

HOUSE COMMITTEE ON
HEALTH AND HUMAN SERVICES

January 26, 2005 Hearing Room D

8:30 A.M. Tapes 13 - 14

MEMBERS PRESENT: Rep. Billy Dalto, Chair

Rep. Bob Jenson, Vice-Chair

Rep. Carolyn Tomei, Vice-Chair

Rep. Gordon Anderson

Rep. Deborah Boone

Rep. Tom Butler

Rep. Mitch Greenlick

STAFF PRESENT: Sandy Thiele-Cirka, Committee Administrator

Pamella Andersen, Committee Assistant

ISSUES HEARD: Overview of Oregon's Mental Health Delivery System
- Informational Meeting

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.

TAPE/#	Speaker	Comments
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TAPE 13, A

004	Vice-Chair Jenson	
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Calls the meeting to order and opens the informational meeting on Oregon Mental Health Delivery Systems at 8:36 a.m.

Oregon's Mental Health Delivery System - INFORMATIONAL MEETING

015	Bob Nikkel	Administrator, Oregon Mental Health and Addiction Services, Health Services Section, Department of Human Services (DHS). Reviews (EXHIBIT A) , Overview of Mental Health History in Oregon.
079	Chair Dalto	Recognizes and welcomes a group from Santiam Christian High School.
082	Rep. Butler	Requests a list of current responsibilities in shared between the counties and the state in mental health (exhibit d) .
094	Nikkel	Continues review of (Exhibit A) relative to history. Mentions Dr. Hawthorne, the father of mental health in Oregon. Notes it took 52% of the state budget to care for the mentally ill in 1877.
142	Gina Firman	Director, Association of Oregon Community Mental Health Programs. Explains the breakdown of the 75% of funds which go to the community budgets.
169	Nikkel	Notes goal they had for extended-care placements compared to what they have accomplished. Moves to review of 2002 chart in (EXHIBIT A) . Mentions homelessness and the connection with mental illness, and other needs of the mentally ill.
193	Rep. Anderson	Requests Mr. Nikkel's definition of homeless.
196	Nikkel	Defines the 2500 homeless as a combination of those on the streets, in missions, with families or friends, in temporary housing, in jail, etc.
209	Chair Dalto	Reviews list of comprehensive items to be addressed by a responsible mental health system: poverty, housing, vocational needs, legal needs, educational needs.
212	Nikkel	States DHS underestimated the abilities of the mentally ill with competitive employment. States we need to address proper workforce development.

233	Rep. Greenlick	Inquires about those not receiving ongoing services (e.g., medication, counseling).
240	Nikkel	Adds basic health care, and alcohol and drug treatment (A&D) in Chair Dalto's list above.
248	Rep. Butler	Requests clarification on the percentage of A&D (alcohol and drug) afflicted.
250	Nikkel	Explains 50% of those with major mental illness also have a drug or alcohol problem, dual diagnosis.
262	Rep. Butler	Requests elaboration on the percentage living with family or in another community setting.
269	Nikkel	Offers to provide breakdown. States approximately 30-40% live with families and the remainder live independently.
277	Rep. Butler	Inquires if housing situation impacts employability.
280	Nikkel	Responds affirmatively. Comments on the conclusion to the Governor's Mental Health Task Force.
292	Rep. Boone	Asks why the mentally ill are in jails as opposed to community treatment programs.
297	Nikkel	Explains it is due to a combination of issues that have arisen from not treating the full mentally ill population. Offers to provide committee the California study on population reduction in jails resulting from adequate mental health treatments.
333	Nikkel	Reviews development and mission of Community Mental Health Centers (CMHC).
360	Rep. Tomei	Inquires if new medications have impacted hospital discharges.
370	Nikkel	Confirms medications have allowed more discharges.
390	Nikkel	Continues historical review, noting the move toward psychotherapy.

