

May 23, 1989

LB 75, 89, 89A, 147, 177, 177A, 272A
311, 362A, 377, 487, 487A
LR 224, 225, 226

SPEAKER BARRETT: LB 362A passes. LB 377.

ASSISTANT CLERK: (Read LB 377 on Final reading.)

SPEAKER BARRETT: All provisions of law relative to procedure having been complied with, the question is, shall LB 377 become law? Those in favor vote aye, opposed nay. Have you all voted? Please record.

ASSISTANT CLERK: (Record vote read. See pages 2702-03 of the Legislative Journal.) The vote is: 48 ayes, 0 nays, 1 present and not voting, Mr. President.

SPEAKER BARRETT: LB 377 passes. Matters for the record, Mr. Clerk.

CLERK: Mr. President, your Enrolling Clerk has presented to the Governor bills read...some of the bills read on Final Reading this morning. (See page 2703 regarding LB 147, LB 487, LB 487A, LB 75, LB 89, LB 89A, LB 177 and LB 177A.)

Mr. President, LB 311 is reported correctly enrolled.

Mr. President, new resolutions. LB 224 by Senator Conway. (Read brief description of LR 224 as found on pages 2703-04 of the Legislative Journal.) LR 225 by Senator...by the Appropriations Committee. (Read brief description of LR 225 as found on pages 2704-06 of the Legislative Journal.) That will be laid over, Mr. President. LR 226 offered by Senators Pirsch, Beck, Hannibal, Ashford, Chizek, Hall, Labedz, Lynch, Abboud and Chambers. (Read brief description of LR 226 as found on pages 2706-07 of the Legislative Journal.) That, as well, will be laid over. That's all that I have, Mr. President.

SPEAKER BARRETT: Thank you. Directing your attention now to the agenda to LB 272AE which we moved over earlier in the day. Mr. Clerk.

CLERK: Mr. President, I have a motion to bracket LB 272A until May 24. That is offered by Senator Landis.

SPEAKER BARRETT: Senator Landis, please.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature, this is the American Savings, State Securities,

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SENATOR ASHFORD: ...so much time, Mr. President.

PRESIDENT: Yeah, okay, the amendment is withdrawn. The question is the adoption of the Conway resolution. All in favor vote...

CLERK: I have a priority motion, Mr. President.

PRESIDENT: Oh, pardon me.

CLERK: Senator Kristensen would move to bracket LR 224, Mr. President, until January 3, 1990.

PRESIDENT: Senator Kristensen, please.

SENATOR KRISTENSEN: Thank you, Mr. President, and members. It only seems right that we should do this in order. If Class A is going to go first, it should take Senator Ashford until January sometime to get that motion filed and prepared, and I think we should wait for Senator Conway's resolution until that time.

PRESIDENT: Any objection? Senator Conway, your light is on.

SENATOR CONWAY: Of course, I object to such a bracket motion. These five young men are right on the edge of the excitement that one would be able to experience after such an activity, and I think it's only proper that this body recognizes them in a timely fashion, as far as Senator Ashford's group, I really don't care about that. I would object to the bracket.

PRESIDENT: Senator Kristensen.

SENATOR KRISTENSEN: After that sterling oratory, I would respectfully withdraw my bracket motion, only because Senator Bernard-Stevens is going to reconsider it in a little bit. Thank you.

PRESIDENT: It was an exciting talk. Okay, I guess we are back to the adoption of the resolution. All in favor vote aye, opposed nay. Record, Mr. Clerk.

CLERK: 21 ayes, 0 nays, Mr. President, on adoption of LR 224.

PRESIDENT: The resolution, LR 224, is adopted. Resolution, LR 225.

CLERK: Mr. President, 225 was introduced by the Appropriations Committee. It asks the Legislature to investigate all...asks the Legislature to direct the Governor and appropriate administration officials to investigate all options to secure continuous health insurance coverage for state employees.

PRESIDENT: Senator Hannibal, are you handling that?

