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Transcriber's Office

Revenue Committee
January 31, 2008

[LB737 LB757 LB783 LB891 LB974 LB1012]

The Committee on Revenue met at 1:30 p.m. on Thursday, January 31, 2008, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB737, LB757, LB783, LB891, LB974, and LB1012. Senators present: Ray Janssen, Chairperson; Merton "Cap" Dierks, Vice Chairperson; Carroll Burling; Abbie Cornett; Chris Langemeier; Don Preister; Ron Raikes; and Tom White. Senators absent: None.

SENATOR JANSSEN: Good afternoon, ladies and gentlemen, and welcome to the Revenue Committee. The members that are here with us today are, to my right, is Senator Langemeier. To his left, Senator Raikes. To my far left is Senator Preister and Senator Burling. I'm Ray Janssen. George Kilpatrick is legal counsel for the committee and Erma James is the committee clerk. If you would please follow some rules, first of all, turn off your cell phones and pagers while you're in the hearing room. We have these seats back there equipped to automatically eject you from the seat if your cell phone goes off, so we don't want to see anyone get hurt. If you're going to testify, the sign-up testifier's sheets are on the table by both doors, and you need to complete them if you wish to testify. If you're testifying on more than one bill, you need to submit a form for each bill. Please print and complete the form prior to coming up to testify. When you come up to testify, hand your testifier sheets to the committee clerk. There are clipboards in the back of the room to sign in if you do not wish to testify but would like to indicate your support or opposition to the particular bill that would be before us. These sheets will be included in the official record. We will follow the agenda as posted on the door. The introducer or the representative will present the bill, followed by the proponents and opponents. When you begin your testimony please state your name and spell it for the record. And if you have handouts you need at least ten copies for the committee. With that, Senator Dierks has joined us. We will begin the hearings with our friend, Senator Fulton, to tell us all about LB737. Oh, are pages, by the way, are off to the left, and if you need anything just contact them. Okay. That's Sarah and Tim. Go ahead, Tony. [LB737]

SENATOR FULTON: (Exhibit 1) Thank you, Mr. Chairman. Thank you to this committee for allowing me to bring this idea to you today. LB737 is an eldercare tax credit, and I'll share with you the rationale and the idea that gives form to this bill, and then I will explain, to my chagrin, what we believe is operative with the bill. The eldercare tax credit is an idea that occurred to me last year, and I brought this bill before you last year. The baby boomer generation is a burgeoning demographic within our society, and we have learned that family caregivers provide a great service to our society, as well as to the familial structure that already exists socially. And so we believe, I believe, that helping families to care for their own, serves society, and that's expressed in the form of an eldercare tax credit similar to how we have a dependent care tax credit for those who raise children. In my opinion, we could put something forward for those who care for an

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elder loved one also. And that is how the eldercare tax credit comes to you by way of policy and a philosophy. Now, we patterned this eldercare tax credit, the bill itself, after the federal level eldercare tax credit, and we did so just to statutorily, that's typically how we'll do things in Nebraska, and that's how we thought would be the best way to move forward with this. We have learned in the past day or so, with the help of a gentleman named Mr. Mark Intermill who has been very helpful in moving this bill forward. He's with the AARP. We have some questions as to whether or not statutorily this is even workable, and we have spoken with counsel so that may be something you can deliberate about. I just want to point out that we recognize that there could be...statutorily it could be problematic to move forward with this. Presently, the eldercare...the tax credit that can be afforded at the federal level requires that the dependent not earn more than \$3,400 in income in a given a year. If this is true and if we are understanding this correctly, then this could probably disqualify most who would apply for this tax credit just because of Social Security, and that alone would be more than \$3,400 per year for a dependent. That being the case, we are not certain how many even apply for this at the federal level. The assumption, my assumption was that this would be something that we could pattern after the federal eldercare tax credit, but as it turns out I'm not certain that that is even being applied. So that \$3,400 provision seems to disallow this from being effectuated statutorily in Nebraska. I point that out to you to share with you where this bill is, that is as of yesterday. So I think that the policy is sound. We're probably going to have to find another way to get this done unless at the federal level that eldercare tax credit can be rectified. Sadly, I share that news with you, and that ends my testimony. If there are any questions I will be glad to try to answer them. [LB737]

SENATOR JANSSEN: Any questions? I don't see any, Senator. How many proponents do we have? Those wishing to speak in favor of this? All right. Do we have any opponents? Anyone in a neutral capacity? Seeing none, Senator Fulton, would you like to close? Senator Fulton waives closing. That ends the hearing on LB737. [LB737]

SENATOR DIERKS: That's about a record, isn't it? [LB737]

SENATOR JANSSEN: That's about a record. Okay, is Senator Hudkins here? Well, we'll stand at ease until Senator Hudkins gets here. You're up, Senator Hudkins. That's almost a record. [LB737]

SENATOR HUDKINS: The first one must have been a really easy bill. [LB757]

SENATOR JANSSEN: It was. Well, I don't know how easy it was, but...welcome to the Revenue Committee. [LB757]

SENATOR HUDKINS: Thank you. Good afternoon, Senator Janssen and members of the Revenue Committee. I am Senator Carol Hudkins, H-u-d-k-i-n-s, from District 21,

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and it is with great pleasure that I am here today to introduce to you LB757. I live in the country near a small community and I've been involved in burning pastures and the problems that wind, dry grass, and flames can cause, so therefore I am a strong believer in having a strong volunteer fire department. LB757 is introduced to try and offset some legislation that we have passed over the years which has made it harder and harder to keep volunteers on our rural fire departments, as well as having volunteers who will go through the extra training to become EMTs and paramedics. The costs in time and money that these individuals expend for the benefit of others is just remarkable, and every year or so we pass another bill that requires more training or more education in order to maintain their certificates. LB757 would provide a tax credit for those individuals who meet certain requirements over the course of a calendar year. Behind me you can see a number of the people whom this bill will benefit. They are the first responders who live in all of our communities. They are the ones who go out in the dead of night in January to help our elderly, our sick and injured, obtain the necessary care that they need. They are the ones that go out on Christmas Day to put out a fire on the Hudkins farm. Their testimony should provide you with a clearer understanding of the need for this piece of legislation. Thank you for your time and I would attempt to answer any questions. Just be aware that the ones behind me are the ones that are working in the trenches. [LB757]

SENATOR JANSSEN: Senator Langemeier. [LB757]

SENATOR LANGEMEIER: Chairman Janssen, thank you. Senator Hudkins, very good. Can you tell me how does LB757 differ from the bill that was brought was last year? [LB757]

SENATOR HUDKINS: Um, what was the bill last year? [LB757]

SENATOR LANGEMEIER: Two sixty...I don't the number right off hand. [LB757]

SENATOR HUDKINS: I thinks it's... [LB757]

SENATOR RAIKES: 264, I think. [LB757]

SENATOR HUDKINS: I think if it isn't the same it's very similar. [LB757]

SENATOR LANGEMEIER: Okay. Well, maybe somebody will testify that in the future. [LB757]

SENATOR HUDKINS: I just got word. It's the same. [LB757]

SENATOR LANGEMEIER: Okay. Thank you. [LB757]

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SENATOR JANSSEN: Same bill? Okay. Any other questions? Seeing none, Senator Hudkins, thank you. [LB757]

SENATOR HUDKINS: Thank you. [LB757]

SENATOR JANSSEN: Are you going to stick around and close, Senator? [LB757]

SENATOR HUDKINS: Yes. [LB757]

SENATOR JANSSEN: All right. All right, we'll take proponents first, and Senator Cornett has joined us and Senator White. I didn't see you sneak in. [LB757]

SENATOR WHITE: Getting better at it. [LB757]

SENATOR JANSSEN: That you are. [LB757]

BRUCE BEINS: Good afternoon, senators. Thank you very much. My name is Bruce Beins, it's B-r-u-c-e B-e-i-n-s. I'm an EMT volunteer firefighter from the small town of Republican City, Nebraska, which is Senator Carlson's district--a town of less than 200 people. I'm here today, testifying for the Nebraska Emergency Medical Services Association, which is the volunteer association of EMTs, paramedics, first responders across the state, representing over 2,000 members. I'm also here testifying for the Nebraska Hospital Association. I also serve as the board chair for the Harlan County Health System in Harlan County. And both of these organizations, of course, have been fighting the recruitment and retention battle for a lot of years. This is something that's been going on for a long time and something the Legislature has recognized as being a problem for a long time. In some of my, a little bit of research before I came here today, I found back in 1999 that actually Senator Janssen and Senator Hartnett introduced a bill, which was at that point LB849, which would allow governments to come up with a retirement package for volunteers. That was a good bill. The bill passed but unfortunately the funding for it did not pass, was deleted out. The following year it became a committee priority bill to try to fund that, but the session ran out before that bill had a chance to be heard on the floor of the Legislature. So I think the Legislature is pretty much on record of understanding that we do have a problem. Volunteers make up about 84 percent of the providers that provide fire EMS services across the state of Nebraska. In the rural areas especially, things have changed from what they were years ago. Years ago, it was easier to get people to volunteer and stay on a department just from the pure service aspect of it. Our young people are so much busier now, we have so many people that work outside of our small communities in the bigger towns, it's getting harder and harder not only to recruit those people but then to hang on to them once we've got them there. So I think that a benefit like this would go a long ways, definitely towards retention, if not also for recruitment. The value that these people provide to the state is huge. A legislative resolution hearing back in about 2000, the

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small town of Pender, Nebraska, which I believe is also a town of about 200 people, they estimated that the cost in lost wages and so forth from their volunteers for their service amounted to over \$15,000. So we're talking about people that are giving huge multimillion-dollar investment to the state of Nebraska in their service, in their pure service. And in order to support that type of a system, I think the state should consider some sort of a benefit to help those people out, to give them something back for the amount of time and effort they spend in their training and travel, not only leaving Christmas dinner to put out a fire or to go pick somebody up with the ambulance. So with that I sure would answer any of your questions. [LB757]

SENATOR JANSSEN: Any questions? Ron. [LB757]

SENATOR RAIKES: Do you think we ought to include school board members in this? [LB757]

BRUCE BEINS: No, I don't. [LB757]

SENATOR RAIKES: And the reason for that? [LB757]

BRUCE BEINS: Fire and rescue has a lot of risk to it, and every time we go out we have a certain amount of risk, an element of risk, whether it's a firefighter going into a burning building or someone going out on icy roads, etcetera, with an ambulance or working along side the road. So to me that type of service is really above and beyond. I mean, it's public, pure public service. I understand your question, but, no, I really don't. I think these people set themselves up for a lot more to lose, the amount of training that goes into it, the amount of hours that they put into it is huge, and without compensation. So I really feel that this should be something that would be fire and rescue-based. [LB757]

SENATOR RAIKES: I should know this, but do you...in case someone is injured performing this sort of a duty, as far as medical expense, how is that...? [LB757]

BRUCE BEINS: We are covered under workmen's compensation. The controlling authority, whether it be our city or our fire board or whoever, does have to have workmen's compensation insurance on us, so we are covered under workmen's compensation. [LB757]

SENATOR RAIKES: Okay. Thank you. [LB757]

SENATOR JANSSEN: Senator Langemeier. [LB757]

SENATOR LANGEMEIER: Chairman Janssen, thank you, and thank you for your testimony and everything you do in that area. Senator Hudkins indicated briefly that maybe the Legislature was passing laws that made it tougher and tougher and more

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requirements out there to do EMS, and mainly EMS, but also in fire. What's your thoughts? Are we getting overly extensive in the requirements we're asking the volunteers to take? [LB757]

BRUCE BEINS: The requirements have always been fairly strict. I don't think that we have been passing any more. There has not been any changes as far as the amount of hours in EMS for quite a period of time now. The public expects more all the time. As technology changes they expect more. The media, the expectations that are brought forward from the media, when people call 911 they expect paramedics even if they're in a little town like Republican City. The expectations are high for fire and rescue. So I think a lot of the training and so forth that goes into it isn't necessarily something that's put in statute or rule and regulation, but it's also a burden that we take upon ourselves because we want to be able to provide the best service to the public. [LB757]

SENATOR LANGEMEIER: Okay. Thank you. [LB757]

SENATOR JANSSEN: Any other questions? Bruce, I have a couple. How long have you been a volunteer? [LB757]

BRUCE BEINS: Twenty-five years. [LB757]

SENATOR JANSSEN: Twenty-five years. Does your department belong to a mutual aid within the county...do you have a county mutual aid, or how do you operate? [LB757]

BRUCE BEINS: There is mutual aid areas, and, yes, we do have mutual aid with everybody around us; yes. [LB757]

SENATOR JANSSEN: Um-hum. Now, is Harlan County gaining in population? [LB757]

BRUCE BEINS: No. [LB757]

SENATOR JANSSEN: What's the largest town or city? [LB757]

BRUCE BEINS: Alma would be the largest. That would be 1,100. [LB757]

SENATOR JANSSEN: And how big is that? [LB757]

BRUCE BEINS: About 1,100. [LB757]

SENATOR JANSSEN: About 1,100 people. Okay. But the square miles of Harlan County is pretty extensive, isn't it? Isn't is a larger...? [LB757]

BRUCE BEINS: IT's pretty extensive, and then we also have Harlan County Lake that

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covers the lower portion of Harlan County, and of course we need to provide fire and rescue services for that also. [LB757]

SENATOR JANSSEN: All right. Is that a recreational area then? [LB757]

BRUCE BEINS: Yes. [LB757]

SENATOR JANSSEN: Do you get a lot of calls there? [LB757]

BRUCE BEINS: Quite a few. For a town of my size of less than 200 people, probably 25 percent of our calls are recreation from people that come from other areas of the state to there. [LB757]

SENATOR JANSSEN: And do you know about how many calls do you get a year? [LB757]

BRUCE BEINS: We are pretty small. As far as rescue calls, we'll get about 50 calls a year. [LB757]

SENATOR JANSSEN: About 50. Well, not too bad. Okay, thank you. Any other questions? Seeing none, thank you for your testimony. [LB757]

BRUCE BEINS: Thank you. [LB757]

SENATOR JANSSEN: Next proponent, please? [LB757]

KYLE IENN: I'm Kyle Ienn, fire chief in Ralston, Nebraska, and I'll... [LB757]

SENATOR JANSSEN: Would you spell your last name? [LB757]

KYLE IENN: I-e-n-n, first name is Kyle. And also a member of the Nebraska Volunteer Firefighters Association. I've been in the fire service, volunteer fire service for about 20 years. I've been fire chief for the last seven. When I first joined, we had about 50 members on our department and answered about 200 calls, and last year we're down to about 22 members on our department and had 620 calls last year. So we've...through the loss of volunteer firefighters we're answering three times the calls with half the membership on our staff, and if half of those members show up, years ago we would still have 20-some members show up at the call. Nowadays, if we get half of the members that show up, we're down to 12, 10 members showing up on a call. And so recruitment and retention is very important to our department. We cover one square mile. It's a very small department. We're surrounded by Omaha on three sides and Sarpy County on the south side. We've started, about 14 years ago, I was part of the what we call automatic dual response with La Vista, which is a growing community just

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south of us, and when we get calls during the day between 6 and 4, either city, we both respond. And La Vista is growing and you'll hear from their chief here in a few minutes, but...so as their call volume grows, our call volume is growing also. But one thing that the fire service, in general...you know, when I first joined, even 20 years ago, it was, you know, kind of, you call, we haul, kind of a model that we had. I mean, you showed up and put them on the stretcher and gave them some oxygen and took them to the hospital. Where nowadays, like you were just told, the public expects a lot more, we're mandated by a lot more. We have to go through EMT. I think my EMT was 80 hours and now it's up to a 120- or 130-hour requirement. There's Firefighter 1 requirements. There's continuing education requirements. There is leadership requirements for being fire chief. You know, I've got a full-time job, kids, family, and probably put in 20-30 hours minimum for the volunteer fire service on top of a full-time job and family. And so, little incentives like this are very important to keep volunteers around. In our department, when you reach 15 years, you can, what we call, retire, which you're still part of the department but you can retire, and we've got members that are still up on their training and up on their certifications, that if we can give them some incentives to come back, that we could possibly bring some of those retired members back on our department, active again, and utilize their experience and training that they've brought in for the last 20 years or whatever, and bring them back as active. Out of the 20-some members, there's myself and one other person that has roughly 20 years on, we've got one member with ten years on, and the rest of our department is five years and under, so we've got a very young department, inexperienced, and they just don't stay around like they used to. Back when we got on, we got on and planned on staying for years, where now just the mindset is you join a department and you're on for two or three years, and get some training, and move on to other departments that are paid, or they move or whatever, and so the longevity of the membership, it just isn't there anymore. And so we really need to work on, number one, recruitment of getting new members, and then when we get them, to retain them. And I think a \$500 tax credit such as this is very minimal for what volunteer departments, firefighters, EMTs do, and like they've said, it's 24 hours a day, 365 days a year. We wear pagers with us at all times, whether it's mowing the yard, kids' birthday parties, Christmas dinners, church, whatever, my pager never leaves my side. And depending on what the call is, obviously I've missed kids' birthdays, I've missed all kinds of family events, Christmases, and all that, because when the tone hits, we've got to make that decision. And most volunteer firefighters, if they're in it for the right reason, are going to go to the call and leave their family, because it's just the right thing to do. So I'm very much in favor of this bill and recruitment and retention of volunteer firefighters across the state. [LB757]

