

HOUSE COMMITTEE ON HUMAN RESOURCES

January 26, 1999 Hearing Room E

1:00 PM Tapes 9 -11

MEMBERS PRESENT: Rep. Jeff Kruse, Chair

Rep. Kitty Piercy, Vice-Chair

Rep. Betsy Close, Vice-Chair

Rep. Tim Knopp

Rep. Jerry Krummel

Rep. Mike Lehman

Rep. Bill Morrisette

Rep. Jackie Taylor

Rep. Jackie Winters

STAFF PRESENT: Janet L. Carlson, Administrator

Diane M. Lewis, Administrative Support

MEASURE/ISSUES HEARD:

HB 2079 Public Hearing

Informational Meeting

Outcomes for Healthy Families and Communities

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

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TAPE/#	Speaker	Comments
TAPE 4, A		
005	Chair Kruse	<p>Opens the meeting at 1:04 P.M.</p> <p>Opens a public hearing on HB 2079.</p>
<u>HB 2079 PUBLIC HEARING</u>		
008	Janet Carlson	<p>Committee Administrator, explains the background of the bill.</p> <p>States that HB 2079 creates a property tax exemption for long term care facilities for low-income residents beginning July 1, 2000. Requires certification by Senior and Disabled Services Division (SDSD).</p> <p>Provides the committee with background information regarding long term care in Oregon and the issues that were discussed during the Joint Interim Human Resource Subcommittee on Long Term Care. States that the bill has a subsequent referral to Ways and Means.</p>
037	Lynn McNamara	<p>Senior Staff Associate, League of Oregon Cities (LOC), submits and presents written testimony in opposition to HB 2079 (EXHIBIT A).</p> <p>States that LOC is opposed to the property tax exemption created by HB 2079. Explains that with the loss of property taxes, there exists the potential to lose local governmental services.</p>
088	Rep. Lehman	<p>Asks if service providers such as police protection, fire protection, water and sewer, are the services that could lose dollars provided by property taxes.</p>
090	McNamara	<p>Responds affirmatively.</p>
092	Rep. Lehman	<p>Asks if McNamara is stating that HB 2079 would create a situation where emergency and water services would lose valuable funding, therefore reducing their ability to provide services.</p>
094	McNamara	<p>Responds affirmatively. States that all other taxpayers lose as well.</p>
085	Gil Riddell	<p>Association of Oregon Counties, testifies in opposition to HB 2079, concurs with McNamara's testimony and comments that although property tax roll backs and caps exist, property taxes are still a significant source of revenue for local governments and special districts.</p>
100	Hasina Squires	<p>Special Districts Association of Oregon, testifies in opposition to HB 2079. States that when a property tax roll back is granted for single service districts, dollars are cut on all services, and there is no way to pick and choose which service can be hit harder than others.</p>

114	Rep. Close	Asks how many statewide facilities would be affected and what the financial impact would be.
115	McNamara	Responds that statistics and data are not available at this time that would determine the impact HB 2079 would have on local government services. States that Legislative Fiscal has not finished an impact statement.
121	Rep. Krummel	Describes the situation of a senior citizen who does not defer his own property tax and moves into an assisted living facility that has a tax exemption. Asks if this situation would create the same scenario as HB 2079.
133	Riddell	Responds that the Senior Deferral Program is a "deferral" of taxes, and HB 2079 provides an "exemption" of taxes. States that these are two very different things. There is no pay back on an exemption.
164	Elizabeth Martin-Mahar	<p>Legislative Revenue Office, summarizes the revenue impact statement for HB 2079. Explains that she tried to break the statement down into 3 different types of facilities that would be impacted by HB 2079.</p> <ul style="list-style-type: none"> • Assisted Care Facilities • Residential Care Facilities • Nursing Care Facilities <p>Explains that the majority of the revenue impact is coming from the nursing facilities at about \$1 million dollars per year. The total biennium impact for all the facilities was about \$6.68 million. Points out various assumptions in the impact statement. In the Oregon Health Care Association survey, 5% of the assisted living facilities and 33% of the residential facilities, would meet the qualifications of HB 2079. States that the number of Oregon seniors at the age of 65+ (population most likely to make use of assisted living facilities) is growing at about 1% per year. Discusses the 1997 Oregon Health Plan Policy and Research survey in regard to nursing care facilities. States that 30% of nursing care facilities meet the qualifications of HB 2079. The number of Oregon seniors at the age of 85+ (population most likely to enter nursing care facilities) is growing at a rate of 4% per year. Explains that all the revenue estimates in the impact statement grew at by 3% which is the cap that is allowed on the assessed value of property tax.</p>
239	Rep. Lehman	Asks if a non-profit nursing home is tax exempt.
240	Martin-Mahar	Responds affirmatively.
241	Rep. Lehman	Asks if a for-profit nursing home that is not making a profit is tax exempt.
243	Martin-Mahar	Responds affirmatively and notes that a facility has to meet the qualifications of 70% patient eligibility for Medicaid.
252	Rep. Lehman	Asks if a facility that meets the 70% qualification and is making a large profit can get a tax exemption.

