

**JOINT INTERIM COMMITTEE ON HUMAN RESOURCES**

**November 17, 1998 Hearing Room F**

**9:00 A.M. Tape 36 ñ 39**

**MEMBERS PRESENT:**

**Sen. Bill Fisher, Co-chair**

**Rep. Jeff Kruse, Co-chair**

**Sen. Lenn Hannon**

**Sen. John Lim**

**Sen. Kevin Mannix**

**Sen. Susan Castillo**

**Sen. Thomas Wilde**

**Rep. Jane Lokan**

**Rep. Richard Devlin**

**Rep. Frank Shields**

**MEMBERS EXCUSED:**

**Sen. Jeannette Hamby**

**Rep. Patti Milne**

**Rep. Eldon Johnson**

**Rep. Margaret Carter**

**STAFF PRESENT:**

**Anne Tweedt, Committee Administrator**

**Sandy Thiele-Cirka, Administrative Support**

**ISSUES HEARD:**

**Introduction of Committee Bills**

**LC 1633 ñ Limited Immunity for Use of Automated External  
Defibrillators**

**LC 297 ñ Direct Access for Eye Care**

**LC 1809 ñ Long Term Care Tax Credit**

**LC 1808 ñ Essential Community Provider Property Tax Exemption**

**Overview: Mental Health Parity**

**Tamara Hancock, Oregon National Association for Mentally Ill**

**Connie Powell, M.D., Oregon Medical Association**

**Ann Uhler, Alcohol & Drug Abuse Program Directors Association of Oregon**

**Ronald E. Bachman, Pricewaterhouse Coopers**

**Review of Subcommittee on Long Term Care**

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.

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 36, A</b>		
005	Chair Fisher	Calls meeting to order at 9:14 AM.
<b><u>INTRODUCTION OF COMMITTEE BILLS</u></b>		
011	Sen. Mannix	<b>MOTION: Moves LC 1633 BE INTRODUCED as a committee bill.</b>
015	Anne Tweedt	Committee Administrator, summarizes LC 1633, limited immunity for automated external defibrillators ( <b>EXHIBIT A</b> ).
026	John Chism	American Heart Association, reviews changes: <ul style="list-style-type: none"><li>• definition of automated extended defibrillator;</li><li>• to extended limited immunity to lay rescuers (non-traditional rescuers) and the entities that may purchase a automated external defibrillator;</li><li>• and to include physician monitoring regarding the purchasing of an automated external defibrillator, the equipment is a restricted medical device.</li></ul>
051	Chair Fisher	Questions who has the authority to purchase a defibrillator.
058	Chism	Responds a licensed physician.
062	Sen. Lim	Questions why a physician's order is needed to purchase a defibrillator.

063	Chism	Responds that the FDA considers this piece of equipment a medical device and can not be sold to the general public.
073	Rep. Devlin	Questions if this bill would be referred to Senate Human Resources Committee or the Joint Judiciary Committee during the legislative session.
077	Chair Fisher	Responds that it is his intent to sign and introduce it in the Senate Chamber.
<b>093</b>	<b>Chair Fisher</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>103</b>	<b>Rep. Kruse</b>	<b>MOTION: Moves LC 297 BE INTRODUCED as a committee bill.</b>
107	Bill Cross	Representing Oregon Optometric Association reviews LC 297 ( <b>EXHIBIT B</b> ).
115	Sen. Mannix	Questions if the intent of the bill is to be for the patient to obtain eye care treatment in emergency situations without having to see the primary care physician first.
119	Cross	Responds affirmatively.
<b>124</b>	<b>Chair Fisher</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>128</b>	<b>Rep. Kruse</b>	<b>MOTION: Moves LC 1809 BE INTRODUCED as a committee bill.</b>
135	Jim Carlson	Representing Oregon Health Care Association and the Oregon Center for Assisted Living. Reviews long term care tax incentive. Notes the legislative revenue estimates and anticipated revenue impact ( <b>EXHIBIT C</b> ).
153	Sen. Mannix	Questions if this legislation would save the state resources in the future.
159	Carlson	Responds that currently the Medicaid program and the state purchase half of all resident days. Notes that these efforts will reduce Medicaid expenses in the future.
173	Sen. Mannix	Remarks that this legislation will provide the state to take a fiscally responsible approach for future long term care expenses.
179	Carlson	Responds in agreement and notes that this will help preserve the long term viability of Medicaid as a social safety net.
188	Chair Fisher	Declares potential conflict with LC 1809.
193	Gwen Dwyer	Government Relations Director, Oregon Health Care Association, reviews the