SENATOR JANSSEN: Questions? Carroll. [LB757]

SENATOR BURLING: Thank you for coming today and giving us some information. [LB757]

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KYLE IENN: Sure. [LB757]

SENATOR BURLING: Did you look at the fiscal note on this bill? \$6.3 million. [LB757]

KYLE IENN: I was aware of that, yes. [LB757]

SENATOR BURLING: Do you think that's pretty close, in your estimation? [LB757]

KYLE IENN: I don't know all the facts on how that's all figured and what they used in figuring those numbers, but... [LB757]

SENATOR BURLING: Well, I guess... [LB757]

KYLE IENN: ...compared to what...the amount of money the volunteer firefighters save the cities and the state by volunteering our time compared to paid departments, you know, I think if you compare...if you tried to pay...if you took away all the volunteer departments and had to go with a paid staff because there's not enough volunteers to volunteer, I think you would be really shocked at what number amount of money that the volunteers save the state and the cities every year by volunteering their time. And if we don't do something pretty quick to retain these volunteers and get new ones, the cities and states are going to be looking at...that's going to be a very small number compared to the number we're going to need to hire paid firefighters across the state. But if that's a realistic number, I'm not...I don't know that number. [LB757]

SENATOR BURLING: Well, I realize what you've just said is very true. I guess what I was really asking was if you had any idea how many people there are in the state that volunteer to the extent that they would qualify for this? [LB757]

KYLE IENN: I believe it's around 12,000 is the number I've heard. I don't know. Maybe there are some other people that will testify that may know the exact numbers, but I believe there's 12,000 in this state that are volunteers, is the number that I've heard, but I don't have that verified, but...and out of those numbers, there's guidelines in here on...you know, that's volunteers that are on the roster, and many departments have volunteers on the roster that don't answer calls and they're still on the roster, they've been on the roster for 50 years or 20 years or whatever, but there's rules in this that you have to answer so many calls, you have to attend training, you have to do certain things. So it's not just every volunteer firefighter that's out there on the roster that hasn't been on a truck for ten years is not going to be applicable, I don't believe, to this benefit. It's going to be the volunteers that are out there getting up in the middle of the night and answering calls and stuff that are going to be beneficial to this benefit, which is the ones that we need to retain and keep. [LB757]

SENATOR BURLING: Thanks for what you do. [LB757]

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KYLE IENN: Thank you. [LB757]

SENATOR JANSSEN: Abbie. [LB757]

SENATOR CORNETT: Just a couple of things. I see the bill that says make 10 percent of the calls. There is a huge variance across the state in the number of calls that a volunteer will make depending on the size of the department they work for. Ten percent of the calls in your district would be 60 calls a year. Ten percent of the calls in the person that got up and spoke would be five calls a year. Do you think that that same level of exemption would be appropriate for people making 60, 70, 80 calls a year versus five? [LB757]

KYLE IENN: Yeah. I mean, you're going to have to do something that's consistent across the state. And, you know, you've got so many different departments out there that, some that answer 10 or 20 calls a year, probably up to, you know, like Bellevue or something like that, that answers thousands of call, or we're kind of in the middle with 600 calls. In our department, our rule is 10 percent to be active on our staff, on our volunteer you have to do 10 percent, so we... [LB757]

SENATOR CORNETT: I think it's in the bill also, the 10 percent. [LB757]

KYLE IENN: Yeah, it is in the bill. Yeah. [LB757]

SENATOR CORNETT: But, I mean, the person that testified, 50 calls a year, five calls, and there are volunteer fire departments that answer way less than 50 calls a year, am I correct? [LB757]

KYLE IENN: Um-hum. I'm sure there...yeah, go from 10 or 20 calls up to whatever. [LB757]

SENATOR CORNETT: So if you answer two calls a year you should receive a tax credit. [LB757]

KYLE IENN: In that town, I mean those two calls, getting enough people to answer those calls. I don't know how else you'd do it, to be consistent across the state based on calls unless you did it based on call volume, have some different requirements based on call volume or something. I don't know how to answer that I guess. I'm not sure on that, but. [LB757]

SENATOR CORNETT: The next question I have, is your department ALS or BLS? [LB757]

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KYLE IENN: ALS. [LB757]

SENATOR CORNETT: ALS. How many P's do you have? [LB757]

KYLE IENN: We have four. [LB757]

SENATOR CORNETT: Four. And how many mutual aid calls have you made out of the 600 you mentioned? [LB757]

KYLE IENN: I don't know that number. Probably just under half is probably mutual aid. [LB757]

SENATOR CORNETT: And when you are mutual aid, you're talking La Vista, Papillion, where? [LB757]

KYLE IENN: Omaha, La Vista, Papillion, yeah. [LB757]

SENATOR CORNETT: Omaha, La Vista. [LB757]

KYLE IENN: All the surrounding counties. Most of them are La Vista because of our dual response agreement. [LB757]

SENATOR CORNETT: So approximately 300 of those 600 are mutual aid. [LB757]

KYLE IENN: I would say yes. [LB757]

SENATOR CORNETT: Okay. Thank you. [LB757]

SENATOR JANSSEN: Any other questions? Ron. [LB757]

SENATOR RAIKES: I'm curious about the decision as to whether you have a volunteer or a paid fire department. Ralston is pretty much a city-type area, but yet...there's a vol...has there been discussion as to whether or not you have a paid force instead of volunteers? [LB757]

KYLE IENN: No. The citizens are content with the services we provide. We've got good services, response times. You know, when you start adding paid staff, it gets very expensive to the city. And with the lids and stuff, I know I talked to the mayor about expenses in general, and budgets, and there is just not funding there at this time for paid staff. You know, Ralston, with our size, we don't think that we need to go paid. We handle it fine with the volunteer staff we have. If we just can get some recruitment and retention-type deals that we can keep our staff at the level that we feel we need to, to provide the services, I think there's...most towns if not all towns that have volunteer

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services out there can still supply the same level of services to the community that they have. We just need to make sure that the membership is there, and I think that's what this bill is intended to do, is make sure they have the right membership to provide the services. [LB757]

SENATOR RAIKES: It would be possible, I take it, to contract with the Omaha fire department or another city fire department to cover the calls if, in fact, you weren't able to get a sufficient number of people to serve on the volunteer? [LB757]

KYLE IENN: Well, we've got mutual aid. I mean, if we don't get enough people to answer our call we can...you know, Omaha is automatically or La Vista, Papillion, the neighboring towns dispatch automatically, mutual aids them. As far as, you know, if you don't have...if all the volunteers...you don't have any volunteers, you know, I guess they would have to go somewhere, and I guess, you know, Omaha or a surrounding city would have to help. But I don't...I mean, I don't foresee that as a good option. I don't think the citizens...the citizens are content with the services that their volunteer department provide, and I think they would... [LB757]

SENATOR RAIKES: One last question for you. How many volunteers per thousand people would be required to provide the services compared to paid firefighters per thousand people? Do you have any idea? [LB757]

KYLE IENN: Not without research. I have no idea what that number would be. [LB757]

SENATOR RAIKES: Okay. Thank you. [LB757]

SENATOR JANSSEN: Okay, Abbie. [LB757]

SENATOR CORNETT: Refresh my memory, what is La Vista? Partial paid? Paid? [LB757]

KYLE IENN: He is going to testify after me so he could answer...they have a paid chief. [LB757]

SENATOR CORNETT: They have a paid chief. [LB757]

KYLE IENN: It's all volunteer with a paid chief. [LB757]

SENATOR CORNETT: Okay. Thank you. [LB757]

SENATOR JANSSEN: Any other questions? Sir, what's the population of Ralston? [LB757]

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KYLE IENN: 6,200. [LB757]

SENATOR JANSSEN: 6,200. Okay. And that's it because you are landlocked. [LB757]

KYLE IENN: Right. We're landlocked right now, correct. [LB757]

SENATOR JANSSEN: You're landlocked. Okay. All right. Any other questions? Seeing none, thank you very much. [LB757]

KYLE IENN: Thank you. [LB757]

SENATOR JANSSEN: It was a good testimony. The next proponent. [LB757]

LYNN REX: Senator Janssen, members of the committee, my name is Lynn Rex, representing the League of Nebraska Municipalities. We strongly support this measure. We do know that there are volunteer firefighters across the state that risk their lives every day for all of us. And I think one of the reasons why this should be compelling to the committee is that these volunteer fire departments are also protecting state property, and I have some personal experience in that out at Branched Oak Lake in one summer there were at least six calls while I was there, and I was not the cause of those calls, (laugh), let me make that clear, with fires, people that were hurt and injured, and it was the volunteer fire departments taking care of that. That's state property and that's...you look at McConaughy, all these other places across the state of Nebraska, and it is state property that is being protected by volunteer fire departments across the state in addition to all the other things that they do. But I do think that's a component, too, that perhaps may not be brought to your attention today and I wanted to do that. And I'd be happy to respond to any questions you might have. [LB757]

SENATOR JANSSEN: Any questions? Ron. [LB757]

SENATOR RAIKES: Lynn, is there any restriction on cities, on their own, of making some payment to people that they term "volunteer," so for example--I take it we're going to learn that you can have a paid chief and volunteer firefighters--would it be possible for the city to say, well, just in our city, if you volunteer you get X dollars? [LB757]

LYNN REX: Senator, there are, and Jerry Stilmock can probably go through the plethora of different types of reimbursements that are being done. But there are some cities that pay on a per call basis, but it is de minimis compared to the time that these folks...because, again, as several people have already indicated to you, it's a 24/7 proposition for them. But one of the things that also came out of a case several years ago was that if you get injured, and there was a volunteer firefighter--I want to say Ogallala but please don't hold me to that--that was injured, and so the workers' compensation was based on some piddly amount that he was being reimbursed for the,

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quote, per call basis. So basically...and I think that's now been corrected. But I think that it's real important for the Legislature to take into consideration the tremendous work that these folks do. There have been many other efforts, and Senator Hartnett and Janssen and others have tried over the years to try to get other benefits for them. This, at least, is one that is really doable, and that's why we're strongly supporting this. And we supported the other ones too, but we do think that this is important. But in answer to your question, Senator Raikes, cities have a variety of ways in which they do provide some compensation, but it's not the type of compensation that you would consider significant. I certainly don't consider it significant. [LB757]

SENATOR JANSSEN: Abbie. [LB757]

SENATOR CORNETT: Lynn, again let me express my ignorance on this. I know the city of Bellevue has a pension plan set up for its firefighters. How many other municipalities have something set up in the way of a pension for their volunteers? [LB757]

LYNN REX: I don't have those numbers. I could get those numbers for you. Jerry may have those. He may have those; Jerry Stilmock may have those numbers, Senator. I don't have them. There are some cities that do have an annuity system put in play... [LB757]

SENATOR CORNETT: That went ahead and took...and took advantage. [LB757]

LYNN REX: Yes. [LB757]

SENATOR CORNETT: ...but even without the funding the state would not give them. [LB757]

LYNN REX: Yes, that's right. And I don't think there are that many, but Jerry may be able to prove me wrong on that. [LB757]

SENATOR CORNETT: Okay. Thank you. [LB757]

LYNN REX: Thank you. [LB757]

SENATOR JANSSEN: Any other questions? Seeing none, thank you, Lynn. [LB757]

LYNN REX: Thank you for your time and support. [LB757]

SENATOR JANSSEN: Next proponent. Who's next here? There we go. [LB757]

RICHARD UHL: Hello. My name is Rich Uhl, currently the fire chief in La Vista, Nebraska. [LB757]

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SENATOR JANSSEN: Will you spell your last name for the record? [LB757]

RICHARD UHL: U-h-l. I grew up on a farm outside of Sioux City, Iowa, and I developed a very early...very early on in my life a very strong appreciation for the volunteer fire service. They were called to my farm more than once. Last year I retired as assistant fire chief from the Sioux City fire department to take the job as the first paid chief in La Vista. I was caught completely off guard by the daunting task that fire chiefs of primarily volunteer departments face with recruitment and retention efforts. I was completely unaware that that was going to be probably 75 percent of my job, so that's...it brought light to me, the importance of the recruitment and retention efforts in this area. The expansion of La Vista itself really accentuates the need to keep a viable department. We are expanding geographically and demographically, and just within our last annexation jumped in about 3,000 in population. The businesses that have expressed interest and have taken up businesses in La Vista such as Cabela's, the Marriott, the Hampton Inn, the Embassy Suites, and the convention center, have initiated a whole new realm of firefighting, training, and requirements for the members of the La Vista fire department, in that they've never had high-rise-type buildings before, so this again requires additional training that these people are very committed to meeting. These requirements are set forth by the NFPA and my members have every intention, whether they're compensated or not, to meet those requirements. That's the level of commitment, which was totally new to me coming from a department that was 100 percent union, coming down here and having these people do the same job on the same professional level for free. To me that was a very refreshing aspect of my new job. One of you asked the question about if we thought that these new regulations or requirements for firefighters to maintain their certifications is asking too much. And it's not because we hold ourselves to a level of professionalism that makes us inherently want to meet those requirements. If that's what the standards say, these people are willing to make the commitment to meet those requirements whether they get paid or not. Another question that one of you asked was the fiscal responsibility and if we realize how much money that's going to mean to the state. First of all, it's our estimation that only about 40 percent of the current volunteer staff throughout the state will be able to meet the requirements of LB757. They are strict requirements and they should be. Again, we hold ourselves to that level of professionalism. The only reason the other 60 percent are unable to meet that is because of the other commitments in their lives. Like I said, those requirements are rigid and perfectly acceptable. Since I've been here...I've been here about 8 months now, in La Vista, and to get to know my people I've conducted face-to-face interviews with all of those, which goes on to have me address another question that one of you asked, about retention efforts that we're trying to do on our own. And I suggested the LOSAP program as an alternative. The LOSAP is the retirement type initiative. Others are paid per call, paid on call-type of initiatives that can be done. And the answer I typically get from most of these people is, I'm not in this for the money; you know, I'm in this for the satisfaction I get from being able to help the

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people in my community where my own family lives and where my neighbors live and possibly extended family members. These people aren't in this for the money. And when I can come up with some very small type of way to say thank you for what they've done at, let's say our banquet, our annual banquet that we have, and I can give them some type of an award for some type of meritorious service, that means so much to these people you can't imagine. And what I am saying here then, in essence, is that the passing of LB757 will speak volumes to these people in regard to our appreciation for what they do. I can honestly say that as a paid chief I don't know that I would do what they do for free. It's a lot of work, a lot of commitment, more than you'll ever be able to understand unless you're in that position. So if anybody has any questions. [LB757]

SENATOR JANSSEN: Okay. Questions? Abbie. [LB757]

SENATOR CORNETT: How many people do you have in your fire department? [LB757]

RICHARD UHL: Fifty-seven. [LB757]

SENATOR CORNETT: Fifty-seven. How many calls do you run a year? [LB757]

RICHARD UHL: Last year, we ran about 803. The previous year we ran about 700. [LB757]

SENATOR CORNETT: And I assume you are advanced life support? [LB757]

RICHARD UHL: Yes. [LB757]

SENATOR CORNETT: And you're not paid per call, correct, in any way? [LB757]

RICHARD UHL: No, no. [LB757]

SENATOR CORNETT: And I didn't ask, and what about Ralston? Are they paid per call or are they strictly volunteer? [LB757]