253	Martin-Mahar	Responds affirmatively. States that there is no distinction between facilities according to their income.
270	Jim Carlson	Oregon Health Care Association, Oregon Center for Assisted Living, testifies in support of HB 2079. Comments that HB 2079 will provide an incentive for facilities to serve a growing senior population in need of special care. Discusses concerns for facilities that are failing financially. States that Ways and Means will generate more in-depth discussion of state tax policy.
278	Gwen Dayton	Government Affairs Director, Legal Counsel, Oregon Health Care Association, submits and summarizes written testimony (EXHIBIT B) in support of HB 2079. Explains that facilities that have a high Medicaid population are under great financial strain. States that the average nursing home profit across the state is 2%. Medicaid rates have not increased with the same rate as inflation or as the minimum wage has increased. Discusses the impact that the increase of minimum wage has had on the geriatric care community. Certified Nurse Assistants are paid just above minimum wage to do very difficult and important work. Care facilities can't compete equally in the job market for qualified workers.
350	Dayton	Explains that facilities with a high Medicaid population have no other revenue source. 70% of costs are labor. Raising the rates of the private pay client will only cause them to spin down to Medicaid faster. Emphasizes the concern that facilities are closing and leaving communities without service. Maintains that the revenue impact among counties will be spread thinly and evenly.
420	Rep. Lehman	Asks why this bill wasn't written so that the facilities that qualify would get an income tax credit for the property tax that they pay out. Comments that the cost would then go directly to the state and not the local governments.
429	Carlson	Responds that this idea did not come up during the interim. States that HB 2079 was modeled on existing statute that offers tax exemption of low-income rental housing. Comments that Rep. Lehman's idea is intriguing and worth looking into.
TAPE 10, A		
010	Rep. Taylor	Asks if the interim group discussed other options to assist providers in providing an essential service.
015	Carlson	Explains that the interim group did not get into detailed tax policy questions. The policy side of the equation was the interim focus.
023	Chair Kruse	Asks if the concept of an income tax credit would be handled in Revenue Committee.
025	Carlson	Nods affirmatively.

030	Rep. Krummel	States that 72% of the property in the state of Oregon is tax exempt which means that 28% of property is carrying the burden of supplying the state with tax dollars. Asks if there are existing tax exempt properties that could be put back on a taxable property list so that facilities providing an essential service can continue to do so.
045	Carlson	Responds that there are over 100 tax exempt properties in the state, many of which don't serve as desirable a purpose as care facilities serving the needs of low-income, vulnerable, elderly persons. Believes that there are some properties with exemptions that are worthy of some scrutiny. States that there are larger issues being raised with HB 2079 than proponents intended.
070	Rep. Krummel	Asks if there is other financial assistance received by care facilities, i.e., dollars from Senior and Disabled Services Division, Oregon Health Plan, other agencies serving the elderly.
075	Carlson	Responds that Oregon Medicaid is paying for over half of long term care needs. Discusses three long-term care revenue sources: <ul style="list-style-type: none"> • Medicaid, Medicare, private pay
100	Rep. Winters	Asks for statistics regarding the facilities that have closed and the areas that were impacted by their closure.
107	Carlson	Describes four recent facility closures: Cottage Grove, Portland, Corvallis, and rural Lane County. There are six facilities that are in immediate financial straits and facing the prospect of closing their doors. Discusses how the state dictates and imposes regulations on care facilities but does not provide assistance that would help providers meet those regulations.
130	Terri Kraemer	Oregon Alliance of Senior and Health Services (OASHS), testifies in regard to HB 2079 and states that without more information OASHS cannot take a position on the bill. Explains that SDSD provided a list of facilities impacted by HB 2079. Approximately 60 nursing facilities in the state (1/3 of Oregon state nursing facilities) will benefit from the bill. States that half of the facilities affected are urban areas. Raises the question, " Are the facilities benefited by HB 2079 really essential?" States that HB 2079 doesn't distinguish between urban and rural providers or facilities that are less or more financially profitable. Raises questions regarding access to care centers for Medicaid recipients.
190	Rep. Lehman	Asks for indications of incentive that would cause a facility to increase its Medicaid patients in order to qualify for the tax exemption that HB 2079 offers.
195	Kraemer	Explains that she doesn't have figures on the amounts qualified facilities would receive in exemptions or if facilities would benefit enough to warrant taking additional Medicaid residents.
205	Rep. Morrisette	States that, based on testimony, HB 2079 doesn't provide much of a break to care facilities. Asks for actual dollar amounts that facilities will save.

