

SENATE COMMITTEE ON HEALTH POLICY

February 16, 2005
1:00 P.M.

Hearing Room B
Tapes 16 - 19

Correction 9/29/2005

MEMBERS PRESENT: Sen. Laurie Monnes Anderson, Chair
Sen. Jeff Kruse, Vice-Chair
Sen. Peter Courtney
Sen. Gary George
Sen. Bill Morrisette

STAFF PRESENT: Rick Berkobien, Committee Administrator
Brittany Kenison, Committee Assistant

MEASURES/ISSUES HEARD:

The Healthcare Market Place: Public and Private Healthcare Systems, Cost Drivers and Health Insurance – 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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 16, A		
005	Chair Monnes Anderson	Calls the meeting to order at 1:03 p.m. Opens informational meeting on the healthcare market place: public and private healthcare systems, cost drivers, and health insurance.
<u>THE HEALTHCARE MARKET PLACE: PUBLIC AND PRIVATE HEALTHCARE SYSTEMS, COST DRIVERS AND HEALTH INSURANCE - INFORMATIONAL MEETING</u>		
010	Chair Monnes Anderson	Reviews schedule of cost containment hearings and submits as testimony (EXHIBIT A) .
040	Bruce Goldberg	Administrator, Oregon Health Policy and Research, Oregon Department of Human Services. Introduces himself. Submits PowerPoint presentation on an overview of healthcare in Oregon (EXHIBIT B) .
042	Bob Diprete	Oregon Health Policy and Research, Oregon Department of Human Services. Introduces himself.
045	Goldberg	Provides overview of presentation.
050	Diprete	Provides objectives of the presentation.
060	Diprete	Provides overview of healthcare in Oregon: <ul style="list-style-type: none">• Nationally and in Oregon: The “System” isn’t a system• Resources and Programs are Fragmented or Overlap• It’s All Connected, System or Not
110	Goldberg	Begins to discuss expenditures. Reviews chart of annual change in private health spending per capita, 1961-2001.
115	Kruse	Asks what caused the sharp drop of change in spending in early 1960’s.
118	Goldberg	Explains that it dropped when Medicaid and Medicare started.
122	Kruse	Clarifies that “dips” are caused when programs are attempting to change the market.
125	Goldberg	Affirms. Reviews chart for increase in health insurance premiums compared to other indicators, 1988-2003. Explains the

		significances are not in the “dips,” but the overall stability in overall inflation and wages.
145	Chair Monnes Anderson	Clarifies that there are no premiums with the Oregon Health Plan and that it is primarily managed care.
150	Goldberg	Affirms. Explains that premiums are overall healthcare costs. Explains other types of out of pocket expenses.
160	Goldberg	Reviews projected chart of average premiums and per capita income in the US.
170	Sen. Morrisette	Clarifies that premiums are related to the economy because health companies invest more money.
180	Goldberg	Explains what health cost driver factors that add to healthcare costs.
188	Sen. Morrisette	Re-clarifies question. Comments that we are getting out of a recession.
195	Goldberg	Agrees. Adds that when the economy is good when there is a rise in employer based health insurance, however businesses cannot afford health insurance when the economy’s employment is down.
218	Goldberg	Continues to provide overview of healthcare in Oregon: <ul style="list-style-type: none"> • National Healthcare Spending • Chart, “Trends in Personal Healthcare Expenditures Per Capita, Oregon and the US, 1991 to 1998 • Healthcare Expenditures in Oregon
255	Rick Berkobien	Committee Administrator. Asks if inequity in Medicare is reflected in a chart in the presentation.
260	Goldberg	Explains how payment rate is set by region and that Oregon’s is lower. Adds that Oregon has lower expenditures.
285	Goldberg	Continues to provide overview of healthcare in Oregon: <ul style="list-style-type: none"> • Reviews chart, Average Monthly Worker Contribution for Single and Family Premiums, 1988-2003 • Reviews chart, Average Monthly Total Employee Contribution • Reviews chart, Components of Healthcare Spending per Capita, 1998 • Distribution of Medicaid Expenditures, 2003
360	Goldberg	Continues to provide overview of healthcare in Oregon: <ul style="list-style-type: none"> • Reviews chart, Distribution of OHP Expenditures
370	Chair Monnes Anderson	Asks Goldberg to explain “PMPM” as referred to in the charts.
372	Goldberg	Explains that it stands for Per Member Per Month (PMPM). Elaborates.
390	Berkobien	Asks for trends in percentages of the distribution of the Oregon Health Plan Expenditures.
392	Goldberg	Answers no, but adds that they are currently working on it. Discusses health insurance for asset protection, access to care and risk management.
TAPE 17, A		
010	Goldberg	Discusses Oregon insurance status during 2004.
020	Goldberg	Compares Oregon to a national insurance status during 2003.
033	Goldberg	Reviews chart of trends in Oregon’s uninsured rate.