RICHARD UHL: No, Ralston is strictly volunteer. [LB757]

SENATOR CORNETT: Okay. Thank you. [LB757]

SENATOR JANSSEN: Any other questions? I have one. Do you have a problem with recruitment and retention now? [LB757]

RICHARD UHL: Retention is probably more the issue. I mean, we have people that...we have...every year that we take applications--we do that twice a year--we typically get somewhere around in the neighborhood of 20-25 applicants. After we do our testing

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process, our background checks, and that sort of thing, we typically bring on 12-15 people. The problem is keeping them on, and that is the bigger issue than... [LB757]

SENATOR JANSSEN: Your retention is bad then. Retaining them is the... [LB757]

RICHARD UHL: Yeah. Because there are plenty of people out there that want to come and have what we consider fun fighting fires, saving lives, whatever else. But to keep those people coming back, because there is typically much more down time and boring time than there is going out and having fun extricating people from cars. Probably 95 percent of our time of our total time spent at the fire house is training for that one call that you might have that week. So these people are committing their time to sit in on boring training sessions to prepare themselves for the call that they'll eventually get. [LB757]

SENATOR JANSSEN: How many drills do you have a year or classes? [LB757]

RICHARD UHL: Let's see. If you count training sessions, alone, it would be probably at least 30 training sessions which are concrete. These are when we have them. We have other...and like I say, I've been here eight months, but I have probably been to at least 30 myself in those 8 months that were the concrete, and plus additional ones that if we have a training opportunity that comes along that, let's say, Ralston is having or Papillion is having, then we take advantage of that and we'll go to theirs, as well, on top of whatever else we have. Our recruits go through a one-year process, if they're not already a certified EMT, their first year is spent gaining that EMT licensure and then going on to fire fighter 1. So their entire first year is taken up with two nights per week of classwork. That's above and beyond what they're required to do as rookie duties, spending time at the fire houses, cooking and cleaning and housekeeping. [LB757]

SENATOR JANSSEN: Okay. Senator Langemeier. [LB757]

SENATOR LANGEMEIER: One more question. In your proximity to Omaha, do you have many come, want to be on your force, volunteer and take the training and learn so that they can try and get on Omaha's paid system? Is that a problem? [LB757]

RICHARD UHL: No. For one thing, I have no problem with them doing that. If I've got a young person out there that comes to my department and wants to get on and use my department as a stepping stone, if I can get three or four years of service out of that person and in turn give them the training that they need to go on to a paid job somewhere, hopefully that's close enough, like Omaha or Papillion, they can still say with us. They can do their career job there and volunteer for us, as well, and we have several members right now that do that. [LB757]

SENATOR LANGEMEIER: Yeah, I don't have a problem with that. I was just curious if it

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happens. [LB757]

RICHARD UHL: Yeah, it does. But like I said, I'm completely for that happening. I mean, if my department can provide them what they need to support their resume, to bolster their resume, and to get through the rigorous process of getting on a paid department, I'm completely willing to help them out, and in turn, hope that they will continue to help me out by staying with us. [LB757]

SENATOR LANGEMEIER: All right. Thank you. [LB757]

SENATOR JANSSEN: Seeing no more questions, thank you. [LB757]

RICHARD UHL: Thank you. [LB757]

SENATOR JANSSEN: Next proponent. How many more do we have that want to testify? One, two, three, four. Okay. [LB757]

TIM SHANKS: My name is Tim Shanks. I am the chief of the Syracuse rescue department. We have heard from some of the larger departments in the state. We serve a community of about 1,800 people. We have a fire district that is included with that, which would boost the population to probably 2,500. We are also a transporting service for Otoe, which is a QRT only, a quick response team. They do not have an ambulance for transport. We go on roughly 180 calls a year with a team, over the last ten years, that has been somewhere between 15 and 20 members. That has put our duty teams, as we call it, on call as much as every third night of the week. So recruiting and retention is a very big deal to us. I recall one year about three years ago where our department went on over 200 calls, and I had two individuals that did over 100 apiece. A lot of our calls happen during the day. Being the small community and the proximity to Lincoln and Omaha, our members commute to work. We have very limited resources during daytime hours. And to be able to recruit some people that live in town or work in town and give them some extra incentive to join the squad and stay on the squad would be invaluable to our service. It would take a lot of load off our few daytime members that are available and take the load off of their employers, such as mine. I work in town. My employer lets me leave for calls. That's been very invaluable to our service also. You know, there's a big strain on time when our members join. I believe currently it's 140 hours to take the EMT course. When our members sign up for that they will generally have to drive to Lincoln or somewhere to take the class, and it's usually two nights a week plus a few weekends, and it takes about six months to complete it. And our squad, being separate from the fire department, and having no tax revenue, we have very little to offer them in return. Tell them to stay on for 15 years, and as long as you live in town we'll give you free service after that if you need us. So, you know, this tax credit would be a very useful tool in our recruiting and retention efforts. The turnover of our members over the last ten years, we're losing members every three to five years. For the volume

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of calls that we do, we get somebody that takes six months to a year to get through EMT class, depending on when they start it, these people are just really got their feet under them and understand what's going on, and becoming more useful than their rookie status. So being able to use that for retention would be very valuable to our squad also. And the other thing about this bill as I've read it is that it does require participation of everybody on the squad to become eligible for it. You know, that's very important also. Like you said, we've got people on our roster that might show up on ten calls a year. We've got some that show up less. We've got others that make close to 100. You know, something like this that would require their participation would also lessen the burden on the handful that do the majority of the work. So I'm very much in favor of this extra incentive to help retain and recruit our members. I'll answer any questions. [LB757]

SENATOR JANSSEN: Okay. Questions? Chris. [LB757]

SENATOR LANGEMEIER: Thank you, Chairman Janssen. A little discussion here. You talked about trying to recruit people in town, and it's tough, and I understand that and I hear we're going to hear some testimony from another community that 90 percent of the people work outside of it. When you are recruiting people, do the employers, do they tell you, hey, my employer won't let me off? I mean, what kind of reception do you get from the employers? [LB757]

TIM SHANKS: We hear that quite often. [LB757]

SENATOR LANGEMEIER: Would a bill like this that gave some tax credits to employers for hiring and letting the individuals off maybe help free some of that up? I'm just...I don't know, I'm asking, I'm thinking. [LB757]

TIM SHANKS: I can't see where it would hurt. I mean, it would... [LB757]

SENATOR LANGEMEIER: I mean, I'm thinking that might do some more good than the \$500, to free up the employers to allow the people to leave and...do you see what I'm saying? [LB757]

TIM SHANKS: Yeah, I understand your question. Yes, it would help that situation for our daytime calls if the employers had some extra incentive to let those people go, but we still have the problem of keeping those members on the squad and active to get them to do that, so. [LB757]

SENATOR LANGEMEIER: I'm just thinking the willingness seems to be there but then the employers could be an obstacle. [LB757]

TIM SHANKS: That has been a case that has arisen, yes. [LB757]

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SENATOR LANGEMEIER: Okay, thank you very much. Very good. [LB757]

SENATOR JANSSEN: I don't see any more questions. Ron, do you have one? [LB757]

SENATOR RAIKES: Yes, I do. You mentioned maybe casually that somebody could get free service. Do you have a user fee for this service? [LB757]

TIM SHANKS: Our squad, yes. We have no tax revenue at all for our squad, so we bill for services. Now, out of... [LB757]

SENATOR RAIKES: Is that common, do you know, among communities, or...? [LB757]

TIM SHANKS: Yes. When we set our rates we talked to the surrounding communities such as Nebraska City, Tecumseh, Auburn, Cook, and Weeping Water, and we compare our rates and try to keep them comparable to surrounding communities. [LB757]

SENATOR RAIKES: So this money is used for gas and tires and... [LB757]

TIM SHANKS: Yes. It's used for all of our overhead, our vehicle maintenance, our equipment maintenance, replacement of aging equipment, buying a new ambulance. [LB757]

SENATOR RAIKES: Do you get voluntary contributions, as well? [LB757]

TIM SHANKS: Yes. We also operate off of memorials and donations that we receive from our community. [LB757]

SENATOR RAIKES: And none of that is used to compensate any of the volunteers. [LB757]

TIM SHANKS: No. Our department does offer our volunteers a \$250 bonus at the end of the year if they make 18 calls in the year, and that money comes out of our memorials and donations that we receive. [LB757]

SENATOR RAIKES: Okay. Thank you. [LB757]

SENATOR JANSSEN: Tom. [LB757]

SENATOR WHITE: Do you have a pension program for your department? [LB757]

TIM SHANKS: No, we do not. [LB757]

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SENATOR WHITE: Thank you. [LB757]

SENATOR JANSSEN: Abbie. [LB757]

SENATOR CORNETT: How much do you bill for a squad run? [LB757]

TIM SHANKS: Our base rate is \$400. [LB757]

SENATOR WHITE: Does that change, the base rate, or is that just \$400? [LB757]

TIM SHANKS: The base rate to go out the door is \$400. We charge \$5 per loaded mile for transport. We charge a fee, and I can't remember what it is off the top of my head, if we have to get our jaws of life out to do extrication. Some of our more expensive supplies that we have to replace we will charge for that. [LB757]

SENATOR WHITE: Thank you. [LB757]

SENATOR JANSSEN: Abbie. [LB757]

SENATOR CORNETT: Sorry, one more. You said that you buy your own squads. [LB757]

TIM SHANKS: Yes. [LB757]

SENATOR CORNETT: Now, are you an incorporated fire district? I mean, are you a separate entity from the city of Syracuse? [LB757]

TIM SHANKS: Yes. [LB757]

SENATOR CORNETT: Does the city purchase any of your equipment? [LB757]

TIM SHANKS: No. [LB757]

SENATOR CORNETT: Do you purchase everything on your own? [LB757]

TIM SHANKS: We raise all the funding to replace our equipment. We have an account with the city so the money flows through the city accounts as far as buying the equipment. [LB757]

SENATOR CORNETT: But you fund it yourselves. [LB757]

TIM SHANKS: But we fund it ourselves. [LB757]

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SENATOR WHITE: The city does your accounting and the billing and all that kind of stuff. [LB757]

TIM SHANKS: Correct. [LB757]

SENATOR CORNETT: Thank you, Tom. That was what I was getting at. [LB757]

SENATOR JANSSEN: Excuse me, but are you a rural fire protection district or just within the city? [LB757]

TIM SHANKS: We are rural protection also. [LB757]

SENATOR JANSSEN: You have the ability to levy money through the...within your fire district. [LB757]

TIM SHANKS: The fire department receives money. We are separate from the fire department. We have never done that. [LB757]

SENATOR JANSSEN: Oh, your rescue is separate. [LB757]

SENATOR CORNETT: Your rescue... [LB757]

TIM SHANKS: Our rescue department is separate from the fire department. [LB757]

SENATOR JANSSEN: All right. Okay. [LB757]

SENATOR WHITE: Thank you. [LB757]

SENATOR JANSSEN: I see no more questions. Thank you. Very good testimony. Next proponent. [LB757]

BOB ROSE: Senators, my name is Bob Rose, R-o-s-e. I've been a firefighter EMT in Edgar, Nebraska, for the last 30-plus years. I'm here to represent the Edgar Fire and Rescue and the Hastings Area Mutual Aid, which I am president. I was here last year when we talked about this, and I felt very good when I left. I thought you asked some great questions, as you have today, and you had a real interest. I got home and two days later I noticed that the bill had been postponed indefinitely. I said, what the heck is going on? Why isn't this at least deserving of being some general discussion at least? And what I was told is that last year there was surplus tax money and the senators wanted to give it to back to taxpayers in relief of property tax. And that's great. An interesting thing happened and I think it was in November. I got my property tax for this year, and on approximately an \$1,800 property tax bill on my house. I think my rebate

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was somewhere around \$20-30, and we'll say \$30. A half hour after I opened that my neighbor called for the ambulance. I was one of two EMTs that responded. She was having difficulty breathing. We put oxygen on her and she was able to rest comfortably. Now, I thought if the EMTs weren't around, what would that mean? Well, let's say that Edgar, and I'm going to say it's 500 population for what we're doing, and if there's two people live in a house there is approximately 250 houses in Edgar. If every person got a \$30 rebate on their property tax, for our town that would be an amount of \$7,500. If you turn that over as they talk about, it generates \$8 for every \$1 you invest, you put \$60,000 in our community. That pays, at best, one firefighter EMT, probably. Now, we have about 30 firefighter EMTs on our squad, and I grant you, they wouldn't all fit into the \$500 category, but if they did it would cost \$15,000 to fund them with a \$500 tax break. If we can make all 30 of those people come up to the level that's in here it would be fantastic, and that's costing \$15,000. That's double the rebate that our town got probably, I mean if it got what I got, and I have no way to know that. Fifteen thousand dollars. Wow. That would be pretty cheap. If we lose our volunteer fire and ambulance in our town we would have to go to a countywide system. There are about eight towns in our county, some bigger than Edgar, some less. If each one of them generated the \$60,000 we talked about out of getting the \$30 rebate, we could put eight paid people out there. A countywide system would probably have stationed in the center of the county. Instead of my neighbor getting help in five minutes, she would get it in 20. Her \$30 tax rebate would probably be better for her if it went to one of our EMT firefighters. I think she would believe that. She was very thankful for those people. Young people today live on limited budgets. Most of them have two family...two people working in their family. Money is important to them. I really believe this would help in the recruiting and retention practice. On one side of Edgar is a town that has three EMTs right now. Two of those are out of town during the day. One of them is elderly. On the other side of Edgar is a town with six EMTs. Two of those live in town, the rest live in the rural area. One of those that live in town works out of town. It's very difficult to get people and keep them. I really believe that this is a cheap way to get them. Now, you talked about what happens if we have less calls. Edgar runs about 90 calls a year. So the 10 percent thing, you would say would 8 or 9. Are they worth the same thing that they would in Bellevue, Ralston, or whatever? I would only say this, that in the small towns the people that are fire and EMTs are expected to do more. A year ago when we had the ice storm, the electricity went off for our area. The generator didn't work at the local nursing home. Firefighters and EMTs moved all those people over to the fire hall that has a generator, and therefore a heat source, and they fed them, another thing that wouldn't show up necessarily on the number of runs but yet a necessity in small towns, so I think some of those things balance out by what you're required to do, because your firefighters and EMTs are the only work source in those communities. The smaller you get the more they're expected. I ask you to please consider this. I think it would help tremendously, recruit and then keep people. Thank you. [LB757]

SENATOR JANSSEN: Questions? I don't see any. Thank you, Bob, for being here. Next

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proponent. What do we have, two more? Okay. [LB757]

TOM HAMERNIK: (Exhibit 2) Good afternoon, Senator Janssen and members of the Revenue Committee. I am Tom Hamernik, H-a-m-e-r-n-i-k, and I'm a volunteer fireman and EMT in Clarkson, Nebraska. They are passing around my testimony. I won't go through it other than to say I've got 29 years as a firefighter EMT, and I've got two brothers and a dad that have been doing it ever since. And I'll concentrate on just a couple of things. Kind of a comparison I would use is we're wondering if our country is really in a recession and we've got all these people all across the country that are measuring our retail sales, our housing starts, our unemployment rates. They're collecting data on what's happening. No one is collecting data on what's happening to our volunteer situation and those things that affect our EMS response and our firefighter response. I firmly believe that in our area we've already been declining for almost ten years. Our group is aging. The level of training isn't quite as high as it was a few years ago, and our response times may be declining a little bit, and it hurts me to say that because it's very important to me but I believe it to be true. And the biggest thing we face is recruitment and retention. And we just don't have the number of people that are willing to make that kind of commitment any more and I really firmly believe that LB757 is definitely a step in the right direction. I think our system is declining a bit and there isn't a very strong central structure like some of the organizations in our state, so I think that if it continues to decline it will be very difficult to bring back volunteers to the program and train them and get them up to speed and recover to the strong system that we once were. Some of the questions earlier, I think only about a third of our members would qualify for the tax credit. Our department does have relatively strict membership guidelines, and members are required to attend training, required to make calls, otherwise we kick them out. And I get to be the bad guy a lot of times because I understand why those rules are there. I understand that we can't have someone that's marginally trained at an accident scene or at a fire call, because people get hurt. And so those rules have to be enforced, and it's really tough to stand in front of a room full of volunteers and say, Joe, I'm sorry, you didn't quite meet the membership requirements, but you're going to have to step away. And the question I get back is, you're going to fire a volunteer? I'm sorry, but that's the way it's got to be. I mean, there has to be some standards for the people in your department to maintain the integrity of the organization. And it's difficult to do because we're not flooded with volunteers. There were some questions about payment for calls. Our rescue squad does charge for calls, and it's a very similar rate to what the gentleman two testifiers before me mentioned. We have a \$400 base. And that was in response to well over half of our 100-plus rescue calls every year are from a nursing home, and so that could be 60-70 calls a year, and many of those are Medicaid patients, and if we...we just have too many expenses not to be able to recover some of that cost. Our squadsmen are paid \$20 a call, and that was in an attempt to make up for three employers in our community that we docking employees for missing time. And it works to an extent but it has not helped us significantly in getting EMTs, mostly because of the requirements of EMT training and continuing ed hours. I