403	Firman	Comments that treatments have improved with medications and psychotherapy, and she will address evidence-based practices.
411	Nikkel	Reviews 1980's and 1990's, characterized by community support projects, one of which was in Coos Bay. Elaborates on these programs.

TAPE 14, A

020	Nikkel	Continues overview. Explains the federal sources of funding in the early 1990's; learning that community programs can be more effective than institutional care; and there is a biological component to mental illness.
060	Rep. Boone	Asks the impact of early childhood sexual abuse on mental disorders.
065	Nikkel	Responds with statistics on the correlation between traumatic life events and serious mental illness.
074	Rep. Boone	Inquires about costs of housing, and whether there is a program for mobile homes to be donated.
081	Nikkel	Indicates he is not aware of such a program, but has seen work done in conjunction with Habitat for Humanity. Continues review.
119	Rep. Jenson	Requests list of community hospitals.
121	Nikkel	Elaborates on need to implement more evidence-based practices (EBP).
127	Firman	Mentions SB 267. Outlines the challenges. Notes Assertive Community Treatment (ACT) is one of the EBP's, as well as supported employment. Reviews visit to a Crisis Resolution Center in Bend.
177	Rep. Tomei	Asks what actions can be taken to keep people out of jails, and what makes ACT programs expensive. Requests a cost comparison between the two options.
187	Nikkel	Reviews ACT programs costs: staff intensive, and require full team support (doctor, nurse, case manager, peer support, etc.).

202	Rep. Tomei	Expressed desire to visit one of these programs.
205	Rep. Greenlick	Requests explanation of the 16-bed issue as it relates to qualifying for Medicaid.
217	Nikkel	Provides history and details on the federal Medicaid regulation that it will not fund anything for an institution for mental disease (IMD rule relates to anything over 16 beds).
233	Nikkel	Continues review of the 21st century, and the need to balance needs. Funding, public safety, and civil rights.
262	Chair Dalto	Requests chart showing where the state hospital cost falls on the spectrum of treatment possibilities.
265	Nikkel	Need for Oregon to address the demographics of mental health issues with more bi-lingual and cultural programs, and multi-cultural workers.
282	Firman	References and reviews (EXHIBIT B), relating to community mental health services costs by category of client.
313	Rep. Greenlick	Requests clarification of definitions in chart (exhibit B).
324	Firman	Explains the reasons for apparent inequities.
347	Nikkel	Reviews charts showing funding breakdowns; reviews financial roadmap.

TAPE 13, B

005	Nikkel	Continues review addressing the changing access chart.
018	Rep. Jenson	Expresses concern with oversight and accountability with respect to the state/community mental health partnership. Requests a presentation on the statutory chain-of-command that relates to the situation in Umatilla County.
049	Nikkel	Offers to provide ORS 430 and related material to the committee.

065	Chair Dalto	Requested follow-up correspondence for the committee.
068	Nikkel	Reviews purpose and findings of the Governor's Mental Health Task Force (Exhibit C).
086	Chair Dalto	Recesses the meeting for 10 minutes. Reconvenes at 9:56 a.m.
090	Nikkel	Lists and elaborates on the ten systemic problems revealed: <ul style="list-style-type: none"> • insufficient funding; • interface between organizations; • funding management and coordination; • persons in prisons and jails; • too few community resources; • failure to plan adequately; • inadequate early intervention and prevention; • parity of private insurance coverage; • inadequate use of modern information systems; and • inadequate integration with other social and health services.
159	Thiele-Cirka	Requests definition of housing units.
162	Nikkel	Answers they are individual housing units. Continues the top-ten list of systemic problems from (exhibit C): lack of emphasis on earlier intervention or prevention and parity of private insurance coverage.
178	Rep. Tomei	Asks what Mr. Nikkel would recommend the committee propose.
180	Nikkel	Relates bills have been introduced with a view toward chemical dependency parity. Mentions two systemic problems from (exhibit c): system does not take advantage of modern information systems and integration of services (mental, addiction, physical health).
199	Firman	Confirms IT systems are lacking. Mentions impact of the HIPAA (Health Insurance Portability and Accountability Act) laws. Addresses the impacts of the last biennium's budget cuts on the addiction treatment field, which goes hand-in-hand with mental health.
244	Nikkel	

Points out from **(EXHIBIT C)**, the recovery-oriented approach, cultural competency; and the implementation of EBP's. Conveys primary concern of task force relates to the criminal justice system.

