

HOUSE COMMITTEE ON HUMAN RESOURCES

June 9, 1997 Hearing Room H-170

1:00 P.M. Tapes 126 - 127

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:

SB 174 Work Session

SB 833 Public Hearing / Work Session

SCR 13 Public Hearing / Work Session

SB 435 Public Hearing / Work Session

SB 63 Public Hearing / Work Session

SB 66 Public Hearing / Work Session

SB 1182 Public Hearing / Work Session

SB 490 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 126, A		
001	Chair Milne	Calls the meeting to order at 1:45 p.m.
020	Chair Milne	Opens a work session on SB 174.
<u>SB 174 WORK SESSION</u>		
021	Lori Long	<p>Committee Administrator, summarizes the bill and introduces the -A10 amendments dated 06/09/97 (EXHIBIT A) that come from the Oregon Optometric Association.</p> <p>* SB 174A comes from the Board of Medical Examiners.</p>
020	Scott Nehring M.D.	<p>Optometric Physician, President- Elect, Oregon Optometric Association, testifies in support of SB 174 and the -10 amendments.</p> <p>* SB 174 -A10 will allow patients to see an optometrist directly with no referral</p> <p>* Patients can accurately self-refer to an optometrist</p> <p>* family physicians don't usually have the equipment to diagnose and treat an eye care problem</p> <p>* this legislation has been carefully drafted to preserve the role of managed care</p> <p>* direct access will not increase costs</p> <p>* eye care is only 1 percent of the total health care package covered by insurance</p>
085	Wayne Schumacher	<p>Executive Director, Oregon Optometric Association, testifies in support of SB 174 -A10, submits and presents testimony concerning an Oregon Health Plan (OHP) fiscal impact statement for SB 428, related legislation with a similar concept to SB 174 -A10 (EXHIBIT B).</p> <p>* the statement suggests a thirty two percent increase in utilization with the elimination of OMAP vision gate keeping services</p>
103	Rep. Harper	Asks for clarification that there is a 1.5 million dollar fiscal on the OHP.
105	Schumacher	<p>Responds affirmatively.</p> <p>* 1.5 million per biennium</p>

106	Rep. Harper	Asks if this figure only represents costs to the OHP.
107	Schumacher	<p>Responds affirmatively.</p> <ul style="list-style-type: none"> * the fiscal is based on an assumed thirty two percent increase in utilization * OHP defines vision benefits as eye exams, refractions, and glasses * the bill does not change OHP benefit structures * the bill only deals with medical eye care benefits * the information provided in EXHIBIT B is incorrect
126	Long	The -A10 amendments are not directing Oregon Medical Assistance Programs (OMAP) to implement direct access to eyecare.
129	Rep. Harper	Asks why the proponents would require all other health carriers to provide direct access eye coverage and not the OHP.
134	Schumacher	<ul style="list-style-type: none"> * The way the OHP is structured, this bill would not have caused them to function any differently than they currently function. * It was not an issue the proponents wanted to push for.
145	Joe Gilliam	<p>National Federation Independent Business, submits and presents a conceptual amendment to SB 174 -A (EXHIBIT C).</p> <ul style="list-style-type: none"> * the -A10 amendments create a new process * cost factors need to be applied evenly to the private sector like they would be to the public sector * if there is little cost to this proposal then it should include the OHP * asks to have EXHIBIT C included in the proposed amendments
178	Peggy Anet	<p>Health Insurance Association of America, testifies in opposition to the -10 amendments.</p> <ul style="list-style-type: none"> * these amendments would give eye care providers a carve out on the assumption that eye care services are self evident * discusses eye complications resulting from diabetes * utilization will go up without a gate keeper * provisions in the bill are unclear * the bill states that a difference in co-pay cannot be levied if a person goes to a provider outside the network

