

HOUSE COMMITTEE ON HUMAN RESOURCES

May 30, 1997 Hearing Room H-170

1:00 p.m. Tapes 115-117

MEMBERS PRESENT:

Rep. Patricia Milne, Chair

Rep. Jackie Taylor, Vice-Chair

Rep. Richard Devlin

Rep. Jeff Kruse

Rep. Jane Lokan

Rep. Kitty Piercy

Rep. Steve Harper

MEMBER EXCUSED:

STAFF PRESENT:

Lori A. Long, Administrator

Diane M. Quinones, Administrative Support

MEASURE/ISSUES HEARD:

HB 3689 Public Hearing

SB 966 Public Hearing / 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.

Tape/#	Speaker	Comments
Tape 115, A		
001	Chair Milne	Calls the meeting to order at 1:18 p.m.
003	Chair Milne	Opens a public hearing on HB 3689
<u>HB 3689</u> <u>PUBLIC</u> <u>HEARING</u>		
		Oregon Legislator, House District 19, submits and presents written

005	Rep. Jo Ann Bowman	<p>testimony in support of HB 3689.</p> <ul style="list-style-type: none"> * appreciates Chair Milne's commitment to welfare reform * appreciates Governor's task force looking at this issue * 18,000 Oregonians have the potential to lose welfare benefits as a result of federal welfare reform. * has talked to Ways and Means and requested dollars to be set aside for legal immigrants * discusses the grandparent exemption from work while they raise their grandchildren * moving people into self sufficiency will mean job counseling and training * this bill gives us the opportunity to look at the efficiency of the system * notes for the committee written testimony included in her submitted packet of information (EXHIBIT A)
075	Lang Nguyen	<p>Outreach worker for Asian Resource Center, represents legal immigrated, low income, seniors and disabled citizens.</p> <ul style="list-style-type: none"> * Does not know where her clients will go or how they are going to support themselves without the small benefits they currently receive. * English is difficult for them to learn as a result of old age and poor health.
120	1st panel member	<p>Senior, legal immigrant from China, testifies in support of HB 3689.</p> <ul style="list-style-type: none"> * she is over 65 years old * lost her benefits in February * neighbors are low income and cannot help her * English is very difficult for her to learn
140	2nd panel member	<p>Senior, legal immigrant from Vietnam, testifies in support of HB 3689.</p> <ul style="list-style-type: none"> * she is 81 years old

		<p>* has poor vision and needs help with many things</p> <p>* is having great difficulty learning and remembering English</p>
150	Rep. Taylor	Asks why her sign says "I am Terrible."
152	Nguyen	She cannot use her native language of Chinese and cannot learn English and this is terrible for her.
156	3rd panel member	<p>Legal senior Vietnamese immigrant woman, testifies in support of HB 3689.</p> <p>* she is 66 years old</p> <p>* cannot learn English because she is not literate in Vietnamese</p> <p>* asks the committee for help</p>
165	Nguyen	Explains the circumstances of the other immigrants she has brought with her who are mentally and physically handicapped and will also be losing the few benefits they now receive.
176	Victor Gromysh	<p>International Refugee Center of Oregon, testifies in support of HB 3689.</p> <p>* Has a mother-in-law who cannot learn English and no longer speaks Russian because of Alzheimer's disease.</p> <p>* There are a number of people in the Russian community that are disabled and cannot support themselves or other family members.</p> <p>* Many American descendants of these seniors are low income, doing what they can to support their families.</p> <p>* Even with the benefits it is often difficult, taking them away would be disaster for some families and all seniors</p> <p>* Most legal Russian immigrants lost their Russian citizenship when they came to live in America.</p>
210	Andrey Tkachenko	<p>International Refugee Center of Oregon, testifies in support of HB 3689.</p> <p>* He has many elderly people coming to his office asking for advice about what they should do once they lose their benefits.</p> <p>* People he talks with are scared because they live in a country that cannot help them and they cannot go back to Russia which does not want them.</p> <p>* Elderly citizens have told him that that they have begged at their neighbors' doors for money to help pay their rent when they have</p>

