

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Floor Debate January 31, 2022

**HILGERS:** Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventeenth day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Senator Lowe. Please rise.

**LOWE:** Will you please pray with me? Lord God, we thank you as we look back to the times throughout the ages when your servants lifted a voice to witness that you are our Father, that you lead the people to their true goal, however long it may take. We thank you for allowing us to be part of this witness. We thank you that so much for your-- for the love and the goodness that still shines into this time as a light to our state and nation. Watch over us. May your spirit grow stronger and stronger within us. Bring the redemption proclaimed by your servants and let your light dawn over all lands to the honor of your name. Amen.

**HILGERS:** Thank you, Senator Lowe. Senator Gragert, you're recognized for the Pledge of Allegiance.

**GRAGERT:** Thank you. Please join me in the Pledge. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

**HILGERS:** Thank you, Senator Gragert. I call to order the seventeenth day of the One Hundred Seventh Legislature, Second Session. Senators, please record your presence. Roll call. Please record, Mr. Clerk.

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

**HILGERS:** Thank you, Mr. Clerk. Are there any corrections for the Journal?

**CLERK:** I have no corrections.

**HILGERS:** Thank you. Are there any messages, reports, or announcement?

**CLERK:** There are, Mr. President. Series of hearing notices from Health and Human Services Committee, those all signed by Senator Arch as Chair. Priority bill designation: Senator Albrecht selected LB1213. That's all that I have, Mr. President.

**HILGERS:** Thank you, Mr. Clerk. Senator Vargas would like to recognize Dr. Erika Rothgeb of Omaha, Nebraska, who is serving as our family physician of the day. Dr. Rothgeb is seated under the north balcony.

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Please rise and be recognized by your Nebraska Legislature. And Senator Erdman would like to recognize two very special guests, his sister, Jennifer Batholomew, if I said that right, and his wonderful wife, Cathy Erdman. They are both seated in the north balcony. Please rise and be recognized by your Nebraska Legislature. Thank you for being here. While the Legislature is in business-- is in session and capable of transacting business, I propose to sign and do hereby sign the following LRs: LR280, LR285, and LR286. Mr. Clerk, let's turn to the first item on this morning's agenda.

**CLERK:** Mr. President, LB568 on Select File has been discussed. Pending is an amendment by Senator Pansing Brooks, AM1510.

**HILGERS:** Senator Pansing Brooks, would you like to take 30 seconds to refresh us on the debate?

**PANSING BROOKS:** Yes, I'd be happy to. I have-- I've decided to, and talked to a number of people, I've decided to agree to Senator Groene's amendment and I am pulling mine, so.

**HILGERS:** AM1510 is withdrawn. Mr. Clerk.

**CLERK:** Mr. President, Senator Groene had pending or filed, excuse me, AM1464. I have a note he wishes to withdraw that. Senator Groene would then move to amend with AM1697.

**HILGERS:** Senator Groene, you're recognized to open on AM1697.

**GROENE:** Thank you. As I've said in the past, I brought this amendment to make a bad bill better if possible. But we are so late in the game, it's-- we don't have enough time to debate this amendment. I think there's only 10 or 15 minutes left on the clock, and this needs a better, a better debate, a longer discussion than it's been allowed to, to be debated. But we have other problems which could have made this bill stronger if we could have talked earlier, like making sure that the funding is split between the three congressional districts evenly. I'm just finally getting some information, and most of it goes to Omaha and Lancaster. Of course, it always does. And so putting more money in it right now, I don't think is the answer until we can make sure that it, it is divided equally between three districts. And on other side of that is I'm not one to, after hard work by my colleagues, to make sure a bill don't pass, I'm not going to be the one to ever, which has happened to me on this floor, to go out on my own and make a deal at the last minute. I just can't do that to my colleagues, so I won't be doing that. I've never done it in the past.

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It happened to me just last year on a committee looking at TEEOSA, but it's a-- diversion works. We need to look at it. We need to make sure the funding is there. But if we're just going to change the funding, it probably needs to go to Appropriations Committee anyway and have a hearing there to-- because in statute already, we, we give \$5 million a year. If we're going to change that, it probably ought to go to Appropriations Committee on a bill. But-- so I think a message needs to be sent, too, that enough is enough. We've gone through an era here for about ten years where we're light on crime and it goes all the way through it. Senator Pansing Brooks led the fight. At least she's consistent to not allow discipline in our schools and allow kids when they're a young age to be taught that there are boundaries, there's consequences to actions, that you have a responsibility to others. I brought that bill a couple of times, two or three times. I brought it again this year because of one last hurrah. But I don't understand the thinking and why people don't understand that we have truancy, we have kids in trouble, we have kids in, in criminal court because we do not teach them the way they should go when they're five and six and seven and eight. Until we learn that lesson, hopefully we do again, another generation does, we will continue to come here and complain about the pipeline to crime and not blame the individual who got in the pipeline because we never taught them discipline and responsibility. We denied them that. We denied these little kids to learn basic things in life about behavior and then they end up in the pipeline. There'll be bills on the floor later, I'm sure, that will redefine the pipeline to say that, no, there is no, there is no consequences for actions. We'll change the crime-- the, the, the punishment for felonies. So there is no you can avoid the pipeline. You can just destroy your life with drugs and crime, but you won't end up in the prison because we're not going to build one. This all ties together. It all ties together. Light on crime. Quite frankly, truancy is not a crime in, in, in the way we think about it. It is an action trying to help kid-- a kid. Doesn't show up on his record, gives him a last chance to go back to school and correct his path. And some have characterized it as a punishment, it is not a punishment. It is not. It's a corrective action in a young man's life or a young lady's life. So anyway, I, I don't plan on getting to a vote on AM1697. It deserved a heck of a lot more debate. Well, at least it's more than I ever got on an amendment I had on, on, on helping young children in school with some-- teaching them discipline, allowing teachers control because the left don't allow that. They never come to me and ask for a deal. So I guess tit for tat. My last hurrah [INAUDIBLE]. I try to-- I haven't even gotten a hearing date on my new discipline bill after the teachers union again did a survey and said it's one of the major crimes, folks. A

third of them said they're not going back to the classroom. Not one of them replied that if you paid them more money, would they return to the classroom. But yet we, we allow a special interest group and a few helicopter moms to dictate what we do for discipline in the classroom because their child does no wrong. We set a policy because of it while the other kids suffer, but I haven't had a hearing date yet. So anyway, I truly, in my eight years here have worked for the children the old fashioned way to encourage them to learn discipline, personal responsibility, enjoy your freedoms. But they have limits. But no, the left wants, denialists want just to turn everybody loose, and it'll all work out. Well, it won't. And it ain't, and it won't. So anyway, I did my best, hopefully in the future Senator Erdman will keep doing it for the next two years. Senator-- well, maybe Senator Flood can do it in Washington, but I, I can't. This isn't good government when you try to amend something with ten minutes left on the clock. It's just isn't. I, I just can't go along with that. We didn't have enough debate on it, and I can't do that to my friends. And I hope this last year, my friends don't do it to me. It's not just your bill or your amendment. It's the state of Nebraska's amendment. So when somebody comes to you to make a deal, make sure you discuss it and have time to discuss it if that's the path we're going to do, go in. I could go with my ego and say, yeah, I, I got my amendment, became the bill, but that isn't good government. So I will leave it at that. If we get to the vote, fine, vote for it, it would make the bill-- wouldn't make it better, but it would-- the bill would disappear, but it would give more funding to a, a mandate to the counties. So I'll leave it at that and thank you.

**HILGERS:** Thank you, Senator Groene. Debate is now open AM1697. Senator Groene, you're next in the queue. Senator Groene waives the opportunity. Senator Pansing Brooks, you're recognized.

**PANSING BROOKS:** Thank you, Mr. Speaker. Well, there-- number one, there were 39 minutes left, not 10 to discuss this amendment. And I went to Senator Groene this morning and said the important thing is to give the counties the money to be able to do diversion. That is the important thing. That's the most important thing, helping the counties to get those dollars, not necessarily in Lincoln or Norfolk, as Senator Flood said, they've got a really robust diversion program, but it's to get the money to the counties. So a vote against this is a vote to not fund diversion for counties. They've not-- the Crime Commission has not been able to fund diversion adequately. And so this is a wonderful way to do it. And this is not about one person or being soft on crime. This is what is happening across the country. The goal is not to put kids in the school-to-prison pipeline, which then leads

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to overcrowding of our prisons, and we all know the problems we have on that. And Senator Groene has said in, in numerous other, other instances that it was because of some committee amendment that the money was even there in the first place. It has been in the bill throughout. It was originally \$10 million to counties through Community Aid and the Crime Commission, \$10 million in my original bill to help pay for diversion across this state. But nope we've got people that just think that, oh, this is just spending the taxpayers' money. No, what we're doing is making communities safer. The work that we've done on juvenile justice has been blamed on me and while I would love to take all the credit for protecting our kids and moving forward, it was a committee decision. It was a Unicameral decision. These bills were all decided by the body. I do not have the power to force the body to understand what's happening in juvenile justice today. I chaired a bipartisan-- cochaired a bipartisan committee with a very conservative Republican from Kentucky for NCSL and part of the work that we did and came out with a report which you've all had sent to you and you've all seen talks about the fact that we need to figure out alternatives to detention, ways to make sure that kids get treatment and rehabilitation that they need, not punishment, not trying to do whatever we can to lock them up and throw away the key, which then, of course, leads to a huge part of our problem on workforce development. These are not just my ideas that I've come up with on a whim. In fact, I am a corporate and business lawyer. I've done real estate law all my life, but I got into this Legislature my first year and recognized that children are not being treated equally, that they're not being treated fairly in our system, and that they're, they're being punished in a way that was never intended. And I'll tell you what, if we had created a juvenile, juvenile court like we've done the mental health courts and all of those things, our laws would look a lot different than they do now. Part of it is because of the tough on crime. Yes, and we want communities safe. But as you look at the statistics, as you look at the Supreme Court's report from Chief Heavican, our communities are safer. Recidivism is down. We're doing good things to help our communities, and I'm, I'm dang proud of this--

**HILGERS:** One minute.

**PANSING BROOKS:** --Legislature for all of that. I'm-- Senator Stinner is going to get up on the mike and try to explain to you all how important and how, how, how the monies work. And it's unreasonable to say that we haven't talked about this, the fact that they've been attacking me and not talking about the fact that there is money within the funding and funding for diversion from the original bill through the committee amendment, just decreased it a little bit, on into

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Senator Groene's amendment. So this is all fallacious. We're talking about party rather than people. We're talking about politics rather than people. And I, I am very sad about that because we are injuring and hurting our communities, our counties outside in the state, and our kids. Thank you, Mr. President.

