

Appropriations Committee
Department of Health and Human Services Testimony
March 25, 2013

Kerry T. Winterer
CEO, Department of Health and Human Services

Good afternoon, Senator Mello 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. Joseph Acierno, Director of the Division of Public Health; Vivianne Chaumont, Director of the Division of Medicaid and Long-Term Care; and John Hilgert, Director of the Division of Veterans' Homes. The other directors will be before the Committee tomorrow.

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 initiative to improve services and allow us to fulfill our mission of helping people live better lives. The recommendations reflect the realities of the current economic situation, enable us to continue to implement operational efficiencies throughout the Department, and adjust to changes in federal funding. Let me briefly touch on the differences between your budget and the Governor's budget for each division and then each director and I can respond to questions.

Medicaid and Long-Term Care

In regard to Medicaid & Long-Term Care, the Committee has included \$28,400,000 for each fiscal year for the replacement of the Medicaid Management Information System (MMIS) that was not part of the Governor's recommendation. As you know, the Affordable Care Act (ACA) has mandated significant changes to the Medicaid program effective January 1, 2014. Implementation of the ACA is and will continue to be a priority for Medicaid and Long-Term Care staff, as well as others in the Department who support this work. We simply do not have the resources at this time to work on replacing MMIS given the federal mandates of the ACA. Additionally, this long-term project would also require appropriations in FY16 and FY17 as well as the amounts the Committee has set forth in FY14 and FY15.

The Governor's recommendation includes \$53,400,000 in FY 2013-2014 and \$105,800,000 in FY 2014-2015 to implement the service provisions of ACA. The Committee has reduced this amount by \$8,400,000 in FY 2013-2014 and \$18,300,000 in FY 2014-2015. The Department retained Milliman, Inc. to assist the Department in preparing a formal and independent actuarial analysis of the fiscal impact associated with ACA. The fiscal analysis provided by Milliman is the basis for the amounts included in the Governor's recommendation. No information has been provided to us that would cause us to change our estimates; therefore, we continue to stand behind this analysis. The Department would request that the Committee include the amounts in the Governor's budget recommendation.

Public Health Vital Records

As to Vital Records in Public Health, the Governor recommended \$690,000 of cash funds for FY 2013-2014 and FY 2014-2015 for increased operating costs and security upgrades in the vital records program. Increased maintenance costs for the electronic registration system and new requirements and standards for document security require the additional funding. Revenue generated under the current fee structure will not meet future expenditures. Funding at the levels in the Governor's budget recommendations will allow us to continue services provided by Vital Records at the current level. We urge the committee to include this amount in its recommendation.

FY2012-2013 Deficit Appropriations

In Public Health for the current fiscal year, the Department is requesting an increased cash spending authority for Professional Licensure, Program 178. Effective July 1, 2012 the Department received an approved increase in the indirect cost rate for Professional Licensure, Program 178 from 31% to 45%. In order to meet this increased share of costs, the cash spending authority needs to increase by \$422,556 for FY13. The Program has available funds to meet this need.

Central Nebraska Veterans' Home

For a new Veterans' Home, the Governor has recommended \$47,015,459 from the Nebraska Capital Construction Fund and \$74,004,854 estimated federal funds for FY 2013-2014 for the construction of a veterans' home in Central Nebraska. The Committee did not include this item in their preliminary recommendation. We believe it is time to replace the 126 year old facility located in Grand Island to provide the care that our veterans deserve. John Hilgert, Director of the Division of Veterans' Homes will present an overview of the need for this project at the conclusion of my testimony.

We appreciate the opportunity to discuss our budget request with you. I would be happy to answer any questions you may have for me. Otherwise, I will turn this over to Director Hilgert. After his presentation, the Directors and I will be available for any questions you may have.