

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office

March 8, 2000

LB 1253

I put my light on. With that update, I'll just take my place in line and when it comes up I will do my best to explain the CHIP provisions. Thank you.

SENATOR CUDABACK: Thank you, Senator Landis. Your light is next, Senator Landis, if you wish to speak to your amendment.

SENATOR LANDIS: Thank you. Members of the Legislature, we have a CHIP program that is essentially insurance for sick people but sick people that aren't broke. Sick people that are broke are on Medicaid, but people who have means could still be sick and they need insurance and we give them the CHIP program as a technique to help defray what would otherwise be a really incredible cost. Three things: a change of the board members, as I told you; secondly, a change as to the amount of the policy, and that's going to be 135 percent of the standard rate; and then, lastly, this change in how the money will flow in. This last year, we collected \$12 million for the purpose of funding the CHIP program, that part of the CHIP program that is a state subsidy. However, because of the way the law today is written, we had to ask insurers to send us \$26 million of assessment which we then spent 12 and returned 14. We interrupted the cash flow process of insurance companies by as much again as we kept because of the way that we collect these funds. What we do essentially is we assess for CHIP against future taxes, and because we want to have money for CHIP and it depends whether you're a health writer or a health writer with other kinds of coverage, we've had to make these assessments. And it's not that we're bad predictors. We know we're doing this. We did a \$26 million assessment because we knew we needed \$12 million for CHIP. And so we collected \$26 million bucks, we returned the money we didn't need, and we kept the \$12 million that we needed to pay CHIP. This is not the way to run a ship--send us twice as much money as we need so we can keep half and at the end of the year send it back to you. Stop me. Well, PRO over the summer got to work on this and we will be assessing and collecting taxes in a different way. It will be a one-time collection, rather than quarterly, that will go into the CHIP program. The premium taxes that will be paid rather than future assessments will come in from health insurance...insurers, it will go into a CHIP Fund that will hold it for awhile, we'll figure out what our needs are. Once we have our needs met, we