

SENATE COMMITTEE ON HEALTH POLICY

March 07, 2005
1:00 P.M.

Hearing Room B
Tapes 33 - 36

Corrected 9/29/2005

MEMBERS PRESENT: Sen. Laurie Monnes Anderson, Chair
Sen. Jeff Kruse, Vice-Chair
Sen. Peter Courtney
Sen. Bill Morrisette
Rep. Chuck Riley

MEMBER EXCUSED: Sen. Gary George

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

MEASURES/ISSUES HEARD:
Certificate of Need – Informational Meeting
SB 503 – Public Hearing
Healthcare Facilities Certificate of Need – 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 33, A		
003	Chair Monnes Anderson	Calls the meeting to order at 1:05 p.m. Opens informational meeting on Certificate of Need (CON). Introduces Tom Piper.
<u>CERTIFICATE OF NEED – INFORMATIONAL MEETING</u>		
030	Tom Piper	Director, Missouri Certificate of Need (CON) program. Submits and presents PowerPoint presentation on CON: Protecting Public Interests (EXHIBIT A) and an informational handout about CON (EXHIBIT B).
040	Piper	Begins discussing topics to be covered in his presentation and history of Missouri's CON program.
090	Piper	Continues discussing CON program: <ul style="list-style-type: none">• Milestones in CON• Chart of duration of CON regulation by state• Colored chart of duration of voluntary versus mandatory CON programs among the states.• CON matrix
144	Chair Monnes Anders	Asks Piper to read Oregon's regulations from matrix chart.
148	Piper	Answers that it reads "swing beds."
150	Piper	Continues discussing CON program: <ul style="list-style-type: none">• Continues reviewing the CON matrix• Map for CON regulation by state• Map of CON changes across the nation• Activities to note in Missouri, Alaska

197	Rick Berkobien	Committee Administrator. Asks to discuss Dirigo, a program in Maine.
200	Piper	Provides information about Dirigo.
210	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • Activities to note: Maine, Tennessee
220	Chair Monnes Anderson	Asks why the hospital associations thought the improvements were needed in Tennessee.
223	Piper	Explains.
235	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • Activities to note: Alabama
245	Chair Monnes Anderson	Asks what digital hospitals are.
246	Piper	Explains that everything is computer based. Elaborates.
260	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • Activities to note: Georgia
277	Chair Monnes Anderson	Clarifies that Georgia's CON was not to include ambulatory surgical centers and that is where the controversy was.
280	Piper	Responds.
300	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • Activities to note: Virginia, Arkansas
350	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • Activities to note: Florida
370	Sen. Morrisette	Asks Piper to elaborate on a "boutique hospital."
378	Piper	Elaborates on characteristics.
395	Sen. Morrisette	Comments that the metro area in Portland, Oregon is possibly going back to the Certificate of Need program.
414	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • Activities to note: Ohio
440	Berkobien	Comments on specialty hospitals in Texas and asks if they are similar to the "boutique hospitals" in Ohio.
TAPE 34, A		
003	Piper	Answers question.
010	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • Activities to note: Indiana, Pennsylvania, Michigan • American Health Planning Association (AHPA) source of CON information; national directory of health planning, policy and regulatory agencies.
055	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • Report, Improving Healthcare: A Dose of Competition
070	Sen. Kruse	Asks who makes up the American Health Planning Association.
074	Piper	Answers question.
080	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • Reviews report; specific certificate of need message • Intent of the message • AHPA critique of the message
130	Piper	Continues discussing CON program: <ul style="list-style-type: none"> • AHPA conclusions • Marketplace issues revealed

180	Piper	<ul style="list-style-type: none"> • CON conceptual purposes • CON: unique regulatory concept and tool <p>Continues discussing CON program:</p> <ul style="list-style-type: none"> • CON: unique regulatory concept and tool • Claims of the critics • What the record shows
203	Chair Monnes Anderson	Comments on increased number of ambulatory surgical centers. Asks if most states have the centers as part of their CON.
207	Piper	States that 26 of the 36 do include the centers as part of the review.
213	Chair Monnes Anderson	Asks if Missouri tracks data that shows the difference of utilization and ambulatory surgical centers versus what is used.
217	Piper	Responds yes and defers to later in the presentation.
220	Piper	Continues discussing CON program:
245	Sen. Morrisette	<ul style="list-style-type: none"> • CON Realities: actual experience <p>Asks if there anything that can prevent centers from abandoning the community.</p>
255	Piper	Answers how some states have to have the consent from CON before closing. Elaborates.
295	Piper	Continues discussing CON program:
325	Chair	<ul style="list-style-type: none"> • CON Realities: actual experience • Chart: non-CON versus CON states <p>Asks about specifics of the chart and if the states compared were similar.</p>
335	Piper	Explains each state's differences and similarities.
350	Rep. Riley	Asks for comparisons with Missouri and Ohio that were on the map but not on the chart.
360	Piper	Clarifies why they were not included.
375	Piper	Reviews charts of non-CON versus CON states.
425	Piper	Continues to review statistics comparing non-CON versus CON states.
TAPE 33, B		
005	Piper	Discusses analysis on CON regulated states from a study.
020	Piper	Reviews chart on mortality, non CON versus CON states.
025	Piper	Continues discussing CON program:
045	Piper	<ul style="list-style-type: none"> • Consequences of unrestricted healthcare competition. <p>Shares video of the "Community Hospital Viewpoint."</p>
095	Piper	Video continues to play on the "Community Hospital Viewpoint."
145	Piper	Video continues to play on the "Community Hospital Viewpoint."
185	Piper	Comments on the video.
195	Piper	Continues discussing CON program:
		<ul style="list-style-type: none"> • Balance regulation and competition: protect public interests • Contact information for American Health Promotion Association (AHPA) and for himself
225	Chair Monnes Anderson	Asks if the CON process is different between rural and urban areas.
230	Piper	Explains how other states have handled the differences and

