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**SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES**

**April 17, 1997 Hearing Room B**

**3:00 P.M. Tapes 65 - 67**

**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 507 Public Hearing**

**SB 933 Public Hearing**

**SB 194 Work Session**

**SB 176 Work Session**

**SB 934 Public Hearing and Work Session**

**SB 979 Public Hearing and Work Session**

**SB 813 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 65, A</b>		
003	Chair Fisher	Calls meeting to order at 3:07 PM, opens public hearing on SB 507.
<b><u>SB 507 PUBLIC HEARING</u></b>		
012	Sen. Gene Timms	District 30, provides testimony in support of SB 507.
056	Dave Harmon	Administrator, Harney District Hospital, provides testimony in support of SB 507.
132	Chair Fisher	Questions the financial impact of this bill on a yearly basis to his hospital.
136	Harmon	Responds that that information is not available.
146	Chair Fisher	Questions if this bill provides stronger contract negotiations with managed care.
150	Harmon	Responds that rural hospitals will still contract for a lesser reimbursement rate.
177	Ed Patterson	Vice-president Government Relations, Oregon Association of Hospitals and Health Systems, provides testimony in support of SB 507 ( <b>EXHIBIT A</b> ).
270	Patterson	Summarizes SB 507-2 amendments ( <b>EXHIBIT B</b> ).
384	Sen. Wilde	Questions how the -2 amendments will change current hospital practices.
391	Patterson	Responds that the hospital industry will have the opportunity to negotiate reimbursement contracts.

420	Sen. Wilde	Questions if currently there is no negotiating ability for rural hospitals.
424	Patterson	Responds that of 32 rural hospitals, 29 have contracts.
448	Terry Flichall (?)	Administrator, Santiam Memorial Hospital, provides testimony in support of SB 507.
<b>TAPE 66, A</b>		
021	Karen Whitaker	Director, Office of Rural Health, provides testimony in support of SB 507 ( <b>EXHIBIT C</b> ).
097	Brian DeLashmutt	Representing Oregon Nurses Association, provides testimony in support of SB 507.
124	Jeff Heatherington	President, FamilyCare Health Plans and Evergreen Medical Systems, provides testimony in opposition to SB 507 ( <b>EXHIBIT D</b> ). Notes two concerns: (a) no need for this legislation, (b) removes incentives for hospitals to improve efficiency.
209	Chair Fisher	Questions why a contract needs to be negotiated if the Medicaid costs are being paid.
216	Heatherington	Responds that if a hospital wants to look at a different strategy to see how it will work.
223	Chair Fisher	Questions how many A or B hospitals he has contracts with.
224	Heatherington	Responds that they have one risk-based contract, others are cost-based contracts.
231	Hersh Crawford	Director, Office of Medical Assistance Programs, provides testimony addressing concerns with SB 507 ( <b>EXHIBIT E</b> ). Notes that SB 507 would increase Medicaid expenditures under the Oregon Health Plan.
340	Chair Fisher	Questions data provided by the Office of Medical Assistance Programs, how are they determined.
348	Crawford	Responds that the figures are from the Health Plan Administrator's office, which are provided by the hospitals.
367	Chair Fisher	Questions how audits are performed.
371	Crawford	Responds that the division does not conduct audits.
380	Heatherington	Responds that the figures were obtained from OMAP and the Health Plan Administrator's office.
386	Crawford	Continues that he does not have information available on how the hospitals obtain their figures.
416	John Powell	Blue Cross/Blue Shield, provides testimony in opposition to SB 507 and the proposed -2 amendments ( <b>EXHIBIT F</b> ).
<b>TAPE 65, B</b>		
010	Powell	Continues summary and explanation of concerns.
057	Chair Fisher	Questions what would it cost BC/BS if SB 507 passed.
065	Powell	Responds that it would cost BC/BS \$600,332.
071	Sen. Hannon	Questions Mr. Crawford who will cover the \$3.9 million, will it come