SENATOR HANNIBAL: Yes, sir. Mr. President and members of the Legislature, Legislative Resolution 225 comes to you from the Appropriations Committee. It is a response to a problem that we have had, and I believe most of you are aware of it, with our health insurance program between the state and the state employees. As most of you are aware, Blue Cross-Blue Shield is the carrier for our health insurance and they have experienced some losses, presently, with the current contract, and there is a real question as to whether they will continue to enforce the contract that starts this coming August, and whether under the terms of the contract that there is sufficient revenues available to make it a good contract for both parties. They have approached the Legislature through the Appropriations Committee and approached the administrative side to look at the contract and to decide whether there are ways to improve the contract for both parties. We, as a committee in the Appropriations Committee, suggested that this resolution would be our response. The resolution does suggest that there could be a problem and maybe there is a problem, and that the ultimate responsibility for this problem rests in the administrative side through the State Personnel Office, through the Governor's Office and other appropriate bodies, and that they look at the ramifications of the current contract, look at the option, and the possible consequences of pursuing the contract as it is presently written, and make a determination as to whether the contract ought to be opened up again, renegotiated, or other possible options, and that we, as a Legislature, suggest that that final decision rest with the executive branch. The resolution suggests that we place that responsibility in their hands and give them the ability and the authority to try to work out the situation to the best possible resolution with regards to state...with regards to state employees, and with regards to the insurance carrier. I would be happy to respond to any questions. It has been a long-time issue for us in the committee, and we think that the resolution, LR 225, is an appropriate response, and I would urge the adoption of the

resolution.

PRESIDENT: Senator Wesely, please.

SENATOR WESELY: Thank you, Mr. President. I would ask Senator Hannibal if he would yield to some questions?

SENATOR HANNIBAL: Sure.

SENATOR WESELY: Senator Hannibal, are you talking in the resolution about the State Employees Insurance Fund, and obligated appropriations from that fund going to this need? I didn't quite hear, what is that fund? How much money is in there? And we are talking about \$5 million is the estimated problem, is that not correct?

SENATOR HANNIBAL: Well, Senator Wesely, there are estimates anywhere from 2.5 to 5 or 6 million dollars based on the insurance carrier as to what could be the possible loss in the upcoming contract year. Those are estimates. Those are projections and we are talking about a contract that doesn't start until August 1st. So the resolution is recognizing there could be a problem. It isn't saying that there...it isn't labeling a dollar amount at this point.

SENATOR WESELY: I see. But what is this fund that you refer to in the resolution?

SENATOR HANNIBAL: The premiums that are paid by the state employees and premiums that are paid by the state go into what we call a premium stabilization fund or the employees fund and the premiums and the claims and all administrative costs are paid from that fund. With the current contract and the current premiums being paid by the employees and by the state, it is estimated that under the current situation, if it goes to fruition, that there would be an unobligated balance of 1.7 million as of June 30th, 1990, and that is a combination of state contribution and the employees contribution.

SENATOR WESELY: But that wouldn't be enough to cover the anticipated losses, right?

SENATOR HANNIBAL: If the loss is at 2.5 million or more, that would not be enough, that is correct.

SENATOR WESELY: Is the basic decision then...okay, I know they have indicated that they have lost money over the course of the last year or so. They are anticipating just taking that loss, is that not correct? And, so then the real issue is anticipating further losses over the next two years, and that is what this resolution addresses, is that not our situation?

SENATOR HANNIBAL: That is correct.

SENATOR WESELY: So, the solution that the Appropriations Committee is taking is to examine the issue in the executive branch, to look at the options we have, and to wait and see how things develop and perhaps reimburse these people for their losses that may occur in the course of the next year?

SENATOR HANNIBAL: If that becomes the decision of the executive branch and the State Personnel Office that it would be in the best interest of the state to look at the current contract and possibly renegotiate with either the carrier or the state employees, that is what we are asking the executive branch to do.

