

ONE HUNDRED NINTH LEGISLATURE - SECOND SESSION - 2026
COMMITTEE STATEMENT
LB867

Hearing Date: Friday January 23, 2026
Committee On: Health and Human Services
Introducer: Health and Human Services
One Liner: Change and eliminate provisions relating to programs and services administered by the Department of Health and Human Services

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 4 Senators Hardin, Ballard, Hansen, Meyer, G.
Nay:
Absent:
Present Not Voting: 3 Senators Fredrickson, Quick, Riepe

Testimony:

Proponents:
Senator Brian Hardin
Nicole Barrett

Representing:
Opening Presenter
DHHS

Opponents:
Nick Halbur
Cindy Kadavy

Representing:
self
Nebraska Health Care Association

Neutral:
Jina Ragland

Representing:
AARP Nebraska

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 867 updates and revises multiple statutory provisions across health and human services programs. The bill updates rules governing special needs trusts and modifies fingerprint requirements under the Uniform Credentialing Act. It redefines a statutory term for clarity and changes requirements for the Title IV-D Child Support Customer Service Unit. The legislation also revises funding rules for child care grants, adjusts eligibility criteria for young adults in the Bridge to Independence program, and simplifies or removes certain requirements for assistance to the aged, blind, and disabled. In addition, it modifies a requirement within the Commodity Supplemental Food Program and updates responsibility requirements for the Division of Children and Family Services. The bill eliminates provisions concerning spousal assets under the Medical Assistance Act, removes provisions related to the Maternal and Child Health and Public Health Work Fund, repeals an obsolete Nurse Licensure Compact, and allows wholesale drug distributor license fees to be used for the Prescription Drug Monitoring Program.

SECTION BY SECTION SUMMARY:

Sections 1 & 2: Repeals section §68-922, which permitted a spouse to formally designate assets and income for their own use when their partner sought institutional Medicaid coverage, and simultaneously removes the provision in the criminal nonsupport and abandonment statutes that recognized such a designation as just cause for withholding medical support. The combined effect eliminates both the underlying asset protection mechanism and the criminal law defense built around it, reducing the financial protections available to the community spouse of an institutionalized Medicaid recipient.

Section 3: Amends the special needs trust statute, §30-38,113 to explicitly prohibit transfer penalties for any individual who establishes or funds an individual account in a pooled special needs trust, regardless of age. Prior law protected funding a special needs trust for a child with disabilities without a transfer penalty but did not extend the same explicit protection to adults using pooled trusts. This change closes that gap and ensures consistent treatment across age groups.

Section 4: Amends §38-131 to direct that the criminal background check and fingerprinting requirement under the Uniform Credentialing Act applies only to applicants for an initial license, not to renewal applicants. This is a technical clarification that makes explicit what was previously implied.

Section 5: Amends §43-2624, under which DHHS was required to award grants up to \$10,000 to persons, organizations, or schools to start or improve child care programs. Grants were capped at once per three-year period per recipient, and could not go to grantees who discriminate against children with disabilities or those funded by state or federal dollars. This amendment removes the cap provided the department uses available federal funds allowed for such grants.

Section 6: Under §43-3342.04 the Title IV-D Division was required to establish a Customer Service Unit in Nebraska with specific staffing and telephone system requirements for handling child support inquiries. Subsection 6.2 strikes the labor force requirements for these service units while retaining the requirement that the physical location shall be in Nebraska.

Section 7: Amends §43-4504 – The Bridge to Independence Program. The bridge to independence program was available to qualifying young adults who had been in the juvenile court system. For youth adjudicated under subdivision (3)(c) of section 43-247, eligibility required that the youth, "upon attaining the age of eligibility," was in a court-ordered out-of-home placement. The eligibility trigger for subdivision (3)(c) youth is changed from "upon attaining the age of eligibility" to "one day prior to attaining nineteen years of age or the age of majority under relevant tribal law." This provides a more precise point-in-time test. Youth under subdivision (3)(c) must have been in a qualifying court-ordered placement as of one day before their 19th birthday (or tribal age of majority) rather than the vaguer "age of eligibility" standard. This gives clearer, more administrable eligibility criteria.

Section 8, 9 & 10: Amends §68-150, §68-716, §68-916 which address subrogation and assignment of medical support rights. These sections establish the county's and DHHS's subrogation and assignment rights when Medicaid or general assistance applicants have third-party claims for medical costs. As a conforming change, LB867 removes cross-references to sections 68-921 through 68-925, the spousal asset protection provisions being repealed elsewhere in the bill. The subrogation and assignment rights themselves are unchanged.