**HILGERS:** Thank you, Senator Pansing Brooks. Senator Friesen, you're recognized.

**FRIESEN:** Thank you, Mr. President. Would Senator Groene yield to a few questions?

**HILGERS:** Senator Groene, would you yield?

**GROENE:** Thank you.

**FRIESEN:** Senator Groene, on your amendment there-- I mean, I've, I've been hearing things on the floor like sometimes there's not enough funding, there's not enough funding to some counties, but some counties have more money. How, how is your money that you're proposing to put forward here, how is that distributed to different counties?

**GROENE:** It would have been done the similar way the \$5 million is now. It was going to go to eight and a half. I believe it's by application by--

**FRIESEN:** So once, once--

**GROENE:** --you, you get a diversion program and then you take it to the Crime Commission and they approve if they're going to grant you the money.

**FRIESEN:** So then you apply for funds. And when the funds run out, whoever wins grants get money. Those who don't get a grant don't get money.

**GROENE:** Yeah, and it doesn't fund enough.

**FRIESEN:** So if there's money left over from those counties that have requested some and have some left over what happens to that?

**GROENE:** They're supposed to turn it back. I think, senator-- some senator told me that it's hearsay that Lancaster County gave back \$250,000 last year because they didn't use it. And all these other counties out there don't even have a program because the startup cost is, is a lot more than what they could get for a grant.

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**FRIESEN:** OK, thank you, Senator Groene. Now I'm going to just talk about the general bill, and I haven't weighed in on this bill. I have not voted in the past either way on this bill. But when I look at, in general, our laws and how we're having these juvenile issues come up over and over again and having been a kid once a long time ago, I, I look at what we're doing and it just seems like we keep handing out participation ribbons. We can't say no. When our kids want something, it seems like we all want to give them things, we all want to help them. But parents have forgotten how to say no. Sometimes when kids ask for things they, they don't really need them, and sometimes parents have to say no, but we want to be their friend and we're not really teaching them that sometimes you have to say no. You have to say no to your peers once in a while and you don't always win. Sometimes you make mistakes, but there's always consequences. There isn't a participation ribbon at the end. When you make a bad decision, there has to be consequences. And I think that's what we're getting away from over and over again and we're just saying all they've-- it's because of this that they just can't make those right decisions. And pretty soon, we've justified misbehavior and making poor decisions because they just couldn't help it. And it starts at home, obviously. And then it's moved to our schools where we hand out the participation ribbon because we don't want anyone to fail. And so we've set the bar so low that just about anybody seems to be able to slip through the cracks these days and, and then they get lost when they hit the real world. So I'm kind of tired of maybe we keep getting softer. It's got to start somewhere. And so for my part, it probably starts today. With that, I'll yield the rest of my time to Senator Halloran.

**HILGERS:** Senator Halloran, 1:22.

**HALLORAN:** Thank you, Senator Friesen. This is going to sound kind of like these disclaimer ads at the end of a drug commercial where I talk a million miles an hour and I won't get it all done. I did reach out to my local district to discuss and find out what they're doing to address truancy. In my district, we have the STARS initiative, which stands for striving toward attendance, realignment, and success.

**HILGERS:** One minute.

**HALLORAN:** The program serves 100 kids a year on average in Adams, Kearney, Phelps, Franklin, Harlan, Clay and Nuckolls and Webster County. These counties are not seeking money for this program, although I'm sure they would be more than glad to take some money, but it's working marvelously now without the assistance of more money. The STARS initiative is a collaborative, comprehensive, and preventive

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effort to improve the growth of students educationally, emotionally, and socially. STARS has been active in Adams County area since 2009. The program collaborated with a variety of stakeholders in the community to implement and deliver a comprehensive program that addresses truancy and excessive absences within the public school system. The program is designed to move away from a traditional punitive approach in dealing with excessive absences and problem-solving program. Through a thorough examination of community resources, risk and protective factors--

**HILGERS:** That's time, Senator.

**HALLORAN:** --and current research-- thank you very much.

**HILGERS:** Thank you, Senator Halloran, Senator Friesen, and Senator Groene. Senator Matt Hansen, you're recognized.

**M. HANSEN:** Thank you, Mr. President. I'm going to be brief before I yield my time. Let me just point out for the record, like Senator Halloran, I think that's the exact type of program that Senator Pansing Brooks wants to encourage and wants to provide funding for counties to do. It's great that some counties have the resources to do it now. It's great that some counties have local leaders who have taken on the initiative. We would like to lift all counties so that all students have some sort of individualized help, not just cutting them loose and letting them do whatever, but some help to actually get on whatever track we decide is best for them. Colleagues, I'll just say we've had some talk already about compromise. Why can't we just get together? There's a genuine offer of compromise on the table and it'll be interesting to see how this vote moves forward. With that, Mr. President, I'll yield the balance of my time to Senator Stinner.

**HILGERS:** Senator Stinner, 4:14.

**STINNER:** Thank you very much, Senator Hansen. I just want to direct your attention to the fiscal note. After all this discussion back and forth, I think it comes down to, let's analyze what this bill actually does. And if you look at the fiscal note on the first page, the Supreme Court estimates that this bill will result in the General Fund's expenditure reduction in Juvenile Probation and truancy-only cases, and they have numbers that are associated with that. The average length of time for truancy case is one year. The actual savings won't be realized till 2024, the, the full impact of this, this bill. AM1209, obviously, the Crime Commission is talking about adding another position costing \$79,400. And also, if you drop down to



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the last comments, AM264, which also increases aid to-- by \$8.5 million, the Crime Commission estimates that they need another \$77,000 person. But interestingly, AM74 [SIC] actually to appropriate \$8.5 million, we actually are spending \$5.7 million. So on the next page, it really kind of breaks everything down for you. So all things being equal, folks, all things being equal, you're going to save \$730,000. This is a least cost solution. This is what you look for when you're, when you're dealing with continual issues, whether they be juvenile justice situations. We'll be looking at prison reforms. Oh, by the way, least cost solutions is what we have to come up with. We're going to look at a DD bill coming up probably next or after the next bill. That's a least cost solution, that's getting in front of things. This bill, from an economic standpoint, 7.3, 7.3, 730, 730, is almost at \$1.5 million. I could take all of you on a heck of a trip for \$1.5 million. This is a savings to the state of Nebraska. It makes sense. And like I said, all things being equal and I'm trying to weigh the merits of this, and it sounds like there is incrementally a pretty good change from a qualitative standpoint. From a quantitative standpoint, this makes sense. Thank you.

**HILGERS:** Thank you, Senator Stinner and Senator Hansen. Senator DeBoer, you're recognized.

**DeBOER:** Thank you, Mr. President. I'm trying to understand where we're at with all of these amendments going around, and maybe they're not going around, and I want to know some things. So first, I want to ask a question about what the bill does and doesn't do. Would Senator Pansing Brooks yield to a question?

**HILGERS:** Senator Pansing Brooks, would you yield?

**PANSING BROOKS:** Happy to.

**DeBOER:** Thank you, Senator Pansing Brooks. Senator Pansing Brooks, I heard a lot of discussion the other day about wanting to keep local officials in charge of these decisions and not wanting to have a one-size-fits-all solution. In the bill, the way now we're going to amend it, is this a one-size-fits-all solution?

**PANSING BROOKS:** No, it's, it's, it's quite diverse. That's the wonderful thing about diversion. Number one, we've taken out the truancy part that's made-- given a lot of people some angst. So what this now just does is give money to diversion programs through the Crime Commission. It's actually to Community Aid, which is under the Crime Commission. So this is a way for it's, you know, we're hearing

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from Senator Flood and now Senator Halloran, and we know in Lincoln that, that we have really good diversion programs that are robust, but out in the west and in a number of smaller communities in different parts of the state, diversion is not there and those, those communities need to be able to spend funds that, that can come from, from Community Aid to beef up their diversion programs.

**DeBOER:** Thank you, Senator Pansing Brooks. I have a few more questions. One is we heard about this being a mandate. Is there anything in the bill because, you know, I don't like these statewide mandates on local officials. In fact, I don't think there is a one-size-fits-all solution. So is there anything mandated to be done by this bill as you intend to amend it?

**PANSING BROOKS:** No, nothing. There's no mandate. All it's doing is giving money to Community Aid for diversion programs to be spent across the state. It does-- probably the Community, the Community Aid will hire somebody to dispense and create programs like the STARS program that, that Senator Halloran talked about, which is great.

