

# SENATE SPECIAL COMMITTEE ON THE OREGON HEALTH PLAN

May 28, 2003  
3:00 P.M.

Hearing Room C  
Tapes 9 – 10

**MEMBERS PRESENT:** Sen. Peter Courtney, Co-Chair  
Sen. Jackie Winters, Co-Chair  
Sen. Margaret Carter  
Sen. Bill Fisher  
Sen. Lenn Hannon  
Sen. John Minnis  
Sen. Bill Morrisette

**MEMBER EXCUSED:** Sen. Kate Brown

**STAFF PRESENT:** Marjorie Taylor, Committee Administrator  
Megan Jensen, Committee Assistant

**MEASURE/ISSUES HEARD:** **Informational Meeting**  
Continuation of the Prioritization of Benefits  
Agency Overview of the Medically Needy Program  
Continuation of the Review of Cost Scenarios

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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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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>Tape 9, A</b>		
003	Co-Chair Courtney	Calls meeting to order at 3:10 p.m. and opens informational meeting on the Oregon Health Plan.
<b><u>OREGON HEALTH PLAN - INFORMATIONAL MEETING</u></b>		
<b><u>Prioritization of Benefits</u></b>		
006	Dr. Bruce Goldberg	Administrator, Office of Health Policy. Presents a comparison of the basic health benefit plans of Oregon, Washington, and Utah ( <b>EXHIBIT A</b> ).
<b><u>Medically Needy Program</u></b>		
084	Jean Thorne	Director, Department of Human Services. Introduces Dr. Tina Kitchen, Medical Director, Seniors and People with Disabilities, and Joan Kapowich, Policy and Program Manager for the Office of Medical Assistance Programs. States they will try to simplify how the program did operate, how it could operate differently, and will present a contrast with the medically needy versus what they might do under a waiver for prescription drug coverage.
096	Thorne	Presents an overview of the Medically Needy Program ( <b>EXHIBIT B</b> ). Discusses federal requirements for the medically needy and what is not allowed by federal regulations.
184	Thorne	Discusses characteristics of the former Medically Needy Program ( <b>EXHIBIT B, pages 3-5</b> ). Reviews charts ( <b>EXHIBIT B, pages 6-9</b> ).
220	Sen. Hannon	Asks if a waiver would have to be obtained for each spend-down plan.

222	Thorne	Replies that is a state plan option and these are things they can do without a waiver as long as they follow the first federal requirements, and they would have to submit a State Plan amendment; it is not a waiver.
230	Sen. Hannon	Asks if they have a cost estimate breakdown on the potential savings or cost shift under this provision.
235	Thorne	Explains she had some figures she was not comfortable with. They had 8,700 people in the program; under this they know they will have fewer people, may be 6,000 or so. It will take time once the program is started for people to come back into the program. This will create a barrier but it is limiting to those who have the most medical needs. Adds that they are working on the pricing.
243	Sen. Hannon	Asks if participants would be moved from the state system to emergency room care paid for by the hospitals, thereby subsidizing the state.
268	Thorne	Explains that the main cost is prescription drugs. The people theoretically, because their income is over the Medicaid level, have income to pay for the first set of drugs. Some may say they cannot afford it and go to the hospital emergency room. Believes that currently, since there is not program, people are showing up at the emergency room. Under a restructure of the program, some may go to the hospital emergency room, but the issue for most is the drug expense that they would not get through the emergency room. Continues discussion of a potential Medically Needy Program with a two-month spend down ( <b>EXHIBIT B, page 9</b> ).
300	Thorne	Discusses a comparison of medically needy and pharmacy-only expansion options ( <b>EXHIBIT B, page 10</b> ).
410	Thorne	States there are a couple of options. The Medically Need Program can be focused down so that people really are required to incur those bills. It is staff intensive so staffing costs would be higher than in the past. If we go the waiver route, we could open it to more people, cap enrollment, and it would be a simpler system but it does not allow us to get at the issues of people who really have the high drug costs.
437	Sen. Morrisette	Asks if the previous medically needy program had over 8,000 people, and whether Thorne is predicting 6,000.
446	Thorne	Responds that under a restructured program where the people would be required to incur the bills, the 6,000 would not be an average for 24 months because it would take a while to get the program running.
416	Sen. Morrisette	Asks what the federal match is for the medically needy program.
416	Thorne	Replies that it is a regular match—60:40 as long as they comply with this. The very limited current program for transplant or HIV patients who were on Medically Needy in January, do not meet the requirements for Medically Needy so it is only General Funds for the last few months of this biennium.

