

Government, Military and Veterans Affairs Committee

LB 567

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Division of Medicaid and Long-Term Care

Department of Health and Human Services

Good afternoon, Senator Murante and members of the Government, Military and Veterans Affairs Committee. My name is Calder Lynch, (C-A-L-D-E-R-L-Y-N-C-H). I am the Director of the Medicaid and Long-Term Care (MLTC) Division within the Department of Health and Human Services. I'm here to testify in opposition to LB 567.

LB 567 would require DHHS to pay counties for the cost for office space and service facilities used for the administration of public assistance programs. Currently, counties are required to maintain office space and service facilities used for public assistance programs as they existed on April 1, 1983 at no cost to DHHS.

Prior to July 1, 1983, counties had responsibility for the administration of public assistance programs, and were responsible for the cost of building space, equipment, and employees. Counties were also responsible for some program costs including 14 percent of the cost of the Medicaid program, which equated to \$20 million dollars in 1983. Legislation in 1982 and 1983 mandated the transition of 89 county welfare offices, 1,200 county employees and the public assistance programs from counties to state government. In exchange for the state assuming responsibility and costs for public assistance programs, the counties were required to provide DHHS with office space to administer the programs.

In 2011, LB 234 created a process under which a county could request DHHS to waive the county's obligation to provide space, and DHHS has granted such requests in situations where it had vacated and no longer required space in that county. In other counties, the space required by DHHS exceeds the county's obligation, and DHHS pays the county for the additional space. DHHS currently occupies roughly 185,000 square feet of space provided by counties. This represents a decrease from the 210,000 square feet that counties were required to provide in 1983 to administer the public assistance programs.

In Fiscal Year 2016, total Medicaid expenditures were nearly \$1.95 billion. Assuming the counties historical requirement of 14 percent, over \$273 million would be the responsibility of the counties had the cost shift not occurred. Medicaid expenditures in FY 2016 in Lancaster County alone were over \$303 million; 14 percent would be over \$42 million. Expenditures in Douglas County in FY 2016 were over \$591 million; 14 percent is nearly \$83 million.

DHHS estimates that the fiscal impact of no longer having office space provided at no cost would exceed \$3.2 million. The current cost to the counties to provide office space to DHHS is significantly less than the more than \$273 million dollars that the counties would be paying today had the state not relieved the counties of the financial burden of the costs of county public assistance offices. DHHS is committed to helping people live better lives wherever they reside. While we continue to improve access to services through efficiencies, we are also committed to being available in local offices across the state.

I would be happy to answer any questions you may have.