[LB921 LB938 LB1106 LR289CA]

The Committee on Health and Human Services met at 1:30 p.m. on Wednesday, February 3, 2010, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR289CA, LB938, LB921, and LB1106. Senators present: Tim Gay, Chairperson; Dave Pankonin, Vice Chairperson; Kathy Campbell; Mike Gloor; Gwen Howard; Arnie Stuthman; and Norman Wallman. Senators absent: None.

SENATOR GAY: We'll get started. Welcome to the Health and Human Services Committee. We've got several bills, four bills, today to hear and they're all fairly...well, how should I put this, they're all fairly lengthy bills and the subject matter is going to be...I know there's proponents and opponents on both sides of all of these bills, so we will probably be here a while today, which is fine. I'm going to go over a few ground rules that we do have in the committee. We do have a light system and you get five minutes. Introducers get as long as they want to introduce their bill, close. But proponents and opponents and neutral get five minutes to talk. There's a green light that will go until four minutes. At four minutes, a yellow light will come on, and when that red light is on at five minutes, I'd like you to conclude your remarks. If there are any questions to you from the committee members, that doesn't count against any time. That can just...that can be a while too. So when you factor in testifiers on both sides and neutral, committee members questions and answer session, it gets to be a lengthy day. So the reason we do that is because LB921 deserves the same attention as LR289CA. So what we try to do is give everyone fair treatment, and that's found to be the best way to do that. So with that, if you have a cell phone, if you could silence your cell phone, we'd appreciate that. And we'll get started. We'll start out with introductions. My name is Senator Tim Gay from Papillion-La Vista.

MICHELLE CHAFFEE: I'm Michelle Chaffee. I'm legal counsel for the committee.

SENATOR GLOOR: I'm Senator Mike Gloor, District 35, Grand Island.

SENATOR PANKONIN: Senator Dave Pankonin, District 2.

SENATOR STUTHMAN: Senator Arnie Stuthman, District 22 from Columbus, Platte County area.

SENATOR HOWARD: Senator Gwen Howard, District 9 in Omaha.

SENATOR WALLMAN: Senator Wallman, District 30.

ERIN MACK: Erin Mack, committee clerk.

SENATOR GAY: And we have two pages, Leslie and Ayisha. They're here to help out. If you have any handouts or anything, they will...just hold them up and they will hand those out to committee members. Hopefully you have about ten copies for our clerk, committee members, and our legal counsel. I would say, we have testifier sheets that we need filled out and they're in the corners and they're at the table. If you want to come up, though, and you're spending time filling out a sheet at the table, you're eating into your time because the clock is kind of running there. So I'd encourage you, if you're going to testify and you know it, to come out and fill that in. If you got written comments, though, on any subject matter and you want to just put those in for the record, just give those to the clerk and those will be also included in the public record. Everything is being transcribed as well, so if you could state your name and spell it out, it certainly helps because many times when those are being transcribed it could be in the summer and they don't quite remember everything that was going on, so it's important that we get your name down so we can get that into the record. Other than that, I don't think I'm leaving anything else out. There's a lot to cover. This is also on the Web, so when you're testifying, it's being broadcast throughout the Capitol Building and the Web as well, so just so you know that. So we will get started. I see Senator McCoy is here to introduce LR289CA. This is a constitutional amendment to prohibit laws that restrict or interfere with choice of healthcare plans or direct payment for medical services. Welcome, Senator McCoy.

SENATOR McCOY: Thank you, Chairman Gay and members of the committee. I am Beau McCoy, B-e-a-u M-c-C-o-y, and I represent the 39th District in the Legislature. And I'm here this afternoon to introduce LR289CA that would enshrine in our state constitution the fundamental principle that Nebraskans cannot be forced by government to pay for citizenship. There are three protections for the people of Nebraska in LR289CA. The first is to protect a person's freedom to choose the health plan or healthcare system that best fits their needs or by paying directly for medical services. Since mandating the purchase of health insurance and a government managed health insurance system in Massachusetts, more than one-third of the uninsured in their state are still not covered by a health plan. The May 28, 2009, progress report by the Commonwealth Fund, a nonprofit healthcare foundation found that approximately one in five adults living in Massachusetts were told that a doctor's office or clinic was not accepting new patients or patients with their type of coverage. This was particularly true for adults with family incomes below 300 percent the Federal Poverty Level and enrolled in public programs. The second protection is the doctor/patient relationship. A constituent contacted me on January 19 of this year to share how the government-run one-size-fits-all Medicare system was affecting the health of his mother. After receiving a blood transfusion at the first of the year, she once again became severely anemic. Her doctor, along with two other consulting physicians, agreed she needed another transfusion. The federal government, in the form of Medicare, would not approve a hospital admission for a blood transfusion or allow it to take place outside of a hospital admission. The reason: Her hematocrit was 33 percent of normal and the government

regulations of Medicare required it to be 30 percent of normal before treatment is allowed. After being at home for ten days, so weak that she could not walk from her bedroom to her living room without stopping to rest, her hematocrit fell below the outlined criteria where our government finally allowed her doctor to treat her. In a one-size-fits-all government system, her doctors diagnosis didn't matter. Two consulting doctors diagnoses didn't matter either. The only thing that mattered was the criteria set by bureaucrats. I believe delayed care is denied care. The third component is to protect the growth of our state's economy and ability to compete for jobs. We must safeguard our businesses and citizens from fines for nonparticipation or penalties or taxes for choosing a specific healthcare plan because it does not meet some bureaucratic government standard. Small businesses are the backbone of our state's economy. Mandates, fines, and increased cost will harm their financial stability. And as a small business owner myself, I understand all too well the challenges that are placed upon them. If Nebraska's businesses are forced to provide a specific plan at a specific price or pay a penalty for not doing so, it will deteriorate our state's economy and increase the cost for goods and services for all Nebraskans. If the committee is interested in pursuing this legislation, it has come to my attention that some clarification may be needed on page 1, Section 3 beginning with line 14 where it states, "Impose a penalty or fine of any type for choosing to obtain or decline healthcare coverage or for participation in any particular healthcare system or health plan." The concern that's been expressed to us is that some may read the word "penalty" and imply that meaning to when an insured pays a higher percentage of cost for out-of-network expenditures which can take place in a PPO plan, and this is clearly not the intent of LR289CA. And I would stand happy to address that concern if the committee would so wish. As of today, 30 states have filed or prefiled similar legislation, and lawmakers in an additional five states have publicly announced their intentions to file such legislation also. The citizen-led initiative has also been announced in Colorado. The day before yesterday, the Virginia Senate passed three measures that would make it illegal to require individuals to purchase health insurance in their state. And on June 22, 2009--last year, of course--Arizona passed HCR2014 that will be on their 2010 ballot this fall for a statewide vote. I believe now is the time for the state of Nebraska to act. Freedom is at the very core in the American dream and I believe that the government forcing individuals to purchase a specific service--in this case health insurance--is reckless and ineffective and we must protect our citizens. We must guard the right of our citizens to choose the healthcare system or plan that best suits their needs, insulate the doctor/patient relationship, and allow unrestricted choices in healthcare. The health needs of Nebraskans are diverse and a one-size-fits-all plan or system serves no one. Thank you for your time and I'd be happy to answer any questions if there are any. [LR289CA]

SENATOR GAY: Thank you, Senator McCoy. Are there any questions from committee members? Senator Pankonin. [LR289CA]

SENATOR PANKONIN: Thank you, Senator Gay. Senator McCoy, appreciate your thought behind this and obviously it's been a contentious national debate, as we all know, and obviously things have kind of maybe even changed since you introduced this resolution. But I think there is something that came up today on the floor as we talked about the motorcycle helmet bill that near the end of the discussion on the bracket motion that you got passed or proposed and was passed that, you know, that if...Senator Lathrop brought up that this could be in conflict with this legislative resolution that says that you don't have to have insurance, and yet we were talking about having insurance requirements in that bill. And getting into some of the unintended consequences we had with LA60 from the day before, any thoughts on that in relation to your bill? And somebody said, you know, this issue and others that may come up that require for whatever reason, that the state requires in a peripheral fashion to have health insurance coverage. [LR289CA]

SENATOR McCOY: I appreciate that question, Senator Pankonin, and the opportunity to make that clarification. You're correct. That was a conversation that we had and I also had with several other senators as well. The distinction that I would make in that particular situation and as...and I should back up to say that in other states where this legislation has been introduced, and particularly in the state of Arizona where it has been passed and is now on their ballot, that has not been a concern due to the fact that it was the discussion on health insurance and the choice therein. On the discussion that we had this morning, I would view that as in the case of motorcycle riders, that is a privilege, obviously, to be able to ride a motorcycle. And if they would so choose to ride without a helmet, then we would be asking them to accept that responsibility in order to have that ability to ride without a helmet if they would so choose, which is quite a bit different, in my mind, than what we're talking about here. But of course, as I mentioned with the PPO in network, out of network concern that we may need to address, if there would be something within this realm that we may need to address and that would be the wish of the committee, I would stand ready to work with you to clearly delineate that distinction there that we're not attempting to get into any Workmen's Compensation issues or anything like that that might be a concern and may have been more to the root of the concern that you expressed. [LR289CA]

SENATOR PANKONIN: Follow up question in that being a constitutional...potential constitutional amendment, you know, I look at that as that's a pretty serious matter and when we talk about changing the constitution and I think we all have to be careful and cautious about unintended consequences and the fact that that document is kind of the governing thing for our whole government and that it needs to be carefully thought of because it's a little hard to change than one of our bills or a law that we can come back and look at. And we don't know what...not that I was particularly pleased with some of the views or some of the measures that come out of Washington, but I think we have to be careful to consider things like this that are potentially so permanent. [LR289CA]

SENATOR McCOY: I would agree and I think a sober discussion and a clear examination of this issue is much needed. [LR289CA]

SENATOR PANKONIN: Thank you. [LR289CA]

SENATOR GAY: Any other questions? I don't see any. Senator McCoy, we discussed, too, and I just said earlier in the beginning of this what I was going to do a little bit on this. It's voters decide this issue ultimately. We got to make the decision to send it out and there's several processes this goes through. But in the interest of time, I know some of these constitutional things can go on. What I wanted to do was give proponents and opponents each 45 minutes. So starting from about 1:35 when we started, and we had spoken about that. You're still okay with that? [LR289CA]

SENATOR McCOY: Absolutely. [LR289CA]

SENATOR GAY: Okay. And then we'll kind of just go from there and leave it as it is. I'll see how many people are going to talk on each side and we'll go from there. And for the record, Senator Kathy Campbell has also joined the committee. Any other questions for Senator McCoy? I don't see any. Thank you, Senator. [LR289CA]

SENATOR McCOY: Thank you, Chairman Gay. [LR289CA]

SENATOR GAY: How many people...how many proponents want to speak in favor of this? I got two. If you start coming on up, there's some seats up here. I saw about three or four hands. How many opponents are going to be speaking on this? So we've got about four in favor, four or five against. So we'll play it by ear, but I do want to kind of wrap this up about 20 after. So come on up. Come on up. Go ahead. You're chosen. [LR289CA]

KAREN BOWLING: Good afternoon, Senator Gay and HHS Committee members. I am Karen Bowling, K-a-r-e-n B-o-w-l-i-n-g. I am here today on behalf of Nebraska Family Council. I have served as their associate director since 2001. Today, we are here to support LR289CA. There is no doubt that the healthcare system in America needs reform. No doubt. However, we are concerned that a centralized federal approach from Washington, D.C., makes it difficult to meet the need of individual citizens and will not produce the reform that Americans are asking for. The proposed constitutional amendment would afford individuals the basic rights to have the final say in their healthcare choice. This amendment would provide local control and ensure convenient access to needed medical care. There is a growing citizen movement asking for personal choice rather than mandated directives. There's also a growing movement, which Senator McCoy just referred to, as 30 states are now looking at ways to change the course regarding healthcare reform and constitutional amendments. And so he's talked about that, I'll move on in the sake of time. What's at stake? Why do we support

this constitutional amendment? We are concerned about patient rights. The proposed amendment would ensure that each individual has the capability of seeking medical treatment necessary for their personal well-being. Citizens want consumer choice. In 1993, Washington State actually tried legislation at a state level that tried to mirror then-President Clinton's healthcare plan proposed in Congress. The new state law imposed individual and employer mandates, government-defined standard benefit packages that everyone was required to buy. The legislation was repealed less than two years later based on massive public dissatisfaction. And I can give you the information if you want, but it is in a report that is called: The Rise and Repeal on State Healthcare Plan and its Impact on Federal Legislation. We are concerned, secondly, about state sovereignty. The wisdom of our nation's founders was evident in recognizing the inherent limits of political power, and in constitutionally dividing a power between the officers of the national government and the officials of the states. A balance of power remains a crucial component into governing well and a unique constitutional order protecting a state's sovereignty. Regulatory control of health insurance to the federal government would minimize state abilities to craft legislation which provide innovation and solutions for their individual citizens. We want to guarantee state policymakers wide latitude to tailor-make legislation that affects their private citizens individually. Some ideas that on regarding why states can have a greater impact than at the federal level, provide tax equity for individuals and their families to receive equal treatment whether they pay health insurance or their own through their employee, allow states to design a new health insurance market which opens the market from state to state. Also, allow and promote consumer-friendly and taxed advantaged plans such as personal health savings account. Thirdly, we are concerned about assuring access to health services. When consumers control the dollars, they make the decisions. Look at what happened in New Zealand where breast cancer patients were blocked from drug treatments because their government mandated that it was too costly or in Canada who now ranks 19th of 26 in accessibility to CT scans on brain injured patients. Last night I had a thought in how does this affect individually? And I thought about my personal family. And in 2007, I got a call from my sister and she had been diagnosed at the age of 47 with lymphoma. And it was a rare form of lymphoma and it started out being treated just as a stress facture. And after months of treatment was not making any progress, and then moved to sitting with a boot where electrodes could be shot and it would help the bone grow. Finally determined that progress wasn't being made and so was afforded the opportunity to do PET scans, and that's where it was revealed that she had Stage IV lymphoma and so was put immediately into what they call a cocktail drug treatments. And her therapy changed moment by moment. Halfway through her treatment, they had to change it because the progress was not being made. What the beauty is, is she survived. She survived. And I asked her last night...and what's also interesting, she works for an oncologist and a hematologist and she's the one that's processing the insurance, she's the one that sees it firsthand and its effect. And I wish she could be here. If I would have thought of it earlier, maybe we could have got her here. But I said, Linda (phonetic), what would you say today? And here's what she said, I'm quoting her:

If I hadn't had medical care that could quickly change and was quickly changed and easily accessible, chances are I would not have made it home to celebrate Christmas in 2007. Well, she's been here for two more years. And so with the option and the ability to be able to make those personal changes in healthcare, which she did, it gave her easy access and quick change in treatment as needed. Americans desperately... [LR289CA]

SENATOR GAY: Thank you. We're going to need you...Karen, we're going to need you to... [LR289CA]

KAREN BOWLING: Okay. Thank you. Just closing statement. Thank you. Any questions? [LR289CA]

SENATOR GAY: All right. Thank you. And then if you want...we'll see if there's any questions for you. If you want, and you want that written testimony put in the record, just... [LR289CA]

KAREN BOWLING: Um-hum. Yes. [LR289CA]

SENATOR GAY: We can have the clerks make copies of it, okay? [LR289CA]

KAREN BOWLING: Okay. Thank you. Yeah. [LR289CA]

SENATOR GAY: And then hold on. Let's see if there's any questions for you. [LR289CA]

KAREN BOWLING: Okay. [LR289CA]

SENATOR GAY: Senator Wallman has a question. [LR289CA]

SENATOR WALLMAN: Thank you, Chairman Gay. [LR289CA]

KAREN BOWLING: Yes. [LR289CA]

SENATOR WALLMAN: Yeah, thanks for coming. I'm glad about your sister. [LR289CA]

KAREN BOWLING: Thank you. [LR289CA]

SENATOR WALLMAN: But now she probably has a preexisting condition. So if she wants to get her own health insurance, good luck. [LR289CA]

KAREN BOWLING: (Laugh) Well, actually it's interesting with that, she changed her healthcare insurance plan a year ago through her husband's employer. [LR289CA]

SENATOR WALLMAN: Yeah, group plan, right? [LR289CA]

KAREN BOWLING: Right, right, yes. [LR289CA]

SENATOR WALLMAN: Thanks. [LR289CA]

SENATOR GAY: Any other questions? I don't see any. Thank you very much. [LR289CA]

KAREN BOWLING: Okay. Thank you kindly. [LR289CA]

SENATOR GAY: And if you want... [LR289CA]

KAREN BOWLING: I will. [LR289CA]

SENATOR GAY: ...they'll help you out. Other proponents? [LR289CA]

BRAD STEVENS: Good afternoon, Chairman Gay and members of the committee. My name is Brad Stevens, B-r-a-d S-t-e-v-e-n-s, and I am the state director of Americans for Prosperity in Nebraska. And we are a grass-roots organization of over 28,000 members across the state of Nebraska which includes each legislative district. A little bit about us, we believe in the core principles of limited government, individual freedom, and free market enterprise which is why we strongly support Senator McCoy's LR289CA. We are grateful for the opportunity to have a frank discussion about the need for healthcare reform and the right way to go about it. We are grateful for this opportunity and for your time. Americans for Prosperity in Nebraska strongly supports the resolution introduced by Senator McCoy. State government should not require residents to purchase any service in order to be a citizen. The constitutional amendment offered by Senator McCoy will protect the rights of Nebraskans from overzealous government, as well as from bad policy. The policy of state government forcing its residents to purchase health insurance coverage has failed. When Massachusetts created the Commonwealth Connector in 2004, the state required each citizen to purchase government-approved health insurance and each employer was forced to provide the same. The results of government-regulated individual's health...government regulation of individual's health choices was a 14 percent increase in the cost of healthcare for residents of Massachusetts according to the state of Massachusetts. The individual mandate has resulted in higher healthcare costs, higher taxes, lower wages, and less quality care for the state of Massachusetts. A constitutional amendment protecting Nebraskans from such failed policies is welcomed as legislation that will preserve and protect Nebraska as the good life state. Government regulation creates higher costs for consumers. As a comparison, Massachusetts as of the institution of the Commonwealth Connector now has 52 state benefit mandates compared to Nebraska's 32. And according to the Boston Globe, Massachusetts families pay on average $1,149

per month for health insurance compared to the Nebraska average of $314. What this shows is that government regulated healthcare or government-run healthcare, however you want to describe it, does not get to the true problem which is the costs of healthcare. And that is why we are opposed to any such initiatives but also why we support Senator McCoy's legislation. But I want to...and my statement focusing on what I said, we are a grass-roots organization. We have hosted over 50 healthcare either townhalls or forums or rallies in over 30 communities across the state of Nebraska. And what we have seen when we have met, literally, tens of thousands of Nebraskans, what we've seen is that they don't want a government-run healthcare program, they don't want...Nebraskans do not want government-regulated healthcare because they know that what we heard from a previous testifier in the state of Washington and has not worked in the state of Massachusetts. It has not worked on a national level. We know it will not work and we do not want it on the state level in Nebraska. So, I just thank you for your time. Thank you for this open forum to discuss the right way to reform our healthcare system and we look forward to practical solutions that lower the cost barriers for thousands of Nebraskans. Thank you for your time. [LR289CA]

