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SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

March 20, 1997 Hearing Room B

3:00 P.M. Tapes 39 - 41

MEMBERS PRESENT:

Sen. Bill Fisher, Chair

Sen. Jeannette Hamby, Vice-Chair

Sen. Lenn Hannon

Sen. Marylin Shannon

Sen. Susan Castillo

Sen. Thomas Wilde

MEMBER EXCUSED:

STAFF PRESENT:

Anne E. Tweedt, Administrator

Sandy Thiele-Cirka, Administrative Support

MEASURES/ISSUES HEARD:

SB 508 Public Hearing and Possible Work Session

SB 31 Public Hearing

SB 502 Work Session

SB 174 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 39, A		
003	Chair Fisher	Calls meeting to order at 3:07pm, opens public hearing SB 508.
<u>SB 508 - PUBLIC HEARING</u>		
005	Sen. Eileen Qutub	District 4, sponsor of SB 508, summarizes and provides testimony in support of SB 508.
030	Nick Willard	Representing Retired Persons Services, Inc., and Oregon Retired Persons Pharmacy, Beaverton. Provides testimony in support of SB 508 (EXHIBIT A).
051	Sen. Castillo	Questions how often out of state prescriptions require filling?
053	Willard	Responds that when there is a prescription for a controlled substance and a non-controlled substance they are handled separately delaying care to the patient.
063	Eugene Organ	Executive Director, Oregon Disabilities Commission, provides testimony in support of SB 508 (EXHIBIT B).
096	Chair Fisher	Calls a recess.
104	Chair Fisher	Reconvenes, 3:14pm.
<u>SB 508 - WORK SESSION</u>		
106	Chair Fisher	Opens work session on SB 508.
107	Sen. Hannon	MOTION: Moves SB 508 to the floor with a DO PASS recommendation.
	Sen.	

109	Hannon	Announces potential conflict of interest.
115	Sen. Castillo	Comments in support of SB 508.
121		VOTE: 4-0 EXCUSED: 2 - Hamby, Shannon
	Chair Fisher	Hearing no objection, declares the motion CARRIED. SEN. WILDE will lead discussion on the floor.
127	Chair Fisher	Closes work session SB 508.
<u>SB 31 - PUBLIC HEARING</u>		
128	Chair Fisher	Opens public hearing on SB 31.
132	Mike Dewey	Representing Oregon State Pharmacists Association (OSPA), provides testimony in support of SB 31 (EXHIBIT C).
190	Dewey	Continues testimony addressing drug noncompliance.
232	Burt Kwitsky	Executive Director, Oregon State Pharmacists Association, and pharmacist, provides testimony in support of SB 31(EXHIBIT D).
275	Kwitsky	Continues presentation with overhead presentation.
369	Sen. Hannon	Questions why this bill is needed. Is it insurance companies signing with chain pharmacies versus independent pharmacies?
379	Kwitsky	Responds affirmatively. Explains the locking out that occurs.
387	Sen. Hannon	Comments that this appears to violate anti-trust laws. Questions if that is occurring?
398	Kwitsky	Responds and defers that answer to Ken Epley.
402	Sen. Hannon	Questions if it is a specific insurance company or a collaboration of companies that are involved with the 'lock out'?
413	Kwitsky	Responds that it is many companies that are involved.
417	Sen. Hannon	Questions if it is occurring with worker's compensation?
418	Kwitsky	Responds possibly, however he does not have any information in this arena.
421	Sen. Hannon	Questions if MEWA's are affected also?
427	Kwitsky	Responds that he does not have that information, but he will research that and provide it for the committee.
TAPE 40, A		

