

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

WILLIAMS: [RECORDER MALFUNCTION] Commerce and Insurance Committee, my name is Matt Williams and I am from Gothenburg and I represent Legislative District 36 in the Nebraska Legislature, and I'm honored to serve as Chair of the committee. The committee will take up the bills in the order posted. Our hearing today is your part of the legislative process. This is your opportunity to express your position on proposed legislation before us today. The committee members may come and go during the hearing. We have to introduce bills in other committees and are called away. It is not an indication that we are not interested in the bills being heard in this committee, it's just part of the legislative process. To better facilitate today's proceeding, I ask that you abide by the following procedures: please silence or turn off your cell phones; move to the front row when you are ready to testify. The order of testimony will be the introducer, followed by proponents, followed by opponents, neutral testimony, and then a closing by the senator introducing the legislation. Testifier sign in, hand your pink sheets to the committee clerk when you come up to testify. And please when you begin your testimony, spell your name for the record. Be concise. It is our request that you limit your testimony to five minutes. We do use the five minute light system. It will be green for four minutes. When the yellow light comes on, you have one minute. And when the red light comes on, we ask you to conclude your testimony. If you will not be testifying at the microphone, but want to go on record as having a position on a bill today, there are white tablets at each entrance where you may leave your name or other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to committee members as exhibits only while testimony is being given, hand them to the page for distribution to the committee staff when you come up to testify, and we will need ten copies. If you do not have ten copies, please hand them to the page and we will have copies made for you. If you have written testimony, please-- I did that one already. To my immediate right is my counsel, Bill Marienau; to my left at the far end of the table is committee clerk, Natalie Schunk. The committee members are with us today and we will start with self-introductions with Senator Gragert.

GRAGERT: Thank you. Good afternoon. Senator Tim Gragert from 40th District, northeast Nebraska.

HOWARD: Senator Sara Howard, I represent District 9 in midtown Omaha.

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LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

QUICK: Dan Quick, District 35, Grand Island.

McCOLLISTER: John McCollister, District 20, central Omaha.

KOLTERMAN: Mark Kolterman, District 24: Seward, York, and Polk Counties.

WILLIAMS: And our page today is Lorenzo. He is a political science major at the University of Nebraska-Lincoln. Thank you, Lorenzo. All right. We will open our hearing today with LB886, presented by Senator John Arch, to prohibit certain acts by health insurers and network providers and list of deceptive trade practices. Welcome, Senator Arch.

ARCH: Thank you. Good afternoon, Senator Williams, members of the Banking, Commerce and Insurance Committee. For the record, my name is John Arch, J-o-h-n A-r-c-h. And I'm here this afternoon to introduce LB886. LB886 is a consumer protection bill that addresses the issues of insurance networks, which I know has been a topic of discussion and concern in this committee. It's a protection bill for insured Nebraskans. As you can see from the handout that you just received, it's a-- it's entitled a Consumer Alert from the Department of Insurance. If you read that, you will notice that it warns consumers-- it was issued in August, but it warns consumers that when a health facility says it, quotes, accepts insurance, that isn't the same as participating in an insurance plan. This statement or a similar statement can be very misleading to a patient seeking care and may result in some unanticipated bills for the service they received. I'm gonna pause there for a second and talk to you just for a moment about some of my personal experience at the hospital where, where it's oftentimes that-- and maybe we've all had it ourselves, where, where patients will come in and they're unsure exactly what insurance program they're on, maybe they're carrying an old insurance card from two years ago, maybe the insurance plan changed at their employer or maybe they're on a spouse plan and that has changed. There's just a lot of details to an insurance plan. And so this attempts to address and tries to clear up at least one of those confusions that maybe a, a facility can, can imply with some of the language that they use. As we all know, receiving medical services from a provider that is not a participant in your insurance plan or is out-of-network can result in significant cost and perhaps unanticipated costs to the patient. While the facility may, quote, accept insurance and submit a claim, the

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Banking, Commerce and Insurance Committee February 04, 2020

facility is not bound by the same negotiated prices and reimbursement rates as an in-network provider. For example, an in-network provider agrees to charge a negotiated price for a particular service charge, right, agrees to charge a particular price for a negotiated service-- or negotiated price for a particular service, and that's referred to as an allowable charge. However, the out-of-network provider can charge whatever it wants for that same service, which can be significantly higher than the negotiated price, the allowable charge. And while the insurance company may pay a portion of a bill submitted by an out-of-network provider, the consumer is ultimately responsible for the full amount, which may be more than an in-network provider. So they would be responsible for the full charge, which is not an allowable charge, but it is what they choose. So I brought LB886 because I think we have an opportunity to protect healthcare consumers and ensure Nebraskans can make a truly informed decision when seeking medical services. First, LB886 would prohibit a healthcare facility from advertising or holding itself out as being a network provider or perhaps confusing the patient or, quote, accepting any health insurance unless the facility is in fact a network provider of a health insurance plan. Second, the bill would prohibit any such facility from placing the name or logo of a health insurer in any signage or marketing materials if the facility is not a network provider. Under the green copy, any violation of these provisions would be considered a deceptive trade practice under the Uniform Deceptive Trade Practices Act and would make a contract entered into between a facility and a person covered by a health insurer avoidable. However, I am providing you with an amendment that will eliminate references to the Uniform Deceptive Trade Practices Act. I was recently contacted by the Attorney General's Office and was told they felt it would be problematic to enforce these provisions as a deceptive trade. With this amendment, the remedy left to the patient provided to the patients is that contracts between a facility and an insured person would be voidable if the provisions of the bill are violated. When I talk about the contract, I mean, when you go into a healthcare provider, when you go to see a healthcare provider, there's paperwork you fill out in which you sign a statement acknowledging that you're ultimately responsible for any payment due regardless of your insurance payment. With an out- of-network provider, this would mean their full charge for the service. And in some insurance products, there may be provisions that there are no payments to out-of-network providers. Under this bill, that contract that they sign can be challenged if the facility intentionally misleads by holding itself out as being a network provider. The amendment also

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

clarifies that a facility may hold itself out as a network provider for the products in which it does in fact participate. So that summarizes LB886 and the proposed amendment doesn't place heavy regulatory burdens on any health facility, it simply allows healthcare consumers to be able to make an informed decision when choosing their healthcare options. And I'd be happy to answer any questions. And there will be certainly those with more technical knowledge than me, but I'll make any, any attempt.

WILLIAMS: Thank you, Senator Arch. Questions for the Senator? Senator Howard.

HOWARD: Thank you, Senator Williams. Thank you, Senator Arch. I just had a very small language question on page three, line 15. It says "A facility shall not advertise or hold itself out." What does it mean to hold itself out?

ARCH: I think that that's-- the, the intention there is, is as, as following, including any statement that the facility takes or accepts any health insurer. And so it's-- that would be the intention of that language--

HOWARD: OK.

ARCH: --to hold itself out, to present itself as someone who takes any insurance. When in fact, they aren't in all of the networks.

HOWARD: OK. Perfect. Thank you.

WILLIAMS: Is it possible for you to give us an example of that of where you have seen something?

ARCH: Well, I know that there's confusion in the market. And, and if you go to some websites, you will, you will find, and not any one in particular, but you'll find language about we, we accept all insurance. And, and sometimes you'll see that on counters as you walk in to a facility, we, we accept all insurance. And what that, what that technically means is we'll bill your insurance company, but-- whether they pay or don't pay. And if you, and if you knowingly know-- I mean, if you as a facility know that you're not in these networks, I think that that is not holding yourself out responsibly to these patients, because when they see that word, we accept all insurance, they're generally in common language today, they're saying, oh, so you're, you're a provider under my network. And in some cases, not at

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

all. And in some cases, some of them. And so it's just, it's just making sure that we're upfront with our patients.

WILLIAMS: Questions? Senator Kolterman.

KOLTERMAN: Thank you, Senator Williams. Senator Arch, I appreciate you bringing the bill. A couple of questions. When you start talking about networks, networks are getting tighter and tighter in many examples. So let's, let's use Omaha as an example where you might have one hospital that has a preferred network and they, they treat that differently, but some other patient might have a contract with that company, but it's not a preferred vendor, and so you've got preferred versus standard. I, I know what your intent is,--

ARCH: Yeah.

KOLTERMAN: --but will that cause a problem in other places in the Medicare Advantage arena?

ARCH: Sure.

KOLTERMAN: Some companies market Medicare Advantages and some don't.

ARCH: Yeah. Yeah.

KOLTERMAN: And so people on-- the consumer thinks, I can pretty much go wherever I want.

ARCH: Right,--

KOLTERMAN: That's not the case.

ARCH: --it's not true. Well, they can--

KOLTERMAN: Yeah, well, they can, but whether--

ARCH: Right. Right.

KOLTERMAN: --they're going to get reimbursed properly--

ARCH: That's,--

KOLTERMAN: --is another problem.

ARCH: --that's, correct. And, and so while that may not help every, every patient that is wondering-- because, of course, you know, any

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

particular insurance company would have multiple products and, and even within those multiple products, it may be very specific to an employer. So your employer has a narrow network, but that employer doesn't, but it may be the same insurance company. And so it is important for any patient to understand what those networks are. And generally an employer through their HR department, whatever, could help them do that or the insurance company themselves. But, but this particular bill may not solve all of that, but it does make an attempt to not simply create that blanket appearance that, that don't worry about coming here, we accept all insurance.

KOLTERMAN: Thank you.

WILLIAMS: Senator McCollister.

McCOLLISTER: Yeah. Thank you, Chairman Williams. When a person has this problem, what have they done now-- what do they do now to complain, do they contact the Banking Department?

ARCH: Well, first they-- I'm assuming most of the time they will work with the facility. I had no idea-- you know, I had no idea that I-- that you weren't in my network, all of that. The larger, the better facilities I would call the better-- I mean, most, most of the facilities, I think will try to make sure that that patient understands upfront. Now as best as they can, because not all insurance companies you're able to immediately look up at that moment and say, oh, you're definitely not in the network or you are definitely in the network or whatever it might be because of these individual employer plans as well. So I think most facilities do their best upfront to try to educate that patient as, as best they can. And then on the back end, I think most facilities are gonna be working with that patient if there's, if there's some type of a payment plan that can be made. I mean, in the end, I don't think there's any escaping the fact that the patient needs, needs to in, in the case of a scheduled visit or a scheduled surgery, whatever it might be, they, they need to be engaged in the discussion to make sure they understand what their plan covers.

McCOLLISTER: Are the facilities obligated to put-- to list out the charges before the treatment is actually occurs, occurs?

ARCH: So I believe it was January 1 of this year that hospitals that participate in Medicare are required to post their chargemaster on-line. The chargemaster is the long list of every single line-item

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

of charges that a, that a hospital would have. And that might-- that's a start-- that might be a little difficult to read, because if you want to say, well, I want to have an MRI, there is a lot of different codes for MRIs, whether it's with contrast, whether it's of the head, whether-- you know, so all of these things would have a different code. So yes, in today, the, the charges are required.

McCOLLISTER: Thank you.

WILLIAMS: Senator Quick.

QUICK: Thank you, Chairman Williams. And thank you for bringing this bill. So I'll just tell you a little bit about what, what happened in Grand Island for one of the clinics. So-- and see if this addresses that issue as well. So-- and it was our doctor, so a longtime doctor who had always been in network. And now all of a sudden they're not in network, but we don't know that. So we're still going for our, our checkups. And then it happened to a lot of people in that clinic who didn't realize that they had gone out-of-network and hadn't been notified of that. And so would this help address some of that?

ARCH: So, so first of all, on line 26 of the green copy, page 2, it, it indicates that the facility does not include a physician's office. We, we considered making it broader, but we thought we would start with facilities at this point. So this, this is not a bill that attempts to solve the whole surprise billing issue. This is more, this is more narrow and it's focused, it's just making sure that the facilities don't represent-- misrepresent themselves or confuse the patient. So no, it would not, it, it--

QUICK: OK.

ARCH: --would not have solved that particular issue.

QUICK: OK. All right. Thank you.

WILLIAMS: Senator Gragert.

GRAGERT: Thank you, Chairman Williams. I just got a quick question. How is an emergency handled then?

ARCH: That is probably under that broader surprise billing issue. So-- you know, the, the example of, of, of rolling into an emergency room

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

and perhaps car accident or unconscious or not able, I think that that-- that's yet to be addressed as to exactly how that's handled.

GRAGERT: OK. Thanks.

WILLIAMS: Seeing no other questions, thank you. And I assume you'll be staying to close.

ARCH: I will.

WILLIAMS: Invite our first proponent. Good afternoon.

ERIC DUNNING: Good afternoon, Mr. Chairman and members of the Banking, Commerce and Insurance Committee. My name is Eric Dunning, E-r-i-c D-u-n-n-i-n-g. I'm a registered lobbyist appearing today on behalf of Blue Cross and Blue Shield of Nebraska in support of LB886 and the amendment mentioned earlier by Senator Arch. In addition, the Nebraska State Chamber of Commerce and Industry has asked me as an employee of a member company to testify in support on, on their behalf as well, and my committee sheet will reflect that. LB886 is a streamlined version of Texas legislation adopted last year to adapt-- to address a problem in the marketplace. Insured consumers were being told by healthcare providers that, that they accept insurance plans without being in-network with those insurance plans. This is important because, as Senator Arch mentioned earlier, it may lead consumers to believe that their claims will be treated in a certain way, in the same way as an in-network insurance claim, but they're mistaken. By way of background, if a, if a provider is in-network with an insurer, the insurer negotiates for the customer the reimbursement rate in advance. Further, the payment for the-- from the insurer together with the identified customer cost-share is considered full payment. As a result, the insurer is only liable for the required payments made under the terms of the policy, and those payments are stated and can be determined in advance of any treatment. For an out- of-network provider in a nonemergency situation, the customer lacks those protections, and while the insurer will pay the amounts required into the contract and applicable law, the provider can send a balance bill in whatever amount they so choose and turn to the courts to collect the debt. Because the insurer does not have an agreement with the provider, it cannot, it cannot force a negotiated payment. We were disturbed to learn when-- that a group of investors sought to bring advertising to Nebraska, which had proved harmful to consumers in Texas and other states, down to a website saying explicitly, we accept all private insurance such as BlueCross/ BlueShield, Aetna, Humana and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

others. They continue to use that accept language, which we believe is confusing for our members. The language was confusing enough for consumers that the Texas legislature adopted H.R. 2041 to deal with the problems there. We initially reached out to contract with that group so we could get their, their network status aligned with their advertising. They declined without explanation. However, we've recently been contacted by them with a change of heart. I also understand that currently at this time, patients are not receiving balance bills, but it's important to understand that there's no legal limit on their ability to pursue those if they choose, and they may change their mind at any time. The language before you today really focuses around the idea that when a provider makes a representation that they accept insurance, they're creating a belief in the mind of consumers that the claim will be treated as if they're in-network. Further, to be clear, our objection is not that they make a representation as relates to Blue Cross and Blue Shield of Nebraska, but for any reference to any insurer in which the facility does not participate in provider networks. Removing the reference to us will not fix the impression that has been created for our members and will not protect the interests of consumers who receive a balance bill from the provider who is creating a misleading impression in the market. I would like to, before I yield to questions, address Senator Gragert's question related to the treatment of emergency. Under current federal law under the Affordable Care Act and regulations adopted under that, when an insured person seeks treatment for an emergency situation and it's based on a reasonable standard, they can go in, they seek treatment, and then we provide our cost sharing as if they're in-network, even if it's an out-of-network facility. So if they have a \$100 copay in-network and \$500 out, we're gonna drop down and we're gonna cover it down to that \$100. And then when it comes time to settle the claim with the provider, we pay the highest of three, three cost-sharing amounts: one, is 100 percent of Medicare; the other is the usual and customary rate, which is an insurance term of art; and third, is our, our median in-network rate. So that's how those claims are treated generally. And that's how even in an emergency setting, claims would be treated on that accepts language. So with that, Mr. Chairman, I would be happy to answer any further questions.