SENATOR GAY: Thank you. Are there any questions? Senator Pankonin. [LR289CA]

SENATOR PANKONIN: Thank you, Senator Gay. Mr. Stevens, thanks for being here today. One of your statements you made near the end as I think it was, we don't want government-regulated healthcare. Was that...did I hear it right? [LR289CA]

BRAD STEVENS: Yes, Senator. [LR289CA]

SENATOR PANKONIN: Okay. This committee deals with some other issues that are related to that. In fact, we deal with licensure issues of our healthcare professionals and ancillary folks that are involved in the system. And so I just want to ask based on that comment, do you think we shouldn't regulate anything to do with healthcare professionals or their training or licensure? [LR289CA]

BRAD STEVENS: This is in the context of...again, and I appreciate the question, Senator, it's the context of government enforcing a government-approved mandatory minimum, if you will, of health insurance. And when this...again, I'll use the example of the state of Massachusetts. When the state said this is the... [LR289CA]

SENATOR PANKONIN: No, no. No, I under...but let's go back to your statement. You said, no regulation of our healthcare system. Okay. So all I'm saying is the context here is interesting, and I have a lot of the same concerns. Although I think you...between the previous testifier, we've talked about whether...your concern is cost; her concern was more access to quality care and all that goes with that and that sometimes is in conflict is that's a whole another subject. But the point I'm trying to make is the state, I think, appropriately needs to be involved in healthcare. If we didn't have the HHS system, and

there was no licensure or credentialing of healthcare professionals, I think that would not be the proper duty to our citizens as well. Do you agree? [LR289CA]

BRAD STEVENS: Yes, sir. I appreciate the question and the answer would be what I believe Senator McCoy said is, but we do not want a one-size-fits-all for every Nebraskan to have mandatory minimum of what government says their healthcare insurance should look like. [LR289CA]

SENATOR PANKONIN: Okay. Yeah. I just want to make sure what the context was of your comments. Thank you. [LR289CA]

BRAD STEVENS: Yes, sir. I appreciate that. [LR289CA]

SENATOR GAY: Senator Gloor. [LR289CA]

SENATOR GLOOR: Thank you, Chairman Gay. Brad, my past background has me also very much uncomfortable with a government-mandated system. However, we have one called Medicare. How do we reconcile this with Medicare which is, in spite of its faults as Senator McCoy pointed out, broadly popular and, in fact, has driven a lot of the concern about national healthcare reform because people see it as endangered by what else may come down the pike? How do you reconcile your stand with the fact that we have a Medicare system already? [LR289CA]

BRAD STEVENS: Senator Gloor, I appreciate that question. I would look to...and I believe the Lincoln Journal Star has written about this, Nebraska families who are enrolled in Medicare and they were receiving treatment at the Mayo Clinic in Rochester, Minnesota. And the Mayo Clinic recently denied Nebraskans because they are not in the government-regulated field of service access to the Mayo Clinic for Nebraska Medicare enrollees because, as the Mayo Clinic said, the reimbursement rate for Medicare was too low and they said the administrative burden, the paperwork that's involved in it was too burdensome, too cumbersome. And so now Nebraska families are not allowed to receive the healthcare from the provider that they wanted, the provider that they were receiving it from, that ended. So the reason I bring that up is an example of and Senator McCoy's personal testimony from a constituent that when we have a one-size-fits-all government-regulated healthcare, what we have seen is that the quality of service is not always what we want (laugh). And so that's why we're...we strongly advocate and I think we have spoken about this in prior conversations is that we want competition. We want insurance companies to actually compete for our business, to compete on a competitive playing field where you can go across state lines and where government is not overregulating which, again, the example of Massachusetts. Overregulation has led to higher costs because when the state is going to get into the business of saying, this is what at a minimum our citizens have to purchase, then the special interests and the insurance companies or the lobbyists are going to be bending

your ear to say: Well, this benefit needs to be a part of any mandatory minimum or every constituent needs X service or Y service. And that's how you get to 52 mandates like what they have in Massachusetts and why the costs are so much higher. So I hope that gives you an understanding of our perspective on that. [LR289CA]

SENATOR GLOOR: Well, I think what you're saying is you don't want, for all intents and purposes, a Medicare system broadened to the extent that it covers everybody. [LR289CA]

BRAD STEVENS: I don't believe that's in anyone's interest, no. [LR289CA]

SENATOR GLOOR: Yeah. Okay. And we do have a lot of people who talk to us about adding additional mandates. I'm not sure that part will be any different than the way it is right now. I shudder to think if it were. Thank you. [LR289CA]

BRAD STEVENS: (Laugh) Thank you, Senator. [LR289CA]

SENATOR GAY: Are there any other questions? I've got one for you. You had brought up Massachusetts, but that was a state acting on their own to do that, the state legislature. So, but I guess was this driven...it sounds like you've been involved in the process, was this driven before the healthcare debate really got going because I know Senator Hatch and other United States senators and even our own senators are divided on this issue. But Senator Hatch asked about the constitutionality of exactly what you're talking about on a federal level. And now if 30 states are discussing this...but if you're saying this, you're restricting the legislative process of our state's right to do what we'd like to do as well, aren't you? Because by saying this, is you're saying, put this out to the citizens and vote on a very complex issue, by the way. And I'm not saying they can't. I think the voters are very well informed. But wouldn't we be restricting ourself somewhat by doing this because not only was there a federal constitutional question, but now you're saying each state. But if one or two states even opts out on this and it's not Nebraska, I don't know how the federal...won't this be ultimately a United States Constitutional question? So why, then, should we...I mean, what's the benefit? I think we handcuff ourself a little bit by doing this. [LR289CA]

BRAD STEVENS: I appreciate the question, Senator Gay. The answer is, yes. Regardless of how much respect I have for this institution, the Legislature, yes. Our position is that individual consumers, individual Nebraskans, individual Americans should be able to make their healthcare choices and that should not be dictated by either the federal government or state government. So the answer to your question is, yes, and that is an intended consequences, in our opinion. [LR289CA]

SENATOR GAY: Well, so I guess on that and I would think most people would agree with that, that we should have individual choices. I don't think this is the most popular

program from what I hear statewide. But I guess on that, there are many...the confusion to me becomes of, as Senator Gloor discussed, some of the popular programs that probably many of your 28,000 people participate in appreciate that fact. And somewhat if we are on an island by doing something different...I'm not saying we always got to go along, but to me the confusion, I think we'd handcuff ourself a little bit by just broad-sweeping change because already even before we had discussed we've got to remove a line because of the complexity of what it might create confusion of insurance carriers and our private choices to go choose my own insurance policy. If I don't want to carry it, I don't want to carry it. I understand that. But in a way, is the wording correct that we're not going to restrict ourselves so much? I see this kind of vague, to be honest with you, and restricts a person's freedom of choice to a private healthcare system or plans of any type. Right there I bet is fairly well open because what if it's a private plan that I want to buy and I want to go to the other one, but maybe...you know, I just don't see how this all fits in, that this is going to fix those individual liberty problems that you're talking about. And if you want to expand on that, I know that's a statement more than a question, but I think we're kind of handcuffing ourself a little bit if we do this. [LR289CA]

BRAD STEVENS: Well, Chairman Gay, again, I appreciate the question. And, I mean, I guess I would reiterate what Senator McCoy said that he's willing to work on the language of the bill to make sure that...and this is the point that I strongly believe in, that we're not handcuffing individuals, that we're not handcuffing Nebraskans. I'm in strong support of handcuffing overzealous government, whether it be from the federal level or the state level. But as long as we're providing opportunities for individuals to have the plan they want from the carrier they want, which is part and parcel with, we need to have good policy that allows for more competition from insurance companies, that they are competing for our business. But to answer your question, Chairman, yes, we do want to handcuff overzealous government from federal or state level. [LR289CA]

SENATOR GAY: Yeah. That's a good thing sometimes. [LR289CA]

BRAD STEVENS: (Laugh) Thank you. [LR289CA]

SENATOR GAY: Any other questions? I don't see any. Thank you very much. [LR289CA]

BRAD STEVENS: Thank you so much. [LR289CA]

SENATOR GAY: Other proponents? [LR289CA]

PATRICK BONNETT: Good afternoon. My name is Patrick Bonnett, P-a-t-r-i-c-k, B as in boy, o-n-n-e-t-t, 4979 South 132nd Avenue, Omaha, Nebraska. I'm president/CEO of Encore Financial Services, and I'm also the president of the advisory board for the

Nebraska Taxpayers for Freedom. I'm here today to stand in support of LR289CA. I've been in the insurance and financial advisory business for 14 years. I personally represent more than a dozen insurance carriers, and I'm here to speak on behalf of the vast majority of my 351 client families, and I'm also here authorized to speak for and on behalf of the Nebraska Taxpayers for Freedom state affiliate of the National Taxpayers Union. We have 450 local voting members in Omaha, 65 in Columbus, and 3,500 across the state of Nebraska. We are opposed to House bills HR3200, HR3962, and the Senate bill 3590 as amended, and we're here to support Senator Beau McCoy in his effort to introduce this issue before this committee. We are against federal mandates, unfunded mandates, government intrusion on our personal lives, and we're against penalties on individuals for not buying federally designed insurance programs. We don't feel that the federal government should mandate the state what it should do and we would like to see this committee strongly consider this resolution, pass it, and/or amend it to include new friendly language. Nebraska already has a great deal of competition. Your committee here is very strong. We have a very strong National Association of Insurance Commissioners Commission. They regulate our insurance industry within the state very well. We're not Massachusetts. We're not looking for you to do something that Massachusetts does. We don't want you to look to other states for direction. This is Nebraska. We'd like you to govern from Nebraska, from a Nebraskans point of view. I said earlier that I was personally appointed with over a dozen insurance carriers, but I am here personally because I'm concerned that those carriers are disappearing. Insurance premiums are mostly a product of the cost of claims. And just in the last two months I've personally been affected and my clients are being affected as we speak because they're losing their carriers. Alliance, a strong carrier in the state of Nebraska and the Equitable have both exited the chronic illness long-term care market place. And earlier this month, American Community, another decent health insurance carrier who's had its credit rating dropped for failure to maintain adequate reserves due to high cost of claims has also exited the individual and group health insurance marketplace. I have over 30 client-families insured with that carrier. So without issuing new policies, their reserves will continue to dwindle and premiums must be raised on those current policyholders. I'm afraid, though, they won't be able to afford those premiums any longer. Strongly urge you to support this resolution, and I'll take any questions. [LR289CA]

SENATOR GAY: Thank you. Are there any questions? Senator Gloor. [LR289CA]

SENATOR GLOOR: Thank you, Chairman Gay. Mr. Bonnett, with your experience, do you recognize that there may be a challenge with PPOs and networks given the current wording within the proposed legislation as was pointed out by... [LR289CA]

PATRICK BONNETT: What problem do you see there? [LR289CA]

SENATOR GLOOR: Well, Senator McCoy pointed out in his opening that there was a

potential problem under current PPO networks, in network and out of network payment, declining healthcare coverage, participation in any particular healthcare system or plan, I think is what he was referencing... [LR289CA]

PATRICK BONNETT: Um-hum. [LR289CA]

SENATOR GLOOR: ...in this legislation. But it sounds to me like he thinks that something could be worked out. I'm wondering if you think that would be a problem with your experience. [LR289CA]

PATRICK BONNETT: I think we can reach a compromise on that language, but I think passing some strong resolution against federal intervention and the state management of its own healthcare industry exceeds the federal government's authority. And I propose that you stand in support of your citizens here and push back on some of that intrusion. [LR289CA]

SENATOR GLOOR: Okay. Thank you. [LR289CA]

PATRICK BONNETT: Thank you. [LR289CA]

SENATOR GAY: Senator Stuthman. [LR289CA]

SENATOR STUTHMAN: Thank you, Senator Gay. Patrick, you stated that some of the companies were exiting because of the high amount of claims against the company. What do you feel is the reason for that, the aging population or do you see something happening as far as why there's more claims against the agencies? [LR289CA]

PATRICK BONNETT: Um-hum. Well, we have hundreds of carriers here, and they don't all cover all conditions. One carrier may specialize with covering people that smoke. Other carriers specialize with folks that have diabetes. Each carrier has its own experience and it designs its own policies to accommodate that experience. They're exiting the marketplace because of the high cost of compliance with government regulation, high cost of claims. Each month, I take a personal interest in looking at claims reports from some of my carriers as I monitor their credit ratings. I'm personally invested in several companies. And those claim reports would blow your mind--broken legs costing $87,000; hip replacements, $280,000. The figures are staggering, absolutely staggering. I lost a 35-member group health insurance case that I had had on the books for years because one person started to exceed the pharmaceutical...I mean, the cost of covering her pharmaceuticals were so great that it just blew the plan right out of the water. The company was not collecting enough premium to support that plan. And I ended up having to do a carve out for that one individual just to save the plan, but that's one instance as an example of the risk that high cost of care, high cost of pharmaceuticals, and high cost of government regulation compliance creates for these

carriers to operate here. [LR289CA]

SENATOR STUTHMAN: Okay. Thank you. [LR289CA]

SENATOR GAY: Senator Wallman. [LR289CA]

SENATOR WALLMAN: Thank you, Chairman Gay. Yeah, thanks for coming. I appreciate your high cost having dealt with one of your insurance carriers on a huge cost thing. They left the state, but it was not my personal family. But don't you think the insurance companies should have got involved in this cost thing better? You know, they're just making...passing on the thing to their consumers, and instead of tackling the problem...that's what disappoints me, not the agents, the carriers. You know the carriers let this get up because they get money on both ends whether it be tort reform or whether you get insurance on the bottom end. You know what I mean? Or if you have preexisting conditions, they're very selective. So I have a preexisting condition in my family so I could put a rider on my policy on one issue medically, so that cost me extra. So I don't know where that person could get health insurance for 300-and-some bucks. It never did happen for me even 30 years ago. So what's your...you know, if you get more people on a plan it's going to drive the cost down, right? [LR289CA]

PATRICK BONNETT: Definitely. [LR289CA]

SENATOR WALLMAN: And so I don't know what your answer is. [LR289CA]

PATRICK BONNETT: I've got a couple of answers, and I appreciate that question. Let's take one at a time. Preexisting conditions. Without an ability to avoid adverse selection, the carrier can issue a policy but they're going to have to charge a premium high enough to cover that condition, otherwise it's just not profitable. There's no reason to be in business if you don't turn a profit. I don't know of any of my carriers that don't have an acceptance for people who smoke, for instance, or for diabetes. They'll rider it. And the trend today is to rider conditions, specific preexisting conditions. So you can get condition specific underwriting. And second point, what do carriers do to hold down costs? Carriers are designing wellness programs and they're offering them to municipalities, for instance, at no charge. One major carrier here that has consolidated eight subordinate companies has recently designed a very good wellness program in conjunction with the Mayo Clinic. It's the only one of its kind. It's managed by a third party, and it's out there for free and provides an additional premium discount. Carriers led the way in designing PPOs. HMO is almost a forgotten term. We all remember the horror stories we heard there under HMOs. And PPOs were largely negotiated by carriers so that doctor groups could come together, create uniform services, and pricing policies. That held down costs. To further hold down costs, we would recommend that groups and associations be allowed to purchase group policies and master policies just like unions might. There's a number of ways to hold down costs. Wellness programs are

wonderful. Group plan purchasing units are possible, but we don't think that a federally-mandated government-run healthcare plan is the right plan. And we would hope that our elected officials here in Nebraska would push back against that government intrusion. [LR289CA]

SENATOR GAY: Thank you. Any other questions? I don't see any. Thank you, Patrick. [LR289CA]

PATRICK BONNETT: Thank you. [LR289CA]

SENATOR GAY: I'm going to 2:20, one last person on a proponent because I want to make sure we...is there any other proponents who want to speak? All right. I don't see any. We're going to go to opponents. If there are still proponents that want to get their view in for the record, fill out a testifier sheet and just hand it to the clerk and it will be included in the record. We'll hear from opponents on LR289CA. And looks like we're going to go until about 3:05, so. I'm going to quit at 3:05 on this if we... [LR289CA]

JON BAILEY: The best laid plans. (Laugh) [LR289CA]

SENATOR GAY: No, we'll quit at 3:05. Go ahead. [LR289CA]

JON BAILEY: (Exhibit 1) Good afternoon, Mr. Chairman, members of the committee. My name is Jon Bailey, that's J-o-n, B as in boy, a-i-l-e-y, and I'm the director of research and analysis at the Center for Rural Affairs in Lyons, Nebraska. And on behalf of the Center for Rural Affairs, I come before you today to offer testimony in opposition to LR289CA. Healthcare reform is, of course, one of our great national debates. The debate we've had here today I think has been interesting, but as Senator Gay pointed out, might be somewhat irrelevant to this resolution. It seems clear that any eventual healthcare reform law adopted by Congress and signed into law by the President has supremacy over Nebraska law. Senator McCoy's statement of intent filed for this resolution makes it clear that this proposed constitutional amendment applies only to, "law passed in the state of Nebraska," rather than implementation of a federal healthcare reform law within Nebraska. So since LR289CA appears clearly aimed at a hypothetical, yet-to-be introduced or, to the best of my knowledge, yet to be discussed state law containing what is referred to as an individual mandate for health insurance, I'm going to make summaries of some points I have in my written testimony which you received talking about the individual mandate and how this amendment, if adopted, would not be in the best interests of the state of Nebraska or its people. The health insurance reform contained in bills adopted by both the U.S. House and U.S. Senate is based on two key pillars: community rating and guaranteed issue. These concepts address two of the more major complaints Americans have with the current system: the opportunity for affordable, adequate health insurance and that no American be denied healthcare for want of an ability to pay. But most economists, actuaries, and health

insurance will tell you that such a system based on those two concepts will not work in the long run unless it's also accompanied by a mandate of some kind, and the reason is fairly simple. The last opponent or proponent testifier talked about adverse selection. This is a case where adverse selection will appear rather quickly. Without a mandate, young, healthy individuals will take their chance without insurance leaving a fairly narrow risk pool of older, sicker people which then causes premiums to increase, and we have the spiral of adverse selection as it goes on. In examples that I point out in my written testimony in New Jersey, Connecticut, and Indiana, for example, state efforts to help their uninsured purchase affordable insurance all suffered from these issues. Enrollment decreased, premiums went up, and soon you had programs that were not doing what they intended to do, all because of a lack of mandate. We've heard a lot of discussion today about Massachusetts. Massachusetts, I think is, of course, the best laboratory for the kind of reform the Congress is contemplating. There are a lot of statistics, but I think a couple of things are fairly clear. Massachusetts has the lowest uninsured rate in the country and their premiums in the nongroup, health insurance market have decreased comparable to national averages since 2007. I think it's also important to realize that coverage matters. Forty-five thousand people a year die because of the lack of health insurance. Many common chronic conditions are easily treated but turn out to be lethal if diagnosed and not treated and that often treatment is only available through an insurance regime. The Robert Wood Johnson Foundation estimates by 2019, one in five Nebraskans will be uninsured and there will be $330 million in uncompensated care that those of us with insurance have to pay. Two final comments I want to make. One, Senator Pankonin mentioned unintended consequences. I think you have to be very careful of those. This amendment, I think, has the potential for a lot of unintended consequences that could harm other parts of state law. Second point that Senator Gay made. This amendment, if adopted, would really tie your hands in future. If you wish to do something about that, one in five Nebraskans being uninsured, assuming something is not passed on the national level, if the state wishes to do something about uninsured and uncompensated care, this amendment would tie your hands. It's bad policy and would tie your hands. And you would be strapped with this and would really affect what you could do in the future concerning healthcare for Nebraskans. So because of those reasons, the Center for Rural Affairs asks that you not advance LR289CA. Thank you. [LR289CA]

