

HOUSE COMMITTEE ON GENERAL GOVERNMENT

**June 6, 1997 Hearing Room D**

**1:00 P.M. Tapes 119 - 121**

**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 and 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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 119, A</b>		
002	Chair Strobeck	Calls meeting to order at 1:11 as a subcommittee of one for purposes of receiving testimony, announces that this will be the last meeting of the committee, and opens the public hearing on SB 569.
017	Chair Strobeck	Explains this meeting was rescheduled from Wednesday at the request of Rep. Messerle.
<b><u>SB 569 - PUBLIC HEARING</u></b>		
		A bishop in the Orthodox Catholic Church and the Superior General of

026	Father Borossan Dak Rissan, SIG.	the Order, an active member of American Legion, member of Vietnam Veterans of America Post 271, Blinded Veterans Association, Regional Group, Portland, National Federation for the Blind, the Oregon Council for the Blind and the American Council for the Blind, testifies in support of SB 569:
038		* explains how veterans home in Coquille would address the problem with the non-service connected disabled veterans
036		* is blind due to glaucoma; disability is non-service connected
		* attempting to update status to service-connected
046		* at time of surgery, veterans administration felt it would be to his benefit to be put into a nursing facility; had to file for social security and veterans pension
		* cost was \$82,000 per eye, but was denied social security and had no pension
		* administrator at private nursing home discharged him and he became a statistic of another homeless veteran
		* does not need or qualify for aide in attendant
		* still does not have social security and lives of \$707 veterans pension
		* if home is not available, he will be blind man out on the street with the dog
		* home should be open to all veterans who have paid their dues, and the private sector should not be considered
080	Rep. Lonnie Roberts	Testifies in support of SB 569:
		* federal government involvement is \$5.5 million and a savings to the state of \$1.2 million a biennium to run the facility
099		* if Oregon does not act, the federal money to build and maintain home will be lost
		* the City of Coquille has twice the rate of unemployment and needs influx of money into the area
108		* City passed a \$3.2 million bond, donated the land and has support from the local folks
		* facility is designed for some very special people
		* does not believe facility will affect private nursing home market
124		* facility will service all vets, men and women
		* home would be operated by contract providers with a state person as overseer
		* federal window closes on Sept. 30, 1997
139		* Oregon has highest percentage of war veterans in the nation and there are enough to fill the facility so the state will not have any real economic responsibility

151	Sen. Veral Tarno	Testifies in support of SB 569. Presents packet of information:
		* map of Oregon showing service area of the veterans home
		* copy of listing of current veteran facilities throughout the United State showing five new facilities on line with an occupancy rate of 89 percent and without the new ones the occupancy rate would be 90 plus percent
		* diagram on aging veterans
		* letter from people involved laying out the revenues available to the veterans
		* letter from Department of Veterans Affairs director in Roseburg
		* a list of pending U.S. Veterans Administration nursing homes proposed to be built around the country
196		* Out of 100,000 vets in the seven-county area, the spread of the 101 beds in Coquille is pretty large and the impact will be negligible
		* document from Department of Human Resources shows occupancy data and cost of housing for one Medicaid patient per day
		* reviews data from Department of Human Resources document
		* copy of FAX from Senior and Disabled Services Division outlining costs for other types of treatment for Medicaid patients
243		* suggests committee vote SB 569 up or down without the proposed amendments
		Issues discussed:
235		* denial of certificate of need
277		* whether the veterans home in The Dalles needs a certificate of need for expansion
312	Dolores Raymond	Advocacy Coalition of Seniors, testifies in opposition to of SB 569 <b>(EXHIBIT B)</b> .
360	Raymond	Continues presentation.
400	Raymond	Continues presentation.
<b>TAPE 120, A</b>		
005	Raymond	Continues presentation.
041		Issues discussed:
		* closures of veterans homes
054	Lee Hazelwood	Governor's Commission on Senior Services, testifies in opposition to SB 569 <b>(EXHIBIT C)</b> .
104	Darnel Smith	Vietnam Veterans of America, Inc., testifies in support of SB 569 <b>(EXHIBIT D)</b> .
118	Frank Blair	Commander, VFW 293, Eugene, testifies in support of SB 569:
		* VFW sponsors birthday party each month for veterans placed in private

