

**HOUSE COMMITTEE ON**  
**AUDIT & HUMAN SERVICES BUDGET REFORM COMMITTEE**

January 23, 2003 Hearing Room 50  
3:00 PM Tapes 4 - 5

**MEMBERS PRESENT:**        **Rep. Ben 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. Gordon Anderson**  
                                 **Rep. Laurie Rep. Monnes**  
                                 **Rep. Carolyn Tomei**  
                                 **Rep. Billy Dalto**

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

**ISSUES HEARD:**        **Informational Meeting**  
                                 **“The Health Care marketplace: an Overview part II”**  
                                 **Bob DiPrete, Deputy Administrator Office of Health Policy and Research.**

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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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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 4, A</b>		
005	Chair Westlund	Calls meeting to order 3:05pm. Introduces Erinn Kelley Siel Governors' Health Policy Advisor as our guest and opens the informational meeting.
<b><u>INFORMATIONAL MEETING</u></b>		
001	DiPrete	Deputy Administrator, Office of Oregon Health Policy & Research, introduces himself and his guest Dr. Bruce Goldberg, Administrator of Oregon Health Policy & Research.
015	DiPrete	Continued where he left off from Part I ( <b>EXHIBIT A (Revised Version)</b> )
061	Rep. Kruse	Asks how much is actual cost increase and how much is increased access?
065	DiPrete	Responds by saying we will get into that later and made some comments.
072	Rep. Bates	Asks when we compare to other countries, what are hospital and pharmacies. costs and the expected effect of the Tort System.
078	Rep. March	Asks how much will be included in elective type surgery in other

		countries.
185	Berkobien	Asks if we at some point will have information to show where the US falls in conjunction with overall health quality compared to different countries.
195	DiPrete	Defers to Dr. Goldberg to share the information on the questions asked.
196	Goldberg	Answers.
199	DiPrete	Continues testimony.
116	Chair Westlund	Asks if the forecast for this trend is to increase and grow at an accelerated pace.
117	DiPrete	Responds about growth in health care costs and continues.
132	Chair Westlund	Asks question about a graph in the <b>EXHIBIT A</b> , is there anything in your chart that shows 14%.
135	DiPrete	Gives the trends through current and the last period.
140	Chair Westlund	Appreciates and thanks Bob for clarification.
145	DiPrete	Continues presentation.
169	Rep. Kruse	Asks if we have data that shows any escalators relative to mandated testing services.
172	DiPrete	States that they do not have that information, but will find out.
184	Rep. Dalto	Asks if inflation and medical consumer price index is the same thing as this MCPI or is this something separate.
195	DiPrete	Responds to the question of inflation and medical consumer price index.
197	Rep. Dalto	Asks what definitions of inflation are we using.
200	DiPrete	Asks for the information Rep. Dalto is referring to and will take a look and see what differences there may be.
213	Rep. Merkley	Asks if Manage Care Organizations suppressed their prices for market share and is that a piece of this sudden jump.
218	Goldberg	Responds to the sudden jump..
228	Chair Westlund	Asks if Manage Care organizations artificially mask prices to gain market share.
235	Goldberg	Clarifies the answer.
245	Chair Westlund	Asks if that went on, would the result be a steeper increase.
251	Goldberg	Responds that he thinks that is part of it and elaborates with more detail.
258	Chair Westlund	Asks for clarification, when you talk about volume and intensity of each service does that mean each visit is a more expensive occurrence.
261	DiPrete	Yes, more resources are being used.
269	Rep. Dalto	Made an observation that we are paying for the latest and greatest services.
274	Rep. March	Stated interest in concrete examples of the cost of an MRI exam.
283	Goldberg	Responds and will get information about MRI exams and costs of the equipment.
295	DiPrete	Continues through handouts.
313	Rep. Bates	Makes comments about the tremendous amounts of documentation.
322	DiPrete	Continues presentation with new technologies.
340	Berkobien	Asks to what degree is public health playing into these volume

