STINNER: That concludes our hearing on LB1215. We will now open our hearing on Agency 25. Agency 25. Do we have an opening?

DANNETTE SMITH: Senator Stinner, it's been one of those days.

STINNER: I can guarantee it. I resemble that.

DANNETTE SMITH: Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is Dannette Smith, D-a-n-n-e-t-t-e, middle initial R, the last name Smith, S-m-i-t-h, and I am the chief executive officer for the Nebraska Department of Health and Human Services. Today and tomorrow, I will be joined by members of my leadership team who will present their departmental budget requests. They include Courtney Miller, division director for Developmental Disabilities; Dr. Gary Anthone, division director for Public Health; Mark LaBouchardiere, facilities director; and finally, Steve Greene, deputy director for Children and Family Services. My tenure with the department began on February 25, 2019. As I approach a year in this position, I reflect on how much I have learned and how much momentum we have made on our path forward. I cannot thank my team enough for the support and leadership that they have provided on a daily basis. I truly can say that every day these teammates work to embody the mission of DHS, which is helping people live better lives. We aim to do so with an efficient and customer-focused methodology to service delivery. In the last year, the business plan I outlined my four-prong approach that continues to guide our work. The tenets are as follows: creates an integrated service delivery system; establish and enhance a collaborative relationship; align DHHS teammates under our mission of helping people live better lives; and finally, enhancing the department's internal infrastructure to provide more efficient, effective customer-focused services to Nebraskans. Please allow me to take a brief moment to say thank you to the Appropriations Committee for your support of DHHS. Last session with your support, we were able to set our budget for this biennium. The appropriations provided enabled us to to better support the vulnerable populations and individuals that we serve. As emergent issues have come to light since the biennial budget, DHHS has identified the need for midbiennial adjustments. In support of these adjustments, the Governor's midbiennial budget recommendations include increases to two of our General Fund programs. The first, an $8.6 million increase for the Division of Developmental Disabilities to further meet the needs of

individual clients. Courtney Miller in her testimony this afternoon will discuss more with you about the waitlist, how that waitlist impacts children in foster care. The second is an increase of $18.8 million for improved staffing and facilities to enhance patient safety and address ligature concerns at the Lincoln Regional Center, the LRC. Also included in the Governor's recommendations are offsetting reductions, reductions where appropriations could be limited without affecting the quality of services provided. We have improved the fund mix with changes to our cost allocation plan, allowing us to claim additional federal dollars, thereby reducing our General Fund requirements by $3.2 million over the biennium. We have also reduced our budget for our CHIP program by $4 million over the biennium. This reduction again will not have an impact on the number or types of services in CHIP program, but rather aligns the appropriations more closely with estimated expenditures. In child welfare, we were able to reduce our budget by $33 million due to the Nebraska Eastern Service Area, ESA, transition. This was due in part to the savings were associated with change in the contractor from PromiseShip to St. Francis. Overall, DHHS was able to achieve a net reduction of nearly $23 million in state General Fund. As you hear from the department's leadership, my department's leadership team, they will provide a framework of issues that are most pressing in priority to give you a better understanding of the requests in their respective budgets, as well as share with you how that translates into our ability to work in a more efficient and effective manner. As I close, I want to again especially thank my team for their thoughtful approach to the process in our budget request. I would like to thank the Governor for his recommendations that will allow further support for programing and initiatives within DHHS. These funds truly help us to help people live better lives. Lastly, to the Appropriations Committee, thank you for your consideration. I sincerely appreciate your time and commitment. The department's leadership team who will follow me today and tomorrow, will be able to answer any particular questions you may have on division specific requests. Thank you and this concludes my testimony.

STINNER: Thank you. Questions? Seeing none,--

DANNETTE SMITH: Thank you.

STINNER: --apparently we don't have any questions. Well, thank you. Good afternoon.

