

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Banking, Commerce and Insurance Committee January 22, 2024  
Rough Draft

**SLAMA:** All right, everyone. Welcome to the Banking, Commerce and Insurance Committee hearing. My name is Julie Slama. I'm from Dunbar and represent the 1st Legislative District. I serve as Chair of this committee. The committee will take up the bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. The committee members will come and go during the hearing. We have to introduce bills in other committees and are called away. It does not indicate that we are not interested in the bill being heard in this committee. It's just part of the process. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please turn off or silence cell phones. Move to the front row when you are ready to testify. Our order of testimony today will be introducer, proponents, opponents, neutral, and closing. Hand your green, green sign-in sheet to the committee clerk when you come up to testify. Spell your name for the record before you testify. Be concise. It's my request that you limit your testimony to 3 minutes. And we have a light system we will be enforcing. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are gold sheets at each entrance where you may leave your name and 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 offered. Hand them to the page for distribution to the committee and staff. When you come up to testify, we need 10 copies. If you have written testimony but do not have 10 copies, please raise your hand now so the page can make copies for you. To my immediate right is committee counsel, Joshua Christolear. To my left at the end of the table is committee clerk, Natalie Schunk. The committee members with us today will introduce themselves, beginning at my far left.

**BOSTAR:** Eliot Bostar, District 29.

**von GILLERN:** Brad von Gillern, District 4.

**AGUILAR:** Ray Aguilar, District 35.

**JACOBSON:** Mike Jacobson, District 42.

**KAUTH:** Kathleen Kauth, District 31.

**BALLARD:** Beau Ballard, District 21.

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**DUNGAN:** George Dungan, District 26.

**SLAMA:** The committee will take up bills today in the following order: LB1073, LB912, LB829, LB885, and LB854. And our pages today are Maddie [SIC] and Mia. And with that, we'll kick off our hearing on LB1073. And I will turn over presiding officer duties to Senator Bostar.

**BOSTAR:** Excellent. And we will begin with LB1073 with Chair Slama and special guest.

**SLAMA:** Good afternoon, members of the committee. My name is Julie Slama, J-u-l-i-e S-l-a-m-a, and I represent District 1 in southeast Nebraska. Today I'm here to introduce LB1073. LB1073 was brought to me by the Nebraska Insurance Federation. It removes a requirement for an insurance company to perform an on-site audit of a third-party administrator, commonly referred to as a TPA, that administers benefits for the insurer. Under current law, an insurer is required to perform semiannual audits of the operations of TPAs, one of which must be on-site. The on-site requirement is replaced with a safeguard that the director may require the insurer to perform an on-site audit, presumably, if issues arise, arise with the TPA's administration of the insurer's benefits. The semiannual audit requirement will remain. Some TPAs have shifted to work-at-home status, hybrid or virtual work, making statutory compliance with an on-site audit impossible in some situations. Nebraska is one of the final 10 states to have this antiquated statutory requirement. I know that Robert Bell from the Nebraska Insurance Federation will testify following me, and he will be able to answer any technical questions you may have from the committee about how this operates in practice. Thank you, and I look forward to your questions.

**BOSTAR:** Questions for the introducer? Seeing none--

**SLAMA:** Thank you.

**BOSTAR:** Thank you. Proponents. Good afternoon.

**ROBERT BELL:** Good afternoon. Senator Bostar and members of the Banking, Commerce and Insurance Committee, my name is Robert Bell, last name is spelled B-e-l-l. I am the executive director and registered lobbyist for the Nebraska Insurance Federation, and I am appearing today in support of LB1073. And first, I would like to express my appreciation to Chairwoman Slama for introducing LB1073 on the federation's behalf. The Nebraska Insurance Federation is the

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primary trade association of insurance companies in Nebraska. Currently, the federation consists of 48 member companies and 9 associate members. Members write all lines of insurance. One of the goals of the federation is to promote the concepts and importance of insurance products to the public. Nebraska insurers provide high value, quality insurance products to Nebraskans that help protect Nebraskans during difficult times. Not only do Nebraska insurers provide financial protections to Nebraskans, but insurers also provide high-paying jobs. Members of the Nebraska Insurance Federation alone provide well over 16,000 jobs to the Nebraska economy. And according to a 2016 study, which I hope by the end of the session I can say a 2024 study, the Insurance Federation had a \$14.24 billion impact on the Nebraska economy. LB1073 is a simple piece of legislation that removes statute-- statutory requirement that an insurance company perform an on-site audit of any third-party administrator that administers more than 100 certificate holders or subscribers on behalf of the insurer-- administers benefits, excuse me. Instead, the Director of Insurance is empowered to require the insurer to conduct an on-site audit if he or she would determine that such a need exists. During the public health emergency related to the COVID-19 pandemic, the statutory provision was not enforced. At that time, many third-party administrators moved to remote, hybrid or virtual work environments and continue such work today, frustrating the ability of insurers to comply with their current statutory requirements. The statute, statute continues to require semiannual reviews of the operations of a third-party administrator, and I have little doubt that the insurers will continue to be vigilant in their oversight and review of a third-party administrator operations for many business reasons, not the least of which is that an insurer is responsible for the actions of a TPA's actions. Couple final points. First, Senator Slama, as Senator Slama pointed out, Nebraska is one of the final 10 states with the on-site requirement. And then second, with advancements in technology, virtual reviews have become just as effective as in-person audits. And so with that, I see my time is short. I appreciate the opportunity to testify. Thank you.

**BOSTAR:** Thank you, Mr. Bell. Questions from the committee? Seeing none, thank you very much.

**ROBERT BELL:** You're welcome.

**BOSTAR:** Additional proponents. Seeing none, opponents. Seeing none, anyone here to testify in a neutral capacity? Seeing none, Chair Slama

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waives closing. For the record, letters for the record included one proponent letter. Now we will open the hearing on LB912.

**SLAMA:** All right. Good afternoon, members of the committee. My name is Julie Slama, J-u-l-i-e S-l-a-m-a, and I represent District 1 in southeast Nebraska. Today, I'm here to introduce LB912. Last session, I introduced LR181. It was a resolution that sought to conduct an interim study to examine the insurance statutes of Nebraska, with a specific emphasis on the insurance industry related to tort reform. During that study, it was learned that the insurance related tort law is still highly dictated by the common law in our state. LB912 is a small effort to rectify some of that problem. In an effort to allow the greatest amount of contracting freedom between insurers and those insured, LB912 was drafted by my request. In addition to generally allowing for increased contracting freedom, LB912 specifically states that insurance policies issued in Nebraska may contain contractual limitation periods shorter than those found in Nebraska statute of limitation laws. This will preempt and abrogate the common law rule in Nebraska that currently prevents these shorter contractual limitation periods. However, understanding that there already exists statutory limitations on uninsured and underinsured motorist insurance policies issued in Nebraska, we've added language to the bill that prevents a contract from either removing required terms or adding in terms which are prohibited by statute. Thank you and I look forward to your questions.

**BOSTAR:** Thank you. Any questions from the committee? Seeing none.

**SLAMA:** Thank you.

**BOSTAR:** First proponent. Welcome.

**KENT GRISHAM:** Thank you. Thank you, Senator Bostar and members of the committee. My name is Kent Grisham, K-e-n-t G-r-i-s-h-a-m, and I appear today as the president and CEO of the Nebraska Trucking Association. For your reference, the NTA is one of the largest state trucking associations in the nation, with about 900 members, representing motor carriers in Nebraska of all sizes and types. But we are more than just for hire motor carriers. My members are also farmers, ranchers, and businesses of all types that run trucks as part of their operations, as well as companies who fuel, service and equip them all. My members make up a large part of the trucking industry in Nebraska, one that demonstrates its essentialness every day. Every one of us benefits from a state of successful and safe trucking. That is

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especially true in Nebraska, where about half of all of our communities receive everything they need by truck alone. No rail, marine, air, or pipelines, just trucks. The Nebraska Trucking Association appears today in full support of Senator Slama's LB912, which gives freedom to both insurers and the insured when it comes to establishing reasonable terms for uninsured and underinsured motorist. We believe this contractual flexibility would benefit our industry by helping to stem the tide of rapidly rising insurance costs. In our annual survey, the cost of insurance consistently ranks as a top 10 concern for trucking companies in Nebraska. We would also ask the committee to consider amending this bill to include other statutory changes that would positively impact the cost of insurance for trucking companies. In a civil action involving a commercial motor vehicle where the trucking company stipulates that it is responsible for the driver, we believe the trial court should dismiss any part of the claim involving negligence in the hiring, retention or supervision of that employee. This change will focus the civil litigation on actual damages and eliminate spurious allegations against the employer. The idea is not new. In fact, Iowa passed this exact legislation in 2023. The second amendment we would ask the committee to consider would include language to the effect that the total recoverable amount for plaintiff for noneconomic damages in a civil action involving a CMV of \$1 million. More and more states are considering or have passed such limitations. In fact, both Iowa and Florida passed such measures just last year. We believe these 2 additions to LB912 will substantially impact and lessen the costs of insurance for commercial motor vehicle owners and operators, costs that are ultimately passed along to the consumers. Finally, quickly, I would draw your attention to exhibit A, which is attached to the printed copy of my testimony. The NTA can now break down our industry in great detail and including by legislative district. So I thought you all would like to see the impact trucking has on your home districts. Your 8 districts combined represent 890 motor carriers, all paying taxes and fees on more than 10,000 trucks and employing more than 10,000 drivers in addition to all their other employees. So on behalf of all of them and the whole statewide trucking family, I thank you for your consideration of these measures to keep trucking strong and in turn, consumer prices low. Thank you.

**BOSTAR:** Thank you, Mr. Grisham. Questions from the committee? Senator Ballard-- Senator Dungan.

**DUNGAN:** Thank you, Senator Bostar. It's our first day, so we'll get there.

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**BOSTAR:** I saw a hand.

**DUNGAN:** So thank you so much for being here, sir. I appreciate your, your testimony and your information contained here. Do you know-- I'm genuinely just curious-- how often civil actions result in noneconomic damages over \$1 million in Nebraska? Is that a frequent outcome?

**KENT GRISHAM:** It is not a outcome that I would say is, is at an epidemic level. I know that many of my carriers face such things in other states. It helps that in Nebraska punitive damages are not allowed under Supreme Court rulings of the past. But it is enough of a consideration and we are seeing it on the increase. We're even seeing jury awards in Nebraska ever increasing on such issues.

**DUNGAN:** OK. Thank you.

**KENT GRISHAM:** If you would like a specific number, Senator, I'd be glad to do that research to get you.

**DUNGAN:** I was just curious on the frequency with which that happens. Thank you.

**BOSTAR:** Thank you, Senator Dungan. Additional questions from the committee? Senator von Gillern.

**von GILLERN:** Thank you, Mr. Grisham. Could you give a little bit more context around in your testimony, written testimony, paragraph 3, where you talk about an amendment that you would like to see brought? It looks like that's to-- can you just add a little bit more color around that? I know there have been some cases here in Nebraska recently where trucking companies have seen some pretty substantial claims made against them. Is that in reference to-- is that in response to any of those?

**KENT GRISHAM:** It is.

**von GILLERN:** [INAUDIBLE] add to that.

**KENT GRISHAM:** If you're referring to what we are commonly referring to in the industry is nuclear verdicts. And it is something that the entire trucking industry nationwide, including here in Nebraska, that we are trying to address, because those nuclear verdicts are so outrageous. Again, not something we have seen much of here in Nebraska, anything that hints of that, but we want to try to stave those off as best we can. And we have to remember also that anything

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we can do to reduce the cost of insurance. So even though we may have a motor carrier based in Nebraska, they're operating through another state, they face a nuclear verdict in that other state, obviously, that's going to impact their insurance costs. If we can keep our in-state, statutory limitations and statutory provisions in such a way that it helps reduce those costs of insurance, all of those costs end up on your jug of milk, on your rolls of toilet paper, or anything else that comes by truck.

**von GILLERN:** But the base bill as it's submitted currently does not make those changes and does not impact that--

**KENT GRISHAM:** Correct.

**von GILLERN:** --at all at this point. OK. Thank you.

**BOSTAR:** Thank you, Senator von Gillern. Additional questions from the committee?

**BALLARD:** Since, since you asked.

**BOSTAR:** Senator Ballard.

**BALLARD:** Thank you for being here. Can I ask you a broad trucking question? You said this is-- insurance is among the top 10. Can you get a layout what other concerns your industry has? Just because I have you here, and I have a lot of trucks in my district.

**KENT GRISHAM:** You do. And, you are-- you're testing an old man's memory. The, the-- there is an annual survey that if you would allow me to send you the results of it that are conducted by the American Transportation Research Institute, and it gets broken down 3 ways: the top 10 for motor carriers nationally, the top 10 for drivers nationally, and then Nebraska results are extracted from those, people who've responded in Nebraska, and that's how we end up with the top 10 issues for Nebraska. Typically the top 3 or 4 are-- for the last 5 or 6 years have been the driver shortage, the technician shortage, the fuel costs and the overall state of the economy. Those typically would round out the top 3 or 4 year after year after year. The driver shortage is one that we're still struggling to fill. The insurance issue that I bring up was number 8 for the 2023 survey. We just had the results released, not-- probably November, I believe. And I'd be happy to send you the full results.