**TAPE 10, A**

**Cost Scenarios**

040	Mike Bonetto	Policy Analyst, Senate Republican Office. Introduces himself.
043	Connie Seeley	Office of Senate President. Introduces herself.
073	Bonetto	Discusses the Co-Chair OHP Budget, cost of three- and six-months of the existing program for different populations ( <b>EXHIBIT C</b> ). The cost savings that would be derived if a new program were implemented

sooner rather than later (October vs. January), would be \$25 to \$30 million. Comments on the Categoricals section (**EXHIBIT A, page 1**) and reviews the OHP Pricing Assumptions (**EXHIBIT D**).

138 Bonetto Explains that Appendix C (**EXHIBIT E**) is a breakdown of the benefits that would be eliminated if there is a move from Line 549 to 519.

141 Sen. Brown Comments she believes one of the reasons the health plan came under attack is that people saw the benefits being richer than a standard insurance package. Ask if items in Line 519 through 548 are things regular health plans are likely to cover.

150 Bonetto Responds he does not believe this has been priced out in comparison to the old plan and how it ranks with other commercial products on the actuarial value.

155 Thorne Responds that in some ways it is apples and oranges because plans would cover hospital care and physicians but might not cover some other things. States that when the Health Services Commission prioritizes they look at what is the effect of the treatment for the condition versus no treatment for the condition and weighs that in terms of value added.

165 Bonetto Continues explanation of costs under 2 (**EXHIBIT C, page 2**) and the OHP Pricing Assumptions (**EXHIBIT D**), and refers to the OHP Plus Capitation Rate Component Growth Factors worksheet (**EXHIBIT F**). States that FCHP Total is the fully capitated health plan's total in capitation rates. The 22.3 percent increase would be effective on October 1, 2003 for a full year. The following year it would go up 9.2 percent. The increase has been incorporated into the prices. Explains rebasing is looking at encountered data from the previous two years and updating that data so the plans can be given a more accurate reimbursement.

219 Bonetto Reviews dental services packages for different populations (**EXHIBIT G**).

234 Bonetto States that if just mandatory benefits, prescriptions, mental health, chemical dependency, dental for kids, were covered, the kids in this package would receive Lines 301, 357, 358, 507, and 508. The adults would not. To buy back adults, we would have to go down to an emergency package or a full benefit package.

244 Bonetto Comments that emergency dental cannot cover one line, one should put together an emergency dental package. States they are still trying to work on that.

265 Bonetto States the members could prioritize the list if they wish.

272 Sen. Minnis Comments on the costs for three months and six months (**EXHIBIT C, page 1**).

283 Bonetto Explains his calculations of the costs he has provided (**EXHIBIT C, page 1**).

273 Sen. Minnis Asks for further clarification.

275 Bonetto Explains the cost of running a current program.

280 Sen. Minnis Wonders how that is relevant to the current conversation.

283 Bonetto Provides further clarification.

Sen. Minnis States he is looking at the cost per month based on a transition from the existing program to the ultimate achievement of a waiver.

326 Sen. Winters Explains that the difference comes from the current benefit package

and what is currently being provided.

345 Bonetto Talks about optional services costs under 5 (**EXHIBIT C, page 3**). The pricing includes full dental, acupuncture, chiropractic, exceptional needs coordination, Hospice, preventive services, target case management for HIV/Aids, physical occupational hearing, speech therapies, and vision.

