

reenter the pool, does not apply when one has received Medicaid benefits and become ineligible for those Medicaid benefits. The operating principle as to why that 12 month waiting period exists makes no sense with respect to Medicaid benefits, since they're not by another private insurer, which is the rationale for this provision to begin with. Secondly, CHIP members could expect to pay above market rates since, as a pool, they wind up being less healthy than normal health insurance pools. We have had, in the past, our policy prices for CHIP pool adherence or clients approximate the amount of money they would pay in the private marketplace, in other words, undervaluing membership in CHIPS. So one of our provisions is to put a target range. CHIP policies should cost at least 125 percent of market because, as a pool, they are sicker than the rest of the market, they're more expensive, and in that sense, they should not approximate market conditions and become a viable competitor to the marketplace. But, not only should there be a minimum, there should be a maximum as well. Now the maximum currently exists in law. There is no minimum in current law. But the maximum is 165 percent of the market. This drops that to 155 percent of the marketplace. These provisions are not only acceptable to the health care providers who are strong supporters of the CHIP program, but these provisions are also acceptable to the general insurance lobby in the state as well. Additionally, the CHIP's program is capable of subrogating payments made by a third party to a person insured by the pool, in other words, to cut the costs of the pool and to gain reimbursement for the CHIP pool, if necessary. Another provision for this measure is to repeal our existing service contract law. Upon study of this, some of the Banking, Commerce and Insurance Committee found that the service contract law was going to run afoul of small contractors and other small businessmen in the state, particularly in Lincoln and Omaha, who provide service...contract services and yet who have no history of presenting any fraudulent consumer problem to this state. So we are repealing the service contract law because the people who are covered by it don't cause problems, and the people who aren't covered by it are the ones who are causing problems. This general repeal is accompanied by a placement of a limited service contract set of provisions that cover new motor vehicle service contracts when there is a special kind of financing arrangement used to cover those situations. It requires that there be a form of reinsurance, if you will, to make sure that should one of these companies providing these new motor vehicle service contracts goes belly up, that there is payment for consumers. Lastly, there is a