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Health and Human Services Committee
October 25, 2013

[LR238 LR387]

The Committee on Health and Human Services met at 9:00 a.m. on Friday, October 25, 2013, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR387 and LR238. Senators present: Kathy Campbell, Chairperson; Tanya Cook; Sue Crawford; Sara Howard. Senators absent: Bob Krist, Vice Chairperson; Mike Gloor; and Dan Watermeier. Appropriations Committee senators present: Heath Mello, Chairman; Kate Bolz; Danielle Conrad; and John Nelson.

SENATOR CAMPBELL: As I walked into the room today, I said, ah, the faithful have returned. All of the regular visitors to the Health and Human Services Committee, we're really glad to see you again. We hope your interim has been good. For the senators, it has been a very busy interim. So we welcome you to our first start of interim study hearings. And we are very pleased to be joined by the Appropriations Committee. So you will see senators kind of coming and going, depending on their schedules today. I am Kathy Campbell and I serve as the Chair of the Health and Human Services Committee. I'm particularly glad to have the Chair of the Appropriations Committee with us today. I'll go through a few housekeeping items and then we'll have the senators introduce themselves. If you have a cell phone with you, would you please check that it is turned off or on silent so we don't disturb anybody. We will be taking some testimony as we go through on these hearings this morning. We are first starting off with a hearing on TANF and then we will move to ACCESSNebraska, Senator Dubas' bill and she is here. Welcome, Senator. And then this afternoon we will have a briefing on the Title IV-E and it is certainly open to the public, you're more than welcome to attend, but we will take invited testimony only. It's really meant for a good discussion point for the senators and the department. I don't think there's any other...if you are testifying today as we go through the hearings, Brennen, who is our new committee clerk--cut him some slack today--he's starting out for our maiden voyage, so. We also brought back Diane to sort of sit in the back row if Brennen has any questions, so. We're awfully glad to have

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Brennen with us. With all of that, we'll start on my far right. Senator, would you introduce yourself?

JOHN NELSON: I'm Senator John Nelson from District 6 in Omaha.

SENATOR CRAWFORD: Good morning. Senator Sue Crawford from District 45, which is eastern Bellevue, Offutt, Sarpy County.

SENATOR MELLO: Heath Mello, District 5, south Omaha and midtown.

MICHELLE CHAFFEE: I'm Michelle Chaffee, I'm legal counsel to the Health and Human Services Committee.

SENATOR CONRAD: Danielle Conrad.

SENATOR HOWARD: Senator Sara Howard, I represent District 9 in midtown Omaha.

SENATOR CAMPBELL: And we've introduced Brennen. And our clerk today is Peter. Peter...say your last name, Peter.

PETER BREUNIG: Breunig.

SENATOR CAMPBELL: Breunig. And Peter is from Wahoo, attends UNL, and was a page two years ago, I think. And so we're glad that he got pressed back into service. With all of that underway, we will open today's agenda and open LR387 which is an interim study by the Health and Human Services Committee to examine how Nebraska is utilizing Temporary Assistance for Needy Families, best known as TANF funds. I'm going to just give a brief explanation, not an opening on behalf of the committee but just an explanation. Last year, Senator Crawford had a bill relating to TANF. And there were a lot of questions on the floor of the Legislature about how TANF funds...how do we get

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that money, where does it come from, who makes decisions with regard to TANF, how is it used. And then I walked to the back of the Chamber and talked to Senator Mello and said, has the Appropriations Committee done a lot of work? And both of us agreed, we really did need a briefing on this because we have not really kept up and understood how they are utilized and what decisions are made. So we put in the interim study to do that. And our first testifier this morning is Liz Hruska, the absolute guru to finances for Health and Human Services. Liz, always a pleasure to have you. And you have given all of us a report, a written report and so I'll just turn it over to you. Would you state your name and spell it for the record, please? [LR387]

LIZ HRUSKA: (Exhibit 1) Good morning. My name is Liz Hruska, H-r-u-s-k-a, I'm with the Legislative Fiscal Office. Good morning, Senator Campbell, Senator Mello, members of the Health and Human Services Committee and the Appropriations Committee. It is always a pleasure to have the opportunity to brief both of these committees. I always feel like I need a booster chair, however. And even...I'm coming up on my 30-year anniversary next month but I still get kind of nervous before I have to do these briefings. As Senator Campbell said, we are talking about the Temporary Assistance for Needy Families funding this morning, more commonly known as TANF. TANF is a federal block grant program to states for time-limited and work-conditioned income maintenance assistance and other supportive services for low-income families with children. And Nebraska receives approximately \$57.7 million a year in the TANF block grant. And states are allowed to carry over unspent funding to expend in a subsequent year. And those carryover funds are often called our rainy day fund. As Senator Campbell made reference, there was legislation introduced last session to use the rainy day funds. And in my time with the Legislature, that's quite frequently the case that you will see proposals to use the rainy day fund. So hopefully, this report and this briefing will help senators kind of understand the restrictions to the funds and also the flexibility that comes with the funds. I'll give you a little bit of background. In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act. And this changed the ADC program and the job support program from a federal

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matching program like Medicaid to a block grant. Moving to a block grant provided greater flexibility to states in designing and providing services but it also came with new requirements and a major focus on work requirements and incentives for those receiving assistance. TANF funds must meet one of four federal purposes, the first being, assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work, and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. And even though the purposes are very broad and all of the expenditures have to meet one of those purposes, the funding also comes with financial and programmatic requirements. A state may be penalized for one of the following: use of the funds in violation of the purposes; failure to meet the Maintenance of Effort or the MOE; failure to satisfy minimum work participation rates; failure to participate in the income and eligibility verification system; failure to enforce penalties requested by the child support agency; and failure to comply with the five-year time limit on assistance. Now I'll just discuss the MOE. As I had mentioned earlier, Nebraska receives about \$57.7 million in the block grant. And in order to maintain that level of funding, the state must meet a Maintenance of Effort based on the 1995 spending levels for cash assistance and work programs. States must report spending an amount equal to at least 80 percent of their historic spending levels. And this minimum share falls to 75 percent for any year in which the state meets its TANF work participation rate requirement. And Nebraska does, so we are at the 75 percent MOE and our MOE is \$28.4 million. States must meet this requirement or face penalties. The chart on page 3 shows how the state meets its MOE requirements. There's five years from federal fiscal year '08 through '12. TANF programs would be the federal or the General Fund spending on ADC; Separate State Program, I will describe that later; Emergency Assistance, which is one-time assistance for families in crisis; Employment First; Child Care; Child Respite; and Tribal TANF. So the state's General Fund spending count towards MOE on those programs. And then two tax-credit programs, the Earned Income Tax Credit and the Child Care Tax Credit also count to our MOE. If you look at the bottom of that chart, in '08 and '09, HHS programs pretty much met or exceeded the

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MOE requirement. But if you look from '10 on, just the General Fund spending in HHS programs would not have met the MOE. So those tax credit programs really help eliminate the risk of a penalty being assessed against the state. Now I'll describe...there are two programs or two types of programs that a state may spend money on low-income families but do not qualify as TANF spending. The first one is what's called Separate State Programs. In these programs, the General Fund spending counts toward our MOE and the participants are included in our work participation requirements. The other is Solely State Programs and the participants in those programs do not count towards the work requirements and the state spending does not count towards the MOE. So they're kind of set aside from the TANF funding stream but, basically, do serve the same population of low-income families with children. Nebraska has two separate state programs. They provide work exemptions and exemptions to the federal time limits for pregnant women beginning the first month of the month before the mother's due date and parents or needy caretakers of a child under 12 weeks of age. The other separate state program has to do with activities in the work requirement program. Nebraska statute allows postsecondary education to count as a work requirement. The federal law does not. So we put the participants who are pursuing postsecondary education into this program. Nebraska used to have a waiver but that's no longer allowed. State statute was not changed so the Separate State Program was set up for those beneficiaries. And the Solely State Program which, again, is sort of really outside the realm of TANF, serves families where the adult or minor parent is incapacitated with a physical, mental, or emotional impairment or those who have significant barriers to participation in approved work activities. And those barriers could include a parent who is needed to provide continuous care for a family member with a disability, victims of domestic violence, single parents who are unable to obtain childcare, and parents over age 65. As I had mentioned, the state can be penalized for not meeting the work participation requirements, so I'll kind of briefly go over that. States must meet an overall rate of 50 percent and 90 percent for two-parent families. But those work participation rates can be reduced through caseload credit reductions. And Nebraska does get a credit reduction because our excess MOE, as you have seen in a

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prior chart, allows us to lower our work participation rates. Failure to meet the work participation rates would result in a penalty: 5 percent in the first year and an additional 2 percent in subsequent years. That could be a penalty of \$2.5 million the first year or an additional \$1.2 million in a subsequent year. But again, because of our excess MOE primarily related to the tax credits, we are really not at risk of having a penalty. Also, TANF funds may be transferred to either the Child Care Block Grant or the Social Services Block Grant. A combined total of up to 30 percent of the block grant can be transferred in Nebraska. Right now we are transferring the full 30 percent to the Child Care Block Grant and that is \$17 million a year. As the interim study resolution talked about what programs are funded by TANF, most of these...members of both committees are familiar with, so I'll just list them. There's one at the end I'll describe in more detail that you may not be as familiar with. So the ADC program, Employment First, Child Care, and the administration of these programs, the Information Systems that support these programs all are paid from Child Care. Some are capped, like admin is capped at 15 percent. In fiscal year '11, Child Care expenditures were added to the TANF program, and those are for in-home safety services to families in the child welfare system. Another program that is funded is called Positive Alternatives and this is a program you may not be as familiar with. It's relatively small, just a few hundred thousand. The funding varies somewhat from year to year. Positive Alternatives provides information on assistance for those who are pregnant or believe they are. It also helps men whose girlfriends or wives are pregnant to understand what to expect and how to help with the birth and raising of the child. The Division of Public Health contracts with the Nebraska Children's Home for these services. And the services that they provide include: professional and pregnancy counseling; pregnancy tests; and education on abstinence, childbirth, parenting, adoption, and newborn care; also, adoption information; and parenting services. And the funding for these programs is shown on page 6. There's five years of funding and the annual expenditures range from \$47.3 million to \$65.8 million. In two of those years, we used emergency TANF funding. If you took the emergency TANF funding out, the amount would have been reduced to \$56.9 million, possibly. But really, the total program expenditures would have been the

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same. Just the fund mix might have been different where we would have had to rely more on General Funds or we would have been drawing down on the rainy day funds more. And although there hasn't been a lot of variability in the administration expenditures in the program, even as I analyzed this, there are some out years. And I didn't ask kind of why there might be some shifting but there may be some initiatives or activities going on within a particular year where they relied more on TANF. There are two programs where TANF funding increased but the overall program costs decreased and one is in ADC. In fiscal year '13, a total of \$24 million was spent on ADC and that's down from \$27.5 million in '09. And while the total expenditures decreased, the proportion paid from TANF funding went from 50 percent to 68 percent and the General Funds dropped by close to 50 percent. Then Employment First total funding has also been declining from \$18.3 million in '09 down to \$17.2 million. In '09, TANF paid 50 percent of the costs, but in fiscal year '13, 74 percent of the costs. So over time, we're seeing some shifts in funding as we look at what's available as far as the carryover funding, what's happening within each of the programmatic areas. So we are constantly, both the department and the Legislature as it appropriates these funds, are making decisions that will change the direction from year to year. Child Care funding is also up from \$14 million in '09 to \$17 million and that \$17 million level will continue. And fiscal year '11 was the first time we started using TANF funds for child welfare and that will also continue into the future. Now I'll discuss the carryover funds. As I had mentioned earlier, carryover funds can be used in a subsequent year. There's no time limit expiration at this point. That could change in the future. Nebraska has had a carryover balance pretty much since the beginning of the TANF block grant because the block grant amount was based on the spending of a base year of 1994 when, in Nebraska and all states, caseloads were at an all-time high. And since that time, even during periods of economic slow down, we have never returned to the 1994 caseload levels. So that's why we have a carryover balance. And other states also have seen similar trends. In addition to that, in the last five-year period the TANF emergency funds have helped us actually build up our carryover balance. In 2010, Nebraska received \$16.4 million in TANF emergency funds from ARRA. And from September of '09 to September

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'13, the rainy day funds increased by \$15.5 million. So you can see that, roughly, the increase in our balance equaled the emergency TANF funds. Now that those funds are depleted and the state has added child welfare activities to the TANF expenditures, the Department of Health and Human Services is projecting a slow decline in the carryover balance as they anticipate spending will be higher than the annual block grant amount. During the 2013 legislative session, there were two bills introduced that would have used TANF carryover balance. The projections used by me in my fiscal note and by the department showed that the carryover funding could be nearly depleted by 2018 and require General Fund pickup of those costs after that point. And these estimates were based on projections provided to me as part of my budget analysis in the fall of last year. Just this past month, HHS has revised their projections. And based on the latest projections, the estimated balance on September 30, 2018, now appears to be roughly \$30 million compared to the projection of somewhere between \$7.5 million with no policy changes or \$3.5 million with Senator Crawford's bill, LB368. The reason for the dramatic shift in the projected carryover balance is substantially lower spending in 2013 and also there were prior period adjustments to the funding, so a combination of those two. The department, because '13 really has just...the federal fiscal year has just closed out, the department did kind of hurriedly provide me with some information and it is on our chart. But I met with them and those numbers may be revised. They've had some people out and just really weren't able to do the full analysis and checking that they had hoped. So in order to have gotten the swing in the carryover balance projections, '13 had to have lower spending than what was projected. But the numbers you see in this report may change. I wouldn't expect significant changes in them but just to alert you down the line that that may be the case. So in conclusion, right now, the funding of all the current programs will be sustainable through fiscal year '19 without the General Fund having to pick up any of the costs. And I also wanted to note that the TANF funding is not subjected to the sequestration. They do have to periodically reauthorize it but it is exempt from the federal cuts that are likely coming. So that is my report, and if you have any questions I'd be happy to answer them. [LR387]

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SENATOR CAMPBELL: Very thorough, as usual, Liz. [LR387]

LIZ HRUSKA: Thank you. [LR387]

SENATOR CAMPBELL: There's a lot of information in here. I'm going to go to questions from the senators. Senator Mello, we'll start with you. [LR387]

SENATOR MELLO: Thank you, Chairwoman Campbell. And thank you, Liz, for your very thorough report and excellent testimony. I guess it just...it's more of just making sure that I understand kind of the funding history and then the projections that are coming from the Department of Health and Human Services. On page 6 of the report, it gives the funding history for the fiscal year 2013, and you just ended your testimony a little bit on those projections from the department. The whole premise of the rainy day fund being diminished between now and 2018 is what the department says is going to be an annual expenditure of about \$62 million, \$63 million. Their fiscal '13 numbers show that they spent \$47 million. You just said that you don't think that number is going to likely change. It may change a little but it may not change that much. Wouldn't it be safe to say that the rainy day fund, so to speak, won't really be affected if that number stays roughly at \$47 million, \$48 million, \$49 million, unlike their projections which they're saying they're going to spend \$63 million a year from now to 2018, which, I think, is kind of the premise of the department's argument that the more the Legislature considers utilizing TANF funds for innovative programs or other pilots or appropriating money to different programs, that it's going to reduce that fund. But your data here shows that it won't happen based on their latest year funding or latest year...I should say, latest year expenditures, the 2013 expenditures. [LR387]

LIZ HRUSKA: Right. Right. If expenditures remain lower, that balance would actually increase, again unless we add new programs. It's always somewhat difficult to project. And again, the '13 numbers, which I think are pretty critical to answering the questions that you want, unfortunately kind of the timing and some of the people that they have

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out at this point who might have been able to answer these questions easier, the staff really did try to sort of get into the weeds on what's happening here and we just ran out of time. So I did want to show what I had to date. And the projections did shift very dramatically from looking as though we would run out of funds to having, you know, a fairly healthy reserve projected into the future. This is something that has to be monitored on a year-to-year basis too. And there are federal requirements, you know. Child Care has grown a lot as the ADC caseloads have decreased but, again, we're capped as to what we can use for that. We're fortunate that we're able to use some of that for Child Care because it really does help the General Fund. So yeah, I wish I had maybe a better analysis of what's gone on in '13. But if it does remain lower, the balance will be better or maybe, you know, their crystal ball is quite accurate at this point. I don't know. [LR387]

SENATOR MELLO: I guess as much as anything, to draw attention to that page 6. And then the last, page 10 of your report is...if past is prologue, department spending in fiscal year of '09, '10, and '13 all was well under the \$57 million in the block grant funding they get. And so I have a tough time accepting the department's premise that any additional programming and/or appropriations from the Legislature out of the rainy day fund will draw down the fund to the point that they say it will when three out of the five fiscal years, excluding the two where we saw the emergency TANF funds, were all well under the \$57 million that they get. And so I don't know if there's going to be someone from the department who testifies. But I think it's...once again, I think it raises a concern to me that they've inflated \$15 million-plus on what they think their expenditures are going to be where your fiscal analysis shows that, outside of those two ARRA-funded years, they were at \$51 million, \$49 million or roughly \$50 million, and \$47 million, which is well below the \$57 million they get and the \$63 million that they're saying they're going to spend from now through 2018. [LR387]

LIZ HRUSKA: Yeah. And I don't know what to make of '13 because, as I mentioned in my testimony too, we used the emergency TANF from ARRA; but because we had the

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ARRA funds didn't mean that we went out and found more clients or found more activities. Those program expenditures would have been the same. It's a matter of fund shift. So '13 is a bit of a puzzle to me and some of it may be just a matter of timing that, you know, with their staff that was available and the federal fiscal year just closing, that, you know, maybe there would be a change. They did say, you know, they'll continue to look at this. And I see that Thomas is here and that...maybe he has some better light to shine on it than I do at this point. [LR387]

SENATOR CAMPBELL: We asked Director Pristow to testify and he's ready to do that. He will follow you. [LR387]

SENATOR MELLO: Okay. Thank you. [LR387]

SENATOR CAMPBELL: So that may answer Senator Mello's question. Senator Conrad. [LR387]

