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Transcriber's Office

Floor Debate  
March 04, 2013

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SENATOR CARLSON PRESIDING

SENATOR CARLSON: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the thirty-sixth day of the One Hundred Third Legislature, First Session. Our chaplain for today is Senator Crawford. Please rise.

SENATOR CRAWFORD: (Prayer offered.)

SENATOR CARLSON: Thank you, Senator Crawford. I call to order the thirty-sixth day of the One Hundred Third Legislature, First Session. Senators, please record your presence. Mr. Clerk, please record.

CLERK: I have a quorum present, Mr. President.

SENATOR CARLSON: Thank you, Mr. Clerk. Are there any corrections for the Journal?

CLERK: I have no corrections this morning, Mr. President.

SENATOR CARLSON: Are there any messages, reports, or announcements?

CLERK: Enrollment and Review reports LB133 and LB316 to Select File. I have a priority bill designation: Senator Dubas has selected LB530 as her priority bill for the session. Hearing notices from Health and Human Services signed by Senator Campbell, as Chair. Communication from the Governor, gubernatorial appointment, that will be referred to Reference for referral to standing committee. And an amendment to be printed, Senator Avery to LB363. That's all that I have, Mr. President. (Legislative Journal pages 599-600.) [LB133 LB316 LB530 LB363]

SENATOR CARLSON: Thank you, Mr. Clerk. (Visitors introduced.) Mr. Clerk, next item.

CLERK: Mr. President, the first item this morning, confirmation report is offered by the Agriculture Committee. Senator Schilz would report on two appointments to the Nebraska State Fair Board. (Legislative Journal page 543.)

SENATOR CARLSON: Senator Schilz, as Chair of the Agriculture Committee, you're recognized to open on your confirmations.

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SENATOR SCHILZ: Thank you, Mr. President. Good morning, members of the body. Welcome back. This is an appointment for Lowell Minert and Chris Kircher to the Nebraska State Fair Board. The Agriculture Committee wishes to report favorably on the appointment of Lowell Minert and Chris Kircher to the Nebraska State Fair Board. LB1236, enacted in 2002, renamed the State Board of Agriculture as the Nebraska State Fair Board and specified an 11-member State Fair Board, as amended by LB1116 in 2008. The qualifications of voting membership on the board is as currently follows: Seven members drawn from among leaders of county fair organizers who are nominated and selected by the district as provided in the constitution of the State Fair Board, and four members appointed by the Governor, three of whom represent the business community of the state and selected by Congressional district, and one member selected to represent the business community of the State Fair host community. Mr. Minert is a reappointment and would continue representation of the state's business community residing in the 3rd Congressional District. He is eligible for this and one additional three-year term. Mr. Minert and his wife, Carol, operate a ranch and Angus seed stock operation near Dunning, Nebraska. He has been active in various livestock and Angus breed associations. He is a 1962 graduate of the University of Nebraska with a Bachelor of Science in agriculture. His gubernatorial appointment application indicates that he has been active in 4-H and has served on the county fair board. Of particular value to the Fair Board is his considerable connection and reputation among the national livestock organizations, and he has been a leader in the Fair's efforts to build livestock shows during the Fair and to attract national livestock shows to Grand Island facility during other parts of the year. Mr. Kircher of Omaha is a new appointment representing the business community of the state from the 2nd Congressional District. He succeeds Linda Lovgren, who completed her eligibility to serve on the Fair Board. Mr. Kircher is president of ConAgra Foods Foundation and vice president of corporate affairs, and his current responsibilities include leading ConAgra's corporate responsibility efforts and being responsible for the company's public, community, and governmental initiatives. His resume lists a career history in marketing, accounting, public affairs, and communications. Mr. Kircher received a Bachelor of Science in marketing from Wright State University. He lists membership in executive community leadership with the Omaha and Nebraska Chambers of Commerce, among a number of boards and advisory councils he has served on. The committee conducted a public hearing upon the question of Mr. Minert and Mr. Kircher's appointments on February 26. Both appointees appeared in person and answered the committee's questions. The committee appreciated the breadth of both appointees' experience and feel they would be an asset to the State Fair's efforts to build connections to the state's business community. The recommendation to confirm Mr. Minert and Mr. Kircher's appointments was unanimous and I, therefore, move adoption of the Ag Committee report. Thank you, Mr. President.

SENATOR CARLSON: Thank you, Senator Schilz. Members, you've heard the opening

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on the confirmation report from the Agriculture Committee. Are there senators wishing to speak? Seeing none, Senator Schilz, you're recognized to close. He waives closing. The question is, shall a confirmation report for the State Fair Board be adopted? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk.

CLERK: (Record vote, Legislative Journal pages 600-601.) 36 ayes, 0 nays, Mr. President, on the adoption of the confirmation report.

SENATOR CARLSON: The confirmation report is adopted. Mr. Clerk, next item.

CLERK: Mr. President, the Transportation and Telecommunications Committee reports on the appointment of Randall Peters as director of the Department of Roads. (Legislative Journal page 544.)

SENATOR CARLSON: Senator Dubas, as Chair of the Transportation and Telecommunications Committee, you're recognized to open on these confirmations.

SENATOR DUBAS: Thank you very much, Mr. President. Good morning, colleagues. Mr. Randy Peters is nominated for the director of Department of Roads. Mr. Peters has over 36 years of experience with the Nebraska Department of Roads. He started out in transportation planning and roadway design in 1977, traveling all across the state gaining real experience. During this time, Mr. Peters worked his way through college at the University of Nebraska, earning his degree in civil engineering, and became registered as a professional engineer. Mr. Peters has been the state traffic engineer, planning and project development engineer, and deputy director of engineering over the past 15 years. He has also shown a commitment to leadership excellence by participating in the American Association of State Highway and Transportation Officials, Advanced Leadership Institute at Indiana University, the Gallup Leadership Institute, and Leadership Lincoln. Mr. Peters is also an integral part of the community in Nebraska. He has worked as an adjunct professor at UNL in traffic control systems design and served on the boards of Mothers Against Drunk Driving and the Board of Public Roads Classifications and Standards, and currently, sits on the UNL Civil Engineering College Advisory Board. The committee voted unanimously to accept the nomination of Mr. Peters as director. He has been extremely helpful to me as I've worked to understand the Department of Roads and all that goes on in that department. They've invited me over for meetings and have been very, very helpful and willing to answer questions. So I urge the body's support for Mr. Randy Peters.

SENATOR CARLSON: Thank you, Senator Dubas. Members, you've heard the opening on the confirmation report for Mr. Peters from the Transportation and Telecommunications Committee. Are there senators wishing to speak? Seeing none, Senator Dubas, you're recognized to close. She waives closing. The question is, shall the confirmation report from Transportation and Telecommunications Committee be

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adopted? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk.

CLERK: (Record vote, Legislative Journal pages 601-602.) 39 ayes, 0 nays, Mr. President, on the adoption of the confirmation report.

SENATOR CARLSON: The confirmation report is adopted. Mr. Clerk, next item.

CLERK: Mr. President, the final confirmation report this morning is from the Transportation and Telecommunications Committee chaired by Senator Dubas. It involves two appointments to the Board of Public Roads Classifications and Standards. (Legislative Journal page 545.)

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Dubas, you're recognized to open on the confirmation report.

SENATOR DUBAS: The first confirmation report is on Mr. Mick Syslo. Mr. Syslo represents...is a representative on the Board of Public Roads Classifications and Standards as a representative from the Department of Roads. He is from Columbus, Nebraska, and has worked for the Department of Roads for nearly 20 years. Currently, he holds the position of materials and research engineer but has also been the pavement design engineer, roadway design unit engineer, and served in various supervisory and design capacities. In the 1990s, Mr. Syslo had the opportunity to be a part of the expressway construction, a highly technical job that gave him great experience in the community. Mr. Syslo has lectured at the University of Nebraska on heavy highways, is a delegate for the Lincoln Lutheran School Board, and has served on several technical panels regarding road design. The committee voted unanimously to accept the nomination of Mr. Syslo and I would urge your support for him. The second nominee is Mr. John "Jack" Hynes. Mr. Hynes represents the citizen...a citizen from the 3rd Congressional District on this Board of Public Roads Classifications and Standards. He was born in Hastings and resides in Holstein, Nebraska, where he is a farmer. Mr. Hynes came highly recommended by the Nebraska Association of County Officials, serves on the Adams County Board of Supervisors road and bridge committee and budget committee. He served on the Hastings Public Library Board, Holstein Public School Board, Adams County Extension Board, Logan Township Board, and the Adams Central High School Booster Board. He is very active and committed to his community. Mr. Hynes served in the U.S. Army Reserves while attending Kearney State College and UNL, earning a bachelor's degree in business. The committee voted unanimously to accept the nomination of Mr. Hynes and I would urge your support. Thank you.

SENATOR CARLSON: Thank you, Senator Dubas. Members, you've heard the opening on the confirmation report. Are there senators wishing to speak? Seeing none, Senator Dubas, you're recognized to close. She waives closing. The question is, shall the confirmation report from Transportation and Telecommunications for the Public Roads

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Classifications and Standards Commission be adopted? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk.

CLERK: (Record vote, Legislative Journal page 602.) 34 ayes, 0 nays, Mr. President, on the adoption of the confirmation report.

SENATOR CARLSON: The confirmation report is adopted. Mr. Clerk, next item.