SENATOR GAY: Thank you. Are there any questions? I don't see any. Thank you. [LR289CA]

JON BAILEY: Thank you. [LR289CA]

JENNIFER CARTER: (Exhibit 2) Good afternoon, Chairman Gay and members of the committee. I apologize, I'm losing my voice but I'll do my best. My name is Jennifer Carter, J-e-n-n-i-f-e-r C-a-r-t-e-r, and I'm the director of the Health Care Access Program at Nebraska Appleseed, and we are also here in opposition to LR289CA. And I

agree, this has actually been a very interesting discussion and I think a good and healthy one. And what our concern...I think it's actually raised some more questions for me before I came up. My understanding was that this amendment was, in my reading of it, focused on the individual mandate either at the federal level or creating one in Nebraska. But actually some of the discussion has led me to believe that perhaps there's a thought that it would have a broader effect, which actually only heightens our concern I think. And we would reiterate Jon Bailey's thoughts that the individual mandate can really be good policy if you're really looking to reform the system more broadly. And I would like to say that we wholeheartedly agree in needing to increase choice in Nebraska and nationally and we see...I don't see the individual mandate as actually restricting the choice of what insurance company you can choose from. Rather, it's just restricting the choice to remain uninsured to the extent that could actually be a choice for somebody, for too many it's not a choice. And I think that that just...that remaining uninsured has financial implications for the rest of us as a cost driver in the system. But our main concerns are that not only would this perhaps keep Nebraska from benefiting if reform at the national level does pass, but actually what we're more concerned about is it's not likely to actually be effective in banning health reform, but would likely result in costly litigation by creating a controversy between our constitution and the federal law and whether they could implement it or not. And I think we could see that happen in a lot of ways. And we'd be concerned about using taxpayer dollars on a costly piece of litigation because we...our research and from the research that we've seen done on the national level believe the constitutionality of an individual mandate, that it would be upheld. And so I'm afraid it would be not the best use of our resources. And then our other concern is one we share that I think has been mentioned several times. We are very concerned about how this would interfere with other laws in Nebraska. Would current regulation, current insurance regulations, to quote the amendment, restrict a person's freedom of choice? Would the mandates that we do have in place that this Legislature has already decided were good policy, would that be considered an interference with a person's right to pay directly for lawful medical services? And I'm concerned that, again, if this was in place as the Legislature made different choices that are within its power to make, would we see then all these little other lawsuits on these other little issues? And we completely agree that a constitutional amendment is a very, very serious thing and maybe that's just also because we're nerdy lawyers who like constitutions, but we really do see it as a very serious document. And so we wanted to make sure that there...and I know this committee certainly would, but I do think it's something to be seriously considered. And my understanding is this language is very similar if not identical to the language brought in other states. I don't think it was particularly crafted for Nebraska. And so that would be something that we would hope would also be addressed. And finally I guess I would just say, I mean, everyone is brought up...there seems to be broad agreement our healthcare system is broken and something needs to be done. We see that as a collective problem and it requires a collective solution. And I'm very concerned that this amendment would tie the Legislature's hands in deciding what might be the best collective solution. What options

do we want to choose as a state for addressing this problem? Perhaps we would like the individual mandate ourselves in Nebraska or if not that, then others. Doesn't sound like it from...right now. But I do think I am very worried about actually tieing our hands in addressing this problem going forward. And so I'm happy to answer any questions. There's more detail in my written testimony. I was just summarizing my points. [LR289CA]

SENATOR GAY: Thank you. Senator Wallman. [LR289CA]

SENATOR WALLMAN: Thank you, Senator Gay. Thank you for being here, Jennifer. Always appreciate your testimony. And has your organization ever looked in a healthcare plan with, you know, in regards to other nations or how that would work here for the United States? [LR289CA]

JENNIFER CARTER: We have a little bit. I mean, we've had an interest in it, but we've mainly been following...trying to follow what's happening, you know, at the federal level, so. Yeah, but we definitely...you know, we're obviously also very supportive of increasing access and affordable coverage and see this could be a part of it. [LR289CA]

SENATOR WALLMAN: Thank you. [LR289CA]

SENATOR GAY: Any other questions? I don't see any. Thank you. [LR289CA]

JENNIFER CARTER: Okay. Thanks. [LR289CA]

JANE FLEMING KLEEB: (Exhibit 3) Hi, everyone. My name is Jane Fleming Kleeb, J-a-n-e F-l-e-m-i-n-g, and Kleeb is K-l-e-e-b. I'm here representing the group called Change That Works, which I'm the state director of. If you're not familiar with Change That Works, we've actually been in many of your communities from Omaha to Grand Island to Beatrice to Scottsbluff holding workshops and educating citizens to be engaged in a progressive agenda which we see health reform as one of those issues. We oppose LR289CA on two grounds. First, our state constitution is not a document to be edited for political reasons. This bill represents a stalling tactic that we see being orchestrated across the country and displays two things that's worse about politics: ideological arrogance and legislative overreach. The proposed amendment does nothing to relieve the increasing costs of health insurance on families, communities, and state budgets. The fact that we still have 220,000 Nebraskans without affordable insurance options and families and businesses that are getting double-digit premium increases every year is what we should be focusing on, not a constitutional amendment which will not fix that problem. Second, at a time when our state budget is strained and we are facing deeper deficits, we do not need to open our state up to lawsuits which will cost our state money and time and take away from focusing on the real problem, which is bringing affordable insurance options to individuals, businesses, communities, and

our state. And I will just end with saying that this is a deeply wrong solution to a very big problem that needs a right answer. I'll take any questions. [LR289CA]

SENATOR GAY: Thank you. Any questions? Senator Gloor. [LR289CA]

SENATOR GLOOR: Thank you, Chairman Gay. Jane, could you explain the lawsuits concern, please? [LR289CA]

JANE FLEMING KLEEB: Yes. We are concerned that if federal reform does move forward that this will be in direct conflict with federal legislation and that it will open up our state to lawsuits, which there is a group on a national level called Community Catalyst that's looking at this issue deeply. They have a lot of white papers essentially on that which we can get to you guys. [LR289CA]

SENATOR GLOOR: What was the name of the group? [LR289CA]

JANE FLEMING KLEEB: Community Catalyst. [LR289CA]

SENATOR GLOOR: Thank you. [LR289CA]

SENATOR GAY: Senator Stuthman. [LR289CA]

SENATOR STUTHMAN: Thank you, Senator Gay. Jane, thank you for your testimony. My personal comment is, is I always have a real question with constitutional amendments and how they affect and the ability to change a constitutional amendment that has to go back to the people again. And what I'm referring to is the fact that, you know, we have the salaries of the state senators and the term limits of the state senators which is almost impossible to change and which, when put into effect in my opinion, was not the right thing to do. But I do... [LR289CA]

JANE FLEMING KLEEB: Yes, I definitely could see that from your perspective in particular. [LR289CA]

SENATOR STUTHMAN: (Laughter) But the fact is, is in my opinion I feel we should be trying to address the problem with the healthcare and not put something into the constitution, you know, with programs that help people so they don't have to have the healthcare, you know, needs... [LR289CA]

JANE FLEMING KLEEB: That's right. [LR289CA]

SENATOR STUTHMAN: ...you know, to exercise the programs and stuff like that. That's what I really support, so. But I thank you for your testimony. [LR289CA]

JANE FLEMING KLEEB: You're welcome. [LR289CA]

SENATOR STUTHMAN: Thank you, Jane. [LR289CA]

JANE FLEMING KLEEB: And I am confident that Senator McCoy has that same intent and that this is just a misplaced bill on a problem that needs an answer. [LR289CA]

SENATOR STUTHMAN: Okay. Thank you, Jane. [LR289CA]

SENATOR GAY: Thank you. Any other questions? I don't see any. Thank you. [LR289CA]

JANE FLEMING KLEEB: Thank you. [LR289CA]

BOB RAUNER: I'm Bob Rauner, R-a-u-n-e-r. Background is I'm representing myself, but I'm also a family physician and I work on some public health issues. I'd be against this for two reasons. One is that I'm fairly conservative about constitutional amendments and I don't think this really rises to something that would require a constitutional amendment and the main reason is, as you mentioned before, this would handicap us if we try to do any state-based reforms in the future. Federal reform is not adequate, which might be the case in the next year or two, we'll probably have to do a state-based reform. And I don't think the people advocating this position understand how it would actually impair a private solution. There's essentially three routes to a universal healthcare. One is the beverage model or what people call socialized medicine. The U.K. is a good example of that, but you don't have to go to the U.K. to see it; you can just go across town and go to the VA because the Veterans Administration is a beverage model. There's a government insurance model. Most people think of Canada when you bring that up, but you don't have to go to Canada to see that; you can go to our system because Medicare was basically based on that. We even took the name on them. The difference is between us and Medicare as in Canada, they do it...they administer it on the province level not on the national level like we do. The third option, though, is the private insurance model which the Swiss use and several other countries. That's also the template used by the Nebraska Medical Association in its plan that was submitted a year or two ago. And to make that work you need an individual mandate, and this amendment could make that very difficult to achieve. A private model fails to cover everybody unless you get rid of some things like preexisting conditions and recision and experience rating. To get rid of those, you have to spread the risk wider which does require an individual mandate where everybody participates because if not everybody participates, they can game the system, they can not buy health insurance until they get sick which is why we currently have preexisting exclusions and pretty much have to unless we get around that. So I would be against this because it could limit our future options if we want to do any state-based reform. Thanks. [LR289CA]

SENATOR GAY: Thank you. Are there any questions? I don't see any. Thank you. [LR289CA]

MARK INTERMILL: (Exhibit 4) Thank you, Senator Gay and members of the committee. My name is Mark Intermill, M-a-r-k I-n-t-e-r-m-i-l-l, and I'm here today representing AARP. I waited until the end because I thought maybe everybody would cover everything I wanted to say and they almost did. But I do have just a couple of things I would like to bring to the discussion. AARP represents two groups that are divided by a bright line. We have about half of our members are over the age of 65 and they have Medicare which is in essence a government-run health insurance program, and they are generally very pleased with that program. I know from my own family's experience, Medicare has been a godsend for my parents. On the other hand, we have members between the ages of 50 and 64 and many of them have employment-based healthcare coverage which they're very satisfied with. But we have a growing number of people in that age group who have lost their job or who do not have healthcare coverage through their employment and they're struggling. Blue Cross Blue Shield just issued a report in December that looked at what healthcare reform, what impact it would have on health insurance premiums. And in that report they cited that a Blue Essentials Plus plan for a 60-year-old couple in poor health would be $1,990 a month; $23,880 a year which is 52 percent of the medium income for a two-person household in the state of Nebraska. During September and October, we talked to a lot of people. We did 22 forums around the state. We did a survey in conjunction with those forums and one of the questions we ask people is, what do you consider to be affordable health insurance? And we'd listed four different options as a percentage of your income. What would be affordable? We had 5 percent, 10 percent, 20 percent, and more than 20 percent. And the answer is clustered around 5 and 10 percent. We had probably the most frequent response was 10 percent, but it was just about the same at 5 percent. We didn't have anybody say more than 20 percent, but that's what a lot of people over the age...between the ages of 50 and 64 are facing these days. The concept of insurance is the socialization of risk. People pay into a pool and then when they need some funds to draw from, they tap into that pool. The larger the pool, the lower the cost of getting in. And that's why we are not opposed to individual mandates. Our policy is that we would support individual mandates as long as they are...the coverage is affordable and that it provides access to adequate coverage. So that's why we are not opposed to individual mandates and why we are opposed to LR289CA because it would essentially as has been mentioned before, it would tie the hands of future Legislatures, and in dealing with this issue that you need to deal with in order to help make insurance affordable for that 60-year-old couple. And with that, I'd be happy to try to answer questions. [LR289CA]

SENATOR GAY: Thank you. Are there any questions? Senator Pankonin. [LR289CA]

SENATOR PANKONIN: Appreciate your coming today, Mark, and these are difficult issues. And during this debate, one of my favorite e-mails from the last couple months

was someone that e-mailed and said: I don't want anything to do with a federally-run government insurance program, but do not touch my Medicare. (Laughter) And, you know, that's a hard one to answer because it goes to what you said. But I think that's part of the issue here is people are...you know, they're frustrated and confused and whatever, but. You know, and we've had several that are similar but that one in particular was so strong was saying I don't want anything to do with a federally...but don't touch my Medicare. (Laugh) So I understand the difficulty we all have with trying to explain and also knowing as the doctor that preceded you with, you know, we're trying to blend access, cost, quality, and those things; it's tough to do. There's some trade-offs sometimes. It's hard. [LR289CA]

MARK INTERMILL: And I agree and I think, as Dr. Rauner indicated, there are other nations that have tried to tackle this. And I think as we've looked at different options, the nations are trying and looking also at what the United States culture and history is in terms of a development of a healthcare system. What seems to be the most logical is to have a system that is based on private insurance but also provides affordable coverage. The Dutch have done this, the Swiss have done this, and it's really the model that both the House and the Senate bills are patterned after. We have insurance exchanges where there are different...private policies would be available but with some sort of tax credits to help people be able to afford them, so. [LR289CA]

SENATOR PANKONIN: Thank you for your testimony. [LR289CA]

MARK INTERMILL: Thank you. [LR289CA]

SENATOR GAY: And other questions? I don't see any. Thank you. [LR289CA]

MARK INTERMILL: Thank you. [LR289CA]

SENATOR GAY: Any other opponents? (Exhibits 5 and 6) I got a letter from the Nebraska Medical Association opposing it, and I got one from the American Cancer Society; I'm just going to put it down as neutral. After I looked at it, it's kind of more factual. But they wanted to weigh in, but we'll put that in the neutral area. Is there anyone neutral wants to speak? [LR289CA]

JAN McKENZIE: Thank you, Senator Gay, members of the Health and Human Services Committee. It's a pleasure for me to be here. I have not had an opportunity to be here yet this year. For the record, my name is Jan McKenzie, that's J-a-n M-c-K-e-n-z-i-e, an executive director and registered lobbyist for the Nebraska Insurance Federation which, for those of you who don't sit on the Banking Committee and hear me say this all the time, is an organization of Nebraska domestic companies, meaning they are located here and they are our companies employing our people and driving the economic engine of our state. I have three group insurers that are members of the federation, and

we've taken a position of neutral on the bill at this point in time. We are the group that Senator McCoy mentioned looked at the language in the constitutional amendment before you and said: Oh, whoa! Wait a minute! While we realize it was modeled after some other model language and incorporates some language from I believe Senator McCoy said Minnesota, every law's statutes are...every state's statutes are different--the way we write them, what we include in our statutes are different--and we were concerned that we might be stepping over into a prohibition towards some of the PPO language that we have in Nebraska. And we appreciate very much that Senator McCoy was willing to take a look at that because I don't think that we want to do anything that was an unintended consequence if this was to be adopted. Our other concern...and Senator McCoy said on the floor this morning that he's a fan of quotations, so I brought him one. "One should only approach the constitution with a trembling hand." And I tried to find exactly who the author is, so at this point in time I'll say it's unknown, but I will try to find out who said it. I know when I sat in your seats doing a constitutional amendment was supposed to be one of the most thoughtful, careful things that you do. And having had the fine salaries that you all have for a number of years, I also know how hard it is to ever change anything once it's in the constitution because it's a very difficult, very difficult process to educate the public enough before they go to the ballot to know what they're voting on. So with that, I would again thank Senator McCoy's office for taking a careful look at our concerns and I would answer any questions that you might have. [LR289CA]

SENATOR GAY: Thank you. Are there any questions? Nope, don't see any. Thank you, Jan. [LR289CA]

JAN McKENZIE: Thank you. [LR289CA]

SENATOR GAY: Any other neutral testimony? Senator McCoy, you want to close? [LR289CA]

SENATOR McCOY: Thank you, Senator Gay, and I will be brief because I know you have other business before you this afternoon. A couple of points of clarification if I could. Having health insurance does not guarantee healthcare. I think that's an important point of this discussion. And I would agree with the testifiers that have said that it is the solemn responsibility when we enter into a discussion on a constitutional amendment. That's why I don't bring this issue lightly. This is worth the discussion. It's worth the thoughtful debate, and it's worth, honestly, the conflict of opinions that you've heard this afternoon. And I, again, would welcome the feedback from the committee and feel that this is a very worthwhile discussion. A federal legislation is enacted and it still may be. Individuals would still have the option to participate in federal health insurance program. What I'm proposing would merely protect a person's right not to participate. That's an important consideration to make. It's been discussed as to how this would interact on the federal level, and I believe this may be an appropriate point to make also

as a point of closing that the federal government usually prevails in federalism clashes. But the current U.S. Supreme Court has given rise to some thought that this may not be the case as pertains to this issue. Particularly in Gonzales v. Oregon from 2006, the court upheld the state's Right-to-Die law which was enacted by Oregon voters over the objections of the U.S. Attorney General who argued that federal law preempted the state law. In applying the structure and limitations of federalism, the court observed states have great latitude in regulating health and safety, including medical standards which are primarily and historically a matter of local concern. In holding of the Attorney General's reading, the federal statute would mark a radical shift of authority from the states to the federal government to define general standards of medical practice in every locality. The court interpreted the statute to allow Oregon to protect the rights of its citizens. So clearly this has implications on a national level as we've discussed, which is why I believe it's worth this discussion. I appreciate your questions and I appreciate your patience as you have a lot of issues before you not only today but throughout this year and through this session. And with that, I'd close. [LR289CA]

SENATOR GAY: Thank you, Senator McCoy. Let's see if there's any questions. I've got one question for you though. When you're looking at this, you know, we talked about there's several people and this is the discussion is, should there be an individual mandate, single payer, a lot of these complex issues? And I would agree that federal government probably is overreaching now but as you follow history, sometimes that happens and things change. But I guess on this constitutional amendment, if we go there, I'm still concerned about the limits of this. Now, with the federal change when you drafted this earlier, is there any change of what's happened because we have had talk, healthcare bills stalled? We've been following it. And I'd bet in this Legislature if you tried to do an individual mandate, you'd probably have 40 votes against it. I'm just guessing. Now some of these things probably don't fly here in Nebraska, but what's the one important thing why we're doing this I still think we're handcuffing ourself if we do this. And I guess as moods change and things swing, you know, to put this in the constitution and then we've already found where we could be in error already that we may have to protect it. Aren't we really just trying to get rid of the individual mandate portion of it because the wording you have...I mean, just say you can't do anything? Some of these things our constituents do want, but I think this is really handcuffs us, but. [LR289CA]

SENATOR McCOY: Clearly by nature of the fact that this is a constitutional amendment and the reason that I chose this route is to allow the people of Nebraska, should we decide to move this on as a Legislature, to choose on this issue. I believe that's important and that has some merit. I also believe that we don't know yet the future and the final determination of what may happen with federal legislation. There are still many avenues left for that legislation to go. And it's my belief that we should give the people of Nebraska the opportunity to weigh in on this issue that's as critical importance to each one of us and to each Nebraskan. [LR289CA]