		<p>* managed care plans are designed to allow a greater choice of providers</p> <p>* SB 174-A10 language would not allow appropriate underwriting of the premiums for a preferred provider or a point of service plan</p> <p>* Legislative Counsel has confirmed this is a mandated benefit</p> <p>* conflicting provisions in the language make it unclear as to what is reimbursable</p>
228	Chair Milne	Asks Anet how she interprets page 3, lines 28, 29, and 30 of the -A10 amendments stating that there is no mandate to provide coverage.
231	Anet	Comments that this language conflicts with lines 21 and 22 on page 2 of the -A10 amendments.
238	Rep. Harper	<p>Is not comfortable with the fiscal questions that have not been answered.</p> <p>This bill and the newest amendments need more time from this committee.</p>
250	Kathleen Haley	<p>Board of Medical Examiners (BME), testifies in support of the -A9 amendments dated 06/06/97 (EXHIBIT D).</p> <p>* These amendments cover everything regarding housekeeping needs for the BME and they are the agreement made by the Acupuncture association and the BME</p>
275	Long	<p>Explains a conceptual amendment to the -A9 amendments that would solve a conflict for SB 174.</p> <p>* page 2, line 2, of the -A9 amendments there is a bolded statute number 677.320 should be placed in line 6 instead after 677.205</p>
290	Rep. Harper	MOTION: Moves to ADOPT SB 174-A9 amendments dated 06/06/97 with the conceptual amendments regarding the proper placement of ORS 677.320.
296	Chair Milne	Hearing no objection, declares the motion CARRIED.
300	Rep. Lokan	Comments on the problems that she is having with the last minute amendments proposed to SB 174 and the lack of time to properly investigate their viability.
318	Rep. Kruse	MOTION: Moves to ADOPT SB 174-A10 amendments dated 06/09/97.
320	Rep. Devlin	Asks if any opposition has had a chance to speak on these amendments.
325	Chair Milne	<p>There is no more time to debate this issue.</p> <p>There has been one point of opposition raised.</p>
		With the potential fiscal impact this bill may carry it would be prudent

354	Rep. Kruse	of the committee to refer it to Ways and Means.
358	Chair Milne	If this bill goes to Ways and Means it may not be passed to the floor.
		VOTE: 6-1 AYE: 6 - Devlin, Kruse, Lokan, Piercy, Taylor, Milne NAY: 1 - Harper
374	Chair Milne	The motion CARRIES.
377	Rep. Kruse	MOTION: Moves SB 174A to the committee on Ways and Means with a DO PASS AS AMENDED recommendation.
		VOTE: 4-3 AYE: 4 - Harper, Kruse, Lokan, Milne NAY: 3 - Devlin, Piercy, Taylor
399	Chair Milne	The motion CARRIES.
403	Chair Milne	Closes the work session on SB 174.
408	Chair Milne	Opens a public hearing on SB 833.
SB 833 PUBLIC HEARING		
410	Bob Joondeph	Executive Director, Oregon Advocacy Center (OAC), submits and presents written testimony in support of SB 833 (EXHIBIT E). * this bill allows people with mental health illnesses to plan for crisis situations in the future * the bill makes a technical change to existing 1991 legislation
423	Rep. Harper	Asks for the vote in the Senate.
424	Long	23 - Aye, 2 - Excused, 5 - Other Business
428	Chair Milne	Asks if there is any opposition to the bill.
429	Joondeph	There has been no opposition brought forward either on the Senate side or during the bills referral to the House Human Resource Committee.
435	Chair Milne	Closes the public hearing on SB 833.
436	Chair Milne	Opens a work session on SB 833.
TAPE 127, A		
SB 833 WORK SESSION		
008	Rep. Harper	MOTION: Moves SB 833 to the floor with a DO PASS recommendation.
		VOTE: 7-0

		AYE: In a roll call vote, all members present vote Aye.
013	Chair Milne	The motion CARRIES. REP. HARPER will lead discussion on the floor.
015	Chair Milne	Closes the work session SB 833.
016	Chair Milne	Opens a public hearing on SCR 13.
<u>SCR 13</u> <u>PUBLIC</u> <u>HEARING</u>		
018	Jim Gardner	Pharmaceutical Research and Manufacturers of America (PHARMA), testifies in support of SCR 13. * bill urges congress to enact legislation to facilitate review and approval of innovative new drugs, biological products and medical devices * passed the Senate with no opposition * supported strongly by PHARMA and the Oregon Bio-Technology Association bill serves 3 purposes:

1. It helps urge congress to reduce a significant impediment to the roll-out of new pharmaceutical products aimed at improving health and treatment in cases where existing treatment is becoming ineffective as a result of immunities to bacteria and virus.

