

SENATE SPECIAL COMMITTEE ON THE OREGON HEALTH PLAN

May 31, 2003
9:30 A.M.

Hearing Room A
Tapes 19-20

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

STAFF PRESENT: Marjorie Taylor, Committee Administrator
Heather Gravelle, Committee Assistant

MEASURE/ISSUES HEARD: SB 540 – Work Session
HB 3624 A – Informational Meeting

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>
Tape 19, A		
005	Co-Chair Winters	Calls the committee to order at 9:40 A.M. Opens a work session on SB 540. Presents -1 amendments dated 5/30/03, -2 amendments dated 5/30/03 and -3 amendments dated 5/30/03 (EXHIBITS A, B, C).
<u>SB 540 – WORK SESSION</u>		
060	Tech problems	*****
070	Mike Bonette	Policy Analyst, Senate Republican Office. States today they will walk through the revised Oregon Health Plan pricing list. Refers members to submitted testimony. Provides information as to when the programs will begin. States this means existing program must run for 3 months for over \$200 million or 6 months at \$424 million. States costs \$70 million a month to run existing program on per month basis.
105	Bonette	Discusses program. States the populations, benefits covered and separate months of coverage.
110	Bonette	Explains the separate categories. Claims basic package comes in at \$36 million a month. Differentiates between \$70 million and \$36 million and cost-savings goal.
115	Bonette	Discusses pricing for dental packages. Claims full for pregnant women only, emergency for all categories excluding pregnant women and full benefits for all categories. States the price and length of coverage.
135	Bonette	Discusses costs with add-ons.
145	Bonette	States the basic benefit package with full dental and optional services \$42 million for 21 months and \$36 million for 18 months.
155	Bonette	Discusses medical needy program. States co-chair budget is left at \$21 million reference point. Discusses different benefit packages.
180	Bonette	Discusses pricing of packages and percentages of adult couples and

families.

190 Bonette Explains cost associated with each group. Claims if a new program was implemented in January it would cost \$353 million on top of the co chair budget. Adds in October the cost would be \$300 million. Discusses options and what adjustments could be made. States could look at eliminating total hospital benefit for all adults, couples and families. Claims optional services and dental would still be part of the package.

225 Bonette States if eliminate hospital, optional and full dental for all adults, couples and families then buyback would be less for 21 months and 18 months. Points out if buy back categorically with mandatory benefit level it came in at \$36 million and \$48 million with other modification. Claims part of reason for expediting process is it is over \$700,000 per day in cost savings if you implement in October rather than January.

240 Bonette Discusses category of pregnant women and children. Mentions dental and states costs associated.

265 Co Chair Winters **RECESS 9:45 A.M. for 40 minutes.**

270 Co Chair Winters **Re convenes the meeting at 10:50 AM.** Mentions a question has been raised and want to make certain the employed persons with disability are a part of the categories looking at.

275 Bonette Responds do not have language currently in the bill for that population but can be inserted to address that.

290 Sen. Brown Believes it was included in the context of the categories.

295 Bonette Responds that was the original intent.

300 Tina Kitchen Medical Director for Seniors and People with Disabilities, Department of Human Services (DHS). Responds they are a separate optional category.

310 Sen. Morrisette Asks about the cost factor for that segment of the population.

315 Kitchen Believes continuing for 18 months would cost \$3.5 million.

318 Co-Chair Winters **RECESS 10:55 AM for 10 minutes.**

320 Co-Chair Winters **Re-convenes the meeting at 11:05 AM.** Claims the documents have been reviewed and there are technical flaws with the -5 amendments. States SB 540 will be addressed on Monday. Closes the work session on SB 540 and opens informational meeting on HB 3624 A.

HB 3624 A – INFORMATIONAL MEETING

335 Holly Robinson Legislative Counsel. Provides introduction of HB 3624 A. Refers to distributed material. Submits written material (**EXHIBITS D, E**).

355 Robinson Refers to section 2 of the bill with new or revised definitions used in the body of the bill addressing use of prepaid managed care organizations to individuals receiving health services through Oregon Health Plan (OHP). Discusses section 3.

370 Robinson Discusses section 4 of the bill which increases use of prepaid managed care plans and directs department to use capitated plans and continues authority of the department to maintain fee for service system when no capitated program available. Discusses section 5.

TAPE 20 A

005 Robinson Discusses section 6 of the bill. Claims this entity will be able to enter into a physician care organization or contract with the department.