007	Chair Fisher	Questions drug induced admissions, does the witness have data that specifies if these patients had access to their local pharmacist, or are they being forced to go outside their local community?
022	Kwitsky	Responds that he does not have that information. Notes that this a noncompliance issue.
027	Sen. Castillo	Questions why Oregonians need to be concerned about this issue?
032	Kwitsky	Responds that Oregon relies on the small businesses and the concern arises when big business appears to be controlling the pharmacy market.
043	Sen. Castillo	Questions why the general public should care about the independent businesses?
046	Kwitsky	Responds that customer service is generally better with the smaller businesses. They offer a full benefit package, such as compassion, delivery service, attention after hours, and a faster turn around time for the patient receiving a prescription.
067	Organ	Provides testimony in support of SB 31 (EXHIBIT E).
109	Dan Kennedy	Legislative committee chair, Oregon State Pharmacists Association, and independent pharmacist. Provides testimony in support of SB 31 (EXHIBIT F). Comments that independent pharmacies provide personal health care continuity and personalized attention. Notes that prescriptions are paid by claims not by the pharmacy being used.
160	Ken Epley	Pharmacist, South Salem, provides testimony in support of SB 31.
238	Chair Fisher	Questions why chain pharmacies are not competitive?
240	Epley	Responds that prices are determined by the insurance company/carrier. Notes that it is the extra services provided by the independent business that keep businesses competitive.
251	Chair Fisher	Comments that chain pharmacies have to bid for the contracts with insurance companies. Questions why the bidding process doesn't promote competitiveness?
254	Epley	Responds that he has never been involved in the bidding process in prescription prices.
256	Chair Fisher	Questions if the insurance companies are taking bids from different pharmacies?
258	Epley	Responds that he does not have that information.
261	Sen. Hannon	Notes that an independent pharmacy can not offer the volume that a chain pharmacy can.
271	Epley	Notes that contracting with large chain pharmacies restricts access to patients, especially in rural Oregon.
275	Chair Fisher	Questions if the independent pharmacies are willing to be a provider, regardless of price?

278	Epley	Responds that the majority of the independent pharmacies will participate if an opportunity is offered to them.
299	Chair Fisher	Questions if the insurance companies question a pharmacy's ability to substitute different dosage of drugs if less expensive to the company and patient?
331	Epley	Responds that they have not experienced any difficulty in this area.
354	Sen. Hannon	Questions section 2, subsection 4, would HMO of Oregon be exempted?
362	Epley	Responds affirmatively, notes that Kaiser would be exempted also.
382	Sen. Hannon	Questions that this section would apply to other health insurance contractors?
387	Epley	Responds affirmatively.
390	Chair Fisher	Clarifies that Kaiser is exempted.
414	Dave Fiskum	Representing Pacificare of Oregon and Providence Good Health Plan, provides testimony in opposition to SB 31(EXHIBIT G).
TAPE 39, B		
025	Fiskum	Continues testimony citing the number of pharmacy contracts for both providers.
032	John Hanley	Regional Business Manager, clinical pharmacist with Pacificare, provides testimony in opposition to SB 31. Identifies the process involved in contracting with pharmacies.
061	Sen. Hannon	Questions if the consumer is informed of limited access to pharmacies?
073	Hanley	Responds that the subscribers are informed of the pharmacy network and current participants.
077	Sen. Hannon	Questions why the subscribers are canceling with HMOs and contracting with other companies that have freedom of choice?
080	Hanley	Responds that he does not have that information.
081	Sen. Hannon	Notes that the consumer wants the choice.
086	Fiskum	Comments that a network is available to the consumer.
097	Sen. Hannon	Notes the federal exempt status issued to some forms of health care providers.
102	Fiskum	Responds that the insurance companies are requesting to contract with providers that are willing to provide the services.
121	Sen. Hannon	Questions what cost containment has done to reduce the cost of health care premiums?
126	Fiskum	Responds affirmatively. That information is not available today, but he will provide it. Notes that renewal contracts are being signed with a minimal increase or no increase.