		intensity drivers.
351	Goldberg	Responds in detail about volume intensity drivers.
367	DiPrete	Continues with provider consolidation, direct consumer advertising, and managed care plans.
409	Rep. Dalto	Will there be a point where we will not have a sufficient numbers of nurses to meet the demands that we may break a federal rule and we will have something come down on us.
415	Goldberg	Responds to the question about sufficient amounts of nurses to meet demands.
434	Chair Westlund	Asks if there is any federal compliances minimums that we are falling below.
346	Goldberg	Responds to hospital compliance.
<b>TAPE 5, A</b>		
028	Rep. Bates	Asks if every intensive care bed in the state is full, what do we do.
056	Chair Westlund	Sums up the conversation.
058	Rep. Dalto	We are going to spend a lot of money on importing nurses, is there a study on how the cost of nursing
061	Goldberg	We will try and get that for you.
065	DiPrete	Continues Presentation
129	Berkobien	Can find a way to map out how Oregon is changing their co-payment and how to look at that system.
140	DiPrete	Partially answers this question and will leave the rest to the invited testimony with Kelly Harms.
176	Berkobien	How many states have similar OMAP programs
179	DiPrete	30 states have similar programs. He continues presentation.
219	Chair Westlund	Asks what the current costs of Medicaid/Medicare reimbursement are.
230	Goldberg	Answers questions about Medicaid/Medicare reimbursement costs
241	Rep. Bates	Shares some statistics.
246	Goldberg	Elaborates on the comments from Rep. Bates.
252	Rep. Bates	Makes more comments about the issue of Medicaid/Medicare.
272	Chair Westlund	Makes comments to Rep. Bates and other members. And gives a thank you to Dr. Goldberg for the RVU explanation.
278	DiPrete	Continues presentation.
308	Chair Westlund	Asks about HMO models.
310	DiPrete	Comments on HMO models refers to Dr. Goldberg about how managed care has other differences.
335	Goldberg	Elaborates on how manage care has differences.
362	Berkobien	Asks if we are seeing a decrease in the use of HMO's, are people leaning more toward a preferred provider type of model.
365	DiPrete	Answers questions about the decrease in HMO's.
374	Rep. G. Anderson	Asks if there is a way to contain costs to reduce the legs of service.
376	Goldberg	Responds to the way costs are contained and how benefits are limited.
400	Rep. Bates	Asks if there are cost drivers for the incredible increase in that last few years driven by increased utilization.

**TAPE 4, B**

110	DiPrete	Responds by saying he will try to find that information and continued his presentation.
160	Berkobien	Makes comments about a similar question was asked of the Kaiser Foundation.
178	DiPrete	Make comments about solutions at the National level and continues Presentation.
111	Rep. March	You mentioned new revenue sources dedicated to funding Medicaid, do you have suggestions of any that are recession proof.
115	DiPrete	Responds to having anything recession proof.
123	Rep. Morgan	As the costs keep rising but the money going into pay the costs is someone static, that it would have an effect on some of the services on the providing side and have an impact of holding the cost increases down to some extent.
135	Goldberg	Clarifies how system really works.
140	Rep. Morgan	Would the pressure that's presented by not enough money going into paying the costs result in not as many new technology things being introduced because of not enough money to buy them and that having an impact of holding down the cost side..
153	Goldberg	Responds to Rep. Morgan.
165	Rep. Morgan	Looking at a private sector model, when industry is going well, we try to increase the way we do things and add better equip, when industry is low, we just maintain & sell services at the lowest costs possible with out looking at making the capital improvements.
185	Goldberg	Responds to Rep. Morgan
191	Rep. Monnes-Anderson	Comments on the some knowledge that she has and agrees with Dr. Goldberg's comments.
215	Chair Westlund	Sums up question and the answers.
220	Goldberg	Concurs with Chair Westlund and elaborates.
245	Rep. Bates	Talks with Rep. Morgan and other members about her questions and makes comments about the system.
279	DiPrete	Continues through presentation.
325	Rep. G. Anderson	Asks if there is a difference between a health care plan that would run \$300.00 to \$400.00 how would the risk pool compare.
335	DiPrete	Defers to Kelly Harms
337	Harms	Calls Kelly Harms, Insurance Pool Governing board responds to Rep. G. Andersons question.
360	DiPrete	Continues presentation.

**TAPE 5, B**

158	DiPrete	End of the presentation material
166	Rep. March	Does any part of FHIAP (Family Health Insurance Assistance Program) count as under our waiver, and asks if it is at the same rate as the other programs.
169	DiPrete	Answers question about waivers.
174	Rep. March	Asks if the rate is higher for children.
189	DiPrete	Question answered about rate being higher for children.
182	Chair Westlund	Asks 3 basic questions about this material presented.
185	Goldberg	Responds to the 3 questions about the material presented.

145	Rep. Merkley	Asks if there any reason to re-think that core piece of the way that the Oregon systems is designed.
157	Goldberg	Responds by asking if he was referring to what is the best way to limit a benefit. He elaborates and answers the question.
198	Rep. Merkley	Asks with waivers from the federal government, will we have greater flexibility.
200	DiPrete	Responds by saying no and giving an explanation.
213	Chair Westlund	Makes comments to Dr. Bruce Goldberg.
219	Rep. Bates	Speaks to members with a few comments on the list.
244	Rep. Merkley	Made comments about low rankings on the list.
	Rep. Bates	Made comments about the low rankings.
260	Rep. G. Anderson	Comment about patients choice. And elaborates about insurance programs and states what he would like to see done.
289	Rep. Merkley	Asks for clarification from Rep. G. Anderson.
298	Rep. G. Anderson	Answers Rep. Merkley and makes additional comments.
331	Chair Westlund	Extends invitation to invited guests for Monday January 27, 2003
338	Goldberg	Makes an introduction of himself for those who were not here in the beginning. He thanks the members and looks forward to working with us in the future.
345	Rep. Monnes-Anderson	Commented that she use to work with Dr. Bruce.
	Chair Westlund	Closes informational meeting and adjourns 4:53 pm

## **EXHIBIT SUMMARY**

**A – Informational, new revised presentation materials, Bob DiPrete, 38pp**