

HOUSE COMMITTEE ON GENERAL GOVERNMENT

June 2, 1997 Hearing Room D

1:00 P.M. Tapes 117 - 118

MEMBERS PRESENT:

Rep. Ken Strobeck, Chair

Rep. Dan Gardner, Vice-Chair

Rep. Jim Hill

Rep. Bob Montgomery

Rep. Kurt Schrader

Rep. Liz VanLeeuwen

Rep. Tom Whelan

STAFF PRESENT:

Jeri Chenelle, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD:

SB 569 - Public Hearing

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 117, A		
003	Chair Strobeck	Calls meeting to order at 1:16 p.m. and opens the public hearing on SB 569.
<u>SB 569 - PUBLIC HEARING</u>		
011	Jim Whitty	Coos County Commissioner and former State Representative, testifies in support of SB 569:
		* people of Coos County support a veterans home with a \$3.2 million dollar bond issue

		* stuck with certificate of need process which was not needed for the previous home in the Dalles
		* conflicting numbers on occupancy are being used
		* questions if any government-owned facility could get a certificate of need with the current process; letter from the Health Division to the county regarding the certificate of need process were negative from the beginning
032		* suggests the problem may be updating of certificate of need process
		* Coos County 15 years ago was a vibrant community
		* population is stagnant or dropping and are getting older people in every day
050		* current process for certificate of need does not address changing demographics
		* Coos County needs the home; people have voted in the money and the process does not address the demographics
		Issues discussed:
062		* what process should be used to figure out the needs
071		* impact of nursing home statistics on certificate of need process
097	Rep. Barbara Ross	Testifies in opposition to SB 569:
		* was concern last session whether this facility was needed, whether it would be used and the expense to the state and federal government
		* there was an agreement that if the enabling legislation could go forward they would apply for a certificate of need and abide by the outcome
		* they have gone through the process and the Health Division indicates there is not a need in Oregon for the beds that would be provided
118		* is difficult to vote against a group of veterans
130		* urges committee to look objectively at the construction of facility and the fact there are enough nursing home beds in Oregon to meet the need
		* would have subsidized government beds in direct competition with privately run for-profit beds
		* need quality in nursing home throughout the state; if the construction of this facility and the building of more beds than needed results in other closures of small homes, then it is a negative impact on other residents of those homes
		* there are other questions about the long-term liability
		* against wasting funds
		* other groups are opposing SB 569
		Issues discussed:

169		* 1995 legislation
179		* advocates in 1995
191	Rep. Ken Messerle	Testifies in support of SB 569:
		* hospital is proposed to be in Coquille
		* very familiar with the work that has lead up to this process
		* work on project was started in 1980, local government,
		* Coos County, has committed 35 percent of the cost of the building, \$3.2 million
216		* 65 percent of cost of building, \$5.8 million, is committed from federal veterans department
		* no funds would be coming from the State of Oregon
		* City of Coquille has donated the property, upgraded the sewer lines, obtained permits, and developed the infrastructure at a cost of about \$800,000
		* work being done by the Oregon Department of Transportation (ODOT), watershed associations and soil and water districts, is at a cost of about \$1.5 million; ODOT is continuing to fill the property
240		* this is not a pork barrel project
		* issue is the accuracy of the certificate of need; does not believe this will be a problem for the nursing homes; these veterans cannot afford a nursing home
		* only heard from one nursing home and it is at 90 percent capacity today and are in the process of building an Alzheimer unit; some homes have 100 percent occupancy rate
248		* a great deal of discussion is being held about this coming back; there is better information now
253		* a lot of people here have worked with the program and understand the mechanics
		Issues discussed:
		* whether there is a fall back position that would affect state funds if the home is not fully operational
259	Chair Strobeck	Asks if there is a fall back position in case it is not fully functioning.
273	Richard Lucht	Legislative Director, Department of Oregon Disabled American Veterans and speaking for the United Veterans' Groups of Oregon, reads a prepared statement in support of SB 569 (EXHIBIT A).
320	Lucht	Continues presentation.
370	Lucht	Continues presentation.
420	Lucht	Continues presentation.
TAPE 118, A		

