

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1016**

Introduced by Raybould, 28; Spivey, 13.

Read first time January 13, 2026

Committee: Health and Human Services

1 A BILL FOR AN ACT relating to the Medical Assistance Act; to amend  
2 section 68-901, Revised Statutes Cumulative Supplement, 2024; to  
3 state intent; to require the Department of Health and Human Services  
4 to submit a demonstration project waiver application for  
5 reimbursement of traditional healing services under the medical  
6 assistance program as prescribed; and to repeal the original  
7 section.

8 Be it enacted by the people of the State of Nebraska,

1       **Section 1.** Section 68-901, Revised Statutes Cumulative Supplement,  
2       2024, is amended to read:

3       68-901 Sections 68-901 to 68-9,111 and sections 2 to 6 of this act  
4       shall be known and may be cited as the Medical Assistance Act.

5       **Sec. 2.** (1) The Legislature finds that: (a) Health inequities  
6       persist among American Indian and Alaska Native populations and other  
7       underserved communities within the State of Nebraska; (b) culturally  
8       grounded and community-based approaches to health care, including  
9       traditional healing practices, have demonstrated value in supporting  
10       physical, mental, emotional, and spiritual well-being; (c) section 1115  
11       of the Social Security Act authorizes the Secretary of the United States  
12       Department of Health and Human Services to approve experimental, pilot,  
13       or demonstration projects that promote the objectives of the medicaid  
14       program; and (d) meaningful consultation with tribal nations is required  
15       under federal law and is essential to government-to-government  
16       relationships and effective health policy.

17       (2) The purpose of sections 2 to 6 of this act is to authorize the  
18       department to seek federal approval to test the reimbursement of  
19       traditional healing services under the medical assistance program in a  
20       manner that improves access to culturally appropriate care, advances  
21       health equity, and complies with medicaid requirements.

22       **Sec. 3.** (1) No later than July 1, 2026, the department shall  
23       develop and apply to the federal Centers for Medicare and Medicaid  
24       Services for approval of a demonstration project waiver pursuant to  
25       section 1115 of the Social Security Act to allow for reimbursement of  
26       traditional healing services under the medical assistance program. If the  
27       department has not submitted the demonstration project waiver application  
28       by July 1, 2026, the department shall, on or before such date, submit a  
29       report to the Health and Human Services Committee of the Legislature  
30       stating the reasons for the delay, the status of consultation, and the  
31       anticipated submission date.

1       (2) The demonstration project shall be designed to: (a) Improve  
2 health outcomes and access to care for medicaid beneficiaries through  
3 culturally appropriate services; (b) test the effectiveness of  
4 traditional healing services as a complement to existing covered medicaid  
5 services; (c) maintain budget neutrality and program integrity in  
6 accordance with federal law and guidance; and (d) maximize available  
7 federal financial participation, including enhanced federal matching  
8 funds where available, consistent with federal law and guidance.

9       **Sec. 4.** (1) For purposes of sections 2 to 6 of this act,  
10 traditional healing services means culturally grounded practices that  
11 support health and well-being, as defined by the department in  
12 consultation with tribal nations, tribal health authorities, and urban  
13 Indian organizations as defined in 25 U.S.C. 1603, as such section  
14 existed on January 1, 2026.

15       (2) Traditional healing services authorized under the demonstration  
16 project shall: (a) Be voluntary for medicaid beneficiaries; (b) not  
17 replace or restrict access to otherwise covered medicaid services; and  
18 (c) be delivered by providers meeting eligibility criteria established by  
19 the department and approved by the federal Centers for Medicare and  
20 Medicaid Services.

21       **Sec. 5.** (1) The department shall engage in consultation with tribal  
22 nations and urban Indian organizations as defined in 25 U.S.C. 1603, as  
23 such section existed on January 1, 2026, prior to submission of the  
24 demonstration project waiver application and throughout the  
25 implementation and evaluation of the demonstration project.

26       (2) Consultation shall include, but not be limited to: (a)  
27 Development of service definitions and provider eligibility criteria; (b)  
28 design of reimbursement methodologies; (c) evaluation measures and  
29 reporting requirements; and (d) confidentiality protections and  
30 safeguards to ensure that participation does not require disclosure of  
31 culturally protected or sacred knowledge consistent with applicable state

1 and federal law.

2 (3) Nothing in sections 2 to 6 of this act shall be construed to  
3 waive tribal sovereignty, alter federal Indian health authorities, or  
4 diminish the federal trust responsibility.

5 **Sec. 6.** (1) The department shall adopt and promulgate rules and  
6 regulations to administer the demonstration project, subject to approval  
7 by the federal Centers for Medicare and Medicaid Services, including  
8 provisions related to reimbursement, utilization controls, data  
9 collection, and reporting.

10 (2) The department shall include an evaluation component as required  
11 under section 1115 of the Social Security Act to assess the impact of the  
12 demonstration project on health outcomes, access to care, utilization,  
13 and cost effectiveness, and shall report findings as required by federal  
14 law.

15 (3) Implementation of sections 2 to 6 of this act is contingent upon  
16 approval of the demonstration project waiver by the federal Centers for  
17 Medicare and Medicaid Services.

18 **Sec. 7.** Original section 68-901, Revised Statutes Cumulative  
19 Supplement, 2024, is repealed.