**BALLARD:** I appreciate that. Thank you for being here.

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**KENT GRISHAM:** You bet.

**BOSTAR:** Thank you, Senator Ballard. Senator von Gillern.

**von GILLERN:** [INAUDIBLE] On this exhibit A, what do these numbers indicate? Are these, like in my district, 42, I don't have 42 trucking companies.

**KENT GRISHAM:** Actually you do.

**von GILLERN:** [INAUDIBLE] in my District 4.

**KENT GRISHAM:** You do. The way-- people don't realize the number of-- when they think of a motor carrier, they think of, of course, the ones that are obvious to us, the. the ones that we recognize every day--

**von GILLERN:** Sure.

**KENT GRISHAM:** The Werners, the Crete Carriers, those great Nebraska companies that we see so often. But a motor carrier can be the farmer or the rancher who has trucks with DOT numbers and permits that he will use during his off season to haul cattle or grain or something like that for someone else.

**von GILLERN:** Could this be an owner/operator also?

**KENT GRISHAM:** Could be an owner/operator.

**von GILLERN:** That makes more sense.

**KENT GRISHAM:** Yeah.

**von GILLERN:** All right. Thank you.

**BOSTAR:** Thank you, Senator von Gillern. Additional questions from the committee? Seeing none, thank you, Mr. Grisham.

**KENT GRISHAM:** Thank you.

**BOSTAR:** Next proponent.

**ROBERT BELL:** Good afternoon. Thank you. Good afternoon, Senator Bostar and members of the Banking, Commerce and Insurance Committee. My name is Robert Bell. Last name is spelled B-e-l-l, and I am the executive director and registered lobbyist of the Nebraska Insurance Federation. I am appearing today in support of LB912. And as you know, the



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Nebraska Insurance Federation is the state trade association of insurance company. LB912 as drafted would amend the Uninsured and Underinsured Motorist Insurance Coverage Act to provide that parties of a contract providing uninsured and underinsured motorist coverage are free to contract to any reasonable terms, including a reduction of the time period in which a suit seeking recovery under the coverage may be instituted. So what is under our uninsured and underinsured motor coverage, which is commonly referred to as UI and UIM coverage? This is-- this state, Nebraska, requires coverage for motor vehicles-- is provided to provide insurance coverage in the event of an uninsured or underinsured motorist who is at fault and you're involved, you have insurance there to provide coverage for you. Nebraska is one of the handful of states that actually require underinsured motorist coverage. We're, we're not the only state, but we're sort of unique in that situation. If an insurer and a consumer had a dispute on whether or not UM or UIM coverage would apply, the consumer would have the option to bring a suit in a court of law against an insurer for the breach of contract. The statute of limitations for such a breach is 5 years under statute. But as is often the case, the devil is really in the details. And I am told by our member companies that law as to when the statute actually begins to run there's some level of doubt and clarity is needed. LB912 would allow insurers and consumers to agree in the insurance contract exactly when the suit for breach must be brought, which would provide clarity to all parties and hopefully reduce litigation. Again, thank you to the chairwoman for introducing LB912. I appreciate the opportunity to testify.

**BOSTAR:** Thank you, Mr. Bell. Any questions from the committee? Senator Kauth.

**KAUTH:** Mr. Bell, so would this bill reduce the need or get rid of the need to, to have to purchase uninsured or underinsured motorist coverage?

**ROBERT BELL:** Oh, no, no. That-- that's you as a Legislature have required all Nebraskans who drive to have uninsured coverage and underinsured coverage.

**KAUTH:** So that doesn't change that. It just-- what specifically does it change then?

**ROBERT BELL:** It would change the ability of the insurance company to go into the contract. So if you are an auto insurer in the state of Nebraska and you wish to sell insurance policies in our state, you

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would take your form and you would file it with the Nebraska Department of Insurance, so the policy with the Nebraska Department of Insurance, which they would review. You're free to use it until their review is, is done. But you file it, they review it. If they want a change to it, they would come back to you later and say, hey, we need to change x, y, z. Well, and under this provision, you could put, if this law went into effect, you could change in particular the statute of limitations related to a breach of contract suit. Right? So right now, the statute under Nebraska law is 5 years. So if you and I were agree, we had a contract. So Senator Kauth, Robert Bell have an agreement and you believe I violated that agreement. You have 5 years from, from such time, whatever that time is-- that's where it's kind of unclear right now-- to bring that lawsuit against me. In the contract, presumably in the insurance contract, the insurer would write in a reasonable time, saying, say, 5 years after or 4 years after the accident. That question, they would have to bring suit. And so in an insurance policy, it would have to be absolutely clear. Now this law also says "reasonable." And so presumably you couldn't put in a provision that would say 30 days, that you would have to bring that suit within 30 days after the accident, because I think that would be unreasonable. And I think the Department of Insurance would not allow you to write that into the insurance contract, and they would make you change it.

**KAUTH:** So follow-up question.

**ROBERT BELL:** Sure.

**KAUTH:** Will this save money? Mr. Grisham had mentioned that this would help cut down costs of regulations and insurance costs. Will this change any costs of insurance, or is it just a technicality that?

**ROBERT BELL:** Well, if there is uncertainty related to litigation under like an uninsured or underinsured policy, that certainly creeps up the cost of insurance. So the more-- the more terms that are spelled out within the contract, the more certainty we have about the, the sharing of risk that's going on. And so presumably some costs would be reduced related to-- for truckers, for Nebraskans, other Nebraskans that have UI or UIM coverage.

**KAUTH:** Thank you.

**BOSTAR:** Thank you, Senator Kauth. Additional questions from the committee? Senator Dungan.

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**DUNGAN:** Thank you, Senator Bostar. And thank you, Mr. Bell, for being here. Can you explain, I guess, in a little bit more detail and kind of taking a step back--

**ROBERT BELL:** Sure.

**DUNGAN:** --so I apologize and it helps for me to understand this better. So currently under Nebraska law, liability has to be exhausted before you can do a claim for uninsured or UIM. Correct?

**ROBERT BELL:** Sounds reasonable. Yeah, I-- I'm not exactly--

**DUNGAN:** OK.

**ROBERT BELL:** --I'm not an expert in this particular area, but.

**DUNGAN:** Neither am I.

**ROBERT BELL:** OK.

**DUNGAN:** But I am trying to understand. I was doing a little bit of reading prior to the hearing on this bill. So is it fair to say that what this is seeking to do, I guess in theory, would be-- and I'm speaking bluntly-- allowing for a limitation on the amount of time, like the statute of limitations for the UI or UIM? And so it would cut back the amount of time available for recovery under that portion of the insurance. Is that correct?

**ROBERT BELL:** Correct. And it would be more certainty, like, when does the statute begin to run, right? So under the statute of limitations, oftentimes we run into this question of when, when does that 5 years begin to toll. Right? So and I'm-- my understanding is that is the uncertainty in, in the common law in Nebraska, the interpretation of the state statute that is in the Civil Procedure Code.

**DUNGAN:** And-- but the certainty comes from probably a more limited amount of time versus the current full statute of limitations that would be available under the law.

**ROBERT BELL:** I think that's fair. I think they would probably write in a shorter statute of limitations, but maybe not. Maybe they would just make it absolutely certain to as to when it would begin to toll.

**DUNGAN:** OK. I just ask because I guess one of the concerns that I have would be with that exhaustion requirement here in Nebraska, if a

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further limitation on the statute of limit-- or further winnowing down of the statute of limitations for UI or UIM would then result in less people being able to access that coverage or that money. Does that make sense?

**ROBERT BELL:** Yeah. I mean, so if, if the statute was unlimited, we've talked about that in the past, unlimited statute of limitations, certainly, you know, there's-- you would have to account for that. And the kind of the tell of a-- of an insurance policy. So, yeah, I mean, there would be presumably you shorten a statute of limitations for a lot of reasons. But one of them is they're cut off, you know, and, and make certain that there's no liability.

**DUNGAN:** You know, that makes sense. And what specifically, I guess, delineated in Section 2 here is the reducing the time period in which any suit seeking recovery may be instituted, but it also allows for the, the contracting to any other, quote unquote, reasonable terms.

**ROBERT BELL:** Right.

**DUNGAN:** Is there a standard industry definition of "reasonable terms," or would that be left up to the courts with regards to sort of the common law understanding of what is reasonable and what's not?

**ROBERT BELL:** Well, first, I mean, we're talking about insurance policy, right? So it's going to be up to the Department of Insurance to determine what's reasonable and then eventually ask the court.

**DUNGAN:** OK, but there's no official definition of what-- it's kind of just up to--

**ROBERT BELL:** I mean, if there is, there could be but I don't-- I don't know that there is. A lot of times, I mean, they're probably going to look at what is, I would say unusual and customary in insurance policies, right? So hence my example of I don't think a 30-day limitation on the contract would be reasonable.

**DUNGAN:** OK. Thank you.

**ROBERT BELL:** You're welcome.

**BOSTAR:** Thank you, Senator Dungan. Additional questions from the committee? And just to clarify, I just want to make sure I understand. So the Department of Insurance would be responsible for adjudicating the reasonableness of the contract terms.

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**ROBERT BELL:** They would have I think the first-- they don't adjudicate it.

**BOSTAR:** Sure.

**ROBERT BELL:** They would review and--

**BOSTAR:** Make a determination.

**ROBERT BELL:** --make a determination under the insurance code and yeah. So they would have the first and then eventually it could end up in court.

**BOSTAR:** And similarly, if they determined that those terms were unreasonable, it would follow the same provisions we currently have where they would have to then go to the, the insurer to make that change.

**ROBERT BELL:** Right. So they would eventually-- they would object to the filing and they would go through that process and quite possibly, most likely work with the insurance company to fix whatever the policy issue.

**BOSTAR:** So just a logistic question, I suppose, applies currently. What happens when-- you mentioned that the insurance provider is permitted to utilize their filed forms while it is pending review.

**ROBERT BELL:** Correct, in property and casualty.

**BOSTAR:** Sure.

**ROBERT BELL:** It's not the case in life and health so.

**BOSTAR:** Great.

**ROBERT BELL:** OK.

**BOSTAR:** What happens if they've then been utilizing this form, doing business, creating contracts under it and then the form is found by the department to be unsatisfactory?

**ROBERT BELL:** That's a great question. I would like to get back to you on that. I know they would ask the company to change it, what would happen to--

**BOSTAR:** [INAUDIBLE]

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**ROBERT BELL:** --understand your question as to what would happen for those contracts that are currently in place. I should be able to answer off the top of my head but I cannot so.

**BOSTAR:** OK. Thank you, Mr. Bell.

**ROBERT BELL:** You're welcome.

**BOSTAR:** Additional proponents. Welcome.

**KORBY GILBERTSON:** Afternoon, Senator Bostar, 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 we, too, support LB912. Senator Dungan and I apparently both did the same thing as I got online to look up where this is happening, what the issue is, because this is such a novel idea, I thought when I first read it, I wondered what it was. But to answer one of your questions that I read through a few different court cases and one of the courts that actually turned the issue back to the state to determine that the legislators need to determine or that it can be a contract decision on what was reasonable, but that, that the law should allow for reasonable limitations to be imposed via a contract to afford-- ensure some protection from unwarranted claims. That was the first one. And then I found other arguments that were used in other states where this has been an issue that obviously litigation costs get passed down through increasing costs of insurance. And we thought it was an interesting contract issue, and we discussed other contract issues related to insurance that are going on. And one that you might have seen throughout this-- throughout the country that's become a bigger issue is third-party litigation financing issues. And that has turned into somewhat of a consumer issue, regarding disclosure or courts and juries understanding that it's not just two parties at the table litigating a claim. But it can even be it's an investment portfolio item now to invest in third-party litigation financing. And we've talked to Senator Slama about that and we appreciate her interest and willingness to listen.

**BOSTAR:** Thank you, Ms. Gilbertson. Questions from the committee? Senator Kauth.

**KAUTH:** So people are investing in potential lawsuits?

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**KORBY GILBERTSON:** Yes. So-- and we actually have a stat-- we have a statute in Nebraska that deals with third-party litigation financing, but there's really no regulation insofar as disclosure or limitations on what types of suits can be done with that financing. There have been lots of different investment groups that have actually invested in companies that do third-party litigation financing. And it's become a bigger deal across the country than I ever knew existed.

**KAUTH:** So would, would passing this bill tighten up the amount of time that they could actually exploit that?

**KORBY GILBERTSON:** This, this bill specifically wouldn't deal with the third-party litigation financing as it stands. But by saying that we can have some information regarding contracts, I think that opens that up to allowing some more information about existing contracts that are being entered into by parties.

