

SENATE SPECIAL COMMITTEE ON
ACCESS TO THE OREGON HEALTH PLAN

September 04, 2002 Hearing Room 50
3:00 p.m. Tapes 1 - 2

MEMBERS PRESENT: **Sen. John Minnis, Chair**
 Sen. Bev Clarno
 Sen. Ted Ferrioli
 Sen. Bill Fisher
 Sen. Frank Shields
 Sen. Cliff Trow

MEMBERS EXCUSED: **Sen. Gary George**
 Sen. Avel Gordly
 Sen. Rick Metsger

VISTING MEMBERS: **Rep. Jeff Kruse**

STAFF PRESENT: **Rick Berkobien, Administrator**
 Patsy Wood, Committee Assistant

MEASURE/ISSUES HEARD: **Adoption of Committee Rules**
 Background Information on the Oregon Health Plan

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.

TAPE/#	Speaker	Comments
TAPE 1, A		
004	Chair Minnis	Calls meeting to order at 3:53 p.m.
007	Sen. Trow	MOTION: Moves to ADOPT the proposed Committee Rules dated 09/04/02 (EXHIBIT A).
		VOTE: 6-0-3
009	Chair Minnis	EXCUSED: 3 - George, Gordly, Metsger Hearing no objection, declares the motion CARRIED.
010	Chair Minnis	Explains the concept and purpose of the committee: to increase the level of knowledge and understanding of what the Oregon Health Plan (OHP) is today, as well as its inner workings and constituents. Indicates that this committee could possibly continue until the 2003 regular session.
049	Sen. Clarno	Acknowledges people who have been looking at the OHP and notes that changes need to be made.
056	Chair Minnis	Comments that his style in looking at something like this is to reduce things down to the most common denominator.

071	Sen. Ferrioli	Asks for clarification that this committee will be a standing committee until 2003, if the Senate President agrees.
076	Chair Minnis	Responds affirmatively.
077	Sen. Ferrioli	Emphasizes that this committee is not tied to the special session but is investigating if the OHP is sustainable under its current configuration and to make subsequent recommendations to the 2003 Legislature.
095	Chair Minnis	Agrees this committee will be looking at the sustainability of the OHP.
106	Sen. Trow	Speaks to the importance of a successfully functioning Oregon Health Plan in Oregon.
117	Chair Minnis	Comments on the amount of information (documents) that the committee will be receiving.
134	Rep. Jeff Kruse	House District 7. Discusses how several members of the House looked at ways of sustaining the OHP. Suggests Rep. Doyle join the committee because he has been working on the issue of fraud in the OHP. Mentions other legislators who are working on issues that would feed into the area of the OHP.
180	Rep. Kruse	Mentions a newspaper article he is writing about the OHP and says he would be glad to share the final product with the committee. Indicates his initial goal in getting involved with the OHP was to find a seamless system of health care for the working poor. Admits changes to the current system need to be made.
214	Chair Minnis	Talks about changes in health care in Oregon since the early 1990's. Announces that Craig Prins, Judiciary Committee Counsel, is sitting on the committee because the Judiciary Committee will be looking at mental health issues within the criminal justice system.
246	John Britton	Legislative Fiscal Office. Informs the committee that he will be discussing the Office of Medical Assistance Programs (OMAP) budget within the Department of Human Services (DHS), eligibility for OHP services, the OHP2 waiver, and a brief discussion of proposed budget reductions.
267	Sen. Trow	Asks for Mr. Britton's comments in writing.
271	Britton	Responds that additional "reading material" will be provided to the committee. Begins discussion of the OHP saying it is a complex area and lists those agencies involved within the workings of the OHP. Says the DHS budget has \$4.9 billion in federal funds – 70% (\$3.3 billion) are Medicaid dollars (40 cents General Fund and 60 cents Medicaid match) to fund: <ul style="list-style-type: none"> • Services for developmental disabilities • Mental Health Services • Long-term Care Gives a breakdown of the \$3.3 billion Medicaid dollars in the DHS budget. Says the OMAP total budget has increased 4-5% in this biennium due to caseload increases with the downturn in the economy. At the same time, General Fund dollars have been reduced by \$150 million as a result of backfilling with tobacco

settlement dollars and tobacco tax in special sessions.

