

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 23, 2026
Rough Draft

JACOBSON: [MALFUNCTION] get started. Welcome to Banking, Commerce and Insurance Committee. I'm Senator Mike Jacobson from North Platte, representing the 42nd Legislative District, and I serve as chair of the committee. The committee will take up the bills in the order posted. This is a-- this public hearing is your opportunity to be a part of the legislative process and to express your position on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheets that are on the back table at the back of the room. Be sure to print clearly and fill it out completely. When it's your turn to come to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the back table; these sheets will be included as an exhibit to the official hearing record. When you come up to testify, please speak clearly into the microphone, tell us your name, and spell your first and last name to ensure we get an accurate record; that helps us. We will be-- begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents of the bill, followed anyone speaking in a neutral capacity. We will finish with a closing statement by the introducer, if they wish to give one. We will be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you will have one minute remaining, and the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. All committee members may come and go during the hearing. This is-- this has nothing to do with the importance of the bills being heard, but it's just a part of the process, as senators may have bills to introduce in other committees. A few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room; such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position comments on a bill to be included in the record must be submitted by 8:00 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included in the committee statement. I will now have the

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committee members with us today introduce themselves, starting on my left.

RIEPE: Thank you, Chairman. I'm Merv Riepe. I represent District 12, which is Omaha, Millard, and the fine town of Ralston.

von GILLERN: Brad von Gillern, District 4: west Omaha and Elkhorn.

BOSTAR: Eliot Bostar, District 29.

HARDIN: Brian Hardin, District 48: Banner, Kimball, Scotts Bluff County.

WORDEKEMPER: Dave Wordekemper, District 15: Dodge County, western Douglas County.

DUNGAN: George Dungan, LD 26: northeast Lincoln.

JACOBSON: Also assisting in committee today, to my right is our legal counsel, Joshua Christolear, and to my far left is our committee clerk, Natalie Schunk. I'm going to ask-- I'm going to break protocol and ask our two pages today to get up and have an opportunity to introduce yourself to the group and let, let them know where you go to school and what you're majoring in.

TERESA WILSON: Hello, my name is Theresa Wilson. I'm a junior Ad/PR major at the University of Nebraska-Lincoln.

JESSICA CARROLL: I'm Jessica Carroll. I'm a senior political science student at UNL.

JACOBSON: Thank you very much for the-- for your service. With that, we'll begin today's hearing with LB987. Senator Lonowski. You've not been to the Banking Committee before, have you?

LONOWSKI: Not this week, sir.

JACOBSON: All right. That's all [INAUDIBLE]

LONOWSKI: Good afternoon, Chairman Jacobson, and members of the Banking, Commerce and Insurance Committee. Thank you for this hearing. For the record, my name is Dan Lonowski, D-a-n L-o-n-w-s-k-i, and I represent the 33rd Legislative District. I introduced LB987 on behalf of the Nebraska Optomo-- Optometrics

Association, creating the Vision Benefit Plan Act of 2026. This is a 27-page bill deserving appropriate discussion along with hearing important information about it. I serve a rural Nebraska district where my constituents need and deserve access to eye care services where they have a vision plan. The vision care market in Nebraska no longer functions as a competitive market. LB987 will make positive changes that will ensure enhanced access to eye care services for Nebraskans. Throughout today's hearing, you will hear testifiers talk about vision "benefat"-- vision benefit managers, or VBMs. A vision benefit manager administers vision insurance plans, often for employers, managing networks of optometrists, processing claims, and providing access to discounted eye exams, glasses, and contacts for their patients. A small number of vision benefit managers, VBMs, control a majority of the vision care market. They operate with vertical integration. It creates anti-competitive practices, restricts patient choice, and threatens patient access to care by the eye care providers they prefer to see. VBM's own the vast majority of frames and lenses. They own retail outlets where lenses and frames are sold. They own optical labs where lenses are made, optometry practices, group purchasing organizations and doctor alliances, claim filing systems, and electronic health records and e-commerce sites that deservedly-- excuse me-- that directly compete with their own in-network doctors. Vision plans and vision benefit managers cover one comprehensive annual eye exam and allowable, allowable materials. Premiums are not tied to any actual risk. It allows the vision plans and vision benefit managers to set premiums and reimburse at any rate they want. When they-- when the same entity controls who patients can see, what is labeled as covered material and service, how providers are paid, and where glasses and lenses are purchased, the market stops working in a way that protects patients and providers. These challenges are not unique to Nebraska. Currently, 27 states have passed laws to significant-- significantly curb many of the anti-competitive, anti-patient actions of VBMs. I have provided you with a map of those states. LB987 encompasses the same challenges that other states have addressed. This bill is not a benefits mandate. It does not increase taxes, it does not dictate employer plan design, it does not prohibit negotiation. Instead, it establishes market conduct standards, the same kind Nebraska has already adopted for other areas of healthcare, including pharmacy benefit managers. Nebraska already regulates pharmacy benefit managers and insurance networkers. When contracts tilt the playing field against providers and mislead patients, it becomes a public problem, just like PBMs. VBMs function

identically to PBM, but without equivalent oversight. The vision benefit managers may tell you that they operate differently from pharmacy benefit managers. The facts are that the largest vision plans act as intermediaries between player and provider. Like pharmacy benefit managers, vision plans add a layer of administrative cost to every transaction. If a plan takes a portion of the premium and a cut from the lab fee, that money is being diverted away from actual patient care. Many vision plans require doctors to use specific plan-owned labs. This removes the free market incentive for labs to compete on price, which is a classic cost-driver behavior. Unlike pharmacy benefit managers, which generally do not manufacture the drugs they sell, the largest vision plans often own the entire supply plan. They own the insurance company, the manufacturing labs, and even the retail storefronts. This allows them to steer patients toward their own products. If a plan owns the lab and the insurance, they are not saving the consumer money, they are simply capturing the profit at every single stage of the transaction. Pharmacy benefit managers and vision benefit managers both have formulary control to dictate what is covered. Both have power and what you would call take-it-or-leave-it contracts. Both have vertical integration. Pharmacy benefits managers own mail-order pharmacies; vision benefit managers own labs, brands, and retail stores. Pharmacy benefit managers are criticized for black box pricing. Vision benefit managers operate via mandated lab fees. The top three PBMs control 80 percent of the pharmacy market; the top two vision benefit managers control 85 percent of vision market. The hidden revenue for pharmacy benefit managers is rebates and spread pricing; the hidden revenue for vision benefit managers is mandated lab fees and lab steering. Some of the key components addressed in LB987 are included on another handout I provided to the committee. They are: ensuring rural access by leveling the playing field, ending price discrimination, prohibits diagnosis-based pricing, fairness in reimbursement-- vision benefit managers consistently reimburse eye care providers for services at levels so low that they do not cover the cost of providing the care. The last adjustment for some of these fees was in 1992. Reliance on product sales. Because service reimbursement is inadequate, providers are forced to rely on the sale of glasses and contact lenses to keep their practices financially viable. This is not a business choice; it is a structural problem imposed by the managed vision system. There's no negotiating power. Because just a few VBMs dominate the market and cover such a large share of the population, eye care providers cannot simply opt out. Dropping these plans would mean cutting off access to most of

their patients. Enforcement-- give the Nebraska Department of Insurance and attorney general enforceable authority when deceptive practices occur. This bill restores that balance. It does not pick winners; it ensures honesty, access, and fairness. You will hear today from eye care providers who practice in urban and rural Nebraska, and who experience these issues daily. I would be glad to answer any general questions you may have, but I will defer to the eye care providers who testify after me to answer specific expertise questions. Thank you, Chairman Jacobson, and members of the committee for your consideration of LB1987 [SIC].

JACOBSON: Thank you, Senator Lonowski. Questions from the committee? Yes, Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here, Senator. My question is this. Who's the primary beneficiary of this? Is it the customer, the consumer? Or is it the optometrist?

LONOWSKI: Of this bill?

RIEPE: Yes.

LONOWSKI: Well, I believe it's both, and I believe optometrists' hands are tied at this point. And so, when a customer goes in and looks for frames or lenses, they're limited to a certain amount. They might be limited to the product on this wall, and they can't really-- their insurance doesn't cover this wall or this wall. So, it, it will certainly help out customers in, in the products they're able to pick from, but I think it also helps optometrists just serve their customers.

RIEPE: Has the-- may I ask?

JACOBSON: Go ahead.

RIEPE: Have the optometrists as such-- as opposed to asking a poor "indigenate" state for money, have they looked at-- if, if this is such a benefit, have the optometrists thought about setting up their own benefit plan ?

LONOWSKI: With respect, I will let them answer that question. I do not know the answer to that.

RIEPE: OK, fair enough. Thank you for being here.

LONOWSKI: Thank you.

RIEPE: Thank you, Chairman.

JACOBSON: Senator Hallstrom.

HALLSTROM: Yes, Senator Lonowski, thank you for bringing the, the bill. Your chart shows about 25 states have passed vision plan laws, six or seven in the past three years. Is LB987 a Cadillac plan compared to those, or have the other states adopted similar provisions to what you have in your bill?

LONOWSKI: I would say it's a variation, not necessarily a Cadillac. But it's based off what other states have done.

HALLSTROM: OK. And, and what I'm interested in trying to, to find out today is how similar or different vision benefit managers are to pharmacy benefit managers, because my thought would be in, in response to Senator Riepe's question on the PBM side, that the main beneficiaries are the PBMs as opposed to the patients or the health care consumers, or the health care providers. Thank you.

LONOWSKI: Thank you.

JACOBSON: Other questions? All right, I'm seeing none. Thank you for the open. We'll ask for the first proponent. Hello.

ANDREA EIGENBERG: Hi. Do I just start?

JACOBSON: Go ahead.

ANDREA EIGENBERG: Good afternoon, Chairperson Jacobson, and members of the committee. My name is Dr. Andrea Eigenberg, spelled A-n-d-r-e-a E-i-g-e-n-b-e-r-g. I am an optometrist and a small business owner in Hastings, and I am here in support of LB987. The current vision benefit manager, or VBM model, is fundamentally broken. It operates behind a veil of vertical integration that hides how much of Nebraska's eye care system these companies actually control. VBMs are no longer simple administrators; they are gatekeepers who own the labs, frame manufacturers, claim systems, retail outlets, buying groups, EHR platforms, and online sites that compete directly with their own in-network doctors. When a system is this vertically integrated, it creates a forced financial imbalance where clinical care is

severely under-reimbursed, compelling providers to rely on selling products owned by these VBMs just to capture-- just to keep their practices sustainable. This vertical integration allows a VBM to capture profit at every stage of the transaction while the provider is left to absorb the financial loss for the clinical care provided. This is not a business issue; it actively disrupts the doctor-patient relationship. This is not about accusing providers of wrongdoing; it is about correcting a system that creates pressure and conflict where none should exist. This bill pulls back that veil, replacing corporate secrecy with the transparency Nebraskans deserve, and ensuring quality of care, not corporate ownership, remains the priority. I want to briefly share a patient example that shows why this matters. I have treated a young patient with down syndrome since his first eye exam. When his family moved to a VBM-managed plan, I was told I could no longer see him in my Hastings office because the area was considered saturated. I was already an in-network provider for that VBM, just not for that plan. However, the VBM offered a workaround. I could join the plan's network if I agreed to purchase and stock more of their proprietary frame lines. That is vertical integration working against the patient. The VBM wasn't just managing a health benefit, they were leveraging a child's access to his doctor to increase their own retail sales. This bill is designed to stop this exact kind of coercion. It is not about business preferences; it is about restoring professional independence, and provides necessary protections to restore fairness to the system. It closes enforcement loopholes, ensures that coverage actually means payment, and makes clear that network participation must be based on clinical quality. Because VBMs control access to such a large portion of patients, providers cannot simply opt out without abandoning their communities. This reduces patient choice, harms access to care, and harms our communities. This bill protects Nebraskans' access to care, especially in rural communities where choice is already limited. It keeps care centered on patients and protects patient choice. I'd be glad to answer any questions you may have, and respectfully request your support of LB987. Thank you for your time and your consideration.

JACOBSON: Questions? Senator Hardin.

HARDIN: So, how is this not an oligopoly?

ANDREA EIGENBERG: It is, I feel like. That's exactly what it is. Especially when they're so vertically integrated, and we have some contract of adhesion, basically, where we have no negotiating power.

HARDIN: And so how, in your mind, would it-- could it be different from PBMs? Because they are also an oligopoly.

ANDREA EIGENBERG: Well, I guess I wouldn't say an oligopoly. I would say it's a "monsopoly," if you've ever heard of that word.

HARDIN: I have, but I would say it's an oligopoly.

ANDREA EIGENBERG: OK.

HARDIN: You've got two or more players here, and they benefit from the cover that the other one provides. And this-- in the case of the world of drugs, there's more than two. But nonetheless, it's a limited number of players. And I guess I'm just wondering in what stretch of the imagination-- and I'll ask this same question of them when they come up.

ANDREA EIGENBERG: There's more than just those two VBMs. Two-- there's more-- or, there's other--

HARDIN: More options?

ANDREA EIGENBERG: Yes.

HARDIN: OK.

ANDREA EIGENBERG: It's just they own such a large portion of the market share.

HARDIN: Mm-hmm. Yes. Thank you.

JACOBSON: Senator Dungan.

DUNGAN: Thank you, Chair Jacobson. Thank you for being here today. You mentioned in here in this example that the VBM, in this particular patient example you gave, offered a workaround where you could join the plan's network if you agreed to purchase and stock more of their proprietary frame lines. How easy or difficult is that for you to do, to upend a business practice in order to accommodate that kind of request?

ANDREA EIGENBERG: It's very difficult, especially in a rural community. For example, I had also a practice location in Minden and in Hastings. And we actually, at first, before Luxottica bought Oakley, we negotiated the deal because they have minimum buys. But when you're a small community, when it's an 85-frame minimum sale, that's tough to do per year. And if you don't, then they'll pull the line from you. And so, we were able to negotiate a little bit of-- by purchasing it through one office to be able to meet those minimums, but then they decided both offices had to do that. So, that's where we had to drop the line of Oakley, which reduced the access to that frame line for those patients. And it's ironic, because we were able to keep it in our other office. It's just based on sales quota.

DUNGAN: And so, they require that you purchase a minimum amount of that particular frame brand?

ANDREA EIGENBERG: Yes.

DUNGAN: Annually?

ANDREA EIGENBERG: And each line has a different-- so, each brand-- like Oakley, you have a minimum spin that you have to-- or, a minimum that-- inventory you have to sell per year. Same thing with Ray-Ban. There's a minimum. So each frame line has their own minimum that you have to sell through in order to keep that line. Some frame lines don't, but typically, all the ones that are-- and those are more the ones that are independent, not owned by VBMs. But the other ones have the minimums that you have to sell, or they'll pull it from your office.

DUNGAN: Interesting. Thank you for being here. Appreciate it.

JACOBSON: Senator Riepe.

RIEPE: Thank you, Chairman. When I first read on the bill, I thought that you were a, a proponent of the vision benefit plan. As I hear you and as I see the material--

ANDREA EIGENBERG: Oh, I'm sorry.

RIEPE: --you're quite the opposite.

ANDREA EIGENBERG: Yes. I'm sorry, I marked the wrong box.

RIEPE: No. OK. But your interest here is-- because you can't--

ANDREA EIGENBERG: [INAUDIBLE].

RIEPE: I'm trying to get this to a question, give me a minute. Is you now want to-- because all of the optometrists won't get together and tell them to take a walk, you're asking us as a state to fundamentally make them non-viable because they have this monopoly, oligopoly, or whatever [INAUDIBLE] you want to call it.

ANDREA EIGENBERG: I think it's-- for us, it's more setting guardrails. Because right now, there are no guardrails, and there's 27 other states that have passed that, so there's oversight. Right now, we're not-- we're wanting to be able to provide access, so we're not in the position where we have to say, no, we have to drop that plan, because that hurts our communities. What, what I feel like these VBMs have right now for leverage is our providers' care, our hearts. We want to care for our communities, we want to care for patients, and they know that. And so, that's why they use that against us, as leverage.

RIEPE: What about if we just amended the bill and blew it away? Then you could start fresh.

ANDREA EIGENBERG: Do you? I guess I'm not--

RIEPE: Just eliminate it, if it currently functions as you say it does. The Vision Benefit Plan Act [SIC]. We just eliminate them, don't allow them to practice. Both of them.

ANDREA EIGENBERG: That would-- I mean, I think that would be helpful. I-- but at the same time, I don't think that will be helpful because I think that we have known in this market, a free market where there's competition, help is a good thing. It helps bring costs down across the board. So when you say it that way, to me, it's always good to have-- I don't view them as a terrible enemy. It's just how the rules are set, and we're not able to have any negotiation power with them. I'd like to be able to work with them so we don't harm our communities and we are able to provide a care at the level that we want to, and that the patient deserves.

RIEPE: And you don't individually want to walk away from them?

ANDREA EIGENBERG: No. Not from my patients.

RIEPE: OK. OK. Thank you, Chairman.

JACOBSON: We keep talking about patient care, and I'm a little confused because basically an optometrist does eye exams,--

ANDREA EIGENBERG: Mm-hmm.

JACOBSON: --figures out whether your vision needs to be corrected, figures out whether you've got any eye diseases or you need to see an ophthalmologist for further medical treatment. And that's the medical part of your practice, is it not?

ANDREA EIGENBERG: There's kind of two different arms, and if you refer--

JACOBSON: Well, I'm just, I'm just curious. Is that part of it-- is that really what you do? I mean, you-- it seems to me that you're in a unique business where the medical side of what you do is eye exams. What do you get paid for an annual eye exam?

ANDREA EIGENBERG: From a VBM?

JACOBSON: No, from-- what, what do you charge? What do you charge?

ANDREA EIGENBERG: We charge \$129, plus--

JACOBSON: OK, so you charge \$129 for an eye exam, which is the medical part of what you do. Then you sell the frames and the, and the lenses.

ANDREA EIGENBERG: Correct.

JACOBSON: So frames and lenses, huge market, right?

ANDREA EIGENBERG: Not necessarily.

JACOBSON: Well, what does a-- what does a pair of frames cost?