CLERK: Mr. President, Select File. Senator Murante, I have LB70 with Enrollment and Review amendments pending, Senator. (ER15, Legislative Journal page 408.) [LB70]

SENATOR CARLSON: Senator Murante for a motion. [LB70]

SENATOR MURANTE: Mr. President, I move to adopt the E&R amendments. [LB70]

SENATOR CARLSON: Members, you've heard the motion. All those in favor say aye. All those in favor say aye. Opposed, nay. Motion adopted. [LB70]

CLERK: I have nothing further on the bill, Senator. [LB70]

SENATOR CARLSON: Senator Murante for a motion. [LB70]

SENATOR MURANTE: Mr. President, I move to advance LB70 to E&R for engrossing. [LB70]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion adopted. Mr. Clerk. [LB70]

CLERK: Mr. President. Senator, I have LB31. I have no amendments to the bill. [LB31]

SENATOR CARLSON: Senator Murante for a motion. [LB31]

SENATOR MURANTE: Mr. President, I move to advance LB31 to E&R for engrossing. [LB31]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk. [LB31]

CLERK: LB88, Senator, there are E&R amendments. (ER17, Legislative Journal page 457.) [LB88]

SENATOR CARLSON: Senator Murante for a motion. [LB88]

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SENATOR MURANTE: Mr. President, I move to adopt the E&R amendments. [LB88]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye.  
Opposed, nay. Motion adopted. [LB88]

CLERK: I have nothing further on the bill, Senator. [LB88]

SENATOR CARLSON: Senator Murante for a motion. [LB88]

SENATOR MURANTE: Mr. President, I move to advance LB88 to E&R for engrossing.  
[LB88]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye.  
Opposed, nay. Motion carried. Mr. Clerk. [LB88]

CLERK: LB38, Senator, I have no amendments to the bill. [LB38]

SENATOR CARLSON: Senator Murante for a motion. [LB38]

SENATOR MURANTE: Mr. President, I move to advance LB38 to E&R for engrossing.  
[LB38]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye.  
Opposed, nay. Motion carried. Mr. Clerk. [LB38]

CLERK: LB283, Senator, I have no amendments to the bill. [LB283]

SENATOR CARLSON: Senator Murante for a motion. [LB283]

SENATOR MURANTE: Mr. President, I move to advance LB283 to E&R for engrossing.  
[LB283]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye.  
Opposed, nay. Motion carried. Mr. Clerk. [LB283]

CLERK: LB628, Senator. Once again, I have no amendments to the bill. [LB628]

SENATOR CARLSON: Senator Murante for a motion. [LB628]

SENATOR MURANTE: Mr. President, I move to advance LB628 to E&R for engrossing.  
[LB628]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye.

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Opposed, nay. Motion carried. Mr. Clerk. [LB628]

CLERK: LB337, Senator, there are Enrollment and Review amendments pending. (ER18, Legislative Journal page 458.) [LB337]

SENATOR CARLSON: Senator Murante for a motion. [LB337]

SENATOR MURANTE: Mr. President, I move to adopt the E&R amendments. [LB337]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion adopted. [LB337]

CLERK: I have nothing further on the bill, Senator. [LB337]

SENATOR CARLSON: Senator Murante for a motion. [LB337]

SENATOR MURANTE: Mr. President, I move to advance LB337 to E&R for engrossing. [LB337]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. All opposed, nay. Motion adopted. Next item, Mr. Clerk. [LB337]

CLERK: LB426, Senator, I have no amendments to the bill. [LB426]

SENATOR CARLSON: Senator Murante for a motion. [LB426]

SENATOR MURANTE: Mr. President, I move to advance LB426 to E&R for engrossing. [LB426]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk. [LB426]

CLERK: LB117, Senator. I have no amendments to the bill. [LB117]

SENATOR CARLSON: Senator Murante for a motion. [LB117]

SENATOR MURANTE: Mr. President, I move to advance LB117 to E&R for engrossing. [LB117]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk. [LB117]

CLERK: LB165, Senator, I have no amendments to the bill. [LB165]

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SENATOR CARLSON: Senator Murante for a motion. [LB165]

SENATOR MURANTE: Mr. President, I move to advance LB165 to E&R for engrossing. [LB165]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. It's a little weak. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk. [LB165]

CLERK: LB398, Senator. There are Enrollment and Review amendments. (ER20, Legislative Journal page 458.) [LB398]

SENATOR CARLSON: Senator Murante for a motion. [LB398]

SENATOR MURANTE: Mr. President, I move to adopt the E&R amendments. [LB398]

SENATOR CARLSON: You've heard the motion, members. All in favor say aye. Opposed, nay. Motion carried. [LB398]

CLERK: I have nothing further on LB398, Senator. [LB398]

SENATOR CARLSON: Senator Murante for a motion. [LB398]

SENATOR MURANTE: Mr. President, I move to advance LB398 to E&R for engrossing. [LB398]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Next item, Mr. Clerk. [LB398]

CLERK: LB27, Senator, there are Enrollment and Review amendments. (ER19, Legislative Journal page 458.) [LB27]

SENATOR CARLSON: Senator Murante for a motion. [LB27]

SENATOR MURANTE: Mr. President, I move to adopt the E&R amendments. [LB27]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. [LB27]

CLERK: I have nothing further on the bill, Senator. [LB27]

SENATOR CARLSON: Senator Murante for a motion. [LB27]



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SENATOR MURANTE: Mr. President, I move to advance LB27 to E&R for engrossing. [LB27]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk, next item. [LB27]

CLERK: Mr. President, LB211. Senator, I have E&R amendments, first of all. (ER14, Legislative Journal page 407.) [LB211]

SENATOR CARLSON: Senator Murante for a motion. [LB211]

SENATOR MURANTE: Mr. President, I move to adopt the E&R amendments. [LB211]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk. [LB211]

CLERK: Mr. President, Senator Ken Haar would move to amend with AM237. (Legislative Journal page 446.) [LB211]

SENATOR CARLSON: Senator Haar, you're recognized to open on AM237. [LB211]

SENATOR HAAR: Mr. President, members of the body, this was the amendment to require that we retain the open meetings law. And what I've done is I've talked with that organization and they will at least put on the agenda for their June meeting to put the open meetings law in their bylaws. And in the meantime, I will be lobbying them. And so I withdraw my amendment. Thank you. [LB211]

SENATOR CARLSON: Thank you, Senator Haar. The amendment is withdrawn. [LB211]

CLERK: I have nothing further on the bill, Mr. President. [LB211]

SENATOR CARLSON: Senator Murante for a motion. [LB211]

SENATOR MURANTE: Mr. President, I move to advance LB211 to E&R for engrossing. [LB211]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Next item, Mr. Clerk. [LB211]

CLERK: LB211A, Senator. I have no amendments to the bill. [LB211A]

SENATOR CARLSON: Senator Murante for a motion. [LB211A]

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SENATOR MURANTE: Mr. President, I move to advance LB211A to E&R for engrossing. [LB211A]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk, next item. [LB211A]

CLERK: Mr. President, LB616. Senator, I do have E&R amendments, first of all. (ER21, Legislative Journal page 458.) [LB616]

SENATOR CARLSON: Senator Murante for a motion. [LB616]

SENATOR MURANTE: Mr. President, I move to adopt the E&R amendments. [LB616]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk. [LB616]

CLERK: Mr. President, Senator Schumacher would move to amend with AM294. (Legislative Journal page 492.) [LB616]

SENATOR CARLSON: Senator Schumacher, you're recognized to open on AM294. [LB616]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. This particular act is a model act that...designed to be incorporated into our code and to our statutes. And presently there is statute 8-601 which authorizes the director of Banking to employ staff for the purpose of enforcing a whole litany of acts. In the drafting of this particular bill, this particular act, the Nebraska Money Transmitters Act was not added to that litany of things that he can employ staff to enforce. And the old act, the Checks and Funds Transmission Act, was not removed from the list of things he can employ staff to enforce. This particular amendment just simply makes what amounts to technical corrections in the integration of this act into our statutory scheme. Thank you, Mr. President. [LB616]

SENATOR CARLSON: Thank you, Senator Schumacher. Members, you've heard the opening on AM294. Are there senators wishing to speak? Seeing none, Senator Schumacher, you're recognized to close. He waives closing. The question is, shall AM294 be adopted? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB616]

CLERK: 33 ayes, 0 nays, Mr. President, on the adoption of Senator Schumacher's amendment. [LB616]

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SENATOR CARLSON: AM294 is adopted. [LB616]

CLERK: I have nothing further on the bill, Mr. President. [LB616]

SENATOR CARLSON: Senator Murante for a motion. [LB616]

SENATOR MURANTE: Mr. President, I move to advance LB616 to E&R for engrossing. [LB616]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk. [LB616]

CLERK: Mr. President, LB484, no Enrollment and Review amendments. Senator Karpisek would move to amend with AM261. (Legislative Journal page 476.) [LB484]

SENATOR CARLSON: Senator Karpisek, you're recognized to open on AM261. [LB484]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. If you recall, last year we passed a big bill that required reports filed with the Legislature all to be filed electronically. That language has been inserted everywhere where such reports were required and it was just left out of this bill inadvertently. So, the language I am putting in would be that the report submitted to the Legislature shall be submitted electronically. Thank you, Mr. President. [LB484]

SENATOR CARLSON: Thank you, Senator Karpisek. Members, you've heard the opening on AM261. Are there senators wishing to speak? Seeing none, Senator Karpisek waives closing. The question is, shall AM261 be adopted? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk. [LB484]

CLERK: 34 ayes, 0 nays, Mr. President, on the adoption of Senator Karpisek's amendment. [LB484]

SENATOR CARLSON: AM261 is adopted. Mr. Clerk. [LB484]

CLERK: I have nothing further on the bill, Mr. President. [LB484]

SENATOR CARLSON: Senator Murante for a motion. [LB484]

SENATOR MURANTE: Mr. President, I move to advance LB484 to E&R for engrossing. [LB484]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye.