**KAUTH:** OK. Thank you.

**BOSTAR:** Thank you, Senator Kauth. Any additional questions from the committee? Seeing none, thank you, Ms. Gilbertson.

**KORBY GILBERTSON:** Great. Thank you.

**BOSTAR:** Additional proponents.

**BRENT SMOYER:** Good afternoon, Mr. Vice Chair and members of the committee. My name is Brent Smoyer, spelled B-r-e-n-t S-m-o-y-e-r, and I'm here as a registered lobbyist representing the Nebraska Defense Counsel Association. I don't know that there's a ton more that I can add to Mr. Bell and Ms. Gilbertson's testimony. I think we're all fairly simpatico in how this would improve the overall environment in the state of Nebraska in terms of torts. I will say this in terms of practice with a number of my members, many of them, especially based in Omaha, stretch across the river in terms of their practice. They're both licensed in Iowa and Nebraska. And in many ways, it makes sense, despite our football differences, to align a number of our statutes, especially in terms of practice with those of Iowa like this-- like this bill seeks to do. Additionally, movement away from common law in general is always appreciated by the legal community just to create a greater set of rules that is in-- more adaptable to the current state of affairs. So I do believe, of course, my group would love to see this legislation go a little further, opening up the, the discussion of torts beyond just this situation. But it is a good start to be able

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to let people, freely and fairly contract, accordingly with how they operate in this venue. But with that, I will seek to try and punt any questions that are addressed to me.

**BOSTAR:** Thank you. Questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Senator Bostar. And thank you, Mr. Smoyer, for being here. So I know we're trying to-- it sounds like the intention behind this is to put us in line with Iowa law. I know this is something Iowa's already done, right? It's fair to say, though, that Iowa law handles insurance differently than Nebraska in a number of pretty significant ways. Right? One of those being the exhaustion requirement for liability prior to actually being able to access UI or UIM.

**BRENT SMOYER:** Right.

**DUNGAN:** How does this-- what is the interplay between this and that exhaustion requirement? Because it seems like by requiring the exhaustion here in Nebraska, implementing this Iowa style law seems to create some conflict with regards to how those suits would be filed. So could you speak a little bit more to the interplay between those two things?

**BRENT SMOYER:** Unfortunately, I cannot speak with authority to the interplay. I guess my, my response to that, Senator, would be potentially that maybe we need to look at updating that portion of law as well as the exhaustion portion in order to better jibe. Because, again, the number of cases that do stretch across the river, especially in the case of transportation like we're dealing with most specifically here is, is extensive. And I think in order to make sure that, again, we're all playing by the same rules and reading from the same hymnal, so to speak, that those adjustments would, would be necessary. But I can certainly find an answer to your question as is. But, again, generally as somebody representing NDCA and the desire to see a greater sort of simpatico with, with Iowa and surrounding states in general, I would say maybe we need to look at that portion of the statute as well.

**DUNGAN:** No, I appreciate that. And then one last follow-up, which you may or may not have an answer to right now and that's fine either way, but it sounds like some of the intention behind this is to reduce litigation. It sounds like the idea is to cut back on litigation. But is there a fear that by virtue of limiting this window within which



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you can seek recovery for UI or UIM, you're actually going to further incentivize the filing of that suit at the same time as a filing on liability? If you're concerned about the statute running or the statute of limitations running, I think what I've heard, at least from talking with some folks about this, is that in Iowa, what they've actually seen is a filing of both of those suits at the same time. And then ultimately a stay and a number of other mechanisms go into place, but you're actually seeing more cases flow into the court system because people are worried about running up against the statute of limitations. Is there a concern that you have that this would have some unintended consequence by actually further flooding the court systems?

**BRENT SMOYER:** You know, that's an excellent question, Senator. And, I will say this, you know, everything we do has unintended consequences. But, at this point, I don't know that that is-- I don't know that that is a top of mind concern, per se. And some would argue, you know, depending on how you want to approach it, that having both of those filed in tandem actually make, make for an easier approach to both cases. Right? You're, you're, you're doing one set of discovery. You can-- you can compile things. So as to the actual question of extra cases, I could not necessarily chime into that, especially as we see kind of Iowa move forward and, you know, we'll get more data backed up on that direction. But I think it's certainly worth considering. And the worst-case scenario is in trying to better the system, we can always come back and tweak to make sure the system is even better beyond what we're trying to improve.

**DUNGAN:** Thank you.

**BOSTAR:** Thank you, Senator Dungan. Additional questions from the committee? Senator Ballard.

**BALLARD:** So you mentioned at the end of your testimony, we can-- we can look at other tort reforms. Do you have any at the top of mind just that the committee can start to review and prepare?

**BRENT SMOYER:** Yes. Well, actually, as you bring it forward, I do. In order to prepare for this testimony and, of course, in order to prepare for this hearing, just because one of my members was un-- was unavailable to testify, I did print out a number of different documents that, that we had discussed. And actually, I have a few of the wish list. Often my, my association will provide, as a legislative session kicks off, ideas that they would love to see. It's like they

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sit in, in my lap and treat me like Santa Claus. Unfortunately, you know, not everybody gets, gets everything in their stocking that they want. But just a few items that were suggested to me on this, on this front. Allowing the jury to hear evidence of, not medical-- in terms of medical bills, allowing jury to hear evidence of what was paid versus what was billed in personal injury actions; seeing a general reduction of the statute of limitations-- I believe right now it is at 4, 4 or 5 years-- see that reduced maybe by half, maybe down to 2. You know, there's I'm sure discussion to be had; further define tort claim in the Political Subdivisions Tort Claim Act, which is totally your bailiwick right here in Banking Committee; require a claimant who makes a complaint of those acts, a certain tort claims-- certain tort claims at the time the tort is filed. Of course, there is a desire to revisit Senator Conrad and Senator Geist's seat belt bills that were originally in the Judiciary Committee. But, I do know that the NDC very much would like to see those move at some point. So again, it's, it's sort of a, a general wish list of things they'd love to see. A number of these things are not in your jurisdiction. A couple of them are, but we'd certainly be open to, to that kind of discussion, Senator.

**BALLARD:** Thank you.

**BOSTAR:** Thank you, Senator Ballard. Any additional questions from the committee? Seeing none. And thank you, sir.

**BRENT SMOYER:** Thank you.

**BOSTAR:** And we will hand back over the administrative functions of running this hearing. Senator Jacobson.

**JACOBSON:** Thank you. Further proponents. Other proponents? Anyone wishing to speak in opposition?

**ERIC CHANDLER:** Good afternoon, committee members. My name is Eric Chandler. I'm here from Chandler Conway Law Firm in Omaha, Nebraska. My name is spelled E-r-i-c C-h-a-n-d-l-e-r. I'd like to start-- I think the most telling thing was even when Mr. Bell was up here testifying and he was trying to kind of explain what UIM or underinsured motorist coverage is. The average Nebraskan has no idea what it is. Not only do they not know it's probably in their policy, they probably have no idea what that amount of coverage is. Nebraskans and the UIM, the Uninsured Motorist Act, it, it was initially created to protect innocent victims of car crashes. It was meant to protect

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Nebraskans. And that's the reason that it's required. Most Nebraskans when they're in a car crash, they're not typically litigious people. Many of our clients-- I represent people that have been severely injured in crashes. We represent families of people that have been killed. We have cases involving fathers and sons that have been killed in trucking accidents, one in particular in Lincoln. A lot of times those people, they don't even seek out an attorney until it's been a year, 2 year, 3 years after the crash. And so when the proposed bill is put forth is this ability to contract, I would ask the members of the committee, how many of you have negotiated the terms of your auto insurance? And if you have, what have you negotiated for? If there's a contractual limitation of action, did you negotiate for how long it's going to be? There's been a lot of testimony up here about Iowa laws. Unlike the previous people, I am familiar with that. I'm an attorney. I do file cases in both Nebraska and Iowa, and I can tell you that, first of all, Iowa does not have a statute that limits the action the way in which this is being proposed. It's actually, ironically, common law. It's common law in Iowa that allows the statute of limitations to be reduced from their statute of limitations. And historically, the reason for that is because Iowa actually has a 10-year statute of limitations when it comes to breach of contract. So what happened was eventually a case went in front of the Iowa Supreme Court, and it was the Iowa Supreme Court who determined that they would allow the reduction of the underinsured motorist or-- not the reduction in statute of limitations, but they would allow insurance companies to place a limitation on actions if it was reasonable. It's also Iowa law that such provision, when it is allowed and when it is determined reasonable, cannot be less than what the statute of limitations is to pursue the actual tort-feasors. And what happens-- what does happen, Senator, there were some questions. I think it was from you, Senator Dungan, about what happens when those cases are filed in Iowa. We do. We file them together. And then immediately what happens is counsel for the UIM carrier comes in. They file a motion to stay and they file a motion to sever and it is-- it is-- it's not more. It's not better. It's not more efficient. And there's actually some insurance companies that are now going away from the limitation of actions, because what they've realized that--

**JACOBSON:** I'm going to have to ask you to wrap up your comments.

**ERIC CHANDLER:** What they've realized is if they didn't have it, that a lot of these cases actually wouldn't happen. They wouldn't have to hire a defense counsel. With that, I'd be happy to answer any questions.

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**JACOBSON:** Questions for the testifier? Senator von Gillern.

**von GILLERN:** Thank you, sir, for being here today. I'm looking at the actual bill. And it's not always common-- this is-- I'm still a rookie here, so I'm not going to speak from years and years of experience, but it's not always common that a bill says what it does not do. But this actually says it does not authorize the inclusion of contract provisions prohibited by the Uninsured and Underinsured Motorist Insurance Coverage Act. And it does not allow for the exclusion of any contract provisions required by the Uninsured and Underinsured Motorist Insurance Coverage Act. So I'm just-- I'm a little confused by the statements that you made. It sounded like you were implying that, that what might be contracted for here would be outside of what the act calls for. Did I misunderstand? Would you state--

**ERIC CHANDLER:** I believe so.

**von GILLERN:** --maybe you were using the Iowa example. Maybe that's what led me in that direction.

**ERIC CHANDLER:** Yes. So the act-- the act itself, and it's under Chapter 44, discusses what is required with UIM coverage. And then because UIM coverage or underinsured motorist coverage is part of an insurance contract, it's covered by the breach of contract statute of limitations, which as previously referenced, is 5 years. So there's nothing within the act itself that talks about any period of time. So that provision within the proposed legislation really doesn't have anything to do with the-- what the bill is actually trying to do, which is say we want to allow insurance companies to reduce or put a limitation on the actions below the statute of limitations, if that makes sense.

**von GILLERN:** Might make sense, but I'm still not getting it.

**ERIC CHANDLER:** Essentially, there's nothing in the act right now that has anything to do with when or when you don't file--

**von GILLERN:** OK.

**ERIC CHANDLER:** --because we didn't need it because it's a contract. Essentially, the Legislature has not taken upon itself in every single area that there is a contract to say when that specific contract has to be, or when an action has to be filed to enforce that specific contract. Rather, we have a general statute of limitations for that, which is the contractual statute of limitations.

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**von GILLERN:** OK. Thank you.

**JACOBSON:** Any further questions? Further questions? Thank you.

**ERIC CHANDLER:** Thank you.

**JACOBSON:** Further opponents.

**MARK RICHARDSON:** Good afternoon, committee members. My name is Mark Richardson, M-a-r-k R-i-c-h-a-r-d-s-o-n. I'm here today to testify on behalf of the Nebraska Association of Trial Attorneys in opposition to LB912. I had planned to come up here to talk about my opposition to LB912, but now I find myself up here testifying in opposition to a bunch of proposals that have been made to you that go well beyond what LB912 actually does. And I'm sitting here going, what do any of these have to do with what you're being asked to do in this bill, which is abrogate a little bit of what they can do to contract a statute of limitation in a UIM bill. I sat here and I listened to the trucking lobby get up here and talk about-- I don't-- I guess first I want to back up. How-- why did this spark the interest of the trucking company, of the trucking lobby? I've been doing this for 12 years as a plaintiff's personal injury attorney. You want to know how many UIM claims I've had come up that have in-- that have been where the UIM claim has been-- had anything to do with the trucking company or with an insurance company for a trucking company? That doesn't happen. These are your own personal UIM policies. So I'm confused how this even got on the radar until I hear, oh, we also want you to abrogate the entire cause of action called negligent entrustment. That's a Judiciary issue. Oh, we want you to put caps on all noneconomic damages. OK. That's a judicial issue. And I, I hear the term all the time about nuclear verdicts and we're afraid of nuclear verdicts. Let's call nuclear verdicts what they are instead of the misnomer of that people want them to be. These are verdicts rendered by ordinary Nebraska citizens in favor of ordinary Nebraska citizens. They are the ones who hear the evidence and are asked to make a judgment in their best effort to assign how many dam-- what the damages should be in that case. So when you put something on there like that, a cap, you're talking about abrogating. You're talking about not trusting Nebraska citizens to make the right decision. Then I hear about third-party, third-party litigation financing. I hear about billed versus paid medical bills. I hear about reducing statute of limitations across all personal injury tort claims. It feels like a setup to me. It feels like this was somebody had it out for doing massive tort litigation reform, because that's what this would be. And there's a right way and

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a wrong way to do that. And trying to get this into a bill that on its face is about a very minor issue related to UIM statute change, this is the wrong way to go about trying to effectuate tort reform. We would love to sit down with the trucking lobby. We would love to sit down with NDCA. We would love to sit down with the American Property Casualty Group and talk through what reasonable commonsense changes they would have to make to improve the tort system in Nebraska, because we would agree. There are certain things that we think that aren't working well, and we are committed to sitting down and doing tort reform in the right way to the extent that's needed. Happy to answer any questions.