363 Sen. Fisher Asks if the totals for the optional services are cumulative.

366 Bonetto Explains that it contains the full dental package plus the other options. Continues discussion of populations and added benefits (**EXHIBIT C, page 3**). States that if there is \$606 million left and is spent down, this becomes additive. We would add the \$29.6 million to the \$649 million. For pregnant Women and children, up to 200 percent, we would start adding. The only difference is we would not be adding all the emergency. We would be able to take optional services, including full dental, and add that piece to the basic benefit package for pregnant women and children; the incremental costs are being added to the total.

397 Bonetto States there needs to be a decision on the Medically Needy and the benefit package if we are going to go with federal statutes of what is going to be required: prescription drugs, mental health, chemical dependency, and transportation to those services. That is what has been placed in the Co-Chairs' Budget of \$21 million (**EXHIBIT A**).

406 Bonetto States that Adults/Couple/Families through 100 (**EXHIBIT C, pages 2 and 3**), include primary care services as listed as number six on the OHP Pricing Assumptions list (**EXHIBIT D**). States that it is also assumed, whether it is six months or three months, that the current OHP standard premium would still be collected. The premiums are from \$6 to \$20 for an individual or \$12 to \$40 for a couple, depending on income. States that the premiums have been incorporated into the costs.

430 Bonetto States that for the hospital benefit, the same situation applies as today for the OHP standard population, the same package, which means that for in-patient hospital, there is a \$250 co-pay. It is assumed in the costs.

445 Sen. Carter Asks if it is assumed the \$250 is paid over a period of time or if the patient must come up with the \$250 at one time

448 Bonetto Responds he believes the patients can set up a variety of payment plans.

462 Sen. Brown Comments she has heard people express concern about the \$5.1 million for the dental emergencies under All Categoricals. Asks if Bonetto believes that is an accurate number.

466 Bonetto Responds that he believes there is some debate about the number. States that the assumptions that have gone into pricing the emergency dental have been used to price the optional or the standard dental plan. States he believes the question is whether we can use the same assumptions for two different populations. Some believe this is a higher risk group and the cost should be higher. Believes that will be addressed in public testimony.

**TAPE 9, B**

028 Sen. Brown Comments her concern is that we are stripping Lines 301 through 508 (**EXHIBIT G**) out of the OHP and would assume it would take a state statute change and federal waiver change, and asks if it sets a precedent for the legislature to hand pick the benefits as opposed to

		letting others do it.
032	Bonetto	Responds he believes it is up for debate; when the legislature starts hand-picking benefits from the prioritized list, it is a shift in policy. Believes the committee should have discussion on that.
044	Sen. Carter	Asks if Sen. Brown is concerned about the \$5.1 figure being too low, and whether Sen. Brown is concerned in terms of picking and choosing if the federal government would not grant a waiver based on that.
048	Sen. Brown	Responds that she thinks picking and choosing sets a bad precedent.
054	Bonetto	States that the work group that began in January wondered what it would look like if they had to start at ground zero, the mandatory benefit level, and start adding back services and adding components and leaving components out.
061	Sen. Carter	Asks what would have been the option in terms of presenting the committee with an emergency package.
069	Bonetto	Responds that his option was rather limited. States he had only a list of specific codes of what was and was not covered. States they could possibly get that to the committee in the next few days.
	Sen. Carter	Comments that choosing the most emergency of emergencies might have been a rational option. Asks if they were thinking of that when they put this information together.
083	Bonetto	Responds he believes that was the rationale.
083	Bonetto	Comments on emergency dental coverage for adults, couples, and families. If a \$2 monthly premium were implemented, it could be matched with a \$3 federal money match. Adds that we might be able to create an emergency dental benefit with no state funds. States they do not know the details or whether the federal government would allow it.
099	Bonetto	States that the full dental benefit that has been priced for adults, couples, and families from 0 through 100 is under Lines 7 and 8 <b>(EXHIBIT D)</b> . Explains that what has been priced for full dental benefits has been the previous dental package reduced by 50 percent. Adds that he has not looked at using Line 519 and moving it up.
122	Bonetto	States the options and services listed do not include dental <b>(EXHIBIT D, line 5)</b> .
128	Bonetto	States that the priorities so far are 2, 3, 4, and finish with adults/couples/families through 100, and pregnant women and children up to 225. We see the incremental buybacks on those specific benefit levels.
146	Co-Chair Courtney	Announces committee meeting schedule of further hearings. States public hearings will be start tomorrow and will be carried over to Friday if there is a need. On Saturday from 9:30 to 12:00, the committee will hear amendments to SB 540 and reach closure on the amendments.
156	Connie Seeley	Office of the Senate President Chief of Staff. Explains that the amendments to SB 540 will reflect the committee's desire on populations and benefits, then the committee will move on to HB 3624.
170	Sen. Minnis	Expresses concern with the figures presented by Bonetto and asks for better clarification. Ask if someone can lay out the proposal in a spreadsheet to help everyone understand what is being done. States it almost looks like we are double counting money in existing programs. States he does not understand the forecasting of spending \$1.030 billion on a program for the next 24 months. Adds that he does not