**DeBOER:** And another question that came up for me is the amount of money that's being proposed in this bill as amended. Would this be enough money for every community do you think or you may not be the right one to ask that question, but is there enough money in this that it'll give as many communities that want to the opportunity?

**PANSING BROOKS:** The, the goal is to have it disseminated much more broadly across the state, especially building up the programs in the smaller communities that do not have diversion programs. And diversion is, is a broadly-- it could be anything from writing apology letters to the victims to act-- or well, but this is in truancy, but it's also-- but diversion is used for much more than, than truancy. Sorry. So this, this diversion would be used in, in other status-type crimes as well.

**DeBOER:** And is diversion sort of a get-out-of-jail-free card or, with apologies to Senator Friesen, a participation trophy? Is there any, any kind of penitential aspect of diversion?

**PANSING BROOKS:** Yes, and I, I appreciate you're asking that. The statistics show that diversion works. They, they are able to work with the kids, either in mental health issues or they're able to work with kids to help them understand the necessity of going forward. They, they know that if they don't go through the programs, then they're

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going to be charged with a, a crime. So this is, this is a step before putting those kids into the system.

**DeBOER:** Does, does everyone succeed in diversion?

**PANSING BROOKS:** Pardon me?

**DeBOER:** Does every student, every child succeed in diversion?

**PANSING BROOKS:** No.

**DeBOER:** And then what happens to them?

**PANSING BROOKS:** When they don't succeed or they don't comply, then they are-- then the charges go forward and the county attorneys move forward in charging the child.

**HILGERS:** One minute.

**DeBOER:** So this is just an initial step that they must go through before they get charged if they don't shape up or ship out.

**PANSING BROOKS:** Absolutely. And it's, you know, it's still serious. People say, oh, well, you have to sit in front of a judge to take it seriously. That's not true. They are-- they really have to go through a number of different steps and hoops, and it's clear by the statistics that kids understand this is serious.

**DeBOER:** And if it's-- and if they don't take it seriously, they go before that judge. Is that right?

**PANSING BROOKS:** Absolutely.

**DeBOER:** OK, well, thank you, Senator Pansing Brooks.

**PANSING BROOKS:** Thank you for your questions.

**DeBOER:** This has been an interesting conversation. I've noticed in Judiciary that these juvenile justice issues are always much more complicated than they first seem. So I appreciate all the work. Thank you, Mr. President.

**HILGERS:** Thank you, Senator DeBoer and Senator Pansing Brooks. Senator John Cavanaugh, you're recognized.

**J. CAVANAUGH:** Thank you, Mr. Speaker. Well, I'm going to rise in support of AM1697 and, and LB568. I was sitting here, I heard--

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Senator Groene and I had a couple of conversations last week about this bill and about potential modifications and his position on this bill, and I recalled him telling me that he didn't like the truancy part, which he did say on the floor repeatedly, and that he did like the part about giving more money to our local communities for this endeavor. And so on Friday, after we spoke, I asked somebody for the numbers about how this money is allocated. And I would just point out that Lincoln County gets \$114,746 under the current program, and the total amount of money in that program is \$5.5 million. And so I did the math to see what the apportionment was. Lincoln County gets 2 percent of the total amount of money under the, the apportionment, and Lincoln County has just shy of 2 percent of the population in Nebraska. Douglas County gets about 20 percent of the allocation in this, which is 1.28-- or I'm sorry, \$1,280,000, which is about 20 percent of this total allocation, and Douglas County has more than 20 percent of the state's population, so the allocation is not disproportionately favoring Douglas County and disfavoring counties like Lincoln County. It's allocating it across the state. There are counties that are getting a small apportionment of about \$5,000. Though I looked, there are nine counties in Nebraska that have no juvenile diversion program, many of them are the ones that are getting the \$5,000. But under this proposal, Senator Groene's proposal, we would increase the amount of money substantially, which maybe would help some of those, those counties that don't currently have a program get one stood up and then start drawing their proportional share of funding. The conversation we're having here, I, I appreciate Senator DeBoer and Senator Pansing Brooks's clarifying conversation. That was very helpful. But we've gotten to a point where this bill has been debated at length. It's been worked on off the floor. It's been worked on with stakeholders like county attorneys, associations, and others. And the, the-- we have a point where the advocated stated objective of the side that oppose this bill is what's on the table, that this-- the author of the underlying bill is supporting-- agreeing to make one more compromise to advance some positive legislation that will help counties across the state of Nebraska all over the state implement programs that will help kids to stay out of trouble, to divert them-- diversion from incarceration, from the system, from the school-to-prison pipeline. This is a, a program that works and that if we can add more resources to it, we can get better results. As Senator Stinner said, a least cost solution. This is an investment in the truest sense, investing money in programs that are demonstrated to work that give us the outcomes that we want. And so by continuing to see what works, investing further in that, we will get more of the better results that we're looking for. We will get closer to our

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overall objective of fewer kids in the system, fewer people incarcerated. I, I think that it's important that we recognize how hard people have worked and the number of concessions from what they originally pursued and took the comments and integrated them into where we are at. And so I think we should question whether when you can make a concession to somebody, when you make a compromise, when you work with somebody in good faith and then they turn around and aren't willing to support their own proposition, that is problematic. So I've previously said I supported this bill as it was. I've supported this bill as it is now. I support this bill as it will be with Senator Groene's amendment--

**HILGERS:** One minute.

**J. CAVANAUGH:** --because of the objective that each one at each iteration of it has gotten us closer to where we need to be, none of them gets us all the way there. And so is it perfect? No. But we can't let perfect be the enemy of the good, and we should always pursue things that are a step in the right direction. So further funding these programs, helping diversion programs across the state get stood up, helping ones that are being successful have more resources to help more kids, that is a benefit to all of us. That is something we should be pursuing. This is a good policy. I'll be supporting this amendment and this bill and I encourage everyone else to do so. Thank you, Mr. Speaker.

**HILGERS:** Thank you, Senator Cavanaugh. Senator Machaela Cavanaugh, you're recognized.

**M. CAVANAUGH:** I rise in support of this bill and this amendment, and I would like to just thank Senator Groene for bringing forth the amendment. I think it's important that we continue to work on things. I really would just echo Senator John Cavanaugh's comments. So in the expediency, I'm going to yield the rest of my time. Thank you.

**HILGERS:** Thank you, Senator Cavanaugh. Senator Wishart, you're recognized.

**WISHART:** Thank you, Mr. President. I'll yield my time to Senator Pansing Brooks.

**HILGERS:** Senator Pansing Brooks, 4:56.

**PANSING BROOKS:** Thank you, Mr. President. So as a reminder, this bill no longer deals with just truancy. It provides money to diversion programs across the state and allows smaller communities to put money

into their diversion programs or to create a diversion program. We've heard numerous instances where communities did not have-- do not have diversion programs and they are of value. And if you look at, again, look at what the, the state of the Supreme Court report, recidivism is down in juvenile, in juvenile bill-- or in juvenile justice. And this is just one more way to give-- to be able to find out are the kids being abused at home? Are there economic issues? We heard, we heard testimony about a child that was forced to stay at home to take care of their sibling because their mother had to go to work, their single mother. These are real issues of real kids in our communities. And rather than taking a child who's missing school because of economic issues at home or health issues at home and then charging them with truancy, isn't it better to give some money to, to the counties to be able to determine and work with the child and figure out, is it, is it something going on at home? Is the child being abused? Are there economic issues where the child's been forced to stay home by the parent? Wouldn't we rather have the information necessary then coming down with the hammer of forget it, we're going to charge you, we're going to make you a truant? And make you go through that whole court system. I think it's, it's really a shame. It's clear that people were being disingenuous with, with the Groene amendment. He doesn't want to support it now. I think, I think that's a shame because this is money to all sorts of counties, as you heard from Senator Cavanaugh across the state. Yes, some counties have robust diversion, but a lot do not. And you can look at NCSL, you can look at Annie E. Casey, you can look at Pew, you can look at all sorts of organizations across this country that recognize the importance of diversion and getting kids the help that they need, rather than punishing them with the help they don't need. And if they need to be punished and they're excessively absent and won't respond and aren't acting appropriately, the county attorneys can charge them with truancy. There's no problem with that. But how can all of you stand up-- any of you in a vote, decide that you're going to vote against money for your counties to be able to work with the kids and their families? This isn't to, this isn't to let kids go free. Nobody's ever said anything like that. It's about best practices. Best practices across the country show that diversion works, that prison populations go down when we work at the beginning of the pipeline, when we work to help the kids who are in need. And again, this, my friends, is about-- it's about the kids, and I know that the people of Nebraska care about the kids, care about having best practices, not throwing away our kids. I don't believe our kids are that bad.

**HILGERS:** One minute.

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**PANSING BROOKS:** Yeah, there's-- there are kids that need to be-- have consequences. Absolutely. And there are some that need serious consequences. We haven't changed any of that. But on truancy, on some of the status crimes, we need to work with the kids and their families and make sure that they aren't being trafficked. Make sure, I mean, make sure that they aren't being abused and neglected. So, my friends, vote for the Groene amendment to give more money to, to Community Aid and let's just move forward and put the people over party and politics. Thank you, Mr. President.

**HILGERS:** Thank you, Senator Pansing Brooks and Senator Wishart. Mr. Clerk, you have a motion on the desk.

**CLERK:** I do, Mr. President, Senator Pansing Brooks would move to invoke cloture pursuant to Rule 7, Section 10.

**HILGERS:** It is the ruling of the Chair that there has been full and fair debate afforded to LB568. Senator Pansing Brooks for what purpose do you rise?

