

HOUSE COMMITTEE ON
AUDIT & HUMAN SERVICES BUDGET REFORM COMMITTEE

January 22, 2003 Hearing Room 50
3:00 PM Tapes 2 – 3

MEMBERS PRESENT: **Rep. Ben Chair Westlund, Chair**
 Rep. Steve March, Vice-Chair
 Rep. Susan Morgan, Vice Chair
 Rep. Alan Bates
 Rep. Jeff Kruse
 Rep. Jeff Merkley

MEMBER EXCUSED: **Rep. Randy Miller**

GUEST MEMBERS: **Rep. Billy Dalto**
 Rep. Laurie Monnes-Anderson
 Rep. Carolyn Tomei

STAFF PRESENT: **Rick Berkobien, Committee Administrator**
 Kelly Fuller, Committee Assistant

ISSUES HEARD: **Informational Meeting**
 “The Health Care Marketplace” Part I

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
TAPE 2, A		
110	Chair Westlund	Calls the meeting to order 3:12 pm and opens the Informational Meeting.
<u>INFORMATIONAL MEETING</u>		
111	Chair Westlund	Reviews today’s agenda, makes announcements and states what to expect of today’s meeting.
142	Bob DiPrete	Deputy Administrator, Office of Oregon Health Policy & Research.
158	Chair Westlund	Expresses thank you for the introduction of the material, it is a very good road map.
159	DiPrete	Continues presentation.
107	Rep. Morgan	Asks if the system described has always been this way.
110	DiPrete	Responds about how the system works.
123	Westlund	Appreciates Rep. Morgan question and repeats to make sure it is clear.
125	DiPrete	Responds by tell Chair Westlund he is correct.
126	DiPrete	Presentation Continues

146	Rep. Dalto	Asks how large the client population is in the high risk pool.
147	DiPrete	Responds to the risk pool population.
150	Chair Westlund	Asks for the numbers to be read.
152	DiPrete	Responds with numbers in his materials.
160	Rep. Bates	Points of interest and comments, what is the waiting list for the Family Health Insurance Assistance Program at this time.
165	DiPrete	Responds and defers to a Kelly Harms, Office of Oregon Health Policy and Research in the audience.
	Rep. Kruse	Asks how much capacity do we now have in group that is under utilized.
185	Kelly Harms	Responds to the capacity we now have in group that is under utilized.
187	Rep. Kruse	In this population it is harder to quality for group, while it is cheaper we can get a lot of folks in individually, but it is harder to get people in that population that are qualified to enter into group.
193	Chair Westlund	Comments that we will spend a good time on the other topic later.
202	DiPrete	Continues presentation.
	Berkobien	Asks for the definition of employer mandate.
214	DiPrete	Gives explanation of an employer mandate.
	Rep. Merkley	Asked if it was a legislative passed employer mandate or was it an initiative, and what year did that occur.
228	DiPrete	Responds.
	Berkobien	Asks questions about prohibitions.
230	DiPrete	Responds about prohibitions.
239	Rep. Dalto	Asks if this was mandated or required on employers, if they did not offer a health insurance package for employees they required or mandated to pay into the health plan for any one not covered regardless of other circumstances.
250	DiPrete	Responds about the mandated coverage and continues his presentation.
279	Berkobien	Asks what percentage of Medicaid do we cover.
288	DiPrete	Responds to percentage of Medicaid, and what percentage we cover. Continues presentation
325	Rep. Kruse	Asks if it would it be safe to say that there are other states that have asked for and received greater flexibility in some aspects than we have.
330	DiPrete	Responds about other states having greater flexibility. Continues presentation.
400	Rep. Kruse	Asks how do they determine mortality, by age group?
401	DiPrete	Answers questions about age and income and those with or without insurance and continues presentation
TAPE 3 A		
003	DiPrete	Answers the question and continues presentation
005	Rep. Kruse	One would assume there are other factors other than insurance that play into that.
015	Rep. Bates	We are talking about pre-mature mortality; all things are factored into the reports. It does in fact matter if you have insurance or not. Primarily because of preventative care.
035	Rep. Monnes	The word rates would clarify it better rather than saying generally