- 357 Britton Continues to discuss the state fund budget within OMAP of \$1.1 billion: \$621 million GF; \$209 million tobacco settlement, \$264 million tobacco tax. Says there is likely to be cost increases of 30-40% for the 2003-2005 biennium.
- 371 Sen. Ferrioli Asks that the figures be repeated.
- 374 Britton Repeats the figures above, adding that those figures are being matched with about \$1.9 billion of Medicaid dollars and some Children's Health Insurance Program (**CHIP**) dollars. Discusses what factors may be driving those costs, e. g., rising hospital and prescription drug costs and an aging population utilizing services.
- 404 Rep. Kruse Asks what the match rate for CHIP is and what percent of available CHIP dollars are being accessed currently.
- 408 Britton Indicates the match is about 3 to 1— federal to state funds — with \$11 million state funds, \$26.5 of federal funds being spent. Further indicates that the amount of federal dollars for CHIP is a set amount given to each state. Says there are unclaimed CHIP dollars available.
- 432 Rep. Kruse Expresses the importance of getting access to those dollars.
- 440 Sen. Trow Asks if the federal dollars are limited because there aren't enough General Fund dollars to use as a match.
- 444 Britton Says they have only put forth a certain portion of state funds to get federal dollars; more federal dollars are available.
- 451 Sen. Trow Asks if everyone who qualifies is being covered.
- 453 Britton Responds that the state is not accessing all of their CHIP dollars. Notes that one goal of the OHP2 waiver is to access more CHIP dollars.
- 486 Sen. Trow Asks if we have been able to do that.
- TAPE 2, A**
- 025 Britton Indicates the state will be able to do that under the new waiver, but points out that it has not been approved, but is close to approval.
- 029 Rep. Kruse Explains it is a "catch 22" because you can't move people from Medicaid to CHIP if they are qualified for Medicaid.
- 040 Britton Submits a caseload summary of the DHS Medical Program (**EXHIBIT B**). Discusses the "new eligibles" on the summary. Describes the different categories listed on the summary.
- 101 Sen. Clarno Asks if the new eligibles are at 150% of the federal poverty level.
- 104 Britton Indicates adults are at 100% of the federal poverty level. Lists categories of people covered by the Medicaid component of the OHP.
- 133 Britton Discusses the OHP2 waiver. Cites goals as directed in HB 2519 (2001) (**EXHIBIT F**):
- expand the number of persons on the OHP within the state in a budget-neutral way
- 148 Chair Minnis Asks how long budget neutrality was supposed to exist — forever?

150	Britton	Responds that was his understanding. Notes that state and federal budget neutrality are not the same.
159	Sen. Trow	Asks if those were terms of the waiver or terms of the legislation.
160	Britton	Replies that federal budget neutrality has to be a condition for the feds to buy-off on the waiver. The state budget neutrality wasn't specified in HB 2519, but was part of the E-Board's understanding as well as leadership's when they approved the OHP2 waiver application.
167	Rep. Kruse	Talks about the difference between state and federal budget neutrality.
177	Sen. Ferrioli	Asks if the underlying rationale for the OHP2 waiver was to reduce the funding per client, but increase the number of clients served.
181	Britton	Indicates that was true for the new eligible population so there would be no impact on the state budget.
186	Rep. Kruse	Asserts that was part of the purpose – they also tried to adjust (increase) provider reimbursement rates.
197	Sen. Trow	Asks if a study has been done that shows new eligibles (as a result of the reduction in funding per client) and how much went to provider payments.
202	Britton	Responds no study has been done because the waiver has not been approved, but DHS has done a reasonable assessment of state budget neutrality.
208	Sen. Trow	Asks if the number of new clients served will increase or only provider payments.
210	Britton	His analysis has only shown a reduction of benefits for new people.
217	Rep. Kruse	Indicates that increased reimbursement rates were definitely a part of HB 2519, but discussions about this issue stopped after session.
227	Sen. Shields	Asks why provider rates aren't being explored at the same time they are looking for new eligibles.
235	Rep. Kruse	Responds that the focus was decided upon by the Governor and Jean Thorne, so only they could answer that question.
238	Sen. Clarno	Comments on the importance of adequate reimbursement rates.
245	Sen. Ferrioli	Expresses his concern about revenue neutrality with a 30-40% projected increase in cost.
274	Britton	Responds: 1) the waiver was not a mechanism for keeping the OHP budget neutral; and 2) inflationary increases didn't have a significant impact on the overall cost of the program.
302	Sen. Ferrioli	Discusses the sustainability of the program.
334	Rep. Kruse	Describes the issue of budget neutrality from the side of leadership and at the federal level.
374	Sen. Ferrioli	Mentions the length of time it is taking to get the waiver and wonders if the federal government is skeptical of the state's commitment.
384	Sen. Trow	Asks if the new eligibles have been recruited and are using the

program.

