

Appropriations Committee
Department of Health and Human Services Testimony
March 26, 2013

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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 of the Department of Health and Human Services.

I am joined today by Jodi Fenner, Director of the Division of Developmental Disabilities, Thomas Pristow, Director of the Division of Children and Family Services; and Scot Adams, Director of the Division of Behavioral Health.

Before we begin today, I would like to thank you and your staff again 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 to allow us to fulfill our mission of helping people live better lives. The recommendations reflect the realities of the current economic situation and 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.

Developmental Disabilities New Rate Methodology

For the Division of Developmental Disabilities' new rate methodology, the Governors' recommendation includes \$16,536,685 for FY 2013-2014 and \$33,073,369 for FY 2014-2015 to update the methodology used to calculate rates paid to specialized providers of services to people with developmental disabilities and to implement fully the objective assessment process. The Committee has reduced that amount by \$4,536,685 in FY 2013-2014 and \$8,851,369 in FY 2014-2015.

In 2009, the Legislature provided funding for a Rate Methodology Study. The prior rate study from 1992, upon which current rates are based, was premised on entry-level direct support staff salaries at BSDC. This resulted in a rate increase to allow community providers to raise direct support staff salaries to improve quality and reduce turnover. In 2009, however, providers expressed concern that current funding levels were not

covering their necessary expenses. The current rate study, which is based on the actual costs of services, is consistent with our Medicaid waivers to reimburse on a cost-basis.

The current study also assumes full implementation of the Objective Assessment Process (OAP), which was adopted by the Legislature in 1999, rather than a phased-in approach. As the OAP identifies the assessed need for each individual, it is a real concern to treat people differently through a phase-in and to continue to fund anyone at less than their assessed need level.

Additionally, CMS requires us to pay for the full cost of services and partial payment will not be permitted. This will cause us difficulties when we attempt to renew our waivers in 2015, and could place federal funding in jeopardy.

For these reasons, the Governor included full funding for the Rate Methodology and OAP implementation in his budget proposal. The Department requests that the Committee include the total amount included in the Governor's recommendation.

Developmental Disabilities Service Coordination Registry of Unmet Needs

In regard to the Developmental Disabilities Service Coordination Registry of Unmet Needs, the Committee has recommended \$4,440,000 for FY 2013-2014 and \$8,880,000 for FY 2014-2015 to fund DD clients on the registry of unmet needs. The Department estimates that this will fund services to approximately 95 to 125 new individuals each fiscal year.

The Committee has recommended funding for two additional staff members each fiscal year. If the Committee chooses to fund services to people on the Registry of Needs, the Department requests that it fund the staff necessary to support the additional persons in services so that quality of services is not negatively impacted and federal funding is not put at risk.

In order to maintain reasonable service coordinator caseloads and quality assurance measures necessary to ensure we continue to meet the terms and assurances required for federal waiver funding, the Division would require additional staff to support these new people in services. In particular, the Division would need a total of four service coordinators and one developmental disabilities service specialist in 2014, estimated at an additional \$229,762 over the Committee's recommendation. In 2015, in addition to the staff identified for 2014, the Division would need an additional four service coordinators and one developmental disabilities surveyor, estimated to be an additional \$470,463 over the Committee's recommendation.

FY2012-2013 Deficit Appropriations

Regarding Deficit Appropriations, the Department requested, and the Governor included in his recommendation for FY 2012-2013, \$3,300,000 of General Funds for the Economic Assistance Program to fund costs for ACCESSNebraska Customer Service Centers. This need is due to the communication costs at the centers being higher than projected. On January 24th, the Office of the Chief Information Officer notified the Department that we had been overcharged since July 2012. This notification came after the Governor submitted his budget recommendation. The overcharge amounted to \$1.2 million dollars. With this credit provided to DHHS, the Department is reducing its request to \$2.1 million. The Department requests that this amount be included in the Committee's recommendation.

The Department has implemented changes to the communications process in the Customer Service Centers that will not require this level of funding in future budgets.

Capital Construction

We have one Capital Construction item to address.

The Governor's recommendation includes \$2,211,000 from the Nebraska Capital Construction Fund for FY 2013-2014, and \$3,321,000 General Funds and \$789,000 from the Nebraska Capital Construction Fund for FY 2014-2015 for the renovation of Building No. 3 at the Hasting Regional Center campus to house the male adolescent chemical dependency program. The Committee did not include this item in the preliminary budget. Scot Adams, Director of the Division of Behavioral Health is present and will present more information on 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 have for me. Otherwise, I will turn it over to Director Adams. After his presentation, the Directors and I will be available for any questions you may have.