WILLIAMS: Thank you, Mr. Dunning. Questions? Senator McCollister.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

McCOLLISTER: Yeah. Thank you, Chairman Williams. Mr. Dunning, in your testimony, you cited occurrences in Texas and that was resolved with H.R. 2041. When did that occur?

ERIC DUNNING: The, the Texas legislation passed last session.

McCOLLISTER: Has it seemingly resolved the issue?

ERIC DUNNING: I think, with any bill that was just passed last year, it's hard to really say, you know, this solved it, but it seems to directly address the type of advertising we're most concerned about.

McCOLLISTER: So the legislation you, you passed in Texas is the basis for the legislation here?

ERIC DUNNING: Correct, sir.

McCOLLISTER: Thank you.

WILLIAMS: Additional questions? Seeing none, thank you for your testimony.

ERIC DUNNING: Thank you.

WILLIAMS: Invite the next proponent. Good afternoon, Director.

BRUCE RAMGE: Chairman Williams and members of the Banking, Commerce and Insurance Committee, my name is Bruce Ramge, spelled B-r-u-c-e R-a-m-g-e, and I'm the Director of Insurance for the state of Nebraska. I'm here today to testify in support of LB886. One of the constant messages of the Department of Insurance is that consumers need to ask whether their provider accepts their insurance plan or is it in their provider network. And unfortunately, that message can get frustrated when providers falsely and deliberately report that they are members of a network for which they do not belong. Through the Consumer Affairs Division, the Department of Insurance has received multiple complaints by patients who are not aware that their insurance did not cover certain procedures or did not pay as much as expected because the medical provider was out-of-network, despite claims made by the provider that it accepted all insurance plans. Because of the complaints, the department actually issued a consumer alert in August of 2019, attempting to clarify the difference between a provider accepting a health insurance plan and a provider actually being a member of the insurance plan's network. The consumer alert also notified the public that consumers could get stuck with substantial

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

balance bills if they're not careful in differentiating the insurance terms of art. Unfortunately, due to the nature of the way that consumer alerts are issued, many consumers never received the alert and continued to be subject to the same ongoing confusion. The Department of Insurance does not have any interest in limiting any medical facility's ability to provide services, nor does it desire to do anything to limit anyone's choice of providers. Our concern is simply to make sure that consumers are not deliberately misled as to charges they may incur when receiving medical services. We feel that LB886 is helpful in the protection of consumers and bringing an end to the ongoing confusion. So thank you for your time today and I'm available if you have any questions.

WILLIAMS: Questions for the Director? Director, just one question. Your, your release was sent out in August of 2019,--

BRUCE RAMGE: Yes.

WILLIAMS: --and the healthcare provider that we're concerned with,--

BRUCE RAMGE: Yes.

WILLIAMS: --do you know if they have made any changes in their signage or in their web pre-- website presence?

BRUCE RAMGE: I, I am-- I'm not aware of any changes.

WILLIAMS: Thank you.

BRUCE RAMGE: Yes.

WILLIAMS: Any additional questions? Seeing none-- oh, excuse me, Senator Kolterman.

KOLTERMAN: Thank you. Director Ramge, I appreciate you being here today. What-- there's been a few questions about networks and balance billing, are you familiar with anything that's going on on a legislative basis from the federal government that could address that issue?

BRUCE RAMGE: There is a broader bill that I understand has bipartisan support in Congress that issues-- or that is addressing a, a broader balance billing issue and, and how to resolve some of the balance bills in a surprise situation. And, and I think the intent there is to address those situations where an individual might go into the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

hospital for a surgery and then find out later that the assistant surgeon or the lab is out-of-network, even though they were in a hospital that is participating in their network.

KOLTERMAN: But either way, aren't we-- I mean, we're really still talking about a balanced bill either, either direction you go.

BRUCE RAMGE: Yes. Yes. This is one subset of the, of the issue.

KOLTERMAN: Does NAIC have any model legislation that they're working on in that regard?

BRUCE RAMGE: They, they are putting that issue on hold currently pending watching what's happening in Congress.

KOLTERMAN: OK. Thank you.

WILLIAMS: Any additional questions? Seeing none, thank you--

BRUCE RAMGE: Thank you.

WILLIAMS: --for your testimony. Invite the next proponent. Welcome, Mr. McLaren.

JAY McLAREN: Thank you, Mr. Chairman and members. My name is Jay McLaren, J-a-y, last name, M-c capital L-a-r-e-n. I'm the vice president of Public Policy and Government Relations with Medica. Medica's a health insurance company that offers coverage in the individual market in Nebraska, as well as Medicare and an association health plan. We have been proud to offer coverage in the state of Nebraska since 2016. Mr. Chair and members, I'm here to express Medica's support for LB886. We believe it, it puts into place some very key consumer protections for folks, particularly as they are searching for where they're going to receive their healthcare services. In the interest of time for the committee, I'm not gonna regurgitate what Mr. Dunning has already said. I would just say specifically to our members who buy their coverage in the individual markets, what makes them a little bit different makes us even more concerned about providers that are holding themselves out there, perhaps leading people to believe that their network is that our products in the individual market do not have an out-of-network benefit. So unlike some of the, some of the coverage it's offered to employers or say that coverage has say a 60 percent benefit for an out-of-network services where it covers 60 percent of the costs, our coverage does not. So that means that our members, if they're being

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

led to believe that these facilities are in-network, they would be stuck paying the entire bill. And that's the heart of our concern with this bill, and we appreciate Senator Arch bringing this forward and support LB886. Thank you.

WILLIAMS: Thank you. Questions? Seeing none, thank you for your testimony. Would invite the next proponent. Good afternoon.

JANA DANIELSON: Hi. Jana Danielson, J-a-n-a, last name, D-a-n-i-e-l-s-o-n. I'm the revenue cycle executive director for Nebraska Medicine, and I'm here to support the bill put forth by Senator Arch on behalf of the Nebraska Hospital Association and Nebraska Medicine. I do not have any prepared statements so I'm gonna kind of wing it I suppose a little bit. I want to support everything that has been stated prior to me coming up here, but also want to add a little bit, just simply from a provider perspective. With patients who may or may not understand in an out of network coverage is extremely difficult. And being a-- you know, just putting forth good business effort and being a good business partner, or good community member, I think it is important for us to help protect the consumer and to help educate our patients to the extent that we put a lot of resources and efforts upfront to help the patient identify if they are in- or out-of-network. We are working currently with things from an automated perspective. So if they want to check on-line, they can actually get cost estimates on-line and it will tell them you're out-of-network. We do just be-- you know, based on the tertiary services and things that we provide. We often receive transfers from numerous facilities, whether they're inside of Nebraska or outside. And we also try and focus just from a sheer transfer perspective on identifying patient coverage and whether it is in- or out-of-network. And even for services that are turned very tertiary in nature, very focused, so potentially cancer treatments that maybe only we offer, we actually assist the patient with going to payers to get exceptions, to make sure that if we are considered out-of- network for those services, that we're not putting the patient at risk at the end of the day. And so I would think that from just a provider perspective in general, providers would be very, very supportive of making sure that others cannot hold themselves out as accepting insurance, because there's a huge difference between accepting insurance and participating in an insurance plan. And there's many intricacies even inside of a certain payer, for example, you know, whether it's Blue Cross, whether it's Medica, or whomever, there could be certain products that you may or may not be in-network with. And so there is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

additional caveats beyond that. And so those are my thoughts, certainly in support and looking to see if you have any questions.

WILLIAMS: Thank you, Miss Danielson. Questions? Seeing none, thank you for your testimony.

JANA DANIELSON: Thank you.

WILLIAMS: Invite the next proponent. Welcome, Mr. Bell.

ROBERT BELL: Good afternoon, Mr. Chairman. Chairman Williams and members of the Banking, Commerce Insurance Committee, my name is Robert Bell. Last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation, and I am here today in support of LB886. I'm not gonna add anything that you haven't already heard, but I would, I would submit to you that the word accept is, is perhaps a little bit misleading. When you go in and you go to talk to a medical provider or a facility in this case and you say, well, will you take my insurance or something, you know, kind of general like that. And they say, yeah, we accept all types of different insurance. And in fact, they know the answer is, we are not in-network and this is gonna cost you a certain amount of money out of pocket. I think this is a little bit more of a truthful statement. I feel like when you say just accept, anybody will accept insurance, it's like if I go to get gas in my car and it's \$2 a gallon, which is great right now, but I use my MasterCard and suddenly it's \$5 a gallon after, after the, after the fact. And they come back and they charge me for that. Well, that's, that's deceptive to me. So-- and I think this bill is a good remedy for that. So thank you very much.

WILLIAMS: Thank you. Mr. Bell. Questions? Seeing none, thank you for your testimony.

ROBERT BELL: You're welcome.

WILLIAMS: Invite the next proponent. Welcome, Miss Nielsen.

COLEEN NIELSEN: Good afternoon, Chairman Williams and members of the Banking, Commerce and Insurance Committee. My name's Coleen Nielsen, that's spelled C-o-l-e-e-n N-i-e-l-s-e-n, and I'm the registered lobbyist for AHIP testifying in support of LB886. AHIP is a national association whose members provide coverage for healthcare and related services to hundreds of millions of Americans every day. And they're committed to market-based solutions that improve affordability, value,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

access, and well-being for consumers. AHIP supports LB886 because the passage of this bill will help patients who access facilities as defined in this bill to not be financially penalized in cases where they receive out-of-network care through no fault of their own. And, and as been testified before you, certain signage or marketing materials can be very confusing and misleading to consumers seeking care. And we think that providing voidability to the contract for care with the facility is a good solution to the problem. And I'd be happy to answer any questions.

WILLIAMS: Thank you, Miss Nielsen. Questions? Seeing none, thank you for your--

COLEEN NIELSEN: Thank you.

WILLIAMS: --testimony. Invite the next proponent. Seeing none, is there anyone here to testify in opposition? Seeing none, is there anyone here to testify in a neutral capacity? Seeing none, invite Senator Arch. And while he is coming up, we have letters of support from Todd Hlavaty from the Nebraska Medical Association, and Todd Stubbendieck from AARP; no letters in opposition, and no neutral letters.

ARCH: Thank you. And thank you for your time today. And thank you for considering this bill. It is at the heart an attempt to take a step to help protect patients in our, in our state in what is already a confusing situation with networks and insurance. And we just, we just want to make sure that we're not adding to that confusion. So I would appreciate your consideration of this bill.

WILLIAMS: Any final questions for Senator Arch? Seeing none, thank you. And that will close the public hearing on LB886. We will move on to the public hearing on LB1014, introduced by Senator Lindstrom, to change provisions of the Multiple Employer Welfare Arrangement Act. Welcome, Senator Lindstrom.

LINDSTROM: Thank you, Chairman Williams and members of the committee. My name is Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m, proudly representing Legislative District 18 in northwest Omaha. Today, I introduce LB1014, which would amend the Multiemployer Welfare Arrangement Act [SIC] to allow for self-employed individuals to participate in a multiemployer welfare arrangement in Nebraska. Health insurance is a critical issue for families and businesses and their ability to succeed. Unfortunately, in many partially rural areas, for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

self-employed farmers, it is a real struggle to find affordable options for health insurance. Farmers and ranchers in Nebraska and across the country struggle to find affordable health insurance with decent coverage and access to providers. At a low time of low-- at a time of low commodity prices and significant stress in the ag industry, finding ways to lower high health insurance premiums and out-of-pocket costs for Nebraska farmers is vital to ensuring that our farmers can remain competitive in the global economy. In 2019, Land O'Lakes, Incorporated, a farmer-owned cooperative with ag retail member owners in our state, worked with and obtained the approval of the Nebraska Department of Insurance to bring its Cooperative Farmer Health Plan to Nebraska under a multiemployer welfare arrangement that provided an affordable and comprehensive healthcare coverage option to Nebraska's self-employed farmers and their dependents. This plan arrangement was possible because the federal Association Health Plan, or AHP, rules that had been issued by the United States Department of Labor. In 2019, a federal court struck down the AHP regulations that governed this plan, among other health insurance rules. While the Nebraska Department of Insurance worked diligently to find a remedy so Land O'Lakes could continue offering a plan in the state for 2020, no state statutory authority exists for them to do so. LB1014 provides that statutory authority in state law for the Department to review and approve multiemployer welfare arrangements for self-employed individuals that are subject to meeting Nebraska law and requirements. This bill requires these plans have appropriate safeguards, such as specific solvency requirements, stop loss insurance provisions, as well as consumer protections, which are already part of other health insurance plans offered in this state. We will hear testimony from Rocky Weber, who is president and general counsel for the Nebraska Cooperative Council, speak in support of the bill. He will be available to answer any questions I am, I am unable to answer. In closing, I'd like to thank Director Ramage and his staff at the Nebraska Department of Insurance for providing feedback and input on LB1014 so that this bill could be introduced this session, and if signed into law, would allow the Cooperative Farmer Health Plan to be reoffered in Nebraska in 2021. Thank you for, thank you for your consideration. I'd be happy to answer any questions.

WILLIAMS: Thank you, Senator Lindstrom. Questions for the senator? Seeing none, thank you for your testimony, and I'm sure you'll stay to close.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

LINDSTROM: [INAUDIBLE]

WILLIAMS: We'll invite our first proponent. Welcome.