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Opposed, nay. Motion carried. Mr. Clerk. [LB484]

CLERK: Mr. President, LB510. I have no Enrollment and Review. Senator Scheer would move to amend with AM416. (Legislative Journal page 538.) [LB510]

SENATOR CARLSON: Senator Scheer, you're recognized to open on your amendment. [LB510]

SENATOR SCHEER: The amendment just is a technical cleanup in relationship to the bill, changing a few verbiage that was caught by committee. [LB510]

SENATOR CARLSON: Okay. Members, you've heard the opening on AM416. Are there senators wishing to speak? Seeing none, the question is, shall AM416 be adopted? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk. [LB510]

CLERK: 35 ayes, 0 nays, Mr. President, on the adoption of Senator Scheer's amendment. [LB510]

SENATOR CARLSON: AM416 is adopted. Mr. Clerk. [LB510]

CLERK: I have nothing further on the bill, Mr. President. [LB510]

SENATOR CARLSON: Senator Murante for a motion. [LB510]

SENATOR MURANTE: Mr. President, I move to advance LB510 to E&R for engrossing. [LB510]

SENATOR CARLSON: Members, you've heard the motion. All in favor say aye. Opposed, nay. Motion carried. Mr. Clerk, next item. [LB510]

CLERK: Mr. President, General File. The first bill this morning, LB6. (Read title.) The bill was introduced on January 10 of this year, referred to the General Affairs Committee. The bill was advanced to General File. I do have an amendment to the bill, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Krist, you're recognized to open on LB6. [LB6]

SENATOR KRIST: Thank you, Mr. President. Good morning, colleagues, and good morning, Nebraska. As indicated on the committee statement, LB6 advanced from the General Affairs Committee on a 7-0 vote, no committee members voting against the bill. There was no opposition or neutral testimony offered during the hearing. LB6 provides for the restoration of appropriate services for Nebraska's problem gamblers and their

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families. These individuals who need treatment for their gambling addiction have expressed concerns about the quality of services they are currently receiving. Rather than providing in-person counseling or treatment as the first and only option, the Nebraska Department of Health and Human Services, DHHS, which oversees the state Gamblers Assistance Funds, has decided to contract for gamblers assistance services outside of our state with a contractor who only provides problem gamblers with assistance over the phone from Chicago. Last session, I introduced LB998, which the Legislature passed and the Governor signed into law. LB998 fully recognized and significantly improved our state's Foster Care Review Office and Foster Care Review Board. LB6 goes down this same path of reorganization and improvement. From the early 1990s through most of 2011, our state provided high-quality, face-to-face counseling and treatment for our citizens who were stepping forward to admit their gambling addictions. Unfortunately, DHHS did away with quality support and decided to outsource our state treatment for problem gamblers. The committee statement provides a quick summary of LB6, and I am circulating an article on this bill written recently by the Lincoln Journal Star. I do want to apologize for that ugly mug on that article, but the picture comes with the article. LB6 corrects the current problems by establishing the Nebraska Commission on Problem Gambling as a division of the Charitable Gaming Division in the Nebraska Department of Revenue to administer and oversee a newly created Gamblers Assistance Program. This bill, from an historical perspective, returns the commission to the state agency where the Legislature established it in early 1990s. The Nebraska Department of Revenue is the place it should be. Under LB6, the commission will have nine members who are appointed by the Governor and subject to confirmation by the majority of the Nebraska Legislature. This provision is described in the committee statement. The members include people with the following professional background skills: medical care or medical health expertise, expertise in gambling, legal expertise, expertise in the field of education, two consumers of problem gambling services, data analysis expertise, and two Nebraska residents and representative of the public at large. The commission would be statutorily enabled to develop guidelines and standards for the operation of the Gamblers Assistance Program and direct the distribution and disbursement of the money in the Compulsive Gamblers Assistance Fund. The commission would also appoint a director of Gamblers Assistance Program, provide the director with office space and equipment, and support and facilitate the work of the program. Under the bill and by state rule and regulation, the commission would: first, provide for a process of evaluation and approval of provider applications and contracts for treatment and other services funded from the Compulsive Gamblers Assistance Fund; two, develop standards and guidelines for training and certification of problem gambling assistance...or counselors, I'm sorry; and three, provide for the review and evaluation of data; four, provide for the use and expenditure of the funds for education regarding problem gambling and prevention of the problem gambling; and five, provide for the creation and implementation of outreach and educational programs regarding problem gambling for Nebraska residents. The Gamblers Assistance Program created in the bill shall contract with providers and treatment facilities; promote public

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awareness of the existence of problem gambling and the availability of treatment services; evaluate the existence and scope of the problem within Nebraska; and perform all other duties, provide that such services of the commission determines. The main sources of funding for the Gamblers Assistance Program are the Charitable Gaming Operations Funds and the State Lottery Operation Trust Funds. It is the stated intent of the Legislature that such funding will be used primarily for counseling and treatment services for problem gamblers and their families, ultimately, providing in-state treatment to those who truly need it and are requesting it, giving the best possible yield in product. I ask for the advancement of LB6 to Select File. Thank you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator Krist. As the Clerk mentioned, there are amendments and, Senator Krist, you're recognized to open on AM476. (Legislative Journal pages 604-606.) [LB6]

SENATOR KRIST: Thank you again, Mr. President. AM476 makes a few technical changes to the bill. First in the bill, the Governor appoints from a list provided by the General Affairs Committee. The amendment requires the list to consist of at least four individuals for each commission position. This change reflects previous Attorney General Opinions and case law which maintain the list of three individuals is sufficient...is insufficient for the Governor to choose from. That's Section 3(2). Second, the amendment clarifies that General Affairs Committee would hold a confirmation hearing for each of the Governor's appointees before sending the appointment to the Legislature for confirmation. That's Section 3(3). Third, the amendment staggers the terms of the commission members and establishes a deadline of 30 days for the General Affairs Committee to present the Governor with a list of names. That would be Section 3(4). Fourth, the amendment provides for the Compulsive Gamblers Assistance Fund shall be used for the cost and expenses of Gamblers Assistance Programs, including travel. That's page 7, line 15. Fifth, the amendment allows for the Charitable Gaming Operations Fund to be used for administrative support for the Nebraska Commission on Problem Gambling. This change is necessary to follow the funds to be expanded from the Charitable Gaming Operations Fund for the administrative support of the commission. That would be page 9, line 11. Also, for administrative purposes, the amendment adds the E clause and changes the operative date to July 1, 2013. I'd just like to throw in an editorial note about the amendment. It will...it will have an A bill that will follow and it will provide a separate program of funds so that that money can be tracked, specifically for problem gamblers. Right now, that does not exist. The money is sent into a common program and then divided from there by DHHS, and I think we all know what happens when those kind of situations happen. Thank you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator Krist. Members, you've heard the opening on LB6 and the underlying amendment, AM476. (Visitors introduced.) The floor is now

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open for debate. We have senators wishing to speak, including Price, Dubas, and Harms. Senator Price, you're recognized. [LB6]

SENATOR PRICE: Thank you, Mr. President, members of the body. Good morning, Nebraska. I rise in support of the concept of what we're trying to do here. I would also like to tell the body, you know, later in this year we're going to hear more about gambling because they want...because those who are proponents would like to have more gambling. So it is rather poignant that in this session where we've already said we can gamble faster, that we're admitting that we need to be able to have better state resources for problem gambling. And later when we hear about more gambling so that this will become, I would say without a doubt, a reality, if you have more of it, you'll get more of it and that would be the problem. Sure, there will be revenue, that's not an argument, but you'll have more problems. But really this morning I rise because I am somewhat concerned. Colleagues, it makes a difference the words we use and the places we put programs. One wouldn't go to your banker directly looking for dairy products. It just doesn't seem to flow. Right now, Health and Human Services is where this is. It's a Health and Human Services issue. And I applaud Senator Krist for basically taking the bull by the horns and saying, let's deal with the issues, but I think it brings to light a challenge we have. Sometimes we have to face up to the problem. If HHS, and I'm not trying to denigrate that department, what I'm trying to say is, it is a natural flow for this to belong in HHS, and I believe when we do things that take it out of the natural flow we invite complication and confusion. I believe that we can overcome the challenges that are organizationally and structurally apparent in the current structure. But I also rise to show you where else in statute we've done similar things. And I would call out statute 79-2114, which is the elementary learning center services and programs and report required. And under that tiny statute, that has all the way through alphabetical (q) as subparagraphs, you'll see things as distribution of clothing, transportation, mental healthcare, and that's not just for the student in an elementary learning center. That's for the entire family. And my question is, I believe that what we see is, is...for lack of better of words, a spilling out, a leaking. One would not expect that the education would be providing clothing for family members. It doesn't follow the natural order. I'm not saying that having clothing, adequate clothing, for a student going to school isn't an imperative. What I am saying is our debate here talks about being able to track monies, to track resources. Would one look in the education statute for clothing? I doubt that. And nor would one look for problem gambling in the Department of Revenue, other than that's where they're making the money. And if that's how we want to do it, how we make money, that's where we would find services, then we have a lot of reordering of our organizational structure, our functional flows, let alone our accounting system, because I don't... [LB6]

SENATOR CARLSON: One minute. [LB6]

SENATOR PRICE: Thank you, Mr. President,...because I don't believe that they follow a

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natural order. Now, can you imagine someone trying to figure these things out who doesn't, who doesn't have the advantage of a relationship with a senator or with one of these services? And isn't that who we're trying to reach? They wouldn't think that Department of Revenue is where they would look for guidance. They would think Health and Human Services. So, again, I rise in support. I believe this is a cautionary tale to tell the members of the body, we're trying to fix the part that we deal with, the broken part, as a result of gambling, and we're going to talk about expanded gambling. And thirdly, following natural order does seem to work well for nature. Thank you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator Price. Senator Dubas, you're recognized. [LB6]

SENATOR DUBAS: Thank you, Mr. President. The committee system that we have here in the Legislature is an incredibly valuable tool for all of us. As members of the committee, through the hearing process you're able to hear all sides of the issue and follow up with questions, ask for more information. It's just an integral part of our decision-making process. And then when bills come to the floor, typically the committee statement is probably one of the first things that a senator will pull up just to see how did the vote go in the committee, who testified in support, who testified in opposition, and who came in, in neutral. So you pull up LB6, and you see there were proponents, but there were no opponents or no one in the neutral. So that would lead me to believe that the bill generally has good support and has merit and, with some further questioning and understanding of the issue, would likely lend my support to the bill. I, likewise, had a bill introduced a while back and it is now my priority bill. But no one came in and testified in opposition or in the neutral capacity. And the hope was that the department would come forward and at least, in the neutral capacity, give the committee an opportunity to see what concerns they may have, if any; also for me, as the bill introducer, to visit with the department to see what changes may or may not need to be made to the bill. So with that, I would...would Senator Krist yield to a question? [LB6]

SENATOR CARLSON: Senator Krist, would you yield? [LB6]

SENATOR KRIST: Yes, I will. [LB6]

SENATOR DUBAS: Thank you, Senator Krist. Now, as I said, I see no one came in and testified in opposition or in the neutral capacity, but based on the newspaper article that you just handed out, two days after the hearing you received a letter from Scot Adams, the agency's director at Division of Behavioral Health, stating that they oppose the bill. Had you had any conversations before your hearing or as you worked on the bill or any understanding why the department chose not to come in and use the committee system but rather waited until afterwards to send you a letter with their opposition? [LB6]



