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the Governor said the day he was in here that the agencies could absorb this cost and some mistook that to assume that the employees were to assume the cost which was not his position. It was that the agency ought to do it. Well, we went in and adjusted agency total appropriations to free up the \$1.2 million General Fund and then the A bill needs to be passed because then we reallocate that money back to agencies in proportion to the number of employees and the actual cost of the increase in health insurance so it is done correctly. Had we just allowed each agency to absorb the cost without an A bill some agencies probably could do it easier than others and agencies that have a high number of employees in relation to total budget could have a difficult time and an agency that had a lot of operating money but not very many people could perhaps easily have done it. So to get equity, the A bill needs to be passed but there is no increase...we reduced the total budget in order to allow for the money so it can be done.

SENATOR WESELY: So what we are talking about is the policy of the committee and the Governor, evidently, that the increase in health insurance premiums that the state is going to have to be paying will be shared as the same proportion would be now except for the increase by that state employee and the state itself, is that correct? There is no shift then in that?

SENATOR WARNER: There is no shift from what is currently done and the state pays the low option as they always have.

SENATOR WESELY: And isn't there about a 25% increase. I saw the risk manager's...

SENATOR WARNER: 26.3, I believe.

SENATOR WESELY: Thank you. I guess that is a very fair approach by the committee. I hadn't realized that was the action this bill had. I think I would like to make one point, once again as when we discussed the medicaid question from the committee, the state can take so many steps to try and keep our cost down but the bottom line is this, health care costs are out of control. 26% increase in premiums we are paying for state employee health coverage indicates once again that we have a serious problem in the state with health care costs. We are paying for it through higher taxes. This is one example. We are paying for it through higher premiums. This is an example. We are paying for it through higher bills that we pay out of pocket at the hospitals and nursing homes we need to use. So it is clear in my mind that