

HOUSE COMMITTEE ON
AUDIT & HUMAN SERVICES BUDGET REFORM

March 31, 2003 Hearing Room 50
3:00 PM Tapes 75 - 76

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

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

GUEST MEMBERS: **Rep. Mitch Greenlick**
 Rep. Carolyn Tomei

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

ISSUES HEARD: Invited Testimony Only
 Jeff Heatherington and Ruby Haughton, representing the Coalition for a healthy Oregon

“Fully capitated health plans’ comments on the committee’s recommendations and other strategies to improving the OHP service delivery system”

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 75, A		
003	Chair Westlund	Calls meeting to order introduces the invited testimony and opens the informational meeting.
<u>INFORMATIONAL MEETING</u>		
040	Jeff Heatherington	Legislative chair, Coalition for Healthy Oregon. Informs the committee on his response of the committees recommendations and that he supports the package presented (EXHIBIT A).
028	Ruby Haughton	Director, Legislative and Public Affairs Care Oregon.
108	Heatherington	Explains the process of purchasing drugs and rebates involved.
111	Chair Westlund	Comments that the methodology of a single purchaser makes sense.
112	Heatherington	States they are proposing the state be the purchaser of all the drugs so they would be doing the negotiation.
118	Rep. Kruse	States he does not see how that would be different than running the business the way you are now.
124	Heatherington	Comments we would prefer to keep the program as a decapitated model.
125	Rep. Kruse	Notes the assumption was you would still control.
126	Heatherington	Answers they would have control but the state would have the risk.

127	Rep. Kruse	States we are proposing we keep the risk.
129	Heatherington	Answers the understanding is the less the state buys drugs for Medicaid it can not get the maximum discount.
130	Rep. Greenlick	Notes that is why the suggestion was the state be the contractor with PBM and we would pay the state.
133	Heatherington	Confirms that we are trying to find a way to get the fifteen point one rebate.
145	Rep. Kruse	Comments the state is paying for the drugs one way or another
147	Chair Westlund	Asks the difference of the rebate between branded and generic drugs.
148	Heatherington	Answers the fifteen point one in the report is tied to branded drugs and eleven percent on generic drugs.
149	Rep. Kruse	States the fifteen point one is negotiable also.
169	Heatherington	Answers that is the federal rebate, the bottom line is the more that the state can purchase the more your bargaining power will be.
179	Rep. Kruse	Asks if the fifteen point one is the best we can do.
181	Heatherington	Notes you will have to ask someone from the state that question.
183	Rick Berkobien	Asks if the model you are proposing has been tested in other states.
185	Heatherington	Answers it is our own creation and continues to inform the committee on additional recommendations in the report.
242	Chair Westlund	Comments that we will figure this one out
250	Heatherington	Continues to explain other issues in the report.
273	Chair Westlund	Notes for cost utilization and reimbursement we put the full Price Waterhouse Cooper's amount in the report and reductions will have to be made to it to make it work.
284	Rep. Kruse	States we are looking more at utilization and some hydraulics to gain control more than reimbursement rates.
287	Heatherington	Continues to inform on cost reductions and reimbursements.
339	Chair Westlund	Notes we are trying to get fee for service into fully capt.
348	Rep. Kruse	Asks how many fee for service hospitals are there.
264	Heatherington	Comments on the hospitals that are fee for services.
375	Rep. Kruse	Asks for a new map.
385	Heatherington	Indicates he will provide one.
388	Rep. Bates	Comments on the counties that could but don't have health plans.

TAPE 76, A

001	Heatherington	Answers on the issue where the counties that do have a health plan and people are enrolled but haven't been assigned.
026	Rep. Kruse	Asks that for the categorical population is there a lot of churning.
033	Heatherington	Responds no, and elaborates.
040	Rep. Kruse	Asks if this is just a management issue.
043	Heatherington	Responds yes, and continues presentation.
093	Rep. Greenlick	Why is it in the best interest to get those not living in the state off the plan.
099	Haughton	Comments that these people return to us when they are having medical difficulty.
102	Chair Westlund	Under the recommendations that we put out of this committee there is no such thing as a premium.
104	Rep. Greenlick	Comments that it seem to me that if someone that is out of state for 3 to 4 months and they are receiving premiums and was just wondering why Care Oregon cares that they get paid the

112	Haughton	premium while these people are out of the state. Comments that if they are not a resident of Oregon they should not be collecting a premium from us and elaborates.
141	Heatherington	Folks come into the state just for the Oregon Health Plan while they need services, it is these people that we are trying to screen and continues presentation.
269	Haughton	Comments that Medical Directors will be here on this week and will be able to provide more detailed information.
289	Rep. Kruse	When you are talking about integration of severe and mental health, how much of that risk are you willing to take.
298	Heatherington	Quite a bit if the numbers are good and elaborates.
327	Chair Westlund	Most of the cost for the severely and persistent mentally ill is on the physical side of the equation.
332	Heatherington	Asks if we could call up Terry Copeland, as he is the expert in this area.
334	Terry Copeland	CEO of LIPPA, the question is about severely and persistently mentally ill patients and the carve out, gives details about this are.
350	Chair Westlund	Asks if he could define severely and chronic mentally ill. Asks if we are talking apples to apples here.
352	Copeland	Responds yes.
357	Rep. Kruse	Asks if we are talking about people in group homes and residential care folks here or what.
360	Copeland	Comments that he can't identify those patients in terms of who they are categorically, those are handled by the mental health carve out and elaborates.
362	Rep. Kruse	Asks how much of that is just drugs.
367	Copeland	Comments that he thinks it is about thirty percent and that would be a combination of prescription drugs and seven eleven drugs.
371	Rep. Greenlick	Comments that those are psychiatric drugs and you are counting those on the physical side or the mental health side and elaborates more.
378	Copeland	Comments yes, partially but about half of the drug costs are prescription drugs non mental health.
382	Heatherington	States it would be best to come back with s more detailed definition of the different groups.
388	Rep. Greenlick	States his experience that when you combine the mental health costs in a physical health system, the costs are modest for mental health, but when you start dealing with the very seriously disabled that are in the category that you are talking about, it is only true if you don't do what needs doing which is hospitalizing and etc.
439	Rep. Kruse	Comments on those in residential treatment and the risks involved.
424	Rep. Bates	Asks if those plans also have non-MHO's, for non Medicaid patients.
430	Heatherington.	Answers Family Care contracts with handles mental health services for commercial insurers and some Medicaid insurers.
446	Rep. Bates	Asks if they are being reimbursed the full cost of taking care of the Medicaid population as far as mental health is concerned.
450	Heatherington	Answers the rates paid to mental health providers are below what is received in the commercial system.
464	Rep. Bates	Asks what is happening in the Methadone program.
473	Heatherington	Answers they are covering the Methadone drugs for the standard

485	Rep. Bates	group. Asks if the duties that OMAP performs is going to be part of the discussion with the Medical Directors later in the week.
493	Heatherington	Responds to what may or may not be discussed.
TAPE 75, B		
066	Rep. Bates	Asks if they will be coming back after that meeting so we may hear what the proposals are.
071	Heatherington	Answers they will be hearing from other parts of the medical fields and will come back with answers.
082	Chair Westlund	Notes make sure to cover the rebate issue on the calculations of the bifurcated figures.
089	Heatherington	States they may describe what the rates are but they will get the numbers also.
101	Chair Westlund	Calls informational meeting to a close and adjourns committee meeting at 4:48pm.

EXHIBIT SUMMARY

A – Informational, prepared material, Jeff Heatherington, 5 pp