Section 11: Amends §68-919, the estate recovery statute to explicitly state that the broad definition of a recipient's recoverable estate applies notwithstanding any contrary provisions in section 68-923, the spousal asset protection provision being repealed by this bill. This clarification ensures that estate recovery authority is not diminished by the spousal protection rules during the transition period before those rules are fully repealed. The substantive estate recovery framework is otherwise unchanged.

Sections 12 & 13: Amends §68-1006 and §68-1007 such that the amount of assistance to the aged, blind, or disabled was to be based on individual need and circumstances, with certain Social Security benefit accumulations disregarded when determining need. DHHS was required to consider all income and resources when determining need, with specific income disregards for blind individuals and those over 65 or permanently disabled, including disregarding the first \$85 per month of earned income plus half of earned income above that amount for blind individuals, and honoring income disregards in effect as of January 1, 1972 for those over 65 or permanently disabled. These sections strike the requirement for payments to be made by state warrant directly to each recipient. Additionally, it strikes the language that when DHHS determines whether someone age 65 or older, or someone who is permanently and totally disabled, qualifies for assistance, it must ignore a portion of their earned income when doing the math. Specifically, it must ignore at least as much earned income as was being ignored under federal Medicaid rules back on January 1, 1972. In other words, the law locks in a minimum income protection level that was established over 50 years ago — the state cannot count more of a person's earnings against them than federal law allowed at that time. The practical effect is that these individuals get to keep a baseline amount of their earnings without it reducing their eligibility for assistance.

Section 14: As a conforming change to the repeal of section §68-922, this section removes two provisions from the Medicaid eligibility criteria statute: the exclusion of a spouse's designated assets from the calculation of total family income, and the exclusion of designated assets when determining eligibility for a disabled spouse. DHHS will continue to consider the same general eligibility factors, but the special treatment afforded to spousal asset designations is eliminated.

Sections 15 & 16: Amends §71-2226 and §71-7450 which authorized the commodity supplemental food program and established the wholesale drug distributor license fee structure, including a one-time \$3.7 million transfer to the General Fund completed by June 30, 2018, and authorization to use fee revenue for the prescription drug monitoring program. Section 15 strikes women, infants, and children from the language which leaves low-income, vulnerable elderly Nebraskans, as the sole identified beneficiaries. Under section 16, license fees collected from wholesale drug distributors must be deposited with the State Treasurer into the Health and Human Services Cash Fund and may only be spent on wholesale drug distributor licensing activities or the prescription drug monitoring program.

Section 17: Amends §81-3116 by transferring responsibility for aging services from the Division of Developmental Disabilities to the Division of Medicaid and Long-Term Care. The Division of Developmental Disabilities retains administration of the Beatrice State Developmental Center and community-based developmental disability services, while the Division of Medicaid and Long-Term Care takes on an expanded mandate covering Medicaid, aging services, and other related programs.

Explanation of amendments:

The Committee considered and adopted a white copy committee amendment.

The Standing Committee Amendment, AM 2270, includes LB 867 as amended and incorporates LB845 as amended, LB 733 as amended, and also LB 1144 and LB 1013.

LB 867 – Sections 1, 2, 3, 4, 6, 9, and 10 of AM 2270, are summarized as follows:

Sections 1 & 2: LB867 repeals §68-922, which allowed the healthy spouse of an institutionalized Medicaid applicant

to formally designate certain assets and income for their own use, and removes the corresponding provisions in the criminal nonsupport and abandonment statutes that recognized such a designation as just cause for withholding medical support. The combined effect eliminates both the spousal asset protection mechanism and the criminal defense built around it.

Section 3: LB867 amends §30-38,113 to explicitly prohibit transfer penalties for any individual who establishes or funds an individual account in a pooled special needs trust, regardless of age. Prior law extended this protection only to trusts funded on behalf of a child with disabilities. This change ensures consistent treatment across age groups.

Section 4: LB867 amends §38-131 to clarify that the criminal background check and fingerprinting requirement under the Uniform Credentialing Act applies only to initial license applicants, not to renewal applicants.

Section 6: LB867 amends §43-3342.04 to remove the requirement that the Title IV-D Customer Service Unit generate new hires equal to at least one-fourth of one percent of the local labor force, while retaining the requirement that the unit remain physically located in Nebraska.

Sections 9 & 10: LB867 amends §68-716 and §68-916 to remove cross-references to the spousal asset protection provisions in §§68-921 through 68-925, which are repealed elsewhere in the bill. The underlying subrogation and assignment rights of the county and DHHS with respect to third-party medical cost claims are otherwise unchanged.

