

HOUSE COMMITTEE ON
AUDIT & HUMAN SERVICES BUDGET REFORM

April 02, 2003 Hearing Room 50
3:15 PM Tapes 79 - 81

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
 Rep. Laurie Monnes Anderson

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

ISSUES HEARD: **Informational Meeting**
 Invited Testimony Only
 “Ensuring the stability of the OHP delivery system from the FCHP
 Administrator perspective”
 Bill Murray, DOCS Health Plan
 Bill Guest, Cascade Comprehensive Care
 David Ford, CareOregon

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 79, A		
003	Chair Westlund	Calls committee meeting to order at 3:00 p.m. Opens informational meeting.
<u>INFORMATIONAL MEETING</u>		
045	Bill Guest	President, Cascade Comprehensive Care. Submits prepared materials and presents testimony on the value of fully capitated health plans (EXHIBIT A).
193	Rep. Greenlick	Notes allowing physicians to have a sense of being in charge of clinical situations is a powerful tool.
214	Guest	Responds to how they try to change the behavior of the physicians.
239	Rep. Greenlick	States they do make decisions on financial issues.
243	Guest	Responds explaining where a physician makes a decision based on a financial risk.
270	Rep. Greenlick	Comments on physician's being rewarding for making the right decision.
278	Guest	Offers information on Pharmacy Benefit Management (PBM).
322	Rep. Bates	Asks if they have their PBM's audited and how often.

332	Guest	Responds they do every month.
391	Chair Westlund	Asks if this is interfering with the actual drug purchase.
402	Guest	Responds to the fact of interference.
TAPE 80, A		
024	Rep. Greenlick	Responds to the chart and states it looks like it was flat and dropped before the pharmacists showed up.
031	Guest	Responds to the costs of generic drugs.
047	Rep. Bates	Comments on the number of prescriptions per person per year.
057	Guest	Responds to the plan being the highest average in the state and offers budget figures.
090	Chair Westlund	Asks what percentage is being received for rebates on drugs.
101	Guest	Responds you do not get rebates on generic drugs.
105	Chair Westlund	Notes other companies state they are getting up to eleven percent.
116	Guest	Responds with the rebate percentages and utilization reductions.
147	Rep. Greenlick	Asks for clarification of the costs of brand drugs versus generic drugs.
167	Rep. Bates	Asks what does your new PBM do to get to a higher generic rate.
169	Guest	Responds they offer better information on new and improved drugs.
178	Rep. Bates	Asks if the PBM sends the doctors out in the field to offer education about generic and brand drugs.
185	Guest	Responds how the system works.
191	Rep. Monnes Anderson	Asks if there is a lot of new eligibles and what percentage of the organization is Oregon Health Plan (OHP).
202	Guest	Responds that 100% of their enrollees are OHP.
211	Chair Westlund	Asks how many of your enrollees are fee for service.
213	Guest	Responds with the numbers.
219	Rep. Monnes Anderson	Asks how many of the others are HMO's.
225	Guest	Responds that there is no other commercial care in their county.
288	Rep. Greenlick	Comments on the check and balances in the fee for service side.
301	Chair Westlund	Comments that it doesn't matter who does it as long as it is better.
313	Rep. Bates	Asks if they have control over transportation costs and if not who pays for it.
324	Guest	Responds a patient needs to have a good reason to go out of the area for service.
337	Rep. Bates	Asks when the patient decides to go to Portland who pays for that transportation.
350	Bill Murray	Comments they are only on line for emergent transportation.
378	Murray	CEO, Doctors of the Oregon Coast South (DOCS). Introduces himself and offers prepared material and describes this physician owned organization (EXHIBIT B).
TAPE 79, B		
181	Rep. Bates	Asks if there is a better way of setting rates.
186	Murray	Responds the two year rate plan is a complex problem.
225	Guest	Comments that they were hoping for a third party to audit the rate process.
243	Rep. Greenlick	Asks why we can't let them set their own rates.
256	Rep. Bates	Notes competitive bidding is a difficult process.
262	Murray	Comments to the issue of physical and mental health.
342	Rep. Kruse	Asks if they have any obstetricians left and states there is only one in their county.
345	Murray	Responds they do have four.

357	Rep. Greenlick	Asks questions about the referral services.
360	Murray	Responds how the referral system works.
402	David Ford	Chairman, CareOregon. Introduces himself and informs the committee on his background in the healthcare realm and the process and services of CareOregon.

TAPE 80, B

001	Bill Murray	Continues.
096	Chair Westlund	Comments to the infrastructure and integrity of the healthcare program.
104	Ford	Offers information on the rate setting process.
198	Rep. Greenlick	Asks if three hundred thousand dollars could be reinsured.
203	Ford	Responds it would be charged as catastrophic.
249	Rep. Monnes Anderson	Asks how many members are in CareOregon.
250	Ford	Answers twenty-one thousand.
	Rep. Monnes Anderson	Asks how many are fee for service.
	Ford	Answers in the Tri-county area there is forty-seven thousand.
257	Rep. Monnes Anderson	Asks how many HIV patients are there.
260	Guest	Responds with the number of HIV patients and comments on the unevenness of insurance.
279	Ford	Offers explanation and states the difference between the rural and urban counties.
284	Rep. Monnes Anderson	Asks about the difference in the continuity of care.
292	Ford	Responds to the turnover and keeping networks together.
296	Rep. Monnes Anderson	Comments that case management is very important in the process.
300	Chair Westlund	Asks why bother with Klamath County.
309	Ford	Comments they will be looking at that issue and states these patients come through the community health clinic.
325	Chair Westlund	Asks if Cascade could take over some of the patients from CareOregon.
328	Guest	Comments they would love to but they have some of the same providers.
339	Ford	Notes some of the counties are under hardship.
347	Rep. Kruse	Comments on there being two care plans in two counties that are very close and comments about the difficulties.
380	Chair Westlund	Asks if there is anything that the committee is not doing that they could do for them.
385	Guest	Responds to their needs and states with local people that know the patients the needs are better met.

TAPE 81, A

003	Chair Westlund	Asks if they capitate physicians on an individual basis.
012	Guest	Answers they capitate all primary care physicians.
035	Ford	Notes the physicians tend to self police.
341	Chair Westlund	Reminds the witness that we are fourteen million behind.
045	Ford	Comments on knowing the areas where money can be saved.
053	Guest	Notes the money earned.
056	Murray	Comments we need to specialize and work on the things that work well.
080	Chair Westlund	Comments on the unique community foundation that makes this

process work and states there is a possibility of losing it. Calls informational meeting to a close and adjourns committee at 4:49 pm.

EXHIBIT SUMMARY

A – Informational, prepared testimony, Bill Guest, 10 pp

B – Informational, prepared testimony, Bill Murray, 9 pp