HOUSE COMMITTEE ON AUDIT & HUMAN SERVICES BUDGET REFORM COMMITTEE

February 13, 2003 Hearing Room 50
3:00PM Tapes 26 - 27

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

MEMBER EXCUSED: **Rep. Randy Miller**
Rep. Susan Morgan, Vice Chair

GUEST MEMBERS: **Rep. Laurie Monnes Anderson**

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

ISSUES HEARD: **Informational Meeting**
Overview of the Managed Care Organizations that serve the OHP"
Jeff Heatherington, FamilyCare, Inc.
Ruby Haughton, CareOregon, Inc.
Dean Andretta, Mid-Valley IPA

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 26, A		
002	Chair Westlund	Calls meeting to order 3:15pm, introduces the invited testimony by Jeff Heatherington, FamilyCare, Inc., Ruby Haughton, CareOregon, Inc. and Dean Andretta, Mid-Valley IPA and opens the informational meeting.
015	Heatherington	Introduces himself and begins his presentation. **(EXHIBIT A)**
INFORMATIONAL MEETING		
075	Berkobien	Asks if there is any difference in fully capitated health plans.
080	Heatherington	Responds about capitated health plans.
108	Rep. Bates	Asks why some of the plans have left and why have some stayed on board.
110	Heatherington	Responds to those who have stayed and those who have left.
138	Berkobien	Asks if there is a 30 day rule for pulling out of the OHP standard or do you have an answer of who may terminate.
140	Heatherington	Answers the questions about the 30 day rule.
159	Kruse	Asks for a history on why SureCare failed.
165	Heatherington	Answers to the best of his ability.
175	Kruse	Makes comments about his knowledge about SureCare.
179	Heatherington	Gives more elaboration.

191	Kruse	Makes additional comments about his knowledge on the subject.
195	Heatherington	Comments.
202	Rep. Bates	Asks what is the difference in cost for different geographical areas providing health care in certain areas.
206	Heatherington	Answers questions about the differences in costs. Continues presentation.
299	Berkobien	Asks if Jeff evaluates his services and how, and what are the different evaluation levels around the state.
301	Heatherington	Gives explanation about his evaluation process and the processes around the state.
320	Rep. Bates	Asks if he is having trouble holding onto their providers.
330	Heatherington	Responds about holding onto their providers.
344	Rep. Bates	Asks for clarification on capitation and how they managed to do this in Managed Care Plans.
355	Heatherington	Answers about capitation.
372	Chair Westlund	Asks if there are some plans where the physicians are not capitated.
380	Heatherington	Responds yes.
385	Kruse	Asks what is the difference in what you do and a disease management plan.
400	Heatherington	Would like to defer that to a doctor or a nurse, comments to the best of his knowledge. Continues his presentation on Managed Care Plans.

TAPE 27, A

030	Haughton	Introduces herself and her organization and begins presentation. **(EXHIBIT B)**
067	Rep. Bates	Asks for definition of a safety net clinic.
068	Haughton	Give definition of safety net clinics.
087	Chair Westlund	Asks for the difference for federally qualified and the non federally qualified.
089	Haughton	Answers questions and elaborates on how the system works.
092	Rep. Bates	Asks if we have to dis-enroll people from OHP, how robust are the safety net clinics.
108	Haughton	Responds that the safety net clinics are at capacity and busting at the seams.
117	Berkobien	Asks the status of Bush administration initiative for funding of the safety net clinics.
120	Rep. Bates	Asks if the uninsured patients get hospital or specialist care.
127	Haughton	Responds about the uninsured.
134	Rep. Merkley	Asks if the safety net clinics are the same as CareOregon Inc.
139	Haughton	Responds that they contract with the safety net clinics and that they are a part of their panel.
149	Rep Merkley	Asks for history on safety net clinics.
151	Haughton	Give a more clear definition of safety net clinics.
165	Rep Merkley	Asks if they are non-profit programs.
167	Haughton	Responds about the non-profit status and that some are part of a county system.
169	Rep. Merkley	Asks and makes comments that we are not talking about emergency rooms.
171	Haughton	Responds that they are not talking about emergency rooms.
175	Chair Westlund	Comments that he thinks one of their primary functions is to keep people out of the emergency rooms. Asks how many members they have contractual relationships with.
182	Haughton	Responds about their members.