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run a business with my brothers, and at least one of us and normally two of us go on every daytime call. That's two hours away from our jobs at least once a week and many times twice a week. With that I would answer any questions that you have. [LB757]

SENATOR JANSSEN: Senator Cornett. [LB757]

SENATOR CORNETT: Now, you're with Clarkson. [LB757]

TOM HAMERNIK: Clarkson. [LB757]

SENATOR CORNETT: Is your fire department set up separately from your rescue department like the last... [LB757]

TOM HAMERNIK: No, we are one combined department. [LB757]

SENATOR CORNETT: Does the city do the billing for you or do you bill directly? [LB757]

TOM HAMERNIK: We bill directly. We pay someone to bill our rescue calls. [LB757]

SENATOR CORNETT: Thank you. [LB757]

SENATOR JANSSEN: Tom. [LB757]

SENATOR WHITE: Do you have a retirement system? [LB757]

TOM HAMERNIK: No. [LB757]

SENATOR WHITE: Thank you. [LB757]

SENATOR JANSSEN: Any other questions? Thank you, Mr. Hamernik, for being here. [LB757]

JERRY STILMOCK: Senators, Jerry Stilmock, S-t-i-l-m-o-c-k, a lobbyist on behalf of the Nebraska State Volunteer Firefighters Association. My purpose is to try to address some of the questions. If a volunteer receives a de minimus per call payment, the Department of Labor and the IRS have established de minimus rules so that I will still be treated as a volunteer even if I receive \$20 or \$25 per call, so that doesn't...that was one of the questions that came up. One of the things that has been very popular in the last 18 months, I think, is talking about the corridor and the I-80 corridor. And once you leave Omaha or Lincoln you're going to be in the hands of a volunteer, whether it be at Gretna or on down the road at Ashland, Waverly, Greenwood. Those are all communities that are on that Interstate 80 corridor and provide a tremendous amount of

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rescue calls to Interstate 80 in that stretch between Omaha and Lincoln. The other item that comes to mind is if I string together some popular places to visit, and the Game and Parks does a tremendous job of promoting, but if I look at Platte River State Park or Mahoney State Park or Fort Rob; at York, the women's state reformatory or penitentiary for females; at Tecumseh, the Tecumseh Correctional Facility, those responding to those state entities are all volunteers. Recall, in 2006, with the terrible fires that were out in the northwest part of the state, and the threat to Chadron State College and the threat to the city of Chadron and the devastation to the forest, responding to those calls were volunteer departments throughout Nebraska, as well as paid service from the federal government. But Nebraska has no state response team for firefighting, and I think those items are important. Senator, I was glad to hear you asking the question about the fiscal note, because that tells me at least you are burrowing into this and looking at it, and I was somewhat astounded, frankly, because the same author of the fiscal note from last year's bill, LB264, also introduced by Senator Hudkins, was at the same amount of volunteers was reported, 12,500. Several years ago, Senator Hartnett, through legislation passed by you all, required volunteer departments to report to the State Fire Marshal so we could get a handle on how many volunteers are out there. So the number was the same last year, reported to the Fiscal Office, 12,500, as it was this year, 12,500. The difference is, last year it was reported, which I think more accurately said it, was 40 percent of those volunteers could qualify because of the requirements in order to meet the point system set up in LB757. This year, the fiscal note recognized that all of those 12,500 would be able to qualify, and therefore earn the tax credit. And I don't know what changed other than somebody that perhaps the Fiscal Office or the fiscal agent spoke with, and reason to believe that it was no more than a staff person responding to the collection of data from the Fire Marshal's Office, and the question being, well, how many of those, do you think all of them would qualify if we had a program like this; oh, yeah, I think it would. And so it taints, in my opinion at least, the reporting ability at least on this particular item because they're the exact same measures, the 12,500, but yet we have a discrepancy between 100 percent, supposedly that would qualify, that I would distinguish. The other part that sets off volunteers, and...it's almost sounding disrespectful to those family members because I have no idea what those families lived through, but about four years ago there were two gentlemen in Wood River, and they're no longer with us, those are volunteers, and the set some people apart. And last year, the Urban Affairs Committee was set to meet and they were going to meet on volunteer fire issues, and in the year 2007 we lost another volunteer in the line of duty, Jeremy Wach out of Wymore. And so it is a distinct reason. It is a distinct factor to separate out the volunteer EMS and firefighters from, in my opinion, the teachers that have come in before. It's not discrediting the teachers, but there is a vast difference in terms of the volunteerism, the number of hours. The number of hours have been estimated at 120 in order to be an EMT. At the national level pushed by the federal government, that number we have been told within two years, because of national standards being changed, that number is going to go from a range of 150 hours to 196 hours just to be a basic level EMT, and that's scaring the heck out of

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communities in Nebraska. We're going to keep trying. We are going to keep coming back, and hopefully this committee sees that there's merit in LB757, and I would ask you to advance the bill, please. [LB757]

SENATOR JANSSEN: Senator Cornett. [LB757]

SENATOR CORNETT: Jerry, how many volunteer fire departments have pension plans set up throughout the state? [LB757]

JERRY STILMOCK: Come to mind, McCook, North Platte, Gering. Those all came to my knowledge. Kearney came after the legislation was passed to allow a length of service award program through the Urban Affairs Committee, through the Legislature, about in 2000-2001. Bellevue, I understand, has something that started before that era. And I think that's the extent of it, Senator. [LB757]

SENATOR CORNETT: Are any of those departments paid, partial paid, paid by...? [LB757]

JERRY STILMOCK: North Platte has a combination. A combination, of course, the term referring to some paid and some volunteer. Gering has a paid chief. And, Senator, I do not know about McCook. Kearney is a 100 percent volunteer. [LB757]

SENATOR CORNETT: Thank you. [LB757]

JERRY STILMOCK: Yes, ma'am. [LB757]

SENATOR JANSSEN: Chris. [LB757]

SENATOR LANGEMEIER: Thank you, Chairman Janssen, and thank you, Mr. Stilmock, for your testimony. On the fiscal note, it says 12,600 volunteers. Would that be the right number or should we be thinking 12,500? [LB757]

JERRY STILMOCK: No. I think it's...the number from the Fire Marshal's Office was 12,637. [LB757]

SENATOR LANGEMEIER: Okay. [LB757]

JERRY STILMOCK: The one thing that occurred to me was the gentleman, Mr. Shanks, testifying about Syracuse. The money that comes in through rates that consumers pay is what's then used in the budget. When they have to...it's the age-old issue of when they need a new ambulance because it's 10-15 years old or however old it may be, they go out and hold fund-raisers. And Mr. Shanks shared with me after his testimony before I came up, that the last two ambulances that were purchased were because of the

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fund-raising efforts of the volunteer department putting in those two ambulances.
[LB757]

SENATOR JANSSEN: Any other questions? Seeing none, thank you, Jerry. [LB757]

JERRY STILMOCK: Thank you, senators. [LB757]

SENATOR JANSSEN: Are there any more proponents? Any opponents? Anyone in a neutral capacity? Senator Hudkins to close. [LB757]

SENATOR HUDKINS: Thank you, Senator Janssen and members of the committee. I think you can see by the testimony today that this is a serious problem. But why did we reintroduce this bill after this committee IPPed it last year? Well, we heard that the committee from last year felt that they had prematurely indefinitely postponed this bill, and they were ridden with guilt and remorse for their action, so we wanted to give you a second opportunity to do the right thing. The individuals who are the everyday volunteers on the fire department do this service out of love and respect for their neighbors and a sense of duty for their community. As you heard before, the University of Nebraska at Kearney is protected by a volunteer force. The Chadron State College is protected by a volunteer force. And basically the fire departments that are volunteer receive no other compensation for their volunteer efforts other than workers' comp. Now, at Malcolm, which fire department I am most familiar with obviously, is a mutual aid department. Hardly a day goes by, especially in the summertime, that they don't have a call. They respond to drownings, fires, accidents, dead bodies, and there have been several of those at Branched Oak Lake, at Pawnee Lake, and as Ms. Rex said, those are state properties, and Malcolm does it. They also respond to calls along the interstate, both for fires and accidents. The mutual aid that Malcolm gives is to Raymond, Lincoln Southwest, David City--they had a fire there just a couple weeks ago that Malcolm was called to, and most likely several others than I'm not even aware of. More and more calls seem to be necessary for rescue. A medical emergency does require different training than fighting a fire, but even so, the firefighters learn the correct ways of fighting a fire, using safe methods, using efficient methods. They just want to do the best that they can for their community, and it's true that if all of these calls, all of these departments were paid for, there definitely would be a higher cost for our taxpayers. You heard the gentleman from Ralston say that their department personnel leave family gatherings, weddings, various other social events because it's the right thing to do. Well, to give these dedicated community volunteers a tax credit is also the right thing to do. It is time for the full Legislature to look at this bill. The problem isn't going away. If we want to keep and recruit fire and rescue people to take care of our people and put out their fires, it's time for a reason for them to stay. The Legislature this morning debated granting incentives for movie companies. Senator Janssen, I believe it's yours, the Super Advantage bill that offers incentives. LB775 from a few years ago offered good deals for companies to come to our state. We should also give incentives

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for people who are already here protecting lives and property. You heard from a previous testifier that in his department's case that there was no cost for the volunteer fire department to come out. The fire districts, in my understanding, do get tax dollars from the county after approval from the county board, but they do not have levy authority on their own. A couple of years after our Christmas fire, which I caused, there was a bill involving fire departments. I asked, as a member of that committee, what does it cost to have a fire department come out to tend to a fire? And they told me, well, it depends on how far you are from the fire department, how many tanker trucks you have sent out, how many other trucks and equipment you have to bring, how many firemen coming from all areas of the district come. And I said, well, let's say you are a mile and a half from the fire department, and you had four trucks, about 10 pickups, and about 18 people. Well, as you can imagine, the whole room burst out in laughter because they could realize that it was a personal question. Well, needless to say, after what they told me that night I got out my checkbook and I sent a rather hefty check to our volunteer fire department. In addition to whatever funds that they get from the county board, the fire departments always are having fund-raisers. We have street dances, we have pancake feeds, we have hamburger fries, and the community overwhelmingly supports those efforts because they never know; they might be the next one to have need of that department. I would bet that every person in this room can think of an incident in their family or their community where a rescue call or a fire call was necessary, and without that prompt response most likely there would have been a death, and most certainly a greater amount of property damage. As you've heard, not all volunteer firefighters will qualify for this credit. There is a rather stringent set of criteria that they have to follow and they have to adhere to, but we do want well-trained, knowledgeable volunteers. Let's make it reasonable for them to continue their service. Thank you, Mr. Chairman. [LB757]

SENATOR JANSSEN: Thank you, Carol. One quick thing. Senator Hudkins, after 16 years, can you still eat pancakes? [LB757]

SENATOR HUDKINS: Oh, I love pancakes. [LB757]

SENATOR JANSSEN: Thank you. That ends the hearing on LB757. Senator Howard is here, I believe. LB783, Senator Howard. [LB757]

SENATOR HOWARD: Thank you, sir. I'll keep this amovin' for you. Thank you, Mr. Chairman and members of the Revenue Committee. For the record, my name is Senator Gwen Howard, and I represent District 9, and I appreciate this opportunity to introduce this important bill. As we heard earlier this week in news reported by the Nebraska Foster Care Review Board, the state of Nebraska has made considerable improvements in the adoptive placements of state wards over the past year. Currently, according to documentation from court cases and the Bureau of Vital Statistics, there are approximately 1,000 adoptions each year in Nebraska, but there are still far too

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many children who are in need of permanent homes in the state. There are state wards whose parents have had their parental rights terminated and children whose parents have voluntarily relinquished their rights, and they all need caring adoptive homes to provide them with permanency and security. Adoption is an amazing gift for the family and for the child. It is also an awesome responsibility and can often present legal and financial challenges that some people see as a disincentive. In LB783 there is offered a small incentive for adoption that serves as a long-term benefit for the child. This bill would allow for a one-time \$500 refundable tax credit for each child adopted by a taxpayer after January 1, 2008. The taxpayer must provide proof of the adoption on a form to be developed by the Revenue Department. Individuals claiming this credit must also consent to depositing \$500 credit into the Nebraska education savings plan trust fund account created for the adoptee. The taxpayer must establish the account and provide the Nebraska education savings plan trust account number with their return. Previous adoption assistance legislative actions have reimbursement based on or restricted solely to children who were wards of the state. This bill would provide tax incentives to parents and a tangible investment in all adoptive children. Per existing statute, the taxpayer receiving the credit would have their taxable income reduced by the amount of the investment in the Nebraska education savings plan trust account. The \$500 would count toward the \$5,000 annual reduction amount eligible under Section 77-2716. LB783 encourages participation in postsecondary education and it is an investment in the future of a child who might not have had these advantages if not for adoption. As a foster care and adoption case manager for 34 years, I have seen a significant difference that adoption makes in the life of a child. These are children who too often feel lost and hopeless. This small incentive can make a difference to the adoptive parent and for the child they open their hearts and their homes to. I hope you'll support me in this significant step toward creating new futures for Nebraska's children. And I have one testifier who must leave--I hope he's still here--and I like to give him the opportunity to be able to speak before he has to leave the room if that would be all right. [LB783]

SENATOR JANSSEN: Are there any questions for Senator Howard? [LB783]

SENATOR CORNETT: One super quick one. [LB783]

SENATOR HOWARD: Sure. [LB783]

SENATOR CORNETT: What about the children that are adopted that are the disabled or severely...I mean, special needs children. [LB783]

SENATOR HOWARD: You are thinking of the children that we already subsidize the adoptive placement for. [LB783]

SENATOR CORNETT: Yes. Plus they probably will never be able to... [LB783]

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SENATOR HOWARD: Oh, I see... [LB783]

SENATOR CORNETT: And be eligible for college. [LB783]

SENATOR HOWARD: That's a good question. That's a very good question. And to tell you the truth, I really hadn't factored that in because I was thinking all adoptive children. [LB783]

SENATOR CORNETT: But those were adopted children in (inaudible). [LB783]

SENATOR HOWARD: They are, absolutely, who may not have the opportunity to go on to school and that's something that we would need to look at and in some way factor in. [LB783]

SENATOR CORNETT: Okay. [LB783]

SENATOR HOWARD: But I hadn't considered that. That's a good point. [LB783]

SENATOR CORNETT: I'm just...I mean, we're already giving... [LB783]

SENATOR HOWARD: Sure. [LB783]

SENATOR CORNETT: ...them money to adopt these (inaudible) subsidy. [LB783]

SENATOR HOWARD: Well, we're giving them a subsidy... [LB783]

SENATOR CORNETT: But then these are probably children that are never going to be able to partake of that. [LB783]

SENATOR HOWARD: Yeah, and the subsidy is based on their special needs. [LB783]

SENATOR CORNETT: Right. [LB783]

SENATOR HOWARD: It's not based on a projection that they'll need that higher education amount. It's based on their current special needs and care costs. [LB783]

SENATOR CORNETT: But a lot of these children are not going to be able to ever partake. [LB783]

SENATOR HOWARD: In some cases unfortunately they will not. But it's a good point. [LB783]

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SENATOR JANSSEN: Proponents. We will take proponents. [LB783]

SENATOR CORNETT: Yeah. All right. [LB783]

