

SENATE SPECIAL COMMITTEE ON THE OREGON HEALTH PLAN

June 5, 2003
3:00 P.M.

Hearing Room C
Tapes 28-29

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

Rep. Alan Bates
Rep. Ben Westlund

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

MEASURE/ISSUES HEARD: HB 3624 A – 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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 28, A		
005	Co-Chair Winters	Calls the committee to order at 3:15 p.m. Opens a public hearing on HB 3624 A.
<u>HB 3624 A – PUBLIC HEARING</u>		
010	Jim Russell	Director, Mid-Valley Behavioral Care Network. Speaks on HB 3624 A on behalf of the Association of Oregon Community Mental Health Programs and mental health organizations. Discusses the purpose of HB 3624 A.
025	Sen. Carter	Asks for clarification of original statement in terms of relationship to hospitalization. Presents –A16 amendments dated 6/5/03 and accompanying memorandum (EXHIBIT A & B).
045	Russell	Clarifies bill proposes all psychiatric medications to fully capitated health plans except for anti-psychotics. Discusses why anti psychotics is not part of the program. Adds health plans will be managing the medications but mental health organizations will continue to have financial risk of hospital care paying costs. Refers to page 2, paragraph 2 of submitted testimony (EXHIBIT C).
075	Russell	Discusses pilot projects. Comments last year \$12 million a month was spent on medications. States the need to introduce management strategies to save money. Expresses the need to improve the quality of administration.
080	Sen. Carter	Asks what entity is responsible for the management of different drugs a patient may have.
085	Russell	States the psychotic drugs are carved out of the Oregon Health Plan (OHP) and paid fee for service. Adds the State has no one to manage

087 Sen. Carter them currently.
Asks for clarification.

090 Russell States the anti-psychotic medication in fee for service, but proposes that the fully capitated health plans cover the rest of the psychiatric medications.

110 Co-Chair Winters Asks if it is true that without having the other 60% poses a financial risk.

115 Russell Responds yes. States medications would be managed by fully capitated health plans but hospital care would still be provided by mental health organizations.

120 Sen. Carter Asks in order have the opportunities to be fully responsible, the piece needs to be carved out, and then you have responsibility and accountability.

125 Russell Recommends in sections 10 and 11 to exclude all the mental health drugs. Understands Legislative Counsel feels it would be appropriate to place it somewhere else in the bill. Expresses interest in returning when the amendments are drafted.

140 Paul Cosgrove Long Term Care Pharmacy Association. Explains they provide prescription drugs to many facilities. Provides examples. Testifies in support of the A-11 amendments (**EXHIBIT D**). Mentions the amendments address concerns the committee had. Refers to section 10 of the bill and the A-11 amendments. States drugs to the institutional clients in these facilities are fee for service.

165 Cosgrove States the bill imposes a pharmacy benefit manager. Clarifies section 10 and section 13. Discusses differences in how long term care or institutional pharmacies operate compared to retail pharmacy. States by law required to have daily deliveries with seven day a week coverage. Claims pharmacy benefits are managed in conjunction with facilities. Notes no other states have tried to impose a pharmacy benefit manager on this aspect. Adds they work with facilities to make sure drug utilization is both effective and safe.

207 Sen. Carter Asks if it is a duplication of effort. Wonders why they would add another layer on top of management that already exists.

210 Cosgrove Responds and agrees with Sen. Carter.

215 Jane Myers Director of Government Affairs, Oregon Dental Association. Submits written testimony (**EXHIBIT E**). States major concern is a need to keep the fee for service system available. States the bills direction is to move more people into managed care.

275 Paul Nielsen Representing Well Partner Incorporated. States Well-Partner is a mail order pharmacy, owned and operated by Oregonians that ships products out of Portland. Defines mail-order pharmacy.

320 Nielsen Claims reasons for amendment was the mail order concept was left out of HB 3624 A. Mentions concerns. Claims Well-Partner Incorporated is the winner of a contract for fee for service population. States they do not have the labor consulting issues or the burden of retail.

380 Nielsen Points out the amendment do not require mail order to be used. Claims it is estimated for every 1% increase in the Oregon Health Plan population that use mail order , there will be an estimated \$1.2 million savings per year to the state.

TAPE 29, A

005 Nielsen Claims not all fully capitated health plans have made a decision. Notes the use of mail order can cut costs, create efficiencies and provide

service.