ANDREA EIGENBERG: It depends on the brand. They could range anywhere from \$75, \$85 all the way up into the hundreds.

JACOBSON: OK. But isn't that really the rub here? That, that the money is in the frames and the lenses and the treatments, not the eye exam.

ANDREA EIGENBERG: No, I would not say that. I would say, especially when you're getting reimbursed \$40 for an exam from these VBMs when you're seeing Medic-- like, a Medicare patient, and they do a cost of living analysis and they have a maximum allowable, they're paying you \$120 for that same service.

JACOBSON: So, my, my point is that the money is in the frames and the lenses, not the eye exam. Is that right?

ANDREA EIGENBERG: No, not when you're able to actually be valued for your service--

JACOBSON: Well, how could you make the money on--

ANDREA EIGENBERG: --then you don't have to rely on those product sales.

JACOBSON: Well, I, I don't know if you're understanding my question, because--

ANDREA EIGENBERG: I don't think I am.

JACOBSON: It seems to me that they're not reimbursing you the full tilt on-- for your eye exam, which is the medical part of your procedure. But then, you really make the money off the sale of the lenses and the frames.

ANDREA EIGENBERG: I would say no, because when they are reimbursing you by their frames that they own, we-- even though a benefit sheet might say you have \$150 allowance, we get reimbursed wholesale cost. So, what we got charged from the company for that frame, we get reimbursed wholesale cost. So, where the money is put is on the provider and the overage onto the patient. So, no, the-- we are not making money off of that.

JACOBSON: Well, I, I would just be curious to see a breakdown--

ANDREA EIGENBERG: I'd be happy to-- yes.

JACOBSON: --how much is going for medical treatment and what's going for this, you know, hardware. OK? So, like, a doctor, they

would see someone for-- and they're going to need to prescribe that they get a rock-- walker-- it's something I have a little experience with on my head-- a walker or a cane, and I'm going to go to a durable medical equipment place to purchase that. I'm not going to buy it from the doctor. So your, your business model's a little different. And, and so, it's-- that-- that's what kind of complicates this a little bit. But I-- I'm interested in hearing what the next-- the other testifiers have to say. But thank you for your testimony.

ANDREA EIGENBERG: Yes. Thank you.

JACOBSON: Anyone else? All right, if not, thank you for your testimony--

ANDREA EIGENBERG: Thank you.

JACOBSON: --and I'd ask for the next proponent.

DEREK BLUMENSTOCK: Good afternoon, Senator Jacobson, members of the committee. My name is Dr. Derek Blumenstock, D-e-r-e-k B-l-u-m-e-n-s-t-o-c-k. I grew up the son of an optometrist in rural Nebraska, O'Neill, and I am proud to own my own independent practice here today in Lincoln. I'm here today to illustrate how LB987 will directly benefit Nebraskans. First, this bill will empower patients' choice and protect the needed access to quality eye care. Patients should be able to choose their eye care provider based on trust and proximity, not based on which offices favor or are being restricted by a vision plan. This happens far too often as Nebraskans are made to choose their provider based off of who accepts my insurance. Secondarily, this can lead to very long commutes for rural Nebraskans, or unwanted changes for patients that are in our urban areas. We as Nebraska doctors want to have the patients' true freedom of choice and not have that be dictated by a vision plan. Second, LB987 improves the quality of care for Nebraskans. This bill protects the integrity of our doctor prescriptions and our individualized treatment recommendations. Currently, vision plans offer a one-size-fits-all policy, and they have everybody steered to that one bucket. We want to make sure we do what is best for our patients. This bill will restore our clinical autonomy by prohibiting requirements for our insurer-owned labs, their frames, and the-- and make sure that we put our patients' needs first, without interference from that vertically-integrated system. Finally, LB987 will allow Nebraskans to make

educated financial decisions through increased transparency. Patients and optometrists alike have a right to know where their money is going. However, today, EOB's, explanation of benefits from the vision plans have become akin to deciphering ancient hieroglyphics. OK? They're convoluted by design, they are-- they're-- and they're confusing to hide the chargebacks, the fees, the restrictions on coverage or reimbursement. And it's so bad nowadays, not only can the patients not understand them, but myself, doctors, and even members of these vision plans alike can often not break them down. So, why, why are they here if they exist, they say, to save patients money-- why do they have all the confusing cloak-and-dagger with their documentation? I'll tell you what. The answer is vision plans exist to make money; they're not to take care of patients. I have a prime example of this in my practice, and I've listed more in my handout of first-hand examples, but it's as simple as a patient's insurance stated they covered their contacts in full. I fit them in contacts, bill it out, and I get hundreds of dollars back with it not being covered. That left the patient or myself stuck with hundreds of dollars when the plans clearly stated "covered in full." This is just one example of how vision plans claim to save patients money, and the reality is it's often the opposite. It can even erode the trust between doctors and patients. If you take into account all the high premiums, insurance, the co-pays, et cetera, there's often many times where Nebraskans will pay less on an open market. Nebraskans deserve transparency, quality to care, and untainted choices. They're patients, not just dollar signs, and I urge the committee to advance LB987. Thank you, and I'm happy for any questions.

JACOBSON: Thank you. Questions from the committee? Senator Hallstrom.

HALLSTROM: Yeah, you, you referenced reductions or denied claims. Do those happen immediately, or are there audits and clawbacks that are involved?

DEREK BLUMENSTOCK: Sure. Thank you for your question, Senator. No, it goes through a normal process like you would think of with a regular medical insurance. You, as an office, have to submit the claim to the vision plan, and they will in turn rake it over the coals and see if everything is right. And if you in turn, you know, miss work things, they will hide things in their-- our explanation of benefits as far as chargebacks, or

they'll put that on the patients, so then my office has to take tons of time to explain to patients, oh, why you have this bill? They, they see on their plan it says covered; they come back with the bill, and I go, well, I don't know, I have to call them. You have to the plan and see why the verbiage is false. So, no. You have to submit it, though.

HALLSTROM: OK, thank you.

JACOBSON: Other questions? Senator Riepe.

RIEPE: Thank you, Chairman. Do you currently accept Medicaid patients?

DEREK BLUMENSTOCK: Yes, sir, I do.

RIEPE: And not a percentage, but in general?

DEREK BLUMENSTOCK: Medicaid is what you said?

RIEPE: Yes.

DEREK BLUMENSTOCK: Yes, sir. I do.

RIEPE: OK. Thank you. Thank you. Thank you, Chairman.

JACOBSON: Senator Hardin?

HARDIN: Unfortunately, I have a background in insurance.

DEREK BLUMENSTOCK: Fun.

HARDIN: Emphasis on unfortunately. That being the case, just talking out loud for the sake of the record,--

DEREK BLUMENSTOCK: Sure.

HARDIN: --with your experience, what do people share with you what their premiums cost for that portion of the ancillary or the voluntary benefit that is vision insurance?

DEREK BLUMENSTOCK: Mm-hmm.

HARDIN: Would I be accurate to say that could be as low as \$10 a month, and that could as high as, let's say, \$80 a month, something like that?

DEREK BLUMENSTOCK: I would say if I was to give you senators an average, it's typically, for your basic plan, starts around \$20 to \$24 a month, and then it goes upwards in access with what coverage they would want from there.

HARDIN: And so, just to demonstrate this for the sake of the record,--

DEREK BLUMENSTOCK: Yes.

HARDIN: --let's say it's \$25 a month.

DEREK BLUMENSTOCK: Perfect.

HARDIN: \$25 times 12 months is about how much? Let's say \$300.

DEREK BLUMENSTOCK: Mm-hmm.

HARDIN: If that's the case, how hard is it to bury all of the cost of that premium in your eye visit and the cost and whatever you may get from that for frames or contacts and so on and so forth? Point being, you're not talking about major medical here.

DEREK BLUMENSTOCK: No, sir. This is--

HARDIN: You're not talking about something that averages, oh, call it \$2,000 a month for a family to get a really bad plan in the bronze category from the ACA.

DEREK BLUMENSTOCK: Gotcha. Yeah.

HARDIN: You're talking about a small amount of money in premium, right? Or it might even be for a discount plan, right? And it's not a lot of money, so the margins are very small, is the point, compared to the major medical world. Would you agree? And it's not only that way for the eye world, it's that way from the dental world too. Right? Very small margin of difference between what does it actually cost to get this executed and taken care of, because the whole reason that makes major medical work is they're betting in the major medical world that most of us

aren't going to use it. So, for families, were paying \$24,000 a year and the hope is not very many of them use it.

DEREK BLUMENSTOCK: For sure. There, there is a group component to it, but I-- I'd tell you, you'd be surprised at how many patients I've had over, over a various-- I've owned my practice for seven years, and a lot of them have vision plans, and they get that more-- normally, like we stated earlier, through their employers. That \$300 that you mentioned or more that gets taken out of their paychecks for Nebraskans themselves normally goes untapped. I would say it's very rare that I get people coming back in to utilize those. So their-- these vision corps are just taking the money right out of patients' pockets. Now, there's a secondary component that Senator Jacobson was mentioning with the, the frames and the product coverage, which is, like he said, unique and completely different compared to what we're talking about with just the exams. The funny thing is-- so the exams, like you said, we get reimbursed about \$40. That-- for their, you know, what they pay, does not translate to more money as you would think covering their glasses or contacts. They get \$130. So, they already pay more, and this is what I stated in my, my testimony here, that if it was an open market, many Nebraskans would maybe be able to save that money, not come in as frequently, and still get the high-quality care, especially when they need it. But that could go to different areas of our Nebraska market. Like, we just want to have some-- like I said, some guardrails set up so they-- we just don't keep getting that sucked out of our patients' pockets, and we can do what's best for them.

HARDIN: Thank you.

JACOBSON: Just a quick follow-up on that. I, I, I guess I'm curious as to why your patients keep paying premiums and don't just jettison the insurance altogether and just pay cash. I mean--

DEREK BLUMENSTOCK: Mm-hmm.

JACOBSON: I, I, I agree with Senator Hardin. I, I go and get an eye exam every year, and I replace my lenses and frames. And I look at the markup on the lenses and the frames. It's, it's, it's atrocious. I feel like the eye exam is, is really worth the money, but, but anything beyond that, that I'm going to an ophthalmologist, which is going to be covered by my health care

plan. And so, I look at, in rural Nebraska, what you're describing kind of sounds like Medicare Advantage, where most of the providers out west have quit offering, quit accepting Medicare Advantage. So therefore, anybody who's bought that product doesn't have a private provider, they're driving 200 miles to find a provider. So, there's all kinds of twists on this, but I'm just-- I, I, I would agree with Senator Hardin that, that when you look at the cost to process a claim and you look the low amount of, of premium that's being garnered from each policyholder, it's, it's, it's not a huge number that's-- that we're really dealing with here, that, that I'm not sure how that's going to really translate into some big savings for the public. I think the key is getting the eye exam. That's the medical part of this. Getting designer frames or, or a bunch of other add-ons on the lenses is just gravy, and I'm not sure is, is necessarily something that's, that's medically necessary. That is my point. So, I mean, I, I-- thoughts on that?

DEREK BLUMENSTOCK: Well, I'd say this. If I took your glasses, I think they'd be pretty medically necessary for you to get home, to get different places. That is where the rub comes, and we keep mentioning how they control every single aspect of this. They have a wrap on the premiums, like you had stated, and they keep those low. They've, they've said as much, that they don't want to increase that, because that's what lay people seek as the big factor of cost. But if you've-- like you just stated, sir, going for an eye exam, that is not where the large coverage or money gets moved in this industry, and it's taking the onus off of what, in my opinion-- I took an oath to take care of Nebraskans or anybody that comes in front of me and take care their eyes and do what's best for them. But they can then funnel you into those lenses that you said are severely over-marked. That is done on their end. We were trying to ask for help across the entire spectrum, not just the exam. We don't want to lump this into a bucket where we're talking about just the exam. That, for me, is the most important part. But the secondary part of glasses, contacts, or any other type of vision, they have their hands in all of that as well. The frames, the lenses, the contacts, all of that that people need to function day-in, day-out, that is controlled, and the billing sides of it.

JACOBSON: If I came to you annually and had an eye exam done,--

DEREK BLUMENSTOCK: Yes.

JACOBSON: --and said thanks, I'm going to get my frames and lenses-- after you give me the prescription,--

DEREK BLUMENSTOCK: Mm-hmm.

JACOBSON: --I'm going to get that filled online somewhere else,-
-

DEREK BLUMENSTOCK: Sure.

JACOBSON: --would you continue to keep me as a customer?

DEREK BLUMENSTOCK: I do, and I have hundreds of patients like that today. Again, I took an oath to serve. Now, what I do is I try to be as competitive as I can, because I can then control as much as I can control, Senator. If somebody has an issue with their contacts, maybe they got filled wrong or they have a, have a, have a month or two that are bad, I can then help supplement that and keep the cost down for them instead of the online market. They say, no, buy some more. Again, I'm there to take care of them and give their needs, so, yes.

JACOBSON: I, I understand. But I, but I mean, nobody's obligated--

DEREK BLUMENSTOCK: No, sir.

JACOBSON: --to do the second half. They can get the eye exam from you, take the prescription, thanks a lot, see you next time.

DEREK BLUMENSTOCK: Yes, sir. And that's maybe the concern for us, is that if, say, everybody would want to get the cheapest and, and save for what-- a lot of these rural practices that don't have any, any lifeblood from that initial \$300 payment, the premium payments that we're talking about, they would not be able to survive, and now we're talking about many rural communities that don't have the eye care which is important. The vision and the glasses, which is also important, they could order online, like you said. We don't-- that doesn't help out Nebraska communities at all. Those are going from large cities and corps who-- even out of, out-of-country corporations, and it's not taking care of our own and our, our special communities that we have here. So, being able to negotiate and having some

of these guardrails up is what will benefit both-- more importantly, our patients and our constituents, . But it will--

JACOBSON: All right. Thank you.

DEREK BLUMENSTOCK: --keep our communities and our eye care providers.

JACOBSON: All right. I appreciate it. Thank you.

DEREK BLUMENSTOCK: Thank you.

JACOBSON: Any other questions? If not, next proponent.

DEREK BLUMENSTOCK: Appreciate it.

SHELBY ROOKSTOOL: Good afternoon, Chairman Jacobson, and members of the Banking, Commerce and Insurance Committee. My name is Shelby Rookstool, S-h-e-l-b-y R-o-o-k-s-t-o-o-l. I'm an optometrist practicing in Sidney, Nebraska. I'm here today to respond to arguments you may hear from opponents of LB987. I've provided a handout summarizing those points along with facts about how this bill benefits Nebraskans. You may hear that this bill is unnecessary, that providers can simply choose not to participate. In rural Nebraska, that's not a real option. Roughly 85 percent of vision benefit manager patients are concentrated in just two major plans. When that much coverage is controlled by one or two VBMs, just dropping the plan doesn't preserve choice, it reduces access. In the panhandle, patients don't have five clinics down the street to pick from, and many already drive an hour or more for care. Local practices must remain viable for access to exist at all. You may hear that this bill raises costs or interferes with private contracting; it does neither. It does not mandate benefits, it does not set employer plan design. What it addresses are contracts of adhesion, agreements presented on a take-it-or-leave-it basis, where providers have no meaningful ability to negotiate. LB987 places reasonable guardrails to ensure transparency and fairness, protections Nebraska has already applied elsewhere in healthcare. It stops unfair contracting and opaque administrative tactics that shift costs and frustration onto patients and providers. Opponents may claim transparency creates administrative burden. The burden today comes from uncertainty: unclear fee schedules, quiet contracts changes, and surprise patient charges my staff must explain after the fact.

Transparency reduces confusion and saves time for patients and providers alike. On lab choice, when a plan penalizes a practice for using an independent lab, it's not quality; it's market power being used to steer work into plan-owned channels. Lab choice protects patients, preserves clinical judgment, and keeps care local. Finally, on reimbursement, here's the reality. Many vision plan fee schedules are still stuck in the 1990s; our costs are not. If a service is called "covered," payment should not be nominal nor structured so care is delivered at a loss. And any improvement cannot simply move dollars from exams to materials which harms patients who rely on glasses and contacts. LB987 restores balance and accountability in a market that no longer functions competitively. At its core, LB987 is about fairness, transparency, and protecting access to care, especially for rural communities like mine. I respectfully ask you to advance LB987. Thank you.

JACOBSON: Thank you. Questions? All right. Seeing none, thank you. Next proponent.

KATIE TRAMBLY: Hello.

JACOBSON: Hello.

KATIE TRAMBLY: Good afternoon, Chairperson Jacobson, and fellow members of the committee. My name is Katie Trambly, K-a-t-i-e T-r-a-m-b-l-y, and I am here today in support of LB987. I am a pharmacist by trade, and I'm director of pharmacy for 15 community pharmacies. I'm also a patient of my local independent optometry clinic. And at a softball game last year, I was talking with my eye doctor about vision insurance, and that conversation introduced me to the role vision benefit managers or VBMs play in my healthcare. And the more I learned, the more I was taken aback by how familiar this felt. In pharmacy, we spent years dealing with PBMs who use market power to determine formularies, enhance their profitability. They offer take-it-or-leave-it contracts and steer patients through vertical integration, which we all have talked at length about. VBMs operate with the same functional playbook, acting as the intermediary, managing networks, setting reimbursements, and controlling what's covered, which in vision looks like formulary frames and lenses. And just like in pharmacy, the incentives are getting distorted when the same entity can control who the patient can see, what products are allowed, and where the purchase is ultimately driven. Vertical integration in vision

can include ownership of labs, brands, and retail outlets, creating a system where steering and mandated channels can function like hidden tax on care. From the patient perspective, vision insurance has always felt opaque to me. The only clear explanation I've ever received has been from my local optometry clinic. The people focused on care are not the ones writing the rules. And a saying that I've always stuck by and that applies here is that complexity benefits the seller. And when a system is hard for patients to understand, it's usually because it isn't designed for transparency. And when two companies control 85 percent of the plans, they're the obvious winners, not the patients, not the clinics trying to buy that care. I'm acutely aware of the difficult choices that independent businesses will face in the coming years without any guardrails like those provided by LB987, and I think this is a proactive step to protect patient choice, keep care local, and prevent the same consolidation dynamics we've watched damage pharmacy. Nebraska has already recognized in the PBM space that regulation is necessary when benefit managers' incentives can distort patient care and competition. And if that oversight is necessary in pharmacy, it's reasonable and necessary to apply the same standard in vision benefits. Thank you for your time. I'm happy to answer any questions.

