

E AND R AMENDMENTS TO LB 73

Introduced by Larson, 40, Chairperson Enrollment and Review

1           1. Strike the original sections and all amendments  
2 thereto and insert the following new sections:

3           Section 1. Section 44-4217, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5           44-4217 ~~The members shall select the board as it is~~  
6 ~~composed prior to January 1, 2001, except the representative of~~  
7 ~~the general public and the representative of the health agency who~~  
8 ~~shall be appointed by the director.~~ The director shall select the  
9 board, as it is composed on and after January 1, 2001. The board  
10 shall select one or more insurers to serve as administering insurer  
11 a pool administrator pursuant to section 44-4223. The selection  
12 of the board as it is composed prior to January 1, 2001, and  
13 the selection of the administering insurer by the board prior to  
14 January 1, 2001, or after December 31, 2000, shall be subject to  
15 the approval of the director.

16           Sec. 2. Section 44-4219, Reissue Revised Statutes of  
17 Nebraska, is amended to read:

18           44-4219 In its plan of operation, the board shall:

19           (1) Establish procedures for the handling and accounting  
20 of assets and funds of the pool;

21           (2) Select an administering insurer a pool administrator  
22 in accordance with section 44-4223;

23           (3) Establish procedures for the selection, replacement,

1 term of office, and qualifications of the directors of the board  
2 and rules of procedures for the operation of the board; and

3 (4) Develop and implement a program to publicize the  
4 existence of the pool, the eligibility requirements, and the  
5 procedures for enrollment and to maintain public awareness of the  
6 pool.

7 Sec. 3. Section 44-4220.02, Reissue Revised Statutes of  
8 Nebraska, is amended to read:

9 44-4220.02 (1)(a) In addition to the requirements of  
10 section 44-4220.01, following the close of each calendar year, the  
11 board shall conduct a review of health care provider reimbursement  
12 rates for benefits payable under pool coverage for covered  
13 services. The board shall report to the director the results  
14 of the review within thirty days after the completion of the  
15 review.

16 (b) The review required by this section shall include  
17 a determination of whether (i) health care provider reimbursement  
18 rates for benefits payable under pool coverage for covered services  
19 are in excess of reasonable amounts and (ii) cost savings in the  
20 operation of the pool could be achieved by establishing the level  
21 of health care provider reimbursement rates for benefits payable  
22 under pool coverage for covered services as a multiplier of an  
23 objective standard.

24 (c) In the determination pursuant to subdivision  
25 (1)(b)(i) of this section, the board shall consider:

26 (i) The success of any efforts by the ~~administering~~  
27 ~~insurer~~ pool administrator to negotiate reduced health care

1 provider reimbursement rates for benefits payable under pool  
2 coverage for covered services on a voluntary basis;

3 (ii) The effect of health care provider reimbursement  
4 rates for benefits payable under pool coverage for covered services  
5 on the number and geographic distribution of health care providers  
6 providing covered services to covered individuals;

7 (iii) The administrative cost of implementing a level of  
8 health care provider reimbursement rates for benefits payable under  
9 pool coverage for covered services; and

10 (iv) A filing by the ~~administering insurer~~ pool  
11 administrator which shows the difference, if any, between the  
12 aggregate amounts set for health care provider reimbursement rates  
13 for benefits payable under pool coverage for covered services  
14 by existing contracts between the ~~administering insurer~~ pool  
15 administrator and health care providers and the amounts generally  
16 charged to reimburse health care providers prevailing in the  
17 commercial market. No such filing shall require the ~~administering~~  
18 ~~insurer~~ pool administrator to disclose proprietary information  
19 regarding health care provider reimbursement rates for specific  
20 covered services under pool coverage.

21 (d) If the board determines that cost savings in the  
22 operation of the pool could be achieved, the board shall set forth  
23 specific findings supporting the determination and may establish  
24 the level of health care provider reimbursement rates for benefits  
25 payable under pool coverage for covered services as a multiplier of  
26 an objective standard.

27 (2) A health care provider who provides covered services

1 to a covered individual under pool coverage and requests payment  
2 is deemed to have agreed to reimbursement according to the health  
3 care provider reimbursement rates for benefits payable under pool  
4 coverage for covered services established pursuant to this section.  
5 Any reimbursement paid to a health care provider for providing  
6 covered services to a covered person under pool coverage is limited  
7 to the lesser of billed charges or the health care provider  
8 reimbursement rates for benefits payable under pool coverage for  
9 covered services established pursuant to this section. A health  
10 care provider shall not collect or attempt to collect from a  
11 covered individual any money owed to the health care provider  
12 by the pool. A health care provider shall not have any recourse  
13 against a covered individual for any covered services under pool  
14 coverage in excess of the copayment, coinsurance, or deductible  
15 amounts specified in the pool coverage.