008 Sen. Minnis Asks how many entities fit this description.

010 Robinson Responds one.

012 Sen. Minnis Asks which one.

014	Robinson	Responds Kaiser Permanente.
015	Sen. Carter	Asks if that advantage Kaiser over any other hospitals in the area. Claims not the best person to state what the ramifications are.
020	Robinson	Responds no in the way the question is being asked but not the best person to answer it.
025	Sen. Carter	Expresses concern in reason for asking the question because can see profit hospitals saying non-profit hospitals are being allowed to have an advantage. States everyone should be treated fair but want to treat a large organization who takes a large number of Medicaid patients in the area. Notes there should be further discussion.
028	Robinson	Responds there are a lot of people who can better answer Senator Carter's question and concerns.
030	Co-Chair Winters	Comments this discussion will be at another meeting.
040	Robinson	Refers to section 7. Clarifies definition of "health services." Discusses generic descriptions. Discusses list of services provided. States the intention of placing prescription drugs in that section is to identify situations where they would specifically be provided and make it clear they are provided.
050	Sen. Carter	States Kaiser needed to be asked a question in terms of whether they would be willing to provide such services to Medicaid eligible people. Claims do not want us to make assumptions in the bill. Notes Kaiser needs to be asked the question in terms of what they would be willing to provide in terms of services to this population in the area.
065	Robinson	Provides information on Section 8. Discusses use of actuary and capitation rates determination.
070	Robinson	Discusses section 9. Comments new provisions are contained that directs Health Services Commission to hire an actuary to determine benchmarks for setting capitation rates. Refers to section 10. Claims it directs DHS to contract with fully capitated health plans to provide administrative services for individuals receiving service on fee for service basis.
095	Sen. Minnis	Asks for clarification on section 10 relating to prescription drug management services and utilization of Pharmacy Benefit Manager (PBM.).
105	Sen. Minnis	Responds to Senator Carter's earlier comment on flagging section 10 of the bill for further discussion.
115	Robinson	Discusses contracts in section 10. Points out the requirement in section 10 if department enters into administrative services contract it must be cost neutral to the department so it won't end up costing more money. Refers to section 11 regarding drugs. States it directs DHS to contract with fully capitated health plans at certain rates. Adds it places cost and administration of the anti-depression drugs into the cap rate and only withholds anti-psychotic drugs.
135	Robinson	Refers to section 12 which addresses hospital services with three primary policy decisions included stating there are three parts to it:
145	Sen. Minnis	Asks if other states have similar laws or rules.
150	Robinson	Responds she doesn't know of any.
155	Sen. Minnis	Asks if it would be difficult to find the information. Asks if there is a problem constitutionally.
156	Robinson	Responds probably, and adds she will try and locate the information.
158	Sen. Minnis	Asks for opinion regarding constitutionality provisions such as this.
159	Robinson	Responds has not been asked that question but do not believe there is a

problem. Claims to make certain there are no red flags. Refers to section 13 which is the subject of a use of a pharmacy benefit manager to manage prescription drug benefits for medical assistance program. Discusses section further.

175 Robinson Refers to section 14 directs DHS to work with representatives of fully capitated health plan in developing PBM contracts. Section 15 directs DHS to enter into contracts with pharmaceutical manufacturers for supplemental rebates that may be available to the state above and beyond discounts available.

180 Sen. Minnis Asks for clarification of language with respect to PBM's. Wonders if that negates any policies regarding preauthorization represented in 819.

185 Robinson Responds no at this point. Continues discussing section 15 regarding multi-state prescription drugs purchasing pools for purpose of negotiating supplemental rebates if the department agrees to that. Refers to section 16 which directs DHS to seek federal approval to get permission to move the line of health services from the current line to where assembly wants to take it.

195 Robinson Refers to section 17 which directs DHS to fully document residency and financial eligibility for people enrolled in OHP.

211 Sen. Morrisette Asks for clarification on section 4.

215 Robinson States section 4 establishes a policy that the state should move more towards direction of fully capitated health plans when they can and not rely to the degree they have currently on fee for service. Clarifies section 3 in regards to the Senator Morrisette's question. Claims between section 3 and section 4 the section describing would be addressed.

240 Sen. Minnis Asks for sections of the bill that are ambiguous or unclear to be highlighted.

255 Robinson Responds she would be happy to attempt to clear this up. Claims much of the arena is fact driven.

265 Sen. Minnis Expresses concern that not having specific statutory authorization given to the agency would be given to the agency to prevent the agency from drafting administrative rules contrary to law.

270 Robinson Understands concerns expressed and will do her best to make things better.

280 Co-Chair Courtney Appreciates everyone coming in today. Closes the informational meeting on HB 3624 A and adjourns the meeting at 11:00 AM.

The following prepared testimony is submitted for the record without public testimony for HB 3624 A.

Skip Klarquist submits written testimony (EXHIBIT F).
Barney Speight submits written testimony (EXHIBIT G).
Brandi Satterlundsubmits written testimony (EXHIBIT H).
Steven Duffin..... submits written testimony (EXHIBIT I).
Julie McFarlane.....submits written testimony (EXHIBIT J).
Akhri Troncelliti submits written testimony (EXHIBIT K).
William Simmons submits written testimony (EXHIBIT L).

EXHIBIT SUMMARY

A – SB 540, -1 amendments dated 5/30/03, staff, 5 pp
B – SB 540, -2 amendments dated 5/30/03, staff, 5 pp

C – SB 540, -3 amendments dated 5/30/03, staff, 5 pp
D – HB 3624 A, written material, Holly Robinson, 5 pp
E – HB 3624 A, written material, Holly Robinson, 5 pp
F – HB 3624 A, written testimony, Skip Klarquist, 5 pp
G – HB 3624 A, written testimony, Barney Speight, 3 pp
H – HB 3624 A, written testimony, Brandi Satterlund, 2 pp
I – HB 3624 A, written testimony, Steven Duffin, 1 p
J – HB 3624 A, written testimony, Julie McFarlane, 2 pp
K – HB 3624 A, written testimony, Akhri Troncelliti, 2 pp
L – HB 3624 A, written testimony, William Simmons, 1 p