

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

April 7, 1993 Hearing Room 343 3:00 p.m. Tapes 46 - 48

MEMBERS PRESENT: Sen. Bill Dwyer, Chair Sen. Bill Kennemer, Vice-Chair
Sen. Brady Adams Sen. Ron Cease Sen. Karsten Rasmussen

MEMBER EXCUSED:

VISITING MEMBER:

STAFF PRESENT: Cherie Copeland, Committee Administrator Richard
Day-Reynolds, Committee Assistant

MEASURES CONSIDERED: Public Hearing and Possible Work Session:
SB 597 - Prohibits insurance policy that denies or
limits participation by pharmacist or drug outlet agreeing to policy
terms. SB 914 - Requires retailers to post
notice if consumers are being observed for purpose

of collecting information on consumer

behavior. SB 917 - Limits to \$25 applicant
screening fee charged by landlord of prospective tenant to process
application for residential

rental agreement. SB 935 - Limits amount of applicant
screening fee that landlord may charge.

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These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in
quotation marks report a speaker's exact words. For complete contents
of the proceedings, please refer to the tapes. [--- Unable To Translate
Graphic ---]

TAPE 46, SIDE A

014 CHAIR DWYER: Calls the meeting to order at 3:07 p.m.

SB 597 - PROHIBITS INSURANCE POLICY THAT DENIES OR LIMITS
PARTICIPATION BY PHARMACIST OR DRUG OUTLET AGREEING TO POLICY TERMS -
PUBLIC HEARING Witnesses: Mike Dewey, Retail Druggists Association,
Lane County

Pharmacists Association Jim Davis, United Seniors of Oregon,

Oregon State Council of Senior Citizens, Gray Panthers Harold King, Oregon State Council of Senior Citizens Marilyn Rader, President of the Oregon Pharmacists Association Dennis Finch, Pharmacist JoDell Offord, Pharmacist Jenny Ulum, Sacred Heart Health System Mykl Garrett, Sacred Heart Hospital Kathleen Beaufait, Legislative Counsel Roz Shirak, Legislative Fiscal Peggy Anet, League of Oregon Cities

042 MIKE DEWEY, RETAIL DRUGGISTS ASSOCIATION, LANE COUNTY PHARMACISTS ASSOCIATION: Testifies in support of the bill. Introduces (EXHIBITS

A-D).

200 SEN. ADAMS: Refers to fiscal analysis and asks if Mr. Dewey concurs with the analysis.

211 DEWEY: Answers. I thought the analysis would be more, but I believe the actual cost will be less.

234 SEN. ADAMS: Refers to a letter and asks question about open contract based panel.

240 DEWEY: Defers to pharmacists present and defines terms: managed care and open network.

268 SEN. ADAMS: How do you get prices down with panel?

283 SEN. KENNEMER: Clarifies. Health care organizations can contract with anyone which creates the competition.

301 DEWEY: Explains the two components: reimbursement levels and cost savings.

342 SEN. ADAMS: Questions the competitive elements.

366 DEWEY: You're correct in a sense, but pharmacies aren't allowed to compete now.

390 SEN. KENNEMER: Questions impact on local communities, access difficulties and long-term relationships between pharmacists and

patients.

401 DEWEY: Others will speak to that.

409 SEN. ADAMS: Asks question about Section 4.

426 DEWEY: You're correct.

428 SEN. CEASE: Asks about Section 4.

440 DEWEY: Section 4 may not do what we wanted it to do. We don't have a problem in deleting that section.

TAPE 47, SIDE A

031 SEN. KENNEMER: Do they have to meet all the requirements?

035 DEWEY: Yes.

(Tape 47, Side A) 045 JIM DAVIS, UNITED SENIORS OF OREGON, OREGON STATE COUNCIL OF SENIOR CITIZENS, GRAY PANTHERS: Testifies in support SB 597. Reads from

prepared testimony (EXHIBIT E).