2. It is an economic development effort for a burgeoning bio-technology industry in Oregon.

3. It streamlines the process for new drug approval.

036 Chair Milne Closes the public hearing on SCR 13.

037 Chair Milne Opens a work session on SCR 13.

SCR 13 WORK
SESSION

037 Rep. MOTION: Moves SCR 13 be sent to the floor with a BE
DEVLIN: ADOPTED AS AMENDED recommendation.
VOTE: 7-0

045 Chair AYE: In a roll call vote, all members present vote Aye.
Milne The motion CARRIES.
REP. DEVLIN will lead discussion on the floor.

046 Chair Milne Closes the work session on SCR 13.

047 Chair Milne Opens a work session on SB 435.

SB 435 PUBLIC HEARING

048 Long Summarizes the bill and explains consensus reached between proponents and opponents of SB 435.

052 John Praggastis Submits and presents written testimony in support of SB 435 and explains the conceptual amendment being proposed (**EXHIBIT F**).

072 Chair Milne Closes the public hearing on SB 435.

073 Chair Milne Opens a work session on SB 435.

SB 435 WORK SESSION

075 Rep. Kruse **MOTION: Moves to ADOPT SB 435-A conceptual amendments presented by the Northwest Paramedic Alliance.**
VOTE: 7-0

090 Chair Milne **Hearing no objection, declares the motion CARRIED.**

091 Long Notes for the committee the necessity for the -A3 conflict amendments and explains that they are non substantive.

094 Rep. Kruse **MOTION: Moves to ADOPT SB 435-A3 amendments dated 06/06/97 (EXHIBIT G).**
VOTE: 7-0

109 Chair Milne **Hearing no objection, declares the motion CARRIED.**

113 Rep. Kruse **MOTION: Moves SB 435A to the floor with a DO PASS AS AMENDED recommendation and RESCIND THE SUBSEQUENT REFERRAL to WAYS AND MEANS.**
VOTE: 7-0

AYE: In a roll call vote, all members present vote Aye.
The motion CARRIES.

120 Chair Milne **REP. KRUSE will lead discussion on the floor.**

130 Chair Milne Closes the work session on SB 435.

133 Chair Milne Opens a public hearing on SB 63.

SB 63 PUBLIC HEARING

145 Long Summarizes the bill.

148 Sen. Bob Kintigh Oregon Legislator, Senate District 22, testifies in support of SB 63A.
* Good bill, should pass.
American Massage Therapy Association, testifies in support of SB 63.

149 Jeff Watkins * many hours were spent drafting and reviewing this bill
* it's intent is housekeeping in nature
* 19 Ayes, 2 Nays on the Senate floor

157 Chair Milne Closes the public hearing on SB 63.

158 Chair Milne Opens a work session on SB 63.

SB 63 WORK SESSION

160 Rep. Kruse **MOTION: Moves SB 63A to the floor with a DO PASS recommendation.**
VOTE: 7-0

170 Chair Milne **AYE: In a roll call vote, all members present vote Aye.**
The motion CARRIES.

175 Chair Milne **REP. KRUSE will lead discussion on the floor.**

180 Chair Milne Closes the work session on SB 63.

180 Chair Milne Opens a public hearing on SB 66.

SB 66 PUBLIC HEARING

183 Linda Glenn Public Member, Board of Massage Technicians, submits and presents written testimony in support of SB 66 (**EXHIBIT H**).

