

Appropriations Committee
Department of Health and Human Services
March 14, 2017

Courtney Miller, Director
Division of Developmental Disabilities

Good afternoon, Senator Stinner and members of the Appropriations Committee. For the record, I am Courtney Miller (C-O-U-R-T-N-E-Y M-I-L-L-E-R) Director of the DHHS Division of Developmental Disabilities.

I am joined today by Doug Weinberg, Director of the Division of Children and Family Services, and Sheri Dawson, Director of the Division of Behavioral Health.

The Division of Developmental Disabilities administers publicly funded services to nearly 5,000 individuals in community-based settings, and enrolls and provides oversight of service providers. In addition, the DD team provides services to 110 people at the Beatrice State Developmental Center, a state-operated residential community with five separate 24-hour Intermediate Care Facilities, and services to six people at Bridges in Hastings, a state-operated Center for the Developmentally Disabled. As announced last week, the individuals at Bridges will be transitioning to willing and capable providers over the next 90 days.

Over the past 18 months, the DD team has worked to improve performance and streamline services with a focus on customer service. We engaged with stakeholders across the state regarding delivery of DD services and the development of our new Medicaid Home and Community-Based Services waivers, and we have established monthly meetings for ongoing dialogue. A redesign of the DD services application was implemented as part of ACCESSNebraska, allowing individuals to access it 24 hours a day, seven days a week. We also streamlined the application from 14 pages to 3 and slashed the average number of days to process applications from 69 days to 14.

Our team has been successful in increasing the number of individuals employed or actively seeking employment. We have developed operational guidelines for staff for statewide consistency and increased outreach to individuals on the Registry of Unmet Needs. We are also rewriting our regulations so they are easier to understand, focusing on federal and state requirements and consistency.

The Department conducted a thorough review of all programs and services and identified both strategic increases necessary to meet critical services and strategic reductions in response to the budget gap that we believe will have the least impact to direct client care, service capacity and recipient services.

The budget proposed by Governor Ricketts reflects the realities of the current economic situation and enables us to implement operational efficiencies throughout the Department and to redirect resources where necessary. It is intended to continue strategic and priority services in our commitment to our mission of helping people live better lives. The recommendations

build on the Governor's priorities of creating a more effective, more efficient, and customer-focused state government.

In light of the recent economic forecasting report, the Division of Developmental Disabilities supports and is fully prepared to implement the Governor's budget recommendations.

I would like to thank you and your staff for your work on behalf of the Department. As with our testimony yesterday, we will not address Governor's recommendations that are included in your preliminary recommendation unless you have additional questions for us.

Provider Rate Reductions

The Governor's recommendation included a 2.20% rate reduction for providers of developmental disability services, totaling \$3,226,428 in General Fund savings for FY 2018 and FY 2019. This was not included in the Appropriations Committee's recommendation; rather, the Committee's recommendation includes an increase in provider rates of 1%.

Providers of developmental disability services received a 2.25% increase to their rates in FY 2016 and FY 2017, and the Department's intent is for the providers to participate in the reductions necessitated by the current budget situation. The Department requests the Committee include the reduction that is in the Governor's recommendation.

Transfer of staff from Program 421, Beatrice State Development Center, to Program 033

The Governor's recommendation includes the transfer of staff from Program 421, the Beatrice State Developmental Center, into Program 033, Administration in the Central Office, to better reflect the scope of their work to support all individuals supported by the Division. These positions provide expertise across our Division, both at BSDC and in community-based programs. Included are 29 Full Time Equivalent (FTE) positions and one position under contract. They consist of a behavior support team, quality and data analytics team, licensure compliance, a training team, and information systems support.

The transfer, totaling \$1,356,852 in General Funds, will allow full compliance with the Medicaid Home and Community-Based Services Developmental Disability Waiver application renewals to be approved by our federal partners.

These activities will continue to be tracked and monitored in the separate subprograms. We urge the Committee to include this transfer to Program 033 to accurately reflect the work.

