person. My name is Julie Dake Abel and I am the associate director of the Nebraska Association of Public Employees. I appreciate your time in allowing me to testify today knowing the longness of the day. I'm here to testify about grave concerns to a portion of the DHHS budget and the Governor's recommendation that deals with ACCESSNebraska and specifically the move to call centers. Like I said earlier, I do have some written testimony from state employees with their concerns on the call centers. And you will hear about two people testify after me, one that is a state employee and another person that is with a community provider. NAPE represents social service workers, case aides, eligibility technicians, and clerical staff that handle the programs involved in the Economic Assistance. Those programs include Medicaid, Food Stamps, child care, Aid to Dependent Children, Aid to Aged, Blind and Disabled, energy assistance, Temporary Assistance to Needy Families, Social Service Block Grants, emergency assistance, Refugee Resettlement Programs, personal assistant

services, Kid's Connection, and child care subsidy. We represent those employees that handle those programs that are specifically being looked at for the call center. HHS has embarked on a disruptive and problematic, so called modernization effort that we believe will decrease access to essential human services to Nebraskans and displace Nebraska workers, costing Nebraska taxpayers through a series of false assumptions while ignoring the failure of other states in this area. As you can see from the lengthen testimony that I have provided, there is research that has been done in many of the other states that have put forth call centers. What we are asking is that you...we are specifically requesting that you indicate intent language of the budget bill that the department not proceed any further on the implementation of ACCESSNebraska and the call centers. We believe to do so will create problems for not only the workers, the client but also for the Legislature in the near future. We opposed utilization of the federal bonus reward money that was derived by the exemplary work or our members and state employees in reducing the error rate within the Food Stamp program that is now being used to put them out of jobs. And it's going to decrease the available...availability of legal services to the citizens of the state. In the preliminary budget, this amount is identified by a reduction in the budget to be made up for with the bonus money. We are asking that you please do not allow the agency to do that. We will regret this as a state. This agency does not need another problem, neither does the state. We believe that this will be a big problem that will not only impact and come back to the Legislature, to the agency, to the clients, but also the communities. Additionally, this is a terrible time for us to be switching to a call center with a huge increase and demand for services. Unfortunately and quite frankly due to the increasing lack of honesty by the agency and the fact that whatever administrator you seem to talk to at the time gives employees a different answer on what's actually occurring with ACCESSNebraska and the call centers that we cannot trust the agency to do what is right by the employees and the clients that it serves. For instance, the agency is focusing on calling this modernization. Unfortunately, modernization has now become a trigger word that is also called privatization. In fact, one of the higher up administrators in the agency has actually said that in two years that's what they do plan on doing, even though they will not tell you

that. While DHHS will tell you that they will retain anywhere from 80 workers in local offices, we've also heard up to 250 workers in local offices. If there truly is a set standard put by the agency head, then that message is not getting down to local administrators and local officers. And, Senator Nantkes, I wish I could say that there has been cooperation, there has been forthcoming by the agency to the union but there has not been and that is quite unfortunate. I would also like to say that while I wish I could be more positive about this program, I do think that, you know, some paperless methods of doing business is good and is a trend that we have to look at but we don't believe that this is going to work, especially based on some, you know, personal accounts that you may hear from some of our workers. Based on the account that the length of time somebody that tries to call a call center in a different state may take anywhere from two to eight hours. How can this be giving access to our Nebraskans? We would like the opportunity to meet with you to discuss this issue in further detail. And like I said before, we do have some folks that will talk about some of the problems this may cause for the clients and the frontline workers. And I would ask that you please look at this very carefully, at this budget line-item. And I thank you for your time and would be happy to answer any questions you may have. [AGENCY 25]

SENATOR HEIDEMANN: Senator (sic) Landry had testified that there's been over 13,000 applications already online. Are you aware of any problems to date with what they're doing up to right now? [AGENCY 25]

JULIE DAKE ABEL: As far as the online applications? [AGENCY 25]

SENATOR HEIDEMANN: Yeah. [AGENCY 25]

JULIE DAKE ABEL: The only thing that I can say specifically about online applications, I do know that they are being done and I do know that they're trying to encourage the online applications. In one office in Omaha, specifically, clients that are going in now to do the paper applications they're actually being told to go to a computer to fill out online

applications because they want those numbers coming in. Beyond that, I do not have further information on that. One of our employees may be able to further answer that question for you that will be testifying after me. [AGENCY 25]

SENATOR HEIDEMANN: Was you hear earlier when they testified that they indicated that the people in the call centers will be state employees though? [AGENCY 25]

JULIE DAKE ABEL: Yes, I was. Yes, I was. [AGENCY 25]

SENATOR HEIDEMANN: And you're sitting here saying now that you think it's their intent to privatize this? [AGENCY 25]

JULIE DAKE ABEL: I can tell you that has been said to several of our employees by higher administration. That's all I can tell you on that is that it does make me a little suspicious. It also does make me a little suspicious in the fact that they have not been forthcoming with us. And we are hearing so many different stories. I hope that's not the case. I hope I'm wrong. [AGENCY 25]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 25]

SENATOR MELLO: Ms. Abel, has anyone from the Department of Health and Human Services given NAPE/AFSCME, local 61, a copy of a cost-benefit analysis in regards to the ACCESSNebraska? [AGENCY 25]

JULIE DAKE ABEL: No, they have not. No, they have not. [AGENCY 25]

SENATOR MELLO: Have they discussed at all if there's been a cost-benefit analysis done on this program and be able to, you know, that's what they're working off of, so to speak, is this kind of strategic document have they mentioned? [AGENCY 25]

JULIE DAKE ABEL: Not with us as the union representatives, they have no. [AGENCY 25]

SENATOR MELLO: Okay. Okay, thank you. [AGENCY 25]

SENATOR HARMS: Do we have any other questions? Thank you very much for testifying. [AGENCY 25]

JULIE DAKE ABEL: Thank you. [AGENCY 25]

SENATOR HARMS: Do we have anyone else that would like to testify for this Agency 25? [AGENCY 25]

BRIAN WOLESENSKY: (Exhibit 21) Good afternoon. Thank you for allowing me to testify today. My name is Brian Wolesensky, B-r-i-a-n W-o-l-e-s-e-n-s-k-y. I am testifying today against a portion of the DHHS budget. I'm testifying on behalf of the Nebraska Association of Public Employees, NAPE/AFSCME. I am a social services worker for the Nebraska Department of Health and Human Services. I work in the Lincoln office of Gold's Galleria. As a social services worker, I manage a caseload of elderly or disabled adults, some live independently in their own homes or apartments, others live in group homes, assisted living facilities, or nursing homes. Presently, I have a caseload of 391 master cases and 642 cases, some of those cases might be just one individual, other cases might have two or more people assigned to that case. I determine eligibility for the Aid to the Aged, Blind or Disabled, Medicaid, Food Stamps, heating and cooling assistance. I also authorize services which allow individuals to live safely in their own homes such as Meals on Wheels and chore services. I also authorize transportation to medical appointments and services both in town and out of town as well as shopping trips to the grocery store or drug stores. I refer individuals to programs such as the Medicaid Waiver, which allow those individuals to live in their own home or in an assisted living facility who might otherwise be placed in a more structured environment,

such as a nursing home. I have managed a caseload for more than 21 years now. I'm gravely concerned that many of the people in my caseload have disabilities that will limit their ability to access service and programs using the call centers. They are also economically disadvantaged. Most do not have computers, some don't even have telephones. People now can apply for benefits online. Only two or three people on my caseload have tried to apply online. Many of my clients do not own computers, many do not know how to operate a computer, others have emotional and mental disabilities that affect their ability to operate a computer. Several of my clients were relieved to learn that DHHS still allows them to complete paper applications for their annual reviews of Medicaid and Food Stamp eligibility. I didn't have the heart to tell them not for long. If DHHS has their way, from my understanding, 100 percent of all applications would be completed online. In the past 21 years I've been a part of several agency and office reorganizations. About 16 years ago, DHHS administrators were concerned that applicants to tell their story too many times to too many case managers who would then determine eligibility for different programs. So the agency organized work groups. I served on one of those work groups. The goal of the work groups was to make social services worker less specialized and more knowledgeable about more programs. The intent was that social services worker would form a personal working relationship with their clients. Social service workers could determine eligibility for all programs without making clients talk to a different social services worker every time they wished to apply for a different program. But everything comes and goes. Now DHHS wants the call centers to utilize something called a universal caseload. A universal caseload means that no social services worker carries a caseload and that no client is assigned a permanent social services worker. If someone calls the center today they talk to one social service worker. If they call back tomorrow they'll talk to a different social services worker, unless by coincidence. If they call back in five minutes they'll talk to a different social services worker. No one will have a personal relationship with anyone. A caller will talk to whichever social services worker has an open phone line, that is if there is an open phone line. A few weeks ago, I had to call the Florida social services call center to verify that an applicant who had moved from Florida to Nebraska was no longer