		foster care; over two years the numbers of veterans have decreased from 30 to about 10 or 15
137		* there are fewer and fewer foster homes because the owners get tired and sell the homes; doesn't know where about 10 of the veterans are
		* when it comes to money or a time when they are tired and call it quits, where does one go
		* if you are a veteran and a home is available, one might be able to get into it
		* believes the Roseburg long-term care facility is full
		* cites situation where wife had to make a choice of continuing to work or staying home to take care of her husband
164		* close down of veterans facilities is due to budget reductions
		* Coquille home would have no impact on the general fund; since 1930 there has been no project that was not successful and if the home were not to be successful the pay back would not be the whole amount, it would be prorated and the facility should be worth more than it started as
		Issues discussed:
176		* whether Roseburg facility will accept residents from out of state
203	Grant Higginson, MD, MPH	State Health Officer and Deputy Administrator, Oregon Health Division, Oregon Department of Human Resources, testifies on the certificate of need process ( <b>EXHIBIT E</b> ).
240	Higginson	Continues statement.
260		Continues presentation.
290	Higginson	Continues presentation.
337		Responds to previous testimony:
		* letter from Health Division to people in Coquille cited by Commissioner Whitty
360		* that state agencies should not require any public facility to go through the certificate of need review
365		* changing demographics and private nursing home occupancy rates
378		* testimony that the real issue is the accuracy of the certificate of need program
394		* question of whether the expansion of beds in The Dalles facility require a certificate of need
406	Chair Strobeck	Asks if the Health Division took into account The Dalles facility
409	Janet Fessel	Certificate of Need Coordinator, Health Division, responds they did not.
420	Chair Strobeck	Asks who is responsible to make up the difference if the facility is not financially solvent.
424	Higginson	Responds he is not clear on who would be responsible.
		Comments presumably it would be from the veterans themselves if they

432	Fessel	had the income.
<b>TAPE 119, B</b>		
011	Rep. Hill	Asks if there was any attempt in the review of the denial of the certificate to fill in the holes.
	Fessel	Responds negatively.
	Rep. Hill	Asks if they can file another request for a certificate of need.
	Fessel	Explains the process, and adds they could start the process over.
		Issues discussed:
040		* whether someone operating a facility should have the answers to the questions
		* whether certificates of need have been granted for nursing home facilities
060	Chair Strobeck	Comments SB 569 would eliminate the certificate of need, the SB 569-1 amendment puts a threshold by putting an occupancy requirement on The Dalles facility, and the SB 569-2 amendments are an attempt to try to create some way to get the veterans administration to locate a facility in the Coquille area, and asked if Dr. Higginson has looked at the amendments.
071	Higginson	Responds the two policy issues are, 1) maintaining the integrity of the certificate of need process, and 2) the state has made a policy decision to move away from state-run institutions and move toward private sector community based care with lower levels of intensive care being provided; the -2 amendments fit with both policies.
085	Chair Strobeck	States the -2 amendments direct the Oregon Department of Veterans Affairs and the Health Division to work with the U. S. Veterans Administration and the Oregon congressional delegation to use funds that were applied for this nursing home to be used for assisted living facility, and asks if Dr. Higginson would have a problem working with that process.
090	Higginson	Responds they would welcome working with the Oregon Department of Veterans Affairs (ODVA) and Senior and Disabled Services Division (SDSD) and other groups to try to get something going that would make sense for both Coquille and for veterans in southern Oregon.
088	Rep. Whelan	Asks what the -2 amendment scheme would do to the funding that seems to be assured.
094	Higginson	Responds it would be better to ask the Oregon Department of Veterans Affairs; understands the funding stream is not simply limited to nursing homes, but could be used for other issues dealing with long-term care.
102	Rep. Whelan	Comments he would like confirmation of Dr. Higginson's statement.
110	Rep. Hill	Asks if any nursing facility which obtained a certificate of need has failed.
112	Fessel	Responds Senior and Disabled Services Division can answer the

