

# HOUSE COMMITTEE ON HEALTH AND PUBLIC ADVOCACY

February 01, 2001  
1:30 PM

Hearing Room D  
Tapes 11 – 13

**MEMBERS PRESENT:**     Rep. Jeff Kruse, Chair  
                              Rep. Bill Morrisette, Vice-Chair  
                              Rep. Bill Garrard, Vice-Chair  
                              Rep. Phil Barnhart  
                              Rep. Jerry Krummel  
                              Rep. Jan Lee  
                              Rep. Laurie Monnes-Anderson  
                              Rep. Carolyn Tomei  
                              Rep. Cheryl Walker

**MEMBER EXCUSED:**

**STAFF PRESENT:**       Diane Lewis, Committee Administrator  
                              Rachel Brown, Committee Assistant

**MEASURE/ISSUES HEARD:**     **HB 2515 – Public Hearing**  
                                      **HB 2516 – Public Hearing**  
                                      **HB 2520 – Public Hearing**  
                                      **HB 2518 – Public Hearing**

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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 11, A</b>		
005	Chair Kruse	Calls the meeting to order at 1:37 p.m. Opens a public hearing on HB 2515 and HB 2516.
<b><u>HB 2515 and HB 2516 – PUBLIC HEARING</u></b>		
008	Diane Lewis	Committee Administrator. Summarizes HB 2515 and HB 2516.
029	Sen. David Nelson	Senate District 29. Testifies in support of HB 2515 and HB 2516. Believes the demand for more rural health care services is great but realizes that there is a limited amount of funding. States that the challenge, in regards to rural health care, is to find innovative ways to fund programs that work, such as rural health foundations.
060	Greg Vigdor	President, Washington Health Foundation. Submits and presents written testimony in support of HB 2515 and HB 2516 <b>(EXHIBIT A)</b> . Discusses the Medicare Upper Limit Payment Program and how it relates to rural health care. Reports on Washington State's efforts and goals in the creation of a rural health foundation.
107	Vigdor	Details the goals of the two-year-old Rural Health Viability Grant Program. Notes the importance of using the grant power of a foundation to spread money to a broad class of participants. Stresses the importance of helping rural communities to address future needs and not only immediate ones.

128	Rep. Morrisette	Asks if the interest earned from contributed funds is all that is used by the foundation or if the foundation simply collects money and distributes it.
133	Vigdor	Responds that primarily the principle is used from a block of funds dedicated to the Rural Health Liability Grant Fund.
149	Karen Whitaker	Director, State Office of Rural Health at the Oregon Health Sciences University (OHSU). Submits and presents written testimony in favor of HB 2515 and HB 2516 ( <b>EXHIBIT B</b> ). Discusses the need for supporting a rural health system infrastructure: <ul style="list-style-type: none"> <li>▪ Rural hospital access to capital is constrained by negative operating margins</li> <li>▪ The majority of rural health clinics operate at negative margins, most are vulnerable or in crisis</li> <li>▪ Rural emergency medical services have profound unmet needs</li> </ul>
190	Whitaker	Comments that there are 30 rural health facilities in Oregon and these are fragile facilities that, many times, are the only place for care in a community.
224	Whitaker	Continues presenting submitted testimony ( <b>EXHIBIT B</b> ).
273	Whitaker	Concludes testimony by offering three rewards for investment in rural health systems: <ul style="list-style-type: none"> <li>▪ Health care is an economic engine for rural communities</li> <li>▪ Stable rural health systems create jobs</li> <li>▪ Revenue is returned to the community</li> </ul>
296	Rep. Krummel	Asks where rural health clinics have closed in Washington state.
302	Whitaker	Responds that a clinic in Athena closed, as well as one in the Columbia Gorge.
309	Rep. Krummel	Asks if, like rural clinics, urban clinics offer clients services regardless of their ability to pay for the services.
312	Whitaker	Responds that she is not sure if urban clinics offer these services.
322	Rep. Krummel	Asks what size city in Washington state is considered a rural area.
328	Vigdor	Responds that he considers Toppenish, Washington a rural community.
337	Rep. Garrard	Asks if, in regard to closing rural clinics because of mismanagement of federal funds, whether or not there are any assurances as to the reopening of the clinics.
350	Whitaker	Responds that rural health clinics are not federally funded, but that they too come up against mismanagement obstacles.
381	Rep. Walker	Asks if emergency care training is provided in rural health programs.
<b>TAPE 12, A</b>		
003	Whitaker	Responds that there is extensive training in the area of emergency care.
010	Rep. Krummel	Asks if there is opportunity for Continuing Medical Education (CME) in rural areas.
019	Whitaker	Responds that the common practice is to use tele-medicine and tele-health applications to deliver CME to rural communities.
127	Vigdor	Notes that rural health foundations stress the importance of continuing education programs.
035	Rep. Monnes-	Refers to the formation of the Rural Health Foundation Board