**JACOBSON:** OK. Any questions for Mr. Richardson? OK. Seeing none, thank you very much.

**MARK RICHARDSON:** Thank you.

**JACOBSON:** Any others wishing to speak in opposition?

**ANDREW FOUST:** Hello, committee members. My name is Andrew Foust, A-n-d-r-e-w F-o-u-s-t. I represent SMART-TD. I'm the legislative director in Nebraska. I represent over 1,400 members across the state of Nebraska. I'm here today to talk about a day in the life of a railroader. Some, some days we must answer the phone in the middle of the night to go to work. So we answer the call, go to work, gather up our proper paperwork, and get in a vehicle to be driven to our train in the yard or to our train hundreds of miles away, maybe in a different state. We travel thousands of miles in these vehicles, and there is no other transportation option. Every time we get in one, we are put at risk as no doubt we all are, of being involved in an accident with a driver who is not properly insured or has no insurance at all. Here are some quick stats for you. Out of the 1,246,179 licensed drivers in Nebraska, 9.3% are underinsured or uninsured. That is one-- 115,894 individuals, which is the equivalent of every citizen in the cities of Bellevue and Grand Island combined. Missouri is at 16.4%; Kansas is at 10.9%; Colorado is at 16.3%; and Iowa is at 11.3%; Wyoming at 5.8%. In 2023, our members, which are your constituents traveling these states every day of the year while working for the railroad. LB912, Section 2 states: In furtherance of the general contract principles, the parties to the contract providing underinsured and uninsured motorist coverage are free to contract to any reasonable terms, including, but not limited to, reducing the time period in which any suit seeking recovery under such coverage may be instituted. Our primary concern with this language of LB912 is that,

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as I understand the language, our members will not be a part of the negotiation process for this contract. Instead, the parties to this contract will be the insurer and the insured, which are rail crew carriers. The rail crew carriers do not care about the best interest of our members. And yet, without our members' input, the rail crew carriers will be free to contract terms of an insurance policy that could affect our members injured in an accident while riding in one of those vehicles. While the terms must be reasonable, we are concerned that the term as-- the term "reasonable" is too vague and overbroad. Those reasonable terms include, but not limited to, reducing the time period in which any suit seeking recovery under such coverage may be instituted. But it is in the clear best interest of the insurer and the rail crew carriers to agree to the shortest time period allowed. The limitation placed on the party's reasonable, but, but again, what is reasonable and who is protecting the interest of our members, your constituents, who are actually injured-- the injured parties and whose injuries may be found after the negotiated period? I'd like to thank the committee for allowing me to provide comment today. And I can answer any questions you might have.

**JACOBSON:** Thank you, Mr. Foust. Questions? OK, seeing none, thank you for your testimony. Other opponents. OK, seeing none, anyone wishing to speak in the neutral capacity? All right. Seeing none, Senator Slama, you're welcome to close.

**SLAMA:** All right. Thank you, members of the committee, especially Senator Bostar for presiding and Senator Jacobson for taking over. I do appreciate the testimony that was brought up today, some of the recommendations that were made for possible amendments. I would like to counter the opposition of Mr. Richardson testifying on behalf of the Nebraska Association of Trial Attorneys. There's no, like, sleight of hand here or anything like that. When it comes to issues that this committee considers, I take that very seriously as a member of the Referencing Committee. Every other member of the Executive Board's Referencing Committee takes that responsibility very seriously. And I can imagine that if there were proposed amendments that were substantive brought as a result of this hearing, they would be discussed and had in a new hearing, as is the process that has been the Nebraska Legislature's duty since the beginning of time. So on that note, I look forward to answering any questions you may have and look forward to discussing LB912 with both proponents and opponents so we can get it in the best shape possible. It is my priority bill for this session, so I look forward to doing that and hopefully getting it across the finish line. Thank you.

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**JACOBSON:** Questions for Senator Slama? OK. There were no, no testifiers online either as proponents, opponents, or in the neutral capacity. And with that, we'll move on to LB829. I'll turn it back over to chair-- Chairwoman Slama.

**SLAMA:** Molly, Mia, can we have the bill number out, please?

\_\_\_\_\_: Oh, no.

**BLOOD:** Maybe she thought I was going to forget.

**SLAMA:** It's a Monday. I mean, it isn't all. We're all having some Mondays. Senator Blood, you're welcome to open on LB829.

**BLOOD:** Well, thank you and good afternoon to Senator Slama-- Chairperson Slama plus one and to the Banking, Commerce and Insurance Committee. My name is Senator Carol Blood. That is spelled C-a-r-o-l B as in boy-l-o-o-d as in dog. And I represent District 3 in the Nebraska Legislature, which is sections of Bellevue and Papillion, Nebraska. Thank you for the opportunity to today-- today to bring forward LB829 as I believe this is an urgent yet misunderstood issue that has been overlooked in state statute. Colorectal cancer is the second most common cause of cancer death in the United States. It is estimated that this type of cancer will kill more than 53 Americans this year alone-- did I say 53,000 or 53? 53,000 Americans this year alone. The upside to this number is that recommended screening-- with recommended screening, this disease is preventable and curable. Like breast cancer, this is one of the reasons that the Affordable Care Act required our health plans to cover screening colonoscopies without cost sharing. Now, this sounds great until we realize that there's a disconnect that endangers Nebraskans. Unfortunately, the same law created a loophole when it comes to many Nebraskans' insurance coverage. If a polyp is found and removed, the procedure is no longer considered screening, and Nebraskans may face an unexpected charge, which could amount to hundreds of dollars or more. This expense creates a barrier to the lifesaving screening for those who are most at risk for colorectal cancer. This loophole could be the difference between life and death. The Affordable Care Act requires both private insurers and Medicare to cover the costs of colorectal cancer screening tests because these tests are recommended by the United States Preventive Services Task Force. You probably heard it referred to as the USPSTF. The law stipulates that there should be no out-of-pocket costs for patients, such as copays and deductibles, for these screening tests. But the definition of a screening test can



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sometimes be confusing. Picture being in a pre-op room and somebody hands you a form that asks if a polyp or other concerning growth is discovered during the colonoscopy, do you want it removed, as your insurance may not pay for that part of the procedure? That happens here in Nebraska. In fact, that happened to me this past spring. You are in your gown, taking time off from work, scheduling this important procedure based on your doctor's recommendations. And they want you to decide if you should keep something scary in your body with unknown costs, which is the exact reason they do this procedure in the first place. So according to data gleaned from Health Services Research on coverage and preventative screening, preventative care has been shown as a high-value healthcare service. However, higher cost share on important screenings has shown that many will avoid these services to avoid additional costs involved with these screenings, and patients can encounter unexpected cost sharing for screening colonoscopies. Soon after the ACA became law, some insurance companies considered a colonoscopy to no longer be just a screening test if a polyp was removed during the procedure. It would then be a diagnostic test. And that's the issue-- is it screening or is it diagnostic-- and would therefore be subject to copays and deductible. However, the US Department of Health and Human Services has clarified that removal of a polyp is an integral part of a screening colonoscopy, and therefore patients with private insurance should not have to pay out of pocket for that part of the procedure and shared that information also with insurance companies and the healthcare industry. So we can tweak state statute and make sure that we set straight what should have been corrected by our federal government a long time ago, if they were to actually follow the recommendations of the United States Preventive Services Task Force. With the amendment that we've handed out and has already been turned in on the floor, and I hope that you will approve not only amendment because it makes LB829 which is just a simple change to state statute Section 44-7,102. So we add the words "and the concurrent removal of polyps or biopsy or both" for cancer. To mirror this type of procedure, additional language from our amendment states that no policy, certificate or contract delivered, issued for delivery or renewed in the state or any self-funded employee benefit plan, to the extent not preempted by federal law, shall impose a deductible, coinsurance, or any other cost sharing requirements for any service or item that's an integral part of performing a colorectal cancer screening, including polyp removal performed during the screening procedure; any pathology exam on a polyp biopsy performed as part of the screening procedure; requires specialist consultation prior to the screening procedure; bowel preparation; medications prescribed for the

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screening procedure; anesthesia services performed in connection with the preventative colonoscopy. And I would like to note that that was after meeting with Rob Bell that we got that, that better language than we had in our bill because that is the language that was eventually issued by the USPSTF that I mentioned earlier. So on a final note, Nebraska Medicaid does cover the removal of polyp during a colonoscopy currently if deemed medically necessary. In 2020, the President signed the Removing Barriers to Colorectal Cancer Screening Act, closing the Medicare loophole. Now it's left up to each state to close their own loopholes. I appreciate the opportunity to share this with you today-- you today. You'll note that you have quite a few letters, I'm guessing, in support from across the state, as well as people here to testify in support of the bill. This is my priority bill. I'm happy to answer any additional questions in my closing, but would really like to give these Nebraskans the ability to speak first should your committee allow this to happen.

**SLAMA:** Thank you, Senator Blood. Are there any questions from the committee? Seeing none, thank you. And we will open it up now for proponent testimony for LB829. And just so I can guesstimate out, can I see a show of hands to those who wish to testify on LB829 today? Oh, fantastic. All right. Proponent testimony for LB829, you're welcome to come up. Welcome.

**ALI KHAN:** Thank you very much. I'm Ali Khan, A-l-i K-h-a-n, retired assistant surgeon general, Dean of the College of Public Health at University of Nebraska Medical School. Chairperson Slama, other members of the committee, thank you very much for giving me the opportunity to talk in support of this bill, which essentially closes a small loophole, state level loophole left to prevent patients from being subject to additional charges when they undergo screening colonoscopy. Please note that I'm not representing the university. I'm here as a private citizen, with expertise in public health. So colorectal cancer is very slow growing, which makes it perfect for screening. The ideal test is colonoscopy. And the ACA made it possible to get that without copays and deductibles. Unfortunately, that left a loophole, as you heard very eloquently, for individuals who happen to have a polyp during the screening, which is perfect, which is exactly what you want to happen, right? Because you just got rid of it and they're good for another 10 years. But not only did you get rid of it, but when they wake up from anesthesia, you go, welcome. Here's a bill that you didn't expect to get. So that loophole's already been closed at the federal level for every ACA compliant plan that there is in the United States. The only-- there's small loopholes left within states

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and this bill essentially closes that loophole. And it's important to close the loophole, because we do know that this leads to disparities. Colorectal cancer, for example, is more common in rural parts of Nebraska than it is in other parts. And there's other racial and gender inequity. So this will close that loophole for what is likely a very small number of people. Thank you very much. Glad to take any questions.

**SLAMA:** Thank you very much, Dr. Khan. Are there any questions from the committee? Seeing none, thank you very much for your time.

**ALI KHAN:** Thank you. Senator.

**SLAMA:** Additional proponent testimony for LB829. Welcome.

**JOHN TRAPP:** Thank you. Good afternoon, Chair Slama and members of the Banking, Commerce and Insurance Committee. My name is Dr. John Trapp, J-o-h-n T-r-a-p-p. I'm a pulmonary and critical care physician. I currently serve as the chief medical officer at Bryan Health and the current president of the Nebraska Medical Association. I am testifying today on behalf of the NMA, which represents approximately 3,000 physicians, residents, and medical students across Nebraska. The NMA supports LB829, which we believe will promote colorectal cancer screening and prevention in Nebraska. Colonoscopy is considered the definitive test or gold standard for detection of precancerous adenomas and colorectal cancer. Colonoscopy not only allows for the early detection of colorectal cancers, but also the detection and removal of precancerous polyps before they become malignant. There are many barriers to increasing the role of colorectal cancer screening, including awareness, access to care, and cost. LB829 is a positive step in removing cost as a barrier and addressing the potential for definitive treatment by removal of the polyps. From a patient care perspective, it is common sense that if a physician finds a precancerous or concerning polyp during a colorectal screening examination and determines that that polyp can be removed safely during that screening, then those polyps should be removed at that time. This is easier on the patient, reduces costs, and improves outcomes. According to data from the Center for Disease Control, fewer than 65% of Nebraskans ages 45 to 75 meet the recommendation and receive colorectal cancer screening. That is, unfortunately, in spite of the fact that Nebraska has a higher rate of colorectal cancer than the national average. In Nebraska, it's about 40.5 per 100,000. Across the nation, it's 36.5 per 100,000. Between 2014 and 2018, only 40.7% of colorectal cancers in Nebraska were diagnosed in the early stage or

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before they had spread outside the colon or rectum. This indica-- indicates the need for increased rates of colorectal cancer screening. From a physician perspective, patients may be reluctant to pursue colorectal cancer screening due to lack of knowledge regarding the benefit of this mode of screening, distance from a physician specially trained in colonoscopy, and cost, with many patients having high deductibles to meet before receiving insurance coverage. When patients, particularly those with high deductible plans, know they may be financially responsible for the potential biopsy and removal of polyps detected during the screening procedure, it is just one more barrier to follow-- to following through with such an important and potentially lifesaving preventive screening. LB829 will promote appropriate colorectal cancer screening and potentially definitive treatment through improved affordability, which will lead to prevention, early detection and increased rates of colorectal cancer survival in Nebraska. I'm also distributing testimony from Dr. Alan Thorson and Dr. Joel Michalski, gastroenterologists in Omaha. Thank you for the opportunity to testify today. I'm open to answering your questions.