Rate Methodology

The Governor's recommendation transfers \$750,000 in General Funds from Program 421, BSDC, to Program 269, Developmental Disability administration, for FY 18 and FY 19 to rebase Home and Community-Based Services rates and redesign our objective assessment process to determine the level of funding required for a participant receiving services from the HCBS Waiver. The Committee did not include this transfer in its preliminary report.

The federal Centers for Medicare and Medicaid Services expects states to rebase Home and Community-Based Services (HCBS) rates every five years in order to make sure that rates

adequately reflect the cost of delivering services. The last rebase study of rates in Nebraska was performed in 2011. This is a CMS requirement contingent on approval of our current proposed HCBS waiver applications. CMS has indicated they will instate a corrective action plan mandating a rebase of rates as a condition of approval for the waiver renewals.

The redesign of the objective assessment process (OAP) goes hand-in-hand with the rebase as it impacts the total allocation for developmental disabilities services. The current process does not provide an adequate level of specificity in determining level of need. We are challenged with this lack of fidelity to the current OAP model, resulting in high exception requests for additional funding because of medical and behavioral needs. There is a need for a rebase of rates and a full OAP redesign to ensure we are adequately capturing the needs of the individuals we serve. The cost is associated with the scope of work to be performed by a vendor. I urge the Committee to include this transfer to Program 269.

New Graduates and Funding Priorities for Medicaid Waiver Compliance, Legislation

The Committee's preliminary recommendation provides funding, and assumes matching Federal Funds, for entitlement services for persons with developmental disabilities who graduate from high school or reach the age of 21. I want to bring to the Committee's attention that, as written, guidance from the Centers for Medicare and Medicaid Services (CMS) is that prioritization of participants to receive State entitlement services would not be approved within the Medicaid-funded Home and Community Based Services Waiver application. This means Federal Funds could not be used and these services would be funded with 100% General Funds. I encourage the Committee to change this to match the Governor's recommendation which adds nearly \$1.7 million General Funds for FY 2018 and \$3,474,752 General Funds for FY 2019, along with federal matching funds, for DD services as allowed under federal waiver guidance.

In addition, current statute prioritizes funding entitlement services for graduates over all other capacities, including health and safety. Passage of LB 495 will not result in a reduction of appropriations, nor any budgetary savings. If LB495 is not passed into law, the result will be the need for additional appropriations. The state will face an additional General Fund impact of \$2.5 million in FY 2018 and \$3.7 million in FY 2019 to serve graduates and an additional seventy four individuals previously denied who graduated from a high school located outside the State of Nebraska. I urge the Appropriations Committee to encourage the Health and Human Services Committee to advance LB 495.

Bridges transition and permanent closure

In light of the announcement last week of the transition and permanent closure of Bridges located in Hastings, the Department requests the transfer of twelve staff from Program 421, the Beatrice State Developmental Center, into Program 033, Administration in the Central Office, to be repurposed to effectively support quality management initiatives for community-based DD programs. The transfer, totaling \$308,905 in General Funds, will allow the Department to develop a robust and effective quality assurance system.

The Department also requests the transfer of \$2,037,139 from Program 421, the Beatrice State Developmental Center, into Program 424, Developmental Disabilities Aid, to serve the six residents transitioning from Bridges and the additional savings to be reinvested in community-

based services for persons with developmental disabilities to serve 12-52 people on wait list; dependent on services needed. This request is supported by Governor Ricketts.

Thank you for your consideration of these items. I'm happy to answer any questions you have.

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Doug Weinberg, Director
Division of Children and Family Services

Good afternoon, Senator Stinner and members of the Appropriations Committee. For the record, I am Doug Weinberg (D-O-U-G W-E-I-N-B-E-R-G), Director of the DHHS Division of Children and Family Services.

The Division of Children and Family Services provides services to some of the state's most vulnerable citizens, including children, families and the elderly. Our Protection and Safety team provides a variety of services statewide to children and youth, and their families, and vulnerable adults, who have been abused and neglected. We also serve youth at the Youth Rehabilitation and Treatment Centers in Kearney and Geneva. Our Economic Support team provides all economic assistance services to low-income Nebraskans through two customer service centers in Fremont and Scottsbluff, and more than 50 field offices across the state. Child Support Enforcement services are also an important part of what we do.