PETE KAPPELMAN: Thank you. Good afternoon, Mr. Chairman, members of the committee. Thank you for the opportunity to allow me to testify in support of LB1014 today. My name is Pete Kappelman, P-e-t-e K-a-p-p-e-l-m-a-n. I serve as senior vice president at Land O'Lakes. I'm a life-long dairy farmer from Manitowoc, Wisconsin. I also spent 23 years on the Land O'Lakes Cooperative Corporate Board of Directors and 15 years as chairman. Land O'Lakes is a farmer-owned cooperative with operations that span the spectrum from agricultural production to consumer foods. In addition to our well-known Land O'Lakes dairy foods business, we deliver crop inputs and insights through WinField United, animal feed and ingredients through Purina Animal Nutrition, and farmer-led stewardship solutions through our Truterra SUSTAIN division. Here in Nebraska, the Land O'Lakes network comprises 34 local farmer-owned ag retail co-ops that serve thousands of farmers across Nebraska. We also have 195 Land O'Lakes, Inc., employees based here in Nebraska with an annual payroll of \$14.7 million. Health insurance is a major cost driver for our farmers and ranchers in Nebraska and across the country. We have worked with our member owners over the past few years in multiple states to help them find affordable insurance coverage. We have heard all the stories about-- or we've all heard stories about health insurance premiums that exceed \$20,000 a year with poor coverage and high deductibles. At the-- at a time of low-market prices and great uncertainty in the agricultural economy, addressing high cost drivers like health insurance premiums, out-of-pocket costs, as well as greater access and more comprehensive healthcare coverage is critical to the success of our farmer members. In 2017, a Minnesota statute was adopted which allowed for the creation of self-insured pooling for those in agriculture. And in 2018, Land O'Lakes piloted a plan in the state of Minnesota with about 780 lives. Based on that success, the pilot expanded in 2019 in Minnesota, and as a result of the U.S. Department of Labor issued Association Health Plan rules in mid-2018, the doors were opened to expand the plan into additional states. These rules allowed Land O'Lakes to work with the Nebraska Department of Insurance to bring our farmer health plan to your state. The plan was approved by the Department in late 2018 and we enrolled about a thousand lives in Nebraska for the 2019 plan year. This plan was a value added offering to our members. Not only did this plan allow for broader access and coverage, it also met the ten essential health benefits required under

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

the Affordable Care Act and did not discriminate based on preexisting conditions. In the state of Nebraska, the average premium savings for members ranged from 15 to 40 percent. These were real dollars staying in the pockets of our farmers. Unfortunately, in mid-2019, a U.S. federal court struck down the AHP rules that provided the pathway for Land O'Lakes to offer a plan in Nebraska. We worked with the Nebraska Department of Insurance to see if we could find a remedy in statute to allow this plan to continue in 2020. But with the absence of these AHP regs, unfortunately the Department did not have the statute-- the statutory authority to review and approve a plan such as this. Today, we come here to ask for your strong support for LB1014, which would allow a multiemployer welfare arrangements in Nebraska for self-employed individuals such as farmers, if they meet certain solvency requirements, have insurance safeguards in place such as stop loss, and are consistent with the strong consumer protection requirements afforded to consumers through other plans offered in Nebraska. Addressing high healthcare costs is also critical to the success and vitality of rural communities. It's well documented that rural communities have poor health outcomes per capita. By addressing health insurance costs and establishing stronger access to preventative care, we also do our part to help Nebraska achieve stronger healthcare outcomes in the future. We're offering this plan as a service to our members and have an impact in rural America where our members work, live, and feed our country. This is not a profit maker for our cooperative and, in fact, has been an investment for our organization. Our interest is making sure that our members can be successful because as a farmer-owned cooperative, we're successful then as well. We want to thank, Senator Lindstrom, for introducing this bill. We also appreciate the collaboration and engagement of Governor Ricketts' team, as well as Insurance Director, Bruce Ramage, and his team in helping us navigate the situation, and for their assistance in reviewing and commenting on this bill before introduction. Mr. Chair, members of the committee, time is of the essence. We recognize that you have a very tight session this year. However, without passage of this bill during this session, farmers, ranchers, and their dependents will need to wait until at least 2022 for Land O'Lakes to reoffer this plan. We ask for your consideration and support of this bill, LB1014. With these statutory-- statutory amendments in place, we welcome an opportunity to work with the Nebraska Department of Insurance for approval to reoffer our plan. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

WILLIAMS: Thank you, Mr. Kappelman. Questions? Senator Kolterman.

KOLTERMAN: Thank you. MEWAs, Multiple Employer Welfare Arrangements, there, there are quite a few MEWAs operating in the state of Nebraska already, but are there any that are self-insured that you're aware of?

PETE KAPPELMAN: I appreciate your question. I've been now not a farmer for ten months and working for Land O'Lakes for ten months, but if we could defer your question to Pam Grove who will be following me,--

KOLTERMAN: OK.

PETE KAPPELMAN: --she'll be able to answer that for you.

KOLTERMAN: And then I had some other questions about the plan that you've described, should I wait for that as well?

PETE KAPPELMAN: Probably.

KOLTERMAN: All right. But you are operating currently in only Minnesota?

PETE KAPPELMAN: Minnesota and in Kansas.

KOLTERMAN: OK. Thank you.

WILLIAMS: Any additional questions? I have one. You mentioned in your testimony that there were about a thousand farmers--

PETE KAPPELMAN: Lives, yes.

WILLIAMS: --or people that were, were covered. What happened to them this year in 2020?

PETE KAPPELMAN: I think a few went with a Farm Bureau plan that was offered, but I think most ended up on the exchange. And I can-- I, I can't speak for what happened to all of them. But the significant increase in premiums would have caused-- it did cause heartburn.

WILLIAMS: Yep. Seeing no additional questions, thank you for your testimony. Invite the next proponent. Good afternoon.

PAMELA GROVE: Good afternoon, Mr. Chair, members of the committee. I'm Pamela Grove, P-a-m-e-l-a, Grove, G-r-o-v-e, and I am the senior director of benefits at Land O'Lakes. And I have had the fortune being able to work with farmers in numerous locations across the country and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

have led the efforts in this healthcare plan for our farmers and their families. As Pete mentioned, we have operated this plan in Nebraska. We did so in 2019 and the plan ran extremely well. We were very pleased. We have heard very good comments about it. We did meet all of the requirements within the state to offer the plan with the Department of Insurance for 2019. And as Pete mentioned, once the Associated Health Plans were struck down, we had to look at another way to be able to continue the plan in the state in Nebraska. So I'm gonna just talk a little bit more detail about some of the things in our plan, what we are concerned about, and how our plan really we think meets the needs of these struggling farmers and their families. So even though Land O'Lakes is not an insurance company, we've been providing health coverage to members. This plan in particular, as you heard, started in Minnesota in 2018. And Minnesota's a little bit different because they have some legislation which helped farmers. So their legislation says anyone in agriculture within the state can pool together in a self-funded plan. So that was our entry into Minnesota as let's pilot it here, let's see if the need is there and if we can offer something better and maybe more affordable to the farmers and their families. So as Pete mentioned, the-- it did go very well. So we expanded that plan the next year. And we are now in our third year this year in Minnesota. And we have been working, obviously, with Nebraska to look at ways that we can meet your guidelines with the Department of Insurance under the MEWA laws, so that we can offer the plan again to our farmers and families in Nebraska as an option. We believe in competition. We think that it's healthy. We think that our farmers should have access to numerous plans and this being one of them. So I think it's a good thing to have multiple options within the plant, within the state. So we all know that rural America is struggling in a lot of ways, our farmers are struggling. They're losing farms. It's, it's a sad situation across the country in general. Well, we know that this is not the be all end all to be able to just help them and help them with cost. And you will hear from some actual members of the plan how this impacted them and how this plan is different. In addition then to Nebraska, we really thought going into the first year-- we got approved very late in the year so we were approved about October, mid-October, which, you know, is going into enrollment periods. And we were still very successful, even though we didn't go out until the last minute. We got over a thousand lives in the state and many more were ready to join the plan. And we're very excited about it. And then, of course, being the federal AHP rules were struck down, we are now working to try and get back in the state and help your farmers and our members to be able to find affordable

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

coverage. The other thing that I wanted to mention is the requirements that the MEWA law in this bill is going to put forward. We are ready to meet those guidelines, both in the solvency requirements that were put forth by the Department of Insurance. And actually those solvency requirements in this bill, LB1014, are much more stringent than what we had when we entered in January of 2019. And we are ready to meet those requirements. We have appropriately put in solvency requirements. We have also put in stop loss. We have shared information regarding that with the state Insurance Department and are willing to continue to do that. I think that you heard from Pete on most of the other things, so I am happy to answer any questions.

WILLIAMS: Thank you, Miss Grove. Questions? Senator McCollister.

McCOLLISTER: Yeah, thank you, Chairman Williams. I'm looking through the bill and the definition of, of a person that can participate is fairly broad.

PAMELA GROVE: Um-hum.

McCOLLISTER: It says whether a person is in a trade or business, it doesn't mention farming specifically.

PAMELA GROVE: Correct. You are correct, sir. So this would allow any company that chooses to offer a plan that meets these requirements and is approved by the insurance department to offer a plan in a self-insured environment for individual workers. So it is not specifically written for those in agriculture.

McCOLLISTER: So a plumber could, could engage--

PAMELA GROVE: If they had the correct plan in place, association-- we would love nothing more than to have this written more narrowly for those in agriculture as Minnesota did. But we believe that we wanted to be fair and bring this forward so that other could apply if they meet the requirements that are approved by the Department of Insurance.

McCOLLISTER: The statutes that enabled you to do business in Minnesota, were they as broadly defined?

PAMELA GROVE: They-- because they are for those in agriculture, we bypass a lot of feed MEWA requirements in the state.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

McCOLLISTER: So in order to belong, do you have to be a Land O'Lakes member?

PAMELA GROVE: Yes, you do.

McCOLLISTER: OK. Thank you.

PAMELA GROVE: Um-hum.

WILLIAMS: Senator Kolterman.

KOLTERMAN: Thank you. I have a few questions. Can I just-- first of all, thanks for coming. On-- in the bill, it says at least 20 hours per week.

PAMELA GROVE: Correct.

KOLTERMAN: Is the-- the Affordable Care Act is more stringent, they, they make you have at least 30 hours--

PAMELA GROVE: Thirty, correct.

KOLTERMAN: --a week. Isn't that correct?

PAMELA GROVE: Um-hum.

KOLTERMAN: So you're a little bit less.

PAMELA GROVE: A little bit less than that, correct.

KOLTERMAN: And, and I had the same concerns about who is eligible and who isn't.

PAMELA GROVE: Um-hum.

KOLTERMAN: Then you get into the, the stop loss arena--

PAMELA GROVE: Um-hum.

KOLTERMAN: --and, and it looks like you have a \$500,000 stop loss.

PAMELA GROVE: The \$500,000 is regarding the amount of money that we have to have in reserves--

KOLTERMAN: Right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

PAMELA GROVE: --and holding in the plan trust. So--

KOLTERMAN: And, and it won't have to exceed more than \$2 million.

PAMELA GROVE: Correct.

KOLTERMAN: OK.

PAMELA GROVE: And based on our stop loss above and beyond that, that we have to protect the plan and ourselves as plans sponsor the state then, as we go through an application process and talk to them, would look at everything that we have regarding safety features such as stop loss and the reserve amount.

KOLTERMAN: So a lot of, a lot of self-insured programs use a, a program called a laser at, at renewal.

PAMELA GROVE: Yes.

KOLTERMAN: Do you, do you laser your patients at, at renewal?

PAMELA GROVE: No, we do not. So--

KOLTERMAN: So it's treated like a fully insured type of plan, every individual--

PAMELA GROVE: Yeah,--

KOLTERMAN: --has the same plan?

PAMELA GROVE: --so our plan is we offer seven different plans to choose from. And we do education. And we also do not deny coverage based on any health conditions. And we do not charge more based on health conditions, which I personally and Land O'Lakes is against. I think the farmers that need the coverage are the ones that are taking a-- maybe a blood pressure medication or something and actually have to have the coverage. So we do not define or charge differently or deny coverage based on any health condition. And that's important to note in our plan.

KOLTERMAN: And is, is, is your plan, you say it's ACA compliant--

PAMELA GROVE: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

KOLTERMAN: --so that means there's no limit on the amount of claims you can have.

PAMELA GROVE: There is no cap, there is no limit, there is nothing excluded. We cover all the ten essential health benefits. The difference I think, too, with Land O'Lakes, you know, we're talking about our, our cooperative, our family. So the last thing we want to do is have one of our farmers or their family members find out that they don't have coverage for something because of something in our plan does not. So it's very important to us that we did not have any of those limitations. We covered everything. We're in full compliance going forward with this plan. That's our intent.

KOLTERMAN: So then Land O'Lakes has a lot of different aspects of the cooperative, and I heard you mention WinField United.

PAMELA GROVE: Um-hum.

KOLTERMAN: So if you're purchasing it, as an example, if you're a customer of WinField United,--

PAMELA GROVE: Um-hum.

KOLTERMAN: --would you be eligible for this plan?

PAMELA GROVE: So the eligible ones are all of the co-ops, obviously, in Nebraska that we have, which we have many in Nebraska, one of our larger states, and their farmer members that are members of that cooperative. So there is over 26,000 farmers.

KOLTERMAN: And then finally, how, how do you market this, is it a direct marketing through the co-ops?

PAMELA GROVE: We work with our co-ops for their members.

KOLTERMAN: So like, like if you have a co-op in Aurora, Nebraska, just an an example, would that co-op then send out a letter to all their partners and say, hey, we've got this health insurance program available to you now, you're eligible to enroll effective 1-1?

PAMELA GROVE: Um-hum.

KOLTERMAN: Who-- so you-- I assume it's direct marketing through the mail.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

PAMELA GROVE: Yes. So--

KOLTERMAN: So you don't, you don't have a licensed agent marketing this product?

PAMELA GROVE: No, no, we do not.

KOLTERMAN: And is there an 800 number that they can call and find out what's available, what isn't available, who's eligible, who isn't eligible?

PAMELA GROVE: Um-hum.

KOLTERMAN: How do you do all that?

PAMELA GROVE: Yeah, good questions. So we work with a company that we hire to administer the plan, enroll people. They have counselors to help navigate through the plans. They also will help people enroll in exchange if they have subsidies. Because obviously if you're eligible for a subsidy, you're going to be able to find more affordable coverage on an exchange normally. So they're very open to helping the farmers with any options, not just our plans, but walking through the differences in our plans and educating. And we do have that company send out posters, little postcards couple of times a year to-- well, in the case last year though of Nebraska, as I said, we didn't even get approval until so late that we weren't able to do a lot of that marketing. But our intent is to do exactly what you said, send some direct mailings to the members, partner with our co-ops to help educate their members that this is an option for them to look at.

KOLTERMAN: So who is your third-party administrator in Nebraska?

PAMELA GROVE: It is-- well, it is-- they're registered--

KOLTERMAN: OK.

PAMELA GROVE: --in Nebraska because that was one of the requirements. They are out of the state of Minnesota, their company is called Gravie, G-r-a-v-i-e. And the reason we partnered with them is because they have access to all of the exchanges and all of the premiums in every state across the country and have all of that database. So it, it made a lot of sense for them to move in and partner with us on this plan.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

KOLTERMAN: Can I keep going?

PAMELA GROVE: You're Good. I'd keep going.

KOLTERMAN: Well, I guess my last question, have you ever heard of a company called CoOpportunity Health?

PAMELA GROVE: Located in Nebraska?

KOLTERMAN: They used to be in Des Moines, Iowa.

PAMELA GROVE: Oh, Des Moines.

KOLTERMAN: It was a cooperative very similar. My question is Cooperative-- CoOpportunity--

PAMELA GROVE: Um-hum.

KOLTERMAN: --came to Nebraska and every agent sold that product.

PAMELA GROVE: Sure.

KOLTERMAN: It was a tremendous product and it was, it was backed by the federal government. And all of a sudden they lost their shirt and went broke,--

PAMELA GROVE: Um-hum.

KOLTERMAN: --and we had to go to guaranty fund and people were left holding the bag.

PAMELA GROVE: Right.

KOLTERMAN: I, I guess my question is what's your loss ratio been the last couple years where you have operated this plan,--

PAMELA GROVE: Um-hum.

KOLTERMAN: --and has it, has it been-- have you made money or have you lost money and--

PAMELA GROVE: Um-hum. Good question. Yeah, let me talk about that.

KOLTERMAN: Because this is a very, very difficult arena to work in.

PAMELA GROVE: It is, it is very difficult. It's one of the most challenging things that I think I've ever done. But in regards to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

that, we have worked with actuaries to set the pricing, obviously, in our plan designs. We only charge based on two factors: that would be age bracket, and that would be location within the state. So for instance in Minnesota, you would pay a few percent more if you lived in and had access to the mail, right? You probably knew I was gonna say that, right? So mail obviously costs a lot more. So in that region, you're gonna pay a little bit more. But those are the only two things that we charge different for. So I believe that we did a very good job of looking at what do we need to set these premiums at? What kind of protections do we need to pay for after our regular fees? We have stop loss fees. We went in first-- actually the first two years and spent significant amounts of money on stop loss coverage because we wanted to insure and we know a startup is very difficult when we had less population. You know, the goal of this plan is to get-- start getting 3, 4, or 5,000 people. And our actuaries tell us that once we get that type of size, that we're gonna be pretty solid, run pretty well. Now Minnesota ran well. We did not lose money. We did pay out a little bit, stop loss had to pay out a little bit, but it was pretty minimal in that state. Nebraska, the first year we expected going into it that we were gonna get a little bit more of the unhealthy people, you know, and not as much size because of our entry late in the year. So we planned for that. And Land O'Lakes has committed and knew that we were gonna have to put some dollars, significant dollars into this plan, at least in the first years, to make sure that it is solvent and that our members have that protection and coverage.