		from the General Fund?
077	Crawford	Responds that current rates are determined by reasonable cost of delivering care, with SB 507 the rates will increase.
088	Sen. Hannon	Notes that \$2.2 million is additional general fund or does it include federal fund match.
092	Crawford	Responds affirmatively.
100	Sen. Hannon	Questions if an urban area hospital would receive less reimbursement than a A or B rural hospital.
104	Crawford	Responds that is possible.
109	Chair Fisher	Questions if that is currently occurring between urban and rural hospitals.
111	Crawford	Responds that, for fee-for-service plans, the reimbursement is greater in rural hospitals than urban hospitals, under managed care plans he does not have that information.
121	Chair Fisher	Closes public hearing on SB 507.
<b><u>SB 933</u></b> <b><u>PUBLIC</u></b> <b><u>HEARING</u></b>		
124	Chair Fisher	Opens public hearing on SB 933.
135	Madeline Olson	Assistant Administrator, Mental Health Services, Mental Health and Developmental Disability Services Division, provides testimony and explanation of a compromise being developed between division and providers. Submits testimony from Gary K. Weeks, Director ( <b>EXHIBIT G</b> ).
150	Sen. Hannon	Questions if the division has contacted the members of the Ways and Means Committee.
152	Olson	Responds not at this time.
173	Bob Lieberman	Director, Southern Oregon Adolescent Study and Treatment Center, Grants Pass, and President of Child and Adolescent Residential Psychiatric Programs (CHAARP). Comments that he has discussed the compromise with one of the Co-Chairs of Ways and Means.
186	Sen. Hannon	Comments on agency efficiency.
194	Olson	Responds that the compromise has been developed during the past few days.
205	Benson Meyers	Representing Oregon Alliance Children Programs, provides additional information regarding the compromise discussions and the budget note.
223	Liebermen	Comments on time and effort put into developing the budget note.
236	Bill Wellard	President Oregon Association of Treatment Centers, provides support in moving forward with the budget note.
248	Sen. Hannon	Questions if current statute requires full implementation of mental health into the Oregon Health Plan.

253	Olson	Responds that current implementation rate is at 25 percent of those eligible in the state.
256	Sen. Hannon	Questions when full implementation is due.
257	Olson	Responds that 100 percent implementation is effective July 1, 1997.
259	Sen. Hannon	Questions why a budget note is being compromised and not a bill to change current statute.
262	Olson	Responds that implementation is planned and appears in the Governor's budget, services being discussed will stay outside the Oregon Health Plan until the second year of the next biennium.
306	Chair Fisher	Comments on how these funds are processed.
326	Barry Kast	Administrator, Mental Health and Developmental Disabilities Division, comments that this bill addresses the method of payment.
350	Lieberman	Comments that the intention is to develop allocation of funds to managed care providers and for implementing services.
367	Sen. Hannon	Notes that July 1, 1997 is designated as the implementation date for capitation.
372	Olson	Responds that current statute requires individuals who are eligible for Medicaid after July 1, 1997, will be eligible for mental health services under the Oregon Health Plan's prioritized list of diagnoses.
418	Chair Fisher	Introduces constituent, closes public hearing on SB 933.
<b>SB 194 WORK SESSION</b>		
438	Chair Fisher	Opens work session on SB 194.
<b>TAPE 66, B</b>		
001	Anne Tweedt	Policy analyst, summarizes bill and the -1, and -2 amendments ( <b>EXHIBIT H</b> ).
<b>017</b>	<b>Sen. Hamby</b>	<b>MOTION: Moves to ADOPT SB 194-1 amendments dated 04/15/97.</b>
<b>022</b>	<b>Chair Fisher</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>024</b>	<b>Sen. Wilde</b>	<b>MOTION: Moves to ADOPT SB 194-2 amendments dated 04/17/97.</b>
<b>030</b>	<b>Chair Fisher</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>032</b>	<b>Sen. Hamby</b>	<b>MOTION: Moves SB 194 to the floor with a DO PASS AS AMENDED recommendation.</b>
034	Sen. Hannon	Questions the consequences if a hospital denies requests.
036	Tweedt	Responds that this is permissive.
<b>041</b>		<b>VOTE: 6-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
		<b>The motion CARRIES.</b>