Over the past two years, the Economic Assistance team has focused on ACCESSNebraska process improvements that have made a considerable difference in our operations, resulting in efficiencies and significantly improved customer service. Our goal for call wait times is to be under 5 minutes, and we want to process applications within 10 days. We are meeting those goals. The average call wait time in 2016 was 3 minutes, 45 seconds, and the average days to process an application for assistance was 9.97 days.

In Federal Fiscal Year 2016, our timeliness rate in processing applications for recertification for SNAP reached 92 percent, up from 69 percent in Federal Fiscal Year 2015. And, our timeliness rate for new applications increased from 90 percent in FFY 2015 to 94 percent in FFY 2016. Nebraska is ranked 17th in the country with a 94.44% rate in processing SNAP applications. One year ago, the same federal report had us ranked 32nd in the nation, and at the same time in 2014 we were ranked 52nd.

We also received a \$607,000 grant to make improvements including the ability to text clients, implement workforce management software and electronic message boards at the customer service centers to show real-time performance data. All of this positive news leads to one important fact . . . ACCESSNebraska is more efficient and effective and is customer focused.

The Protection and Safety team is seeing success with Alternative Response efforts aimed at keeping kids safe with their families. Since Alternative Response began, we have served 817 families with wrap-around supportive services without the children becoming wards of the state. The percent of families who had a child placed out-of-home in Alternative Response is 2.5%, compared to removal from Traditional Response of 9%. Alternative Response has been implemented in 57 counties so far. We will be statewide by the end of this calendar year with the passage of legislation this session.

Some children must be removed from their families to keep them safe. When this happens, it is less traumatic if children can be placed with relatives and people they know. In February 2017, 59.1% of children in out-of-home care were in relative or kin placements.

Because we have seen such success in ACCESSNebraska and other areas with process improvements, we are now focusing similar activities in Protection and Safety. In addition, we are studying the service array available across the state for children and youth involved in the child welfare system to identify needed evidence-based services to better keep families intact when it is safe to do so. We also continue to meet six of seven child welfare standards measured by the federal government.

The work of Mark LaBouchardiere, who was hired last April as Facility Administrator at the Youth Rehabilitation and Treatment Center in Kearney and now serves as the Office of Juvenile Services Administrator, has resulted in a dramatic decrease in escapes and assaults on staff thanks to operational improvements, including changes to the hiring and training processes. At the first week in March, YRTC-K had six Youth Program Specialist vacancies. As part of their process improvement, they already had offers out to qualified candidates to fill three of the vacancies and anticipate to have no vacancies by the end of March after the close of the next position posting. They actively recruit and interview for positions on an ongoing basis. The additional positions included in both the Governor's recommendation and the Committee's preliminary report will make a considerable difference. Thank you for including that.

The Department conducted a thorough review of all programs and services and identified both strategic increases necessary to meet critical services and strategic reductions in response to the budget gap that we believe will have the least impact to direct client care, service capacity and recipient services.

The budget proposed by Governor Ricketts reflects the realities of the current economic situation and enables us to implement operational efficiencies throughout the Department and to redirect resources where necessary. It is intended to continue strategic and priority services in our commitment to our mission of helping people live better lives. The recommendations build on the Governor's priorities of creating a more effective, more efficient, and customer-focused state government.

In light of the recent economic forecasting report, the Division of Children and Family Services supports and is fully prepared to implement the Governor's budget recommendations.

I would like to thank you and your staff for your work on behalf of the Department. I will address the areas where there is a difference between the Governor's recommendation and the Committee's preliminary report.