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SENATOR KRIST: During the six-month process working up to actually submitting the bill--and because of the low number, you can understand it was the first day--I made myself available to all parties, both pro and con. The department, after the committee hearing, apologized for not having the director there and that was after I received the letter. And I'd be happy to provide a copy of that letter with the rebuttal to it, if you'd like to see it. They're ready to hand out if you'd like it. So I don't know why they chose not to. My comment to the CEO was that that is where it should happen, in a public hearing, so that we have feedback on both sides. But again, I have been...they did apologize for not being there. They do not agree in concept with moving it outside of the department. But as Senator Price said, I think that's up to the 49 of us to decide as a policy issue where it should, it lie. [LB6]

SENATOR DUBAS: It is unfortunate that they don't choose to participate in some of these hearings because, again, that's where we gather our information and that would have provided some good insight for you. I guess going back just to the bill itself, how did this particular issue come to your attention? Why is it that you felt the need to make these changes? [LB6]

SENATOR KRIST: Former State Senator Vickie McDonald and a group that had been involved with implementation of the original committee had watched the decay of the services happen over the years. She brought several folks who told me, it's time to clean it up. They did that because of the action that we took last year with the Foster Care Board. [LB6]

SENATOR CARLSON: One minute. [LB6]

SENATOR KRIST: They knew I was interested in doing that. And so we went methodically through that process to figure out is it something that can be fixed or do we need to start over. And this is the format we decided to go forward with. [LB6]

SENATOR DUBAS: And did you state, I didn't quite catch it, something about original intent or legislative intent was originally having this program with the Department of Revenue? [LB6]

SENATOR KRIST: Yes. The original intent said it would lie within the Department of Revenue where the funds could be tracked. And, essentially, thank you for that question because this is a group of professionals that will direct the treatment and the availability of treatment. This is not a volunteer board that might weigh in one way or another. These are trained professionals who know the subject matter and they're directing it. So an argument can be made, it makes no difference where they lie, those professionals need to control the money and the program. [LB6]

SENATOR DUBAS: And you feel it's easier to track the money having it in the

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Department of Revenue rather than DHHS? [LB6]

SENATOR CARLSON: Time. [LB6]

SENATOR DUBAS: Thank you. [LB6]

SENATOR CARLSON: Thank you, Senator Dubas and Senator Krist. Senator Harms, you're recognized. [LB6]

SENATOR HARMS: Thank you, Mr. President and colleagues. Senator Krist, would you yield? [LB6]

SENATOR CARLSON: Senator Krist, would you yield? [LB6]

SENATOR KRIST: Yes. [LB6]

SENATOR HARMS: Senator, I can understand why you're making this shift, but I want to get into a little greater depth in regard to the number of people that we might be losing in this process, falling through the holes. Could you share with us really what's happening in the area of Health and Human Services, then what has occurred in regard to the right kinds of treatment or what's going on or are they not spending the money? Could you share some more information for me to have a better understanding about this move? [LB6]

SENATOR KRIST: There's currently \$1.7 million sitting in a fund that the actual committee, the standing committee, has not been able to access. What's happening in terms of the group of people that are being affected is we're seeing many, many more young people on-line, in on-line gambling, being affected and having problems. Gambling addiction is different than behavioral or substance abuse and to have the access to those specialized treatment programs is essential. So we're missing a group of young people, younger gamblers that are presenting themselves as a product of the on-line gambling function. And we're also missing the face-to-face on-line gambling treatment that did happen early on in the program. [LB6]

SENATOR HARMS: Why is it that they cannot secure the money and use the money? What's really blocking that, their inability to handle the environment in Health and Human Services? What really creates that issue? If the money is there, why is it we can't get to that money to spend it for the people that need the help? [LB6]

SENATOR KRIST: Well, unlike behavioral health instances or substance abuse instances, the psychiatric diagnosis is derived from a diagnostic criteria established from the American Psychiatric Association's Diagnostic and Statistical Manual, which is a part of the DSM. And it's a different kind of addiction. So when our Department of

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Health and Human Services takes those funds in and treats problem gambling, behavioral addiction, mental health and substance abuse all the same, the money is not being spent for what it was originally intended to, which is strictly problem gambling. That pot of money that needs to treat problem gamblers is not so clearly defined by the federal system and, therefore, not available, while other addictions are. So, it's a matter of prioritizing the intent. The intent of the citizens who voted for gambling to become legal within the state and the associated statutes that followed said, if we're going to have gambling, then we're going to have a fund set aside to treat problem gambling, because that's going to happen. And that money has been diluted into other areas. [LB6]

SENATOR HARMS: Thank you very much, Senator Krist. Colleagues, I guess as I look at this, it brings back memories for me when we looked at privatization of the Department of Health and Human Services. It brings back memories to me when we went through the Beatrice issue. It brings memories back to me just recently where we haven't even been able to bill and get a return on our dollars from our federal sources that run into a little over a million dollars that we have lost. And what it says to me is that there still is an issue and a problem in Health and Human Services that we have been unable to fix. And I think it's time to say that we're done with this. We should not have to move this program to Revenue to fix it for the people who need the help. What we're seeing is the problem with Health and Human Services. They've been unable to step to the plate and deal with the issues. I get offended by... [LB6]

SENATOR CARLSON: One minute. [LB6]

SENATOR HARMS: Pardon me, Mr. President? [LB6]

SENATOR CARLSON: One minute. [LB6]

SENATOR HARMS: Thank you, Mr. President. I get offended by this. Every year we come by, we seem to have an issue. And I have great fear in the fact that even our own Appropriations Committee...which I support putting over \$2 million to bring up-to-date our computer system, technology system to be able to handle the new federal program that's coming in. I have great fear that we're going to be able to handle that, and put the numbers in appropriately, and address the issue appropriately. It's a shame that we have to do this. I'm going to support this bill because the simple fact is, I am not convinced that Health and Human Services will fix this issue. I'm not convinced without this Legislature's involvement, and all the issues I've talked about, they could have fixed those. It was the Legislature who had to come in and fix them. And this case, it's the same thing. We're going to have to take problem gambling and move it out and put it in the Revenue Department where it probably really doesn't belong, but it may be the only way we can fix it. [LB6]

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SENATOR CARLSON: Time. [LB6]

SENATOR HARMS: Thank you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator Harms and Senator Krist. And now, Senator Krist, you're recognized. [LB6]

SENATOR KRIST: Just for the record, there will be conversation now and probably into Select and, hopefully, before it becomes law, about where it really should...where this program really should be. As a matter of record, I'd like to enter in, as programs get more and more familiar with the state Health agency processes, new gambling programs and some older programs are moving away from state health agencies and into their own offices to gain autonomy so they don't get run over by the DHHS-like regulations. We had a director who was here in the state who moved to Arizona and guess what? Arizona has it again outside of the Department of Health and Human Services because he decided he saw what would happen if the program became diluted and the addiction of gambling became overrun with behavioral and substance abuse, etcetera. In Nebraska, DHHS has a chance to develop a program that worked and provided care for clients without the burden of federal government mandates that slowed down the client care and recovery. They chose instead to try to assimilate the gap into federal mandates, where none exist, to make everything run smoothly from the bureaucratic standpoint while inhibiting the care for the problem gambler. And, essentially, that is the crux of the problem we have today. Can it stay in HHS? Maybe. Maybe, if the program, as I suggested to you in the A bill, separates the money so there's clear control of the money that is being spent, appropriated by the commission, the commission of trained professionals that understand the addiction that treat it head-on, not under the control of a common director who sees the advantageous use of money in other areas. That's not what this is about. Legislative intent put this money away to handle problem gamblers. And as Senator Price eloquently pointed out, we're going to be talking about gambling; and if we have gambling, we need to treat it. And this is the problem gambling fund. It's the way to do it. I would also say for the record, it really doesn't make any difference whether this body or the citizens of Nebraska do away with all gambling. You don't have to go more than 200 miles in any direction from the center of the state and you can find all the gambling you want. You can go to Las Vegas two or three times a year. You can get on-line, which is what I've been talking earlier with Senator Harms about our youth and the problems that we have. No matter what happens, we're going to have the addiction of problem gamblers. States with problem...with gambling programs housed outside the state health agencies: Arizona, Florida, Missouri, New Mexico, Pennsylvania, Rhode Island, Texas. States currently creating gambling programs to be housed outside the state: Kentucky and Montana are following suit. Why are they doing it? My research tells me the same reasons that I'm suggesting we do it. Let's pay attention to problem gamblers; let's put the revenue that we receive, in part, from gambling into these programs where it should be spent. Thank

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you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator Krist. Senator Pirsch, you're recognized. [LB6]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. I wonder if Senator Krist would yield to a question or two. [LB6]

SENATOR CARLSON: Senator Krist, would you yield? [LB6]

SENATOR KRIST: Yes. [LB6]

SENATOR PIRSCH: Thank you. And I appreciate the handout that...the Lincoln Journal Star article. One of the things that caught my attention in that article, the...and I'd like to ask you about it, with respect to the issue of...is...by having...you had mentioned there may be an opportunity to leave the dollars somehow within the domain of HHS as long as they were dedicated. Does that...is the reason for that is by housing it within HHS allow for those dollars to be leveraged in terms of Medicaid or insurance or fraud, some other purpose? That's one of the things that was put forward by Division of Behavioral Health as being a reason to not have it independent. Could you comment on that? [LB6]

SENATOR KRIST: Senator Pirsch, if you or I were taking a portion of our hard-earned money or our profit and we wanted it to be donated some place and used for a specific purpose, which is not too dissimilar from what we are doing with gambling revenue funds, and applying it specifically to this purpose, I doubt either one of us would be happy if we found out that our money was not being spent in that charity the way we want it to be. I would think that most Nebraska taxpayers would see if that money is being leveraged within Behavioral Health, within the department, in any other way than treating problem gamblers, which by the way are not being treated very well today, I think they would be outraged that their money was being spent someplace else. And I guess, more importantly, I would answer your question specifically with just, I don't know. Every time I asked the question of the Department of Health and Human Services how much money they're spending on a particular program and where the money is going, they find it difficult to track the money from the time it arrives to the time that it gets spent. [LB6]