301 Firman Reviews the issues of financial equity by county, and the strategy being developed to address this, and regionalization.

350 Nikkel Addresses overcrowding in the Oregon State Hospital (OSH). Notes factors contributing to this figure, including the Psychiatric Review Board's approval of releases, and the explosive growth in forensic cases.

TAPE 14, B

005 Nikkel Continues discussion of forensic community placements. Notes the development of the OSH master plan.

50 Chair Dalto Requests to review the proposals.

53 Nikkel Offers to review that possibility.

60 Rep. Anderson Mentions values and principles in **(exhibit c)**. Supports the "ability to pay" concept, and giving back to society.

086 Nikkel Reviews the revolving fund example, asserting that people feel better about themselves if they can give back.

100 Rep. Boone Asks how former clients can mentor/lead others through the maze of services, or even offer their expertise on a state board.

118 Rep. Jenson Refers to **(EXHIBIT B)**. Questions the effectiveness of how a crisis is determined by a telephone call.

133 Nikkel Explains crisis service questionnaire and process.

155 Firman Notes this illustrates the necessity of good training and the ability to determine how dangerous people are to themselves or others.

184 Rep. Jenson Highlights the working poor will probably pay more in terms of emotional consequences.

199	Rep. Boone	Share personal experience of one of her constituents.
217	Chair Dalto	Adjourns the meeting at 10:22 a.m.

EXHIBIT SUMMARY

- A. Mental Health History, Overview in Oregon, report, Bob Nikkel, 26 pp
- B. Mental Health, Community Services, statistics chart, Gina Firman, 1 p
- C. Mental Health, A Blueprint for Action, report to the Governor and Legislature, Bob Nikkel, 82 pp
- D. Mental Health, Shared State-County Services, chart, Rep. Tom Butler, 1 p
- E. Mental Health, Psychiatric Hospitalization Rate, graphs, Bob Nikkel, 4 p

Rep. Gordon Anderson

Rep. Tom Butler

Rep. Mitch Greenlick

MEMBER EXCUSED: **Rep. Bob Jenson, Vice-Chair**

Rep. Deborah Boone

STAFF PRESENT: **Sandy Thiele-Cirka, Committee Administrator**

Pamella Andersen, Committee Assistant

MEASURES/ISSUES HEARD:

Overview of Current trends in the Private Healthcare Insurance Market

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.

TAPE/#	Speaker	Comments
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TAPE 10, A

004	Rep. Greenlick	Rep. Greenlick calls the meeting to order as a subcommittee at 8:40 a.m. Opens an informational meeting on current trends in the private healthcare insurance market. A quorum arrives at 8:45 a.m.
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Current trends in the private healthcare insurance market - INFORMATIONAL MEETING

013	Joel Ario	Administrator, Department of Consumer and Business Services (DCBS). Submits and reviews written testimony (exhibit A). Provides overview of the health insurance regulated marketplace. Outlines DCBS regulatory responsibilities. Reviews each market sector: individuals, small group markets, and portability.
140	Rep. Tomei	Questions why carriers don't use available market opportunities.
142	Ario	Reports the carriers claim they intend to, but say the waiver system is particularly complicated and they are experiencing difficulty getting their systems revamped.
165	Rep. Tomei	Inquires how expensive the pool is for those who are denied coverage.
172	Ario	States the rates are fairly competitive with the private market.
181	Rep. Butler	Asks if DCBS would support and help develop a flexible pilot project with possible inclusion of waivers for the six counties that have the highest numbers of uninsured.
232	Ario	Confirms DCBS is willing to work on such a project. Discusses issues addressed in the 2003 legislature and some of the reforms that have been taking place, which they are observing in order to evaluate results.
280	Rep. Butler	Clarifies that DCBS is seeking: to develop a flexible program for non-seasonal long-term employees.
333	Rep. Greenlick	Questions if there is a way to create a more regulated and transparent insurance market.

