

HOUSE COMMITTEE ON HUMAN RESOURCES

February 09, 1999 Hearing Room E

1:00 PM Tapes 18 - 19

MEMBERS PRESENT: Rep. Jeff Kruse, Chair

Rep. Kitty Piercy, Vice-Chair

Rep. Tim Knopp

Rep. Jerry Krummel

Rep. Bill Morrisette

Rep. Jackie Taylor

MEMBER EXCUSED: Rep. Betsy Close

Rep. Mike Lehman

Rep. Jackie Winters

STAFF PRESENT: Janet L. Carlson, Administrator

Diane M. Lewis, Administrative Support

MEASURE/ISSUES HEARD: HB 2080 Public Hearing and Work Session

HB 2079 Work Session

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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TAPE/#	Speaker	Comments
TAPE 18, A		
005	Chair Kruse	Calls the meeting to order at 1:05 PM and opens a work session on HB 2079.
<u>HB 2079 WORK SESSION</u>		
008	Janet Carlson	Committee Administrator, summarizes the bill and its public hearing on January 16, 1999.
015	Rep. Knopp	MOTION: Moves HB 2079 to the floor WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on Revenue by prior reference.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 4 - Close, Krummel, Lehman, Winters
033	Chair Kruse	The motion CARRIES.
035	Chair Kruse	Closes the work session on HB 2079 and opens a public hearing on HB 2080.
<u>HB 2080 PUBLIC HEARING</u>		
036	Janet Carlson	Committee Administrator, summarizes the bill.
048	Jim Carlson	Oregon Health Care Association, Oregon Center of Assisted Living, testifies in support of HB 2080 and submits written information in regard to long-term care and Medicaid statistics for Oregon (EXHIBIT A). States that this bill is a reaction to a national problem. Maintains that the state must work on a plan for the impending growth of the "senior population." Explains that this population brings with it very select needs and problems that are largely funded through the public sector, i.e., Medicaid and Medicare. States that the vast majority of Americans believe that Medicare will fund their long-term care needs. Explains that Medicare benefits for long-term care are limited. Discusses federal initiatives that respond to this growing problem including, Kennedy-Kassebaum, and 3 tax-credit proposals from President Clinton, outlined in his State of the Union Address.
080	Jim Carlson	Medicaid expenditure projections: (See EXHIBIT A)

		<ul style="list-style-type: none"> • 1999-2001 biennium governor's projected budget of \$802 million dollars, total funds, for Oregon long-term care expenditures. This includes community-based care, nursing facility care, Providence Elder-Place, Oregon Project Independence, and personal care. • Projected costs in the 2030 biennium, assuming a 2.1 percent per year inflation factor, will be almost \$5 billion total funds and \$2 billion general funds. The caseload growth was not factored into these figures. • Oregon's projected population for the year 2000, ages 65 and up, is 436,000. • Projected population growth for the year 2030, ages 65 and up, is 882,000. The 85-year-old population will quadruple in 2030. • Oregon now serves an average of 30,000 long-term care cases per month. In the year 2030 this number will expand to 115,000.
110	Jim Carlson	Discusses increasing the percentage of people who have private coverage. States that HB 2080 has been modeled from national studies conducted by the Brookings Institute. Explains that if one third of Oregonians, ages 35-years-old and up, purchase and maintain private long-term care insurance, the state will see a 10.5 percent reduction in Medicaid expenditures. Reports that this translates into a \$200 million general fund savings in the 2030 biennium.
133	Gwen Dayton	Government Affairs and Legal Counsel for Oregon Health Care Association, submits written testimony in support of HB 2080 (EXHIBIT B). States that this bill establishes a tax credit for the purchase of long-term care insurance. Refers to EXHIBIT B, and discusses employer incentives. Summarizes the definition of "long-term care insurance" by stating that it is insurance which provides coverage of one or more functionally necessary, or medically necessary services, including nursing, diagnostic, and a number of other services listed in statute, in a setting other than an acute care facility or hospital. Explains that this coverage is offered for at least two years. States that statute prohibits a policy from covering only skilled nursing care.
165	Peggy Anet	Health Insurance Association of America, submits and presents written testimony in support of HB 2080 (EXHIBIT C). States that this tax proposal is intended to entice younger individuals to plan for their long-term care needs. Refers to EXHIBIT C, and discusses provisions and requirements of long-term care insurance.
223	Anet	Submits written information from the State of Oregon Senior Health Insurance Benefits Assistance (SHIBA) (EXHIBIT D).
233	Anet	Refers to EXHIBIT C, page 2, and discusses the financial benefits of buying long-term care insurance at a younger age.
246	Anet	Refers to EXHIBIT C, page 2, and discusses diversity and flexibility in long-term care populations and insurance plans.
286	Rep. Morrisette	Asks about the fiscal and revenue impacts of HB 2080.
288	Dayton	Replies that the revenue impact reflects the amount of money that will not be