SENATOR WESELY: Okay. And the legislative role, our branch of government's role is simply to at this point looks like to send the ball back into the executive branch court, is that what we are doing?

SENATOR HANNIBAL: Well, not completely, Senator Wesely, but essentially, I guess, that is correct.

SENATOR WESELY: Okay, let me just add a word of caution here. I have been involved in a lot of different health care issues obviously over the years, but one I have been concerned about for a long time is state employee health insurance, and in that regard, I have tried time and again to change the state employee health insurance plan to save money. I have noted time and again it is costly to us, that it does not feature a number of things that would contain costs and still provide appropriate, adequate, fair coverage for our state employees. I think the Legislature has an oversight function here, and I am more than willing, at this time, to acknowledge that we are out of time to deal with this issue, but I, for one, do not want to turn over the matter to the executive branch and simply have them decide what is best for us. I think the legislative branch ultimately pays for whatever decisions are made over there, and we have

been paying and paying and paying for a plan for five or six years we have known has been an expensive one and not featuring the sort of cost containment that we should have adopted back five or six years ago. Nevertheless, I don't think we have much option at this point, but my concern again...

PRESIDENT: One minute.

SENATOR WESELY: ...is that I do acknowledge that we are putting \$35,000 from the Department of Personnel to study the current health insurance plan, again the Personnel Department being in the executive branch. This Legislature has got to get a handle on health care costs. We are facing again this issue and other issues in the budget that are costing us millions and millions of dollars, \$100 million in additional health care costs over the next biennium, and we are yet to have any sort of solutions as to what to do about this problem, and our solution today to deal with the health insurance plan for state employees is to have the executive branch take a look at the issue. I really think that again later on I am going to be making a motion to override a \$36,000 veto to get a health care cost index going in this state. Why are our health care costs going up so much?

PRESIDENT: Time.

SENATOR WESELY: Where are they going up so much? And why am I running out of time so quickly? Let me...

PRESIDENT: Thank you. Senator Schmit, please.

SENATOR SCHMIT: Mr. President and members, this resolution from the Appropriations Committee relative to the problem of health insurance in the State of Nebraska is one which is of considerable interest to all of us. I want to emphasize again, because if I don't, I am sure someone will, that I am member of the Board of Directors of Blue Cross and they pay me \$5,000 a year. So I want that on the record. I want to emphasize that I am not going to participate in any great length in this debate but I just want to sort of reiterate some of the words that were stated here earlier, that is that health care costs continue to escalate, and that the insurance carrier in this instance is really a management team for the state. They manage the fund, pay the claims, and the state supposedly pays the bill. Frequently on this floor, we enact legislation which encourages the increase in cost in health care cost. There is no doubt in

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my mind and I know that all of you understand my position relative to the new medical school building, which I think is going to increase the health care cost, it must do so; my position on LB 429, which I believe will increase health care cost; my deep concern about the vacation policy, for example, and the sick leave policy for state employees, which encourages us to take advantage of the health insurance program we have. It is no accident that private industry has a much lower utilization rate of health care facilities than those of us who are in government. You go to work for a private company, you don't show up enough days in a row, somebody has got your job for one reason or another. Now I have defended hundreds of time, if not thousands of times, the multitude of loyal, hardworking state employees which we have, and I will continue to do that, but there are always those other factors in the private sector and in the public sector which drive up the cost of health care, and in plain ordinary language, it is easier to get rid of those kind of employees in the private sector than it is in the public sector. So as a result of that, we have increased health care costs. There are some facts here which the Appropriations Committee has spelled out for you, which I think they have done an admirable job on, and I would encourage you to take a look at those facts. How you vote on the resolution is of your own concern, but I think it is one of those situations where you really must look at the long-term interest of the state and vote accordingly. On the other hand, as I said earlier, at this point is a poor time to begin to concern ourselves with the cost of health care. The time to concern ourselves with cost of health care is when we do all of those things, and take all of those actions, and cast all of those votes, which give a green light, an absolute green light, to increased cost of health care. The insurance industry, it is not a secret, ladies and gentlemen, and we all know that, the time will come, health care costs continue to escalate, and those of us in public office refuse to do those things that we can do, limited as they are, which will help to hold down the cost of health care, we will soon see the time when there will be no ordinary private insurance groups as we know them today. There will only be a...

