



> Faculty is there for academic purpose and mission continues to be education, research and service.

SEN. TROW: Also concerned that students continue to be involved.

DR. KOHLER: Thinks students support the proposal.  
> Appointment of Board members is left up to the Governor.  
> Student lobby active in soliciting position on our Board.

365 SEN. TIMMS: Met with independent hospital administrators in Portland area. Positive reaction and hopes of more joint ventures.

DR. KOHLER: Talks about other successful medical research universities.

421 SEN. KEN BAKER: Public corporation not really defined in Sec 2 of SB 2.

Exactly what are we creating and where is the difference between semi-independent agency versus a public corporation? Where is the accountability if you are not subject to state statutes or constitutional provisions.

DR. KOHLER: Legal advisor will go through bill section by section and answer those questions.

TAPE 40A

029 DR. LESLEY HALLICK, Provost, OHSU: Continues presentation by talking about academic mission of the institution. Refers to summary of programs in Viewbook included with their handout (see EXH. B).

> Programs contain the training and continuing education elements for all health care providers in Oregon.

> Three schools at OHSU - Dentistry, Medicine and Nursing.

> Lists other elements in the School of Medicine that will continue with the public corporation model.

> Made budget cuts in administration and not in academic programs.

> Describes new programs in allied health area.

> Talks about statewide outreach aspects of graduate and undergraduate programs at OHSU.

> Faculty Senate is governance body of the faculty and it voted unanimously

to approve the public corporation initiative.

177 JIM WALKER, VP, Finance & Administration, OHSU: Continues testimony on the business/financial perspective

> Reviews information on chart concerning economics of OHSU - past, present

and future.

> Refers to chart on the schools and education proponents, and sources of revenue including tuition and fees.

SEN. TROW: What percent of the services are bought by state or federal money?

WALKER: About 20 percent of our patients are on Medicaid. Higher than other hospitals in the state.

> Mission of OHSU is to take patients who are not sponsored.

> Talks about other sources of revenue - grants and contracts.

> State can't keep up with the demand for state funds - affects academic quality, research and patient care.

> Refers to chart on revenue and state support for OHSU.

> Started changing the operation in 1987 - consolidating administration and

focusing resources on the institution as a whole. Get the business side healthy and invest in faculty.

390 > Doing more in education and research.

SEN. BAKER: How much has come out of the Vollum Institute?

WALKER: About one-fifth - important but not a major change.

> Explains how more focus and resources were put into the technology used at OHSU. Created efficiencies and helps with outreach.

TAPE 39B

020 WALKER: Talks about changes in the health care environment - places OHSU

at risk. Started looking at managed care - fee for service environment.

> Refers to graph concerning Health Maintenance Organizations (HMOs).

> Need more freedom than being a state agency allows in the new environment.

> Uses the Oregon Health Plan as an example. OHSU tried to form a HMO and needed an exemption from state rules.

127 DR. KOHLER: Lead to submitting legislative proposal for public corporation status.

SEN. TROW: Will teaching faculty members be allowed to carry on private

practices using university facilities?

WALKER: Patient services get billed by the physicians whether there is a student involved or not.

> Plan to continue that practice.

> Explains how the money pays for a lot of their program expenses.

DR. KOHLER: Important part of the revenue stream. Faculty members make only two-thirds of what they could earn in a full-time private practice.

177 SEN. BAKER: What do you mean by debt you will take with you and how will you pay for maintenance of the state-owned buildings?

WALKER: The debt is mostly from state revenue bonds issued through OSSHE for OHSU. Sixty percent is for the hospital and about 23 percent is for parking structures on the campus. Debt service has been paid for by OHSU.

> Amount of the debt is about \$110 million. Have requested in SB 2 the ability to issue bonds through the state. Debt service paid for by OHSU. Also want ability to access private market bonds. OHSU would issue tax-exempt revenue bonds. State Treasurer concerned with OHSU having the ability to continue to issue state bonds. Told State Treasurer they would take out language giving OHSU ability to issue tax-exempt bonds from the state. Advantage of issuing tax-exempt revenue bonds outside the state, they will not be backed by the state at all.

265 CHAIR HARTUNG: Committee will start at 7 am on Tuesday., Feb. 28.

> Asks Grattan Kerans, OSSHE, to talk to other medical groups and report to committee. Also report on Chancellor Cox's position on SB 2.

SEN. TROW: Like to know about another bill on same subject - what are the differences between SB 275 and SB 2.

KERANS: Bills identical except for two items.

329 JANET BILLUPS, Legal Policy Advisor, OHSU: Explains she will go through

a section by section summary included in their handout and refer to table on statutes and to proposed amendments including one requested by Sen. Shannon for contracting with the disabled community (Sec. 16) (see EXH. B).

> Legislative Counsel has all proposed amendments with exception of amendments from Sen. Timms on open meetings and public records.

439 SEN. TROW: May propose some amendments later after hearing the testimony.

TAPE 40B

019 BILLINGS: Reviews language in Sec. 1 and 2.

SEN. BAKER: Need definition of independent public corporation in bill.

BILLINGS: Continues with Sec. 3, 4, and 5.

063 CHAIR HARTUNG: Talks about students serving on Board of Directors. Suggests making it a two-year term with Senate confirmation - described separately in the bill.

BILLINGS: Reviews language in Sec. 6, 7, and 8.

> Two changes - in Sec. 23 on page 5, include specific language that OHSU adopts faculty practice plans for faculty clinical income and Sec. 25 split

into two subsections.

> Sec. 9 concerning statutes OHSU would be exempt from. If statute only applies to state agencies, OHSU would be exempt. If it applies to all public bodies, OHSU would not be exempt.

> Explains how to use the tables of statutes included in their handout.

> Talks about constitutional provisions that would not apply to OHSU.

156 SEN. TROW: Does anything you are doing require a Constitutional amendment?

BILLINGS: No. University was created by statute and can be restructured by statute. OHSU is not mentioned in the Constitution.

SEN. TROW: What happens to assessments OHSU pays to other state agencies?

BILLINGS: Assessments are not a matter of statute and are not addressed in the bill.

DR. KOHLER: Will pay assessments for services we use but hope not to pay assessments for services not used. Happy to use state-provided services when possible.

200 BILLINGS: Reviews technical amendments to Sec. 9.

> Goes on to Sec. 10 concerning employees and benefits.

> All employees will have the option to continue in PERS.  
> Board has responsibility to adopt a personnel system. Will honor  
applicable collective bargaining agreements.

293 DR. HALLICK: Talks about their campus-wide participatory process in  
developing a human resources system.

314 CHAIR HARTUNG: Received letter supporting SB 2 from City of Portland  
(EXH. C).  
> Adjourns meeting at 9:55 a.m.

Reviewed and submitted by

Carolynn Gillson, Assistant

EXHIBIT SUMMARY

A	SB 271	Committee staff	74 pages
B	SB 2	OHSU	52 pages
C	SB 2	City of Portland	1 page