SENATOR GAY: Well, I think it's a very complex, you know, discussion. And I'm just a little worried that without all of the ramifications...I mean, with penalties and fines, you also clarified here, too. The voter sees this paragraph and they don't see any of these other things that happen, and that's what kind of gets me a little bit worried. I'm not saying...but anyway, it's a serious discussion and appreciate your time. [LR289CA]

SENATOR McCOY: Thank you, Chairman Gay. [LR289CA]

SENATOR GAY: Any other questions for Senator McCoy? Thank you. [LR289CA]

SENATOR McCOY: Thank you. [LR289CA]

SENATOR GAY: Thank you. All right. With that, we'll close the public hearing on LR289CA, and I heard Senator Nordquist come into the room. (Laugh) [LR289CA]

SENATOR NORDQUIST: Stumble in (laughter). Swear I haven't been drinking. (Laughter) []

SENATOR GAY: LB1106. (inaudible) Take your conversations out in the hallway, we'd appreciate it. All right, welcome, Senator Nordquist. Go ahead. []

SENATOR NORDQUIST: (Exhibit 1) Thank you, Chairman Gay, members of the committee. My name is Jeremy Nordquist, N-o-r-d-q-u-i-s-t, and I represent District 7 in downtown...in south Omaha. By establishing a way to develop school-based health centers in Nebraska, LB1106 represents a major step forward in children's healthcare in our state. School-based health centers typically are partnerships by schools and community health organizations that provide on-site health services and promote health and educational success of school-age children and adolescents. School-based health centers help bring healthcare to students who need it. When done correctly, school-based health centers help enrollees avoid trips to the ER and provide the easy access and efficient and effective management for chronic illnesses such as diabetes and asthma. For many working families, we know it's often difficult for parents to find time away from their job to get their children to the doctor in a timely manner and, unfortunately, this delay in treatment can cause significant complications and with them, certainly more expenses. Under this bill, school-based health centers will be established as partnerships between school districts and sponsoring healthcare facilities to provide services for children and adolescents for comprehensive primary care services. I believe that every child deserves an opportunity to have a healthy start at life, and the school setting is an appropriate and efficient site to deliver the needed care. Furthermore, school-based health centers acknowledge the known link between school success and good health as well as it helps foster relationships between the schools and the community. In addition to the school-based health center portion of the bill,

there is a cost savings provision in the bill that you'll find on the last page. Currently, we cover legal permanent residents, which typically are political refugees, 100 percent with General Fund dollars. Last year, at this time, actually a year ago yesterday, with the passage of the CHIP Reauthorization Act, states were allowed to begin covering and receiving a federal match for those legal permanent residents of the state of Nebraska. With this rule change now, we'll see a significant increase of federal funds brought to the state which will more than offset the cost of the school-based health center. The bill, as drafted, according to the fiscal note, will reduce state general funds by over $900,000...or sorry, I wish it was...$90,000 each fiscal year, $94,000 to be exact and would bring in over $770,000 worth of federal funds. With that, I'd be happy to answer any questions. I know there will be several people testifying after me who are working in the Omaha area, and then also you really have probably one of the state's experts on school-based health centers sitting right here in your committee. Senator Gloor kind of led the effort in Grand Island 12 years ago to establish a school-based health center out there so. I'd be happy to answer any questions at this time, though. [LB1106]

SENATOR GAY: Thank you. Senator Pankonin. [LB1106]

SENATOR PANKONIN: Senator Nordquist, that's probably a good comment, but he just said that he still has the scars (laughter); he still remembers the scars from doing that so we'll have to ask him more about his experience. [LB1106]

SENATOR NORDQUIST: (Laugh) That's funny. Yeah, absolutely, he...yeah, thank you. [LB1106]

SENATOR PANKONIN: Thanks for bringing this forward to us. [LB1106]

SENATOR NORDQUIST: Thank you. [LB1106]

SENATOR GAY: Senator Howard. [LB1106]

SENATOR HOWARD: Thank you, Chairman Gay. At the risk of not being understandable, I...could you go into it a little bit regarding at the starting point for these...you and I have had a conversation and met with some folks that are working on this. [LB1106]

SENATOR NORDQUIST: Yeah, yeah. [LB1106]

SENATOR HOWARD: And I think it's helpful if people have a clear understanding of where this is going to begin. [LB1106]

SENATOR NORDQUIST: Um-hum, yeah. Well, in Omaha, with the...there's a great public-private partnership going on. There is significant private money being put forward

to establish...to begin with six school-based health centers and high poverty targeted...I believe it's four elementary, one middle, and one high school there. The main elementary school is...maybe it's three, two, and one, but there's six schools total. The discussions have been going on with providers in the community, at the table. It's been Children's Hospital, Creighton, UNMC, community-based...federally community qualified health centers, and essentially, the model they can probably go into more of the exact detail, but they'll be entering into an agreement with the school district. For these first six in OPS, they'll all be...the school district will be putting forward the location in the school building, and essentially then they'll be run by the healthcare provider whether that's the hospital, or I believe the first group will be run, at this point, by the federally qualified health centers will be the prime provider at that... [LB1106]

SENATOR HOWARD: And what are you looking at...and I already know the answer to this, but what are you looking at in terms of a time frame? [LB1106]

SENATOR NORDQUIST: I believe the current time frame is going to by the start of school next year is the hope. [LB1106]

SENATOR HOWARD: That's helpful. Thank you. [LB1106]

SENATOR NORDQUIST: Yep, absolutely. [LB1106]

SENATOR GAY: Senator Gloor. [LB1106]

SENATOR GLOOR: Thank you, Chairman Gay and thank you for introducing this legislation. You kind of beat me to the punch, but for obvious reasons because at least in my district, at least in most out-state districts, anybody who wanted to could go ahead with this. You are to make sure everyone understands the challenge here working under a managed care contract that needs... [LB1106]

SENATOR NORDQUIST: That's right. Yeah, and I didn't go to... [LB1106]

SENATOR GLOOR: ...some inclusion, so that you can do this and get the reimbursement necessary. [LB1106]

SENATOR NORDQUIST: Absolutely. And it's my understanding with the Grand Island model, essentially, it's treated almost as a stand-alone clinic just being located at a school where with managed care there are obstacles that have to be worked around, and that's what this bill is intended to help with. [LB1106]

SENATOR GLOOR: That is correct. [LB1106]

SENATOR GAY: Any other questions? Senator Howard. [LB1106]

SENATOR HOWARD: Thank you, Chairman Gay. Just to be clear on this, is this going to be a family-focused clinic or is it going to be child specific? [LB1106]

SENATOR NORDQUIST: I will...I would probably let the other folks testify. I guess I don't know where the final...where they're at right now with the discussions on...I mean, largely I think the main focus will be for the children in the school. There's language in here which says it's not intended to be a medical home. It's not intended to take business away from primary care physicians. We know that for the long term it's important to have that medical home outside of the school, not based on what school you're at in what year. So it's intended to augment those services, and I think it will be more adolescent based, but there will be someone after me... [LB1106]

SENATOR HOWARD: More adolescent based? [LB1106]

SENATOR NORDQUIST: For...or for the...yeah, for school-age kids. [LB1106]

SENATOR HOWARD: Oh, along with that then, will it be open...will the clinic be available after school hours? [LB1106]

SENATOR NORDQUIST: That would depend on the agreement between the school and the providers and, again, there will be someone behind me that can...that's been working on that agreement and would have an idea. [LB1106]

SENATOR HOWARD: Okay. Thank you. [LB1106]

SENATOR NORDQUIST: Thank you. [LB1106]

SENATOR GAY: Hold on. I got a question for you. Senator Campbell. [LB1106]

SENATOR NORDQUIST: Oh, sorry, yeah. [LB1106]

SENATOR CAMPBELL: Thank you, Senator Gay. Senator Nordquist, I thought you might want to have an opportunity to comment on a letter from Director Chaumont... [LB1106]

SENATOR NORDQUIST: Yeah... [LB1106]

SENATOR CAMPBELL: ...I mean, obviously, the objection...I mean, you're putting money back. [LB1106]

SENATOR NORDQUIST: Yeah, that... [LB1106]

SENATOR CAMPBELL: And I must say to my colleagues, Senator Nordquist was very quick. He and I have been working on a school immunization in the department...health department was very concerned about the fiscal impact. So Senator Nordquist, maybe we set...well, maybe we'll loan some of that $900,000 (laugh). [LB1106]

SENATOR NORDQUIST: I said, you know, we have some...if we're pulling $90,000 to play with, maybe school immunizations is a good place to go with it, but. [LB1106]

SENATOR CAMPBELL: Yeah, so we were kind of talking about that. But I thought you might wanted to have an opportunity because part of this has to do with the Medicaid provider and authorization, and I'm sure that you've already thought about some of that. [LB1106]

SENATOR NORDQUIST: Well, just the main crux of the letter was just Medicaid spending in total, and this will increase spending, but not from state dollars. It will be largely all federal dollars, and will reduce state spending. The other pieces of that letter out of the paragraph that I'm not...I want to have some more time to discuss with Director Chaumont, but I don't think...I mean, we are...I don't think it flies in the face of managed care to have those services available in a quick timely manner at an easy, convenient location being in the school building. I mean, the managed care systems, I think, is still going to work. They're still going to go to their primary care physician for most everything. But there's that convenient site at the school for them to receive services. [LB1106]

SENATOR CAMPBELL: Thank you, Senator Nordquist. [LB1106]

SENATOR NORDQUIST: Yeah, thank you. [LB1106]

SENATOR GAY: Go ahead, Senator Howard. [LB1106]

SENATOR HOWARD: Thank you, Chairman Gay. You know, I think it's important to point out that this isn't exactly a novel concept. [LB1106]

SENATOR NORDQUIST: No (laugh). [LB1106]

SENATOR HOWARD: Years ago when we had a proliferation of housing facilities, federal...Omaha Housing Authority housing projects, they were known as, there were medical clinics in those housing authorities. And the space was just given for the Housing Authority to Douglas County Health Department, and it was a very similar concept, so there are things to build on that have happened in the past that... [LB1106]

SENATOR NORDQUIST: Yeah. And one of the... [LB1106]

SENATOR HOWARD: ...and that was actually a very practical way to offer health coverage to families and especially immunizations. [LB1106]

SENATOR NORDQUIST: And I know one of the federally qualified health centers, they had a school-based health center that was grant funded for awhile. Unfortunately, the grant funds went away, but maybe they'll speak to their experiences with that as well. It's... [LB1106]

SENATOR HOWARD: Well, I remember Clark Street Clinic in Omaha, and it was really open to anyone that cared to go there, and they did a good job. [LB1106]

SENATOR NORDQUIST: Yeah, yeah. Thank you. [LB1106]

SENATOR GAY: I've got a question. So following up with Senator Campbell's question then, would this be the primary care physician at the school because the letter that Director Chaumont sent would be that you have to have a referral from a primary care physician and we could be... [LB1106]

SENATOR NORDQUIST: See, I don't...I don't know... [LB1106]

SENATOR GAY: And I know you're going to probably work that out, but...so when you talk to her, are you going to check into that? [LB1106]

SENATOR NORDQUIST: Yeah, I don't know why she wrote that. On page 5, it says that the services provided through the school-based health centers should be provided...has to be provided under a managed care plan, and does not require consultation referred by the...so...by the patient's primary care physician, so essentially we're saying they can get their pinkeye checked or, you know, taken care of at the school and not have to go check in before they can get those services. [LB1106]

SENATOR GAY: Okay. I think Senator Gloor might have a question, but it might be an answer too. Senator Gloor. [LB1106]

SENATOR GLOOR: Yeah, I was going to say my difficulty in all of this is asking questions for which I plan to answer (laughter). [LB1106]

SENATOR NORDQUIST: Well, you better than me...you better than me. [LB1106]

SENATOR GLOOR: But Senator Nordquist and I have had some conversation...I believe some of the concern about this is not a clear understanding of what the clinics normally do. There are not labs there; there are not x-rays. Nobody's going to be ordering an expensive MRI because they can't. They're usually staffed...they're only affordable to be staffed by a physician's assistant or more appropriately, usually a nurse

practitioner in this case. And, obviously, they'll only operate under the auspices of an established physician who probably will be a contract...have a contract with the state. So, you know, it's a matter of the way this is described is a clinic, but in reality, it is a aid station that can appropriately provide a level of care and screening. Quite a few physicals are likely to be done there or portions of physicals, so that kids who might otherwise be sent away from school because they don't have their physicals and drift into not coming back with families who don't care, and then we have truancy problems and gang problems can, in fact, get that taken care of the same day they take for registration, and you've taken care of that problem and many others. So I do understand the concern about we don't want to just be opening the door to clinics, but it's not affordable (inaudible) anything other than an aid station where there are no lab...there may be a few simple urine dipsticks that can be done and whatnot, but that's about it. [LB1106]

SENATOR GAY: All right. [LB1106]

SENATOR NORDQUIST: I guess one other thing on...I know the committee got a letter from the dental association with some language that I would not oppose that change and not...there's been a couple of other groups that have talked to me about concerns, and I'll work with committee members and the chairmen on those pieces. [LB1106]

SENATOR GAY: Yeah, and I haven't seen that one yet. Maybe Erin, our clerk has it, or we have it. The only one I've got in front of me is Public Health Association of Nebraska, but they'll probably be coming. We'll look for that, and then I got...and then I got the Director's letter and...I got two letters from the Director. Any other questions for Senator...Senator Howard. [LB1106]

SENATOR HOWARD: And Senator Gloor may be able to answer this one too. Do you know, can a health clinic diagnose and prescribe? Will they be able to...if a child comes in with possible strep throat, can they diagnose that and then prescribe so that, you know, not only that child gets well, but other children don't get sick? [LB1106]

SENATOR NORDQUIST: It would be...sure. Yeah, it would be the nurse practitioner would be able to fulfill that, yeah. [LB1106]

SENATOR GAY: All right. And then we'll hear more, not repetitive testimony after you, I'm sure. [LB1106]

SENATOR NORDQUIST: Yeah, I'll...yeah, sure, sure. Sure, maybe some more details, and then I'll be here to close as well, if needed. [LB1106]

SENATOR GAY: All right. Thank you. Thank you, Senator Nordquist. [LB1106]

SENATOR NORDQUIST: Yep. [LB1106]

SENATOR GAY: Proponents. [LB1106]

JOHN CAVANAUGH: Mr. Chairman, members of the committee, John Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h, 1004 Farnam Street, Omaha, Nebraska. I'm the Executive Director of Building Bright Futures and want to thank Senator Nordquist and the cosponsors of this legislation. It's an important piece of legislation for Building Bright Futures which is a not-for-profit organization focused on improving academic achievement for students in the two-county metropolitan area of Omaha. In the course of the previous two years, we conducted extensive study of the challenges of academic achievement in our schools and involved a broad community input. In the course of that, healthcare was identified as the single most important missing element in terms of academic achievement. The absence of healthcare has a severe impact on a student's ability to perform academically. In the course of our process, we reached out to the community of the metropolitan area and really asked the healthcare community to respond to that need. What we found both in terms of national studies, the Commonwealth Fund in 2008 evaluated all 50 states in terms of child healthcare, and they found Nebraska ranked number six in the nation in terms of quality of healthcare; 36th in the nation in terms of access to that quality. And that's a reality that we see dramatically in our community. We have very high quality child-care providers, and we have very large obstacles for large portions of our population and to access that quality care. As we went through this, the direction of community health centers seemed to be one that made sense. It comes to us from the provider community, and is one that we strongly endorse and support. We have looked not only across the state, and Grand Island is a leading community in our state in terms of having addressed this issue structurally. We've looked at the Grand Island health center. We've also looked across other cities, and we recently...a group of the healthcare providers in Omaha visited Chicago, and subsequently Denver. We found very good expertise in Chicago and great hospitality. We found that health centers are in 45 states across the country, so it is a model that is out there. What we haven't yet found is in another community which would provide us with a cookie cutter model. I think that what we're looking at is fashioning a model that works in our community with its particular needs and its particular assets. And I think a very encouraging thing that we have is full participation from the leading healthcare providers, and I think you'll hear from some of them here today. But Charles Drew, OneWorld, University of Nebraska Medical Center, Creighton University Medical Center, Boys Town, and led by Children's Hospital which has provided tremendous leadership to this whole effort has brought the community together, and now we really need the blessing of the Legislature, the structure within which this community can respond to a need that is critical and essential if we are going to improve academic performance for our kids, and if we're going to have better access to healthcare for them. So I urge your support for LB1106 and appreciate your consideration. [LB1106]

SENATOR GAY: Thank you. Any questions? Senator Howard. [LB1106]

SENATOR HOWARD: Thank you, Chairman Gay. Well, I'll convey your good wishes back to my representative in Chicago. It's good to hear. This is such a good common sense thing to do. We recognized how important nutrition was for kids some years ago and really worked to provide the free and reduced meals--breakfast and lunch. But I'm going to ask you a couple of questions that I asked Senator Nordquist because I'd really like the clarification. I initially thought this would be only in elementary schools. Will it also...I mean, the initial six sites. Could you tell me where those will be or what those are? [LB1106]

JOHN CAVANAUGH: I'm not sure that we're...actually, as a result of our visits and additional information gathering, I think we're relooking at the school sites. And the time...we are committed to opening at least six within the next year, and I think we'll start with maybe two elementary school sites by August. What we're looking for now is probably not a single model, but different models that would serve different needs in the community and...but ones that are based upon some common operating principles that would allow us to expand rather significantly rather quickly. You know, we think that we probably have something like 35,000 students who are seriously underserved or not served at all, so that's the initial target population. But as you know, we also have increasing mobility within the two-county area, so developing a delivery...not really a delivery system. We're not looking at this as delivering healthcare services so much in the schools as providing access to the needed healthcare services. So more of a portal system than a delivery system, but one that recognizes the particular characteristics that we're dealing with which include student choice, mobility, and being able to make access for those students more readily available. So, I mean, from our perspective I think we wouldn't want people to focus on creating a whole new delivery system because we think we have a pretty good delivery system. We're not looking to add a lot of hardware to the process. We're trying to find a better way to access that...those facilities for kids. [LB1106]

SENATOR HOWARD: Well, I think you're doing a great job with this. This is, like I say, something that's been needed for a long time, especially for kids whose parents are working minimum-wage jobs and simply can't take time off work to go to the school and pick their child up and take them to the doctor. They don't have that flexibility in their lives, so this is great. And District 9 is interested in being a site, so keep that in mind. [LB1106]

JOHN CAVANAUGH: It's a critical need, and Chicago went all out. They were really... [LB1106]

SENATOR HOWARD: Good. [LB1106]

JOHN CAVANAUGH: ...incredibly hospitable there, and we got a great introduction. [LB1106]

SENATOR HOWARD: Thank you. [LB1106]

JOHN CAVANAUGH: But the real credit belongs to the providers in the Omaha community and particularly Children's Hospital has done an outstanding job of leading this effort, so thank you. [LB1106]

SENATOR GAY: Are there any other questions? I don't see any. Thank you. [LB1106]

SENATOR HOWARD: He's running off (laugh). [LB1106]

JOHN CAVANAUGH: Sorry. (Laughter) [LB1106]

SENATOR GAY: Don't say anything. That's all right. Thanks. [LB1106]