PRESIDENT: (Gavel.) Please, let's hold it down. We are having trouble hearing the speaker. Please. Thank you, Senator Schmit.

SENATOR SCHMIT: ...there will only be some system of national

health insurance, some system whereby the physicians, surgeons will be paid out of a public till, and, ladies and gentlemen, we are not going to like that. We are not going to like it any better than those of us in agriculture like the way we are being treated today almost as a public utility. So before you cast your vote on this, take a look at it very carefully, and then look back on your own actions the past five months, and the past years that you have been here, and see if you have done everything you could do during that period of time to help hold down health care costs. If not, regardless of how you vote on this resolution, I would ask you to adopt a little resolution of your own that in the future you will take a closer look at those bills which cause health care costs to escalate. Thank you, Mr. President.

PRESIDENT: Thank you. I have been told that the cookies over here are compliments of the Governor, so I didn't know they were there, maybe you didn't either, but there is some delicious cookies over there I understand. Senator Wesely, please, followed by Senator Abboud.

SENATOR WESELY: Thank you. Mr. President and members, I am not trying to give Senator Hannibal and the Appropriations Committee necessarily a hard time on this. It is just other evidence about how serious a problem we have with health care costs, and my concern is that we are out of time, I guess we haven't the option to deal with this, but it is this Legislature that has to deal with health care costs. We are the ones that have to develop the policies and have the responsibility to come up with the payment for the different costs involved. We have already funded over a hundred million dollars, well, actually, it didn't turn out that way because we didn't do the indigent care bill, which we will and should do eventually, but, nevertheless, we were talking about that level of increased funding for health care costs, and a big chunk of that was on this health insurance policy for our state employees. We have got to find a way to deal with this problem and I do appreciate the money put into the budget to do the plan and to work with the Personnel Department in studying this, but we have got not just a problem with the insurance program that we have got for our employees, but we have got across the board, every employer across the state is facing this, and I know that from personal experience. And so somehow we have got to get a grip on it, and I am just pointing this out that I think the Legislature has got ultimately to get a handle on this, and that is why I am raising

that concern. But, otherwise, I guess I am not sure we have any other choice but to go with this resolution since we are out of time to deal with it in any other substantial way, but, ultimately, the responsibility comes back to us and we will have to deal with it, and I am disappointed that we aren't able to find any more solutions than we have at this point.

PRESIDENT: Thank you. Senator Hannibal, would you like to close on your resolution, please?

SENATOR HANNIBAL: Yes, Mr. President, I would. I realize that this is the final day and realize that resolutions generally are more of a lighter nature. This resolution, however, is not. This is a very substantive resolution, and I appreciate that Senator Schmit, Senator Wesely, and others have pointed out that this is a significant resolution. There were two major factors, if you would read the resolution, and I would urge that you do so, and what we have tried to do with the resolution is point out the salient facts surrounding this issue. There were two items that for me were very important items that aren't necessarily addressed but they are addressed in the resolution, not in so many words, and I believe I would speak for the committee and probably for the executive side as well and suggest to you that we have a contract that we believe is a contract for two years starting August 1st. However, that is in question. It is pointed out that that is in question by the carrier. There is no dispute, at least on our part, that there has been and there may be continuing financial losses under the terms of this contract, but the overriding issue for me, and I believe the committee, is that, number one, if you have a contract, we cannot take a position in the state that if it isn't going to work out come back and see us, we will talk to you further. Number two, the contract is a three-party contract as far as we are concerned. One is the State of Nebraska; number two, it is the state employees of Nebraska; and, number three, it is the insurance carrier, and that if we are going to reopen this process, it is going to be a three-party opening, that the state employees must recognize that, and, as a matter of fact, have recognized that, and I applaud the state employees efforts to realize that this is a three-party contract. It is a three-party problem that we have to address, and we will do that, and they want to partake, and we ask that they partake, and I think we have come to at least a very good understanding, if not a resolution. This particular resolution I think, is an appropriate response for us, especially in light of all the

facts that are laid out. I believe that we are serving the state well by passing this resolution, and I would urge its adoption.

