

Appropriations Committee
Department of Health and Human Services Testimony
January 30, 2012

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Good afternoon, Senator Heidemann and members of the Appropriations Committee. For the record, I am Kerry Winterer (K-e-r-r-y W-i-n-t-e-r-e-r), Chief Executive Officer for the Department of Health and Human Services.

I am joined today by Matt Clough, Chief Operating Officer for the Department and the Division Directors: Dr. Joann Schaefer, Director of the Division of Public Health and the State's Chief Medical Officer; Scot Adams, Interim Director of the Division of Children and Family Services and Director of Behavioral Health; Vivianne Chaumont, Director of the Division of Medicaid and Long-Term Care; Jodi Fenner, Director of the Division of Developmental Disabilities; and John Hilgert, Director of the Division of Veterans' Homes.

Before we begin, we wish to thank you and your staff for your work on behalf of the Department, and especially on priority areas for us. We also thank you for including many of our requests in your preliminary recommendations. We will not address those requests unless you have additional questions for us.

The budget adjustments proposed by Governor Heineman are intended to continue our initiatives to improve services for the most vulnerable Nebraskans. The recommendations reflect the realities of the current economic situation and enable us to implement operational efficiencies throughout the Department, to redirect resources, where necessary, and to adjust to changes in federal funding.

Administration

- The Governor's recommendation includes the \$222,030 in General Funds, \$229,029 in Federal Funds, and \$309,837 in Personal Service Limitation for FY 2012 requested by the department to retain Social Services Workers to assist with ACCESSNebraska caseload increases resulting from the downturn in the economy. These funds will allow the Department to continue to finance up to forty Social Services Worker positions through the end of FY 2012 that otherwise would be eliminated to meet previously adopted budget actions. The Committee's preliminary recommendation does not include this amount and we ask that these funds be included.

- The Governor recommends the transfer of \$2,271,755 in General Funds and \$2,271,755 in Federal Funds from the Department administration program to Public Assistance for FY 2013. This transfer of appropriation authority allows for the child welfare case management function to remain with private contractors. The Department requests the Committee include this recommendation to continue transfer of funds to contract for case management.

Medical Assistance

- The Governor recommends reductions of \$3,382,913 in General Funds and \$4,302,032 in Federal Funds for the Medicaid Program for FY 2013, as well as reductions of \$8,319 in General Funds and \$18,681 in Federal Funds for the Children's Health Insurance Program for FY 2013, to reflect savings from proposed changes to the Medicaid and CHIP programs. These reductions are based on the Department's December 1 letter to the Legislature and would have an implementation date of January 1, 2013.

One recommendation increases co-payments for physical, speech and occupational therapy visits from \$1 to \$2 per visit. We currently have a \$2 per visit co-payment for practitioners such as physicians and dentists as well as for behavioral health therapy visits. This increase allows the program to be consistent with the application of co-payments.

The non-emergency use of emergency departments by Medicaid clients has long been recognized as a costly problem. Non-emergency issues and chronic conditions should be treated by a primary care provider, not by an expensive visit to a hospital emergency department. The co-payment of \$50 per non-emergency visit to the emergency department is a cost effective way to discourage those who do not need to visit an emergency department from doing so. If the primary care provider determines the visit was indeed an emergency, the co-payment will not be required.

We are proposing a reduction of home health services to 240 hours per year. As of 2008 data, 29 states have identified limits on home health services including 3 surrounding states with limits of 100, 120 and 240 visits per year. This limitation will impact less than 5% of current clients receiving home health services. The limitation mainly impacts clients who are authorized for a large amount of home health aide hours. There has been concern expressed that this will result in institutional care. This is not the case. We believe it is important for people to be able to stay at home and have in fact developed programs for that purpose. Appropriate care for clients can be provided through the Home and Community Based waivers and Personal Assistance Services. The hourly rates of those services are about half of the hourly rate of home health aide services. The

Home and Community Based waiver can currently serve these clients. I want to add, however, that we know out-of-home care is not always more costly.

