

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

April 01, 2003 Hearing Room 50  
3:00 PM Tapes 77 - 78

**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**

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

**ISSUES HEARD:**         **Informational Meeting**  
                                 **Invited Testimony**  
                                 **Kelley Kaiser, Tuality Health Alliance**  
                                 **Pam Mariea, Intercommunity Health Network**

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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 77, A</b>		
005	Chair Westlund	Calls the committee meeting to order introduces our guests and opens the informational meeting.
<b><u>INFORMATIONAL MEETING</u></b>		
025	Kelley Kaiser	CEO, Intercommunity Health Network. Informing the committee on the role of the Physician Hospital Community Organization as it relates to Health Network administering the Oregon Health Plan. Presents <b>(EXHIBITS A and B)</b> .
044	Pam Mariea	Director, Tuality Health Alliance. Explains the different services provided.
115	Chair Westlund	Asks what geographical area is being served.
125	Mariea	Answers Western Washington County.
145	Kaiser	Informs the committee on the demographics and offers numbers of clients being served and employees serving.
203	Rep. Bates	Asks why the fee for service number is so large in Washington County.
205	Kaiser	States they have been looking into that issue and are not sure.
221	Rep. Bates	Notes it is counter intuitive to a degree.
222	Kaiser	Responds concurring and offers reasons that might possibly be affecting the numbers.
230	Rep. Bates	Asks if the glitch is in the state part of the system.
232	Kaiser	Answers when we are out in the field offices talking with the enrollment people we get a variety of reasons.
241	Rick Berkobien	Asks if there has been a drop in getting people to enroll.
248	Mariea	Answers it is not what was expected.

260	Kaiser	Notes in Lincoln County there is no managed care.
269	Rep. Bates	Asks if those like dialysis patients that heavily utilize health care are the ones that need managed care.
280	Kaiser	Answers and states they haven't been addressed in the contract.
282	Rep. Bates	Asks if it could be done more efficiently than having them out in fee for service.
291	Kaiser	States in our experience managed care gives stability to this environment and works well for this population.
300	Kaiser	Notes there are issues around this.
385	Rep. Bates	States this needs to be on the table for discussion.
312	Kaiser	Comments that the majority of their primary care providers are within the system.
314	Rep. Bates	Asks if the Good Samaritan Health Plan is the one in the Lebanon-Corvallis area.
316	Mariea	States yes and offers the hospital names.
323	Rep. Bates	Asks if the friction between the plan and the hospital has gone away and asks about the blended rate.
344	Kaiser	Responds the majority of the primary care physicians are a part of our system and states there is no animosity and states that is the key to our success.
374	Mariea	Notes increasing the number of contracts held helps physicians be invested in the Medicare and Medicaid product.
390	Chair Westlund	Inquires the ownership of a hospital in Lincoln County.
395	Kaiser	Answers they have management contracts and explains how it works.
<b>TAPE 78, A</b>		
002	Chair Westlund	Asks what are the unique characteristics of Lincoln County that makes it cost prohibitive.
015	Kaiser	Responds there is not a lot of managed care there it is strictly fee for service.
043	Rep. Bates	Notes Lincoln County may have a special problem with high Medicaid and Medicare with reimbursement being questionable and asks if managed care could work there.
052	Chair Westlund	Notes with fee for service they are getting a lower reimbursement rate.
080	Rep. Bates	Asks if both hospitals are A and B hospitals.
086	Kaiser	Responds yes that they are both A and B hospitals.
090	Mariea	Responds to the focus of enrollment process in Lincoln County.
117	Chair Westlund	Asks what is the term when a physician is associated with the hospital.
123	Kaiser	Responds if a physician is on staff they would receive medical staff privileges.
124	Chair Westlund	Asks if it is in the physician's best interest.
125	Kaiser	States they would probably prefer managed care.
132	Rep. Greenlick	Asks what does managed care really mean.
165	Kaiser	Responds what they try to do to create the process so it works for the physicians in that community.
085	Rep. Greenlick	Asks if they find differences between the counties and the willingness of the physicians.
197	Kaiser	Answers it really depends on the way it has been done in the past and some are more willing than others.
210	Chair Westlund	Notes experience in a certain area makes a difference.
218	Rep. Greenlick	Concurs that it is a historical issue for most counties.
238	Mariea	Adds it takes leadership from strong community minded

		physicians.
263	Berkobien	Asks what kind of policy barriers do we have in Oregon now do to increasing managed care.
279	Rep. Kruse	Asks if the failure of SureCare poisoned the well.
286	Kaiser	States it helped to learn what went wrong and how we can change things in the future.
305	Rep. Bates	Shared a story about his area when people became afraid to take the risks.
315	Kaiser	Notes the fear of risk in the provider community in Lincoln County is very large.
316	Rep. Kruse	Comments that is what happened to SureCare in Lincoln County.
318	Rep. Bates	Notes that is similar to what happened to Jackson County.
321	Mariea	Comments that they are definitely backing away from risks that Oregon Health Plan is the only full risk contract they have now.
329	Rep. Kruse	Asks who is assuming the risk.
332	Mariea	Responds the hospitals.
340	Rep. Bates	Asks if they have a Medicare Choice plan.
345	Mariea	Responds no they contract out for that.
354	Chair Westlund	Asks how the new recommendations will effect their organizations.
370	Mariea	Responds they are not looking for risk but they are managing the care of those entering the hospitals under their zip code area.
396	Rep. Bates	Asks how is the population managed when patients could go to hospitals outside your system.
<b>TAPE 77, B</b>		
003	Mariea	Responds they manage this with the physician network.
024	Chair Westlund	Asks if they could absorb thirty-five hundred.
025	Mariea	Responds affirmatively.
031	Rep. Greenlick	Asks who will accept the risk for the thirty-five hundred.
035	Mariea	Notes that they would be fully capitated.
043	Rep. Bates	Asks if the non-enrollment managed care are seen in the hospitals.
046	Mariea	Answers yes in the emergency department and specialists are seeing all of those that come.
050	Rep. Kruse	Notes patients are not even asking for care than they end up in the emergency at the hospitals.
053	Mariea	Answers they are suppose to only be taking mandatory zip code open enrollment patients.
058	Rep. Bates	Asks if these people are signed up for managed care.
060	Mariea	Answers the hospitals have agreed to provide for mandatory zip managed care.
078	Rep. Bates	Offers a scenario to better understand what is being talked about.
091	Mariea	Notes the workers are able to override the system.
094	Chair Westlund	Asks what they can do to help them.
097	Kaiser	Responds that they are in support of keeping the Oregon Health Plan and notes anything they can do to help keep the infrastructure in place would be welcomed.
114	Mariea	Responds they will get back to Chair Westlund with a list of things that would be nice to see done and thanks the committee for making them feel valuable in the process.
123	Chair Westlund	States what is evolving is a new sense of commitment. Closes informational meeting and adjourns committee meeting at 4:20 p.m.

**EXHIBIT SUMMARY**

**A – Informational, prepared testimony, Kelly Kaiser, 57 pp**

**B – Informational, prepared testimony, Kelly Kaiser, 8 pp**