Agency-Supported Foster Care Providers to Pay for Background Checks

The Governor has recommended a reduction of \$170,000 in General Funds for FY 2018 and FY 2019 to reflect savings from shifting the costs of conducting background checks for foster parents for licensing purposes from the Department to Agency-Supported Foster Care providers, reducing reliance on the General Fund. The Division currently contracts with 22 agencies that ensure foster parents who affiliate with their agency complete a criminal history background

check with the FBI through the use of fingerprints. These agencies receive an administrative rate to cover the costs of recruiting, training, licensing and supporting foster parents who affiliate with them. Conducting background checks is part of this licensing process.

The Division currently pays for approximately 5,900 fingerprint background checks annually for foster parents who affiliate with an agency, for a total cost of approximately \$170,000 per year.

The Committee did not include this in its preliminary budget. We urge the Committee to adopt the Governor's recommendation resulting in General Fund savings.

Post Adoption Services

The Governor has recommended a reduction of \$2,068,529 in General Funds in FY 2018 and FY 2019 to reflect savings achieved by ending a contract for voluntary post-adoption and post-guardianship services and shifting the activity to current DHHS staff. These services are not federally mandated and there are no federal matching funds. Through process improvement activities, the Division will identify staff from Central Office and field offices to be redirected to support adoptive and guardianship families. The activities will focus on providing crisis management to help support placements and maintain permanency; connecting adoptive and guardianship families with local community resources for respite care, mental health services, support groups, and positive family activities; and review and revise subsidy agreements. The Committee did not include this in its preliminary budget. We urge the Committee to adopt the Governor's recommendation resulting in General Fund savings.

Provider Rates

The Governor's recommendation included a provider rate reduction by an average of 2.20% for congregate care services (group homes and emergency shelter centers), family support services and drug testing services. This was not included in the Appropriations Committee's recommendation; rather, the Committee's recommendation includes an increase in provider rates of 1%. The Governor's recommendation reflects savings of \$640,914 in General Funds in FY 2018 and FY 2019. This reduction is realized through provider participation in the reductions necessitated by the current budget situation, by focusing on promoting service delivery efficiencies and continuity across the state, and through a realignment with historic and projected utilization. The Department urges the Committee to include this item in its recommendation.

Reliance on Child Placement Agencies

The Governor recommended a reduction in child welfare aid of \$4,516,875 in General Funds for FY 2018 and FY 2019 as a result of shifting the delivery of parenting support services for relative and kinship families from child placing agencies to Division of Children and Family Services' staff. This recommendation includes \$740,560 in General Funds for both FY 2018 and FY 2019 for an additional 14 staff to assume these duties, for the net savings of \$3,776,315 in each fiscal year.

Our sub-awards with child placing agencies currently exclude the Eastern Service Area, which is managed through the Nebraska Families Collaborative, and the Western Service Area, where Department employees currently provide support to all relative and kinship foster homes. Services provided by child placing agencies currently include three parenting levels of care:

Essential, Enhanced, and Intensive. The Department will continue to rely on Child Placing Agencies for these levels of support for those children placed in their licensed foster homes, as well as for those children placed in relative and kinship foster homes that are referred to them. Division staff will provide these levels of supports to approximately 50% of the children placed in relative and kinship foster homes. Department staff will also focus on licensing relative and kinship families in order for the Department to be successful in accessing Federal IV-E Funds. The Department urges your support of the Governor's recommendation.

Domestic Violence

The Governor's recommendations include a reduction of \$752, 813 in General Funds for FY 2018 and FY 2019 to Domestic Violence programs, which is half of the Department's \$1.5 million modification. These agencies are not wholly dependent on DHHS funding and have access to additional funding resources. In addition, they do not exclusively serve families otherwise involved with DHHS services. The Governor's recommendation reflects savings to be achieved by reducing funding to Domestic Violence programs by 50%. We respectfully request the Committee include this item in its recommendation.

Legislation

There are three legislative bills associated with budget reductions necessary to meet the savings identified in the Governor's recommendations for DHHS. LB 333 is in the Health and Human Services Committee, and the Department urges the Appropriations Committee to encourage the Health and Human Services Committee to advance it. LBs 335 and 336 are on General File, and we urge your support of them. A fourth bill, LB 344, has been Indefinitely Postponed.