**SLAMA:** Thank you very much, Doctor Trapp. Are there any questions from the committee? Senator Aguilar. Oh, Senator Kauth.

**KAUTH:** Thank you, Senator Aguilar. Are there any other cancer screenings that identify something wrong and then come back later and charge for additional procedures like skin cancer, breast cancer? It seems like a screening is, is to identify if there's something wrong and then a lot of the other cancers you do come back to and pay more. Correct?

**JOHN TRAPP:** Right. I mean, colonoscopy is kind of unusual because you don't know if there's going to be a polyp present. You can't see that from the outside very well. Most of the tests don't detect small polyps. So colonoscopy is one more unique than breast cancer screening, where if you see an abnormality, you can say, gosh, identified, you probably need to biopsy that next. And that would be more of a diagnostic procedure then; same thing with lung cancer screening, other types of screening. Yeah.

**KAUTH:** So is it because it's a more invasive procedure that this one needs to have that-- the removal of the polyps and all of those incorporated in the actual screening?

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**JOHN TRAPP:** Well, imagine going through a colonoscopy if you've ever been through the prep for a colonoscopy and going through that and having this procedure, let's do the procedure go through, say I've identified 3 polyps. I think they need to be removed. You come out of that and say, we'll schedule you in 1 or 2 weeks to go through another colonoscopy with another prep, simply remove it. And the surgeon-- or procedures could easily remove those during the screening procedure. So it really prevents an additional procedure with additional cost, inconvenience to the patient. And the patient may say, gosh, I can't afford that. I'm not coming back.

**KAUTH:** Right. But, but doesn't that happen with and so, like, for breast cancer if they identify a lump, then you are scheduled for removal. Correct?

**JOHN TRAPP:** But those are somewhat decoupled.

**KAUTH:** OK.

**JOHN TRAPP:** Those are, you know, you do the screening mammography for that procedure. There's no opportunity to make the diagnosis or treatment at the same time. Colonoscopy is different because you can actually do the procedure. And when you're there at the site, you could snare that polyp and remove it relatively quickly and safely in most patients.

**KAUTH:** Thank you.

**SLAMA:** Thank you, Senator Kauth. Senator Jacobson.

**JACOBSON:** Yeah. Just follow up on that last question. As I understand it, and I've seen this in many cases where you're going in, you're prepping, so you're doing a full day of prep before going in, doing the colonoscopy. You're set to go. You're under slight anesthesia. You do the colonoscopy and the surgeon's in there and they find polyps, and they can remove them right there while they've got you anesthetized. And you're there and they get done and they say, yeah, we found 2 polyps. We removed them.

**JOHN TRAPP:** Correct.

**JACOBSON:** And it's all done in one procedure and we're done. So it's a lot different than anything else where you can't necessarily, I guess, if you will, while you're under the hood, anyhow, just as well fix what you find. OK? I think that's kind of what we're talking about.

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**JOHN TRAPP:** Well described.

**JACOBSON:** All right. Thank you.

**SLAMA:** Thank you, Senator Jacobson. Senator Dungan.

**DUNGAN:** Thank you, Chairwoman Slama. Under the hood is a very good description. Do you have any idea? So Senator Blood was talking in her opening about the sort of unfortunate circumstance that we're trying to avoid where somebody wakes up and they say, hey, we've removed these polyps. Here's the additional bill. Do you know, generally speaking, how much it would cost-- how much it does cost to remove the polyps in addition to what's currently covered?

**JOHN TRAPP:** I don't know the exact cost, but it you-- it depends on how many polyps were removed, depends on a pathology fee. So that not only procedures for removing the polyps, they send it to a pathologist, review that, that so there would be those 2 additional charges. You know, it was mentioned several hundred dollars, but I think it depends on the number of polyps, but certainly in the range of several hundred dollars more.

**DUNGAN:** Thank you.

**SLAMA:** Thank you, Senator Dungan. Additional questions? Seeing none, thank you very much, Dr. Trapp.

**JOHN TRAPP:** Thank you.

**SLAMA:** Additional proponent testimony for LB829? Seeing none, we'll open it up for opposition testimony to LB829. Seeing none, we'll open up neutral testimony for LB829. Proponent?

**JUNE RYAN:** Yes.

**SLAMA:** Proponent. OK. We'll--

**JUNE RYAN:** Sorry.

**SLAMA:** Oh, no worries.

**JUNE RYAN:** I like that description. That worked pretty well.

**SLAMA:** Yeah, I think that was the quote of the day.

**JUNE RYAN:** I think it was too.

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**SLAMA:** Welcome.

**JUNE RYAN:** I think it was too. Chair Slama and members of the Banking, Commerce and Insurance Committee, my name is June Ryan, J-u-n-e R-y-a-n, and I'm here testifying in support of LB829 on behalf of AARP Nebraska. I'm a volunteer and live in Senator Ballard's district. Before retirement, I worked for the Nebraska Department of Health and Human Services, where I was the director of the Nebraska Comprehensive Cancer Control Program, and also with the Nebraska Cancer Coalition. In this role, I was very engaged in advocacy, education and prevention related to colorectal and other cancers. Some of you may recall hearing about Jerry Tagge as our spokesperson, saying, if you remember watching me play football, you're old enough to be screened for colon cancer. That was one of our awareness campaigns that I think was quite successful. AARP Nebraska is a nonprofit, nonpartisan organization that works across Nebraska to strengthen communities and advocates for the issues that matter most to families and those 50-plus, such as caregiving, healthcare, employment and income security, retirement planning, affordable utilities, and protection from financial abuse. Key components of AARP's advocacy agenda include helping to ensure that Nebraskans and all Americans alike are financially secure and can age in their own homes and communities, among families and friends. AARP strongly believes that all individuals have the right to be self-reliant and live with dignity. And some of those efforts include increasing access to quality healthcare screening and treatment. AARP supports LB829, a bill to clarify that insurance covered colorectal cancer screening prohibits cost sharing requirements for colonoscopy with the concurrent removal of polyps or a biopsy. We've heard some of the statistics. Colorectal cancer is the second most cancer diagnosed in both men and women, and the second or third, depending on what set of data you look at, number of cancer-related deaths causing more than 52,000 deaths per year. About one third of adults skip the recommended screenings that could help prevent and help treat the deadly disease. And often the reason for skipping these screenings is due to lack of insurance coverage. Colorectal cancer is almost entirely preventable by taking advantage of recommended screenings including colonoscopy, which is considered the gold standard. For Nebraska, between 2011 and 2015, 4,527 Nebraska residents were diagnosed with colorectal cancer, and 1,692 residents died from it. So it is a deadly disease right here in our state. As we heard, colorectal incidence and mortality are higher in Nebraska compared to the rest of the United States. This bill clarifies that there will be no deductible, co-insurance, or other cost sharing for a screening colonoscopy and the concurrent

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removal of polyps or biopsy or both. And as we heard, this conforms with the USPSTF test procedural recommendations. Thank you to Senator Bostar for introducing the legislation and to others. And we would ask you to support this bill and advance it from committee. Thank you--

**SLAMA:** Thank you.

**JUNE RYAN:** --and I'm happy to ask any questions you may have.

**SLAMA:** Thank you very much, Ms. Ryan, and thank you so much for your work with the Department of Health and Human Services as well. Are there any questions from the committee? Seeing none, thank you so much for your testimony.

**JUNE RYAN:** Thank you.

**SLAMA:** All right. Any additional proponent testimony for LB829? Seeing none, last call. We'll open it up for opponent testimony for LB829. Seeing none, we'll now take neutral testimony on LB829.

**ROBERT BELL:** Good afternoon, Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. My name is Robert, middle initial M, last name Bell, spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation. I am here today to testify neutral on LB829. The Nebraska Insurance Federation is the state trade association of Nebraska insurance companies, including most of the health insurance plans selling in Nebraska. The health insurers appreciate Senator Blood's willingness to sit down and discuss the issues related to LB829 and being open-minded to the language that we provided to her. The federal Patient Protection and Affordable Care Act required many health plans to cover certain health preventative services without cost sharing for consumers. Broadly, these preventative services fall into four categories. Colorectal screening falls into that first-- to the first category of evidence-based screenings that has been recommended by the United States Preventive Services Task Force, which, for brevity, I'm going to refer to as "the task force." The task force recommendation over the past few years has evolved for colorectal cancer screening and various guidance from both the task force and from the Center of-- for Medicare and Medicaid Services, CMS, has in the past led to a diversity of opinions on application of cost sharing for these services. As opposed to other cancer screenings, the steps involved in colonoscopies were leading to uneven application of cost sharing across the market. Fortunately, CMS has issued clarifying guidance in



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the past couple of years and has-- and as late as last fall that polyp removal during preventive screening and subsequent testing are not subject to cost sharing. CMS has also clarified that the removal during treatment may be subject to cost sharing, depending on the health carrier's plan design. The federation has taken the latest federal guidance to Senator Blood and recommends that the committee-- that if the intent of the committee is to match federal law and to end confusion in the marketplace, then the language provided by Senator Blood earlier is a needed clarification for health plans, providers and consumers without going beyond the requirements of the Affordable Care Act. So grateful for Senator Blood for passing that language around. For these reasons, the federation is neutral on LB829. Thank you for the opportunity to testify.

**SLAMA:** Thank you very much, Mr. Bell. Are there any questions from the committee? Senator Jacobson.

**JACOBSON:** So to be clear then, you're telling me that, that you're not-- and you're not supporting, but you're not going to oppose the amendment that's being presented by Senator Blood.

**ROBERT BELL:** Correct.

**JACOBSON:** And you would probably agree that this a commonsense approach to what we're trying to get done here.

**ROBERT BELL:** If you're trying to match state law to federal law, yes.

**JACOBSON:** And to provide good patient outcomes.

**ROBERT BELL:** Oh, yeah, absolutely. I mean, and in plans-- patient, of course. Yes.

**JACOBSON:** I knew you meant to say that.

**ROBERT BELL:** Thank you.

**JACOBSON:** Thank you.

**ROBERT BELL:** We think-- we think our patients are getting good outcomes so yeah.

**SLAMA:** Additional questions from the committee? Seeing none, thank you very much, Mr. Bell.

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**ROBERT BELL:** You're welcome.

**SLAMA:** All right. Additional neutral testimony on LB829. Seeing none, Senator Blood, you're welcome to close. And for the record, we had 12 proponents and 1 opponent letters received for the record on LB829. Senator Blood to close.

**BLOOD:** Thank you, Chairperson Slama plus one. I think everybody should have an adorable baby on their lap today. It is a Monday. So I want to address a couple of things. We do have a letter that's in opposition. And I, I actually want to speak just very briefly on that. I think we have to remember that when we have people that have to return to the hospital for a procedure, that's additional cost, not just for that consumer, but for us as insurance holders. The more people have to utilize medical services, the chances are that our fees will eventually go up. We see that especially when we have smaller businesses, maybe you have one person that has cancer that has to have a lot of chemo and surgeries. And then when it's time to renegotiate, what happens? Your costs go up. And so this is actually also a way for consumers to help keep costs down. As Senator Jacobson so eloquently mentioned, when they're under the hood-- I hope the transcribers get that too-- they are there and there are definitely screenings where they don't do surgery. But there are so many times when they are in your body internally where they find things, and because they are there, so they don't have to have you do more anesthesia because anesthesia is dangerous. It is. We simplify, oh, they're going to go under and they're going to have some work done. There's risk with anesthesia as well. And we know that, for example, I'm going to use my family as an example. Sorry. When my husband had testicular cancer, they were there. They found a-- of course, now I forget what it was called-- when your abdominal wall--

**KAUTH:** Hernia.

**BLOOD:** Thank you. --hernia. Oh my gosh, it's a Monday. So when they found his hernia, they fixed his hernia as opposed to closing him back up and saying, oh, you have a hernia. We need to go back in. They don't do that. We know that for many women who have procedures from hysterectomies, endometriosis, when they are in there, they find things and they remove those things because that's the best patient care they can do for you at that time. And I can tell you that for myself and the other people that I've spoken with, we're seeing bills that are like \$700 to \$900 and more when insurance doesn't pay for that procedure, part of the procedure, myself included. And I think

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that it's not fair to put people in that position to have to make that decision when they're already in there. And that's clear that that was what the initial intent of the language at the federal level was meant to do to prevent colon cancer. And it's just been a loophole that was utilized for a long time to screw over consumers, either knowingly or unknowingly, but so much so that you saw that the federal government closed the loophole for Medicare and Medicaid. So they're aware that that loophole exists, and we're just going to be the third in line to get it done here at the state, hopefully. So with that, if you have any additional questions, I'm happy to answer. And we'll use the medical terms like--

**KAUTH:** "Under the hood."

**BLOOD:** "Under the hood."

**SLAMA:** Outstanding. Great first day of hearings.

**BLOOD:** And I love-- you-- I love bills like this. All the smart people come from the medical community. We learn so much from them.

