

HOUSE COMMITTEE ON
AUDIT & HUMAN SERVICES BUDGET REFORM

April 23, 2003 Hearing Room 50
6:00pm Tapes 98 - 100

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

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

GUEST MEMBERS: Rep. Mitch Greenlick

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

ISSUES/MEASURES HEARD: HB 3624 - Public Hearing

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 98, A		
003	Chair Westlund	Calls the meeting to order and opens the meeting for public hearing.
<u>HB 3624 - PUBLIC HEARING</u>		
029	Berkobien	Gives information about HB 3624 and an explanation about the materials presented at the dais. (EXHIBIT A) .
097	Rep. Greenlick	Asks if there is room for the fully capitated health systems to have capacity here.
102	Chair Westlund	Comments that if they could not assign an enrollee to a PCP within 21 days and elaborates.
114	Rep. Bates	States a concern that at times their capacity was being defined in such way that they really could take more patients but because they had restraints on them about how fast the patient had to be seen and elaborates.
125	Karen Whitaker	OHSU/Rural Health Services, presents written testimony (EXHIBIT B) and begins presentation.
204	Rep. Bates	Asks why are you concerned with type A and type B's they are specifically excluded from this bill.
210	Whitaker	Understands they are not in this bill, but type A and B reimbursement is eliminated in the Governor's budget and the Co-Chairs budget.
215	Rep. Bates	Wants to make sure that there is nothing in this bill that you are worried about.
216	Whitaker	Just urging the committee to consider it all in context.
221	Chair Westlund	Tends to disagree that most rural counties do not have fully capitated health plans.

230	Whitaker	States that, that is not what she has meant to say, she meant most plans have left rural areas.
246	Rep. Merkley	Asks what she thinks the issue really is, this bill or the Governor's budget.
260	Whitaker	Would like to see some provision put in this bill to protect some of the Rural hospitals.
263	Chair Westlund	Asks do we not do that.
268	Whitaker	Responds that no we do not do that now, we do have the type A and B cost reimbursement now, but we need to be very definite about preserving that.
269	Chair Westlund	Do the answer is yes, we do that in the bill, but we need to be emphasize that we need to be vigilant in protecting that provision which is in the bill.
272	Whitaker	Yes, but we need to protect them from the loss of the presumptive eligibility requirement as well.
273	Rep. March	Asks if they would rather operate with or without a Medicaid program..
285	Whitaker	Comments of course they would need a Medicaid program, but with the changes that are currently forecasted in the OHP, with so many people losing coverage, they are certainly going to seek primary care in emergency hospital care.
289	Ed Patterson	Oregon Rural Health Association, presents testimony (EXHIBIT C) and begins his presentation. Questions section ten of the bill and explains why.
357	Rep. Bates	Comments that he will check with Legislative Council and make sure that this is written correctly.
367	Patterson	Looks forward to seeing the attachment.
372	Chair Westlund	Re-reads the bill and states how he reads it, comments that it still reads the same, but is happy to work with them to achieve the result that was intended.
TAPE 99, A		
002	Cedric Hayden	from Fall Creek Oregon, would like to direct his comments to the delivery system of this bill. Would like this bill to reflect dentists listed as well as doctors. We hold these facts to be self evident: <ol style="list-style-type: none"> 1. That the health care delivery system should include dental as well. 2. Would urge that the delivery system maintain the skeletal system of dental care. 3. Would urge that the delivery system include the SCHIP kids. 4. Would also urge that the delivery system include kids through age 20 years of age. Continues though the bill and points out items that he agrees with and items that may need a slight change.
057	Chair Westlund	Would like to clarify that he stated that every square inch of this state is covered by a Managed Care Dental System.
059	Hayden	Responds yes, and elaborates.
067	Dr. Mike Shirtcliff	Northwest Dental Services, here to support a bill that supports Managed Care.
133	Chair Westlund	Sends compliments to Dr. Cedric Hayden and Dr. Mike Shirtcliff and appreciates all that they have done.
145	Shirtcliff	Makes comments about dentistry being considered health care.