212	Dayton	States that exemptions will vary. Explains that the average tax exemption for a nursing facility is approximately \$18,000 per year, this figure is higher in urban areas and lower in rural areas, for residential care facilities the approximate exemption is \$5,000-\$6,000, for assisted living facilities the average tax exemption is \$43,000.
228	Morrisette	Asks if the amounts that Dayton has discussed are adequate to keep facilities from closing.
230	Dayton	Responds that HB 2079 is one of many things that the state needs to do to support the geriatric care industry.
242	Rep. Winters	Asks about the current vacancy rate.
248	Kraemer	Replies that the current vacancy rate is approximately 20%.
242	Rep. Winters	Asks for data on occupancy rate comparisons between counties.
265	Kraemer	Responds that she does not have requested data. States that the occupancy rate has decreased.
270	Rep. Winters	Asks about occupancy rates where unemployment is higher.
275	Kraemer	Will ask SDDS for data regarding occupancy rates among Oregon counties.
280	Rep. Morrisette	Asks for clarification on Kraemer's inability to support HB 2079.
295	Kraemer	Talks about the need to further define "essential community providers."
300	Rep. Morrisette	Asks if the bill should be geared on a case-by-case basis instead of a blanket exemption.
312	Kraemer	Replies that legislators should continue to look further at how narrow or broad the effect of the bill should be.
318	Grover Simmons	Adult Foster Homes, Adult Care Providers of Oregon, submits written testimony in regard to HB 2079 (EXHIBIT C). States that, as it stands, the bill is unfair. Discusses the need for a companion bill that will include adult foster homes. Explains how adult foster homes have saved the state money. States that information from SDDS shows that adult foster homes are decreasing in Oregon. Approximately 1,900 homes have Medicaid residents. Suggests that the 70% requirement for exemption is unfair to foster homes and in a companion bill should be changed to 60%

TAPE 9, B

022	Simmons	Explains, in detail, EXHIBIT C . Discusses how the care of a resident, with various levels of impairment, is unfairly reimbursed between adult care facilities, assisted living facilities, and nursing care facilities. Adult foster care facilities are always reimbursed at a lesser amount.
045	Taylor	Asks if the 60% rate, suggested by Simmons, only applies to foster homes.
050	Simmons	Responds that adult foster homes are not looking to create an amendment to HB 2079. A companion bill would only qualify adult foster homes at 60% Medicaid residents.
060	Morrisette	Asks if Chair Kruse was a part of the Joint Interim Committee that drafted HB 2079.
065	Chair Kruse	Responds affirmatively. Discusses the objectives of the interim Human Resources Committee Subcommittee on Long Term Care. The subcommittee realized that Oregon is on the front end of a crisis as baby boomers enter their senior years. Explains that HB 2079 was a way to encourage facilities to continue to provide a necessary service.
084	Chair Kruse	Closes the public hearing on HB 2079 and opens an informational meeting on Outcomes for Healthy Families and Communities.

INFORMATIONAL MEETING

100	Jeff Tryens	Executive Director, Oregon Progress Board, submits and presents written testimony regarding the Oregon Progress Board Highlights and Benchmark Blue Book (EXHIBIT D). Discusses the concept "managing for results" that takes an unfocused organization with departments heading in different and opposite directions and brings them together, so they're heading in the same direction, working for the same end results. Describes the state's strategic planning process and the four elements that are the focus for improving state agency performance. <ul style="list-style-type: none">• Unified vision• Meaningful measures• Shared set of strategies• Evaluate outcomes
150	Tryens	Turns to the "Oregon Shines" report (EXHIBIT D) and begins an explanation of the four elements the state is using to achieve results. States that the governor chairs the Progress Board. In 1997 the state Legislature re-authorized the Progress Board to continue its work. Explains the strategic planning model, i.e., asking questions like, "Where are we?" "Where do we want to go?" "How do we get there?" "Is our monitoring process still successful?"