	Anderson	consisting of eight different organizations and asks if all eight organizations were involved in the formation of HB 2515 and HB 2516.
040	Vigdor	Responds that he does not know if they have been consulted.
042	Whitaker	Responds that all eight of the organizations have been active in the discussion of rural health care issues for the last 10 or 15 years.
054	Chair Kruse	Notes that HB 2515 and HB 2516 are not finished products.
095	Jim Wathen	Chief Executive Officer, Southern Coos Health District. Submits and presents written testimony in favor of HB 2515 and HB 2516 <b>(EXHIBIT C)</b> . <ul style="list-style-type: none"> <li>• A significant number of rural hospitals are outdated</li> <li>• The economic instability of rural hospitals</li> <li>• The erosion of health care capacity in the rural areas</li> </ul>
135	Rep. Morrisette	Asks Mr. Wathen where he is from.
140	Wathen	Responds that he is from Bandon, Oregon.
154	Rep. Morrisette	Comments that Bandon has a new hospital.
172	Wathen	Explains that the planning for the new hospital started over five years ago and was made possible through the money available by the Rural Utilities Service of the U.S. Department of Agriculture, and an economic market which encouraged low rates on bonds.
177	Rep. Morrisette	Comments on a tour he took last spring (2000) of rural schools, which included those in Bandon, and believes that in order to attract and make way for economic development, good schools and health care facilities are the most crucial in doing so.
180	Wathen	Notes that timing (for the purpose of obtaining funding) and community support made it possible to build the new hospital in Bandon.
182	Rep. Morrisette	Congratulates Mr. Wathen on the new hospital.
183	Rep. Tomei	Asks about Mr. Wathen's submitted material (EXHIBIT C) and the addition of the word 'infrastructure'.
195	Wathen	Responds that 'infrastructure' refers to the actual buildings through which health care services are provided. States that aging buildings, especially structures from the 1950s are no longer serving the communities in the best way possible and must be replaced over the next five to twenty-five years.
206	Rep. Monnes - Anderson	States that she supports rural health viability grants. Expresses concern for lack of health care staffing in rural areas. Asks Mr. Wathen to address the issues of staffing.
225	Wathen	Responds that health care providers wish to work in updated facilities and wish to provide their clients with technologically appropriate services and they know that this equation will increase utilization of the facility, and eventually attract more people to the area.
275	David Harmon	Administrator, Harney District Hospital in Burns, Oregon. Submits and presents written testimony in favor of HB 2515 and HB 2516 <b>(EXHIBIT D)</b> . States that even though Harney District Hospital still looks good and has been well maintained, it does not meet current hospital codes, nor does it provide adequate relief for the treatment of patients. Expresses his wish for the replacement of the hospital but wonders where the funding would come from.

332	Harmon	Mentions recent grant money from the State Office of Rural Health for some new equipment.
350	Rep. Morrisette	Asks about the shortage of nurses in the Harney District Hospital.
359	Harmon	Responds that it is difficult to recruit new employees to the area of Burns, but that the hospital pays for local people to become certified to work in the hospital.
384	Rep. Morrisette	Asks if Mr. Harmon is aware of the Fire-Med program.
<b>TAPE 11, B</b> 001	Harmon	Responds that he is aware of the program and that although the Burns community does not use the Fire-Med program, there is a similar program that is benefiting the community.
012	Ed Patterson	Represents the Oregon Association of Hospitals and Health Systems. Submits and presents written testimony in favor of HB 2515 and HB 2516 ( <b>EXHIBIT F</b> ). Discusses the importance of flexibility and non-restrictiveness as being the keys to the success of a rural health care program.
053	Patterson	Continues testimony by referring directly to the handout ( <b>EXHIBIT F</b> ). Suggests types of funding to an organization such as the rural health foundation.
095	Rep. Morrisette	Asks if the rural health foundation would provide assistance to an entire spectrum of health care services or focus only on hospitals.
100	Patterson	Comments that the foundation will be able to have a wider focus than simply hospitals.
112	Rep. Morrisette	Asks if this would help communities like Sumpter, Oregon to receive funding or assistance for their Emergency Medical Technician (EMT) training program.
120	Patterson	Responds that the rural health foundation will have the discretion to see to it that the funds are placed along a broad spectrum. States that he personally envisions no limitations as long as the foundation is providing needed healthcare in the rural parts of the state, defined as somewhere off the I-5 corridor.
122	Rep. Barnhart	Asks Mr. Patterson what funding amount he thinks should be stipulated in the bill.
125	Patterson	Responds that the identified source of funds needed for this project is in the amount of \$20,000,000.
131	Rep. Barnhart	Asks for justification of this amount of money.
134	Patterson	Responds that the Oregon Association of Hospitals and Health Systems has been instrumental in identifying the revenue with the input of nine health districts in the state.
147	Rep. Monnes-Anderson	Comments that she would like to see amendments that would allow hospitals or clinics to motivate students to remain in the area beyond initial education through student training or scholarships.
172	Patterson	Agrees and comments that section 5, subsection 3e of HB 2515 is similar to this suggestion but could be enhanced in some way.
183	Chair Kruse	Asks if there have been conversations with the executive branch of the state in regards to the issue of health care in rural Oregon.
189	Patterson	Comments that there have been some earlier conversations with the Governor, who expressed a motivation to do something for the rural parts of the state, including a program like the one mentioned by Rep. Monnes-Anderson.
191	Rose Jade	Private citizen from Newport, OR. Submits and presents written