COURTNEY MILLER: Afternoon. Chairman Stinner and members of the Appropriations Committee, my name is Courtney Miller, C-o-u-r-t-n-e-y M-i-l-l-e-r, and I am the director of the Division of Developmental Disabilities within the Nebraska Department of Health and Human Services. I appreciate the opportunity to come before you today regarding our division. I want to thank you for your work on the preliminary budget recommendations and for supporting the Governor's midbiennium recommendations to better serve Nebraskans with developmental disabilities. The division is requesting three adjustments to our current appropriations. The first adjustment is to fund the overall budget impact of recently completed inventory for client and agency planning, we refer to it as the ICAP, assessments for individuals with developmental disabilities participating in the Medicaid home and community-based waivers. While working closely with our federal partners, the Centers for Medicare and Medicaid Services or CMS, through the DD waiver renewal application process to address areas of noncompliance, CMS recognized an extraordinarily high number of participants with exception funding. The division received a corrective action plan to address the need for a rate rebase, which was resolved in 2019, but with a negotiated understanding we would also address the individual budget allocation process to match budgets to risk. Nebraska statute indicates that individual budget amounts shall be determined through an objective assessment process from which a DD waiver participant could purchase the services and supports to meet their needs. Exception funding may be authorized in addition to the individual budget amount to provide for health and safety needs that are not identified by the current objective assessment process. The division serves approximately 4,800 individuals, of which 30 percent receive exception funding. The acceptable range, according to CMS, should be no more than 5 percent, which is in line with other states. The ICAP is a standardized assessment tool and was designed to be a service needs assessment, not to determine individual budget amounts. Nebraska is the only state that solely relies on the ICAP to determine individual budget amounts. However, many states do use the ICAP as one part of the objective budget allocation process. The reason is that the ICAP does not adequately account for comorbidities of high medical and behavioral health acuity. This has resulted in the high frequency of exception funding for participants in Nebraska.

National best practices to administer the ICAP every two years. Historically, individuals received an ICAP assessment upon entrance to the program and upon request through a burdensome process for families and providers. The ICAP assessments were on average 10 years old and did not accurately capture the current acuity of the population for a correlation to service needs analysis. The alignment of the ICAP assessment is a necessary part of the redesign of Nebraska's objective budget allocation process to have a predictive model to match payment to risk based on acuity tiers. We recently completed the process of standardizing the frequency for administration of ICAP assessments to every two years. In 2018, approximately 2,400 individuals were assessed based on even-numbered birth year. In 2019, approximately 2,400 individuals were assessed based on odd-numbered birth year. The fiscal impact was uncertain, since the outcome could be for an individual's budget amount to increase, decrease, or stay the same. In 2018, we were able to successfully manage the budget to absorb the changes. In 2019, the changes were much more pronounced in the monthly forecasting report and began to provide evidence of a continued trend. While the majority of individuals reviewed in 2019 had no acuity level change, there were many more that were underfunded. The state fiscal year '21-22 fiscal impact of the realignment is estimated at $5 million General Funds and the division is already realizing these increased costs. The division continues to work toward the completion of the Objective Assessment Process Redesign Project and anticipate its completion later this year as negotiated under our agreement with CMS. The second adjustment to appropriations is approximately $3.7 million General Funds to ensure funding for our anticipated increase in funding offers for the first priority outlined in Nebraska law. Individuals enter DD waiver services through the first priority because of immediate crisis due to caregiver-- caregiver death, risk of homelessness, other threats to the life and safety of the individual, or when ordered in accordance with Nebraska's Developmental Disabilities Court-Ordered Custody Act. In state fiscal year 2019, the division began serving 56 individuals with DD waiver services who became eligible and were immediately funded through the first priority. This number was much higher than prior years. In state fiscal years 2017 and 2018, the numbers entering services through this funding priority were 16 and 32. The additional appropriations will ensure the division is able to meet the immediate service needs of individuals entering DD waivers through the first priority, as well as the anticipated entrance through priorities two through five in the

current biennium, including individuals transitioning from the education system upon hitting 21 years of age and the state wards as well. The third adjustment reduces the base appropriations by $1 million General Funds for the Beatrice State Development Center to align with expenditures and are not needed to maintain the high quality of service levels at BSDC. The division submitted a plan for the future of BSDC to the Governor and Legislature on June 1 of 2017. This was the first step to provide a framework towards enhancing the continuum of care to best serve Nebraskans with developmental disabilities who require institutional level of care services and supports. The report contained a plan for BSDC to continue services for 36 months to allow further evaluation of the role of BSDC and enhance community-based services' capacity to address gaps within our delivery system. I look forward to meeting with the committee in June 2020 to review the current status of BSDC and community-based services since the submission of the report, progress updates on the recommendations included in the plan, and discuss proposed next steps and strategies to achieve the division's goal of transforming our service delivery system with an integrated service array to best serve Nebraskans with developmental disabilities. Thank you for the opportunity to provide you with information on the Division of Developmental Disabilities and for supporting the Governor's budget recommendations. I would be happy to answer any questions you may have.

STINNER: Questions? Senator Bolz.

