

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 11, 2020

WILLIAMS: [RECORDER MALFUNCTION] Commerce and Insurance Committee hearing. My name is Matt Williams. I'm from Gothenburg and represent Legislative District 36, and I'm honored to serve as Chair of this committee. The committee will take up the bills in the order posted. Our hearing today is your part of the public legislative process. This is your opportunity to express your opinion on the proposed legislation before us today. The committee members may come and go during the hearing. We have bills to introduce in other committees and are sometimes called away. It is not an indication that we are not interested in the bill being heard, it's just part of the committee process. To better facilitate today's proceeding, we ask that you abide by the following procedures. Please silence or turn off your cell phones. Please move to the front row when you are ready to testify. The order of testimony will be the introducer, followed by proponents, opponents, neutral testimony, and then the introducing senator will be given an opportunity to close. Testifiers, please sign in, hand your pink sheets to the committee clerk when you come up to testify, and please spell your name at the beginning of your testimony. Please be concise. It is my request that you limit your testimony to five minutes. We will be using the light system. The green light will be on for the first four minutes, followed by one minute of yellow light, followed by a red light, and we ask that you conclude your testimony at that time. If you will not be testifying at the microphone, but want to go on record as having a position on a bill that's being heard, there are white tablets at the entrance where you may leave your name and other pertinent information. These sign-in sheets will become part of the exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to committee members as exhibits only during your offered testimony. Hand them to the page for distribution to the committee and the staff when you come up to testify and we need ten copies. If you do not have ten copies, our page would gladly make those for you. To my immediate right is committee counsel, Bill Marienau. To my left at the far end of the table is-- Katie is here again today, Quintero. Our normal clerk is still home sick. So thanks, Katie, for filling in today. And I would ask the senators that are with us today to go through self-introductions beginning with Senator Gragert.

GRAGERT: Good afternoon. Tim Gragert, District 40, northeast Nebraska.

La GRONE: Andrew La Grone, District 49, Gretna and northwest Sarpy County.

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LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

QUICK: Dan Quick, District 35, Grand Island.

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

McCOLLISTER: John McCollister, District 20, central Omaha.

WILLIAMS: And our page today is Lorenzo and he is a student at UNL, political science major. Our first bill today and we will open the public hearing now on LB1199 presented by Senator Lindstrom to change provisions relating to motor vehicle service contract reimbursement insurance. Senator Lindstrom.

LINDSTROM: Good afternoon, Chairman Williams, and members of the committee. My name is Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m, representing District 18 in northwest Omaha. Today, I'm introducing LB1199, a technical bill that would bring Nebraska up-to-date with national standards regarding motor vehicle service contracts by including model language from the National Association of Insurance Commissioners, or NAIC, into our current Nebraska statutes governing these service contracts. LB1199 will bring Nebraska statute in line with the substantial majority of the rest of the country with respect to the definition of a reimbursement insurance policies. The bill would correct this difference by amending Nebraska's current statute to authorize what is known in industry as a default insurance policy, which would be in addition to what is currently in statute, a first dollar insurance policy. Lastly, LB1199 would also put into statute additional customer protections-- excuse me, consumer protections that you'll hear more about from proponent testimony. Following me, you will hear directly from a representative with the Service Contract Industry Council or SCIC. Put simply, passage of LB9--1199 would provide flexibility for vehicle service contract companies and lead to a decrease in cost to consumers who purchase vehicle service contracts in Nebraska. I'll be happy to try to answer any questions you may have. Thank you, Chairman Williams.

WILLIAMS: Thank you, Senator Lindstrom. Questions? Senator Kolterman.

KOLTERMAN: Senator Lindstrom, does this-- this bill involve any licensure at all?

LINDSTROM: I don't think I've brought any licensure bills this year.

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KOLTERMAN: Has it been through the 407 process?

LINDSTROM: I think that's the wrong committee, Senator.

KOLTERMAN: Oh, OK. Thank you.

WILLIAMS: Thank you, Senator Kolterman. Any additional questions? Thank you, and you'll be staying to close?

LINDSTROM: Yeah.

WILLIAMS: I would invite the first proponent. Good afternoon and welcome.

STEPHEN McDANIEL: Good afternoon. Thank you, Mr. Chair, and members of the committee. For the record, my name is Stephen McDaniel, S-t-e-p-h-e-n M-c-D-a-n-i-e-l. I'm here on behalf of the Service Contract Industry Council in support of LB1199. As Senator Lindstrom said, this is really a bill that did-- makes Nebraska's regulation of the industry more consistent with the NAIC model act and also with the treatment from the majority of the rest of the country. It does add some important disclosures for consumers. We worked with Director Ramge and his staff and they were great to work with and they asked us to incorporate some existing rules into the bill. And so we've done so. And so by and large, this makes this more consistent with how the industry is treated in the rest of the country and we're very supportive of the bill, and I appreciate senators for introducing it. So I'm happy to take questions.

WILLIAMS: Thank you. Questions? Senator McCollister.

MCCOLLISTER: Thank you, Mr. Chair. How many states have now adopted this model legislation?

STEPHEN McDANIEL: So Nebraska's regulation of the industry is a little unique in that it's a-- it's what we call a passive regulatory framework so it sets forth requirements for what you must do to do business in the state. So the-- the major change to the current framework has been adopted in 36 other states.

MCCOLLISTER: Thank you.

STEPHEN McDANIEL: Yes, sir.

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

STEPHEN McDANIEL: Thank you, Mr. Chair.

WILLIAMS: Invite the next proponent. Seeing none, is there anyone here to testify in opposition to LB1199? Seeing none, is there anyone here to testify in a neutral capacity?

McCOLLISTER: Wow.

WILLIAMS: Seeing none, Senator Lindstrom waives closing and that will close our public hearing on LB1199.

McCOLLISTER: Where's our friend, Senator Morfeld?

WILLIAMS: Where's Morfeld?

McCOLLISTER: This went over too quickly.

WILLIAMS: Is he coming?

LORENZO CATALANO: I called. They said they were walking so [INAUDIBLE].

WILLIAMS: OK. We'll wait just a few minutes while Senator Morfeld comes. Here he is. We'll now open the public hearing on LB997 with Senator Morfeld to adopt the Out-of-Network Emergency Care Act. Senator Morfeld.

MORFELD: Good afternoon.

WILLIAMS: Welcome to Banking.