040	Goldberg	Continues to review healthcare in Oregon: <ul style="list-style-type: none"> • Reviews chart, Oregon Insurance Trends among Children, Adults, and Seniors • OHP Expansion/Standard Enrollment Trends • Consequences of being without health insurance • Uninsured Americans statistics • Inadequate health insurance
085	Sen. Kruse	Asks question relating to the spend down rate eligibility factor for elderly.
090	Goldberg	Answers that he does not know and offers to return information to committee. Comments on people filing for bankruptcy due to medical debt.
105	Sen. Kruse	Clarifies that information is clearly from health care and not the system.
110	Goldberg	Notes that bankruptcies effect the community.
120	Goldberg	Discusses underlying issues with healthcare: <ul style="list-style-type: none"> • Cost increase factors • Quality of health care
145	Chair Monnes Anderson	Asks witness where he found statistic that one third of healthcare expenditures goes to care that is duplicative.
150	Goldberg	Answers from the Institute of Medicine performed the study. Elaborates. Offers to return the report to the committee.
158	Chair Monnes Anderson	Ask if report will show what services are being provided specifically that are duplicative.
159	Goldberg	Answers yes.
160	Sen. Kruse	Asks if self correcting conditions are covered and if it is a part of the duplicative.
165	Goldberg	Answers yes and explains that part of it includes failure to improve patient's health. Elaborates.
170	Sen. Morrisette	Comments on television commercials relating to treatments.
172	Goldberg	Comments on how treatments vary from communities. Notes how outcomes of all the varied treatments are similar. Comments that electronic recording keeping is needed to prevent information errors.
210	Goldberg	Continues to provide overview of healthcare in Oregon: <ul style="list-style-type: none"> • Quality of healthcare • Disparities in healthcare • Review chart, aging population and demographic changes in Oregon Legislative Administration • Other important information
250	Sen. Morrisette	Refers to chart of aging population. Asks why there is sharp rise in population from 74 to 85 year olds.
255	Goldberg	Answers how it results mostly from the Baby Boomers group.
290	Goldberg	Provides overview of healthcare in implications and prospects: <ul style="list-style-type: none"> • Stakeholder responses to rising healthcare costs
355	Sen. Kruse	Asks Goldberg if he knows anything about federal agencies looking to start block granting.
360	Goldberg	Explains how they are not looking at a block granting spending, but looking at the president's budget.

370	Sen. Morrisette	Clarifies that federal budget is putting money into the rural health safety net clinics.
377	Goldberg	Affirms.
385	Goldberg	Summarizes and concludes.
388	Sen. Kruse	Comments on block grants and interested in Oregon State Senator Gordon Smith's decision.
395	Goldberg	Comments on partnership needed.
400	Sen. Kruse	Notes that Sen. Smith did want input from state level.
407	Sen. Morrisette	Comments on flexibility of block granting.
410	Barney Speight	Administrator, Office of Medical Assistance Programs (OMAP). Submits PowerPoint presentation on Healthcare Costs: Drivers and Responses. (EXHIBIT C) .
TAPE 16, B		
015	Speight	Discusses healthcare costs: drivers and responses: <ul style="list-style-type: none"> • Cost driver #1, aging population • Reviews chart, Relationship between age and annual health costs. • Cost driver #2, medical technology
085	Berkobien	Asks if a cost driver includes many places having and using the machinery.
090	Speight	Agrees, but cannot document that. Explains learning the standards of care and the differences in technology and the uses.
120	Speight	Continues discussing healthcare costs, drivers and responses: <ul style="list-style-type: none"> • Cost driver #3, change in market power • Cost driver #4, work force shortages
155	Sen. Morrisette	Asks to comment how to solve the work force plan.
160	Speight	Speculates. Comments on new form of coordination.
175	Sen. Morrisette	Comments on community colleges nursing programs. Asks to find out how many people are waiting to get into the nursing programs.
180	Speight	States that he will.
190	Chair Monnes Anderson	Comments that there will be a Health Policy meeting on February 25, 2005 about the healthcare workforce.
195	Sen. Morrisette	Expresses need for funding for healthcare programs.
208	Speight	Continues discussing healthcare costs, drivers and responses: <ul style="list-style-type: none"> • Cost driver #5, health insurance • Cost driver #6, capital spending
235	Chair Monnes Anderson	Asks Speight if he have percentage for replacement of ageing equipment and facilities.
240	Speight	Answer no. Adds that there are cycles in capital funding.
255	Chair Monnes Anderson	Comments on OHSU construction asks if their cost was reflected in 2002.
265	Speight	Explains that graph on construction spending is national data. Comments on high cost of informational technology, but that it is effective.
295	Sen. Kruse	Comments on capital cycles from the 1960's. Comments on construction in district.
310	Speight	Continues discussing healthcare costs, drivers and responses: <ul style="list-style-type: none"> • Cost driver #7, government policy • Cost driver # 8, primitive systems of care