SENATOR CONRAD: Thank you, Liz. Always insightful and informative and helpful. And it's good to see these numbers updated and accurate. I think that they provide a clear picture for the Legislature moving forward. I guess I just wanted to ask two questions, the first being in relation to the expenditures of some of these rainy day funds, whether it be the pilot program that Senator Crawford brought forward last year or some other ideas that have been advanced. But ultimately, even though we may see an increased utilization of some of those rainy day funds, if we authorize those types of programs, the program's intent is to lessen reliance on public assistance for the long term. Is that correct? [LR387]

LIZ HRUSKA: Correct. [LR387]

SENATOR CONRAD: Yeah. So even though if there is some short-term pressure on those funds to be utilized for innovations just like the Legislature has authorized and

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should be authorizing, it's going to save us all a lot of money down the road if they're successful. [LR387]

LIZ HRUSKA: Yes. [LR387]

SENATOR CONRAD: Great. [LR387]

LIZ HRUSKA: That would be correct. [LR387]

SENATOR CONRAD: The second question I have was in relation to the staff responsiveness issue. So you had a difficult time in preparing for today's report and getting accurate and timely information from HHS. Is that a fair assessment? [LR387]

LIZ HRUSKA: No. They were giving me information but they have some people that were out. I was gone for a period of time. And their staff that works more...that are more involved in this, have taken some time off. So it was kind of a matter of their schedule and my schedule. They were responsive. It's just they felt like, again, with the staff not being available and kind of the end of the fiscal year, they just didn't really have enough time to kind of analyze everything that might have gone on and verify to the extent, maybe, that I think they feel like they would have liked because of this hearing. If they had had more time, maybe, you know, another month, they might have had more. But no, they've been very cooperative in responding to all of my requests. It's just '13, they had somebody work on it. They looked at it. It was kind of puzzling to them. But because of the hearing, I wanted to provide it because the carryover balances were being shown as so different that I felt I needed to present whatever they had available. I did meet with them. And, no, I just think it's just kind of the circumstances and timing but not at all a lack of cooperation. I've been really quite pleased at every request I've made, they've responded. [LR387]

SENATOR CONRAD: When you work with the department, do you know roughly how

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many people are working to put together these numbers or are responsible for these numbers, five, two, one, ten? [LR387]

LIZ HRUSKA: I don't really know. I mean, I make a request. I don't know how many people they generally get involved, you know, in responding to that. [LR387]

SENATOR CONRAD: Right. [LR387]

LIZ HRUSKA: Maybe Thomas can answer that. I'm just not sure and it probably varies by depending on what I'm requesting. I'm sure most of my requests, just a single person; some may be more complicated or cross over more than one program where they would have to get more people involved. [LR387]

SENATOR CONRAD: And then finally, will LFO be running an independent analysis of these numbers or is this the best that we have to go on at this point in time? Because these are projections from the department, and obviously there's been a great deal of swing and inaccuracies just in the last year. So I'm wondering if we'll have another alternative to look at. [LR387]

LIZ HRUSKA: I have looked at...I always requested information on TANF spending, where the carryover balance is and what they...what programs they're funding in the budget during the budget year. Sometimes I do it in the interim year too. So I'm always kind of looking at that. But until we have actual expenditures, at this point I don't really have a reason to question what they say they're going to spend it on, because they've set their budget. Things could change. And, yeah, I wish I had more answers about what happened in the fiscal year '13 because I think that clarity would be helpful. We just don't have it yet. [LR387]

SENATOR CONRAD: Okay, great. Thank you. [LR387]

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SENATOR CAMPBELL: Thank you, Senator. Liz, I would hope that perhaps we could update your report by January. And the reason I say that is because we have, I think--the committee can help me--but I think we have at least one carryover TANF bill and perhaps more that we have capped because we didn't quite know the adjustment. So we decided to put out Senator Crawford's bill this session and see...sort of watch how it goes and then work with the Appropriations Committee. So if, between you and the department, we could sort of update this by January, that would be helpful. I'm sure--Appropriations people are nodding--helpful to them too. We know the total amount that we've had available. And you've described the programs. So the variation in the programs really is a decision of the department, correct? I mean, they are...or are some of these just plain capped and that's the amount and they can't spend any more, or...? Because there's...in some cases, there's great variations between what has been spent in a category, if you look at page 6. Just to look at the Information Systems, I mean, it's gone down considerably since '09. And then you look at the TANF Work Activity admin and that is showing a savings, apparently, of \$429,000. So what...do you watch the variance or is that the department's purview? [LR387]

LIZ HRUSKA: Well, it's kind of both. [LR387]

SENATOR CAMPBELL: Okay. [LR387]

LIZ HRUSKA: I mean, with the aid programs, they base their budget on what they think the trend is. And then this is a funding mix. What I didn't show you but I had pulled for my own analysis is Employment First and ADC so I could see total funding, which I've kind of addressed in this. But we are less reliant on General Funds for those two programs and more on TANF. Some of that started during the recession where we were looking for more money and what was available for federal funds that we could draw down. And then that becomes part of their base if the department doesn't ask for an adjustment. And some of...like Information Systems, there may be a big initiative that needed to be done either to comply with federal or state law or updating of a system just

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to keep up with technology. So that area you will see, probably, variation depending on, you know, technology isn't stagnant. The admin costs...and, again, when I met with the department, it went from \$5 million down to \$2 million is what they are showing, and they're, like, that doesn't make any sense to them. And that's why they wanted more time to look at this because they just really didn't have time to react, because that should be, I mean, that should be relatively flat. Although, again, with a 15 percent cap and if you're starting to see less utilization in the TANF programs, that amount would be going down, you shouldn't see that much of a drop. I was able to get off the NIS system the aid programs to see what was happening. I can't do that with the admin costs because these are costs within very, very large programs with other federal funding sources, like Medicaid would also be part of that funding mix, child support. So I couldn't isolate the total spent on admin to see if, for some reason, we picked up more General Funds because...or something. There could just be an error, again, because the right person really wasn't around to get these numbers. And it could be, you know, somebody is working outside of their area trying to address my request. [LR387]

SENATOR CAMPBELL: And I appreciate that. I think as long as we have some kind of an update between you and the department by January, I think we're fine. We're not going to base any decisions solely...with your cautionary note, it would be foolhardy to base a decision solely until you're confident and the department feels confident too. I want to go back to the ADC and talk a little bit about that. And the reason I want to is because we're also holding a bill in the Health Committee having to do with the fact that we haven't raised ADC rates for, like, I wouldn't say in my lifetime but a long time. [LR387]

LIZ HRUSKA: Kay Orr was Governor. [LR387]

SENATOR CAMPBELL: Yes. Yes. Well, I was around for that. But can you kind of give us a little background on that? That may not totally fit within the TANF, but how are we doing there and could we use some of those funds to increase that rate? [LR387]

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LIZ HRUSKA: Well, we could because it meets the TANF purpose. And I didn't bring my chart, but as I put in here we have seen decreases in our expenditures in the number of eligible families. And one factor of that is, because of our eligibility is so difficult to meet, it really hasn't kept up with inflation. And so fewer families are qualifying, which also keeps our expenditures, then on that program, lower. But ADC is one of the primary programs to be funded under TANF and that definitely meets the purpose. In fact, pretty much we are required to fund that program with TANF funding. [LR387]

SENATOR CAMPBELL: So the Legislatures, in the past, through the appropriations process, really deals with the total amount for TANF and judging those state funds, but not necessarily each individual category. [LR387]

LIZ HRUSKA: Right. [LR387]

SENATOR CAMPBELL: So the block grant is really, then, up to the department as they are setting forth their priorities and moving. And so, therefore, they have that latitude to adjust to priorities that they might set or needs that they see. Would that be an accurate statement? I'm sure Thomas will address that, but. [LR387]

LIZ HRUSKA: Yes. That is true. But they do also tend to base it on kind of the building of the budget historically,... [LR387]

SENATOR CAMPBELL: Okay. [LR387]

LIZ HRUSKA: ...you know, the staff that are funded, the programs that are funded. Generally, something that would be new would be initiated by the Legislature but wouldn't necessarily have to be if it meets the purpose of the fund. But I would say, most of the funding is based on historic spending levels, adjusted for things that may be going on. Maybe the computer system needs to be... [LR387]

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SENATOR CAMPBELL: Got it. [LR387]

LIZ HRUSKA: ...modified. Maybe more staff needs to be added or maybe less staff is needed because of the declining caseloads or reaching the cap in admin. Maybe, you know, we don't have the ability to use more. So, I mean, there's a variety of decision points and they're either made by the executive branch--and we do give all state agencies some flexibility on their federal expenditures. We estimate those versus making those a hard appropriation so that they can comply with federal law so that they can take the opportunity to access federal funds if they come when the Legislature is outside of the session. But I would say, most of this has been historically set and, you know, a compounding of decisions made by the Legislature over time. [LR387]

SENATOR CAMPBELL: So if there was a...if the Legislature came up with this brand new, sparkling new program, then it would be a new line item under that,... [LR387]

LIZ HRUSKA: Right. [LR387]

SENATOR CAMPBELL: ...and the funds would have to be adjusted to meet that. Okay. That's helpful. Other questions by senators? Senator Mello, you had a follow-up? Senator Howard? [LR387]

SENATOR MELLO: I've just got a quick follow-up. Thank you, Senator Campbell. Just to make sure it's clear I understand the past expenditures. In fiscal year '11-12, on page 6, we saw an increase of \$8.6 million one-time funds through the ARRA Emergency Funds. If you subtract that \$8.6 million from the total amount spent that year, it's \$56,944,000, still well below the \$57 million that we get from the base block grant. The next year, fiscal year '12, the second year of the Emergency ARRA Funds, if you subtract that \$7.5 million, we still are below the \$57 million that we get in our base block grant. Looking at the rest of those expenditures in fiscal year '12, just so there's that--if

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we disregard fiscal year '13 because there could be some data changes--if we look at fiscal year '12, Liz, and subtract the one-time ARRA stimulus money, the department is still spending below the \$57 million they're getting. And that includes the new appropriation that they're spending on child welfare. I just am having a tough time getting my hands wrapped around the thought that they're utilizing any amount of that rainy day fund because their spending is still below the block grant appropriation, even as they go to the \$17 million for child care, even if they go \$5 million for administration, and they incorporated \$4.2 million new in child welfare. So based on their historical expenditures, I just--and maybe this is an issue that Director Winterer or Director Pristow can shed more light on--I have a tough time seeing how they're getting anywhere near roughly an additional \$5 million or additional \$7 million, give or take, every year that they're spending, where their historical patterns just don't show it even as they're spending new money on new items. Am I...is my thought process or my logic off at all with this? [LR387]

LIZ HRUSKA: No. [LR387]

SENATOR MELLO: I mean, knowing that we had a two-year, \$16 million influx that's no longer there, you still take that away from the work activities and they're still spending less than what they're bringing in. [LR387]

LIZ HRUSKA: Right. And they do show how they get to the \$62 million or, the following year, the \$63 million with Senator Crawford's legislation. So, I mean, they're showing what they intend to spend on it but the expenditures aren't always matching that level. And some say would have some control over and that's the administrative part. The aid part, to a great extent, they do not because they don't control which clients show up for assistance or don't show up. So, yeah, I've had some difficulty myself wrapping my head around that. I can just say, they have showed me how they intend to spend it. Thirteen does not...thirteen did not line up with that and I can't really answer why. Maybe Director Pristow can. He may be in the same boat that I am as far as he will

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need his staff to do additional work. And I can update this report. And if you would like, I can definitely talk to the Appropriations Committee, the Health and Human Services Committee. I will definitely keep Senator Campbell and Michelle informed and you can let your members know. [LR387]

SENATOR CAMPBELL: Sure. [LR387]

LIZ HRUSKA: So I think you're making good points. I wish I had more clarity for that. [LR387]

SENATOR CAMPBELL: I'm going to take one last question, Senator Howard has been trying to get in here, and then we'll go to the director. [LR387]

SENATOR HOWARD: This was not part of your research so it's absolutely fine to not have the answer. But as you were doing research on the rainy day fund, specifically, is Senator Crawford's work and her bill the first time that we've ever touched the rainy day fund or used it? [LR387]

LIZ HRUSKA: No. I mean, over the years, we have gone in. In fact, during the recession when we were having special sessions and in our regular sessions we were cutting budgets, we...the Legislature went in and specifically drew down on some of the rainy day funds because we were trying to fit our budget within...the General Fund budget within what we had available and with the expectation that, because of the economic slowdown, we would see our caseloads increasing. So we have gone in and done that. I'm trying to think. I know over the years, there have been some shifts in funding. I wouldn't say it's frequent but there are times when TANF becomes more of a discussion within the legislative body versus just part of my analysis of making sure I understand what they put in their budget, because if I see, you know, they present to me how they expect to spend it and it pretty much lines up with what I would expect and what I've seen historically, I don't really bring that to the attention of the Appropriations

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Committee. But again, during the recession, the members that were there I think would remember that we did draw down on that. As far as legislation, I...there have been some tweaking over the years but that was fairly early on in welfare reform. I really haven't seen much activity since then by the Legislature. Also, I think in 2002, we did the same thing. I know we went in and used more for Child Care than we have in the past, again, because we were looking for offsets to the General Fund. That's primarily, probably, what it's been is, when we need money in the General Fund, what's available to use; and the Legislature has taken those opportunities. [LR387]

SENATOR HOWARD: Thank you. [LR387]

SENATOR CAMPBELL: Thanks, Liz. I hope you'll stay around in case we have any follow-up questions. [LR387]

LIZ HRUSKA: Yep. [LR387]

SENATOR CAMPBELL: And we'll go to Director Pristow next. Are there people who have come today who would like to testify on this issue? Okay. I will fit the testimony...I'm going to try to finish this up by around 10:30, a little after, so we can go to ACCESS. So, just so the senators can watch the clock. We all watch the clock, I know. Dr. Pristow, thank you very much for coming. And I'm sure you can, perhaps, address some of the questions that Liz left for you. [LR387]

THOMAS PRISTOW: (Exhibit 2) I will do my best, Senator. Good morning, Senator Campbell and members of HHS Committee. My name is Thomas Pristow, T-h-o-m-a-s P-r-i-s-t-o-w, and I'm the CFS director for HHS. I have...the first two pages of my testimony is...well, it was already covered by Liz so that's a good thing, I won't have to go through that again. She did a fine job covering the background. I do want to start off by discussing the TANF block grant program. Recipients must meet income and resource requirements, and most participants must participate in a work readiness

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activity such as job search, community service, and/or vocational training. Nebraska calls its work readiness program Employment First. The department contracts with MAXIMUS and ResCare to provide these services. These contractors have done an excellent job with the Employment First program which has contributed to Nebraska meeting the required 50 percent work participation rate. And Nebraska has met the work participation rate since the program began. And Liz also pointed that out also in her testimony. I also want to point out that Nebraska is one of the few states that continues to meet this rate on a consistent basis. States are required to meet a determined state spending level and general requirements to receive TANF funding through the Maintenance of Effort or MOE. In order to use state funding toward the MOE, states must ensure the funds are spent on benefits or programs that assist low-income families. The earned income tax credit program administered by the Department of Revenue is a significant source of spending and we are able to count all of it towards meeting our TANF MOE. Without these tax credits that go to low-income families, Nebraska would fall below the minimum and this would impact TANF funding received from Administration for Children and Families or ACF. Nebraska has carryover funds the department has been able to maintain from year to year. At this time, Nebraska is spending more for TANF-related activities than it is receiving through the annual federal TANF grant award. And we are able to do that by using a portion of the retained carryover funds every year to meet the current spending. The current carryover balance is around \$57 million. The balance of this fund over the past few years is reflected in the handout you've been provided. The current TANF grant award is \$57 million. We are projected to spend \$62 million in federal TANF funds for fiscal year '14. At the end of my testimony, I'll come back to that because Senator Mello and others have talked about the differences of the \$6 million and such, and I will address that. The handout shows that TANF funds are currently being spent with the spending reauthorization of the TANF program by Congress. The department does not know for certain that the current federal funding level will remain the same. During the past legislative session, four bills were introduced that would have used existing TANF funds. One bill, LB368, passed and was signed by the Governor. If the three additional

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bills were enacted using the TANF carryover funds, the department estimates that the annual amount of TANF carryover would increase by \$8.3 million a year. This increased spending would result in TANF carryover funds being depleted by 2015. Once the carryover funds are depleted, state funds would be needed to meet the difference between the annual TANF block grant and obligated TANF spending, or services to clients may be reduced. While there is a significant amount of TANF funds in the department for carryover, the department uses these funds for current TANF activities. If these TANF funds are directed to new programs, the overall TANF programs, like I said a minute ago, can be reduced. I do want to talk for a minute about the discrepancy in the numbers. We have not reconciled fiscal year '13. The federal fiscal year just ended and then we had 17 days of a federal shutdown in which we had limited access to information. The numbers that you have are preliminary. And I would agree with Liz that we'd like to come back in December or January at the convenience of the committee and resubmit our numbers that would give a very accurate projection. We've worked very closely with the LFO and we want to give you the most accurate information and data that we can. So I am prepared for any questions that you may have. [LR387]

SENATOR CAMPBELL: Questions for the director? Senator Conrad. [LR387]

SENATOR CONRAD: Director, you heard my questions to Fiscal Analyst Hruska. How many people work on these projections at your department? [LR387]

THOMAS PRISTOW: Well, I have a chief financial officer for just my division, and plus there's a department...or a division of finance. My folks work with the finance department and they have their own staff assigned, which I can't tell you how many they have to do that. [LR387]

SENATOR CONRAD: Ballpark. Twenty? Ten? Five? [LR387]

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THOMAS PRISTOW: I would say probably in this area, probably four or five. I'm just guessing, but I would say about that amount. There is also recent job turnover in that department and so we have some new folks in there that are learning their jobs. They're doing a very good job but they don't have the historical background that the folks had that were there previously. I'm not making excuses and I'm not making excuses for what we are presenting today. We didn't have the exact information for the committee and we are prepared to come back in January and give you exactly what our reconciliation for '13 and what our projections, based on that, throughout 2018 or so. [LR387]