MORFELD: Thank you. Good afternoon, Chairman Williams, members of the Banking Committee. For the record, my name is Adam Morfeld, that's A-d-a-m M-o-r-f as in Frank e-l-d, representing the Fighting 46th Legislative District here today to introduce LB997. As many of you recall, I introduced a similar bill last year that applied to all surprise medical bills, whether in the emergency room or nonemergency conditions. Since then, I've had numerous meetings with stakeholders, from the providers, hospitals, and insurance companies, along with doctors as well. LB997 and the amendment today is the result of those meetings and the hard work from across the spectrum in the industry. I've got the amendment right here. Rather than addressing all-- thank

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you-- all surprise bills, it narrows the scope to just surprise medical bills in emergency situations. I want to sincerely thank everyone for their time, energy, and patience, literally a dozen or so meetings over the last year since the interim. To reframe the issue why this is an issue, imagine a situation that requires you to go to the emergency room. In many cases, you'll be unconscious or unable to even make a decision which emergency room or hospital you go to. Say you're fortunate enough to be conscious and in a position to make some decisions, maybe you know which hospital is in network or you're able to locate your insurance app, which is probably not likely if it's an emergency situation. That being said, you show up, see several providers, the ER doctor, a radiologist, maybe an anesthesiologist. A few months later, you get a bill for thousands of dollars and a realization that hits you that the ER doc in the hospital is in network, but maybe the radiologist or anesthesiologist was out-of-network. This is often known as a balanced bill or more commonly, a surprise bill. This happens more often than you think to my constituents, people I know, and quite frankly one or two of our fellow senators have brought up to me that it's happened within their family or to them themselves. LB997, though, narrows the protection from surprise billing to just emergency situations only. In fact, most of the stories that have been shared with me about this issue have happened in the emergency situation. So I think that this should be a fairly comprehensive solution that covers most surprise bills. And how it works is this. If you are a consumer and have insurance, have an emergency situation and happen to be out-of-network and receiving those services, the consumer is now taken out of the picture and the resolution-- and the resolution of the difference in payment. That burden now rests with the provider and the insurance company. If the provider insurance company already has a contract rate, that rate will control, or 175 percent of Medicaid/Medicare, or if the dispute is still not settled with either of those two, then they can go to mediation. From these conversations, I introduced LB997. And I'll just note that since LB997 was introduced, I've had input from interested parties to make the bill more workable. So you got the green copy and now you have your amendment. And so I'm sharing that amendment with you and it addresses some of these concerns. This amendment clarifies the process by which mediation is initiated. The default Medicaid/Medicare percentage rate at which services are covered if there's not another contract rate between the provider and the insurance company and it adds a definition. There will be one amendment to the amendment and I kind of wrote it out there, if you look at, I think it's page 2 actually, so if you turn to page 2 of the

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amendment, looks through line 7-- 7 through 9, we'll take out the portion deeming acceptance of payment as full and fair payment, because the practical reality is most of these payments are made electronically from the insurance company. So it's just electronically deposited in the-- in the bank account of-- of the provider. So that obviously is not meant to them accepting that this is, you know, full and fair payment and reasonable. There has to be a process by which they-- they appeal that. So I just-- I want to thank all those in the industry that were willing to work with me on the solution. I want to thank Senator Williams for facilitating and bringing people together in a few different meetings. I think that LB997 provides much needed protections for consumers and will keep them from experiencing clear financial hardship or going bankrupt in many cases, but will provide a clear framework to ensure that fair payment is also made to our providers and the insurers as well. This is an important bill to all Nebraskans and I urge your favorable consideration of the bill and amendment. I'm happy to work with the committee and any interested parties on needed changes to this bill to get it to the floor. Thank you.

WILLIAMS: Thank you, Senator Morfeld. Questions for the Senator? Seeing none, thank you. And will you be staying to close?

MORFELD: I will be.

WILLIAMS: Thank you. We would invite the first proponent. Welcome, Mr. Dunning.

ERIC DUNNING: Thank you, Mr. Chairman, members of the Banking, Commerce and Insurance Committee. My name is Eric Dunning, D-u-n-n-- Eric, E-r-i-c D-u-n-n-i-n-g. I'm a registered lobbyist appearing today on behalf of Blue Cross and Blue Shield of Nebraska in support of LB997, as amended as proposed by Senator Morfeld in AM2390. And in addition, his-- we're-- we're in great shape on the part of the-- the amendment that he strapped by hand. We've had a-- a-- a chance to work through several issues with the bill, with the amendment. We believe the payment process is much clearer. Earlier amendments required a sort of clunky system whereby we would provide an estimate of the amount of-- of payment and then the provider would have 20 days to accept or deny the amendment. The amendment before you today would specify that we will go ahead, we'll make our payment and the provider may accept or reject and we go from there. So in addition, we think the definitions are improved. And at the end of the day, the over are-- the overall part of this that we're most attracted to is that it

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resolves issues that our members may face from balance bills. And together with Senator Arch's bill from last week, we think this will make our members' lives better. And so with that, Mr. Chairman, I'd be happy to answer questions.

WILLIAMS: Thank you, Mr. Dunning. Questions for-- Senator La Grone.

La GRONE: Thank you, Chairman Williams. Thank you, Mr. Dunning for being here. Obviously, the federal government regulates the insurance industry to a large extent as well and obviously they haven't been moving as quickly as we'd like them to on this issue. And I know that they don't have anything in place yet on this issue, which is why we're dealing with it now, but can you just talk a little bit about how this might interact with any federal solution and what we might need to do in the future to make those two mesh?

ERIC DUNNING: So we've been following federal efforts in this area fairly closely for the last 18 months or better. And again, that process has taken a little longer than anyone would have thought desirable. But all of the versions that we have seen have included a safe harbor-- a safe harbor provision so that the state laws can stand. If, however, the feds come up with something and that a better solution for some of these issues, then it would not seem unreasonable to take another look later. But the federal government's action here is likely not gonna preclude this bill.

La GRONE: Thank you.

ERIC DUNNING: Thank you, sir.

WILLIAMS: Other questions? Mr. Dunning, I have one. And I appreciate your work and the work of the others working with Senator Morfeld to come to a compromise and assistance with-- with the language. Underneath this whole issue of surprise billing is the consumer that we're trying to protect. Do you feel confident that this legislation gets us where we need to be with emergency room coverage with surprise billing?

ERIC DUNNING: I think that's correct, which is why we were happy to come in and support today.

WILLIAMS: Thank you. Any additional questions? Seeing none, thank you for your testimony. We'd invite the next proponent. Seeing none, is there anyone here to testify in opposition?