		coming into the state. Legislative Revenue Office (LRO) has estimated that the next biennium (1999-2001) will have a revenue impact of \$8.4 million. States that this bill would go into effect January 1, 2000.
304	Rep. Morrisette	Asks how much money is allowed as a tax credit.
306	Dayton	Responds that there isn't an exact amount of money that is allowed per credit, per person. Explains that the amount is 15 percent of the individual's premium with a cap of \$500.
310	Jim Carlson	States that it is unlikely that many people will reach the cap. States that policies are not that expensive. Explains that a similar tax incentive in North Carolina had a revenue estimate lower than Oregon's estimate.
314	Anet	Commends LRO for the research that they did to come up with a dollar amount. States that it has been difficult to come up with an average premium number. Explains that currently, people over 62 years-old can take a deduction on their long-term care premiums as part of their medical expense deduction.
345	Jim Carlson	States that North Carolina just passed legislation similar to HB 2080. Explains that although the population is double Oregon's, the revenue impact was half of Oregon's projections.
364	Rep. Taylor	Asks if couples filing jointly will each have a 15 percent deduction.
368	Dayton	Explains that the bill is written so individuals with separate policies have a tax credit of 15% of their policy.
380	Jim Carlson	Explains that legislation from 1997 will make HB 2080 available through the public sector.
400	Michael Saslow	Oregon Licensed Health and Life Insurance Agent, Corvallis, submits and presents written testimony in support of HB 2080 (EXHIBIT E). Notes for the committee newsletters and articles attached to his written testimony that explain components of long-term care insurance and indicate that Americans are ignorant of their long-term care costs and Medicaid benefit limitations.
035	Saslow	Replies to the question of couples filing jointly. Explains that most insurance companies put both people on a single policy. States that it is important that a couple filing jointly get the full benefit. Reminds the committee that young people will pay the same low premium they started with as they get older. Indicates that people who wait until they are over 65-years-old to buy this coverage may have difficulty with the medical eligibility qualifications of a policy.
067	Dave Nelson	Oregon Life Underwriters Association, Pacific Benefit Consultants, submits and presents written testimony in support of HB 2080 (EXHIBIT F).

080	Rep. Piercy	Asks if there has been much of an increase in interest in long-term care policies.
082	Nelson	Responds that there has been a slightly growing interest. Explains that long-term care policies are not required, and must be sold properly to individuals.
092	Rep . Krummel	Asks about age restrictions that exist for purchasing this kind of insurance.
095	Nelson	Responds that there is no age limit. Explains that these policies become more "price prohibitive" as one becomes older.
100	Rep. Krummel	Asks about the prospect of an 18-year-old buying a long-term care policy.
106	Nelson	Is not aware of a prohibitive low age on purchase of policies.
115	Rep. Krummel	Asks about limits on the length of payouts.
120	Anet	Responds that there are a variety of options of benefit designs. Explains that limits depend on the policy package.
142	Chair Kruse	Closes the public hearing on HB 2080 and opens a work session on HB 2080.
<u>HB 2080 WORK SESSION</u>		
145	Rep. Piercy	MOTION: Moves HB 2080 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Revenue by prior reference.
150	Rep. Krummel	Comments that there may be concerns regarding tax shifting that will come up in the Committee on Revenue. Explains that tax shifting should not occur because of the availability of these policies to all ages.
164	Rep. Knopp	Discusses the situation of his grandfather, who does not have long-term care. Explains that cost shifts occur when elderly people, who have not planned ahead or educated themselves about the health services that won't be covered under Medicaid, declare themselves poverty stricken and turn to the state for assistance. States that he will be supporting the bill.
175	Chair Kruse	Concurs. Thanks Sen. Hannon for his efforts regarding this legislation.
187	Rep. Morrisette	Supports the bill in concept. Believes that incentives are important, especially when the state will benefit well down the road.
		VOTE: 6-0