		<p>not received their benefit checks.</p> <p>* Many elderly Russian citizens have been raised through war times and did not attend school or get much more than a couple of years of education.</p>
267	1st Russian Panel member	<p>Senior, legal immigrant from Russia, testifies in support of HB 3689.</p> <p>* Asks the committee where she should go when her benefits are stopped.</p> <p>* She is losing her benefits in August.</p> <p>* She gave up her Russian citizenship to live in America.</p> <p>* In Russia she is considered a spy because she is a Christian and wants to live in America.</p> <p>* She is afraid to go back to Russia.</p>
305	2nd panel member	<p>Senior, legal immigrant from Russia, testifies in support of HB 3689.</p> <p>* As a Christian he was always made to move from one state of Russia to another.</p> <p>* During the war there was starvation and his family was made to move often and he was not able become very educated.</p> <p>* He came to America to be free to live and worship as he chooses.</p> <p>* His health is not good in his old age.</p> <p>* He has received a letter regarding the loss of his benefits.</p> <p>* A car accident a few years ago has complicated his ability to help his family, retain his memory, and live without pain.</p>
354	Chair Milne	Asks how long the gentleman has lived in the USA.
356	Panel member	<p>It will be 5 years on the 5th of August, 1997.</p> <p>* If he returns to Russia he will be persecuted as a spy for his political and religious beliefs.</p>
368	Rep Lokan	Asks if religious freedom is currently available in Russia.
370	Tkachenko	<p>* Every Russian state has their own rules for practicing religious beliefs.</p> <p>* Christian worship is practiced behind closed doors and literature</p>

		and bibles are difficult to acquire. * He has friends that have returned to the United States because the religious persecution was so difficult to live with in Russia.
399	Jason Dimen	Legislative Aide to Rep. Jo Ann Bowman and Philippine American citizen, testifies in support of HB 3689. * Has come to testify on his own behalf and in response to the testimony of the people that have spoken today. * The people that have testified before the committee came to America to be free. * One can't quantify the value of a person by the few dollars they receive in welfare benefits. * It is important to judge people by:

1. what they give to society

2. the communities they create

3. the support they give their children and families

* Children of legal immigrants work in, own, and operate businesses that have fed your family, cleaned your clothes, fixed your shoes, cared for your sick children, and represented you in court.

* His parents came to the United States in 1975 as doctors to give their children better educational opportunities.

* They received benefits for the first few months they were in the United States while they established residency and looked for work.

* The benefits his parents received have been re-paid many times over in the twenty two years that they have lived here.

* Asks the committee to think back to their immigrant heritage, including their grandparents and great grandparents.

* Asks the committee to vote with their reason, compassion, and conscience.

**TAPE
116, A**

037

Vice President, Asian Pacific American Seniors Coalition (APASC), submits and presents written information in support of HB 3689 (**EXHIBIT B**).

Narcisa

* The APASC is made up of Cambodian, Chinese, Philippine, Japanese,

	Pimentel	<p>Korean, Laotian, and Vietnamese seniors.</p> <p>* The people she represents need the help of the legislator's to have a good quality of life.</p> <p>Vietnamese Community Activist, brings elderly, blind, and disabled Vietnamese women to the committee who are losing their benefits and will have no place to go.</p>
11	Dang Le	<p>* Thanks the committee for listening to the stories and experiences of the legal immigrants who have come to the Capitol.</p> <p>Vietnamese senior woman, testifies in support of HB 3689</p> <p>* she has been in the United States for 10 years</p>
152	1st panel member	<p>* she is 79 years old</p> <p>* she failed the test for citizenship</p> <p>* came from a refugee camp and cannot go back to Vietnam</p> <p>Vietnamese senior woman, testifies in support of HB 3689.</p>
172	2nd panel member	<p>* she is 70 years old</p> <p>* has been in the country 5 years</p> <p>* asks the committee for help because she is old and blind and cannot work</p> <p>Somali Refugee, testifies in support of HB 3689.</p> <p>* Lives and works in Oregon.</p> <p>* Learned about the Declaration of Independence while still a child in Somalia.</p> <p>* Has worked for State Farm insurance and has paid taxes for the last 5 years.</p> <p>* Welfare should not have been an issue from the beginning.</p>
190	Hussein Diriye	<p>* Immigrant populations in the United states pay more in taxes than receive benefits.</p> <p>* Immigrants serve and die in the US military.</p> <p>* Tried to call Sen. Ron Wyden's office when this issue was being debated in congress.</p> <p>* He walked thousands of miles to get out of his country and came to the United States because he believed in the philosophies of this country.</p> <p>* He will be able to apply for citizenship in September of 1997.</p>