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MOLLY McCLEERY: Sorry, I didn't jump up fast enough.

WILLIAMS: Are you in support ma'am?

MOLLY McCLEERY: I am, yes. Sorry.

WILLIAMS: Yes, that's fine.

MOLLY McCLEERY: I thought there were others and then I was not fast enough.

WILLIAMS: Just so-- we are still having a testifier that is a proponent right now.

MOLLY McCLEERY: Yes, sorry.

WILLIAMS: Thank you. Go ahead.

MOLLY McCLEERY: Sorry, Mr. Chair. Senator Williams, members of the committee, my name is Molly McCleery, M-o-l-l-y M-c-C-l-e-e-r-y, and I am the director of the Health Care Access Program at Nebraska Appleseed. We're a nonprofit legal advocacy organization that fights for justice and opportunity for all Nebraskans and we are in support of LB997. I think Senator Morfeld really laid out the consumer issue with surprise bills but we wanted to provide some additional data on sort of the extent of the problem and how consumers perceive the issue. So there was a recent poll last fall by a nonpartisan pollster for Families USA that found that nearly half of voters answered that either they themselves or a member of their family had received a surprise bill. And that of those bills, over three-quarters of them were for more than \$500. Eighty percent of those that responded to the poll said that they had a challenge in paying off that unexpected bill. About four hours ago additional data came from the Kaiser Family Foundation that I think refines that a little bit. Of that 40 percent that responded to getting an unexpected bill, 19 percent was because of a provider being out-of-network. This is a serious concern for consumers. As we all know, healthcare costs are a top consumer issue. And the Kaiser data really fleshes out that around two-thirds of adults are worried about unexpected medical bills as a top issue. This is higher than their concerns about paying their insurance deductible, affording rent, or their mortgage or also affording food. So this is something that's on consumers' minds. It's also something that, as Senator Morfeld mentioned, is not something where a consumer is in a situation to always exercise the due diligence or the shopping around

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that we would want consumers to do in an emergency situation. You're not able to ask each provider that you are seeing if they are in or out-of-network and decline or accept that treatment. So we really think that this is a huge step forward in providing some consumer protections in emergency situations. With that, I'd be happy to take any questions.

WILLIAMS: Thank you, Miss McCleery. Questions?

MOLLY McCLEERY: Sorry for my late jumping up.

WILLIAMS: Thank you for your testimony. Any more supporters? OK. Seeing none. First person that would like to testify in opposition? Welcome, Mr. Hale.

ANDY HALE: Thank you, Chairman. Good afternoon. For the record, my name is Andy Hale, A-n-d-y H-a-l-e. I'm appearing today on behalf of the Nebraska Hospital Association. I want to thank Senator Morfeld and some of the other people, insurance companies, and-- and a lot of our hospitals have spent a lot of time on this bill. There was an amendment we received that was drafted last night that we reviewed this morning with a lot of our members and we supported it. We were gonna come in and testify as a proponent to this bill. Unfortunately, right before the noon hour, another amendment was submitted and that's the one before you and that is what we're opposed here today. And the specific reason for our opposition appears on page 2, lines 7 through 12, beginning with specific, or excuse me, acceptance of a payment. Here the amendment sets up a payment mechanism that would allow insurers to submit an unreasonably low payment to an out-of-network provider that meets none of the reasonableness benchmarks in the bill and then insure-- insulates themselves from any further responsibility or the prospect of mediation if the out-of-network provider accepts the payment offered. Most hospital systems receive payments electronically from insurers, which payments are automatically deposited upon receipt. There is no method for accepting or rejecting such payments. Physical checks are almost never used. The adoption of this language into LB997 is why the NHA is opposed. That said, we want to highlight several items that LB997 does accomplish and that we do support. First, we want to make sure that our patients are held harmless in surprise billing situations. We want to make sure that the patient is taken completely out of the equation and not placed in the middle of reimbursement disputes between insurers and providers in out-of-network billing. We think this bill can accomplish that goal. Second, we want to make sure that the reasonable benchmarks for the

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reimbursement paid by insurers to providers in out-of-network situations are established and that mediation procedures in the bill would be used rarely. We think AM2390, which is the amendment before you, contains that language. Importantly, one of the bench-- benchmarks for reimbursement would be other existing in-network contract rates already established between the insurer and the out-of-network provider. The language appears on page 2, lines 1 through 7 of AM2390. In our experience, that is typical basis upon which providers and insurers are resolving their disputes today. It makes sense to continue what is generally working in the industry today. One of the other imperfections of LB997 and its amendment is that they establish an alternative benchmark for reimbursement of 175 percent of the CMS Medicare rate. In our opinion, that is unreasonably low. We suggested that the rate be increased to the range of 225-- 225 percent. We want to emphasize that, in our opinion, we are very, very close to a resolution that would allow the Hospital Association and its members to support LB997, but this amendment is not the resolution. But again, I'd like to thank Senator Morfeld and his staff, and Eric Dunning and some of the others in the insurance industry, and Senator Williams, as the Chair of this committee, has worked with us. And be happy to answer any questions.

WILLIAMS: Thank you, Mr. Hale. I-- I have one question to start and then we'll get to other questions. When Senator Morfeld came up and introduced AM2390, he had marked out on that lines-- on line 7 through line 9. Does that deletion change your first position? Does that language clean up your first question that you have?

ANDY HALE: It gets us very close. The-- the problem is, and I appreciate Senator Morfeld doing this, we haven't had enough time to really vet this with our members. This is-- there were a lot of moving parts with this. Regardless of-- of what happens today, we plan to sit down with Senator Morfeld and the insurance companies immediately after this, or as soon as possible, to see if we can work together. Through some fault of our own, we weren't all in the same room together, and so that needs to change.

WILLIAMS: Thank you.

ANDY HALE: It's getting us closer to answer your question, Senator.

WILLIAMS: Additional questions? Senator McCollister.

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McCOLLISTER: Yeah, thank you, Chairman Williams. On page 2, we talk about between 175 percent and 225 percent of the Medicare and Medicaid services rate, correct?

ANDY HALE: Correct.

McCOLLISTER: Most hospitals have a what a-- healthcare price book, isn't that correct?

ANDY HALE: Uh-huh.

McCOLLISTER: And so are-- is-- you know, simply based on the numbers I heard today, does that range between 175 and 225 percent of the Medi-- Medicare and Medicaid rates typically?

ANDY HALE: Yes.

McCOLLISTER: Do Medicare and Medicaid pay the same rates?