**PANSING BROOKS:** Call of the house, if you please, and roll call reverse order.

**HILGERS:** There's been a request to place the house under call. Question is, shall the house go under call? All those in favor of vote aye; all those opposed vote nay. Please record, Mr. Clerk.

**CLERK:** 31 ayes, 4 nays to place the house under call.

**HILGERS:** The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Wayne, please return to the Chamber. The house is under call. All unexcused senators are now present. Members, the first vote is the motion to invoke cloture, a roll call in reverse order has been requested. All those in favor vote aye; those opposed vote nay. Mr. Clerk, please call the roll.

**CLERK:** Senator Wishart voting yes. Senator Williams voting yes. Senator Wayne voting yes. Senator Walz voting yes. Senator Vargas voting yes. Senator Stinner voting yes. Senator Slama voting no. Senator Sanders voting no. Senator Pansing Brooks voting yes. Senator Pahls voting yes. Senator Murman voting no. Senator Moser voting no. Senator Morfeld voting yes. Senator McKinney voting yes. Senator McDonnell voting yes. Senator McCollister voting yes. Senator Lowe

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voting no. Senator Linehan. Senator Lindstrom. Senator Lathrop voting yes. Senator Kolterman voting yes. Senator Hunt voting yes. Senator Hughes voting no. Senator Hilkemann voting yes. Senator Hilgers voting no. Senator Matt Hansen voting yes. Senator Ben Hansen. Senator Halloran voting no. Senator Groene voting no. Senator Gragert voting no. Senator Geist voting no. Senator Friesen voting no. Senator Flood voting no. Senator Erdman voting no. Senator Dorn voting yes. Senator DeBoer voting yes. Senator Day voting yes. Senator Clements voting no. Senator Machaela Cavanaugh voting yes. Senator John Cavanaugh voting yes. Senator Briese voting no. Senator Brewer. Senator Brandt voting yes. Senator Bostelman voting yes. Senator Bostar. Senator Blood voting yes. Senator Arch voting no. Senator Albrecht voting no. Senator Aguilar voting yes. 26 ayes, 18 nays, Mr. President, on the motion to invoke cloture.

**HILGERS:** The motion to invoke cloture is not adopted. I raise the call. Mr. Clerk, for items.

**CLERK:** I do, Mr. President. Series of hearing notices from the-- from the Appropriations Committee, those all signed by Senator Stinner. And amendments to be printed: Senator Lathrop to LB1190; Senator Kolterman to LB1043. That's all that I had, Mr. President.

**HILGERS:** Thank you, Mr. Clerk. We'll turn to the next item on the agenda.

**CLERK:** Mr. President, LB767 on General File, a bill originally offered by Senator Kolterman; bill for an act relating to pharmacy benefit managers; it eliminates provisions relating to pharmacy benefit managers and provides an operative date; provides severability. Introduced on January 5 of this year, at that time referred to the Banking, Commerce and Insurance Committee. The bill was advanced to General File. There are committee amendments, Mr. President.

**HILGERS:** Senator Kolterman, you're recognized to open on LB767.

**KOLTERMAN:** Thank you, Mr. President. Good morning, colleagues. Today I'm here to ask for your green vote for my priority bill, LB767. LB767, if adopted, will adopt the Pharmacy Benefit Manager Licensure and Regulation Act. LB767 was heard by the Banking, Commerce and Insurance Committee on Monday, January 24, and was advanced unanimously from the committee. Before I begin the di-- with a discussion on this bill itself, it's important that we discuss what a pharmacy benefit manager is, and they're also known as a PBM, and it's important to know what they claim to do. So a PBM is often a middleman



between health insurance plans, Medicare Part D plans are large employers who are contracted to negotiate with pharmacies and pharmaceutical companies to control drug spending. Each PBM will develop different lists of covered pharmaceutical drugs for each individual plan they are contracted to negotiate for, which helps decide what drugs individuals will be given and help determine the out-of-pocket cost for the consumer. But PBMs can also utilize its purchasing power to help negotiate lower prices from the pharmaceutical industry, and some PBMs will even contract directly with mail-order pharmacies to provide covered drugs to the consumers. While PBMs are described to be middlemen, this isn't always necessarily the case. There are some truly independent PBMs who contract with other entities to provide these services. However, there are-- there are other instances where an insurance company owns its own PBM, a PBM can own a pharmacy, a pharmacy can own a PBM and an insurance company, so each individual situation can often be quite murky or different. This has led to numerous complaints about the industry because, as of right now, PBMs are not regulated by the state of Nebraska. This is why I've introduced LB767. Over my tenure, I've introduced numerous pieces of legislation to try to fix the issues that I've witnessed that affect the business relationship between our local pharmacies, insurance companies, pharmacy benefit managers, and the pharmaceutical industry. Last year, I introduced LB375, which was held over in committee, to highlight these issues. And following that hearing, I made a promise to continue to work with all different stakeholders that this legislation would affect to come up with legislation that was agreeable to all. Over the interim, Senator Williams, Senator Bostar, Senator Morfeld, and myself held numerous stakeholder meetings with representatives from the numerous industries this legislation directly or indirectly affects to hear how any proposed legislation will either benefit or harm existing business practices. Following the discussions, all stakeholders have agreed that LB767 represents a strong middle ground that competing factions in this debate can all live with. The first sec-- section-- the first six sections of LB767 contain model language from the National Association of Insurance Commissioners that establishes the standards and criteria for the licensure and regulations of PBMs. The NIA-- NAIC, as they're known, PBM working group, which included members from the Nebraska Department of Insurance, worked diligently for years with all stakeholders to draft this model language. The model language serves as a framework for the Legislature to enact legislation to address issues and concerns our Nebraska pharmacies are encountering-- are encountering on a daily basis. An issue that has been discussed at length is the lack of a uniform auditing standard. Currently, there

are no standards auditing-- there is-- are no standard auditing practices that PBMs must abide by. This causes pharmacies and other staff to spend more time trying to understand what is needed under each audit than providing care for their customers. LB767 seeks to help our pharmacies to prevent these administrative headaches by requiring each PBM that does business with the state of Nebraska must give each pharmacy a 14-day notice before the initial onset audit, and it further establishes uniform standards for similarly situated pharmacies. During the interim, it was explained that the first five business days of any month are the busiest times for the pharmacy, so representatives of the pharmacy industry requested that audits would not be allowed to take place during this time. After further discussion with all involved, it was determined this was not a significant prohibition on the ability of PBMs to audit pharmacies, so a provision that it disallows an au-- on-site audit during the first five business days has been included within this legislation. Another concern that was raised by the pharmacy industry is that some PBMs hire third-party auditors who are incentivized to find mistakes by receiving a percentage of the recoupments that a pharmacy remits to the PBM for any mistake the pharmacy makes. This business practice can be argued as unfair, as these auditors will target those claims that cost the most, which then allows those third-party auditors to boost their bottom line by finding mistakes. Since these auditors can make much more money examining higher-cost claims rather than lower-cost claims, a holistic view of all claims to find errors, waste, and fraud doesn't necessarily occur. With agreement of all the stakeholders, LB767 puts an end to this business practice in the state of Nebraska. LB767 also limits what is allowed to be recouped in an audit. If a clerical mistake is made on a prescription that does not cause financial harm to the covered person or the health plan, these mistakes, when found during an audit, the PBM would not be allowed to clawback the payment the pharmacy receives from this prescription. Another concern the committee heard regards what is referred to as a maximum allowable credit list. These lists, commonly referred to as MAC pricing lists, refer to a list of products which includes a maximum allowable that a plan can pay for generic drugs and brand-name drugs that have generic versions available. Each PBM may have more than one MAC list, and no MAC lists are alike and change constantly. Therefore, we are regarding these lists-- we are requiring these lists be updated at least every seven business days, noting any price change that must be allowable to each contracted pharmacy in a format that is readily accessible. If there's any issue with pricing on these MAC lists, the pharmacy has a 15-day limit to appeal and must be investigated and resolved by the PBM within seven days. If an appeal

is valid, the PBM must adjust the drug price within a day after the appeal is resolved and allow the pharmacy to reverse and rebill the claim. Section 9 is a very important section of LB767. This provision prohibits discrimination against 340B entities and 340B contract pharmacies. The 340B drug pricing program is a federal program, and it requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to healthcare organizations that care for many uninsured and low-income patients. The health entity then must invest these savings they receive from buying drugs at discounted rates into providing care for uninsured/underinsured patients, and the Banking, Commerce and Insurance Committee heard from multiple hospitals who utilize this program to provide additional care to most needy citizens, and I'd be happy to try and answer any further details of-- of this important program on my next turn at the mike. LB767 also further regulates what can qualify as a specialty pharmacy. Prior to--

**HILGERS:** One minute.

**KOLTERMAN:** --LB767, a PBM could pick and choose which or how many accredited-- accreditations they would require a local pharmacy-- in order for these pharmacies to provide specialty drugs to its members. Arguably, the practice allows each PM [SIC] to freeze out competition by locally owned pharmacies and direct these drugs to be provided by a pharmacy owned by the PBM or a pharmacy that has close ties to the PBM. Following numerous discussions, I believe we've come to some middle ground. LB767 states that a pharmacy obtains a specialty pharmacy accreditation from a nationally recognized independent accrediting body and is willing to accept the terms and conditions of the contract with the PBM. The PBM shall not exclude the pharmacy from its specialty net-- network. I'll wait till my next turn on the mike to finish up. Thank you.

**HILGERS:** Thank you for your opening, Senator Kolterman. As the Clerk noted, there are committee amendments. Senator Williams, as Chair of the Banking Committee, you're recognized to open on AM1643.