335 Long There is a conflict with amendments and the bill will be brought back on Monday 06/02/97.

347 Chair Milne Closes the public hearing on HB 3689.

378 Chair Milne Opens a public hearing on SB 966.

SB 966
PUBLIC
HEARING

380 Long Summarizes the bill.
Oregon Legislator, House District 56, testifies in support of SB 966.

- * there are 5 geographical zones within the state
- * each zone has a different capitation and reimbursement rate for the Oregon Health plan determined by OMAP
- * Tri-County (Multnomah county, Clackamas county, Washington county) has a basic capitation rate of \$1.34
- * Eastern Oregon has a basic capitation rate of \$1.18
- * 60 percent of the residents from Cascade Locks (his home town) get their health care from the Tri-County area.

390 Rep. Bob Montgomery

- * charges for services to Cascade Locks residents received in Tri-County are made at the Tri-County levels however, since the patients live in the Eastern Oregon geographical zone, the charges are taken out of the \$1.18 capitation rate
- * this reimburses Tri-County providers at a higher rate than if these people had seen an Eastern Oregon provider
- * it's wrong that these funds come out of the Eastern Oregon cap rate
- * the 5 zone system must be changed
- * it's hypocritical for Oregon to lobby Medicare and US government officials on the need for a level payment for Medicare providers nation wide while engaging in similar set ups for Medicare providers on a state level

TAPE 115, B

001 Rep. Montgomery Continues presentation.

Oregon Legislator, Senate District 28, testifies in support of SB 966.

Considers what the equity issue means to rural health care:

- * Rural hospitals have the added difficulty of distance and time with all the same costs of other providers.
- 020 Sen. Ferrioli
- * reimbursement is at a far lower rate than urban hospitals
- * Rural hospitals deserve to be treated equitably and fairly.
- * paying lower capitation rates to rural hospitals threatens their ability to continue to provide care to rural citizens
- Oregon Medical Association (OMA), testifies in support of SB 966.
- * a member within the OMA from Hood River filed a resolution that stated that since there is an OMA position for supporting one rate for Medicare state wide there should be a position of support for one state wide rate fore Medicaid
- 050 Tim Martinez
- * the Oregon Health Plan (OHP) pays OMA members between 35 and 40 cents on the dollar, well below their costs
- * no data exists that says it costs less to provide health care in rural areas including Eugene and Salem
- * 170 members of the OMA (most are from the Tri-County area) passed this issue unanimously
- 087 Debra Waln
- Mid-Valley Independent Physicians Association, submits and presents written testimony in support of SB 966 (**EXHIBIT C**).
- OB/GYN, OMA member, testifies in support of SB 966.
- 120 John Alseever
M.D.
- * There is no data that supports the allegation that rural hospital and health care costs are cheaper then larger metropolitan areas.
- * differential rates of reimbursement do not help rural areas attract health care providers
- 148 Rep. Taylor
- Asks if the differential rates are reimbursed across the board by a percentage.
- The 5 geographic areas have a set percentage.
- 150 Waln
- "institutional" and "physician" rates are differential
- "other" is even rate reimbursement
- Governor's Office, submits and presents written testimony in regards to SB 966 (**EXHIBIT D**).
- * The governor's office was neutral when this legislation first came out, however, now urges the committee not to pass SB 966.
- * equal payments may be exclusive

