

HOUSE COMMITTEE ON HEALTH AND HUMAN SERVICES

February 24, 2003 Hearing Room D
8:30 A.M. Tapes 32 – 33

MEMBERS PRESENT: Rep. Jeff Kruse, Chair
Rep. Billy Dalto, Vice-Chair
Rep. Carolyn Tomei, Vice-Chair
Rep. Gordon Anderson
Rep. Jeff Barker
Rep. Laurie Monnes Anderson

MEMBER EXCUSED: Rep. Ben Westlund

STAFF PRESENT: Sandy Thiele-Cirka, Committee Administrator
Mara McGraw, Committee Assistant

ISSUES HEARD: **INFORMATIONAL MEETING**

- **Overview of Oregon Medical Assistance Program (OMAP)**
Lynn Read, Administrator, OMAP
Joan Kapowich, Manager, Program and Policy Section
Ruby Haughton, 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.

| <u>TAPE/#</u> | <u>Speaker</u> | <u>Comments</u> |
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| TAPE 32, A | | |
| 005 | Chair Kruse | Calls meeting to order at 8:39 A.M. and opens informational meeting. |
| <u>INFORMATIONAL MEETING</u> | | |
| 017 | Lynn Read | Administrator, Office of Medical Assistance (OMAP). Submits written testimony on changes to Oregon Health Plan (OHP) (EXHIBIT A). Begins presentation regarding January 2003 reductions. |
| 038 | Chair Kruse | Inquires on number of people impacted by changes. |
| 042 | Rep. Monnes Anderson | Inquires on effectiveness of co-pay policy. |
| 044 | Read | Explains co-pay policy. Reports there is no systematic co-payment data collection method. |
| 056 | Joan Kapowich | Manager, Program and Policy Section, OMAP. Discusses provider survey regarding co-pay policy. Relates success in collection of co-pay fees. |
| 065 | Read | Continues presentation on January changes. Explains OHP's February changes (EXHIBIT A-p 1). Reports expanded prenatal coverage. |
| 080 | Rep. Monnes Anderson | Inquires on cost to General Fund. |
| 081 | Read | Provides figures. |
| 097 | Chair Kruse | Estimates cost of expansion to General Fund. |
| 100 | Read | Approximates cost figure. Continues discussion of February changes. Explains OHP2 mandatory fee-for-services. |

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| 125 | Chair Kruse | Inquires on physician and specialist co-pay policy. |
| 128 | Read | Defines co-pay fees for OHP Standard and OHP Plus. |
| 132 | Rep. Tomei | Inquires on application of policy to client population. |
| 133 | Read | Explains eligible populations. |
| 143 | Rep. Tomei | Clarifies coverage not covered by Medicaid. |
| 146 | Chair Kruse | Inquires on impact of co-pays in the future. |
| 151 | Kapowich | Informs OMAP Has not yet developed a structure to acquire data. |
| 158 | Chair Kruse | Comments on cost shift and need for data to establish success of fee-for-service policy. |
| 172 | Read | Further explains co-pay policy regarding provider obligation to offer services regardless of collection of co-pay. |
| 188 | Chair Kruse | Restates need for estimates on policy impact as it relates to possible cost shift. |
| 204 | Read | Explains two month timeline for claims processing. Continues presentation on February changes to OHP (EXHIBIT A-page 1). Explains changes in client premium payment policy. |
| 232 | Chair Kruse | Points out exception process for premium payments is broad. |
| 237 | Read | Explains OHP2 excludes exception process for premiums. Explains policy regarding uninsured status. Details delays in expansion of clients at a higher income level. Defines senior prescription drug assistance program. Reports level of pharmacy participation. |
| 308 | Rep. Monnes Anderson | Inquires on annual fee charged to seniors for program participation. |
| 310 | Read | Explains application process for senior prescription program. Discusses elimination of General Assistance program (GA) as it relates to medical coverage for persons with disabilities. |
| 352 | Chair Kruse | Inquires on cost difference between coverage of OHP Plus or GA clients. |
| 358 | Read | Explains cost for medical coverage is same regardless of categorization with GA or OHP Plus. |
| 401 | Chair Kruse | Request clarification on rule change for GA clients rolled into OHP Plus program. |
| 407 | Read | Explains rule changes and litigation regarding presumptive eligibility. |
| 418 | Chair Kruse | Inquires on time frame clients receive GA versus OHP Plus. |
| 427 | Read | Further relates process of eligibility in regard to GA and SSI and resulting medical benefits during eligibility assessment process. |
| TAPE 33. A | | |
| 005 | Read | Continues explanation of GA presumptive eligibility. Discusses elimination of Oregon Project Independence (OPI) (EXHIBIT A- page 2). |
| 027 | Rep. Monnes Anderson | Requests tracking the OPI client status in relation to Medicaid eligibility. |
| 032 | Read | Defers tracking to Seniors and People with Disabilities (SPD), Department of Human Services (DHS). |
| 036 | Chair Kruse | Estimates percent of OPI clients eligible. |
| 037 | Read | Reports minimal OPI client eligibility for OHP2. Discusses OHP changes for seniors and people with disabilities at specific levels of care. Continues with February changes to OHP (EXHIBIT A-page 2). |
| 068 | Chair Kruse | Inquires on marketing of new policies and programs. |
| 075 | Kapowich | Reports active promotion of new programs. |