SENATOR CONRAD: And maybe just by a show of hands, how many HHS employees are here today? One, two, three, four, five...get them up. One, two, three, four, five, six, seven, eight, nine, ten. At least ten. Okay. So the department hasn't really put enough resources in to providing accurate and timely financial analysis to the Legislature but does spend considerable time and effort to bring a contingent of staff to lobby us. Is that correct? [LR387]

THOMAS PRISTOW: No. No, it's not correct. [LR387]

SENATOR CONRAD: Oh. It seems like it. Okay, thanks. [LR387]

THOMAS PRISTOW: I'm sorry for the perception, Senator. What I would tell you is that... [LR387]

SENATOR CONRAD: The numbers are what they are, right? [LR387]

THOMAS PRISTOW: They are what they are. [LR387]

SENATOR CONRAD: Yeah. [LR387]

THOMAS PRISTOW: And I bring my senior staff here for my purposes. [LR387]

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SENATOR CAMPBELL: Other questions? Oh, Senator Crawford and then Senator Bolz. [LR387]

SENATOR CRAWFORD: Thank you, Senator Campbell. And thank you for being here, Director Pristow. [LR387]

THOMAS PRISTOW: Thank you, Senator. [LR387]

SENATOR CRAWFORD: I just wanted to come back to the issue that Senator Mello was raising before. In your testimony it says that we're spending more for TANF-related activities than we're receiving through the annual TANF grant award. And so I come back and ask you to clarify or correct the analysis that Senator Mello was doing here on the fly that it looks like in '11 and '12, once you take out the ARRA funds, we actually were spending less than that block grant amount. So how is it the case that we...how can you reconcile those two statements? So if we're spending less than the block grant amount, then we wouldn't need to be spending that rainy day funds year after year, which is what I believe the testimony suggests that we have been having to spend that rainy day fund year after year. [LR387]

THOMAS PRISTOW: Yeah, I understand the question. And I believe those are the LFO's numbers and those are not the department's numbers. And what I want to be able to do in a January meeting is be able to reconcile our numbers with the LFO to make sure that we have the best and accurate data for you. I know that in my budget preparations over the past two years that I've been here, the past two budget sessions, that we have expended more dollars in the TANF area than what we have been getting from the federal government, and we have impacted the rainy day...or the fund. [LR387]

SENATOR CRAWFORD: Okay. So we've been spending that money and you're going to tell us what that's been spent on. [LR387]

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THOMAS PRISTOW: I will tell you, yes. And I apologize again, and we will have that information for you in January. And I will work with...my team will work with Liz to make sure that we have congruent information. [LR387]

SENATOR CRAWFORD: Thank you. [LR387]

SENATOR CAMPBELL: Senator Bolz. [LR387]

SENATOR BOLZ: Good morning. It's my understanding that the federal government also offers something called the TANF Contingency Fund which helps states, just as it sounds, in contingencies when there are unexpected circumstances. So can you help me understand, given the availability of that fund and given the assumption that we're, you know, good fiscal managers in HHS, why we have a ongoing balance in our rainy day fund of, at one point, over \$50 million and even at its lowest projection \$30 million. What's the justification for keeping that balance at that level given the federal opportunities in terms of contingencies? [LR387]

THOMAS PRISTOW: I'm not able to give you the correct answer on that right now, Senator. I will make sure that you have that before we come into the January meeting. [LR387]

SENATOR BOLZ: Appreciate that. [LR387]

THOMAS PRISTOW: I just don't have that information. [LR387]

SENATOR BOLZ: Thank you. [LR387]

SENATOR CAMPBELL: Senator Mello. [LR387]

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SENATOR MELLO: Thank you, Chairwoman Campbell. And thank you, Director Pristow. And while it's not helpful today, obviously, I think the point of anything that Senator Conrad was asking of you and the Fiscal Office is a constant consternation that exists within this branch of government, that your agency, for some reason or another, can't provide accurate fiscal information when we need it to make decisions. And, thus, we always have to go back and revisit an issue after the fact. So I'll give you the benefit of the doubt again today, in part because there was a government shutdown. We know there was some challenges in regards to getting access to fiscal data for the month of October, knowing that the government shutdown for the first two weeks. So I look forward to looking at some of this revised data. But I'm going to have to trust the Fiscal Office in regards to their analysis of your previous spending and expenditures. The current fiscal year is one thing and that's something that we can all agree and give the department the benefit of the doubt. But the issue I raised was fiscal year '11 and '12 were unique years because of one-time ARRA funding that came through. Your expenditures, for one reason or another, are staying at that ARRA-funded level though. And that's what I'm trying to get my hands wrapped around because the year prior to the ARRA funding in fiscal year '10, you spent less than \$50 million. Now I know that the Health and Human Services Committee and members of the Appropriations Committee who were around during the child welfare privatization debacle understand that the department used a considerable amount of money from the rainy day fund to help deal with the aftermath of the child welfare privatization effort in paying past bills that we were not paying and/or unexpected bills that came through that process. That process is no longer around, so I guess I have a tough time understanding how your level of spending, knowing that you utilized emergency funds for a one-time emergency--which was to transition us from a bad experiment to back to the department, so to speak--how we're still staying at these funding levels. And part of it is, I know, the child welfare line item that Liz has provided us. The other aspect, though, of your anticipated growth in spending is the work activities which is almost as...give or take about a 65 percent, 66 percent increase from where it was in fiscal year 2010, which as Senator Campbell mentioned and Liz mentioned, our eligibility has not increased. So we have a very

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stringent eligibility. How are we spending that much more, I would say, on work activities knowing our population is not increasing, the eligibility is not increasing but somehow the amount that we're spending on that one line item has dramatically increased from where we were two years ago. [LR387]

THOMAS PRISTOW: Well, we are spending more money on work activities in order to keep our participation rate at the level it is. As far as the ratio goes, I can't give you an answer as to why it's ballooning up. But I will be able to talk about that. I just want to also say that regarding your first comment about not getting correct information from the department, financial information, I spent probably over a dozen times in front of this committee over the past year and a half. And this is the first time I've not been able to talk about fiscal issues in an appropriate manner. Every other time I have been able to talk about exactly what we need, exactly what our dollars are, and exactly what the department is spending. So I take responsibility for not having this ready now, but it's not a constant since I've been here. This is the first time and it won't happen again. [LR387]

SENATOR MELLO: You just mentioned something that makes me pause a little bit from concern. We're spending more on work activities or you're anticipating spending roughly that \$15 million a year on work activities because you're concerned that we're not going to meet our 50 percent work requirement? Is that why? [LR387]

THOMAS PRISTOW: We've always been meeting our work participation rate and we want to make sure that we continue. But we also want to make sure that we continue to meet the needs of our citizens and they're getting all the best activities and all the work activities necessary to be successful. I'll give you a full arc of those programs, if you want that level of detail, in the next hearing on this. [LR387]

SENATOR MELLO: I'd love that level of detail, as I think my colleagues know that I enjoy that level very greatly... [LR387]

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THOMAS PRISTOW: I'd be glad to provide that to you, Senator. [LR387]

SENATOR MELLO: ...as well, I think, some of the general. I mean, any kind of estimates that you can provide in regards to, I would say, projected outcomes that come from this certain increases and certain aspects of spending, primarily on the work activities. The one last question, and it's just, I guess, and it's something that you can provide the information at a later date, is the administration spending, the admin spending. Two thousand ten was below \$2 million. You're projecting it now to go double that at \$4.3 million. It's one thing, I guess, the understanding of during the ARRA years of higher unemployment, dealing with the recession. We saw possibly influx, obviously, of individuals, Nebraskans who were eligible for TANF. That number, though, in theory, is going down because the economy is changing. Is there a reason why your admin costs would still stay at that ARRA-level spending in comparison to going back down? [LR387]

THOMAS PRISTOW: Our admin costs should reflect the actual cost it does to make those programs viable and administrate it. To double that, I will have a detailed explanation as to if it is going to be doubled, why. I don't have that in front of me right now. [LR387]

SENATOR MELLO: And I would appreciate any further analysis you can do on that. And the reason, I'll be very blunt with you and give you the reason why is, my time in the Legislature, the Department of Health and Human Services has a tendency to not come in and request funding for the administration of the programs that you're required to do. And instead, it looks like you're able to utilize federal funds that, frankly, the Appropriations Committee doesn't dig into, I would say, the actual where those dollars go. It's an appropriation amount. The department makes that determination where it goes. And instead, you're shifting your administration costs to federal funds and just kind of not bringing up the issue after the fact. So the more analysis you can give on

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why your administration costs have doubled from where it was in 2010 to where you're projecting it's going to continue to be in the future and why that is necessary, knowing that the eligibility has not changed, the programming has not changed,... [LR387]

THOMAS PRISTOW: Right, the same eligibility. [LR387]

SENATOR MELLO: ...but if it's simply a matter of shifting state responsibilities to the federal government, I'd like to know that. [LR387]

THOMAS PRISTOW: Yeah. And I don't know the answer to that. It may be that we shifted those dollars over. But I will tell you that, from the Children and Family Services' position, we're not hiding...or we're completely transparent in what we're doing, and we'll get to the details and we'll get down in the weeds with you if you'd like. I will provide...my staff will provide that information to your office and to Senator Campbell's office and we'll go from there. We will work with Liz to make sure that we will reconcile, and I have great confidence in my staff's ability to make sure that this works. And again, I take full responsibility for not having the numbers together for you today. [LR387]

SENATOR MELLO: Understood. Thank you, Director. [LR387]

SENATOR CAMPBELL: I want to take a little different tack on this, Director, in the sense that, from the Health and Human Services Committee, I'm interested in how do you sit down on an annualized basis and say, hmm, I think we ought to spend this much. I mean, I realize some of it is client and you don't know how many people. [LR387]

THOMAS PRISTOW: Right. [LR387]

SENATOR CAMPBELL: But who actually makes the decisions as to how all of this is allocated? [LR387]

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THOMAS PRISTOW: We do it on projections based on backcasting and try to, based on the backcasting, look forward and see where we're going to spend. And again, my program analysts in the central office, along with the field, work on that together to make sure we get the best number there possible to make so we have the budget for it. [LR387]

SENATOR CAMPBELL: Okay. So basically, the guidelines that you're using to make those decisions are based on the guidelines that Liz talked about in her report. [LR387]

THOMAS PRISTOW: Absolutely, yes, yes. The four... [LR387]

SENATOR CAMPBELL: The four major and what you could be penalized. I'm sure you're keeping an eye on that. So the mix of these programs is really a decision within your division, right, Director? [LR387]

THOMAS PRISTOW: That's correct, Senator. [LR387]

SENATOR CAMPBELL: So if we would add, as I said, a sparkling new line item here, then that would come into the purview of then you'd have to figure out how to adjust... [LR387]

THOMAS PRISTOW: Yes. [LR387]

SENATOR CAMPBELL: ...that. And I have to say that that's one of the things that we, too, have thought about on the Health Committee. Not as much the numbers--we're going to leave the Appropriations Committee, we're working with them--but really, how are these decisions made and what programs jump up from, you know, well, we don't see historically that might have been high but now we're seeing a greater need here, and how do you balance those. [LR387]

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THOMAS PRISTOW: Right. [LR387]

SENATOR CAMPBELL: I just am interested in how that discussion goes. [LR387]

THOMAS PRISTOW: We...again, we do it through our program analysts and program folks who review the budget and do the backcasting and look to see how we're going to move forward with that. If we add a new program line, then that will be adjusted. We'll look at it and look at the funding appropriate to those different levels. And then the budget will be what the budget is. [LR387]

SENATOR CAMPBELL: Do the folks that advise you and working on the program, does anybody ever come forward and say, you know, Director, we really ought to look at a new program because we're seeing an emerging need come out there? I know, you're smiling. But I think that's part of what we look at in the Health and Human Services Committee, at least, is are there emerging needs that we're just really not addressing? [LR387]

THOMAS PRISTOW: I think what we look most to is how do we provide the best services to our citizens within the parameters that we have; and then based on that, is there anything new coming, new trends or new activities or new issues in the environment that may cause other stressors, which we may have to look at. I've been here 19 months. I've not had a program staff yet in 19 months come and say we need a new program based on this new trend happening across the country. [LR387]

SENATOR CAMPBELL: Because the carryover bills that we have on the committee, we will be discussing those guidelines. And so at some point as you may look at those bills, it might be helpful for you to give us some idea, is this an emerging trend out there that needs help? [LR387]

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THOMAS PRISTOW: We would be glad to do that. And as the Legislature passes or goes through their process, we...you know, you decide what you want to do and then we will implement. [LR387]

SENATOR CAMPBELL: That's part of the problem here that we have seen on the floor of the Legislature and why we put this interim study in, is because we really don't, I don't think, have a very good handle, both from the Appropriations and the Health Committee, exactly how the TANF package comes together and the flexibility that exists. And I understand flexibility from the standpoint of you just don't know how many people are going to show up at the door. But we do need to look into the future and say, what are those emerging trends and are there some better uses for TANF than we might have addressed here or, you know, it's a declining need, so. We'll go with Senator Howard and then we'll work our way back. [LR387]

SENATOR HOWARD: I actually have a very specific question about our 30 percent transfer into the Child Care Block Grant. I notice in fiscal year '13 the full amount wasn't transferred. But the Legislature spent a lot of time making some significant changes to our Child Care program. And I was just wondering if you could speak to why the full amount wasn't transferred in fiscal year '13. [LR387]

THOMAS PRISTOW: I don't know, Senator. But I can get that for you by the end of business today. [LR387]

SENATOR HOWARD: That would be great. Thank you. [LR387]

SENATOR CAMPBELL: Senator Conrad. [LR387]

SENATOR CONRAD: Thank you. I did just want to draw the committee and the director's attention to page 8 of the report that we're reviewing today where--and I hate to correct my good friend and colleague, Senator Mello--even with the economic

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downturn and uncertainty, we didn't see a jump in caseloads. The report says, on page 8: As welfare reform measures were implemented, caseloads continued to decline. Even during economic slowdown the number of ADC families has never reached 1994 levels. So when we're looking at this question of administrative costs, that's probably not a reason why we would see such a dramatic increase. And I think we could probably all agree with that. And I just wanted to verify with you as well, during the recent downturn we've seen significant cuts in staff at HHS. Is that right, is that fair? [LR387]

THOMAS PRISTOW: To the best of my knowledge, yes. Like I said, I've been here 19 months. I do understand that there has been significant cuts over the past four or five years. [LR387]

SENATOR CONRAD: Right. So we see declining caseloads, less staff, but an administrative budget that's projected to double with no explanation. [LR387]

THOMAS PRISTOW: You'll have an explanation, Senator. [LR387]

SENATOR CONRAD: Okay. But today, right now, we don't. [LR387]

THOMAS PRISTOW: We don't have one, no. That's correct. [LR387]

SENATOR CONRAD: Which we agree that both of those other two factors are true so that's particularly troubling. Do you think it's due to inflation or just other cause, if you had to guess or? [LR387]

THOMAS PRISTOW: I couldn't even hazard a guess, if our numbers are flat and our staff are down, why there's a doubling. But I will...you'll have that, whatever that rationale is and there's a rationale in there, I will present it to the committee and we'll talk about it. [LR387]

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SENATOR CONRAD: It's hard to say though. As time passes, inflation does increase the cost of things and doing business. Is that fair? [LR387]

THOMAS PRISTOW: Generally speaking, I'd say that's fair, yes. [LR387]

SENATOR CONRAD: Okay. So I'm hopeful that because the department has since...is projecting and looking at increased expenses due to inflation or otherwise, that they'll also be supporting an increase in ADC payments to working families who haven't seen an increase in many, many, many years to keep pace with inflation. Do you think that would be fair to treat working families the same way that you treat your department? [LR387]

THOMAS PRISTOW: I think that that's a fair statement. And we would look into why and what's going on with the AFDC payments. [LR387]

SENATOR CONRAD: Great. Okay, thanks. [LR387]

SENATOR CAMPBELL: Okay, we'll come around that I'm going to pick Senator Bolz. And then we'll let Senator Mello have the closing here. [LR387]

SENATOR BOLZ: Sounds good. I was pleased to hear you comment that you're putting more resources and energy into job attainment, job retention, work participation activities. I was just curious if those resources and investments have resulted in increased wages, increased job attainment, increased job retention. Have you looked at those numbers? [LR387]

THOMAS PRISTOW: Well, the participation rate continues to go up and we have one of the best in the country. So that is one of the best indicators that those... [LR387]

SENATOR BOLZ: But a participation rate and job quality are not one in the same.