257	Sen. Morrisette	regulations implemented. Asks if the CON program in Missouri, clarifies that the CON commission can ok centers to leave in a rural area.
270	Piper	Explains Missouri's current regulation and provides examples.
305	Sen. Kruse	Asks how much it costs to operate a CON program and where the money would come from.
307	Piper	Provides committee with information.
320	Sen. Kruse	Comments on the no fiscal impact and believes that there should be an impact statement.
325	Chair Monnes Anderson	Closes the informational meeting on Certificate of Need and opens a public hearing on SB 503.

SB 503 – PUBLIC HEARING

330	Sen. Ben Westlund	Senate District 29. Testifies in support of SB 503.
380	Sen. Westlund	Discusses the opposition to the bill. Discusses the economics of the bill.
405	Sen. Morrisette	Restates previous comment about centers leaving the rural areas in Oregon.
410	Sen. Westlund	Concurs with Sen. Morrisette's concerns and why he supports the bill.
415	Sen. Westlund	Continues to testify in support of SB 503.

TAPE 34, B

010	Sen. Westlund	Continues to testify in support of SB 503.
025	Sen. Morrisette	Asks if a Certificate Of Need (CON) program would include negotiations and how would that be handled.
035	Sen. Westlund	Answers that the bill does not address that. Clarifies what the bill does address.
045	Sen. Kruse	Asks how the figure of a million dollar minimum was created in the bill.
050	Sen. Westlund	Offers to return information to the committee.
051	Sen. Kruse	Comments that a million dollars could be reached very easily by hospitals.
056	Sen. Westlund	Offers to work with Sen. Kruse.
063	Rick Berkobien	States that question may be answered at tonight's public hearing on SB 503.
067	Sen. Kruse	Comments on the low threshold and that administration cost would go up.
074	Sen. Courtney	Asks how much a Computerized Axial Tomography (CAT) scan cost.
077	Sen. Westlund	Answers that it varies from one to five thousand dollars depending on the test.
082	Sen. Courtney	Re-clarifies question. Asks how much a CAT scan machine costs.
083	Sen. Westlund	Speculates \$900,000 to \$1 million dollars.
084	Sen. Morrisette	Asks if there are any examples where states are concerned in lack of healthcare in a particular community and how it is addressed.
095	Piper	Notes that it would not be addressed as a CON issue. Elaborates.
125	Sen. Westlund	Comments on issues raised on the rural areas.
130	Chair Monnes Anderson	Notes that the meeting will reconvene at 5:30 p.m. Recesses the public hearing on SB 503 and adjourns the meeting at 2:45 p.m.
131	Chair Monnes Anderson	Reconvenes meeting at 5:33 p.m. Opens a public hearing on SB 503. Notes that she will testify as an proponent.