175	Gwen Dayton	GOVERNMENT RELATIONS DIRECTOR, OREGON HEALTH CARE ASSOCIATION, REVIEWS THE tax credit proposal savings. States that The American Council on Life Insurance conducted a study that determined if individuals purchased and maintained long term care insurance coverage for 30 years, there would be 20% savings in the Medicaid budget, \$28 billion on a national level. Reviews partnerships and potential problems with long term care insurance.
238	Rep. Kruse	Questions if the current state data sets are accurate enough to determine implementation costs.
245	Dayton	Responds no. Notes the difficulty in determining these figures.
250	Peggy Anet	Health Insurance Association of America provides explanation and clarification relating to data obtained through Legislative Revenue Office.
298	Rep. Shields	Questions how other states were able to develop partnerships and why did Congress discontinue this option.
337	Carlson	Clarifies and explains federal policy objectives and the Medicaid Estate Recovery Mandate.
354	Rep. Shields	Questions if an Oregon resident could go to California and purchase this type of policy.
357	Carlson	Responds only if the individual were a California resident.
367	Chair Fisher	Comments on individual responsibility.
378	Carlson	Responds that Medicaid was developed to be a social safety net not the de facto long term care insurance program. Reviews the three options relating to revenue impact: <ul style="list-style-type: none"> <li>• \$25 million for full biennium;</li> <li>• \$12 million for half a biennium;</li> <li>• the tax incentive only for new policies sold after the effective date of this act this would reduce the revenue estimate drastically;</li> </ul>
421	Anet	Notes that there is a medical expense deduction for individuals (over 62 years of age) who file for paid long term care insurance premiums.
431	Rep. Kruse	Comments on the importance of the fiscal impact and notes that the figures are speculative. Notes support of this draft legislation.
458	Sen. Hannon	Requests cost of implementing the tax credit, the savings in the future for not institutionalizing individuals, and the cost benefit ratio. Notes the importance of investing now for future savings.

486	Carlson	Responds that data is available from national studies.
<b>Tape 37, A</b>		
007	Sen. Hannon	Questions if implementation of legislation allowing public employees to purchase long term care insurance has begun.
010	Carlson	Notes that Washington and California, which passed similar legislation, are experiencing positive results.
022	Anet	Responds that the PEBB board has released a RFP for implementation to begin before the end of the year.
027	Sen. Castillo	Comments in support of the industry's efforts in improving long term care insurance. Questions if there are minimum policy requirements included in this legislation.
039	Anet	Responds that Oregon revised the long term care statutes in 1982, to be more consumer friendly. Notes that Oregon's administrative rules dictate what is required for policy.
046	Dayton	Responds that this legislation requires insurance policies to comply with Oregon's current definition of long term care insurance. Provides definition.
056	Rep. Shields	Questions if long term care insurance is purchased how many people will be restricted by the glass ceiling of the federal mandate.
065	Carlson	Responds that they have not been able to obtain data on that issue. Notes that they will try to obtain information.
074	Rep. Shields	Comments on the importance of providing this provision.
<b>079</b>	<b>Chair Fisher</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>101</b>	<b>Rep. Kruse</b>	<b>MOTION: Moves LC 1808 BE INTRODUCED as a committee bill.</b>
106	Dayton	Summarizes and reviews LC 1808 ( <b>EXHIBIT D</b> ), property tax exemption for long term care facilities that have a 70% or higher Medicaid occupancy rate. Notes the minimal revenue impact ( <b>EXHIBIT E</b> ).
137	Carlson	States that the revenue impact does not effect General Fund revenue, but local property tax revenue.
147	Chair Fisher	Declares potential conflict with the LC 1808.

