

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

February 12, 2003 Hearing Room 50  
3:00PM Tapes 24 - 25

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

**MEMBER EXCUSED:**        **Rep. Randy Miller**

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

**ISSUES HEARD:**            **Informational Meeting - Invited Testimony**  
                                 **“Developing a New Framework for the Oregon Health Plan”**  
                                 **Barney Speight, Director of Government Relations, Kaiser**  
                                 **Permanente Health Plan**

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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 24, A</b>		
001	Chair Westlund	Calls informational meeting to order, introduces Barney Speight, Kaiser Permanente Health Plan and opens the informational meeting.
<b><u>INFORMATIONAL MEETING</u></b>		
012	Speight	Kaiser Permanente Health Plan. Offers chart and written outline and summarizes information regarding the Oregon Health Plan <b>(EXHIBIT A):</b> <ul style="list-style-type: none"><li>• Goals</li><li>• Components</li><li>• Comparisons</li><li>• Processes</li></ul>
299	Berkobien	Asks if he sees this as a dropping trend.
302	Speight	Answers and explains the six year cycle.
<b>TAPE 25 A</b>		
064	Chair Westlund	Asks how much is utilization and how much is medical inflation.
070	Speight	Indicates they both play a role and gives the percentages of each.
107	Chair Westlund	Points out the utilization and inflation are interrelated.
112	Speight	Refers to a chart and prepared materials and continues to explain.
124	Rep. Bates	Asks for comments about inflation in other countries and new technology, high prescriptions costs, and high hospital costs in our country.

165	Speight	Responds to comments and offers information in these areas and reasons for them.
337	Berkobien	Asks if satellite hospitals have added to the costs.
350	Speight	Answers some components of hospitals are located in other areas.
<b>TAPE 24 B</b>		
001	Speight	Continues and offers information on hospitals and health care centers.
200	Chair Westlund	Comments that if you don't address standard eligibility and cost shifting it will have a spiral downward effect.
211	Speight	Refers to page 11 of exhibit and comments on cost shifting, safety netting and delivery mechanisms.
291	Chair Westlund	Offers that the state sets the price and negotiations and reevaluations are needed.
293	Speight	Answers negotiations are made and if the prices are not accepted the product is not delivered.
302	Berkobien	Asks if there is a drop that is picked up by the provider does the state reimburse and has it been attempted with the Oregon Health Plan (OHP)..
330	Speight	Answers to the risks and what has been attempted by the OHP.
362	Rep. Bates	Asks about a system with a federal draw down.
370	Speight	Answers to the need of locating the state sources of funding to be able to get the drawdown.
<b>TAPE 25 B</b>		
010	Rep. Kruse	Asks about the money coming back to where it belongs and the legislative process in all of this.
020	Speight	Answers in time it will be seen as a lower rate of increase not as a premium decrease.
041	Rep. March	Inquires of federal waivers.
044	Speight	Responds that he does not know but states we need to understand what the implications are about waiver requirements and maintenance of effort.
119	Berkobien	Asks if Price Waterhouse is who we need to speak with and discuss how costs are established.
136	Rep. Kruse	Comments on the need to know the assumption base that they use to come to their conclusions.
155	Speight	Expresses that this is a very volatile environment and we need to be a part of positioning the state.
183	Chair Westlund	Comments the need for a baseline to start building this upward.
190	Speight	Comments that he looks forward to working on the stakeholder group and expresses that it will be a daunting task.
200	Chair Westlund	Answers it will be a very critical time and very intensive.
208	Rep. Merkley	Asks for comments on how Oregon's tax revenue will be affected and would like to see any materials he may have on this subject.
226	Speight	Answers there has been some modeling done on these issues and he will supply them for the committee if they have been published.
260	Chair Westlund	Meeting adjourned 4:50pm

## **EXHIBIT SUMMARY**

**A – Informational – OHP, Developing a New Framework, Barney Speight, 17 pp**