

April 4, 2014

Mr. President, Mr. Speaker, and
Members of the Legislature
State Capitol
Lincoln, NE 68509

Dear Mr. President and Members of the Legislature:

I am returning LB 690 and LB 690A without my signature and with my objections.

LB 690 would establish a task force to recommend a statewide strategic plan to address the needs of Nebraska's aging population. I support this long-term planning provision; however, the bill also requires the Department of Health and Human Services (DHHS) to apply for federal funding through the Balancing Incentive Payments Program.

We all share the goal of allowing Nebraskans to remain in their own homes to reduce the use of more costly institutional nursing care. DHHS has implemented a number of programs to achieve this goal including the Aged and Disabled Waiver Program, the Money Follows the Person Project, and the Program of All-Inclusive Care for the Elderly.

My concern with LB 690 is that it creates a new \$30 million annual expansion of Medicaid premised on a bait-and-switch by the federal government. After September of 2015, the 2% enhanced match provided through the federal Balancing Incentive Payments Program ends – shifting an annual \$6 million General Fund burden to Nebraska taxpayers. LB 690 would saddle Nebraska taxpayers with an annual \$30 million new program without sustainable federal funding.

Additionally, on March 26, 2014, the Legislative Fiscal Office and Department of Administrative Services (DAS) Budget Office received information that Nebraska's Medicaid match rate (FMAP) will decrease from 53.27% to 52.11%. The reduced match rate is estimated to require an additional \$47 million General Funds in the 2015-2017 biennial budget just to maintain our current Medicaid services. LB 690 will exacerbate future state budget pressures.

The goal of controlling the growth of nursing home care is laudable and we are moving in the right direction with current programs. It would, however, be fiscally irresponsible and short-sighted to dive head-first into a new, expanded, and ongoing program that is paid for by what is essentially onetime funds.

For these reasons, I respectfully urge you to sustain my veto of LB 690 and LB 690A.

Sincerely,
(Signed) Dave Heineman
Governor