* This bill gives the board more flexibility in disciplining massage technicians so they are not limited to suspending or revoking a license

189 Rep. Taylor Asks about the -1 amendments to SB 66.

193 Diane Quinones Administrative Support Staff, explains that the -1 amendments dated 06/06/97 (**EXHIBIT I**) are conflict amendments.

195 Glenn * Understands that the amendment insures that SB 66 is consistent with past legislation and includes the code of ethical standards found in SB 63.

* This amendment does not appear to change anything.

208 Chair Milne Closes the public hearing on SB 66.

209 Chair Milne Opens a work session on SB 66.

**SB 66 WORK
SESSION**

210 Rep. Devlin **MOTION: Moves to ADOPT SB 66-1 amendments dated 06/06/97.**

VOTE: 7-0

235 Chair Milne **Hearing no objection, declares the motion CARRIED.**

238 Rep. Devlin **MOTION: Moves SB 66 to the floor with a DO PASS AS AMENDED recommendation.**

VOTE: 7-0

**AYE: In a roll call vote, all members present vote Aye.
The motion CARRIES.**

251 Chair Milne **REP. DEVLIN will lead discussion on the floor.**

253 Chair Milne Closes the work session on SB 66.

258 Chair Milne Opens a public hearing on SB 1182.

**SB 1182
PUBLIC
HEARING**

271 Sen. Kintigh Testifies in support of SB 1182 and explains that he sponsored this bill on behalf of the Cottage Grove Hospital, the only hospital in his district.

* refers to the staff measure summary from the Senate Committee on Health and Human Services as the best explanation of the bill he has seen

American Medical Group Association, testifies in support of SB 1182A.

292 Tom Gallagher * in order to expedite the bill through the Senate Committee, agreements were made to adopt the -A4 amendments dated 05/28/97 **(EXHIBIT J)** in the House Human Resource Committee

309 Rep. Harper Asks for clarification of the -A4 amendments intent.

The -A4 amendments:

310 Gallagher * specify more clearly the ending period as the date of the contract not the date of the application

* sets up a workgroup chaired by Barney Speight, Administrator, Oregon Health Plan

324 Rep. Devlin Asks for an explanation of the -A5 amendments dated 06/02/97
(EXHIBIT K).

326 Gallagher The -A5 amendments move another bill regarding competitive bidding within the Oregon Health Plan (OHP) into SB 1182A.

331 Rep. Lokan Asks for clarity of Gallagher's statement regarding the -A5 amendments raising difficulty.

335 Gallagher The -A5 amendments will have more difficulty being implemented and may not have the support of the Governor.

339 Rep. Kruse Asks who submitted the -A5 amendments.

342 Chair Milne They came from her office.

345 Hersch
Crawford Office Medical Assistance Programs (OMAP), submits and presents written testimony in opposition to SB 1182 -A5 dated 06/02/97
(EXHIBIT L).

398 Chair Milne Asks for clarification about Crawford's budget concerns considering that the -A5 amendment states that the rates should be no greater than current rates.
* The agency would have no control over the bids.

405 Crawford * If the bids come in at the actuarial rate level then there has been no gain.
* There is no guarantee that the bids could be supported.
Comments that a worse case scenario would leave the state right where it already is.

423 Chair Milne A best case scenario would save the state a considerable amount of money.
* The estimate is a possible one to two percent savings with no guarantees of long term savings.

427 Crawford * The administrative costs would be significant.

435 Chair Milne When there is a potential for savings it's a little hard to resist.

TAPE 126, B

001 Rep. Harper Asks what two percent of eight hundred million comes to.

003 Crawford Sixteen million.

005 Rep. Lokan Asks if other states have competitive bidding.
Responds affirmatively.

006 Crawford * Other states are unlike Oregon in that all the actuarial information is held very closely by the state and is not shared with the plan.
* Other states establish "bid quarters" - minimum and maximum bids

* This makes their process more competitive.

* In Oregon the rate setting process is too open for competitive bidding to be successful.

015 Rep. Harper Asks Crawford what the state would have to loose by adopting these amendments.

* The OHP may loose a number of rural plans if the purpose of competitive bidding is to acquire lower cost contractors.