KOLTERMAN: And do you know what your-- do you know what your loss ratio was?

PAMELA GROVE: You know, I don't have the final numbers yet.

KOLTERMAN: OK.

PAMELA GROVE: I should have them soon. However, I will tell you that we put approximately \$2 million into the plan to pay off. And in this case, since we had to terminate the plan the end of December, we're paying run out claims for that year, not receiving any premiums in. So with that in mind, we did put in additional \$2 million in that fund.

KOLTERMAN: OK, and one last question. I thought it was the last, but it wasn't.

PAMELA GROVE: That's OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

KOLTERMAN: What, what network provider you use in the state of Nebraska?

PAMELA GROVE: Sure. So in 2019, we used Cigna's network,--

KOLTERMAN: OK.

PAMELA GROVE: --which is very broad.

KOLTERMAN: Thank you.

PAMELA GROVE: Um-hum.

WILLIAMS: Additional questions for those of you that thought this was no-question Tuesday. [LAUGHTER]

KOLTERMAN: I'm sorry.

WILLIAMS: I have a question.

PAMELA GROVE: Yes.

WILLIAMS: Access to healthcare and a healthy, fair, competitive market--

PAMELA GROVE: Yes.

WILLIAMS: --are vitally important to our state. We have a lot of competition in, in that area here. We have a lot of companies that have chosen to domicile in our state.

PAMELA GROVE: Um-hum.

WILLIAMS: What is the competitive advantage of being a MEWA?

PAMELA GROVE: So in this case, the competitive advantage is being able to offer it broadly to those, in this case, farmers, the individual employees. So with your laws, they-- we could not do that unless this bill is passed and offer it to individual workers. We are not offering it to employees next year. That's important to note. And that is also because of the strict rules and requirements. But I think basically it's all that size and scale and the ability to offer something that is different. We educate more, I believe, and you'll hear from some of our participants on that.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

WILLIAMS: OK. Thank you. Any additional questions? Seeing none, thank you for your testimony.

PAMELA GROVE: Thank you.

WILLIAMS: Invite the next proponent. Welcome.

NICHOLE JANSEN: Hello. Mr. Chairman and members of the committee, I'm Nichole Jansen, N-i-c-h-o-l-e J-a-n-s-e-n, and I am from Gretna, Nebraska, where I farm with my husband and our two children. And I am here today appear-- I'm appearing here today in support of LB1014. Since 2014, when I ended my full-time human resource career in Omaha and committed full-time to our family farm operation, I have been tasked with finding independent healthcare plan to fit the needs of my family of four. Each and every year, this responsibility, this responsibility and stress I fear, but I must tackle and complete in a timely fashion. I would hate to know the number of hours I've invested annually reaching out to insurance agents for assistance, discussing this with family farm friends in similar situations, completing on-line healthcare.gov research, and reading a variety of farm publications to see if there are other insurance options that are available that I'm not aware of. Options have been presented during this time and many times an overwhelming number of options on healthcare.gov. The options presented have been extremely costly and basically offer catastrophic coverage for my family of four. In addition to excessive premiums with slim, slim coverage, the networks and facilities have been limited and the idea of changing providers or facilities is not comforting as many of our established medical relationships are a decade or two long or have been around for a decade or two. In the fall of 2018, Land O'Lakes confirmed they would be able to offer their co-op members like us a healthcare plan similar to what I experienced when I worked full-time away from the farm. This announcement was the answer I had been looking for since 2014. And for, for 2019, it was finally presented through the dedicated efforts of the co-op team and their desire to help our-- to help their family-- excuse me, and their desire to help their member owners like us and many other Nebraska farm families. This Land O'Lakes plan worked well for my family in 2019 and it seemed to fit our healthcare needs. This was a huge relief and now my family had access to purchase a normal plan as offered in my previous profession. Our family's providers and facilities were in network, prescription costs were manageable, and premiums were affordable. This plan saved us approximately \$1,500 a month, offered the normal coverage that I had

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

in my previous employment, and it was reasonable expectation for what we had to pay. I was a cheerleader for this plan and I shared this progress with many of our farm family friends who are in the same situation as us. I encouraged them to keep their eyes and ears open for what would be offered for 2020, as this was the answer to many of the Nebraska farm family healthcare needs. Unfortunately, though, in the fall of 2019, I reached out to Land O'Lakes to confirm the availability of healthcare being offered again for the 2020 plan year. And the answer was no, much to my family's disappointment and dismay, back to the 2014 approach for our 2020 family health coverage. Sadly, one year of progress and success took us backwards again for 2020. I did apply and gained family coverage through healthcare.gov as I have in years past. But this is not the approach we desire, significant premiums with limited coverage. Nebraska farm families deserve better. We deserve to be offered healthcare through the co-op where the farmer is an owner. Offering a health plan to the farmers proved successful in 2019, why do we regress to how it used to be? Why not take the lead and partner with Nebraska farm families in the future and offer health plans to this important, dedicated, and valuable profession of our state? It was a successful partnership for 2019 and it can be for the future. With your full-hearted compassion and empathy, will you please consider bringing back healthcare offerings through the co-op for the members for 2021 and beyond? Thank you for your time.

WILLIAMS: Thank you, Miss Jansen. Questions? Seeing none, thank you for your testimony. Invite our next proponent. Welcome.

JEREMY WILHELM: Good afternoon, Mr. Chairman, members of the committee. My name is Jeremy Wilhelm, J-e-r-e-m-y W-i-l-h-e-l-m. I live in Syracuse, Nebraska, and I am president and CEO of Frontier Cooperative. Our farmer-owned cooperative has a trade territory from extreme southeast Nebraska, stretching north and west of Columbus, Nebraska. We have 55 locations in 50 rural communities and employ a little over 400 people. Frontier currently has over 6,000 voting stockholders, all of whom are agricultural producers. And I am here appearing today in support of LB1014. In 2018, I was asked to help support a member health plan in partnership with Land O'Lakes and agreed to join the Board of Trustees for the member health plan. Our cooperative, like many other cooperatives throughout the state, contributed funds to cover the costs associated with the administration and marketing of the plan. We received approval of the member health plan in late October 2018 and proceeded to do a marketing blitz with our members given the short window. Our

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

cooperative alone had close to 90 lives covered in 2019. More importantly, while our members may have been a little healthcare fatigued, their experience with our plan, the coverage that it offered, and the reasonable costs energized them again. Momentum was gaining for 2020 with positive stories being spread amongst our farm families. This, however, was short-lived as the news that the plan could not be offered in 2020. With the tight labor market and the farm economy that we have, we are seeing a growing trend of spouses coming back to the farm and in many cases it's giving up coverage like Nichole spoke about. One of our farm families from Syracuse, Nebraska, told me this year the only plan that they qualified for was a private health plan. This was a result of over 40 hours of research in December, including the help of an independent healthcare consultant. This family of four has never had any major medical issues, and their monthly premiums are over \$2,100 per month or \$25,000 a year. They contribute \$7,000 into their HSA account to help cover the cost of copays, dental, and vision, and typically have about \$2,000 of healthcare costs that are not covered by the HSA, their deductible is \$6,400 per family-- or per family member with a max out-of-pocket of \$13,800. In a catastrophic year, their total costs would be over \$48,000. In comparison, their monthly premiums of \$2,100 this year, under our plan, in 2018, their monthly premiums were \$1,400. I have story after story around this and members pleading for our help to bring this plan back. Many of our members saw a 20 to 40 percent savings with the health plan in 2019, found it easier to work with, and had better coverage. The farmer-owned cooperatives are definitely a boost in rural economy with the millions of dollars we pay in property taxes and in many cases we are the largest employer in these small communities. The ability of local cooperatives like Frontier to partner with Land O'Lakes to offer an affordable alternative to our patron members is critical with the farm economy we're experiencing today. I ask for your support by advancing LB1014 to the floor of the Legislature. Thank you for the opportunity to be here today and I stand for any questions.

WILLIAMS: Thank you for your testimony. Senator Kolterman.

KOLTERMAN: Yeah, thank you. Thanks for coming today. You, you have quite a few employees at Frontier Co-op--

JEREMY WILHELM: Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

KOLTERMAN: --and you had 90 families participating in the program, does Frontier Co-op utilize the program themselves as a, as an employee benefit?

JEREMY WILHELM: We have our own plan for our employees.

KOLTERMAN: So you don't, you don't utilize this product for your company?

JEREMY WILHELM: We do not.

KOLTERMAN: Thank you.

WILLIAMS: Any additional questions? Seeing none, thank you for your testimony. Invite the next proponent. Welcome, Mr. Weber.

ROCKY WEBER: Thank you, Mr. Chairman. Chairman Williams, members of the Banking, Commerce and Insurance Committee, my name is Rocky Weber, R-o-c-k-y W-e-b-e-r. I am the president and general counsel of the Nebraska Cooperative Council, a trade association representing almost 96 percent of Nebraska's farmer-owned cooperatives. I would like to thank Senator Lindstrom for introducing LB1014 on behalf of the Council, its farmer-owned cooperative members, which includes Land O'Lakes as one of our members. LB1014 provides an opportunity for the state of Nebraska to create a statutory framework to bring back something that has already been in place and tried in the state of Nebraska. With the incoming Trump administration and changes in Department of Labor rules in 2017, the Association Health Plan rule on a federal level allowed the expansion of the Land O'Lakes Farmer Health Care Plan into Nebraska. I worked with Land O'Lakes at that time with our Department of Insurance to introduce them and, and start those discussions and over a period of time they worked out how they would regulate this plan in Nebraska. So this-- it's not like the Department has not had experience with this plan in Nebraska, it's been regulated and, in fact, it wasn't regulated to the degree that LB1014 would require it to be regulated. Once the federal health plan-- Association Health Plan rule was, was declared to be invalid by a federal court, the plan was allowed to run out through 2019 and the Department did diligently look for a way to continue the plan in 2020, but was unable to find statutory authority to do so. And so with this legislation, we come before you today as an ignited cooperative system. Almost all the cooperatives in Nebraska participated in this plan. Those who did not in the first year were planning on participating in the second year. It was very popular. Most

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

cooperatives simply put the information on their website and in their newsletters and provided the information for the third-party administrator contacts and the farmers directly were able to contact a third-party administrator and complete the process themselves. I've heard from several cooperatives that they would have had added farmers and farm families in that program this year had it been allowed to continue. Affordable healthcare coverage remains a real problem for self-employed persons like farmers in rural Nebraska. And this provided one other option and opportunity in that marketplace. And you've heard some statistics about affordability and some of the features of it. And I will tell you that LB1014 and we started talking about how can we fix this when the federal rule was invalidated, we met with Director Ramge and his staff several times, the Land O'Lakes insurance team, I was involved in some of those meetings and we talked about how best to do this. And I will tell you that-- I would like to thank, Director Ramge, and his staff, they were very open to meeting with this team, talking to us, explaining to us what they needed from a regulatory standpoint. To the best of my knowledge, every consumer protection, every solvency issue, everything that they required of Land O'Lakes to put in this bill was put in this bill and really without any question. This is a stronger regulatory bill, from my understanding, and I'm not an ERISA lawyer, but from my understanding, it's a stronger regulatory bill than what we offered this plan through in 2019. I think it's a real positive step. It's an opportunity for this committee and this Legislature to make a real difference in people's lives by bringing back this affordable healthcare option. And because time is of the essence and we're in a short Session to be able to offer this again in 2021, we really do need this to move in this Session. So I would appreciate, and, and my membership would appreciate your prompt action on this bill and report it to the Legislature for full debate. Thank you.

WILLIAMS: Thank you, Mr. Weber. Questions? Seeing none, thank you for your testimony.

ROCKY WEBER: Thank you.

WILLIAMS: Invite the next proponent. Seeing none, we'll begin with opposition testimony. Invite our first opposition testifier. Welcome, Mr. Dunning.

ERIC DUNNING: Thank you, Mr. Chairman and members of the Banking, Commerce and Insurance Committee. My name is Eric Dunning. For the record, that spelled E-r-i-c D-u-n-n-i-n-g. I would note that I forgot

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

my testimony back in my office. So I'll be less prepared, but certainly more interesting than normal. So I'm sitting here today in opposition to the bill in front of you. Look, Blue Cross understands the need in Nebraska's market for more affordable options in the individual market. We certainly struggle with that ourselves. With the advent of the Affordable Care Act and ever increasing costs within the delivery system, the cost of health-- traditional health insurance finance mechanisms have gone higher. The Trump administration had come out with their Association Health Plan rule and which was one option that folks had, had been able to use. But unfortunately, that rule was struck down. And we've had to struggle with what our alternatives are to operating under that rule. Now adding individuals to a self-funded MEWA is going to increase instability. And I, and I think I've heard questions that lead me to believe that the committee is-- that, that certain members of the committee may be interested in this idea that since it's agriculture, that maybe, you know, we could get some stability by, you know, tailoring it to agriculture. Based on our experience at Blue Cross and Blue Shield of Nebraska, I don't think that restricting to agriculture is going to inherently make these groups more stable on a personal level with lots of farmers in the family. Boy, they're independent folks. And some of that, that, that go-it-alone spirit can, can really help make that group a little less stable. If the committee chooses to advance the bill, it may want to look at beefing up some of the solvency standards in the bill. The MEWA Act currently relies largely on that 125 percent stop loss policy. And this addition of a half a million dollar to two million dollar deposit with the Department of Insurance, a half a million dollars or two million dollars is certainly a check. It's bigger than anything I could write personally. On the other hand, it is not unusual to find a course of treatment that, that is approaching or exceeding those amounts for one policyholder. This is a real-life challenge in our healthcare delivery system. Last but not least, although it's not in the bill, one of the-- because that section was not amended, one of the provisions that's in the MEWA Act allows MEWAs that have-- that are out of money to go back to their policy holders and assess those policyholders. Well, if we're talking about a group of, of businesses that are self-funding their, their, their obligations, that seems like one thing-- I mean, you have a certain amount of capital to fund the business and to keep things moving. But in terms of individuals, even if there's a statement that says these policies are assessable and you, you have to do that and in the MEWA Act, I wonder how well individuals will be able to come back and meet those assessments. And at last but not least, there is no guaranty

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

fund protection for a MEWA. So God forbid the thing goes under or just doesn't quite work for whatever reason, there is no one to pay those claims. And, and so you will have individuals, not businesses, missing money. And you will probably see a certain number of claims for providers across our state going uncovered. So again, while the Land O'Lakes program sounds very interesting and it sounds like they've got some, some interesting ideas, there are other ways to solve for this problem within the, the scope of existing law. And with that, my yellow light's gone on and I'll stop going on. So thank you very much.

WILLIAMS: Senator McCollister.

McCOLLISTER: Yeah, thank you, Chairman Williams. Thank you, Mr. Dunning, for being here. From what I could tell from your testimony, your primary issue is solvency. Is that, is that it?

ERIC DUNNING: Yes, sir. The proponents of the bill have done a really nice job of beefing up some of the consumer standards that would otherwise be applicable to MEWAs if they were made up of businesses. So our concerns are all solvency related.

McCOLLISTER: Nothing else?

ERIC DUNNING: No, no,--

McCOLLISTER: OK.

ERIC DUNNING: --nothing else.

McCOLLISTER: Thank you.

ERIC DUNNING: Thank you, sir.