State Disability Maintenance and Medical Programs – LB 333

LB 333, offered by DHHS as a budget modification and introduced at the request of the Governor, would end the State Disability Maintenance program. This program provides a cash payment to people who have received a disability determination denial by the federal Social Security Administration because they have not met the duration requirement of having the disability for more than 12 months. The program serves about 50 individuals per month, with assistance averaging approximately \$740 per month for up to 12 months. It is financed entirely out of State General Funds; it is not federally mandated and there are no Federal Funds associated with it. About 90.5% of FY 2016 General Fund appropriations were spent in SFY 2016. Ending the State Disability Maintenance program results in General Fund savings of \$466,684 in FY 2018 and FY 2019.

It would also end the State Disability Medical Assistance program, which pays for medical assistance for people who have received a disability determination denial by the Social Security Administration for the failure to meet the duration requirement of more than 12 months, but meet eligibility criteria for the state program. Payments to providers are based on fee for service and paid at the Medicaid rate. The program serves about 50 individuals per month, with medical assistance averaging about \$5,833 per month per client, for up to 12 months. About 57% of FY 2016 General Fund appropriations were spent in SFY 2016. The program is financed entirely out of State General Funds; it is not federally mandated and there are no Federal Funds associated with it. Ending the State Disability Medical Assistance Program would result in

General Fund savings of \$3,766,035 for FY 2018 and FY 2019, for a total savings of \$4,232,719 from this program.

Child Care – LB 335

LB 335, offered by DHHS as a budget modification and introduced on behalf of the Governor, would hold current child care subsidy rates through September 30, 2018. Current state statute requires DHHS to adjust the reimbursement rate paid to child care subsidy providers every two years based on the market rate survey. LB 335 would exempt the department from adjusting rates to take effect on July 1, 2017 through the federal fiscal year ending September 30, 2018. LB 335 would result in estimated General Fund savings of \$7.4 million in State Fiscal Year 2018 and \$1.85 million in General Funds in State Fiscal Year 2019.

Central Registry Background Checks – LB 336

LB 336, offered by DHHS as a budget modification and introduced at the request of the Governor, would implement a nominal charge of \$2.50 for each background check against the Department’s Child and Adult Abuse and Neglect Central Registry. This will offset the costs of conducting an average of 10,000 Child and Adult Abuse and Neglect Central Registry background checks each month and generate an estimated \$300,000 cash funds to reduce reliance on \$300,000 in General Funds in FY 2018 and FY 2019. Currently, 5.5 full-time Staff Assistants and one Program Specialist Supervisor conduct background checks. This funding will help ensure background checks are completed efficiently by exploring newer automation to assist with the processing. There is currently no charge for this service. Thirteen other states charge for this same service, ranging from \$7 to \$30. Midwestern states include Kansas, \$10; Wyoming, \$10; Minnesota, \$20; and Colorado, \$30. The Nebraska State Patrol also charges a fee for background checks.

Again, the Department requests the Appropriations Committee to support these bills.

Family Finding Contracts – LB 334

A fourth bill, LB 334, offered by DHHS as a budget modification and introduced on behalf of the Governor, has been Indefinitely Postponed. It would have shifted the delivery of Family Finding services to Department staff instead of two providers that cover all but the Eastern Service Area. DHHS staff across the state have developed these skills and are actively locating and engaging family members. Largely, as a result of these efforts, the percentage of children placed with relatives or kin has increased from 36% to 59.1% since the beginning of 2014. A total of 37 referrals were made to the two Family Finding contractors between July 1, 2016 and December 31, 2016, representing 1% to 3% of the total placements that were generated during that time. LB 334 would have resulted in General Fund savings of \$883,800 for FY 2018 and FY 2019.

Thank you for your consideration of these items. I’m happy to answer any questions you have.