BOLZ: I think you addressed the question. But just for clarity, we had a testifier previously concerned about state wards being funded through the developmental disability system. Am I hearing and reading correctly that you think that the priority one appropriation could help with coverage of the state wards as well?

COURTNEY MILLER: Yes.

BOLZ: OK. Thanks.

STINNER: Any time I see corrective action plan, that means that we've got to make some corrective action, right?

COURTNEY MILLER: Um-hum.

STINNER: And we did some of that by rebasing in 2019. And you're saying we didn't completely comply with all of the provisions of the corrective action plan.

COURTNEY MILLER: We have no open corrective action plans at this time. What we did was negotiate an understanding that we would address our budget allocation process with the exception funding.

STINNER: So do we have to adopt another assessment tool other than the ICAP assessment tool? Is that what you're saying?

COURTNEY MILLER: What we have to do is look at the ICAP assessment tool and we need to look at other tools that complement the ICAP assessment to be able to make sure that we have identified the behavioral and medical needs of the individuals that are not addressed under the ICAP. And so we have risk assessments that accompany that.

STINNER: So if we can't get down to their 5 percent, does that mean we get clawbacks and other things that we don't even want to talk about today?

COURTNEY MILLER: We have the potential for that, yes.

STINNER: OK. Do you want to explain to me what comorbidities is?

COURTNEY MILLER: Well, from a nonphysician, that-- my understanding is that means for individuals that have maybe a severe and persistent mental illness and diabetes. And so the comorbidities is-- is more of a dual diagnosis role.

STINNER: So are we going after each individual case we're analyzing to see if it fits into another assessment model or are we trying to find another assessment? How do we get this thing back down to 5 percent [INAUDIBLE]?

COURTNEY MILLER: So we're looking at right now we're doing the objective assessment process redesign. And what we're doing is looking at those factors that would impact an individual's needs and then the budget that corresponds with that. And so it's to maintain for the risk. And so the ICAP is one tool that we use to gather information and document needs. We also have risk assessments that are homegrown tools. And so right now we have our contractor, Optumas, looking at are those risk assessments sufficient and do they meet best practice

of what other states use since historically we have only used the ICAP solely.

STINNER: So we've incurred additional costs by contractor to come in and help us evaluate this and drive this stuff back down to 5 percent or are we doing it internally or how?

COURTNEY MILLER: We do have a contractor for-- we brought on the contractor for the rate rebase. And then with the corrective action plan, we expanded that scope to to handle the objective assessment process redesign.

STINNER: Do you think we'll go up or down as a budget request as we start to move to conformity from 30 percent to 5 percent? Is that going to be an increase in cost or a decrease?

COURTNEY MILLER: I think it-- I'm thinking that it's budget neutral and I say that because right now we-- we provide the exception funding. And so if somebody has a budget-- I'm going to use really simple math-- of $10 and the exception funding is $5, on top of that is $15. And really what you're looking at is for a budget amount to identify that that individual needs can be met with the $15 the first time, the right time so that 95 percent of the population gets one budgeted amount without exception.

STINNER: And so by doing that, it eliminates that exception of going to $15 instead of $10?

COURTNEY MILLER: It doesn't eliminate the $15. It eliminates the-- the-- the process of exception funding. So we have five funding tiers. We have basic, intermediate, high, advanced, and risk. And so what we're doing is with the objective assessment process redesign is redefining those tiers to determine the budget amount that corresponds to that-- that acuity level. And so the acuity level for an advanced tier could be $15. And then they are just simply on the advanced tier. Today, they may be on the advanced tier with exception funding.

STINNER: OK. I give up, but I'll continue to dig into this. I-- I have a bad feeling about this, but that's OK. Turn it over. Additional questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here today. Yes. A million dollars reduction in Beatrice State Home funding that--

does that have any effect on the federal funding with that then or not or?

COURTNEY MILLER: I'm not understanding the question.

DORN: OK. Our Beatrice State Home, so much of it is federal funding that supports that program down there. The million dollars here that we reduced in the budget are you asking for a reduction in the budget this year because of staffing are in the [INAUDIBLE] right now that doesn't have any carryover effect or that will not affect our federal part of that funding at all.

COURTNEY MILLER: No, it doesn't affect [INAUDIBLE].

DORN: It does not. OK. And then you're going to have a-- this summer will be the end of the three-year study and then you'll have a report for this committee or for the Legislature or what are we looking at?