WILLIAMS: Additional questions? Senator La Grone.

La GRONE: Thank you, Mr. Chairman. And thank you, Mr. Dunning, for being here. You mentioned the guaranty fund, can you just give a little bit-- I'll have some questions after this. But just to start off, can you give a little overview about what that is and how it operates?

ERIC DUNNING: The most important function of states as they regulate insurance companies, is making sure that insurance companies have the money to pay for the promises that they've made. Over time, unfortunately, sometimes insurance companies go under and the process

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

for that so that we make sure that people get their claim-- individuals get their claims paid, every state in the country have what's called the guaranty association. And the guaranty association is made up of every insurer doing business in the state. And when a company goes under, an assessment goes out and we all chip in based on our pro rata market share into that fund, and the, the role of that fund is to pay those claims.

La GRONE: So in this instance, since it's not part of the guaranty fund, it would be the individual policyholders that would have to pick up if something were to happen. Is that correct?

ERIC DUNNING: That will be some mixture of-- and, and again, we're talking about a hypothetical organization, that would be some mixture of the, the, the remaining assets left within the MEWA and whatever money that they can pull together. And then, ultimately, to the extent that they're not successful in, in asking for assessments from businesses and their individual members, then there's gonna be claims that are unpaid.

La GRONE: So if you-- and it's a-- continuing to back up in the time line getting less worse of a, of a, of a hypothetical scenario. So let's say you've got a MEWA and they're-- I'm forgetting the term that's in the bill, basically the, the \$2 million we're talking about here--

ERIC DUNNING: Um-hum.

La GRONE: -- in, in protection, once that runs out, you mentioned that they would go back-- so basically, is that essentially to cover any excess claims that they may have?

ERIC DUNNING: Well, remember that that stop loss policy is there. And we would anticipate that so long as everything's great with the reinsurer and nobody's asserting any defenses and nobody's getting squirrely that, that that's really gonna be that front line. However, once we've added these individuals to the coverage, the idea that the-- to the group, the idea that the-- that, that how we're beefing up the solvency protections for, for MEWAs that are otherwise marketed to businesses is through that, that deposit, it seems inadequate to us in view of the size of claims that we see on a, you know, day-to-day basis.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

La GRONE: And you mentioned that if that were to run out, they could go back to the individual policyholders for an additional assessment.

ERIC DUNNING: Yes, sir.

La GRONE: Is there-- are there any advertising requirements around that? So you understand where I'm coming from on this, I think competition in the healthcare market is a great thing. I think it drives down costs. I think that's something we should all be going for. If consumers aren't aware-- but to do that, a consumer needs to have factual information in the choice they're making, is that something that is clearly spelled out in the healthcare choice that consumers are making is that they could come back, back for [INAUDIBLE]?

ERIC DUNNING: I-- there is, I believe, in the MEWA statute an affirmative duty to disclose that these policies are accessible. However, the degree to which consumer-- an individual consumer who may not have maybe a, a personal background or a financial background will understand that and, and really come through with that is open to question.

La GRONE: Thank you.

WILLIAMS: Additional questions? Senator McColl-- Kolterman.

KOLTERMAN: I know I'm sitting where McCollister usually sits.

WILLIAMS: You're sitting in the wrong chair.

McCOLLISTER: Both handsome guys.

KOLTERMAN: So when we talk about MEWAs, you can have a MEWA that's fully insured. Is that not correct?

ERIC DUNNING: Well, if they're fully funded, I don't know why you'd come in-- you know, as a-- if they're fully insured, I don't know why you would become a MEWA. Right? You would--

KOLTERMAN: But, but we do have some of those in the state at the present time, I believe.

ERIC DUNNING: They are association groups.

KOLTERMAN: But they're still MEWAs.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

ERIC DUNNING: I think that's right. But I don't want to go too far down your line of questioning for fear I'll be wrong.

KOLTERMAN: All right. I'm just-- the, the possibility exists that you can have a fully insured MEWA.

ERIC DUNNING: I, I would have to get back to you on that, Senator.

KOLTERMAN: I'll ask the director.

ERIC DUNNING: Sounds good.

WILLIAMS: Additional questions? Seeing none, thank you for your testimony. Invite the next opponent. Welcome, Mr. McLaren.

JAY McLAREN: Thank you, Mr. Chair and members. For for the record, my name is Jay McLaren, J-a-y, last name M-c-L-a-r-e-n, and I'm the vice president of public policy and government relations at Medica, and, and here, obviously, to offer testimony in opposition to house bill 10-- house-- or I'm sorry, legislative bill, I'm still getting used to that, LB1014. Thank you, Mr. Chairman. So I don't want to regurgitate again what Blue Cross Blue Shield had to say about the solvency, we share those concerns. And particularly when a member of my team last year went down to Kansas and testified on a similar bill, what Kansas has is a statute that outlines multiple different types of industries that can create their own self-funded MEWAs similar to this. An insurance agent from the Kansas City metropolitan area was at that hearing a year ago and spoke to the history of each of them and how each of them failed in the 1990s. Even when you're dealing with businesses, Mr. Chairman and members, these are very risky endeavors when you're dealing with individuals pooling together and then being self-funded, it's even more risky. So I share the concerns from Blue Cross around solvency. One thing where I deviate from Blue Cross Blue Shield is that we do have concerns about consumer protections in the bill. If you look at Section 8 of the bill at the bottom of page 7 going on to page 8, it places different protections in the bill because these contracts are exempt from different state and federal laws. So some things that aren't included in terms of some consumer protections and we are concerned about, one example is annual and lifetime benefit limits. There is no protection for that in the bill. It also does not guarantee that the essential health benefits are covered. Again, I have no question-- no reason to question what Land O'Lakes does or would do under this law. But what's important is what's actually in the bill, and there's no requirement for that. The

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

other thing is dealing with rate increases and increasing someone's premium because they were diagnosed with cancer or some other underlying medical condition that's not in the bill. And then also, I'm not convinced that this bill protects people with preexisting conditions from a guaranteed issue perspective. I'm not convinced that the language in the bill requires any MEWA to issue coverage to somebody that applies. So-- and that's a very important protection for people with preexisting conditions. So Mr. Chair and members, those are the concerns in terms of the consumer protections that are not included in the bill. And one thing for me and my organization I do want to speak to is we were all caught off guard last year with the federal-- new federal regulations on Association Health Plans being struck down. That court decision came out in about March. New guidance from the Department of Labor came out in about June time frame. And we did work with the Department of Insurance to come up with an alternative with a product that we offer in collaboration with Farm Bureau. We did find an alternative solution. We are continue-- we are offering a product to folks in the market today. We had to do it under the construct of a short-term, limited-duration policy. But it is a major medical product that we have continued to offer and we did that in collaboration with the Department. So to say that there were no alternatives is not 100 percent accurate because we did it with the Department and we are offering that to Farm Bureau members this year. And I want to clarify, too, Mr. Chairman, I'm invoking the name the Farm Bureau, not because they have a position on the bill, but because I want to speak to the product that we're collaborating with, they don't have a position on the bill. But there are ways that we can offer these products in the market today. And there's a whole, Senator La Grone, to your point, different group of options that are available to people that are buying in the individual market, either you can buy a Medica policy or a policy from one of our competitors. You can buy a short-term, limited-duration policy. You could also buy the policy that we're collaborating with on Farm Bureau that is about 20 percent less in terms of the premium costs than what's available in the individual market. So there is a variety out there today for farmers and, in particular, Mr. Chair and members, I come from a farm family. I've been speaking a lot about my personal life over the last day in testimony. I grew up on a farm about an hour east of here or just over an hour east. I'm very proud, Mr. Chair and members, that my organization is working with reputable local partners to offer more affordable healthcare coverage options in the state of Nebraska. It's really good work that we're doing here. And I'm particularly glad in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

my capacity with Medica that we don't have to ask for changes in state and federal law to do so. I'll stand for questions.

WILLIAMS: Thank you, Mr. McLaren. Questions? Senator McCollister.

McCOLLISTER: Yeah, thank you, Chairman Williams. From the earlier testimony-- and thank you for being here, I got the impression that this product that they are about ready to offer is meeting an unmet need. Can you-- do I have that right? Is that a correct statement?

JAY McLAREN: So Mr. Chair, Senator McCollister, I can't speak for them. I can't speak for the, the need that they believe that their meeting. I would just speak to the variety of options that are in the market today. Again, you've got at the most expensive level individual coverage available for folks that are buying on their own. You've got our product that we collaborate on with Farm Bureau that's about 20 percent less. And then if you can clear underwriting and you don't have underlying healthcare conditions, you can qualify for a short-term, limited-duration policy in the market as well. So there are a variety of options today.

McCOLLISTER: Have you compared the products to see whether in fact they are similar?

JAY McLAREN: I can-- I can't speak to what others offer. But in terms of the product that we offer, Senator McCollister, through the Farm Bureau, it is almost identical to what we, we offer in the individual market. It is a fully-insured product so it leverages the \$1.8 billion that Medica has in the bank, so it's not self-funded. It includes essential health benefits, it does not rate up for underlying healthcare conditions, and it addresses all the different consumer protections I spoke to earlier. So again, I'm sorry, Senator, but I can only speak to our products.

McCOLLISTER: OK.

WILLIAMS: Senator Kolterman.

KOLTERMAN: Just one question. Are you-- do you-- you are regulated by the guaranty fund aren't you-- the guaranty fund, you participate in the guaranty fund?

JAY McLAREN: Yes, Senator, we do.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

KOLTERMAN: OK, thank you.

WILLIAMS: Additional questions? Seeing none, thank you for your testimony. Invite the next opponent. Welcome back, Mr. Bell.

ROBERT BELL: Thank you, Senator. Chairman Williams and members of the Banking, Commerce Insurance Committee, my name is Robert Bell. Last name is spelled B-e-l-l. I'm an executive director and registered lobbyist for the Nebraska Insurance Federation, and I am here today to testify in opposition to LB1014. As you know, the Nebraska Trade-- or Nebraska Insurance Federation is a state trade association of domiciled insurers in the state of Nebraska and other insurers that have significant economic precedence. My members provide over 16,000 jobs to Nebraskans and we offer a variety of insurance products on all lines of insurance. We took-- we had our legislative meeting, the members wish to oppose this bill. Again, anytime you're dealing with risk pools, there is a concern from the insurance companies of a level playing field and, of course, the financial solvency regulation-- or the financial solvency concerns that were brought up by the previous testifiers, insurance-- licensed insurance companies in the state of Nebraska go through rigorous financial examination every five years that go far beyond stop loss requirements and funds put in deposit, things along those lines. They have to have reserve means and certain reserve levels and they're subject to a variety of other financial solvency regulation. And, and as you heard, the, the guaranty fund protection of our products. So with that, I don't wish to take any more of the committee's time. Thank you.

WILLIAMS: Thank you, Mr. Bell. Questions? Seeing none, thank you for your testimony. Invite the next opponent. Seeing none, is there anyone here to testify in the neutral capacity? Seeing none, as you're coming up, Senator Lindstrom, we have one letter of support from Tim Lynch from the National Insurance Crime Bureau, NICB.

LINDSTROM: Thank you, Chairman Williams and members of the committee. I was jotting notes as fast as I could so I might be a little all over the place with this. With regards to the plan itself, you know, as Miss Grove touched on, this is more stringent than where it's operating now in Minnesota and Kansas. While I appreciate the opposition and where they're coming from when it comes to the solvency issue, we know it's the Department of Insurance that is going to be looking at that and if they feel that it is a healthy plan, then I think we could probably take them at their word and Director Ramage in helping with this. So I know that they didn't testify today, but as

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

far as the resolvancy, I would rely upon the Department of Insurance. Some of the numbers that were thrown out there with the amount of time that they had, they had a thousand lives that were part of this plan. Based on actuarial numbers when the plan gets to, you know, 4,000, 5,000 participants, it gets better. So giving the ability of the plan to-- for them to market, get more members as part of that and, and with 23,000 lives, potential lives that could be insured in this plan. I don't think it would take too long to get to that number that wouldn't help to alleviate some of the concerns that could be-- was brought up today with regards to the solvency. Land O'Lakes, I know is, is involved in covering the assessments. But again, this isn't just farmers, it does-- it's a little bit broader than that. So individual or self-employed individuals could participate as long as they're part of the association. Again, if it's just the solvency issue, I do think that the testimony today and the numbers that were presented prove that this is a plan that we can move forward with. And being that it was already implemented in 2019, I-- you know, the, the running theme today that I heard was options and, and giving individuals the ability, especially in this economic environment in the ag sector, giving them the options to look at, at affordable healthcare is an important tool to give our, our citizens. So with that, I'll be happy to answer any final questions. But I would urge the body to move forward on LB1014.

WILLIAMS: Questions for Senator Lindstrom? We heard some testimony, certainly as you mentioned, in your, in your closing about the, the stability and the solvency issue. There was also one of the opponents talked about consumer protections. A few things that are not in this. Are those items that you might be willing to look at including?

LINDSTROM: Always, always.

WILLIAMS: Thank you.

LINDSTROM: Anytime that we can have everybody comfortable, more comfortable, obviously, I think that not everybody is going to be satisfied, but if we can make the bill better, I'm always open, open to providing that.

WILLIAMS: Thank you. Senator Kolterman.

KOLTERMAN: I just have a general comment. Senator Lindstrom is a kindred spirit. Don't let the negative testimony get you down. I was

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

sitting in that same seat yesterday and all the same guys testified against my bill.

LINDSTROM: I, I noticed, I noticed. Don't worry, Senator Kolterman, it hasn't gotten me down. [LAUGHTER]

WILLIAMS: Well, how do you think I know their names? Any additional questions? If not, that will close the hearing on LB1014. And the committee will take a short five-minute break and then we'll come back and begin on LB1123.

[BREAK]

WILLIAMS: [RECORDER MALFUNCTION] back, I want to correct something. During the last hearing on the letter of support that I read, I read the wrong letter, the letter of support. The letter of support for LB1014 was from Dawn Caldwell, at the Aurora Cooperative. With that correction, we will now open the hearing on LB1123 presented by Senator Lindstrom to redefine the term security to include certain student loans under the Public Funds Deposit Security Act. Welcome, Senator Lindstrom.

LINDSTROM: Good afternoon, Chairman Williams and members of the Banking, Commerce and Insurance Committee. My name is Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m, representing District 18 in northwest Omaha. Today, I bring before you LB1123, a bill to redefine the term security to include certain student loans under the Public Funds Deposit Security Act. LB1123 would amend Section 77-2387 of the Public Funds Deposit Security to expand the definition of securities for purposes of the Act. For the purpose of this bill, securities would include student loans backed or partially guaranteed by the United States Department of Education. Banks invest heavily in student loans, Student Loan Asset-Backed Securities, or SLABS, would like to add this investment to the list of securities eligible to be used for pledging purposes. Since SLABS are only partially guaranteed by the federal government, there would need to be a statutory change for eligibility. Following my testimony, there will be a number of supporters to help explain the impetus of this bill. Thank you and I'd be happy to answer any questions you may have.