ANDY HALE: No.

McCOLLISTER: Which one's higher?

ANDY HALE: I would-- I believe Medicare rate is higher than Medicaid, but I'd have to check that for you.

McCOLLISTER: OK. Thank you very much, Mr. Hale.

WILLIAMS: Additional questions? Thank you for your testimony.

ANDY HALE: Thank you.

WILLIAMS: I would invite the next opponent? Seeing none, is there anyone here to testify in a neutral capacity? Welcome, Mr. Bell.

ROBERT BELL: Good afternoon, Chairman Williams, and members of the Banking, Commerce and Insurance Committee. My name is Robert Bell, last name is spelled B-e-l-l. I am the executive director and registered lobbyist for the Nebraska Insurance Federation. As you know, the Insurance Federation is the State Trade Association of Insurance Companies based in Nebraska. Definitely appreciate Senator Morfeld, Senator Williams giving the insurance companies opportunities to take a look at this legislation and to come up with solutions that would work for my member companies. I'm unfortunately not quite as agile as my member, Blue Cross, Blue Shield of Nebraska, but I would echo many of the things that have already-- that Eric has already

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mentioned. One of them is, we definitely as an industry do not like to see our insurance balance billed by medical providers or by providers of any sort of service. A lot of the-- kind of the last couple weeks some tension has-- that has existed in-- in the insurance world is, we have contracts with our members and then we pay other people to provide them services, whatever those services are. And we hope that when that payment is-- is concluded, that-- that-- that's reasonable and then the transaction is done. Unfortunately, sometimes there could be a bill after that that is sent to our consumer whether or not it's in the health world or even the P&C world and then they're-- they're stuck scratching their head and-- and confused. So anytime we have an opportunity to sit down and-- and discuss a reasonable method to resolve these things in the marketplace is-- is a great opportunity. Obviously, there's things going on on the federal level. Who knows exactly-- hopefully we have some resolution there, but we don't know if we will or not. So at least in these emergency situations, we believe this is a-- it's a good starting point for further discussions with Senator Morfeld and the medical providers. Thank you.

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

ROBERT BELL: You're welcome.

WILLIAMS: Invite the next neutral testifier. Welcome, Mr. Schrodt.

DEXTER SCHRODT: Afternoon, Chairman Williams, members of the committee. My name is Dexter Schrodt, D-e-x-t-e-r S-c-h-r-o-d-t, testifying on behalf of the Nebraska Medical Association today. The NMA would like to thank Senator Morfeld and his staff for working on this bill and being amenable to stakeholder conversations and suggestions. The NMA does believe that leaving the patient harmless in out-of-network billing situations for emergency services is the right healthcare policy for the state to adopt. And we agree that the patients should not be caught in the middle or caught with a bill for services that far exceed what they would have otherwise paid for in-network services. And this holds true especially for emergency situations in which the patient might not have the ability to choose where they are treated. I do want to preface my comments regarding the language of the bill that this testimony is based on the amendment NMA saw yesterday, not today's, but I do believe they are relatively similar into what I am going to talk about. We did believe that as written, LB997 would have likely resulted in lower reimbursement rates

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to our member physicians for out-of-network emergency services. However, with the promote-- proposed amendment, the reasonable reimbursement presumption is more workable than originally drafted and potentially raises the reimbursement rates provided by the bill. First, of course, by increasing the percentage tied to CMS reimbursement. And second, by bringing in the reimbursement rates from other contractual relationships a provider might have with the insurer. We believe this latter change will also help to address the comments you've seen with narrow network plans and out-of-network billing. I do just want to say that NMA has potential long-term concerns about placing the reasonable presumption into statute. After thorough vetting with our member physicians, the sentiment was that the mechanism provided in the bill could potentially weaken the negotiating power in the years to come with an insurer for all network contracts with the potential being that the insurer would continue to negotiate down their rates to the 175 mark so that there's not much of a difference between the higher of that we see in this bill. Admittedly-- admittedly, this is a concern that will take some time to potentially come to fruition. And in the meantime the NMA does feel the language of the bill as amended is workable, and most importantly, it holds the patients harmless for these out-of-network situations. Last, I'll just close by saying it is our understanding via communications with the American Medical Association that this potential issue that I just highlighted is something Congress is focusing on and their out of-- in their legislation on out-of-network billing, and it's possible that they will have a workable solution that does not tie reimbursement to a percentage or dollar amount. The NMA just simply asks that if in the years to come there's additional legislation looking to address out-of-network billing in all situations, the committee works to mirror the language Congress ultimately decides on. Thank you, and I'm happy to take any questions.

WILLIAMS: Thank you, Mr. Schrodt. Questions? Seeing none, thank you for your testimony. Invite our next neutral testifier. Welcome, Miss Nielsen.

COLEEN NIELSEN: Good afternoon, Chairman Williams and members of the Banking, Commerce and Insurance Committee. My name is Coleen Nielsen, that's spelled C-o-l-e-e-n N-i-e-l-s-e-n, and I am the registered lobbyist for the American Health Insurance Plans, or AHIP, a national trade for the health insurance industry. I'm testifying neutrally because I am waiting for feedback from AHIP at this time, but I do want to thank Senator Morfeld for including us in this conversation

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and being willing to work with us. I also want to thank Senator Williams for facilitating that conversation. And with that, I'd be happy to answer any questions.

WILLIAMS: Thank you, Miss Nielsen. Questions? Seeing none, thank you for your testimony. Is there anyone else wishing to testify in a neutral capacity? I think we have some letters. We have one letter in support of LB997 from Todd Stubbendieck from AARP Nebraska. No letters in opposition and no letters neutral. Senator Morfeld.

MORFELD: Thank you, Chairman. And thank you everybody from the committee listening to some of that testimony. Just a few different thoughts. First, in fairness to the Nebraska Hospital Association, I literally got that amendment done at 11:00 and sent it their way. So I understand that they need some time to look at it and are cautious on this. That being said, they've been great to work with on this issue. The-- the other thing with the 175 percent rate to the 225 percent rate, originally there were some folks that wanted 225, we originally had in the bill 125, I'm trying to meet in the middle at 175. And I understand there's concerns and arguments on both sides. The-- the long story short is, I think we're very close here and we're gonna have our own little Exec Session after this and we're all gonna sit down and talk because this is a bill that I do want to prioritize and get a-- get a clean amendment to the committee and get out early next week before the bill priority deadline, because I think this is an issue that all of us can agree on, that the customer and the patient should be held harmless in this. They have insurance and there should be a reasonable way for people to be paid as well. So thank you.