181	Sen. Fisher	understand how the other numbers interrelate. Asks if there could be a running total instead of separate figures. Comments on confusion of numbers because of the way they are presented.
219	Bonetto	Comments on efforts to present figures in a more simple way for the committee.
	Sen. Fisher	Suggests format for presenting cost information to the committee.
260	Sen. Winters	Asks if it would be helpful to have John Britton from Legislative Fiscal Office come and explain the figures.
	Co-Chair Courtney	Asks if Mr. Britton could come to the meeting.
	Bonetto	Responds that Britton is currently in a meeting and will be here when the committee needs him.
275	Sen. Minnis	Comments on the figures and calculations for the time periods and asks if he is correct.
	Bonetto	Indicates Sen. Minnis is correct. Further clarifies calculations.
313	Sen. Minnis	Requests a more simple presentation of figures in the future.
334	Sen. Fisher	Supports Sen. Minnis' request for a simple presentation of the figures.
346	Co-Chair Courtney	Suggests adjustments in the presentation of the figures for future committee hearings.
361	Bonetto	Comments that he will lay out the information in a different format that is easier to understand.
366	Sen. Minnis	Comments that Oregon can benefit by getting the waiver transition moving ahead quicker. That is where the \$30 million figure becomes important because that is the base program, the existing and transitional. The committee needs to have a discussion of a what might be a realistic timeline for the waiver because it will make a difference in the available resources.
378	Sen. Minnis	States that the way he is looking at this from a reality perspective is that they present the basic categorical eligibles and add in the optional services of \$34.5 million plus \$12.5 that is upside down. That is \$47 million upside down with just the base program.
403	Seeley	Comments that once the committee finalizes the benefits and populations on Saturday and then goes to HB 3624, it is the hope of the chairs to use at least one meeting to go through the various waiver issues that will present themselves in the two pieces of legislation.
385	Co-Chair Courtney	Reviews the upcoming committee meeting schedule.
414	Sen. Minnis	Asks Seeley and Bonetto to meet with him and perhaps other members and go over questions on the figures.
484	Co-Chair Courtney	Adjourns meeting.

## **EXHIBIT SUMMARY**

**A – Prioritization of Benefits, written testimony, Dr. Bruce Goldberg, 5 p.**

**B – Medically Needy Program, written testimony, Jean Thorne, 10 pp.**

**C – Cost Scenarios, OHP budget, Mike Bonetto, 3 pp.**

**D – Cost Scenarios, OHP Pricing Assumptions list, Mike Bonetto, 1 p.**

**E – Cost Scenarios, definitions of Lines 520-549 of prioritized list, Mike Bonetto, 1 p.**

**F – Cost Scenarios, OHP Plus Capitation Rate Component Growth Factors, Mike Bonetto, 1 p.**

**G – Cost Scenarios, OHP Dental Services list, Mike Bonetto, 1 p.**