JACOBSON: Thank you. Questions? Seeing none, thank you. Next proponent.

KRISTIN REED: Good afternoon, Chairman Jacobson, and members of the committee. My name is Dr. Kristin Reed, spelled K-r-i-s-t-i-n R-e-e-d. I'm the owner of an independent optometry practice and small business in Omaha, and serve as the president of the Nebraska Optometric Association. The Nebraska Optometric Association has worked closely with the attorney general's office and the Department of Insurance regarding this piece of legislation. They have confirmed that enforcement of LB987 will be handled through the Unfair Insurance Trade Practices Act. This gives the state clear authority to act with minimal cost. In fact, enforcement is funded by fines, not by Nebraska taxpayers. We have seen the fiscal note for this bill, and will work further with these two agencies to clarify the language in the bill as needed. We also communicated with the Department of Administrative Services regarding potential costs to the state. They confirmed that because state employees pay for vision plans individually, the state would not incur any cost. I would also like to briefly address a few specific concerns raised by the

departments which are detailed in the handout provided by Dr. Rookstool. So, first is fairness, not interference. LB987 is not anti-contract; it's pro-fair contract. By reducing VBM interference, we improve efficiency, and reduce duplicate claims and coverage confusion. States that have passed similar laws have not seen increases in cost. In fact, preventing delayed care reduces long-term medical spending. Second, patient privacy. Section 8 of this bill aligns strictly with HIPAA standards. It ensures VBMs can collect the data that they need for legitimate claim processing but stops them from using our patients' private data for marketing or corporate advantage. Third, plan design and competition. This bill does not standardize any part of plan design. Employers can still choose plan designs, deductibles, and copays, and nothing in this bill changes that. But it does prevent anti-competitive tiering and steering; it ensures all providers in the network are treated equally by removing a system that uses tiers based on product sales or discounts on non-covered services to steer patients to choose VBM-owned products or businesses. Fourth is provider accountability. This bill preserves the right to remove non-compliant providers, but it stops insurers from using termination as a tool for coercion. It protects ethical providers while maintaining full accountability. And finally, the market reality. You may hear that if providers don't like these terms, we can simply walk away or refuse to sign the contract, which is a myth. With only a small handful of VBMs controlling nearly the entire Nebraska market, providers cannot negotiate or drop these plans, because they are contracts of adhesion, without abandoning the majority of our patients and our communities. This market dominance is why legislative balance is essential. If a doctor is forced to walk away, the patient loses, especially in rural Nebraska where there may be no other local alternative to care. LB987 restores trust, protects patient choice, and encourages quality care remains the priority. On behalf of the Nebraska Optometric Association and all licensed optometrists in the state of Nebraska, I respectfully ask the committee to advance the Vision Plan Benefit Act [SIC] of 2026. Thank you, and I'm happy to take any questions.

JACOBSON: Questions? Senator Hardin. Or, Senator Hallstrom.

HALLSTROM: We've, we've heard talk about the, the low-cost acquisition, that you're reimbursed below your cost of

acquisition. Does that in fact happen with regard to your exams and your products that you, that you try to sell?

KRISTIN REED: I would say for exams, it definitely does, to be reimbursed \$40 on average for an eye exam by these VBMs. By the time I pay my staff to help me with pre-testing, skilled opticians to help a patient select a pair of glasses, the overhead for my office space, \$40 per exam would not cover my cost of doing business. On the eyewear, it really depends on how offices are able to structure and work within the parameters of the current contracts. A lot of times, it kind of pigeonholes you into trying to sell premium products, like you were talking about, Senator Jacobson, to try and recoup some of the costs that we-- of the loss that we take by doing the exam at such a low reimbursement. And then, part of the confusion within optometry, with it being a unique business structure, is that we're providing both the medical care and potentially the materials, the contacts, the glasses, but we also have the added layer of medical benefits being in play. So, we're also having to choose when we're billing a vision plan versus when it's a true medical exam that could run through a major medical plan. And those, as we've discussed, like Medicare, reimburse significantly higher rates. So, it's less, it's less imperative--

HALLSTROM: And, and you and others have used the term "steering"--

KRISTIN REED: Yes.

HALLSTROM: We hear that a lot on the PBM side. Does that result in patients purchasing products from the VBM-owned facilities?

JESSICA CARROLL: It does in some cases, but also when patients are selecting their doctor, for example, on one of-- on two of the larger plans, we're listed as a premier or a premium doctor because we have X, Y, and Z amount of their products. It has nothing to do with our clinical competency or reviews of our patient care. It's all about our sales of that VBM's pers-- of their products.

HALLSTROM: And their promotional materials will no doubt identify--

KRISTIN REED: Correct.

HALLSTROM: --who those providers are?

KRISTIN REED: Yes, it's very clear. And they-- when they talk to our practices, "if you sell enough of our products, then you'll be a premier practice and you'll be at the top of the search page." And we all want to be at the top of a search page, but not because we sell a specific brand of glasses or contacts or frames, or use specific lenses. We want to get the top of the search page because we're a quality optometrist.

HALLSTROM: And would those products typically be higher for the consumer than otherwise?

KRISTIN REED: That does depend on the brand. That varies pretty heavily depending on the brand.

HALLSTROM: OK. OK, thank you.

JACOBSON: Other questions? Senator Riepe.

RIEPE: Thank you, Chairman. I want to zoom in a little bit here on the Unfair Insurance Trade Practices Act, and it says-- gives the state clear authority to act with minimal cost. I don't know what those minimal cost would be, but a cost is a cost, and enforcement is funded by fines. And my question there: who polices and controls this? Because in the fiscal note, it talks about the attorney general's office stated that they would be, be-- it would be necessary for them-- excuse me-- for them to add an attorney. So, there's a, like, \$100,000, \$180,000. So, there's-- I, I-- I'm trying to get it in my head that this states, like, there's no cost, it's a freebie program, and yet, the fiscal note argues with that. I'm-- I am trying to reconcile that.

KRISTIN REED: Sure. We had spoken with the attorney general's office and the Department of Insurance and used their guidance to-- in the writing of the bill, so that is something that we probably need to clarify with them. And I can happily have the NOA get that further information for that.

RIEPE: Are there other states that are having the same challenge that the, the optometrists in Nebraska seem to be having?

KRISTIN REED: Yes, that is the reason for many states pursuing regulations like this and legislation like this. I believe there

was five or six states that have recently passed legislation, and to my knowledge, there's another five or six that are currently going through the legislative process in their states. Arkansas was one of the more recent ones, and it's probably one of most comprehensive vision benefit manager plans in the country at this time. And so, there's, there's a lot of pending activity in that, but over half of the states already have legislation.

RIEPE: Then I assume that you have model legislation that, that you would like to convert to Nebraska, or vision benefit plans--

KRISTIN REED: Sure.

RIEPE: --the-- whatever those two providers are, you would like to have them go to your model. But if your plan is superior, why not just introduce your plan and compete with them?

KRISTIN REED: My guess is that-- and I'm not an attorney, so I do not know this to be true. But we would need significant legal counsel. And for example, our practice is we cannot communicate with one another and say, hey, this plan's reimbursement's terrible, we should all drop it. That's collusion and we are not allowed to do that; that's prohibited. So, I don't know what the legal ramifications would be to create our own plan. I, I would have to get more information.

RIEPE: I was just thinking of a whole,--

KRISTIN REED: Yeah.

RIEPE: --a whole new XYZ benefit vision plan, yadda yadda yadda.

KRISTIN REED: Yes. Yeah.

RIEPE: OK. Thank you, Chairman.

JACOBSON: Thank you. All right, no other questions. Thank you for your testimony.

KRISTIN REED: Thank you.

JACOBSON: Any other proponents? Any other proponent testimony? I'm, I'm seeing a lot of people standing up and nobody moving forward, so we're going to go to opponent testimony.

JULIAN ROBERTS: Thank you very much. Good afternoon. Thank you, Mr. Chairman, and members of the committee. Thank you for the opportunity to come and speak with you today. My name is Julian Roberts. I am the executive director for the National Association of Vision Care Plans. My name is J-u-l-i-a-n R-o-b-e-r-t-s. Again, thank you for the opportunity to speak on LB987. We stand in opposition to this bill. I do want to thank Chairman Jacobson and Senator Lonowski for the few minutes I spent with you this morning and talking about our concerns in regards to this bill. Our organization represents 15 vision care plans across the country, and 14 allied members who are stakeholders within our industry. Together, our members provide benefits for over 220 million Americans and 1.1 million Nebraskans here throughout the state. I will tell you that, that there is a 96 percent satisfaction rating in regards to vision benefits, and the number of, of Nebraskans that join these plans continue to grow slightly year after year after year. Vision care plans are highly valued by employers and employees. In fact, 82 percent of employers now offer vision benefits on a voluntary basis. Companies here in Nebraska such as First Union Financial Corp., Great Plains Beef, Community Medical Center, 21 Century Equipment, North Platte Nebraska Hospital Corp., Omaha Steaks, Nebraska Methodist Health System, and Lincoln Premium Poultry. Vision care plans make vision care more affordable by reducing out-of-pocket cost, and play a critical role in healthcare by enabling early detection of underlying health conditions through routine eye exams. LB987 poses a significant challenge to the effectiveness and affordability of vision care plans by imposing an unprecedented, highly-perceptive regulatory framework that will increase cost for employers and employees, undermine patient transparency, and create significant operational burdens. First, it increases consumer and employer costs by cementing a reimbursement floor in statute. This provision drives up costs for consumers by forcing the set reimbursement rates and limiting the ability to negotiate. Furthermore, the, the bill forces insurers to admit virtually all providers who meet credentialing standards, and limits plan structure alternatives by requiring standardization of cost benefit plans, impacting the ability of other benefits that meet the specific needs of employers and employees in the state, and mandating the retention of providers who may fail to meet quality access and care standards. Second, it weakens the consumer protection and undermines transparency by including an effective gag order, interfering with the vision care plans' ability to share information about available out-of-pocket consumer costs--

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

JULIAN ROBERTS: --and ability to shop for best prices. I urge the committee to carefully consider the negative implications of this legislation, and thank you for your time.

JACOBSON: Thank you for your testimony. Questions from the committee? Senator Hardin.

HARDIN: Thanks for coming.

JULIAN ROBERTS: Absolutely.

HARDIN: Back to the oligopoly question. If you've got 85 percent falling under two different organizations nationwide, how is that not an oligopoly?

JULIAN ROBERTS: One, I don't believe that that number is actually correct. There is 40--

HARDIN: Are they dramatically lower than 85 percent?

JULIAN ROBERTS: I think it is dramatically lower than 85 percent. I can tell you that 45 percent of vision care purchased is purchased outside of a managed vision care plan, in regards to that. So, if you take that in consideration, yes, it is probably two organizations that control that share of the market, but it is less than 50 percent in that regard. And of our 15 plans, only 2 of those are vertically integrated in regards to that; the rest are not vertically integrated. In fact, 2 of them owned retail organizations or labs, and have divested themselves of those over the last several years because it did not fit their business model in that regard.

HARDIN: So, you're saying there's no coercive element involved in the-- in that industry space.

JULIAN ROBERTS: I don't see it as coercion. I see it as providing choice and ensuring that consumers have access to information to make the decisions what-- whether that be with any network provider, be that owned by a vision care plan organization or not owned by the vision care plan organization, and giving them the information they need to shop for what's best for them.

HARDIN: So, I'm curious. From your perspective, what is it that the independent folks that we've heard from today are having a problem with? Because I'll, I'll share my next question as well.

JULIAN ROBERTS: Sure, go right ahead.

HARDIN: To my point earlier, there's very little premium involved here.

JULIAN ROBERTS: Absolutely.

HARDIN: And so, the smaller the pot of premium, the more precious each, each penny becomes for everyone concerned.

JULIAN ROBERTS: Mm-hmm, mm-hmm.

HARDIN: So the only way to make any money off of that is to deal in very large volume.

JULIAN ROBERTS: Correct. And--

HARDIN: And so, anyway, I'm just saying that since it's so precious for them to make a living, for you to make living, I can see why there's quite the squabble going on over the situation. And so, anyway, back to the first question, which is what's their-- from your perspective, you're both squabbling over the same penny. Can you see why they're concerned?

JULIAN ROBERTS: Mm-hmm. I completely understand that. Now, in a provider's office-- and I'm sure that from a-- office to office, it is change-- changes a little bit in regards to that, but 65 percent of income to a provider's office is usually from the sale of materials, which is the lenses and frames from that regard. And whereas some of the professional services and so forth are on a very tight fee schedule, and there are asked-for negotiations and decreases of some of materials, they still have the ability to, to make their money there. I, I-- we want everyone to make money. We don't-- we, we know they have to put food on the table as well. Are there issues and friction in regards to the payer and provider relationship? Yes, there is; there has been, there will be in the future. We look for opportunities to see where we can find that middle ground and see how we can address these things as we continue to move forward. We were fortunate enough to have an opportunity to meet with the optometrist in late January. We talked a little bit

about this bill in regard to some of their concerns. We had hoped from our discussions that they were going to come back with three or four high-priority items within this long, lengthy bill to have, to have some discussions and, and look at opportunities, find some middle ground. And unfortunately, that did not take place prior to this hearing today.

HARDIN: And yet you-- was this, this morning the first time that you went to Senator Lonowski?

JULIAN ROBERTS: That was the first time that I have spoke to him directly, yes.

HARDIN: OK. OK. And you did not reach out to him before this? Before, before today.

JULIAN ROBERTS: I did not. Maybe my representation did, but I am not aware of that at this point in time. But again.

HARDIN: I'm curious. When, when a patient comes into an optometrist that you, let's say, have one of those two that you mentioned that's end-to-end. Does the independent-- does that doctor make more money, or does your organization make more money from that visit? I'm just curious, because you absolutely know that number.

JULIAN ROBERTS: I don't--

HARDIN: There-- there's an av-- there's, there's an average cost of when somebody comes in and fogs a mirror inside that optometrist's office.

JULIAN ROBERTS: Mm-hmm.

HARDIN: You know what that average is, and I'm just curious, does your organization make more money than the person doing the work?

JULIAN ROBERTS: I do not have that answer. I would venture to say that the structure with any optometrist office is going to be different depending on how much staff they have and the amount of time they spend with the patient. I can tell you I've got 15 vision care plans, and they have 15 different models.

HARDIN: Very little difference between those plans, I can tell you that. Thank you, Mr. Chairman.

JULIAN ROBERTS: OK. Thank you.

JACOBSON: Other questions? Senator Riepe.

RIEPE: Thank you, Chairman. Is the concern of the optometrists with all vision care plans, or simply the two that we've discussed today, which is the VSP and the IMED?

JULIAN ROBERTS: Are the concerns with the optom--

RIEPE: Are they just against all vision plans, or just these two?

JULIAN ROBERTS: I don't know specifically that. I know these are the two that are raised in question.

RIEPE: Are these two exclusive in Nebraska?

JULIAN ROBERTS: No, they are not.

RIEPE: They're not. There are other vision care plans?

JULIAN ROBERTS: Yes.

RIEPE: And the-- do you know if the a, an optometrist, by-- this a guess of mine, but I want to hear it-- is that they're limited to one plan. They're not going to sign up with a couple of different vision plans?

JULIAN ROBERTS: Actually, they do sign up with multiple plans.

RIEPE: How come?

JULIAN ROBERTS: We do, as an organization, try to streamline some of the administrative burden that takes place in our industry. We have developed a credentialing alliance. And through that, we have found that there are some providers that are with as many as nine different plans. I don't know if that's specific for Nebraska, but I do know that there's situations in regards to providers working with multiple plans than just one or two.

RIEPE: OK, thank you. Thank you, Chairman.

JACOBSON: Oh, from Senator Hallstrom.

HALLSTROM: If I understood correctly, you made some-- a statement to the effect that you need the flexibility for providers who fail to meet your standards. Do you find many Nebraska providers that are, are not living up to your standards?

JULIAN ROBERTS: Well, whenever we bring on a provider, we do happen to do a credentialing of each of those providers. I can't tell you that there are a number of providers that do not meet those standards, but we do everything from checking to see-- making sure their license is in place, making sure that their education information is correct, making sure there's no sanctions that have been placed against them. And then, we provide that information to the vision care plan for them to decide as to whether that provider is in their network and out of their network.

HALLSTROM: So, that's an up-front process?

JULIAN ROBERTS: Correct.

HALLSTROM: OK. And--

JULIAN ROBERTS: And-- I'm sorry. If I may, sir. It is an upfront process, but there is something called ongoing sanctions monitoring and expirable management. So, if the credentialing happens every three years, there's a process in between there that we continue to monitor just in case a sanction comes up, or just in case their license expires in between that three-year period.

HALLSTROM: And have you, have you booted any providers out of your system?

JULIAN ROBERTS: Again, from the system that we do, we provide that information to the vision care plan and they would make the decision as to whether that's a correctable situation, or if it's something that is not correctable and they decide to take them out of their network.

HALLSTROM: OK. And some of the provisions of the bill relate to transparency. What concerns would you have over transparency?

JULIAN ROBERTS: In regards to the transparency, we're concerned about being able to promote to-- or, to provide information to the consumer as to where they can get the most value for their dollar, dollar in regard to frames or lenses or care in that regard. So, that would be the concern that we have in regards to the--

HALLSTROM: And what did the providers provide in that respect for transparency purposes? Are, are, are they not being transparent in their side of the contract?

JULIAN ROBERTS: No, they're, they're asking that we not be able to highlight certain information in the directories to the consumer in regards to that.

HALLSTROM: And is there an element of steering to that?

JULIAN ROBERTS: No, there's an element of information that is being provided. I think you would be more so considered steerage if we said "you must go here." In regards to that, we're just providing the information so they can make the decision as to what's best for their pocketbook.