143	Anderson Chair Westlund	higher mortality rates. Makes comments to the group.
146	Rep. Kruse	Comments that statistics are statistics and the other factors are what they are. There are lifestyle things that differ for other social economic groups. Not that this isn't a factor or the sole factor.
149	Rep. March	Asks for a copy of the study.
151	Chair Westlund	Comments that he likes Representative Monnes-Anderson's word change.
165	Berkobien	Are there any other studies, that tie in with the economic impact etc.
176	DiPrete	Responds about studies that have been done.
180	Merkley	Asks about the higher in hospital mortality, and what is driving that.
183	DiPrete	Responds to the higher in hospital mortality.
190	Rep. Bates	Relates a memory of the study, that people are entering hospitals much sicker to the point that hospitals can't turn the illnesses around in time.
100	DiPrete	Continues presentation and discusses the topic of uninsured women.
103	Rep. Dalto	Asks if we have data to show the breakdown of uninsured folks by gender. Remarks that it would be helpful.
110	DiPrete	We do have, it is outdated.
113	Liz Stephenson	Liz Stevenson, Manager of Research and Data Unit Office of Oregon Health Policy and Research. Just got results from Oregon Population survey in 2002, it will be analyzed soon.
120	Rep. Dalto	Would like info about access issues, broken down by gender, and asks if there are access problems.
128	Rep. Bates	Responds, asks if the questions was, is there more access for males than females. Makes more comments.
134	Rep. Monnes-Anderson	Relates her comments about the study.
142	DiPrete	Continues presentation.
160	Tomei	Asks if people on Medicare can have private insurance too, are they included in these figures.
162	DiPrete	Responds about people on Medicare having private insurance.
166	Rep. Bates	Makes comments about private insurers.
174	Rep. Kruse	Makes comments about Medicaid and Medicare.
176	Rep. Kruse	Asks if we have segregated those with Medicare & Medicaid, and are we double counting.
178	DiPrete	Responds to double counting.
181	Rep. Morgan	Asks what is the overriding governor of this the general economy.
185	DiPrete	Responds to the question about the economy and continues presentation.
190	Rep. Morgan	Asks if it is a fair assumption to say when the economy is in healthier shape more people are covered on insurance than when it is in the tank like it is now.
193	DiPrete	Responds to the other questions on the economy.
215	Rep. Monnes-Anderson	Questions that when you say the rate for Hispanic is more than twice the overall rate, does that mean that most of them are not eligible for insurance.
219	DiPrete	Responds to the Hispanic population and insurance.

240	Rep. Dalto	Asks that if this Hispanic rate also includes resident's aliens and citizens that identify as Hispanic but probably not folks who are not resident are aliens and citizens. Asks if it could actually be higher than twice the overall all rate.
255	DiPrete	Responds to the rates being higher.
259	Rep. Bates	Makes comments to members to clarify issue of the number of people on the plan.
283	DiPrete	Responds and agrees.
290	Rep. Dalto	Asks if there is there any data or studies about population migration patterns of people coming for the Oregon Health Plan.
304	DiPrete	Responds and makes final point on insurance status in Oregon.
328	Chair Westlund	Asks if it is a fair comments to say that implications on a national basis say that most of the nation has caught up with us and that most of the nation doesn't have such an aggressive health care program as Oregon.
339	DiPrete	Responds to the national basis of insurance.
345	Westlund	On a national basis with our economy you could argue is worse than other places.
376	Rep. Bates	States his opinion on how we look different than other states.
379	DiPrete	Responds about Oregon being different than other states.
385	Chair Westlund	Made comments about Medicare payments.
394	Rep. Bates	Made comments about commercial people not being able to afford the premiums.
399	Merkley	Question about Medicare payments.
405	Chair Westlund	Makes comments about Medicare and we will discuss this in more detail later.
413	DiPrete	Presentation continues with Managed Care in Oregon.
431	Chair Westlund	Asks what a closed panel HMO is.
435	DiPrete	Gives an explanation of closed and open panel HMO's.
440	Westlund	Asks what a staff model is.
441	DiPrete	Gives definition of a staff model.

