

SENATE COMMITTEE ON
HEALTH AND HUMAN SERVICES

March 8, 1995 3:00 P.M.

Hearing Room B
Tapes 33 - 34

MEMBERS PRESENT: Sen. Stan Bunn, Chair Sen. Lenn Hannon Sen. Bill Kennemer

MEMBER EXCUSED: Sen. William McCoy, Vice-Chair Sen. Randy Leonard

STAFF PRESENT: Art Wilkinson, Committee Administrator Patricia Wehrli,
Committee Assistant

MEASURES HEARD: SB 95 WORK SESSION
SB 152 PUBLIC HEARING

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TAPE 33, A

05 CHAIR BUNN Convenes the meeting at 3:05 p m
Opens WORK SESSION on SB 95

12 MOTION: SEN. HANNON: Moves that SB 95 be referred back to the committee with a recommendation that referral to Senate Judiciary be removed and SB 95 be sent to the Floor with a DO PASS recommendation

20 VOTE: CHAIR BUNN: Hearing no objection, motion CARRIES. SEN. LEONARD and SEN. MCCOY are EXCUSED.

29 CHAIR BUNN Closes WORK SESSION ON SB 95
ODens PUBLIC HEARING on SB 152

Witnesses: Vickie Gates

34 CHAIR BUNN: Describes his approach and suggestions on the progress of the Oregon Health Plan. Laid out the course of action to be followed by the committee His recommendations Craft

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expansion and development of the Health Care Plan in the following ways:
First, remove the mandates and clarify that mandates will not be part of the OHP.

47 SEN. KENNEMER: Clarifies the employer mandates.

48 CHAIR BUNN: Continues to discuss his approach and suggestions.

59 SEN. LEONARD: Joins the meeting.

66 CHAIR BUNN: Addresses the committee regarding concerns raised by Sen. Kennemer and Sen. Hannon.

97 SEN. KENNEMER: In reference to the Mental Health issue, an objective panel put together the necessity of the Mental Health Services and put it in the 200-300 range of priority ranging, which would make it very accessible to Oregon Health Clients. It is my objective to make this a high priority item.

112 CHAIR BUNN: Discusses his conversation with Vicki Gates. His outline for Ms. Gates was to only look at the cost effective means of providing health care alternatives.

128 VICKIE GATES, Office of the Health Plan Administrator: Testifying in SUPPORT OF SB 152. [EXHIBITS A, B, C]

140 Testifies about SB 152, see exhibit B: Ms. Gates supported her testimony by using the charts found in EXHIBIT B on an overhead projector.

171 Talks about why we need reform.

186 KENNEMER: What percentage of a poverty level are we looking at?

193 GATES: I have some charts that clarify that specifically. (see page 3-10 of EXHIBIT B:)

199 One of the questions we have is that of numbers. There is a variety in the data, but there is also some consistency. A percentage of people were asked about their insurance status for the past 12 months. Roughly 410,000 people in Oregon do not have health insurance.

229 KENNEMER: Does that include Medicaid participants?

235 GATES: An adjustment was made for the Medicaid expansion.

239 KENNEMER: Does that include those who are carried under the Oregon Health Plan?

244 GATES: Yes it does.

247 CHAIR BUNN: Taking the entire Oregon population, everyone except these 400,000 people are insured?

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249 GATES: We have made a difference of about 150,000 people who have insurance because of the Oregon health plan.

263 CHAIR BUNN: We have not only the need of coverage, but also the fear of loss of coverage, the fear of loss of alternatives, and it seems to me that in addition to the 100,000 we've covered in expanding the Medicare plan and the others in high risk, we have taken a significant step in helping give those who are already covered better pool coverage than they would've had otherwise.

274 GATES: I believe that is true, particularly in the small group market. There was security found being a direct part of this group that is part of this reform.

280 CHAIR BUNN: The loss of coverage is a major concern for individuals in the high risk areas; as we craft a plan it needs to give some reassurance to these individuals.

291 GATES: References and discusses page 3 of EXHIBIT B.

315 CHAIR BUNN: In that poverty level, we as a committee need to identify

specifically what actions we are going to take to help these people.

322 SEN. KENNEMER: Prior to the expansion plan we were funding the first 80%
under the
poverty level ?

327 GATES: Yes, there was simply a large number of people that were excluded
because they didn't fit under a category, which is one of the major changes
that we've made.

333 GATES: References page 4 of EXHIBIT B.

348 CHAIR BUNN: On the over 65 group, shouldn't we really be able to get rid
of that grouping if we work at it aggressively ?

350 GATES: it's such a small number. We've looked at some alternatives that
are backed by high priority groups or income and it could be that because
some of the things we looked at could make a difference. I think that's a
group that we would like to look at in more detail, to understand some of
the reasons for that at the national level as well as the state level.

371 References and discusses page 5 of EXHIBIT B.

401 CHAIR BUNN: What kind of numbers do these people transcend? Just taking
this age group, there are 100,000 members that can afford insurance, but do
not have insurance.

493 GATES: We are saying that about 12% of those in that age group have the
disposable
income to afford health insurance but are uninsured.

427 CHAIR BUNN: What that's saying to me is that there are people that can
afford the insurance that don't believe they need it. I don't believe we
need to provide them insurance. Without access and money to buy is one
thing, but those who choose not to because the cost isn't worth the risk of
being uninsured, then do we have an obligation to force them to get that
coverage? Do we have 25,000 people in this age group that could buy health
insurance at a rate that is reasonable and

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have the means available? Do we as a committee have an obligation to force
them to get that
coverage? I think we need to discuss that.