JOHN CAVANAUGH: Thanks. [LB1106]

SENATOR GAY: Other proponents. Go ahead. [LB1106]

ANDREA SKOLKIN: (Exhibit 2) Go ahead. Good afternoon. Thank you, Mr. Chair and members of the committee for the opportunity to speak with you today. Most of my testimony you have already asked and answered, but I wanted to share some general information about school-based health centers in the nation. My name is Andrea Skolkin. That's S-k-o-l-k-i-n. I am the Chief Executive Officer of OneWorld Community Health Centers in Omaha and Plattsmouth, Nebraska, and I'm here today to speak in favor of LB1106. School-based health centers emerged in the 1970s in recognition of increasing number of children and adolescents that not only lacked access to healthcare, but also needed care that was culturally sensitive, age sensitive, confidential, safe, geographically accessible, and suited to unique developmental needs. Most school-based health centers provide primary preventive care including comprehensive assessments, treatment of acute illnesses, immunizations, physicals, referrals, and follow-up, health education, and health consumer skills. School-based health centers are health centers that provide students...they are directly on campuses; they are either...could also be linked campuses or mobile units of which we do have a mobile dental unit. These types of services provided by these centers vary among...across the nation. But they vary from full-time medical providers to part-time medical providers. The goals of school-based health centers are to prevent children from getting sick, to promote overall health and well-being, to enhance the delivery of primary and preventive services, improve attendance and performance at school. Providing children with primary and preventive healthcare reduces the likelihood that they'll need later treatment for chronic disease and improve attendance. Many of these

children are underserved and face significant barriers to accessing healthcare services. Research shows that school-based health centers increase access to care, reduce health disparities, and increase savings to families as well as the Medicaid program. Studies have shown that these clinics reduce inappropriate use of emergency rooms and increase appropriate use of medical homes. Moreover, they have been shown to positively impact mental health of students and result in a reduction of hospitalization rates, particularly in asthmatic children. And it is well accepted that healthier children make healthier students and perform better in school. There as...John Cavanaugh presented, 45 states and the District of Columbia have school-based health centers. Twenty states support school-based health centers with funding from general funds, tobacco funds, health grant funds, other sources--Medicaid, SCHIP, private insurance, foundations, and 20 states have such school-based associations or a state level staff person to support them. Today you're fortunate that we're not asking you for money. We are just asking that we codify the concept of school-based health centers in Nebraska. Families benefit from school-based health centers because parents have to take less time from work. Families are informed and helped to enroll in Medicaid and know about preventive healthcare services and how to use a medical home. Schools and communities benefit because school-based health centers support the educational mission; kids are able to stay at school and attend more often. Students, of course, appreciate the services because they're tailored to meet their needs, and they're in school and ready to learn. Their concerns are addressed promptly. As you know, the number of children under 19 in Nebraska is growing, and it's estimated to be over 500,000 children in 2008. Of that number, almost 136,000 are eligible for Medicaid or SCHIP, and we estimate about 40,000 additional children that are uninsured. Many of these children live in single parent households which may also mean single car households and the ability to visit the physician as well as earning low wages. It makes it difficult to ask for time off from work, and school-based health centers are one avenue that assists these families in obtaining care. They provide vital assessment for children, many of whom are uninsured and wouldn't normally go to a provider. So we ask your support of LB1106 to provide this additional avenue for children and their families to obtain necessary medical services. Thank you. [LB1106]

SENATOR GAY: Thank you. Senator Stuthman. [LB1106]

SENATOR STUTHMAN: Thank you, Senator Gay. Andrea, in your school-based program, are you a bug chaser or are you an education component of it? Do you have classes where you help educate the kids or do you have just information preventing diseases? [LB1106]

ANDREA SKOLKIN: We plan under the Building Bright Futures initiative to do both. We see ourselves as there in the moment to treat the symptoms that a child might come to, to the nurse practitioner, but also doing some population-based screening services to help kids that are needed, depending where they live and lead screening on other

population services and hope to have some health education pieces. [LB1106]

SENATOR STUTHMAN: So in your statement, you had, you know, support the schools' educational missions so you're really there trying to educate the kids also on health issues. [LB1106]

ANDREA SKOLKIN: Yes, we are, Senator. Yeah. [LB1106]

SENATOR STUTHMAN: Yeah, so instead of just being there to treat people when they get a cold and a cough and sore throat and stuff like that. [LB1106]

ANDREA SKOLKIN: Right. We are sure that when we are located in the schools that the teachers will utilize the nurse practitioner or physician's assistant to come into the classroom to teach on whatever subject as designated by the school and prescribed. [LB1106]

SENATOR STUTHMAN: So there would possibly be, you know, the nurse there could educate them on the value of junk foods (laugh)? [LB1106]

ANDREA SKOLKIN: (Laugh) And healthy nutrition and good eating habits, yes. [LB1106]

SENATOR STUTHMAN: Okay. Thank you. [LB1106]

SENATOR GAY: I saw Senator Gloor. [LB1106]

SENATOR GLOOR: Thank you, Chairman Gay. Andrea, again, my congratulations for you to take a hold of this issue, but I'm going to ask you some questions, again, based upon Senator Pankonin's reference to the scars I still carry (laughter) that are built around that. And I don't want you to misunderstand this as not being supportive of what you're trying to do because you will be the provider... [LB1106]

ANDREA SKOLKIN: And essentially following your model, yes. [LB1106]

SENATOR GLOOR: ...for this. Yeah, okay. How are you going to handle reproductive health issues? [LB1106]

ANDREA SKOLKIN: We are...because most of these centers will be in elementary schools, we are not sensing that that issue will come up. I believe that we will not...and I will defer to the Building Bright Futures initiative. There will be no contraception as a part of these school-based health centers. Should...because of a physician's oath that they take, should a child present with those issues, I'm certain that they will connect them with a medical home to deal with those issues. [LB1106]

SENATOR GLOOR: But there won't be physicians. There'll be nurse practitioners... [LB1106]

ANDREA SKOLKIN: There will be nurse practitioners and physician's assistant, but there will also be a medical director that they will consult with on those issues. [LB1106]

SENATOR GLOOR: So if a 12-year-old comes in...the 12-year-old comes in and says, I would like birth control pills because...and they give a medical history... [LB1106]

ANDREA SKOLKIN: Um-hum. [LB1106]

SENATOR GLOOR: ...what's going to happen to that child, and what procedure is going to cover that discussion and dialogue? [LB1106]

ANDREA SKOLKIN: I might ask for some help from the Bright Futures initiatives, but as...because not all of this has been worked out yet. However, contraceptives will not be dispensed in the schools. That will be a referral back to a primary care home. If the child doesn't have a primary care home, back to the options that might be available in the area. [LB1106]

SENATOR GLOOR: Might I suggest that before this becomes a much broader level of discussion after we, hopefully, do the correct thing here, that be a base that's touched on very quickly. [LB1106]

ANDREA SKOLKIN: Thank you for sharing that concern... [LB1106]

SENATOR GLOOR: ...again based upon past experience. [LB1106]

ANDREA SKOLKIN: ...You might be able to help us given your experience... [LB1106]

SENATOR GLOOR: Just say no. That's pretty, you know, that would be the answer some would give. [LB1106]

ANDREA SKOLKIN: Um-hum. [LB1106]

SENATOR GLOOR: And I don't necessarily mean by that the former First Lady's approach towards birth control. [LB1106]

SENATOR GAY: Senator Howard. [LB1106]

SENATOR HOWARD: Thank you, Chairman Gay. I would...after having done social work for as many years as I did it and worked with the population that this would really

help, I would suggest that you kind of are gentle on the fact that these people only have one car and...I mean, this population...these people are working assembly lines at Oriental Trader. These people don't have the option of going to a supervisor and saying, I just got a call from school. My child is sick, and I have to leave. You're out of luck. I mean, your job is done if you do that. And that leaves these people between really, really a rock and a hard place because either you hope your child gets better or you're going to take him to the emergency room if you feel it's a situation that needs medical attention which results in more expense for all of us. And if you feel the child is going to get better and they don't, then we had referrals to CPS on the basis of medical neglect, so I think this is such an important concept. It's such a way to offer support to the families and healthcare to these children that need it the most, and I...Senator Gloor has given you good advice, spoken from experience, I'm sure. But I think these are things that are well worth addressing and not only in terms of birth control information but also STDs which certainly can show up in children 12 years old. [LB1106]

ANDREA SKOLKIN: Um-hum. And thank you for your comments, Senator Howard and Senator Gloor. I'm sure the Building Bright Futures initiative and the providers across the community, at least in Omaha, which this is, I think, one steppingstone--Grand Island being ahead of us, to look at these health centers across the state, will take that into consideration as we develop policies for operation of these clinics. [LB1106]

SENATOR HOWARD: Thank you. [LB1106]

SENATOR GAY: Senator Campbell. [LB1106]

SENATOR CAMPBELL: Thank you, Senator Gay. Ms. Skolkin, my question is, and I'm assuming from the comments so far that you would start the two pilots at low-income schools with a lot of the children on free and reduced lunch. We were just talking here, and we decided to ask the question. On free and reduced lunch, that would make them very close to being Medicaid eligible, I would think. [LB1106]

ANDREA SKOLKIN: Right. Many of the children will be Medicaid eligible, Senator Campbell. [LB1106]

SENATOR CAMPBELL: I mean, it should be...I would assume that a goodly amount... [LB1106]

ANDREA SKOLKIN: Um-hum, um-hum. [LB1106]

SENATOR CAMPBELL: ...which may take care of some of the concerns of the department. Because I'm not sure that the...you know, the schools might have been identified enough for them to figure out. [LB1106]

ANDREA SKOLKIN: Right. The Building Bright Futures initiative which is in the Omaha area will be figuring out the best schools to pilot these in, but, essentially, these school clinics can already exist as...Grand Island as an example by going through the licensure process. But it's a great observation. [LB1106]

SENATOR GAY: I've got a question for you. On one of these paragraphs, you state, research shows that these school-based health clinics increase access to care, some of the other things. But anyway, you said, increase savings to family, and the one I'm interested in, in the Medicaid program, I can understand common sense some of the preventive stuff is going to help inappropriate use of emergency rooms is a good thing; medical homes, good concept. But I guess where is the facts on that? Because I think it's... [LB1106]

ANDREA SKOLKIN: Where is the savings? [LB1106]

SENATOR GAY: Yeah, do you have something you could get to us where it shows other states who have maybe... [LB1106]

ANDREA SKOLKIN: I do have some citations that I can forward to you. [LB1106]

SENATOR GAY: ...and maybe someone after you will bring that up or have some concrete facts because when we get our fiscal note, it says, well, you're going to get all this federal money, and you might save some money on Medicaid. I mean, that's a tough sell sometimes because, at some point, you keep getting more entitlement money is what this is, and the bubble is going to burst, and here we are. But if it has a true savings to our Medicaid program or something we could refer to, I think it would be helpful. But I notice, you put that in. If you have some supporting material, it doesn't have to be immediately, but...and maybe someone behind you will bring that up so that's not so much a question. But if you can get some of that. [LB1106]

ANDREA SKOLKIN: Um-hum. Thank you, Senator Gay. There is a national association of school-based health centers as well as the National Nurse Practitioner Association that has issued a few reports that have some research cited in them. I can forward them to you. [LB1106]

SENATOR GAY: Well, we can also look as well. Sometimes...I don't think you need to do everything for us, but we can look too. But that's where you're getting your data? [LB1106]

ANDREA SKOLKIN: Correct, um-hum. [LB1106]

SENATOR GAY: Okay. Yeah, if you want to provide that, you can; if not, you just send us to the right direction, I suppose. Any other questions? I don't see any. Thank you.

[LB1106]

ANDREA SKOLKIN: Thank you. [LB1106]

SENATOR GAY: How many proponents are going to be speaking on this? About two or three more. How many opponents? Are there any opponents? We did receive a letter from the department. Is there anyone neutral? Okay, so all proponents, please not be repetitive and give us more details. Thank you. [LB1106]

STEVE BURNHAM: Thank you, Chairman and other members of the committee, my name is Steve Burnham. That's B-u-r-n-h-a-m. I represent Children's Hospital and, in particular, Children's Physicians. That is a primary care network affiliated with Children's Hospital in Omaha. I'll be brief today on just a couple of topics. One of them has been touched on where I'm the chairperson of the task force of those entities that Mr. Cavanaugh did mention--OneWorld, Charles Drew, UNMC, Boys Town, Creighton, OPS, Building Bright Futures. We've had legal counsel, of course, and, of course, Children's Hospital. We've brought this together with the intent on making it a sustainable model. We have determined what the medical services will be based on input from Grand Island and some of these...a couple other cities and other research that we've done; also about the space and the equipment needs and those sorts of things. I come at it a little bit more from the business perspective. We will develop a business plan and make it sustainable, and that's one of the reasons we support this bill today. Definitely have learned from others. The good thing about this is we don't have to create the wheel. We just hopefully have to make it a better wheel that will be sustainable and not just a program that comes and goes. The other thing I want to mention is in the medical home concept. We are all big proponents of this. We do not feel in any way, shape, or form that this would be a detriment to the primary care physicians and the medical home. We actually think it will supplement it. The PCPs--primary care physicians will not feel threatened if they're communicated to in the right way and have the opportunity to participate in this. The nurse practitioners or physicians' assistants will be...will communicate timely to the primary care in a way that they'll be able to help manage it. Of course, the mid-level providers also will have direction from a medical director--an M.D. or a D.O. that will be responsible for this, so we really view that it supplements that medical home concept. And there has been some thought that it would be a detriment to that, but we don't feel that. Those were the only comments that I had, and I wanted to clarify the medical home primarily, and that it has been a joint venture between several entities. So I'll try to answer any questions, if you have any. [LB1106]

SENATOR GAY: Senator Gloor. [LB1106]

SENATOR GLOOR: Thank you, Chairman Gay, and thank you for your testimony, and again, your work in this behalf. Will the organizations...will the clinics take private-pay

insurance? Obviously, the hope is to serve a portion of the population that are no-pay or maybe perhaps Medicaid, hopefully Medicaid. But there will be children whose parents have insurance, and will you take that insurance? [LB1106]

STEVE BURNHAM: Our intent is to do that, and I think that will be more applicable as we expand to other areas. But you're right, the pilot sites will be primarily where they don't have it, but the intent would be, yes, that we would as we progress. [LB1106]

SENATOR GLOOR: And I think that's appropriate and certainly the Grand Island facility does that, but does that not then put you in competition with primary care practices? [LB1106]

STEVE BURNHAM: Well, again, I think there's that potential. I think communication is the key there, Senator, that if the primary care (a) know why we're doing this and what the thought behind it is, and that they have a chance to participate if they want to in terms of being a sponsor for one of the nurse practitioners or physicians' assistants, as we expand this across the learning community, I think they'll readily accept it. I represent primary care; that's who I work with every day. And, yeah, there would be some questions up front, but once they understand what we're doing, I think they don't feel that it's competition, that it'll actually make the delivery of healthcare more efficient. [LB1106]

SENATOR GLOOR: You are a great voice for primary care, but you are not a physician, are you? [LB1106]

STEVE BURNHAM: No, I'm not. [LB1106]

SENATOR GLOOR: I would ask you if you have physician champions who are also lined up who will be willing to take a few of those scars that others might carry. Do you have physician champions? [LB1106]

STEVE BURNHAM: (Laugh) I'm always happy to defer to a physician for that (laughter). No, we actually, on our task force we have a couple of physicians already on it and proponents of it, and will help in the communication. You're exactly right. Peer to peer is the most effective communication with physicians, so we view that as very important. [LB1106]

SENATOR GLOOR: It will not eliminate that...the concern, or some of the slings and arrows, but it will certainly help temper them. So you do need to have as many physician champions as you can get...pediatricians as well as family practitioners. [LB1106]

STEVE BURNHAM: Absolutely, and you're right that we will have some that will view it

that way. But the overwhelming majority of the people that we represent on the task force feel that it's not a threat. Good advice. Thank you. [LB1106]

SENATOR GAY: Any other questions? I don't see any. Thank you. [LB1106]

STEVE BURNHAM: Okay. [LB1106]

MARY FRASER MEINTS: (Exhibit 3) Hello, Senators. My name is Mary Fraser Meints, M-a-r-y F-r-a-s-e-r M-e-i-n-t-s, and I represent Uta Halee Girls Village in Omaha and Child and Family Coalition of Nebraska. I will not repeat what others have said. I just want to add one perspective, and that is that Denis McCarville, the chief executive officer at Uta Halee in Girls Cooper Village was on Building Bright Futures, and participated in this, and we are hoping that mental health services will also be available and accessible through the children's clinics. And we know that the Safe Haven was an issue, and we hope this is a way to access that early up-front preventative services in the schools. So I won't repeat the rest of my written testimony, but that's the one perspective I wanted to add. [LB1106]

SENATOR GAY: Thank you. Are there any questions? I don't see any. Thank you. [LB1106]

MARY FRASER MEINTS: Thank you. [LB1106]

DON WESLEY: (Exhibit 4) Chairman Gay, members of the Health and Human Services Committee, I am Don Wesley representing Nebraska Nurses Association. I have a handout that you'll get from Linda Stones expressing our support for the bill. Rather than cover that, I would like to respond to Senator Gloor's question and having a few scars from this issue in the past as well, I think that was wise counsel. And Senator Nordquist, I think, this is a very important bill, and the bill does cover the abortion issue, but I think the reproductive services birth control issue. I would highly recommend this committee clarify in the bill that that is not something covered by these services. But I would also caution you not to deny access to services for STDs, for instance, as a distinction. I think that's one I would make, but the more you can clarify that before it comes to the floor, whatever may follow, if there is any opposition I don't know. But I can tell you on the floor there will be a debate, and the more you can make sure that those issues are clarified, the better because this is important to pass. With that, I'd be happy to answer any questions. [LB1106]

SENATOR GAY: Thank you. Are there any questions? I don't see any. Thank you. [LB1106]

DON WESLEY: Thanks. [LB1106]

SENATOR GAY: Any other proponents? We've got two letters--Nurses Association, Voices For Children in support. And then there's probably some others in here but I'm not going to go through all of them. Any opposition? Any neutral? Opposition, we do have a letter from the department that's included in there. Any neutral? I don't see any. Senator Nordquist, you want to close? (See also Exhibits 4, 5, and 6) [LB1106]

SENATOR NORDQUIST: I just want to say thank you for the great line of questioning and, again, I will look forward to working with you to make this...to ease the concerns in some of the issues that have come forward to move this to the floor. And any last questions, I'd be happy to answer. [LB1106]

SENATOR GAY: Okay. Do we have any questions? I've got one for you. When I was reading the fiscal note, does this...if a school decides to take this on, a learning community, whatever the case may be--have you checked with the education? Do they get additional educational funding under the...like that we have to cover under the...? [LB1106]

SENATOR NORDQUIST: No, there wouldn't like under TEEOSA or anything? [LL1106]

SENATOR GAY: Yeah, so like if you'd do this, it's not a requirement that TEEOSA has to pay for under the school funding formula, right? [LB1106]

SENATOR NORDQUIST: Yeah, yeah. And also...yeah, no. That's right. There would not be... [LB1106]

SENATOR GAY: So there's no incentive. [LB1106]

SENATOR NORDQUIST: ...and also on the...just on the learning community piece, I received an e-mail on it the other day, I wanted to clarify. We put that in here that it can be organized through schools--school district learning community or provider relationships, but the learning community doesn't have statutory authority themselves to do it under their...what they can do. That was just kind of...if down the road it wanted to be, but that's something that if the committee said well, we don't want to say what the learning community should be doing right now (laugh), you know, that's...we just put it in there down the road. The Education Committee would, at some point, have to act and say, yes, the learning community can do this. They don't have that authority yet, so. [LB1106]

SENATOR GAY: Okay. And then also, Senator Nordquist, while you're here, I asked Andrea Skolkin about that data, but I think if we look...Voices For Children handed out a sheet, and there's plenty...there's some references to data, so... [LB1106]

SENATOR NORDQUIST: Okay, oh okay. I haven't seen that yet but...okay. So now it'll

be...it... [LB1106]

SENATOR GAY: ...if you want to check on that, I guess that's your role to do that. [LB1106]

SENATOR NORDQUIST: ...and I'd be happy to get the committee more information. Yep, yep. [LB1106]

SENATOR GAY: And I shouldn't have to ask someone else, but that's...if you look on the back, if you want to get more information that's where it's at. Senator Gloor, you had a question. [LB1106]

SENATOR GLOOR: And I'll be brief, and this is less a question, again, unfortunately, but I've told Senator Nordquist this, and I relay this story less for him because he's heard it and more for other members of the audience who are supportive of this. Just so you understand the scope of what might lay ahead and encourage you to tighten your chin straps. I remember getting a phone call from a state senator in the midst of trying to start the student wellness center in Grand Island. It was not a Nebraska state senator...it was a state senator from New Jersey, I believe, who had...and been involved and gotten wind of what was going on in Grand Island and was greatly concerned. And I tell that story only...I was not quite able to reassure him, but when we start providing health services to other people's children, people get very concerned. [LB1106]

SENATOR NORDQUIST: Sure, yeah. [LB1106]

SENATOR GLOOR: And issues around reproductive health get brought in inevitably, so I, again,...we need to make sure that people understand that getting organized and being ready to answer any and all questions is an important thing to do. [LB1106]

SENATOR NORDQUIST: You've been more than helpful in the initial drafting of the bill to put some...to work on that and make sure we had some language in there, but I'll work with the committee to make sure we tighten that up and then also just making sure that we continue to reiterate to people, and not let misinformation get out that it is...it's our providers in Omaha that are going to be providing the care that, you know, some of the best institutions certainly in this state and if not in the region as well. So I think that's...that it's not our schools necessarily (laugh) providing the direct care. [LB1106]

SENATOR GLOOR: You clearly understand and certainly are the right person to carry this bill. [LB1106]

SENATOR NORDQUIST: Yeah. Yeah, oh, thank you (laugh). Thanks. [LB1106]

SENATOR GAY: All right, any other questions for Senator Nordquist? I don't see any.