SENATOR PIRSCH: Well, I appreciate that and agree with you that, you know, if the money is put forward for that purpose that it ought to be used for that purpose. My only question is that, and I guess that, you know, I would be interested in knowing the answer, is whether is there somehow a utility involved in terms of having the money reside within HHS, which is apparently their, you know, one of their statements in the news article they gave forward. Somehow they can take that money and leverage it in larger amounts. So I'd be interested in knowing more about that. Thank you. [LB6]

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SENATOR CARLSON: Thank you, Senator Pirsch and Senator Krist. Senator Krist, you're recognized. [LB6]

SENATOR KRIST: At the request...thank you, Mr. President, and this will be the last time I get up unless somebody asks me a question. At the request of Senator Dubas and several others, I furnished you a handout of the department's letter, Dr. Adams' letter back to me after the fact, after the public hearing. And then you'll see in red the responses. These responses did not come from me. They came from the professionals that had been administering to problem gambling funds as part of the committee over the past decades, so, a direct response from those again who are the professionals who should be ushering in these programs and taking care of our problem gamblers and who should be directing the money and appropriating the money towards these issues. If there's any questions with the letter, I'd be happy to answer them. Thank you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator Krist. There are no other senators wishing to speak. Senator Krist, you're recognized to close on AM476. [LB6]

SENATOR KRIST: I will be concise and brief, concise because there isn't much more to say. The department has not fulfilled its obligation to keep the money going towards the issue that it was intended to solve or try to solve, which is problem gambling. They haven't done what they needed to do and it is our responsibility to legislate, appropriate, and apply oversight. In this particular case, we need to apply that oversight and take action. As Senator Price suggested earlier, should it be in HHS? Should it be in Revenue? We're going to have between now and Select to decide as a policy, as policymakers, where that might rest. I welcome that discussion. I wholeheartedly believe that this bill and this current amendment are written the way that they should be, and I would ask for your support on AM476 and the underlying LB6. [LB6]

SENATOR CARLSON: Thank you, Senator Krist. Members, you've heard the closing on AM476 to LB6. The question is, shall AM476 be adopted? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB6]

CLERK: 34 ayes, 0 nays, Mr. President, on the adoption of Senator Krist's amendment. [LB6]

SENATOR CARLSON: AM476 is adopted. We return to debate of the underlying bill, LB6. Are there senators wishing to speak? Senator Scheer, you're recognized. [LB6]

SENATOR SCHEER: Thank you, Mr. President. I rise very quickly just to support LB6 by Senator Krist. I also had numerous communications from people in my district and surrounding areas that support the need for a change in the legislation to provide better

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and more adequate services to those that have found themselves in the clutches of gambling. So, I rise in support and thank you. [LB6]

SENATOR CARLSON: Thank you, Senator Scheer. Senator Harms, you're recognized. [LB6]

SENATOR HARMS: Thank you, Mr. President and colleagues. Senator Krist, would you yield for just one more question, please? [LB6]

SENATOR CARLSON: Senator Krist, would you yield? [LB6]

SENATOR KRIST: Yes. [LB6]

SENATOR HARMS: I said earlier, Senator Krist, I support this because I know of the issues we have in Health and Human Services. As you give some thought...or have you given some thought to whether or not we can actually resolve this in Health and Human Services similar to the sorts of things that your committee did with Senator Sullivan when we dealt with privatization? Is there any hope that that could actually be done or do you think it actually has to make the transfer to make this work for the people who need the help? [LB6]

SENATOR KRIST: I'll answer that with two statements. First of all, the recreation...or the creation of a commission to take the place of the committee is essential, absolutely essential. The power of that commission to unilaterally work in the direction of problem gambling and try to solve some of those problems is essential. To the second point, I would say, should this body and the policymakers hear evidence which will require the department to actually come forward and talk to us, find the evidence that we can keep it there and it will be managed there, then we will have to make that decision as 49. [LB6]

SENATOR HARMS: Senator Krist, do you feel comfortable with...could they actually do this? I guess I'm trying to get down to the point was, I know why you're moving it and I know all the issues we've had, the majority of the issues we've had over the last seven years with Health and Human Services. Do you have any confidence at all that we could design this so that we would have better management and a way to trace whether it's being done by having that commission involved directly with Health and Human Services or do you think that we just have to make that cut and make it happen or maybe bring them to the table and see exactly what could be done? [LB6]

SENATOR KRIST: My sense, Senator, is that in a term limited environment, by taking it away of HHS and putting it in the Department of Revenue and putting it in the hands of professionals, we will solve this problem once and for all. Leaving it at HHS, we risk going back. So my answer would be, it needs to move. [LB6]

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SENATOR HARMS: Thank you, Senator Krist. I happen to agree with you and I would urge you to support LB6, colleagues. Thank you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator Harms and Senator Krist. Senator McCoy, you're recognized. [LB6]

SENATOR McCOY: Thank you, Mr. President, and good morning, members. If Senator Schilz would yield to a question, please. [LB6]

SENATOR CARLSON: Senator Schilz, would you yield? [LB6]

SENATOR SCHILZ: Sure. [LB6]

SENATOR McCOY: Thank you, Senator. I noticed on the committee statement, I believe that you were present, not voting. I wondered if I might inquire as to that reason. I hadn't heard you talk this morning on the mike. Was it in response to Mr. Adams' opposition from Health and Human Services or do you mind elaborating as to why that might have been? [LB6]

SENATOR SCHILZ: No, I...to be honest with you, I don't believe I was there for the Exec that day and that's why it was...I don't remember not voting in favor for it. I don't remember voting about it at all. But I am in supportive of the bill. [LB6]

SENATOR McCOY: Okay. So you support LB6 but you believe maybe the committee statement is incorrect? Is that what... [LB6]

SENATOR SCHILZ: It would seem so, yes. [LB6]

SENATOR McCOY: So it should...the committee statement should reflect you as absent,... [LB6]

SENATOR SCHILZ: Absent. [LB6]

SENATOR McCOY: ...not present, not voting. [LB6]

SENATOR SCHILZ: That's correct, I believe. [LB6]

SENATOR McCOY: Okay. All right, that I believe that answers my questions for Senator Schilz. Thank you, Senator. That's helpful information in one question that I had on this bill. And I would applaud Senator Krist for doing an admirable job, I believe, with LB6 to address a very important issue in our state and an issue that's really important across the country, because I think what the statistics bear out is that problem gambling, with



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the expansion of technology, is an issue in all 40 states, not just ones that have legalized gambling and ones that do not. And to the degree that we can, I think it's wise that we're doing our best to address this issue and I hope that LB6 is the best way possible to address it. It could be that we have to come back at some point and address it again. And with that, I'd like to ask Senator Krist a question, if he would yield. [LB6]

SENATOR CARLSON: Senator Krist, would you yield? [LB6]

SENATOR KRIST: Yes. [LB6]

SENATOR McCOY: Thank you, Senator. As the introducer of this measure, Senator Krist, do you see...foresee a time down the road that we may need to, with the growth of technology, that we may need to come back to this issue to the well, if you will, and readdress this problem? [LB6]

SENATOR KRIST: In terms of the money or...? [LB6]

SENATOR McCOY: Well, in terms of the money. With the expansion of technology, certainly growth of on-line gambling is a problem. From the money or from the procedure of how you've designed this legislation to work, do you foresee a time down the road when we may have to readdress this issue? [LB6]

SENATOR KRIST: Senator McCoy, to the best of my ability, I think the committee membership that's proposed in the bill puts really qualified professionals in charge of administering the program. So I think from that perspective, I'm comfortable that the best we can do right now is to keep those qualified people there, and I think that's the right mix. From the money side of it, they're given a half million dollars a year right off the top and then a half a percent after everything is paid and then at the end of the day they get another lump sum of money. So as the revenue would increase, if it would increase, so would the pot of money that goes into problem gambling. So from both of those perspectives...of course, I don't have a crystal ball, but from both of those perspectives, I say we're doing everything we can right now to try to fix this problem long term. [LB6]

SENATOR McCOY: No, I appreciate that Senator. And yes, clearly, I wouldn't expect you to look into a crystal ball in this. I do think, though, that that is important to acknowledge once again what we're talking about here that hopefully... [LB6]

SENATOR CARLSON: One minute. [LB6]

SENATOR McCOY: Thank you, Mr. President. Hopefully, we won't need to come back and address this with General Funds down the road. Hopefully, this will be self-sustaining and be a program that really helps Nebraskans with a very large problem

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that could be very destructive to families across our state. Thank you, Senator Krist, and thank you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator McCoy. Senator Karpisek, you're recognized. [LB6]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. I just want to try to clear up the record on Senator Schilz's vote. I think what happened was that Senator Schilz was not at the hearing. I think he had to go to an eye appointment, if I remember correctly. I held the vote open for him when he got back. Since he....(laugh) he seems to not remember. Since he hadn't heard it, I think he just not voted because he didn't hear the bill, he didn't need...in committee, he didn't...Senator Krist didn't need the votes to advance it and I think he just not voted. I just want to make sure that I don't throw my committee clerk under the bus by saying that it was wrong. I think it is right. I also would like to say that I do support LB6 also. We talk about all of the bad parts of gambling and what can happen, and it is true that some people do get hooked on gambling. My point is, they get hooked on casinos that we don't have, on the slots. They also get hooked on betting on college and pro football, which is illegal. They get hooked on a lot of things that we get nothing for. And I am very happy that we can try to give them some help, but we do need to give them help and we need to give them the appropriate kind of help. Just because we might not be the ones causing this problem, we need to get them some help, and as Senator Krist has said, the right kind of help and in the right way. So I do support Senator Krist and LB6. Thank you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator Karpisek. Senator McCoy, you're recognized. [LB6]

SENATOR McCOY: Thank you, Mr. President. Would Senator Karpisek yield? [LB6]

SENATOR CARLSON: Senator Karpisek would you yield? [LB6]

SENATOR KARPISEK: Yes, I will. [LB6]

SENATOR McCOY: Thank you, Senator. Would you mind elaborating on one of those things you just said a moment ago. You said, folks get hooked on betting on football games and then you said, and something we don't get anything for. What did you mean by that, Senator? [LB6]