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| 084 | Chair Kruse | Further questions outreach to clients dropped from OHP coverage. |
| 092 | Read | Explains broad based outreach did not occur. Explains other outreach efforts. |
| 104 | Chair Kruse | Comments on offering service alternatives simultaneously with OHP termination notice. |
| 113 | Read | Reports on diverted safety-net funds. Explains OHP changes for March 2003 (EXHIBIT A-page 2). |
| 132 | Chair Kruse | Inquires on partners involved in determining list of cuts. |
| 137 | Read | Explains prioritized list established by the Health Services Commission. Explains changes in coverage listed in prioritized order. |
| 151 | Chair Kruse | Comments prioritized list versus benefit package model. |
| 178 | Read | Explains changes in eligibility date in regard to payment of provider services. |
| 197 | Chair Kruse | Notes policy is a cost shift. |
| 209 | Rep. Monnes Anderson | Inquires on impact to safety-net clinics. |
| 220 | Read | Explains eligibility date regarding OHP Standard versus OHP Plus. Explains largest impact will be on hospitals, followed by safety-net clinics. |
| 229 | Rep. Anderson | Comments on client delay in seeking services until eligibility date. |
| 239 | Chair Kruse | Reiterates cost shift during emergency services. |
| 243 | Rep. Monnes Anderson | Comments on planning for coverage as a behavior change. |
| 253 | Read | Explains provider reimbursement changes (EXHIBIT A-page 2). Explains implementation will not occur by March 1 st 2003. |
| 267 | Chair Kruse | Question choice of 17% average wholesale price (AWP) reduction figure. |
| 274 | Read | Explains the 17% figure relates to the average acquisition cost for single source, innovator brand drugs. |
| 306 | Chair Kruse | Expresses concern over drug chains dropping out of program. |
| 310 | Read | Explains mail order pharmacy rate at 21% and 60% reductions. |
| 326 | Rep. Barker | Inquires on mailing of Schedule II drugs. |
| 328 | Read | Explains Schedule II as controlled substances/narcotics. |
| 342 | Chair Kruse | Inquires on implementation date of program. |
| 345 | Read | Explains implementation will be postponed until federal approval. Reports impact on budget for postponing implementation. Explains hospital reimbursements (EXHIBIT A-page 2). |
| 379 | Rep. Monnes Anderson | Inquires on Diagnosis Related Group (DRG) hospital definition. |
| 385 | Read | Defines DRG, Type A and B hospitals. Explains changes in reimbursement for hospital types. Reports delay in implementation. |
| 414 | Chair Kruse | Questions process for change in rules regarding DRG hospitals. |
| 418 | Kapowich | Reports dates of hearings and rule changes regarding reimbursement. |
| 431 | Chair Kruse | Comments on hearing process for rule changes regarding hospital reimbursement. |
| 449 | Read | Reports DRG hospital reimbursement will move forward as scheduled. |