Thank you. [LB1106]

SENATOR NORDQUIST: Thank you. [LB1106]

SENATOR GAY: That will close the public hearing on LB1106 and take testimony...Senator Stuthman is here to introduce LB938. Go ahead, Senator Stuthman. [LB1106]

SENATOR STUTHMAN: Thank you, Chairman Gay and fellow members of the Health and Human Service Committee. For the record, my name is Arnie Stuthman, A-r-n-i-e S-t-u-t-h-m-a-n, and I represent the 22nd Legislative District, and I'm here today to introduce LB938. LB938 impacts the state of Nebraska at six federally qualified health centers located in Gering, Columbus, Norfolk, Lincoln, and two of them in Omaha. The intent of this legislation is to direct the Nebraska Department of Health and Human Services to implement a state plan amendment allowing the cost base reimbursement for these Nebraska federally qualified health centers. Federal law allows for cost base payments of 100 percent of average cost or the perspective's payment system, whichever is higher. The federal government also allows for flexibility in rate reimbursement to accommodate the needs of the rural and urban areas that receive the services provided by the federally qualified health centers. There are testifiers here today that will deal with these programs that they have and have firsthand experience of the impact of this bill, and they can tell you how the effect of this bill will affect them and the services that they provide. And they will have the appropriate answers for those situations. [LB938]

SENATOR GAY: Thank you, Senator Stuthman. Any questions? I don't see any. Thank you. [LB938]

SENATOR STUTHMAN: Thank you. [LB938]

ANDREA SKOLKIN: (Exhibit 1) Twice in one afternoon. Hello, again. Thank you, Mr. Chair and members of the committee for the opportunity to speak with you today. Again, my name is Andrea Skolkin, and I am the chief executive officer of OneWorld Community Health Centers located in Omaha, Nebraska, as well as Plattsmouth. I'm here today representing all six federally qualified health centers across the state of Nebraska including Norfolk, Columbus, two in Omaha, one in Lincoln, and one in Gering. What you are receiving is a copy of both my testimony and a letter from our health center located in Gering, Nebraska. As you know, Federally Qualified Health Centers were formed by Congress in 1965 to provide healthcare to underserved populations across the country. In Nebraska, last year the six community health centers provided healthcare to over 55,000 Nebraskans through about 185,000 visits for physical, mental, and dental services. Sixty percent of those patients were uninsured. It's important to understand that nationally, health centers--there are about 1,200 of

them, serve on average 38 percent uninsured, so the burden for Nebraska health centers is 1.5 times greater than the rest of the nation. In addition, we are very grateful to the state for support of Nebraska health centers through grant funds, and we also have our patients contributing to the cost of their care on a sliding fee basis based on their ability to pay and number of people in the household. All health centers accept private and public insurance as well. Our goal is to expand the safety net in Nebraska and reach individuals who currently do not have access to a medical provider. In the past few years, our patient numbers have grown tremendously yet we are still not able to fill the need and answer all the calls for appointments that we receive. The Health Center Program is designed to overcome access, quality, and cost challenges in a healthcare marketplace that too often leaves the most vulnerable behind. It is designed to go beyond a typical medical home, to be more encompassing of other services, and known as a healthcare home. There is a federal mandate for healthcare centers that require that we be located in areas that are designated as medically underserved, and where there are too few physicians. We provide supports that are not usually offered in other kinds of medical practices such as bilingual bicultural staff or interpreters, assistance with enrollment in Medicaid, enrollment in the state's program, Every Woman Matters, other community programs, financial counseling, social work services, and a unique model of integrated behavioral health. Some health centers also offer services such as transportation, health education, and community outreach. These services increase effectiveness of the healthcare they receive and include such things as case management and nutrition education. We also offer access to affordable pharmaceuticals and evening and weekend hours. Cost-based reimbursement was and is provided to health centers across the nation to help defray the significant higher cost to deliver care with the additional support services that I have described and the significantly higher proportion of uninsured Nebraskans who access healthcare through Nebraska's federally qualified community health centers. Until 2008, Nebraska...we call them FQHCs, were reimbursed in what is known as the cost-base method, and we signed a memorandum in 2001 in good faith with the Department of Health and Human Services that we would be reimbursed in this manner. In 2008, Nebraska practices were reviewed, and it was found that the state Medicaid plan was inconsistent with the way that Nebraska health centers were being reimbursed. As a result, the Department of Health and Human Services determined that federally qualified health centers would not be reimbursed based on cost, but be reimbursed based on what is called the perspective payment system or PPS, and for some health centers this is less than their costs. Because of this, Panhandle, located in Gering costs over the past years had exceeded those costs, and the state asked for repayment of those funds. This retroactive request was made even though federally qualified health centers hadn't been notified of any change to the state Medicaid plan or the memorandum of agreement signed in 2001. So the Panhandle Community Health Center went to court, and they won. The Department of Health and Human Services then underwent a rule-making process to change the rate of reimbursement from cost-based reimbursement to the perspective payment system. Despite health centers' expression of concern about this

payment rate, meeting with the department and testimony in rule hearings, the department proceeded to enact the use of the PPS rate through regulations. The negative financial impact that results from this change in reimbursement is a loss of revenue for health centers, making it increasingly difficult to meet the increased demand for services at all six community health centers. A lack of healthcare professionals serving minority and low income, uninsured, and publicly insured populations mean that these same populations are more likely than white higher income and privately insured individuals to suffer poor health outcomes because they face inaccessible or minimalized coordinated care. These are the very populations that benefit most from community health centers. The numbers of uninsured, low income, and Medicaid patients seen at health centers is growing faster than these rates are growing nationally. We are at the forefront in Nebraska of eliminating racial and ethnic health disparities. The greatest gains for our health system in terms of better health and reduced costs are produced by breaking down access barriers and reducing health disparities that too often affect the poor, the uninsured, and racial and ethnic minorities. Over 10 percent of Nebraska's population and even a higher rate in minorities stated to be over 30 percent do not have health insurance. More than eight in ten of these people are working families. They are our family; they are our friends and our colleagues that are forced to gamble every day, making choices between food, groceries, and going for healthcare. Nebraska's six federally qualified health centers need your help and your support of this important legislation that enables health centers to be reimbursed based on their cost and to continue the Medicaid reimbursement that we have received for many years. I thank you for this opportunity to speak with you today and would be happy to answer questions. [LB938]

SENATOR GAY: Thanks, Andrea. Senator Wallman. [LB938]

SENATOR WALLMAN: Thank you, Chairman Gay. Yeah, I was looking over some of the programs we have the other night, and some of these are totally reimbursed by the feds. Is that right? Federal government on this medic reimbursement thing? And one of them is...are we still reimbursed for translators and things like that? [LB938]

ANDREA SKOLKIN: No, there is no separate reimbursement for interpreters and translators. Federally qualified health centers, and private providers receive one rate for reimbursement and no extra for interpreters. [LB938]

SENATOR WALLMAN: Thank you. [LB938]

SENATOR GAY: Any other questions? Senator Campbell. [LB938]

SENATOR CAMPBELL: Thank you, Senator Gay. Ms. Skolkin, can you give us some idea how much the overrun was for the Panhandle Center that they were asked to repay? Do you know that? I'm just...it's a curiosity. [LB938]

ANDREA SKOLKIN: I would have to defer. I think it was about $300,000 or $370,000. [LB938]

SENATOR CAMPBELL: So over the course of time from 2001 until '08, you were reimbursed at that... [LB938]

ANDREA SKOLKIN: At cost, yes. [LB938]

SENATOR CAMPBELL: ...at the cost. And so in '08 that changed... [LB938]

ANDREA SKOLKIN: Correct. [LB938]

SENATOR CAMPBELL: ...and then a rule...the rule... [LB938]

ANDREA SKOLKIN: Rule has just...Senator Campbell, a rule has just been adopted within the last month and put into regulation that will pay health centers at the PPS rate which is a lower rate for some of the health centers. [LB938]

SENATOR CAMPBELL: Are the other...across the country your compatriots in other centers...are they reimbursed at the cost rate, do you know? [LB938]

ANDREA SKOLKIN: Yes. They are not only reimbursed at the cost rate for medical care but also dental and mental health care which is not done in Nebraska. [LB938]

SENATOR CAMPBELL: Thank you. [LB938]

ANDREA SKOLKIN: Um-hum. [LB938]

SENATOR GAY: Are there any other questions? I've got one for you. So if we're going to...we were doing it this way. We changed our methodology to the PPS system. It increased the cost because they then asked for $284,000 back from Western Nebraska. [LB938]

ANDREA SKOLKIN: Um-hum. [LB938]

SENATOR GAY: In the fiscal note, and I know you haven't had a chance to look at this because we just get them really a day ahead of time,... [LB938]

ANDREA SKOLKIN: I have not. [LB938]

SENATOR GAY: But the fiscal note says it's $100,000, you'd get some federal funds, and the general funds would be $40,000 based on the...but it only says one center

would qualify. Have you got any idea why it would say only one center would qualify? Only one clinic would have received higher reimbursements on the eight years of payments, one clinic would have received higher reimbursements. Do you know who that would be or why that would be in there? That's a tough question to ask you, but I just wondered with your...you're representing all of them. [LB938]

ANDREA SKOLKIN: I would need...right. Senator Gay, I would need to look at that data. I know our health center, our costs exceed the PPS rate by $5 for 2008 per visit times 10,000 visits so that's about $50,000 for just 2008. [LB938]

SENATOR GAY: Okay. So...so your cost, your average cost now... [LB938]

ANDREA SKOLKIN: Um-hum. [LB938]

SENATOR GAY: ...you're talking a $5 difference then per visit; on 10,000 visits it adds up. [LB938]

ANDREA SKOLKIN: Um-hum, um-hum. Correct. [LB938]

SENATOR GAY: You're probably one of the busier ones...well, you...I should... [LB938]

ANDREA SKOLKIN: Oh, I think all the health centers are busy and not being able to accept all the appointments that are coming in. [LB938]

SENATOR GAY: One of the busier, I...yeah. [LB938]

ANDREA SKOLKIN: I think the issue is...I don't want to call small dollars because for OneWorld $50,000 is a lot of dollars, but going forward into the future, it could be a huge cost issue and for health centers to be able to accept more patients and see the uninsured which those ranks continue to grow, they need the reimbursement to be able to do so. [LB938]

SENATOR GAY: Okay, so I just kind of wondered the difference. But trying to be fair, then our costs are also going up into the future now... [LB938]

ANDREA SKOLKIN: Sure, I understand that. [LB938]

SENATOR GAY: ...in the situation we're in. You got to kind of watch all these things, and I'm just trying to get a different view of the fiscal note than what we receive because that's why we have these discussions. So...but I think you helped to answer that. [LB938]

ANDREA SKOLKIN: Um-hum, sure. [LB938]

SENATOR GAY: Senator Campbell. [LB938]

SENATOR CAMPBELL: This is just a comment and not a question. Thank you, Senator Gay. But the discussion, colleagues, that has taken place in the Medicaid Reform Council has been very clear as to the importance of these centers across the state as a place to have, in some essence, a medical home, and has saved tremendous dollars in terms of people going to the centers versus what Senator Howard alluded to earlier on the emergency room. And we have been foursquare on that council in favor of these and have commented many, many times in how we probably need to do an analysis on the rest of the state, and do we need others? So we probably do need to really have some consultation with the department because we may be saying two different things here, and I think we need to clarify that on behalf of the centers. [LB938]

ANDREA SKOLKIN: Thank you, Senator Campbell. That's true. We are on the preventive, on the front end versus on the back end. Um-hum. [LB938]

SENATOR GAY: Senator Pankonin. [LB938]

SENATOR PANKONIN: Thank you, Senator Gay. Andrea, thanks for coming today, and I appreciate what your organization does including an office in my district. But when you have that difference between the cost, is that where the fund-raising comes in and some of the other contributors? I mean, how do you make this work then? [LB938]

ANDREA SKOLKIN: Well, centers are challenged. We use both patient fees and third-party billing which includes Medicaid, but we also have the state grants which we're thankful for. But also we raise money in the community which is a challenge in this economic time period, but we all work hard to do that. But there still is not enough. I know that we are turning away, and this is just our health center. I think if you looked across Nebraska, you'd see more of that. We are turning away about 800 appointments a month. [LB938]

SENATOR GAY: Any other questions? I don't see any. Andrea, I'll let you go over a little bit because I know you're representing six different agencies. But in...for other testifiers that are going to be coming up, I'm going to watch the light system a little more, so thank you. [LB938]

ANDREA SKOLKIN: Okay. Thank you. [LB938]

SENATOR GAY: Other proponents who want to speak on this. Oh, maybe not. All right. [LB938]

RON KLUTMAN: Senator Gay, my name is Ron Klutman, K-l-u-t-m-a-n. I'm a family

physician from Columbus, Nebraska, where I practiced for the last 35 years. I'm representing Nebraska Medical Association. I think you could probably turn the lights off. I see Senator Stuthman is right behind me. Senator Stuthman used to chair the Health Department in Columbus where I happen to be one of the members, and he knew how to take care of me. I would have no doubts that if I overrun, he will take this chair and run it out in the hall, and then you'll all be happy (laughter). I got involved with the community health center approximately eight years ago when we tried developing it in Columbus. Up until that time, there was a group of about five of us physicians that were donating two nights a week to the community for people that were underinsured or uninsured or just plain poor. We had reached a point that we were no longer able to do that because the demand was so excessive. We were only being able to do the acute care. We weren't able to take care of the hypertensive, the diabetics, the screening for cancer. We then hired a physician assistant for our health department to deliver that primary care. Again, she was full time. I donated a half day each week, going in to help her out with the flow. That became so excessive, we were not again able to answer the care and we went ahead and developed the community health center. I understand what Senator Gloor was talking about because it was not easy. It took a combination of the Health Department, I as a representative, the physician staff, the hospitals and interested groups that go ahead and develop the community health center. I have done many things in my life, representing physicians and patients, and representing the community health center is one of the proudest moments I do have. There is nothing I have done in 30 years that has even come close to what we have developed in our community health center, and the ability to deliver healthcare to the unfortunate. Without our community health center, there would be no psychiatric care in Columbus; the nearest place would be 50 miles away. As I look at this cost bill, my loss on psychiatric care...I happen to also be the treasurer of our community health center--I was the president initially. We could save our money dramatically by dropping our psychiatric services, but that's not something we're able to do because there would be no other services in Columbus, Nebraska. We also run a dental office. Without that dental office, there would be hundreds and hundreds of kids, and we have fluoridated water, that would be walking around with marked tooth decay. So without the community health center, there would be a dramatic decrease in our ability to take care of the unfortunate people. Now, there was a question of...I think I would just as soon have Senator Campbell come up and talk...she seems to be a great advocate for us, and she can answer it. But someone says, what are you going to do if you don't get the money? Well, we just had our fiscal finance committee meet Tuesday, and I guess this is kind of why I got fired up. Steps already to reduce impact of December's deficit--community health centers are very fragile things. I have stewed now for six years trying to make sure my community health center is going to be there when I leave the executive committee. And as you can see, we lost it because as many places, the snowfall came, people didn't come into the clinic, executive director reduced our total pay to 10 percent, dropping pay time. So that's how we take care of things in a community health center. We have to limit services. We can't go out fund-raising. The money has been there;

we've tried to do that. Now, Governor Heineman was in Columbus two nights ago, and he was out to talk, and he said, my focus on the coming year is to pare out-of-state, to take advantage of new opportunities. To accomplish this, we will focus on these priority areas...growing our economy, strengthening education, and developing even more efficient government. I applaud the Legislature and the Governor for keeping this state in a fiscal place. But nowheres in there, I think we're missing something. We're not talking about the people that have no advantages, especially in healthcare. They're out there. Over 60 percent of the people that come into my health committee or community have paid no fees whatsoever because they're below 100 percent of poverty. Without my community health center, those people are going to be missing a lot. I was really stunned, and I see the red light is on, and Arnie, I will get done. I was really stunned on this fiscal note. I'm fighting here over $40,000 of state funding. Now, $40,000 is $40,000 is $40,000. I'm going here...I'm sitting here testifying on something that should be done, and I'm fighting a department that is about ready to take away my funding for prenatal care. I'm not going to be able to run a community health center if this continues to go on like this. I understand the fiscal notes. I understand pressures we are. This is not one place to take away from the disadvantage for something that the department has already probably cost us in legal fees from the South Dakota thing. So...or from the Panhandle attorney fees. So I will close. I'll be open for any questions. [LB938]

SENATOR GAY: Thank you, Dr. Klutman. Senator Howard. [LB938]