HALLSTROM: And you indicated that you had had meetings in January, expected the optometrists to come back with something, they did not. My question to you would be, what in this bill is acceptable to your organization?

JULIAN ROBERTS: I think we'd need to look at this. As I stated, of all those states that you were talking about that had passed some type of legislation, and there are things in this bill that I can tell you are not in any state legislation. There are some things that we have seen in other states, but there have been five states where we have come together with the state optometric association to be able to address some of their concerns, and ended up with a bill that we both agreed to and we both supported moving forward. That was in-- I'm sorry. Illinois, Ohio, Pennsylvania, Utah, and Arizona.

HALLSTROM: But it's February 23, it's halfway through the session. We have a bill in front of us that you had ample time to look at. My question was, "What in the bill is acceptable to

you?" And you kind of told me that there's some things that are different than other states and that you've worked out things in other states, so-- and you don't have to answer today, but I would appreciate a response back--

JULIAN ROBERTS: Mm-hmm.

HALLSTROM: As to what it is in the bill that you can live with so that as we move forward, we'll have a starting point, instead of coming back next year and having the same slow-walk activities.

JULIAN ROBERTS: Understanding. And, and there is nothing as it is currently phrased within this bill that we would be acceptable. However, there are certain provisions in there that, with certain tweaking and not being a complete out-and-out prohibition, that we could be able to find some, some middle ground on those things.

HALLSTROM: Thank you.

JULIAN ROBERTS: And that--

JACOBSON: Other questions? All right, seeing none. Thank you for your testimony.

JULIAN ROBERTS: Thank you very much.

JACOBSON: Next opponent testimony testifier. When you guys are done dancing--

ROBERT M. BELL: It's a heck of a dance with vision insurance plans. Chairman Jacobson and members of the Banking, Commerce and Insurance Committee, my name is Robert M. Bell, last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation. I am here today in opposition to LB987. As a reminder, the Nebraska Insurance Federation is the state trade association of Nebraska insurance companies. A number of federation members are active in the vision plan marketplace, including Nebraska domestic insurers Aflac, Ameritas, Blue Cross Blue Shield of Nebraska, MetLife, Mutual of Omaha, Pacific Life, and Physicians Mutual Insurance Company. There are a lot of provisions to unpack in LB987, and as you know, I have limited time today, so I thought I should speak about how vision insurance is currently regulated in

Nebraska. Typically, vision plans are state-regulated by the Nebraska Department of Insurance, even group employer coverage, because the coverage is voluntary and typically paid for by employees. Vision insurance policies, rates, and forms, including provider agreements forms are submitted to the Nebraska Department of Insurance for review and approval before products can be sold in the state of Nebraska. Vision insurance is a limit-- limited-benefit insurance product, similar to dental, hospital indemnity, cancer policies, et cetera, meaning the benefits provided in the insurance are strictly limited and clearly expressed as outlined in the policy, as opposed to, say, major medical insurance where risk exposure for the insurance company is much more unlimited. This limitation makes vision insurance, especially group vision insurance, extremely affordable in Nebraska. In efforts to lower costs for Nebraska consumers, vision insurance does utilize managed care, including participating providers, where consumers receive lower cost sharing if in-net-- if network-- in-network providers are utilized. Insurers advertise the benefits of the managed care system to consumers so that consumers can make informed decisions in their best interests. Nebraska law also provides consumers the right to grievance procedure under managed care, and the right to contact the Department of Insurance for assistance at any time. The insurance complaint division of the Nebraska Department of Insurance handles consumer complaints, and for vision insurers-- and vision insurers, like all insurers, are subject to the Unfair Claims Settlement Practices Act [SIC] and accompanying rule, as well as the Unfair Insurance Trade Practices Act. I'm going to stop my testimony there.

JACOBSON: Actually, I would like to hear the-- this is fairly educational, so I wouldn't mind you just continuing.

ROBERT M. BELL: Oh, OK. Well, I was going to go into the provisions of the bill. I was like, how are we--

JACOBSON: [INAUDIBLE] a diversion from the normal over here.

ROBERT M. BELL: Oh wow, you want me to continue on. Shoot. OK, I better take that opportunity. I, I've-- I just kind of want to say, like, vision plans are not pharmacy benefit managers. Pharmacy benefit managers are third-party administrators that work for major medical companies and manage that particular benefit. There, there's a lot of various risk exposure and whatnot that goes on, that goes back to the major medical side

of it. Vision plans, they're, they're limited. They, they say what they cover, and you read the document and that's what they cover for the consumer. And again, VSP, as an example, not a member, but has filed their plan documents with the Department of Insurance. I looked them up last night. They're publicly available on their website. So anyway, I, I know we had some other discussions, as has been previously mentioned. We're happy to sit down with the optometrists and discuss things that we might be able to work on in the future. Obviously, there's a lot of competing interests here over a very limited amount of, of premium, so-- but my, my companies are interested in selling this product in Nebraska, and so are interested in LB987, but opposed as drafted. Thank you.

JACOBSON: All right. Thank you. Questions? All right. Seeing none. Thank you.

ROBERT M. BELL: You're welcome.

JACOBSON: Thank you for your testimony. It's educational. Other opponents? All right, seeing none, Senator Lonowski, you can-- welcome to come up and close. In the meantime, I would note that there were 17 proponent letters, 4 op-- let's see [INAUDIBLE]. Yeah, 4 opponent letter, 0 neutral, and no ADA. Oh, excuse me, were there any neutral testifiers? Anyone want to testify to the neutral capacity? I didn't think so. That's why I didn't ask. That's why I didn't ask. Go ahead.

LONOWSKI: Thank you. Thank you, Chair Jacobson, and committee members. Thanks to those who testified, for their time today to come and discuss LB987. I appreciate the Nebraska Optometric, Opt-- Optometric Association bringing me this legislation. I respectfully ask the committee to support this bill moving forward. So, I, I was looking online for some different information about which insurance companies are, are the big ones in Nebraska, and I didn't really find that, but I would-- what I did find out is that the shift toward purchasing eyeglasses online is unmatched due to convenience and cost. And so I thought the one thing that's happening is more and more small towns are losing their storefront businesses because it's, it's just easier to go online and skip the middleman, and get the test, I guess, and, and go shop online. So, that is a concern. Other than that, I really have nothing else. And so, that concludes my hearing.

JACOBSON: Well, my point is that I'm impressed you can say "optometric." I-- that's, that's a great job. [INAUDIBLE].

LONOWSKI: Took me three tries, sir, but thank you.

JACOBSON: The-- are there further questions from the committee? All right, seeing none, thank you for bringing the bill. And this will conclude our hearing on LB987, and we'll move on to LB728. What do you think of that 5:30? Is your optimism going down on that 5:30 meeting?

von GILLERN: It's 4:30, actually.

JACOBSON: Oh, it's 4:30?

von GILLERN: It's 4:30.

KAUTH: My optimism is down on that.

JACOBSON: That's Mr. Optimistic, here.

KAUTH: I'm in that meeting.

von GILLERN: She's in that meeting, yeah. So are you.

KAUTH: Not happening, Brad. All right. You ready?

JACOBSON: You're welcome. Go ahead and start.

KAUTH: Good afternoon, Chairperson, members of the committee. My name is Kathleen Kauth, K-a-t-h-l-e-e-n K-a-u-t-h, representing District 31. I'm here today to introduce LB728, and hello to the Banking and Insurance Committee. I miss you, but after that last year, maybe not quite so much. For many Nebraska investors and businesses, proxy advisors hold significant yet often opaque influence over how shares are voted. These advisors provide critical recommendations to shareholders on company proposals, but too often, these suggestions are decoupled from the actual financial health and long-term value of the company. LB728 is about transparency and accountability in our financial markets. This bill requires proxy advisors-- for-profit proxy advisors to clearly disclose whether their voting recommendations are backed by a written financial analysis, one that specifically weighs the cost and benefits to determine what action most likely benefits shareholder value. And I want to stress that this is

not applied to the nonprofits who are usually advocating for specific ideological reasons, and so-- and there are-- is some question about how the bill is written, so I've been talking with some of the parties behind me on an amendment. If a recommendation is made against a company's management without such an analysis, this bill ensures that shareholders and the board of directors are informed of that fact. By providing for enforcement under the Uniform Deceptive Trade Practices Act and establishing a civil cause of action, we're giving Nebraskans the tools to ensure their investments are managed based on math and merit, not mystery. I urge the committee to advance LB728 to help protect the integrity of corporate governance in our state, and I'm happy to take any questions. As I mentioned, we'll have some people behind us testifying. I have a couple of, of small amendments that have to do more with the way the wording is, but then also I'm working with Katie Zulkoski on an amendment for the nonprofit issue, so.

JACOBSON: Thank you. Questions? Just maybe for clarification, I, I think as we look at proxy advisors, those are-- I don't know, they're relatively new, I think, in terms of-- there was a push some time ago when there were a lot of boards being elected and public companies, and these public companies, there a lot of work for certain, certain ideology groups to get behind, certain directors push to vote for those directors who then--

KAUTH: Based on ideology, correct.

JACOBSON: --had, had a certain ideology on a board. And then, that-- and so then ultimately, it came down to let's get proxy advisors who are going to then determine who should be serving on those boards and how some of those decisions should be made. That's--

KAUTH: And, and it's-- this bill is about making sure that those proxy advisors basically show their work, how did they get to that recommendation, so that when we look at it, we understand, OK, we've paid them for their advice, and their advice is based on what will actually make us money.

JACOBSON: And the challenge, as I would understand it, is [INAUDIBLE] look at some testimony, is really, when you're making investments, and say a large fund investor wanting to make investments and determining what companies they should, they should invest in, they will hire proxy advisors to make

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those decisions for them. The-- and I'll, I'll be curious to the testimony, but I think that some of the larger investment groups that are investing for larger funds, investing a lot of money, are going to cast aside, likely, requests from smaller investors that--

KAUTH: Possibly. Mm-hmm.

JACOBSON: And, and the state of Nebraska could be a smaller investor in some of those big files.

KAUTH: In some of them, yes. I mean, we have a, a-- quite a substantial amount that we invest, but comparatively, yes.

JACOBSON: That could be a challenge.

KAUTH: Yeah.

JACOBSON: OK. All right. Thank you.

KAUTH: You're very welcome.

JACOBSON: All right. Questions from the committee? All right. Seeing none.

KAUTH: I am going to waive closing.

JACOBSON: Oh, good.

KAUTH: Sorry.

JACOBSON: Thank you, not a problem.

KAUTH: Thank you very much.

JACOBSON: All right. I'll ask for the first proponent. How are you doing?

MATTHEW du MEE: I'm doing great. Chairman Jacobson, members of the committee, my name is Matthew du Mee, M-a-t-t-h-e-w, last name d-u M-e-e. I work for Fusion Law, and I represent Consumers Defense. Before I worked at Fusion, I spent about eight years at a state attorney general's office doing consumer protection. Over 30 years ago, the U.S. Department of Labor issued guidance stating that fiduciaries must vote the shares of stock that they

hold because of the potential effect on shareholder value. Now, like many things I'm sure you run into, this guidance made legal sense, but not necessarily practical sense. From a legal perspective, fiduciaries have a responsibility to manage their investments in a way that maximizes value for the people they're holding those investments for. But in practical terms, this put pension plans and financial institutions in a bind, because if you have a well-diversified portfolio, by definition, you have investments in many different companies. The DOL guidance thus meant that fiduciaries needed to figure out how they should vote their stock in all those different companies. And, as the number of shareholder proposals have skyrocketed, figuring out which way to vote all of their shares became a more and more difficult problem for pension plans and for financial institutions. Proxy advisors came forward offering a solution to this problem. They would develop recommendations on all votes based on shareholder value, and then companies would simply pay a fee to get those recommendations from the proxy advisors. Companies saw this as a way to uphold their fiduciary duties without needing to spend significant amounts of money to analyze these proposals on their own. Now this situation created economies of scale it favored large proxy advisors who could cover all votes and sell those services cheaply to many different customers. And for years, two proxy advisors have controlled over 90 percent of the proxy advisory market. Those advisors are ISS and Glass Lewis, and both are foreign-owned. Last year, one of those two proxy advisers admitted under oath that it does not conduct a written financial analysis to assess the effect on the shareholder value before it makes recommendations. The advisor's representative also stated that it was not aware of any other proxy advisor making such financial analyses either. Well, this is a serious problem for two primary reasons. First, proxy advisors advertise that what they're doing is attempting to increase shareholder value, so there's a conflict between what proxy advisors are saying they're doing and what clients are actually receiving. Second, companies are depending on proxy advisors to meet their fiduciary duties to increase the value of their investments. If proxy advice isn't based on financial analysis, those fiduciaries duties may not be met. LB728 simply requires disclosure of facts when a proxy advisor is paid for a recommendation and that recommendation is to vote against company management. If a proxy adviser is not doing so based on a written financial analysis, the advisor must disclose that. If the proxy advisor is making that recommendation based on a written financial analysis, the advisor must make that analysis available to companies and their clients. Investors receiving

this information will be better able to evaluate whether following the proxy advisor's recommendation will increase the value of their investment and meet their fiduciary duties. Violations of the bill would be considered violations of Nebraska's Uniform Deceptive Trade Practices Act. This bill is an important and common-sense consumer protection measure. We appreciate the opportunity to discuss it with the committee.

JACOBSON: So, I'm curious. If there's only two firms out there and they decide they don't care what Nebraska law says, we're not going to do it. What's Nebraska supposed to do? What are-- what is, say, the Nebraska Investment Council supposed to do?

MATTHEW du MEE: Well, there aren't only two firms. They, they control 90 percent of the market, but there are competitors, and the competitors are starting to emerge more as people are realizing, wait, these recommendations that we're getting, even though they're very affordable, they're not necessarily based on a written financial analysis. So, some states or municipalities have been switching to other proxy advisors. Another alternative is to simply say, hey, this is our fiduciary duty, we need to do it in-house. JPMorgan Chase recently announced they're not going to use proxy advisors anymore, they're just going to do it in-house and use AI to help them make all these analyzes that they have to do. So, different solutions are emerging to this problem. This bill simply says information-- knowledge is power, transparency is important. And so if people are told whether or not their proxy advice is being based on a written financial analysis, then they'll be able to actually make an informed decision about whether to stay with that proxy advisor or do something different.

JACOBSON: OK. All right. Thank you. Questions from the committee? Seeing none, thank you for your testimony.

MATTHEW du MEE: Thank you, sir.

JACOBSON: Next proponent. All right, seeing none. Anyone wishing to speak in the opposition? Any opponents? I thought there'd be somebody out there.

NOAH TABOR: Thank you, Mr. Chair, and members of the committee. My name is Noah Tabor, last name is T-a-b-o-r. I'm the general counsel for United Church Funds. A lifetime ago, I was before this committee often in my role as a lobbyist for a health

insurance company, and learned a lot from Senator Williams. I think it's kind of fitting on a day we're talking vision plans and the Federation's up here; it's good to be in this room before you all again. My preacher mother said her prayers were answered when I came to work for my church. United Church Funds has been doing our investment work for over 100 years. We're the institutional investment partner for the United Church of Christ. UCC's got about 75 churches across Nebraska. When we think about investing and we think about faith, these things are intertwined. Our work to talk to companies about long-term risk, our work voting our proxies, our work then telling our story to our stakeholders. This is not transactional proxy advisor work, this is our ministry. But because of the way the bill is written and its broad definitions, this catches my church group in a pretty big way. So, if we want to flip our hymnals to page 2, line 17, is where our story starts. Because our church clients compensate United Church Funds for our work, because I produce reports and blog posts and stories that can easily be construed as analysis or advice, we are in the purview of this bill. And then, the weight of LB728 comes. The regulatory and compliance burden this bill would put on my ministry of-- we've got about 15 staffers-- it would be onerous to say the least. Written financial analysis, disclosures. And then my favorite part, on page 5, the enforcement mechanism. AG enforcement's enough to keep this country lawyer awake, but what really spooks me a bit more is the individual right of action this bill creates. When we think about our ministry, our work with our denomination, our work with our clients, we are active owners, we are responsible owners. We have a dual mandate: make money, do good. We take that very seriously, Mr. Chairman. We're excited to talk to members of the committee today and the bill author about ways that this bill could hopefully carve out non-profits. We stand ready to find solutions to allow the committee to work to get at the genesis, perhaps, of the large for-profit actual proxy advisors and allow folks like UCF to keep doing our ministry. Happy to answer questions today. Happy to follow up with you via email or call as well. The United Church Funds is very proud to be here in Nebraska with you all today. Thank you, Mr. Chairman.

JACOBSON: Thank you. So, you heard the bill introducer say that they're-- she's prepared to work with your lobbyists to make changes and carve this out. Specifically, your recommendation would be a carve out for, for non-profits, or a carve-out for religious non-profits, or, or, or what are you looking for?

NOAH TABOR: Yeah, I think-- I mean, the author and committee's discretion of kind of what's the best way to kind of work on this bill. I think we've seen in other states a definitional amendment that carves out non-profits. Would allow folks like my denomination and plenty others to continue doing the work we're doing. I think a definitional amendment taking out non-profits cleans this bill up very well.

JACOBSON: And you'd be OK with the bill after that?

NOAH TABOR: Yes, sir.

JACOBSON: All right. Thank you. Quest-- are there questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. Does this particular law exist in any other state that you're aware of?

NOAH TABOR: It's a good question, Senator Riepe. We are on a nationwide whack-a-mole with copycat bills near this bill, but they have their little flavors. As I understand it, the genesis for this bill came from a version from Texas a couple years ago. That is frankly markedly different, but talks about proxy advisors, transparency. This bill, very much in similar ways as in Indiana and Oklahoma and Kansas and Iowa, and other places this year. So, we're seeing a lot of bills quite like that this year.

RIEPE: OK. Thank you. Thank you, Chairman.

JACOBSON: Other questions? All right. Seeing none, thank you for your testimony.

NOAH TABOR: You're welcome, sir. Thank you.

JACOBSON: Next opponent testimony.