receiving assistance in Florida. I got a recorded message welcoming me to the Florida system, it's English and Spanish. I listened patiently to the menu of teleprompts, I pressed the appropriate keys. Finally, the recorded message informed me that due to the high volume of calls, all lines were busy. They told me to call back later. Then the Florida call center simply disconnected me, click. It didn't tell me that my call was important to them, it didn't ask me to please wait for the next available representatives, they simply disconnected me. Now my coworkers who had already had to phone the Florida Health and Human Services call center gave me some advice. They told me that the best time to phone was first thing in the morning, so I tried that. After two or three days of phoning and after being disconnected every time, I finally reached a live person who could give me the information I needed. Is that service? Is that modernization? Is that progress? What would calling a call center be like for someone in need? What if one of your constituents had to phone a call center to get assistance? What would that be like for a senior citizen who had worked hard all their life, paid their taxes, raised a family but now had health problems that had become so severe that their family could no longer give them the care that they needed? They swallow their pride, they call the call center to apply for assistance, and they get disconnected because all lines are busy. Wouldn't that be frustrating? Wouldn't that be disheartening? What if the gas company were at the front door of a single parent, wanting to disconnect their gas heat. And this does happen. The utility company employee at the door agreed to give the single parent a break, they give them another 24 hours to apply for Energy Assistance at the Department of Health and Human Services. If that happened today, a social services worker could probably resolve the crisis within 24 hours as the energy program does require, as the rules require for that program. But if the single parent had to phone a call center the results might be different. What if that single person didn't have a telephone. What if they had to call from a pay phone, if they could find one or what if they had to use a neighbor's phone and then the call center hangs up on them because all lines are busy. Call the Florida Health and Human Services call center, I encourage each of the committee members to try. Phone them and see what happens. I'm not here to pick on the state of Florida, it's not just Florida. I took an informal poll in the office.

True, none of my colleagues had anything good to say about the Florida call center, but they didn't have anything good to say about the call centers in any of the other states either that they had to phone. So maybe the problem isn't Florida or any of the other states, maybe the problem is with call centers in general. They may work fine for commercial businesses such as telemarketers or for someone who wants to order merchandise or schedule repair service for their TV satellite dish, but they don't work very well for human services. They don't work very well for people in crisis, for people with emotional disabilities, or development, or physical disabilities, or people with limited access to a telephone and computer. Let's not make the call center the Nebraska way. Let's not make a call center the way that DHHS does business with people in crisis and in need. Thank you for allowing me to testify today. I'll be happy to answer any questions that you may have. [AGENCY 25]

SENATOR HARMS: Brian, thank you for your testimony. Do we have any questions for Brian? Senator Nantkes. [AGENCY 25]

SENATOR NANTKES: Thank you, Mr. is it "Wolensky?" [AGENCY 25]

BRIAN WOLESENSKY: Wolesensky. [AGENCY 25]

SENATOR NANTKES: Wolesensky. [AGENCY 25]

BRIAN WOLESENSKY: Not a problem. [AGENCY 25]

SENATOR NANTKES: Okay, thank you. Your testimony and I think your insight in regard to the issues facing HHS as a frontline worker is invaluable. And I think you were here during the earlier testimony when the department was here and they made an ongoing commitment to bringing all interested parties together to help alleviate concerns in terms of the transitions with this program, which I think is very helpful. What I'm wondering and maybe I'm being too optimistic in this regard, I understand there are

some trust issues between the union and the department and between this body and the department, that has been over the years. But what I'm hopeful about is that maybe by fully embracing technology available to us in the state, wouldn't that allow the department some flexibility to really target that intensive personal services to those cases most in need while, you know, allowing an online application to maybe free up some case worker time in regards to just determining basic eligibility. And wouldn't that ultimately be a good thing for frontline workers and the citizens that they serve? [AGENCY 25]

BRIAN WOLESENSKY: That may very well be a very good thing. Although I'm not sure when I listened to the testimony that that really is the intent of all of this. [AGENCY 25]

SENATOR NANTKES: Um-hum. [AGENCY 25]

BRIAN WOLESENSKY: We heard the director, Director Landry saying that he would not guarantee that local offices wouldn't close. In fact, he said that we would...he did intend or the agency does intend, he won't be here, but they do intend to reduce staff and also to reduce hours. So that does affect...limits the access for people to come. As far as embracing technology, those are very good ideas, very noble. I'm just concerned that for some of my clients and some that Mr. Watkins spoke about that's not going to happen, not very easily. [AGENCY 25]

SENATOR NANTKES: Um-hum. And I definitely take your concerns with the utmost sincerity as you presented it. But I just really think we have to figure out a way to work with the department to move forward in this regard. And every industry has seen a change in how their workforce looks because of technological advancements. And there's going to be some changes at some point in time within the critical human services area. And this is just the beginning. So I think we really have to dig in and work together to address the changing world economy in many regards. [AGENCY 25]

BRIAN WOLESENSKY: We do have to make those changes smart. And that's...one thing we would be willing to be part of that dialogue. But as of now I don't know that we really are. [AGENCY 25]

SENATOR NANTKES: Thank you. [AGENCY 25]

SENATOR HARMS: Senator Nantkes, thank you. Senator Wightman. [AGENCY 25]

SENATOR WIGHTMAN: Thank you, Mr. Wolesensky, for your testimony. I've been there with regard to various types of businesses that you call and do get the, whether it's a call center or an answering service, whatever it is. And I think a lot of that could be addressed by more clearly having someone that you could reach by pushing a button, a lot of times zero or whatever it might be. So I think that they do need to be more user-friendly. At the same time I do agree that we're going to have to move forward. We can't continue to labor back in the mid-ages or whatever it is. I think we do have to use the technology that we have down the road. But I agree that many times when you call in and you get an answering service or an answering machine, you can't get yourself out of the abyss. There's nobody ready to answer the call or take the call that's a human voice. And I think we should address that. But do you have any comments with regard to that? If you could get through to a live voice on the call center if you needed to, to have the assistance, would that solve some of the problems? [AGENCY 25]

BRIAN WOLESENSKY: Again, I'm not...I'm not sure. I'm out on that. I do agree that we need to move forward as technology advances. But as I just said, we do need to move forward smarter. We need to actually pay attention to some of the problems and not sell it as just a future thing, a modernization that maybe really is going to ring hollow. I'm a little bit concerned also that...I'm sorry, I did lose track because I was kind of sidelining myself there. What was your question again, may I ask? [AGENCY 25]

SENATOR WIGHTMAN: Well, my question is if a lot of your concerns couldn't be

addressed by merely having some number that you could ring during the course of that conversation to the call center and get a live voice, it would provide assistance to someone. I agree that they give you just the runaround on the numbers and you never can get through to a live voice, that's a problem. [AGENCY 25]

BRIAN WOLESENSKY: Well, in an ideal world that would probably help a little bit certainly. [AGENCY 25]

SENATOR WIGHTMAN: Thank you. [AGENCY 25]

BRIAN WOLESENSKY: Yes. [AGENCY 25]

SENATOR HARMS: Thank you, Senator Wightman. Senator Mello. [AGENCY 25]

SENATOR MELLO: Mr. Wolesensky, is that it? [AGENCY 25]

BRIAN WOLESENSKY: That's very good, yes. [AGENCY 25]

SENATOR MELLO: Has anyone from the department, any of your managers or supervisors or directors, subdirectors ever talked with yourself or any of the frontline workers in regards to getting feedback about maybe modernizing our delivery systems at all in the department or try to gather any kind of ideas from the frontline workers? [AGENCY 25]