- * Medicare and Medicaid has recognized a cost variation
 - * variation of utilization including days of hospital stays
 - * highly specialized providers located in metropolitan areas have higher costs
 - * discusses capitation rates
- 160 Mark Gibson
- * discusses looking at whether the methodology that is being used is working
 - * alternatives to this bill and reviews of geographic plans and costs
 - * traditionally rural hospitals have had difficulty to maintain fiscal viability however, the OHP has been beneficial in this area
 - * growth in providers has taken place mostly in the rural areas
- 300 Rep. Taylor
- Asks if Medicare has this geographic differentiation and wonders why Medicaid would be treated differently.
- * Medicare has geographic differentiation in its reimbursement rates.
 - * There are some organizations that say that all these rates should go away.
- 308 Gibson
- * The governor believes that there are legitimate differences in costs in various areas within the state and in our state relative to other states as well.
 - * The question is how the differentials are calculated.
 - * There is a problem with the way Medicare has calculated those differences from state to state.
- 327 Rep. Taylor
- Asks if in the review process of the methodology there would be consideration given to the economy of scale that was spoken of for some institutions, and the different utilization of the same investment by those rural communities.
- Responds affirmatively.
- 334 Gibson
- * these are critical issues that must be considered in discussions between providers, plans, and hospitals from various areas from the state
- 348 Rep. Lokan
- Asks for clarification on Gibson's comments that this issue can be handled without this bill.
- Office Medical Assistance Programs (OMAP) addresses Rep. Lokan's question.

* This issue comes from Hood River Hospital who's situation is not in one of the higher geographic areas.

* In some cases Hood River buys referral services from the Portland area and it does cost them more.

353 Hersch
 Crawford

* OMAP has talked with the Administrator at Hood River Hospital and relayed that he has a legitimate issue

* OMAP would make a commitment to work with Hood River and other urban area providers to address this issue.

* One item that is always discussed in the actuary advisory committee is how are geographic adjusters implemented.

* These issues can be solved Through the actuarial process.

390 Rep. Lokan

Asks about rural areas trying to attract doctors Through tax breaks and incentives.

There are a combination of factors that have helped.

* tax incentives have been helpful

400 Gibson

* the highest utilization rates are in rural areas

* there is dependability of reimbursement for the patients that rural doctors see

TAPE 116, B

008 Rep. Lokan

Comments that urban doctors she has talked to are having trouble getting paid by the OHP.

017 Rep. Harper

Asks for clarification on their opposition.

* If the legislature takes away the state's ability to have some geographic differential then the state loses a valuable tool to reimburse fairly and economically.

022 Gibson

* It would be a more constructive approach to go back and look at the criteria that is used to decide rates.

* discusses reimbursing from provider cost structures

* There is a real quantifiable difference in cost structures.

056 Rep. Devlin

Asks how the determination is made for building values used by health care providers.

* The factors used to set geographic rates have been developed by the Federal Health Care Financing Administration for Oregon and are based upon "input costs."

062 Crawford

* These factors may need to be further refined for Oregon.

078	Rep. Devlin	Asks about meeting the costs of this proposal by lowering the number of participants in the OHP. * If the state policy is to raise everyone up to the Tri-County rate it would mean increasing the cost for sixty five percent of OHP participants by 7 percent.
094	Crawford	* SB 966 requires the state to lower the Tri-County area down to the state wide average and bring the rural areas up to the state wide average. * The most straight forward option is changing he benefit package to afford funding this proposal.
115	Rep. Harper	Asks if the bill is a simple redistribution and not a total increase. * This bill would take dollars from the Tri-County area health plans and redistribute it in the rural areas of Oregon.
118	Crawford	* The Health Care Financing Administration (HCFA) is required to approve the way Oregon sets capitation rates in the OHP and that includes approval of the actuarial methodology. * The HCFA has approved the current methodology. * If SB 966 is approved the HCFA will need to re-approve the new methodology.
130	Chair Milne	Asks what changed in the governor's office to cause them to change and remove their support.
137	Gibson	The Governor's office wasn't able to give this bill attention on the Senate side.
150	Dave Fiskum	Providence Health Systems, testifies in opposition to SB 966.
160	Richard Rytting MD	Chief Medical Officer, Providence Health Plans, submits and presents written testimony in opposition to SB 966 (EXHIBIT E). Blue Cross / Blue Shield of Oregon, testifies in opposition to SB 966. * SB 966 would remove the fundamental principal of payments based on reasonable costs of health care delivery
240	John Powell	* wages at hospitals are diverse geographically (i.e. Hood River Hospital average hourly wage as computed by Medicare is \$13.29, at Emanuel Hospital in Portland it is \$22.66) * This issue needs to be addressed administratively * flat rates are not good for long term public policy
263	Fiskum	Stands ready to work with the governor's office or any others that the chair may appoint to meet.
275	Rep. Kruse	Asks if the witnesses believe the OHP is paying reasonable costs.

