

# SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

March 14, 2001  
1:00 PM

Hearing Room B  
Tapes 53 - 55

**MEMBERS PRESENT:** Sen. Bill Fisher, Chair  
Sen. Margaret Carter, Vice-Chair  
Sen. Gary George  
Sen. Ken Messerle

**MEMBER EXCUSED:** Sen. Frank Shields

**STAFF PRESENT:** Rick Berkobien, Administrator  
Andrew Morris, Committee Assistant

**MEASURES HEARD:** SJR 35 Public Hearing  
SB 8 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 53, A</b>		
004	Chair Fisher	Calls meeting to order at 1:05 p.m. and opens public hearing on SB 8 and SJR 35.
<b><u>SB 8 AND SJR 35 PUBLIC HEARING</u></b>		
015	Sen. Gene Derfler	Senate President. Testifies in support of SB 8 and SJR 35 ( <b>EXHIBIT A</b> ). Provides opinion on mandating health care coverage. States there is a need to find out the reason for rising health care costs. States that small employers need the opportunity to provide health insurance to employees at a reasonable cost.
072	Chair Fisher	Asks how the figures were established.
078	Sen. Derfler	Responds by a state agency.
080	Rep. Mark Simmons	Speaker of the House. Testifies in support of SB 8 and SJR 35. Comments on rising insurance costs and the effects on families in Oregon.
096	Chair Fisher	States the fiscal impact on SJR 35 is being researched.
100	Sen. Messerle	Asks about the spending limitation.
110	Sen. Derfler	Responds the limitation is the best approach.
124	Sen. Messerle	Asks if the limitations are flexible.
127	Sen. Derfler	Responds affirmatively.
130	Chair Fisher	Asks if the employee could pay more to add dependents.
133	Sen. Derfler	Responds the bill does not include that provision, but that could be a possibility. Comments on flexibility in Medicaid.
168	Geoff Brown	William Mercer, Inc. Presents testimony in support of SB 8 ( <b>EXHIBIT B</b> ). Comments on rising health care costs. Presents statistics in ( <b>EXHIBIT B</b> ).
218	Chair Fisher	Asks why the cost is more for employees in Oregon.
227	Brown	Responds it is due to local health plans that have had poor financial performance.
245	Chair Fisher	Reiterates question.

249	Brown	States that provider contract costs are rising.
253	Sen. Messerle	Asks if new medications are reducing the need for surgeries.
260	Brown	Responds affirmatively. Continues relating statistics. Refers to pages five and six of <b>(EXHIBIT B)</b> and explains employee contributions.
312	Sen. Carter	Asks about normalization.
323	Brown	Responds it refers to using the same percentages as the rest of the country.
330	Sen. Carter	Comments on Health Maintenance Organization (HMO) costs.
345	Brown	Explains HMO costs. Discusses employee choices in using a PPO or HMO. Reviews prescription drug costs.
395	Chair Fisher	Comments on employee contribution. Asks how Oregon rates to the rest of the country.
408	Brown	Responds that Oregon has lower wages than other western states, so the contribution rates are lower.
<b>TAPE 54, A</b>		
000	Sen. Messerle	Asks about the increase in premium costs.
009	Brown	States the statistics represent active employees. States that prescription drug use is increasing.
025	Sen. Messerle	Asks for a cost breakdown.
030	Brown	Responds there is more data needed to provide a breakdown.
037	Sen. Carter	Asks if the data anticipated the healthier aging population.
045	Brown	Responds the data is from a reporting standpoint and not analytical.
056	Sen. Carter	Describes older patients who are healthy.
067	Chair Fisher	Provides personal opinion about Oregon's rates, which are higher than other states in the nation.
093	Brown	Gives reasons why health care costs are higher in Oregon.
096	Sen. Messerle	Comments that a breakdown of provider costs in Oregon is needed to compare with the rest of the nation. Ponders the increased costs.
148	Rick Rebel	Health Consultant. Presents <b>(EXHIBIT C)</b> in support of SB 8 and SJR 35. Discloses a personal study of reimbursement rates from insurance companies.
198	Sen. Messerle	Comments on contacts in his district.
225	Barney Speight	Kaiser Permanente. Testifies in support of SB 8 and SJR 35 <b>(EXHIBIT D)</b> . States there is a crisis relating to healthcare costs. States there is a need for an interim task force to study healthcare costs. Comments on the background of SB 8. States the bill would allow access to health insurance. Comments on health insurance coverage. Discusses affordability.
389	Chair Fisher	Asks about the 2001 forecasts.
400	Speight	Responds it was a conservative estimate.
411	Rebel	Comments on choices in healthcare and medical savings accounts.
<b>TAPE 53, B</b>		
014	Sen. Messerle	Comments on coverage in rural areas. States that insurance companies are unwilling to serve people in rural areas.
033	Speight	States that rural needs should be looked at during the interim.
052	Dave Anderson	CNF Transportation, Oregon Health Care Purchasers Coalition. Testifies in support of SB 8 and SJR 35. Comments on increased insurance costs. States that employers are almost to the point of not being able to provide health insurance. States the increased costs surpass expected increases.