317	Ario	Responds, yes, they are attempting to do so.
379	Rep. Greenlick	Questions the role of the Employee Retirement Income Security Act (ERISA) and it's constraints upon Oregon.
400	Ario	Reports ERISA is very complicated. Provides illustrations.

TAPE 11, A

012	Chair Dalto	Requests a list of mandates that will expire in the next few sessions.
015	Rep. Butler	Comments he would like to see a committee bill developed addressing employment-based health insurance.
030	Ario	Continues testimony. Discusses impact of relaxing rate plans, and other reforms. Reviews number of clients in each market compared to pre-2003 legislative session. Compares Oregon to Washington's recent regulation changes.
082	Rep. Tomei	Requests information on whether the cost increases are related to Oregon mandates and what other issues may impact costs.
092	Chair Dalto	Requests graphical report on marketplace stability during the past few years.
099	Rep. Anderson	Questions the DCBS's perspective on health savings accounts (HSA) and how people could be encouraged to save for their own health.
118	Ario	Reports HSA's are out of the department's regulation.
127	Chair Dalto	Requests information on high-deductible plans.
152	Rocky King	Administrator, Insurance Division, Insurance Pool Governing Board (IPGB). Submits and reviews a report on the IPGB (exhibit b) and an analysis of group health insurance mandates (exhibit c). Provides historical review of Oregon's insurance policy, planning and programs. Discusses the high-risk pool.
262	Chair Dalto	Asks why the highest percentage in the high-risk pool is female.

266	King	States his belief the percentage reflects dependents of persons covered on individual policies.
277	Chair Dalto	Inquires if a gender breakdown is available.
280	King	States the Oregon Population Survey might have that information. Continues testimony. Reviews the percentage surcharge for high risk people.
307	Rep. Tomei	Asks what the typical rate would be at 111percent.
310	King	Answers, referencing report (exhibit B).
334	Chair Dalto	Questions the access to the pool and whether there are limitations on eligibility.
340	King	Reports the pool enrollment is not closed; an individual would have to be able to afford the premiums. States the premiums don't cover the expenses of the pool. Elaborates on the extra costs and how they are funded.
392	Chair Dalto	Inquires whether insurance carriers resent their assessments.
397	King	Responds, yes. States the intent of the pool is to spread the risk to the largest group of people possible. Elaborates on the make-up of the board.
438	Rep. Anderson	Questions how often the assessment is paid.
443	King	Answers per month and further clarifies.
426	Rep. Butler	Asks about assessment history.

TAPE 10, B

002	King	Elaborates on assessment price, noting he will provide a report with a 15-year history.
018	Rep. Greenlick	Asks about self-insured plans and stop-loss coverage.

020	King	Explains how IPGB assesses on self-insurance. Mentions the Safeco suit against the pool in that regard.
035	King	Continues with the history of health care insurance coverage in Oregon. Reviews the function of the Family Health Insurance Assistance Program (FHIAP).
129	Rep. Anderson	Inquires how many people could be served with present funding.
130	King	Responds with the number, and elaborates on recent efforts to increase enrollment in FHIAP.
154	Rep. Greenlick	Questions link between Medicaid Children's Health Insurance Program (CHIP) and FHIAP.
156	King	Explains link and why certain parents keep CHIP.
188	Rep. Butler	Questions if asset accumulations are used as a guideline for people to participate in these programs.
196	King	Explains the pool only considers liquid assets. Elaborates and explains the logic.
233	Rep. Greenlick	Asks if the 185 percent limit on drug purchasing is being integrated into FHIAP.
238	King	Responds, no. Continues testimony on certified plans, alternative group plans, enticing the healthy, younger consumer, and children's group benefit plans. Discusses the impending training of insurance companies on the new children's health program.
362	Rep. Tomei	Questions why dental is not be covered.
363	King	Explains the costs of dental coverage and their intent to save costs. Continues, discussing IPGB's intentions.
394	Rep. Greenlick	Questions deductibles for the adult plan.
399	King	Reviews detail of deductible.