	Chair Fisher	<b>SEN. WILDE will lead discussion on the floor.</b>
044	Chair Fisher	Closes work session on SB 194.
<b><u>SB 176</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
045	Chair Fisher	Opens work session on SB 176.
046	Tweedt	Summarizes SB 176 and proposed -1 amendments ( <b>EXHIBIT I</b> ).
<b>065</b>	<b>Sen. Wilde</b>	<b>MOTION: Moves to ADOPT SB 176-1 amendments dated 04/15/97.</b>
<b>067</b>	<b>Chair Fisher</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>070</b>	<b>Sen. Wilde</b>	<b>MOTION: Moves SB 176 to the floor with a DO PASS AS AMENDED recommendation.</b>
<b>072</b>		<b>VOTE: 6-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	<b>Chair Fisher</b>	<b>The motion CARRIES.</b> <b>SEN. WILDE will lead discussion on the floor.</b>
077	Chair Fisher	Closes work session on SB 176.
<b><u>SB 934</u></b> <b><u>PUBLIC</u></b> <b><u>HEARING</u></b>		
078	Chair Fisher	Opens public hearing on SB 934.
088	Vice-chair Hamby	Recommends brief testimony to allow the bill to move forward.
091	Sen. Hannon	Comments on the proposed -2 amendments ( <b>EXHIBIT J</b> ).
102	John Mangan	Representing Standard Insurance Company, provides testimony in support of SB 934 and the -2 amendments.
112	Jennifer Webber	Executive Director, Oregon Commission for Women, provides and submits testimony in support of SB 934 ( <b>EXHIBIT K</b> ). Submits written testimony from Women's Rights Coalition, Marcia Latta ( <b>EXHIBIT L</b> ).
121	Joel Ario	Representing the Insurance Division, provides testimony in support of SB 934 and the -2 amendments.
127	Jennifer Inman	Representing the Oregon Coalition Against Domestic and Sexual Violence and Concerned Citizens for the Health and Safety of Women, provides and submits testimony in support of SB 934 ( <b>EXHIBIT M</b> ).

134	Sen. Shannon	Comments on domestic violence.
137	Chair Fisher	Closes public hearing on SB 934.
<b><u>SB 934</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
138	Chair Fisher	Opens work session on SB 934.
138	Sen. Hannon	<b>MOTION: Moves to ADOPT SB 934-2 amendments dated 04/17/97.</b>
141	Chair Fisher	<b>Hearing no objection, declares the motion CARRIED.</b>
143	Sen. Hannon	Declares potential conflict of interest on SB 934.
146	Sen. Hannon	<b>MOTION: Moves SB 934 to the floor with a DO PASS AS AMENDED recommendation.</b>
152		<b>VOTE: 6-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair Fisher	<b>The motion CARRIES.</b> <b>SEN. HAMBY will lead discussion on the floor.</b>
157	Chair Fisher	Closes work session of SB 934.
<b><u>SB 979</u></b> <b><u>PUBLIC</u></b> <b><u>HEARING</u></b>		
159	Chair Fisher	Opens public hearing on SB 979.
164	Sen. Hannon	Summarizes and provides testimony in support of SB 979 and proposed -1 amendments ( <b>EXHIBIT N</b> ).
195	Chair Fisher	Declares potential conflict of interest.
213	Jim Carlson	Representing the Oregon Health Care Association, provides testimony in support of SB 979 ( <b>EXHIBIT O</b> ).
280	Carlson	Continues summary and explanation of -1 amendments.
363	Chair Fisher	Comments on the benefits provided by Medicare and the need for long term care insurance.
394	Peggy Anet	Representing Health Insurance Association of America (HIAA), provides testimony in support of SB 979.
413	Chair Fisher	Closes public hearing on SB 979.
<b><u>SB 979</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
414	Chair Fisher	Opens work session on SB 979.
416	Sen. Hamby	<b>MOTION: Moves to ADOPT SB 979-1 amendments dated</b>