LB 845 – Sections 12 through 28 of AM 2270

LB 845 was introduced as a committee bill. As amended, this bill combines two existing advisory groups—the Alzheimer’s Disease and Other Dementia Advisory Council and the Division of Medicaid and Long-Term Care Advisory Committee on Aging—into a single new group called the Aging, Alzheimer, and Dementia Advisory Council which shall consist of seventeen voting members. The requirements about who serves on the council are changed to include an individual or advocate with experience or expertise in aging and special populations. A dedicated fund for the group’s work is created. Additionally, the bill eliminates the Alternative Response Advisory Committee and renames the State Advisory Committee on Mental Health Services as the State Advisory Committee on Mental Health and Substance Use Services to better reflect its responsibilities.

LB845 had a public hearing on January 23, 2026.

Testifiers on LB845:

Proponents:

Senator Brian Hardin , Opening Presenter

Tony Green, DHHS

Randy Jones, NE4a, Nebraska Area Agencies on Aging

Traci Lichti, Alzheimer's Disease and Other Dementia Advisory Council

Jina Ragland, AARP Nebraska

Opponents:

Chloe Fowler, Nebraska Childrens Commission

Monika Gross, Foster Care Review Office, Alternative Response Advisory Committee

Alex DeGarmo, Alzheimer's Association

Corrie Kielty, Nebraska Court Appointed Special Advocate Association CASA

Neutral:

Jennifer Carter, Inspector General of Nebraska Child Welfare

Committee vote to attach LB845:

Yes: 7 Hardin, Ballard, Fredrickson, Hansen, Meyer, G., Quick, Riepe;

No: 0;

Absent: 0;
Present Not Voting: 0;

LB 733 – Sections 5, 11, 23, and 27 of AM 2270

LB 733 was introduced by Senator Riepe. As amended, this bill changes the name of the Division of Developmental Disabilities of the Department of Health and Human Services to the Division of Disability and Aging of the Department of Health and Human Services.

LB 733 had a public hearing on January 21, 2026.

Testifiers on LB733:

Proponents:

Senator Merv Riepe , Opening Presenter
Tony Green, DHHS, Director, Div of Developmental Disabilities
Alana Schriver, NASP, Nebraska Association of Service Providers
Kristen Larsen, Nebraska Council on Developmental Disabilities

Opponents: None

Neutral: None

Committee vote to attach LB733:

Yes: 7 Hardin, Ballard, Fredrickson, Hansen, Meyer, G., Quick, Riepe;

No: 0;

Absent: 0;

Present Not Voting: 0;

LB 1144 – Sections 7 and 8 of AM 2270.

LB 1144 was introduced by Senator Hardin. This bill amends Medicaid statutes to broaden the definition of a “health plan” and establish clearer requirements for claim response and denial procedures. The bill expands the definition of “health plan” to include service benefit plans, managed care organizations, pharmacy benefit managers, and any other entity legally responsible—by law, contract, or agreement—for payment of a health care item or service claim. The bill also requires any entity issuing a health plan to respond to a request from the Department of Health and Human Services (DHHS) regarding a claim for payment if the claim relates to services provided within the preceding three years. The bill prohibits a health plan from denying a claim submitted by DHHS solely due to the date of submission, the type or format of the claim form, or improper documentation, provided that DHHS submits the claim within three years of the service date and initiates action within six years of claim submission. Health plans must provide requested information within thirty days of a DHHS request, absent good cause for delay, and requests for coverage information must identify the individual at issue.

LB 1144 had a public hearing on February 11, 2026.

Testifiers on LB1144:

Proponents:

Senator Brian Hardin , Opening Presenter
Drew Gonshorowski, Department of Health and Human Services

Opponents: None

Neutral: None

Committee vote to attach LB1144:

Yes: 7 Hardin, Ballard, Fredrickson, Hansen, Meyer, G., Quick, Riepe;

No: 0;

Absent: 0;

Present Not Voting: 0;

LB 1013 – Section 29 of AM 2270

LB 1013 was introduced by Senator Hansen. This bill allows for flexibility by the state to use youth rehabilitation and treatment center facilities to house either boys or girls, but not both simultaneously. The state DHHS institutions are: Beatrice State Developmental Center, Lincoln Regional Center, Norfolk Regional Center, and Youth Rehabilitation and Treatment Center–Kearney. The Kearney center is normally single-sex, with other youth facilities ensuring gender separation. In emergencies like natural disasters or damage, facilities may house both genders for up to seven days with safe separation. Treatment for juveniles ordered by the court or deemed necessary must not be delayed.