BRIAN WOLESENSKY: Well, we have had meetings with administrators or legal local office people. It was more in the vein of telling us what they're doing but not really allowing us a lot of input. If we had questions, there were very many questions they couldn't answer. They could say that, well, it hasn't been decided yet. So...and there are work groups out there. Although I'm hearing unofficially from people in those work groups and these... (Weather announcement.) Well, that certainly was a relief. There

are work groups right now and there are employees on those work groups and they are being asked to decide certain things. Their suggestions will be passed onto a higher group, a cabinet of some sort made up of administrators, no employees, no frontline staff, who will decide whether these suggestions are doable or that's what they want. I'm assuming that most of the people on those work groups are...they are volunteers and they are doing so with the proper spirit and the proper attitude. Although I do hear a few cynical asides that the agency already knows what they want to do. They're not necessarily concerned about a different way of doing things. They just want to validate or to prove it or maybe they've even given themselves political cover for a change they already intend to make. [AGENCY 25]

SENATOR MELLO: Well, I will...first off, I always find it more informative to have frontline workers in state government particularly provide your feedback and your insight because you're doing the work day in and day out that a lot of us discuss in committee and discuss on the floor of the Legislature. And sometimes we're completely removed from the day in day out operations of how to make our government work. I'll make this offer to you. You or any of these work groups can contact my office or anyone else, for that matter, on this committee with your ideas to make sure that they're heard because, unfortunately, my time in state government and federal government I've noticed that sometimes ideas are stymied and good ideas sometimes don't reach where they need to be reached to help make the decision better. And some of your testimony I think really hit home. Some issues and some concerns I have as the program moves forward, and I want to make sure those get addressed as the department tries to implement this project. [AGENCY 25]

BRIAN WOLESENSKY: Okay. [AGENCY 25]

SENATOR HARMS: Thank you, Senator Mello. Do we have any other questions? Mr. Wolesensky, thank you for your testimony. [AGENCY 25]

BRIAN WOLESENSKY: Thank you to the committee for listening. Thank you, too. [AGENCY 25]

KAY OESTMANN: (Exhibits 22 and 23) Good afternoon. I'm going to change topics a little bit here for awhile. I am Kay Oestmann and I'm director of the Southeast District Health Department in Auburn, Nebraska. But today I am representing the State Association of City and County Health Officials, or your local health directors, to make it short and sweet. [AGENCY 25]

SENATOR HARMS: Could you just spell your last name, please. [AGENCY 25]

KAY OESTMANN: Oh, I'm sorry. It's Oestmann, it's O-e-s-t-m-a-n-n. And I appreciate the committee's allowing us to speak this afternoon. The local health departments of Nebraska were established as District Health Departments as a result of LB692 and funded through the Health Care Cash Fund in 2001. Since that time, we've become a statewide system that covers all 93 counties. And these departments provide specifically based programs based on local needs identified through assessment. They're active in community planning and policy development, while they assure, through coordination of services, the needs of their populations are being met. Through legislation advanced by the Appropriations Committee in LB1060, funding directed to assessment and surveillance has been utilized by the local health departments to further meet our responsibilities. With this funding we've been able to move ahead in our development of a seamless public health system in Nebraska. Currently, local health departments have developed a statewide assessment that enables us not only to identify potential barriers to good health but also to build a process to compare this data throughout the state. We've incorporated local data with that captured by DSS and partnered with them to better enable planning in our districts. Before this summer is over we'll be able to provide data that is representative of all the populations of the state, our districts, and individual counties. This will assist everyone in planning health and prevention related activities. Through this funding we've also developed measures

or guidelines that will help make us accountable as public health departments by using a portion of this funding for this purpose we've stepped ahead of the national goals of public health accreditation. All departments have contributed to a statewide surveillance activities, including national recalls, most recently for peanut butter and alfalfa sprouts. Local departments have been responsible for disease investigation in their districts. And when we have large outbreaks or disasters we can depend on our other partners in public health to assist us. We've got case data on infectious disease and followed up with cases reported to us by the state as well as local hospitals, physicians, clinics, nursing homes, day cares, and schools. Public health throughout Nebraska has partnered with existing agencies to develop plans for bioterrorism and other threats including pandemic flu. Public health has also been present to assist our communities during natural disasters including wildfires, ice storms, tornados, and flooding. (Laugh) We were sitting back there when they were doing the tornado thing wondering what's going on in our districts. We mobilized our communities to address needs identified by them and informed...and formed task forces and coalitions to help them address these unique problems. Whether it's high rates of cancer, diabetes, or heart disease, low birth rates, fluoridation of water, lack of adequate dental, medical or child care, need for bilingual interpretation, injury prevention, automobile crashes, seat belt usage, underage tobacco and alcohol use, addressing meth in the community or domestic violence public health has a presence in Nebraska. Before 2001 this was a dream. In 2009, thanks to the Legislature and dedicated public health practitioners it's a reliable asset that continues to expand and meet the needs for all Nebraskans. We thank you for your belief in public health. [AGENCY 25]

SENATOR HARMS: Okay, thank you very much for your testimony. Any questions for Kay? Senator Wightman. [AGENCY 25]

SENATOR WIGHTMAN: Ms. Oestmann, can you tell me how much of your budget for public health in the local entities, city and county, is through the state of Nebraska. Is there a percentage that the state funds or... [AGENCY 25]

KAY OESTMANN: It varies from district to district and what we're doing. Those that were well established previously are still getting some from the counties and the cities. Some of us have gotten some assistance from counties, cities, foundations locally. If you'll...I handed out a report that's compiled by the state every year as a result of the legislation we are supposed to report annually. We do report annually to the Office of Public Health, and then they compile this report and send it to the Governor and the Health and Human Services Committee. I didn't think that probably most of you had seen this. Each health department in the state provides an annual report. And if you don't get it in through the media, you'll probably get it in the mail, or it's on their Web site, or it's available readily to you that tells just about your specific health department. This is just a synopsis of what we've done throughout the year. We all contribute to it. If you'll notice, it says, on page 3, the bottom of page 3, the last sentence. It says, it's estimated that the total amount of additional funds that have been leveraged since July of 2002 is well over $20 million. So, you know, we're not just using the Healthcare Cash Fund and the LB1060 for our complete, you know, amount of funding, but we put it all back into the community. Does that answer? [AGENCY 25]

SENATOR WIGHTMAN: Now when you're talking about...well, when you're talking about leveraging it, that's private funds or is that city and county contributions as well? [AGENCY 25]

KAY OESTMANN: It is city, county, state, federal pass-through dollars, that we do services that are passed through from the...from DHHS. And that's why I'm here. They support the programs that we do. We have contracts throughout the state for bioterrorism, for maternal and child health things. We're on coalitions that are working with underage drinking grants. We have money from Every Woman Matters and from, you know, some money that comes in for advanced colorectal cancer and things like that through cancer grants. We have money that comes to us for energy...for prevention of injuries, HIV/AIDs. Some people, you know, do some HIV/AIDs contracting. I think

that probably the thing that's the most, you know, when we started out, if you'd seen one health department you'd seen one health department. We, together as a state, we worked together and we have a system that's seamless. But because of our assessments and because of what we're doing in our communities we're able to identify what the need for the community is. You know, what's needed in my community is definitely not always what's needed in Lincoln, Lancaster, Omaha, Scottsbluff, you know. It's...we identify through our assessments and our communities input what is needed there. And then we try to see if there's a way that we can provide that. We don't always have to do the services. If somebody is there doing the service and they're doing a good job, why, we aren't going...you know, we're going to support that service and make it better, and that's our job. [AGENCY 25]

SENATOR WIGHTMAN: Well, in answer to my question, though, the amount of support from the state, from LB1060, varies from region to region, is that right? [AGENCY 25]

KAY OESTMANN: No, LB1060 is a line-item on the budget and it's $100,000 for surveillance and that I talked about in the surveillance and the, you know, the money that's used for surveillance and assessment throughout the state. And it's...the money is $100,000 per department. A different formula than we use for 692. It's just every health department that's a 692 department gets $100,000 under LB1060. [AGENCY 25]

SENATOR WIGHTMAN: Thank you. [AGENCY 25]

SENATOR HARMS: Thank you, Senator Wightman. Any other questions? Okay, thank you for your testimony. [AGENCY 25]

KAY OESTMANN: Thank you so much. [AGENCY 25]

SENATOR HARMS: Thank you. Can I see how many hands of people are still here left to testify. Okay. It would be helpful if you could do it as quick as possible but we'll stay

as long as you want to stay, so... [AGENCY 25]