ANDREW COLLIER: Good afternoon. My name is Andrew Collier, and I am the director of the Freedom to Invest initiative at Ceres. I'm testifying in opposition to the bill as introduced. I'd like to thank Senator Kauth for her willingness to entertain an amendment to make the bill apply for only for-profits. On behalf of Ceres, a national non-profit that brings together investors and companies to address long-term financial performance, sustainability, and supply chain risk, I'm here today in strong

opposition of the currently-written LB728. Our network includes 175 institutional investors managing significant assets, and more than 80 corporate members. At Ceres, we work to support a strong and resilient economy by ensuring investors make their own investment decisions and engage companies on financially-relevant issues. Institutional investors hold shares in thousands of companies on behalf of their clients and beneficiaries. Each year, they must cast hundreds of votes at annual shareholder meetings on matters ranging from board elections to confirmation of, of auditors. Rather than duplicating costly in-house research on east-- each vote, many investors rely on outside research and analysis to help inform those decisions. The consulting firms that perform this research, analysis, and recommendations are called proxy advisors. However, this bill does not narrowly target proxy advisory firms. Instead, it broadly redefines who provides a proxy advisory service to include any entity that provides research or analysis on shareholder proposals. Under that definition, my nonprofit organization would be swept in simply for providing research and analysis to our paying members. If our analysis differs from company management, we would be required to make extensive disclosures and produce a written financial analysis. That requirement would chill independent research and effectively push investors to simply follow management's recommendation rather than make informed, independent decisions in the best interest of the clients and beneficiaries. The bill also creates significant litigation risk. It allows any shareholder, potentially someone holding just a single share, to sue an organization if they believe the analysis provided is insufficient. That creates a litigation magnet for bad actors that primarily benefits attorneys while potentially dragging Nebraska businesses into disputes and imposing unnecessary costs on nonprofits and investors alike. I respectfully ask that you oppose LB728 or support an amendment that exempts non-profits that do this work for their paying members who ask us to do exactly what the bill intends to prevent. Focus this legislation on large for-profit companies, not non-profits or churches or any other group like that.

JACOBSON: All right, thank you for your testimony. Questions? Seeing none. Thank you. Any other opposition testimony? Anyone else wants to be opposed? Yes.

MIKE GAGE: Good afternoon, Chairman Jacobson, members of the committee. My name is Mike Gage, M-i-k-e G-a-g-e, and I'm the

president and secretary-treasurer of the Nebraska State AFL-CIO. I'm here today to testify in opposition to LB728 as it was introduced. The reasons for this opposition include the fact that it harms working people's retirement security and silences shareholder voices, including union pension funds. LB728 claims to target proxy advisors, but its definition is so broad that it sweeps in non-profits, asset managers, pension advisors, and others who provide, provide research and voting guidance. That includes advisors relied upon by union pension funds to responsibly manage workers' retirement savings. Union members are shareholders. Their pension funds invest billions of dollars on behalf of teachers, firefighters, utility workers, construction workers, and public employees. Those funds depend on independent research to evaluate executive pay, corporate governance, mergers, safety records, and long-term business risks. This bill forces advisors to label recommendations against company management as suspect unless they provide a highly-specific written financial analysis that meets state-mandated criteria. If they don't, they must publicly declare that their advice was not based on such an analysis, and they open themselves up to lawsuits from the attorney general or even individual shareholders. That's not transparency, that's intimidation. The bill creates legal exposure simply for make-- simply for making recommendations that challenge corporate management. It discourages independent analysis, and pressures advisors to avoid controversial topics like excessive CEO compensation, workplace safety, labor standards, or long-term climate risk, even when those issues directly affect shareholder value. For union members, this means higher retirement risk, less accountability for executives, weakened ability to challenge reckless management decisions, increased legal and compliance costs that ultimately reduce fund returns. It also invites costly litigation allowing any shareholder to sue that creates uncertainty, raising administrative expenses, and could discourage firms from serving pension funds in states with this law. Most concerning, this legislation is mandated-- modeled after a Texas law that is currently being litigated over serious constitutional concerns of the First and Fourteenth Amendment. Nebraska taxpayers could end up footing the bill to defend a law that restricts speech and interferes with fiduciary decision-making. Union members work hard for their pensions; they deserve independent professional advice, not politically-driven restrictions that protect corporate executives from scrutiny. For these reasons, we respectfully urge you to not advance LB728 as written. Thank you.

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JACOBSON: Thank you, Mr. Gage. By the way, congratulations on your--

MIKE GAGE: Thank you.

JACOBSON: --rise to the President. Questions from the committee? All right. Seeing none. Thanks for your testimony.

MIKE GAGE: Thank you.

JACOBSON: Other opposition testimony? Anyone else that wishes to speak opposed? Any neutral testifiers? All right. Seeing none. Senator Kauth did waive her close. I would mention that there was 1 proponent letter, 2 opponent letters, 0 neutral testifiers, zero ADA letters. With that, that will close our hearing on LB728, and we'll move to LB793. Senator Spivey. Perfect arrival time.

SPIVEY: Thank you. I tried to time the right, Chair.

JACOBSON: Well, you've got it-- you've got this down.

SPIVEY: Thank you. I'm working on it. Well, thank you Chairman Jacobson and Vice Chair Hallstrom, and members of the Banking, Commerce and Insurance Committee. Did I get that right this time? And the opportunity to speak with you all today. I am Ashlei Spivey, A-s-h-l-e-i S-p-i-v-e-y, and I'm proud to represent Legislative District 13 in northeast and northwest Omaha, which we already established last time I was here is the best district across Nebraska. I am here today to introduce LB793, which updates Nebraska's minimum motor vehicle liability insurance requirements for the first time in nearly 50 years to better reflect modern vehicle prices, rising medical costs, and today's economic realities. This bill was actually brought to me by a constituent. They were in-- right outside of my district, 72nd and Maple area. There was a ton of construction, they were sitting actually at a light, and someone ran across the street and caused a four-car accident. And so, they were one of four cars, and they had issues with the insurance company because of liability limits on their property damage and getting their medical bills. It is coming to them at a prorated rate, so their insurance is having to step in to try to address some of the costs that were not covered, and they are pursuing litigation, which they talked about not having the money. And so, this actually came to me in the interim, and I was-- am happy to

bring it on behalf of that constituent and other folks that I heard from while sourcing this bill, that they've had similar situations. So, Nebraska's current minimum limits of \$25,000 per injured person or \$50,000 per accident when there are more than one injured person in the car, and \$25,000 in property damage were last meaningfully adjusted in the 1980s and no longer really align with the real cost of serious crashes. Under current law, when a crash results in a significant injury or property damage, minimum coverage is often exhausted quickly. The average new vehicle now costs more than \$50,000, compared with roughly \$11,000 when Nebraska last updated its limits. And healthcare costs have increased at an even faster rate. A lot of vehicles are also made now with technology, and so when you think about the cost of replacing a car, it's a lot more electronic technology pieces which cost additional dollars. Nebraska now ranks among the states with the lowest required minimum, minimum liability coverage in the country, with only six states-- Florida, New Jersey, Louisiana, Pennsylvania, Hawaii, and Iowa-- setting lower minimums. When coverage levels are set too low, this shifts financial risk away from the responsible driver and then onto the person that was the victim of that accident. So, LB793 addresses this gap by increasing Nebraska's bodily injury liability limits from 25/50 to \$50,000 to \$100,000, and increases the property minimum from \$25,000 to \$50,000. These updated limits better match the actual cost of medical care and property damage; it strengthens financial protections for accident victims, and reduces the likelihood of uncompensated losses. Importantly, states that have raised their minimums in recent years have actually experienced smaller premium increases in the national average. Insurance premium pricing is pretty complex, and I am not in the insurance industry, but I was researching again, like, how do you come about how you look at premium-- insurance premiums, and there are a number of factors that are included in that. Some of the biggest factors being the frequency and severity of auto accidents in a state, which is really influenced by road maintenance, traffic safety spending, speed limits, belt and helmet laws, the average price of vehicle repairs in the state, and the cost of medical services in the state. So, there's really no evidence that increasing liability minimums leads to higher uninsured driver rates. I know that was some of the opposition from the testimony online that was submitted. And to better illustrate this point, Florida has the nation's lowest minimum liability limits and the nation sixth-highest uninsured motorist rate, while Maine, on the other hand, has the second-highest minimum liability limit and has the lowest uninsured

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motorist rate than any other state. So, LB793 modernizes Nebraska statute to reflect present-day conditions while maintaining a competitive and stable insurance market. I put some information with your synopsis or overview of the document around a study that I pulled that speaks and illustrates some of this data points. And I will be happy to answer any questions that the committee may have.

JACOBSON: Questions from the committee? Senator Hallstrom, you sure you don't have a question in there?

HALLSTROM: I'm pondering, but go ahead.

JACOBSON: [INAUDIBLE] I gathered that. All right. If not, thank you. Will you stay for your close?

SPIVEY: Absolutely.

JACOBSON: All right.

SPIVEY: Thank you, Chair.

JACOBSON: All right, I will ask for the first proponent who would come forward and speak.

MARK RICHARDSON: Good afternoon, Chairman Jacobson, member of the committees. My name is Mark Richardson, M-a-r-k R-i-c-h-a-r-d-s-o-n. I'm here today testifying on behalf of the Nebraska Association of Trial Attorneys in support of LB793. I like to think of myself as a product of the conservative Nebraska culture that I grew up in. I'm from a small town, North Bend, Nebraska. I went to the Air Force Academy for a couple of years. I graduated from Nebraska Wesleyan here in Lincoln, and I was a banker for seven years before I went back to law school. One thing that my parents and my teachers and coaches taught me was the importance of personal responsibility. And I truly believe that when we talk about the minimum limits in the state of Nebraska, this is fundamentally a question of personal responsibility. It ensures that the person that causes the damage to someone else is the person that is ultimately held responsible for that damage, not the injured person, and not the Nebraska taxpayer. As Senator Spivey so accurately talked about, medical bills-- I mean, the, the, the-- this was increased from \$20,000 to \$25,000 in 1983. I think it took effect in 1984. Medical bills since then have obviously gone through the roof.

You could just look at the average cost or the average bodily injury claim in the state of Nebraska. The National Association of Insurance Commissioners puts out a report once a year that details the last-- the three most available years of the average bodily injury cost claim. And again, this number-- these numbers include claims that are \$100, \$200 nuisance claims, which would drag this down. Presumably, these number include-- or, do not include significant claims that are under the protection of confidentiality and are not to be disclosed outside the, the, the people that have settled the case. In 2020, the average claim-- 2020, the average claim was \$19,650; in 2021, \$21,000; in 2022, \$22,800. If you extrapolate that out, we are now in a spot where the average bodily injury claim is over \$25,000, and yet we're operating under minimum limits that were set in 1983 that don't even cover the actual average case. That leads to a lot of clients, a lot of my clients, who even on these small cases where we end up waiving our attorney fee in total, 100% waiver, we still end up with clients on Medicaid, we still end up with clients on disability, and I've had multiple clients that have still ended up having to file bankruptcy because \$25,000 minimums, minimums aren't enough to cover even mid-level cases, let alone the actual catastrophic cases. So, for those reasons, Nebraska Association of Trial Attorneys is in support of LB93 [SIC] and would like to see this passed out of committee. Appreciate your time today.

JACOBSON: So I'm, I'm, I'm curious. You mentioned the personal responsibility, but really, the individual's personal responsibility who caused the accident, really, their insurance company takes the personal responsibility don't they? On their behalf.

MARK RICHARDSON: Well, sure, I mean presumably--

JACOBSON: OK. So, it's really not personal responsibility, it's the responsibility of my insurance company to pay.

MARK RICHARDSON: Senator, I respectfully disagree with that. I, I--

JACOBSON: So, it's if you're insured, they wouldn't pay the, the, the insurance company would not pay?

MARK RICHARDSON: Well, it's the individual that has gone out and gotten the insurance and paid the premium for that coverage. That is the person that is taking on that risk.

JACOBSON: That's the personal responsibility.

MARK RICHARDSON: Absolutely.

JACOBSON: Which they're doing today at \$25,000.

MARK RICHARDSON: Correct.

JACOBSON: OK, and we're going to double it instead of just increasing it. Or you were asking, [INAUDIBLE] we should double it.

MARK RICHARDSON: Absolutely. Based on where the numbers are today, I think doubling it is 100% warranted. And again, that's not saying that the person that is having to pay for the premiums-- we understand that we are asking you to raise premiums on the individuals who pay for minimum limits. It's not a huge number. I looked that up. If you go from a 25/50 policy to a 50/100 policy, at least for the three insurance companies that I looked up online, it was an average of \$2 to \$3 a month. I'm not downplaying that; \$2 to \$3 a month is a gallon of milk for a family that might be struggling with money, but it is the right financial responsibility answer for the state of Nebraska to protect the people that are on the roadways.

JACOBSON: So, would you agree, though, that, that with higher limits, there would be higher premiums?

MARK RICHARDSON: For the people that are paying for those higher limits, absolutely. That is part of this.

JACOBSON: Thank you. Other questions? Senator Hallstrom.

HALLSTROM: Have you done the computation of where we would be under CPI between 1983-4, when the last change was made?

MARK RICHARDSON: I have not done that computation. I'd be happy to get that done, and we can talk about that if it's something that would change the opinion of members of the committee.

HALLSTROM: Thank you.

JACOBSON: Other questions? Senator Riepe.

RIEPE: Thank you, Chairman. Do you have any idea of how many people this would force them to just not have insurance? You know, uninsured motorists is already a huge problem. Prices go up a little bit more with every dollar, there's a certain more-- a certain number that people that are probably just say the heck with it and--

MARK RICHARDSON: That is certainly a risk. Now, again, if you're going to license your car, you're going to have to have proof of insurance, so there are safeguards that are already in place for that. I think Senator--

RIEPE: Yeah. We both--

MARK RICHARDSON: Oh, I'm sorry.

RIEPE: Sorry. We both know how that works, though. You take it out and cancel it.

MARK RICHARDSON: Sure. Yeah. And there are only so many safeguards you can put in place. I would say I think what Senator Spivey spoke to in her opening statement was directly on point, which is the state that has the lowest amount of required insurance is the sixth-highest uninsured state, whereas the, the state with the highest level of coverage requirements is also one of the highest rates of, of, of insured individuals, the lowest rates of underinsured. So, those two across the country, at least, do not correlate.

RIEPE: OK. Thank you, Chairman.

JACOBSON: Other questions? All right. Seeing none, thank you for your testimony.

MARK RICHARDSON: Thank you, Senators.

JACOBSON: Next proponent. All right. Seeing none. First opponent?

ROBERT M. BELL: Good afternoon, Chairman Jacobson, and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell, last name is spelled B-e-l-l. I'm the executive director and registered lobbyist of the Nebraska Insurance

Federation, the state trade association of insurance companies. I am appearing today in opposition, respectful, to LB793. I've been also asked to add the American Property and Casualty Insurance Association to my opposition testimony. I'm proud to say the Nebraska Insurance, Insurance Federation membership includes the top 10 writers of private auto insurance for Nebraskans. These top 10 writers include nearly 84 percent of the total market share, according to the National Association of Insurance Commissioners. As you've already heard, LB783 would double the current minimum amount of mandated coverage for private passenger "automo" insurance-- automobile insurance. The current 25/50/25 is the most common level of minimum insurance in the United States according to the Insurance Information Institute, and Nebraska is also one of 15 states or so requiring drivers to also have both uninsured and underinsured coverage on top of the minimum limits. So-- and Nebraska's uninsured rate is, I believe, 9.5 percent, so we rank in the top 10 of uninsured rate in the Unites States. Go Nebraska. In a perfect world, no minimum limit would be required by law. While I do not have the stats in front of me, I want to believe that most Nebraskans are concerned about the financial protection and have far mo-- far more auto coverage than is required by Nebraska law. The Legislature does not need to pass mandates to make requirements on those who already are responsible, so this mandate falls on those who are forced to buy coverage, or those that-- who would otherwise not buy coverage without the mandate. Those individuals who struggle to afford auto insurance will not be benefited by doubling the minimums. The premiums will increase perhaps to a level they cannot afford, where they cannot afford insurance, and may drop auto insurance when they have to make decisions related to what goods and services they provide to their family. These mandates affect Nebraskans at the margins, and insurance companies are concerned about-- that LB793 would drive up the uninsured rate in our state. Finally, the auto insurance market seems to be working fairly well in Nebraska. Nebraska does have a residual market for auto insurance for individuals who cannot find auto insurance in the open market. Less than 10 Nebraskans use this residual market. Doubling of these limits could make finding coverage for some Nebraskans more difficult. For those reasons, the Nebraska Insurance Federation respectfully opposes LB793. Appreciate the opportunity to testify.

JACOBSON: Thank you. Questions? Yes, Senator Bostar.

BOSTAR: Thank you, Chair. Thank you, Mr. Bell. You mentioned that the 25/50/25 was the most common in the United States?

ROBERT M. BELL: Yes.

BOSTAR: By what measure?

ROBERT M. BELL: I don't know. I can get you that information. I have all the states right in front of me, but--

BOSTAR: Like, is it just, like, number of states? Is it--

ROBERT M. BELL: Oh no, it's, like, it's, like, half or more of the states, I believe. So, 15 of the states have similar coverage to Nebraska with 25/50/25 and UI/UIM to boot. But I can get you the specific information, Senator Bostar.

BOSTAR: [INAUDIBLE]

JACOBSON: Other questions? All right. Seeing none, thank you for your testimony.

ROBERT M. BELL: You're welcome.

JACOBSON: Next opposition testimony. How are you?

MATT HOLMAN: Good, how are you?

JACOBSON: Good.

MATT HOLMAN: Good afternoon. Chairman Jacobson, members of the committee, my name is Matt Holman. That's M-a-t-t H-o-l-m-a-n. I'm with Farmers-- well, FMNE insurance company, formerly Farmers Mutual Insurance Company of Nebraska.

JACOBSON: A good catch.