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[LR387]

THOMAS PRISTOW: I understand that. [LR387]

SENATOR BOLZ: Can you talk to me about job quality? [LR387]

THOMAS PRISTOW: I don't have the number on whether these people are sustainable over 6 months, a year, 18 months, 24. I just didn't bring that data with me. But I know that MAXIMUS and ResCare has those...that data. Again, that type of detail is not privileged by any...I'll be glad to share it. It's... [LR387]

SENATOR BOLZ: Yeah. I would like to see, as you've improved those investments in work activities, the correlating numbers with job attainment, job retention, and wages. [LR387]

THOMAS PRISTOW: Sure. [LR387]

SENATOR BOLZ: Thanks. [LR387]

SENATOR CAMPBELL: Senator Mello. [LR387]

SENATOR MELLO: Thank you, Chairwoman Campbell. And I appreciate Senator Bolz's question. That was one of my questions. But I guess more on the policy front...and Senator Campbell asked a question which I think is very telling of what, I know, the Health and Human Services Committee has dealt with for the last couple of years which is looking at public policy changes for pilot projects. For an example, LB368 this year, Senator Crawford's bill which created a subsidized employment program utilizing TANF funds. The department could unilaterally do that on its own, correct? [LR387]

THOMAS PRISTOW: We can. Correct. Yes, we can make program changes. [LR387]

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SENATOR MELLO: And also fiscal policywise, I know that the department provided a fiscal note saying that the addition, the creation of LB368 and the creation of this subsidized employment program would require an additional \$1 million per year each year of the pilot project. But looking at your fiscal data in regards to what you spent during the two years of the stimulus funding and then, ultimately, your determination that you're going to continue that level of spending, in theory, couldn't you use LB368 and use that \$1 million expenditure as part of the \$15 million in work activities that you're estimating the department is going to spend year over year into the future? So it wouldn't actually be an additional \$1 million you're spending. You're just incorporating it into your existing budget, so to speak, for your work activities. [LR387]

THOMAS PRISTOW: Right. And that strategy does seem reasonable. Again, I'd have to get with my CFO and look at the details and then do the numbers. But the premise is reasonable and I need to look into that. I can't speak to...I would absolutely endorse that right now. But I'd be happy to take that further on and look at it, Senator. [LR387]

SENATOR MELLO: Well, Director, I'll be frank, that I'll be following up with you and the department specifically on that issue... [LR387]

THOMAS PRISTOW: Okay. [LR387]

SENATOR MELLO: ...in part because I...there was some consternation raised last year on the floor as we debated LB368 that it was going to unilaterally draw down the rainy day fund because the creation of a pilot project that was going to, essentially, earmark \$1 million a year out of TANF for this pilot that falls within the work activities' funding stream where I'm under the illusion--and I think Senator Crawford and others--that that's something that can fall into your existing funding stream, so to speak, without having to draw down any additional money from the rainy day fund. It's simply a matter of whether or not the department wants to do it and wants to implement it that way in comparison to

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the Legislature saying that you're going to do it another way. [LR387]

THOMAS PRISTOW: Well, it also has to fit in with the budget and the biennium protocols that we put out for the next couple of years. And as we...if that were the case, then we'd look at we have a finite amount of dollars and we adjust the programs accordingly to fit that program in. Again, in January, if you want to go that deep in the weeds, I'd be glad to provide that type of information for you guys. [LR387]

SENATOR MELLO: And the reason I ask that question, I think, is because Senator Campbell, I know, has mentioned they have multiple bills in the Health and Human Services Committee that looks to appropriate money, TANF funds, for specific programs and/or specific activities. The policy is the Legislature can do that. [LR387]

THOMAS PRISTOW: Correct. [LR387]

SENATOR MELLO: And ultimately, Senator Campbell and the Health and Human Services Committee and the Legislature, as a whole, could vote to appropriate those TANF funds for certain criteria and certain programs. [LR387]

THOMAS PRISTOW: Yes, Senator. [LR387]

SENATOR MELLO: The challenge, as I see it, is that the department just doesn't want that to happen because then you're being dictated to by the Legislature of where we feel and see those funds should be spent in comparison to the department saying, we want to spend these funds on whatever programs we feel will be the best for work activities, which I believe is where Senator Crawford's bill...I know Senator Nordquist also had a bill that dealt with, I think, after-school care for TANF-eligible children... [LR387]

THOMAS PRISTOW: Right. [LR387]

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SENATOR MELLOW: ...Senator Campbell had an increase...a different bill that dealt with the increase of the ADC payments. But the reality is is that you're operating within a budget of, give or take, you're saying \$62 million. The Legislature is--as Senator Campbell mentioned--coming up with policy options that we would like to appropriate some of that money specifically toward certain programs. Do you see there is a possibility into the future that the department would be willing to maybe develop a more collaborative relationship with the Legislature in regards to proven models and proven programs that other states have utilized that have increased their work participation, increased the quality of jobs, and wages that participants are getting for better outcomes? Would that be something you think is possible, at least, within the next year or so? [LR387]

THOMAS PRISTOW: Senator, I will go back to your previous comment first. I will say that there isn't a director across the country that likes to have legislature comes in and be a part of their operations. However, I do think that there is much room for collaboration and to look at reconciliation and try to...a reconciling policy. And that's...we do that...I do that...Senator Campbell, through the Children's Commission, the department has been extraordinarily collaborative with our other partners across the state in child welfare. And it is not a new thing for us. So I think that based on our past performance with this, I think there is room for that to happen, Senator. [LR387]

SENATOR MELLO: Well, I will hold you at that, Director, because over the past few years it feels like that there's always the unfortunate attitude that when, maybe, some legislators, I should say, bring forward proposals, bills, or ideas to look to make changes within HHS it always is, then, the natural response is, we can't do that, that won't work in our budget, or we can't implement that, whether it's ACCESSNebraska, whether it's changes in TANF. And my hope would be at least over the next year, there are some really good ideas in the HHS Committee in regards to improving TANF that my hope would be, we would see a little bit more collaboration and not, I would say, as much opposition from different branches of government to try to help these working families

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out. [LR387]

THOMAS PRISTOW: I will say that my position and the position of CFS is that, you know, we have federal guidelines, we have issues, we have things that we have to be held to, which is not...which is certainly public. And within those guidelines, there is discussion points. And I would be glad to be able to move along those discussion points to see where we can end up together. [LR387]

SENATOR MELLO: Okay, thank you. [LR387]

SENATOR CAMPBELL: Thank you, Director. I think we'll move to the one testifier. Ms. Authier, did you want to testify? You raised your hand. [LR387]

KAREN AUTHIER: Yes. [LR387]

SENATOR CAMPBELL: Okay. We'll go to you. Is there anyone else in the room? I didn't see any other hand. [LR387]

THOMAS PRISTOW: Thank you. [LR387]

SENATOR CAMPBELL: Thank you, Director. One of the pages can hand out the information for you. Good morning. [LR387]

KAREN AUTHIER: (Exhibit 3) Good morning. Thank you for the opportunity to say a few words. I will be very brief. My name is Karen Authier, K-a-r-e-n A-u-t-h-i-e-r, I'm the CEO of Nebraska Children's Home Society. You've already heard some explanation from Liz Hruska regarding the piece of the pie that we address. And I wanted to thank you for looking at TANF as a very broad resource. And this has been very...I've received good information and I think that the opportunity for the Legislature and the department to work for oversight of that funding is very admirable. I do want to let you know about the

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Positive Alternative program. I won't go over all the explanation, I think Liz did a great job of that, but wanted to give you just a little bit of detail as to how that actually plays out. We have nine offices in eight cities across the state through which this program operates, which means we can reach every corner of the state. We have staff who are approximately two hours away from anyone who calls our 24/7 crisis line. And that has been very important in reaching out to women who are pregnant and think they might be pregnant with an unplanned pregnancy. What we do know through our 120 years of experience is that women with unplanned pregnancies experience isolation, uncertainty, and lack of information and support in that time of crisis. We believe that the Positive Alternatives funding has averted tragedies in the state, tragedies that would have been child abandonment, tragedies if a woman sees no alternative other than terminating her pregnancy. Out of the funding for this, 40 percent of it we are required to spend on marketing efforts. So the money that comes to us, a lot of that is spent on radio ads, TV ads, the brochures, and general outreach, very necessary for this population. We've been able to reach individuals in 72 of Nebraska's counties, which we think is fairly impressive coverage across the state. The breakdown on that...and those counties range from Sioux County in the northwest, Richardson in the southeast, Cheyenne and Chase in the southwest, Dakota and Dixon in the northeast. And approximately 15 percent of those individuals requesting services were in Omaha, 18 percent Lincoln, and 67 percent in communities outside of the metropolitan areas. We have pregnancy navigators who are experienced professionals who provide the services. We have a master's level licensed mental health practitioner who answers the crisis line. There's a description of the services so I'm not going to tell you what the services are but I want to take a couple minutes to give you two vignettes of situations in which TANF money is spent in real life to serve real-life emergencies. A young woman, 15, called from a community in south-central Nebraska, a very small town. Had been confined to her house, basically locked in her house by her mother. She was pregnant, in her fifth month of pregnancy. She had not received any medical care. And she'd heard...she was listening to the radio. She had access to the radio, she had access to a telephone and called the crisis line. We were able to get someone out from our Kearney office to her

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house. Her mother refused to accept our offer to assist. We were very concerned. This is a 15-year-old, pregnant, no medical care. We did contact Child Protective Services and the child did not go...the 15-year-old did not go into the system. But through a joint effort we were able to convince the mother, who has some serious mental health problems, to let us provide services. No transportation, no doctor in that community. Our workers transported that young woman to all of her doctor's appointments, set her up for the classes on Ready/Set/Deliver and Baby Talk to take the fear out of what she was experiencing. We worked with her on the choice she was going to make and she decided she wanted to parent that child. So we worked to provide all of the equipment, all of the essentials that she needed as well as the education for her to do a good job. So that was a story of success. One more story. And this one was a young woman in another small town in southeast Nebraska. The hospital called because she was there ready to deliver, had not had medical care, had no plan, was pregnant by a 25-year-old man who ended up going to jail for statutory rape. She was totally unprepared to parent, didn't know what she wanted to do. So we, as a licensed child-placing agency, we were able to take the infant into voluntary custody, place it in one of our many newborn homes across the state on a very temporary basis so she could make up her mind while we worked with her on the options. She called our worker after about the third day and say she decided to parent. Took...got her set up with everything she needed. Lived alone with her father who wasn't much of a resource, so we provided all the necessary services. And within 24 hours...it was a midnight call to the pregnancy navigator saying, I can't do this; come get this baby. So a worker got in the car, went out picked up the infant, got the paperwork done for another voluntary custody arrangement, and then made arrangements to meet with the young woman the next day. In going out to the home, this was definitely a crisis. We don't know what would have happened to this baby. The worker asked, when was the baby...when did the baby eat last? And the young mom said, I don't have any idea. Any of you who have raised an infant know that your life revolves around when that infant ate last. So these are the real-life stories. This young woman did place. We have, at any given time, over 100 families that have home studies done and are waiting for a placement. So this is a very small piece of the pie

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that you're looking at. But I wanted to make sure that it didn't get lost in all of the detail of...it's the soft side of the numbers, perhaps, but we believe it's a very important side. So thank you. [LR387]

SENATOR CAMPBELL: Absolutely. Any questions or comments from the senators? [LR387]

KAREN AUTHIER: Yes, Senator Conrad. [LR387]

SENATOR CONRAD: Thank you for being here, Director. And just to be clear, those are, indeed, heart-wrenching examples. But I'm guessing that your work would be easier and more focused if we had less unintended pregnancies in this state. Is that a fair assessment? [LR387]

KAREN AUTHIER: Yes. And that also--I didn't go into that--but part of this funding also goes to working with teens, providing them with the information they need, not only to prevent pregnancy but, as we know, much of the work in preventing pregnancies is helping young women set goals so that they aren't seeing pregnancy as their life fulfillment by age 15. And so we are also doing all of that work with this money but we also have some other funding for that. Very important. [LR387]

SENATOR CONRAD: Okay. And so that curriculum is comprehensive, age-appropriate sex education? [LR387]

KAREN AUTHIER: We do...we use a number of curriculums, they're all evidence-based. FOY is one, Focus on Youth is the...it's an acronym for Focus on Youth. We also use some other evidence-based curriculums. And we have other contracts with the Division of Public Health to do the prep program in various places in the state. So these are all programs that use a variety of approaches, starting at middle school and continuing through the high school years. [LR387]

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SENATOR CONRAD: Okay, thank you. [LR387]

SENATOR CAMPBELL: I'm going to take one more question from Senator Bolz because I know we have a lot of folks who want to talk about ACCESSNebraska. [LR387]

SENATOR BOLZ: Could you very briefly address whether or not the resources you currently have are sufficient to meet the demand for your services and programs? [LR387]

KAREN AUTHIER: I think the resources that have been allocated to this are adequate in terms of the marketing. And we...I will tell you, our salaries of our caseworkers, we provide that in kind. So the value of the state contracting for something like this is that there is money that is spent on some things that our agency would not be able to spend money on. But we use our caseworkers, we fund that with donor dollars. Our pregnancy, parenting, and adoption program is funded by donor dollars. The money is used for the pregnancy prevention, so there...so this is really a combination. I think it's a wonderful example of public/private partnership in that federal dollars, state dollars, but also philanthropy, philanthropic dollars are very much a part of this. [LR387]

SENATOR BOLZ: Thank you. [LR387]

SENATOR CAMPBELL: Thank you. [LR387]

KAREN AUTHIER: Thank you. [LR387]

SENATOR CAMPBELL: Always good to see you. Okay. With that, we will conclude the hearing on LR387 and move to LR238, Senator Dubas' interim study to examine the ACCESSNebraska system as well as the separation of the Economic Assistance

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programs from the Medicaid program. And always a pleasure, Senator Dubas, to have you. I know you've been following this topic, as has Senator Conrad. We've had hearings from both of you through the years. So with that, we'll open with your comments. Thank you for coming. [LR387]

SENATOR DUBAS: Well, thank you so much, Senator Campbell, Senator Mello, members of the Appropriations and Health and Human Services Committee. For the record, my name is Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s, and I am here to introduce LR238. And one of the things that makes this so easy is that both of these committees are very much up to speed on this issue. So it's just kind of a continuation of the dialogue that we've been having over the last quite a few years dealing with the effectiveness of ACCESSNebraska. Again, as this committee knows all too well, since its implementation, ACCESSNebraska has experienced significant problems. We've had long call wait times, missing documentation, and inaccurate information. The Legislature and this committee, especially, have for years been working to find ways to improve this system. And for years, we have been looking very hard and have heard from the department about the changes that have been designed to solve the problems in the system. But yet, it seems like we are not seeing consistent ongoing improvements. Call times, although I am hearing have gone down, still seem to be unacceptably long. I think probably one of the more telling pieces of information is the call abandonment rates. And those are still over 25 percent. We continue to hear of very high employee turnover rates as well. Now I have reached out to various stakeholders to get some input from them. And they are reporting improvements so, again, that's encouraging, especially in the area of providing caseworkers for clients when they're requested or for those more complex cases. And that was one of the main focal points of LB825. So I am very encouraged to hear that. I think these reports reinforce the importance of providing someone who can offer that follow-through and making sure that the casework is being done and that it leads to actually providing the services that are needed in a much more timely and effective manner. Now we have seen a major change with the separation of Medicaid from the Economic Assistance programs. We

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have been told by the department that this change was required through the implementation of ACA. However, it remains unclear that it is necessary under this act for the separation. It appears that other states have been able to maintain one system. The new separate centers raises new questions, as well, and I'm hoping that the department will be able to clarify some of those concerns. But again, I'm worried that some of the improvements that we're starting to see will be compromised with this change in separating...having these different call centers because I think as people have been getting a little more comfortable with the process, now we're throwing something new at them which may kind of take us back to square one. So I am very concerned about that. Clients may not understand that they have to now contact two call centers if they apply for Medicaid and other Economic Assistance programs. How will these two lines be marketed to the public? Will the Division of Medicaid and Long-Term Care and the Division of Children and Families engage in separate marketing or are they going to be working together? Will clients who apply for one benefit be informed that they may qualify for another? So I think with every question that may seem to have an answer, we're raising more questions and concerns in another area. What eligibility information, such as verifications of income, citizenship, residencies, if any, can be shared between these two, between Medicaid and Economic Assistance. Will any clients be assigned a caseworker for Medicaid and, if so, whom? Will the caseworker manage the individual's cases as long as their case exists or just until the application is processed? How does the client communicate with their caseworker? And are they still calling the main number? So again, these are very critical questions that need answers if we're going to continue to try to move this program onto the right track and make it work the way it was intended to. In addition, are there any of the recent changes...are those intended to be temporary or will they be ongoing? If the reports of shorter wait times are accurate, are they sustainable? What has been done to ensure those shorter wait times? Is it bringing on more staff? You know, just...again, those questions, are they going to be ongoing? We need to make sure that they are ongoing. With the separate applications and the interviews, one would expect the increased workload would lead to longer wait times. We could have

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filled this hearing room with people who have very personal stories about the difficulties that they are continuing to experience with this program. We did not seek out such testimony for several reasons. One, as I said, this committee is very well aware of the ongoing problems. I'm sure you're continuing to hear from people just as I am. The point of this LR and the hearing today is to continue that dialogue with the department and the stakeholders who are trying to implement ACCESSNebraska. And, again, while we could bring a lot of people forward to share their stories, just in the interest of time and the fact that this committee already understands the issue, we wanted to be more focused on what's the problems, what's working, and where do we need to keep moving forward. So I hope today that we will continue to stay focused on progress and solutions and look for ways to improve ACCESSNebraska as we prepare any additional legislation, if necessary. I want to thank Director Pristow and the department for their continued work and for being here to give us an update on the changes as well as to answer any questions that this committee may have. And, again, appreciate your time and attention to this very important issue for our citizens. [LR238]

SENATOR CAMPBELL: Thank you, Senator. Any questions? I'm assuming you're going to stay... [LR238]

SENATOR DUBAS: Yes. [LR238]

SENATOR CAMPBELL: ...for a while. What I would like to do, Senators, is Director Pristow has a report. And I also believe that Director Chaumont has a report. And so what I'd like to do is have the two directors, in whatever order they want to, come forward. And hold the questions until we have heard from both of the directors because otherwise...I've been in a hearing in which Director Chaumont waited and waited and waited and waited. And she had a report too and we didn't really get the full scope. So I think, if you don't mind, we'll proceed with that. Director, do you need the page to hand some things out for you? [LR238]

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THOMAS PRISTOW: Yes, please. [LR238]

SENATOR CAMPBELL: I did neglect to say that Senator Bolz--I'm very sorry--has joined us and should have noted that in the last hearing. Good morning, again. [LR238]

THOMAS PRISTOW: (Exhibits 4 and 6) Good morning, Senator Campbell, members of the committee, and Senator Dubas. My name is Thomas Pristow, T-h-o-m-a-s P-r-i-s-t-o-w, and I'm the director of Children and Family Services for DHHS. Let me give some background on ACCESSNebraska. I am here to talk about LR238. Briefly, ACCESSNebraska began in September 2008 offering an on-line application. And starting in 2009, expanded to other on-line options, including the ability for a client to review benefits, report case changes, and upload documents. The first ACCESS customer service center opened in November of 2010 and the last of the four opened in February of 2012. While these changes have allowed clients and, in some cases, their designated family members or other caregivers to interact with DHHS without having to come to a local office, we know that there have been some, to say the least, ongoing challenges. I'll share with you today the work we've recently done to make significant improvements. A major piece of ACCESSNebraska was moving cases from an assigned caseworker in local offices to a universal caseload that allowed case information to be available electronically to any worker across the state in a customer service center to help our citizens. While many local offices were still open and face-to-face meetings can be scheduled, local office staffing levels have been reduced. LB825, passed in 2012, allowed CFS to retain 22.5 staff scheduled for layoff and to hire an additional 22 staff. These workers all went to local field offices so they can continue to serve their clients and our citizens in the communities. As ACCESSNebraska progressed, we identified issues and made changes. For example, we recognized that more complicated cases should be assigned to an employee, an individual worker, to work that case from the time of application until it had been processed. Most of these cases have individuals who were in alternative living arrangements and were very complicated. Our managers assessed other processes and tried to find the best balance