COURTNEY MILLER: Yes. We will meet with the Health and Human Services Committee, the Appropriations Committee, to provide those updates.

DORN: OK, good. And then one other question, if I could. I think, you know, we-- we talked here or Senator Walz had the bill for helping to fund the waiting list or whatever.

COURTNEY MILLER: Um-hum.

DORN: And maybe-- I thought I heard Annette talk right that you were the one kind of that maybe would have some comments on that or this $8.6 million in the bottom of your first page, is that going to help that waiting list, the bottom of the first page we have from, or no, excuse me. That is from Dannette's comments. She has a first an $8.6 million increase for the Division of Developmental Disabilities to further meet the needs of individual clients. That's not trying to address the waiting list.

COURTNEY MILLER: No. Those dollars address the current participants that are served on them on the waiver programs with the increase to the budgets from the ICAPs.

DORN: So other, I mean, there-- there is no proposal or thought or I guess are we looking at something to help with a waiting list?

COURTNEY MILLER: Yes, that's the discussion that we're going to have for the biennium that was in our Olmstead Plan of the reduction for the waitlist.

DORN: So the next-- our next budget next year basically. OK. Thank you.

STINNER: I'm just underline this and this is you can help me with this. The majority of individuals reviewed in 2019 had no acuity level change. So we accurately put them into the levels that they were supposed to be. But you also go on to state there-- there were many more that were underfunded. And that is where I guess I-- it just caught my eye.

COURTNEY MILLER: That was--

STINNER: Is there more funding that we're gonna have to do in the future especially if we come--

COURTNEY MILLER: We are on this cycle for every two years of reviewing the ICAPs to determine individual acuity levels. We had-- of the ICAP distribution, we had 555 of those 4,800 that had a decrease; and we had 1,190 individuals that had an increase to their tier or their funding level.

STINNER: OK. You're saying the $5 million that you've identified is takes care of it which [INAUDIBLE]

COURTNEY MILLER: Right. We are-- we have completed the full cycle of ICAPs to catch everyone up and now we are on the two-year cycle.

STINNER: OK. All right. Additional? Senator Vargas,

VARGAS: Thank you very much, Senator Stinner. So the question given that we're talking about, reduction of the base appropriations for BSDC and also in light of YRTC, how many, if any, staff from BSDC are being sent to YRTC Kearney?

COURTNEY MILLER: I am not aware that any direct care staff today are being transitioned or participating with the YRTCs.

VARGAS: OK. And you said direct care staff. Are there other potential staff that may be?

COURTNEY MILLER: I just know at one time that we were utilizing resources briefly for, but they were direct care staff.

VARGAS: Oh, OK. So we're not doing that anymore you said.

COURTNEY MILLER: No.

VARGAS: OK, great, appreciate it. Thank you.

STINNER: Additional questions? Senator Wishart.

WISHART: Can you remind me? Thank you. Can you remind me how much did we in the department invest in the rate study for DD?

COURTNEY MILLER: I don't have the exact dollar amount at my fingertips. I know it was 4 percent increase.

WISHART: Well, how much money for the consultant did we invest in to-- to get to that-- to get to the final analysis of the rates?

COURTNEY MILLER: Of the rate rebase?

WISHART: Yes.

COURTNEY MILLER: I don't have that amount at my fingertips, but I could follow up with you [INAUDIBLE].

WISHART: OK. That would be helpful. Do-- do you and the department have a plan? I know Senator Hilkemann brought a bill that would get us to what the recommendations were out of that study. Do we have a plan on how we would start to-- to get those dollars to where the study said we should be?

COURTNEY MILLER: So the study was-- the study was to build a model and the state chose the direct care wage model. And so the 4 percent allowed for the increase in the direct care wages. So any additional appropriations that would be received would be adjusted in that direct care wage. The 6.6 percent figure that's there raised the-- the direct care wage even higher. And it also was to introduce a new service.

WISHART: OK. What was that service?

COURTNEY MILLER: It was called habilitative community integration.

WISHART: OK.

STINNER: Additional questions? Seeing none, thank you.

COURTNEY MILLER: Thank you.

STINNER: Any additional proponents? Senator Bolz would like to have somebody from Medicaid come up on the agency and make a statement.

BOLZ: I don't know how you-- I don't know if you want to do DD first or--

STINNER: No, that's fine. I'd just as soon have the directors up first and then I know we have questions. I didn't see any of the other directors coming up so that's why I went to proponents. But Senator Bolz would like to talk about Medicaid.

JEREMY BRUNSSEN: Hello. How are you?