010	Lucht	Continues presentation.
060	Lucht	Continues presentation.
080	Rep. Montgomery	Asks if veterans from other states could come to the home.
	Lucht	Responds he understands this is a veterans home for veterans of Oregon.
083	Rep. VanLeeuwen	Asks if the \$1,131 and per diem are available only at an Oregon veterans home.
	Lucht	Explains that only those placed in the state homes are eligible for the disability pension and aide in attendance and daily care.
103	Rep. VanLeeuwen	Asks if this applies only to veterans with disabilities after their service has ended.
	Lucht	Responds it is for those who do not have service related disabilities.
123	Rep. VanLeeuwen	Asks if there is an obligation on the state if the home defaults.
	Lucht	Responds there is a federal law that says if the facility cannot operate, the state would have to return the federal money put into the home.
160	Rep. Schrader	Asks if all veterans homes target the same population.
164	Lucht	Responds they do not, and that the types of veterans homes could be from an old soldier home completely subsidized by the state, to a skilled nursing care facility that is required to be self-sustaining.
183	Chair Strobeck	Comments that the Roseburg home does not show up on the list.
	Lucht	Responds that is because it is a federal veterans affairs nursing home.
194	Chair Strobeck	Asks where the two Washington homes are located.
212	Chair Strobeck	Notes that Mr. Lucht's testimony indicates two homes in the area may close and they do not care if they close, and asks if the reason they are having problems is their method of operation.
	Lucht	Responds they have not documented the information, that it has been supplied by others who have indicated if the Coquille veterans home was constructed, it would cause two nursing homes to close, that they are having problems now, prior to a veterans home being established.
234	Chair Strobeck	Asks when the home will open in The Dalles.
	Lucht	Responds that dedication is set for October 9, 1997.
236	Chair Strobeck	Notes statement submitted by Lucht during the 1995 session and asks if he has changed his mind on the certificate of need.
241	Lucht	Responds he has not, and adds it appeared at the time it was the only way there was going to be a chance for the legislation to be passed, and the veterans concurred with the committee on the suggestion for the requirement of a certificate of need and did not indicate they would not consider changing their opinion as to what might be requested in the future.
		Adds that if there had been a level playing field for the creation of the

269	Lucht	certificate of need, then the position that was taken would have been much different than what it is now.
273	Rep. Hill	Comments the January 28, 1997 letter from the Department of Veterans Affairs talks about operational costs during startup mode and talks about money they can recoup from the patient, and asks who pays the difference.
292	Lucht	Responds that the Federal V.A. have said they can fill the facility on day one. Further explains how the costs anticipated that will not be met will be \$450,000 and thus far has raised \$60,000; explains how funds are being raised.
372	Rep. Montgomery	Asks if he were to move to Washington, whether he would be eligible to go to the home.
	Lucht	Responds negatively.
387	Rep. VanLeeuwen and Jon Mangis	Using the marker board, lists the benefits available to veterans in a veterans home and in a nursing home.
415	Mangis	Continues explains benefits available.
TAPE 117, B		
010	Mangis	Continues explaining benefits at a state veteran home and private nursing home.
040	Mangis	Continues explaining benefits.
065	Ron Harlan	Legislative Officer, Veterans of Foreign Wars and the Military Order of Purple Heart in Oregon, testifies in support of SB 569:
		* members want this home, and unless this bill passes there is no or little chance to have it
		* at no cost to the state, it could save \$1.2 million in taxes per biennium
		* if bill does not pass, it sends a mixed signal to the veterans
081	Rep. VanLeeuwen	Asks where it saves \$1.2 billion and where are the people are currently residing.
086	Harlan	Responds the home would cover approximately the eight southern counties, and that the savings would come from savings in Medicaid funds.
118	Chair Strobeck	Asks where the people are today.
	Lucht	Responds one of their concerns is that many of the people are not receiving the care they should be receiving, and repeats that the federal veterans affairs says they could fill the facilities with veterans who are no receiving care now, but will be qualified.
135	Chair Strobeck	Requests that Mr. Lucht provide verification of the statistics.
150	Patti Strain	City Manager, City of Coquille, testifies in support of SB 569

		(EXHIBIT B).
198	Strain	Reviews the second page of her testimony showing the money that has gone into the site preparation.
		Adds comments on economic development for the city and county.
		Issues discussed:
245		* why money was spent before approval was obtained
		* capacity of current care facilities
268		* why certificate of need was denied
295	Nikki Whitty	South Coast Area Manager of the three county business development corporation, Coos, Curry and Douglas County, testifies in support of SB 569:
		* submits editorial from <u>The World</u> newspaper (EXHIBIT C)
300		* looked at possibility of having home in Coquille as a benefit to the veterans, an opportunity to partner with the community college nursing program, and to provide family wage jobs
		* Georgia Pacific mill closed in 1990; some inquiries have been made about the property, but the first interest of the community is in the veterans home
320	Chair Strobeck	Asks why this should just be an economic development issue.
	Whitty	Responds she does not believe it is an economic development issue; veterans want to be in a veterans hospital.
330		Discussion continues on economic development.
		Issues discussed:
		* Medicaid costs
371		* appeal of the denial of the certificate of need
366	Fran Capehart	Retired Veterans Service Officer, submits prepared statement, letter from the Department of Veterans Affairs Medical Center in Roseburg and reads letter from the Department of Veterans Affairs Medical Center in Roseburg (EXHIBIT D).
400	Capehart	Continues reading letter.
TAPE 118, B		
010	Capehart	Continues reading letter from the Medical Center.
035	Jon Mangis	Director, Oregon Department of Veterans Affairs, comments as representing the Governor's office, the governor supports the certificate of need process, and sees himself more in the role of answering questions because the department has been working and developing both of the facilities.
		Explains that the expectation with The Dalles facility is a 24-month fill up, and the department budget includes \$1.3 million to be a loan, and by the end of the third year the department intends to begin recouping