SENATOR KARPISEK: The state doesn't get any tax money off of illegal football betting, so in most of the...in most of the gambling legislation, this fund should be getting a percentage of the money that's collected by the state. We also don't get any money, obviously, from the casinos in Iowa or all of the surrounding states to help with

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the gambling addiction of Nebraskans. [LB6]

SENATOR McCOY: Well, by extension of that, Senator, should...and I'm not saying you're implying this, but in your mind should we legalize that, the betting on those activities, so that this fund can grow? [LB6]

SENATOR KARPISEK: I would like to see expanded gambling in the state, but obviously that's another issue. [LB6]

SENATOR McCOY: Thank you, Mr. President. Thank you, Senator Karpisek. [LB6]

SENATOR KARPISEK: Thank you. [LB6]

SENATOR CARLSON: Thank you, Senators McCoy and Karpisek. Are there other senators wishing to speak? Seeing none, Senator Krist you're recognized to close on LB6. [LB6]

SENATOR KRIST: A wise, white-haired man that sits next to me told me once, if you really care about your bill, don't waive closing. So I won't waive it. I'll just tell you I'm very, very interested in passing LB6 on to the next level. There will be discussions between now and then, I promise you, but please give me your support for LB6. Thank you, Mr. President. [LB6]

SENATOR CARLSON: Thank you, Senator Krist. Members, you've heard the closing on LB6. The question is the advancement of LB6 to E&R Initial. All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB6]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB6. [LB6]

SENATOR CARLSON: LB6 does advance. Mr. Clerk, next item. [LB6]

CLERK: Mr. President, LB479 was a bill introduced by Senator Lathrop. (Read title.) The bill was introduced on January 22, referred to the Banking, Commerce and Insurance Committee. The bill was advanced to General File. I have no amendments to the bill at this time, Mr. President. [LB479]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Lathrop, you're recognized to open on LB479. [LB479]

SENATOR LATHROP: Thank you, Mr. President and colleagues, good morning. LB479 deals with a problem between two insurance policies. I want to describe the problem for you and then the solution. When you have a policy of health insurance, that health insurance is a promise by your health insurance carrier to pay your hospital bills

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according to the terms of the plan. A typical hospital policy, a major-medical policy will have a deductible and it will have a copay benefit. That's the amount the insured is responsible for in the event they have a sickness or illness or injury. Those deductibles and the copay amounts are growing as employers try to find a way to deal with the escalating costs of health insurance. We've seen them go through a phase where we did HMOs. We now see these things...try to control costs by increasing the amount of the deductible and the copay. So when you are in an auto accident and you have health insurance, you turn to your health insurance and you expect them to pay your medical bills associated with that injury, and then you're responsible for the copay and the deductible, and that is as you agreed with your health insurance carrier. The policy is an agreement, right? So you've agreed to be responsible for the copay and the deductible. Enter auto insurance. When you buy an auto insurance policy, you buy a number of different coverages in that policy. You buy liability in case it's your fault. You buy collision coverage in case you run into a tree and that's your fault. You buy medpay coverage and medpay coverage is a promise by your auto insurance to pay 100 percent of your medical expenses associated with an injury that occurs while you're in the car. Where's the collision that I talked about? What's happening now in the health insurance industry is the health insurance companies, to control their cost, in a bigger sense, is saying to the insureds in the policy, if you're in an auto accident, we get your medpay. And not only are we going to take your medpay, but we're not going to credit it to your deductible under the health plan. Let me give you an example. Somebody is in a car wreck. They have a health plan with a \$5,000 deductible, and I'm going to ignore the copay because it's not necessary for my example. You have a \$5,000 deductible on your health plan and you have medpay that you bought in case you're in a car wreck to cover that \$5,000 deductible, so you, the consumer think, I have health insurance but I need \$5,000 worth of medpay to cover my deductible, right? The health insurance company is saying, we're going to take that \$5,000 that you bought in medpay coverage, we're going to pay some of your bills with it but we're not going to...we're not going to credit you for your deductible. So even though you paid for that \$5,000 worth of coverage to pay for your...or cover your deductible, when the health insurance company gets done taking it from you, you still have to shell out \$5,000 for your deductible. That's what we're talking about. So the bill basically says that a health insurance company cannot take from you another policy that you bought to provide for your own financial well-being. Why is it important in the big scheme of insurance? First of all, this is a consumer bill. Right? It's also an auto insurance bill, because if we let health insurance take your auto insurance coverages, just because you've made a claim for the payment of care for an injury, if they take your auto coverages, then people will stop buying them. If you sell this insurance, your customers are all going to stop. Why would you buy medical pay coverage or why would you buy uninsured or underinsured coverages if your health insurance takes it and you still have to pay for your deductible and your copays? What this does is say, health insurance carriers, major-medical health insurance carriers, going forward you cannot take somebody's coverages that they bought with their auto policy; that's for them. And it's fair. It's the right thing to do and it's

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a pretty simple concept. I'd be happy to answer any questions. I want to do...make two more comments before I turn it over to the rest of you. One is, the fiscal note. There is a fiscal note here that suggests that it might affect the state's liability under work comp. I can tell you this is mistaken. This has nothing to do with work comp. Okay? This has nothing to do with work comp. Work comp has a process that if you're in a car accident and you're at work, that they get repaid. This is off the mark. So that's not a concern or a consideration. The other thing I'd point out is the bill came out of the Banking Committee unanimously with one exception. I think Senator Christensen was a present and not voting. Otherwise, it had the support of every single member of the Banking and Insurance Committee. And I would encourage your support for LB479. I'd be happy to answer any questions if you have any. Thank you. [LB479]

SENATOR CARLSON: Thank you, Senator Lathrop. Members, you've heard the opening on LB479. The floor is now open for debate. Senators wishing to speak include Harms, McCoy, and Schilz. Senator Harms, you're recognized. [LB479]

SENATOR HARMS: Thank you, Mr. President and colleagues. I rise in support of LB479. Senator Lathrop, would you yield just for a question so we could have a little bit of dialogue? [LB479]

SENATOR LATHROP: I'd be happy to. [LB479]

SENATOR CARLSON: Senator Lathrop, would you yield? [LB479]

SENATOR LATHROP: I'd be happy to. [LB479]

SENATOR HARMS: I notice that Blue Cross Blue Shield was an opponent to this. Could you talk a little bit about what their concerns were, what the issues were, and where they were coming from? I think I know. I'd like to just have it as a matter of record. [LB479]

SENATOR LATHROP: Right. Essentially what Blue Cross Blue Shield said, as you might expect, is, we want to take those resources from the insured because in the end, if we can get enough of those, basically taking something that the insured paid for to the auto insurance company, if we take enough of those resources, it may help lower our overall cost of doing business. I have since had conversations with Blue Cross Blue Shield. They...I don't want to mischaracterize where they're at on the bill or suggest that they have no problems. There are some drafting concerns they have that have to do with whether the bill is trying to reach into areas that are preempted by federal law. And I actually have a meeting set with them next Monday to work through some of their concerns. But that's essentially the position of Blue Cross Blue Shield as I can try to fairly characterize it. [LB479]

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SENATOR HARMS: Thank you, Senator Lathrop. Have you gotten any more correspondence from other insurance companies that have a concern about this? [LB479]

SENATOR LATHROP: I...not to my knowledge. [LB479]

SENATOR HARMS: Okay. And do you have any idea why Senator Christensen didn't vote? And what was his concern? He's not here today or I'd ask him, so. [LB479]

SENATOR LATHROP: No, I don't. It may have...I thought it was a pretty clear...I thought it was pretty clearly laid out in front of the committee and I couldn't honestly tell you why Senator Christensen didn't vote, although I've been around Senator Christensen in Judiciary Committee and sometimes he doesn't vote because I think he just wants to leave his options open. [LB479]

SENATOR HARMS: Well, thank you very much, Senator Lathrop. And I do rise in support of this bill. Thank you. [LB479]

SENATOR CARLSON: Thank you, Senator Harms and Senator Lathrop. Senator McCoy, you're recognized. [LB479]

SENATOR McCOY: Thank you, Mr. President. And could I ask Senator Gloor to yield, if he would, please? [LB479]

SENATOR CARLSON: Senator Gloor, would you yield? [LB479]

SENATOR GLOOR: Yes, I would. [LB479]

SENATOR McCOY: Thank you, Senator Gloor. As Chair of Banking, Commerce and Insurance, I wondered if you might be able to...I actually have a copy of the letter from Blue Cross Blue Shield that was submitted to the committee, I believe. And I wondered if you might go into...I think it's addressed to you and the committee, both. And, of course, I served for the first four years in my time here in the Legislature on the committee and thoroughly enjoyed that time, but I do not...I don't serve on the committee now. I wondered if you could perhaps elaborate a little bit on the nature of the opposition from Blue Cross Blue Shield and perhaps if you know of any other insurance carriers that also have similar concerns or whether this is a singular or a concern that's tied back to a single insurance carrier, or perhaps you could elaborate a little more on that, Senator. [LB479]

SENATOR GLOOR: I'd be happy to and I'm glad you asked me a question, Senator McCoy, because I was also being asked to be recognized by the Chair to answer a few of these questions. Let me back up for a second and say that we had a good discussion

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about this bill. I think committee members asked questions to make sure that this wasn't, in some way, shape or form, a bill that was more than it was spelled out to be in the bill itself. And as Senator Lathrop has already pointed out, it is not a workers' comp bill, nor anything else as far as I'm concerned, other than what it purports to be. We only had one insurer that came in and that was Blue Cross Blue Shield. No other insurer showed up to provide testimony. And, in fact, no executive by title showed up. We only had a representative of the lobby that showed up from Blue Cross Blue Shield. And the only argument that I have in my notes, and I have both the Blue Cross letter as well as my notes, personal notes that I keep on the hearing itself in front of me, was the very general overview of, well, if we can't collect this money, then it may affect insurance premiums. But as best as I could tell again from the testimony and from what I've read about this, this happens incredibly infrequently. And pair that against the primary reason behind the bill, which is, I think all of us on the committee felt, that when you pay your insurance for medpay, the expectation is that it would take care of your deductible. And clearly, that's the problem that this bill attempts to resolve. I've answered a number of questions there. I hope a few of them may have hit the nail on the head as far as your concerns, Senator McCoy. [LB479]