**SLAMA:** Absolutely. Thank you very much, Senator Blood. Senator Kauth.

**KAUTH:** I do have one question. So when your husband had the hernia repair, did they charge for doing that procedure?

**BLOOD:** They did, but we were very grateful that we didn't have to go back a second time for anesthesia and a second surgery.

**KAUTH:** Right, right. But, but your bill is saying that when they find things, they are not allowed to charge for doing that procedure. But your husband's testicular cancer, they found a hernia, and so they charged for that. So I see this--

**BLOOD:** Because in our-- but our insurance covered it because they covered hernia surgery.

**KAUTH:** OK.

**BLOOD:** So I don't know if that's a comparison.

**KAUTH:** That's what I'm trying--

**BLOOD:** But I hear what you're saying.

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**KAUTH:** --to figure out. Is, is it a true comparison if, yes, they were in there and they found something, so they fixed it. But yes, you were also charged for them fixing it.

**BLOOD:** I go back to the original language at the federal level, and it was really their intent to make sure that people got total care. And that total care included the removal of polyps.

**KAUTH:** OK.

**SLAMA:** Thank you, Senator Kauth. Senator Jacobson.

**JACOBSON:** Well, again, I want to thank you for bringing this bill. And I think it's probably long overdue. And again, to me, that the real distinction on this-- on what you're doing here and the language that you've matched up here is this is-- it does not make any kind of sense to go in, see a problem and come back and say, hey, we found a problem. We could have fixed it, but we didn't, and we could have done it with taking a couple more minutes to remove the polyps. And so as long as your surgeon is qualified to do that, which I'd recommend going in to a surgeon who could--

**BLOOD:** Yeah.

**JACOBSON:** --remove the polyps if they find them, it, it's just common sense. And to me, it saves money for the medical community, provides better patient outcomes, less hassle for the patient. This is a win-win-win. So thank you again for bringing the bill. And I love what you're doing here. And and I want to apprec-- I appreciate that the insurance industry sees the value of that as well. So thank you.

**BLOOD:** And thank you for the nice wrap up.

**SLAMA:** [INAUDIBLE] Thank you, Senator Jacobson. Additional questions from the committee? Seeing none, thank you very much, Senator Blood.

**BLOOD:** Thank you, Chairwoman.

**SLAMA:** And this will bring to a close our hearing on LB829. We'll now open things up and get under the hood on LB885. Senator Bostar. Welcome, Senator Bostar.

**BOSTAR:** Thank you. Good afternoon, Chair Slama and fellow members of Banking, Commerce and Insurance Committee. For the record, my name is Eliot Bostar. That's E-l-i-o-t B-o-s-t-a-r. I represent Legislative

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District 29. I'm here today to present LB885. Lung cancer is the second most common cancer in the United States and the leading cause of cancer deaths, both in Nebraska and nationally. The American Cancer Society estimates 1,340 Nebraskans were diagnosed with lung cancer in 2023, and an estimated 630 Nebraskans died from this cancer. In 2022, only 6% of Nebraskans at high risk for lung cancer were screened. Lung cancer has a generally poor prognosis, with an overall five-year survival rate of about 20.5%. However, early stage lung cancer has a better prognosis and is more amenable to treatment. LB885 is a very simple bill that reflects changes in national health expert recommendations by the United States Preventive Services Task Force guidelines. These guidelines adopted in 2021 recommended-- recommend annual screenings for lung cancer for adults aged 50 to 80 years of age who have a smoking addiction now and in the past, including screenings with low-dose computed [SIC] tomography or CT scan. Screening and treatment for lung cancer has advanced significantly in recent years. LB885 removes the barrier for these screenings by eliminating cost sharing requirements, including deductibles and coinsurance to ensure Nebraskans get the screening they need to diagnose and treat this deadly disease sooner. I urge the committee to advance LB885, and I thank you for your time and attention. Be happy to answer any questions you may have.

**SLAMA:** Thank you. Senator Bostar. Are there any questions from the committee? Senator Kauth.

**KAUTH:** What's the average cost of the screening?

**BOSTAR:** CT scan? I don't know. I can get that for you. I'm sure some of the other testifiers will probably be able to give you the answer on that. And it's not-- right-- what it's doing fundamentally, this bill is removing the cost sharing. You know, that it's already covered, right? So your insurance provider is already paying the bulk of, of that screening, that scan. This legislation, in line with the federal guidelines, is simply removing the cost-sharing component so-- which is a small part of that.

**SLAMA:** Senator-- thank you, Senator Kauth. Senator Jacobson.

**JACOBSON:** I'm guessing we're going to hear from, from Mr. Bell here at some point. So just to confirm is, is this trying to bring this in conformity with other federal guidelines or, or is this just a-- or are we simply eliminating something new here in terms of the copay on, on this screen?

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**BOSTAR:** Yeah. So this is in line with the U.S. Preventative Service Task Force.

**JACOBSON:** OK.

**BOSTAR:** So that's-- under the ACA, when that-- when that task force determines that screenings are of, of a certain value, they're reviewed. Then they are granted the status under federal law to remove cost sharing. Right? And so what we're doing is we're just matching federal law here. The reason for that-- why that exists is because these are reviewed to determine that fundamentally this is about lowering costs for the entire healthcare system as well as improving health outcomes. Right? So-- and we've talked a lot about this in this committee. Together we've been on this journey. And this is one of those cases, right? This is a win-win where if we can improve screenings and get more people to get checked for preventative, you know, healthcare services, we will improve health across the board and we will reduce the cost of healthcare that is a burden to us all.

**JACOBSON:** Not to get technical here, but I guess when you would talk about screening, is this screening through a blood test that, that-- that's-- that picks it up or do you do the CT scan or is this the screening that's, that's performed and it's found through the CT scan?

**BOSTAR:** So this includes CT scans. So-- and and I want to be clear that this-- the recommendation that came out federally that we're matching here is for individuals 50 to 80 years of age who are or had been-- had a cigarette habit. So we're also talking about a narrower population. That's a good question on if there's other things. I know you can go straight to a CT, but I would imagine that there's some question of what's determined necessary for you. But I can certainly get some of those details.

**JACOBSON:** Well, and I'm sure we're going to hear from Mr. Bell on this. I just-- this is one where they are two separate, you know, procedures. And so I-- you can't fix it under the hood the first time. You got to reopen it so.

**BOSTAR:** Looking into the lungs I think is a pretty serious process. So I think that's why we're going with the CTs on this one.

**JACOBSON:** Right, exactly.

**BOSTAR:** That being said, also, I do have amendment language that doesn't fundamentally change-- doesn't change the bill. What it does

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is it takes the guidelines set forth in the federal regs. Currently, the language in the bill in front of you just references the federal laws. In working with insurance industry on this, it was determined that a better way to do it would just be to take those provisions and put them into ours instead of referencing up to them. So that's all it does. It just takes that language and puts it into our own statutes.

**JACOBSON:** Thank you.

**SLAMA:** Thank you, Senator Jacobson. Additional questions from the committee? Seeing none, thank you, Senator Bostar.

**BOSTAR:** Thank you.

**SLAMA:** And we'll open up proponent testimony on LB885. Proponents for LB885. And if you are going to be a proponent, I'd ask you come up to the front row just to expedite things and prevent the looking at each other process. Welcome back.

**JOHN TRAPP:** Thank you. Good afternoon, Chair Slama and members of the Banking, Commerce and Insurance Committee. My name is Dr. John Trapp, J-o-h-n T-r-a-p-p. I am a pulmonary critical care physician, currently serve as the chief medical officer at Bryan Health and the current president of Nebraska Medical Association. I am testi-- testifying today on behalf of the NMA, which represents 3,000 physicians, residents and medical students across Nebraska. The NMA supports LB885, which will reduce barriers to lung cancer screening in Nebraska. Under the U.S. Preventive Services Task Force, which we've discussed several times today, they've created these guidelines for lung cancer screening. A person is eligible for lung cancer screening if they're between the ages of 50 and 80, and have a 20 pack-year history of smoking. We measure a pack-year as smoking one pack a day for one year, so it could be any variation: half pack a day for 4 years, one pack a day for 2 years, if-- or if they are a current smoker or have quit smoking within 15 years. These individuals should all be screened with a low-dose CT scan annually. Annual screening for these patients is critical to an early diagnosis of lung cancer, as many patients have no symptoms in early stages of disease. Early detection is key because treatment, including surgical intervention to potentially remove a portion of the lung, can cure the lung cancer in early stages. In its later stages, the prognosis for lung cancer is much worse and may be as low as single digit percentages within 5 years. Recent data from researchers at Mount Sinai showed that patients diagnosed with lung cancer at an early stage via CT scan have

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a 20-year survival rate of around 81%. For patients diagnosed with early stage I disease, the survival rate may be even as high as 95%. In contrast, the average 5-year survival rate for all lung cancer patients in the United States is around 25%. The stark contrast in these survival rates is due to the fact that only 21% of lung cancers are diagnosed at an early stage. In Nebraska, we need to do a better job with lung cancer screening. According to the American Lung Association, State of the Lung Cancer 2023, only 3.7%-- I think Senator Bostar said 6%-- single digit percentages of those at high risk in Nebraska were screened last year. Cost-sharing requirements for a CT scan are a barrier to lung cancer screening. When faced with a copay, many patients will forgo the scan or undergo the screening less frequently than recommended. This can have significant detrimental effects on treatment outcomes and overall cost of care. Detecting lung cancer early reduces the disease's financial impact and potentially saves lives with early detection. By removing cost-sharing requirements for lung cancer screening, this bill will increase screening rates, promote early detection, and save lives. For these reasons, the NMA urges your support for LB885. I appreciate your time and I'm happy to answer questions.

**SLAMA:** Thank you very much, Doctor Trapp. Questions from the committee? Senator Ballard.

**BALLARD:** Thank you, Chairwoman. Thank you-- thank you, Doctor Trapp for-- it's good to see you in the Banking Committee--

**JOHN TRAPP:** Yes, absolutely.

**BALLARD:** --instead of Health and Human Services. You mentioned a little bit at the end of your testimony, but has the NMNA-- NMA done any research on the percentage of patients that would-- that cost is the barrier or is it just lack of time? I mean, we all have families and other commitments.

**JOHN TRAPP:** There's a lot of barriers to that. One is identifying the patients. Many of these patients may not be seeing-- pulmonologists, that's what I practice, when we see the patients, we try to really promote the cancer screening for a variety of reasons. Patients may not come back for annual follow up. Really getting even our primary care physicians to do more lung cancer screening and make those accessible to care really is important. I think a lot of this comes into lack of awareness so we need to really promote this. Knowing who's eligible, so knowing the rules, 50 to 80, 20 pack-years, it



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seems pretty easy. But sometimes that still gets lost in the weeds as primary care sometimes has, you know, 10, 15, 20 different things that they're thinking about. This may not be something that gets caught all the time. I think it's a barrier to some degree if I told you the CAT scan, I think one of the questions was asked, how much does a CAT scan cost? Probably depends on where you get the CAT scan. If it's done at a hospital, hospital-based facility, probably higher than a nonhospital-based facility, but really it's probably under \$250 for a low-dose CT scan.

**BALLARD:** Perfect. And what's your association about promote-- the promotion piece, is that-- is that something your association is taking on? Or who, who would--

**JOHN TRAPP:** Oh, gosh. The American Lung Association, Nebraska Medical Association, [INAUDIBLE] physicians, all of those would support lung cancer screening.

**BALLARD:** Thank you.

**SLAMA:** Thank you, Senator Ballard. Additional questions from the committee? Seeing none, thank you very much, Dr. Trapp.