BOLZ: Good.

JEREMY BRUNSSEN: Good afternoon, Senator Stinner--

STINNER: Good afternoon.

JEREMY BRUNSSEN: --and members of the Appropriations Committee. I think from Medicaid's perspective--

STINNER: Say your name and spell your name.

JEREMY BRUNSSEN: Jeremy Brunssen, interim director of Medicaid, J-e-r-e-m-y B-r-u-n-s-s-e-n. In our request, I'd like to thank you for supporting the Governor's budget recommendation. The only item of significance that we'd point out, CO Smith mentioned earlier that we've proposed a reduction to the CHIP program for both years of the biennium, not a reduction in services or rates, but simply an alignment to where we actually are-- our historical expenditures have been over the last few years. Otherwise, I thank you for your support over the process and I'd be happy to take any questions.

STINNER: Senator Bolz.

BOLZ: Thank you, Senator Stinner. I appreciate it. I think-- I have several questions for you, but I think an appropriate place to start

is can you give the Appropriations Committee an update on Medicaid expansion, specifically as it relates to your budget request from last year? I think what I'm trying to ask is, are we on track in terms of expenditures and are we on track in terms of deliverables, specifically information technology and systems integration I think is-- is where you're at right now. And this committee had a lot of questions about the administration of Medicaid expansion and the associated dollars needed so can you give us an update?

JEREMY BRUNSSEN: Sure. So I'd be happy to start about just the process of where we're at with the expansion project and then I can talk a little bit about the expenditures and where they're at. So, you know, I testified earlier in a neutral capacity a few weeks ago or maybe it was last week on another bill that was introduced. And we are on time on target for our enrollment or benefit start date of October 1, with applications beginning to be taken for beneficiaries on August 1. We continue to track all of our separate work processes, whether it's information technology, which you just referenced. We have continued to work with all of our partners across the agency and IS&T and with our program staff to ensure that we have the testing plans created; and we've completed the-- the requirements reviews and they're in the active design and development phases right now. So we feel good about where we're at in terms of really all aspects of the expansion project. We continue to work with our federal partners, both on the state plan amendments as well as on the 1115 waiver. And we've had great working relationships and have appreciated their partnership in the process and expect that-- that we'll receive the approvals in the timeframes necessary for us to proceed. From an expenditure perspective, I think if you look at the actual just expenditure burn rate, you'd show that we're well under budget at this point. And I think that can be a little bit misleading for a variety of reasons. First, a lot of our contractor payment deliverables are that, deliverable base. They're not billing us hourly. We will not sign off on a deliverable and pay for it until we feel that it's met all of the outcomes that we require as part of the deliverable. So some of it could appear to be a little bit kind of backloaded in terms of our expenditures. That's really the biggest thing I would note in terms of the expenditures, but I would say we're on track to be on plan and under budget.

BOLZ: OK. If I could have the committee's patience, I just have a few more questions. I guess the first question is it's reassuring to know

that we're in terms of burn rate. We're on track. I've been keeping up with your quarterly reports which have been appreciated. Is there a way that you could provide some additional budget details to the Appropriations Committee in terms of your burn rate for those expenditures? The-- the report is helpful, but it doesn't tell a number story. It's-- would that be possible?

JEREMY BRUNSSEN: Sure. I think that definitely is possible.

BOLZ: That would be helpful. A couple of other questions. I think one of the phases you're in right now is the MMIS system integration and testing. And just as an appropriator making sure that the MMIS system, of course, is making sure we're-- we're on the same page with the feds to get our payments. Is everything going smoothly? Have we had any hiccups? Are we on track? Are we in a testing phase? Where are we at with that?

JEREMY BRUNSSEN: Yeah. So from a federal approval perspective, we did submit a what we call an IAPD. So it's a-- basically it's an implementation advance planning document where we request funding for projects when they touch typically two-- two different areas of our business, both N-FOCUS, our eligibility system, and MMIS, which is our main processor, and those have been approved. We would expect to provide an, what we call an IAPDU or an update sometime the late spring as we know that projects do meander a little bit from when we are in the planning phases. But it would be a standard update that we would issue for pretty much any project. So I have no concerns around that aspect of it either.

BOLZ: OK. Could you give me an update on the work you're doing around capitation rates? Are they-- are those estimates coming in as you expected them to as planned, or are there any surprises about the capitation rate?