119	Lisa Trussell	Association of Oregon Industries. Testifies in support of SJR 35 and SB 8. States that SJR 35 will answer many questions regarding the increase in health insurance costs. States the costs prohibit insurance coverage in some circumstances. Comments on HMO availability in rural Oregon.
172	Chair Fisher	Explains the –1 and –2 amendments.
177	Trussell	Comments on insurance coverage for children.
193	J.L. Wilson	National Federation of Independent Businesses (NFIB). Testifies in support of SB 8 and SJR 35.
202	Gene Henshaw	Small business owner, NFIB. Testifies in support of SB 8 and SJR 35. Relates a personal experience.
226	Wilson	Reviews SB 8 and comments on affordability. Explains declining healthcare coverage.
290	Sen. Messerle	Asks about small businesses that are having problems getting coverage.
295	Wilson	Responds he is unsure.
310	Scott Gallant	Oregon Medical Association (OMA). Presents testimony in support of SB 8 and SJR 35 ( <b>EXHIBIT E</b> ). Presents amendments the OMA would like to see to SB 8.
360	Sen. Carter	Asks about cost shifting.
366	Gallant	Responds by explaining cost shifting practices. Comments on physician reimbursement.
400	Chair Fisher	Reviews the Oregon Medical Association’s proposal.
416	Gallant	Reviews possible amendments. States the disagreement with the –2 amendments.
<b>TAPE 54, B</b>		
010	Gallant	Continues disputing the –2 amendments.
024	Peggy Anet	Health Insurance Association of America (HIAA). Presents testimony in support of SB 8 and SJR 35 ( <b>EXHIBIT F</b> ). States there are existing models the interim committee could look at tracking healthcare costs.
047	Joel Ario	Insurance Administrator, Department of Consumer and Business Services. Testifies in support of SB 8 and SJR 35 ( <b>EXHIBIT G</b> ). Reviews SB 8. Points out potential problems with SB 8. Comments on the current market. Comments on insurance plan shifting.
202	Stephen Kafoury	Oregon Physical Therapy Association (OPTA). Testifies in support of SB 8 and SJR 35. Proposes ideas for amendments. Comments on mandated services and providers. Reviews the language of SB 8.
242	Diana Godwin	OPTA. Testifies in support of SB 8 and SJR 35. Further explains Kafoury’s proposal.
270	Kafoury	Comments on insurance payment schedule.
284	Chair Fisher	Enters a letter from the AFL-CIO ( <b>EXHIBIT H</b> ).
325	Euan Horniman, MD	Doctor. Testifies in support of SB 8 and SJR 35. Provides amendment ideas for SB 8 and SJR 35 ( <b>EXHIBIT I</b> ). Comments on cost shifting which causes increases in prices. Discusses bankruptcies due to medical bills.
<b>TAPE 55, A</b>		
000	Horniman	Continues testimony. States a need for socialized medicine.
043	Chair Fisher	Closes the public hearing on SB 8 and SJR 35 and adjourns the committee at 3:00 p.m.

Submitted By,

Reviewed By,

Andrew Morris,  
Committee Assistant

Rick Berkobien,  
Administrator

**EXHIBIT SUMMARY**

- A – SB 8, Written testimony, Sen. Gene Derfler, 1 p.**
- B – SB 8/SJR 35, Survey, Geoff Brown, 19 pp.**
- C – SB 8/SJR 35, Written testimony, Rick Rebel, 8 pp.**
- D – SB 8/SJR 35, Statistics, Barney Speight, 6 pp.**
- E – SB 8/SJR 35, Written testimony, Scott Gallant, 1 p.**
- F – SB 8/SJR 35, Health Care Cost Categories, Peggy Anet, 1 p.**
- G – SB 8, Written testimony, Joel Ario, 4 pp.**
- H – SB 8, Letter from AFL-CIO, Sen. Bill Fisher, 4 pp.**
- I – SB 8/SJR 35, Personal proposed amendments, Euan Horniman, 9 pp.**