JAMES R. BLUE: Senator Janssen, members of the Revenue Committee, my name is James R. Blue, B-l-u-e, and I am here in the capacity as president of Cedars Youth Services, but particularly in the capacity of president of the Children and Family Coalition of Nebraska, CAFCON, which is an organization of 13 statewide, nationally accredited human service organizations. We would like to thank Senator Howard for her vision in bringing this bit of legislation to your attention. As you probably already figured, we are very much in support of this. We don't think that this is a particular expense issue. We would like you to think of this as a savings issue. The Cedars organization will have 180 state ward children living with us tonight that are waiting for adoptive homes. Child Savings Institute, tonight, will have children waiting for adoptive homes. Many of our organizations have children that we as taxpayers are paying for in out-of-home care. This \$500 tax credit is less than one week of care for a child who is in out-of-home care. I'm thinking about one particular child who was adopted by a foster parent last year. The expense the state went to, to provide for that foster care, was in the tens of thousands of dollars. That adoptive parent, this is an additional benefit for them aside from making their family much more whole, much more caring, and knowing they're doing something for the child. That tax credit will be a tremendous benefit, and I believe sincerely, and I'm not just saying this, a savings because it's an additional benefit for adoptive parents to adopt state ward children which are a tremendous expense for the state. I would like to encourage you to support Senator Howard's vision in this, the other senators who have been a part of this, and I would like to thank you very much for your time and try to answer any questions that you have, please. [LB783]

SENATOR JANSSEN: Any questions of Mr. Blue? I don't see any. Thank you very much. [LB783]

JAMES R. BLUE: Thank you. Appreciate it. [LB783]

SENATOR JANSSEN: The next proponent. [LB783]

DICK STOLL: (Exhibit 3) My name is Dick Stoll, S-t-o-l-l, and I am from Nebraska Children's Home, and I am here to speak in support of LB783. I would also, our agency would also like to thank Ms. Howard for introducing this bill, and we appreciate the time that you're taking to hear what we have to say. Founded in 1893, the Nebraska Children's Home Society has a long, rich history of providing adoptive services to Nebraskans. Being the only statewide adoption agency, we provide these services from our nine offices located throughout Nebraska. In 2007, Nebraska Children's Home Society provided pregnancy counseling for over 100 individuals facing an unplanned pregnancy, education and support to 80 couples that came to us seeking to adopt, and

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completed over 50 newborn adoptions. Along with our newborn adoption program, we provided education and support to those seeking to adopt internationally. In addition, in the greater Omaha area, we have over 30 foster homes that in 2007 provided care for over 60 children that were wards of the Department of Health and Human Services. Last year, our foster parents finalized the adoption of many of these children in their care. As you can see, Nebraska Children's Home understands the importance of adoption and providing permanent forever families for children. We are aware that there are many children in out-of-home care that are waiting sometimes for years to be adopted and to receive a permanent family. We believe that LB783 and the tax credit it will provide to prospective adoptive families is one way to encourage the foster/adoptive parents to finalize an adoption and therefore move the child from foster care status to a stable, loving, permanent home. An additional benefit to LB783 places the \$500 tax credit into a 529 account created by the adoptive family, and will help assure that the groundwork is established and the family begins the planning and support for the child's long-term educational needs. Again, thank you very much for taking time to listen to our recommendation. We believe that by your approval of LB783, you will be providing an additional incentive for families to finalize the adoption of a child and therefore create a permanent family for that child. Equally, the passage of LB783 will lay the groundwork through the establishment of an educational savings account funded with the \$500 tax rebate to benefit the future educational needs of the child. [LB783]

SENATOR JANSSEN: Any questions? Seeing none, thank you, Mr. Stoll, for being here. [LB783]

DICK STOLL: Thank you very much for your time. [LB783]

SENATOR JANSSEN: Any other proponents? Any opponents? Anyone in a neutral capacity? Seeing none, Senator Howard to close. [LB783]

SENATOR HOWARD: Thank you. Late-breaking information. These adoptive parents would have to apply for the benefit, and if the child clearly wasn't going to go on to a secondary education or to a college program, they wouldn't be eligible to apply for it. I had completely forgotten that. I was reminded by my capable staff, so. On a reflective note, from the work that I did for many, many years with Health and Human Services, there would often be situations where a family would look at adopting an older child, an older school-age child, or maybe even a teen, and one of their big concerns was that they hadn't set aside any money for that child to go to school, and that would really factor into their decision. And I thought about that over the years, and I thought it's a shame that we don't have some way to partner with these people to say we're with you, we see that projected need down the road, and we'd like to encourage you to provide this permanency through adoption and we want to work with you. Adoption makes such a big difference for children and their adoptive parents. LB783 is an opportunity to encourage adoption, an opportunity to encourage postsecondary education, and most

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of all, an opportunity to invest in the life of a child. Now, here's a...this is an important factor, and I want to share this with you. It's been brought to my attention that there is not currently infrastructure within the state to implement the transfer of funds directly into the individual Nebraska education savings plan trust accounts created. And this morning Senator Langemeier and I were talking, and his very creative mind said he might have some ideas and thoughts on that, which I really do appreciate. I welcome any suggestions. The infrastructure piece is something that I really don't know how that might work to help with this program. I would entertain any suggestions the committee might have to help overcome this barrier and help bring this concept into reality. It would truly go a long way toward improving permanency outcomes for children. Again, I hope the committee will work with me to find a way to build new futures for Nebraska's children. And I want to point out, too, that the Nebraska Catholic Conference did drop a letter of support off to me, and I would hope that they have given you a copy of that as well. Okay, thank you, George. Thank you. [LB783]

SENATOR JANSSEN: Thank you, Senator Howard. [LB783]

SENATOR HOWARD: Thank you so much. [LB783]

SENATOR JANSSEN: That ends the hearing on LB783. I believe Senator Gay is here to open on LB891. [LB783]

SENATOR GAY: (Exhibit 4) Thank you, Senator Janssen, members of the committee. Thank you for your time. For the record, my name is Tim Gay, state senator from District 14, here today to introduce LB891. I do have a number of letters in support of this bill and I'll give them to the committee here. I think my LA is coming with those. LB891 would allow a nonrefundable income tax credit equal to 25 percent of the amount expended by a taxpayer for any specialized medical equipment or supplies or home modifications they may make. The credit shall not exceed \$1,500. The purpose is to provide some relief to a caregiver or a taxpayer so their dependent, whether it be a spouse, child, or parent, can remain in their home. According to the 2005 Nebraska Medicaid Reform Plan, the Medicaid program is expected to consume 31 percent of the state's General Fund by 2025. This means a \$785 million gap between needed expenditures and appropriations for the program. It is well-known fact that providing care to somebody in a skilled nursing facility is more costly than home and community-based services. The Medicaid report also indicates that the average cost per day for the least expensive nursing home facility was \$74 compared to \$41 for assisted living. Home-based care is even less costly than this \$41. The report also indicates in 2005 the nursing facilities services cost Medicaid \$278.9 million. This represents the single highest-cost service category under the Medicaid program. Now, I do understand the federal government does provide a deduction for medical expenses that exceeds 7.5 percent of the taxpayer's adjusted gross income. This is not always enough. Though providing care at home saves the state Medicaid funds, it results in extra costs for those

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caregivers. So, in effect, their cost is...actually they're burdened with this excess cost that may be sometimes not quite up to the 7.5, but they're still burdened with extra costs while still saving us money. A study conducted in 1994 for the Nebraska Assistive Technology Partnership, identified 250,000 Nebraskans living with a disability, with 25,000 of these needing a home modification. Fourteen percent of these did not qualify for public assistance. So that's kind of our target market here, as well. The Assistive Technology Partnership is a state assistance program that has been in existence since 1989 through a federal grant administered by the Department of Education. It provides in-home assessments for people who qualify for assistance through the Medicaid waiver program. I'm going to go on with...I could go on with statistics, but I want to, in the interest of time, I'm going to just kind of get to it and give you a couple of cases here of what's happening out there, and many of you are familiar with this. But we had talked to...we went to the respite network, and many of you were there, and we talked to some of their people and looked through their book. And this is a case from there. Tim, a 39-year-old male from Genoa, caring for his 4-year-old son who was born with a neurological disorder called holoprosencephaly. It says, without any assistance from programs like the medically handicapped children's program, early intervention waiver, and Medicaid, I would not have been able to afford even one day at Children's Hospital. Funding programs are incentives that help caregivers care from home will save you money. A Lincoln woman caring for her husband with Parkinson's disease, as well as her mother and father, states that she is not able to hold a full-time job because of the stress caring for her loved ones and that she has had to use her husband's retirement funds to help pay for the costs of these medicines. The 47-year-old Douglas County mother caring for her 10-year-old daughter with spina bifida says being a caregiver has cost her relationships, struggle, and marriage, costs, sometimes jobs, and out-of-pocket expenses that is not covered by anybody. I have depleted quite a bit of my retirement fund, taking care of these out-of-pocket expenses. So...and there are many stories, and you have them from some of your constituents, as well, but home health-related supplies and modification can range anywhere from \$9 to \$20,000. Some of these are furniture risers, which can be \$9; grab bars for installation, \$200; floor lifts, \$2,000 to \$4,000; ceiling track lifts to help you get in and out, \$8,000; vans; many things. They start adding up when you do this. Bathroom modifications with a bath tub, with a shower, some of these things, anywhere from \$50 to \$20,000; a ramp to your house, \$5,000. We got some of this information from the home access solutions. And they have clients of all ages, you know, with neurological diseases, aging, whatever. Some of the people...and I don't know who we're going to have testify, but some of the people who deal with this quite a bit, the offices of aging around the state are dealing with this. They can coordinate some of these programs. The idea that we've been trying to get people to stay at home longer is, of course, one that we all want. The idea today...I have two other bills that are coming behind it, I won't get off track, but there's three moving parts of healthcare. The first one is what this bill is trying to accomplish, is keeping those people in home longer. So if we can start at that portion of it through some kind of incentive to do that, would be a step in the right direction. The fiscal note on this, you're

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going to read there's a \$44,500 programming charge, and when we looked at it the revenue, \$956,000 to \$1.4 million, the increase that we're talking about on a few percent is \$54 million on Medicaid spending on a 1 percent move in Medicaid, I think is \$54 million. So it's very expensive. The exact amount that this will save is unknown at this time. I mean, you're going to get the credit, but the long-term savings is, I wouldn't say a guesstimate, but it would be definitely an awareness issue. How would we make people aware that we even have this would be through the offices of aging and other agencies such as that. Some of the people that are in the industry could help spread the word, as well, because it wouldn't do any good unless you had a way to get the word out that this was available. So, like I say, we have some letters from ENOA and some others that we'll turn in, and I'll get those to you. But anyway, that's kind of what this bill...we tried to limit it the best we could, up to the \$1,500 is for financially. I mean, we tried to do that. This is kind of where we're starting, so I would be happy to answer any questions. [LB891]

SENATOR JANSSEN: Senator Langemeier. [LB891]

SENATOR LANGEMEIER: Chairman Janssen. And thank you, Senator Gay. A pretty straightforward bill. The question I have is theoretically this doesn't limit it to age; it doesn't limit it to much of anything other than the \$1,500. Let's say I live in a 35-year-old house and I break my leg, and I can't...I don't have a bathtub, and, by golly, we should remodel our bathroom because I can't bathe to stay in my house because of this cast. Nowhere in here would it...I could get a doctor to say that hygiene is extremely important to my well-being, and they would sign off on that. Could I not remodel my bathroom and go get...? And granted, I would be up to the max on my \$1,500, but I don't see anything that would prevent that from happening. [LB891]

SENATOR GAY: Well, yeah, and that's an example like that. The physician letter, first of all, you'd need. I mean, I think the physician would understand that this is...that was granted for disability. There is no age requirement to say you've got to be over 65 for a reason, because many of the disabilities...the physician...the barriers against that, in that situation, no, but would you be putting in handguards or certain specified items under the federal law that you have to qualify for in order to be...so when you administer it, it would be administered to the federal regulation. So you can't just go remodel your bathroom. There has to be a medical necessity. [LB891]

SENATOR LANGEMEIER: My fear with the certificate by a physician is we need that same thing to get a handicapped permit, and I am guessing 50 percent of our citizens in Nebraska have handicapped permits, if you look at the people running into Wal-Mart that park in a handicapped spot. They're easy to get. [LB891]

SENATOR GAY: Well, okay. Yeah, I guess, on this, you know, any help that you can give. I think that's for a reason, because part of this is the disability portion of it. You

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know, we're talking longer-term disability and where we're at. It was limited, you know, to a certain extent for cost savings. But originally we looked at, well, shall we make it for anybody over 65? But then we heard from other people, many times, you know, you could be disabled at any age, so we kind of removed that. [LB891]

SENATOR LANGEMEIER: Okay, thank you. [LB891]

SENATOR GAY: Thank you. [LB891]

SENATOR LANGEMEIER: Just an observation. [LB891]

SENATOR JANSSEN: Senator White. [LB891]

SENATOR WHITE: Senator Gay, would you accept an amendment that would make it a certificate of a permanent disability that requires this type of accommodation? That it couldn't be the transitory problem. Senator Langemeier, would you accept that as...? [LB891]

SENATOR GAY: Absolutely. And I know the committee has...sees a lot of the...any help, quite honestly, that has the general ideas here. I would appreciate any help. Thank you, Senator. [LB891]

SENATOR CORNETT: I was going to suggest referencing it to SSI for a physical disability. If they qualify for Social Security disability for a physical disability, that they would...could qualify, but that would be another way you wouldn't have to go through the certificate process. [LB891]

SENATOR WHITE: In other words, if the committee counsel can suggest a reasonable way to restrict this to avoid the potential abuse, you're comfortable with that? [LB891]

SENATOR GAY: Yes. Thank you. [LB891]

SENATOR JANSSEN: Any other questions? I see none. Thank you, Tim. Do we have any proponents for LB891? How many proponents do we have? One more? All right. [LB891]

ROBBIE NATHAN: (Exhibit 5) Senator Janssen and members of the Revenue Committee, thank you for the opportunity to speak today. I am Robbie, R-o-b-b-i-e, Nathan, N-a-t-h-a-n, and I represent AARP in supporting LB891. AARP supports the development of a long-term care system that will serve our state now and in the future. Highlights of such a system should include the following items: provide incentives for individuals to save for their long-term care costs; support the efforts of family caregivers to continue to provide assistance for a disabled family member; and establish programs

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to provide financial assistance to persons who cannot afford to buy long-term care in the private market. As we face the rapid growth of the population over the age of 60, we also face a desperate need to remain in our homes independently. This requires, in many situations, an investment in medical equipment, technology, or simply a home modification. Although a family may have insurance, the person being cared for may be limited in their coverage. Not all medical equipment is covered by insurance. Home modification is rarely a benefit. Families, when faced with the cost of home support, may choose institutionalization earlier rather than later. Home modification and repair can allow people to remain in their homes. Older people tend to live in older homes that often need repairs and modifications. Over 60 percent of older persons live in homes more than 20 years old. Home modification and repair can accommodate lifestyle changes and increase comfort. Typical problems are difficulty getting in and out of the shower; slipping in the tub or shower--nobody wants to fall; difficulty turning faucet handles and doorknobs; access to the home; inadequate heating or ventilation; problems climbing stairs. Cost borne by the consumer are startling. I offer as examples: incontinency products, uncovered by Medicare and most insurance, reach approximately \$3,000 yearly; a lift chair, used to facilitate transfers for the frail, starts at \$650 with Medicare coverage of only \$316. Oxygen use comes with hidden costs: concentrators, tubing, suction devices, adapters, filters, and the increase in electrical usage. Outside ramps range in cost from \$2,000 to \$6,000 depending on supportive material needed, height, and length. You also need a cement ramp, and if you've had any concrete laid lately, you'll know that that's not cheap. A bathroom remodel to attain total accessibility is approximately \$5,000. Other modifications are often needed to make homes accessible: wider halls, solid flooring, lower and open counters in kitchens and baths. Modifications are more costly in rural areas, where a good carpenter is sometimes hard to find. Federal law allows the caregiver, under very limited circumstances, to classify an older person receiving care as a dependent, and claim a personal exemption. The federal dependent care tax credit can be used only by employed caregivers, who pay a third party for the care of a dependent person. Nebraska does not have this credit. Today, the 80-plus population in Nebraska is about 78,000. Most of here are not there yet. The projected 80-plus population in 2030 will be 110,000, an increase of more than 40 percent. A good deal of us will be there or caring for somebody who is. As the number of Nebraskans who are in the age group that is most likely to need long-term care increases, we need to make sure we have a system that can deliver efficient and high-quality care. Ideally, AARP would like to see a refundable tax credit for those who are caring for someone in their home. This could help a caregiver pay for adult day care or respite care so that the recipient of care could stay at home and hopefully delay placement in a nursing home. This could also lower the Medicaid cost of nursing home placements. With LB891, nine elders could stay at home with a \$1,500 tax credit, at the same cost to the General Fund as a nursing home placement for one person over the age of 65. Staying at home safely with quality care is undeniably a step towards controlling the cost of healthcare in Nebraska. For these reasons, AARP encourages the passage of LB891. Attached you will find research on

