

## HOUSE COMMITTEE ON HEALTH AND HUMAN SERVICES

March 5, 2003 Hearing Room D  
8:30 A.M. Tapes 42 - 44

**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  
Rep. Ben Westlund

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

**ISSUES HEARD:** Informational Meeting

- Clyde Saiki, Administrative Services Assistant Director, Chief Administrative Officer, Administrative Services Department of Human Services (DHS)
- John Cuddy, Chief Information Officer, Information Services, DHS

---

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.

---

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 42, A</b>		
004	Chair Kruse	Calls meeting to order at 8:45 A.M. and opens informational meeting.
<b><u>INFORMATIONAL MEETING</u></b>		
008	Clyde Saiki	Chief Administrative Officer, DHS. Submits overview of Administrative Services ( <b>EXHIBIT A</b> ) and department matrix ( <b>EXHIBIT B</b> ). Discusses the consolidation of departments under DHS via Administrative Services. States reasons for consolidation and details mission and goals.
113	Chair Kruse	Requests example of interdepartmental conflicting policies.
123	Saiki	Provides example of contract and purchase orders approval. Speaks to standardization of approval paths.
138	Chair Kruse	Inquires on administrative policies versus program policies.
139	Saiki	Clarifies presentation speaks to administration issues. Reports budget figures for 2001-03. Offers brief overview of each office under Administrative Services ( <b>EXHIBIT A-page 2</b> ).
180	Rep. Dalto	Inquires on loss prevention.
188	Saiki	Details Financial Services department.
202	Chair Kruse	Inquires on reports filed each quarter. Requests information on number of reports filed with each department.
215	Saiki	Offers to provide information.
218	Rep. Westlund	States daily figure for reports.
221	Saiki	Notes some reporting is passed down to contractors. Continues presentation.
249	Rep. Westlund	Requests tracking on medical payment recovery/third party payer for last biennium. Inquires on actual versus projected recovery. Questions appropriation for medical payment recovery

		department.
264	Chair Kruse	Requests institutional revenue.
267	Rep. Tomei	Requests detailed information on recovery.
271	Saiki	Explains financial recovery process.
297	Rep. Tomei	Inquires on monies collected.
299	Saiki	Concurs.
301	Chair Kruse	Inquires on Oregon Medical Assistance Programs (OMAP) role in medical payment recovery.
308	Saiki	Concurs collection has moved into Administrative Services.
312	Rep. Anderson	Inquires on overpayments.
318	Saiki	Explains how overpayments occur.
348	Rep. Westlund	Emphasizes importance of financial recovery.
369	Chair Kruse	Notes collection on the front end versus financial recovery.
377	Saiki	States primary challenge in Financial Services is reduction in staff. Details Contracts and Procurements <b>(EXHIBIT A-page 6)</b> . Explains standardization of services. Offers example of centralizing management of copiers, FAX machines and mail services.
<b>TAPE 43, A</b>		
017	Chair Kruse	Inquires on savings efforts from paperless information.
022	Saiki	Discusses management of website.
038	Rep. Tomei	Points out volume of contracts.
039	Chair Kruse	Inquires if those are provider contracts.
042	Saiki	Explains contracts include all services. Points out that the data includes contracts and amendments. Speaks to increase in unit workload.
062	Chair Kruse	Draws connections to Department of Administrative Services (DAS).
070	Saiki	Concurs and adds the Department of Justice is a partner. Details Communication Office <b>(EXHIBIT A-page 8)</b> . Notes achievement of efficiencies in communication. Discusses cost savings via DHS website. Discusses consolidation of Facilities Office <b>(EXHIBIT A-page 10)</b> .
146	Chair Kruse	Questions department vehicles and motor pool.
148	Saiki	Responds vehicles are permanently assigned and are included in the motor pool.
150	Chair Kruse	Inquires on management of facilities.
160	Saiki	Explains facilities plan regarding housing staff and programs. Refers to assessment of consolidation process over past year.
180	Chair Kruse	Refers to one-stop concept.
184	Saiki	Explains co-location is not service integration.
195	Rep. Anderson	Comments on use of existing buildings.
199	Saiki	Refers to Governor's plan on sustainability and use of existing structures.
217	Rep. Dalto	Inquires on cost for retrofitting versus new facilities.
227	Saiki	Explains cost depends on age of building and required building codes. Supports sustainability strategy for long term success.
241	Rep. Anderson	Inquires on managing services from different locations.
245	Saiki	Comments on use of electronic communication. Details consolidation of Forms and Document Management Office <b>(EXHIBIT A-page12)</b> . Offers example of Oregon Health Plan (OHP) application process.
303	Chair Kruse	Refers to networking process to improve the application process.
309	Saiki	Continues presentation of Forms and Document Management