16 (3) Nothing in this section shall prohibit a health care  
17 provider from billing a covered individual under pool coverage for  
18 services which are not covered services under pool coverage.

19 Sec. 4. Section 44-4223, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21 44-4223 (1) The board shall select ~~an insurer or insurers~~  
22 a pool administrator through a competitive bidding process to  
23 administer the pool. The pool administrator may be an insurer or a  
24 third-party administrator authorized to transact business in this  
25 state. The board shall evaluate bids submitted on the basis of  
26 criteria established by the board which shall include:

27 (a) The ~~insurer's~~ applicant's proven ability to handle

1 individual sickness and accident insurance;

2 (b) The efficiency of the ~~insurer's~~ applicant's  
3 claim-paying procedures;

4 (c) The ~~insurer's~~ applicant's estimate of total charges  
5 for administering the pool; and

6 (d) The ~~insurer's~~ applicant's ability to administer the  
7 pool in a cost-effective manner; and-

8 (e) The applicant's ability to negotiate reduced health  
9 care provider reimbursement rates for benefits payable under pool  
10 coverage for covered services.

11 (2) The ~~administering insurer~~ pool administrator shall  
12 serve for a period of three years subject to removal for cause. At  
13 least one year prior to the expiration of each three-year period  
14 of service by an ~~administering insurer,~~ a pool administrator, the  
15 board shall invite all ~~insurers~~ and third-party administrators  
16 authorized to transact business in this state, including the  
17 current ~~administering insurer,~~ pool administrator, to submit bids  
18 to serve as the ~~administering insurer~~ pool administrator for  
19 the succeeding three-year period. Selection of the ~~administering~~  
20 ~~insurer~~ pool administrator for the succeeding period shall be made  
21 at least six months prior to the end of the current three-year  
22 period.

23 Sec. 5. Section 44-4224, Reissue Revised Statutes of  
24 Nebraska, is amended to read:

25 44-4224 The ~~administering insurer~~ pool administrator  
26 shall:

27 (1) Perform all eligibility verification functions

1 relating to the pool;

2 (2) Establish a premium billing procedure for collection  
3 of premiums from covered individuals on a periodic basis as  
4 determined by the board;

5 (3) Perform all necessary functions to assure timely  
6 payment of benefits to covered individuals, including:

7 (a) Making available information relating to the proper  
8 manner of submitting a claim for benefits to the pool and  
9 distributing forms upon which submission shall be made; and

10 (b) Evaluating the eligibility of each claim for payment  
11 by the pool;

12 (4) Submit regular reports to the board regarding the  
13 operation of the pool. The frequency, content, and form of the  
14 reports shall be determined by the board;

15 (5) Following the close of each calendar year, report  
16 such income and expense items as directed by the board to the board  
17 and the department on a form prescribed by the director; and

18 (6) Be paid as provided in the plan of operation for its  
19 expenses incurred in the performance of its services to the pool.

20 Sec. 6. Section 44-4225, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22 44-4225 (1) Following the close of each calendar year,  
23 the board shall report the board's determination of the paid and  
24 incurred losses for the year, taking into account investment income  
25 and other appropriate gains and losses. The board shall distribute  
26 copies of the report to the director, the Governor, and each member  
27 of the Legislature.

1                   (2) The Comprehensive Health Insurance Pool Distributive  
2 Fund is created. Commencing with the premium and related  
3 retaliatory taxes for the taxable year ending December 31,  
4 2001, and for each taxable year thereafter, any premium and  
5 related retaliatory taxes imposed by section 44-150 or 77-908  
6 paid by insurers writing health insurance in this state, except  
7 as otherwise set forth in subdivisions (1) and (2) of section  
8 77-912, shall be remitted to the State Treasurer for credit to  
9 the fund. The fund shall be used for the operation of and payment  
10 of claims made against the pool. Any money in the fund available  
11 for investment shall be invested by the state investment officer  
12 pursuant to the Nebraska Capital Expansion Act and the Nebraska  
13 State Funds Investment Act. Funds held by the administering  
14 insurer as of December 31, 2000, shall be carried forward by the  
15 administering insurer for payment of claims, costs of operation,  
16 and any remaining refunds.

17                   (3) The board shall make periodic estimates of the amount  
18 needed from the fund for payment of losses resulting from claims,  
19 including a reasonable reserve, and administrative, organizational,  
20 and interim operating expenses and shall notify the director of the  
21 amount needed and the justification of the board for the request.