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of answering the phones, managing the workload which are called work tasks, and providing quality customer services. These included allowing workers in customer service centers to process a case as soon as the interview is completed if all required information is available and emphasizing a one-call resolution and quality of work. With these changes, we have seen a reduced number of complaints from clients that have received incorrect answers to their questions and fewer complaints about lost documents. But the complaints about call wait times were incredible. Another indicator showing the improvements of the quality of work is that Nebraska has moved from a SNAP error rate ranking of 21 for fiscal year '12 to an unofficial ranking of 8 through April of 2013. We should note our official ranking in the spring of 2014--and currently, as you know, we did not get the bonus last year, the SNAP bonus--and this year we are projected...bonuses are projected for states ranking 1 through 7, and we are unofficially at 9 right now. So we moved from 21 to 9, unofficially. We'll see what happens in the spring with that ranking. We believe the decision to move Medicaid eligibility from CFS to MLTC will also result in improvements. The decision included moving two of the four customer service centers to MLTC with two remaining in CFS. It also moved about 40 percent of the local staff in one of the two document scanning centers to MLTC. Determination of the number of workers needed in each division was based on the federally required Random Moment Time Study. Through this survey, workers indicate what program or programs they are working on at the time that they receive the survey. And based on the results of these studies over a period of four quarters, it was determined that CFS staff spent approximately 40 percent of their time on Medicaid programs. Therefore, about 40 percent of the staff was assigned to Medicaid and 60 percent remained in Economic Assistance. In anticipation of more people now accessing services, federal funds allowed funding for 28.5 new full-time equivalent positions into what was included in the CFS budget. This has helped us better staff the EA activities in the customer service centers and the local offices as well as expand the quality assurance team. The number of staff now in Economic Assistance is as follows: Fremont Customer Service Center is 155; Scottsbluff is at 100; the Omaha Document Imaging Center is 20; the local offices are at 256; and the policy and administrative

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staff, including quality control function, is at 63; which is a total of 594 staff in the EA. While the Economic Assistance staff continue to work with over nine Economic Assistance programs, their ability to solely focus on EA programs allows a specialization that will benefit our citizens. Economic Assistance programs are very complex with many rules attached and, accordingly, now with specialization, we have changed our staff training. Staff are now trained to learn SNAP and Energy, first, and become experts in those areas. This builds our worker confidence and improves the quality of work. The largest programs that remain with CFS and the numbers served on a snapshot in August 2013 are as follows: Our SNAP was provided to 80,119 households; energy assistance was provided to 2,584 clients; childcare, 19,331 children; and TANF was provided to 6,888 families. Since the separation of work by the two divisions on September 30, the addition of staff and training changes, we have seen the phone wait times decrease on the Economic Assistance side from an average of 30 minutes to an average of less than 6 minutes during the first 21 days of October. Although our wait times have significantly decreased, we have seen an increase in our work tasks. Let me give you an example what causes these work tasks. Our IT system, the N-FOCUS system, runs an automated process where there are changes that affect a large number of clients. For example, this automated system applies the annual cost of living or COLA for programs as well as the federal updates made each year for the federal poverty levels. This automated process is called a MESA run, a mass expert system architecture. And it saves a significant amount of manual work but creates other work tasks that must be handled by staff. We had two recent MESA runs, one was with SNAP and the other was with Energy. These MESA runs have created over 27,000 work tasks. Transition to move Medicaid eligibility and staff to the Division of MLTC required a lot of teamwork and flexibility by both divisions, a commitment to make the transition as smooth as possible for staff and clients, and provide the staff the support they needed during this transition. Additionally, we have also made changes to the phone line system for ACCESSNebraska. We had a total of 299 phone lines. Due to the split of programs, MLTC assumed 92 of those lines and CFS kept the remaining 207. We now have local numbers for both Lincoln and Omaha so that our citizens can call

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direct without using the 800 number, which will save...which is a huge cost saving in the 800 number protocol. There are additional changes we have made or are currently making in Economic Assistance and these include: policy changes to reduce the number of interviews and to simplify the interview process; automated system changes; moved interviews and processing of new applications to local office staff; simplified the Economic Assistance paper allocation that will be effective January 1, 2014; we changed our phone menu for those calling Economic Assistance to simplify it for our callers; and for a period of time, we paid overtime to our staff to help complete our work tasks to get them down to a manageable level. Our goal is to improve ACCESSNebraska. And to that end, we have openly invited others to review our system. We've had a consultant in, which is called Strategic Contact. And they were hired to review ACCESSNebraska and we've implemented some of their suggestions. These include: reducing new worker training from 16 weeks to 5.5 weeks; more staff assigned to each supervisor so the ratio...we changed our ratios; through savings of not filling supervisor positions, we hired a contact center manager and this is in process now. Additionally, over the past month, NelNet, a local company, was also invited to assess the Economic Assistance portion of ACCESSNebraska. That review was just recently completed and we will be getting an update sometime in the next two weeks. Our federal partners at USDA is also providing a consultant to review ACCESSNebraska, and this is happening within the next month. Conversations with them have started. And like I said, they will be on site probably by November 4. In addition to our consultants, you are aware that the Legislature's Performance Audit Committee is reviewing ACCESSNebraska. We've had a very good relationship with them as they ask for documents and different systems information. And we've provided information on time to their responses and to their inquiries. As a result of the Medicaid transition and other changes we made in CFS, I am confident you will see continued progress in ACCESSNebraska. And as to what Senator Dubas asked or talked about sustainability, that's our hope, and that's my hope too, that these call wait times...our average wait time right now through October 24 is 5 minutes and 7 seconds, and we have a 10 percent abandonment rate. We want to sustain that and we'll do everything

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we can to make that happen. I'm open for any questions you may have. [LR238]

SENATOR CAMPBELL: I think if you wouldn't mind, Director, we'll have Director Chaumont give her report and then perhaps we can find a chair for both of you and... [LR238]

THOMAS PRISTOW: I can sit in the back, that's... [LR238]

SENATOR CAMPBELL: It's a little hard. I think the committee clerk would worry about you hearing from the back of the room. Do you need some...? We have your information, Director, is that correct? [LR238]

VIVIANNE CHAUMONT: Yes, you should. I'll have the PowerPoint. [LR238]

SENATOR CAMPBELL: Welcome. [LR238]

VIVIANNE CHAUMONT: (Exhibit 5) Thank you. Well, good morning, Senators. Thank you for having me. This is going to be my first time talking about ACCESSNebraska in a new...I'm Vivianne Chaumont, Director of Medicaid and Long-Term Care. And I apologize, I have some respiratory issues going on so pardon the...I'm not being melodramatic, that's just the way I sound these days. Some water would be awesome, thank you, Senator. And as you all know, the Division of Medicaid and Long-Term Care is the single state agency in the Department of Health and Human Services that's responsible for Medicaid. And we currently cover about 238,000 clients. I want to talk to you first about all the work that we've done to implement the ACA because I think the implementation of ACA and the division of eligibility and how those functions are going are all related and it's kind of hard to talk about one without the other because they're going to impact each other a lot. But as I'm sure all of you here know, the Affordable Care Act requires integration between the Medicaid agency in the state and the exchange or the marketplace. And in Nebraska we have a federally facilitated

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marketplace that we have to interact with. The Medicaid program and the FFM have to use the same federally mandated, single streamlined application for Medicaid eligibility determinations and that is the exact same application that is used by folks who come on to the marketplace to apply for tax subsidies and the other benefits of the ACA. The FFM, as we all know from watching TV, opened on October 1 and we were ready to coordinate with them on October 1 and accept new applications, so. And we had provided the specific Nebraska Medicaid rules to the FFM, and Medicaid eligibility staff has been provided training both in the Medicaid program and the...and how to help people with the FFM who need help trying to do that. We have a single streamlined application and that's what every client will be using after January 1. Now, you know that most...the majority of Medicaid clients are going to convert to a modified adjusted gross income methodology of determining eligibility on January 1. They'll all be using that application. The ACA doesn't make any changes to the aged, blind, and disabled population except that they will use this new application. And since there are additional requirements for that population, we will add an addendum because for them you need to still consider resources. That's the basic difference, you still have to do resources, spousal impoverishment, those kinds of things that you don't do. So clients will be able to apply once for healthcare coverage either at the FFM or in Medicaid. The federal government's philosophy on the ACA is that there is "no wrong door" so that a client can come either to the Medicaid agency or to the FFM. They can do a phone application, a walk-in application. And we are supposed to be ready to help them whichever way they apply. CMS is subsequent, in the last couple months or a couple weeks...well, before October 1, changed the "no wrong door" to the "better door," that you're supposed to find the "better door" to apply, meaning that in some situations the "better door" to apply is through Medicaid. And that is because, before a client can be determined eligible for a subsidy or a tax credit or anything, they have to be determined not eligible for Medicaid. So when a client comes through the FFM, say, and their documentation shows that they are, you know, about 300 percent of the federal poverty level, let's say, they're not going to be Medicaid eligible. Their application, at some point, will go through the FFM and they'll get signed up. But if it's close to Medicaid eligibility, then they hold

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that application and send it to the state Medicaid program to determine, first, whether or not they're Medicaid eligible. If they are, then we put them on Medicaid. If they're not, then we send them back to the FFM to get their benefits that way. In Nebraska, the FFM assesses the determination for Medicaid, but Medicaid Nebraska is the final...makes the final determination of whether they're eligible or not. So currently, Medicaid uses the N-FOCUS system. That's the eligibility system that I think you're all familiar with. A new eligibility and enrollment system is required by CMS to be able to maintain federal funding of those functions. The N-FOCUS system could not be replaced by October 1, '13, so we had to modify the N-FOCUS system, do work-arounds to be able to be in compliance by October 1, '13, which we met. And then we are working on an RFP to purchase a new system for Medicaid eligibility purposes. And the federal government is...will be paying 90 percent of those funds per eligibility for that, and that new eligibility system has to be done by January 1, '16. The 90/10 funding is through January 1 of '16. So we're currently working on an RFP that should, hopefully, hit the street, we are hoping next week, to start developing that system. So due to the changes that were going on in the Medicaid environment, the decision was made to move Medicaid eligibility functions from CFS to Medicaid. I think, basically, the decision was have all things Medicaid go to Medicaid. It is not and never has been and I'm sorry if anyone has the understanding that it was a requirement of the ACA. It's not. That isn't why the decision was made. It makes sense, I think, because...for a variety of reasons. First of all, we needed to have the single streamlined application; that has to be the federally mandated one. And we need to build a system at 90/10 funding for eligibility and...for that. And we also thought that it would help the current ACCESSNebraska situation, that having staff workers who were familiar with Medicaid and did only Medicaid and having workers who are very familiar with the Economic Assistance programs and did only Economic Assistance, would help both. Now the possible downside of that is, now you have a client having to deal with two systems. So we've tried to mitigate that as much as possible. And now I'm talking off of my...I left my PowerPoint here. But...so...let me see. [LR238]

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SENATOR CAMPBELL: Do you want a copy of it, Director? Oh, you're off? [LR238]

VIVIANNE CHAUMONT: Sorry. I'll just...yeah. I'm off my PowerPoint. I just like to talk. So...oh, just let me just, on page 5, I think it's slide 8, you can kind of see where we are. We have...there's ACCESSNebraska still is the name of the overall, you know, system. We have Medicaid on one side, Economic Assistance on the other side. And Medicaid took the Lincoln customer service center and the Lexington customer service center, and we divided staff and we actually opened up some...put some Medicaid workers in local offices where we didn't have workers before. So, effective July 1, we divided the actual staff. So this part of the room went to Medicaid and this part of the room went to CFS because the cases are still joined, though. Between July 1 and October 1, this side of the house, though they reported to me, presumably, they were still doing both Economic Assistance work and Medicaid work and as was this side of the house. We then, on October 1, separated that altogether; so now this side of the house is doing Medicaid and this side of the house is doing Economic Assistance. And we have...so that happened October 1. Now still, we have cases, don't forget, like an ADC case is Economic Assistance and Medicaid. So we are in the process of dividing those cases up. Another reason why it made sense at this time is that ADC used to be connected to Medicaid. With the ACA, ADC eligibility doesn't equal Medicaid eligibility. Medicaid has its own eligibility determinations with the modified adjusted gross income that I can wax eloquently about if any of you are interested; hopefully not. So anyway, but that was another reason why, you know, it was a good time. We have a total of 403 staff. You know, I had a division of 165 one morning and the next morning I had a division of, you know, almost 600. And we have management over the 403 staff, local offices and the customer service centers. We did the new phone numbers, as Thomas talked about. We've added staff to focus on accuracy and on training. Now with Medicaid it was a little different than with the Economic Assistance side of the workers. We had to hire...we hired quite a few--90-something, if I recall--new workers. Well, and we had to train them on the old system of doing Medicaid eligibility and on the new system of doing Medicaid eligibility. We also had a lot of experienced workers that came over to Medicaid that

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were formerly CFS workers that had a lot of Medicaid experience, except that Medicaid eligibility changes, and so we had to train them on new methodologies as well. We have our staff. You know, there's people who are experts on the aged and disabled population, which is a different eligibility methodology, and then those folks who are on the children's side where everything is basically changing. And we assigned specialized caseworkers just to special groups just because we thought it would make it easier on us, on the clients, and on the providers. And one of those is nursing homes and assisted-livings. Sometimes these eligibility determinations last a long time and it causes nursing homes to have, you know, prolonged accounts receivable just because the eligibility, once they're determined, is retro. But a nursing home could have a \$100,000 account receivable, you know, just because it's an expensive service and it takes a long time. Not all the departments...it just sometimes it takes a long time to get the documentation. So we want to have folks who are focused on those kinds of cases, which I think will improve things for clients who want to make sure, you know, their loved ones are going to be able to get the care that they need and for our providers who take care of our clients, without whom we couldn't provide these services. We're also utilizing special workers. And that is--forever is not the right word--and once you get a...when you're...if you're in a nursing facility and you get assigned Senator Crawford to be your caseworker, that is your caseworker. We don't then send you off to someone else once Senator Crawford determines you're eligible. That's your caseworker. The nursing homes know what caseworkers so that they can help sometimes prod the family to provide things and I think it's working out fairly well. We are also doing that for the folks on waiver services, which are the home and community-based services. And we're also doing that for folks who receive personal assistance services. We have specialized for them and we also have that for folks who come in through presumptive eligibility, which is the pregnant women. Not mentioned on there, we also do that for PACE. So as we learn of groups then, you know, say, if we see the need, then we can make the changes. What we want, overall, is timely and accurate benefits to all the clients. We want people to get their benefits quickly. That actually...or to stop getting their benefits quickly because that's actually important to them and important to the financial integrity

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of the Medicaid program because, you know, Medicaid keeps paying while someone is eligible or it causes a great amount of stress for clients who need medical care who don't know if they can get it because they don't know whether or not Medicaid will pay for it. So that's important to us. We feel like...and we understand the focus on wait times. And we have, I think, done a great job so far on reducing those wait times. Ours are about 7 minutes on an average. But we can't forget that we need to keep up with the work, and that's with the work tasks, because I think that's...we don't want to get in the hole that we answer the phone, you know, in a 45-second wait time, but then the work tasks pile up because what happens then is, then people call back, you know, and people call back and people call back. And so you have to balance the call wait times with the work tasks so we keep those even, reasonable, because they will affect each other. We're doing some things now that we're on our own, that I think will help. Medicaid does not have an interview requirement but we had an interview requirement in the old system. So effective January 1, we are not going to have an interview requirement. It's not a Medicaid requirement. I don't know that any particularly useful information comes out of that. Now that doesn't mean that you won't have the...for long-term care services, you know, you have to be assessed to meet the level of care. That's a different thing. I'm just talking about for eligibility. That's one of the things we're doing. And we've just made a lot of administrative changes to try to keep our workload down. The way the system is supposed to work...and I say I'm not going to tell you that it's perfect because I just turned 60 and I haven't found anything in life to be perfect, yet, although I'm looking. So, you know, there's going to be glitches. But if the system works the way it's supposed to work, clients will only have to submit documentation once. And if it's something that they need for SNAP, it will go over to SNAP. If it's something that they need for Medicaid, it will go over to Medicaid. And we will be able to work those cases that way. So the documents are available throughout, so they're available to Economic Assistance, they're available to Medicaid. And we are looking at how to decrease work tasks, not create unnecessary work tasks and just create the work tasks that are necessary to keep the case, you know, accurate and ongoing for the client. So back to the ACA, I just want to tell you that we are "pinging," they call it, and I think