DONNA McGRATH: Good afternoon. [AGENCY 25]

SENATOR HARMS: Good afternoon. Welcome. [AGENCY 25]

DONNA McGRATH: Thank you for hearing me today. I'm from the Nebraska Alliance for Retired Americans. My name is Donna McGrath, D-o-n-n-a M-c-G-r-a-t-h. I'm here in opposition to the program ACCESSNebraska. The gentleman that was before me kind of took the wind out of what I was going to say. There's just a few things I'd like to add. I came from a small community and I know how hard it is for the elderly, in particular, or anyone that is disabled to find a way with someone that can have a wheelchair to get even to the local offices. And today when you talk about going to a call center or calling a call center those same people do not have computers, they haven't a clue what they're about. They may not even have a phone if they wanted to call anybody from home. So they have to depend on outsiders, neighbors, family if they have any to get them to these different offices. But what I'd like to point out is the fact that I do think in a situation where the low-income people are involved they feel badly enough without having to advertise that they're having a problem to anybody. And they will go because they need it, but they certainly don't want their records shared with their neighbors and their friends. Well, when you go on this ACCESSNebraska my first question is, is this a decision by the Health and Human Services to start this program? I did not hear anyone say what the cost was for this call center that they started. They talked about a lot of other figures. I think at a time like this with the economy as it is we don't need to be spending money for call centers. Any money that we get from the federal government, which the stimulus did allow an amount of money for Medicaid to come to the states. And also just on April 1 there is part of the stimulus points out that they will be getting a 13.6 increase in food stamps for the poor. But the Alliance of Retired Americans is a state organization but we depend on our group in Washington, D.C. It's a nonprofit organization, we are all volunteers here in the state, and we promote anything that's

economical and social for not only retirees but for the disabled, the low-income, and the ill. So that's why I was asked today to come before you. And I just question the procedure and the process that was presented earlier. They were ideas, but unless it's written in stone, we don't know whether they're going to close all the offices or leave some open. We have no idea where it would be if they have them. I, personally, if I were in that situation and my family has been, I'd prefer talking to someone on a regular basis in the county office where it would be just between them and me, and go back the next time, if I have a problem, and go to the same person instead of going to someone else who hasn't a clue what I want. The other evening I did go on the computer to see what the western district was like. They tell me there's going to be...they plan to have five different districts. Well, it printed so much, I finally decided I didn't want to waste that much paper. But it gave me an idea of just how many offices there are. I, personally, think that when they talk about communication, they want to have good communication with the people that are in need. Communication to me means I'm talking to you, you're talking to me, not to a machine or to someone I don't know. I regularly...I might say hello to somebody I didn't know, but on something that personal it would have to be someone that I'm familiar with. So I thank you for your time. And I do definitely oppose going ahead with this program. The economy, the lack of communication, I could go on and on but the gentleman before me covered what I really wanted to say. So thank you for listening. [AGENCY 25]

SENATOR HARMS: Donna, thank you for your testimony. Do you have any questions for Donna? Donna, thank you very much. [AGENCY 25]

DONNA McGRATH: Thank you. [AGENCY 25]

AMY RICHARDSON: (Exhibit 24) Amy Richardson, R-i-c-h-a-r-d-s-o-n. Mr. Chairman and members of the Appropriations Committee, my name is Amy Richardson. I'm the vice president of programs at Lutheran Family Services. I'm here today to represent Nebraska Association of Behavioral Health Organizations with regard to questions we

have about the DHHS plan to move Medicaid, including primary healthcare, Children and Family Services, and behavioral health services to an at-risk system of managed care. Currently, we have Magellan as an administrative service organization. Representatives from HHS have announced their plans to move to an at-risk system of managed care on numerous occasions. It is our understanding that there have been funds expended by DHHS to research and study this. These plans represent a substantial policy change and system change for those who need Nebraska's help the most. We do not come to be a proponent nor an opponent to the largely unknown plan as we simply don't know enough about the plan to form an opinion about the benefit or detriments it may offer to services Nebraska. HHS has rightly announced its policy to conduct the business of the state in an atmosphere of transparency and accountability. If there has already been a determination that we are better able to provide effective and efficient care through an at-risk method of managed care, then Nebraskans have missed a big portion of the conversations. There must be some sort of financial calculation as to the statewide utilization benefits and the cost to provide the services, but we have not seen that information. There must be some sort of actuarial study to suggest that we have a sufficient number of covered lives and a sufficient budget to support an at-risk model, but we have not seen the information. There must have been conversation about the impact on Nebraskans if the pool of funds for services runs out before those that need help are fully served, but we have not heard that information. If the money runs out in April then what? Assuming that the system of care is at least as big as it is now, where will dollars for the managed care contractor come from to pay their expenses and profit. The model of managed care that puts the contractor at full risk is a feasible model if there is sufficient information to accurate calculation utilization and cost for services and if it's adequately funded. But if it is underfunded it can have devastating consequences on consumers and providers across the state. Ultimately, the risk lies within the consumer. There has not been open dialogue about the issues and solutions. If we follow the Medicaid reform philosophy then we start with the data that suggests better, more efficient care can be realized with a model other than the one we currently employ. Then we must look to the data to understand what model would

provide the best care and be the most cost-efficient. We must deliberate on the solutions that understand if there is a better way to do business. A transparent, accountable system is important. A major shift in policy and procedure needs to have the constructive thinking of many Nebraskans. While we don't need to bring business to a stop to have this debate, what it involves is a fundable...this involves a fundamental change in the system. Stakeholders in the system should be consulted. NABHO sits as a member of the Behavioral Health Coalition, a group that is represented by such groups as Hospital Association, Nebraska Medical Association, Nebraska Home, Psychologist Group Home Association, Social Workers, and others. The infrastructure for effective and efficient conversation exists for such important matters but to date it has not happened. And because of the impact on our budget it should be a conversation in this Legislature. NABHO urges you to make this decision a conversation in the Legislature. With an announced implementation date of August 2010, now is the time we must talk. Next year at this time it will be too late as the RFP will be out and the plan will be underway. This is a strategic undertaking and we must all be certain that the foundation elements are in place before we make decisions with such significant implications. Help us urge HHS to meet its own philosophy of participation, transparency and accountability by implementing a more open process to determine the best model to managed care. Thank you. [AGENCY 25]

SENATOR HARMS: Do we have any question for Amy? Amy, thank you very much for your testimony. [AGENCY 25]

BRENDON POLT: (Exhibits 25, 26, 29) Good afternoon. My name is Brendon Polt, that's P-o-l-t. I'm here representing the Nebraska Health Care Association and its membership of about 200 nursing homes and assisted living facilities. And I will not read my testimony. I'm providing it here in print and then I also have some numbers which I'll explain what that is. I'm here in support of the budget, essentially. And I never thought I would come here and testify in support of a budget that leaves us, based on a Seim, Johnson Accounting Firm calculation out of Omaha, about $14.50 underfunded per

patient day in the first year and about $16.26 in the second year. And that's what I have here in this handout. I've titled it based on the assumption. So I have the 2 percent increase, 1.5 if you were to split the difference between the Governor and you after the revised forecast, 1 percent, but you see in red the numbers underfunding per year. Currently, we're $11.62 per year. And that's really unprecedented. And at that level, I know of potentially 30 facilities that are barely hanging on, that are talking about closing in the near future, which gets at a point that Senator Wightman was asking one of the department testifiers. To continue briefly through my testimony, I would like to stress what the impact of a facility closure is. The Lewin Group was contracted with, with the American Health Care Association, our...I'll call it our parent association, in Washington, D.C. They did a state-by-state analysis. I didn't copy one of these for all of you but I can leave it. It takes a look at what the economic benefit is of a nursing facility, specifically in a local community. It's done at the state level, and then they also break it down by congressional district so you can kind of zero in on what is the rural benefit, what is the urban benefit, and what is the middle area, maybe the Lincoln area. But we're employing about 17,000 people. We're providing care for about 13,000 people every year. We're hiring in these communities, 15 percent of RN positions are vacant, about 10 percent of licensed practical nurses and certified nurse assistant positions are vacant. We're providing about $2 billion in total economic impact statewide. And you can see what that is on the...by congressional district within this document. I also can provide that electronically. I also know that what I'm testifying to, that 2 percent, that was before the revised forecast. And I also understand that since that time there's been an estimate of maybe $75 million to $100 million in revenue that will be lost pursuant to tax cuts in the stimulus package. But while we're on stimulus and I know that bill is Thursday, I will say that the intent specifically in the act, stated in the act itself, is to protect and maintain state Medicaid programs during periods of economic downturn including by helping to avert cuts to provider payments rates, benefits or services. And what I'm telling you is that at 2 percent it's going to be tough. And even though I'm telling you I'm supporting that, when we start getting lower, if we're held flat and we syphon out the state General Funds because of the increased federal FMAP or federal