025 Sen. Minnis States we need a new amendment addressing section 6. Asks if we are going to have it today.

030 Co-Chair Winters States Legislative Counsel is working on it. States amendments will not be reviewed today.

055 Nielsen States it does not force them to use mail order, but if the committee agrees to put a sunset on this in 2008, it would tie their hands.

065 Sen. Minnis Asks whether there would be a constitutional contract clause that is pre existing based upon the set of assumptions.

070 Nielsen Claims they will research this to meet the concern.

085 Tom Holt Executive Director, Oregon State Pharmacists Association. Discusses - A 16 amendments. Expresses interest in associating with Paul Nielsen's amendment which is a high quality operation.

095 Co-Chair Winters Asks if it is an Oregon company.

115 Holt Responds yes they are located in Tualatin.. Suggests adding to exempt persons residing in long-term care facilities, foster homes, etc to the - A16 amendments. Claims placing them in a managed care mandate would be a duplication of effort.

160 Holt Refers to page 7, section 13. Explains the reason for changing the language from manager to administrator. Feels it is more appropriate.

180 Rep. Westlund Asks if leaving the language as it currently is would pose a problem.

185 Holt Discusses the term pharmacy benefit manager. Claims seeing potential problems in having a pharmacy benefits manager involved. States there have been questions nationally on the issue of pharmacy benefits managers. Explains concerns with current methodologies they use, and whether or not they give people contracting a fair deal.

280 Dolores Hubert Chair of Health and Long-term Care Committee for Governor's Commission on Senior Services. Submits written testimony **(EXHIBIT F)**. Expresses three concerns to current version of HB 3624 A:

- Total reliance on the managed care plans.
- Requirement for additional services organization to manage critical auxiliary services.
- Lack of exceptions to mandatory enrollment in fully capitated health plans.

States Commission is aware of the budget crisis and cost needs to be controlled within the Oregon Health Plan. Claims depending upon fully capitated health plans, with so many that have fled, seem unrealistic. Comments creating an administrative service organization will be problematic. Notes incentives for fully capitated health plans to provide full services and supplies.

345 Hubert Recommends deleting section 10 from the bill and asking the Department of Human Services to establish specific criteria to control costs for these categories and allow the Department to create a centralized preauthorization system. Expresses concern there is no exception for mandatory enrollment.

TAPE 28, B

020 Jacqueline Zimmer Oregon Association of Area Agencies on Aging and Disabilities. Submits written testimony **(EXHIBIT G)**. Expresses appreciation for the work the committee has put into the issue.. Explains ASO responsibility for durable medical equipment and exemptions.

- 050 Zimmer Claims more money would be saved with regular training. Explains due to turnovers in agencies, people need to be trained more effectively.
- 075 Elizabeth Byers Oregon Health Action Campaign. Speaks briefly in support of the Oregon Health Action Campaigns coming up with an amendment to address the issues discussed yesterday. Discusses issues with amendments:
 - Ensure plans will cover people in the designated areas.
 - Address medically fragile adults and children.
 - Include some of the good patient protections legislators passed in the last two sessions.
Points out people's access to managed care. Believes it works for healthy people and for those who have conditions that the managed care plan has providers for. Comments she hopes there will be room in the bill allowing for those to maintain relationships with their current providers.
- 115 Co-Chair Winters Closes the public hearing on HB 3624 A. Adjourns the meeting at 5:00 p.m.

**The following prepared testimony is submitted for the record without public testimony for HB 3624 A:
Marshall Coba Submits written testimony (EXHIBIT H).**

EXHIBIT SUMMARY

- A – HB 3624 A, memorandum, Sen. Margaret Carter, 1 p**
B – HB 3624 A, -A16 amendments, dated 6/5/03, Staff, 3 pp
C – HB 3624 A, written testimony, Jim Russell, 2 pp
D – HB 3624 A, -A11 amendments, dated 6/4/03, Staff, 1 p
E – HB 3624 A, written testimony, Jane Myers, 1 p
F – HB 3624 A, written testimony, Dolores Hubert, 2 pp
G – HB 3624 A, written testimony, Jacqueline Zimmer, 3 pp
H – HB 3624 A, additional written testimony for the record, Marshall Coba, 5 pp