SENATOR McCOY: Well, thank you, Senator, and I do think that that's...that that is helpful. It's also my understanding, and I appreciate Senator Lathrop acknowledging this a moment ago and I'll have a few questions for him probably at a later time on the microphone, but it's my understanding that Blue Cross Blue Shield has an amendment, suggestion to make this bill more palatable. Is that in the nature of to move from opposed to supporting it, or a neutral, or is this a...do you know, is the nature of their opposition such that they would like the legislation to go away? It's obviously hard to tell sometimes from looking at a committee statement and from what anecdotal evidence that you can pick up. Would you...could you elaborate a little more on that if you know? [LB479]

SENATOR GLOOR: I've not heard, Senator McCoy, that there is an amendment. Nothing has found its way to my office. Looking at counsel, he has the same inquisitive look on his face as I have on mine. So we've not seen anything from Blue Cross Blue Shield. There may be something pending, but... [LB479]

SENATOR CARLSON: One minute. [LB479]

SENATOR GLOOR: ...as far as I know, no discussion has come to our office yet about a suggestion on ways to modify this that would make it more palatable. I'd say again, the only insurer that showed up at this hearing was a representative of Blue Cross Blue Shield, not an executive but, in fact, a lobbyist. And again, I covered the issue as best as I was able to on nature of the hearing which, frankly, didn't last very long. [LB479]

SENATOR McCOY: Thank you, Senator, and I'll ask a few questions later. Thank you,

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Mr. President. [LB479]

SENATOR CARLSON: Thank you, Senator McCoy and Senator Gloor. Senators still wishing to speak include Nelson, Brasch, Gloor, Scheer, and others. Senator Nelson, you're recognized. [LB479]

SENATOR NELSON: Thank you, Mr. President and colleagues, members of the body. I think I would like to ask Senator Lathrop a few questions, if he will yield. [LB479]

SENATOR CARLSON: Senator Lathrop, will you yield? [LB479]

SENATOR LATHROP: Yes. [LB479]

SENATOR NELSON: Thank you, Senator Lathrop. I'm taking a look here at the wording of the bill and it says, no individual or group sickness and accident insurance policy or several others they name, shall assert any contractual rights to a number of things that you've got here. I'm going to assume that Blue Cross Blue Shield, for instance, has written into their policy of its present holders that they can go after the medical pay? [LB479]

SENATOR LATHROP: Yes. [LB479]

SENATOR NELSON: Okay. So how does this work then? If that's in there and we pass this bill eventually, then you're saying that we've interfered with that contractual right and they're not going to be able to assert that at anytime thereafter or until the contract is renewed? [LB479]

SENATOR LATHROP: Well, it probably would be at the time of renewal. I don't think we can change what would be...and that's maybe a good point, something that we should put in there, effective the next time a policy is renewed,... [LB479]

SENATOR NELSON: Right. [LB479]

SENATOR LATHROP: ...because I don't think we can change that in the middle of a contract. [LB479]

SENATOR NELSON: I'm going to imagine probably a lot of policyholders are not even aware that that's in there or that they can assert that right to take the medical pay. Now, Senator, you've only talked about medical pay and there are a number of other things here that I'm wondering about. Let's move on to uninsured or underinsured motorist coverage. Is that typical? Can hospitals go after that type of coverage or payments that the injured might be able to receive and claim? [LB479]



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SENATOR LATHROP: You mean...you said hospitals, and I think you meant the major-medical insurance companies. Yes, they do. [LB479]

SENATOR NELSON: I'm sorry, major-medical insurance, yeah. [LB479]

SENATOR LATHROP: They do. Even though I bought that for my own benefit and to provide coverages for things like my lost income, and that's the other thing in there too, the fixed indemnity coverages. We're also trying to prevent them from saying to someone who purchases an Aflac policy, for example, we're going to take your Aflac that pays \$600 if you break your arm, and basically just take it from me even though you paid for that resource. [LB479]

SENATOR NELSON: Well, thinking about my policy, I think the uninsured motorist coverage, I mean, is there a limit on that \$10,000 or can you claim up to \$10,000, something like that? [LB479]

SENATOR LATHROP: Generally, your...generally speaking, your uninsured and underinsured motorist limits are going to mirror your liability limits. Sometimes you'll see policies written, I see them written where I might have \$100,000 in liability and only \$25,000, the minimum, in uninsured and underinsured. Those are typical examples of the limits of underinsured and uninsured. [LB479]

SENATOR NELSON: Yeah, but they're substantial amounts, aren't they, I mean that you could recover under your uninsured? I don't know specific, but is the health insurance company then going to be able to draw down several thousands of dollars in addition to medical pay if you have that other coverage? Do you follow what I'm saying? [LB479]

SENATOR LATHROP: I think so. What they can do essentially is to take your uninsured, your underinsured, and your medpay. If they're paying your bills, they take them. Now, they don't take them...if you have \$100,000 of medpay, they don't take \$100,000 of medpay if the bills are only \$10,000. [LB479]

SENATOR NELSON: Okay. [LB479]

SENATOR LATHROP: They take it up to the amount of the medical bills. [LB479]

SENATOR NELSON: Is this what we would call subrogation? [LB479]

SENATOR LATHROP: Subrogation is part of it, but it's a reimbursement provision. We now find in major-medical health insurance plans two provisions. One is a subrogation provision and another is a reimbursement provision. That's where this language that says, we're going to take... [LB479]

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SENATOR CARLSON: One minute. [LB479]

SENATOR LATHROP: ...or confiscate your medpay and not apply it to your bills, just put it in the checking account and then start paying your bills and you're still responsible for your deductible and your copays. [LB479]

SENATOR NELSON: All right. Thank you. And then, I guess, one more here. We're talking about disability income. If I...I never chose to get a disability insurance policy because I never figured I was going to collect anything on it. I mean, you can always, in the practice of law, you know, you...they'll say you can hold a pencil and do a computer, but so it extends to even that. If I were disabled as a result of the accident and I would have income for the rest of my life as a lawyer, they can go after that? [LB479]

SENATOR LATHROP: Well, not currently. I haven't seen them do it. The language is broad enough that they could. I've never seen them try. Where I have seen them try to do it, Senator, is with the medpay primarily, right now, and they do it with the uninsured and underinsured as well. Now, that...sort of the Aflac language and the disability of insurance policy language... [LB479]

SENATOR CARLSON: Time. [LB479]

SENATOR NELSON: Thank you, Senator. Thank you. [LB479]

SENATOR CARLSON: Thank you, Senator Nelson and Senator Lathrop. Senator Brasch, you're recognized. [LB479]

SENATOR BRASCH: Thank you, Mr. President, and good morning, colleagues. I have some questions on this bill that I would like to ask Senator Gloor. Will Senator Gloor yield, please? [LB479]

SENATOR CARLSON: Senator Gloor, would you yield? [LB479]

SENATOR GLOOR: Certainly. [LB479]

SENATOR BRASCH: Looking at the committee statement, I do see that Senator Christensen was present and not voting, and can you explain the reason for that, why...was there a concern? [LB479]

SENATOR GLOOR: I cannot explain for Senator Christensen. I know Senator Lathrop made some mention in his comments about Senator Christensen not voting, but I have no notes and I have a better part of three-quarters of a page of notes from this hearing and made no note in here. And sometimes I will do that, Senator Brasch, about

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objections brought up by committee members or concerns voiced by committee members, and I have none of that. I have a big zero when it comes to discussion, pushback, debate that came from city members...committee members. So, I can only help you by way of saying, none of my notes show that there were any serious objections raised by any committee members, but I can't speak specifically for Senator Christensen in why he might have abstained from voting. [LB479]

SENATOR BRASCH: Thank you, Senator Gloor. That's unfortunate that he cannot let us know on the floor today what his concerns were. I did also have a couple more questions, if Senator Gloor will yield to more questions. [LB479]

SENATOR GLOOR: Yes. [LB479]

SENATOR BRASCH: I'm also looking at the fiscal note and I do recall that it was said that the fiscal note does not reflect what is written here. That it says about, since the state pays 79 percent of the cost of the state employee health insurance plan, and it looks like it's almost \$800,000 of lost revenue, and that the fiscal impact will also be lost in revenue for state and university plans due to the inability to recover costs from insurance providers. And then it continues saying that, likewise, it's assumed that political subdivisions will also experience a loss in revenue. Can you explain to me why this is not an accurate statement even though it's on our fiscal note, please? [LB479]

SENATOR GLOOR: I believe Senator Lathrop also began to touch on that, making mention of workers' comp. I would ask you to direct that question back to Senator Lathrop. I know that we did not feel that the fiscal note was accurate, but I have no additional notes above and beyond that, that would help clarify that, Senator Brasch. I'm sorry. [LB479]

SENATOR BRASCH: Thank you, Senator Gloor. Would Senator Lathrop please yield to a question? [LB479]

SENATOR CARLSON: Senator Lathrop, would you yield? [LB479]

SENATOR LATHROP: Yes, I will. [LB479]

SENATOR BRASCH: Senator Lathrop, could you please reexplain again why this fiscal note is not accurate, or the problem with it? I'd appreciate it. [LB479]

SENATOR LATHROP: Yes, I would. And basically the problem is found in the second paragraph of the fiscal note and I'll read the sentence: The Department of Administrative Services indicates the state currently recovers costs paid by the state health insurance plan from employees when an employee or dependent receives payment for health services from another insurance carrier. The average amount recovered each year is

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about \$800,000, mostly in work comp claims. This doesn't have anything to do with work comp so they'll still be able to make those recoveries. That happens under statute Section 48-118, which has a specific subrogation provision for work comp. And so... [LB479]

SENATOR CARLSON: One minute. [LB479]

SENATOR LATHROP: ...they misunderstood what we were doing or the scope of this bill when they thought it related to work comp, which is apparently most, if not all, of the \$800,000 they were worried about. [LB479]

SENATOR BRASCH: Thank you, Senator Lathrop. That does help explain what has happened here. I have no other questions. Thank you. [LB479]

SENATOR CARLSON: Thank you, Senator Brasch and Gloor and Lathrop. Senator Scheer, you're recognized. [LB479]