JEREMY BRUNSSEN: So I think, you know, we're still not to a place where we could say we know exactly where the capitation rates will be. But I think we-- so in terms of project work, we are in the middle of a project plan where we're right now accepting some feedback from the managed care companies, not about the rates themselves because they're still in development, but looking at ways that we plan for risk mitigation when potentially mix of individuals and the acuity of those individuals coming in. And how do we ensure that we don't set them up

for failure, but also protect the state's interest? And that if the members are not as-- don't have as high pent-up demand for health services, what we predict that we don't overpay. So when we first rolled out our plan, we did communicate pretty broadly that we intend to put a risk corridor around that just to protect ourselves, but also to be reasonable with the managed care companies. So that is definitely something that we'll likely see in terms of the capitation rates and any amendments that we execute with the MCOs as part of that process. We're still in the development phase. I would say that we've received more data from our actuary who's done expansion work in other states. And generally what they see is they see that when you have a like population that comes on through expansion with pent-up demand, the first couple of years you could expect to see maybe a 15 to 20 percent higher costs for those members. And typically the folks that sign up first are those that are waiting to come on and want the services. So you might expect that to be a bit more extreme right out of the gate, but over time, kind of plateau or level off a bit.

BOLZ: OK. And I assume that if those capitation rates for some reason came out, came in outside of your risk corridor, that's something you'dt communicate to the Appropriations Committee.

JEREMY BRUNSSEN: So it's-- let me make sure I clarify one-- one quick point. So we would still set the rates. And basically just to make sure you understand, a lot of what we're doing is assumption based because we're-- we're using like populations and experience in other states. So we don't have the historical information that we have the opportunity to look at with our current populations. So when we create that risk corridor, if the true expenses, the medical expenses are either greater than or less than what we actually pay out in capitation rates by a certain percentage and we're targeting 3 percent corridor, then essentially there's a payback on either side just to mitigate any excess costs or profits.

BOLZ: I think what I'm asking as a citizen legislator is if there's anything off track, if there are any flags, you'll communicate that to Appropriations.

JEREMY BRUNSSEN: Sure. Absolutely.

BOLZ: Just-- just a couple of more questions. One is there were-- there were two issues that came in front of the Appropriations

Committee in previous conversations about Medicaid expansion that I want to revisit. The first is this committee had some I'll call it just healthy skepticism about the enrollment and how quickly we can ramp up and enroll all the folks that would require the funding levels that were requested. Are you on track? I know it's early days, but are you are you on track with staffing? Do you have a plan for outreach? Is that all going smoothly, such that we can justify those-- those numbers and those dollars in August when we start enrolling and in October when we go live?

JEREMY BRUNSSEN: Yes. We continue to work hard on staffing. We focused very heavily on ensuring the field, our SSWs, folks that are going to be processing eligibility applications. Much of our efforts, we've been doing a lot of career fairs in that space. We filled a significant number of those positions. I don't have the exact number offhand, but I can follow up with you on that. The reason that we really it's important for us to get those folks in on the ground now is because there's a significant training process that they really need to go to-- go through to ensure that they're providing a good experience for beneficiaries as they apply. And we continue to also work on the central office staff. A lot of that work is still underway.

BOLZ: I think an update there would be appreciated--

JEREMY BRUNSSEN: Sure.

BOLZ: --just because, of course, they've got to connect the dots between the staffing and the enrollment and then the dollars spent on the back end. My last question I promise, Chairman Stinner, is last year we had some concerns from members of the behavioral health community about integrating cost savings in behavioral health into our-- our budget plan. Basically concerns that-- that capturing those savings before they were real or materialized would make developing contracts and actually covering the needs in the behavioral health world complicated or-- or maybe impossible for behavioral health providers. My recollection, and it's been a little bit, was that your-- your thought from the Medicaid Division was that you would be able to track and monitor on a month-by-month basis in order to sort of smooth that impact. I've heard differently from my behavioral-- regional behavioral health folks. Can you talk to us about how you

expect those cost savings to work out for our behavioral health providers?