SB 503 – PUBLIC HEARING

140	Sen. Monnes	Senate District 25. Testifies in support of SB 503.
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190	Anderson Sen. Monnes	Continues to testify in support of SB 503.
240	Anderson Sen. Monnes	Continues to testify in support of SB 503.
280	Anderson Sen. Monnes	Discusses that Oregon has a Certificate of Need (CON) process. Elaborates.
300	Anderson Sen. Monnes	Summarizes and concludes.
320	Vice-Chair Kruse	Asks where the unlicensed and un-staffed beds are.
327	Anderson Sen. Monnes	Explains that every hospital has to report this data and that the beds are unused in the hospitals. Defers to hospital to answer specific data.
330	Vice-Chair Kruse	Asks if she has considered, or if anyone will discuss, the preparation of the data and documentation process.
338	Anderson Sen. Monnes	Answers that the setup would take a year.
340	Vice-Chair Kruse	Re-clarifies question.
346	Anderson Sen. Monnes	Answers that there may be upfront money, but that it will save money long term.
360	Sen. Frank Morse	Senate District 8. Commends Chair for the introduction of the bills addressing healthcare costs. Testifies in support of SB 503.
410	Sen. Morse	Continues testifying in support of SB 503. Discusses cost drivers.
TAPE 35, A		
020	Sen. Morse	Summarizes and concludes.
030	Anderson Sen. Monnes	Agrees with comments on utilization and elaborates.
040	Anderson Sen. Monnes	Comments on the focus of the “right” concerns. Discusses cost operating margins.
070	Sen. Morrisette	Asks Sen. Morse if he thinks that there should be a CON program for ambulatory surgical centers.
072	Sen. Morse	Answers, yes and elaborates.
085	Anderson Chair Monnes	Comments on the bill effecting facilities with total projected costs of a million dollars or more. Asks if ambulatory surgical centers are less than a million dollars in total projected costs.
087	Sen. Morse	Answers that they far exceed a million dollars.
093	Sen. Courtney	Asks Sen. Morse to explain level of healthcare services being provided to public at a minimum level.
099	Sen. Morse	Asks to clarify.
100	Sen. Courtney	Re-clarifies question.
106	Sen. Morse	Answers that we should take care of people who cannot take care of themselves. Comments on changing the culture. Discusses healthcare that is not needed.
135	Sen. Courtney	Asks Sen. Morse what he means by “labor costs.”
136	Sen. Morse	Explains.
143	Sen. Courtney	Clarifies that Doctors are not part of labor.
144	Sen. Morse	Indicates that Doctors are part of labor costs and notes that they are paid on production.
145	Sen. Courtney	Clarifies that production means by the number of surgeries performed.
146	Sen. Morse	Affirms and adds the number of patients seen.
150	Anderson Chair Monnes	Asks if the administration has increased.

151	Sen. Morse	Answers question.
156	Sen. Courtney	Refers to ballot measures 5,11, 37 (2004). Comments that the issue of hospital care cost must be addressed or the public will.
167	Sen. Morse	Agrees on public potential.
172	Sen. Courtney	Comments on outcome from the ballots. Asks for comments about how public reacted to the ballot measures of 2004. .
188	Sen. Morse	Comments.
190	Sen. Courtney	Comments on public being scared and angry due to increase of healthcare.
200	Chair Monnes Anderson	Comments on the need to address the increase of healthcare costs.
212	Sen. Morse	Comments on the complexity of the issues at hand and the need to make a difference.
235	Sen. Kruse	Comments on need to address the right issues and implement appropriate programs and services.
260	Sen. Morrisette	Comments on the cost shift of people without healthcare.
280	Lynn-Marie Crider	Service Employees International Union. Submits and presents written testimony in support of SB 503 (EXHIBIT C) .
330	Crider	Continues to review testimony in support of SB 503.
380	Crider	Continues to review testimony in support of SB 503.
430	Crider	Summarizes and concludes.
TAPE 36, A		
010	Maryann Holser	Citizen, Lane County. Submits and presents written testimony in support of SB 503 (EXHIBIT D) .
060	Holser	Summarizes and concludes.
075	Ellen Pinney	Oregon Health Action Campaign. Testifies in support of SB 503.
110	Pinney	Notes concern with the bill.
125	Bruce Bishop	Oregon Association of Hospitals and Health Systems. Submits and written presents testimony in opposition to SB 503 (EXHIBIT E) .
170	Glen Cunningham	Panning Director, Silverton Hospital. Testifies in opposition to SB 503. Provides background on hospital and demographics of the area.
220	Cunningham	Continues discussing concerns with SB 503.
230	Chair Monnes Anderson	Asks Cunningham if the Silverton hospital is a Type A or Type B hospital.
231	Cunningham	Answers that it is a type B.
232	Chair Monnes Anderson	Asks if he is aware that type B hospitals are not exempt in SB 503.
234	Cunningham	Answers that he is aware.
235	Jim Wathen	Chief Executive Officer, Southern Coos Health District, Bandon, OR. Submits and presents written testimony in opposition to SB 503 (EXHIBIT F) .
285	Wathen	Continues to review testimony about concerns with SB 503.
335	Wathen	Summarizes and concludes.
345	Rep. Riley	Clarifies that the CON does not go far enough to address current issues.
360	Wathen	States that he does not intend that and that there are problems with the current statute.
370	Rep. Riley	Verifies that the witness would like to add ambulatory surgical centers and “boutique” hospitals.
371	Wathen	Answers, yes.
375	Bishop	Adds that it was applied to in Oregon’s CON law already.

