

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.