JEREMY BRUNSSEN: So I think when you say cost savings, you're referencing the save-- the reductions to the behavioral-- Division of Behavioral Health for basically expenditures that maybe are being paid out through other divisions today, that those individuals receiving the services will transfer or become eligible for Medicaid based on the higher FPL. I can't say that I've had any-- I haven't had any direct conversations with any providers on that issue, but obviously I work closely with our other divisions. And, you know, we're aware of the concerns, obviously, from the prior hearings. I guess I don't have any information that I could share that we have any reason to believe it would be different than the numbers that were provided previously. I guess I'm not quite sure what you're asking me to--

BOLZ: I think the concern is-- is sort of one of timing. That-- that our budget captures the savings before the savings are actually going to be realized. And so how will that process work is the-- is sort of the concern. And-- and maybe it's a question for Director Dawson or maybe it's a question between the regional providers and you more directly. But I think making sure that we're monitoring that on a month-by-month basis so that the behavioral health providers can keep afloat while we're making the transition is what's most important. And if that can't be done, I think we need to have an honest conversation between the Medicaid Division, the behavioral health providers, and the Appropriations Committee that if, and I'm not saying it is, but I'm saying if it is, that those capturing those cost saving is premature. And a more prudent thing to do is to wait until we've captured them and then pull them back. I think we need to just be frank with each other about it. So, you know, we can-- I'm sure the division or the regional health providers will at some point come talk to us.

JEREMY BRUNSSEN: Understood.

BOLZ: Thank you.

STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner. I'm going to, I guess, piggyback on that question a little bit. Part of what we've done is we build into

the budget that expanded Medicaid is going to start October 1. I guess some of the concern that some of those-- some of those providers have are what if it doesn't start and now the budget is set, their budget is set based on it starting and now it doesn't. What happens to that funding as far as those people they're taking care of now, not being on the expanded Medicaid and yet they don't have anything in their budget to fund that?

JEREMY BRUNSSEN: Yeah, I think, you know, from my perspective, we do plan on being-- going live in October for benefits. I don't want to speculate otherwise, but I would imagine that given that it's a full fiscal year, if we if, God forbid, something happens, that that could be addressed through legislation in the upcoming session. But-- but I can't-- Medicaid can't affect that per se.

DORN: Right. But there-- and I guess just coming back to, though, they plan for their budgets, too, just like we do.

JEREMY BRUNSSEN: Absolutely.

DORN: And for them, I guess the unknown is something what we are also experiencing here with rolling out this program. And I like or like your-- some of your comments today have been very, I call it positive, that that is going to happen. Now I hope or I'm-- I'm-- I like your comments. And I think we-- I don't know how to put it in the form of a question, I guess, other than I hope you're right and that you have success.

STINNER: Additional questions? What's the chances of us actually starting early on the Medicaid expansion?

JEREMY BRUNSSEN: I don't expect us to start early. I expect us to start on time.

STINNER: Thank you. The question that our committee had was on methodology and I know that you're working with Health and Human Services on that. I don't know precisely where you're at. But there-- there is a change as we relate to long-term healthcare in methodology. Would you like to give us an idea where you're at?

JEREMY BRUNSSEN: Sure. Just to make sure that I am on the same page, you're speaking to the nursing facility per diem reimbursement methodology?

STINNER: Yes.

JEREMY BRUNSSEN: OK. So if-- I would say that we've had really collaborative conversations with both the Nebraska Health Care Association, as well as LeadingAge, a subset of providers, Senator Williams and the HHS Committee. We met five or six times through November, starting in November, through the end of January to follow up on previous working communication that we, the department, completed in the summer and the fall of last year. And ultimately we agreed upon a compromise that we-- is not what the department had initially proposed, but we feel is a significant improvement over how we calculate rates today. And really what it does is it-- it accomplishes to some degree two of the main priorities that Medicaid had been working towards. And first, as it starts to introduce quality into the payment paradigm for nursing facility per diem payments. So we'll be using the CMS quality measure rating to provide basically a rate add-on, a per day rate add-on for any facility that is at the three, four or five star quality measure for the CMS quality star system. And then secondfold, what we've done is we've managed to start to narrow the gap between the reimbursement rate between facilities. So if you were to look at the current state fiscal year's per diem amount, a patient at what we would consider the base level of care today, based on the old methodology, you could have Medicaid beneficiary per diem payment to the nursing home as low as $111 a day or as high as $257 a day. So there's a huge disparity for the same services being rendered to a Medicaid beneficiary. We had proposed a flat rate, a price-based model, not a cost-based model. But we we heard significant concerns from the industry about taking that approach. So what we did was collaborated and compromised on a model that essentially starts to narrow that gap. And so it would go from about the $146 a day difference to about $96 a day, I believe, offhand. So over time, it will start to truncate that and level the playing field.

STINNER: Now that tells me that you're actually bringing the low rate up toward the middle. So that would be helpful to--

JEREMY BRUNSSEN: Yeah, that's exactly our goal.