		<p>AYE: In a roll call vote, all members present vote Aye.</p> <p>EXCUSED: 3 - Close, Lehman, Winters</p>
207	Chair Kruse	The motion CARRIES.
209	Chair Kruse	Closes the work session on HB 2080 and opens an informational hearing regarding the Office of Alcohol and Drug Abuse Programs.
<u>INFORMATIONAL MEETING</u>		
233	Barbara Cimaglio	Director, Office of Alcohol and Drug Abuse Programs (OADAP), submits information requested by the committee on 2/4/99 (EXHIBIT G). Refers the committee to the presentation packet that she provided to the members on 2/4/99 (EXHIBIT H), and continues her overview of OADAP.
277	Chair Kruse	Refers to EXHIBIT G, regarding tobacco sales to minors, and asks if the difference in yearly statistics is because of activity within the counties.
285	Cimaglio	Responds that each county is part of a large sample. States that no county was sampled more than the other. Explains that if one county was statistically higher, it is because that county had more incidence of sales to minors. Explains that these figures and reports are attached to the state's eligibility for the federal block grant.
360	Chair Kruse	Asks if the state sales increases run along similar national increases.
362	Cimaglio	Responds affirmatively. Discusses the "bounce back" effect of implementing a new program and watching incidence of sales go down, only to see them rebound when participants become complacent about following guidelines and paying for consequences.
395	Cimaglio	Continues to refer to EXHIBIT G, and summarizes the "performance indicators" packet. Refers to page 9 of the performance indicators, and discusses definitions of performance indicators as outcomes.
TAPE 18, B		
017	Cimaglio	<p>Continues discussing definitions on pages 10 through 12.</p> <p>States that the struggle for OADAP is needing to collect large quantities of data with very limited resources. States OADAP is hoping to strengthen its data capabilities in the next biennium.</p>

061	Chair Kruse	Refers to the definition of "marital status" and asks what is meant by "living as married."
063	Cimaglio	Replies that this is used when two people are living together but are not legally married. This is a federal government definition.
068	Chair Kruse	Asks if the definitions of full and part-time are federal language.
070	Cimaglio	Responds affirmatively.
075	Antonia Phipps	Deputy Director, OADAP, states that the Human Resources committee requested the roster of the dual diagnosis committee. Explains that this is being updated and will be provided to the committee soon.
080	Cimaglio	<p>Refers to EXHIBIT H, page 20 and discusses what OADAP is aiming to achieve. States that OADAP is not meeting the demand for substance abuse treatment. States that the demand is increasing throughout the state.</p> <p>The goals for a new system include:</p> <ul style="list-style-type: none"> • New structure including family therapy, support services for children. • Local planning. • Qualified work force. • Improved standards. • Best practices.
163	Phipps	States that HB 2170 (1999) is designed to strengthen the role of the Local Alcohol and Drug Planning Committees (LADPC).
189	Chair Kruse	Explains that he believes that the key to success is in the individual's willingness to understand his or her reality. Asks if Cimaglio is suggesting that "there are new things showing demonstrable, long term results, with more people entering the system."
206	Cimaglio	Responds that studies indicate that without wraparound services, such as family counseling, additional inpatient treatment, safe housing, and aftercare services, treatment success is less effective. Explains that OADAP funding structure does not allow for these services. States that allowing LADPCs flexibility with their service structure is regularly practiced.
258	Chair Kruse	Explains that without his immersion in 12 step programs, after he finished a treatment program 13 years ago, he wouldn't have been able to stay sober. Reminds Cimaglio that AA is "free." Maintains that the client's personal responsibility must be maintained.
270	Cimaglio	Concurs. Explains that the people who end up at OADAP have multiple issues that they need help with, i.e., homelessness and risky housing circumstances, criminal justice issues, poor education, poverty, and mental health needs.