LB 1013 had a public hearing on February 6, 2026.

Testifiers on LB1013:

Proponents:

Senator Ben Hansen , Opening Presenter

Dr. Alyssa Bish, DHHS

Opponents:

Jay Wilson, Fraternal Order of Police, President of Lodge #88

Luke Molzer, Whitehall PRTF

Rolf Holbrook, Whitehall

Alex Johnson, self

Tim Royers, Nebraska State Education Association

Tricia Jacobsen, self/NSEA Nebraska State Education Association

Lisa Irwin, self/NSEA

Katie Nungesser, Voices for Children Nebraska

Kathy Bigsby Moore, self

Billy Stock, Nebraska Association of Public Employees (NAPE/AFSCME Local 61)

Morgan Cavanaugh, self

Mariah Morgan, Whitehall PRTF

Jesse Esquivel, Whitehall

Neutral:

Monika Gross, Executive Director, Foster Care Review Office

Committee vote to attach LB1013:

Yes: 5 Hardin, Ballard, Hansen, Meyer, G., Riepe;

No: 2 Fredrickson, Quick;

Absent: 0;

Present Not Voting: 0;

Section by Section Summary of AM 2270.

Section 1 – Amends §30-38,113 to explicitly prohibit transfer penalties for any individual who establishes or funds an individual account in a pooled special needs trust, regardless of age. Prior law extended this protection only to trusts funded on behalf of a child with disabilities, leaving adults in pooled trusts without equivalent protection. All other existing special needs trust protections remain unchanged.

Section 2 – Amends §38-131 to clarify that the criminal background check and fingerprinting requirement under the Uniform Credentialing Act applies only to initial license applicants, not to renewal applicants.

Section 3 – Amends §43-2624 so that the department may use available federal funds to award grants beyond the state's allocated appropriation to individuals, community organizations, or schools to start or improve child care programs or to support staff training.

Section 4 – Amends §43-3342.04 by removing the workforce requirement when the Customer Service Unit is established, it must create enough new jobs — whether filled by employees or contractors — equal to at least 0.25% of the total workforce in whatever Nebraska county or counties it is located in.

Section 5 – Amends §43-4413 solely to reflect the renaming of the Division of Disability and Aging to the Division of Developmental Disabilities, consistent with the broader reorganization in this bill.

Section 6 – Amends §43-4504 §43-4504 to replace the vague eligibility trigger "upon attaining the age of eligibility" with a specific point-in-time standard, requiring that youth adjudicated under subdivision (3)(c) of §43-247 must have been in a qualifying court-ordered out-of-home placement one day prior to their 19th birthday or applicable tribal age of majority.

Section 7 – Amends §68-927 by changing the definition of health plan to mean any insurance policy or employer benefit plan that pays for an individual's health care costs resulting from illness, disability, injury, or a change in health condition, including managed care organizations, pharmacy benefit managers, and any other entity legally obligated to pay health care claims.

Section 8 – Amends §68-928 by adding new language. Current law requires licensed and self-funded insurers to provide coverage information to the state upon request, without individual authorization, within 30 days. This section adds a new obligation for health plan issuers: they must respond to state claims for payment on services provided within the past three years, and cannot deny those claims solely on the basis of submission timing, form type, or missing point-of-sale documentation, provided the state files the claim within three years of the service date and begins enforcement within six years. The 30-day response requirement and individual-specific request requirements remain unchanged.

Section 9 – Amends §68-1006 by directing that assistance for the aged, blind, or disabled is based on each person's financial need and circumstances, and certain increases in Social Security benefits may be ignored when calculating that need.

Section 10 – Amends §68-1007 such that when determining financial need for assistance to the aged, blind, or disabled, the Department of Health and Human Services considers all income and resources, minus any expenses needed to earn that income. For individuals who are blind, the first \$85 of earned income per month is ignored, along with half of any income above that. Additionally, for up to twelve months, extra income or resources needed to carry out an approved plan for achieving self-support may also be disregarded.

Section 11 – Amends §68-1530 solely to reflect the name change from the Division of Developmental Disabilities to

the Division of Disability and Aging.

Section 12 – Amends §71-561 to §71-567 to include section 18 of AM 2270 as part of the Aging, Alzheimer’s and Dementia Support Act.

Section 13 – Amends §71-563 to redefine Council to mean the Aging, Alzheimer’s, and Dementia Advisory Council.