**WILLIAMS:** Thank you, Mr. President. Good morning, colleagues. The committee amendments were offered by Senator Kolterman at the public hearing on LB767 before the Banking, Commerce and Insurance Committee on January 24. The amendment would make one fine-tuning adjustment in Section 9, which, as described in the bill's opening, provides requirements for the reimbursement of pharmacy-dispensed drugs by a 340B entity. The amendment would provide that this section applies to 340B contract pharmacies as well as 340B entities. The amendment would

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redefine a 340B entity as an entity participating in the federal 340B drug discount program. The amendment would define a 340B contract pharmacy as a pharmacy under contract with a 340B entity in dispensing drugs on behalf of such 340B entity. I know that most of you-- this is a complicated process that we are looking at. I've served now-- this is my eighth year on the Banking, Commerce and Insurance Committee. During each one of those years, we have had issues concerning the PBM situation with dealing with pharmacies, insurance companies, PBMs, and certainly also the ultimate consumer. The committee has worked hard, but not nearly as hard as Senator Kolterman and Senator Morfeld, on this issue over these years. This year we took on the approach, with-- under the direction of Senator Kolterman, to be sure that we were able to come to the body with a solution. So as Senator Kolterman described, many meetings were held over the summer and fall to get people on the same page. There are five areas, as Senator Kolterman talked about, that we focused on: MAC pricing, audits, appeals, 340B issues, and the specialty pharmacies, and I would suggest to you that the grand compromise has been achieved. At the hearing on both the bill and the amendment, there was no opposition testimony; and if you've ever been to a hearing before on the PBM issue, we had strong opposition on the parts of many people. That's a credit to Senator Kolterman, Senator Bostar, and Senator Morfeld and their willingness to work together on this. With that, I would encourage your green votes on both the amendment and also the underlying bill, and I would yield the balance of my time to Senator Kolterman.

**HILGERS:** Senator Kolterman, 7:10.

**KOLTERMAN:** Thank you again. Thank you, Senator Williams. The remaining sections of this bill provide for enforcement by the Department of Insurance to ensure compliance and other technical matters, such as operative date of January 1, 2023, and a severance clause. As I stated before, LB767 is a culmination of years of hearings, meetings and negotiations, and there's some people that need to be thanked because they were very helpful in getting this to where it is today. In no particular order, I'd like to thank: Chairman Williams; Senator Bostar; Senator Morfeld; the Department of Insurance was very helpful; the Nebraska Pharma-- Pharmacy Association and their members; the Pharmaceutical Care Management Association, that's the national PBM organization; the Nebraska Insurance Federation, their members; the Nebraska Hospital Association, their members; Nebraska Medicine; the Nebraska Medical Association; PhRMA; and my legislative aide Tyler Mahood. Last but not least, I'd like to thank Bill Marienau for his guidance in getting this drafted the way it was, all the work that went into the bill. While not everyone is completely happy with

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everything in LB767, we all believe, all the people that I just mentioned believe that we found some middle ground that's amiable to all. This was proven by the fact that there was no opposition testimony or letters for the record during the committee hearing opposing the bill. With that, I would ask for your green vote on LB767 and AM1643, which Chairman Williams just introduced. I'd also be willing to entertain any questions you might have. Thank you very much.

**HILGERS:** Thank you, Senator Kolterman and Senator Williams. Debate is now open on AM1643. Senator Friesen, you're recognized.

**FRIESEN:** Thank you, Mr. President. And I would ask Senator Kolterman if he'd yield to some questions.

**HILGERS:** Senator Kolterman, would you yield?

**KOLTERMAN:** Yes, I will.

**FRIESEN:** So I've been starting to read through a little bit and I was trying to listen to what you were saying, and it's a very long, complicated bill. But in general, I mean, this body has always-- we've tried to get rid of licenses and things like that and-- and now you're putting a license in place. And I-- I want you to talk a little bit about that process of why we're licensing them. And, you know, some of the questions, it says, you know, they'd have to be trustworthy and competent, and I wonder how you reach the conclusion to that. And is there an appeal process? If somebody doesn't get a license, can they appeal it? Because it seems to be a rather gray area in that licensing procedure.

**KOLTERMAN:** Thank-- thank you, Senator Friesen. I appreciate the question, and I'll try to address that for you. Over the years since I've been here, PBMs have never been regulated, and they-- they-- they serve a very good purpose because they help control the cost of-- of our healthcare. At the same time, they've never been regulated by anybody on a national basis, nor on a statewide basis. There have been 34 states that have now regulated. I believe will be 35. I might be off by one. But in the past, the Department of Insurance, because it's an insurance product generally, they're-- they-- they've never been regulated, the State of Nebraska Department of Insurance worked with the National Association of Insurance Commissioners to bring some regulation to the-- to the table, and it's taken many years for that to take place. Actually, our Department of Insurance, who has-- are

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well-respected on a statewide basis, on a nation-- national basis, led the-- led the working group that came up with this model legislation.

**FRIESEN:** So how many-- how many PBMs are there in the state that operate?

**KOLTERMAN:** Well, there's three major PBMs. They're the CVSes and the Optums and the Walgreens and large-name companies like that. And then there's a lot of other smaller PBMs, Express Script. You-- you hear of them all the time, but they've never had any kind of regulation on them. And so what they've been doing is they've been, so to speak, hurting our small-town pharmacies because the larger they get, the more ability they have to control those small pharmacies and drive business their way instead of allowing them to compete.

**FRIESEN:** So where does a PBM make it-- his money?

**KOLTERMAN:** They make-- they make their-- well, the-- first of all, they're owned by insurance companies, so the insurance company is getting a premium, and then they're also getting the money for the-- for administering the PBM. And so they're getting-- getting it twice, so to speak. They-- they make theirs on the margins. They negotiate with the-- they negotiate with the pharmacy or with the pharmaceutical companies. They get rebates from the pharmaceutical companies in many instances. You can negotiate all those things.

**FRIESEN:** So in-- in the bigger picture of the state, have they helped lower the cost of medication?

**KOLTERMAN:** In many regards, they have; in many regards, though, they've-- they've hurt-- they've-- they've hurt the comp-- they've driven out competition. Let's just--

**FRIESEN:** OK.

**KOLTERMAN:** --say that.

**FRIESEN:** So, I mean, so when a-- when somebody applies for this license, though, it says they have to be trustworthy and competent and it goes through. How-- how are you measuring that and what is--

**KOLTERMAN:** It--

**FRIESEN:** --the appeal process if--

**KOLTERMAN:** Well, the--

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**FRIESEN:** --if you would deny someone a license?

**KOLTERMAN:** Yeah, the Department of Insurance will be the ones that regulate that, who gets the license and who doesn't get the license. If they're a lic--

**HILGERS:** One minute.

**FRIESEN:** [INAUDIBLE] through-- through rules and regs?

**KOLTERMAN:** Yeah, through their rules and regulations.

**FRIESEN:** OK.

**KOLTERMAN:** And they'll look at their financial capabilities. There are bad actors in that industry, just like there are any other industry.

**FRIESEN:** Sure.

**KOLTERMAN:** So we felt like there needed to be some regulation, but it-- we're not overburdening the Department of Insurance. I think they're asking for a half-time person to manage this.

**FRIESEN:** OK. Thank you. Thank you, Senator Kolterman, and I'll probably be asking some more questions as I go through it. But again, this is a very complicated, long bill, and I hope people are paying attention. And I think it does in the long run do some good for the industry, and I-- I-- so far, I do support it. But there are some things in there that I'm questioning why they're doing it. So thank you, Mr. President.

**HILGERS:** Thank you, Senator Friesen and Senator Kolterman. Senator Groene, you're recognized.

**GROENE:** Thank you, Mr. President. I am on the fence on this. As Senator Friesen said, it's very complicated. Sen-- Senator Kolterman, would you answer some questions?

**HILGERS:** Senator Kolterman, would you yield?

**KOLTERMAN:** Yes, I will.

**GROENE:** Is this about insurance companies or about distributors of drugs?

**KOLTERMAN:** It's about pharmacy benefit managers being regulated, who are owned by some insurance companies; some are standalone.

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**GROENE:** Are they distributors?

**KOLTERMAN:** They-- they market to the indi-- individual pharmacies throughout the state.

**GROENE:** Thank you. I-- I'm-- come from the ag industry. Senator Friesen and anybody in ag knows we got distributors that control the chemical, farm chemicals, and I'm assuming that's what these folks are, where there's big-- volume pays off and they might give you a price, buy there's always the black box on the back end and volume discounts and you get a big check from the distributor. And the bigger you are, the more money you get and, therefore, it makes you more competitive against the little guy. So, Senator Kolterman, I'm not-- this is not hostile questioning. So at the end of the day, will a small-town pharmacy be able to pay the same for a prescription drug as Walgreens does?

**KOLTERMAN:** That's a good question, Senator Groene, and ma-- these-- these pharmacies contract with various providers that in turn set the price and-- and for-- for years--

**GROENE:** Set the wholesale price or the retail price?

**KOLTERMAN:** The whole-- the wholesale price to the pharmacy, what they can buy the drug at, and then the pharmacy is allowed to either mark it up so they-- so they don't-- they don't lose money on a prescription.