020 Crawford * Newer rural plans may not be able to afford to compete for contracts.

* With the possibility of 30 percent of the population having to move from plans is expensive for the plan and confusing and frustrating for the elderly and disabled.

035 Rep. Lokan Asks what would force changing plans.

038 Crawford If an individual is involved with a plan that has no contract and their doctor is involved with a plan that does have a contract then they would have to change doctors and plans.

042 Rep. Taylor Comments on her concerns about getting doctors to participate in competitive bidding considering the fragile relationships with providers and the managed care system.

Comments on the concerns that providers are complaining about not making any money under the OHP.

057 Rep. Devlin

The concerns of capitation with managed care have been raised frequently in the last four months.

065 Chair Milne Asks about the population of Oregonians on the Oregon Health Plan.

* Approximately three hundred and fifty thousand people are covered today.

067 Crawford

* This figure represents about eleven percent of the population.

069 Chair Milne Asks about cost increases to the plan since it began.

The OHP started in February of 1994.

* In October of 1994 the capitation rates went up 5 percent.

071 Crawford * In October of 1995 they went up 0 percent.

* In October of 1996 they went up 1.5 percent.

* In October of 1997 they will go up approximately 10 percent.

* In October of 1998 they will go up approximately 4 percent.

These figures average to a 4 percent increase

083 Chair Milne Believes the figures she has received are significantly higher and wonders where all the dollar increases are going if the providers are not receiving them.

089 Rep. Piercy Asks about the cost of setting up a bidding process.

091 Crawford The agency cost will run about seven hundred thousand dollars. Kaiser Permanente, testifies in opposition to the -A5 amendments.

096 Bruce Bishop
 * Kaiser Permanente testified in opposition to HB 2894 regarding competitive bidding.
 * Concurs with the testimony of Hersch Crawford.
 * Two corner stones to the OHP when it was originally enacted include:

1. responding to the underpayment of providers
2. agreements that the state would not vary those that were eligible to receive services

120 Chair Milne Asks Bishop if he is opposed to saving money.
 * The state is already inadequately reimbursing providers for the cost of care in the OHP.

124 Bishop
 * Subjecting the OHP to competitive bidding will not achieve savings hoped for.

140 Rep . Harper Asks how opponents can be so sure that this proposition will not work.
 * The state of Washington has not had success with this concept.

143 Bishop
 * The way the Oregon Health Plan is set up there is no reassurance of savings.
 * The additional administrative costs will off set savings in a way that is not anticipated.
 Oregon Medical Association, testifies in opposition to SB 1182 - A5.

165 Scott Gallant
 * OHP does not reimburse providers adequately enough to warrant a competitive bidding process at this time
 * these amendments will provide a disincentive for providers to participate in the OHP
 * HB 2894 sent to Ways and Means by the House Human

Resource Committee, requiring a fiscal and performance audit, is the appropriate approach to making a determination of cost problems.

191 Mike Dewey Oregon Dental Service Health Plans, proposes a conceptual amendment dealing with a time frame regarding the approval of an individual's application for accreditation.

225 Chair Milne Closes the public hearing on SB 1182.

226 Chair Milne Opens a work session on SB 1182.

SB 1182 WORK SESSION

227 Rep. Kruse **MOTION: Moves to ADOPT SB 1182A conceptual amendments presented by the ODS Health Plans that would change page 1, line 24 of the printed bill from 60 days to 90 days.**

VOTE: 7-0

235 Chair Milne **Hearing no objection, declares the motion CARRIED.**

233 Rep. Piercy **MOTION: Moves to ADOPT SB 1182-A4 amendments dated 05/28/97.**

VOTE: 7-0

237 Chair Milne **Hearing no objection, declares the motion CARRIED.**

242 Rep. Harper **MOTION: Moves to ADOPT SB 1182-A5 amendments dated 06/02/97.**

244 Rep. Piercy Will not support the -A5 amendments.

246 Rep. Kruse Cannot support the -A5 amendments as there is not sufficient time to answer all the questions they raise.

252 Rep. Lokan Asks if the Health Care workgroup will do some information gathering around the issues of competitive bidding.