WILLIAMS: Thank you, Senator Morfeld. Any final questions for the Senator? Senator La Grone.

La GRONE: Thank you, Chairman Williams. Thank you, Senator Morfeld for bringing the bill. Obviously, we're here because Congress didn't act, and-- and I think ideally they would have and we wouldn't be in this position, but I thank you for bringing this since it's something that we need to address since they have failed to do so. My only question would dovetail off the question asked Mr. Dunning, and that is simply if and when they do act, is this an issue that we should revisit simply because I think having multiple standards across 50 different states probably isn't a great idea?

MORFELD: Yeah, absolutely. And-- and Senator, the reason why I didn't take action on this last year was because Congress said that they were

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gonna act last year and-- and now we're here. So to answer your question, absolutely. If-- if Congress passes a law and it's significantly different than this, then I think we need to sit down over the summer, and I'm happy to come back and introduce a bill that would amend or align and work with the different parties. Again, keeping in mind that the core principle should be keeping the consumer held harmless who has insurance and have some of these unexpected out-of-network costs in emergency situations. So the answer to your question is, yes, I'm happy to work with the committee next year, if in fact, Congress does do something later on.

La GRONE: Thank you.

WILLIAMS: Any additional questions? Thank you.

MORFELD: Thank you.

WILLIAMS: And that will close the public hearing on LB997. They're having their Exec Session, I guess.

LINDSTROM: Apparently.

WILLIAMS: All righty, we will open the public hearing on LB767 introduced by Senator Lindstrom to change provisions on breach of warranty on improvements to real property and provisions under the Nebraska Condominium Act. Welcome back, Senator Lindstrom.

LINDSTROM: Thank you, Chairman Williams, and this will be my last bill in BCI this year, so thank you for indulging me. I think I had quite a few in this committee this year, but I appreciate the committee's willingness to look at all these bills. Good afternoon, Chairman Williams and members of the committee. My name is Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m, representing District 18 in northwest Omaha. Today, I ask for your support on LB767. LB767 would amend the Nebraska Condominium Act. Nebraska first adopted the Condominium Act in 1983, which we have seldom amended since the time, despite the many changes to the house-- the housing landscape and market demands in the state over the past four decades. While there are a number of technical changes to the act, a few of which I will get to a little later, the underlying goal of LB767 is to make Nebraska's condominium law more conducive to construction of these projects and ownership of the units, especially as it relates to the residential-- residential condominiums. By making the necessary changes to the act, condominiums can be used for-- as an effective tool for housing and homeownership

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across a number of different demographics. While condominiums often are listed connotations of expensive downtown living geared towards the wealthy, that is largely due to the current framework of the act, which places a great burden lia-- burdens, liability and uncertainty on developers and unit owners alike, resulted in very high and expensive properties making up the majority of condominium development as those are often the only projects where the benefits outweigh the prospective risks. With respect to the condominium ownership, the act lends itself to a lack of ownership control by the individual owners. Association governing bodies often vest themselves with broad discretion to make decisions affecting all condo owners that are only beneficial to or desired by few. For example, the governing body of an association may be vested with the authority to pursue litigation on behalf of all unit owners in situations where many or even few are unaffected by the issue or would prefer not to be involved. These cause, if not otherwise recovered by insured, would funnel back to the unit owners in proportion to their ownership share, resulting in a kind of taxation without representation scenario. LB767 would limit an association's discretion in the area of prohibiting the delegation of a unit owners' litigation rights except those related to the covenants and rules that the association is meant to oversee and enforce, or upon the affirmative vote of at least 90 percent of the unit owners. LB6-- 767 would-- also includes the addition of a provision requiring that a unit owner must consent to any changes to boundaries or interests in a unit, regardless of whether developer referred to as the declarant throughout the act has carved out special development powers for itself for such changes are allowable elsewhere under the law. Such a provision, while seemingly fundamental to property ownership and control, is absent from the act. In addition to the control issues the act has the deterrent to condo ownership, concerns also arise in relation to preservation and maintenance of the condominium in the long term. While the declarant must lay the framework for the governing body to oversee the condominium maintenance and upkeep, upkeep, especially on common areas, can fall largely in the lap of the individual unit owners once the project is completed and the declarant ceases control. If the association members and governing body are all ill-equipped or unexperienced in upholding these obligations, these important responsibilities can fall by the wayside and negatively impact the condominium and its owners. LB767 seeks to combat this issue by requiring that all declarations for condominiums made out for four or more units include preventative maintenance plan prepared by an engineer and architect to ensure longevity of the project. On the development end of the spectrum, the

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distinct-- distinctives under the act are largely related to the liabilities and risks of litigation placed upon the declarant. For instance, the act places heavy toward and contracts-- contract liability upon the declarant for claims arising during the declarant's period of custody and control. A declarant is liable for all costs not covered by insurance and all other costs that otherwise would not have been incurred, but for a breach of contract or wrongful act. The declarant is further liable for all costs of litigation and attorney fees arising from successful claim. However, the act does not specify that the claim must arise from the act or emission of the declarant itself and could be in relation to the actions of the declarant's subcontractors, arch-- architects, engineers, etcetera, but the declarant alone is saddled with the liability and has to fall back-- bock-- back on its contractual indemnifications with a litany of potential third party of-- third parties. LB767 addresses these issues by incorporating a negligent standard that is representative of typical tort liability and specifies-- excuse me, specifying the declarant's liability must be tied to its own actions or inactions. LB767 also requires a period of good faith alternative dispute resolution between the aggrieved party and the dec-- declarant prior to the pursuing judicial action of warrantary-- warranty claims, excuse me. This would protect the unit owners while decreasing the costly litigation burdens associated with the warranty claims that can arise from condominium projects, especially given the broad express warranties provided under the act. These changes would not only mitigate the risks of condominium development, but also aid in financing and insuring of such projects with off-- which often act as a considerable-- act as considerable impediments due to the unwillingness to underwrite the projects as a result of their heightened liability risk. I passed out AM2241 that addresses some concerns regarding the statute of limitations and narrowed language-- and narrowed language in Section 1 in regard to the time-- timelines specifically for the condo act. It is my belief that LB767 sets forth the necessary changes to strike that the delicate balance between protecting condominium owners and mitigating the excessive liabilities placed on developers to incentivize a form of alternative housing that is largely absent in our state. It Is my hope that we can act as it-- that it can act as a vehicle for homeownership in place of projects that would otherwise only exist as market-rate rentals. Thank you, colleagues. That would be the longest opening I've had this year, so thank you for indulging me. Thank you, and I urge you for support of LB766-- 767 and the amendment. Thank you, Chairman.