STINNER: --most of the rural nursing homes. So that will help a little bit. Any additional questions? Is there anybody else that wants to ask another one of the directors up here? OK. Seeing none--

CLEMENTS: Excuse me.

STINNER: Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. I heard you just say the new method is from $146 a day to $96?

JEREMY BRUNSSEN: No. So-- so currently the-- the rate variance is about $146 a day and it will go down to about $96. So we're truncating that by-- we're, you know, shortening it by about a third.

CLEMENTS: And are the-- is the top end coming down?

JEREMY BRUNSSEN: They are. So-- and so that was, you know, important in our processes that we had representation from everybody, from-- from not everybody but from facilities across that spectrum. So you had providers that, quote unquote, would be coming down and others that were coming up. But ultimately, it was a compromise to find what was the best thing for Nebraska. And people had to really set aside their own personal perspective based on what facility they were representing and come to the table willing to find a solution.

CLEMENTS: And then does--

STINNER: Pretty-- pretty much try to keep it revenue neutral.

CLEMENTS: That is my next question, OK?

STINNER: Sorry.

CLEMENTS: Cost-- cost neutral we call it.

JEREMY BRUNSSEN: Yes. Budget neutral, yes--

CLEMENTS: Thank you.

JEREMY BRUNSSEN: --to the state.

STINNER: Very good. Additional questions? Seeing none, thank you very much.

JEREMY BRUNSSEN: Thank you.

STINNER: Thank you for being patient. Afternoon. Actually after five we should say good evening, right?.

MEGHAN MALIK: Good afternoon. Good evening. Thank you for staying. I really appreciate it. Chairperson Stinner and members of the Appropriations Committee, my name is Meghan Malik, M-e-g-h-a-n M-a-l-i-k, and I'm the trafficking project manager with the Women's Fund of Omaha. The Women's Fund of Omaha is a nonprofit organization focused on improving the lives of women and girls. We are committed to the fight against sex trafficking, including ensuring survivors have access to critical services in Nebraska. I'm here today to speak to the operations request and would like to request the Appropriations Committee include funding for sex trafficking services in the DHHS budget. This Legislature has made incredible strides in modernizing our laws to bring traffickers and sex buyers to justice and provide survivors who have committed crimes as a result of their trafficking victimization, an avenue to rebuild their lives. However, our state must now invest in the safety and well-being and economic stability of survivors by providing funding for trafficking services. You all have already been part of this work through advancing LB518 to Final Reading. LB518 creates an advisory board to develop, oversee, and coordinate a statewide multiagency trafficking response, primarily through the creation of a state plan and strategies to address the provision of supportive services for victims. A new Office of Support for Trafficking Survivors within the Department of Health and Human Services would coordinate and implement the state plan. Most critically, this bill creates a framework for competitive grants for trafficking victims services across the state. But the bill does not provide for funding of the program. Funding for this last portion is crucial for the success of this whole system. The Nebraska Human Trafficking Task Force, led by the office of the Attorney General, has done tremendous work over the past few years, but federal funding supporting that work has ended. What's more, our current system often criminalizes those it should be protecting, sometimes only out of a lack of more appropriate services models being available. Providing funding for services allows law enforcement to connect victims to services provided through a community provider rather than arresting

victims and housing them in jail. This is the promising trafficking response model popping up across the country. Other states have invested in services and are providing law enforcement an alternative to arresting victims. As a result, trust between victims and law enforcement increases, cooperation increases, and prosecutions of traffickers and sex buyers increases. After five years of investing in services, Minnesota increased charges of sex traffickers by 100 percent and increased convictions of sex traffickers by 500 percent. We've made incredible strides in our state. We are taking steps towards trauma-informed and victim-centered investigations and prosecutions. We've trained over 15,000 people, including law enforcement, service providers, community members and everyone in between. And now it is time for our state to build a sustainable service system for trafficking services. We believe an initial investment of $500,000 would make an incredible difference in the work being done across our state. The framework for the program is already provided in LB518. We respectfully request the Appropriations Committee to appropriate $500,000 for the competitive grant program through the budgeted process in order to continue our state's good work in eradicating this heinous crime. Thank you for your time and I would be happy to answer any questions today.

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

MEGHAN MALIK: Thank you.

STINNER: Any additional proponents? Any opponents? Anyone in the neutral capacity? That concludes our hearing of Agency 25 and concludes our hearing for this evening. I'm sorry. Oh, we do have a letter in support of the Medicaid rate for Halfway House Services. Thank you.