		question.
112	Rep. Jim Welch	Testifies in support of SB 569:
		* wonders where state has gathered the data
		* so much support, have passed a bond
		* facility would serve veterans from Eugene south
		* hopes committee will look at all the issues because SB 569 has a good purpose and the home would serve the purpose
146	Susan Dietsche	Assistant Administrator, Senior and Disabled Services Division, testifies in opposition to SB 569 ( <b>EXHIBIT F</b> ).
193	Rep. Hill	Asks if any facility which has gone through the certificate of need process failed in the last 10 years.
195	Dietsche	Responds closures of nursing facilities in recent years have been the result of low occupancy and all have been approved by the certificate of need process.
2-3	Chair Strobeck	Asks if the state is paying for 63 percent of beds for people who are in nursing homes
	Dan Caplan	Assistant Administrator for Fiscal Policy, responds that is correct and explains process of payment.
211	Chair Strobeck	Asks if there is a difference in what the state pays if the person is a veteran.
206	Caplan	Responds they know if people are veterans, but there is no difference in the amount the state pays.
220	Dietsche	Explains budget cuts eliminating the aide in attendance of \$1,131 to veterans in private nursing home to \$90 expecting it was a cost shift to the states; it became a Medicaid payment with a 60/40 state match. Adds that in community based care, assisted living or adult foster care or in-home services, that veteran still receives the \$1,131; it is only in the private nursing facility that the payment has been decreased to \$90.
232	Caplan	Comments it should also be noted that roughly three-fourths of the veterans served through the long-term care program are served in community based care where they have the higher income.
228	Rep. Whelan	Asks if the moneys from the federal government would be in jeopardy with the -2 amendments.
248	Jon Mangis	Department of Veterans Affairs, explains the state has an application on file for a 100 bed home to be built in Coquille. Explains federal process in approving the application, and responds to amendments and questions previously asked.
276		* with the -2 amendments, Oregon's request would be considered a new application
310		* will probably go forward with the formal appeal of the denial of certificate of need

357		* definition terms need to be worked with; there are 50 separate definitions of assisted living and the Veterans Administration use the word domicillary
365		* Oregon would lose the funding
		* funding stream would change as to what is available to a veteran
375		* there has never been a veteran home close
400	Richard Lucht	United Veteran Groups of Oregon, comments he has no additional testimony, but has concern with the -2 amendments:
		* currently, there is no federal funding for assisted living
		* doubts the money from the bonding title passed in Coos County could be used for another purpose such as building an assisted living facility
		* requests the -2 amendments not be considered
436	Chair Strobeck	Points out the wording in the -2 amendments is "develop and construct supportive housing, including but not limited such models of housing as assisted living", and comments it could be whatever definition the federal government would want to apply to it.
438	Lucht	Responds he thinks the federal definitions are much more stringent than ours.
447	Chair Strobeck	Comments it sounds like the federal government is locked in and would fund nursing home beds whether or not they are needed but they would not necessarily fund assisted living beds even if they are needed.
454	Lucht	Responds Chair Strobeck may be right. Adds he thinks there is also an effort in the federal government to be looking at alternative methods for caring for veterans, but would question the federal government would wastefully put money into a nursing home facility when it would not serve the purpose it is intended for.
<b>TAPE 120 B</b>		
024	Jim Carlson	Oregon Health Care Association, testifies in opposition to SB 569 <b>(EXHIBIT G)</b> .
126	Ruth McEwen	Oregon Disabilities Commission, testifies in opposition to SB 569:
		* it could hurt the system in the southern part of the state
		* veterans home should stand the same scrutiny as nursing homes
145	Terri Kraemer	Oregon Alliance of Senior and Health Services, testifies in opposition to SB 569 <b>(EXHIBIT H)</b> .
184	Rep. Ken Messerle	Testifies in support of SB 569:
		* comments he gave most of his testimony on Monday and just wants to reaffirm that after reviewing the amendments, he does not think it would be a positive move
		* disagrees with Mr. Carlson; the bonds provided by Coos County would

		go away if the type of home is changed
		* concerned with what the community has invested in the process
		* concerned how veterans are best served, not only in the funds they receive from the government, but with the assets they might have; thinks they are best served by the veterans homes
221	Chair Strobeck	Asks if Rep. Messerle would rather have SB 569 as written than with the -2 amendments.
	Messerle	Responds he cannot see how the amendments benefit the project.
267	Ed Hughes	Coalition for Veterans, testifies in support of SB 569:
		* suggests the bill last session was a win-win bill
		* this bill would save the various groups including SDS and Human Resources \$1.2 million per biennium by reducing the caseload
295		* (referring to the -2 amendments ) the federal VA has as its number one priority a program countywide that establishes skilled nursing facilities; federal VA wants to focus on the really sick veterans and that is why it is a skilled nursing home.
		* certificate of need is obsolete because Oregon is ahead of the field with the Oregon Health Plan
329		* the analogy of apples and oranges is good because federal programs say they have earned special treatment
		* most veterans do use the facilities at the VA hospital
341		* this home would be used heavily because that is where the veterans would migrate to
		* last session the Oregon Health Care Association demanded the certificate of need because they knew it would hold up the project because they did not want the facility
		* question from the Health Division on the certificate of need were so technical and complex and did not have anything to do with the federal program, they were from the private industry and practice, and the Veterans Department had a difficult time answering the questions
		* original study ( <b>EXHIBIT I</b> ) said that starting in the 1993 session the veterans could go ahead on the long range project to build the two veterans homes
		* Oregon Department of Veterans Affairs has been nominated by the other state departments as the best agency in Oregon in the past; they are very efficient and very good and do good work and can handle the veterans homes
		* certificate of need process did not work for the veterans
411	Chair Strobeck	Comments on passage of the veterans home bill in the 1995 session, and reviews the executive summary of the 1991 report ( <b>EXHIBIT I</b> ).
427	Hughes	Responds there was a follow up to the report that denoted an area in the east and one in the west part of the state.