**GROENE:** Thank you. So I guess I'm seeing a very complex system here where-- so I'm-- I'm-- I-- I would understand that Walmart and Walgreens and CVS pay a lot less for the chemicals-- I mean, for the-- see, I'm not a farmer-- for the prescription drugs than the local pharmacy does in a small town. I'm-- I'm sensing that by reading some of the letters to the committee. And then, if I'm-- if I'm wrong, somebody correct me, but then comes in the insurance company or the-- or the group and they say, well, you gotta buy from somebody in my network, in our network, and they will-- and they will only charge you this much for the drug. So the small-town pharmacy is not in the network because they can't sell it for that. I'm confused at the end of the day. The end of the day, to me, on this bill, does the consumer in rural Nebraska pay less for his drugs or their drugs than they are now, or is this just about-- which I wi-- want to happen, the pharmacy on Main Street to stay open, which means higher profits, I-- how do I figure that out, Senator Kolterman, if you'd answer a question? Will



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the consumer in rural Nebraska pay less or will they pay more and have more availability? Go ahead if you wish, answer.

**KOLTERMAN:** I-- I wish I could give you a concrete answer. It is very complicated. Hopefully, by doing this, they can-- the-- the pharmacy there can negotiate better prices and pass those on to the consumer. On the other hand, it all depends on-- on the plans that they have, and-- and I'm going to talk about that in a minute, Senator Groene.

**GROENE:** Thank you. Thank you. I-- well, I think this bill should-- that some more should get in the queue because we gotta have-- we can't pass things like this without, as Senator Friesen said, a very long bill. And I'm not saying there's any nefarious intent here, but sometimes best intentions--

**HILGERS:** One minute.

**GROENE:** --doesn't help my constituents, which are other individuals struggling to pay for their medic--- medications and they would gladly order it by mail if they could get it for less. I'm trying to figure out if that harms them, this bill, or helps them. And when I get a clear picture, I'll gladly support the bill. But until then, I-- I-- I got a lot of questions. So thank you, Mr. President.

**HILGERS:** Thank you, Senator Groene and Senator Kolterman. Senator Arch, you're recognized.

**ARCH:** Thank you, Mr. Speaker. I think Senator Groene used the word "complex." My-- my experience with PBMs in-- in the hospital industry is beyond complex. It is mind-numbing at times to understand, in particular, pricing structure, the transparency of pricing, the role of rebates, all of that. I-- I've just got one question for Senator Kolterman, if he would yield.

**HILGERS:** Senator Kolterman, would you yield?

**KOLTERMAN:** Yes, I would.

**ARCH:** So with regards to pricing, transparency, all of that, how-- how does this bill affect that? And I-- my-- of course, my-- my perspective is from a hospital, not-- not from the retail pharmacy, but how does it-- does this bill impact that at all? And-- and if so, how?

**KOLTERMAN:** I'll-- I'll take a few minutes to explain to you what-- like I'm sure you're familiar with what the 340B program is. The 340B

program is a program that's developed by the federal government for Medicaid type of patients. It allows pharmaceutical companies to sell their drugs to hospitals at a reduced rate. They, in turn, then utilize those savings to pay for indigent care and things that hospitals can't bill for. So somebody comes into the emergency room, they have no insurance, the 340B program, the savings that they get from those drugs have to be used to pay for that type of care. Over the years PBMs have tried to interfere with that 340B program and reduce those discounts that they're getting. And so what this does is we've put some nondiscriminatory language in there that allows them not to continue to do that, and it protects the 340B program. At the same time, over the years, many of these small-town pharmacies have not been able to-- they've been-- they don't know for, say, 30 days whether or not they made any money on a drug or not that they purchased because the-- the MAC pricing lists vary from day to day. And they should be able to know on a daily basis whether or not they can expect to make a profit on that drug that they're selling or not, but they haven't been able to do that. So that's why we put in language that requires them not to do the audits during the first five days of a month, and it also requires them to update their MAC pricing lists every 14 days. Those are all types of things that the-- that the pharmacies now will have access to to help them control the pricing that they get from various companies. We've also got some appeals processes built into the bill that they have not had in the past. So I believe in the long run this is going to save the consumer money, but we don't know-- they-- I'll give you another example, if-- if you don't mind. So let's say that you have a large independent policy, and I'll use the example, the state health insurance policy that the teachers all utilize, the healthcare alliance. They can negotiate directly with a PBM and if they're not getting the type of discounts that they want, this will give them the opportunity to go to other PBMs and get those discounts. In the 340-- and-- and we heard about this because the University of Nebraska originally had a bill on the-- you can look on the fiscal note. If you look at it, originally thought it was going to cost them a million dollars or close to a million dollars more, and then they came back and reevaluated and said, well, if we can negotiate--

**HILGERS:** One minute.

**KOLTERMAN:** --we don't know exactly what that will look like. So they-- they lowered their feasi-- you know, their-- their cost study and said, we think-- we don't think this is going to cost us anything. So those are the types of things that have become more apparent as we've gotten into this legislation.

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**ARCH:** OK. All right. Thank you, Senator Kolterman. I've got one other question. I'm just-- I'll just hit my light again, and so I'll-- I'll-- I'll finish this-- my time. I yield back to the Chair.

**HILGERS:** Thank you, Senator Arch and Senator Kolterman. Senator Kolterman, you're next in the queue.

**KOLTERMAN:** Yeah. Actually, Senator Arch, if you'd like to ask that question now, I'd be glad to try and answer it.

**HILGERS:** Sen--

**KOLTERMAN:** I was going to talk about the 340B program, but I did that on your time.

**HILGERS:** Senator Arch, would you yield?

**ARCH:** Yes, I will. Thank you. Thank you, Senator Kolterman. I-- I do have a question, and that is-- and that is the issue of rebates. One of the complexities of a-- of a PBM system is-- is manufacturing rebates and how those are handled and-- and as it relates to pricing then. So was there-- was there any discussion or is there anything in the bill regarding the handling of those rebates, the reducing of prices, passing on to the purchaser, any of those discussions? Because I know, depending on the PBM, that could be handled differently.

**KOLTERMAN:** That's a-- that's a very good question. We have talked about rebates in the past on the floor here and we've eliminated some things like clawbacks and things of that nature that deal with some of the rebates. But at the same time, we did not address rebates to the magnitude that we probably could. That's-- there's a bill that's been introduced by Senator Morfeld that deals with rebates that will be heard in Banking and Insurance and Commerce later on this session. But we-- we purposely didn't go that far simply because it was very difficult to get what we've got accomplished done in the short period of time that we've had to work on it.

**ARCH:** Thank you for your response to that.

**HILGERS:** Senator Kolterman, are you--

**KOLTERMAN:** I yield the rest of my time.

**HILGERS:** Thank you, Senator Kolterman and Senator Arch. Senator Friesen, you're recognized.

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**FRIESEN:** Thank you, Mr. President. Would Senator Arch yield to some questions?

**HILGERS:** Senator Arch, would you yield?

**ARCH:** Yes.

**FRIESEN:** So in the conversation you've had with Senator Kolterman, you've talked about hospitals, and I'm going to relate. In the ag business, the chemical companies, they sell chemicals to the co-op. The co-op can sell them at whatever price they want, but their profit really isn't determined till the end of the year. There's kind of a black box and in that black box there might be a big premium at the end of the year and there may be nothing. Is that a little bit to describe how the drugs are sold to hospitals?

**ARCH:** Yes, the PBM, the PBM handles that. And I-- you know, it is complex. I-- I think that the-- the role of the PBM is a necessary role in that-- in that the-- the number of pharmaceutical items that are available in-- in-- in our society is-- is huge. And to have someone that organizes that and-- and handles that I think is-- is necessary. But it does put a middle person into the-- into the-- the system. And-- and of course, you know, given the complexities, the number of PBMs over time have reduced and now we-- we have very large PBMs operating. So, you know, as I-- I don't understand the ag business, so I don't understand exactly what that fertilizer intermediary does, but I would imagine that is-- it is similar.

**FRIESEN:** Thank you. Thank you, Senator Arch. So again, this is a little bit familiar with chemical companies and how they deal with things whether they're pharmaceuticals or chemicals. They price things and then there's this black box and the end of the year, and that's where your profits might be. It might be all your profits. It might be nothing in the box. And so it-- it keeps them from pricing things where they feel they would be probably appropriately priced because they don't know what's going to be in that box. And so when I-- when I'm listening to the discussion here, I-- I-- I hear that hospitals, I mean, they get a discount on drugs. But in the end, whenever I've been there, it seems like the markup on those medications is tremendous. And so if they're already buying them at a discount and then marking them up and using that to pay for other costs of the hospital, it seems like it's not a very transparent process to start with, I guess, but it is the process that's put in place. And I'm not going to say that we shouldn't have PBMs or that they're doing good or bad, but I-- I am concerned, I guess, a little bit about this, how this third party

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works and whether or not it's actually lowering the cost of drugs. But it-- you know, when I look at my local pharmacy, I know they're struggling to compete with the Walmarts, the CVSes and all those, and everybody wants to maintain that local pharmacy. And-- and so if I-- I'm going to be reading through this more. And, Senator Kolterman, in the future, if you could maybe address how this protects the small pharmacy, that's kind of who I'm interested in. It's not the big Walmarts and the CVSes, but I also understand that they're in a place where maybe they can save people money on their medications, which is a good thing in the longer term because of our cost of healthcare. But-- but is it a free market when we're doing things like this? And is it a little bit more are we starting to get into, you know, the antitrust almost to where maybe you have-- we get down to three or four or five PBMs and suddenly the-- the market price doesn't dictate what medications or drugs are selling for and it-- it can suddenly turn into something different and-- and yield greater profits to that third party. So with that, I'll yield the rest of my time to Senator Kolterman.