PRESIDENT: The question is the adoption of the resolution. All in favor vote aye, opposed nay. Record, Mr. Clerk, please.

SENATOR HANNIBAL: (Mike off) ...board open.

PRESIDENT: Senator Hannibal.

SENATOR HANNIBAL: May I request to leave the board open just a little longer. I would like to see as many people vote on the issue as possible.

PRESIDENT: Yes, you may, and we will open up for further votes.

SENATOR HANNIBAL: I am not interested necessarily in a record or roll call vote. I would just like to leave it open for a little longer.

PRESIDENT: All right. If you would care to vote on the...all right, let's vote on the resolution, please. All of those who care to please vote on the resolution so we can move on. A record vote has been requested, so please vote if you care to. Record, Mr. Clerk, please.

CLERK: (Read record vote. See pages 2730-31 of the Legislative Journal.) 38 ayes, 0 nays on adoption of the resolution.

PRESIDENT: The resolution is adopted. LR 226, please.

CLERK: Mr. President, 226 offered by Senator Pirsch and a number of members congratulating Mr. Jack Hallstrom for his contribution in his educational years.

PRESIDENT: Senator Pirsch, please.

SENATOR PIRSCH: Thank you, Mr. President. Members of the body, this is to honor a man who came to Omaha in 1951 to stay a year, and has stayed through many levels of the education in the Omaha Public Schools. Jack Hallstrom is kind of unique. He has been the principal at the elementary, junior high, and senior high school level in Omaha for 29 years, including serving as principal at Northwest High School, which is in my district in

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Health Center with...for the majority of community based outpatient programs as well. Any efforts which you might take...make toward reversing this decision would be appreciated." How much time do I have?

PRESIDENT: One minute.

SENATOR PETERSON: Okay. I am sure the patients who cannot speak for themselves and who will benefit from treatment with 34 beds addition will thank you very much and I pray that you will not fail them. I ask for adoption and override of this amendment. Thank you.

PRESIDENT: Thank you. Senator Hefner is the next speaker but may I introduce some guests in the north balcony first who are guests of Senator Morrissey. We have 19 fourth graders from Sacred Heart School in Falls City and their teacher. Would you folks please stand and be recognized. Thank you for visiting us today. Senator Hefner, followed by Senator Warner.

SENATOR HEFNER: Mr. President and members of the body, I believe I will keep my remarks brief. I just wanted to talk to you a little bit about this. Senator Peterson explained it fairly well but let me call your attention to seven, eight years ago when the Norfolk Regional Center was scheduled to close or this was what...this was the proposal and, of course, at that time we fought it and we won the battle and ever since we have kept it open it has been full or nearly full and now we have a very critical need for more beds. And so this is why we're proposing to override the Governor's veto. We figured that maybe she would leave it into the budget because the need was great. Senator Labedz was saying what her priorities were a little earlier. Senator Labedz, this is my number one priority and I hope that you and the other senators can support it. But the need is great, not only for northeast Nebraska but way down to the Omaha area and other parts of the state. So, at this time, I would encourage you to vote for the override.

PRESIDENT: Thank you. Senator Warner, you're next, but while the Legislature is in session and capable of transacting business, I propose to sign and do sign LR 223, LR 224, LR 225 and LR 226 and LR 228. Senator Warner, please, followed by Senator Dierks.

SENATOR WARNER: Mr. President and members of the Legislature,