415	Speight	<ul style="list-style-type: none"> • Cost driver #9, medical-legal environment <p>Continues discussing healthcare costs, drivers and responses:</p> <ul style="list-style-type: none"> • Response #1 • Response,#2 • Roles and Responsibilities for controlling future cost
TAPE 17, B		
015	Joel Ario	Administrator, Insurance Division, Department of Consumer and Business Services (DCBS). Submits written testimony (EXHIBIT D) .
020	Ario	Discusses overview of public-private health insurance programs.
070	Ario	Discusses regulations of health insurance
075	Chair Monnes Anderson	Asks what is being regulated.
077	Ario	Answers that it is insurance policies and mandate regulations. Explains the difference in rate regulations.
090	Chair Monnes Anderson	Asks what is available for small group (insurees) market.
095	Ario	Explains how they have to be pooled together and the restrictions.
140	Ario	Continues discussing how small groups are pooled for insurance.
150	Sen. Kruse	Asks who is exempt from form regulation.
151	Ario	Answers that self insured are and elaborates.
155	Sen. Kruse	Asks how to differentiate between health insurance companies.
160	Ario	Explains.
175	Howard "Rocky" King	Administrator, Insurance Pool Governing Board (IPGB), Oregon Medical Insurance Pool (OMIP). Submits written testimony (EXHIBIT E) . Also submits informational packet on healthcare insurance programs (EXHIBIT F) . Begins discussion on private partnership programs.
220	King	Discusses starting a program to provide health insurance for children only through employer based health programs.
270	King	Discusses new group and individual health insurance programs and provides goals for enrollment.
290	King	Discusses increase number of phone calls regarding the need for health insurance. Explains agent referral system.
300	King	Discusses independent market and funding.
350	Chair Monnes Anderson	Asks how much OMIP receives.
355	King	Answers 14 to15 million dollars among approximately 180 insurers.
365	Sen. Kruse	Asks if there is reason to the market increase.
375	King	Answers. Explains the resources they have.
410	Chair Monnes Anderson	Notes that meeting will recess until 5:30 p.m. in hearing room 50. Recesses meeting at 2:55 p.m..
411	Chair Monnes Anderson	Reconvenes meeting in Hearing room 50 at 5:35 p.m. Comments on testimony regarding healthcare market, insurance, and cost drivers.
TAPE 18, A		
015	Patrick Pine	President, ESCO Corp. Submits and reviews statistical comparisons of illustrations of representative changes in typical employer group plans (EXHIBIT G) .
065	Pine	Continues to review chart that addresses increase in health cost.

110	Pine	Summarizes and concludes.
135	Leslie Frane	Executive Director, Service Employees International Union (SEIU), Local 503. Submits and presents written testimony concerning rising cost of health care (EXHIBIT H) .
200	Frane	Summarizes and concludes.
230	Chair Monnes Anderson	Comments on the 500 series bills introduced.
255	Ellen Pinney	Executive Director, Oregon Health Action Campaign. Explains the organization and how it supports people paying for premiums.
300	James Richards	Citizen, Falls City, OR. Submits written testimony on personal experience owing significant amount of health bills (EXHIBIT I) .
345	Sen. Morrisette	Clarifies that \$42,000 is owed for supplies at Oregon Health and Science University (OHSU).
350	Richards	Affirms. Continues to discuss experience.
415	Heather Sorensen	Submits and presents written testimony with personal experience owing significant amount to hospitals from fiancé's car crash (EXHIBIT J) .
TAPE 19, A		
040	Sorensen	Continues discussing testimony.
065	Linda Ingham	Submits and presents written testimony (EXHIBIT K) .
115	Ken Ingham	Concerned about increased cost for son's healthcare.
125	Sen. Morrisette	Asks if they are receiving help from maker of the enzymes.
130	Linda Ingham	Answers that their insurance covers enzymes.
135	Sen. Morrisette	Clarifies that they are not eligible for the program.
140	Linda Ingham	Affirms.
141	Sen. Morrisette	Comments that if they are ever without insurance to consider contacting the pharmaceutical company for discounts.
145	Ken Ingham	Comments on a program started. Speaks about increase in medications.
153	Kenny Ingham	Introduces himself. Answers questions from the Chair.
165	David Bolton	Citizen. Describes current and past designations. Comments that they have reviewed the 500 series bills and commends committee. Believes that work of the union needs to be considered.
190	Bolton	Discusses previous solutions that haven't been effective and that Oregon needs legislation.
210	Lupita Letcher	Citizen, Tigard, OR. Describes center that helps patients with premiums. Provides background of the Federally Qualified Health Center (FQHC) she works for.
245	Letcher	Reviews demographics of patients in clinic.
270	Letcher	Discusses preventive health care and why this is not happening.
285	Letcher	Provides examples of patients who attend clinic who are not practicing preventative health care.
325	Letcher	Explains what safety net clinics do and what they are experiencing.
345	Letcher	Summarizes and concludes.
355	Sen. Morrisette	Asks if the clinic has problem receiving wrap around payments.
365	Letcher	Answers that it can take up to a year to receive payments. Adds that it is especially hard when a new clinic is opening.
375	Sen. Morrisette	Asks for break down of providers.
385	Letcher	Explains that there are four providers.
400	Sen. Morrisette	Asks if they provide dental maintenance work.