262 Chair Milne Hopes that more investigation can be done regarding this issue as these amendments have the potential to save the state a large amount of money.

VOTE: 3-4

AYE: 3 - Harper, Lokan, Milne

NAY: 4 - Devlin, Kruse, Piercy, Taylor

289 Chair Milne **The motion FAILS.**

291 Rep. Devlin **MOTION: Moves SB 1182A to the floor with a DO PASS AS AMENDED recommendation.**

Rep. Would like a budget note in the bill file about the need to

300 Lokan investigate the advisability of competitive bidding in the OHP.
VOTE: 7-0

AYE: In a roll call vote, all members present vote Aye.
The motion CARRIES.

316 **Chair Milne** **REP. DEVLIN will lead discussion on the floor.**

322 Chair Milne Closes the work session on SB 1182.

323 Long Although the committee intended to adopt the conflict amendments for SB 63, upon reviewing the tape the -A4 amendments dated 06/06/97 (**EXHIBIT M**) were not adopted during the work session.

333 **Rep. Kruse** **MOTION: Moves to SUSPEND the rules for the purpose of reconsidering the conflict amendments to SB 63A.**

Chair Milne **Hearing no objection, declares the motion CARRIED.**

SB 63
RECONSIDERATION

338 Watkins After reviewing the -A4 amendments there may be a new conflict created with HB 2128 that was passed out of the House Human Resource Committee earlier in the session.
* This should be reviewed by Legislative Counsel.

391 Long * Suggests to the committee that SB 63A be sent to the Committee on Rules and Elections so that the conflict amendments can be clarified and adopted.

408 **Rep. Kruse** **MOTION: Moves to RECONSIDER the vote by which SB 63 was moved to the House floor with a DO PASS recommendation.**

413 **Chair Milne** **Hearing no objection, declares the motion CARRIED.**

415 **Rep. Kruse** **MOTION: Moves SB 63A to the Committee on Rules and Elections with a DO PASS recommendation and to clarify and adopt the -A4 conflict amendments dated 06/06/97.**
VOTE: 7-0

AYE: In a roll call vote, all members present vote Aye.

418 **Chair Milne** **The motion CARRIES.**

426 Chair Milne Closes the reconsideration on SB 63.

432 Chair Milne Opens a work session on SB 490.

SB 490 WORK

SESSION

440	Rep. Kruse	MOTION: Moves SB 490 to the Committee on Rules and Elections without RECOMMENDATION as to passage. VOTE: 7-0
445	Chair Milne	Hearing no objection, declares the motion CARRIED.
448	Chair Milne	Closes the work session on SB 490.
450	Chair Milne	Adjourns the meeting at 3:25 p.m.

Submitted By, Reviewed By,

Diane M. Quinones, Lori A. Long,

Administrative Support Administrator

EXHIBIT SUMMARY

A - SB 174 - A10 amendments dated 06/09/97, staff, 7 pp.

B - SB 174 agency fiscal information, Wayne Schumacher, 4 pp.

C - SB 174 conceptual amendment, Joe Gilliam, 1 p.

D - SB 174 - A9 amendments dated 06/06/97 2 pp.

E - SB 833 written testimony, Bob Joondeph, 3 pp.

F - SB 435 written testimony, John Praggastis, 1 p.

G - SB 435 - A3 amendments dated 06/06/97, staff, 6 pp.

H - SB 66 written testimony, Linda Glenn, 1 p.

I - SB 66 - 1 amendments dated 06/06/97, staff, 3 pp.

J - SB 1182 - A4 amendments dated 05/28/97, Tom Gallagher, 2 pp.

K - SB 1182 - A5 amendments dated 06/02/97, Rep. Patti Milne, 2 pp.

L - SB 1182 written testimony, dated 06/09/97, Hersch Crawford, 3 pp.

M - SB 63 - A4 amendments dated 06/06/97, Staff, 2 pp.