		testimony in regard to HB 2516 ( <b>EXHIBIT F</b> ). Expresses concern that HB 2516 does not specify that the hospital should be operated as a “public hospital”. Suggests an amendment to Section 1 that would read (1) “Rural hospitals, as defined in ORS 442.470, that are not for profit and are publicly owned and are operated as public hospitals;”
235	Jade	Continues reading from written testimony (EXHIBIT F).
287	Rep. Garrard	Clarifies that Ms. Jade is asking that public hospitals should be identified as being publicly owned and operated.
291	Jade	Responds affirmatively.
293	Jane Myers	Oregon Dental Association. Testifies in favor of HB 2516. Suggests an amendment to HB 2516 that would add a dentist to the foundation’s board.
311	Jim Carlson	Oregon Health Care Association and the Oregon Center for Assisted Living. Speaks in support of the concept and intent of HB 2516, but would like to see certain phrasing changed and funding clarification made.
349	Carlson	Discusses Medicare reimbursement rates in reference to nursing home budgets and those of assisted living facilities for the elderly. Stresses his support for “keeping the bar high” in relation to health care and in maintaining a high level of care. Speaks again of his idea for amendments to HB 2516 to allow the foundation greater flexibility in the way in which it obtains resources.

**TAPE 12, B**

003	Rep. Morrisette	Agrees that some of the language in the bill can be expanded on in order to keep coverage as broad as possible.
026	Rep. Monnes-Anderson	Believes it is important to have Legislative Counsel look at line 6, section 1 of HB 2516 and states that she doesn’t want to propose legislation that might end up in court.
029	Chair Kruse	States that he will take all the discussion into consideration. Closes the public hearing on HB 2515 and HB 2516 and opens a public hearing on HB 2520.

**HB 2520 – PUBLIC HEARING**

034	Diane Lewis	Committee Administrator. Summarizes HB 2520 and the –1 amendments ( <b>EXHIBIT G</b> ). Submits written testimony of David Harmon in support of HB 2520 ( <b>EXHIBIT H</b> ).
038	Ed Patterson	Oregon Association of Hospitals and Health Systems. Submits written testimony in favor of HB 2520 ( <b>EXHIBIT I</b> ). Believes that the –1 amendments are for the purpose of clarifying the bill. Explains the handout (EXHIBIT I).
090	Victor Vandor Does	Administrator, Morrow County Health District. Testifies in support of HB 2520. Explains that health care in Morrow County, is experiencing financial distress. Comments that the key components of good health care are a stable board, a stable medical staff, a stable administration, and overall community support. Speaks to the Morrow County Hospital’s budget and how tax dollars contribute to the budget.
142	Rep. Monnes-Anderson	Comments that when tax dollars are given to hospitals, these facilities should be held accountable in some way to the public. Asks Mr. Vander Does if he has to submit an entire hospital budget to some entity for review.
169	Vandor Does	Responds that the entire budget is reviewed by a committee made up of board members and community members.