		<p>Discusses some of the answers to these questions. States that the state economy is doing well, however there are some areas still having problems, Oregon has the highest health-insured population in the United States as a result of the state's health expansion. Alcohol and drug use is up and there exists a serious problem with crime, especially among young people. Poverty rates have not declined despite the economic expansion. Housing affordability and traffic problems are growing in Oregon.</p>
195	Tryens	<p>Explains how the board has involved Oregonians in strategic planning.</p> <p>Outlines the three areas used to measure the success of the plan:</p> <ul style="list-style-type: none"> • Quality jobs for all Oregonians • Safe, caring, and engaged communities • Healthy and sustainable surroundings <p>Discusses the "circle of prosperity," achieving set goals. States that there are areas that Oregon has control of, i.e., clean environment, talented work force, responsive public services.</p> <p>Provides information on Progress Board benchmarks including the evaluation process. States that benchmark evaluations are produced every two years. The board does not have benchmarks for Oregon tax policy.</p> <p>Explains the criteria that benchmarks must meet:</p> <ul style="list-style-type: none"> • Must be linked to Oregon Shines • Must be about results • Must be able to be measured • Must be policy relevant • Must be understandable • Must be comparable to a standard • Must be affordable to review
290	Tryens	<p>Provides a verbal list of key benchmarks relevant to human resources. States that not all state priorities are found in the benchmarks. Discusses making benchmarks functional and linking agencies to big societal outcomes.</p>
370	Tryens	<p>Explains the set of steps for getting benchmarks in the budget process. The governor requires agencies to identify the benchmarks that they are primarily or secondarily linked with when requesting funding. States that information received is placed in a database. Discusses shared strategies, i.e., agencies sharing benchmarks. Emphasizes the importance of properly using data to evaluate outcomes.</p>
TAPE 10, B		
020	Tryens	<p>Discusses lessons learned by the state of Oregon.</p> <ul style="list-style-type: none"> • To be successful, keep it simple. • The process must be bipartisan. • Maintaining "results management" ñ keeping people accountable for change.

		<ul style="list-style-type: none"> • Thinking through and making use of state goals. • The process takes time.
050	Tryens	<p>Discusses reasons for optimism:</p> <ul style="list-style-type: none"> • Improvements in technology, i.e., internet access • Partnerships within state government, local governments, private sector
070	Rep. Morrisette	Requests information on why housing is such a problem in Oregon.
075	Tryens	Will provide requested information.
079	Rep. Close	Asks if the information in EXHIBIT D does not include or give credit to private services and industries that make a difference in Oregon's benchmarks.
085	Tryens	Responds that the state tries to give non-profit organizations the credit for the work they do, even though state agencies are the primary focus of the reporting system.
094	Rep. Close	Asks where the reporting of non-profits is located in the Blue Book.
100	Tryens	States that the Benchmark Blue Book is the total reflection of non-profit organizational activity.
125	Dr. Clara Pratt	<p>Oregon State University Family Study Center (OSU), submits and presents slide presentation (EXHIBIT E).</p> <p>Explains that the Progress Board focuses on Oregon state goals and OSU focuses on front line agencies, i.e., the Salvation Army, the Center Against Rape and Domestic Violence, and local senior centers. OSU has worked to support both state agencies and local service providers to work together to benefit communities. Points out that the idea of looking at long term goals, benchmarks, and outcomes and understanding how organizations and agencies line up with those goals, is being used for juvenile crime plans, teen pregnancy prevention, child abuse maltreatment initiatives, welfare-to-work, drug and alcohol abuse initiatives.</p> <p>Defines:</p> <ul style="list-style-type: none"> • <u>Goals</u>- Ambitious visions of the future • <u>Benchmarks</u>- national, state, or local level indicators of where we are relative to the goals • <u>Outcomes</u>- program level results for participants of specific initiatives or programs <p>States that outcomes should contribute to the achievement of benchmarks and goals.</p>
185	Pratt	Discusses the goals of the Oregon Commission on Children and Families.