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that's the technical term, back and forth from the federal hub to get the data for Medicaid applications. It is nowhere near instantaneous. I think I've spoken to many of you individually and told you it's not going to be like going on Expedia and getting your insurance for a very long time. But that part of it is working well, which is, for us, what is...so we get the tax information, we get the immigration information that those kind of things that we need to make Medicaid eligibility determinations. What is not working is the transfer process back and forth. CMS delayed implementation of that to November 1. And in a phone call with Medicaid directors, I think it was Tuesday, they announced that it wasn't going to be ready November 1 and they don't know when it's going to be ready. And that's the function where a client goes to the FFM and the FFM, the marketplace, thinks you might be Medicaid eligible; and then that file, the application is supposed to automatically transfer to us so that we could go ahead and make the eligibility determination. Likewise, if we had someone come in and they weren't Medicaid eligible but they could apply for the marketplace, that was supposed to, then, transfer to them so that they could...so that's not working. I don't know when it will work. Now, don't forget that you have the "better door." So I hope, you know, folks out there, if they're in that situation, providers hear or the advocacy groups hear of anything, if they're at the FFM and they're on hold because Medicaid needs to make a determination, apply through us and then we'll be able to do that. We, at this time, I think as of Tuesday, there was...CMS sent us a flat file, they call it, where there's 962 people in that situation since October 1. Now we don't know that those 962 people haven't, you know, applied through Medicaid. And so we're trying to see if we can get a data match to facilitate that. So that's kind of where we are. It's been kind of a new experience for me. It's not...I'm not going to tell you it's perfect. I'm not going to tell you it's not going to have glitches, because it is. But I do want to tell you that I have some amazing staff working on this, one of whom is sitting back there, my deputy director for eligibility and special projects. Ruth Vineyard has been an absolute godsend as well as the three folks that work for her, Karen Heng, Lori Harder, and Cat Gekas-Steeby in just getting all these things. Implementing the ACA is, obviously, one of the biggest projects that the Medicaid agency has had in a long time, doing it at the same time as all of

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these other things. They've done an incredible job. And I usually don't name people but I felt like I really had to name them, so. Any questions? [LR238]

SENATOR CAMPBELL: Questions from the senators? Senator Crawford. [LR238]

SENATOR CRAWFORD: Thank you. Thank you, Senator Campbell. And thank you very much. It was a lot of new rules and programs to implement at once and I appreciate your hard work on that. I just want just a clarification question, first. Between the report that we were given and the testimony and slides, you had mentioned that we're down to, I think, 6 or 7 minutes. And Director Pristow had said something about 6 minutes. Now is that since October 1? Is that what you mean? [LR238]

VIVIANNE CHAUMONT: Yes. [LR238]

SENATOR CRAWFORD: Okay. Okay. Okay. [LR238]

VIVIANNE CHAUMONT: Since October 1 when we split. [LR238]

SENATOR CRAWFORD: Okay. [LR238]

VIVIANNE CHAUMONT: But you know, I mean, I'll tell you, the first few days were really exciting. They were 45 seconds, you know. But when you think about the work tasks, you have to...you know, you have to do the work tasks. Our goal is to have no work tasks that are more than five days old. We're not at that goal yet. But in the last few days, I think the data showed that we are working more work tasks than came in, and the work tasks are increasing and so...I mean, that is increasing. So yeah, and our call abandonment rate is about, let's see, 15 percent in the last two weeks. [LR238]

SENATOR CRAWFORD: Thank you. [LR238]

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SENATOR CAMPBELL: Senator Cook. [LR238]

SENATOR COOK: Thank you, Madam Chair. And thank you, Vivianne, for coming out this morning. I have a question and perhaps you addressed it before I arrived, about the workers, the real-life human workers in real-life physical plants. Are those among the 90 new workers that have been added? We've heard as we've talked about this issue over the last few years how people, particularly the elderly or people who just might not be as high functioning as they once were, would do well to be able to sit down with a real live human. How is that in our wonderful 7 minute/work task mix? [LR238]

VIVIANNE CHAUMONT: Yeah. Well, you know, the customer service centers are--and we have two now, the L's so I can remember what they are, Lincoln and Lexington--is an important part of the system, but I think sometimes we just focus on them. We have local offices now, all over. We have 214 local offices throughout the state. And we have add...no, we don't; that's the staffing, sorry. I was, like, that cannot possibly be right. Two hundred fourteen staff in local offices throughout the state, six local offices. No, we have more local offices. Sorry, I'm looking at the thing here that said we have vacancies in six local offices. But we've added folks in local offices. I've gone out...you know, we added Medicaid people. I just remember because I went to Wayne, Nebraska, where I had never been before--not the day of the hurricane...or the tornado, thank goodness, but saw that. So we've added...and those are really the folks in the local offices that are going to be taking care of...and you can walk into that local office; you can call; you can, you know, whatever. And those are where the folks that are assigned to specific clients pretty much are. We are not doing any work tasks in the customer service center. We want the approach that if we can get a phone call and work that and, you know, do the work that needs to be done on that case right then and there, there's no need to create a work task and send it to the local offices to do. We just...somebody calls up and says, here, I have a new address, I have a new baby; and just do the work. We're doing that. But the local office people are very important as well. [LR238]

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SENATOR COOK: Thank you. [LR238]

SENATOR CAMPBELL: Senator Conrad. [LR238]

SENATOR CONRAD: Thank you, Director. And maybe if Director Pristow needs to jump in, I'll defer to both of you for the final questioning. But we heard a little bit about the consultants that have been employed by the department to evaluate and, I'm guessing, make some suggestions for improvement to the ACCESSNebraska system. And I was just kind of scratching my head trying to remember where in your budget request last year did the department come forward with a request to utilize funds for this purpose, because it sure isn't ringing a bell. And so I'm wondering: (a) where's that authorization, and (b) what the price tag is, and (c) an explanation as to the timing. If we're having all of these consultants come in and expending taxpayer dollars to go through this process, why wasn't it done before the systems were split? How is it working with the systems being split now? So authorization, price tag, and timing is what I'm concerned about. [LR238]

THOMAS PRISTOW: I've had four different consultants come in. The first one started...it was an internal consultant. I had my senior administrator for research do an internal study on ACCESSNebraska last summer. That came out with some results. The cost was just his normal daily work. I then hired Strategic Contact. The price tag on that was under \$25,000. They came up with a proposal and recommendations which I spoke to in my testimony. We have the Legislative Audit Office (sic--Legislative Performance Audit Committee) now doing a review of ACCESSNebraska. And recently...the most recent one other than the Legislative Audit review is the NelNet. We hired NelNet to come in, again, for under \$25,000, and to do a review of ACCESS, just--not Medicaid--just ACCESSNebraska's communications, staffing, and process. And as I said earlier in my testimony, that report should be out in the next couple of weeks. [LR238]

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SENATOR CONRAD: But, clearly, there is going to be some distinctions now that we've split apart the system; and the consultants were looking at it in its previous format. So what value is that going to have to anybody? [LR238]

THOMAS PRISTOW: Well, the very first review, there was no decision to...that was done two summers ago, so that was... [LR238]

SENATOR CONRAD: With NelNet, right now. [LR238]

THOMAS PRISTOW: NelNet is looking at just my side of the house, not Medicaid. [LR238]

SENATOR CONRAD: Right. Why? [LR238]

THOMAS PRISTOW: Because I want to make sure that we have a... [LR238]

SENATOR CONRAD: That's not a complete picture of how we serve our citizenry now, is it? [LR238]

THOMAS PRISTOW: Well, that's...if Medicaid wants to use them, then that's an option that they can use. But I wanted to make sure that when we go forward with ACCESSNebraska, do we have the right platform, the right services so that we keep our call wait times down and our work tasks under five days to zero. [LR238]

SENATOR CONRAD: And how do we calculate wait time? Does that clock stop ticking when somebody gets a voice mail? [LR238]

THOMAS PRISTOW: We don't have voice mail. It's when the phone gets answered and... [LR238]

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SENATOR CONRAD: By a live person. [LR238]

THOMAS PRISTOW: ...there's a full automated system. [LR238]

SENATOR CONRAD: Okay. All right, thank you. [LR238]

SENATOR CAMPBELL: Senator Howard. [LR238]

SENATOR HOWARD: Thank you, Senator Campbell. Vivianne, I have a question. You mentioned that the new system development will start in 2014 and we're taking 90 percent of the funds from the federal government. Didn't we take money from the federal government for systems work previously? [LR238]

VIVIANNE CHAUMONT: Okay, yes. Normally, if there is such a thing, but usually MMIS, which is the claims payment system, development and building of that system has always been at a 90/10 funding since the dawn of time of Medicaid. With the implementation of the ACA, the federal government came out with, if states--because things are just so different and so many states had such...just don't work with the new methodology of system integration and all this new stuff that they have--they came out with our Medicaid director's letter saying that if a state applied for 90/10 funding for an eligibility system, that they would pay 90...you know, that they would fund that, and that funding lasts through January of '16. So that funding is to build a Medicaid eligibility system. Part of the...and that's...and the department has that funding in the budget. We asked for it and we got that funding in the budget. So at some point, once that system is done...and we want to go ahead and try to build it, buy it, build it, develop it as soon as possible because of the 90/10 expiration. But at some point then, all of the new CMS requirements are that system--and I'm not a techy person, so--but that systems have to, you know, talk to each other and it's bill integrated and all these kind of "social-worky" type language that people have. You know, they all have to work together and things. And so there's the possibility that once...the Medicaid system has to be built in a way

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that will accommodate, if at some point Nebraska wants to add to that system, you know, ADC or Child Care or food stamps, anything else, that it can be. [LR238]

SENATOR HOWARD: So we did take money before, though? [LR238]

VIVIANNE CHAUMONT: Pardon? [LR238]

SENATOR HOWARD: We did take money before? If my memory serves, we did take money before. [LR238]

VIVIANNE CHAUMONT: We...to build the eligibility system. [LR238]

SENATOR HOWARD: Okay. [LR238]

VIVIANNE CHAUMONT: Well, we put it in the budget and we have permission from CMS to pay us. We build and then they reimburse us the 90 percent is how it works. [LR238]

SENATOR HOWARD: Okay. And then I just have a short one and I'm hoping both of you can answer it. For the warm call transfers that you're doing, in your view would it be more efficient if the entire staff was trained on all of the application processes so that you didn't have to transfer between the two of them? [LR238]

THOMAS PRISTOW: That would kind of defeat the purpose of separating the two divisions out. We are still working through the process. I haven't heard that there were any issues in the warm transfers yet coming. But again, as Vivianne had mentioned, you know, the Medicaid work needs to be handled by Medicaid folks. And we want to make those transition times as easy and as minimal as possible as far as time goes. [LR238]

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VIVIANNE CHAUMONT: Yeah. I think the way we envision the system is that Medicaid workers will know Medicaid in much more detail. So if they have to know all the Economic Assistance programs, then it does defeat the purpose. And if the system is working where we have the warm transfer and people are getting to the people that they need and they don't go...it's a warm transfer. They don't get put in, you know, in a queue. [LR238]

THOMAS PRISTOW: They don't go to the bottom of the queue. [LR238]

VIVIANNE CHAUMONT: They go right to the top then. I think that that's probably the better way to do it. [LR238]

SENATOR HOWARD: So it's not possible for your staff, who I hear are excellent, which is amazing, for them to become experts in both sides of the house. [LR238]

VIVIANNE CHAUMONT: They have been. That's...I mean, that was the system before. And I think...I personally believe that it's an improvement on the system to have folks focused on the different programs because I think it will end up making determinations for each program more accurate and more timely. [LR238]

THOMAS PRISTOW: Prior to the split to Medicaid, the plan for CFS was to specialize, was to have Medicaid just for Medicaid, when the ACA got held up by the Supreme Court. So we were going down that road anyway. And then the decision was to move it over to Medicaid, which we think is going to be a much better response rate now. But we were going to specialize. [LR238]

SENATOR HOWARD: Okay. Thank you. [LR238]

SENATOR CAMPBELL: I just want to interject here that the Health and Human Services Committee had a fairly long briefing by Brenda Decker in terms of the whole

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computer in which we tried to keep the Appropriations Committee apprised of because we had a bill to, what would I say, revise N-FOCUS. We stepped back from that bill based upon what Brenda Decker told her. And Director Chaumont, as I listen to you, we're pretty much on target with what Brenda Decker told us, that you were going to revise N-FOCUS for a period of time but then go to this whole new system because she just didn't feel that they had the time to get that whole new system in place. Am I recalling that correctly? [LR238]

VIVIANNE CHAUMONT: No, you are absolutely right, Senator. The idea was that we would work with the system we had, remediate it, do work-arounds to be able to be in compliance with, you know, with federal requirement and the new way to do MAGI and all those other changes and then build a system that would be a Medicaid system with this new federal funding. [LR238]

SENATOR CAMPBELL: Right. And just as...this is a time-out for the Health Committee just to know that I also know that there's been a work group working on the child welfare side of this and N-FOCUS. And so they're going to have a whole different recommendation for the Health Committee that it do something. I mean, I think that whole thing with N-FOCUS has just been set aside. Okay? For the Health Committee members, we will hear a report from that working group, most likely, as to some recommendations that then we'll take to the Appropriations group, so. I think we're on target with where Brenda Decker said. That's what I wanted the senators to know, that this is not really a change from what we heard before. Okay? I'm going to go to this side with Senator Bolz and then work around to me again. [LR238]

SENATOR BOLZ: I hear you articulating a fundamental tension between staff, wait times, and work tasks, and I hear that there is a challenge in keeping up with the work tasks that accompany any client's case. I have a bill that's currently being considered by the HHS Committee that would streamline those work tasks, use attestations when appropriate, extend eligibility time frames to the greatest extent of federal law, eliminate

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interviews that are unnecessary, eliminate accessing information that's unnecessary for the determination of eligibility, align asset limits within all programs to make sure that everything is as smooth and as streamlined as possible. At the same time, I hear this separation of services, I hear that we're not implementing elimination of interviews just yet, I hear from some of my colleagues in the field that we've actually maybe taken a step back in terms of eligibility time frames for TANF and SNAP. And maybe you can speak to that. So I guess my question is, when we have this fundamental tension between staff, wait times, and work tasks, why aren't we making the choices that would streamline the work tasks and, frankly, make it easier on everyone? [LR238]

VIVIANNE CHAUMONT: Well, let me just talk about the ACA does a lot of that on the Medicaid side. And that's why we're talking about January 1, '14, because that's when the ACA starts. Many of...going to modified adjusted gross income eliminates all of the--gosh, what are those things called--disregards, sorry. There are no longer any disregards. So right there, you've just eliminated a lot of information that the client had to provide for Medicaid purposes for Medicaid eligibility because there is no...it's just the modified adjusted gross income and then the calculations related to the household and that sort of thing. So the ACA itself I think simplifies some of the Medicaid things. There are no assets for...there is no determination of assets for that group. There isn't, in Nebraska, for children and pregnant women and I can't remember if there was for ADC. But if it was, it's gone as of...there are asset limits, still, for the aged, blind, and disabled. We are eliminating the interview requirements, which I think is pretty much what your bill said, if they weren't necessary. They're not required by federal law. We didn't see a purpose in them. We are eliminating those. What were the other things? I think...so there's still going to be work tasks that need to be done in cases. We just...my point was just that we don't want to opt for a 30-second call time if it means that we have piling up work tasks because we want to... [LR238]

SENATOR BOLZ: Director Pristow, could you address that from the Economic Assistance side, specifically the eligibility time frames? I think I saw some notes recently

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about changes in terms of TANF and SNAP. Can you speak to that? [LR238]

THOMAS PRISTOW: Correct. As you know, Senator, our wait times and work tasks were awful over the past seven, eight, nine months; just unacceptable. As we are 25 days into this and we're starting to get a handle on it, we are looking to streamline. But I want to...we're resetting right now. We're resetting over in Economic Assistance with the new staff that we have and our new procedures and protocols. So I want to take some time over the, you know, before the legislative session begins. Three, four months to reset, get our wait times consistent, stable, get our job tasks over five days to zero. As Vivianne had talked about, that's our goal. And then we have the teams working on streamlining. And I'm not sure if there was any discussion between our offices on that, but I'd be glad to have that discussion with you. I just need to reset, first. I don't want to do that until I know what I have. Does that make sense to... [LR238]

SENATOR BOLZ: But if work tasks are a part of the problem, why wouldn't eliminating unnecessary tasks be part of your reset? [LR238]

THOMAS PRISTOW: Part of my testimony did talk about the interview process, streamlining that and doing some changes that are already in play. But an overall assessment and review, you know, I think that...I just am not quite sure where we are yet. I don't want to put the cart before the horse. We're finally getting some good news, I know, albeit only 25 days. But I want to take this and, as we go through some of the changes my deputies and senior administrators are doing, we haven't looked at as deep as you had discussed. [LR238]

SENATOR BOLZ: I don't want to monopolize the committee's time, but I would like to follow up with you and hear about some of those changes that I've heard about from the field that have actually, in my understanding, pulled back eligibility time, for instance. [LR238]

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THOMAS PRISTOW: Okay. They pulled back from instead of doing? [LR238]

SENATOR BOLZ: And I don't want to monopolize the committee's time but I think that's concerning news. [LR238]

THOMAS PRISTOW: I'd be glad to have that meeting with you, Senator. [LR238]

SENATOR CAMPBELL: Okay. Coming around, Senator Mello. [LR238]

SENATOR MELLO: Go ahead, Senator. [LR238]

SENATOR CRAWFORD: Thank you, Senator. Thank you, Senator Campbell. And thank you, Director. I just wanted to say that I appreciate the emphasis on the specialized case management, having that same social worker working on those cases. We've heard that, over and over again, is a real concern to families and providers. And so I think making that shift is really a valuable improvement and I appreciate that. [LR238]

VIVIANNE CHAUMONT: Our workers really like it too. [LR238]

SENATOR CRAWFORD: Good. Good. Good. I just had a question. You were talking about the transfer, you know, from the marketplace to Medicaid. And then you said something, you had 962 people that have been sent to you. These are...are these people that applied to the marketplace and they qualify for Medicaid and so you've received them? Is that what you mean? [LR238]

VIVIANNE CHAUMONT: Yes. They are people who applied to the marketplace, and the marketplace thinks they might qualify for Medicaid. [LR238]

SENATOR CRAWFORD: Okay. [LR238]

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VIVIANNE CHAUMONT: You know, their income is--you know, from their income tax returns or whatever--is borderline. So we need to make sure that they need to send those names...the files. Just don't forget people applied. The whole idea of this, which is a great idea, was that a client would only have to apply once, either at the, you know, at the marketplace or with us. We'd send the application to them. If they didn't meet our Medicaid criteria, they'd send the application (inaudible). That's the part that's, you know, that's not working. So all we have is a flat file from CMS saying that there is 962 people who they would have transferred to us if the transfer program was working. So I don't know how much information we have, and...but as of yesterday, we were going to look to see if we could match, you know, their names to people who have applied for us or what we could do to help in that situation. Now our...we can't transfer to them, but if somebody applies to us, we tell them, you know, you're not Medicaid eligible and it can go back up to them. But it's that transfer so that FFM knows they're not Medicaid eligible and then doesn't...that's the part that's not working at the federal level. [LR238]