		Office. Discusses consolidation of Human Resources/Personnel Office ( <b>EXHIBIT A-page 14</b> ). Speaks to streamlining Service Employees International Union (SEIU) contract. Addresses uniformity of personnel policies and procedures.
358	Chair Kruse	Inquires on criminal background checks for employees.
370	Saiki	Explains background checks include staff, providers, volunteers, client employed providers.
402	Rep. Monnes	Inquires on actual budget with breakdown for each department.
	Anderson	
411	Saiki	Offers to provide information with caveat that consolidation is still being implemented.
429	Rep. Westlund	Explains budget silos and clusters.
<b>TAPE 42, B</b>		
027	Saiki	Notes the complexity of budget issues. Continues presentation on Human Resources Office. Addresses Health Insurance Portability and Accountability Act (HIPAA) ( <b>EXHIBIT A-page 17 and 18</b> ). Addresses privacy issues.
059	Chair Kruse	Inquires on coordination with doctors and hospitals.
061	Saiki	Explains coordination process with providers and government.
070	Rep. Westlund	Inquires on cost in staffing for accountability.
073	Saiki	Explains intricacies and impact of HIPAA policies.
084	Rep. Westlund	Requests data on administrative costs.
087	Saiki	Offers to present that information at a later time. Refers to HIPAA as an unfunded federal mandate. Reports project is on target with timeline. Addresses HIPAA security rule.
110	Chair Kruse	States DHS is already headed in direction of HIPAA.
115	Rep. Tomei	Notes cost of administrative staffing to implement HIPAA.
122	Saiki	Address funding of remaining work on HIPAA. Details the funding match ratios.
127	Chair Kruse	Inquires on size of fund.
133	Saiki	Reports match is uncapped. Details information security related to HIPAA.
166	Rep. Dalto	Inquires on full time equivalency (FTE) in HIPAA project management.
171	Saiki	Reports one FTE devoted to project.
173	Rep. Dalto	Comments on limited staff and project support.
180	Saiki	Explains responsibilities of one FTE staff in coordinating planning effort.
209	Rep. Dalto	Inquires on embezzlement case.
240	Saiki	Reports discovery was accidental. Comments on management control issue.
249	Rep. Dalto	Requests more information on case.
250	Saiki	Provides additional information.
267	Rep. Westlund	Comments on administrative lapses as they relates to legislative mandates.
289	Rep. Dalto	Comments on undiscovered fraud.
329	Saiki	Notes the importance of implementing an action plan to prevent future occurrences.
345	Rep. Tomei	Comments on staff reductions during the reorganization process.
365	Saiki	Speaks to skills of staff and management in regard to efficiency and cost effectiveness.
380	Rep. Anderson	Inquires on percentage of collection recovery.
389	Saiki	Offers to provide information at a later date.
393	Rep. Dalto	Inquires on staff reductions and impact on department.

401	Saiki	Explains reorganization process in regard to staff reductions.
419	Rep. Westlund	Reports information exists in Legislative Fiscal Office (LFO).
422	Rep. Monnes Anderson	Comments on accountability.
<b>TAPE 43, B</b>		
002	John Cuddy	Chief Information Officer, DHS. Submits overview of Information Services (IS) ( <b>EXHIBIT C</b> ). Clarifies HIPAA funding.
022	Chair Kruse	Inquires on portion of HIPAA tied to Medicaid.
023	Cuddy	Explains attempt to tie large portion to Medicaid.
037	Rep. Monnes Anderson	Inquires on capital for changes to structural changes in safety-net clinics.
043	Cuddy	Explains applicable uses of funds. Clarifies issues relating to cost savings in electronic communication. Details reporting via main frame.
072	Chair Kruse	Inquires on number of IS main frames.
076	Cuddy	Explains DHS main frames and technology systems. Details services and supports provided by information and technology department. Provides examples
175	Cuddy	Continues presentation on IS. Discusses major activities and consolidation process. Addresses information sharing technologies. Presents data on IS ( <b>EXHIBIT C-page 2</b> ).
270	Cuddy	Continues presentation on IS. Describes server networks.
342	Chair Kruse	Clarifies “program” as a set of codes that perform a function.
345	Cuddy	Concurs. Details major activities of IS Office ( <b>EXHIBIT C-page 2</b> ).
373	Chair Kruse	Inquires on age of hardware for main frame
374	Cuddy	Reports two years. Details main frame technology and expense of replacement. Describes wide area and local networks. Notes development of project culture within IS. Explains organization and levels of staffing.
<b>TAPE 44, A</b>		
030	Cuddy	Continues presentation. Addresses IS funding and staff resources ( <b>EXHIBIT C-page 3</b> ). Details major initiatives ( <b>EXHIBIT C-page 4</b> ). Notes Oregon DHS-IS is operating model for other states. Comments on IS support to Staley settlement. Details IS efforts in Women Infant and Children (WIC) nutrition plan.
127	Rep. Monnes Anderson	Inquires on immunization data base in relation to WIC.
129	Cuddy	Discusses conceptual model existing in public health and compatibility of other immunization data bases.
145	Rep. Monnes Anderson	Comments on duplication of data entry.
150	Cuddy	Notes complexity of cost allocation for project implementation.
163	Chair Kruse	Inquires on HIPAA regulation in regard to integrating immunizations and WIC.
167	Cuddy	Unable to answer question. Closes presentation.
188	Chair Kruse	Notes possible unintended consequences of mergers. Closes informational meeting and adjourns meeting at 10:45 A.M.

## **EXHIBIT SUMMARY**

**A – Informational, DHS overview, Clyde Saiki, 19 pp.**

**B – Informational, chart, Clyde Saiki 1 p.**

**C – Informational, information services overview, John Cuddy, 7 pp.**