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WILLIAMS: Thank you, Senator Lindstrom. Questions for the Senator?
Seeing none, thank you. We would invite the first proponent. Welcome.

ROBERT REYNOLDSON: Thank you. Senator Williams, and committee members, my name is Robert Reynoldson, R-o-b-r-t R-e-y-n-o-l-d-s-o-n. My address is 1128 Lincoln Mall, Lincoln, Nebraska, and I am the executive vice president and managing partner of UNICO Group Inc. I'm here today representing the Associated General Contractors-Nebraska Building Chapter of which UNICO Group is a member. The Building Chapter represents 130 of commercial firms that build vertically in Nebraska, regionally, and nationally. We support LB767 with the amendment. Market and economic data support the potential growth of condominium market in different parts of the state. However, developers and contractors have been reluctant to initiate projects due to two major barriers created by the current Nebraska condominium statute. The first barrier is faced by many building owners that is not clearly defined in the current statute. The second barrier is the cost of addressing this risk through insurance. LB767 addresses a fair number of the issues that relate to these risk barriers. Section 1 addresses a fair, reasonable time to make warranty claims against the developer and/or contractor. Section 2 will require larger projects to include a preventive maintenance plan for the complex and plan for updating the capital investment over time. The bill includes a process with reasonable time limits for prospective defendants to cure the alleged defects or to use met-- mediation before moving to any judicial proceedings. Lastly, there are reasonable limitations set upon owners associations and the individual contact-- condominium owners in the complex. We feel these are all fair changes in the right direction for all stakeholders and ask your committee to support this bill by advancing it to General File. I'd be happy to address any questions.

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

McCOLLISTER: Thank you, Chairman. This legislation, is it-- did you draft it ad hoc or is it based on some model legislation?

ROBERT REYNOLDSON: It is drafted similar to what other states have done in states of Colorado and Minnesota to-- to address concerns that were related to insuring projects for these types of issues as a result of legal actions that have had it historically arose during that time creating case law.

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McCOLLISTER: Thank you.

WILLIAMS: I have a question. If-- if we were to pass legislation like this, do you feel this would stimulate more growth in this area of construction and-- and building and additional home ownership in our state?

ROBERT REYNOLDSON: I certainly do believe it would, because right now, some of the unknowns that are created with the Nebraska Condominium Act are addressed by this bill. And anytime you have unknowns, that-- that relates to cost escalation, specifically from the insurance side of it of which I'm most familiar with. Sometimes I've seen not only in this state but in other states where the availability of insurance to cover these types of issues is almost unavailable and oftentimes unaffordable. So if you can quantify the risk and exposure, what-- what you end up with is something that can be quantified into a reasonable plan in developing a project on a condominium basis.

WILLIAMS: Thank you.

McCOLLISTER: One more.

WILLIAMS: Senator McCollister.

McCOLLISTER: Yeah, thank you, Chair Williams. How would you define condominium?

ROBERT REYNOLDSON: Condominium is just a-- a-- a-- an association with a group of owners of real property on a shared basis, on a shared platform, basically, that most often is used in residential settings, but it can be used also in commercial real estate settings too, and mixed use facilities.

McCOLLISTER: So for a-- a care facility where they actually sell the unit to the-- to the occupant, that wouldn't be considered a condominium, would it?

ROBERT REYNOLDSON: I don't believe so, because I think there are different regulations. They're related to, you know, assisted living type of independent or assisted living type that would take precedence over the condominium.

McCOLLISTER: So the distin-- the distinguishing characteristic is-- is the association?

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ROBERT REYNOLDSON: Yes.

McCOLLISTER: Thank you.

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

ROBERT REYNOLDSON: Thank you.

WILLIAMS: Invite the next proponent. Good afternoon.

JOSH MOENNING: Good afternoon, Chairman Williams, and members of the committee. My name is Josh Moenning, J-o-s-h M-o-e-n-n-i-n-g. I'm mayor of the city of Norfolk. Norfolk's in a strong growth pattern and housing development across the community reflects that. If current projects under planning or construction come to fruition, we're looking at adding more than 1,000 new housing units over the next 12 to 24 months. Much of the new housing is coming in the form of multifamily apartment units. This follows a larger trend. People are looking for smaller dwellings in more highly-dense neighborhoods, and many of these people would prefer an option to buy, not rent, such units. To accommodate this pattern and help our communities retain youth and attract newcomers, Nebraska should consider adjusting its current policies. Legislation modeled after recent-- recent proposals in area states should remove barriers to condominium development. This expands housing choice, helps affordability, and eases burdens on municipal services and property taxes that result from suburban sprawl and a lack of housing choice. Existing Nebraska law thwarts or hinders condominium development. Alleviating these barriers would help Norfolk in these areas. Workforce housing. This type of housing can be less expensive to construct than traditional single-family housing, and more units can be constructed in a shorter time frame. The condo tends to be around 10 to 15 percent cheaper than the same single-family home. Housing for diverse markets, including younger and older demographics. Young professionals and older-- older adults, in particular, tend to benefit from multifamily development, where home ownership is also an option. Young professionals may not be able to afford to buy a home, but they want to start building equity or establishing roots in the community. Similarly, older adults may not want to give up the independence, control, or financial benefits of homeownership, but they may very well want to give up the burdens of-- of yard work and snow removal. And both cohorts may well want to live in dense, urban, walkable environments with choices for entertainment and other activities. Condos provide this exact opportunity, but

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current barriers leave our communities not meeting this demand. Finally, municipal costs of infrastructure. More ownership in a denser product helps mitigate costs of increased road maintenance, fire, police, sewer-- sewer expansion costs, and more dense development, both vertically and horizontally, makes better and more efficient use of infrastructure and uses existing infrastructure instead of requiring new or extended infrastructure. This saves substantially on municipal costs and helps municipalities maintain or reduce property tax burdens. It also drives retail and entertainment development because there are more customers in closer proximity and that, too, helps the city's economy and tax base. Norfolk lacks significant availability of condos, and while people may not talk about it much because it-- the opportunity is absent, condos are a need and another housing option that would benefit our city. Anything that can be done to remove barriers to this type of development-- this kind of development and investment is helpful to our efforts to grow as a community. For these reasons, I urge your support of LB767. Thank you.