The Nurse Practice Act allows Personal Assistance Services and waiver providers to be reimbursed by Medicaid for any task that an individual can be trained to do for a family member. These tasks include ostomy, wound, skin and ventilator care such as suctioning; provision and application of medication; injections into veins, muscles or skin, insertion and care of catheters. The variety of these services, along with home health services up to 240 hours per year, provide options for people to continue to live in the community.

The Department recommends the elimination of Private Duty Nursing, an optional service under federal law. According to 2008 data, 28 states do not cover this service including 5 of the surrounding states. Those that do place limits on services. Clients receiving the Private Duty Nursing services would be eligible for the more cost effective community based services such as PAS or Chore through the Home and Community Based Waivers. Additionally, medical child care and respite services through the Home and Community Based waiver could be used to maintain the care of children while parents go to school or work.

The Department proposes two changes to the Personal Assistance Service program. The first is to require that clients meet the level of care necessary to be eligible for nursing facility care and Home and Community Based waiver in order to receive Personal Assistance Services. This requirement ensures that the service is provided to clients in lieu of the more expensive nursing home care.

The second change is to limit the Personal Assistance Services to 3.5 hours per day or not more than 60 hours per month per client. Using a combination of PAS, home health and waiver services, a client can still have the care necessary to remain in the community. Again, the change in these services will not necessarily result in institutional care.

As of 2008 date, twenty states do not offer PAS programs. Of the six surrounding states, four do not provide this service.

We propose that Medicaid stop paying for oral nutritional supplements such as formula and drinks such as Boost and Ensure. Nutrition taken via a tube or food mixtures given into the blood through an IV would still be covered. Medicaid is not a food program. Other programs such as the Women, Infants and Children food program and SNAP are in place for nutritional needs. Medicare does not pay for nutritional supplements that are taken orally and this is not a benefit covered by private insurance. I repeat, nutrition taken via tube or IV would still

be covered after implementation of the reductions identified in the December 1, 2011 letter.

The Department proposes to limit behavioral health services to 60 outpatient therapy visits per year. This limit would provide parity with the current limit of 60 outpatient physical health therapies per year. The vast majority of Medicaid clients do not currently exceed the limit of 60 mental health therapy visits per year. Limits applied in other states vary from 12 to 52 visits per year. Of the 34 states where the Medicaid program offers mental health therapy services, a majority limit those services to one time per week or less.

Making the necessary changes to the Medicaid program is difficult. Our goal has been to ensure that limited resources are used efficiently and effectively to provide safe and appropriate services. The Medicaid program currently provides services to more than 237,000 clients. We propose these measures to ensure that it remains a viable program for meeting the basic health needs of needy Nebraskans.

Developmental Disabilities

- The Governor's recommendation includes \$127,580 in General Funds, \$127,580 in Federal Funds, and \$160,795 in Personal Service Limitation for FY 2013 for an additional disability service specialist as well as four additional service coordinators in the Department's Developmental Disabilities Division. The addition of the disability service specialist would allow for timely identification and referral to DD service coordinators from Children and Family Services intake staff for children who may be eligible for services through the Division of Developmental Disabilities, potentially avoiding the situation where a child has to enter state custody in order to access services. This is part of the Department's efforts to coordinate services across our divisions. For this select population, the goal would be to put the most appropriate services in place quickly in an effort to avoid prolonged court involvement and to obtain permanency and normalcy in a more efficient and effective manner. The Governor proposes to finance the state share for these additional staff through a reallocation of resources from the Developmental Disabilities Aid Program. The Committee has included this item recommended by the Governor at an amount less than recommended by the Governor. The Department urges the Committee to include the Governor's recommendation as these funds are necessary for timely referrals.

We appreciate the opportunity to discuss these budget adjustments with you and would be happy to answer any questions you have.