SENATOR CRAWFORD: So would that...so some of those 962, they'd be people who were working through the system and they got to the place where they're trying to figure out if they're eligible, and they would just tell them that we can't tell you right now or something like that. I mean, is that information you're supposed to get back to the marketplace? [LR238]

VIVIANNE CHAUMONT: Yeah. Actually, I don't know what it tells a person on the FFM. It might just tell them you're Medicaid eligible and you need to... [LR238]

SENATOR CRAWFORD: Okay. Okay. [LR238]

VIVIANNE CHAUMONT: I'm not sure. That's a good question. Can I follow up on that? I don't know what, exactly, it tells them. [LR238]

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SENATOR CRAWFORD: Sure. [LR238]

SENATOR CAMPBELL: Just...I'm going to stop for just a minute and then we'll pick up on questions. For the transcribers, the worry over here is that the transcribers will not know who is speaking. And so for the transcribers, I had requested Director Pristow to come back. So the other voice that's on that tape is the Director. The two directors are testifying; so let's hope that clarifies it for the transcribers. The other thing is, before we continue with the questions, how many people in the audience have testimony that they want to give? One, two, three, four. Okay. That's great. We'll plan on that because your testimony will be timed at the five minutes, just so that you know. We'll finish up with the questions, Senator Mello and then Senator Conrad. [LR238]

SENATOR MELLO: Thank you, Chairwoman Campbell. And thank you, Director Pristow and Director Chaumont. Probably this first question is directed maybe more toward Director Pristow, is the entire ACCESSNebraska project, was that classified as an enterprise project under state statute? [LR238]

THOMAS PRISTOW: As far as I know, yes. But that was before my time when it started. But I think so, yes, sir. [LR238]

SENATOR MELLO: Was there any...I guess I can probably go back and look through some of the enterprise project reports that go to the Appropriations Committee and the Governor. But when ACCESSNebraska, essentially, went live, was it your understanding or--and maybe this is something that Director Winterer or someone could follow up afterwards--that the project itself was completed, everything, all kinks were worked out, there was not going to be any operator error, so to speak, moving forward with the project based on when an enterprise project is completed, under statute? [LR238]

THOMAS PRISTOW: Again, I wasn't here when it started, but I would...in my

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experience, I would say I would never make a statement like "all the kinks were worked out." I'm sure that as we...as this was planned and rolled out, that there were opportunities for tweaking. I mean, this is a huge sea change in how Nebraska looked at its citizens and how they received welfare. And it didn't, you know, the whole process needed to be continually evaluated and looked at and make sure that we get it right. I can't imagine that anyone would say that at the...you know, February of '12 it was all good to go. I mean, I got here in March of '12 and I inherited the whole operational system that we started trying to fix March 22. [LR238]

SENATOR MELLO: And maybe it's something that we can do some...I can work probably with the Fiscal Office as well as the Information Technology Commission to get some more background research of who signed off, essentially, on the commission when they said that ACCESSNebraska was live and ready to go... [LR238]

THOMAS PRISTOW: Good to go. [LR238]

SENATOR MELLO: ...with, in theory, completely operational, because I think that's something that, you know, I don't know if my colleagues have spent the time reading this report that...we get a lot of reports to us, and it's one of the reports that show massive information technology projects undertaken by state agencies that are essentially monitored through this process. And at some point in time, it was given the okay that it was going to be fine and that it was going to move forward according to plan. So I'd just like to bring that to your attention in a sense of any information you can share on when that project was green-lighted, okayed, and signed off, that would be.. [LR238]

THOMAS PRISTOW: I have no knowledge of that, Senator. In fact, my green light was started on March 21 and I was told to fix it. [LR238]

SENATOR MELLO: We can follow up afterwards, Director, to try to address that. And I

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guess, in that same vein, Director Chaumont, I don't see in this year's latest report the N-FOCUS project has been listed at all as a potential enterprise project. Is that...where are we at in the process, so to speak, before...because N-FOCUS, I think, meets the definition of what an enterprise project is in regards to an information technology project that changes the way business is done within an agency or it changes and affects a number of programs within a state agency. Where are we at in regards to that process to make N-FOCUS an enterprise project for us to be able to monitor and see oversight through the IT Commission? [LR238]

VIVIANNE CHAUMONT: Well, you know the...I can find out. That's probably a question for the IT people. But the N-FOCUS system, as changes are made in eligibility, as different, you know, all kinds of different changes are made, when you add a program, for instance, when...you know, when we added...we change that all the time, and I think that's... [LR238]

SENATOR MELLO: I'm not looking at the changes that we know were needed to be made. But you said there was going to be a new N-FOCUS system to be built... [LR238]

VIVIANNE CHAUMONT: Oh, a new...right. Okay. [LR238]

SENATOR MELLO: ...which means that is...that's an enterprise project of itself. [LR238]

VIVIANNE CHAUMONT: Yeah, right. Right. Okay. Yes. [LR238]

SENATOR MELLO: And so at some point, it's going to have to go into a public oversight process through the enterprise report, so to speak, and the IT Commission. So I just want to know when you think that's going to occur. [LR238]

VIVIANNE CHAUMONT: Yeah, right. I don't know. I'll have to ask the CIO that. [LR238]

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SENATOR MELLO: Okay. [LR238]

SENATOR CAMPBELL: I think that's correct. Yes, I think that based on the report that the committee...the Health Committee had last year...because, see, we were following this from the child welfare side, not necessarily from that. And based...I think all those questions have to go to Brenda Decker... [LR238]

SENATOR MELLO: Okay. [LR238]

SENATOR CAMPBELL: ...based on the committee report that we had before. [LR238]

SENATOR MELLO: And I have one question for both of you, that both of your testimony--and I didn't see it in Director Chaumont's but I did see it in Director Pristow's--both said that wait times for your systems have been gone down dramatically to 8 minutes and 7 or 6 minutes. But the report, the LB374 report that the Legislature gets through the budget bill we passed two years ago, shows that your wait times over the last quarter, July, August, and September, averaged to still almost 28 minutes in wait time. So how do you rectify...I guess I'm not understanding how you rectified you've got your wait times down to 8 minutes and 7 minutes, respectively, but the report you give us says that it's still at 28 minutes. [LR238]

VIVIANNE CHAUMONT: Well, the...I think the shorter wait times that I was referencing is since October 1. [LR238]

SENATOR MELLO: So just... [LR238]

THOMAS PRISTOW: It's all post-October 1. [LR238]

SENATOR MELLO: So for prior to October 1, it was 28 minutes. [LR238]

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THOMAS PRISTOW: Oh, it was awful--28-30 minutes. [LR238]

SENATOR MELLO: And now just in the last three weeks, we've gone from 28 minutes to 8 minutes? [LR238]

THOMAS PRISTOW: Yep. From 5 minutes 7 seconds in the first 25 days of October. [LR238]

SENATOR MELLO: And that's something you anticipate is going to hold through the next quarter? [LR238]

THOMAS PRISTOW: I hope so. We're trying. I mean, we're trying. That's why...this is all about the reset, making sure that we have...we got new folks in because of the federal funding. We're resetting with the split that happened between Medicaid and CFS. And my team is looking at this hourly--not daily, but hourly. [LR238]

VIVIANNE CHAUMONT: We just want to make sure that we don't just focus on wait times, on telephone wait times, because that is just a Catch-22. If we don't get the work done, more people will call, the wait times will go up, people are on the phone not working on work tasks, and that's just that vicious circle. So we want to get to the point where that's balanced, where we're getting the work done and answering the phone in a reasonable period of time. [LR238]

SENATOR MELLO: When you define getting the work done, are you referring to the number of days that applications take to get processed? [LR238]

THOMAS PRISTOW: Work tasks. [LR238]

VIVIANNE CHAUMONT: The work... [LR238]

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SENATOR MELLO: So like the other aspects of the LB374 report that shows the number of days it takes for you to process applications? [LR238]

VIVIANNE CHAUMONT: That's right. Yeah. One of the things would be when somebody applies, you know, and getting back to them. Well, if you take a long time getting back to them, people call you over and over and over again. You ask for a document and, you know, and then nothing happens, people call you over and over. So the idea is to get the work done on that client's application to make the change. Sometimes it's just an address change. Get it done; don't create a work task and then leave it out there. And again, it sometimes creates, you know, more hassles. You didn't get the new address in; now you're sending notices; they don't get it; they...you know, they get their notice late; they call you up, and it's that vicious circle. So we have to just make sure we're up with the work of getting the applications and renewals correctly done as well as answering the phone. [LR238]

SENATOR MELLO: What's your goal, both of your divisions' goals in regards to the wait time it takes for an application to be fully processed? [LR238]

VIVIANNE CHAUMONT: Well, that's interesting. [LR238]

SENATOR MELLO: Is it two weeks? I mean, we track between 60 days and over 60 days in the LB374 report. So is it... [LR238]

VIVIANNE CHAUMONT: The federal regs say 45 days for a Medicaid application. And that would be unless there's... [LR238]

SENATOR MELLO: Is that...that's your goal, is 45 days? [LR238]

VIVIANNE CHAUMONT: That is not my goal. Absolutely not my goal. My goal would be to get people's applications done as quickly as possible, and I think we've been doing

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that. [LR238]

SENATOR MELLO: But there's no, like...there's no...so you're not...you don't have a number. You're not saying 15 days is our goal to get every application done. [LR238]

VIVIANNE CHAUMONT: No. And it's...right. No. Maybe at some point we'll talk about that. Fifteen days is probably unreasonable for an application involving, you know, assets and people who are doing spend down. You know, elderly folks in situations, that 15 days is...with the new eligibility determination, it's probably a very--I shouldn't say that without talking to my staff--you know, sounds like a much more reasonable goal in that. I'm just...I just feel 45 days is...you're out of compliance with federal law if it goes out, you know, further than 45. So that's the outer limit. But we haven't talked about a goal for each; but certainly, as quickly as possible. [LR238]

SENATOR MELLO: A follow-up question then. Since you don't have goals, so to speak, in regards to the process and applications and going through objectives in regards to implementing these programs. The Legislature in 2012--with the leadership of Senator Campbell and a number of members who worked on the child welfare issue--we ultimately put some performance benchmarks and outcome goals, so to speak, in CFS in regards to their budget operation. Is this something that we should be considering for Medicaid and for other aspects of ACCESSNebraska programs, so SNAP and other components outside of child welfare, that you would provide us goals and benchmarks that you want to meet as part of your budget, so to speak? [LR238]

VIVIANNE CHAUMONT: Yeah. And we could. I just...what makes me nervous about that is committing to providing you things for which I have no data to be able to provide you. And this is not the most data friendly system. I think once we have a new system, there's certain things with that that we can build. So not knowing what kind of data we can get from the current N-FOCUS system makes me nervous about saying what the goals, you know what... [LR238]

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SENATOR MELLO: So we shouldn't be measuring this, then? [LR238]

VIVIANNE CHAUMONT: Oh, no. We should absolutely be measuring it. Right. [LR238]

SENATOR MELLO: But shouldn't...but if we're not...but if we're measuring it, shouldn't we set that measurement against some ideal of state government operations and efficiency? I mean... [LR238]

VIVIANNE CHAUMONT: Absolutely. And that's sort of the, you know, the goal of a new system that allows you to measure things. It's a goal of the new MMIS system that allows you to measure things better. What I'm saying is, if you don't have the data...and I don't know what the data is. [LR238]

SENATOR MELLO: But you have some of the data because you're generating the LB374 report. I'm not trying to play gotcha here. [LR238]

VIVIANNE CHAUMONT: No, no. I know. I know. Gotcha. [LR238]

SENATOR MELLO: The reality is Director Pristow provides a quarterly report to the Legislature that has a performance-based budgeting model that shows outcomes regarding the child welfare system. Why are we not considering doing that for Medicaid? And why are we not considering doing it for Economic Assistance programs as well, that sets goals, that are measured and provides outcomes of whether or not we need to make changes in your programs? [LR238]

VIVIANNE CHAUMONT: And I think...I didn't say that we shouldn't do that. I said that I think it's a good idea to do that. I just don't know what recommendations I would have as to what those goals would be without knowing what data I have to be able to measure the goals. [LR238]

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THOMAS PRISTOW: In our side, we do have benchmarks and outcomes for Economic Assistance. And we have, over the past 30 days, I just moved the quality assurance out of Economic Assistance and into Research, Planning and Evaluations in my division. So we do have that type of data. I would suggest, again, during this reset period, that we see where we're going with this, that we see how we're doing. The issue is not just the standardization but the quality of work. Are we getting the information and the applications done to our citizens in a timely and quality manner that they're not complaining about the wait? Are we getting our work tasks under five days to zero? I mean, those are the two huge benchmarks. I mean, it is a balance, as Vivianne said. It's not just about wait times. But we do have standards and performance measures that are...that it is available to senators from my division on the Economic Assistance side. And I would just hesitate, at this point, to move forward with legislation until we kind of see where we're going with this. We are measuring ourselves to those federal standards that we get, that we measure ourselves against. [LR238]

SENATOR MELLO: I posed the question, what would be...if you already...for your area, for CFS, if you are already measuring some benchmarks and some outcomes, why not just make that part of a budget process that we can monitor on a more regular basis instead of having to have senators introduce interim studies and senators put in multiple data requests to the agency to get this information? I mean, that's what we did with CFS for a pilot project for a short period of time, being able to see and measure outcomes against appropriations. [LR238]

THOMAS PRISTOW: I don't think we need legislation in order for you to get information about our performance measures and indicators. I'd be glad to send that to you or anybody else on a regular basis through our...I mean, we have regular data reports that run. And I don't see any issue of getting that to you folks and if you designate a contact person or however you want it. We run these...some are run weekly, some are run monthly. We are on this a lot. I mean, it is all about, you know, making sure that we

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provide the right quality along with efficient service. I mean, we can't...the quality of work is important. And when we had these huge wait times, one of the things that happened in my division was...we did have high wait times but our complaints on quality almost went to zero. The complaints we had was about waiting. And now that we have this reset in, you know, it's changing. And with Vivianne's work that she's doing over there with Medicaid and what we're doing with Economic Assistance, this time is superior to...and I keep using the term to reset because it really is. And I think our citizens are going to be well better off because of the way we're doing this now than they were a year ago. But I'm happy to give the data. [LR238]

SENATOR MELLO: Okay. I'll follow up with both of you on that. [LR238]

SENATOR CAMPBELL: I'm going to take one more question from Senator Conrad and then we really do need to move on for the people who are waiting to testify. [LR238]

SENATOR CONRAD: Absolutely. Number one, I just wanted to clarify very quickly, Director Pristow, you noted that in 2012 or prior thereto, no one would say that ACCESSNebraska was doing a good job. Then why does your department continually testify in opposition to legislative proposals to increase funding or make necessary reforms? [LR238]

THOMAS PRISTOW: Since I've been here in 19 months, we were trying everything we can within our operational capacity to make things work without legislative changes. [LR238]

SENATOR CONRAD: Okay. So you acknowledge the fact that what you were doing internally was not sufficient but your solution was only to look internally. That's the position. [LR238]

THOMAS PRISTOW: No, that's not what I said. I said in the time that we had to learn

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the system...it was fully implemented a month before I started. And we worked for the past year and half to figure out ways, internally, to make it work without going and asking for more legislative help. With ACA, we were able to get different resources and adapt them to our different divisions and it seems like we're on the right path. [LR238]

SENATOR CONRAD: And I applaud that there are, it appears, to be some improvements. And I also agree with you that wait time can't be the only factor in determining success; that quality is important as well. And the final point I just want to make for the record is, you know, we hold ADC families and people who utilize the system to a pretty high standard. If they don't provide timely and accurate information to the department, we sanction them. We take away access to healthcare, we take away access to nutrition, we take away access to the money they need to meet their family's basic needs. And here we've heard today from leaders of one of our largest agencies in state government who are paid handsomely for their hard work that, hopefully, by January, we might have a handle on why our administrative budget projections are doubling; hopefully, by January, we might have a sense about how this reset is working for our citizenry. I wonder if we held leaders to the same standard as we do to public beneficiaries, if your salaries were subject to sanction for that same sort of delay or inaccuracy, if we'd get better results. You're welcome to respond. [LR238]

THOMAS PRISTOW: I have no response. [LR238]

SENATOR CONRAD: Thank you. [LR238]

SENATOR CAMPBELL: All right. Thank you very much to the two directors. And would the four people who raised their hand and wanting to testify, come forward and fill the chairs up here so we can move rather rapidly. And we will use the light system. So it's five minutes. When it gets to yellow, you have one. When you get to red, I'm going to be frantically trying to get your attention. So what we do, introduce yourself and spell your name for us. [LR238]

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JULIE PHAM: Okay. Good afternoon, Senator Campbell and members of the Health and Human Services Committee. My name is Julie Pham, J-u-l-i-e P-h-a-m, I'm the deputy ombudsman for welfare services. I'm here today to share with the committee four main complaints that Nebraskans have expressed, voiced to the Ombudsman's Office, regarding ACCESSNebraska. I understand that October 1, major changes, but we have to keep in mind that the complaints are still current because July, August, September, we were still hearing these four main complaints. They come and go, depending on the changes. The first would be a lack of assigned worker to the case, not just for complicated cases. But Nebraskans want social service back into the system. At this point, they feel more like it's a credit card company. They call complex cases where new workers answer the phone and would have to acquaint themselves with the case. And especially with the interview process of the application where, just within the past two months, it started with an applicant receiving a letter in the mail stating, you are to call at this time...this date and time for the interview. Then it changed to, no, you can call 48 hours after applying on-line to request an interview. That lasted a very short time. And I believe the current method is for the applicant to receive a letter stating, here is your assigned worker to call. And the assigned worker is great but it's only for that limited time in the whole case life, which is the interview process. The second reoccurring complaint we've heard, again, is the long wait time, the dreaded busy signal. When I work on ACCESSNebraska cases, I like to call the hot line myself just to see, confirm. My average wait time has always been around 40 minutes. And, of course, a busy signal. But since October 1, it's been pretty quiet in our office regarding complaints of long wait time. And when I do call either hot line, my wait time has drastically reduced. So I'm cautiously optimistic. It's just too soon to say that's going to be the trend. And I have noticed the change in workers too. When I called after October 1, workers would put me on hold very often, after I asked a question, to consult with their supervisors in order to make sure they are providing me with the correct information. And I appreciate that. And I think Nebraskans don't mind waiting for the extra one, two minutes to get accurate information because that was the issue back earlier. Third,