TAPE 2 B

431	Berkobien	Asks for clarification on concepts of HMO
434	DiPrete	Offers a brief overview of the HMO model.
451	Rep. Bates	Relates 3 major factors in the cost of health care for Provider Services.
461	DiPrete	Agrees
463	Merkley	Asks question of Rep. Bates and Bob for clarification of terminology on what a capitated plan is.
470	DiPrete	Concurs with the comment above.
473	Rep. Kruse	Asks when folks like Regence Blue Cross Blue Shield dropped out and we went to IPA's did the amount of capitalization for risk change or did it stay the same.
477	DiPrete	Gives explanation.
485	Rep. Kruse	I know that there some creative reserving part of payments and

different things like that so that they have reserves and just wondered if the numbers were different.

095 Berkobien Ask for a quick 101 on risks and what some of these plans have to have.

097 DiPrete Expresses that he can't speak on that issue and will get the data necessary to answer the question. Continues his presentation.

114 Chair Westlund Asks if the root of Rep. Merkley's question is regarding disparity in payments.

117 DiPrete Agrees.

154 Rep. Kruse Elaborates on his understanding of the Medicare issue.

160 Chair Westlund Can you go over this page again so we make sure we understand?

177 DiPrete Will explain to the best of his ability and recommends inviting others involved in these topic areas.

185 Rep. Westlund By premium you mean payment?
DiPrete Concurs and gives an explanation.
Rep. March Offers a brief overview of his understanding on this issue.

189 Rep. Kruse Makes comments about rates in the 1980's.

195 DiPrete Agrees.

199 Rep. Bates Elaborates about cost verses what they pay us is the key problem and talks about other issues.

229 DiPrete Responds to the conversation.

237 Chair Westlund Makes comments and clarifies his understating of what has been said.

244 DiPrete Continues with Managed Care Enrollment in Oregon.

255 Tomei Ask for the definition of what choice risk is.

257 DiPrete Responds and answers questions and will get more detail later as he is not the expert in that area.

266 DiPrete Continues with Health Care costs in Oregon.

278 Rep. Kruse Explains his understanding.

280 Chair Westlund Comments that it is a double edge sword that cuts both ways with one swipe.

284 DiPrete Continues presentation.

291 Rep. Bates Wants clarification on true costs and other bullets in the handouts.

306 DiPrete Introduces Barney Speight, Director Government Relations Kaiser Permanente Health Plan and elaborates on the questions asked above.

328 Rep. Morgan Asks for clarification on the first bullet point.

337 Mr. Spade Gives an explanation of the first bullet point. And changes the word "Costs" to the word "expenditures" to clarify this page.

349 Rep. Morgan Wants clarification on second and third bullet points.

356 Mr. Spade Responds and asks members to be careful adding the word "reimbursement" and explains.

387 Rep. Kruse Makes comments about cost shifts and problems with the system.

391 Chair Westlund Asks for more clarification on the first bullet point.

397 Mr. Spade Articulates his point and answers the questions.

014	Chair Westlund	Asks for clarification of word units, does it translate as benefits.
016	Mr. Spade	Responds and continues.
020	Rep. Bates	Gives an explanation of his expertise.
041	Mr. Spade	Generally agrees.
045	Rep. Kruse	Asks if we are talking about East coast verses West coast, they utilize the system more because they get closer to true costs, so they can afford to utilize more, am I off base there.
048	Mr. Spade	Responds to fundamental equations of health care.
077	Rep. Kruse	Has comments and asks questions.
085	Mr. Spade	Agrees to a small degree and makes comments.
106	Rep. Bates	Makes comments about rewarding behavior and what that does.
117	Rep. March	Makes comments to Rep. Morgan and cautions to stay away from a certain word.
124	Tomei	Asks for clarification about second bullet on expenditures for Medicaid.
136	DiPrete	Agrees with Rep. Tomei's comment and elaborates.
150	DiPrete	Continues presentation.
161	Rep. Kruse	Asks if we are on par percentage wise with other states. Asks if they have you broken that out with states with tort caps and states without tort caps.
167	Rep. Dalto	Questions about medical inflation are we going to go over that.
174	DiPrete	Responds about continuing presentation to make this clearer.
176	Chair Westlund	Makes comments to close meeting.
151	Rep. Bates	Comments that this stuff will get easier to understand.
		Meeting adjourned 4:35 pm

EXHIBIT SUMMARY

A – Informational, prepared testimony, Bob DiPrete, 38pp