184	Chair Kruse	Explains that the special district section of statute was designed more for irrigation districts and park districts rather than for health districts and that all districts should not be grouped into the same category and handled the same way.
192	Rep. Morrisette	States that he strongly supports taking health districts out of the larger equation.
198	Rep. Barnhart	Asks how many public dollars are involved in the discussion of the various health districts.
213	Vandor Does	Responds that it depends on the taxation rate and refers to EXHIBIT I.
208	Rep. Barnhart	Asks why the issue of hospital districts is being discussed by the committee.
228	Chair Kruse	Responds that hospital districts are the purview of this committee, as school districts and others are the purview of other committees.
238	Rep. Barnhart	Asks if problems with the local budget laws should be addressed at one time, rather than “piece meal”.
245	Patterson	Responds by referring to section 3 of HB 2520.
261	Jim Wathen	Testifies in support of HB 2520. Details district hospital boards. Explains that HB 2520 is not meant to exempt anyone, but rather to offer a less-confined process for the development of the budget and still leave sufficient provision in there to hold the hospitals accountable to the people they serve.
334	Rep. Barnhart	Asks about the specific section of statute where budgets for hospital districts are discussed and defined.
352	Gwen Dayton	General Counsel for the Oregon Association of Hospitals and Health Systems. Clarifies question and responds that the only section of statute that discusses these districts’ budget is the one previously mentioned by Mr. Wathen.
368	Rep. Barnhart	Explains that the word “budget” is referenced several times within HB 2520 but not defined. States that this section of the bill requires clarification.
372	Dayton	Responds that it would be possible to define the word “budget” for the purpose of statute and the new provision.
376	Rep. Morrisette	Asks if the word “budget” has a common definition in statute.
383	Dayton	Responds that “budget” is a common legal term and does have a common meaning.

**TAPE 13, A**

010	Chair Kruse	Closes the public hearing on HB 2520. Opens a public hearing on HB 2518.
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**HB 2518 – PUBLIC HEARING**

012	Diane Lewis	Committee Administrator. Summarizes HB 2518.
020	Victor Vander Does	Administrator, Morrow County Health District. Testifies in support of HB 2518. Discusses the idea that the state needs to have a universal billing form that could be sent electronically through the system in order to alleviate wasted time and frustration for billing staff.
060	Rep. Morrisette	Asks if this has anything to do with the issue of coding health care services.
069	Vander Does	Responds that this is simply an electronic transfer from one form to another for secondary billing of ambulance charges.
075	Rep. Morrisette	Asks if the rules applying to coding are mandated by the federal level.
087	Vander Does	Responds affirmatively.

091	Rep. Monnes-Anderson	Asks why the legislature is dealing with this problem instead of the Office of Medical Assistance Programs (OMAP).
099	Vander Does	Responds that it is simpler to go through the legislative process and change the forms rather than changing all the computer systems or doing something else that would be more complicated.
107	Rep. Barnhart	Asks if the information on the Health Care Financing Administration (HCFA) form is different than the information on the OMAP form.
110	Vander Does	Responds that there is no difference between the two forms.
116	Lynn Read	Assistant Administrator, OMAP. Submits and presents written testimony in opposition to HB 2518 ( <b>EXHIBIT K</b> ). Believes that the bill is unnecessary because OMAP currently does what the bill requests.
192	Vander Does	Comments that the bill may not be necessary after all.
200	Chair Kruse	Asks if, with all the changes done by HCVA, there will still need to be a Medicaid file number kept separate from the Medicare file number.
202	Read	Asks for clarification as to whether he is referring to the patient number or the provider number.
210	Chair Kruse	Responds that he is referring to ‘patient number’ and makes the comment that Medicare uses the Social Security number as a patient number and Medicaid uses an entirely different number as a patient number. Asks if there is a legal prohibition against Medicaid using its clients’ Social Security numbers.
218	Read	Responds she will do further investigation, but believes there may be a prohibition against using Social Security numbers on Medicaid forms.
219	Rep. Krummel	Asks if it is possible to provide information and standardized forms to people electronically or by putting the information on a disc and sending it in the mail.
231	Read	Responds that there are forms available on a website that can be downloaded. States that she will look further into this issue.
243	Chair Kruse	Closes public hearing on HB 2515 and adjourns committee at 3:55 p.m.

Submitted By,

Reviewed By,

Rachel Brown,  
Committee Assistant

Diane Lewis,  
Committee Administrator

**EXHIBIT SUMMARY**

- A – HB 2516 and HB 2516, written material, Greg Vigdor, 9pp.**
- B – HB 2516 and HB 2516, written material, Karen Whitaker, 5 pp.**
- C – HB 2515 and HB 2516, written testimony, Jim Wathen, 3pp.**
- D – HB 2515 and HB 2516, written testimony, David Harmon, 1p.**
- E – HB 2515 and HB 2516, written testimony, Ed Patterson, 2pp.**

**F – HB 2516, written testimony, Rose Jade, 3 pp.**  
**G – HB 2520, -1 proposed amendments, staff, 1 p.**  
**H– HB 2520, written material, David Harman, 1 p.**  
**I– HB 2520, written testimony, Ed Patterson, 1 pp.**  
**J – HB 2518, written testimony, Lynn Reed, 2pp.**