

ONE HUNDRED SECOND LEGISLATURE - FIRST SESSION - 2011
COMMITTEE STATEMENT
LB73

Hearing Date: Tuesday January 18, 2011
Committee On: Banking, Commerce and Insurance
Introducer: Pahls
One Liner: Change the Comprehensive Health Insurance Pool Act

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

Vote Results:

Aye: 8 Senators Christensen, Langemeier, McCoy, Pahls, Pankonin, Pirsch, Utter, Gloor
Nay:
Absent:
Present Not Voting:

Proponents:

Senator Rich Pahls
Bruce Ramage

Representing:

Introducer
NE Dept. of Insurance

Opponents:

Kevin Conway
David Buntain

Representing:

NE Hospital Assn.
NE Medical Assn.

Neutral:

Representing:

Summary of purpose and/or changes:

OVERVIEW

LB73 (Pahls), introduced at the request of the Director of Insurance, would amend various sections of the Comprehensive Health Insurance Pool (CHIP) Act to do the following: (1) The bill would provide that CHIP shall be administered by "a pool administrator" rather than "an administering insurer" and would further provide that, in addition to an insurer, the pool administrator, as selected by the CHIP board of directors, may be a health maintenance organization, a third-party administrator, or any other appropriate entity as authorized by the Director of Insurance. (2) The bill would provide that the CHIP board of directors shall establish provider reimbursement rates equivalent to one hundred twenty-five percent of Medicare reimbursement. (3) The bill would repeal obsolete provisions and harmonize an internal reference.

SUMMARY

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

Section 1 would amend section 44-4217 of the Comprehensive Health Insurance Pool Act to allow the CHIP board of directors to select a pool administrator, rather than an administering insurer, to administer the pool. Section 1 would repeal obsolete provisions.

Section 2 would amend section 44-4219 of the Comprehensive Health Insurance Pool Act to provide that the CHIP board of directors shall select a pool administrator, rather than an administering insurer, to administer the pool.

Section 3 would amend section 44-4222.02 of the Comprehensive Health Insurance Pool Act to repeal the requirement for the CHIP board of directors to conduct an annual review of reimbursement rates to determine whether cost savings in the operation of the pool could be achieved by establishing the level of reimbursement rates as a multiplier of an objective standard. Section 3 would repeal the authority of the board of directors to establish the level of reimbursement rates as a multiplier of an objective standard. Section 3 would provide that the CHIP board of directors shall establish provider reimbursement rates for benefits payable under pool coverage for covered services at rates designed to achieve a payment equivalent to one hundred twenty-five percent of Medicare reimbursement.

Section 4 would amend section 44-4223 of the Comprehensive Health Insurance Pool Act to provide that the CHIP board of directors shall select a pool administrator, rather than an administering insurer, to administer the pool. Section 4 would allow the board of directors to select an insurer, a health maintenance organization, or a third-party administrator or any other appropriate entity as authorized by the Director of Insurance to act as pool administrator and would add the ability to negotiate reduced health care provider reimbursement rates for benefits payable under pool coverage for covered services as a criterion for selection as pool administrator.

Section 5 would amend section 44-4224 of the Comprehensive Health Insurance Pool Act to change a reference from "administering insurer" to "pool administrator."

Section 6 would amend section 44-4225 of the Comprehensive Health Insurance Pool Act to repeal obsolete provisions.

Section 7 would amend section 77-918 to repeal obsolete provisions and harmonize an internal reference.

Section 8 would provide an operative date of July 1, 2011.

Section 9 would provide for repealers of amendatory sections.

Section 10 would provide for the emergency clause.

Explanation of amendments:

1. The committee amendments (AM979) would strike all provisions which would establish health care provider reimbursement rates equivalent to one hundred twenty-five percent of Medicare reimbursement and would reinstate current reimbursement provisions.
2. The committee amendments would not change provisions which would provide (a) that CHIP shall be administered by a "pool administrator" rather than an "administering insurer" and (b) that the pool administrator may be a third-party administrator as well as an insurer.
3. The committee amendments would strike provisions which would additionally allow the pool administrator to be "any other appropriate entity" authorized by the Director of Insurance.
4. The committee amendments would strike provisions which would specify that an HMO may be the pool administrator because the definition of "insurer" as found in the CHIP Act already includes HMOs and therefore an HMO can be the administering insurer under current statute or could be the pool administrator under the bill.

Rich Pahls, Chairperson