		04/17/97.
421	Chair Fisher	Hearing no objection, declares the motion CARRIED.
425	Sen. Hamby	<b>MOTION: Moves SB 979 to the floor with a DO PASS AS AMENDED recommendation.</b>
433		<b>VOTE: 6-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair Fisher	<b>The motion CARRIES.</b> <b>HANNON will lead discussion on the floor.</b>
452	Chair Fisher	Closes work session on SB 979.
<b><u>SB 813</u></b> <b><u>PUBLIC</u></b> <b><u>HEARING</u></b>		
483	Chair Fisher	Opens public hearing on SB 813.
<b><u>TAPE 67, A</u></b>		
006	Fred Borngasser	Commissioner, Josephine County and Association of Oregon Counties, provides testimony in support of SB 813 ( <b>EXHIBIT P</b> ).
066	Sen. Hannon	Questions the fiscal impact of this measure.
072	Borngasser	Responds the impact is approximately 2 million dollars, this impact is only for the counties not providing community mental health.
075	Sen. Hannon	Questions how many counties do not contract out mental health services.
076	Borngasser	Responds that that information is not available.
081	Frank Moore	Director, Deschutes County Human Services, provides testimony in support of SB 813.
106	Irene Fischer-Davidson	Director, Clackamas County Mental Health Center, provides testimony in support of SB 813.
144	Barry Kast	Administrator, Mental Health and Developmental Disabilities Services Division, provides testimony opposing SB 813. Comments on division's concerns relating to the county and state relationship.
188	Chair Fisher	Notes that the fiscal impact on Josephine and Deschutes counties has been great.
199	Kast	Responds to Chair Fisher's concerns.
213	Sen. Hannon	Questions if there is a subsequent referral to the committee on Ways and Means.
214	Tweedt	Responds not by prior reference.
219	Sen. Hannon	Comments on the support of SB 813, requests that the committee consider a referral to Ways and Means.



223	Chair Fisher	Closes public hearing on SB 813.
<b>SB 813 WORK SESSION</b>		
215	Chair Fisher	Opens work session on SB 813.
243	Sen. Hannon	<b>MOTION: Moves SB 813 the floor with a DO PASS recommendation and BE REFERRED to the committee on Ways and Means.</b>
247		<b>VOTE: 6-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair Fisher	<b>The motion CARRIES.</b>
272	Chair Fisher	Closes work session on SB 813, adjourns the meeting at 5:20 pm.

**Submitted By, Reviewed By,**

**Sandy Thiele-Cirka, Anne E. Tweedt,**

**Administrative Support Administrator**

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**EXHIBIT SUMMARY**

**A - SB 507, Oregon Association of Hospitals and Health Systems, Ed Patterson, 5pp**

**B - SB 507, -2 amendments, Ed Patterson, 1pp**

**C - SB 507, Office of Rural Health, Karen Whitaker, 4pp**

**D - SB 507, Written testimony, Jeff Heatherington, 3pp**

**E - SB 507, Oregon Department of Human Resources, Hersh Crawford, 2pp**

**F - SB 507, Blue Cross/Blue Shield of Oregon, John Powell, 3pp**

**G - SB 933, Oregon Department of Human Resources, Gary Weeks, 1pp**

**H - SB 194, -1 amendments, staff, 2pp**

**I - SB 176, -1 amendments, staff, 1pp**

**J - SB 934, -2 amendments, staff, 1pp**

**K - SB 934, Oregon Commission for Women, Jennifer Webber, 2pp**

**L - SB 934, Women's Rights Coalition, Marcia Latta, 1pp**

**M - SB 934, Written testimony, Jennifer Inman, 1pp**

**N - SB 979, -1 amendments, Senator Hannon, 2pp**

**O - SB 979, Written testimony, Jim Carlson, 5pp**

**P - SB 813, Association of Oregon Counties, Fred Borngasser, 4pp**

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