**HILGERS:** Senator Kolterman, 1:00.

**KOLTERMAN:** Thank you very much. I-- I appreciate your concern, Senator Friesen. The bill was actually brought to me by the small-town pharmacies and-- and the real-- the realization is, they're not-- they're not always invited into some of the networks; or if they are in the network, they're-- they're getting beat up by mail order because the larger companies are pushing their product to mail order where they can buy it cheaper. And so what this does is it allows the local pharmacy to have their pricing a lot faster. They know exactly what they're competing against and it should help them compete in that regard. I think Senator Halloran has some questions. I-- I think we'll get to some of that during his questions as well. So I-- I hope that this will be helpful to you.

**HILGERS:** Thank you, Senator Kolterman and Senator Friesen. Senator Clements, you're recognized.

**CLEMENTS:** Thank you, Mr. President. I'm an insurance agent and I sell Medicare Part D plans, which is prescription drug coverage for people on Medicare, and that started in 2006. And from 2006 to 2020, the premium for a person was \$35 to \$40; maybe it hit \$50 last year, but I'm-- the-- the renewals that I've seen for 2022 are like \$75 and \$80 now a month, and there is definitely a problem with increasing cost with prescription drugs. And would Senator Kolterman yield to some questions?

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**HILGERS:** Senator Kolterman, would you yield?

**KOLTERMAN:** Yes, I will.

**CLEMENTS:** You mentioned the NAIC, National Association of Insurance Commissioners. Is this a model bill from them?

**KOLTERMAN:** The-- the group worked on model legislation for probably the last ten years and last-- and in fact, when LB375 was introduced a year ago, it wasn't complete yet, so we waited for them to complete their-- their model legislation. This is what came out of their-- their model legislation, so, yes, Senator.

**CLEMENTS:** Thank you. Have other states adopted a bill like this?

**KOLTERMAN:** About 34 other states have adopted this legi-- type of legislation.

**CLEMENTS:** Thirty-four already have, all right. And do you believe that the consumer will be better off?

**KOLTERMAN:** I-- I believe in the long run the consumer will be better off because they'll have more options available to them as they look at their prescription drugs.

**CLEMENTS:** And the small-town pharmacy, are they better off?

**KOLTERMAN:** The only reason I'm carrying this bill is because I have a lot of-- I don't want to see my small-town pharmacies close. I don't have the big ones in my communities. And so, yes, I am [INAUDIBLE].

**CLEMENTS:** Thank you. Another question, one thing that I'm fortunate, that I'm not diabetic, but insulin, keep hearing about the cost of insulin, and it's a drug that's been around 100 years and suddenly it's so expensive. You have any idea why that is?

**KOLTERMAN:** I do not, but I-- but I would like to address something you brought up.

**CLEMENTS:** All right.

**KOLTERMAN:** And that is you talked about Part D under Medicare.

**CLEMENTS:** Yes.

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**KOLTERMAN:** This does not control that. That's all controlled by the federal government. We have absolutely no control over Part D Medicare with this bill.

**CLEMENTS:** All right. Thank you. You had given me an article by the Commonwealth Fund and wondering-- they had several recommendations in here. One of the statements they make is that PBMs may have an incentive to favor high-priced drugs over lower-priced drugs because of rebates. Will this help stop that practice?

**KOLTERMAN:** Hope-- hopefully this will help some. But we didn't get into the rebates, as I said with Senator Arch, to a great extent. There is another bill coming on that.

**CLEMENTS:** All right. Yes. Then the-- you mentioned that there's some auditing in here. Will the auditing give some greater transparency and reveal like these rebates and give us some more information about them?

**KOLTERMAN:** The auditing will allow the local pharmacies, the smaller pharmacies, to actually have a-- have a fair advantage when-- when competing against a larger because, as of now, they've never been regulated. They could come in at any time and take up a lot of time for-- for not getting-- you know, they've been sort of penalizing the small-town pharmacies.

**CLEMENTS:** Thank you, Senator Kolterman. Well, I'm in support of this bill, and it is complicated and I've been reading about--

**HILGERS:** One minute.

**CLEMENTS:** --it somewhat, but I believe it-- requiring some more accountability to the pharmacy benefit managers, they-- there's a small number of them, which they almost have a monopoly, and I think the-- especially the rural pharmacies and rural consumers need to have more of-- of a choice and especially getting some transparency about this, reducing these rebate practices that may be causing people to overpay for the drugs that they're getting. I-- well, I'm-- thank-- thank Senator Kolterman for bringing this bill, and hopefully this will start some improvement in the prescription drug and the-- especially the cost that people are paying for their drug insurance.

**HILGERS:** That's time, Senator.

**CLEMENTS:** Thank you.

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**HILGERS:** Thank you, Senator Clements and Senator Kolterman. Senator Erdman, you're recognized.

**ERDMAN:** Thank you, Mr. President. Good morning. So I sit here and listen to this trying to understand exactly what this does, and I think Senator Arch fairly described it. It's mind-numbing. And so my local pharmacists are in favor of LB767, but I'm having a difficult time with a couple of things. One, Senator Kolterman said hospitals get a break, their drugs are cheaper than the pharmacist gets them for, and I'm wondering if that's why an aspirin in the hospital costs \$4. I've never understood that. So if they get a better price, why would they charge me \$4 for a 2-- 2-cent aspirin? But anyway, that's another subject. But I was wondering if Senator Kolterman would yield to a question.

**HILGERS:** Senator Kolterman, would you yield?

**KOLTERMAN:** Yes, I will.

**ERDMAN:** Senator Kolterman, what would happen if we didn't have PBMs? What happens?

**KOLTERMAN:** You know, they serve a purpose. I-- I think it would be a mistake to eliminate PBMs. But at the same time, they have never been regulated and it's time-- well, just like other states, it's time for us to put some regulation on it so they-- they know someone's looking over their shoulder and controlling what they do and what they don't do.

**ERDMAN:** Does-- does every state use PBMs?

**KOLTERMAN:** As far as I know, on a national basis, everybody uses PBMs.

**ERDMAN:** So can I equate a PBM to the middleman? They get, buy the drugs from the manufacturer, and then they go out and sell them to the pharmacists and the hospitals? Would that be a fair analysis?

**KOLTERMAN:** That would be a very fair analysis, yes.

**ERDMAN:** OK. So it seems to me that in the-- on the local level, for the small pharmacists, that seems to be the problem, is that they seem to want to make more money than the local pharmacist is able to make because of the online drugs being sent and those kind of things, and it puts them in an unfair advantage.



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**KOLTERMAN:** Well, I-- I mi-- I misspoke. They negotiate the price of the drugs, the PBMs. They don't buy the drugs. They negotiate--

**ERDMAN:** OK.

**KOLTERMAN:** --the price of the drugs.

**ERDMAN:** OK.

**KOLTERMAN:** I'm sorry.

**ERDMAN:** So continuing with what we had is not a good idea, I-- I believe what I can understand about your bill is-- is-- is a good idea and we need to do that. But I'm still having a difficult time trying to figure out why we need a middleman in-- in all of these transactions that skim off the profits and make it more difficult for the local rural people, especially, to get their drugs at a fair and equitable price. And so I'm having a difficult time with that. I would-- I would think that somehow we need to figure out a way to market drugs differently than we do. And maybe this could be my last question for you. How-- it looks to me like being a PBM is a license to steal. So how do I become a PBM?

**KOLTERMAN:** I don't-- I don't have an answer to that.

**ERDMAN:** OK, well, at least you're honest, but I'm serious. It is a license to steal. I mean, if you are the one that decides how much the drugs are sold for and you can do whatever you want and up until now there's been no regulations, you tell me if that's not a license to steal. And if-- if you've figured out that it's not, please explain that. But this is an issue. This is more complicated than I ever thought it was going to be. And I'm glad Senator Kolterman understands it far better than I do. But I'm still having a difficult time understanding why these PBMs can do what they do and why we need them. It-- it's-- it's strange, and I-- I concur with Senator Friesen and Senator Groene when they talk about the black-- black box in-- in chemicals, because I was on the co-op board for 33 years and I understood that. And we never knew--

**HILGERS:** One minute.

**ERDMAN:** --we never knew till the end of the year what exactly our margins were going to be because we didn't know what was in the black box. And so that's difficult for the local pharmacy to make a decision about what to do next or what drugs to sell or how to market their products when they don't know from one year to the next what the price

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is going to be. So I'll keep listening. I think it's an idea that we need to do something to the PBMs, but this may not be enough. Thank you.

**HILGERS:** Thank you, Senator Erdman and Senator Kolterman. Senator Halloran, you're recognized.

**HALLORAN:** Thank you, Mr. Speaker. Good morning, colleagues. First, a quick statement: If-- if Senator Arch, with his experience in the profession, is having some difficulty of wrapping his arms around it, then I'm draw-- I'm driving in the fog with my-- without my fog lights on. This-- this is a complicated issue, no question. Senator Kolterman, we chatted off mike a little bit. For a simple person like me, sometimes it's easier for a-- for an answer to a question of what happens if we don't do this, right? It's very complicated, so you're trying to explain what happens if we do and if we don't, and some of that's been taken care of with some of the question and answer, but what happens if we just have the status quo? Yield to a question, please?