MATT HOLMAN: Working on that. We're the leading Nebraska-based insurer of homes, farms, and automobiles in the state of Nebraska, here today in opposition of LB793, which, as you know, will double the required minimum limits of liability and UM-- UIM coverage for auto policies. We've talked quite a bit about what the liability coverage is and the current minimums of 25 and 50, but I will add in that also in Nebraska, we have a requirement for mandatory 25-50 limits for UM and UIM, which

we'll talk about on the next bill, I think. But it's important to know that in Nebraska that UIM limit sits on top of the underlying liability coverage; there's no offset, like there are in many states, so some of them, when we talk about other states and other limits, it's not always apples-to-apples because Nebraska has that UIM limit on top of and in addition to the full underlying liability. It's not offset. So anyway, when you add those two together, very minimum limits, you've got the minimum of \$25,000 liability coverage and the \$25,000 of UIM to cover injuries for an auto accident. My numbers are a little bit different than what was presented earlier as far as states. As of 2024, the information my team pulled together was that 43 states have required BI limits of 25/50 or less, and there are only two states, Alaska and Maine, that have the \$50,000/\$100,000 of liability coverage limits that are requested in this bill. And those states are a little different; in Alaska, there is no UIM/UM mandate, and in Maine, the UIM limits are offset, like I mentioned earlier. So, if this bill were to pass, it would put Nebraska's minimum limits either higher than or at the very top of the list amongst all of our states. At FMNE, we want to be able to continue to offer a product to the public that provides adequate protection for most claims, but at an affordable price. Doubling the minimum limits will, as has been mentioned, increase costs. With our company's rating, going from 25/50 to 50/100 would result in premium increases of about 68 percent for those liability coverages. And that's per vehicle too, so if you've got a family of four with two teen drivers, and you've got minimum limits on all your cars, that's going to be increases for all of those. So, it's-- really, it comes down to a policy decision. FMNE is-- believes the better policy decision is to have more insured drivers rather than raise the minimum limits and make it a hard choice for folks to go without insurance and increase the uninsured rate in Nebraska. So, with that, happy to take any questions.

JACOBSON: Thank you for your testimony. Questions from the committee? Senator Hallstrom.

HALLSTROM: Would an offset system be something we should consider then, if other states have done that?

MATT HOLMAN: I mean, I think it all comes down to how-- you know, what the policy provision is, right? I mean, at the end of the day, the insurers are going to write for the coverage they have to provide. So, I'm not probably prepared to say whether

that's a better system or not today, but certainly something we'd consider. I think a lot of states-- and this will get in a little bit more into the stacking later, but states that kind of have higher minimums or have those stackings also tend to have the offsets a little bit, so it's not quite as-- a higher limit as it looks like on paper.

HALLSTROM: Do you know what the average cost of the uninsured, underinsured motorist is today?

MATT HOLMAN: For that coverage, I don't-- I certainly don't know across this-- the industry.

HALLSTROM: Well, I was trying to do the math. One of the witnesses said it was \$2 or \$3 a month, which would be \$24 to \$36 a year. So, 68 percent increase-- it must not be very expensive right now.

MATT HOLMAN: Under our rating system, my actuaries tell me it would be an average policy premium of \$150 a year increase, and that's an average, right? So, if you have more if you have more--

HALLSTROM: So, there's a significant difference of opinion. OK. Fair enough.

MATT HOLMAN: And-- but that's also-- I mean, that's going to vary by company, right? And rating system, and, and all of that.

HALLSTROM: Fair enough. Thank you.

JACOBSON: Other questions? Seeing none, thank you for your testimony.

MATT HOLMAN: Thank you.

JACOBSON: Other opposition testimony?

PHILLIP ARNZEN: Good afternoon, Mr. Chair, members of the committee. My name is Phillip Arnzen, P-h-i-l-l-i-p A-r-n-z-e-n. I'm with the National Association of Mutual Insurance Companies, known as NAMIC. We're a nationwide trade group that represents property casualty insurers. We have members of all sizes from national carriers that are household names down to smaller farm mutuals that might only cover a few counties. Many of our

members are also domesticated in Nebraska, and have been so for over a century. But we're in opposition to LB793 for the mention-- or, for the, you know, reasons mentioned by the previous witnesses. You know, another thing I'll add is this also takes away consumers' options as well. You know, most, most of our companies and also agents are going to recommend somebody get higher than the minimum coverage level. Many times, when somebody does have that minimum coverage, there is a reason for it. They might have a good driving record, but that's all they can afford is that minimum. Or, they may have a bad driving record, a lot of speeding tickets, maybe a DUI or something like that. And so, the only thing they can afford is that minimal coverage level. And if you double it, you know, I, I don't want to say flat-out rates are going to go up, but I would-- it'd be very difficult to see how premiums will not increase if you're doubling the coverage for somebody that is a very risky driver. And so, we think that that could cause an increase in the number of uninsured motorists, which is also going to raise the cost of uninsured coverage for other folks. So, for that reason of everything else that's been mentioned, and then also, just takes away consumer options.

JACOBSON: Questions from the committee? Not to get too much in the weeds, but obviously, if, if I were hit by, by a motorist and it was their liability, and they had liability limit of, of \$25,000 and my cost was significantly more than that, then my health insurance, my own auto insurance would kick in; they would have subrogation rights to the \$25,000, and they would cover the, the balance of it. Is that not how this kind of works?

PHILLIP ARNZEN: I believe so. Go to my insurance expert back there--

JACOBSON: OK.

PHILLIP ARNZEN: --on health-- on the health side.

JACOBSON: All right. Thank you. Other questions? All right. Seeing none. Thanks for your testimony.

PHILLIP ARNZEN: Thank you.

JACOBSON: Any other opponent testimony? All right. Any neutral testifiers? All right. With that, Senator Spivey, you're welcome

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to come and close. And meanwhile, we had 3 proponent letters, 1 opponent letter, 1 neutral letter, just to note that, and no ADA.

SPIVEY: Well, thank you, Chair Jacobson, and members of the committee. I appreciate your time and attention to this. I know y'all have some bills that are kind of interrelated. Senator Rountree will be up later today. Some of the opposition did reach out to my office, and I would be happy to try to work through understanding how we can find a middle on this. And as I mentioned in my opening, I do think it's important to make sure that the person that is the cause of the accident is bearing the brunt of that. Again, this was brought to me by a constituent who was involved in a multi-car crash, not their fault, where their insurance-- and they're possibly looking at litigation to explore how do they recover the impacts of their property damage and the bodily harm that was caused, because there wasn't enough liability. And so, I can understand where some of my insurance folks are coming from in the industry. Would be happy to think through that, because I want to make sure folks have what they need so this doesn't become a barrier to them as they are navigating serious industry-- injuries and harm. So, with that, I'll be happy to answer any additional questions the committee has.

JACOBSON: Questions from the committee? I would note anecdotally the-- Senator Riepe brought it up earlier, the-- how many-- I had a semi that hired man was driving, came over the [INAUDIBLE] overpass, had someone pull out in front of him, and they just blew the stop sign, and--

SPIVEY: Wow.

JACOBSON: --and he-- it was an accident. Significant damage to my truck. They didn't have insurance, which is going to deal with next.

SPIVEY: Yeah.

JACOBSON: And they didn't had insurance, so the question is, how did they get the van licensed? Went and got insurance, got the, got the vehicle licensed, and then proceeded to cancel the insurance, so there's no ability to ensure that they continue to stay insured.

SPIVEY: Yeah.

JACOBSON: And so, then my policy had to pick it up entirely, which it did. So, there's a number of issues like that as well that are out there when it comes to motorists that probably shouldn't be drying-- driving that are, that-- there was a stop sign, but they, they were coming off the interstate and they--

SPIVEY: [INAUDIBLE].

JACOBSON: --thought that the ongoing traffic going on the highway there had stopped.

SPIVEY: Oh, wow.

JACOBSON: Even though there was a stop sign there, so.

SPIVEY: Well, and to that point, Chair, I think, too, you know, when-- if you owe on a vehicle, you're supposed to have it in your, you know, the company that has the loan is supposed to check in and kick in, which, again, like, where is that kind of oversight and management? And I have even seen from, like, my insurance company around for the uninsured motor "vehicleists" that sometimes it's difficult for my insurance. Like, they don't want to pay because they're, like, well, you need to go after this other company. And I'm, like, well, who? Who's going to help me? I'm not an attorney, and who's going to pay-- you know? So, it's, it's-- it becomes of the kind of shifting of blame, and it's really difficult when you just-- like, you need a vehicle here, right? Like, you need to get kids around, do the things that you need to do, and you want to do it safely. So, I appreciate you sharing that, and I'm open to working with this committee on thinking about kind of all the bills that are in front of you. What would that look like? Is there a piece of this that folks can live with and feel comfortable with? So, I would be happy to work with the committee on any parts and pieces that you think are appropriate. So.

JACOBSON: Thank you. Thank you. Appreciate it. All right, if that-- nothing, no other questions, that concludes our, our--

SPIVEY: Thank you.

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JACOBSON: --hearing today on LB793, and we'll move on to LB1042. And Senator Rountree is here anxiously waiting. Have you been before our committee this year yet?

ROUNTREE: I have not.

JACOBSON: Wow, you're in for a treat.

ROUNTREE: I know. I looked at all these statements, and I'm, like, yes. I did like the question that you asked because I do have a constituent that will talk about that. I'm going to ask them back [INAUDIBLE].

JACOBSON: Great. You're welcome to open.

ROUNTREE: Good afternoon, Chair Jacobson and members of the Business, Commerce and Insurance Committee. My name is Victor Rountree, V-i-c-t-o-r R-o-u-n-t-r-e-e, and I represent District 3, which is made up of Bellevue and Papillion. Today, I'm here to introduce LB1042, which would allow for stacking of insurance coverage in the event of a car accident. LB1042 allows for the stacking of multiple insurance policies when a crash occurs and the driver and passenger are not related and living in the same household. So if you are driving a friend to a Husker game and on the way you are in an accident, you would be able to use your insurance policy and your friend's insurance policy to cover damages. Under current law, if I have \$50,000 worth of insurance and my friend had \$25,000 worth of coverage, the coverage limit would be the highest, which is-- this case it's \$50,000. But under LB1042, these two policies would be able to stack or overlap, and the maximum coverage would be \$75,000. Under the current statues [SIC], people are frequently left with life-altering medical debt because they're unable to use their own insurance that they pay for when in an accident. I believe it is common sense and fair to allow Nebraskans to assess the full amount of their policy which they pay. As prices soar on everything, including medical expenses and insurance policies, it is important that we work to make life more affordable for our constituents. When you are in an accident and need serious medical attention, you should not have to be worried about whether you are even allowed to access the coverage you pay for. Your focus should be on recovery, knowing that you have a solid financial footing to lean back on. There are currently about 30 states that seem to allow insurance stacking in some form or another. Similar concepts to LB1042 have been brought before

this committee in previous years. I believe former Senator Matt Hansen and Senator Dungan have carried this legislation in previous sessions. Thank you for your attention to this bill, and there are lawyers who specialize in this area of law and can better explain the nuances and individual cases that pertain to LB1042 that'll come behind me. I believe this is a bill that so many Nebraskans would benefit from, and hope we are able to advance this legislation. With that, I would be happy to answer any questions you may have, but knowing there are more experience behind me that can answer it better. Thank you.

JACOBSON: Thank you for that. Thank you for the open. Will you stay for close?

ROUNTREE: I will stay for close.

JACOBSON: All right. Well, thank you. I'll ask for the first proponent testifier. Senator Dungan, welcome back to the hearing.

DUNGAN: Here I am.

MARK RICHARDSON: Hello again, Senators. I'm still Mark Richardson, M-a-r-k R-i-c-h-a-r-d-s-o-n, and I'm still here testifying on behalf of the Nebraska Association of Trial Attorneys. While I appreciate Senator Rountree's pluralization of attorneys coming after him, it's just me, so if you have questions, make sure you get them to me. I think Senator Rountree did a great job of explaining what the stacking issue is. And the, the, the policies that get wiped away, the example that I always like to use is I have life insurance that I went out and purchased to make sure that I was protecting my family. My-- I work for a law firm. The law firm has bought life insurance on me as well, for very-- various reasons. If, if life insurance worked the way you and-- you I and work, my own insurance company that I paid the premium to would get to come in and look at what the policy was that I was going to take from the policy that my firm got for me and say, well, since your wife and kids are going to get some benefit from that policy, we don't have to pay you out our policy. We, we get to just use theirs, and we don't have to pay under hours. I can't imagine anybody would believe that that is how the, how the deal should work. If LB793 was about personal responsibility, LB1042 is about both parties simply require-- being required to hold up each end of their-- the bargain that they, that they signed up

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for. When we have to explain to clients that yes, I know you were a passenger in this vehicle, but-- and I know you paid for your own insurance, I know you paid the premiums, but you don't get a penny from your own policy because of the stacking provision, or anti-stacking provision. Every single time we get left with the-- I don't understand why this is, how this works; this is not what I would-- thought I was signing up for when I got coverage on my policy. And to drive the point home for how egregious the anti-stacking can get, we have had an insurance company that came into a judge-- into the courtroom and argued to a judge that our own client should not be able to stack their umbrella coverage on top of their underlying coverage. The language of the anti-stacking is so broad that it arguably-- and we, we were OK on that when the judge, the judge did the right thing there. But the, the-- if you look at the language as it's currently written, it is broad enough to potentially exclude your own UIM coverage because of your underlying policy, which is just simply not how this should work. LB1042 is limited in scope. We brought this bill ten years ago, and the constant refrain we heard was, well, wait a second. What if you have that situation where you have your, your car, your spouse's car, your two kids' car, you have four policies all written under the same State Farm or Farmers Mutual or whatever, and are you, are you going to get a multiplier effect because you have all those? Arguably, I'd say, well wait a second, are you paying all premium for all four of those? Because if you are, you should probably get the benefit of it. But we heard that, and we're willing to compromise. So, we've taken out that scenario. This bill is limited; it only applies to when you are in somebody else's vehicle and the person injured or, or the two policies that are potentially in play are owned by different individuals that aren't from the same household. So, we've tried to be cognizant of that as we put this together. I've done this before on this bill. I, I know that there's going to be, again, the question of, hey, if you do this, is it going to raise premiums? I get it. The-- it-- there's, there's a chance that premiums could go up if you're asking for additional benefits. But that's when premiums should go up. If you are actually getting an increased benefit from your policy, that would be the time where I'd say, yeah, premiums going up make a little bit of sense. It's-- juxtapose that to the last five years for me personally at least. I have had the premiums on my auto policy go up every single year, and I have the same exact benefit. So, the premiums are going up regardless. It's nice when we can have the premiums tied to an actual tangible benefit that our clients can actually get. So, we look at LB1042 as a meeting-in-the-middle type

approach to stacking, and I am happy to answer any questions that the committee has for me with respect to the bill.

JACOBSON: So, I'm still trying to wrap my mind around that comparison to the life insurance, and I'm just [INAUDIBLE] going to have to put that off to the side for now. But are you saying that-- it seems to me that when I get underwritten for my premium, it's based upon my driving record, my age, all of these other things that go into it. So, if I become a passenger of someone who has 3 DUIs, just came out drunk, and I get in the car with him and he's in an accident and I'm injured, that my company should pay for part of the cost because his, his is maxed out?

MARK RICHARDSON: So, I guess my question there, Senator, would just simply be, was it, was it the fault of the driver that you were in the car with? Because this would be when somebody else outside of the car-- I'm not sure how-- like, with UIM, UM/UIM, there's no way to underwrite this for age and driving responsibility because this is, this is in the event of somebody else's negligence, not your own, not your own proclivities for driving.

JACOBSON: Right.

MARK RICHARDSON: So, you know, how the actuarial [INAUDIBLE] is important.

JACOBSON: But I'm, I'm in the vehicle with somebody else, and it may have concluded they weren't at fault, but I was in their vehicle.

MARK RICHARDSON: Sure.

JACOBSON: And, and so, you're just saying automatically those policies should stack?

MARK RICHARDSON: Correct. The driver's policy-- because it is well acknowledged that in that situation, the owner of the vehicle, their policy is primary, so it's first up. So, it pays up to the level of your damages. Obviously, if you'd-- if that's enough to cover all your damages, then you don't need to. But if their policy's not enough, then your policy is secondary and would come in-- under this bill, it would come over the top.

Under the current situation, a lot of times, you don't get any benefit.

JACOBSON: I give high marks for the creativity, I, I would say. Senator Riepe.

RIEPE: Thank you, Chairman. I come out of the hospital industry business. We have coordination of benefits. No one profits from it. When it's all said and done, people get paid who deserve to get paid, but nobody can make it that they can have multiple policies. Pretty simple, has worked for years.

MARK RICHARDSON: I'm not quite sure--

RIEPE: Well, I'm just saying if you have multiple plans, you're not going to collect from each one of those plans under a coordination of benefits.

MARK RICHARDSON: Senator, I would say we have many situations where we do collect from both plans, if the, if the--

RIEPE: I'm saying you wouldn't under collaboration or coordination of benefits, you wouldn't. You may now, but you wouldn't under the coordination of benefits.

MARK RICHARDSON: I don't think there would ever be that type of--
- I understand where you're coming from with that, Senator.

RIEPE: But there could be.

MARK RICHARDSON: There could-- I don't see the path towards that. Because, like, right now, we certainly always collect from the liability carrier and then coordinate with the UIM carrier. Here-- and, and the statute as written right now-- and this part of the statute would remain intact. There's a prioritization schedule which says owner is first, then personal is second. So everybody knows the, the, I guess the pecking order of which-- in which order they have to pay in. So, that's already written into the statute, and we would keep that to avoid, I think, that kind of situation from unfolding.

RIEPE: OK. Thank you, Chair.

JACOBSON: Other questions? I know Senator Hallstrom always enjoys questioning trial attorneys.

MARK RICHARDSON: He does, and we appreciate those questions.

JACOBSON: He missed his opportunity. All right. Thank you for your testimony.

MARK RICHARDSON: Thank you, Senators.

JACOBSON: Are there any other proponents? Seeing none, let's start to take the first opponent. You going out of order just to mess with us, or what?