match and use those funds elsewhere and then we have facilities close statewide, there's access problems and there will not be care in certain parts of the state. And I will respond to something Director Chaumont mentioned that we're over-bedded. If you look at the statewide average we're about 80 percent occupied, 80 to 85 percent. But you have to look at what does that mean because we have facilities throughout the state. And so you might look at a statewide basis there are vacant beds. But if a facility closes in Chadron, or Valentine, or as we saw in Curtis, Nebraska, as we saw in Tilden, Nebraska, then maybe they had 20 percent of their beds unoccupied. But when that facility closes because their Medicaid rate is too far underfunding services, then there is not services in that area at all. And there are the economics impacts. Another thing is nursing facilities are the ones that are often providing the Meal on Wheels. Over half of the nursing facilities in the state are providing personal care, home health care and the gamut of other services. And we're encouraging that they develop those services. So please don't go any less. Please sustain the amount that you've come to and as a decision in anyway you can find the funds so we can hang on. Any questions? [AGENCY 25]

SENATOR HARMS: Any questions for Brendon? Brendon, thank you for your testimony. [AGENCY 25]

KIM KWAPNIOSKI: (Exhibit 27) Good afternoon, Mr. Chairman and members of the Legislature Appropriations Committee. My name is Kim Kwapnioski, K-w-a-p-n-i-o-s-k-i. I serve as the executive director of the Norfolk Community Health Care Clinic. We are Nebraska's newest federally qualified community health center and we wish to thank the committee for their historic support for Nebraska's federally qualified community health centers. And we want to specifically thank this committee for the recommendations contained within your preliminary budget document. The community of Norfolk and its surrounding communities have worked tirelessly to make the dream of a federal community health center a reality. Speaker Flood actually incorporated our original organization and has raised money for our efforts to serve the needy of our

communities. This federal designation is extremely competitive and difficult to secure so we are extremely pleased to be able to appear before you today to thank you and invite you to visit our operations during your summer or fall. Our designation and subsequent resource enhancements couldn't come at a more important time. Our community has seen a dramatic increase in the number of uninsured citizens who desperately need a medical home. Currently, our uninsured rate is 54 percent. We know and you know that by providing primary care services to this population results in significant improvement in community health outcomes and has a huge financial savings as well. All of our centers are experiencing the significant increase of needy families. And we appreciate any financial help that you can provide to ensure we do not diminish services around the state and that Norfolk becomes a full partner in our state's efforts to serve needy Nebraskans. Again, thank you for your time and help with the federally qualified health centers. [AGENCY 25]

SENATOR HARMS: Do we have any questions for Kim? Kim, thank you for your testimony. [AGENCY 25]

KIM KWAPNIOSKI: Thank you. [AGENCY 25]

SENATOR HARMS: Welcome. [AGENCY 25]

CAROLE BOYE: (Exhibit 28) Thank you. Good afternoon or evening. My name is Carole Boye, B-o-y-e. I am the CEO of Community Alliance, which is a mental health center in Omaha, Nebraska. Boy, you've heard a lot today. And I want to acknowledge some of what's been said in terms of funding and rate increases and the sensitivity and understand. And just tell you as a CEO of a business that is providing human services but more important as an advocate for people with mental illness just how appreciative we are of that. But I'm not here today to talk about funding or about rates. In fact I'm in a very unusual situation where I don't think I'm even asking for more funding. I think I'm asking to bring to your attention a case where you have appropriated funding and it's

not getting where I think you intended it to be. And so if you will bear with me, I just want to walk you through this. You, the Appropriations Committee, and the Legislature as a whole, you appropriate a fixed amount of General Fund to Program 38, the Division of Behavioral Health Services. You also appropriate a fixed amount of General Fund dollars to Medicaid Program 348. And I really hope I keep these numbers straight but I trust you will. And then there is another appropriation, apparently, to Program 33 for administrative operations for HHS. HHS talks a lot and we hear all over the country now about transparency and accountability. And when you read the budget it seems pretty clear that the appropriations are made and that your intent is when dollars are appropriated to Program 38 that it will go through the Division of Behavioral Health to the mental health regions. Here's what is happening though. HHS is administratively taking money off the top of the Program 38, the regional appropriations, and transferring it to Program 348, to Medicaid, which is then using these funds rather than its own Program 348, it's own Medicaid funds appropriation that you've given them for certain...to match as the General Fund for Medicaid service...for certain behavioral health services. In addition, we know that HHS is using Program 38 funds for administrative costs that we believe you had intended to be paid for through Program 33 appropriations. While we've been unable to get specific information from the department, the data we do have indicates that in the current fiscal year, FY '09, over $8 million has been transferred in, and I believe the director of Medicaid commented on that earlier to a question, over $8 million has been transferred from Program 38 to Program 340 for Medicaid match purposes. That's over $8 million, not including any of the operational cost shifting which has been estimated anywhere from $300,000 to $800,000 on an annual basis that we believe...we think that this body thought it was appropriating to the mental health regions, that's never getting to the mental health regions but instead it's getting...being used for Medicaid match while Program 38, or Medicaid, is saying we have savings in Medicaid this year. You know, one analogy that came to mind for me was, well, we're raiding a cookie jar her. And even more than what I wrote here, what really came to mind as I was thinking about it this afternoon if that this is kind of the equivalent of you buying Girl Scout cookies and me buying Girl Scout

cookies. And I ate your Girl Scout cookies and because my box is still in my cupboard I get to claim credit for staying on my diet. I've tried that kind of dieting a lot, it hasn't worked, obviously. But that's what this seems like is that we're hearing lots of kudos about how we're saving Medicaid funds. But what we're really doing is moving it from here to here and that's not what you appropriated. We wanted to bring that to your attention. There is some history behind all of this. Prior to the reorganization of HHS, there had been some open dialogue and transparent agreement between the regions and the previous policy cabinet to share in some of the Medicaid match when we brought the Medicaid rehab option services on, that was over a decade ago. We know that in that agreement it never exceeded an agreement of more than $5 million. Again, we're over $8 million. It's actually become much more rampant now without input. The phraseology is what you heard today, the decision was made. It was not made with input or with transparency. We don't know on what authority this is happening. We really don't want to argue about whether this is authority. What we want to ask you is to put in some place in this appropriations bill some additional safeguards that specifies that all funds appropriated to Program 38 should be given to the regions as intended, not for match, not for administrative purposes. That if there is going to be a transfer of dollars from Program 38 to Program 348 for match purposes of behavioral health services, that at the very...either prohibited or put a maximum cap of $5 million on there so that this growing transfer doesn't keep going on and then any other language that you see is appropriate to avoid the administrative costs also being shifted out of Program 38. We wanted to bring this to your attention. We're asking for your help in this. We don't think we're asking for any more money, we think we're saying, would you allow us to use what it is that you've already deemed as an appropriate appropriation. [AGENCY 25]

SENATOR HARMS: Thank you, Carole. Senator Nantkes. [AGENCY 25]

SENATOR NANTKES: Carole, thank you for your presentation. Thank you for bringing it to our attention and providing specific solutions to deal with the issue in a proactive manner from this point forward. That's invaluable. Additionally, thank you for your good

works in the community and recognizing that we are in a precarious economic situation so, of course, a dramatic increase is difficult at this point in time. But these are things that we can do to ensure that those dollars get through the system out to the frontlines. And I know that's something that we're all very, very concerned about. [AGENCY 25]

CAROLE BOYE: And that's a partnership that we have always enjoyed with the Legislature and that we thank all of you for because it really is a partnership. [AGENCY 25]

SENATOR HARMS: Thank you, Senator Nantkes. Do we have any other questions for Carole? Carole, thank you for your testimony. [AGENCY 25]

CAROLE BOYE: Thank you. [AGENCY 25]

SENATOR HARMS: And we will look into this. Thank you for bringing it to our attention. [AGENCY 25]