SENATOR HOWARD: Thank you, Chairman Gay. Gosh, I wanted to thank you not only for all the work you do...I mean just managing Senator Stuthman is probably full time (laugh). [LB938]

RON KLUTMAN: No, he manages me, ma'am. You heard me say, he would haul me out in the hall, believe me. [LB938]

SENATOR HOWARD: Well, don't let him (laugh). But I just want to express my appreciation...you are such a stand-up person to take this on and be so committed to it, and to realize that there are people out there that, you know, they're just sort of shadows that we don't take seriously. You know, sure, they have healthcare issues, but whose responsibility is that? Somebody else's. And thank you for everything you're doing. [LB938]

RON KLUTMAN: Thank you. Let me say that, like I said, I had even thought about running for Senator Stuthman's seat... [LB938]

SENATOR HOWARD: There you go. [LB938]

RON KLUTMAN: Well, my wife...I had lined up some support. My wife heard about it and that got kiboshed real quickly (laughter), didn't it, Arnie? She said I spent too much

time running around, chasing dragons, and maybe I should try to firm up my 401(k), so that's why I'm doing this which is something I really enjoy. [LB938]

SENATOR HOWARD: Thank you. [LB938]

SENATOR GAY: Senator Gloor. [LB938]

SENATOR GLOOR: Thank you, Senator Gay. First of all, Dr. Klutman, it's good to see you again, and I... [LB938]

RON KLUTMAN: They brought me out of retirement. I had said, I am retiring from all of this, and the community health center is so important, I said I'd come back. [LB938]

SENATOR GLOOR: I would, first of all, be remiss if I didn't start off saying, since you're retired you should, in fact, consider running, and don't have your wife talk to anybody except me (laughter), especially not my wife (laughter). [LB938]

RON KLUTMAN: I'm not retired. That's the problem. I have another 20 years to work, but go ahead, I'm sorry. We're taking up other people's time. [LB938]

SENATOR GLOOR: Well, the question here that I would ask, is one of the things that has made you legendary is you've been an advocate for growing the centers in other communities. And you've been over to Grand Island not once, probably not twice, but...I'm not sure how many times. [LB938]

RON KLUTMAN: Been there. [LB938]

SENATOR GLOOR: But what is the likelihood or what would you guesstimate would be the opportunity for growth of these centers in communities in Nebraska? [LB938]

RON KLUTMAN: You know, I do chair a task force for the NMA on community health centers, exactly looking what you're into. As we looked at the Norfolk thing, I know my executive director, Becky Rayman, and I, we had five applications to the government before we finally got the community health center okayed up there. I do understand your problems. We have really worked hard in Grand Island, Hastings, and Kearney, but you have to understand, it has to be a dynamic group. Each community is different as you well know, and it has to be a dynamic community between the physicians and the hospital and people in health departments and people who are delivering healthcare to the unfortunate. And until those things all fuse, we can only offer things. State medical says, until we get healthcare costs under control, and we've seen what happened in Washington, it blew up, and I was here for the first meeting today. Until we get that control that we are going to need this place to take care...to be a safety net. So, yes, I would be glad...we would both be glad to come out and work with Grand Island and

Kearney and Hastings again. But I think right now they need to try to understand what...where they want to go, but we'd be glad to give them the services. [LB938]

SENATOR GLOOR: But if we were looking at this fiscal note, and I've misplaced it for some reason,... [LB938]

RON KLUTMAN: Oh, would it go up? [LB938]

SENATOR GLOOR: ...well, it certainly would go up, but we're not looking at anything imminent here that would have Grand Island, Hastings, Kearney, and North Platte climbing on board in the next couple of years would be (inaudible)... [LB938]

RON KLUTMAN: For the difficulty it is to set up a community health center and how marginal the structure to pay for all the facilities are. Yeah, that's...I wouldn't look for it. I would really hope to have it. I really do because it's going to cut your Medicaid, emergency room costs, and that's something I think we can show you. There's a lot of benefits and especially long-term care. I'm running out of time, but I just...I just look at shutting off prenatal care, and what it's going to cost the Medicaid budget for the unfortunate children inside mom when we have to take over their care for the next 30 years if they never get off Medicaid. But that's a minor point. I would say one other thing, Senator Gloor. The Nebraska Medical Association Legislative Committee will be meeting this afternoon at 5:30, and I'm certainly going to bring up whatever that previous bill was on student health centers because what you were talking about, primary care physicians, and as you well know, I've been president of both Nebraska Medical Association and Nebraska Academy of Family Physicians, and I set up a community health center. And I know the antagonizing...sometimes to these type of things. And I hope that you probably can talk to Mr. Buntain or Mr. Mahlman in the next few days. I see we're just monitoring it, and hopefully, we can give you a little bit better idea of what we think the primary care physicians really think about the whole thing. I understand your concern, and I hope that task force in Omaha and Grand Island understands it, but without the support of the physicians, there will be a lot of problems involved. I'm sorry, Senator. [LB938]

SENATOR GAY: That's all right. I don't see any more questions. I actually, a couple of years ago, toured the facility with Senator Stuthman. It was very nice. [LB938]

RON KLUTMAN: In Columbus? [LB938]

SENATOR GAY: Yeah, a busy place and very nice, should be proud of that. And his good work too. I know Senator Stuthman was involved in... [LB938]

RON KLUTMAN: We started out with...yeah, we started out with one employee, Becky Rayman, and a budget of $40,000. The two organizations now, I think, were up to 70

employees and well over a $5 million budget. [LB938]

SENATOR GAY: Yeah, it's quite a place. [LB938]

RON KLUTMAN: And yet we are just...we're getting squeezed, and this is just one other way to squeeze us. [LB938]

SENATOR GAY: Yeah, it's tough. Thank you. Any other proponents? Any opponents? I don't see any. We have the letter for the department. Neutral? (See also Exhibit 2) [LB938]

RON KLUTMAN: What? [LB938]

SENATOR GAY: No, we're done (laughter). Senator Stuthman, you want to close? [LB938]

RON KLUTMAN: The department is neutral? (Laughter) [LB938]

SENATOR GAY: You want to close? [LB938]

RON KLUTMAN: Thank you for not wheeling me away. He was getting ready, I saw it. (Laughter) [LB938]

SENATOR STUTHMAN: No, no. I'd never do that in here. (Laughter) Thank you, thank you, Senator Klutman. In closing,... [LB938]

SENATOR GAY: He doesn't want to be. [LB938]

SENATOR STUTHMAN: What...what...what I'm really concerned with, with these federally qualified health departments, they are a real asset to the state of Nebraska. In my area, the Columbus Community Hospital says, do what you can for the health department because it keeps them out of the emergency room. Now, when we look at the fiscal impact, the $40,000 for the state, you know, that's very minimal. But take that...that's six of them, so that's about $6,000 per...like the one in Columbus, $12,000 in (inaudible) and stuff like that. Now, if they cease to provide services for certain areas or there are less people that come there because they don't have the access to it, where are they going to end up? They're not going to end up tomorrow in the emergency room. They're going to end up in the emergency room maybe in a month or two months, like that. And $6,000 throughout the year is fairly reasonable. You'll never get anything done for $6,000 in the emergency room because the bill in the emergency room, which is going to be paid by something...the state, Health and Human Services,...it's going to have to be addressed. I think the investment of $6,000 per each one of the health departments to keep the programs going which are very beneficial, I

think is just a very cheap insurance rate. The other thing that I'm really impressed with the health department is the fact that the uninsured and the poverty people can come there and get their health needs met. That keeps people working; that keeps people in school; and it really helps and benefits the communities, wherever they're at. I would like to comment on Senator Gay mentioned the fact in the fiscal note, it said that one clinic received a higher rate. I think that's, you know, of the...in the past years there must be one clinic of the six that must receive a higher rate. [LB938]

SENATOR GAY: It was. [LB938]

SENATOR STUTHMAN: It was. [LB938]

SENATOR GAY: Yeah. [LB938]

SENATOR STUTHMAN: Yeah, it was receiving a higher rate. So...and I don't know which one it is. I have no idea, so...but that's what it is. I think, yes, this does have a fiscal note. But are we concerned about $40,000 or are we concerned about $400,000 of costs that will be incurred through the emergency room, and $400,000 is...maybe I should have said $2 million of costs that could be incurred because we have driven them away from the health department's service and forced them into the emergency room. [LB938]

SENATOR GAY: Thank you, Senator Stuthman. Senator Howard has a question for you. [LB938]

SENATOR HOWARD: Thank you, Chairman Gay. You know, Senator Stuthman, I remember last session you were real good at finding money that wasn't being used. Elaine Stuhr's bill...Senator Stuhr's bill that hadn't been used in all those years. Maybe you can get your...yourself busy and find some more money (laugh). [LB938]

SENATOR STUTHMAN: Well, I would like to do that, but I just think anything with a dollar amount this year is almost dead in the water. But I have said, you know, I will work hard to try to make sure that, you know, if we're saving $40,000 and in a year from now, that savings of $40,000 costs us $2 million, that's not a good business plan for the state of Nebraska. [LB938]

SENATOR HOWARD: Well, I'll look forward to seeing what you come up with (laugh). [LB938]

SENATOR GAY: Senator Stuthman, though, I think, you know, I don't know what's going to happen with this bill, but there's a certain point too if you could prove the savings, many times people are sitting there saying well, we're going to get all the savings. I think you need something to back that up. [LB938]

SENATOR STUTHMAN: Yes. [LB938]

SENATOR GAY: I know what you're saying. I'm just saying, I wouldn't dismiss everything because it has a fiscal note. If...if you can go prove it can $2 million, of course, we'd invest $40,000 to save $2 million, I would assume. [LB938]

SENATOR STUTHMAN: Um-hum. Yeah, yes. But what I...what my...what I'm planning to do is to try to figure out, you know, what emergency rates are in hospitals and take a percentage of those that would get services at a health department and that would leave if 5 percent would have to leave and go to the emergency room, what would be that cost, you know, to the state of Nebraska? [LB938]

SENATOR GAY: Sounds good. Thank you, Senator Stuthman. I don't see any more questions. [LB938]

SENATOR STUTHMAN: And I would ask that we would move this to General File, if possible (laughter). [LB938]

SENATOR GAY: Putting the cart before the horse. All right, thank you. [LB938]

SENATOR STUTHMAN: Thank you. [LB938]

SENATOR GAY: All right, Senator Campbell to introduce LB921. [LB938]

SENATOR CAMPBELL: Chairman Gay and colleagues of the Health and Human Services, I'm Senator Kathy Campbell, C-a-m-p-b-e-l-l, senator from District 25. I brought forward LB921 as Medicaid prompt pay because of a number of health providers that came to see me about the lag time in receiving payments that they were submitting to the department. The language in the bill is based upon the state's prompt pay statute for private insurers because, time and again, we've heard from the department that we need to pattern much of what we do in Medicaid after private insurance, so we looked at that. I would hasten to add that Senator Stuthman has a much easier task in finding his fiscal note money than I would. The fiscal note on this bill is...just a round number is a million three which really has to do with the department's feeling that in order to meet the requirements of the bill, they would have to hire 26 people. Much of the requirement of it has to do with providing full explanation as to why the claim is not a clean claim. So, as you listen to the providers this afternoon who come before you, I think that they will probably make note of that. We obviously would be willing to work with the department on what that entails, but in my former life, when I worked for our company, I was the accounts payable manager. And my job was to ensure that I paid people promptly and on time, so that I did not incur any penalties that would cost my company. I think what we need to be very much aware as we work with

this issue, however we do beyond today, that our providers across the state are incurring a lot of cost; they're carrying a cost; and at this time in this economy, that's very difficult to do. And some of the providers we probably have lost because they do not have the resources to wait and wait and wait. I'll be willing to work with the department and whoever on the issue, but I felt it was important enough for this committee to hear the testimony, so we've tried to be very selective in terms of the people who will testify today. And so with that, I'd just as soon give the time to the providers and answer your questions at the end if that's all right with my colleagues. [LB921]

SENATOR GAY: That's fine. Thank you. [LB921]

SENATOR CAMPBELL: Thank you, Senator Gay. [LB921]

SENATOR GAY: If we ever receive those letters of support here, we'll put them in the record. [LB921]

SENATOR CAMPBELL: Okay. [LB921]

SENATOR GAY: Okay. While proponents are coming up, the ones that I have right now, and I don't know if they're going to verbally testify...Nebraska Association of Social Worker Support,...what is this one? Yeah, I'll look through that one. And then the Nebraska Association of Homes and Children Services...and Children. Go ahead. (See also Exhibits 6 and 7) [LB921]

TOPHER HANSEN: (Exhibit 1) Thank you, Mr. Chairman. My name is Topher Hansen, T-o-p-h-e-r, Hansen, H-a-n-s-e-n, and I'm before you today as the representative for the Nebraska Association of Behavioral Health Organizations. So Mr. Chair, committee members, thank you for allowing us to speak to this. We come in support of LB921. LB921 is designed to provide structured guidance to Medicaid's leadership regarding payment for services. While the language in the bill addresses clean claims and payment, it implies other issues to address an efficient system, the first of which is communication. So if claims are to be efficiently processed, providers must have timely information as to changes in the process, the coding, the rules, and so on. There must be adequate training in advance of the changes, so providers know how to develop and submit accurate, clean billing. This was not the case recently when changes occurred in the outpatient system despite NABHO's asking that an orderly process of notice, training, and implementation occur. We said this in advance to the department and ask that we move through a process to understand what was going to happen, to be trained on that, and then to move forward with implementation. Even when the training occurred which was subsequent to the implementation, the several sessions were, there were five sessions held over a week, so people would have access to those. I had staff sit in all five sessions, and the training was inconsistent in its information. Even following that,

I sat with Director Chaumont and other Medicaid officials and Magellan officials who then, at questions of clarification, said no, no, no, that's not the way it's supposed to happen. And so yet another change occurred. It was really inconsistent from start to finish. It is very difficult to train our staff when we cannot get accurate, consistent information in advance of a change. Providers have not been notified of changes in the computer edits, for processing claims, when numerous claims are kicked out as being unclean claims, our investigation reveals the edits have changed, and we must alter our claim submission information. Again, this is after the fact. Another example of inadequate communication performance is in the event of a denial of a resubmission of a claim. What I meant to bring to you and didn't, but I'll submit, is a copy of a letter we received of a resubmission that was kicked out, and upon receiving that, you have 30 days from the date of the letter to appeal that or lose the right of appeal. This letter was dated mid-January; we received it Monday. And so the 30 days was half over by the time we ran into it. Again, I will get you a copy of that to submit along with this. I just hurried out the door and then realized I didn't have it. But I would add, this is not an isolated case. This happens over and over to us. The issue here, though, is clean claims. Service codes, diagnosis codes, authorizations, numbers...when not being present and other such reasons given for the denials. We get denial codes when the claim is rejected, but it is often difficult to determine the problem the code describes. On several occasions, CenterPointe has been told the claim is denied because the authorization code is not on the form. When we print the forms sent to Magellan, the authorization number is there on the form. We don't know why it gets kicked out. It's a mystery to us. This happens up to ten times per month. Then we go ahead, and we start the resubmission process and so on. Recently, we wound up ten months of dealing with a claim because the individual went by his first two initials. Well, we typed the initials in with periods after each initial, and they didn't. We spent months chasing that fact down, and to finally make the claim of over $8,000. You can call the inquiry line, but you might wait 20 minutes, and then you only get three claims per call. Then you have to hang up and start over with any other claims, and often there are more than those claims. We represent...NABHO represents 47 organizations with over $100 million in budget money that does business in the state of Nebraska each year. In the Children and Family system, Medicaid is the primary source of payment. In the adult system, it's a significant source of payment. However, in the course of our business, we collect payments for services from individuals, insurance companies like Blue Cross, Medicare, regional governing boards, grant sources, and other such sources. And there is no organization that is as inefficient in its payment system as the Nebraska Medicaid system. Our vendors expect our payment each month; so do we. And we are required to live as a part of Medicaid at the higher standards of excellence and national accreditation when we contract with Medicaid. Yet, they don't live to that same standard. We need to have Medicaid living up to the highest standards. With regard to the fiscal note, in today's economy in this session, if I wanted to kill a bill, I'd put a $1.4 million fiscal note on it too. Nobody's paying our bills to chase this money around; we just have to do it. Currently, Centerpointe has approximately $140,000 in accounts receivable from Medicaid that are

older than 120 days. [LB921]

SENATOR GAY: Thank you. Questions? Senator Gloor. [LB921]

SENATOR GLOOR: Thank you, Chairman Gay. Topher, there are, when it comes to delays in payment, at least my experience in healthcare is there are contrived problems. In other words, trying to stretch the dollars out as much as possible. There are process problems. The system doesn't work or there can be equipment problems for want of a better word...software. I mean, you just don't have...you just can't trust the system you have in place to process claims as opposed to the process that stinks as opposed to somebody's just saying, hold these for a couple of weeks before you process them. What do you see as the biggest problem based upon your years of experience? [LB921]

TOPHER HANSEN: It's their infrastructure. I think is part of it, and that goes to hardware, software, and training personnel to have consistency top to bottom so the quality control from top to bottom are the biggest issues that I see over and over. I can't...I can speculate about it being contrived, but I can't prove anything. On the system errors, we're all forgiving about that. You know, if I...we did business on a regular basis, and I called you up and said, Mike, our system collapsed. And we're going to be down ten days. We're making it up really quick. We're trying to do all these things. Bear with us. We're all comfortable with that because that happens to everybody, but when it's not addressed, when we're not told about it, when it's hide the ball, when it's decisions top down and no good communication in between, that's when the relationship gets stretched, and the trust factor breaks down. And so that's why I started with communication, communication, communication. We, as a provider group, and I'm not talking about just behavioral health...the provider group that deals with Medicaid are the partners of the state in delivering services for a needy group of people. And as such, we need to be partners, but the state of Nebraska Department of Medicaid does not view that relationship in that way, and it's a problem. It creates a problem. It's, in my mind, the wrong way to do business. [LB921]

SENATOR GLOOR: Thank you. [LB921]

SENATOR GAY: Senator Wallman. [LB921]

SENATOR WALLMAN: Thank you, Chairman Gay. Yeah, thanks for being here. [LB921]

TOPHER HANSEN: Sure. [LB921]

SENATOR WALLMAN: Is there a huge turnover in our departments then that they can't have consistency in the way they check out things? [LB921]

TOPHER HANSEN: You'd have to ask them. I couldn't speak to that. I just don't know what their turnover rate is. [LB921]

SENATOR WALLMAN: It's sad. I mean, yeah, thanks. [LB921]

SENATOR GAY: Any other questions? I don't see any. Thank you. [LB921]

TOPHER HANSEN: Thank you. [LB921]