MATT HOLMAN: Just trying to keep you on your toes. Thank you again. Good afternoon, Chairman Jacobson. I'm still Matt Holman M-a-t-t H-o-l-m-a-n with FMNE insurance company. Respectfully, there are more attorneys that were following. Anyway, I'm here today in opposition LB1042. We talked about what it'll do. I just want to kind of give an example of how this would play out. Because of the way the bill is written, really, it's going to apply, like we said, when you're riding in a, in another person's vehicle, have an accident from an at-fault driver. In that case, first, if you're injured-- so you're riding in your friend's car, another party comes and injures you, you're injured, you first have access to the at-fault driver's liability insurance, which under current Nebraska law is \$25,000 minimum. If that's not enough, you look to the UIM of your friend who owns the car which again is a minimum \$25,000. And that coverage, as I mentioned before, that sits on top of the liability coverage, which is different than many states which have an offset for that. So, again, even if everybody has the minimums, you've got that \$50,000 right there. And then if that's not enough, you can tap into your own UM/UIM coverage to the extent that that coverage exceeds the UM/UIM coverages on your friend's vehicle. So, for that U-- UIM, if your friend had the minimum of \$25,000 and you've got \$500,000 of UM/UIM coverage on your policy, you get the 25 from your friend and you get \$475 from your own policy. And I think that third layer is, is what's important because it's kind of the existing solution to any perceived problem here. You can always buy more coverage on you own policy if you want that additional protection. The protect-- it-- that-- that's the protection that you choose. You can take those steps and, and get that coverage, but it isn't a mandated coverage that everyone is forced to pay for. I think, you know, insurers, at the end of the day, we're going to price our products based on the coverage that we're providing, and we're providing that coverage in the context of existing

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Nebraska law. So, when the argument is made that you-- you're not getting the coverage you paid for, well, respectfully, you are getting the coverage paid for. We priced it based on the-- how Nebraska law operates today. So, again, we think that a solution already exists. You have the opportunity to up your own coverage to protect yourself if so wanted, and we'd ask that you respectfully not advance this bill out of committee. Happy to answer any questions.

JACOBSON: Thank you. That's very informational. Questions? If not, thank you. I'm guessing you've got another testifier or two behind you.

MATT HOLMAN: Also an attorney, I think.

JACOBSON: I, I know. That's-- Mr. Bell, I kind of forgot you were an attorney.

ROBERT M. BELL: An attorney, but I haven't been to court since law school, so.

JACOBSON: All right. That's good.

ROBERT M. BELL: Don't hold that against me. Give it to-- credit, whatever. Chairman Jacobson and members of the Banking, Commerce and Insurance Committee, my name is Robert M. Bell, last name is spelled B-e-l-l. I'm an executive director of registered lobbyist for the Nebraska Insurance Federation. As you know, we're the state trade association of insurance companies in Nebraska. Again, I'm here in opposition to LB1042. I've also been asked to add American Property and Casualty Insurance Association to the opposition for this testimony. As you've already heard, this would change our current statutory regime around stacking. It's definitely, as Mr. Richardson pointed out, more restricted than some of the stacking bills we have seen in the past. Though, as I think Senator Rountree may have mentioned, this was similar to a bill that was introduced by Senator Hansen, Matt Hansen, in 2019. You know, similar to our last bill, I would just say the most cost-sensitive Nebraskans are the ones that are hardest-hit by increases in auto insurance, which is one of the few mandated coverages in this state. Or, at least it's mandated if you own and drive a vehicle. The allowance of stacking will definitely lead to higher premiums. I think the proponents admit that, and we believe higher premiums will lead to more uninsured. Luckily,

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there are many other insurance products that exist on the market. First, of course, you can increase your own insurance under UIM. You can also protect yourself from the financial costs of injury, and an individual then would purchase other types of coverage, such as health insurance, disability insurance, income protection coverage, long-term care, et cetera. These are life and health products that are readily available to Nebraskans who can afford such coverage. I could not figure out how to work in vision insurance into that particular list though, so. But for those reasons, the higher premium, mainly, the Nebraska Insurance Federation respectively opposes the passage of LB1042. I appreciate the opportunity to testify in on the life insurance example. Of course, you're getting priced and underwritten very differently than you are for auto insurance, so we don't take that into consideration when we price auto insurance. Or, we do take into consideration that stacking does not exist in Nebraska, is probably a better way to say that.

JACOBSON: Thank you. Questions? I see none. I didn't realize you were an attorney. I'm [INAUDIBLE].

ROBERT M. BELL: That's-- actually, that's really fair. So-- but I am.

JACOBSON: Thank you. Next opponent.

PHILLIP ARNZEN: Good afternoon, Mr. Chair, members of the committee. Phillip Arnzen, P-h-i-l-l-i-p A-r-n-z-e-n, here on behalf of NAMIC. I am not an attorney, so I guess I'm the only person testifying that is not. So hopefully, you don't ask me too difficult of a question. But we're in opposition for the previous reasons mentioned. And then, I mean, one thing to, to add on that is this is really going to complicate-- this would complicate underwriting. If insurers are having to underwrite for somebody else's vehicle, they don't know what that is. When they write my insurance, they know that it's a four-door sedan, fairly late model, so it's going to be fairly safe. What if you're riding in a, you know, 1970 Volkswagen Beetle? Not exactly a large car, not exactly a safe car. Something that would probably not be a big accident in my car in a Volkswagen Beetle could be a potentially catastrophic accident. And so, that could add a lot of, again, unknown risk and potentially cost to insurers that are writing in Nebraska. So, with that, I'll take any questions

JACOBSON: Thank you. Questions? All right. Seeing none, thank you for testimony.

PHILLIP ARNZEN: Thank you.

JACOBSON: Thank you for not being an attorney. Other opponents? Anyone else [INAUDIBLE] speak opposed? Any neutral testifiers? All right. Seeing none, Senator Rountree, as you make your way to the back for your close, there were 2 proponent letters, 0 opponent letters, and there was 1 neutral letter. And there were no ADA letters.

ROUNTREE: Thank you so much, Chair Jacobson, and members of our committee, and for all of the testifiers, proponent and opponent. As I was sitting over listening to all the testimony, thinking about the question that was last asked with our previous bill that was there, I just did a little quick look, and I happened to look at the American Association for Justice, AAJ, and it says here as of 1 April 2025 the insurance industry is quietly making record profits. According to AM Best, property casualty insurers made a record \$169 billion in profit in 2024, even as they raise prices and push for laws. I'll let the rest of that go and let that kind of settle into the testimony that we've heard here today. Currently, there are 32 states, 32 states in our great United States that allows a form of stacking. So, 32, record profits, increased premiums. I'll let that settle where it is. But we're willing to talk with our opponents, and I'd like to see a type of this bill go forward out of this committee. We'll-- if I'll try to set a meeting, we can draw that together and have an opportunity to talk and discuss and get a bill that we can move forward. And with that, sir, I-- I'm open to any questions.

JACOBSON: Thank you. And can I ask, for the record, this is not a priority bill of yours, is it? Or, not--

ROUNTREE: It's not my priority bill.

JACOBSON: It's not a priority bill? Thank you.

ROUNTREE: My priority bill will be on the floor tomorrow.

JACOBSON: All right. Questions from the committee? All right. Seeing none. Thanks again for bringing the bill.

ROUNTREE: Thank you so much.

JACOBSON: And this will conclude our hearing on LB1042. And Senator Machaela Cavanaugh, your timing was impeccable. We're just ready. You must have had a clue, been watching closely on the monitors, so I will move to open on LB1035.

M. CAVANAUGH: Well, thank you.

JACOBSON: I know how far that walk gets from the office, so.

M. CAVANAUGH: I'm in committee, actually.

JACOBSON: Oh, you're in committee actually.

M. CAVANAUGH: But it's actually the same distance.

JACOBSON: All right. Well, that works.

M. CAVANAUGH: Good afternoon, Chairman Jacobson, and members of the Banking, Commerce and Insurance Committee. My name is Machaela Cavanaugh, M-a-c-h-a-e-l-a C-a-v-a-n-a-u-g-h, and I represent District 6 in west-central Omaha. I'm here to introduce LB1035. Homeowners insurance premiums in Nebraska are rising at a pace that families cannot absorb. One of the articles that is being handed out tells the story of a homeowner in Hickman whose premium more than doubled in one year. That's not an adjustment, that's a financial shock. According to a November 2025 Bankrate chart included in your materials, Nebraska now has the highest average homeowners insurance premiums in the country: 100-- not 100. \$4,163 annually on a \$300,000 home. That's about \$347 a month. \$347 every month, before property taxes, before principal and interest. When you combine the taxes and insurance, many Nebraskans are now paying as much or more in escrow than they are paying toward owning their home. We cannot continue to call ourselves an affordable state if fixed housing costs are climbing this fast. For seniors on fixed incomes, these increases don't come with matching income growth. For first-time buyers, raising escrow costs can push them out of a, a loan equity-- a loan qualification entirely. And for working families, this is one of the monthly bill that keeps going up with no warning and no clear recourse. Insurance is no longer a background expense; it is now a central part of our housing affordability crisis. Under Nebraska's file-and-use system for property and causality insurance-- casualty

insurance, sorry-- companies file new rates and they automatically go into effect. The Department of Insurance reviews those filings after implementation. Rates are built on projected future claims' costs. From a homeowner-- homeowner's perspective, the increase simply shows up in the mailbox. LB1035 proposes a straightforward solution: a 10 percent year-over-year cap on premium increases. This does not freeze rates, it does not prevent justified increases; it simply prevents sudden spikes that destabilize household budgets. I'm also open to an amendment that would make the 10 percent a review threshold rather than a hard cap. Under that approach, any increase above 10 percent would trigger an up-front review by the department before the rate goes into effect, along with notice to policy holders. At a minimum, homeowners deserve transparency and oversight before they are asked to pay significantly more. Nebraska has a strong insurance market. Stability matters. Claims must be paid, but so does affordability for the people who live here. Doing nothing is not neutral. Doing nothing means for-- more families stretched thin, more seniors anxious about staying in their homes, and more pressure on an already-strained housing market. This bill begins the conversation about balance between market strength and consumer protection, and I look forward to working with the committee and the stakeholders to find that balance. Thank you. Take any questions. I think this is my first time, definitely, this year.

JACOBSON: I think it was. I was going to-- I meant to point that out before you started.

M. CAVANAUGH: I don't think I was here--

JACOBSON: I don't think you were here.

M. CAVANAUGH: --last year either.

JACOBSON: No, I don't think so.

M. CAVANAUGH: Wow. I'm going out with a bang.

JACOBSON: So, what a, what a treat for you.

M. CAVANAUGH: I mean, it's the last day of your hearings, and it's the last opportunity I could possibly have.

JACOBSON: Actually, we're going to-- we're going to meet tomorrow.

M. CAVANAUGH: Oh, OK. Second to last day. I'll come by tomorrow and just say hi.

JACOBSON: [INAUDIBLE] you just come by. Yeah.

M. CAVANAUGH: I'll pick a random bill and testify.

JACOBSON: Perfect. That'd be-- to testify for somebody.

M. CAVANAUGH: Yeah.

JACOBSON: So, I'm curious.

M. CAVANAUGH: Yes.

JACOBSON: So, I've always found that where there's an action, there's a reaction.

M. CAVANAUGH: Sure.

JACOBSON: So, if the underwriting on the house would suggest that I have to raise the premium more than 10 percent, is my alternative to just drop the client and not, not write the house at all?

M. CAVANAUGH: Well sir, I have no idea. I am not well-versed in insurance.

JACOBSON: All right. Well, there'll be somebody to [INAUDIBLE].

M. CAVANAUGH: But I have a feeling that the insurance industry is here today to be enthusiastically--

JACOBSON: I'm sure they're going to be in support, all three of them.

M. CAVANAUGH: I was, I was going to say enthusiastically in one direction. Support might not be it. But I have met with them, and we have talked about this, and I am happy to continue to work on ideas that would be helpful.

JACOBSON: And, and so, you know, I-- and you may be aware of this. We, we did have an interim study this summer on the portability of, of homeowners insurance in particular, given that, you know, we talk a lot about property taxes, but homeowners insurance is as high or higher--

M. CAVANAUGH: Right.

JACOBSON: --and having the same trajectory as property taxes. And largely, it has to do with claims for wind and hail roof damage,--

M. CAVANAUGH: Right.

JACOBSON: --which has been the main culprit. And we've brought a couple of bills really to try to see if we can't figure out a way to reduce the increases. I was get a kick out people saying, we want the insurance rates to go down. Well, I think we both have been around long enough to know that's not going to happen [INAUDIBLE]. It's still going to climb. I mean, everything's going to climb. But to get it more affordable and maybe within the rate of inflation.

M. CAVANAUGH: Yes. Just, you know, learning a little bit more about this and trying to come up with some more consumer-friendly guardrails is sort of--

JACOBSON: Right.

M. CAVANAUGH: --what I'm looking at, not to hinder the insurance industry from existing. Obviously, they're a much-needed industry. But just making sure that we're taking care of the consumers, especially elderly homeowners. We-- I don't want to see elderly individuals being priced out of their homes because of-- we haven't done our due diligence.

JACOBSON: I-- and I appreciate that, and I thank you for bringing the bill.

M. CAVANAUGH: Oh, thanks.

JACOBSON: Any questions from the committee? All right. Seeing none.

M. CAVANAUGH: OK.

JACOBSON: Thank you. Are you going to stick around for close, or?

M. CAVANAUGH: Yes, I will.

JACOBSON: Are you-- do you think you're-- do you it's going to be-- [INAUDIBLE] we'll let, we'll let you stay. You're welcome to stay with us.

M. CAVANAUGH: I probably will end up waiving, but I'll be here.

JACOBSON: Well, that, that's fine. You've got that opportunity. You stay as long as you want.

M. CAVANAUGH: It looks like I've got a lot of people coming.

JACOBSON: All right. All right, I'll ask the first proponent of the bill. That list is not deep. All right. Let's look, then, for opponents. Welcome back.

ROBERT M. BELL: Good afternoon again, Chairman Jacobson, and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell, last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation. The insurance federation is the state trade association of Nebraska insurance companies, including many of the homeowner writers in Nebraska. I'm here today to testify in opposition to LB1035. I've also been asked to add the American Property Casualty Insurance Association to the list of opposition. As you have heard already from Senator Cavanaugh, LB1035 would place a 10 percent limit on rate increases for homeowners insurance filed with the Nebraska Department of Insurance. Property and casualty insurers file rates and forms with the department pursuant to the Property and Casualty Insurance Rate and Form Act. The director may currently disallow premiums that are inadequate or discriminatory in some fashion. Additionally, the act prohibits rates that are excessive. Homeowner-- Nebraska homeowner rates have experienced rapid increases this decade due to a variety of issues, including inflation, reinsurance costs, and increased claims. Like all home insurance, homeowner premiums are-- reflect the claims that are paid. Here's are some recent loss ratios for homeowners insurance in Nebraska; this is incurred losses versus premium. The 10-year combined ratio has been 122.2 percent; the 5-year combined ratio, 123; three-year combined ratio from '21 to '24--

so this is all goes back to '24-- the latest data that we have was 138.4. And in 2024 itself, the loss ratio for homeowners insurance was 169.2. So, for every dollar of premium paid, \$1.69 went out for claims. Over the long term, price caps reduce competition as insurers leave the marketplace and limit consumers' access to insurance. To counter yearly price caps, insurers must proceed cautiously before lowering premiums. In states that encourage rate limitations, homeowners are more likely to see cancelations as insurers leave the market or see reductions in coverage. Fortunately, fortunately, and despite record claims, competition is still strong in Nebraska, with numerous insurers writing insurance and providing consumers a strong marketplace to shop for insurance that fit the-- fits their needs. Market competition is the best solution to high rates. While I appreciate the pain of higher homeowner premium, I think we all experience that pain, that pain. Rate caps are not the solution to lower rates. For rates to be lower, claims must be lower. I do appreciate Senator Cavanaugh spending some time with us last week to listen to the federation's concerns, but the federation must respectfully oppose the passage of LB1035. I appreciate the opportunity to testify.

JACOBSON: All right. Thank you, Mr. Bell, and I appreciate you acknowledging-- and I appreciate you noting that Senator Cavanaugh took the time to meet with the opposition and discuss concerns, as opposed to many testifiers who show up here and say they care, but they don't bother meeting with the, with the bill sponsor.

ROBERT M. BELL: Yeah, sometimes-- I mean, we try to meet with senators. It doesn't always work. So.

JACOBSON: Yes, I hear you. Questions from the committee? Seeing none. Thank you for your testimony.

ROBERT M. BELL: You're welcome.

JACOBSON: Next opponent.

PHILLIP ARNZEN: Good afternoon. I don't-- it's not quite evening yet, Mr. Chair, members of the committee.

JACOBSON: We'll get there.

PHILLIP ARNZEN: We're getting there. Phillip Arnzen, P-h-i-l-l-i-p A-r-n-z-e-n, with NAMIC. I guess again I'm the non-attorney that's testifying on a bill. But we're in opposition for the reasons Robert had mentioned. You know, insurers, whenever they're increasing rates, if it's a 10 percent or more, there's usually a reason for it, and they're probably not happy to do that either. It could be they have a lot of past losses that have happened, or they're expecting a large amount of future losses. And then also, there's market forces at play. We always encourage folks if-- every couple of years, especially if they see a large increase, to shop around; they might be able to get the same coverage for less or for the same premium costs, get better service or better coverage from a different insurer. And additionally, we're happy to work with any senator or anybody on solutions that can help put downward pressure on rates. In Nebraska, as you all know, hail and wind events are the biggest driver of homeowners' costs, and so we're happy to have conversations about doing proactive measures to, to help lower this.

JACOBSON: So, if we were going to blame this on someone, it would probably be the actuarials.

PHILLIP ARNZEN: Well, I don't know if I can throw them under the bus, but there's a lot of risks out there.

JACOBSON: Yes, there is. Thank you. Questions from the committee? Senator Riepe.

RIEPE: Thank you, Chairman. You talked about wind and hail, and I, I-- I'm looking at [INAUDIBLE] you haven't had the advantage of having this, but it, it shows Nebraska's a 96.5 percent increase, I, I believe. I don't know what. It's 27 to 2020. Oklahoma's shortly behind that, but our good friends over in Iowa are all the way down to 63.6. Now, I live 15 miles from Iowa, so I would ask my agent, if I'm that close geography, you know, why is my rate so high?