156	Tom Holt	Oregon State Pharmacists Association, coming here with concerns about the drug portion of this bill and states the sections that they are most concerned with.
200	Chair Westlund	Disagrees with his interpretation of this and understands that they just got this bill and elaborates.
223	Rep. Merkley	Asks about his first comments related to the fact that their no rebates under managed care, very you speaking to a particular provision in this bill.
233	Holt	Referring to the overriding Federal rebate law.
239	Rep. Bates	Fleashes out what the policy decision was.
262	Holt	Would agree, given all the existing laws & regulations in Oregon and took the same set of drugs in managed care and the same for fee for service, you would have a lot more tools for management in managed care and that is a policy decision for all of you. If you allow to have management tools in fee for service, we believe you would come out ahead of the game. Comments on the language on Page 5 line 19 talking about bulk purchasing.
319	Chair Westlund	Thanks Tom for his testimony and calls the next witness.
340	Damiana Merryweather	Oregon Advocacy Center, presents testimony (EXHIBIT D) and begins presentation pointing out that section 1 subsection 4 does not have everything that it needs in it.
346	Chair Westlund	Has trouble envisioning a child with unique medical needs could be in a very rural community and that most of them would be transported to OHSU.
356	Rep. Bates	Asks if she has any examples of a family of the child that is enrolled in a managed care plan the family wanted a specific physician or a treatment that was not available through the plan and the plan would not make the referral for them.
365	Merryweather	Makes note that this is not her expertise and elaborates the issue to the best of her knowledge.
398	Jim Garnder	PhRMA, commends the committee on their work on this bill and states his feeling and concerns and issues about this bill.
TAPE 98, B		
005	Chair Westlund	Wants the record to state that there was a lot of people working on this bill including Jim.
010	Gardner	Continues presentation.
065	Chair Westlund	The question is not how you buy drugs at the lowest price, it is how do produce drug utilization at the lowest cost.
087	Rep. Merkley	Asks if they can explain why is it that the Federal law has this rebate provision related to managed care and is this something we can apply for a waiver for.
101	Chair Westlund	Give an explanation of the Federal law to the best of his ability.
106	Rep. Bates	Gives more elaboration to provide a better understanding of this Federal law.
124	Rep. Greenlick	Takes a shot at explaining the Federal law to Rep. Merkley.
134	Rep. Merkley	Could you elaborate on your concerns with section 6.
140	Gardner	Elaborates on his concern with section 6.
159	Rep. Greenlick	Comments that at one point we had a proposal that said if you managed everything we will not capitate you for drugs, but we will capitate you for everything else and will pay you a fee for managing a drug program, he heard the physicians have to be a dollar risk for this and frankly he feels that this is not true, and asks is there some structural problem that you have with this.

173	Gardner	Responds yes, if you don't have a management inside of a risk environment it is the same problem of carving out the drug benefit for the fully capitated drug plan and elaborates.
187	Rep. Greenlick	Makes comments about financial risks and non financial risks.
202	Vice Chair March	Makes comments for clarification.
209	Rep. Greenlick	Wonders why we don't experiment with the other model, if it worked it may allow you to get both.
215	Gardner	Comments that it is a lot of money, but if there is a collaborative way to break even we should try. Continues presentation.
235	Barney Speight	Begins presentation and would like to make a couple of comments about what he has heard and didn't hear tonight. Would like to point to the provisions of the bill that provide greater flexibility in the concept of managed care primarily the issue of physician care organizations.
265	Chair Westlund	Would like to point out this may be the first step to getting into a fully capitated situation.
269	Speight	Continues presentation.
319	Chair Westlund	Makes comments to strengthen Mr. Speight's words.
345	Rep. Merkley	Would like to recap the fundamental story to make sure he has heard all of this correctly.
364	Speight	Comments that, that is a fair summary and gives more elaboration about the Kaiser Permanente System.
TAPE 99, B		
002	Rep. Greenlick	Makes comments about the risks. He believes that in a well managed Individual Physician Association you could get the physician behavior changed even though the risk was not there. Is it his experience that the model could work without direct risk or a little bit of performance risk.
030	Speight	Comments that in the management of pharmaceuticals risk can be important, but the support that the physician community feels that it has over balancing good clinical care verses some external cost factor, and then how you manage the drugs makes the physicians feel more included in the process.
059	Chair Westlund	Comments that these are the issues we need to flesh out a little bit.
063	Speight	Comments that if there is doubt on the section six concepts maybe we should enter into a some limited demonstration areas and test the policies and see if they have merit, maybe that would be one more option.
080	Rep. Greenlick	Would like to see demonstrations that would allow test of the fully capitated health plans for their members being not capitated for drugs, but doing a section six program to get the maximum rebate.
086	Chair Westlund	Would like them to keep thinking about that and appreciates the suggestions.
098	Gina Firman	Director of the Association of Community Mental Health Programs would like to ask one clarifying question and make a couple of comments: As you know there is a Mental Health Organization (MHO's) in each county and this bill is peppered with the language that the intent would be to put MHO's out of business and asks if that is the intent.
111	Rep. Bates	The intent of this bill is to stay away from Mental Health Organizations if we need to make amendments to this we will and elaborates.