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the costs of medical equipment and home modification with case scenarios of this type of usages. Thank you. [LB891]

SENATOR JANSSEN: Are there any questions? Seeing none, thank you. [LB891]

PETE McClymont: Senator Janssen and members of the committee, my name is Pete McClymont, P-e-t-e M-c-C-l-y-m-o-n-t. I'm a registered lobbyist for Nebraska Cattlemen. Given the length of this committee's efforts yesterday, I'll keep my comments to the point. Our board was in town this week for our annual legislative meeting, and this bill was one, after looking at all the bills, was very strongly in favor of and requested that myself testify today. We have probably...if you look at demographics of our association and the age, obviously people are older, and two-thirds of our members are ranchers, so a lot of those people live in rural and sparsely populated areas, and so from their standpoint people have a love of the land and the livestock so they would like to stay at home as much as possible. So LB891 is a great start. We thank Senator Gay for introducing this, and Senator White for being a cosponsor. This bill is reasonable. It's prudent fiscally. But yet it goes to help people that want to stay home, and so \$1,500 is...you always like to see more support, but nonetheless it's a good way to give people the opportunity and the financial incentive to stay home even if it is up to \$1,500, so. Thank you for your time and I'd be happy to answer any questions if you have any. [LB891]

SENATOR JANSSEN: Thank you, Pete. Any questions? Seeing none, thank you. Any other proponents? Any opponents? Anyone in a neutral capacity? Senator Gay. Oh, we've got a neutral back there. Don't be bashful. Jump right up or you'll lose your turn. [LB891]

MARK SCHULTZ: Good afternoon. My name is Mark Schultz, S-c-h-u-l-t-z. I'm the director of the Nebraska Assistive Technology Partnership. We primarily... [LB891]

SENATOR JANSSEN: Excuse me. What was that? [LB891]

MARK SCHULTZ: Nebraska Assistive Technology Partnership. [LB891]

SENATOR JANSSEN: Okay. [LB891]

MARK SCHULTZ: The senator referenced that we are the ones that initiated the study that looked at the need for home modifications in the state several years back. For the last ten years we've been working with the Medicaid waiver program, the Health and Human Services Medicaid waiver, in providing assessment services in the home for persons with disabilities qualifying for assistive technology, and home modification assistance as a part of that waiver. During the last three and half years we've been able to, along with those Medicaid waiver funds and other additional leverage funds, have

actually been able to authorize--let me look at the number--3,727 projects that would include assistive technology, vehicle modifications, home modifications. So we've been tracking the cost of those, and based on the total amount...and, of course, most of these individuals are going to be lower income because they qualify for Medicaid, but there will be some families who have children that are qualified, but they will, the families themselves will have a greater household income. What we've been able to find is that the average cost per project, and this could be vehicle modification, bathroom modification, it could include an assistive device or ramp, but we consider a vehicle modification to be one project, home modification to be another project. So the average cost per project over that period of time has been \$3,059. The average number of projects per household has been 1.42. So if you look at the average cost of these kinds of services per household, it's \$4,344. I would assume that those people who are not low income, those kinds of averages would be pretty consistent for any family or household that had those similar kinds of needs for their family member with a disability. The other thing which I think would be helpful for you to know is that under that Medicaid waiver program we've developed guidelines for what eligible assistive technology would be or those devices, as well as what kinds of eligible home modifications. So dealing with a lot of those issues in terms of old existing construction versus new construction and which of those would qualify for support or financial assistance through the waiver or other resources, as well as dealing with a host of other issues. So there would be some information out there in which to begin this process. [LB891]

SENATOR JANSSEN: Any questions? Ron. [LB891]

SENATOR RAIKES: You are testifying as neutral on this. [LB891]

MARK SCHULTZ: Because we are in the Department of Education, and the board has not taken a stance on this bill. [LB891]

SENATOR RAIKES: Okay. You also suggested that, what did you say, \$4,000 or so dollars, and so would it be your conclusion that someone who was, say, about \$50,000 in income or something like that, probably this is not an unreasonable burden? [LB891]

MARK SCHULTZ: No, because there, in the study, what we looked at is there are a number of other disability-related issues, and so the income was not exactly relevant to the affordability of some of these devices, because if there was a child with a severe disability, the expenses could be very great, so. And again, the needs are going to be...vary depending on that individual's disability. So your reference, someone with a broken leg and the need for modifications there, aren't going to be as great. In addition, those would be a temporary disability, and under the waiver that wouldn't even qualify, so those kinds of things are dealt with there. But someone...if a child has cerebral palsy, which results in a lot of functional limitations, it could require vehicle modifications,

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entrance modifications, bathroom modifications, as well as communication devices and a lot of the aids for daily living. So to say that a family income of \$50,000 is going to be able to address those, you can't really make that direct link. [LB891]

SENATOR RAIKES: Well, you are addressing what might be considered more or less catastrophic. You said an average expenditure of \$3,000 per, and 1.4 per house. [LB891]

MARK SCHULTZ: Right. [LB891]

SENATOR RAIKES: Now, is that to be relied upon or not? [LB891]

MARK SCHULTZ: The average is \$4,000, yes, on average. But to say that average is going to occur...okay, for a family of \$50,000, that average may not be their experience. I don't know if I'm...and maybe I'm misunderstanding. [LB891]

SENATOR RAIKES: And there might be insurance coverage. There might be... [LB891]

MARK SCHULTZ: Yes. In the population I'm talking about, these are public resources that are paying for this assistance. I'm just saying that our experience with this population is \$4,000. Now, I can't...we aren't funding projects for those people who don't qualify for these programs. But based on the kinds of needs, vehicle modifications, home modifications, and those particular devices, you wrap all that around and spread across all that, the average is \$4,300, so. What you can't account for is other disability-related expenses that are not home modifications, vehicle modifications, and so forth, because they are health-related needs, personal care assistance, those kinds of things that the family is probably also going to have a need for that wouldn't be a part of this. [LB891]

SENATOR RAIKES: Okay. Thank you. [LB891]

SENATOR JANSSEN: Any other questions? I see none. Thank you. [LB891]

MARK SCHULTZ: Thank you. [LB891]

SENATOR JANSSEN: Anyone else neutral? Seeing none, Senator Gay to close on LB891, and I would presume you will open on LB974. [LB891]

SENATOR GAY: Thank you, Senator. I guess to close is how we came about with this, is this. An average person, \$50,000, \$70,000, they start getting older, they're looking at their retirement funds, what they can do. They go price the nursing home, and say, \$6,800 a month? That gives me about two years and I've depleted all my assets. So they try to stay at home. And how can they do it? And they start looking for ways,

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whether...if they're wealthy they don't have to worry about this too much because they can...probably have done some planning and got this covered. It's that middle class, those people who may not have...middle to lower-end income who don't have the resources can probably use this a little bit more, through some guidance and understanding of how the process works. They would go and say, well, what could I do to stay at home longer? I can make these adaptations, I can do whatever. (Inaudible), well, you've got spend over 7.5 percent of your income to get this done, is what we're saying, we'll give you some help to change your home, environment, whatever the case may be. As this happens throughout the state, is what I'm trying to do here is change the way we look at aging, in general, and say, well, are we going to be a leader in this or are we going to be behind the curve on this? And I think by being a leader, there are certain things we can do. This is just a start in that direction, because the total cost...Robbie Nathan talked about the total cost of this whole problem that's coming is just tremendous. And you know, being why I'm, piques my interest, being on the Health Committee, we are looking at Medicaid reform and some of those things. But you look at the disabilities, all the things that we're dealing with. Some of those could be delayed, possibly, and this is a method, I think, to get there. So where I come from...and this issue, quite honestly, is...when I was...my grandfather had MS. He was at home. My grandmother lived to be 94, and these people weren't...just passed away in a hospice on the state dollars, and they were never wealthy people but they wanted to stay at home. And we all know cases of this. So you get into that situation, and any little bit would help. We talked about a refundable tax credit. You know, at this time we can't do that, I don't think so. But would that be...well, sure. But we're all understanding the financial constraints here, and I thought this was a logical step in that direction to start a long-term change on how we're going to deal with some of these aging issues. So this is a solution to that. [LB891]

SENATOR JANSSEN: Okay. Okay. [LB891]

SENATOR GAY: Thank you. Okay. We'll open on LB974. Thank you, Senator. Just for the record again, Tim Gay, state senator District 14. LB974 would allow a nonrefundable credit up to 25 percent of the amount paid to an employer to provide health insurance to an employee. The credit would be limited to employees with 25 or fewer employees and these employers who have not contributed to an employee health plan in the previous two years. A 2000 study prepared by the Nebraska Health Insurance Policy Coalition concluded that 60 percent of Nebraska's uninsured are either self-employed or work for a small employer. Seventy-eight percent of uninsured employees work for a business with fewer than 50 employees. This bill is intended to be an incentive for those small employers to provide some form of insurance for its workers. Obviously, a large number of uninsured individuals is a major issue on both the state and national levels. There are differing viewpoints on how this crisis should be addressed as evidenced by the presidential debate. My opinion is Nebraska should be proactive in addressing this issue without micromanaging their citizens and business

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owners. I based this law under one that is in effect in Kansas. That state also offers tax credits for employers who contribute to an employee health savings account. As you know, health savings accounts are tax-free accounts that can be used to pay for healthcare costs. To qualify for a health savings account, a person must also be covered by a high-deductible health insurance plan. Contributions to HSAs are tax deductible. The contributions are limited to an annual maximum of \$2,850 for single coverage, and \$5,650 for family coverage. I was going to include a credit incentive for HSAs in this bill, as well, but came to the conclusion that an incentive for any kind of insurance, whether it be a high deductible plan or another type of plan, would be the best starting point. The lower premium cost of high-deductible plans may be more attractive to employers and aren't prohibited by LB974. These plans would also qualify for a credit under this bill. As a member of the Health and Human Services Committee, I believe it is important that we work together to address the healthcare issue. Too many of our working citizens aren't covered by insurance, and our Medicaid costs continue to grow. Yesterday, I received the fiscal note, and I'll be the first to admit that this bill is facing an uphill challenge, to say the least. However, I will also point out that the fiscal note reflects the worst-case scenario, or best, depending on how you look at it, of the 95,000 taxpayers identified as a small employer, we do not know how many already are offering the health insurance and how many would still not take advantage of the credit. As I mentioned, Kansas offers this credit, and according to their department of insurance there has not been a huge fiscal impact. The committee's legal counsel has made some suggestions with respect to possible amendments, and I would certainly be open to those recommendations. I would welcome any questions or suggestions you may have to move forward on this important matter. Mr. Chairman and members, like I say, when you get your fiscal note the night before, it's an eye-opener. I started the idea here was on the high-deductible plans. I then narrowed it down to 25 or fewer employees. I do think the fiscal note, though, if you...what we're saying, we limited it...if you are already providing an insurance plan, you wouldn't get any benefit from this bill for two years, so this would encourage new employers to look into plans. We are then going to look at the high-deductible only option which, now gaining experience, we will probably look at. But the idea would be, again, today we have three bills that are all somewhat related to the problems that I'm hearing on the other end of the building when it comes to health. People aren't providing health insurance due to cost. The incentive programs, I think people are incentivized by, as you all well know, of course, by financial incentives, and that's what the case was here. I apologize for the fiscal note right away. I mean, that was one of these things where I still think we've done a little research, and that was assuming that everybody would provide a plan. So that's just not realistic either, and many of those are already providing a plan. So the true fiscal impact, I'm not sure. But when you look at the fiscal note, that's what...that's how they arrived at that. Thank you, Mr. Chairman. [LB974]

SENATOR JANSSEN: Okay. Any questions? Ron. [LB974]

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SENATOR RAIKES: Tim, I'm trying to follow your idea here. The credit is limited to employers with 25 or fewer employees, and those employers who have not contributed to an employee health plan in the previous years? [LB974]

SENATOR GAY: Yes. [LB974]

SENATOR RAIKES: Meaning if you haven't contributed, you're eligible for this credit? [LB974]

SENATOR GAY: Yes, so if your business were...had a current health insurance plan you wouldn't get the credit for continuing your plan. If you didn't have anything, we're trying to incentivize the person that has...we looked at 25, maybe this should be lower, but we looked at the person that hasn't really looked at a plan. Well, the plans have changed in design. With high-deductible plans now and HSAs, you get the tax credit for the HSA for your employee, but the high-deductible plan is just that; it raises the high...well, they're cheaper, they're a lot cheaper than traditional third-party payer insurance. So the idea would be to get away from the third-party payer system or to have no incentive to save money. Something is better than none. [LB974]

SENATOR RAIKES: Well, on the other hand, I've been doing the right thing...not me, but suppose someone had...I've been doing the right thing and paying my employees some health coverage, and now I don't get the credit, plus I'm an expanding company. I had 23 employees last year, and now I'm going to 26 or 27. So you're kind of encouraging the wrong things, in a way. [LB974]

SENATOR GAY: Well, two things here. [LB974]

SENATOR RAIKES: Or am I missing the point? [LB974]

SENATOR GAY: Yeah. No, I...that went through my head too. Why would we not include those? The idea why we wouldn't include those, you are doing the right thing, usually you're offering insurance for a reason--retain your employees and you just want to do it. It's an expense. You get the write-off already from the federal government. This is a three-year sunset, too, by the way. It's done. It's not an ongoing. But your incenting...you may be doing that for several reasons. A person buys insurance for their employees to keep and retain good employees. It's the smaller guys who are usually...I've heard this a lot: I'd love to do it but you know we just can't afford it. Well, the environment is changing, and health savings accounts and some of these high-deductible plans, I think, have offered a way that an employee can do it. The number, 25 employees or less, was based on...you know, I used that statistic of 50 employees or less. I cut it in half, trying to save on a fiscal note, trying to say something is better than nothing, trying to save on the fiscal note, and it still didn't help much. [LB974]

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SENATOR JANSSEN: Tim, did I hear that right? If you already had a plan you could not get into this. [LB974]

SENATOR GAY: No, this wouldn't help you. [LB974]

SENATOR JANSSEN: Okay. All right. Okay. That seems a little unfair to me, but I guess...any other questions? Seeing none, thank you, Tim. [LB974]

SENATOR GAY: Thank you. [LB974]

SENATOR JANSSEN: Proponents. How many proponents? A couple? Good. [LB974]

BOB HALLSTROM: (Exhibit 6) Chairman Janssen, members of the committee, my name is Robert J. Hallstrom. I appear before you today as a registered lobbyist for the National Federation of Independent Business in support of LB974. I will keep my testimony brief. NFIB has surveyed its members for many, many years, and finds that the availability and affordability of healthcare insurance is the number one concern of small business owners. Senator Gay alluded to small business owners would really prefer for employee recruitment purposes and so forth, like to be able to provide health insurance coverage, but it simply is too expensive at this time. Whether or not LB974 is the panacea is probably up for question, particularly since I was advised just before I came up here that in looking at the fiscal impact, just before I came here, I missed two zeros on the figure. So at any rate, I think Senator Gay, thinking outside of the box and looking at some different things as other states have, to provide an incentive for small business owners to provide coverage, is a good thing. Just on a conference call the other day, and I think the figures were there's 36 million uninsured in the United States. Hopefully, the federal government will come up with a policy. Perhaps we may have to wait too long for that, so action at the state level would seem to be appropriate. There are a number of things that have been done in other states that we would certainly encourage the committee and the Legislature to continue looking at. With that I'd be happy to address any questions. [LB974]

SENATOR JANSSEN: Any questions? Seeing none, thank you, Bob. [LB974]