434	Chair Strobeck	Closes the public hearing on SB 569.
<b>TAPE 121, A</b>		
016	Rep. Hill	Asks why the bill was introduced prior to the denial of the certificate of need
019	Patty Strain	City of Coquille, responds that in September 1996, the head of the Health Division was in Coos Bay or was called by a reporter and said the certificate of need probably would not be granted, and when the veterans in Coos county saw that they figured they had better start figuring out to get it done.
028	Chair Strobeck	Opens the work session on SB 569.
<b><u>SB 569 - WORK SESSION</u></b>		
029	Chair Strobeck	Comments that everyone wants to support veterans issues, cites other measures passed by this committee, and adds there is also concern about not putting up facilities and not putting money into things that are not necessary and according to the standards the state has established, it appears the demand has not been proven that the facility is needed especially with the opening of a 151 bed facility in The Dalles which has not admitted its first patient. Adds that the amendment would say to take a look at the one in The Dalles and give it time to determine the need, but the proponents do not want to advance the amendment, and therefore the -2 amendment was a way to get a facility that would be in Coquille and would be one of need in the market place and not siphon off business from the private sector. Adds there is not support among the veteran groups for even the -2 amendments and the committee is therefore left with the original bill.
<b>054</b>	<b>Rep. Whelan</b>	<b>MOTION: Moves SB 569 to the floor with a DO PASS recommendation.</b>
056	Rep. Hill	Comments he voted against a previous bill and received a letter from a gentleman accusing him of being against Vietnam Veterans, and names relatives who are veterans. Adds that SB 569 has little to do with veterans and more to do with economic development, and the committee is placed in a position of pretending this is a veterans issue when it isn't because they can still receive all the benefits and services and there are plenty of opportunities for veterans to receive services and this will not limit access to any services by denial of this program. Adds he would feel differently if the application for the certificate of need had been better.
075	Rep. Gardner	Comments he would like to echo the sentiments of Rep. Hill and Chair Strobeck and while he does support veterans, he would be more comfortable with the bill if The Dalles facility had been open, if we had seen a need there and an additional need across the state. Adds that for those reasons and other s stated today, he will be a no today, too.

089	Rep. Whelan	<b>MOTION: Moves to amend his previous motion, and that SB 569 be sent to the floor with a DO PASS recommendation and be referred to Committee on Ways and Means in accordance with its prior referral.</b>
093	Rep. VanLeeuwen	Comments she had hoped that the veterans in Oregon were interested in the -2 amendments.
109	Rep. Whelan	Comments that the "bird in their hand" is virtual financing because Oregon is first on the list.
113	Rep. Schrader	Comments he thinks the veterans make a good case for their needs and thinks it is unfortunate that the certificate of need is a problem. Also feels this is something private industry can do and that we are at a point where we cannot do everything for everybody.
134		<b>VOTE: 3-3</b> <b>AYE: 3 - VanLeeuwen, Whelan, Strobeck</b> <b>NAY: 3 - Gardner, Hill, Schrader</b> <b>EXCUSED: 1 - Montgomery</b>
	<b>Chair Strobeck</b>	<b>The motion FAILS.</b>
139	Chair Strobeck	Announces that the committee will meet at the call of the chair and adjourns meeting at 3:11 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jeri Chenelle,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A - SB 569, SB 569-2 amendments, Rep. Strobeck, 2 pp**

**B - SB 569, prepared statement, Dolores Raymond, 2 pp**

**C - SB 569, prepared statement, Lee Hazelwood, 2 pp**

**D - SB 569, prepared statement, Darrel Smith, 1 p**

**E - SB 569, prepared statement, Grant Higginson, 3 pp**

**F - SB 569, prepared statement, Susan Dietsche, 1 p**

**G - SB 569, prepared statement, Jim Carlson, 32 pp**

**H - SB 569, prepared statement, Terri Kraemer, 2 pp**

**I - SB 569, Feasibility Study of a State Veterans Home, April 30, 1991, Ed Hughes, 37 pp**