		<ul style="list-style-type: none"> • Strong, nurturing families • Healthy, thriving children • Positive youth development • Educational progress and success • Caring communities and systems <p>Explains how staying accountable to benchmarks facilitates programs to meet their goals. Discusses the list of key Oregon benchmarks, page 3, EXHIBIT E. Walks the committee through a list of key elements that are needed to get private and public supported initiatives to address common goals.</p>
262	Pratt	<p>Provides the committee with an example of how Oregon Healthy Start stays accountable and meets the goal of "healthy, thriving children."</p> <p>States that OSU has conducted the evaluations for Healthy Start for the last five years. Explains that Healthy Start is a universal assessment system, operating in 18 counties (14 of which are state funded.) Healthy Start is a collaborative effort of perinatal providers from around the state. i.e., public health nurses, Oregon Commission on Children and Family programs, private and non-profit organizations, are all part of services offered to families.</p> <p>Provides statistics of the families receiving home visitation statewide:</p> <ul style="list-style-type: none"> • 42% are single parents • 68% have their own childhood history of abuse and neglect • 57% have less than a high school education • 37% have history of substance abuse • 29% are 17 years old or younger
300	Pratt	<p>Discusses how benchmarks take into account statistical data to meet program goals, i.e., children's readiness to learn linked with the indicator "family effectiveness as child's first teacher." Explains that it isn't enough to wait until a child is five before looking at how ready he is to learn. Programs must track a family early on to ensure that the child will be ready for learning when he enters kindergarten. Compares federal statistics of families vs. Healthy Start families:</p> <ul style="list-style-type: none"> • National data suggests that less than 40% of low income families read to their children, vs. 2/3 of Healthy Start families with a one-year-old read to their child, and 77% of Healthy Start families with a two-year-old read to their child. This is a strong indicator of "readiness to learn." • 92% of children receiving Healthy Start services are developing normally. Of the 8% percent that are not, 95% are receiving intervention services. • 65% of women who are served by Healthy Start had prenatal care during their first birth and over 85% of women working with Healthy Start received prenatal care for their second births. • 97% of Healthy Start children are immunized as compared with 75% of average Oregon two-year-olds statewide.
360	Pratt	<p>States that no one agency, organization, or program is responsible for the results that Healthy Start is experiencing. Discusses how the library association and local libraries have made books available to families who ordinarily wouldn't go to the library. Explains that goals, benchmarks, and outcomes can be applied to facilitate success for any organization or program.</p>

400	Pratt	Summarizes her presentation by emphasizing "Accountability for Results" page 4, EXHIBIT E .
TAPE 11, A		
010	Rep. Piercy	Asks Pratt if she has worked on other human resource benchmarks and if she has information on those outcomes.
014	Pratt	Has worked with a Governor's technical advisory subcommittee that determined what reasonable outcomes juvenile crime prevention efforts would be held responsible for. Also discusses her experience with the Oregon Youth Conservation Corps and its contribution to decreasing juvenile crime activity.
040	Rep. Morrisette	Asks if Pratt has been involved in the tracking of Head Start effectiveness.
050	Pratt	Responds that national studies indicate that at-risk children who experience Head Start are more prepared to enter kindergarten than at-risk children with no access to Head Start. The effectiveness of these gains are dependant on the school system children enter. Discusses additional data regarding later follow-up with Healthy Start children and juvenile crime incidence. Agrees to provide the committee with follow-up data on Healthy Start child recipients.
075	Rep. Taylor	Comments that goals, benchmarks, and outcomes could be effective for the legislative process. Measurable outcomes would serve the assembly well.
100	Chair Kruse	Adjourns the meeting at 3:05 PM.

Submitted By, Reviewed By,

Diane M. Lewis, Janet L. Carlson,
Administrative Support Administrator

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EXHIBIT SUMMARY

A ñ HB 2079, written testimony in opposition, Lynn McNamara, 16 pp.

B ñ HB 2079, written testimony in support, Gwen Dayton, 1 p.

C ñ HB 2079, written information regarding Adult Foster Care, Grover Simmons, 2 pp.

D ñ Benchmark Blue Book/Oregon Shines Report, Jeff Tryens, 96 pp.

E ñ Building Results slide program, Clara Pratt, 5 pp.