WILLIAMS: Thank you, Mayor Moenning. Thank you for your commitment to your community and our state. Questions? Seeing none, thank you for your testimony.

JOSH MOENNING: Thank you.

WILLIAMS: Invite the next proponent. Welcome.

SCOTT DOBBE: Thank you. Good afternoon, Mr. Chairman, members of the committee. My name is Scott Dobbe, S-c-o-t-t-D-o-b-b-e. I am the executive director of Omaha by Design. We are a local nonprofit founded in 2001 that works to inspire and build a more thriving greater Omaha metro, specifically through the quality, diversity, and design of the built environment. And as-- as we sit at that stage, what we see from our perspective is this-- this looming housing shortage, which in many-- some cases even be upon us. And that's what really compelled us. We felt it was important to be here today testifying in support of LB767. As-- as we look at this, the need for housing and quality workforce housing, affordable housing, and-- and all of the spectrum, we recognize also that it's a problem we can't solve just by the status quo. I think we need to look at more and more infill development that preserves our natural resources and our cropland and balances growth. And in that, I think there are positive signs we could point to. And in 2018, it was the first year in really anybody's memory that the city of Omaha recorded more building permits inside the I-680 loop than outside. So in other words, more growth,

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infill growth in the urban areas part of the community. And we think a balance is healthy. A balance is a good thing to strike. You know, in that, what shows is-- is not just demand for this type of housing product, this multifamily housing product, but it also shows, unfortunately, relatively little of that was of the ownership variety. Primarily it was rental. And although home ownership is not for everyone at every stage of life, there are many as-- as Mayor Moenning well pointed out, that find that a-- a great opportunity or avenue for either wealth creation as a young professional, or maybe it's just a lifestyle choice, it brings together diverse and kind of mixed use, mixed income, multigenerational groups have interest in it that I think are-- are those types that really build healthy communities. And we know that-- that ownership is important because that investment, both financial and civic, has returns in our communities. I would note also that it's effectively property tax relief, as you know, the mayor can attest to even better than I can in his position, but that it makes more efficient use of our existing resources as we're able to help open the path for more infill developments such as these condominiums might represent. I would add to that that I believe there's a letter of support that's been received from the Mayor's Office of the city of Omaha on this topic as well. And then, you know, finally, and as I spoke before the committee in regards to LR137, I did mention my background as an architect. I'm a registered architect in the state of Nebraska. And prior to my position with Omaha by Design, I practiced with one of the 15 largest architecture and engineering firms in the country. And I'd relate the story again today, if you'll permit me that-- that I did then, and that's that in this-- in this role, in this very large firm that works across the nation in many, many market sectors, there was one market sector in particular, a very large one that we would not touch in the state of Nebraska, and that was condominiums. And it was because we had been, I think, burned by what we saw as excessive litigation and just an undue balance of risk to our standard of care. And I feel that that's a sign that maybe there's-- there's something good can be done here and I do believe that this-- this bill begins to address that in very productive ways. So when we have communities that need it, there's a societal benefit, and we've got talented architects sitting on the sidelines because of the-- the risk. I think that's something that, again, I respectfully ask for your consideration of and encourage your support. Thank you.

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

SCOTT DOBBE: Thank you.

WILLIAMS: Invite any additional proponents? Welcome, Mr. Levy.

DAVID LEVY: Good afternoon, Mr. Chairman, members of the committee. David Levy, D-a-v-i-d L-e-v-y, Baird Holm law firm here on behalf of Noddle Companies in support of LB767. You've heard a lot this afternoon about why this bill is necessary and important and I would like to briefly support that with an explanation of what the bill actually does to further those objectives. You were all surprised by the length of Senator Lindstrom's introduction, as was I, so I'll try not to repeat some of those that-- that he mentioned as well. But I think it is important to show you how the bill works. So, and again, you have heard about some of these, but I'll-- I'll go through the list and then happy to answer any questions. I-- I think one of the best things of LB767 is it imposes a notice and cure period of six months to allow developers and builders to cure defects before litigation commences. That just seems like good public policy for the developer to know about the defect, know about the problem, and have time to cure it before there's litigation, even-- even necessary or commenced. The bill requires a preventative maintenance plan for a condominium project of 4 units as introduced, or in the amend-- in the amendment of 15 units. We heard from some that that would be burdensome for a project of only four units, and so there's a-- a proposal of a-- of a threshold there of 15 units. Allows the developer to wait until it has conveyed half of the units to form and hand off the Homeowners-- Homeowners Association, which gives the developer more time that it is in control of the project, in control of the association, and again, can learn of and try and cure any defects that might be reported or might occur while it's selling the first half of the units. Requires a vote of 80 percent of the unit owners exclusive of the developer to commence construction defect litigation to avoid a rogue board of directors doing so over the objection of a majority of the owners. Again, in the green copy this was 90 percent in discussions with interested parties, they felt like that was too high. And so the amendment sets that at 80 percent. You heard from other testifiers about the importance of the limitation on vicarious tort liability. The bill would also require a seller of the unit to disclose any threatened or pending litigation so somebody doesn't walk into that situation in buying a unit, and that may again dissuade

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litigation. Requires mediation before litigation can be commenced, reduces the stat-- the statute of limitations from four years to two years generally, or one year, within one year of discovery of the defect. We believe this is a modest set of amendments. Again, as one testifier mentioned, these are modeled on initiatives in Colorado, Minnesota, Washington that are similar. In fact, in some cases went farther than these proposals. But we felt like this strikes a balance between protecting developers while encouraging the production of housing and yet protecting owners' rights to seek redress-- redress for construction defects. The last thing I would mention. I understand that you have a letter in opposition from the Nebraska State Bar Association only in respect to the last section of the bill which deals with mediation and the cure period. I've had discussions with their lobbyists, very productive discussions, and I think we're-- we're very close to working something out there and coming to an understanding that with the modification would remove their opposition to the bill. And I don't think would-- would in any way really undermine the bill's intent and fundamental goals. With that, I'm happy to answer any questions that you might have, and I thank you for your time.

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

DAVID LEVY: OK. Thank you.

WILLIAMS: Any additional proponents? Seeing no one jumping up, anyone here to testify in opposition? Going once, twice. No one here in opposition? Anyone here to testify in a neutral capacity? Welcome, Mr. Willborn.