151	Rep. Kruse	Comments in support of LC 1808.
168	Rep. Devlin	Acknowledges support and comments on the importance of working with the local entities in this area.
176	Carlson	Responds in agreement. Notes discussions with several county commissioners.
191	Rep. Shields	Questions if the current trend continues, what the fiscal impact will be to the state.
196	Carlson	Responds that the average nursing facility does not qualify for this incentive. Notes this legislation will provide financial stability for smaller rural facilities.
<b>224</b>	<b>Chair Fisher</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b><u>REVIEW OF SUBCOMMITTEE ON LONG TERM CARE</u></b>		
234	Rep. Kruse	Discusses the draft issue brief regarding long term care. Notes the primary purpose of the subcommittee was to educate members on the complex service delivery system in Oregon ( <b>EXHIBIT F</b> ).
285	Rep. Kruse	Continues overview. Notes reimbursement of community-based care providers as an issue requiring further discussion.
342	Chair Fisher	Recess 10:10 A.M., reconvenes at 10:35A.M.
<b><u>OVERVIEW: MENTAL HEALTH PARITY</u></b>		
359	Tamara Hancock	President of the Oregon National Alliance for the Mentally Ill, provides testimony in support of mental health parity, reviews current group insurance coverage for mental illness and chemical dependency and the need for legislative action ( <b>EXHIBIT G</b> ).
410	Hancock	Continues review of client profiles ( <b>EXHIBITG</b> ).
460	Hancock	Continues profile review. Notes that insurance parity is feasible and that nineteen states have passed insurance parity laws.
<b>Tape 36, B</b>		
010	Hancock	Continues review of appropriate management and cost savings.

032	Rep. Kruse	Questions if mental disorders and chemical dependency are classified the same.
033	Hancock	Responds that they are categorized differently, however there is a cross-over in insurance coverage.
039	Rep. Kruse	Discusses the differences in conditions.
043	Hancock	Responds in agreement. Discusses the importance of access for both conditions.
056	Connie Powell	Psychiatrist, Oregon Medical Association, responds that these conditions interact with each other. Notes that depression can be a trigger for other mental health issues.
072	Rep. Kruse	Comments and discusses the association between mental disorders and addiction.
084	Powell	Presents overview of mental illness and the need for parity legislation <b>(EXHIBIT H)</b> .
135	Powell	Continues review of mental disorders in Oregon and reviews past legislative action <b>(EXHIBIT H)</b> .
185	Powell	Reviews mental illness, managed care and the current insurance structure.
235	Powell	Reviews access to mental health treatment in Oregon. Notes treatment effectiveness <b>(EXHIBIT H)</b> .
285	Powell	Reviews cost savings associated with adequate mental health treatment. Discusses the successes of other states parity legislation. Concludes presentation.
354	Sen. Lim	Discusses and questions how prevention can be incorporated into mental health treatment.
366	Powell	Responds in agreement. States that educational programs could be available beginning at the primary school level.
387	Sen. Lim	Comments and discusses social pressures and their impact on individuals.
406	Powell	Responds with clarification that some mental disorders are genetic and they are prevalent in all societies.
430	Rep. Lokan	Comments on the lack of funding for mental illness research compared to other medical conditions. Supports providing additional research in this area.

470	Powell	Responds in agreement and notes that 25% of the American population experiences some form of mental illness.
478	Ann Uhler	President of Alcohol & Drug Abuse Program Directors Association of Oregon, reviews difficulties in providing adequate treatment for individuals who have limited insurance benefits.
<b>Tape 37, B</b>		
012	Uhler	Continues discussion reviewing the restricted substance abuse benefit. Notes that substance abuse is a chronic treatable illness and treatment is cost effective. Begins presenting client profiles and benefit restrictions.
060	Uhler	Continues presentation.
124	Uhler	Continues discussion on the importance of integrated funding for insurance parity and reviews the potential cost savings.
140	Sen. Fisher	Questions how the state protects itself from system abuses and what criteria should be used in determining effective treatment.
176	Powell	Responds that the psychiatric treatment guidelines can be used as a tool for determining adequate treatment plans.
198	Uhler	Comments that the Office of Drug & Alcohol Programs has structured their treatment programs following the American Society of Addiction Medicine (ASAM) criteria. States that these guidelines have been effective.
211	Rep. Kruse	Comments on the revolving door of chemical dependency. Notes that relapse is an individual choice and that the state should not be responsible for it.
245	Uhler	Responds that parity is evaluating the whole picture, not just specific components of a condition.
259	Rep. Kruse	Notes that resources are limited and that it is important to create an efficient and cost effective model.
286	Ron Bachman	Actuary for Pricewaterhouse Coopers, provides background information relating to other state actions with parity legislation. States he will be conducting an Oregon specific cost analysis.
335	Bachman	Continues presentation reviewing mental health myths of the 80ís. Discusses previous uses and abuses of the system and the effectiveness of current medication management.
386	Bachman	Continues overview of how service delivery has shifted from in-patient to out-