184	Chair Westlund	Asks if anyone can walk in without insurance and be served.
185	Haughton	Responds that yes, they will see him but will ask questions about his income and may have to pay the clinic a fee.
187	Chair Westlund	Asks if an OHP patient walks in, they will get services and then the clinic will be reimbursed for their fees.
200	Haughton	Responds yes.
206	Rep. Bates	Makes comments about the safety net clinics.
210	Berkobien	Asks if when you contract with these clients do they get a reimbursement and is that build into the contract with them.
219	Haughton	Responds about contracting with clients.
221	Kruse	Asks for clarification about only OHP clients going to safety net clinics.
225	Haughton	Answers about OHP only clients.
227	Kruse	Comments that he understands it is based on the ability to pay, but from the perspective of CareOregon your relationship with open door is that they are OHP clientele only.
229	Haughton	Responds that yes, it is correct and comments that they are only OHP contracts.
235	Bates	Asks questions about clinics that are full what then do they do.
240	Haughton	Responds about how the clinics work being full.
250	Westlund	Re-asks his original question about folks getting turned away when clinics are full.
290	Haughton	Retracts her previous yes, and elaborates her answers.
295	Westlund	If they have the capacity they will, but it is not an emergency room.
300	Haughton	Responds with a yes and continues presentation.
315	Rep. Monnes Anderson	Asks if she foresees CareOregon picking up any more baby boomers.
320	Haughton	Responds about the baby boomers.
333	Heatherington	Responds that when they are open for enrollment they are open for all categories and when they are closed they are closed for all categories.
357	Haughton	Continues presentation.
365	Chair Westlund	Asks is the age breakdown going to be fairly consistent with the rest of the plans.
393	Haughton	Continues presentation and goes over the rest of **(EXHIBIT B).**
TAPE 26, B		
002	Rep. March	Asks if Curry County is served.
010	Heatherington	Responds to services in Curry County.
028	Heatherington	Wraps up his presentation and introduces Dean Andretta, CFO for Mid-Valley IPA
038	Andretta	Introduces himself and give an overview of his organization and starts presentation. **(EXHIBIT C)**
102	Chair Westlund	Asks how you manage that portion of your costs.
103	Andretta	Responds about the portions of costs and where they go.
105	Chair Westlund	Asks how often that is negotiated, and that they are then the ones taking the risks.
119	Andretta	Responds to the risks that they are taking and elaborates.
121	Chair Westlund	Asks if these rates are based off of RVU's (Relative Value Units)
125	Andretta	Answers question about RVU's.
132	Rep. Kruse	Asks for more clarification on risks and how they are categorized.
153	Andretta	Answers questions about categorizations.