STEVE WILLBORN: Mr. Chairman, members of the committee, my name is Steve Willborn, S-t-e-v-e W-i-l-l-b-o-r-n. I'm a professor of law at the University of Nebraska College of Law and serve as a member of the Nebraska Commission on Uniform State Laws, whom my testimony is on behalf of the Nebraska Commission. The Nebraska Uniform Law Commissioners are a delegation to the National Uniform Law Commission and the other members of the commission, of the Nebraska delegation include Harvey Perlman, Larry Ruth, Joanne Pepperl, Jim O'Connor, and John Lenich. The National Uniform Law Commission is a confederation of all the states to draft laws where uniformity and laws appropriate and desirable. The Uniform Law Commission drafts its proposals through a transparent process with active participation by stakeholders and interest groups. We're also very interested in having states enact our

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products, and as a result, uniform acts tend to reflect a fair balance of the interests of multiple stakeholders in the area. LB767 proposes several amendments to the Nebraska Condominium Act, and I'm here to testify neutrally to inform you that the Uniform Law Commission has been working for nearly 50 years to provide a balanced, integrated and uniform legal foundation for common interest ownership communities. As you think about this act, you might also think about whether you want to address these issues more comprehensively, either instead of this act or in addition to it. First, some background. The Uniform Law Commission first acted in this field in 1976 when it promulgated the Uniform Condominium Act. It updated the act in 1980 and 1994. And that provided a much more comprehensive act that-- oh, I'm sorry, in 1994 it acted to provide a much more comprehensive act to cover not only condominiums, but also two other forms of shared interests in real property: planned communities with homeowner associations and real estate cooperatives. The retitled act is Uniform Common Interest Ownership Act. The latest version of that act was-- was promulgated in 2008, but the commission is currently-- has a drafting committee to update that act one more time, and I'd expect the newest version to be available to you in the fall of 2021. Given like all the versions of this act, the enactment history is kind of complicated, but on the last page of the handout, there's information on the number of states that have been credited with enacting the act. In addition to those states, a number of other states have adopted bits and pieces of the act, but not enough of it to end up on the map as having adopted it. As you heard, Nebraska's condominium law was originally enacted in 1983 and amended in 1984 and 1993. It was based on the original 1980 version of the Uniform Condominium Act developed by the National Law Commission. Nebraska law does not currently cover the other two types of common interest ownership. LB767 and the Uniform Common Interest Ownership Act, of course, cover many of the same topics. Sometimes the precise resolution of issues in the two acts vary and sometimes they overlap pretty closely. I'm a labor lawyer, as many of you know, and I'm-- so I'm no means an expert on-- on this, but I do have in the handout, I didn't have time to go over it, a kind of a compare and contrast of-- of this act with the Uniform Act, so you have some information about that. So I would say the Nebraska Condominium Act is based on a pretty long, outdated act, so amendments are certainly in order. Nebraska would benefit from adopting the current version, I think, of the broader act, the Uniform Common Interest Ownership Act, which as I said, covers both condominiums and planned communities with homeowner associations and real estate cooperatives. The new version of the Uniform Common Interest Ownership Act also addresses several

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issues that aren't covered in the Condominium Act, things like-- and I list them in my handout-- termination of the communities after a natural disaster, structuring large developments with a master association that governs certain-- governs certain aspects of several smaller associations, removal of officers from the unit owners association, association budgeting. So I just want to emphasize again, I'm testifying neutrally here to provide you with information about other possibilities. As you would expect, I think the Uniform Common Interest Ownership Act would provide a more modern, integrated, and uniform solution to these issues across a broader-- a broader range of common ownership types. And I might prefer some of the trade-offs made in our act to some of the trade-offs made here, but LB767 certainly does not do great violence to the Uniform Act on which it's based. It fits within the general structure of that act and has considerable overlap within a number of amendments that are suggested. So thank you, Mr. Chairman.

WILLIAMS: Thank you, Mr. Willborn. Questions? Seeing none, thank you--

STEVE WILLBORN: Thank you.

WILLIAMS: --for your testimony. Additional neutral testimony? Seeing none. While Senator Lindstrom is coming in, we have letters of support from Korby Gilbertson from the Home Builders of Lincoln/Metro Omaha Home Builders Association Coalition, from Sara Kay from the American Institute of Architects, and from Kevin Andersen from the city of Omaha. We have opposition letters from Timothy Hruza from the Nebraska State Bar Association and Phoebe Neseth from the Community Association Institute. Senator Lindstrom.

LINDSTROM: Thank you, Chairman Williams. So last week I had the opportunity to go down the street to the Lincoln Chamber of Commerce and they were hosting young professionals both from Omaha and Lincoln, and was interesting they had just done a study with individuals who had moved out of Nebraska. I think is was around 450-some young adults that have moved out of Nebraska and asked why. One of the issues was affordable housing. And what was interesting about one of the people that was running the deal, what she mentioned was, she said the housing what I'm looking at I can't afford-- she was 28 years old, I can't afford a \$250,000 house. But I don't have time to buy a \$100,000 house and do-- do the upkeep and/or to do some of the-- the renovations that were needed for a \$100,000 house. So I found it interesting in light of what this bill intends to do, we-- we, the last couple of years and actually for quite some time, we talk about

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workforce housing in the state Nebraska and the need that-- that we need to meet with regards to, we have apartments, we have single-family homes, but we don't have a lot of that middle ground, which I think the condominium updates in this act would provide. We need to look at-- at the greater Nebraska and some of the towns out there when it comes to affordable housing, getting a builder to build a spec home and building 5, 10 homes and actually make it work with the overhead costs. It just doesn't happen. And I appreciate Mayor Moenning's comments on that. I think Norfolk would be one of those communities that would benefit greatly with Nucor Steel and some of the-- the-- the jobs that they have there and having affordable housing not only with-- with affordability, but also walkability and main street and revitalization with main street. So while I appreciate Mr. Willborn's testimony to-- to maybe open up a little bit more, I've sat here long enough and heard some of the discussions with regards to the economy and that we kind of want to stay in our lane in this particular bill. And we'll work with-- as-- as Mr. Levy pointed out, we will work with the other parties that are involved to make sure that we address their concerns. But I-- I-- I think this is an important bill for-- for Nebraska and addresses a lot of different issues with workforce housing, jobs, economic development, and it's something that needs to be updated and, of course, as stated, we haven't done a lot of these changes for decades and it's time that we do so. So with that I'd be happy to answer any final questions. Thank you, Chairman Williams and members of committee.

WILLIAMS: Thank you, Senator Lindstrom. Questions for the Senator? Seeing none, thank you. And that will close our hearing on LB767. And the committee will be going into Executive Session.