Appropriations Committee
Department of Health and Human Services
March 14, 2017

Sheri Dawson, RN, Director
Division of Behavioral Health

Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is Sheri Dawson (S-H-E-R-I D-A-W-S-O-N), and I am the Director of the DHHS Division of Behavioral Health.

The Division of Behavioral Health operates the three Regional Centers that are in Lincoln (providing general psychiatric services, forensic psychiatric services, sex offender services, and a campus serving adolescent males who have sexually harmed), Norfolk (providing sex offender services), and Hastings (providing adolescent male substance use disorder treatment); oversees community-based mental health and substance use disorder services for consumers who are not Medicaid-eligible and who do not have insurance, through the Regions; and manages additional behavioral health contracts with the Tribes, Lasting Hope Recovery Center in Omaha, the Family Helpline, and Family Navigator Peer Support Services.

We believe there is no health without behavioral health, and this motivates our work toward continuous improvements.

Development of a behavioral health System of Care for children and youth with a serious emotional disturbance, and their families, is a priority for us and is underway in partnership with public and private agencies, families and youth. We are fortunate to have received a \$12 million grant from the federal Substance Abuse and Mental Health Services Administration for implementation. Nineteen specific outcome measures will assess improvements within four priority areas: decrease the proportion of youth who live in a setting other than their home, increase school attendance and school performance, an increase in the percent of youth and young adults living in home settings, decrease cost per youth in the service system, and decrease the average age of first system contact. New services are on track for implementation this spring.

Our Centralized Data System (CDS) was created last year to improve on previous limitations in collecting and reporting behavioral health data. The CDS streamlines data collection and analysis across systems, which previously was either not possible or at best required time-consuming manual process. A unique feature is an electronic authorization process.

We will implement an electronic billing system in July. The current process is a paper-based, manual process and is labor and staff intensive. This will enable a streamlined process for billing and reporting fiscal data and reimbursement reports with an accurate accounting of per person costs.

Other initiatives include decreasing our nursing vacancy rate at the Lincoln Regional Center and we are making progress, from a vacancy rate of 48% down to 29.3%. In 2016, we completed a

needs assessment and our 2017-2020 strategic plan, based on System of Care approach, is in its final publishing stage.

The Department conducted a thorough review of all programs and services and identified both strategic increases necessary to meet critical services and strategic reductions in response to the budget gap that we believe will have the least impact to direct client care, service capacity and consumer services.

The budget proposed by Governor Ricketts reflects the realities of the current economic situation and enables us to implement operational efficiencies throughout the Department and to redirect resources where necessary. It is intended to continue strategic and priority services in our commitment to our mission of helping people live better lives. The recommendations build on the Governor's priorities of creating a more effective, more efficient, and customer-focused state government.

In light of the recent economic forecasting report, the Division of Behavioral Health supports and is fully prepared to implement the Governor's budget recommendations.

I would like to thank you and your staff for your work on behalf of the Department.

My understanding is that the Committee has included the repurposing of reappropriations at the Hastings Regional Center for new construction and the preliminary recommendation includes financing for the perimeter security system at the Norfolk Regional Center. Thank you.

I will not address other Governor's recommendations that are included in your preliminary recommendation unless you have additional questions for me.

**Merge Norfolk Sex Offender Program 870 into Mental Health Operations Program 365/
NSO and LRC Automated Medication Dispensing Cabinet System leases, LRC Exterior Cameras**

The Governor's recommendation includes the merger of the Norfolk Sex Offender Budget Program 870 into the Mental Health Operations Budget Program 365. Prior to June 30, 2009, the budget for Norfolk Regional Center was part of Program 365. With the Department's focus on reducing General Fund spending, this is a critical step in achieving operational efficiencies and cost effectiveness for funding the regional centers, providing ongoing flexibility for funding shifts and staffing efficiencies, and assuring that cash spending authority is available to achieve operational efficiencies at the three regional centers. Combining budgets will not impact services, programming or reporting capabilities – each facility's spending will be tracked and reported separately.