BOB GRUNDMAN: (Exhibit 7) Chairman Janssen and members of the committee, my name is Bob Grundman, G-r-u-n-d-m-a-n, and I'm here representing the Nebraska Association of Insurance and Financial Advisors, as well as the Nebraska Association of Health Underwriters. Our 1,500 members in our two organizations work daily with the population to provide health insurance and savings solutions to their problems, and many of these are regarding individual and group health insurance. National statistics show that approximately 15 percent of our nation's population does not have health insurance. However, if we subtract the 5 percent who can afford it but just don't have it,

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another 5 percent who are eligible for assistance programs but haven't enrolled or are not eligible because of their immigration status, we're still left with a core low-income group of 5 percent or about 15 million people who still need help obtaining coverage. Since many of these people have jobs, though without benefits, the easiest way to cover them would be through employer-sponsored programs. LB974 provides small employers of 25 or less with a 25 percent tax credit, 25 percent of their health insurance premiums that they've paid, to establish an employer-sponsored program. Once in place, it's anticipated that the employer will see the value of the benefit by the employees, that the competitive leverage the plan provides in helping to recruit and retain employees. And also that the benefit dollars not being subject to payroll taxes as are salary dollars, that the plan will offer the employer a greater bang for the buck. Starting a business and hiring key employees is a financial challenge. LB974 can help these employers take that next step and initiate an employee health plan providing important benefits to both the business and the employees. We encourage the Revenue Committee to support LB974 and help to jump-start these small employers. A couple of other comments. It's been noted the fiscal note, if you'll recall back a couple years ago, I don't know what the fiscal note on the long-term care savings plan was, but after 18 months in existence we know that only 19 people had it. So the negligible...it's been very negligible is what that has been. And the other situation is, as has been mentioned before, that this is a short-term duration. This is to help jump-start programs. It's been mentioned that they may not have had coverage in the past two years. Many employers, many new employers have difficulty starting a program. Many employers, many small employers have found, because of one or two employees who are with them for a period of time maxing out benefits due to health conditions, that they were unable to support the increases of those plans and had to give those benefits up for their entire program. Now, once those people are gone, those employers need the incentive to bring the health plan back. And so these are a couple of additional reasons we would urge your support and I'd be willing to answer any other questions. [LB974]

SENATOR JANSSEN: Any questions? Ron. [LB974]

SENATOR RAIKES: Bob, the idea that you've got to exclude employers who sort have been doing the right thing. They can't get the credit. It's only somebody who hasn't been offering coverage that is eligible for this credit. [LB974]

BOB GRUNDMAN: Because the ones that have been offering the coverage, they are appreciative of the benefits that it provides them as an employer. They understand the value of being able to retain and recruit employees, and they understand that it's a less expensive dollar to provide benefits rather than it is to provide salary. Many times, if it's especially a new employer that hasn't experienced that, they don't realize those financial dynamics. [LB974]

SENATOR WHITE: I never got the gospel of the prodigal son either. (Laugh) [LB974]

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SENATOR JANSSEN: Any other questions? Seeing none, thank you, Bob. Any other proponents? Opponents? Neutral? Senator Gay. [LB974]

SENATOR GAY: Just real quick on why the...why it may not seem fair but that's...you know, they've done the right thing, I agree, but it's an incentive to get them going. The idea is this: If you get somebody to start, it's going to be hard to say, oh, by the way, we're cutting our health plan again. The idea, again, was to direct traffic towards the high-deductible end of things. Changing it around, that's probably the way we would have drafted it. But the idea is, if you incent them, now they've got to...they're on the fringe. Just like, I'd love to do this; where's the plan that allows me to do it? Here's a plan that will allow you to do it. They'll start shopping. They'll get that for three years. You don't go and then say, well, by the way, we're getting rid of it. Maybe they would but then they run the risk of losing their employees down in the long run, as well, so. But at some point there just has to be a cutoff point, and that's kind of what it was. And maybe it should have been less than 25 employees, as well, so. And then you're talking more of the, you know, small electrical shops, something like that, that has 8-10 employees. The bigger employers, though, that are doing this or...and I'm saying even at 25 or more employees that are doing the right thing, probably have to just to compete in the labor market. I don't know the statistics on that and I'm just going to throw that out there, but I think with the competitive market we have in Nebraska they're probably...if they don't have some form of that, they're probably not doing too well, so thank you. [LB974]

SENATOR JANSSEN: Okay. To open on LB1012, Senator Gay. [LB974]

SENATOR GAY: Yes. Thank you, Senator Janssen. This bill represents another facet of the discussion to lowering the cost of Medicaid (inaudible) increase the aging population, giving the people the tools to prepare for their future needs. LB1012 provides an income tax credit in the amount equal to 25 percent of the premiums paid for one or more long-term care policies. The credit shall not exceed \$500. I'll admit the fiscal note is a little higher than I would like. Originally I had wanted to include the option by allowing a deduction, as well, which would have made the bill identical to the one the committee heard last year, LB4. This morning I did talk to the Maryland Department of Revenue that offers a one-time credit for 100 percent of the premiums paid not to exceed \$500 for individuals over age 40. The credit is capped at \$290 for individuals under age 40. Their cost for the tax year 2006 was only \$3.6 million. So there is a...how we get the other revenue, we need to work with them on that. Regardless of the assumed cost, I would suggest that we will still see savings in the long run. There is no doubt that as people age those with long-term care insurance will not necessitate the use of taxpayer dollars through Medicaid to the extent that those that this coverage will. Twenty-seven states offer some form of a tax credit or deduction or both for people that purchase long-term care insurance. Nine states that don't have this benefit don't have a personal income tax. That means Nebraska is one of only 15 states that do not offer an

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incentive or recognize those individuals who have taken personal responsibility for their future needs. I would encourage the committee to seriously consider LB1012. I would be more than willing to entertain any amendment that may reduce the cost to this state. I would like to continue working with the committee in making Nebraska one of the majority of states that are proactive in addressing their long-term care needs. The idea of the long-term care program is this, as we learned in this process, is to tier this possibly if any amendment is to be tiered, so those who are earning a higher amount of income would get less of the deduction. The idea here ultimately is also the age-based tier, this as well, where we encourage someone 40 or 50 to start looking into it, to change the whole dynamic. And really what I'm saying here is to change the whole dynamic in the next 20 years, 25 years. We need to start people in their forties to unfortunately say not only am I saving for retirement, I'm now saving for a long-term care expense. It's just reality as we're living longer, and I know you've heard many long-term care bills, but I think we're behind the curve here in the state due to those facts that I told you that we need something. Bob talked about the lack of interest in our current plan. Our current plan, while good, and I will be coming later on an amendment to the current plan that we have, is limited. I mean, in the way of saving money and then using that money for long-term care expenses is...it's a different way to do it. What's happening now out there is health savings accounts or other things that have been introduced will be built up. You'll get a substantial balance possibly in your health savings account if you're doing any planning, build the substantial balance in the health savings account, and use that money then to offset any long-term care costs down the road. So you could take the money from there or the Nebraska long-term care savings account. You need to build that money up. I don't think people are thinking of it yet, but what I'm saying is we could, any amendments that you have that you would like to talk about, maybe this isn't the year for this, but any amendments that we could do to structure this, to tier it on a sliding scale due to income and age would probably be appropriate and help the fiscal note. Like I say, I still have problems with the fiscal note, but, you know, you've got to look at that and I understand, and that's how you make your decisions. Thank you, Mr. Chairman. [LB1012]

SENATOR JANSSEN: Questions? Chris. [LB1012]

SENATOR LANGEMEIER: I have one question and it's more of a curiosity question. Thank you, Senator Gay. You said if they're planning--you've said that now on all three bills--if they're planning. What percent...I mean--and I know you're in that planning business--what percentage of Americans are doing any planning? I mean, is there any numbers out there? [LB1012]

SENATOR GAY: Yeah, there's probably numbers out there. I would be just throwing something out there. But you bring up a good question if I could expand a little bit. I don't know the exact number but the reality is this, is where we're creating an environment where the current system is providing as good or better benefits than you

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can get with a long-term care plan. And so who would want to go buy a long-term care plan? As states make changes to their Medicaid program and cut back on those, you're going to have a whole slew of population. I don't know, hopefully it won't be a majority, but you'll have a minority of people who have done anything, and they're probably the wealthier people because they're doing some planning. Who we need to target on all these things is the middle-class person, and I don't know what exactly the number on middle class is, but we need to make sure that we give them the tools to go prepare. If we don't give them any incentives to prepare on some of these things, we're going to have much larger...they're going to slide into the Medicaid population. So that's what I'm worried about, is as we go from maybe 50 percent of the population is middle class, 25 percent below, 25 percent above; if that scale starts changing and the 50 percent now is 20 percent or 30 percent, we're in for some dire situations. We all know this is coming, and this...I just think we owe it to those that want to prepare, that we give them the tools to prepare. And these take a while. It's not like you can pass a bill today and then it's all going to be working tomorrow. It's a gradual increase or change in people's attitudes. Sorry for the lengthy answer, but that's kind of what I'm getting at. [LB1012]

SENATOR LANGEMEIER: Thank you. [LB1012]

SENATOR GAY: Thank you. [LB1012]

SENATOR JANSSEN: Any other questions? Seeing none, thank you. Take proponents. [LB1012]

BOB GRUNDMAN: (Exhibit 8) Bob Grundman, G-r-u-n-d-m-a-n, once again representing NAIFA-Nebraska and the Nebraska Health Underwriters. Mr. Chairman and members of the committee. Many of our members work daily in the area of long-term care, and so we're especially supportive of this act. Over the past several years the Legislature has approved several incentives for individuals to purchase long-term care. The most recent is participating in the National Long-term Care Partnership Program. That legislation allows individuals purchasing a partnership policy to protect personal assets equal to the benefits received if they exceed the limits of the policy. This has made the purchase of shorter-duration policies much more attractive. Prior to the partnership program, if you had a policy that had \$100,000 of benefits, you went on to claim, went through the policy, then you would have to spend down to Medicaid. Well, many people that I talked to said, well, if it's going to be the same results, if I'm going to have care for three or four years and my policy is only two years, I'm going to end up in the same boat anyway, therefore I'm not going to have the policy. Those people, then if they did go on claim, would be much more likely to hit the Medicaid much sooner. With the partnership policies, if they have a \$100,000 partnership policy, they go on claim, they go through that and now have to spend down to Medicaid, they may retain personal assets of \$100,000, if that's what the company paid on their behalf, for them to pass on, to retain or to pass on to their heirs. Well, this

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makes it a much more attractive proposition for them to have the insurance and therefore they're more likely to get it. But then the question becomes affordability, because long-term care insurance premium is very expensive. It is expensive because generally the expenses that are incurred are expensive, and the ages at which people take it out are older. If we take a look at the national average right now, long-term care for nursing home care is \$72,000 a year. Now that's an average. You're going to have above and below that. If you take a look at assisted living, you're talking nearly \$36,000 a year. And even unskilled home healthcare is likely to be \$20 an hour or more, and that's not to say what skilled home care might even be. If we would take a look at a partnership program, one that would provide a pool of \$146,000 of benefits, reimbursable at approximately \$200 a day. We would put on the 5 percent compounded inflation that's required. We would have on this a 30-day elimination period, and preferred health status. For an individual age 45, that initial premium could be \$1,800 a year. Now, by 60 it would not have raised that much, going up to only about \$2,300 a year. But then the term, I think "Katy, bar the door" kind of comes into play, because if we go to 65, it's \$3,100; \$4,700 at age 70; \$7,400 at age 75. Now, these are all the initial starting rates for the policies, for the individuals starting at that point in time. And so these premiums represent a daunting number to many of the lower-income citizens that the state is seeking to attract. We feel that the combination of a partnership policy with this particular incentive helping with the premiums will help to attract those lower-income citizens who are the ones most likely to be affected by the Medicaid. We feel that providing the tax credit of 25 percent of that premium capped at \$500, that LB1012 can greatly enhance the affordability of these policies to those the state most hopes to help. And we would urge the Revenue Committee to support LB1012 as an additional incentive in making these policies more affordable and accessible. And I would try and answer any questions. [LB1012]

SENATOR JANSSEN: Questions? Chris, go ahead. [LB1012]

SENATOR LANGEMEIER: Chairman Janssen, thank you. Just for my knowledge, does a long-term care policy gain a cash value? [LB1012]

BOB GRUNDMAN: Traditional ones do not. The traditional long-term care policy is a health-based, and so it's like a disability policy where there's no cash value accrued. There are some combination policies out there now that have a life insurance chassis, that like a life insurance plan, could accrue cash value. But the traditional ones, the ones that qualify for the partnership program do not. [LB1012]

SENATOR LANGEMEIER: So if I bought this policy, which isn't happening today, but if I bought it at age 45, paid on it for ten years, got my 25 percent back every year. And then I didn't have any other net worth and I decided, cancel it, and go on Medicare anyway. There is no way to recoup that credit. [LB1012]

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BOB GRUNDMAN: That's correct. [LB1012]

SENATOR LANGEMEIER: Okay, thank you. [LB1012]

SENATOR JANSSEN: Ron. [LB1012]

SENATOR RAIKES: You mentioned about 19...only 19 participated in something. [LB1012]

BOB GRUNDMAN: That was the Long-Term Care Savings Plan Act. That is the one that was amended last year. Currently, that allows \$1,000 contribution, Nebraska income tax free. The problem...well, and then distribution can be done for long-term care expenses, or if you are age 50 or older for long-term care insurance premiums. The problem with that is the \$1,000 annual cap per person. This has to be offered through financial institutions, and it's my perspective that the financial institutions have not determined a way that they can pay to provide that program, that they can justify their costs. The proposal that you will see in...what's the number? [LB1012]

_____ : We don't have that; I don't know that. [LB1012]

BOB GRUNDMAN: Okay...a proposal that you're going to see coming up later this session on February 21, I know, is that that \$1,000 be raised to \$2,500 that individuals could set aside. And that way the thinking is that financial institutions will be able to see a way to cover their cost of providing that savings product, as well as possibly making some money for themselves, and so they would be more likely to offer that and publicize it, and bring people into that program. [LB1012]

SENATOR RAIKES: I'm going to put \$1,000 a year into a deposit...or a savings account, basically, and the bank can't afford to do that? [LB1012]

BOB GRUNDMAN: Well, it's a put-and-take account for many people. Quite frankly, I have recommended to my clients that they take one of those out and then they put in the \$1,000, and then the next week they take it out to pay their premium. And when the bank only has \$1,000 for ten days, no, they're not going to make any money on it. I have also encouraged my clients to put \$1,000 in and then leave it there to help pay your deductible. And so at this point in time, though, there are very few banks that have done that. Cornhusker Bank here is the only bank in Lincoln. You do have some other banks. There are only 12 banks right now throughout the state, and those include banks in Syracuse, Hebron, Thedford, Valparaiso, Columbus, generally smaller banks. [LB1012]

SENATOR RAIKES: Hum. Okay, thank you. [LB1012]

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SENATOR JANSSEN: Abbie. [LB1012]

SENATOR CORNETT: We've heard over the last few years the need to help incentivize in some fashion people to invest in their own healthcare when they are older, say long-term care policies, savings account. With the savings account not being utilized at the \$1,000, would it be better for people to purchase long-term healthcare plans that are maybe \$200 or \$150 a month, or depending on your age when you get it? Would it be better to offer some type of a tax credit for people to purchase insurance plans rather than savings plans? Because we've had both bills in front of the committee. [LB1012]

BOB GRUNDMAN: Right. In my opinion, yes. The value of the savings plan is for those people who have dug their heels in the sand and say, I ain't buying insurance. And so it provides them a sinking fund, if you will, on a tax-deferred basis so that they can start to accumulate the dollars to pay for their care. Now, at even \$2,500 a year... [LB1012]

SENATOR CORNETT: That isn't going to do it. [LB1012]

BOB GRUNDMAN: ...if you're taking a look at a \$6,000-a-month nursing home expense, it's not going to go very far, and we hope that they realize that gradually, and then decide to use it to buy insurance products rather than self-fund their care. [LB1012]

SENATOR CORNETT: So as a state policy, it would be better to try and encourage people to utilize insurance plans than these savings plans, because the amount of money that they're going to have to put aside, a month...they can't do it. I mean, my mother...I lived through my mother being in a nursing home, and depending on what level of care she was at, at that time it ran from \$4,000 to \$7,000 or more a month. A person in their forties cannot put enough away for something like that to occur if it happens even in their early seventies. Am I correct? [LB1012]

