

PRESIDENT: Senator Landis, please.

SENATOR LANDIS: Thank you, Mr. President, members of the body. When LB 1136 came in, and if you look at your subject index you'll find that it originally was a change to the Uniform Commercial Code, Article 4A. However, because of the exigencies of the session, the committee adopted a series of amendments to the bill and deleted its original material. It has been now altered, as your one line indication to a bill, an omnibus bill with respect to provisions on insurance. One portion of these committee amendments are a portion of a bill that's already been before us and has moved from Select File to Final Reading. On Select File, when this bill is there, if it gets there, I will move to strike that. But the provisions generally in this bill are generally on the subject of medical and health insurance in one form or another, although there are some related provisions that are also in the bill. The bill originally takes...or actually the committee amendments originally work around an HMO bill, which the Department of Insurance asked us to introduce and was a committee bill. HMOs are health maintenance organizations, they're related to insurance because you pay premiums and then get the services bit by bit, as you require them, in an HMO. Nationally, this form of business organization occurred in the late sixties and early seventies. It's had its heyday, and in recent years has come on some hard times. HMOs have had some failures around the country. We've had an HMO fail in Nebraska as well. And HMOs have to be well financed and well capitalized because it's relatively easy to get into a situation when you have people buying these services but, because of the costs and the failure to set aside funds and reserves, an HMO can get in trouble financially, unless it is well managed and has placed money aside. Our original HMO language in this state is now about 12 years old, 15 years old, and the state of the art for HMO regulation and also operation has changed considerably since those times. Over the summer, fueled by the changes that have occurred in HMOs and the fact that we have had a recent failure, the Department of Insurance called in the HMOs. They sat around as a task force and reviewed a recent uniform law suggested to the states by the National Association of Insurance Commissioners. The NAIC is formed of the commissioners and their staffs from the various states who try to draft up model pieces of legislation for the regulation of insurance. And when they finally have done that work, they send them out to the states for adoption. The