

ONE HUNDRED FIRST LEGISLATURE - FIRST SESSION - 2009
COMMITTEE STATEMENT
LB358

Hearing Date: Tuesday February 24, 2009
Committee On: Banking, Commerce and Insurance
Introducer: Pahls
One Liner: Change the Comprehensive Health Insurance Pool Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Christensen, Gloor, Langemeier, McCoy, Pahls, Pankonin,
Pirsch, Utter

Nay:

Absent:

Present Not Voting:

Proponents:

Senator Rich Pahls
Ann Frohman
Victor Kensler

Representing:

Introducer
NE Department of Insurance
NE CHIP

Opponents:

Dick Netley
David Filipi
Bruce Rieker

Representing:

Self
NE Medical Association
NE Hospital Association

Neutral:

Adam Steffen

Representing:

Blue Cross/Blue Shield of NE

Summary of purpose and/or changes:

OVERVIEW

LB 358 (Pahls), introduced at the request of the Director of Insurance, would amend various sections of the Comprehensive Health Insurance Pool (CHIP) Act in order to slow the growth of the pool's net loss and keep it from exceeding the state subsidy of available premium tax dollars.

SUMMARY

The bill would provide, section by section, as follows:

Section 1 would amend section 44-4201 of the Comprehensive Health Insurance Pool Act to provide that new sections 2, 3, and 6 of the bill shall be assigned within the act.

Section 2 would enact a new section in the Comprehensive Health Insurance Pool Act to require the CHIP board of directors to annually review the operation of the pool and report to the Director of Insurance the board's recommendations for cost savings in the operation of the pool.

Section 3 would enact a new section in the Comprehensive Health Insurance Pool Act to grant to the CHIP board of

directors the authority to establish provider reimbursement for benefits payable under pool coverage for covered services at rates designed to achieve payment equivalent to one hundred twenty-five percent of Medicare reimbursement. This section would explicitly prohibit providers who accept reimbursement on that basis from seeking further reimbursement from a covered individual in excess of the copayment, coinsurance, or deductible amount specified in the pool coverage, but this would not prohibit a provider from seeking reimbursement from a covered individual for items not covered in the pool coverage.

Section 4 would amend section 44-4221 of the Comprehensive Health Insurance Pool Act to provide that if an individual who seeks CHIP coverage based upon eligibility other than that required by HIPAA shall be ineligible for CHIP coverage if he or she is eligible for group coverage. This section would provide that an individual who seeks CHIP coverage based upon eligibility other than that required by HIPAA must first exhaust available continuation coverage under COBRA or under a similar program. This section would repeal the exception to the requirement that individuals must exhaust COBRA as required for HIPAA-based eligibility if the individual was offered the option of continuation coverage under COBRA or under a similar program at a premium rate higher than that available from the pool.

Section 5 would amend section 44-4222 of the Comprehensive Health Insurance Pool Act to provide that an individual is ineligible for CHIP coverage if the premium is paid for by a person other than: the individual; an individual related by blood, marriage, or adoption; or an entity operating under the federal Ryan White HIV/AIDS Treatment Modernization Act of 2006.

Section 6 would enact a new section in the Comprehensive Health Insurance Pool Act to prohibit an insurer, agent, broker, or third-party administrator from referring an individual employee to the pool or arranging for an individual employee to apply for pool coverage for the purpose of separating that individual employee from group health insurance coverage in connection with the individual employee's employment. This section would provide that a violation of it would be an unfair trade practice in the business of insurance subject to the Unfair Insurance Trade Practices Act.

Section 7 would amend section 44-4226 of the Comprehensive Health Insurance Pool Act to provide that the Director of Insurance shall establish CHIP coverage as generally reflective of and commensurate with individual health insurance coverage provided by the "ten" largest rather than the "five" largest writers of individual health insurance coverage in this state.

Section 8 would amend section 44-4227 of the Comprehensive Health Insurance Pool Act to provide that the pool shall determine the standard risk rate by calculating the average individual rate charged by the "ten" largest rather than the "five" largest writers of individual health insurance coverage in the state. This section would increase the annual premium rate established for CHIP coverage from 135 percent of the standard risk rate to 150 percent of the standard risk rate in five percent increments over three years and would provide that the premium rate shall be as so established or the previous year's rate adjusted by a trend factor reflecting medical economic factors, whichever is greater. This section would repeal the below-market rate established for CHIP coverage for individuals under eighteen years of age.

Section 9 would provide for repealers of the amendatory sections.

Explanation of amendments:

The committee amendments would restructure section 3 of the bill and would revise that portion of it which proposes limitations on health care provider reimbursement rates subject to the Comprehensive Health Insurance Pool Act. The committee amendments would replace the provisions which would grant to the CHIP board of directors the authority to establish provider reimbursement at rates designed to achieve payment equivalent to one hundred twenty-five percent of Medicare reimbursement.

The committee amendments would require the CHIP board of directors to conduct an annual review of whether reimbursement rates are in excess of reasonable amounts and whether cost savings in the operation of the pool could be achieved by establishing the level of reimbursement rates as a multiplier of an objective standard. The committee amendments would provide that if the CHIP board of directors determines that cost savings in the operation of the pool

could be achieved, the board may establish the level of reimbursement rates as a multiplier of an objective standard.

The committee amendments would retain the provisions of section 3 of the bill, as introduced, which would provide that health care providers who provide covered services to a covered individual under pool coverage are deemed to have agreed to reimbursement according to reimbursement rates established pursuant to this section.

Rich Pahls, Chairperson