**HILGERS:** Senator Kolterman, would you yield to a question?

**KOLTERMAN:** Yeah. If we have the status quo, the PBMs will continue to do what they've been doing. The small-town pharmacies won't have the advantage of having seven days, as an example, on the pricing, updated a minimum of every seven days. And we're going to hurt our small-town pharmacies, we're going to hurt our critical access hospitals and the other hospitals, because we won't have the language in there about 340B that keeps eroding. And I think it-- ultimately, the consumer is going to get hurt by not regulating this. I'd like to give you an example because of your hometown. You have a specialty pharmacy there called Redline Pharmacy. They specialize in-- in compounds and doing specialty drugs. Many times they are not allowed to be in the networks of a pharmacy as a specialty provider because they don't get accredited in two or three different accreditations. In this particular case, we put in the language of this bill that if you're accredited by one accrediting organization, and there are six of those in this-- in the nation that are recognized, if you meet the requirement of at least one accrediting agency, you-- you won't be barred from being in a specialty pharmacy market. That was all negotiated with the PBMs, with the insurance companies, and the pharmacists agreed to that as well. So that's the type of thing that can help a small-town pharmacy, like in Hastings or Grand Island, North Platte, Kearney, that maybe wouldn't happen. You don't find those specialty markets in the smaller towns because they're-- they

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just don't have the opportunity to serve the number of people, like we would probably have one in Seward, but that's an example where this legislation is going to be very beneficial to the people of Hastings, Nebraska.

**HALLORAN:** I appreciate that, Senator Kolterman. I'll yield the balance of my time.

**HILGERS:** Thank you, Senator Halloran and Senator Kolterman. Senator Groene, you're recognized.

**GROENE:** Thank you, Mr. President. I'm looking at the committee statement and rep-- those testifying for it and against it. Senator Kolterman, would you take a question or-- are any of those testifying for it, are they one of them PMBs [SIC] or whatever you call them?

**HILGERS:** Senator Groene, did you say Senator Williams or Senator Kolterman?

**GROENE:** Senator Kolterman.

**HILGERS:** Senator Kolterman, would you yield?

**KOLTERMAN:** The-- yes, I will. The PBM, the National Association of PBMs, came in, in a neutral position. They did not oppose the bill because we had worked with them very closely over the interim--

**GROENE:** Thank you.

**KOLTERMAN:** --to get them and agree.

**GROENE:** Thank you. I'm reading. I'm hoping this goes to noon so that I get a chance to read this bill, all of it, as we've all been very busy. But I like some of the language: disclosing information about a pharma-- I can't believe this, that these PMBs [SIC] tell the pharmacist, if you disclose information about the pharmacy benefits management practice, you can get-- you can be terminated, considered a trade secret, or sharing any portion of the pharmacy benefit management contract with-- with the director pursuant to compl-- complaint or a query regarding whether the contract is in compliance with the Pharmacy Benefit Manager Licensure and Regulation Act. You know, you can keep that top secret. There's some-- you know, the language is good in some of this, but it's all over the place. Senator Kolterman, would you take another question?

**KOLTERMAN:** I'd try.

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**GROENE:** [LAUGH] It says-- there's a lot in here about audits. The PMB [SIC] is doing an audit of the-- of the drug store or what?

**KOLTERMAN:** Yeah, they do-- on a-- on a pretty regular basis they have the opportunity to come in and audit the drug store to make sure that they're passing the savings on or charging properly.

**GROENE:** So in other words, there's a set price and if you go under it or above it, they can cancel your contract?

**KOLTERMAN:** Well, yeah, you have to-- you can't-- you can't use unfair trade practices, and so they come in and audit to make sure that you're-- you're selling it at the price that you have negotiated with them.

**GROENE:** Well, wouldn't-- wouldn't the insurance company catch it if you charged too high a price? It would be caught.

**KOLTERMAN:** That's-- that's why the audits exist, and that's why we put in here the--

**GROENE:** Well--

**KOLTERMAN:** --the 14-day audit question.

**GROENE:** Thank you. That throws a red flag up to me maybe, but-- no, not for the bill, but my guess is they're-- don't know, but they're auditing to make sure you don't-- pharmacy knows the widow lady can't afford it and sells it less, takes the cost, they come in and cancel them because you're in-- you're part of the team and you have to charge this amount for it, because I don't think the insurance company would care. But the insurance company would care if you charged more because, if you're in their network-- I guess that's the word I'm looking for. So, you know, I never say never. I thought the way we di-- distribute beer in this state and nationally was a sweetheart deal to get one of those distributorships. This one even looks sweeter, these PMBs [SIC], but as Senator Erdman said, a license to steal. Is there-- we don't have a doctor anymore in here, do we? But I was going to ask my question about where the drug companies play into this because I had a family member in that profession said he got overwhelmed with drug company reps--

**HILGERS:** One minute.

**GROENE:** --banging on their door, trying to give them a free trip somewhere if they'd subscribe their bill, and I didn't know if that's

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been-- I think Senator Arch told me one time that's been prohibited lately, but I need time to read this. So I'm-- talk to some local folks back home and, excuse me, but driving home all the time and back, I don't get a lot of chance to talk to the folks about certain bills, but this one's too deep for me. Like I said, when I started and the first time I stood, I want to know if the consumer-- if this is a good deal for the consumer, secondly for the small-town drug comp-- store. I-- I'm trying to figure out where the consumer comes out in this, better off--

**HILGERS:** That's time, Senator.

**GROENE:** --than rural Nebraska. Thank you.

**HILGERS:** Thank you, Senator Groene and Senator Kolterman. Senator Friesen, you're recognized. This is your third opportunity.

**FRIESEN:** Thank you, Mr. President. So as I'm reading through it more, I-- I'm going to ask a few more questions, and I do think this is heading in the right direction, but I am still very concerned with healthcare cost, medi-- you know, prescription drug costs. We've heard a lot in the news lately about different things, and I know this doesn't address all of those. But in the end, I mean, I think it's important that we look at these, these bills coming forward, and make sure that they do help the system versus slow it down. And I-- as I look through here, I mean, it is-- I can see where some of this might be a burden on small pharmacies, but I think in the end it does protect them. And so if Senator Kolterman would answer a few more questions--

**HILGERS:** Senator Kolterman, would you yield?

**KOLTERMAN:** Yes, I will.

**FRIESEN:** So as someone who's just gone on Medicare recently, and you have the-- the drug program and stuff, how does any of this affect any of the medications that I would purchase at a pharmacy?

**KOLTERMAN:** The-- the Medic-- the Medicare Part D program is not covered by this bill. That's a federal program.

**FRIESEN:** And so the-- the-- the federal government sets the price on all those drugs as-- they-- they kind of act like a-- a PMB [SIC], just a bigger one?

**KOLTERMAN:** They do, and yet they-- I don't know exactly how that all works with the P-- with the PBMs, but I think their-- their pricing is-- as an example, when you go to buy a Part D Medicare, you can-- you can put in the list of drugs that you use and they tell you what's going to be the best price for you throughout the year, and they have to stick with that pricing. And so this-- this does not aff-- affect Part D premiums.

**FRIESEN:** So as the pharmacy purchase those medications, though, are-- what they go out and purchase, is that subject to a PBM, or is it totally dependent on what the federal government sets that price?

**KOLTERMAN:** They actually buy the product from a-- a different middleman. The PBM's the one that just negotiates all that, helps set the pricing--

**FRIESEN:** Ooh. Are--

**KOLTERMAN:** --and some of the--

**FRIESEN:** Are we making this complicated on purpose?

**KOLTERMAN:** Yeah, it's-- it's-- it's extremely complicated and, you know, I've been in this industry for 40 years and I don't understand it completely. I will tell you this. If anybody has concerns, especially some of my rural colleagues, call your pharmacists and ask them, you know.

**FRIESEN:** I-- I will.

**KOLTERMAN:** It's-- it's a very challenging proposal.

**FRIESEN:** I-- I even-- you know, I'm going to call my pharmacist, but I--

**KOLTERMAN:** Yeah.

**FRIESEN:** --I wonder if even he's had time to-- to deal with this. I'm sure he's got a group that-- that looks at it.

**KOLTERMAN:** Well, they'll-- they'll-- they'll understand the audit process that we've cleaned up here. They'll understand the need to regulate the PBMs. They'll understand the three-- talk to your local hospital because the 340B program, which is discounted by the federal government to those local hospitals, it's extremely important that we

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leave that alone and not allow the PBMs to dip their fingers into that. That's what this bill does. It clarifies that language.

**FRIESEN:** Thank you, Senator Kolterman. I-- I think there's some good things in this bill. I agree. I do support it. I'm just trying to dig through the bill to make sure that people understand, I guess, what we're doing and if-- in the longer term, though, everyone wants to deal with these high drug costs, and some of that is not-- you're not able to regulate it through this. This has-- it's a different animal that we're dealing with. But again, it is an important part of how pharmacies operate in this state, and I-- I will be talking to my local pharmacy. But I think it's something that overall, when we look at the cost of our healthcare and how much it's gone up, and sometimes with medications, how much they've gone up, and-- and in here it talks about every seven days they can issue a new price list--

**HILGERS:** One minute.

**FRIESEN:** --that changes that price of those medications. Some of that's almost, you know, ridiculous, but that's the day and age that we're in. So thank you, Senator Kolterman, and thank you, Mr. President.

**HILGERS:** Thank you, Senator Friesen and Senator Kolterman. Mr. Clerk, for items.

**CLERK:** Thank you, Mr. President. Priority bill designation: Senator Sanders selected LB1158. And I have hearing notices from General Affairs Committee signed by Senator Briese. Name adds: Senator Blood, LB376; Bostar, LB825; Gragert, LB933; Lindstrom, LB933; Sanders, LB933; Bostelman, LB933; Lowe, LB933; Lindstrom, LB1086; Bostelman, LB1213; Gragert, LB1213; Murman, LB1213. Announcement: General Affairs will have an Executive Session at 1:00 today in Room 1510, General Affairs at 1:00. Mr. President, Senator Brandt would move to adjourn the body until Thursday, February 1, at 9:00 a.m.

**HILGERS:** Colleagues, you've heard the motion. All those in favor say aye. Opposed say nay. We are adjourned.