

Health and Human Services Committee
LB 605
February 8, 2017

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Good afternoon, Senator Riepe, and members of the Health and Human Services Committee. My name is Calder Lynch (C-A-L-D-E-R L-Y-N-C-H) and I am the Director of the Division of Medicaid and Long Term Care in the Department of Health and Human Services (DHHS). I am here to testify in support of LB 605. Thank you, Senator Riepe, for introducing this bill and working with the Department so that the rates we pay some of our state's most important providers meet federal regulations.

Nebraska has a provider tax for intermediate care facilities for persons with developmental disabilities. Statute dictates that this tax is to be used by the state to draw down additional federal funding to provide enhanced rates for these providers and provide an additional one million dollars to our state's general fund. The current law mandates that the state rebase the rates for these facilities by increasing the annual inflation factor to the extent allowed by the proceeds of the tax. This does not allow the Department to modify the rates paid to these facilities outside of the strict parameters of the statute. The federal government has indicated that the state will no longer be able to fully match the state tax with federal funds if this method of calculating the enhanced rate continues. This change will provide Nebraska Medicaid the flexibility to modify rates as needed due to federal regulations and other guidance.

Additionally, State Statute 68-1806 says that this tax will terminate if these federal funds no longer become available. Because federal financial participation will no longer be available to the entirety of these funds, this bill protects the integrity of these reimbursements going forward.

Thank you for the opportunity to testify before you today. We believe LB 605 will help DHHS continue in our mission of helping people live better lives. I'm happy to answer any questions you may have.