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reoccurring complaint is with service providers not getting paid in a timely manner. And that is to the detriment of not only service providers but also Nebraskans who have benefits. For instance, out in the western service area, if a medical office--which our office has seen--decided to no longer accept Nebraska Medicaid patients, out west area, that's a huge detriment to those who already have Medicaid. And the last complaint we've seen is the lack of communications within the different divisions of DHHS. An example is, a family friend willing to provide childcare for a family who has childcare subsidies--and this potential provider would call the hot line to express the interest. ACCESSNebraska was supposed to call, I believe, Licensure to do that background check, the process, the failures and the delay by months. And the potential provider kept calling ACCESSNebraska, kept getting the same answer: be patient, be patient. And the delay of by a few months, the person was providing free care, basically. And after a few months, the person gave up and said it's just not worth it; I don't think I can have a contract with the department and get paid. So obviously, that's to the detriment of the family who has childcare subsidies and desperately need childcare. And again, western service area. That's a big problem. That concludes my testimony. Thank you for your time. If you have any questions, I'd be happy to answer them. [LR238]

SENATOR CAMPBELL: What we're going to try to do is give all four of you a chance to testify here... [LR238]

JULIE PHAM: Sure, okay. [LR238]

SENATOR CAMPBELL: ...rather than ask a lot of questions. I do have one question and that is, do you have a consistent person at the department that when you have these complaints that you call and talk to them? [LR238]

JULIE PHAM: I do. But I like to call the hot line just to make sure... [LR238]

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SENATOR CAMPBELL: Oh, no, no, no. [LR238]

JULIE PHAM: ...just to make sure. And my concern is just not with whether we get the information because we will. My concern is with the Nebraskans who are not savvy enough to know the system, who do not know the existence of the senators' offices or our office or the community agency. [LR238]

SENATOR CAMPBELL: Right. Oh, exactly. [LR238]

JULIE PHAM: Yeah. [LR238]

SENATOR CAMPBELL: But I'm just trying to make sure that the flow of the concerns that you have gets consistently to the department... [LR238]

JULIE PHAM: Yes. [LR238]

SENATOR CAMPBELL: ...and that there is one person who's working on that. [LR238]

JULIE PHAM: Yes. [LR238]

SENATOR CAMPBELL: Okay. Terrific. [LR238]

JULIE PHAM: Okay, thank you. [LR238]

SENATOR CAMPBELL: Thank you for coming. Our next testifier. [LR238]

JAMES GODDARD: (Exhibit 7) Good afternoon. My name is James Goddard, that's J-a-m-e-s G-o-d-d-a-r-d, and I'm the director of the Economic Justice and Health Care Access Programs at Nebraska Appleseed. Nebraska Appleseed is a nonprofit legal advocacy organization that fights for justice and opportunity for all Nebraskans. Thank

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you for letting me testify today. I'm here to talk about LR238. As we've already heard, as the committee is well aware, the department, a few years back, modernized its service delivery system in an initiative known as ACCESSNebraska. This was initially the access point for many of the public benefit programs in our state. But as we've heard today, the department has split Economic Assistance from medical assistance. This system bifurcation was not required by the Affordable Care Act, which I think we heard earlier. And it's too soon to know if this change is going to solve some of the problems that we see. I agree that call wait times are certainly an issue but they aren't the only factor to look at. I don't think that takes into account the busy signal that folks get sometimes when the system is maxed out. And I'm not sure if that is actually monitored in any way, how often the lines are full. It might be but I'm not aware of those numbers. In the last quarter, there were 81,000 calls that were abandoned before someone spoke to someone. We also have some serious concerns about federal timeliness with processing, particularly in the SNAP program. What we are sure about, at this point, is that clients are now going to have to navigate two separate systems. And so we'd like to share some ideas about how we can ensure that this new structure is effective for clients as well as for state workers. I think we've talked a little bit about this already. The first thing we can do is make sure the system is simple and efficient. Many of these ideas, I think, are contained in Senator Bolz's bill, in LB309. One big piece of this with system separation is making sure we share information across programs. For example, we can either create or maintain bridges between Economic Assistance and medical assistance so people entering one side can have their information automatically transmitted to the other. And I do emphasize "automatically." I think this capability may be there, but it's not clear to me whether workers actually have to use that information. In some case, the Economic Assistance information could even automatically determine financial eligibility for medical assistance without additional information. That's something that I think would require a waiver but it's an efficiency that's out there that we could grab ahold of. In addition, we can ensure the application process is as simple as it can be. I'm happy to hear that there could be an elimination of the interview on the Medicaid side. I think that's a helpful step. I think there are other things that we can do,

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like LB430 from Senator Crawford, where that would align Aid to Dependent Children and childcare asset rules with SNAP rules to make sure the rules are consistent, which means less paperwork is required from clients and less paperwork coming into the department. Finally, since the Affordable Care Act did not preclude a multi-benefit application, we think that that's something that we could offer. And I can explain that just a little bit. There is a requirement for an all-health, single streamlined application that's clear for all...for both tax credits and Medicaid; but there is no requirement that...there's no preclusion, rather, that we could not, in addition to that, have a multi-benefit application with health plus SNAP plus other things, and we let the client choose, do you want to take the time to fill out the whole application or do you just want to go with the health side? At least 18 states, that I'm aware of, are actually moving in that direction. The second thing is that we have to guarantee department employees can meet the needs of the clients. In simple terms, there just aren't enough hands at the table to do the work that is there and meet the demand. And so increased staffing levels, I think, is something that needs to be considered. That would allow better management of caseloads, tasks, and increased retention by preventing burnout. One other point on staffing, we think the specialization in an area is perfectly fine if we want to make sure people know Medicaid and that's all they do or know SNAP and that's all they do. That's great, that can work really well. But there's no reason to bifurcate your system to accomplish that goal. You could have specializations within the same system. Lastly, we would urge the department to establish a clearly described and long-term vision for the service delivery system in Nebraska. Establishing a publicly available plan would direct the system for the years to come. It would allow the community and the Legislature to provide important input and support and oversight. Working together, we're sure we can make this work. The service delivery system in Nebraska can be good and we really thank Senator Dubas for her leadership on this and the committee's continuing interest in the issue. [LR238]

SENATOR CAMPBELL: Any other comments or questions? Mr. Goddard, I just want to say that we're watching the numbers in terms of the staff. It should be noted that in the

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budget the Appropriations Committee put in that the Medicaid Division could hire 170 FTEs--I think that's an approximate number--over the biennium. The director indicated that 90-some people have been added. So we're going to watch that number. It should...I mean, the Appropriations Committee said, fine, you know, we're going to put those people in. What I want to ensure is that we don't be moving people from ACCESS to Medicaid when, really, we do have the authority to put many people in the Medicaid Division. So we'll continue to watch those numbers. I appreciate that both directors are giving us those numbers so we can at least watch that. [LR238]

JAMES GODDARD: Yeah. And the staffing increases were...we would hope will help with this. I think...we suspect you're also going to see an increase in the utilization of these systems with the Affordable Care Act. And so I think those new employees will help meet that demand, and we certainly hope that that will be sufficient. But considering those levels, it's certainly something important to make sure the system works. [LR238]

SENATOR CAMPBELL: Absolutely. Thank you for your testimony. [LR238]

JAMES GODDARD: (Exhibit 8) Thank you. Oh, I'm sorry. I have...I'm handing in testimony on behalf of AARP as well. [LR238]

SENATOR CAMPBELL: Oh, excellent. Thank you. Our next testifier. I can clearly say good afternoon. [LR238]

JULIE DAKE ABEL: (Exhibit 9) Yes, it is. Good afternoon, Chairwoman Campbell and members of the committee. My name is Julie Dake Abel, J-u-l-i-e D-a-k-e A-b-e-l, and I'm the executive director of the Nebraska Association of Public Employees/AFSCME Local 61. As many of you know, we represent the workers that are in the local offices and call centers as well as the majority of state employees. Today I'm going to talk just briefly but mostly about the local offices and the Economic Assistance program side.

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And I've kind of divided it into three different categories, the first one being overtime. Employees in the local offices, at least, have been working unlimited overtime for several months. This is over several time spans in approximately the last year or so that they have needed staff to work overtime. This need has usually been for several weeks up to a month plus. To us, this, once again, points to the need of HHS needing additional staff in those local offices. The other thing I wanted to talk about is processes and caseloads. Workers in the local offices now do all the interviewing for new applications and full reviews and they keep those cases. Again, this is on the Economic Assistance side. This is supposed to bring down the call times in the call centers. In some offices--because I'm not sure if this is occurring at all of them or not--walk-ins are directed to now use the phone to call the call centers if they are reporting a change. In local offices, one worker is just to work now with walk-in clients. This takes the worker away from the cases that they are to process. For example, one worker or processor will work on processing cases four days a week, and one day a week is assigned to work with walk-in clients. Workers are now getting about five new cases a day which continues to add up. The workers or processors now keep those cases until the end. This has been a change recently. These are new cases and reviews. Additionally, it takes about approximately two weeks to have those cases pended and get them to the worker to even begin the processing part. Right now, to the best of my knowledge from out in the field, there are about 92 workers that do processing in the local offices, and there are about 4,200 cases. The rest of the workers are doing special projects such as refugee cases. About--I had on my testimony about 2,000 but I actually got some updated information--about 2,500 of the 4,200 cases are food stamp cases. And you'd have to bump that 4,200 number up as well. This does not include expedited food stamps. There are still another approximately 1,000 applications still waiting to be scanned or pending before they even get to the worker to process. The workloads have increased lately, even more so. I will say that it does seem to be easier for the processors since the call center staff is now not doing part of the interviews, which I think happened about the same time as the bifurcation happened. However, even staff that should not be working on cases now are working to help get those cases pended.

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This takes away from their normal duties as far as being a support for staff and for the community. Basically, what I wanted to just give you today is just some, you know, pretty up-to-date information from out in the field. I do would like to say that Director Chaumont, I appreciated her saying that it's not just about the call times. And I know you guys have been having some discussion as the testimony has gone on today, and I do appreciate that, as well, because it is about the entire process and about effectively serving the clients. On summary or in summary, I would say that one of the clear takeaways that we have--unfortunately, have continued to have--is that we still believe that more staffing is needed. There was not enough staff to begin with. There has not been throughout the process. And no matter what changes HHS tries to make and does, it seems like there still is not enough staff to do the job effectively for the citizens of the state. I would certainly like to thank Senator Dubas and the committee for your diligence on this issue and continued oversight. Thank you. [LR238]

SENATOR CAMPBELL: Thank you very much for your testimony. Senator Conrad. [LR238]

SENATOR CONRAD: Just briefly, Julie, because I know you speak for the frontline workers and this issue has come up in the past. You covered a little bit when you talk about the unlimited overtime issue that frontline staff is looking at right now. And if you could just provide kind of a general sense about what morale is like for our workers. And then, second, I know in the past there's been some really disappointing actions from HHS leadership where they were sanctioning or putting into a performance improvement plan or otherwise frontline employees who weren't meeting quota numbers... [LR238]

JULIE DAKE ABEL: Correct. [LR238]

SENATOR CONRAD: ...even though they would never admit there was a quota number until they started punishing people for missing quota numbers. What's the status of that

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situation? So those are my two questions. [LR238]

JULIE DAKE ABEL: We have not had...they did do away with the quota numbers...
[LR238]

SENATOR CONRAD: Good. [LR238]

JULIE DAKE ABEL: ...soon after one of the hearings here. And we have not seen that
to be an issue like it was before, certainly. [LR238]

SENATOR CONRAD: Okay. [LR238]

JULIE DAKE ABEL: So that was certainly a positive change. [LR238]

SENATOR CONRAD: Good. [LR238]

JULIE DAKE ABEL: As far as the overtime and then also with morale, you know, right now we're in--I hate to say it--but we're kind of in a transition period. So, you know, some of the workers in the local offices right now, they do see that some of how the process is being done, is done a little more efficiently. But it's a little too soon to tell. And the fear is, is because those cases keep adding on every day now--and, you know, we're not even through a month yet--that it is more work and going to continue to be more work than they're going to be able to do. Morale is changing a lot. And the reason why I say morale is changing a lot is because we have new workers. So there's constantly...you know, there's been workers leaving, workers retiring, turnover, and low morale over the last few years like we've never seen. I mean, it's been terrible. Now with more new workers coming in, you know, it takes a little more time for them to get as beaten down. I hate to say it but that's kind of how it is. So we have a lot of people that are talking about retiring as soon as they can, getting out as soon as they can. There's been a lot of people that have left, good employees that have left because they just

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couldn't take it anymore. So unfortunately, that is still an issue. It is still an issue as far as the staff that are left and how some of the newer staff that are coming in, we're just going to have to kind of wait... [LR238]

SENATOR CONRAD: Okay. [LR238]

JULIE DAKE ABEL: ...and kind of see how support is going for them. [LR238]

SENATOR CONRAD: I'm hoping that over the interim period maybe we could work with HHS and your employees to figure out, just from a cost perspective, what's more efficient and what's more feasible for the taxpayers if we are paying all this money out in overtime versus just hiring the appropriate level of staff to handle the workload. I mean, I think that there is a really compelling question there. [LR238]

JULIE DAKE ABEL: Sure. [LR238]

SENATOR CAMPBELL: One quick question from Senator Cook. [LR238]

SENATOR COOK: Thank you. Thank you very much, Madam Chair. And thank you for coming today. I have a question to clarify the fourth, the third paragraph. When you were describing a worker being assigned to be the walk-in person of the day--that's my term--you're suggesting in your testimony or stating in your testimony that that is not the best way to get the call time down. What would be, in your estimation as somebody who's advocating on behalf of the worker? Would there be a human whose job that was every single day or two of those plus the rest of the people to process the paperwork? How would that be idealized? [LR238]

JULIE DAKE ABEL: I think that would be either a worker that is doing that, or if you're going to rotate workers doing that, then you need to make allowances for that on their workload. [LR238]

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SENATOR COOK: Okay. Thank you. [LR238]

JULIE DAKE ABEL: That would be how I would look at that. [LR238]

SENATOR CAMPBELL: Thanks for your testimony today. [LR238]

JULIE DAKE ABEL: Thank you very much. [LR238]

SENATOR CAMPBELL: Our last testifier. Good afternoon. [LR238]

NICK FAUSTMAN: Good afternoon. I'm Nick Faustman, N-i-c-k F-a-u-s-t-m-a-n, I'm the vice president for government relations at the Nebraska Health Care Association which is the parent association of a family of entities, including the state's largest association for nursing facilities, the Nebraska Nursing Facility Association--I'll refer to them as NALA...or NNFA, I'm sorry--and the state's only association for assisted living facilities, the Nebraska Assisted Living Association which is NALA. Both NNFA and NALA represent nonproprietary, proprietary, and governmental long-term care facilities. As you know, a patient or resident's enrollment in Medicaid is absolutely critical for long-term care. Nebraska's nursing facilities and assisted living facilities have once experienced some of these same frustrations that others have had with ACCESSNebraska. It was not unusual for facility staff to experience a wait of 30 minutes or more, and residents often had longer wait times. Staff would receive conflicting input from different department staff. Families and patients experienced difficulty getting information regarding interview arrangements which led to them missing those interviews. In addition, facilities had experienced delays in the processing of reimbursement, which is absolutely critical to the existence of these facilities. In response to these troubles, the Department of Health and Human Services, under the guidance of Director Chaumont, assigned caseworkers from local offices to directly work with the facilities and the patients that we serve. And this change has been...has

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made a very big difference for our membership, particularly in eligibility, renewal, and even reimbursement itself. There may still be room for some improvements. Others have mentioned legislation and the like. But generally speaking, our membership feels that we're headed in the right direction. [LR238]

SENATOR CAMPBELL: Okay. Any quick follow-up questions? Thank you very much, Mr. Faustman. [LR238]

NICK FAUSTMAN: Thank you. [LR238]

SENATOR CAMPBELL: Okay. I think that concludes the regular testimony. Senator Dubas would you like to close on your LR? [LR238]

SENATOR DUBAS: Thank you, Senator Campbell. And I will be brief. For the record, I just want to say how encouraged I was by the comment from Director Chaumont, especially, about we have to pay attention to workload, it's not just time. And those things just can't be separated. So it's encouraging to hear that. It's encouraging to hear some of the remarks from the providers that came forward and testified. I think they've brought some additional good suggestions for us to follow up on, some of the things the committee members said about, you know, maybe we need to have some benchmarks in place. We're evaluating other programs. Obviously, this is one of the programs that we're having the most problem with. So I appreciate the committee's willingness to continue with the oversight. It certainly is not going to diminish on my part either. And as much as I appreciate the comments and the testimony from Director Chaumont and Director Pristow, I am disappointed that they did leave as soon as they were done. And there may still be some people... [LR238]

SENATOR CAMPBELL: No. Director Chaumont is here. [LR238]

SENATOR DUBAS: Okay. Very good. Sorry. Thanks, Director Chaumont, for being

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here. My oversight. I think it's important that they be here to hear the rest of the testimony. And even if they have some of their staff here, that's important. We're all in this together. And again, I appreciated, especially, Director Chaumont's testimony to that respect and have appreciated my working relationship with them. But we need to make sure, again, that we're all working on this together because we all represent the same people. So thank you, again, for the committee's time. [LR238]

SENATOR CAMPBELL: Absolutely. Thank you, Senator Dubas. And with that, we conclude the hearing on LR238. I will remind everyone, before you leave the committee this afternoon, we'll have a briefing on Title IV-E. That is the Health Committee alone. Appropriations is welcome. Thank you. [LR238]