389	Britton	Responds that people have not been added to the caseload by virtue of the waiver because it is not in place yet. Indicates that the 30 – 40% cost increase was not driven by the waiver. Discusses the match of federal dollars on the tobacco settlement in the Family Health Insurance Assistance Program (FHIAP) with a current caseload of approximately 4,000 people. Explains how the waiver was to provide modest budget flexibility by further reducing benefits (for the new eligible group) down to a Medicaid minimal level of 56%.
TAPE 1, B		
017	Rep. Kruse	Mentions controversial discussions concerning co-pay.
034	Britton	Discusses implementation efforts by DHS and the Insurance Pool Governing Board as if the waiver has been approved by CMS (Centers for Medicare & Medicaid Services). Concludes with the modest budget flexibility and the possible saving of \$15.8 million (General Fund).
052	Chair Minnis	Asks if that is with the population of individuals receiving benefits staying the same.
053	Britton	Says it is the new eligible group (in OHP Standard) going from 78% to 56% of the benefit level which would mean removing prescription drugs, eliminating the remaining half of adult dental care, mental health and chemical dependency.
059	Sen. Trow	Asks what process is used to make that decision.
062	Britton	Indicates that a feature of this waiver means the reduction can be made without CMS approval. However, it would need legislative approval.
064	Sen. Trow	Inquires what type of legislative approval is needed.
067	Britton	Suspects overall legislative approval just like a budget.
071	Sen. Trow	Asks if it could be done as part of the budget process without a specific bill.
072	Britton	Thinks it has to be a bill, but would not require CMS approval.
079	Sen. Ferrioli	Wants clarification that this would be an addition of people who are not currently served to the level equivalent to Medicaid.
084	Britton	Clarifies that he is talking about new eligibles (by virtue of being on the waiver today), plus increasing the federal poverty level of eligibility.
099	Sen. Ferrioli	Asks if we are still working within the framework of budget neutrality.
100	Britton	Responds, yes.
101	Sen. Ferrioli	Feels it is not logical to increase the federal poverty level, add thousands of currently ineligible people, and still talk about budget neutrality.
106	Sen. Fisher	Explains his concept of budget neutrality.
132	Britton	Concludes with reduction options for OMAP (that do not require statutory changes, but some do require federal changes) totaling about \$31.6 million of General Fund and \$44.4 million matching federal dollars:

- reducing OHP pharmacy reimbursement
- do not distribute safety-net clinic funding
- change beginning date of OHP eligibility
- eliminate outlier payments for DRG (Diagnostic Related Groupings) hospitals and reduce DRG unit value
- eliminate medically needy program
- eliminate what is left in this biennium of CHIP
- benefit reductions in the new eligible benefit (standard) package

177	Sen. Ferrioli	Requests LFO's presentation in writing.
182	Chair Minnis	Asks for this information to be assembled sequentially. Indicates he wants to explore the question of program sustainability.
202	Britton	Suggests looking at the health care cost index study required by HB 2519 (2001) which might indicate where health care costs are going in the future.
213	Chair Minnis	Asks if there are statutory directives to reduce programs of the OHP when money is in short supply (i.e., in a recession).
218	Britton	Replies that he does not know of any directives.
220	Chair Minnis	Wonders if the agency is in a position to defend the Staley suit based on the State's ability to pay.
223	Sen. Fisher	Said that was part of the waiver.
225	Chair Minnis	Wants to explore statutory authority to reduce benefits during a recession which requires federal approval.
232	Rep. Kruse	Notes that all requests to change benefits so far have been from the Executive Branch, but the legislature does have the authority to "move the line" and make the request. Suggests that the committee administrator contact John Santa about indexing.
245	Chair Minnis	Indicates that he would like to have DHS make a presentation on the OHP.
269	Chair Minnis	Discusses the idea of privatizing the administration of the OHP to see if there might be cost savings there.
281	Britton	Describes where LFO has looked for cost savings.
298	Sen. Ferrioli	Suggests that the committee members review the Secretary of State's Audit Reports on OHP Eligibility and OMAP Encounter Data (EXHIBITS C & D). Feels the agency responses are completely inadequate. Wants to hear from the agency why illegal aliens are getting health coverage before Oregonians. Says the only way to save the OHP is to make it sustainable.
375	Chair Minnis	Indicates that the Secretary of State's office will be invited to address the committee. Adjourns the meeting at 5:10 p.m.

Submitted By,

Reviewed By,

Patsy Wood

Rick Berkobien,

EXHIBIT SUMMARY

A – Committee Rules, dated 9/4/02, submitted by staff, 1 pg.

B – DHS Medical Program Caseload Summary, submitted by John Britton, LFO, 1 pg.

C – Secretary of State Audit Report on DHS: Oregon Health Plan Eligibility Review, dated 1/03/02, submitted by staff, 10 pgs.

D – Secretary of State Audit Report on DHS: Oregon Medical Assistance Program Encounter Data Review, dated 1/03/02, submitted by staff, 10 pgs.

E – DRAFT Background Brief on Oregon Health Plan, dated September 2002, submitted by staff, 3 pgs.

F – HB 2519, 2001 Regular Session, submitted by staff, 8 pgs.