Yes and No.

267 Rytting The profession can provide good care at lower rates but it needs the opportunity to work these issues out.

290 Powell In the last year providers were not adequately reimbursed and the Governor's budget is addressing this problem.

305 Rytting Believes the OHP functions very marginally at best.

300 Rep. Kruse Comments that the theory behind the health plan is to provide true costs and wonders if this is the right discussion.

328 Rep. Harper Asks if there is some data available regarding geographic cost and rate differences.
Office of the Oregon Health Plan, explains the need to define which costs are being compared.

335 Barney Speight * variability's of private sector plans, Medicare and Medicaid
* some variability is expected in capitation rates

380 Rep. Harper Would like some data on how the 5 area rates were determined.
Discusses "input costs" by the Federal Health Care Administrative Association.

395 Crawford * labor costs
* tax structures
* demographics of population

418 Rep. Taylor Asks for clarification of Crawford's testimony regarding the percentage the Tri-County receives in rates and reimbursements.

TAPE 117, A

005 Crawford * The state has approximately 35 percent of its Oregon Health Plan eligible population in the Tri-County area.
* There is probably 35 percent of costs located in the Tri-County area.
* The people who have testified represent very powerful interests.
* The discussion has been filled with mights, may, possibly, perhaps

010 Sen. Ferrioli * discusses the unemployment rates in the rural areas causing less of an economy
* this bill is asking for an adjustment, not a state fiscal increase
* rural Oregonians don't have choices about their health care

Oregon Health Sciences University (OHSU), testifies in opposition to SB 966.

- * Costs of care in rural and urban areas need to be evaluated
- 068 Sue Hidick * urban areas should not be disadvantaged with the adjustments proposed
- * OHSU is willing to be involved in discussions around this issue.
- 091 Chair Milne Closes the public hearing on SB 966.
- 092 Chair Milne Opens a work session on SB 966.

SB 966 WORK SESSION

- 0095 **Rep. Harper** **MOTION: Moves SB 966 to the floor with a DO PASS recommendation.**
- 097 Rep. Taylor Will vote yes on SB 966 to move it to the house floor but reserves the right to vote no on the floor if further discussion should change her thinking.
- 101 Rep. Lokan Will vote no today for the reasons that more discussion should occur around this issue.
- 107 Rep. Kruse Will vote yes and wait to see if changes are warranted during the interim.
- VOTE: 4-1**
- AYE: 4 - Harper, Kruse, Taylor, Milne**
- NAY: 1 - Lokan**
- EXCUSED: 2 - Devlin, Piercy**
- The motion CARRIES.**
- 117 **Chair Milne** **REP. MONTGOMERY will lead discussion on the floor.**
- 124 Chair Milne Closes the work session on SB 966.
- 125 Chair Milne Adjourns the meeting at 3:30 p.m.

Submitted By, Reviewed By,

Diane M. Quinones, Lori A. Long,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 3689, written testimony and information, Rep. Bowman, 9 pp.

B - HB 3689, written testimony, Narcisa Pimentel, 2 pp.

C - SB 966, written testimony, Debra Waln, 1 p.

D - SB 966, written testimony, Mark Gibson, 2 pp.

E - SB 966, written testimony, Rytting, 3 pp.