**JOHN TRAPP:** OK. Thank you.

**SLAMA:** Additional proponent testimony on LB885.

**MEGAN SCHRINER:** Good afternoon, Chair Slama and fellow members of the Banking, Commerce and Insurance Committee. For the record, my name is Megan Schriner. That's M-e-g-a-n S-c-h-r-i-n-e-r, and I represent the Nebraska Cancer Coalition, also known as NC2, as a board member, board of directors. The Nebraska Cancer Coalition is the neutral voice for oncology in Nebraska. Additionally, I am here as a member of the Nebraska Oncology Society. I am a physician assistant in Grand Island, Nebraska, and I have worked in oncology for 13 years. I am also a farmer/rancher's wife. NC2 is committed to providing an environment for conversations and work to be done from a variety of perspectives, voices and partners, with the goal being to achieve our vision of conquering cancer together. This allows for achievement of our mission, connecting people and resources to strengthen cancer prevention, detection and quality of life in Nebraska. NC2 advocates for policies to promote early detection and successful treatment, including lung cancer. Our purpose is clear. NC2 is speaking in support of LB885. NC2 is affiliated with all major health systems,

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accredited cancer centers, all oncology practices, and many more, reaching all 93 counties in our state. NC2 leads the charge to increase access to cancer screening, including the lung cancer screening, to improve quality of life for Nebraskans. Lung cancer is the leading cause of cancer-related mortality in the United States. The American Cancer Society estimates that 1,190 new lung cancer diagnoses and 700 cancer-related deaths will happen in 2024 in Nebraska. Lung cancer is the leading cause of cancer death in the United States for both men and women, especially in Nebraska. Five-year survival rates for lung cancer is only 25.4%, partly because most patients are advanced stage lung cancer at the time of diagnosis. Cost of treating stage IV lung cancer versus treating stage I lung cancer is nearly triple the cost using national averages. The estimated cost of a low-dose CT scan is \$332 nationally. The savings are clear. Screening not only saves lives, but reduces medical cost as well. The average percentage of high-risk population being screened is 4.5% nationally. Nebraska is ranked in the below average screening tier at 3.7%. Current Nebraska law does not reflect today's recommendations for the early detection of lung cancer. The United States Preventive Services Task Force recommends that individuals with increased risk of lung cancer, including between the age of 50 and 80, with at least a 20 pack-year history of smoking one pack a day, or a ten-year smoking history of 2 packs a day in the last 15 years should have the option to start screening with low-dose lung cancer CT every year. For individuals who are at high risk for lung cancer, LB885 would empower them to be proactive about screening and early detection. The changes made by this legislation will save lives of Nebraskans. For these reasons, NC2 strongly urges all members to provide support for LB885, both here in the committee and on the legislative floor. Thank you.

**SLAMA:** Thank you very much, Ms. Schriener. Are there any questions from the committee? Seeing none, thank you very much for your testimony. Additional proponents for LB885. Welcome back, Ms. Ryan.

**JUNE RYAN:** Thank you. Chairperson Slama and members of the committee, I'm again June Ryan, J-u-n-e R-y-a-n. And I'm here testifying in support of LB885 on behalf of AARP Nebraska. And I won't repeat much of my background, but one of the reasons that I was the one who volunteered with AARP to come and testify is that while I was at Nebraska Department of Health and Human Services, screening for lung cancer was just under development and not readily available. Had screening been available, my first husband may have survived more than a few days after his diagnosis, and less a month-- less than a month

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after his first symptoms. He was gone 3 weeks from the time that he had his first symptoms. So you can see that I have very personal reasons to support this bill. Lung cancer screening does save lives, but we have to do the screening to make a difference. AARP supports this bill, LB885, to provide new requirements for lung cancer screening, as we've heard, for persons as defined in the United States Preventive Services and Treatment Task Force recommendations. You've also heard some data, so I won't give you the national data. But I did check the Nebraska data because I think that's very relevant for us. In the 2019 Nebraska Cancer Registry, which was the most recent one that was printed, lung cancer accounted for 22% of all cancer deaths. From the years 2015 to 2019, lung cancer averaged in Nebraska 6,318 diagnoses and 4,131 deaths per year. Actually, those are both numbers per year. So 6,000 per year diagnoses and 4,131. Although lung cancer is more likely to strike men than women, and that's because men started smoking before women did, you guys were smoking during war times. We came along a little later. The death rate for Nebraska men has fallen by over 40% since 1990, but the rate is almost unchanged for Nebraska women. And that's very much in part to the fact that we don't do-- we have not been doing screening. So people have stopped smoking, to a high degree, which is one of the reasons that the rates are decreasing. But again, screening will save lives by identifying cancer, lung cancer when it's treatable. Thank you to Senator Bostar-- where are you? Over here behind me-- for introducing this very important legislation. And I would ask you-- we would ask you on behalf of AARP to support this bill and move it from committee.

**SLAMA:** Thank you very much, Ms. Ryan, and thank you so much for sharing your personal side of this as well. Are there any questions from the committee? Seeing none, thank you very much.

**JUNE RYAN:** Thank you.

**SLAMA:** Additional proponent testimony for LB885. Welcome.

**LAURA SCHABLOSKE:** Thank you. Good afternoon, Chair Slama and the fellow members of the Banking, Commerce and Insurance Committee. For the record, my name is Laura Schabloske, L-a-u-r-a S-c-h-a-b-l-o-s-k-e, and I represent the Nebraska Cancer Coalition, also known as NC2, which we are the neutral voice in the state. I currently serve as NC2's executive director, but it's important you also know that I'm a cancer caregiver for family members and I'm a native Nebraskan. NC2 is grateful for this committee and the work you are doing to extend lung cancer screening and to Senator Bostar for

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introducing LB885, which we are speaking in support of. It's important to know that NC2 is affiliated with all major health systems, all accredited cancer centers, oncology practices, and many more, over 225 to be exact, providers and service providers in 93 counties in Nebraska. We are working to eliminate cancer. We want to put ourselves out of business. This past week, on January 17, 2024, the American Cancer Society released its annual Cancer Statistics Report. Lung cancer is now the leading cause of cancer mortality in the United States and worldwide. ACS is estimating, as you have heard, 1,190 new cases will be diagnosed in Nebraska and 700 Nebraskans will die before New Year's Eve this year. It is now the leading cause of cancer deaths in Nebraska for both men and women. We've talked about survival rates being at 25%, and most of patients are diagnosed with late-stage cancers. Ideally, effective screening and early detection before patients have symptoms will lead to effective treatment. LB885 would make this possible. Improving and maximizing access to lung cancer screenings can avert premature deaths, decrease costs, extend productive lives, and improve the quality of life. I believe these are all goals we aspire to for all fellow Nebraskans. Nebraska's cancer screening rates for lung cancer are abysmal. Nationally, it's only 4.5%, but we have fallen to 3.7%. Articulating the USPSTF's recommendations as written in this bill, and which we further articulated for you in the public information release that I handed out with my testimony, along with two letters of support from physicians who are well versed in this field, we wanted to give you as much information as we could to show that this law will change lives. We urge the committee to carefully consider LB885 for its potential positive impact on the quality of life in Nebraska, and furthering the USPSTF's recommendations will demonstrate support for those who live here while we actively are working to reverse the disturbing trends for both entry and mortality rates with lung cancer in Nebraska. NC2 does a public awareness campaign every November to talk to Nebraskans across our state, in all 93 counties, to help people talk to their providers and ask for the screen. The average cost is \$332. It is money well spent, especially when you think about what cost cancer treatments have when diagnosed in later stages. For these reasons, NC2 strongly urges the members to support LB885, both here at the committee and ultimately at the legislative floor. Thank you and I can take any questions.

**SLAMA:** Thank you very much, Ms. Schablos-- sorry, Schabloske.

**LAURA SCHABLOSKE:** You got it right. Impressive.

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**SLAMA:** I do my best here in the BCI Committee. Any questions from the committee? Seeing none, thank you very much for taking the time. Additional proponent testimony on LB885? Seeing none, opponent testimony for LB885. Yes.

**DON WESELY:** Sorry.

**SLAMA:** Oh, proponent.

**DON WESELY:** Yeah.

**SLAMA:** [INAUDIBLE]

**DON WESELY:** I apologize.

**SLAMA:** No. You're fine.

**DON WESELY:** Madam Chairwoman and members of the Banking Committee, my name is Don Wesely. I am-- D-o-n W-e-s-e-l-y, I am here representing the Nebraska Nurses Association. Nebraska Nurses Association is in support of LB885. Actually, I'm passing out a letter from Dr. Kristen McCall, who is on our legislative committee and it indicates concern about lung cancer and the need for screening. You're going to hear from the nurses on a number of other bills, all dealing with mandated screenings. And clearly, as you've heard other testifiers and I apologize I didn't get to hear some of their testimony so I won't repeat it, but screening is a key. You've got treatment. You got the opportunity to save lives. And the key is to make sure that people get tested, get screened, and when they need help, get it as soon as possible. So our position is to try to save lives and to maintain health. And that's why we're in support of the bill. And I'll keep it very brief.

**SLAMA:** Fantastic. Thank you very much, Mr. Wesely.

**DON WESELY:** You bet.

**SLAMA:** Any questions from the committee? Outstanding. Thank you very much.

**DON WESELY:** Thank you. Take care.

**SLAMA:** Proponent testimony for LB885, last call. All right. Opponent testimony for LB885. Seeing none, neutral testimony on LB885. Welcome back, Mr. Bell.

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**ROBERT BELL:** Thank you, Chairwoman Slama. Members of the Banking, Commerce and Insurance Committee, my name is Robert M. Bell. Last name is spelled B-e-l-l. I'm executive director and registered lobbyist for the Nebraska Insurance Federation. I am here to testify neutrally on LB885. The Nebraska Insurance Federation is a state trade association of Nebraska insurance companies, including most of the health insurance plans in the state. The health insurers appreciate Senator Bostar reaching out on LB885 and accepting comments that we provided to him that I believe he handed out in the form of the amendment. You've already heard about the task force and the recommendations. In 2021, after significant study and research, the task force recommended that all adults aged 50 to 80 years of age who have a 20 pack-year smoking history and have smoked within the past 15 years to have a low-dose computed tomography, which is a type of X-ray, lung cancer screening. Based off of these recommendations, covered health plans implemented this recommendation pursuant to the requirements of the federal Affordable Care Act. Health plans certainly appreciate Senator Bostar's continued interest in ensuring that state law matches federal law. And the federation did work with Senator and his staff on language that makes the language exact. As a result, we are neutral. We do normally oppose mandates. We are not on this one or the previous one. So we're neutral on LB885. I appreciate the opportunity to testify. I would like to say two things. One, I made it through a whole day without testifying in opposition to a single bill. And I thought Win did a great job today so.

**SLAMA:** Well, we're not done yet.

**ROBERT BELL:** And he stared at me during the TPA hearing I want you to know too.

**SLAMA:** Well, thank you very much, Mr. Bell. Are there any questions from the committee? Senator Jacobson.

**JACOBSON:** Can I expect this trend to continue? I've got a couple of bills coming up.

**ROBERT BELL:** You know, tomorrow I might be in support of one of your bills so it's gonna be an exciting day tomorrow.

**JACOBSON:** That'll be strange.

**ROBERT BELL:** Yeah, well, it, it will be if I can get here. I hear-- I hear freezing rain so.

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**JACOBSON:** Well, you need to be here for that one.

**ROBERT BELL:** OK. I'll leave early.

**SLAMA:** Thank you, Senator Jacobson. Additional questions from the committee? Seeing none, thank you, Mr. Bell.

**ROBERT BELL:** You're welcome.

**SLAMA:** Additional neutral testimony on LB885? Seeing none, Senator Bostar, you're welcome to close. We did receive 5 proponent and 1 opponent letters for the record for LB885. Senator Bostar to close.

**BOSTAR:** Thank you, Chair Slama, fellow members of the committee. Senator Ballard, you asked a question about whether or not removing cost sharing from screenings has an impact on-- whether this will have an impact on uptake utilization. Obviously, we don't know until we try it. However, previous-- there is data out there that I will provide for you about how removing cost sharing on other kinds of screenings, cancer screenings, has demonstrated a positive result in increasing access and, and usability. So I'll get that for you. Please, if I forget, just remind me. Otherwise, I thank you for hearing this. I just wanted to take a moment in the closing to draw your attention to the fiscal note. And if we could distribute this. So I am passing around a fiscal note from a different cancer screening bill that was in line with the U.S. Services Preventive Task Force recommendations on colorectal cancer. That was last year, a bill that all of you supported. And I thank you very much for that. And I want to point out some differences. So on that one, the costs are represented by-- on both of these, all of the numbers come from the university system. Right? That the state itself, DAS, doesn't have any costs associated with this. The university does. Previously, and you can go back as far as you want on these and you'll see it being consistent, those costs to the university's health plan do not get represented on our-- as a-- as a General Fund liability for our purposes. However, here they are. And I believe they were on Senator Blood's bill as well. So this is a very different approach that is being taken. Fundamentally, the fact that the university feels, and I'm going to stress that word "feels" that they have costs associated with this, I hold should not be a General Fund issue for us. It has never before. There's no reason for it. But I also, since we now have this in the box and we now have to deal with it, I think it brings up a good time to talk about the health coverage at the university. Why does DAS not have any cost and the university does? Right? It begs the question. Well, there's a

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fascinating answer to that. The answer is that when the ACA passed and screenings were covered without cost sharing, the state fundamentally complies with that. The university fundamentally does not. So when we say, hey, we would like health insurance to meet the bare minimums as established across levels of government in law, the university had no interest in doing so. So they have a cost. Because for the last 14 years, they have chosen to not opt in to the standards of health insurance law across the United States. If I was an employee of the University of Nebraska, I would be very concerned that their health coverage, the plan that they have, that they do not feel that it makes sense to cover cancer screenings that are both established in federal and state law as being value-added across both cost control and health outcomes. I'd be concerned. And I'm interested in taking this opportunity to continue the conversation around this. I don't think we've actually talked about this enough, so I'm going to look for more opportunities to have this discussion going forward. I'd like to thank the committee, and I'd look forward to answer any questions you may have.