420	Chair Dalto	Requests King's contact information.
423	King	Provides information and invites members to attend training sessions.
464	Steve Doty	Oregon Association of Health Underwriters. Submits and reviews written testimony (exhibit d) and related statistics (exhibitS e & F).

TAPE 11, B

010	Doty	Continues testimony, providing agent perspective. Reviews quotes he recently provided some small employers. Discusses issues driving higher costs. Recommends government provide a financial incentive for small businesses to provide health insurance for their employees, and not new mandates.
113	Chair Dalto	Inquires about maintaining existing mandates that are set to expire.
114	Doty	States the association encourages review of those mandates to determine whether they should continue. Discusses expanding rate bands to lower the premiums for younger populations. Expresses frustration with insurance companies refusing to write waivers.
153	Rep. Butler	Requests clarification regarding new products not being purchased.
158	Doty	Clarifies insurance carriers aren't offering the products.
171	Rep. Butler	Questions why these products are not being offered.
175	Doty	Reports the insurance companies say their systems won't allow it.
197	J. L. Wilson	National Federation of Independent Business (NFIB). Testifies on impacts of insurance requirements to businesses. Notes the premium increases over the past few years, and resulting reactions. States many of their members are supporting HSA's.
259	Rep. Greenlick	Questions whether NFIB supports an affordable model of health insurance coverage, or sees employment-based health insurance as obsolete.
280	Wilson	

Reports the association opposes mandated coverage, but on the federal level they support small businesses banding together.

- 294 Chair Dalto Asks whether NFIB is in a position to encourage members to cover dependents.
- 299 Wilson Responds, yes, but the attempts have been unsuccessful.
- 311 Lisa Trussell Associated Oregon Industries (AOI). Submits and reviews written testimony (**Exhibit G**). References comments she distributed, reminding the committee that health insurance managers are addressing the group insurance market. Mentions how they are responding to the market. States people will drop insurance coverage if the costs go up even one percent.
- 395 Rep. Butler Asks if there are any mandates members might be willing to forego temporarily to participate in a pilot program.
- 420 Trussell Reports their goal is to increase the number of insured Oregonians.
- 434 Sandy Thiele-Cirka Administrator. Asks about the disconnect between consumer and payer and how it can be fixed.
- 441 Trussell States as consumer financial responsibility increases for their own insurance coverage, they will be asking more questions. Expects a shift in orientation of medical facilities toward the convenience of the consumer.
- 464 Rep. Tomei Asks if it is possible for employers to purchase catastrophic insurance.
- 470 Trussell Responds yes.
- 479 Rep. Tomei Asks what proportion of employers would buy such a product.

Tape 12, A

- 005 Trussell Responds. Reviews deductibles and their impact. Compares flexible spending accounts with HSA's.
- 024 Chair Dalto Closes the informational meeting. Adjourns the meeting at 10:30 a.m.

EXHIBIT SUMMARY

- A. Insurance Division, written testimony, Joel Ario, 4 pp**
- B. Insurance Pool, Insurance Pool Governing Board Report, Rocky King, 64 pp**
- C. Insurance Pool, Analysis of Group Health Insurance Mandates Required by the Oregon Insurance Code, Rocky King, 47 pp**
- D. Insurance, Health, written testimony, Steve Doty, 4 pp**
- E. Insurance, Health, statistical brief #54, Steve Doty, 5 pp**
- F. Insurance, Health, statistical brief #51, Steve Doty, 6 pp**
- G. Insurance, Health, written testimony, Lisa Trussell, 1 p**