CAROLE BOYE: Thank you. [AGENCY 25]

MARK INTERMILL: (Exhibit 30) Good afternoon, Senator Harms, members of the committee. My name is Mark Intermill, M-a-r-k I-n-t-e-r-m-i-l-l, and I'm here today representing AARP to speak to you about Program 559 and 571 in Agency 25. The biennium that you are looking at developing a budget for is the biennium when the oldest baby boomer will celebrate their 65th birthday. And that's probably not as significant of a date as 20 years later or 2031 when that oldest baby boomer will celebrate their 85th birthday. Today there are one in seven people over the age of 85 live in a nursing home. If we still have that proportion in 2031, we'll have 16,773 nursing home residents, which is actually more than we have licensed nursing home beds today. And people over 85 only represent about 40 percent of the nursing home population. So we are faced with an interesting situation. I want to do...to speak to you

today about the community aging services, both community agency services in Program 571, and the Care Management Program in Program 559. And I wanted to let you know that those programs are working. One of the benchmarks that those programs have established is to look at the utilization of nursing homes. And what we have seen is a...we have a chart, I think about the fourth page in, is that the numbers of nursing home residents in Nebraska is declining. From 1995, when we started to see the nursing home population begin to decline, to 2007 the number of 75-year-olds in nursing homes has dropped by 27 percent. At the same time the nursing home population under the age of 65 is up by 30 percent. And the points where the nursing home population began to decline or declined at a greater rate, all are tied to some improvement in the capacity to deliver community aging services. This also has led to a reduction in Medicaid spending for people over the age of 65, which was actually less in fiscal year 2008 than it was in fiscal year 2002. There are probably two primary reason for that happening. The first is Medicare Part D took effect during that period and we have seen the shift from people being covered by Medicaid...prescription drug coverage but from Medicaid to Medicare. This chart doesn't include the clawback payment that the state has to make, which is roughly about $20 million, which probably flattens out the line instead of the decline occurring. But the other part is long-term care. We saw that line fatten out before Medicare Part D took effect and that's due to some of the changes we've seen in providing community aging services. What...these programs have worked. They have helped us to prevent...help people being prevented from having to go into a nursing home. The Care Management Program has been able to provide services to about 6,500 people who are able to stay at home. I also wanted to make a quick point about the American Recovery and Reinvestment Act because that has had an impact on our request. We have dialed down our request for additional funds for these services. Part of that is because there are some additional federal funds that are coming through the Older American's Act, both in the ARRA, and also in just the regular budget, the federal budget that was just recently passed. We've also been looking at the FMAP issue and we can see that FMAP, the amount is indefinite. We see the range that Nebraska will receive between $227 million and $364 million. There are

three parts to the formula to decide that, the first is a hold-harmless provision that doesn't relate to Nebraska. The second is a 6.2 percent percentage increase, and then there's a factor tied to the unemployment rate. And to make a long story short, if our average unemployment for any quarter for the next eight quarters exceeds 4.3 percent, we will get additional federal Medicaid match. So somewhere between $227 million and $364 million is what we look at. Our two recommendations--first of all we'd like to see an increase in funding for aging services. These programs have helped the state's budgetary position. They have helped us reduce Medicaid spending. And we're at the point where if we don't maintain those services, they're at risk. I think we're at this point trying to keep our head above water with these services. We do appreciate the increase the committee has provided in terms of your preliminary recommendation, going from 1 to 2 percent. But we would like to see that increased up to 5 percent, which amounts to, I believe, about $479,000 for the biennium. The other thing that I want to point out is that I think we would like to...there's been talk about planning for the future. And I think that's critical. As I mentioned earlier, we're going to see a lot more older persons in the future. This is partly in self-interest because in 2040 on September 5 I'll celebrate my 85th birthday and there are going to be about 100,000 people in Nebraska who are older than I am competing for long-term care services. We need to have a system that's in place that will make sure that we deliver those services efficiently and effectively. What we would like to ask of you is to consider taking a look at what we're calling a global budget for long-term care services for people over the age of 65, to begin to set in motion a process where we can begin to address those needs. There are a lot of different streams of funding that go into delivering aging services, not always well coordinated. And I think it's time that we sat down and seriously take a look at how we deliver those services, how we finance them, and make sure we have a good system in place for the future. With that, I'd be happy to answer questions. [AGENCY 25]

SENATOR HARMS: Thank you, Mark. Senator Fulton. [AGENCY 25]

SENATOR FULTON: Thank you, Mr. Intermill. I want to, just for our own purposes here

it's good to have specificity. And you're asking specifically a 5 percent increase in provider rates. [AGENCY 25]

MARK INTERMILL: Correct. [AGENCY 25]

SENATOR FULTON: Now help me understand the program. Is this Program 559, which is Aging Care Management, or is this Program 571, which would be... [AGENCY 25]

MARK INTERMILL: It would be 5 percent in each program. [AGENCY 25]

SENATOR FULTON: Okay. And the idea is to see this money move into the Triple A's in Nebraska because of the good work they're doing. [AGENCY 25]

MARK INTERMILL: Correct, right. [AGENCY 25]

SENATOR FULTON: Okay, thank you. [AGENCY 25]

SENATOR HARMS: Thank you, Senator Fulton. Do we have any other questions? Mark, thank you very much. [AGENCY 25]

MARK INTERMILL: Thank you. [AGENCY 25]

SENATOR HARMS: Appreciate your testimony. Welcome. [AGENCY 25]

JUNE PEDERSON: Good afternoon. [AGENCY 25]

SENATOR HARMS: Good afternoon and a good evening. [AGENCY 25]

JUNE PEDERSON: (Exhibits 31 and 32) (Laugh) That too. My name is June Pederson. I'm the director of the Lincoln Area Agency on Aging. Bev Griffith, who is the director of

ENOA in Omaha is also here this afternoon. Six of my other colleagues would have loved to have come, but I'm going to speak and it will make our day shorter. You always look at things carefully and make sure the words and the grammar are right. And then the very first sentence, I have a typo. It begins, in the 1990s, and it should say 1980s, one of my colleagues reminded me that it was 1988 when Care Management Program went into effect. This Legislature made a commitment to the citizens of the state to support a community-based program of services that would help those who might have been candidates for nursing home care stay in their own home. This body recognized that older Nebraskans, known for their resilience and independence would want to stay at home as long as possible, and established funding for care management and the Community Aging Services Act. Area Agencies on Aging were established in the 1970s and were ideally situated to provide these services. The program has been remarkably successful. You've been given details on the amount of nursing home care that's been reduced due to the changes offered by home- and community-based services. The number of persons who are 85 and older living in nursing homes has been cut in half, form one in three, to one in six. A 2 percent increase in funding for care management under Community Aging Services Act would give my agency about $75,000. This will fund one care management staff member, which we need desperately. Please look at the second page of the material I provided for the bar chart that shows the waiting list at the Lincoln Area on Aging. Note that green is good, red is not. The illustration shows the growing number of people who call and do not receive an immediate response to their requests. Three years ago we were keeping up, now we are not. This is a significant problem in Lincoln. Other agencies have budget challenges in other areas, which is why the CASA funding is so important. CASA funding allows each area agency to address their own specific needs using that money. The funding we are requesting is distributed primarily on population served. Some of the counties that you represent are not experiencing significant waiting lists such as we are. I can tell you that in the urban areas we're seeing the...an influx of new older residents who are relocating to be closer to relatives and medical care. This migration brings increased demand for our services. The request made on our behalf by AARP is for a 5 percent increase. This would be

$479,328, more than you recommended in your preliminary budget proposal of 2 percent. The increase for the biennium totals slightly less than $800,000 for the entire state. This modest increase, balanced by the reduction in state expenses for Medicare payments to nursing homes would allow me to keep...to add two care managers to my agency, keeping pace with the growing increase in demand for our services. Thank you for listening. Services to older Nebraskans would be measurably improved with these funds. [AGENCY 25]

SENATOR HARMS: June, thank you very much. Do we have any questions for June? Thank you for your testimony. How many more people do we have left that are going to testify? All right. [AGENCY 25]