131	Sen. Hannon	Questions 'minimal increase'.
132	Fiskum	Responds 1-2 percent, under 5 percent.
144	Sen. Castillo	Questions pharmacy accessibility/availability to the elderly and disabled patients?
153	Hanley	Responds that Pacificare provides contracts with independent pharmacies for this purpose.
165	Fiskum	Responds that proximity of a pharmacy is a factor when a contract is being considered.
176	Chair Fisher	Questions if contracts are determined through a bid process or are pharmacies recruited based on the price of their drugs ?
189	Hanley	Responds that the insurance company offers a price and a pharmacy has the opportunity to accept that price or not.
191	Chair Fisher	Notes that this bill allows independent pharmacies to match other pharmacies prices in order to contract with the insurance company.
200	Fiskum	Responds that insurance companies negotiate prices with pharmacies, this bill would not allow negotiations between provider and pharmacy.
210	Chair Fisher	Questions if a contract is needed with every pharmacy before conducting business?
212	Hanley	Responds affirmatively.
214	Chair Fisher	Questions if this is required by law?
216	Fiskum	Responds that this is operational procedure.
217	Chair Fisher	Questions if there is an area of compromise between insurance companies and pharmacies? Questions total number of pharmacies statewide?
245	Hanley	Responds 700 pharmacies statewide, 550 contract with Pacificare.
258	Fiskum	Comments on the suggested compromise, notes that more contracts are being signed with more pharmacies indicating that improvements are occurring.
265	Chair Fisher	Questions the issue of poor performance, does that issue need to be considered?
270	Hanley	Responds that the contracts allow that right, and the companies would like to keep that option available to them.
276	Chair Fisher	Comments on situations that effect the individual that has limited access to a local pharmacies and inceased costs to obtain this service.
302	Hanley	Notes the increase of pharmacies as the PacifiCare membership grows.
334	Sen. Wilde	Questions the size and types of contracts. Are they simple or complex? Questions the difficulties of getting these contracts in place.
348	Hanley	Responds with the contract process.

355	Sen. Wilde	Notes that this process is not unreasonable.
367	Hanley	Responds affirmatively.
383	Chair Fisher	Questions if this procedure were on a voluntary basis, would that provide a possibility for a solution.
399	Hanley	Responds PacifiCare has attempted to contract with independent pharmacies in the past, the contracts were declined due to the lower reimbursement rate.
417	Sen. Wilde	Notes that the bill allows the insured the opportunity to go to any willing provider, leaving it up to the pharmacy to become a part of the health care network.
TAPE 40, B		
006	Mike Dewey	Notes that a compromise bill was passed four years ago, summarize the intent of that bill.
036	Chair Fisher	Closes public hearing SB 31.
<u>SB 502 - WORK SESSION</u>		
038	Sen. Hannon	MOTION: Moves SB 502 to the floor WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on Business, Law and Government by prior reference.
040	Chair Fisher	Hearing no objection, declares the motion CARRIED.
046	Chair Fisher	Closes work session SB 502.
<u>SB 31 - PUBLIC HEARING</u>		
048	Chair Fisher	Opens public hearing SB 31.
055	Jenny Ulum	Representing PACC and Select Care Health Plans, provides testimony opposing SB 31(EXHIBIT H).
086	Ann Reasoner	Pharmacy coordinator for SelectCare Plans and pharmacy manager for Peace Health Medical Group, provides testimony in opposition to SB 31.
125	Ulum	Notes additional information is available regarding 'provider-willing' legislation.
135	Chair Fisher	Comments on areas of compromise.
142	Ulum	Responds that quality, efficiency and need for services should be factors in contract considerations.
149	Chair Fisher	Notes that this bill does not require a bid, just a match to what has already been agreed upon.