		patient services. States that the debate on parity costs is minimal. Reviews the four major studies beginning in 1996, the results range from a 3.2% to a 4.0% cost increase.
436	Bachman	Continues review and evaluation of the study results. Notes that these are very conservative actuarial studies.
486	Bachman	Continues presentation and summarizes the cost issues.
<b>Tape 38, A</b>		
005	Bachman	Reviews the 3-4% number range. Identifies the offsets that are not included in his analysis: <ul style="list-style-type: none"> <li>• no medical offset, provides examples;</li> <li>• the growth of managed care;</li> <li>• productivity savings or absenteeism;</li> <li>• and savings from the public sector.</li> </ul>
055	Bachman	Continues review of public sector privatization. Discusses that the bill creates financial parity and it removes the financial arbitrary limits. Notes that this legislation creates a larger risk pool where costs can be shared.
110	Bachman	Continues review and comparison of other states parity legislation.
150	Bachman	Provides clarification of the Jack Rogers analysis conducted by Pricewaterhouse. Notes the importance of understanding the assumptions used when developing a comparison report.  Discusses that mandating is the issue, not the cost of the legislation. Identifies that there is a current mandate requiring mental health be covered, this legislation changes the limits of that mandate.
197	Rep. Devlin	Questions if current treatments are used as an assumption in determining the level of parity coverage.
210	Bachman	Responds that the assumption is greater utilization. Discusses the two areas of greater utilization: <ul style="list-style-type: none"> <li>• individuals get some coverage, but receive payment in a limited amount;</li> <li>• individuals cut off and have no coverage, but would continue in treatment, thus increasing utilization.</li> </ul> Notes that the assumptions will vary depending on the intensity of the managed care market.  Outlines and discusses the five screening processes that can be found in adjudicating a claim.
278	Chair Fisher	Questions other states financing systems for parity legislation

278	Chair Fisher	Questions other states financing systems for parity legislation.
291	Bachman	Responds that parity legislation focuses on the commercial market, the employer purchased plans. Notes that public sector expenditures are separate and covered by government programs.
345	Chair Fisher	Questions if this legislation impact ERISA groups.
346	Bachman	Responds yes and no. States that ERISA is covered by federal laws, but there are impacts: <ul style="list-style-type: none"> <li>• larger employers have better mental health benefits allowing for wider parity coverage;</li> <li>• for states that have passed ERISA plans there is a ripple effect, the benefits are reviewed and possible improved;</li> <li>• passage at the state level could impact the support and passage of federal legislation</li> </ul>
397	Chair Fisher	Requests a copy of the witness's presentation for committee.
399	Bachman	Responds affirmatively. Notes that he will provide the data and studies referred to.
407	Hancock	Clarifies that the quoted figures are increases in claim costs.
420	Bachman	Continues clarification of "gross costs".
476	Chair Fisher	Questions the definition of small employer.
480	Bachman	Responds a typical five employee group.
<b>Tape 39, A</b>		
010	Bachman	Continues clarification and explanation.
022	Chair Fisher	Discusses personal experiences in health care bargaining.
031	Sen. Castillo	Questions when the report will be available.
033	Bachman	Responds early December.
034	Rep. Lokan	Questions if states with parity legislation have a cap on benefits and what type of coverage do these states offer.

043	Bachman	Responds that each state has developed a unique approach. Reviews the options and covered benefits.
065	Chair Fisher	Closing comments and adjourns meeting at 12:25 P.M.

Submitted By, Reviewed By,

Sandy Thiele-Cirka, Anne E. Tweedt,

Administrative Support Committee Administrator

**EXHIBIT SUMMARY**

**A ñ LC 1633, Staff, 2pp**

**B ñ LC 297, Bill Cross, 8pp**

**C ñ LC 1809, Jim Carlson, 6pp**

**D ñ LC 1808, Gwen Dayton, 3pp**

**E ñ Oregon Health Care Association, Written testimony, Gwen Dayton, 5pp**

**F ñ Draft Issue Brief Senior and Disabled Services and Long Term Care, Staff, 8pp**

**G ñ National Alliance for the Mentally Ill, Tamara Hancock, 5pp**

**H ñ Oregon Medical Association, Connie Powell, M.D., 5pp**