JENNIFER CARTER: (Exhibit 33) Good evening, members of the committee. My name is Jennifer Carter, C-a-r-t-e-r, and I'm the director of the Health Care Access Program and the registered lobbyist for Nebraska Appleseed. I just wanted to follow up quickly on the concerns that Ms. Richardson raised with NABHO about the move to full risk managed care in Medicaid. We also are concerned about...I'm starting up a tornado talking about managed care. (Laugh) We are concerned about moving managed care in the right direction, making sure we're getting the kind of savings we want to see with efficiencies in long-term care in the system so that it also serves our participants. And we wholeheartedly agree that there needs to be a little more transparency in this process. What we've seen so far is just broad strokes from HHS. In a report called "The Medicaid Alternative Benefit Report," that was done by a group called Mercer, for HHS, and what has been handed out is the response from ten different groups to...some supporting some of what Mercer suggested, some raising concerns about what was put in that report. And there's a discussion in recommendations 3 and 4 about the move to full risk managed care. One thing, aside from letting you know that there were other groups who were concerned about this, I also, importantly that report came out in the fall and it has to go statutorily in front of the Medicaid Reform Advisory Council. That group had two meetings, asked HHS for additional information, and in the end could not

endorse a move to full risk managed care at this time because they felt they didn't have enough information to know if the move to full risk was really the way. And part of the crux of this is that you can do full risk managed care, which is, you know, you pay by the head to the managed care organization and they bear the risk. Several other states have been having significant success and seeing significant, in the hundreds of millions of dollars, savings in their programs--North Carolina, Illinois, states like that with a primary care case management system. Where it is still fee for service on the basis of the state, but everything is focused around care coordination, and so there's so much more preventative care and other things that you see long-term savings. And I think there's a $2 difference, according to HHS, right now. Primary care case management costs $2 more per person than managed care from what they've seen in Omaha. And what the Medicaid Reform Advisory Council was concerned about was they don't know what's behind those numbers. Right now people can choose where they go. Are healthier people self-selecting the managed care group, which means we don't know how real those savings are above the primary care case management. So we would love to see the Legislature involved in this and have a broader discussion before we go down this road that's a really huge and fundamental change in our Medicaid system. And so I wanted to encourage you, folks who were mentioning these concerns are Steve Martin, who is the CEO of Blue Cross Blue Shield, Cory Shaw at the University Physicians, Pat Snyder (phonetic), who's the head of Nebraska Health Care Association, and actually Senator Kathy Campbell, who used to sit on that council and obviously now is here. So we would, you know, be happy to be a resource in anyway we can. But we just wanted to highlight that. [AGENCY 25]

SENATOR HARMS: Thank you, Jennifer. Do we have any questions for Jennifer? Thank you for your testimony. [AGENCY 25]

ROBERT STERKEN: My name is Robert Sterken, that's S-t-e-r-k-e-n, Robert R-o-b-e-r-t. I'm a case worker with Health and Human Services. I work primarily with people that have various kinds of Medicaid cases, nursing home, assisted living, and

several other kinds of issues. And our capability and scope of that has been growing because we're losing staff. I would just like to make a few comments about the ACCESSNebraska and the call centers and concerns that I have about that in connection with my clients and with my coworkers. Last week, because we have no clerical support person for our group because of staff cuts, now case workers have to do clerical work. So I was opening the mail last week. I opened a letter that was intended for my supervisor and so I looked at the letter to see what this was as I was sorting the mail. It just happened this letter was from a client whose case was being transferred from one worker to another, who was pleading quite eloquently, about a page and a half letter to, please let me stay with the case worker that I currently have, I have mental health problems, I've been really struggling, this case worker has been very helpful to me, there's just no way I can tolerate a change to a new case worker, I just can't take this. My first thought to that was this person is concerned about being changed to a different case worker who will then be her established worker for quite a length of time. What now if we were telling her, well, start calling the call center and get a different person every time you call. She was traumatized already just having to change a case worker. We have a lot of clients I don't believe will be able to handle a call center environment. Everybody else is doing it, Social Security has a call center. You call there and you press this number, and you press that number, and you're getting somebody that's halfway across the country. That's why those clients call me because they can't deal with that. And they say, well, I tried to call Social Security and I don't get any help, I don't get any answers, I don't know what I'm doing, I can't press the right numbers, so they call me and try to have me help them with their Social Security question. Over and over and over we hear, I called this agency, I called that agency, they all say call your case worker. Well, the buck stops here as far as social services workers are concerned. Everybody calls us, we're the end of the line. How is that going to work when we have a call center where it's a different person answering that phone every time you call. I don't see that working very effectively. When we asked this question at a staff meeting we are told, our community partners will have to take up the slack. Who are those community partners? The Offices on Aging that we just heard

from that need more money? We're going to ask them to take up the slack and answer these calls and talk to these people because we can't do it anymore? Where did they get their funding from? From this committee. Is Adult Protective Services going to get a lot more referrals because that case worker, who's been managing them and taking care of them, is no longer there doing? Who pays for Adult Protective Services? Well, that's part of this agency too. But...they're telling you today that we can cut staff by 24 to 27 percent. That has to mean that those people that are...it's not like we have 24 percent of people that aren't doing anything right now. That just means that the work that I am currently doing, that 24 percent of us are doing isn't going to happen anymore because a lot of the phone calls that I get today will just not happen because those people will stop calling when they get the call center. And they will not receive the assistance they receive today. So I think it's important that you understand that if you make the decision that we need to shift everybody to call centers, you need to also understand what we're taking away from people. If that's what we have to do because we don't have any money, well, then maybe we have to do that. But I think it's important that you understand what people in Nebraska will lose. That employment office, Workforce Nebraska, has gone to call center. Hopefully you won't have to call them to be employed because they were short on funds, you may already know this, they cancelled their 800 number. So if you want to apply for unemployment benefits, you call long distance to Lincoln and wait on the line for 30 minutes when you don't have any money. That's the kind of stuff that happens when you have a call center. We ask a lot of questions about how this call center will work. And they say, well, we don't have those details yet; we don't know. We said, well, if you don't have those details, how do you know that you can do this with 24 to 27 percent less staff? That's quite specific. Well, we had to have a number because we had to give a budget to the Legislature. And, of course, it has to look good or if it's not going to save money you don't want to do it. When the call center is actually active, if they do, what if that's not enough money and enough staff to staff the call center? Then it will be like in Florida where you just don't get an answer. I worked in a call center part-time for three years. My wife worked in the same one for 15 years. And I know a lot of other people in Omaha, Omaha is the call

center of all over. What happens in call centers is if the company, the agency, whatever it is has a budget problem and they have to cut the budget, and this happened when I was working there, they just tell you calls have to be shorter. When I started there they said, we want you to spend as much time with our callers as they need; don't cut the calls short. That's what I wanted to hear. But then they said, well, we have a budget problem, so now calls can't exceed this amount of time. And we're going to track everybody's call time. The call time is going to be posted on the board and if your call time is too long for too long you'll be terminated because we can't afford you. That's how call centers work. That's this...the mechanics of that is how they control the budget. That's one reason our administrators like this because right now if we have a case worker that leaves, we have a vacant caseload. And they have to solve this issue, how do we cover that vacant caseload until we get a new person hired or, like right now when we have a hiring freeze, how do we solve that when we can't fill that position? When you go to call centers it doesn't matter. The calls just back up or they don't get answered or people hang up because they get tired of waiting on the line. So call centers can save money but you also lose service. We talked also about the electronic application. I think it's important that you understand we can have electronic applications and not have call centers. We don't have to have both. We have electronic applications right now and we don't have call centers yet. And I think it was you, Senator Nantkes, that mentioned that maybe some combination of things would be better. Like maybe we could have our age, blind, disabled clients that we determine don't function well with a call center environment still have established case workers and caseloads like we do now. And maybe some of our other clients could be on this universal caseload and call the call center. I don't know if any other states are doing that or if that would work, but I could see that that might be a compromise. I've worked with our agency for 25 years, I've been in several different capacities. I've worked with ADC, I worked with general intake, now I'm working with elderly clients where I started 25 years ago. But when workers in our agency that have been there for a very long time and have invested their lives in serving people, seeing these happen they become very demoralized, they become very frustrated, people feel like they don't want to come to

work anymore because all that's going to happen is we're not going to be able to help people anymore and everything is falling apart. Like I mentioned, we're already on our hiring freeze that we can't call a hiring freeze. But we're not filling vacant positions and that's all because when the call centers come we're going to have less staff, and so we have to start losing staff now so we don't have to worry about reduction in staff later. That seems awful backwards but if the call centers are established halfway across the state, I don't think they have to worry about losing staff because I don't think people are going to...we're have everybody locating to halfway across the state to keep their job. I think there certainly are things that can be done to use current technology and to make things work better. We're talking about going paperless, having all documents scanned and being accessible through the computer, that's critical to a call center because somebody will have to be able to access from the computer wherever someone is. We can't depend on that paper file that might be in another city. That doesn't mean we couldn't have paperless files and have all of our documents on the computer even if we don't go to a call center. We can still use those things. So I think that there needs to be consideration to these things. But I also think that it's important that we recognize that if we do the call center concept and we do this for everyone that we are giving up something, we are losing something that we currently have. And if it means that somebody else, some other organization is going to take up that slack, then who's going to pay them? Thank you. [AGENCY 25]