155	Ulum	Responds that the current lower prices would disappear because negotiating would be removed.
163	Chair Fisher	Questions if the current prices are the lowest they can be?
169	Reasoner	Responds that costs are incurred when: individual members request a specific pharmacy be included in the plan and it really is not necessary, and when a pharmacy is the only one in a region and they reject the contract.
181	Chair Fisher	Notes the intent of the bill.
186	Ulum	Responds that contracts are being rejected because the reimbursements are too low.
195	Chair Fisher	Comments that a compromise is needed to accommodate rural Oregonians.
215	Reasoner	Notes that consolidation among independents is occurring. Describes all aspects of health care consolidating.
250	Ulum	Responds that the current low prices will not be the lowest if SB 31 passes.
275	Bruce Bishop	Representing Kaiser Permanente, provides testimony in opposition of SB 31 (EXHIBIT I). Comments on Kaiser's exemption from SB 31.
300	Chair Fisher	Questions if Kaiser's services are more broad than other HMO's?
316	Bishop	Responds affirmatively.
374	John Jackimiec	Pharmacy director, South Salem, testifies in opposition to SB 31. Focuses on therapeutic pharmacy and how Kaiser is addressing it, and the impact of SB 31.
TAPE 41, A		
007	Sen. Hannon	Questions if SB 31 applies to Kaiser Permanente?
008	Bishop	Responds that it does not.
010	Sen. Hannon	Questions why Kaiser is opposed to SB 31?
013	Bishop	Responds that they are uncertain of the exempt status, and what policy is being used to hold Kaiser exempt.
027	Chair Fisher	Invites additional testimony on SB 31.
030	James A. Davis	Representing United Seniors of Oregon, Oregon State Council of Senior Citizens and the Gray Panthers, provides testimony in support of SB 31 (EXHIBIT J).
103	Chair	Closes public hearing SB 31.

	Fisher	
<u>SB 174 - WORK SESSION</u>		
104	Chair Fisher	Opens work session SB 174.
106	Sen. Hamby	MOTION: Moves to ADOPT SB 174-2 amendments dated 3/19/97.
109	Chair Fisher	Hearing no objection, declares the motion CARRIED.
112	Sen. Hamby	MOTION: Moves SB 174 to the floor with a DO PASS AS AMENDED recommendation.
115		VOTE: 4-0 EXCUSED: 2 - Hannon, Shannon
	Chair Fisher	Hearing no objection, declares the motion CARRIED. SEN. HAMBY will lead discussion on the floor.
130	Chair Fisher	Closes work session on SB 174 and opens public hearing on SB 31.
<u>SB 31 - PUBLIC HEARING</u>		
142	Sen. Wilde	Questions why we are protecting in-house pharmacies?
151	Davis	Responds that this provision was in this bill last session, accessibility is the primary point.
161	Sen. Wilde	Questions if the exemption status covers the one in-house pharmacy, or all of the HMO's pharmacies?
163	Davis	Responds that the intent is used for the clinical setting.
177	Alice Pickard	President of United Seniors of Oregon, secretary of the Oregon State Council of Senior Citizens, provides testimony in support of SB 31.
229	Chair Fisher	Closes public hearing on SB 31, adjourns the meeting at 5:30pm.

Submitted By, Reviewed By,

**Sandy Thiele-Cirka, Anne E. Tweedt,
Administrative Support Administrator**

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EXHIBIT SUMMARY

A - SB 508, Written testimony, Nick Willard, 3pp

B - SB 508, Oregon Disabilities Commission, Eugene Organ, 1pp

C - SB 31, Written testimony, Mike Dewey, 6pp

D - SB 31, Oregon State Pharmacists Association, Burt Kwitzky, 13pp

E - SB 31, Oregon Disabilities Commission, Eugene Organ, 2pp

F - SB 31, Oregon State Pharmacists Association, Dan Kennedy, 2pp

G - SB 31, Written testimony, Dave Fiskum, 5pp

H - SB 31, Written testimony, Jenny Ulum, 4pp

I - SB 31, Written testimony, Bruce Bishop, 2pp

J - SB 31, Written testimony, James A. Davis, 3pp