390	Bishop	Discusses testimony from EXHIBIT E.
440	Bishop	Continues discussing opposition to SB 503.
450	Chair Monnes Anderson	Refers to Bishop's comment about Missouri's Certificate of Need (CON) program and that their cost still exceeds Oregon. Asks if it is per capita and if it is because the Medicare and Medicaid reimbursement is higher than Oregon's.

TAPE 35, B

003	Bishop	States that he does not know what their reimbursement rate is. Speculates. Continues discussing concerns to SB 503.
050	Chair Monnes Anderson	Closes public hearing on SB 503 and opens an informational meeting on Healthcare Facilities Certificate of Need.

HEALTHCARE FACILITIES CERTIFICATE OF NEED – INFORMATIONAL MEETING

063	Tom Piper	Director, Missouri Certificate of Missouri. Comments on public CON process in Missouri.
085	Piper	Addresses concern of cost of preparing a certificate of need application.
120	Piper	Addresses concern of whether CON contains utilization. Discusses optimization utilization.
130	Piper	Addresses concern if Oregon can afford healthcare the way it is today and if consumers making too many costly decisions because their healthcare is paid for from the insurance companies. States that it is a mischaracterization to assume the public, not the doctors, are making the wrong decisions.
150	Piper	Addresses statement made that the open beds will be needed later as the baby boomers get older. States that it is an invalid concern that does not have data to support it.
170	Piper	Addresses concern about technology increasing cost of equipment.
195	Piper	Addresses concern of regulations for a "level playing field."
205	Piper	Addresses concern about bureaucrat burden. Comments on public accountability.
220	Piper	Addresses concern about the of ranking of CON states.
270	Piper	Continues discussing the CON state ranking.
277	Sen. Kruse	Asks if the criteria for the application in Missouri is the same in SB 503.
279	Piper	Answers that there are a number of differences. Elaborates.
290	Sen. Kruse	Asks is the board ever reviews applications if Piper denies them.
292	Piper	Answer question.
294	Sen. Kruse	Re-clarifies question.
298	Piper	Answers question.
303	Sen. Kruse	Asks what resources are available to get hospitals approved.
316	Piper	Clarifies that he goes through each application with hospital and makes the recommendations. Explains that the hospital makes the decision to apply before the committee.
355	Sen. Kruse	Asks if there an appeal process.
356	Piper	Answers, yes.
357	Sen. Kruse	Asks to explain the appeal process.
358	Piper	Explains the appeal process.
370	Bruce Bishop	Oregon Association of Hospitals and Health Systems. Refers to data in EXHIBIT E. Elaborates.
403	Chair Monnes Anderson	States agreement that utilization has increased regarding medical services. Refers to Cunningham's statement about physicians being paid on utilization. Asks witnesses to comment.
418	Glenn Cunningham	Planning Director, Silverton Hospital. States that it was Sen.

		Morse who made the comment. Comments on utilization in rural areas of Oregon.
TAPE 36, B		
012	Chair Monnes Anderson	Comments on Kaiser Permanente's efficiency. Asks if they pay their Doctors a base salary.
017	Cunningham	Answers that he does not know.
020	Sen. Kruse	Asks if he has the ability to review what doctor's order for tests for patients.
025	Cunningham	Explains that they do have utilization review functions.
026	Sen. Kruse	Clarifies that it would be overtime and not on a per patient basis.
029	Cunningham	Explains that they do have perspective and retrospective systems. Elaborates.
032	Bishop	Discusses inpatient psychiatry.
050	Sen. Morrisette	Asks to discuss the level of problem with hospitals.
055	Bishop	Explains the intensity of the issue with capacity.
057	Sen. Morrisette	Asks if he has the data to support his statement.
060	Bishop	Responds that he does not and offers to return information to the committee.
061	Chair Monnes Anderson	Comments that the Oregon State Hospital Master Plan will be presented in a later meeting.
065	Sen. Morrisette	Asks about hospitals in Eugene.
070	Bishop	Responds that he does not know and offers to return information to the committee.
073	Sen. Morrisette	Comments on whether patients are committed to the Johnson Unit.
074	Bishop	Speculates that many are.
078	Piper	Comments on Bishop's comments and concerns. Offers to return information regarding Bishops concerns.
085	Chair Monnes Anderson	Closes informational meeting on Healthcare Facilities Certificate of Need and adjourns the meeting at 7:27 p.m.

EXHIBIT SUMMARY

- A. Certificate of Need, PowerPoint presentation, Tom Piper, 25 pp**
- B. Certificate of Need, informational handout, Tom Piper, 4 pp**
- C. SB 503, written testimony, Lynn-Marie Crider, 7 pp**
- D. SB 503, written testimony, Maryann Holser, 4 pp**
- E. SB 503, written testimony, Bruce Bishop, 14 pp**
- F. SB 503, written testimony, Jim Wathen, 11 pp**