BOB GRUNDMAN: Correct. [LB1012]

SENATOR JANSSEN: Chris. [LB1012]

SENATOR LANGEMEIER: I know we are getting off the subject here a little bit in this discussion, but, Chairman Janssen, thank you. So do I understand that right? I can put \$1,000 into one of these accounts, like an IRA tax-free, and then I can turn around...? [LB1012]

BOB GRUNDMAN: Well, it's Nebraska income tax deductible, not federal. [LB1012]

SENATOR LANGEMEIER: But tax-free in Nebraska. [LB1012]

BOB GRUNDMAN: Um-hum. [LB1012]

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SENATOR LANGEMEIER: And I can pay my premium ten days later, and then the next month I can do it again? [LB1012]

BOB GRUNDMAN: Yes, but your premium isn't going to be that much. [LB1012]

GEORGE KILPATRICK: No, once a year. [LB1012]

SENATOR LANGEMEIER: Just once a year? [LB1012]

BOB GRUNDMAN: You can put in a maximum of \$1,000 per year... [LB1012]

SENATOR LANGEMEIER: Per year. Okay, that's where I was lost. [LB1012]

BOB GRUNDMAN: ...and then you can take out of that whatever amount that you're incurring for long-term care expenses, or if you're 50 years of age or older whatever the amount is for your long-term care insurance premium. [LB1012]

SENATOR LANGEMEIER: A thousand-dollar-a-year cap I think is what I didn't grasp. [LB1012]

SENATOR JANSSEN: Bob, what did you say the cost of healthcare...or nursing home insurance at the age of 70 was? [LB1012]

BOB GRUNDMAN: At the age of 70, if you have a partnership plan given the criteria that is in this testimony, about \$4,700 per year, and that's compounded inflation. If you do it with simple inflation it will knock it to about \$4,200. Those numbers, now, vary greatly, because they are for a single individual who has purchased the plan not through an employer. For individuals who purchase a plan through an employer, there is a little bit of a discount. If a person is purchasing a plan with a spouse, many times there's a 20, 30, 40 percent discount depending upon the company. And so these rates are basically stand-alone rates that don't have any discounting involved in them. [LB1012]

SENATOR JANSSEN: Okay. All right. So it would be...for a husband and wife it would be double that, right? [LB1012]

BOB GRUNDMAN: Yes. [LB1012]

SENATOR JANSSEN: Okay. [LB1012]

BOB GRUNDMAN: Well, let me go back. If it's for a husband and wife, if we take that \$4,700 and we multiply that by two, that gives us \$9,400, but then give us a 30 percent discount because many companies will offer a 30 percent discount if both husband and

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wife enroll at the same time. [LB1012]

SENATOR JANSSEN: Well, that was nice of them. [LB1012]

BOB GRUNDMAN: You bet, insurance companies are really great guys. (Laugh)
[LB1012]

SENATOR CORNETT: Ray, to give you an example, my mother's premium was \$287 a month and we received about a \$2,500 benefit for that. But even if you're in the care facility, you have to keep paying that premium. [LB1012]

SENATOR JANSSEN: Even if you are in the...? [LB1012]

SENATOR CORNETT: Yes. So part of that premium...part of that money that you get goes back to your premium that you have to pay every month. [LB1012]

SENATOR JANSSEN: Okay. [LB1012]

BOB GRUNDMAN: And once again, Senator, that will depend upon the policies...
[LB1012]

SENATOR CORNETT: The policy that she had, yeah. [LB1012]

BOB GRUNDMAN: ...because most policies these days do have a waiver of premium if you've been in there for 90 days or more. [LB1012]

SENATOR CORNETT: Yeah. [LB1012]

SENATOR JANSSEN: Thank you. Any other questions? Good testimony. [LB1012]

BRENDON POLT: (Exhibit 9) Good afternoon, Chairman Janssen and members of the committee, my name is Brendon Polt. I'm the assistant executive director of the Nebraska Health Care Association and Nebraska Assisted Living Association, or NHCA. We're a trade association that represents about 400 nursing homes and assisted-living facilities, both proprietary and nonproprietary in the state of Nebraska. And as a policy position our members support purchase of long-term care insurance, as well as we support the concept of the savings accounts as a way to provide adequate funding to providers of long-term care. I'll be brief. Some of my testimony would be repetitive of the prior testifier and the cost of long-term care. I will clarify one number, in that I do believe he's correct, in the private pay average cost of long-term care is about \$7,200 a year. It costs the state less, about \$5,400 a year, but that's simply because the state doesn't pay the full cost of care to nursing homes. Nursing homes--and assisted-living facilities, for that matter--are forced, in order to stay in business, to overcharge the private payers

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and the payers that have long-term care insurance in order to remain profitable. The state underfunds Medicaid by about \$15 a patient-day, so the only way to...and that's on costs, and many costs are excluded. So we would encourage the committee to adopt or to move this bill forward as a way to incent people into purchasing long-term care insurance. The current population of nursing homes is about 60 percent financed by Medicaid and then the other 40 is split between long-term care insurance and private pay, and currently the penetration of long-term care insurance paying actual cost of services is very low. I've seen a figure that 25 percent, there's a market penetration of 25 percent of long-term care insurance of some sort. That seemed to me to be high. But that's all I have. I'll submit my written testimony and I'm available for any questions. [LB1012]

SENATOR JANSSEN: Okay. Any questions? Chris. [LB1012]

SENATOR LANGEMEIER: Chairman Janssen, thank you. When we talk about losing money on Medicaid patients, can you deny...can your members deny care? [LB1012]

BRENDON POLT: Yes. [LB1012]

SENATOR LANGEMEIER: Why do you take them? [LB1012]

BRENDON POLT: You know, that's a question that I ask myself, and I'm not a care provider. It...there are able to stay in business because of having beds full. There are certain costs that can be allocated away from Medicaid, but it's a...there's a reason why someone goes into providing care to the elderly, and that's because they want to help them. They're able to stay in business because private pay and long-term care insurance will overpay with respect to the actual cost of those people. But that's the best answer I can give you. [LB1012]

SENATOR LANGEMEIER: Just curiosity. Thank you. [LB1012]

SENATOR JANSSEN: Any other questions? Seeing none, thank you. Any other proponents? [LB1012]

GALEN ULLSTROM: (Exhibit 10) Senator Janssen and members of the Revenue Committee, for the record my name is Galen Ullstrom. I'm senior vice president and registered lobbyist for Mutual of Omaha Insurance Company, appearing today in support of LB1012. I have appeared before this committee on a number of previous occasions over the years on bills similar to this. I think this bill and like bills have been in front of you a long time. But it's one of the things that...long-term care insurance is somewhat unique. There are other types of insurance that everybody thinks they need. They know they need auto insurance, they know they need homeowners insurance, most people need health insurance, and most people need life insurance. Long-term

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care insurance, on the other hand, is a thing that most people don't want to think about. They don't anticipate they're ever going to use it. If they do use it, they think somebody else is going to pay for it--either Medicaid is going to pay for it or Medicare is going to pay for it--and, frankly, that just doesn't happen. It doesn't work that way. They also underestimate the cost. You've heard the cost today mentioned that as much as \$7,200 for being in an institution. I don't think they have an appreciation of how soon that can effectively deplete any assets that are established. I just passed out a chart. This is a summary as close as I could get current as to what states have done both credits and deductions. I think there are 27 states Senator Gay mentioned, and I think this may have 26 or 27. There's another one in the New England area which I'm not sure is mentioned. But it just gives you an idea of what our surrounding states may have done. I think the key and the only reason a lot of people buy long-term care insurance is that they have experienced it. They have had a relative, a parent that's had to go in. I know that was the case for me. My mother spent six years in a nursing home didn't know much about the cost of nursing homes. Found out very quickly that the cost went up from about \$18,000 a year to about \$32,000 a year, and that was 1992, so a long time ago. The costs have increased since then. I think the key, as I think Senator Cornett mentioned, that the key is to incent people to try to buy long-term care. What has always been a problem has been the fiscal note on this bill. I think it's \$19 million-plus now, or \$20 million in the out years. In 2003, Senator Janssen's exactly the same bill was \$14 million, so it's gone up \$6 million. I've always questioned it. It doesn't have any savings on Medicaid and it doesn't have the offsets because it's hard to say what those savings are. I believe they are fairly significant and could be. The last estimate, and I'll try to get an update on this for you, there was an estimate back in 2000-2001 that a long-term care policy, on the average, saved Medicaid \$5,000. So for every long-term care policy you had there was a \$5,000 savings, and that was in 2000-year dollars. But I'm going to try to get that study updated and I will get it to the committee if I can get an update on it. So again, it's one of these things that...the other thing, the fiscal note assumes that there are 45,000 policyholders in the state of Nebraska that have long-term care insurance. We've been in the market since the late '80s, and we've only got about 3,500 policies in force in Nebraska, and it's not because of lack of trying. So somebody else is either selling a lot. The other side, it also estimates that the \$500 max would be utilized, I think in most cases. And in our numbers, our average premium right now taken out at age 60 is about \$1,750. So the 25 percent wouldn't be the max of that if someone had a credit. And the key is to taking it out at an early age. There is significant savings, as Mr. Grundman said, by buying the policy early, and unfortunately it's hard to get people incented at that time, but maybe a tax credit in some way would help to do that. So I appreciate the variety of tax credits you even had today, but I think it's something that down the line the Medicaid system needs help, and I think the private sector, hopefully, could help that in some way, so. I'd be happy to answer any questions if I could. [LB1012]

SENATOR JANSSEN: Any questions? Ron. [LB1012]

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SENATOR RAIKES: You got us as a white state on here? [LB1012]

GALEN ULLSTROM: Nebraska is a white state. [LB1012]

SENATOR RAIKES: Well, we've got this long... [LB1012]

GALEN ULLSTROM: We have the...yeah, this is the tax credits or tax deductions. This does not... [LB1012]

SENATOR RAIKES: Don't we deserve to be at least off-white? [LB1012]

GALEN ULLSTROM: Well, they didn't take those. Yeah, I have to admit. I didn't prepare the chart. This was prepared by America's Health Insurance Plan, which is a national trade. We did. Last year, I think we did a good step. It's the first time we've really moved forward on this with the long-term care savings plan, and I know Senator Gay has got the bill in that was mentioned that would increase the amounts in that. And we certainly feel appreciative of the Legislature for taking this step last year. It was very important. [LB1012]

SENATOR RAIKES: Thank you. [LB1012]

SENATOR JANSSEN: Okay. Any other questions? Thanks, Galen. Any other proponents? [LB1012]

GALEN ULLSTROM: Thank you, Senator. [LB1012]

SENATOR JANSSEN: Any other proponents? Any opponents? Anyone in a neutral capacity? I would like to read into the record in support was the Nebraska Insurance Federation and the Nebraska Hospital Association in support. [LB1012]

SENATOR GAY: Thank you, Senator. Just to close, is...in listening to the discussion, I mean, we're having a good discussion, if anything, on this, and I know you hear a lot of things. I very much appreciate your time. And like I say, my interest was piqued, obviously, I read the Nebraska Medicaid reform, you know you read that, and this is one of those components to fix. I mean, we pay for these...I read "The Heartland Model Reform for Long-Term Care" that we paid for as a state. This is one of those things to fix. So we're spending good money on consultants and studies, and then we're not following up on anything, so. And that's no...it is what it is. I mean, we're in a budget situations, and we have that, but at some point we'll need to address this problem. On the fiscal note though, you know, Galen talked about the number of policies they have. I don't know where we're at with that. Maybe we could look a little harder at that. But what we're doing is when you're buying and when you're a consumer and you're talking to a

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client, they're not buying the most expensive policy out there. I mean, guys probably want to sell the most expensive, of course, but that's not right. Fiduciarywise, you want to sell your client the best that fits their needs. So that may include things like a longer elimination period to save money. You put fixed periods in there that will be four or five years. These markets are changing and expanding and growing, and there's more options out there all the time for your clients. The reason they're doing that, they want to make them more affordable. Like Senator Cornett talked about, you know, there's a lot of moving parts to these things, and they continue to change. But the point I'm making is you show your client the cheapest thing and the most effective, not the most costly, if you're doing the right thing. Just one way I want to...I got an example going on right now, and I don't do a whole lot of long-term care, I'll be real honest with you. I'm not the expert. I'm becoming one and I want to become one because I think you owe it to your clients. But I've got a woman right now, a 50-year-old woman in Iowa, and she's divorced, the income about \$48,000. Has a mother that went through this, and a father; had to deal with it. Not wealthy by any means. I mean, she's got some...she's a good saver and does a good job. And what we did, she had some money from a settlement, a little bit of an inheritance that was left. We're taking that money, taking the gain off of that to go fund a 10-year policy...well, it's 15 actually. It will be paid by the time she's 65. We're going to pay it, it will be paid up. Now, we adjusted the policy to make it affordable and she's covered. But she will be covered, and they had policies that you could pay clear lifetime. I said, well, you don't want to be paying a policy, I don't think, when you're retired, because you've got other things to worry about. You don't want that stress hanging over your head that, oh, I've got my policy I've got to pay every month. So, for her, maybe that works best. I think part of that though, Iowa has a program in their state, and part of that it has to have a COLA on it or an adjustable rate, but anyway, Iowa residents are permitted to deduct the sum of premiums paid in a given year for long-term care insurance, provided that those premiums are eligible for deduction in accordance with the Federal Internal Revenue Code, which means you have to have a rider on there that's going to increase your premiums. So your medical expenses, of course, are growing at 9 to 11 percent versus just COLA which may be 3, 4, you know, whatever you want to use there. So you have to have that rider to help keep it up, and so the state is saying, well, buy a good policy, at least, if you're going to buy something, and we're going to help induce that. So there's many options here. Like I say, this is a step in the right direction. The fiscal note, I would argue again that we're not going to the highest stand on every one of these policies that does or doesn't exist. So, earlier, Senator Raikes, we had a deal where...or I don't know a deal...but I like your idea of a review process. Maybe we put something out and let's review and see where we're at. If we do a little study into this, and if this is a vehicle, maybe this year, that we could fix it--I know you are busy and we're in a short session here--but maybe this is a vehicle where we look at it for a three-year period and then we come back and say, did it work or did it not work? And just to close, and a personal example, is my own. You know, we are a middle-class family, and my mom is saying, well, you know what, why do this? The state is going to take everything anyway. And this is a person that never

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bought a new car in her life, and now we're saying, you know, with that attitude starting to go out there, that clients are now telling you, well, the heck with it, why should I bother? That's why people are giving away their assets and getting the assets off the table and transfers, and they're just throwing up their arms saying, well, I can't do anything about it. And once we get...once we cross that path, that means we're losing that middle-class, and they're just going to look to...and that will be a sad day because the benefits they're going to get, as we have a glut of consumers in that market, there won't be enough beds. And then who will have the beds will be just wealthy people, quite honestly. So I think it's something we need to address, whether it's done this year or not, I think it's something. We learned a lot today, and I truly appreciate your time and patience with us. Thank you. [LB1012]

SENATOR JANSSEN: Thank you, Tim. [LB1012]

SENATOR BURLING: I have a question. [LB1012]

SENATOR JANSSEN: Yes. [LB1012]

SENATOR BURLING: I'm sorry I wasn't here for your opening. You might have answered this, but is this plan for just new long-term care policies, or existing? I've been paying a premium for years. Can I get a credit? [LB1012]

SENATOR GAY: Any policy that you're paying on. [LB1012]

SENATOR BURLING: Any policy, long-term care policy. [LB1012]

SENATOR GAY: Yes, it's to incent...yeah. [LB1012]

SENATOR BURLING: Okay, thank you. [LB1012]

SENATOR GAY: Thank you. [LB1012]

SENATOR JANSSEN: Okay. Thanks, Tim. [LB1012]

SENATOR GAY: Thank you. [LB1012]

SENATOR JANSSEN: That ends the hearing on LB1012 and that ends the hearings for the day, and given the hour we were here last evening, we will not be going into Exec this evening. [LB1012]

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Transcriber's Office

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Disposition of Bills:

LB737 - Indefinitely postponed.
LB757 - Indefinitely postponed.
LB783 - Held in committee.
LB891 - Held in committee.
LB974 - Indefinitely postponed.
LB1012 - Indefinitely postponed.

Chairperson

Committee Clerk