**SLAMA:** Fantastic. Thank you very much, Senator Bostar. Senator Kauth.

**KAUTH:** All right. I have a question on the-- in the-- in the way the bill is written, the amendment, a 20 pack per year smoking history, which essentially means less than 2/5 of a pack a day. But on the NC2 it says one pack per day for 20 years. So is that a discrepancy in, in how it's written or just marketing materials?

**BOSTAR:** That's a-- that's a fair question. I will--

**KAUTH:** It's a huge difference.

**BOSTAR:** So the language came from the insurers. So I will double-check to make sure that there, there isn't some discrepancy. But thank you for flagging that.

**SLAMA:** Thank you, Senator Kauth. Additional questions? Seeing none, thank you, Senator Bostar.

**BOSTAR:** Thank you.

**SLAMA:** And that will bring to a close our hearing on LB885 and our open for the final hearing of the day, LB854. Congratulations, Senator Jacobson, on clearing the room.



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**JACOBSON:** I have a way of doing that. I think they're concerned about what they'd find under the hood.

**SLAMA:** Give them a second to straggle out. All right. Senator Jacobson.

**JACOBSON:** All right. Well, good afternoon, Chair Slama and members of the Banking, Commerce and Insurance Committee. I am Mike Jacobson, spelled M-i-k-e J-a-c-o-b-s-o-n, and I proudly represent District 42, encompassing six counties: Hooker, Thomas, McPherson, Logan, Lincoln, and Perkins County. I'm here to introduce LB854, which would provide aspiring certified public accountants greater flexibility on their journey to CPA. The bill would allow individuals to take the CPA exam upon completing a 120 semester hours, or 180 quarter hours of qualifying college credit, along with a bachelor's degree. Under the current state statutes, individuals are only permitted to take the exam within 120 days of completing 150 semester hours of college. The rationale behind LB854 is clear and compelling. Today, approximately 40 other states already allow individuals to take the CPA exam with 120 hours of education and/or a bachelor's degree. By allowing candidates to sit for the CPA exam earlier in Nebraska, it is my intention to curb the trend of students seeking exam opportunities outside the state. Across various professions, our state faces a concerning out-migration of young, skilled workers entering the workforce. LB854 represents one incentive for our emerging workforce in the accounting sector to stay and thrive in Nebraska. I appreciate your consideration of LB854. Be happy to answer any questions and take you under the hood.

**SLAMA:** Thank you, Senator Jacobson. Are there any questions? All right. Seeing none, thank you very much.

**JACOBSON:** Thank you.

**SLAMA:** We will open it up for proponent testimony on LB854. We promise we'll stay for all of you, we promise. Welcome.

**KELLY MARTINSON:** Thank you. Good afternoon, Chair Slama and members of the Banking, Commerce and Insurance Committee. For the record, my name is Kelly Martinson. That's K-e-l-l-y M-a-r-t-i-n-s-o-n. I'm a tax shareholder at Lutz and currently serve as the chairman of the Nebraska Society of CPAs, certified public accountants, which I'll refer to hereafter as the "Society." We, we represent approximately 2,600 member CPAs. I'm here today to express the society's support of

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LB854, which would allow individuals to sit for the CPA exam with 120 semester hours or 180 quarter hours of qualifying college credit, along with a bachelor's degree. This legislation, crafted in collaboration with the Nebraska Board of Public Accountancy and through the diligent efforts of a joint society and state board task force, represents a positive step forward for aspiring CPAs in our state. We're grateful for the support of Senator Mike Jacobson and his office and the assistance of Banking Committee legal counsel, Joshua Cristolear. Presently, our state requires CPA candidates to be on the cusp of completing 150 hours of college education before sitting for the CPA exam. As such, we find ourselves lagging behind more than 49 states and other jurisdictions where the threshold is set at a more accessible 120 hours, or the possession of a bachelor's degree. This disparity is not just a number. It's a barrier deterring our bright graduates from taking the CPA exam in Nebraska. They're instead applying through places like Iowa and other surrounding states that already have this legislation. So LB854 is our opportunity to reverse this trend. By allowing students to take the CPA exam after graduating with a bachelor's degree, we open doors for them: doors to early career starts, doors to financial stability as they work towards completing their additional credits, some even with the support of their employers. This isn't just about the numbers. It's about the dreams and careers of our aspiring CPAs, allowing them to accelerate the next step towards their goal. LB854 does more than align Nebraska with other states. It ensures that Nebraska remains competitive in the accounting landscape. This is about adapting to a changing world while maintaining the integrity and excellence of our profession. As such, the Nebraska Society of CPAs recommends the advancement of LB854. Thank you for your valuable time and consideration. I'd be happy to answer any questions.

**SLAMA:** Thank you very much, Ms. Martinson. Are there any questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Chairperson Slama. Thank you for being here. I want to be very clear. I think this sounds like a great idea just off the first blush. With regard to the 150 credit hours, do those have to be in any particular-- currently, do those have to be in any particular field or area, or is it literally just 30 extra hours that you have to get?

**KELLY MARTINSON:** Right now I believe there, there is some structure to that, but that is something that is being looked at and debated about how that should be defined.

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**DUNGAN:** OK. And so pretty much every other jurisdiction allows for the 120 hours or the bachelor's degree?

**KELLY MARTINSON:** To sit for the exam.

**DUNGAN:** All right. We seem like an outlier then. Thank you.

**KELLY MARTINSON:** Yes, we do.

**SLAMA:** Thank you, Senator Dungan. Additional questions? Senator von Gillern.

**von GILLERN:** Thank you for being here today. The, the CPA exam consists of multiple sections, correct, that are taken over a period of time?

**KELLY MARTINSON:** Yes.

**von GILLERN:** And I talked to several candidates that have indicated, and I'll say this as kindly as I can, that the sequencing and the order that they're taken in, that there seems to be some almost intentional barriers to entry to getting through that process. You can choose to comment to that or not. But I would ask you to comment to that. Is that-- is that-- what I have been told by candidates, particularly during COVID and you can kind of maybe take that off the table. That created some other really unique challenges. But, but I've been told that, I mean, the material alone is, is incredibly challenging. It's an incredibly difficult exam to pass, but it seems to be that there are almost barriers to the process also. Can you comment to the process?

**KELLY MARTINSON:** Well, I do think it's, it's actually, from my perspective, maybe gotten less cumbersome. Now it's, it's been quite a few years since-- it's changed a lot since I've taken the exam. But it is also being changed. When I say less cumbersome is the fact that it's now computerized and it's offered much-- it's offered throughout the year if that makes sense, instead of twice a year and taking all the parts in two days.

**von GILLERN:** That is new infor-- that is new to what I had been told.

**KELLY MARTINSON:** Yes. So it is very different than it was years ago.

**von GILLERN:** OK.

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**KELLY MARTINSON:** Now you can essentially take different parts, I'll say, throughout the year, rather than waiting for two times a year to take all of the parts in basically two days, two and a half days, I think is what it was even before that.

**von GILLERN:** Okay. All right. So in your mind, the process is improving or has improved?

**KELLY MARTINSON:** I would say it has improved.

**von GILLERN:** OK.

**KELLY MARTINSON:** It is more accessible than it was.

**von GILLERN:** Good to know. Thank you. Appreciate that.

**SLAMA:** Thank you, Senator von Gillern. I don't know about Senator Dungan, but I am having flashbacks to the bar exam structure. Additional committee questions? Seeing none, thank you very much.

**KELLY MARTINSON:** Thank you.

**SLAMA:** All right. Additional proponent testimony for LB854. Welcome.

**MELISSA RUFF:** Afternoon, Chair Slama and committee members. So I am Melissa Ruff. That's M-e-l-i-s-s-a R-u-f-f. I am a certified public accountant, and I am currently the chair of the Nebraska State Board of Public Accountancy. And I am here today to speak in favor of LB854. So I'm currently chair of the 8-member state board. And for background, our board has 6 CPAs and 2 public members. And we are tasked with regulating the CPA profession in the state. As Ms. Martinson indicated, the board did collaborate with the Society on a task force that I appointed and chaired where we, you know, evaluated these potential changes and then took those recommendations to the board and the Society. And then both leadership of both groups agreed with the proposed changes recommended by the task force. I can say, you know, having been a CPA for over 25 years, I've seen, you know, lots of changes in the profession, lots of new requirements and standards, but also, you know, concerns about our future pipeline of CPAs. And so, you know, considering that and and consensus with my fellow board members, you know, we did feel it would be appropriate at this time to change the 120 hours to sit for the exam. And as indicated, that does align Nebraska with other states. So in closing, one thing that I do think is important to emphasize is that this 120 hours, this would be to sit for the exam. There is still a requirement

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across all states to have 150 hours prior to being licensed as a CPA. So I'm happy to take questions, or I might be able to answer some of those from earlier as well.

**SLAMA:** Thank you very much, Ms. Ruff. Are there any questions from the committee? Senator Dungan.

**DUNGAN:** Thank you. I'll just follow up then. So with that additional, I guess, the difference in 120 and 150, do you have-- and I'm just very unfamiliar with the process. Do you have to take those credit hours in particular courses or subject matters, or is it literally just an additional 30 hours that one must take from the university?

**MELISSA RUFF:** So there are certain, like, course requirements within the total hours, not necessarily the specific 30 hours, but over, you know, the whole 120 or 150 hours. But there is currently a couple of national organizations, the AICPA and then the National Association of State Boards of Accountancy, that are evaluating that additional 30 hours and potentially looking at different pathways that could be implemented to achieve licensure. So there is some, some current things being looked at there.

**DUNGAN:** Thank you.

**SLAMA:** Thank you, Senator Dungan. Senator Kauth.

**KAUTH:** So just to clarify, so you're not reducing the amount of hours that you need. You're just changing when you can take the test within that 150 hours.

**MELISSA RUFF:** So we are-- we would be changing that you could take the test after you have 120 hours and a bachelor's degree.

**KAUTH:** Still expected to go and get the other 30?

**MELISSA RUFF:** And you still have to get to 150 qualifying hours to be licensed. In addition to, there's experience requirements, exam, and education so those 3 things to be licensed.

**KAUTH:** And then you mentioned your pipeline. What does your pipeline look like here in Nebraska?

**MELISSA RUFF:** I don't know that I would have that information readily available right now. But, you know, we could see if we could find some information to follow up for you.

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**SLAMA:** Thank you, Senator Kauth. Additional questions from the committee? Seeing none, thank you very much, Ms. Ruff.

**MELISSA RUFF:** Thank you.

**SLAMA:** Additional proponent testimony for LB854. Welcome.

**PHILIP OLSEN:** Good afternoon. Chairperson Slama and members of the Banking, Commerce and Insurance Committee, my name is Philip Olsen, excuse me, Philip Olsen, spelled P-h-i-l-i-p O-l-s-e-n. I'm the state accounting administrator. I've been a licensed certified public accountant since 2008. I'm here today in support of LB854. I want to thank Senator Jacobson for introducing this legislation. At the Department of Administrative Services, State Accounting Division, we have firsthand knowledge of the demand in state government for high-level accountants and auditors, including those with or willing to pursue a CPA license. LB854 provides a means to address the demand for CPAs, while also maintaining superior industry standards. I appreciate that LB854 offers a practical incentive for accountants to pursue obtaining a CPA license prior to completing 150 credit hours. This is consistent with exam requirements in a majority of states and would allow a candidate to pass the exam prior to engaging in second degree or a master's degree program. Within the state's accounting operations, LB854 may offer an incentive for eligible public servants to pursue sitting for the CPA exam, thereby strengthening accounting acumen and accuracy. This expertise can be of benefit to the state as we pursue excellence in our work. Thank you for your time and attention and I'll answer any questions you may have.

**SLAMA:** Thank you, Mr. Olsen. Are there any questions from the committee? Seeing none, thank you very much.

**PHILIP OLSEN:** Thank you.

**SLAMA:** Additional proponent testimony for LB854. Last call. Seeing none, any opposition testimony for LB854? Seeing none, neutral testimony? Seeing none, we'll welcome Senator Jacobson to close. And--

**JACOBSON:** Once you made the sale, quit selling.

**SLAMA:** Before you do that, before you quit selling, for the record, there are no letters for the record on LB854. That brings to a close our hearing on LB854 and our hearing for today. Thank you all for being here.