403	Letcher	Answers no, but adds that the center in Woodburn, OR will soon.
410	Sen. Morrisette	Clarifies that no one is turned away.
411	Letcher	Affirms.
415	Chair Monnes Anderson	Comments on dedication to staff working in a FQHC.

TAPE 18, B

015	Mary Lou Hennrich	Community Health Partnership. Discusses a friend that was in an auto accident and lost her nursing license and job. Explains her experiences since then and how it changed her life.
065	Hennrich	Continues discussing her experience helping her friend.
090	Hennrich	Discusses that her son was diagnosed at 20 with bi-polar disorder. Explains that he will no longer have insurance in one month. Explains further issues to find new insurance for son.
130	Hennrich	Summarizes and concludes.
140	Sen. Morrisette	Asks what the prognosis is for her son for stabilization.
142	Hennrich	Comments on discussion with psychologist and goals set with him.
155	Sen. Morrisette	Asks if mental health parity would help.
160	Hennrich	Answers what Kaiser Permanente covers. Adds that mental health parity would be helpful to be covered other than medication management.
195	Rosalie Pedroza	Citizen, Turner, OR. Testifies about her experience after having an accident. Notes that she does have insurance, but still struggles to pay bills. Mentions that she took a 2 year pay freeze for health care.
240	George Stein	Citizen, Albany, OR. Describes his wife experience with cancer and her current diagnose of Alzheimer's. Describes cost related expenses. Explains how he lost his house and now lives in a motor home.
300	Stein	Comments that he went back to work at the Albany General Hospital with benefits, but cannot work full time. Continues to explain his medical issues. Speculates on his expenses that he will accrue with future surgeries. Explains that bills will be sent to collections.
355	Stein	Encourages committee to address increased healthcare costs.
372	Carlie Jackson	Oregon Health Plan. Explains medical problems with herself her daughter.
415	Jackson	Explains that she had breast cancer and describes the incurred medical costs.

TAPE 19, B

020	Jackson	Continues to describe the consistent healthcare costs. Expresses concern to control medical cost. Describes importance of prevention.
045	Marie Arthur	Citizen, Salem, OR. Addresses concern for increase in premiums and health care costs.
065	Chair Monnes Anderson	Comments on seniors and increase in premiums.
070	Arthur	Comment on Medicare setting premiums.
075	Chair Monnes Anderson	Mentions transparency bill introduced.

The following was submitted without public testimony:

	Steve Dixon	Submits written testimony (EXHIBIT L).
080	Chair Monnes	Expresses impact of testimonies heard. Adjourns meeting at 7:02

EXHIBIT SUMMARY

- A. The Healthcare Market Place, schedule, staff, 2 pp**
- B. The Healthcare Market Place, PowerPoint presentation, Bruce Goldberg, 44 pp**
- C. The Healthcare Market Place, PowerPoint presentation, Barney Speight, 15 pp**
- D. The Healthcare Market Place, written testimony, Joel Ario, 7 pp**
- E. The Healthcare Market Place, written testimony, Howard King, 16 pp**
- F. The Healthcare Market Place, informational packet, Howard King, 22 pp**
- G. The Healthcare Market Place, statistical comparisons, Patrick Pine, 1 p**
- H. The Healthcare Market Place, written testimony, Leslie Frane, 4 pp**
- I. The Healthcare Market Place, written testimony, James Richards, 2 pp**
- J. The Healthcare Market Place, written testimony, Heather Sorensen, 4 pp**
- K. The Healthcare Market Place, written testimony, Linda Ingham, 1 p**
- L. The Healthcare Market Place, written testimony, Steve Dixon, 2 pp**