22                   (4) The director shall approve all withdrawals from the  
23 fund and may determine when and in what amount any additional  
24 withdrawals may be necessary from the fund to assure the continuing  
25 financial stability of the pool.

26                   (5) No later than May 1, 2002, and each May 1 thereafter,  
27 after funding of the net loss from operation of the pool for the

1 prior premium and related retaliatory tax year, taking into account  
2 the policyholder premiums, account investment income, claims, costs  
3 of operation, and other appropriate gains and losses, the director  
4 shall transmit any money remaining in the fund as directed by  
5 section 77-912, disregarding the provisions of subdivisions (1)  
6 through (3) of such section. Interest earned on money in the fund  
7 shall be credited proportionately in the same manner as premium and  
8 related retaliatory taxes set forth in section 77-912.

9 ~~(6) By June 30, 2001, the State Treasurer shall~~  
10 ~~transfer three million one hundred sixty-five thousand two hundred~~  
11 ~~sixty-five dollars from the Department of Insurance Cash Fund to~~  
12 ~~the General Fund.~~

13 Sec. 7. Section 77-918, Reissue Revised Statutes of  
14 Nebraska, is amended to read:

15 77-918 Insurers transacting insurance in this state whose  
16 annual tax for the preceding taxable year was four thousand dollars  
17 or more shall make prepayments of the annual taxes imposed pursuant  
18 to Chapter 77, article 9, and related retaliatory taxes imposed  
19 pursuant to Chapter 44, article 1.

20 Each insurer required to make prepayments shall remit  
21 such prepayments on or before April 15, June 15, and September 15  
22 of the current taxable year. Remittance for such prepayments shall  
23 be accompanied by a prepayment form prescribed by the director.

24 The amount of each such prepayment shall be at least  
25 one-fourth of either (1) the total tax paid for the immediately  
26 preceding taxable year or (2) eighty percent of the actual tax due  
27 for the current taxable year. ~~For the taxable year ending December~~



1 ~~31, 2001, total tax paid for the immediately preceding taxable year~~  
2 ~~means tax payable prior to any offsets taken under subsection (1)~~  
3 ~~of section 44-4233.~~

4           The director, for good cause shown, may extend for not  
5 more than ten days the time for making a prepayment. The extension  
6 may be granted at any time if a request for such extension is  
7 filed with the director within or prior to the period for which the  
8 extension may be granted. Insurers who fail to pay any premium or  
9 retaliatory tax, including prepayments, when due shall pay interest  
10 at the rate prescribed by section 45-104.02, as such rate may from  
11 time to time be adjusted, until such tax is paid. Any insurer who  
12 fails to make the prepayments within the prescribed time period or  
13 to obtain an extension shall be subject to the penalties prescribed  
14 in section 77-911.

15           The director shall immediately deposit one-half of the  
16 prepayments received in the Premium and Retaliatory Tax Suspense  
17 Fund, which fund is hereby created, and one-half of the prepayments  
18 received in the General Fund. Commencing with the premium and  
19 related retaliatory taxes for the taxable year ending December 31,  
20 2001, and for each taxable year thereafter, the director shall  
21 determine the amount of the premium and related retaliatory taxes  
22 imposed by section 44-150 or 77-908 paid by insurers writing  
23 health insurance in this state, except as otherwise set forth in  
24 subdivisions (1) and (2) of section 77-912, and such amount shall  
25 be credited to the Comprehensive Health Insurance Pool Distributive  
26 Fund. Except as provided in ~~subsections (5) and (6)~~ subsection  
27 (5) of section 44-4225, on May 1 of each year the director shall

1 transfer all of the interest earned in the Premium and Retaliatory  
2 Tax Suspense Fund on the immediately preceding year's prepayments  
3 to the General Fund and transfer the balance of the preceding  
4 year's prepayments deposited in the Premium and Retaliatory Tax  
5 Suspense Fund to the Insurance Tax Fund. Any money in the Premium  
6 and Retaliatory Tax Suspense Fund available for investment shall be  
7 invested by the state investment officer pursuant to the Nebraska  
8 Capital Expansion Act and the Nebraska State Funds Investment Act.

9           Sec. 8. Original sections 44-4217, 44-4219, 44-4220.02,  
10 44-4223, 44-4224, 44-4225, and 77-918, Reissue Revised Statutes of  
11 Nebraska, are repealed.

12           Sec. 9. Since an emergency exists, this act takes effect  
13 when passed and approved according to law.

14           2. On page 1, line 6, strike "to provide an operative  
15 date;".