458 GATES: That is the reason for discussion of individual mandates.
Should there be a requirement on the individuals or the business?

463 CHAIR BUNN: Other than spreading the cost over a much broader group,
what compelling reason is there to bring those people in?

TAPE 34, B

01 GATES: Responds to Chair Bunn's question.

22 CHAIR BUNN: We need to separate the policy issues and answer on each
one. First, do you need them on a broader pool? Secondly, would they get
preventive care if we brought them in and third, how do they affect things
in terms of catastrophic illnesses.

27 GATES: One of the issues that does need to be studied is the random demand issue.

38 Discusses the issue of the status of children. Uninsured children 1993 adjusted for Medicaid expansion.

51 CHAIR BUNN: I think uninsured kids should be a priority of this committee.

58 GATES: The next chart also deals with children and why children are uninsured. Reference and discusses pages 7-8 of EXHIBIT B.

83 References and discusses page 9 of EXHIBIT B.

94 References and discusses pages 10-11 of EXHIBIT B.

118 CHAIR BUNN: We should be able to look at this report and look at any alternatives and find the consequences and use that as our options.

126 Calls ten minute recess.

140 Re-opens PUBLIC HEARING on SB 152

141 GATES: I won't spend a great deal of time on Individual and group market reforms, because I know the committee already has. Additional insurance reform will make a difference.

165 SEN. MCCOY: Do you think that there is anyway that we could come to agreement with the carriers about insurance reform'?

172 GATES: I think we are very close.

183 References and discusses page 12 of EXHIBIT B.

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234 CHAIR BUNN: In regards to the 200% poverty level, do you find a way to bundle that in any one of the various options to get the General Fund portion down to the 20 million dollar level?

242 GATES: If we were to look at the cost strategy for Oregon we would need to look at the expansion of the federal poverty level and look at the total cost for Oregon in regards to the comparison to the Florida health plan.

269 ART WILKINSON, Committee Administrator: When you get to 200% poverty level, why does federal matching go down'?

274 GATES: The chart needs to be changed to 120.7 million total funds instead of the 80.6 million.

285 WILKINSON: So you still keep the same federal matching rate?

280 GATES: Yes.

291 WILKINSON: Section 1902 allows states to go up 300% of Federal Poverty levels for pregnant women and children.

293 GATES: This is an option that is very popular among states because it is a high priority population and because it doesn't require a waiver. It is a plan amendment. Until recently it

was very difficult to get a waiver.

298 References and discusses page 16 of EXHIBIT B.

331 MCCOY: Is the Florida Plan beyond Medicaid and private insurance?

335 GATES: It does exclude people already insured and the reason the state does that is to avoid using government resources that are already out there in the private sector.

338 What Florida has administrated this through purchasing pools set up by the state. It proves to be very efficient way of doing things. They have done some innovative things such as involve their insurance agents in explaining the program. When we looked at the process to see if it was worth spending our time on we looked at their waiver and looked at what they assumed to penetrate their population and we did look at our own cost factors and found that it gives us tremendous cost leverage. It takes under 21 million General Fund dollars to bring as many as 45,000 members in. It is attractive and a 1115 waiver. Oregon would not be able to use the same cost neutrality measures as Florida used because we are so much further along in managed care. States now are using hypothetical eligible levels because there is so much flexibility in section 1902. Basically law we can fund up to 300% of the Federal Poverty Level.

375 References and discusses page 17 of EXHIBIT B.

415 The last option was to expand the current program that we have. Its a more expensive option.

428 References and discusses page 18 of EXHIBIT B.

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39 CHAIR BUNN: In the past as congress has been in the process of making major changes and Oregon has been doing at the same time, how do you link them up successfully'?

44 GATES: We are at an advantage that we have two very powerful members in the Congress.

48 CHAIR BUNN: So potentially we would be seeking waivers that would not conflict with what they are doing.

51 GATES: That's true. But we need to watch so if Oregon wants to the flexibility to exercise the options listed in Medicaid options then we would have to move very quickly.

55 CHAIR BUNN: Is someone in your office doing that now?

57 GATES: The Governor's office is working very closely with Senator Hatfield

61 CHAIR BUNN: I would think that the legislature could assist in that process by having our Caucus communicating with their Caucus.

112 GATES: Discusses small group reform.

121 References and discusses page 20 of EXHIBIT B.

180 References and discusses page 21 of EXHIBIT B.

220 Finishes testimony.

230 CHAIR BUNN: The portion of improving the information base and consolidation of the state's current health policy resources are both ones that this committee should work with and attempt to do. Sen. Timms is also working on this.

240 Closes PUBLIC HEARING on SB 152

Adjourns the meeting at 4:35 p.m.

Submitted by,

Patricia Wehrli
Committee Assistant

Reviewed by,

Art Wilkinson
Committee Administrator

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EXHIBIT SUMMARY:

A - Report on Alternatives for Increased Health Coverage (Relating to SB 152)--Vickie Gates--112pages
B- Condensed report (Relating to SB 152)--Vickie Gates--21 pages
C- Report on Medical Savings Accounts (Relating to SB 152)--Vickie Gates--32 pages

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