320	Rep. Taylor	Comments that resources for intervention and treatment services vary from county to county. Maintains that finances for prevention programs are not consistent among the counties. States that prevention and follow-up care is key to long-term results. Believes that drug and alcohol abuse issues are linked, hand in hand, to criminal behavior and domestic violence. Urges the state to put the dollars where the most need exists.
351	Cimaglio	Concurs with Rep. Taylor's remarks. Explains that OADAP has asked for more money to invest in drug-free housing. States that providing safe housing is a cost effective way to assist people in staying drug-free.
379	Chair Kruse	Asks what is meant by "drug-free housing."
380	Cimaglio	Responds that drug-free housing includes group homes, half way houses, and HUD dollars that match non-profit housing developments. Comments that it is wasted treatment dollars to get people started in sobriety and then send them back to the same drug-infested, abusive home life that they came from.
TAPE 19, B		
010	Phipps	Explains that there are a number of examples of drug-free housing projects around the state. Cites the Multnomah County housing authority's partnership with their treatment community, the partnerships in Marion County, and the Genesis Project in Eugene.
021	Cimaglio	Explains that OADAP is turning its focus to treatment for high risk youth and families. States that this is an area that will be served by the governor's juvenile crime prevention package. States that there is a shortage in drug and alcohol treatment service providers for youth. Explains that prevention is key and parents and community members need education. Discusses the Oregon Together Model, helping communities create prevention teams. States that there are only 70 communities participating in the Oregon Together program. Explains that Oregon has only one year left of the federal grant.
067	Chair Kruse	Comments that he thought that there was certainty that the federal grant was going to be extended.
069	Cimaglio	Responds that the grant will have to be approved in the President's budget, and very little is certain when it comes to what will be approved in grant dollars. Although it looks certain that the Oregon grant will be included in the 2000 budget, nothing is certain for subsequent years.
077	Chair Kruse	Asks how many states are involved in the federal grant program.
078	Cimaglio	Responds that there are approximately 15-20 states.
081	Rep. Piercy	Asks about additional substance abuse prevention programs, other than talking to kids in public school.

086	Cimaglio	<p>Responds that if OADAP does nothing else successfully, prevention is the one area that is the most important regarding "the war against drugs." Discusses prevention programs:</p> <ul style="list-style-type: none"> • Student assistance programs -- out of OADAP. • Local support -- educating the community. • Training for teachers and school service personnel.
107	Rep. Krummel	<p>Asks about schools and colleges working with the "IMPACT" program. Explains that he is not sure what IMPACT stands for, but it was a program developed to teach teachers and community members how to intervene with students using alcohol and drugs.</p>
117	Cimaglio	<p>Responds that she is not familiar with the IMPACT program. States that if information is available on this program and can show best practices and good results it will be reviewed by OADAP.</p>
128	Rep. Krummel	<p>Explains that the IMPACT program was through the university system. States that he was working in the health and physical education department at Western Oregon University when he was put through the IMPACT training.</p>
136	Cimaglio	<p>Comments that OADAP would like to create better partnerships with higher education.</p>
150	Cimaglio	<p>Summarizes her overview of OADAP by stating that all substance abuse studies have shown that putting dollars into treatment is cost effective, long term. Reports that 80% of the people in the criminal justice system, and 65% of the people in child welfare, have a drug or alcohol issue. States that her office is seeing the same clients over and over. Explains that these clients have multiple human resource needs.</p>
188	Chair Kruse	<p>Thanks the presenters for the information and concurs with the final remarks of Cimaglio. Closes the hearing at 2:50 PM.</p>

Submitted By, Reviewed By,

Diane M. Lewis, Janet L. Carlson,
Administrative Support Administrator

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EXHIBIT SUMMARY

A ñ HB 2080, written testimony and information in support, Jim Carlson, 29 pp.

B ñ HB 2080, written information in support, Gwen Dayton, 3 pp.

C ñ HB 2080, written information in support, Peggy Anet, 63 pp.

D ñ HB 2080, written newsletter, Peggy Anet, 8 pp.

E ñ HB 2080, written testimony in support, Michael Saslow, 4 pp.

F ñ HB 2080, written testimony in support, Dave Nelson, 1 p.

G ñ Office of Alcohol and Drug Abuse Programs written information requested by committee, Barbara Cimaglio, 25 pp.

H ñ Office of Alcohol and Drug Abuse Programs overview hard copies, Barbara Cimaglio, 38 pp.