SENATOR SCHEER: Thank you, Mr. President. I rise to support LB479. I just wanted to bring people's attention back to the central focus of this, is risk management by individuals. When you have a policy with a deductible, such as your health policy, most people, in conjunction with their agent, will try to minimize the risk that you expose yourself to. One of those ways to minimize that risk of exposure is to buy medical payment coverage under your homeowner's policy as well as your auto policy, and we're addressing the auto policy at this point in time. It is a fair assumption by an individual that when they buy a \$5,000 medpay, that that will go against their deductible because those funds will flow into their health carrier to comp...help offset the cost of that exposure. And what's happened is, they are no longer...at least in some cases, some companies are not allowing you to use that as a deductible, just as a reimbursement to the company. So this gets back to the general theme and I think the original intent of the medical payments where...is a risk assessment portion on an individual basis that helps him manage and minimize the risk to him and his family or her and her family, whichever the case might be. So, I don't want to belabor the point, but I think this is well-intentioned. I think it's on-spot. It is happening, not only probably in Nebraska but in other states as well. So I would urge your support of LB479, and I would yield whatever time I have left, if Senator Lathrop would like it. [LB479]

SENATOR CARLSON: Thank you, Senator Scheer. Senator Lathrop, 3 minutes. [LB479]

SENATOR LATHROP: Okay, I'll...I wanted to make an example to illustrate what Senator Scheer just described to you, which was perfect. There's a guy that understands it and understands what we're trying to accomplish here. It is risk management for the individual. But I want to give you two hypothetical people. One

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person has \$100,000 in medical expenses after an automobile accident, so does the person number two. Our first guy in the hypothetical has \$5,000 worth of medpay and our second guy in the hypothetical has no medpay. They had the same amount of bills. They submit the bills to the insurance company, the health insurance company, and the first guy, the health insurance company takes his \$5,000 in medpay and puts it in their operating account, pays the bills, and he has \$5,000 deductible he has to pay. The second guy doesn't have any medpay, bills are paid the very same way, still has a deductible. And now you see the worthlessness, if you will, of the medpay and the problem with what the bill is trying to get to, which is, the medpay is purchased by individuals to cover the deductible and when it is essentially confiscated by a health insurance carrier, it's not available for that purpose. And they don't apply that money, that \$5,000 in medpay that you bought, to your deductible. So, if we don't pass this bill, medpay will become a thing of the past and the guys who sell this kind of coverage, there will be no way for an individual to manage the risk of a \$5,000 deductible on their health plan in the event of an accident. So that illustrates...that's an illustration of exactly what Senator Scheer was trying to describe and the reason for LB479. Thank you. [LB479]

SENATOR CARLSON: Thank you, Senator Lathrop. Those still wishing to speak include Price, McCoy, and Schumacher. Senator Price, you're recognized. [LB479]

SENATOR PRICE: Thank you, Mr. President and members of the body. Right now I rise in fundamental support of the bill, but I had some questions. And I apologize. Due to other things going on, I haven't been able to hear all of the debate. But...and hopefully, we'll get that. Would Senator Gloor yield to some questions? [LB479]

SENATOR CARLSON: Senator Gloor, would you yield? [LB479]

SENATOR GLOOR: Certainly. [LB479]

SENATOR PRICE: Thank you very much, Senator Gloor. I'm wondering about what we're talking about when we say contract rights to proceeds of any resources. And does this mean profit? Is this like revenue that's generated because they sold an instrument? [LB479]

SENATOR GLOOR: I don't know, Senator Price. Are you referencing a specific line within the bill itself? [LB479]

SENATOR PRICE: Actually I was, but I have to turn to my widget to get it, but it's probably about halfway down. It talks about no contract or article...this is the meat of it, you know. What contract...they talk about proceeds that...and you look at the committee statement of intent there. But I just wondered what profitability and perhaps, maybe Senator Lathrop would be better able to answer this question. Thank you, Senator

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Gloor. Senator Lathrop, would you yield? [LB479]

SENATOR CARLSON: Senator Lathrop, would you yield? [LB479]

SENATOR LATHROP: Sure. [LB479]

SENATOR PRICE: Thank you. Thank you, Mr. President for that. Senator Lathrop, what does this mean? I mean, what proceeds? As a business guy, I think proceeds means profit. Is this not...if it's not profit, what is it? [LB479]

SENATOR LATHROP: No, that term is not synonymous with profits. It's synonymous with benefits you are entitled to under your auto policy. [LB479]

SENATOR PRICE: Okay, because I was confused because it said...but it does say contractual rights to proceeds of any resources. So how do proceeds become what you just stated? Walk me through that if you would. [LB479]

SENATOR LATHROP: Okay. I'll...the illustration I gave...let me try it again, Senator Price. [LB479]

SENATOR PRICE: Thank you. [LB479]

SENATOR LATHROP: If you are in an auto accident and you have an American Family policy and a Blue Cross policy, if you have a Blue Cross policy with a \$5,000 deductible, under your American Family policy with a \$5,000 of medpay, American Family has promised to pay \$5,000 worth of your medical bills. And people buy that medpay to take care of their deductibles and their copays. But when Blue Cross...and I'm not picking on Blue Cross. When a major-medical insurance company says, we're going to take your medpay as a term of our policy, we're going to pay the bills and you still have to pay your deductible, they've taken away a contractual right to proceeds, that is, medical pay benefits, your American Family policy would provide for you. [LB479]

SENATOR PRICE: Okay. I think I'm beginning to get a glimmer here. Just to make sure and the record reflects, so when we talk about this, what you're saying is there's kind of like a shell game almost going on. I believe, as a consumer, I've bought a product that will pay a certain specific aspect of the total contract. And the practice has been, no, we're going to put that against another larger pool of debt and you still owe us that other initial pool that you thought you had. [LB479]

SENATOR LATHROP: Right. [LB479]

SENATOR PRICE: Right? [LB479]

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SENATOR LATHROP: I think so, yes. [LB479]

SENATOR PRICE: Okay. Great. I appreciate that clarification, Senator Lathrop, because as you well know, insurance policy is definitely a challenge. But the question that remains, and I did see that where we brought up a conversation in the bill about any federal law that would apply, do you see that there would be...is this preemptive or is this in any way, Senator Lathrop, going to cause some sort of disconnect with the federal healthcare laws that we have in the Affordable Health Care Act? [LB479]

SENATOR LATHROP: No. I don't see a problem with the Affordable Care Act. There may be an issue with ERISA,... [LB479]

SENATOR CARLSON: One minute. [LB479]

SENATOR LATHROP: ...the Employee Retirement Income Security Act, and I am...I have a meeting scheduled with our friends over at Blue Cross to visit about that. [LB479]

SENATOR PRICE: Thank you very much, Senator Lathrop. Well, ladies and gentlemen, that does help me with my position on the bill. And it is rather confusing. And for those reading it, it seems that it's dealing with profits and it's not. It's actually just dealing with how the specific industry decides to enumerate certain aspects of the contract. And with that, Mr. President, I yield back my time. Thank you. [LB479]

SENATOR CARLSON: Thank you, Senator Price. Seeing no other senators wishing to speak, Senator Lathrop, you're recognized to close on LB479. [LB479]

SENATOR LATHROP: Thank you, Mr. President and colleagues. I appreciate the discussion. I think you get the idea and I...even though this is in my wheelhouse and I work with this stuff every day, I think Senator Scheer put it best. This is...the provisions in the automobile policy that you purchase are intended to help you with the management of your risk. And the risk that we're talking about is the cost of the deductible in your health plan. And by...passing LB479 will allow people to manage that risk better, to continue to sell medpay and other auto insurance products in the state and some disability insurance products without having the incentive to purchase those taken away by a practice that is becoming prevalent in the health insurance industry. And for that reason, I'd ask for your support of LB479. Thank you. [LB479]

SENATOR CARLSON: Thank you, Senator Lathrop. The question is the advancement of LB479 to E&R Initial. All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB479]

CLERK: 32 ayes, 0 nays, Mr. President, on the advancement of LB479. [LB479]

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SENATOR CARLSON: LB479 does advance. Mr. Clerk. Speaker Adams for an announcement. [LB479]

SPEAKER ADAMS: Thank you, Mr. President. Members, just a reminder: Tomorrow we will check in at 9:00 a.m. and then from there you will proceed to your committees and whatever hearings have been scheduled as the makeup for that snow day that we had. So tomorrow will just be check-in. Thank you, Mr. President.

SENATOR CARLSON: Thank you, Speaker Adams. Mr. Clerk.

CLERK: Mr. President, new resolutions: Senator Harms offers LR83; that will be laid over. I have an explanation of vote from Senator Kolowski (re LB7, LB24, LB28, LB29, LB32, LB36, LB39, LB40, LB67, LB78, LB135, LB137, LB147, LB156, LB164, LB173, LB180, LB207, LB207A, LB209, LB210, LB213, LB214, LB250, LB279, LB290, LB311, LB336, and LB21). Your Committee on Government, chaired by Senator Avery, reports LB192 to General File, LB140 to General File with amendments, LB215 to General File with amendments. I also have a confirmation hearing report from the Government, Military and Veterans Affairs Committee. Education Committee, chaired by Senator Sullivan, reports LB470 to General File, LB121 and LB539 indefinitely postponed. I have hearing notices from the Education Committee, all those signed by Senator Sullivan. And Health and Human Services Committee, chaired by Senator Campbell, reports LB76 to General File; LB458, General File; LB459, General File; LB530, General File with amendments. I also have a confirmation report from the Health Committee also signed by Senator Campbell. An amendment, motion to be printed to LR41CA. (Legislative Journal pages 606-612.) [LR83 LB7 LB24 LB28 LB29 LB32 LB36 LB39 LB40 LB67 LB78 LB135 LB137 LB147 LB156 LB164 LB173 LB180 LB207 LB207A LB209 LB210 LB213 LB214 LB250 LB279 LB290 LB311 LB336 LB21 LB192 LB140 LB215 LB470 LB121 LB539 LB76 LB458 LB459 LB530 LR41CA]

And a priority motion, Mr. President: Senator Larson would move to adjourn the body until Tuesday morning, March 5, at 9:00 a.m.

SENATOR CARLSON: Thank you, Mr. Clerk. Members, you've heard the motion. All in favor say aye. Opposed, nay. We are adjourned until Tuesday morning, March 5, at 9:00 a.m.