WILLIAMS: Thank you, Senator Lindstrom. Questions? Seeing none, thank you for the introduction. Invite the first proponent. Welcome, Mr. Miller.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

ROY MILLER: Thank you, Mr. Williams. So Chairman Williams, members of Banking, Commerce and Insurance Committee, my name is Roy Miller, R-o-y M-i-l-l-e-r, and I serve as president of the First Northeast Bank of Nebraska in Lyons. We actually have sev-- we're in seven different communities. We have seven branches. I'm here today to testify on behalf of Nebraska Bankers Association and my bank in supporting LB1123. And I want to thank, Senator Lindstrom, for introducing the legislation on my-- on our behalf. I approached Senator Lindstrom to request that the Public Funds Deposit Security Act be updated to allow a Student Loan Asset-Backed Securities, partially backed or guaranteed by the United States Department of Education to be authorized for use as a security for purposes of satisfying the bank's requirement to pledge securities for a protection of public funds in excess of FDIC insured amounts. Our bank has invested in Student Loan Asset-Backed Securities, which are pools of aged loans backed by guarantees from the U.S. Department of Education, an entity with the full faith and credit in the United States government. And I can't underscore that part enough. Our bank was recently examined by the state Department of Banking, which reviewed our securities that were available for pledging to municipalities, schools, cities, and state agencies. It was determined that Student Loan Asset-Backed Securities were not authorized for pledging purposes since they are not fully and unconditionally guaranteed as to principal and interest by United States government. It was suggested at that time that a change in state law would be necessary to add securities backed or guaranteed by the United States Department of Education in order to authorize their use. LB1123 would then expand that list of allowable securities under the Public Funds Deposit Security Act to include student loans backed or partially guaranteed by United States Department of Education. We, as in the bank, have used this type of security for collateral pledging purposes for many years and have been subject to numerous audits, as have the counties, schools, cities, and state agencies which have placed deposits with our financial institution. This is the first time that this issue has been raised in the course of an audit, and we're not aware of any of the public depositors, that any of the public depositors have previously been informed of any concerns with that pledge. Our bank has utilized these asset-backed government securities to help address interest rate exposure and provide earning stability for the bank. Both the Federal Home Loan Bank and the Federal Reserve Bank in Kansas City allow for pledging of these same securities to serve as collateral for loan advances or for letters of credit. The banking regulators have reviewed these investment-grade instruments

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

and recognized the availability for pledging of these securities backed by the U.S. Department of Education guarantees. Current law only authorizes the bonds and obligations are fully and unconditionally guaranteed as to principal and interest by the U.S. government. The student loans proposed for authorization under LB1123 are guaranteed up to 95 to 98 percent of the principal plus interest payments in the case of default on loans. In closing, I believe that Student Loan Asset-Backed Securities are a safe and secure investment and we've invested in them heavily. They're backed by significant U.S. Department of Education guarantee that should be approved for use in satisfying banks' pledging requirements for public funds. For these reasons, I respectfully request that the bill be advanced for consideration by the full Legislature. So I'd be open for questions.

WILLIAMS: Thank you, Mr. Miller. Questions? Seeing none, thank you for your testimony. Invite our next proponent. Welcome, Mr. Hallstrom.

ROBERT HALLSTROM: Thank you, Chairman Williams, members of the committee. My name is Robert J. Hallstrom, H-a-l-l-s-t-r-o-m. I also appear before you today as registered lobbyist for the Nebraska Bankers Association in support of LB1123. Just wanted to come up and, and make the committee aware, as you have been with LB854, having been up here in LB622 last year, that this issue about public funds and pledging has to do with the banks' requirement to provide protection for public deposits in the form of securities or collateral on everything over the \$250,000 FDIC insured amounts. Mr. Miller approached us after receiving his exam review in December. We already had LB854 on, on the way to being introduced. So we were glad that Senator Lindstrom stepped forward. We would have included the provisions of this bill in LB854 had we had time. And maybe there's still an opportunity to do that later on in the Session. When I talked with Mr. Miller, I did a little bit of research, I found specifically in very limited research that the states of Virginia and Ohio have language that's even more broad than that proposed under LB1123 in terms of allowing for obligations that are partially insured or guaranteed. My thought initially at looking at that was that that might be a little bit too broad, what is partially guaranteed with regard to any type of obligation? Could it be 10 percent? Could it be 50 percent? So I had suggested that we be more specific with regard to the SLABS that are partially backed or guaranteed by the Department of Education in that they are instruments that are 95 to 98 percent guaranteed. We do have guarantees of the Small Business Administration that are authorized in the statute. I believe those are generally 90

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

percent guarantees. So we do have some precedent for something that is not 100 percent or fully and unconditionally guaranteed already in the statutes. And for those reasons, I, I believe this is a safe and secure type of security or collateral for public funds and would encourage the committee to move the bill forward.

WILLIAMS: Thank you, Mr. Hallstrom. Questions? Senator McCollister.

McCOLLISTER: Thank you, Chairman Williams. I, I missed it. So what percentage can be utilized by the bank for student debt?

ROBERT HALLSTROM: Well, there's, there's-- it's guaranteed to 95 to 98 percent, which is the, the technicality, if you will. The current law says these types of obligations have to be fully and unconditionally guaranteed. So that's 100 percent in terms of the backing or the guarantee from the federal instrumentality. Since student loans are only 95 to 98 percent, we have to make an exception as, as proposed under LB1123.

McCOLLISTER: So in no way will the state be on the hook for any of these loans should the students default?

ROBERT HALLSTROM: Well, the state-- the, the issue is you use it as security to 102 percent of everything over FDIC insured. So the market value of the various securities or other types of collateral that the bank pledges for those funds, public deposits has to be at 102 percent. And so we have not had any issues where, where a state agency or political subdivision has lost any money in Nebraska banks, and we wouldn't anticipate that that will be the case in the future.

McCOLLISTER: I should have asked Mr. Miller, but to what extent do Nebraska banks invest in these kinds of securities?

ROBERT HALLSTROM: I think Mr. Miller testified that his bank does have a-- I shouldn't say significant, but they do invest in these. I, I-- I'm not aware specifically, Senator, of how many banks and what the percentage or the magnitude of their investment are, but I would assume there's a number of Nebraska banks that do so.

McCOLLISTER: Do Nebraska banks typically repurchase those instruments or do they, do they originate themselves-- the, the debts themselves?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

ROBERT HALLSTROM: I would assume they repurchase, Senator, but I, I, I-- maybe Mr. Miller can whisper in Senator Lindstrom's ear before Senator Lindstrom comes up here if he has an answer that question.

McCOLLISTER: Thank you.

WILLIAMS: Additional questions? Mr. Hallstrom, do we-- are we certain that all of these types of investments are in the 95 to 98 percent? Are there any of them that would be guaranteed at a lower level than that?

ROBERT HALLSTROM: The-- that was the reason, Senator Williams, that I suggested that we specifically identify the Student Loan Asset-Backed Securities that are backed by the U.S. Department of Education because they are 95 to 98 percent. If we had extended it any further, then you could have an issue about something being less backed or less guaranteed.

WILLIAMS: Is there any question about the second part of the current definition? The current definition is fully and unconditionally. Does the word unconditionally apply to these student loan investments?

ROBERT HALLSTROM: No, and that's, that's because they are not 100 percent. I think the--

WILLIAMS: But it's only because of the percentage.

ROBERT HALLSTROM: Right, the language in the current statute, fully and unconditionally, I believe is, is to assure that it is a 100 percent fully-backed instrument.

WILLIAMS: Thank you. Additional questions? Seeing none, thank you--

ROBERT HALLSTROM: Thank you.

WILLIAMS: --for your testimony. Invite the next proponent. Seeing none, is there anyone here to testify in opposition? Seeing none, is there anyone here to testify in a neutral capacity?

MARK QUANDAHL: Thank you.

WILLIAMS: Welcome, Director Quandahl.

MARK QUANDAHL: Thank you, Chairman Williams, members of the Banking, Commerce and Insurance Committee. Mark Quandahl, Q-u-a-n-d-a-h-l,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

appearing here today in a neutral capacity with respect to LB1123. Financial institutions are required to provide securities or a guarantee bond for any deposit that's in excess of the \$250,000 that's insured by FDIC, and Nebraska law further requires that the securities pledged for public funds be in an amount equal to 102 percent of the excess deposit amount. And so the, the intent of the Public Funds Deposit Securities Act is clear, public entities should not be exposed to any loss when their funds are deposited in Nebraska financial institution. And so it, it has been set forth-- LB1123 would expand the menu of securities permissible pledging by adding student loans that may or may not be fully guaranteed by the federal government. So as introduced, LB1123 does not provide the level of protection that the Legislature has previously deemed necessary for these public funds because it does not require 100 percent guarantee. From an implementation standpoint, reason why we're here, I just want to make sure that you're aware of some issues to be considered. If a financial institution were pledging individual student loans, it'd be difficult to determine the market value of that for purposes of determining compliance with that minimum threshold of pledging. And second, since loans by their very nature they amortize and prepay, the values will naturally have a little bit more volatility than most of the other instruments that are eligible for pledging. Student loans may also be subject to default and are becoming easier to cancel in a bankruptcy or through statutory means. So banks and the future administrator of the Single Bank Pooled Collateral Program are and will be required to monitor all volatility and default risk. It's basically just a calculation of the risks. Mr. Miller talked about SLABS a little bit, too, and just from the department's standpoint, it was unclear to us as to whether LB1123 included SLABS or other similarly packaged instruments. It says student loans in there. So I'd be happy at this time to consider or respond to any questions that the committee may have.

WILLIAMS: Questions for the director? Senator Kolterman.

KOLTERMAN: Thank you. Director Quandahl, I heard the testimony where we're primarily talking about size but comparison to SBA loans as well in I think it was Hallstrom's testimony, those are not-- those, those are securities that are also allowed to be put into the pooled collateral. Is that not correct?

MARK QUANDAHL: I think that's correct, that's correct.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

KOLTERMAN: They're also not 100 percent guaranteed. Is that correct?

MARK QUANDAHL: I believe that's, that's--

KOLTERMAN: I thought that's what he said.

MARK QUANDAHL: Yeah, I--

KOLTERMAN: So really what we're doing is we're just broadening the opportunities for banks to use collateralized securities from the federal government,--

MARK QUANDAHL: That, that is--

KOLTERMAN: --the SBA loans or whether it'd be the SLABS.

MARK QUANDAHL: That, that is certainly what LB1123 would accomplish.

KOLTERMAN: OK. Thank you

MARK QUANDAHL: Yep.

WILLIAMS: Senator McCollister.

McCOLLISTER: Yeah, thank you, Chairman Williams. We, we view some numbers here, 97, 98 percent, 102 percent, so are you telling me that the maximum risk to a, to a bank or lending institution that utilizes these securities is 4 or 5 percent?

MARK QUANDAHL: I guess I don't know exactly how to, to, to answer that. I'm, I'm not sure how to, how to quantify the risk to the financial institution. I, I don't know if I can answer that, so.

McCOLLISTER: OK. You know, we're, we're painfully aware in this country about the pooling of real estate debt that occurred in 2007 and '08, this kind of pooling of securities is in no way similar to that, is it?

MARK QUANDAHL: I'd say no. I'd say just, just unequivocally no. And I would also say, too, that SLABS, SLABS are out there and banks are allowed to invest in SLABS. What this bill would do would just expand that to allow them to utilize SLABS to pledge against public securities.

McCOLLISTER: I missed the definition of SLABS.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

MARK QUANDAHL: SLABS. I-- let me try.

McCOLLISTER: OK.

MARK QUANDAHL: Let me try, Student Loan Asset-Backed Securities. And that's-- in addition to that, too, is it-- they are backed or partially guaranteed by the United States Department of Education.

McCOLLISTER: Partially guaranteed?

MARK QUANDAHL: Partially, not personally, so.

McCOLLISTER: Can you define that?

KOLTERMAN: That's the 98 percent.

McCOLLISTER: Fully or partially?

MARK QUANDAHL: It says backed or partially guaranteed, so.

McCOLLISTER: OK. Who, who packages these student loans? Who, who establishes those pools?

MARK QUANDAHL: That-- I think there's a number of different issuers, but so I'm, I'm not sure. I'm not sure if I can give you a specific example of that.

McCOLLISTER: Thank you, Director Quandahl.

MARK QUANDAHL: Sure.

WILLIAMS: Additional questions? Seeing none, thank you for your testimony.

MARK QUANDAHL: Certainly.

WILLIAMS: Any additional neutral testimony? Seeing none, as Senator Lindstrom comes up to close, we do not have any letters on this one.

LINDSTROM: Thank you, Chairman Williams. I'll just be brief here. The, the origination is done from the universities and then it's pulled together. Brazos, is my understanding, is one of those institutions that would pull these together. If we need to be more specific in the language-- I know it does say student loans, if we want to narrow it down and put the SLABS or Student Loan Asset-Backed Securities to make it more specific if that satisfies. But that's the 95 to 98 percent

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

backed or partially backed by the Department of Education so almost fully backed. As far as-- it is my understanding that when some of these banks were audited, when they were federally-- when they were federal banks, this wasn't an issue, it's only when they were state chartered banks that this raise its head. So we're just trying to, you know, again, clarify kind of how they operated before under the federal side to the state side. But if, if it does satisfy the Department, if they feel more comfortable, we shouldn't have an issue of specifying the SLABS versus what we have in the-- as the language now. Then with that, I'd be happy to answer any final questions.

WILLIAMS: Any additional questions? Senator Quick.

QUICK: Thank you, Chairman Williams. And just-- I don't know if you can answer, something like a Nelnet, now would they be-- I think like when my kids went through college, we had to find-- they received a Nelnet loan, so or, or went through Nelnet, so are they like-- what would they be like, do you know?

LINDSTROM: They were [INAUDIBLE], I don't know if they would then could like a Brazos company and then pool those together--

QUICK: OK,--

LINDSTROM: --and then--

QUICK: --and then they--

LINDSTROM: --use those as a pledge if the bank has those as a pool. I'm not sure of the actual connective dots in that particular information, but we can find out.

QUICK: Yeah.

LINDSTROM: Yeah.

WILLIAMS: Any additional questions? Senator La Grone.

La GRONE: Thank you, Chairman Williams. And thank you, Senator Lindstrom. Just real quick to clarify that I'm understanding basically what we allow now and where this fits into that. So looking at the list, we start with sub (a)-- sorry, I had it and then it went away.

LINDSTROM: Yeah, on page, page--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

La GRONE: OK, Securities-- yes, on page 4, Securities means: sub (a) so bonds and stuff fully and unconditional guaranteed, so that's our 100 percent.

LINDSTROM: Right.

La GRONE: OK. And then we drop down to sub-- what is-- was (k) now (l), a Small Business Administration loan, so those are the 90 percent.

LINDSTROM: Right.

La GRONE: Is that correct? Those were-- yeah.

LINDSTROM: Right, I meant-- based on the testimony I heard, yes, (l) to the small business loan is 90 percent.

La GRONE: And so then we're adding (h), which is the SLABS, which is 95 to 98 percent. Is that correct?

LINDSTROM: Correct.

La GRONE: So this would be below the top end, but still above what we've done in the past.

LINDSTROM: Right.

La GRONE: OK. Thank you.

LINDSTROM: Yep. And then just, just to reiterate based on what it says under (h) right now, "Student loans backed" we-- if it satisfies the Department, we would specify that SLABS or Student Loan Asset- Backed Securities versus what it says now just to be more specific [INAUDIBLE].

La GRONE: Thanks.

WILLIAMS: Additional questions? Seeing none, thank you. That will close the public hearing on LB1123, and we will open the public hearing on LB757. As Senator Blood comes up, this bill will prohibit certain fraudulent acts under the Nebraska Criminal Code and the Insurance Fraud Act. And we welcome Senator Blood to the Banking, Commerce and Insurance Committee.