		the dollars back to the War Veterans Fund. Adds that he would anticipate doing the same thing on a smaller basis if the Coquille home is built.
		Issues discussed:
064		* where does the money come from
089		* difference between cost of care and veteran benefits
100		Discussion continues on how the costs of operation at start up will be reimbursed to the state.
140	Chair Strobeck	Asks if there is a need for these beds in Oregon today.
142	Mangis	Responds that the study that was done in 1991 indicated that Oregon could support two state veterans homes, one for each of the federal veteran affairs medical centers areas. According to the study the department commissioned, yes.
151	Chair Strobeck	Asks what happens if the federal timelines expire on the matching funds.
163	Capehart	Comments Oregon is number one on the list and is uncertain that there would be an extension if Oregon were in the process of completing the paper work. The money comes out of the federal veteran affairs budget; Medicare comes out of the social security budget.
		Adds that the veterans who would be in the veterans home stay in their homes; they will not leave their home property to go to an area like an apartment; if they can go to a veterans home, they have the commradrie of boot camp, basic training and feel like they are home again and it is not the same atmosphere as a private nursing home.
189	Rep. Gardner	Asks what happens in October that takes Oregon off being number 1 on the list.
185	Mangis	Explains the U. S. Department of Veterans Affairs annually reevaluates the list. Oregon has until October 1 of 1997 to file the formal application for the grant; there may be an opportunity to get an extension, but several are lined up that have state veterans homes planned and want the money that has been dedicated to Oregon.
201	Rep. Montgomery	Asks if ODVA instructed the people in The Dalles before they went to the vote to get five more acres.
	Mangis	Responds negatively.
	Rep. Montgomery	Asks whether ODVA indicated there would be a potential 50 more beds in a wing they thought they were going to be able to build.
230	Mangis	Explains that the home is built for expansion, two wings on the west end and an additional 25-bed Alzheimer addition; it was mentioned in the beginning there was a potential for expansion in the future. Adds it is the same design that would be used in Coquille.
241	Rep.	Comments that his people at home said they were promised they would have 50 beds and now are excited that they won't get any beds because another 100 is being added in Coquille. Adds that if this is approved

	Montgomery	today, the home in Coquille will be started almost immediately and will only vote for it if the people in The Dalles are going to get what they were promised.
259	Mangis	Responds that the bid that went out to 232 communities in 1993 was for any community that wanted a state veterans home that they would have to come up with the 35 percent state matching share plus up to fifteen acres of land, and in return the state would build a 151 bed skilled care facility, and that architecturally it could be added to in the future if there was demand. Reiterates there was never anything said that they are going to add 50 more beds to the home in The Dalles at any time in the near future.
282	Chair Strobeck	Announces that he will attempt to reschedule the bill for a work session and that anyone who is signed up will be invited to present testimony.
274	Chair Strobeck	Asks for list from the U. S. Department of Veterans Affairs showing Oregon is number one, documentation of what the certificate of need denial was based on, and the anticipated capacity of the home.
307	Rep. Hill	Cites the 1991 feasibility study by the ODVA, and asks if the evaluation for the need for a second home has been done.
300	Mangis	Replies that the study was updated.
315	Rep. Hill	Asks if the Department of Veterans Affairs supports SB 569.
316	Mangis	Responds that the Governor supports the certificate of need process.
346	Kenneth Risk	Veterans Service Officer, Clatsop County, testifies in support of SB 569:
		* completing sixth year as VSO in the Clatsop County area
365		* several generations of veterans are coming into high risk for utilization of nursing home beds, particularly in Alzheimer units
		* processes application for the kinds of pension program--the non-service pension for veterans in need of skilled care
		* those people may have service connected disabled at a lower percentage than the 100 percent people, and have been making the election because of physical and financial need to ask for the program
379		* has probably more than 12 applications for pensions a year
		* the need is there; Clatsop County facilities are full and are having applications made to the home in The Dalles
389		* the homes in Washington are targeted at exactly the same population in Washington
		* supports SB 569
390	Patti Strain	Comments that nursing homes at 84 percent capacity in Coos County.
432	Chair Strobeck	Adjourns meeting at 3:04. p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jeri Chenelle,

Administrative Support Administrator

EXHIBIT SUMMARY

A - SB 569, prepared statement, Richard Lucht, 19 pp

B - SB 569, prepared statement and letter, Patti Strain, 7 pp

C - SB 569, editorial from The World newspaper, Nikki Whitty, 1 p

D - SB 569, prepared statement, Fran Capehart, 4 pp