PHILLIP ARNZEN: I would ask them to shop around for you.

RIEPE: I'll tell him that. Thank you.

PHILLIP ARNZEN: Mm-hmm.

RIEPE: I just-- you know, it's just amazing, the difference.
Thank you.

JACOBSON: Other questions? Seeing none, thank you for your
testimony.

PHILLIP ARNZEN: Thank you.

JACOBSON: And I presume we have a third opponent to testify. No?
No? All right. Thank you. Any other opponents? Anyone wish to
speak in a neutral capacity? All right. Seeing none, Senator
Cavanaugh, you're welcome to come up and close. Meantime, I want
to note you did have 1 proponent letter,--

M. CAVANAUGH: Great.

JACOBSON: --0 opponent letters, 0 neutral, and 0 ADA.

M. CAVANAUGH: OK. Well, I, I did want to speak to some comments
that were just made about shopping around. I think the fact that
that's being suggested as a way to lower your insurance rates,
it answers the question of is it feasible for us to be doing
more when it comes to insurance rates. If you can get a lower
rate from a different insurer, then perhaps that means that it's
feasible for the rates to be lower. So, I think that just
answers the premise of-- maybe there's more we could be doing.
That's it.

JACOBSON: In, in fairness, I would just note that-- and being in
the banking business, I will tell you that there's some
similarities. When it comes to commercial real estate loans, if
we have a high concentration of loans in one area, we may be
less competitive on doing more because we've got too big a
concentration. And I think in the insurance industry, they run
into the same problem of if they've got high concentrations, one
insurer in a certain part of Nebraska or just Nebraska, they may
choose to lower their concentration, and one way to do it is
price yourself a little higher so the competition could come in
under you. But I, I, I can let them speak for themselves on
that, but I think there's some similarities there.

M. CAVANAUGH: OK.

JACOBSON: But hopefully, that explains part of it.

M. CAVANAUGH: Yeah, that does.

JACOBSON: I hear you. Any other questions? Yes, Senator Riepe.

RIEPE: Thank you, Chairman. Do you remember when Richard Nixon was President and he did price fixing?

M. CAVANAUGH: Sir, how old do I look?

RIEPE: Oh, bless you.

M. CAVANAUGH: I thought you weren't going to ask me any questions,--

RIEPE: I didn't ask you any nice questions.

M. CAVANAUGH: --and I was going to be-- I wasn't going to be-- I was going to be disappointed, and then you insult me. Goodness.

RIEPE: OK, I pass on that, Chairman.

JACOBSON: All right. Other questions? All right. Seeing none, Senator Cavanaugh, thank you for-- I hope your visit here for the first time was a good one.

M. CAVANAUGH: It was wonderful.

JACOBSON: All right.

M. CAVANAUGH: I, I-- I'll give a nice Yelp review.

RIEPE: Even with the insults?

M. CAVANAUGH: Even with-- well, you, I could maybe--

JACOBSON: That concludes our hearing on LB1035, and we'll move to our hearing-- open our hearing on LB1157. Senator Hansen.

HANSEN: It's not very often I get to come in front of this committee.

JACOBSON: This is a pretty rare opportunity for a lot of people, so. They always appreciate it, though.

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HANSEN: And this is my last hearing of my legislative career, so.

JACOBSON: Really? Wow.

HANSEN: And it's probably my shortest, so you're all lucky. All right. Good afternoon, Chairman Jacobson, and members of the Banking, Commerce and Insurance Committee. My name is Ben Hansen, that's B-e-n H-a-n-s-e-n, and I represent Legislative District 16. Today, I'm presenting LB1157, a bill that affects the payment method between health insurers and providers. Some insurers pay providers using credit cards, forcing the provider to pay 2-5 percent in credit card processing and administrative fees. LB1157 simply allows providers to choose alternative payment structures. It does not ban credit card payments, but it does guarantee that insurers offer at least one non-credit card option. For small or rural providers, processing fees reduce already-thin margins and require them to pay hidden fees in order to receive reimbursement. These fees divert money from patient care, and instead transfers it unnecessarily to financial intermediaries. Whenever there are lower administrative costs, the patients are the ones who ultimately reap the benefits. Other states have considered or enacted similar protections to promote fair payment practices, and Nebraska does this for dental already. So, in the name of moving towards balancing administrative efficiently and provider sustainability, I ask for your support of LB1157. So, with that, I'd be availa-- available to answer any questions. And just to kind of clarify where this kind of came from is myself being a provider, and then some of my other colleagues in healthcare feel, basically, ultimately, when you bill to an insurance company, we used to get paper checks, right? I get you a check for the reimbursement, provider cash it. But what I think we have started seeing more and more of is they're starting to send this kind of paper credit card that you type into your machine. And then now, you're charged a fee for that, since it's going through your credit card machine. And so, it seems like that's kind of actually cutting some of the reimbursement rates that providers are seeing unnecessarily, instead of just getting a paper check, so. All we're saying right now is that, at least in the state of Nebraska, you are provided at least an option instead of that virtual credit card or credit card only. That's what this bill does

JACOBSON: To be clear, you're not asking the banks to waive their hard-earned fee. Just--

HANSEN: No. Actually, banks might like this. I don't know.

JACOBSON: All right. Appreciate that. Senator Riepe.

RIEPE: Thank you, Chairman. Thank you for being here. Do you ever, and do you have your staff call someone and say, you know, you have an appointment tomorrow; remember to bring your checkbook?

HANSEN: No.

RIEPE: OK. Some, some-- maybe I'm old enough. Some used to do that. I don't know whether they still do it or not.

HANSEN: No, we always appreciate a cash or check, actually, instead of having the, the processing fee of the credit card.

JACOBSON: Other questions from committee? All right. Seeing none. Thank you for your opening. You going to stick around for close?

HANSEN: I will.

JACOBSON: All right. And if you're looking-- you're reading the room. Think that won't take a long time. Thank you.

HANSEN: Hopefully not too long.

JACOBSON: All right. I'll ask for proponents. We have people standing and leaving. I got one coming up here, so you must be a proponent.

KEN HOPKINS: Yes, sir. Thank you.

JACOBSON: Go ahead.

KEN HOPKINS: Thank you. Chairman and members of the committee, thank you for the opportunity to testify today. My name is Ken Hopkins, K-e-n H-o-p-k-i-n-s, and I serve as the VP and CFO of Madonna Rehabilitation Hospitals. I'm also testifying on behalf of Nebraska Hospital Association, or NHA. I am here in support of this bill because it addresses a practical and common issue

in health care finance, ensuring that healthcare providers are not required to accept a single payment method, specifically these virtual credit cards, when receiving reimbursement for services already delivered. At Madonna, virtual credit card payments have not typically been mandatory, but in practice, they add both cost and complexity. Currently, we accept virtual credit card payment when they are below a certain dollar threshold; for higher dollar transactions, we often contact the payer to request an alternative payment method, typically a paper check. When, when possible, we also seek to enroll in electronic funds transfer, or EFT, to avoid future credit card payments from that payer. From an administrative perspective, accepting virtual credit card payment requires additional manual processing. Staff must retrieve and process card numbers, post payments manually, and reconcile net deposits that reflect processing fees rather than full reimbursement amounts. Over time, this increases back-office workload and diverts staff resources away from higher-value activities. When we decline a virtual credit card payment and request an alternative payment method, that choice also carries administrative consequences. Payment is delayed while checks are issued, mailed, and posted, and staff time is spent following up with payers. These inefficiencies add complexity for providers without improving transparency or care delivery. This bill takes a measured and reasonable approach; it does not prohibit virtual credit card payments from being offered. Instead, it ensures that a virtual credit card cannot be the only acceptable payment method. Preserving payment method choice allows providers and payers to align on the most efficient and least burdensome option. From an-- both an individual hospital and a statewide association perspective, this flexibility matters. Nebraska hospitals are managing rising labor costs, increasing regulatory demands, and very tight operating margins. Reducing unnecessary cost and administrative friction helps hospitals focus resources where they matter most, which is patient care. For these reasons, Madonna and the NHA respectfully support this bill and encourage the committee to advance it. Thank you for your time and consideration

JACOBSON: Thank you. Questions from the committee? I would note I had the opportunity to spend a couple weeks in your facility in Lincoln here this last summer. Just doing some surveillance work.

KEN HOPKINS: Checking things out.

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JACOBSON: And I would comment the food was great, the care was exceptional. Beds left a little bit to be desired, but everything else was fine.

KEN HOPKINS: We'll work on that. Thank you, sir.

JACOBSON: Thank you for being here. Thank you for your testimony. No other questions? Thank you, and we'll move to the next proponent. Seeing none. Is-- are there any opponents? No opponents? Any neutral testifiers? All right.

ROBERT M. BELL: Good afternoon, Chairperson Jacobson, and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell, last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation. I am today-- I am here today neutral capacity on LB1157. As you know, the Nebraska Insurance Federation is the state trade association of Nebraska insurance companies, including many of the health plans operating in the state of Nebraska, such as Blue Cross Blue Shield of Nebraska, Medica, CVS, Centene, Cigna, and UnitedHealth Group. Sure, certainly understand the concerns related to credit card payments or virtual credit card payments when the health care provider has not provided another method of payment for reimbursement of services provided. I am not aware of which insurers, although I hope there are no-- none of the federation insurers that may be paying in this manner. And back in 2020, the federation actually worked with the dental association to ensure credit cards were not the only method of payment from dental insurance companies, and we're happy to work with Senator Hansen on the best language moving forward. I need to sit down with him. We haven't had a chance to connect on this one just yet, despite our best efforts. But I think we can clean this one up and get it moving along, so.

JACOBSON: So, I'm, I'm curious why that would be any kind of a preferred method for payment when there-- all these other payment methods seemingly would be easier.

ROBERT M. BELL: Like a check, or an EFT, or something like that?

JACOBSON: Or EFT in particular.

ROBERT M. BELL: I don't know. There's this other industry that's out there that might make money off our credit card payments. I'm kidding.

JACOBSON: Yeah.

ROBERT M. BELL: I, I Googled that and, so--

JACOBSON: I hate to give up the fees, but I'm just thinking.

ROBERT M. BELL: Yeah. No. I'm-- that was a bad joke. Anyway. The-- I, I looked at United, because United handles a lot of payments in particular, and there's oftentimes the choice that goes on related to them. And some providers, I think, think this is more secure and it's faster, over, say, a paper check, right? Paper checks get lost. I don't know what your mail service is like, but my mail service in west Omaha is not good. I do not like getting checks in the mail. I would prefer to have it in different ways. I don't want in a credit card, though, because that's going to cost me money at the end of the day. So, we can certainly understand that. Had heard that there were a couple of insurers out there that are not members of the federation that may be doing this, and I know providing some additional things in statute to provide that restriction would be good on enforcement, so.

JACOBSON: Senator Hallstrom.

HALLSTROM: And besides delay, some of those checks get stolen and they can get washed, and then--

ROBERT M. BELL: They do. People have keys--

HALLSTROM: --and the customer--

ROBERT M. BELL: --that they get on Amazon and they go into the back of-- from what I heard, some other bills I've sat through, and they can pull those checks out. And I don't know how they cash them exactly, but yes, their checks are stolen in the mail. There's a, there's a variety of other electronic methods out there as, as well.

HALLSTROM: And it's, it's-- I find it interesting that we limit your ability to ask questions, but yet you can bash the committee chairs.

ROBERT M. BELL: That wasn't--

JACOBSON: Well, the, the only other thing I could think of would be, you look at the security of the transaction--

ROBERT M. BELL: Right.

JACOBSON: --and, you know, I've seen wire transfers where you get the routing number wrong and you send the wire, you know, you've got to go try to get that money back.

ROBERT M. BELL: I bet that's difficult.

JACOBSON: And-- yes, it's not fun. So, I would guess that maybe using a credit card method provides for shifting of the liability risk [INAUDIBLE].

ROBERT M. BELL: Yeah, there's probably a little bit of shifting of risk going on. There, there was some interesting information out there from First National Bank of Omaha related to this, and, and health care payments in particular, health care providers and the security involving these types of payments. You know, I can certainly understand, too, if you provide a service as a health care provider, you don't want to get dinged \$5, \$6 every time you have a transaction. So, it makes sense.

JACOBSON: All right. All right. Thank you. Other questions? Seeing none. Thank you for your testimony.

ROBERT M. BELL: You're welcome.

JACOBSON: Are there any other-- is there any other op-- or, any other neutral testimony? That's right, you were neutral. No other neutral testimony? All right. With that said, Senator Hansen, you're welcome to come up and close. There was 1 proponent letter and no opponent letters, no neutral testimony, no ADA letters. With that, you're welcome to close.

HANSEN: It's not very often I have bills where there's no opponents, so it's kind of a-- kind of a win here.

JACOBSON: I, I, I-- that, that shocked me, just for what it's worth.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee February 23, 2026
Rough Draft

HANSEN: This just moved through with no hesitation. I, I appreciate Mr. Bell coming on-- he must camp out here, here in this committee, I'm sure.

JACOBSON: He does. He lives here.

HANSEN: Yeah, willing to work with him on any kind of language. This should be a fairly somewhat simple bill to move through, but I want to make sure the language is correct. But again, I think, just in my practice alone and when I've been talking to my colleagues, we've been seeing more and more of these. And so, for some reason, you're seeing certain insurance companies-- and he's right, certain ones-- moving more towards this form of payment, which I think is kind of odd. So, there, there must be some kind of benefit, I'm assuming, you know, that the insurance company is getting from moving more toward these, as opposed to just a simple check. What that is, I don't know. But I think at least having the provider some kind option in case they don't want to do that and run up the credit card fees on their end, I think, is worthwhile. So, I will take any questions.

JACOBSON: All right. Questions? Seeing none. You did it the right way. You, you had a constituent yourself who was having problems with it and said I'm going to get a hold of my local state senator and see if we can't change the law.

HANSEN: That's right. It only took eight years for me to figure this out, so.

JACOBSON: There you go.

von GILLERN: Congratulations.

HANSEN: Thanks.

JACOBSON: Thank you. This concludes our hearing on LB1157, and we have one hearing left, LB1198. And we're currently encroaching on the exec committee-- exec session for Revenue.

PROKOP: OK.

JACOBSON: So, so if we could just keep this one [INAUDIBLE].

PROKOP: I will, I will, I will be nice and efficient.

BOSTAR: Leave it open.

JACOBSON: Go ahead.

PROKOP: What's that?

JACOBSON: We've had only one case where they waived their open, so go ahead.

PROKOP: OK. OK. All right, well, good afternoon, Chairman Jacobson, members of the committee. It's, it's good to be back. For the record, my name is Jason Prokop, spelled J-a-s-o-n P-r-o-k-o-p. I have the privilege of representing Legislative District 27, which is west Lincoln, Lancaster County. Here today to discuss LB1198. LB1198 is a straightforward consumer protection measure. The bill requires sellers of electronic tickets for large public events defined as events held in venues with a capacity of at least 5,000 people to write a paper ticket free of charge upon request. The paper ticket must either be delivered to the purchaser prior to the event, or, or made available for the purchaser to print before the event. The bill is enf-- then would enforced by the attorney general and established as a civil penalty for violations in order to ensure compliance. Over the past several years, we've seen a rapid shift to fully digital ticketing. Many venues and event operators now use mobile-only systems, often relying on QR codes accessed on smartphones. For many Nebraskans, that system does work well, but for others, or families with limited access to technology or individuals concerned about battery life, connectivity, or device malfunctions, it creates unnecessary barriers to entry. And as-- probably, if you've been to a sporting event lately here in Lincoln, this issue has become more visible as major venues transition away from printed tickets. LB1198 does not prohibit digital ticketing. I just want to be clear on that. It does not prevent venues from using secure mobile platforms, and it does not require ticket sellers to abandon innovations that reduce fraud or streamline transfers. Instead, it simply ensures that when an event meets the threshold of a large public gathering, consumers who prefer a physical ticket have that option at no additional cost. At its core, LB1198 is about access, inclusion, and consumer choice. As technology involves, I think we should fully embrace that innovation, but we should also not leave people behind that might not be as tech-savvy. This bill would ensure, ensure that Nebraskans who purchase a ticket to a large public event can

attend with confidence, regardless or-- whether or not they have a smartphone in their pocket. Thanks for your time, and happy to answer any questions the committee may have.

JACOBSON: Questions of the testifier? Senator Riepe.

RIEPE: Thank you, Chairman. Have there been any test marketing in terms of elderly, in terms of their ability and willingness to work with QR codes and scanning and-- I understand the Pinnacle Arena had a real kind of a disaster when they first introduced the paperless ticket there.

PROKOP: Yeah. I'm not, I'm not aware of any studies or, or any, I guess, failure rates, if you will. I've, I've heard some anecdotal type of, type of things. I mean, I share kind of the same thing, you know, around Memorial Stadium, sometimes the, the, the signal can not be-- is not always the strongest as possible when you're trying to access something, or it can drain your battery significantly, so then I think a lot of panic, maybe, if you can't access your tickets on your phone. But I have-- you know, in regard to your question, I haven't heard anything or seen anything specific as far as hard data on that.

RIEPE: OK. Thank you, Chair.

PROKOP: Just more anecdotal.

JACOBSON: Other questions? All right. Seeing none. Thank you.

PROKOP: Thank you, Mr. Chairman.

JACOBSON: I don't see a lot of people here. I presume you'll hang around for your close?

PROKOP: We'll see how it goes, but yes, I will.

JACOBSON: All right. All right. Any proponent testimony? Any opponent testimony? Any neutral testifiers? Seeing none. I did get-- we did get 5 proponent letters, 2 opponent letters, and 1 neutral testifier, and no ADA. Still want to close?

PROKOP: I think we're good.

JACOBSON: Good man. That was a good answer.

von GILLERN: You can do your opening again.

JACOBSON: All right. All right. With that, that concludes our LB-- hearing on LB1198. Concludes our hearings for today, and look at this, we're going to be five minutes late for the--

von GILLERN: Thank you. Good job.