BLOOD: Well, thank you, Chairman Williams, and good afternoon to the entire committee. My name is Senator Carol Blood and I represent

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

District 3, which is composed of western Bellevue and southeastern Papillion, Nebraska. My name is spelled C-a-r-o-l B as in boy l-o-o-d as in dog. Today, I bring forward LB757, my effort to help our constituents keep more dollars in their pockets by protecting them from fraud. According the Coalition Against Insurance Fraud, insurance fraud causes about 10 percent of all property and casualty insurance losses and loss adjustment expenses each year. That means approximately one in every ten dollars paid for property and casualty insurance premiums go to pay for fraud. That's a troubling number. There are premium dollars paid by individual Nebraskans, businesses, and governments. Those are their dollars. So what I hear from my constituents is that we need to find real ways to reduce costs without sacrificing needed services. When I read about the cost of insurance fraud, I see a problem and it's a problem that could be addressed by the Legislature. So I approached the insurance industry this past summer to see what existing issues we could help address. One problem that the industry is facing in the marketplace here in Nebraska is the promise in payment of deductibles by residential contractors to induce the homeowner to utilize their services. Now this has been an ongoing problem in the market for some time, and this Legislature has actually tried to address the issue in the past. In 2012, the Insured Homeowners Protection Act was passed, and it specifically provides that a residential contractor can not promise to rebate any portion of the insurance deductible. Now the Act was tweaked in 2018 to require the residential contractor to provide written notice to the homeowner that accepting a rebate from the residential contractor is a violation of the Criminal Code and the Insurance Fraud Act. But unfortunately, members of the insurance and roofing industries state that this rebating continues in the marketplace by unscrupulous contractors, inflating the costs of the repair, and as a result, increase the premiums paid by Nebraskans. So while the payment of the deductible by a contractor falls under the more general provisions of insurance fraud, the Insurance Fraud Act lacks a specific provision dealing with the illegal payment of a deductible. This has led to frustration in the enforcement and prosecution of this behavior. LB757 was introduced to close a loophole and place within both the Criminal Code and Insurance Fraud Act, a provision that a violation of the prohibition on rebates contained within Nebraska Revised Statute Section 44-8604 is insurance fraud. It is my belief that with this change, insurance fraud investigators will be able to stomp out this behavior in the Nebraska marketplace, which should be a benefit to legitimate contractors, again, to legitimate contractors who follow the law and the Nebraska policyholders who bear the premium burden for this

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

illegal activity. So just for clarification, an insurance deductible for the policy on your home is a type of self-insurance. If your property becomes damaged, you are responsible for paying part of the cost. That part you pay is a deductible. In other words, it's deducted from the total amount that your insurer will pay. When it comes to home insurance, deductibles can only apply to the actual property damage portion of your coverage. There's no deductible on the liability coverage because that generally starts with the first dollar loss. Now for some reason there's a sense that deductibles are some way to screw over the consumers because you must pay for part of the loss yourself. I'd like to explain why I don't believe this to be true. Smaller claims tend to be more expensive for insurers to process. They need to send an adjuster to go and investigate, take photographs, write reports, and follow all expected procedures. The small claims process can cost more than the claim is worth. With deductibles, many small claims don't even need to be investigated. So if you have a \$500 deductible on your homeowner's insurance and you have a damage to your front door from maybe a storm, would you have that claim investigated? You wouldn't because the door costs less than \$500. And instead of wasting the insurer's time, you would likely fix it yourself. So by eliminating all that extra claim processing, deductibles can reduce the cost of insurance sometimes by a lot. Insurers assume that those they insure will take better care of their property if they know that they will bear some of the cost of a loss. The more potential paperwork and payouts that are eliminated, the more affordable your insurance. That's all common sense. So as long as all parties are being honest, getting a lower bid does not benefit anyone except the insurance company. Frankly, I've had consumers tell me that this has backfired as certain roofers then cut corners and use seconds or surplus materials to remain profitable when they say they're going to waive the deductible illegally. So again, when a deductible is waived, which is illegal, what that means is the contractor may still invoice the insurance company for the full amount, but charging less. That's fraud. If a business is willing to lie to your insurance company, why should a consumer trust them to be honest about anything else? So for those of us that have grown up in Nebraska or lived here for an extended period time, a period of time, we know that our weather can be brutal. From floods and tornadoes to ice storms and excessive heat, our weather creates a perfect environment for ne'er do wells who lack ethical behavior and come into our state to prey on our most vulnerable citizens when they are in a time of crisis. We talk a lot about property taxes and well we should and other financial burdens on, financial burdens on Nebraska citizens. However, when we

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

take a step back and look at Nebraskans' burdens holistically, it is clear that there are many areas that we can address to help our residents keep more of their hard earned dollars in their pockets. I believe that this is a very small piece of that big puzzle. Thank you again for the opportunity to share this bill with you. I'm aware that we have at least one individual from the industry who can give additional statistics for our state. But I'd be happy to answer any additional questions you may have and will stay for the closing.

WILLIAMS: Thank you, Senator Blood. Questions? Seeing none, and you said you'd be staying for closing.

BLOOD: Yes, sir.

WILLIAMS: So thank you. Invite the first proponent. Welcome.

NICK GERHART: Good afternoon, Chairman Williams and members of the committee. I think I found my next pricing expert in our home office. That was very well done. My name's Nick Gerhart, N-i-c-k G-e-r-h-a-r-t. I'm the chief administrative officer for FBL Financial. We go to market as Farm Bureau Financial Services so I heard our name earlier today with our Farm Bureau partner here in Nebraska. Formerly, I was the Iowa Insurance Commissioner so when I heard you mention CoOpportunity, I broke into hives then, too. But I'm here today to talk about LB757. I think the senator nailed a lot of the points, but I want to make some additional points. Our carrier insures about 51,000 Nebraskans. We have 85 employees, about 150 agents across the state of Nebraska. So we have a statewide footprint. Nebraska, you may not know this is the third highest state for hail damage. It's also, Omaha is the third highest city. And this is according to the National Insurance Crime Bureau. So her point about it being a very severe state for weather is, is very true. What we find when we go into the market, you know, fraud is rampant. When I was commissioner, I found statistics that nationally about \$80 billion in fraud. And while we really couldn't pinpoint that number in any particular state, I think it's fair to say that's probably lightly reported. And in the property business, it's even more so. We paid 19,000 claims last year in the state of Nebraska, 6,300 were due to hail and storm. So we pay quite a few claims and we really want to make sure that we pay our claims timely and fairly. But we also have to make sure we have the process in place because as was mentioned, deductibles are a clear point of the pricing model. So if all of a sudden now deductibles aren't paid and that self-insured piece is not lived up to, our whole pricing model in the industry is off. And last year, I think the industry

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

averaged around 88.3 percent in loss ratios related to property. So if you throw in some expenses on that, you're actually over 100 percent in our business. That's usually not good. So you know, as the weather continues to deteriorate certain footprints, and I think the Midwest, Iowa, Nebraska are, are not exempt to that, this kind of language does help a lot. Some of the things we see and, and, you know, it's hard to find a, quote, smoking gun, but some of the things we do see are things around, well, hey, put this sign in the yard and you get a rebate. That's, you know, again, put the sign in your yard for a couple of weeks and you get a \$1,500 rebate. Oddly enough, \$1,500 pretty much lines up with the deductible. Also see bills [INAUDIBLE], we'll see things like, well, we'll get an estimate and it'll say something along the lines of, well, insured's company estimate. Well, I'd like to see the consumer ones. So we, we spend some time and we get those kinds of things. And I talk to my SIU team, you know, again, it's really hard to pinpoint the exact number. And we don't want to treat every claim like it's a SIU investigation. That would be a terrible, terrible customer experience. Again, we want to make sure we pay our claims fairly quickly and, and the right way. And we have agents on the ground that really do help us through this process as well. But I would encourage you to consider this bill. I do think, you know, Iowa, we worked on a bill like this when I was commissioner. I think it passed about a year ago. And I did talk to my former counterparts at the insurance division. And they do believe that it has helped a lot as far as enforcing fraud. And I think the power of the consumer knowing this, I don't think consumers really know when we do this. I really don't believe that. And again, most, most contractors are not doing this. And-- but it is that small group. So like in Des Moines last year, we had a hailstorm rip through Des Moines, about four or five neighborhoods had a lot of hail damage, that's the exact moment in time where these things start to happen. And in Omaha, we have a very large footprint there. Again, when a hailstorm hits, this is when that thing starts to happen. So with that, I will close down and take any questions.

WILLIAMS: Thank you, Mr. Gerhart. Senator Kolterman.

KOLTERMAN: Thank you. Thanks for coming today. Do, do you know-- does Farm Bureau utilize a higher wind and hail deductible in most cases? I know that here in Nebraska many of our companies have a specific wind and hail deductible simply because of all the losses we've experienced.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

NICK GERHART: We do, but we try to be semi-agnostic on that. We really want to fit the right product for the customer. And again, in our footprint, we insure a lot of farms and farmers. And so our ag underwriting specialists will be on-site, they'll work with that producer and the farmer and they will help him or her sort of adjust that. And so we try to be agnostic, but we do encourage for most building structures and even higher value homes a higher deductible. And that's really one of the efforts we've been trying to take, because as Senator Blood mentioned, it does lower premiums pretty substantially.

KOLTERMAN: Thank you.

WILLIAMS: Additional questions? Question. In your testimony, you talked about those people that are-- those contractors that are doing this and you said that's a fairly limited number, you think most people are doing this correctly?

NICK GERHART: I, I believe that, but it's a meaningful amount. So I'll give you a good example, so it wasn't Nebraska, but in Kansas, we do quite a bit of business in Kansas, and it was a small amount, but it was a very large storm and it hit a pretty significant geographic area, came through about a year ago. And that's, you know-- well, I believe was only a handful of contractors involved. And we did work with the insurance department down there. It was several deductibles and claims that were sorted. And so it doesn't take a lot-- I mean, a small number--

WILLIAMS: And those are--

NICK GERHART: --can do a lot because typically they'll come in when there's a massive storm event. And that's a lot of times they call them storm chasers and there are other ones as well. But typically in my experience, it's when a bigger event hits, kind of the what I call the one off ones or, you know, those, those are a little bit different.

WILLIAMS: Having been on this committee for the last six years, we faced this issue with roofers many times on different things. So it would-- even though we have made it illegal to do this, in essence, you believe we would need this correction in the bill to really close down this potential fraud?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

NICK GERHART: I think you have an enforcement gap, yes, and I think, and I think that goes along with.

WILLIAMS: Thank you. Senator McCollister.

McCOLLISTER: Yeah, thank you, Senator Williams. You said you passed a similar law in Iowa.

NICK GERHART: I believe it was last year. We started about three years ago, but it passed last year I believe, yeah.

McCOLLISTER: And, and the verbiage or--

NICK GERHART: It's pretty similar. I went back and compared it, it's pretty close. It's a--

McCOLLISTER: How many other states have [INAUDIBLE]?

NICK GERHART: I would say-- again, I haven't looked a lot of states, but we do this type of work in eight states. I think at least half probably have something close to this.

McCOLLISTER: And you said that if you close this loophole, that premiums can be lowered?

NICK GERHART: Well, I, I think at the end of day, when you ensure that those folks that are paying the deductibles, our pricing models, I think have much more integrity. So I do think that if I know that, you know, you've signed up for \$500 deductible or \$1,000 or \$1,500, I do think that that's been priced the right way. And, and I think the longer that you have people that are gaming this system, because, again, it's a pooled product and our actuaries are pretty good, our data scientists are pretty good, but they really are-- you know, it's a promised business. And the more integrity there is, the better. And I would say, you know, it's, it's been a tough market though, I'm not gonna lie, you know, with interest rates and storm events, it's a tough market, but I would say Nebraska for, for us has held rates semi-steady. But the more enforcement and the less fraud you have, the better the pool is. And again, I think it leads to a much more robust market.

McCOLLISTER: Thank you.

NICK GERHART: Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

WILLIAMS: Any additional questions? Seeing none, thank you for your testimony.

NICK GERHART: Thank you.

WILLIAMS: Invite the next proponent. Welcome, Mr. Bell.

ROBERT BELL: Greetings again, Chairman Williams and members of the Banking, Commerce and Insurance Committee. My name is Robert Bell. Last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation. I am here today in support of LB757. And I would like to express my gratitude to, Senator Blood, for introducing LB757. As Senator Blood already talked to-- this started with a conversation between her and I about insurance fraud on all lines of insurance to be honest with you. When we were looking for a legislative bill, this seemed to be the easiest one to pursue this year. And I'll tell you why, because I believe it's really just cleanup. I, I handed around the statute that's at issue here, which is 80-- or 8604 from the insurance code. And that already prohibits the rebating-- the promise of a rebate of a deductible by a roofing contractor that's from some of the work that's been done earlier as you referenced, Chairman Williams, related to the Insured Homeowners Protection Act. The notice that's the second statute there, which I believe is 8607, it, it, it talks in that notice is to be provided to the homeowner by the roofer that-- it is insurance fraud. What we're lacking is, as Mr. Gerhart said earlier, is we have an enforcement gap. So while I believe that there's already provisions under the Insurance Fraud Act that would apply here, you know, making false statements to an insurer, etcetera, etcetera, there is not a specific enumerated act within the Insurance Fraud Act and its corresponding Criminal Code provisions that specify that the paying of that deductible is a criminal act, even though it is. And so we believe with this, we could have more prosecutions, more investigations that go on. I was talking to a roofer a couple of weeks ago and, you know, they have, they have photos on their phones of, of these signs that say, you know, it's almost hard to believe that people are flouting the law that, that freely, but will pay deductible or, or they have pictures of contracts and things like that. They can provide that to the Department of Insurance, but whether or not that's gonna get investigated without a specific enforced statute is, is up in the air right now. So we thought this would be-- we could close that gap, do, do this cleanup legislation essentially, and perhaps get this out of the market to the benefit of not only the roofers that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

don't do this out there, which is, again, the vast majority, but also, of course, the insurance companies, but also the homeowner. I mean, if you're put in a situation as a Nebraskan and, you know, you have-- you're sitting at the kitchen table with your, with your contractor, your potential contractor, and they slide, you know, that contract across table for you to sign and they, you know, wink, wink, we'll, we'll waive that deductible. That's, that's a problem, that's a problem for all of us as we share [INAUDIBLE] and look to decrease our insurance, not decrease, but at least stem the tide of increased insurance premiums in the future on, on homeowners. So anyway, for these reasons, the Nebraska Insurance Federation supports the passage of LB757. Thank you.

WILLIAMS: Thank you, Mr. Bell. Questions? Seeing no questions, thank you for your testimony.

ROBERT BELL: You're welcome.

WILLIAMS: Invite the next proponent. Welcome back, Director Ramage.

BRUCE RAMGE: Thank you. Chairman Williams and members of the Banking, Commerce and Insurance Committee, my name is Bruce Ramage, spelled B-r-u-c-e R-a-m-g-e, and I'm the Director of Insurance for the state of Nebraska. I'm here today to testify in support of LB757. At the Department of Insurance, both our consumer affairs and fraud prevention divisions have a long history of receiving multiple complaints and inquiries relating to contractors not collecting deductibles from homeowners on insurance claims. This practice is generally referred to as rebating within the insurance industry and is barred by Nebraska law 44-8604. Some contractors will routinely offer to rebate all or part of the deductible to the homeowner has an additional incentive in order to receive the homeowner's business. The Department has even received isolated reports of contractors creating signs or other marketing materials that openly advertise that the contractor will not charge the homeowner for the deductible or will write off the deductible after the insurance company pays the remainder of the claim. In order to recoup the deductible amount that they are foregoing, contractors can resort to inflating the repair quotes. Such claim inflation, in turn, can result in higher insurance premiums to the public at large. Of the greatest concern, however, is that the activity gives the unscrupulous contractor an unfair advantage over the honest contractor that actually plays by the rules. LB757 changes the classification of the violation to fraud under the insurance fraud statute. My hope is that including a ban against these

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

activities under the fraud portion of the insurance statute results in each of the following: one, a greater awareness among the contracting industry that rebating violates Nebraska law; two, reduced incidents of rebating throughout the industry; and three, improved abilities and options for enforcement against the repeat violators. Thank you for your time today. I'm available if you have any questions.