122	Firman	Makes some additional comments on the language in section 1 4a, and section 6.
142	Rep. Greenlick	Asks if this is for persons on the fee for service and not the fully capitated.
146	Rep. Bates	He believes her concerns are the same throughout and comment that one of the processes that we are going through is to have a lot of people looking at this bill so if we have done something we didn't mean to do, we could go ahead and fix that.
147	Firman	Would like to make sure the intent is clarified.
155	Rep. Greenlick	You said something about wanting to use the experience of fully capitated health plans and their relationships with MCO in the context of commenting on 1a, what would make you think in 1a that if an MCO was managing a fee for service population rather than a fully capitated health plan population they would not be able to use whatever links they would have to the MCO, ask what is troubling you about this.
171	Firman	Has concern that their partnership with Department of Human Services could be in jeopardy.
173	Rep. Merkley	Asks how does Mental Health interface with this structure.
181	Rep. Bates	Responds to how Mental Health Services interface with this structure.
195	Rep. Merkley	Without the background of this issues, how does someone know that Mental Health is not included in this bill.
204	Rep. March	Believes that there is other sections stated in the ORS that deals with Mental Health.
210	Rep. Greenlick	Makes comments that we are not necessarily dealing with mental health services right, we are talking about services for the severely and chronically mentally ill. You are dealing within this services a variety of ongoing mental health services for people that are not so severely disabled.
215	Lynn Read	Administrator for the Office of Medical Assistance Programs within the Department of Human Services. Thanks the committee for all of their work on this bill. Presents testimony and begins presentation. (EXHIBIT E)
270	Ellen Lowe	Consumer representative, has a few brief comments, she is in support of coordinated care and begins presentation.
	Chair Westlund	Comment that he appreciates all of the work Ellen did in the work group, thanks her for being our conscience.
400	Rep. Merkley	When you are talking about access to services, is it just a matter of being referred to appropriate specialists or is it being able to continue with a specialist that works with ones specific problems.
405	Lowe	Comments that she was referring to ones specific problems and elaborates.
414	Rep. March	Thanks Ellen for all of her work in the Capitol.
TAPE 100, A 017	Scott Gallant	Oregon Medical Association, makes comments about his membership and talks about the climate in Oregon that is not different than other states because of our economic time. Comments what is not being said about this bill is that other committees in this building may have to address other major components that will be the potential engine to have a system to deliver services to Oregonians that may not have an easy access to needed services.

034	Chair Westlund	Would like to flush out his comments and talk about the foundation that we are working on.
060	Gallant	Would like to mention fundamental issues about this bill. <ol style="list-style-type: none"> 1. Physician capacity. 2. Page 2 line 14, the elimination of providing the cost of care. 3. The Medical Association have had a policy for years that multiple payment systems are a good thing, you should not drive them to one arena.
151	Chair Westlund	Appreciated working with Scott and comments that we will continue to talk and talks about the cultural shift that has to take place about he importance of fundamental health care awareness.
172	Rep. Merkley	If the states does not cover those costs, what keeps providers providing those services for fee for service.
181	Gallant	Comments that medical professionals have an obligation to treat Oregonians and will cost shift to make sure that those patients are taken care of.
197	Rep. Merkley	You don't think this will create a problem and that we are ok making this change, when you pointed out this language I assumed you thought this was a problem. I was assuming that you thought the problem was that under paid physicians will mean people can't get access to services.
209	Rep. Bates	The first part of the questions is do physicians get paid better in fee for service or managed care, and makes comments as a physician. Comments that there is an underlying problem, one that we certainly pay for our road to be paid at full cost and other needs of the state at full cost, for some reason we have chosen not to do that with medicine and have this cost shifted to the people who are buying health care, physicians do not shift it, when they take on these patients they take a decrease in income to do so and unhappily there are some physician that choose not to take these patients and elaborates what happens when they do so.
246	Gallant	Would like to make a couple of additional comments and would love to have a discussion of the medical world at another time.
292	Rep. Greenlick	Would like to second what Scott Gallant said about the policy issue and would like to comment about the other piece that OHP regarding to getting people covered.
326	Gallant	Comment that the Oregon Medical Association has had a long standing policy about universal access to medical services which is different that a constitutional mandate to health care benefits. Makes his final comments.
390	Chair Westlund	Makes closing comments and calls meeting to a close and adjourns 8:24 pm

EXHIBIT SUMMARY

A – HB 3624, Staff, 2 pp

B – HB 3624, written testimony, Karen Whitaker, 2 pp

C – HB 3624, written testimony, Ed Patterson, 1 p

D – HB 3624, written testimony, Damiana Merryweather 1 p

E – HB 3624, written testimony, Lynn Read, 13 pp