Section 14 – Amends §71-564 in order to combine two existing advisory groups—the Alzheimer’s Disease and Other Dementia Advisory Council and the Division of Medicaid and Long-Term Care Advisory Committee on Aging—into a single new group called the Aging, Alzheimer, and Dementia Advisory Council which shall consist of seventeen voting members. The requirements about who serves on the council are changed to include an individual or advocate with experience or expertise in aging and special populations, and a dedicated fund for its work is created. Additionally, the bill eliminates the Alternative Response Advisory Committee and renames the State Advisory Committee on Mental Health Services to the State Advisory Committee on Mental Health and Substance Use Services to better reflect its responsibilities.

Section 15 – Amends §71-565 to reflect the role of the Aging, Alzheimer’s, and Dementia Advisory Council to examine the needs of aging individuals in addition to its work serving those with Alzheimer’s or dementia.

Section 16 – Amends §71-566 to add to the role of the Aging, Alzheimer, and Dementia Advisory Council to include collecting data and conducting studies on issues affecting aging individuals, coordinating efforts among state and local agencies, reviewing national research and programs on aging, and promoting the exchange of information among government and private organizations. It also encourages cooperation in developing and overseeing demonstration programs that help older adults remain active in their families and communities and reduce the need for long-term institutional care.

Section 17 – Amends §71-567 which requires the Aging, Alzheimer’s, and Dementia Advisory Council to create a State Alzheimer’s Plan and submit it to the Governor and Legislature. The section as amended requires that the plan must be updated every four years starting in 2028.

Section 18 – Creates the Aging, Alzheimer’s, and Dementia Advisory Council Fund is established to hold federal funds, grants, and gifts for purposes allowed under the Aging, Alzheimer’s, and Dementia Support Act. Funds must follow any conditions attached to their receipt, be deposited with the State Treasurer, and may be invested by the state investment officer under state investment laws.

Section 19 – Amends §71-814 so that the State Advisory Committee on Mental Health Services is renamed the State Advisory Committee on Mental Health and Substance Use Services and, beginning July 1, 2026, absorbs the duties of the State Advisory Committee on Substance Abuse Services, consolidating both functions under one body.

Section 20 – Amends §71-2226 to remove women, infants, and children from the Commodity Supplemental Food (CSF) program while leaving such benefits available to elderly persons in Nebraska who qualify.

Section 21 – Amends §71-7450 so that all license fees collected under the Wholesale Drug Distributor Licensing Act shall be used only for the payment of expenses related to the prescription drug monitoring program (PDMP), and also eliminates obsolete language.

Section 22 – Amends §81-6,122 to reflect the name change of the State Advisory Committee on Mental Health Services to State Advisory Committee on Mental Health and Substance Use Services.

Section 23 – Amends §81-1316 to reflect the name change from the Division of Developmental Disabilities to the Division of Disability and Aging.

Section 24 – Amends §81-2205 such that under the Nebraska Community Aging Services Act, Council means the Aging, Alzheimer's, and Dementia Advisory Council.

Section 25 – Amends §81-2212 to replace the word Committee with the word Council which means the Aging, Alzheimer's, and Dementia Advisory Council.

Section 26 – Amends §81-2226 to replace the word Committee with the word Council which means the Aging, Alzheimer's, and Dementia Advisory Council.

Section 27 – Amends §81-3113 to reflect the name change from the Division of Developmental Disabilities to the Division of Disability and Aging as one of the five divisions of the Department of Health and Human Services (DHHS).

Section 28 – Amends §81-3116 to reflect the name change from the Division of Developmental Disabilities to the Division of Disability and Aging.

Section 29 – §Amends §83-107.01 to designate YRTC-Kearney for boys only and YRTC-Geneva for girls only, replacing the prior standard that allowed either facility to serve boys or girls but not both simultaneously. Gender separation is required at any other facility operated as a YRTC. In declared emergencies such as natural disasters or facility damage, mixed-gender use is permitted for up to seven days provided safe gender separation is maintained. Court-ordered or clinically necessary juvenile treatment may not be delayed.

Section 30 – Amends§ 83-1201 to harmonize such that Sections 83-1201 to 83-1226 shall be known and may be cited as the Developmental Disabilities Services Act.

Section 31 – Amends §83-1204 such that Department shall mean the Division of Developmental Disabilities to the Division of Disability and Aging.

Section 32 – Amends §83-1206 such that Director shall mean the Director of Disability and Aging of the Division of Disability and Aging.

Section 33 – Repealer.

Section 34 – Repealer.

Brian Hardin, Chairperson