The Governor and the Committee included in its recommendation cash spending authority of \$100,000 for the lease of an automated medication dispensing cabinet system for the Norfolk Regional Center; \$100,000 for the lease of an automated medication dispensing system at LRC; and \$200,000 in FY 2018 for purchase of cameras, and \$6,000 ongoing for cameras, for the Lincoln Regional Center; however, the merger of these programs is necessary for the cash spending authority for these purchases. A combined budget will allow funding by different sources to be maximized to their fullest potential. The Department urges the Committee to merge these budget Programs as included in the Governor's recommendation.

Administrative Organizational Restructure /Family Helpline Marketing

The Governor's recommendation included \$174,946 General Fund savings in FY 2018 and \$175,212 in FY 2019. Efficiencies are due to a reduction of \$161,000 in General Funds in FY 2018 and FY 2019 through a realignment of marketing funds for the family helpline contract from general marketing to a targeted focus, improving cost effectiveness while maintaining helpline capacity. The FY 2017 Family Helpline total contract value is \$1,390,584, with a marketing budget of \$561,762. The additional savings in Program 268 each year will come from staffing efficiencies in the Division of Behavioral Health central office. The Committee did not include this in its preliminary budget. We urge the Committee to adopt the Governor's recommendation resulting in General Fund savings.

Regional Behavioral Health Authority Contracts

The Department requested and the Governor recommended reductions to the Regional Behavioral Health Authorities of \$1,186,633 in General Funds in FY 2018 and FY 2019. Savings are the result of reductions in the six Regional Behavioral Health Authority contracts, totaling 1.5% of total contracts and 1.96% of General Funds, and are based on historical utilization, unspent funds, reduction in training, administration and operational efficiencies, non-core initiatives and supports. Statewide preservation of core direct service capacity remains a primary focus and is allocated to support a balanced system of care, such as emergency services, community support, assessment, outpatient therapies, and prevention services. We respectfully request the Committee include this item in its recommendation.

Tribal Outpatient Contracts (GF \$150,801), (TF \$150,801), (FTE 0)

The Governor's recommendation included a reduction in Tribal Outpatient contracts of \$150,801 in General Funds in FY 2018 and FY 2019. These savings are the result of realignment with historic utilization by the Tribes. Services supported through the four federally recognized tribes each year have varied depending on the tribal needs. Historically, two of the four tribes have not utilized all funding made available to them. The proposed reduction reflects these unused funds, and 90% of the funding dedicated for tribal services will remain. We respectfully request the Committee to include these savings.

Provider Rates

The Committee's preliminary report includes a provider rate increase of \$593,317 in FY 2018 and \$1,192,567 in FY 2019 for the Behavioral Health Regions Providers. Community-based provider rates for agencies funded through the Division of Behavioral Health have increased 8 out of the last 10 years, ranging from 0.5% to 4% annually. Annual increases over the past four years have increased the rates by 10% (2.25% per year).

The Division of Behavioral Health has been reviewing the costs of providing select services over the past eighteen months. Two services that were identified as being below comparable Medicaid rates have already been increased within the existing appropriations. The Department requests the Committee return to the Governor's recommendation which does not include a provider rate increase.

Permanent Funding for the 5th Unit at NRC

The Governor's recommendation included permanent funding for the Norfolk Regional Center to open a 5th unit for sex offenders being committed to the facility. The Governor's proposal includes funding for both staff and operating expenses for Fiscal Year 2018 of \$683,638 (PSL: \$370,903; Operating: \$312,735) and Fiscal Year 2019 of \$1,022,261 (PSL: 545,738; Operating: \$476,523). The Department appreciates the Committee's support of the request but would request a clarification of the Committee's information to reflect both Personal Service Limitation (PSL) and operating expenses. The information presented in the preliminary report does not increase the PSL limit beyond the \$102,635 for FY18/FY19 salary increases. Without the increase in the PSL limitation, the facility could not meet the minimum staffing required to safely staff and retain its license to operate in the state and therefore would be unable to achieve the Governor's and Appropriation Committee's intent to open the new unit.

Thank you for your consideration of these items. I'm happy to answer any questions you have.