WILLIAMS: Thank you, Director Ramge. Questions? Seeing none, thank you--

BRUCE RAMGE: Thank you.

WILLIAMS: --for your testimony. Invite the next proponent.

COLEEN NIELSEN: Good afternoon,--

WILLIAMS: Welcome, Miss Nielsen.

COLEEN NIELSEN: --Chairman Williams and members of the Banking, Commerce and Insurance Committee. My name is Coleen Nielsen, that's spelled C-o-l-e-e-n N-i-e-l-s-e-n, and I am the registered lobbyist for the Nebraska Insurance Information Service testifying in support of LB757. I won't repeat what's been said before, but I will tell you that when we were working on the Homeowners Protection Act and we were developing the language for that Act, it was the roofers that asked us that we put in the rebate position-- provisions because they were noticing that there were a lot of roofers out there that weren't playing by the rules, and they just want to work on a level playing field. And so I think that this will go a long ways in closing that enforcement gap. And with that, I'd be happy to answer any questions.

WILLIAMS: Thank you, Miss Nielsen. Any questions? Seeing none, thank you for your testimony. Invite the next proponent.

KORBY GILBERTSON: Good afternoon.

WILLIAMS: Welcome, Miss Gilbertson.

KORBY GILBERTSON: Good afternoon, Chairman Williams, members of the committee. For the record, my name is Korby Gilbertson, it's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of the American Property Casualty Insurance Association. And I just-- I want to bring up one thing that no one else has brought up yet, and that's the fact that Chapter 44-8601-8608, which is the Homeowners Protection Act, doesn't just deal

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

with roofers. But those of us who have lived through the roofing wars, which include a number of you, know that that Act turned into the roofing issue because the other contractors haven't ever had an issue with it. And I think you'll see that again today based on the opposition. So I just wanted to kind of open up that door so you understand that this isn't just about roofing, but those seem to be the people that violate this law the most and why it makes sense to do it. I'd be happy to answer any questions.

WILLIAMS: Any questions? Seeing none, thank you--

KORBY GILBERTSON: Thank you.

WILLIAMS: --for your testimony. Invite the next proponent. Seeing none, we'll switch to opposition testimony. Anyone here to testify in opposition? Good afternoon.

THEODORE BOECKER: Good afternoon, community members. My name is Ted Boecker. I'm an attorney in Omaha. I represent both insured homeowners that have been engaged in litigation with roofing contractors and insurance companies, as well as representing roofers. I developed a little niche in this industry on both sides. One issue that I would point out that I think is a concern that some of my clients have--

WILLIAMS: Sir, would you mind spelling your name for the record?

THEODORE BOECKER: Certainly. Theodore T-h-e-o-d-o-r-e, Boecker, B-o-e-c-k-e-r. Under 44-8604-- and I will say this, the, the clients that I work with just basically have cut and paste and adopted the provisions of the Nebraska Insured Homeowners Protection Act and just put it in their contracts. There is just literally verbatim quotes in, in these contracts. But one issue that I would point out that should be of a concern is you're potentially criminalizing conduct in negotiations between a contractor and insured homeowner, which may work to the disadvantage of a homeowner. And let me give an example of how it used to work before this expansive language. You might have a homeowner that was offered a rebate on referrals, hey, you rebate-- you give me a referral, we-- and it results in a contract that we enter in, we'll give you a \$500 rebate. The insurance companies have taken the position that that violates the Insured Homeowners Protection Act because 44-8604 says that the prohibition includes a promise to rebate any portion of an insurance deductible, including granting any allowance or offering any discount against the fees to be charged or paid by an insured or person directly or indirectly

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

associated with the residential real estate in any form. So in other words what insurance companies have done is come in and say, oh, you can't do that anymore. Or it used to be, if you had a deductible of \$1,000 or \$1,200, a roofer might say, hey, you allow us to put your sign in the yard, we'll give you a discount of \$500 for that. The insurance companies now come and when they see these submittals and estimates and say, oh, you can't do that, you're violating the code. And the problem is, if you ask the insurance companies to commit definitively one way or the other, whether or not that violates the code, when you're negotiating with them, they take the position, oh, yes, because the statute says you can't indirectly promise any rebate. And I get back to the whole intention of the Act itself, if we look at the title is the Insured Homeowners Protection Act, you're supposed to be protecting the homeowners. And if a homeowner negotiates a deal by themselves with a contractor to say, hey, if you're going to give me back \$500 because I refer you to my buddy and then you end up getting a contract and you make \$5 or \$10,000 off that contract, why shouldn't I, as a homeowner, be able to receive that benefit or that rebate? But under the existing framework, the insurance companies take the position and I'm on the front lines, I have hundreds of these cases say, nope, can't do that anymore. And as a consequence, I think that by, by adopting this statute, you're criminalizing conduct and potentially creating unintended consequences. And so if the committee was to explore something like this then I think you need to revisit 4604 to make it clear that if there is some exchange of value by the insured homeowner to the contractor, then nothing prevents them from getting a rebate of some nature for valuable consideration. It's no different than a health club that I get referred to by somebody that they get a \$50 rebate if I end up signing up and joining them. And the examples are across the spectrum of various industries where that's allowed. And but for some reason, it's not allowed in this industry. There are many other things I could talk about under this Act, which actually work to the disadvantage of homeowners, because I see it day in and day out. But I just caution the committee about criminalizing this one, because you have a situation where there could be unintended circumstances that work to the disadvantage of homeowners. And I-- frankly, in my working with homeowners, I don't see a lot of complaints about this issue from them. In fact, they want rebates and when contractors can't give it to them any longer, at least the ones who are legitimately doing business, that actually has the perverse effect of driving them to these out-of-state storm chasers that will

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

disregard the law and say, yeah, we'll waive it. So that's my observation. Thank you.

WILLIAMS: Thank you for your testimony. Any questions? If we were to take your approach on this, that, that all of this is under the auspice, how do we ever enforce the fact that rebating deductibles is clearly a violation of law?

THEODORE BOECKER: That's where I suggest--

WILLIAMS: How do we make that distinction between wink, wink, this is the deductible, this is just you told me your neighbor, I can talk to them?

THEODORE BOECKER: Well, I mean, I think it comes into reworking 46-8604 [SIC] and indicating there has to be some viable exchange of consideration. I mean, I agree if there's a false referral that doesn't result in some sort of value. But from the homeowner's perspective-- I mean, I've had this situation myself, where I-- I mean, I represent four or five these different contractors. Some do it on assignment, some don't do on assignment, and I select someone's gonna do it on the assignment. I got a \$1,000 deductible. Now this is five years ago and they tell me, hey, if you put a sign in your yard, we'll give you-- we'll knock off \$500. Why wouldn't I do that? Why would I rather write a check as opposed for \$1,000 rather than saying here's \$500 and you can stick your sign in my yard? What do I care if someone driving by decides, hey, I'm gonna give them a call and that gets some value? I, I think that there is an issue here that I don't believe that it's really that concern of the insurance company. I think there's other motives here behind this push that I could get to in more in depth. But the bottom line is it doesn't serve the interest of the homeowner. If the homeowner negotiates something and has an incentive to negotiate something for valuable consideration, then I don't think that these acts should be used to criminalize it. And I think just with some commonsense, simple language, you can tweak 4604 to make it clear that if there is some valuable, legitimate consideration, then there's nothing to prohibit that and certainly not criminalize this sort of conduct.

WILLIAMS: Any additional questions? Seeing none, thank you--

THEODORE BOECKER: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

WILLIAMS: --for your testimony. Invite the next opponent. Welcome, Mr. Hruza.

TIM HRUZA: Good afternoon, Chairman Williams, members of the Banking, Commerce and Insurance Committee. My name is Tim Hruza, last name spelled H-r-u-z-a, appearing today in opposition on behalf of Millard Roofing. I just wanted to come up and provide just a couple of responses to some things that were, were said by proponents that I think are important for the committee's consideration. And I agree generally with what Mr. Boecker had to say here before. But just two points of, of-- to note in response to the proponents. To the extent that there's a concern over an informs enforcement mechanism in the existing statute, I think it's absolutely true, there is no current direct criminal provision, which is why there's an effort, I guess, here to include that in the two fraud statutes. But I do think that there is a clear enforcement mechanism that this committee actually passed in 2018, a reference to LB743, which was introduced in 2018 by Senator Lindstrom provided and it's codified in statute at 44-8608, which says that a contract entered into with a residential contractor is void if the contractor violates the Act. So I think that there is some repercussions in existing law that don't require us to go to as far as the, the criminal penalty spelling it out. The other thing that I would say is if you look at the two fraud statutes that are codified currently, if we've got egregious situations where contractors are violating these, these sort of prohibitions and, and are inflating the costs of repair, as has been alleged here today, I think that you could, you could make a case that under sub (1)(a) and (b) of both statutes, those contractors might be currently committing insurance fraud, as it-- as it's stated under those provisions. I also passed out, just for your information, a bit of a handout here. There has been an allegation, I think that, that part of the concern here is that when fraud is committed, contractors are inflating the costs of the roofs to give them to pad their amount so that when they do end up subtracting or providing a rebate or, or whatever, that they have more margin for error, and that ends up harming the insurance company and harming-- or rising the cost of, of premiums. Just for some background, for those of you that might not necessarily work in the roofing area, one side of this sheet explains a piece of software that's called Xactimate. What Xactimate is, it's a tool that's used by both roofers, roofers and insurance companies in preparing estimates. That software calculates the square footage of the roof, calculates-- provides the amount of, of materials and roofing materials that might be needed. Both insurance companies and roofing companies use this

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

software to determine what the cost of a project might be. When there is a discrepancy, it's not generally about whether or not there's damage to a roof or whether there's repair needed, it typically comes back to the extent of the damage and whether or not it's covered by a policy. So what we're talking about here isn't about necessarily a contractor adding an extra \$1,000 to what they're trying to get the insurance company to pay an insured, but we're talking about a negotiation between an insured and the insurance company and the roofer in terms of coming to an agreement about what's covered, what's needed, what's optional for the homeowner and what the, what the agreement's going to be moving forward. On the flip side of that, I would also just show you, this is a-- an overhead view of, of Bill Miller's house here in Lincoln, Nebraska, from a piece of software that's used. It's a third party measuring software that is used by our client in ensuring that the measurements made on the roof are accurate. Again, I, I just want to clarify and, and make clear to the committee that when-- we're not talking about a contractor having the ability to inflate costs simply to give themselves padding to provide these sort of things. What we're talking about are coming up with or coming to an agreement on the extent of the damage done, the repairs needed, and the coverage that's provided by the insurance. With that, I would simply say that I think some of the bases for why this isn't as clear cut, I think, as some people suggest. I think many of the roofing companies do their, their level best to comply with the requirements in Nebraska state statute. And I sure don't think that there's no enforcement mechanism available when it comes to this context right here. For those reasons, we oppose LB757 and we ask that the committee not advance the bill to General File.

WILLIAMS: Thank you, Mr. Hruza. Senator La Grone.

La GRONE: Thank you, Chairman Williams. Thank you, Mr. Hruza, for being here. So Mr. Hruza, obviously, here we've got a criminal statute referencing back to a noncriminal statute and, obviously, those are two different areas of law. And so I looked at where we're referencing to 44- 8604, I don't know if you're familiar with that.

TIM HRUZA: I am.

La GRONE: OK, so in the last sentence it says-- basically gives what's not acceptable and then says, as a clawback says, "except for any item of nominal value." Is nominal value defined anywhere that you're aware of? I didn't find--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

TIM HRUZA: Not that I'm aware of.

La GRONE: So if we're-- have a criminal statute and it's referencing back to a noncriminal statute that has a term like nominal value that isn't defined anywhere, are we gonna run into any void for vagueness issues that are inherent to criminal law?

TIM HRUZA: You know, candidly, I hadn't necessarily considered that. I think that's a valuable consideration, invaluable consideration versus nominal consideration. I do-- that's an-- it's an interesting thing to bring up. I do think that when we're talking about criminal penalties, we step into a different realm, in a new realm. And like I said, I, I do think arguably to the extent that there are egregious violations currently occurring or continuing to occur, there's enforcement mechanisms in the first portions of both of these fraud statutes that if we're truly inflating the value of contracts and we're taking advantage and we're submitting information that's, that's fraudulent, we already criminalize that conduct. I think the concern is that you might enter into a gray area here when we add criminal penalties to a very specific provision that, again-- and, you know, I would also add candidly, I wasn't around in 2012 when we passed the Homeowners Protection Act. I went back and read all of the transcripts from all of the hearings in this committee and the floor debate that was done, too. There was not a lot of discussion on the record for why this provision was included in that Act. Initially it was in there and there was no enforcement mechanism. This committee came back just a few years ago and added that civil provision that voids the contract. But to, to take the step into the criminal realm is a new step forward, I think.

La GRONE: Thank you.

WILLIAMS: Any additional questions? Seeing none, thank you for your testimony. Invite the next opponent. Seeing none, is there anyone here to testify in a neutral capacity? Seeing none, while Senator Blood comes up, we have one letter of support for LB757 from Tim Lynch, of the National Insurance Crime Bureau, NICB. Welcome back, Mrs. Blood.

BLOOD: Thank you, Chairperson Williams. And so I listened, as I always do to the gentlemen and women who came forward today and some of the concerns I want to express to you and maybe clarify after hearing that, especially talking with Mr. Boecker, he claimed that the law prevented deductions or rebates. That's really not a true statement. The way I read it and I, Senator La Grone, am not an attorney, but the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 04, 2020

way I read it is that it refers only to the deductibles and it promises-- and any promises to rebate it back or reduce and then do such things as then overcharge the insurance company. So yes, that's criminal because that's fraud. So his statement in reference to other motives might call shenanigans on that statement, because we watch you through the history of how this bill came to be, nobody brought this bill to me. I sought out bills in reference to insurance fraud, specifically after the fraudulent airbag bill that I had passed last year. I started researching all the areas of fraud and insurance and realized there's a long list of bills that all of us could carry to help consumers here in Nebraska. I want to point out that the Legislature adopted this language and not the homeowners. And everything that Mr. Boecker talked about is exactly what we're trying to prevent. And any legitimate roofing company shouldn't be concerned about this because this bill isn't about them. Our Director of Insurance came and, and spoke in support and said that this would help with investigations and would help with enforcement and that's who we hold responsible to do those very tasks here in Nebraska. And it is our job as state legislators to give them the tools to be successful to protect the consumers and so it's a very simple bill. And I do understand when attorneys come in on behalf of roofing companies, because roofing companies feel it's one more thing and, and one more rule that they have to follow. But at the same token, if they're already following the rules that have been set before, this tweak should mean nothing to them. As long as they are following the rules and they are not making promises of rebate based on those deductibles, they need never worry about this legislation. But as many of you know, I live in a district that was hit by two tornadoes my freshman year. Our home being one of them. And then several years later came the floods. And so I have had a lot of conversations at a lot of doors about ne'er do wells who have come into Sarpy County, and I'm sure other counties as well, and do try and screw over the system. And so it's for people like that that we now need to have rules like this put into place. And so with that, I thank you for your time because I know the day is getting long. I'd be happy to answer any additional questions you may have.

WILLIAMS: Any questions for Senator Blood? Seeing none, thank you for introducing this. And that will close the public hearing on LB757 and close our hearings today.