DANIEL ULLMAN: (Exhibit 2) I'm Dr. Daniel Ullman, U-l-l-m-a-n, and I'm the president of the Nebraska Psychological Association, association of doctoral-level clinicians, and we're very pleased to have the opportunity to advocate for passage of LB921 to require prompt processing and payment on claims. And in particular, we'd like to thank and express our appreciation to Senator Campbell for introducing LB921. What's being passed around is some points that I'm making for the association, and then also a survey that we ran. I would point out that the survey is beyond the psychologists. We just didn't want to survey them, so we sent...it was simple. We just set up a survey on-line and had the link and sent out an e-mail to, for example, members of NABHO and other groups and asked folks to please respond, and so we can put some numbers on this. And as you can see, we have various settings, regions represented, and then just basically asked folks well, what's the longest wait in days for Medicaid claim processing. And you can see, we broke it down in chunks there, and then the longest wait in days for Medicaid claim payment; then went on to ask a total number of Medicaid claims outstanding by days, and you can see that's zero to thirty on up to over 180 days. And that's about over 4,000 claims there. I then asked about the Medicaid rehab option. Somebody wanted to find out about that. And you can see, a number of people were saying they submit claims electronically. It's over a hundred percent because some people do both, you know. Then at the bottom, you can see the number of respondents we had. We had more than that actually, but some people instead of putting in the number of claims put in their comments, you know, and then some people wanted to put in monetary amounts like, you know, this is how much money is owed to us. So we did this. It's a modest survey, but it...it provided us a number, wanted to get that. We really like the deadlines that are in LB921 and then also the care that was taken in looking at, you know, defining a clean claim, and how important that is. And then the, you know, one of the things with the state association is that, we set strategic goals and, of course, that's part of my job as the president of the association. Well, this is a top one...the processing of these claims with Medicaid. They were not bringing me a concern with, you know, the processing of claims with private insurers. It was this. This is one of the top priorities, so LB921 is important to the association. You know, you can look at ways of strengthening it like with what the current prompt pay bill, but I don't know that that fits. We just talked about, well, you wouldn't ask for insurance...I mean, not insurance but interest rate because that would take money away from the people that need the services. I would be interested to know about a requirement for them

to...Medicaid to report, you know, how much time does it take once they have a claim until it's, you know, you get a response back, and kind of get those kind of numbers would be interesting and report that to the public. I don't actually bill Medicaid myself; members do. And I know there's other people here to speak more about the details. I really don't know how to answer those kinds of questions so. [LB921]

SENATOR GAY: Okay. Thank you. Are there any questions? Senator Howard. [LB921]

SENATOR HOWARD: Thank you, Chairman Gay. You know, as a person who was employed with the department for over three decades, this is not anything new. This has gone on since prior to having computers. There used to be an old billing form called the title 20, and it was a multi-page...you press on it, the figures come through. And they would traditionally...the case managers would fill them out. They'd send them back to the case managers if there was an error, but they would never tell you where the error so (laugh) it could go on indefinitely, that you would send these back and forth, so, you know, it's a problem that shouldn't happen. [LB921]

DANIEL ULLMAN: Right. [LB921]

SENATOR HOWARD: The state should be a credible player in the virtual contract that you have with them. You do the work; you're authorized; you submit the bill. You get paid. But this is an age-old problem and I hope there's a reasonable solution for it. The price tag on this is pretty astonishing. [LB921]

DANIEL ULLMAN: Thank you for your comments, Senator. [LB921]

SENATOR GAY: Any other questions? I don't see any. Thank you. [LB921]

ANNE TALBOT: (Exhibit 3) Good afternoon. Chairman Gay and other members of the committee, I'm here to speak as one of the providers who deals on a day-to-day basis with Medicaid reimbursements. My name is Dr. Anne Talbot. That's A-n-n-e, Talbot, T-a-l-b-o-t. I'm a licensed psychologist in Scottsbluff and a member of the group practice that includes four psychologists and two mental health practitioners. That it's a group that provides services to the entire Nebraska Panhandle and much of western Nebraska. And among our four psychologists, including myself, we supervise and provide consultation to about 15, at least 15 licensed mental health practitioners around western Nebraska. That gives you an idea of the scope of the geographical location and the providers that we are talking about here. These supervisors...the people that we provide supervisory consultation to includes providers in places as diverse as Scottsbluff, Chadron, Valentine, Sidney, and Alliance. Among our group and among the masters-level clinicians we supervise, approximately 25 to almost 100 percent of the reimbursement comes from Medicaid. The bulk of that...Medicaid reimbursement, comes from or pertains to those of us who work with children in adolescence, including

a high number of wards of the state of Nebraska as well as the chronically medically ill as well as the psychiatrically disabled. So the majority of my colleagues provide services to complex needs populations at some of the lowest reimbursement rates already available. Prompt payments or prompt passage of prompt payment legislation as outlined in LB921 will go a long way to help retain and recruit much-needed and desperately-needed clinicians and also help continue with providing services to vulnerable populations in Nebraska, particularly in rural Nebraska. As a psychologist, there's already been some reference to Nebraska Medicaid versus private insurance and the need to be more like private insurance. But I can tell you my colleagues and I already shoulder the burden of the so-called cost-savings strategies implemented by the state of Nebraska. We spend countless, countless hours of unreimbursed clinical and administrative time because we frequently provide services without reimbursement due to delays or denials of coverage, simply to avoid our patients becoming sicker, engaging in high-risk behaviors, or requiring hospitalization. At the same time, and as our reimbursements are shrinking, and this is where it pertains to private insurance parallels, we are subject to skyrocketing overhead costs all the time. And this has been with increasing frequency, particularly in the last year. I can tell you, for example, that my practice that includes the numbers I've said already, includes three full-time office staff for three full-time psychologists and three part-time clinicians with approximately 50 percent of our office staff time devoted to Medicaid reimbursement issues. And this includes that their time is probably doubled an initial referral to obtain basically an intake session to maybe one other session; twice the amount of time that's involved in obtaining preauthorizations for private insurance. And then also, over the course of treatment, it involves two to three times...typically, three times that amount of their time involved in maintaining authorizations, dealing with claims issues, and other reimbursement issues. Given the fact that our reimbursement rate with Medicaid is so much lower to begin with, I think that few business owners in other professions will view this as a cost-effective business model. But this is what we're required to do as clinicians in order to do our best to meet the needs of our vulnerable clients. While some agencies and private practice groups may experience fewer delays in reimbursement because they're expending increasingly higher amounts of their income and time as I was just outlining, in obtaining reimbursement many agencies and practitioners are simply unable to do so. Particularly in the last year or so, the number of practitioners and agencies, many of them are struggling to survive or to stay in practice. Some of us, many of us, have waited for up to a year as you've already heard...four or more, to receive reimbursement for medically authorized, medically necessary services. Some practitioners have talked about an 80 percent reduction in their income. As a result, many providers that I know personally and I'm associated with, are openly seeking alternative forms of practice or employment in order to avoid being dependent on Medicaid reimbursement. As such, these beleaguered rural and urban clinicians providing services to children, adolescents, and the chronically disabled, very vulnerable populations, we're certainly not amassing huge amounts of wealth working with Medicaid. There's been some perception when we try to deal with Medicaid

authorizations and so forth that we're greedy and grasping clinicians trying to pack our caseloads which is absolutely not the case. So the many delays involved in obtaining reimbursement for providing these services is driving down the number of excellent experienced clinicians willing to provide these services. Highly trained psychologists are harder and harder to retain and recruit. The graduates of the many excellent training programs in Nebraska leave the state after they've completed their training. While such a reduction in the number of providers might be viewed by some as an effective cost-saving strategy, I'm here to tell you this is absolutely not the case. No such thing exists. The reality of untreated patients ending up without treatment requires a huge public cost, ultimately because of the need for hospitalizations, mental health board commitments, ultimately longer courses of treatment for more and more serious problems, and in some cases, jail terms and imprisonment. So, while this legislation is just one step towards addressing the problem of healthcare delivery in Nebraska, it is a crucial step in helping to resolve the problem of healthcare delivery in Nebraska, particularly in rural Nebraska. So as a psychologist working with a broad range of people with mental health disorders...not only mental health disorders, but mental health disorders stemming and contributing to medical disorders, I very much appreciate the opportunity to address this committee, and I strongly urge you to consider this legislation. Thank you. [LB921]

SENATOR GAY: Thank you. Are there any questions? I don't see any. Thank you for coming. [LB921]

ANNE TALBOT: Thank you. [LB921]

SENATOR GAY: How many more testifiers do we have on this? Looks like you might be the last one. [LB921]

MARY FRASER MEINTS: (Exhibit 4) I might be the last one again. (Laughter) Hello, again, my name is Mary Fraser Meints, M-a-r-y F-r-a-s-e-r M-e-i-n-t-s. I represent Uta Halee Girls Village in Omaha and CAFCON, Child and Family Coalition of Nebraska. I'm here in support of LB921. We at Uta Halee and the other agencies of CAFCON are businesses. Uta Halee employs 275 employees, and we serve kids from across the state; 75 percent of our funding is from Medicaid. We have 95 beds between Cooper Village and Uta Halee, so that's high-level residential care, and then we have 35 to 40 kids who come every day for day treatment services. So as you can see, Medicaid is a big funder for ours. When we don't receive Medicaid payment, it affects our ability to pay our bills, and we must pay our bills on time. We must pay our employees, meet our payroll, pay our suppliers, pay our vendors, and when we don't get paid, and we have to carry an accounts receivable, it increases our line of credit. And we have to then fund-raise more money to provide the direct services for the kids. I really support this bill. I think it makes good sense. It's good business sense for the department and for the people who serve the kids and families across the state of Nebraska. I'll be glad to

answer any questions. [LB921]

SENATOR GAY: Thank you, Mary. Senator Howard. [LB921]

SENATOR HOWARD: Oh, thank you, Chairman Gay. Mary and I are both alumni of the Department of Health and Human Services (laughter). I like to think of it that way. I am just wondering, and I hope maybe you can have an answer, and if you don't, you don't. But the new contracts that were entered into this past summer regarding the child welfare, and I think especially of Omaha because it's the one I'm familiar with. The KVC, the consortium, and this and that, are they paid in the same manner that Uta Halee is paid and Cooper Village is paid? Or is that a different...I know the funding source is the same, but I don't know if the method of payment is different where it's a contract. [LB921]

MARY FRASER MEINTS: I don't...they will not be paid through Medicaid, so they would be paid through Child and Family Services, but I don't know the process for them. [LB921]

SENATOR HOWARD: Well, I'm just wondering if they're able through that contract to be in a position where they are more promptly paid. Maybe something to consider. [LB921]

MARY FRASER MEINTS: I can tell you they pay us more promptly than Medicaid pays us. [LB921]

SENATOR HOWARD: Which might be a big clue. Okay, thank you. [LB921]

MARY FRASER MEINTS: Um-hum. Yes, thank you. [LB921]

SENATOR GAY: Mary, I've got a question for you. You're a big employer, and the department's answer was pretty much, you know, we have rules we've got to get by, and we're doing a pretty good job when they come in in order or however they worded this. But if it's presented to us in a good way, we pay it. We have to because CMS, Medicaid rules, all these other things. Is there anything when you deal with them that they get out and the communication back and forth? I mean your major...it's supposed to be a partnership the way I look at this thing, but also they have their end of the bargain. What's going on as far as communication? Topher talked on that a little bit, but is there meetings you have? He talked about the line you call in three times and you're done. [LB921]

MARY FRASER MEINTS: We...I'm sorry. [LB921]

SENATOR GAY: No, go ahead and expand on that. [LB921]

MARY FRASER MEINTS: We have a group of providers who look at the issues and try to problem solve it and people from Medicaid and Magellan are part of that group. This has been a perpetual problem as Senator Howard has said, and I think it can be fixed. We get a report...I forgot the name of the report, but it has every claim that has been submitted, and then whether it's paid or not paid. But what happens is that they send it back, and it may have three different issues. Like Topher said, there may be a missing authorization number which is really there, but somebody missed it, or the next...so we send it back in, and then it takes two to three weeks to have it come back to us again, and then it may come back on another remittance report as pretreatment authorization not there. So then you send it back in, and then it comes back with another, and so if someone...for efficiency, I'm a process person. So if there was a process so that someone would look at or the system would look at everything at once, and say, this claim has these three errors, and some of the errors are data entry, frankly. Maybe on our part; on the part of Medicaid; and on the part of Magellan. It's data entry. So if someone could look at the claim and say, I see these three errors. Send it back once; have it on the remittance report that these are the three errors. Then our folks would handle it once, send it back. So people would handle it...well, the best scenario is to do it right the first time, but otherwise, do it two times instead of six, seven...it really delays the payment, and that's why the accounts receivable are so high. One of my jobs at Uta Halee is to make sure we get paid for every service every time, and our accounts receivable are pretty high right now. [LB921]

SENATOR GAY: But how often is the communication going back and forth? You said we meet. Is that once a year...once every six months? [LB921]

MARY FRASER MEINTS: That group...no, we meet almost every...well, we skipped a couple of times over the holidays, but we meet almost every four to six weeks. [LB921]

SENATOR GAY: Well, when you say the group of providers...you meet, that's fine. But you're still not meeting with the payor or the state. [LB921]

MARY FRASER MEINTS: They are present. [LB921]

SENATOR GAY: Every time. Oh, so quite often then. [LB921]

MARY FRASER MEINTS: Yes. [LB921]

SENATOR GAY: So that's really frustrating then if it's then...that often and they still can't resolve the differences. It's odd. But anyway, but I guess that's why we're here. But I understand your frustration. What we had, though, was that we're doing things according to...we're not losing any funding on our end because we're doing what we're told to be done is the way I read the response from the department. I mean, that's kind of...I know that's not what you want to hear, but...so somewhere in between here, we're

going to have to work out, or Senator Campbell is, how we can fix this process. (Laughter) [LB921]

MARY FRASER MEINTS: Well, I think if there was some efficiency on...I see that they wanted 26 employees... [LB921]

SENATOR GAY: Yeah, yeah. [LB921]

MARY FRASER MEINTS: ...and if it was done so that all the pieces are looked at at once instead of back and forth and back and forth and back and forth, it wouldn't take as many... [LB921]

SENATOR GAY: Well, the volume...although the sheer volume has to be just crazy. I mean...you know what I mean? You're representing one...a large organization, of course, but just imagine the volume. That's probably where we need to step it up a little so. All right. [LB921]

MARY FRASER MEINTS: And I think the information system...it's, oh my gosh, at least 20 years old. [LB921]

SENATOR GAY: It's old. Yeah. [LB921]

MARY FRASER MEINTS: I mean, it was there when I came (laugh) and I went to central office in 1990. [LB921]

SENATOR GAY: Yeah. Any other questions? Senator Howard. [LB921]

SENATOR HOWARD: Thank you, Chairman Gay. Mary, does this feel like the same to you as it does to me? It's almost like you go and ask the person that has caused the problem if there really is a problem (laugh). And they say, no, really, there's no problem, and you say, but...I mean, this clearly needs to be addressed, and it's gone on for so long, so long. [LB921]

MARY FRASER MEINTS: Yes. And as businesses, it really needs to be...we have to be efficient and effective, so I think our partner at the state needs to be efficient and effective. [LB921]

SENATOR HOWARD: Well, the department expects you to be efficient and effective. [LB921]

MARY FRASER MEINTS: Yes. [LB921]

SENATOR HOWARD: Okay. Thank you. [LB921]

MARY FRASER MEINTS: Thank you. [LB921]

SENATOR GAY: Thank you. I don't see any other questions. Thank you. Any other proponents? Any opponents? We have the letter from the department, and it will be in the record. Anyone neutral? I don't see any. With that, Senator Campbell, do you want to close? [LB921]

SENATOR CAMPBELL: Thank you, Chairman Gay, and I would like to say to my colleague, Senator Howard, yes, this is an age-old problem, and... [LB921]

SENATOR HOWARD: But we've always done business. [LB921]

SENATOR CAMPBELL: ...and I'm truly committed not to be killed by a fiscal note and will pledge to my colleagues that we will continue discussion. Senator Pankonin asked me a question prior to the hearing, and that is, had I met with the department? Had I met with the director? And I have to say, yes, we have met once. And, Senator Gay, the department, yes, is meeting the federal guidelines. I think the issue, if I listen very carefully between the providers and certainly...in one conversation with the director, it has to do with the explanation of where the error is. They are meeting the regulations with regard to the clean claims that come in, and they're processing them in a very timely manner, so they meet the federal requirements. But then if it's not that, how do we get to the point where we provide enough explanation to the provider that they know how to remedy it, and that they have all the information that's wrong, not just it's Katherine...no, it's Kathy. The address is wrong. I mean, you can see three weeks, six weeks, just to get to that. So I certainly pledge to the committee that I will go back and talk to the director and most likely bring in some of the providers that I've worked with to try to look at this issue. But I'm not just going to stop working on this just because of the million three. I just refuse to do that. At some point, Senator Howard, (laugh) we do have to find an answer to this, and the providers, it seems to me, are at that point fiscally where it is our responsibility to try to find an answer. [LB921]

SENATOR GAY: Senator Pankonin. [LB921]

SENATOR PANKONIN: Thank you, Senator Gay. Senator Campbell, I really appreciate you working on this, and I don't want anyone to take this in a light fashion or in the differences of the more important things that the providers here do in working with people. I can't...I'm sitting here grinding my teeth because as an agricultural equipment dealer working with a manufacturer and as you, as a retail business background where the customer buys a very expensive product and he expects a warranty, and the manufacturer doesn't like to pay warranty, and you're in the middle. And I know how that feels, and then to fight...you know, they want great customer service for the customer and these people legitimately want to do it and yet you get...you fight that same type of

thing. Two points here. One of them is, it does happen in the private sector in different fashions, and I literally feel so sorry for the Toyota dealers in this country right now. I mean, that is going to be a miserable experience...is and will be for a long time, and those people will not be compensated for a lot of the trouble that they didn't design a product. And I've been there. So...but I also am grinding my teeth because those stories are the same, only it's terrible. It just isn't right. And I think to a certain extent you feel powerless, and you're trying to do the best you can for your clients or customers, and the big bureaucracy you have to deal with wants you to do the job and provide the service, but they're not very forthcoming, and it's very, very frustrating. I've been there, am there, and it's just not good. And so I appreciate your work on it very, very sincerely. [LB921]

SENATOR CAMPBELL: And I really....thank you. And I'd like to say that, you know, I appreciate the work that the...I mean, the people who were here earlier and left their testimony, and the people that are here and all the providers they represent, I mean, they're our front line. They're out serving the aged, the disabled children...I mean, and that's our expectation. It seems to me that in this business model, this is one case where we truly should use every effort that we can make to help them in this business model...work and get paid in a timely fashion. And that, I think, is my commitment to do that. We'll see what we can do in the short amount of time that we have, but I'm very committed to trying to find an answer here. And I know, Senator Howard, I've got a long history behind me (laugh), but I think we owe it to try to find that answer. [LB921]

SENATOR GAY: Senator Howard. [LB921]

SENATOR HOWARD: Thank you, Senator Gay, and I'm not going to prolong this, but I think the difference is, Senator Pankonin worries about his reputation. He wants to have good customer relationships and be a community member. The department is never troubled too much about that, so (laughter). Thank you (laugh). [LB921]

SENATOR GAY: Any other questions? I don't see any. Senator Campbell or...and all the members of the committee, there...when I say the letter from the department...the department wrote one letter to cover like three or four bills, so just be aware that you need to read the whole letter. It's in there, and you can make a copy for each one of your files, if you want, but it's kind of just out of...instead of commenting on every single one, so just to clarify that. Thank you, Senator Campbell. [LB921]

SENATOR CAMPBELL: Thank you, Senator Gay. [LB921]

SENATOR GAY: All right, and then I do want to do a quick exec session, talking real quick, just to go over a few things if we can stick around here. [LB921]