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FLOOR DEBATE

January 28, 2004 LB 511

time referred to the Banking, Commerce, and Insurance Committee for public hearing. Bill was advanced to General File, Mr. President. At this time, I have no amendments to the bill.

SENATOR CUDABACK: Senator Bromm, you're recognized to open.

SPEAKER BROMM: Thank you, Mr. President. LB 511 is a bill that was brought to my attention a couple of years ago, probably three years ago, by members of the League of Municipalities and various...particularly smaller towns and villages, and it was intended to help them deal with the increasing costs of hospitalization and medical insurance plans. And LB 511 would amend the Political Subdivision Self-Funding Benefits Act to allow these municipalities, through the Interlocal Cooperation Act, to jointly provide employee benefits to employees and dependents through self-funding, and establishing and participating in that type of plan. Now this, this act that we have, the Self-Funding Benefits Act that was adopted clear back in '91, does allow local governments, like cities and villages, to establish employee benefit plans--hospitalization, medical, dental, and so on and so forth--but it prohibits them from pooling or acting jointly to establish the plans. Now, through self-funding, some of these cities and villages have been able to reduce their costs, but as the costs continue to increase, they're looking for ways to collaborate and have a larger number of employees in a particular pool or plan. I guess I should say plan. This bill would allow them to join together in providing some excess coverage under their respective plans, and it does provide that there has to be an insurer, a single insurer, or a third party administrator which would...which would administer the particular plan. It is...it is not terribly complicated, other than perhaps the concept, and it strictly applies to jointly obtaining excess insurance, which would meet the requirements that they individually would have for self-funding the underlying coverage. It allows them to enter into an agreement and to have this administered by a third party to make sure that it's being administered properly. Now, the only question raised at the hearing, and which I have had some discussion this morning with some people about, is whether or not there should be Department of Insurance oversight on this joint self-funded excess coverage, and at the time of the