160	Rep. Kruse	Asks if they are reimbursing based on the way they conduct their business.
169	Andretta	Responds yes and elaborates about reimbursements.
180	Rep. Kruse	Asks why Kaiser is excluded.
185	Andretta	Responds about why Kaiser is excluded.
192	Rep. Merkley	Asks for definitions on Type A and Type B hospitals.
199	Andretta	Responds with the definitions of Type A and Type B hospitals.
208	Heatherington	Gives more detail about Type A and Type B hospitals.
224	Rep. Kruse	Asks if they have any critical access hospitals.
226	Andretta	Responds no.
233	Rep Bates	Asks if they have anything in place to regulate hospital costs.
239	Andretta	Responds with a yes, and elaborates.
295	Chair Westlund	Would like Andretta to repeat in a more succinct way.
298	Andretta	Responds with more clarification.
219	Chair Westlund	Asks what did they do to drive that denial rate.
323	Andretta	Responds about denial rates.
342	Chair Westlund	Asks how much of that 13% actually received treatment.
347	Andretta	Responds about the 13% that actually received treatment.
371	Chair Westlund	Asks if these are health plan patients and how much get shifted to commercial private pay.
375	Andretta	Responds about commercial private pay.
385	Chair Westlund	Asks how much of this comes back to you in contract negotiations and who actually pays for this.
389	Rep. Merkley	Relates a personal experience and asks if the patient is not really told if this visit to the emergency room is going to be covered or not what are they to do.
418	Andretta	Responds by saying if the physician told them to come in, it will be covered. And elaborates in more detail.
TAPE 27, B		
020	Heatherington	Give more elaboration on Rep. Merkley's question.
035	Andretta	Comments that they also pay for the initial assessment of the patient and the rest would be uncovered if the hospital does not decide to provide the service.
045	Rep. Tomei	Asks if the patient does go to the hospital inappropriately, does the hospital absorb that expense.
050	Heatherington	Comments that it depends if the hospital decides to provide the service.
054	Rep. Anderson	Asks if they do an exit survey essentially to see when someone went and whether or not they needed emergency services and then work with the patients so they don't do that again.
062	Andretta	Responds about exit surveys and elaborates about people using the emergency rooms in inappropriate ways.
074	Rep. Bates	Wants to flesh ideas being presented and elaborates his point. Asks what his experience is in seeing a drop in usage of the emergency rooms.
092	Andretta	Responds by saying since they took over the emergency rooms it has dropped by 20%.
102	Rep. Anderson	Asks how much farther this rate can drop.
108	Andretta	Comments that they may be able to drop it up to 50%, but feel that they have a long way to go.
115	Rep. Merkley	Makes comments to Rep. Bates that he would like to further discuss this emergency room information.
128	Andretta	Continues presentation.
155	Chair Westlund	Asks if they are dropping out March 1, 2003 and ask if they

		know of anyone who is not.
160	Andretta	Responds by saying yes, and continues presentation.
180	Rep. Monnes Anderson	Asks for more clarification on slide fourteen of **(EXHIBIT C).**
185	Andretta	Gives clarification.
190	Rep. Merkley	What happened to the nineteen percent of your members March 1, 2003 that are part of the standard plan.
195	Andretta	Comments that he doesn't have an answers, but will do all they can to see that patients have coverage.
215	Rep. Merkley	Asks more questions about those that will not have coverage after March 1, 2003
218	Rep. Bates	Comments that they will not have pharmaceutical coverage either.
222	Andretta	Continues presentation on slide 17. **(EXHIBIT C)**
310	Chair Westlund	Asks what percent of primary care physicians participate in your plan.
315	Andretta	Responds by saying 100%.
318	Rep. Merkley	Have you talked about other solutions about that might be implemented and elaborates.
332	Andretta	Responds by saying they have looked at all the possibilities before deciding to pull out March 1, 2003.
336	Rep. Merkley	Comments that this now becomes a major issue for us to contend with.
342	Chair Westlund	Are you working with the large drug programs to help those dropped.
348	Andretta	Responds yes.
352	Chair Westlund	Asks for those eligible in your area, how many are truly enrolled.
385	Andretta	Responds with numbers of people enrolled.
399	Rep. Bates	Asks questions about groups pulling out.
TAPE 28, A		
402	Andretta	Answers. Continues presentation.
026	Rep. Anderson	Asks if there is there a reserve that the physicians have contributed to.
035	Andretta	Yes, they are non-profit and physicians pay $300.00 to belong.
043	Rep. Anderson	Asks if you are putting $300 in to break even or make a little.
046	Andretta	Responds by saying the $300 is for them to belong.
050	Rep. Anderson	Are you subsidizing the rest of your care with pharmacy costs.
052	Andretta	Responds about subsidizing.
084	Rep. Kruse	Asks if they are experiencing a shortage in OB's
085	Andretta	Responds.
093	Heatherington	Make additional comments.
111	Rep. Kruse	Comments
	Chair Westlund	Closes informational meeting and adjourns 4:55 pm

EXHIBIT SUMMARY

A – Informational – Managed Care, Private Sector of Medicaid in Oregon, Jeff Heatherington 3 pp
B – Informational – Managed Care, Care Oregon Guide, 54 pp
C – Informational – managed Care, Overview of Mid-Valley IPA, Dean Andretta, 9 pp