SENATOR HARMS: Thank you, Robert. Do we have any questions for Robert? Senator Mello. [AGENCY 25]

SENATOR MELLO: Can you give us a little more background on this hiring freeze that you mentioned in your department. [AGENCY 25]

ROBERT STERKEN: Well, it started several months ago. We have a target to cut the budget by, I believe it's...it was a certain dollar amount. I think it was $3 million that we were told. They figured that out, how many staff that would be, and so we have to lose

that many staff by the first of July. And then that money that they save will be used to help fund the call center, startup money. Also, they are starting to shrink staff so when we get to the call centers we're already down to the target level where they want to be. [AGENCY 25]

SENATOR MELLO: Okay, thank you. [AGENCY 25]

SENATOR HARMS: Thank you, Senator Mello. Are there any other questions? Robert, thank you very much for your testimony. How many more other people do we have that would like to testify? Gee, Bruce, there's nobody after you. [AGENCY 25]

SENATOR NANTKES: Bruce, you have to bat cleanup for everything. (Laugh) [AGENCY 25]

BRUCE RIEKER: Last man standing or something like that. I'll try and be the cleanup hitter. Chairman Harms, members of the committee, my name is Bruce Rieker, it's R-i-e-k-e-r. I'm vice president of Advocacy for the Nebraska Hospital Association. And I have actually learned a great deal sitting through this hearing. But want to bring a few points that we would like to draw to the attention of the committee. First, on behalf of the 85 hospitals we represent, the more than 41,000 people they employ, and the 10,000 people we treat per day, we appreciate the efforts of both the Department of Health and Human Services as well as the committee to make the Medicaid program much more cost-effective and efficient. With that said, we appreciate the agency's request of a 1 percent increase for us in light of everything that is going on around the country. However, we appreciate the Appropriations Committee proposal of 2 percent, twice as much. We have some concerns. And please know that we are fully cognizant of our economic situation here in this state and around the country. But we do have concerns with the long-term trend that continues to take shape, that being that our reimbursements are not keeping pace with the cost of providing the services. And when I talk about cost of providing services, those aren't things that we choose just to make

up and say these are our costs, but these are costs as determined by CMS, the Centers for Medicare and Medicaid Services. But we found it interesting to note as we were reviewing the agency's request in comparison to what they proposed for us and want to make sure that this is clear that in the agency's request they gave us a 1 percent increase. However, for their own facilities they asked for an inflationary increase of 5 percent for food, 6 percent for drugs, 2 percent for medical supplies and services that are beyond their control. I would submit to all of you that we have those same challenges. They don't live in a vacuum. Their request, HHS's request for operating their facilities was higher than what they were going to reimburse us. So there were nine specific areas that we had concerns with. I won't go through all of those, but five of them were an increase in the (inaudible) threshold for Medicaid DRG hospitals, a reduction in indirect medical expense, our education factor. It was mentioned in the testimony from the department about reducing the reimbursement to critical access hospitals, which we have 65, and there is a reason that the term "critical" is in their definition. The federal government took it upon themselves a few years ago to designate or to deliberate on this issue and create a mechanism whereby these hospitals would be eligible for 100 percent or their costs. And again, I want to emphasize cost. This isn't their charges, this is their cost of providing that care, 100 percent. Now I will also tell you this, that there are always footnotes to that cost or what can be included in that. Such things as our parking lots, our telephone systems are not allowable costs. So even though we're providing that care, I mean we have operating expenses, these are not included in that 100 percent of cost. When...I think it was important, Director Chaumont talked about that she wasn't aware of too many providers that are reimbursed at cost. That's true. Medicaid reimburses on average in our state, reimburses our providers at 72 percent. Medicare reimburses us for about 70 to 75 percent of our costs. Once again, not our charges but our costs. I think that if any of you had the opportunity to hear about the testimony that was provided, especially from Blue Cross and Blue Shield on LB358, which had to deal with the CHIP program, where we step into in this reimbursement issue is that any cuts that we have make the provider network more fragile. And Blue Cross and Blue Shield showed up at that hearing, unbeknownst to us, and I really

appreciated their testimony. However, they said that if we went to some sort of system where it was Medicare plus 25 percent, which is below our costs, that it would disrupt our provider network. That will happen with continued cuts. To give you an idea as well, when I'm talking about these cuts, I talk about what was in the agency's request, and some of them have been lessened in your proposal. But for every dollar that we are cut in General Fund, that's a $2.50 cut in our reimbursement because every dollar that you cut or that the state cuts in our reimbursements we also...there's a 40-60 match, the federal government matches every $40 or 40 percent, excuse me, for every dollar that you invest in Medicaid reimbursements the government, the federal government gives $1.50. So if we have $5 million worth of cuts, let's say critical access hospitals, we'll just take them. The proposal is a $690,000 cut, that equates to a $1.8 million cut in our reimbursements. To give you idea also about the fragile nature of our provider networks, we have some hospitals now that are entertaining the idea, critical access hospitals, of hiring dentists because we have dentists in their area, Chadron specifically, but they have four dentists practicing in that community and not one of them will take Medicaid patients because the reimbursements are too low. What happens is the people that were eligible for Medicaid, their care, their medical health, their dental health diminishes to the point where they end up coming to our emergency rooms for the most costly care. So when there were questions about prevention, we've all heard the adage of an ounce of prevention is worth a pound of cure. Well, $1 in cut is probably worth the greater...I mean one cut in our...$1...one cut, or excuse me, a cut of $1 in our reimbursements compounds the issue significantly by the time that they come to our emergency room to get that care. On a greater note, your 2 percent reimbursement for all HHS providers is about $24 million. When you multiply that times the 60 percent match, that's a $60 million infusion of money to the providers. And we believe that that's necessary to help keep the critical provider network in place. A couple other things in prevention we believe that an investment in leveraging Nebraska's funds is a wise investment on your part. Three particular programs that we continue to champion the cause for are the SCHIP program, Medicaid, as well as the DISH program. And I'll save the testimony on the DISH program for when we have the economic stimulus package.

But like I said, with Medicaid it's a 40-60...or 60-40 match. With the SCHIP program it's a 28 percent investment by the state and a 72 percent investment by the federal government. I did hear the testimony that said that the SCHIP program was under utilized. I would say that we do not market that. It is a great way to provide coverage for a lot of children that are in families up to, well for Nebraska standards, 185 percent of the federal poverty level. We are allowed to go to the 200 percent but we have not done that. But if those children were to get that coverage, there would be less of them that would end up in our emergency room seeking that care. Let us not forget why we're here and it's to treat the most needy, that's the Medicaid budget. There are statistics, federal and state, that prove that this investment makes a stronger workforce, less absenteeism, more productive, stronger economy. And would like you to take those things into concern as well. There was a...I know that there's been a little bit of discussion about the managed care proposal. One of the things that we would ask you as a committee, as well as the HHS committee is to take more ownership of accountability and oversight over the department. The golden rule, he or she who has the money makes the rule. Once you hand that money off you're no longer making the rules under the current situation. And one of our largest concerns down the road is what Amy Richardson and Jennifer Carter and others talked about is this managed care proposal. Right now that can be done unilaterally where they...where HHS just decides this is what we're going to pay you. We would like to see something similar to some other bills in the Legislature where those sorts of plans require legislative approval before they can be put in place. And that is something we would ask from you in the future. So with that, I will save other comments about the economic stimulus until we have that hearing. [AGENCY 25]

SENATOR HARMS: (Exhibit 34) Do we have any questions for Bruce? Bruce, thank you for your testimony. Do we have anyone else here that would like to testify on this Agency 25? Well, this hearing is now officially closed. Thank you. [AGENCY 25]