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| 468 | Chair Kruse | Comments on statutory restraints and fixed provider reimbursement. |
| TAPE 32, B | | |
| 040 | Rep. Anderson | Questions flow of patients to major hospitals due to reimbursements. |
| 044 | Read | Explains patient flow to rural hospitals will not be affected. Explains payments will be made and legislature determines rate via statute. |
| 054 | Chair Kruse | Comments bill has not yet been scheduled. |
| 058 | Read | Refers to SB 819 in regard to prior authorization requirements for prescription drugs and fee-for-services program (EXHIBIT A-page 2). Defines drug authorization process. |
| 088 | Chair Kruse | Inquires on authority to move to prior authorization for fee-for-service. |
| 090 | Read | Explains authority to change to prior authorization. Details April 2003 changes (EXHIBIT A-page 3). |
| 114 | Chair Kruse | Inquires on Ways and Means process to make adjustments thus preventing loss of coverage. |
| 123 | Read | Reports elimination of Part B premiums will not be implemented. Explains changes in service for May 2003 (EXHIBIT A-page 3). Explains previous "pay and chase" policy as it relates to change in fee collection. |
| 157 | Chair Kruse | Inquires on percent of population impacted by change. |
| 159 | Kapowich | Offers cost savings figure. |
| 162 | Chair Kruse | Establishes that accounts were previously collected and policy allows for faster collection. |
| 168 | Read | Explains increased return rates of new policy. Explains changes related to Governor's Technical Balanced Budget (EXHIBIT A-page 3). |
| 186 | Chair Kruse | Comments on utilization of services. |
| 191 | Rep. Anderson | Comments Technical Balanced Budget excludes prevention. |
| 206 | Read | Reports efforts in prevention. |
| 211 | Rep. Tomei | Inquires on smoking cessation programs. |
| 216 | Read | Reports on smoking cessation programs via OHP. |
| 248 | Ruby Haughton | Legislative and Public Affairs Director, Care Oregon. Offers organizational overview. Explains actions taken due to changes in OHP coverage. Relates impact on Care Oregon staff and its clients. |
| 316 | Rep. Monnes Anderson | Inquires on remaining client population. |
| 318 | Haughton | Reports 70-75,000 clients remaining after changes implemented. Explains figure is all OHP Plus clients. |
| 322 | Rep. Barker | Inquires on ability to sustain compassionate care programs. |
| 329 | Haughton | Relates compassionate care program is not expansive enough to handle client shift. |
| 342 | Rep. Anderson | Inquires on employees cut. |
| 343 | Haughton | Explains 22 of 130 were laid off. |
| 345 | Chair Kruse | Inquires if Care Oregon will survive reductions. |
| 349 | Haughton | Explains financial impact on Care Oregon and possibility that agency will not survive changes. |
| 382 | Chair Kruse | Defines categorical coverage. Inquires how categorical cliental will impact Care Oregon. |
| 399 | Haughton | Explains adverse selection of client population due to changes in coverage. Comments clients cut now may return at later time due |

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| 429 | Rep. Monnes Anderson | to progressive deterioration of their condition. Comments on cost shifting. |
| 445 | Rep. Tomei | Inquires on transplant patients' eligibility for OHP. |
| 456 | Haughton | Relates elimination of medication will result in severe disability making client eligible for OHP Plus. Relates cost for vulnerable patients in a fee-for-service environment. |
| TAPE 33, B | | |
| 034 | Rep. Anderson | Inquires on DHS staffing reductions. |
| 035 | Read | Explains DHS staff cuts and hiring freeze. |
| 041 | Chair Kruse | Announces meeting on 2/28/03 regarding Pharmaceutical Industry and prescription drug programs. |
| 058 | Rep. Anderson | Submits written testimony from Ray Whittemore (EXHIBIT B). |
| 063 | Chair Kruse | Closes informational meeting and adjourns at 10:18 A.M. |

EXHIBIT SUMMARY

A – Informational, prepared testimony, Lynn Read, 3 pp.

B – Informational, prepared testimony, Ray Whittemore, 2 pp.