120 HAROLD KING OREGON STATE COUNCIL OF SENIOR CITIZENS: Testifies in support of the bill. Reads from prepared testimony (EXHIBIT F).

163 SEN. CEASE: Respond to Section 4.

167 DAVIS: We aren't concerned with Section 4.

183 MARILYN RADER, PRESIDENT, OREGON PHARMACISTS ASSOCIATION: Testifies in support of the bill. Reads from prepared testimony (EXHIBIT G).

221 DENNIS FINCH, PHARMACIST: Testifies in support of the bill. Reads from prepared testimony (EXHIBIT H).

254 SEN. KENNEMER: Isn't your testimony against your best interest?

257 FINCH: Yes, but it's in the consumer's best interest.

268 SEN. KENNEMER: Asks question about competitive bidding.

273 FINCH: Describes process for bidding a contract.

311 SEN. KENNEMER: How much of a consumer issue is this?

317 FINCH: For seniors, this is a major issue.

328 SEN. KENNEMER: How important is the local pharmacist-patient relationship?

337 RADER: Very important. Describes relationship.

347 SEN. KENNEMER: Can you speak to the business side?

361 RADER: If you lose your customers you lose your business, but I think this is a service issue. 375 FINCH: Addresses Section 4 concerns.

387 CHAIR DWYER: Are your coupons only for new customers?

391 FINCH: No.

400 SEN. CEASE: There are two issues here, a consumer issue and an increase in pharmacies. Section 4 is not a consumer issue.

407 CHERIE COPELAND: Is this a new problem?

414 FINCH: About ten years.

TAPE 46, SIDE B

019 SEN. KENNEMER: Section 4 is also a way to ensure participation.

026 JODELL OFFORD, PHARMACIST: Testifies in supports of the bill.
Reads from prepared testimony (EXHIBIT I).

110 JENNY ULUM, SACRED HEART HEALTH SYSTEM: Testifies against the
bill.

131 SEN. KENNEMER: Wait, explain.

134 ULUM: The insurer can set the terms.

144 CHAIR DWYER: Are hospitals subject to anti-trust?

168 ULUM: Yes.

CHAIR DWYER: Why do you care who provides the service if the price to
the insurers is the same, unless you make money on product?

ULUM: Mykl's testimony will explain that. HMO's do save money.

CHAIR DWYER: How is the cost lower?

ULUM: Mykl will explain that. Volume of customers insures discount.

CHAIR DWYER: What do you care? Let the marketplace decide.

ULUM: This bill won't let the marketplace decide.

CHAIR DWYER: You understand this bill differently than I do.

205 SEN. CEASE: We need to understand the cost factor.

210 MYKL GARRETT, SACRED HEART HOSPITAL: Testifies against the
bill. Introduces written testimony (EXHIBIT J).

238 SEN. CEASE: The bidder will reduce the cost if he or she can deal
with the volume?

246 GARRETT: Yes. Continues to give reasons for opposition. Reads
from prepared statement.

355 SEN. KENNEMER: We are creating monopolies. They have no
reason to compete. Do we want to support large monopoly or local
groups as a

policy issue?

379 SEN. CEASE: I like this bill, but not Section 4. There's a
trade off between access and cost. I like the access. Give me a better
sense of

the cost factor.

413 GARRETT: Describes ways they try to keep costs down.

TAPE 47, SIDE B

063 SEN. KENNEMER: Kathleen, are we saying that if you can meet the
price you can be a provider or are there other conditions as well?

070 CHAIR DWYER: The question refers to line 9.

076 KATHLEEN BEAUFIT, LEGISLATIVE COUNCIL: It just says, "terms of the insurer".

086 SEN. CEASE: What does the contract do, and what is it for?

104 BEAUFIT: The question is answered by the intent and there is no intent here. I assumed it meant reimbursement, but that language doesn't

foreclose the insurer from imposing other terms.

114 SEN. KENNEMER: Sub (b) deals with reimbursement.

120 CHAIR DWYER: An insurance company could take advantage.

126 BEAUFIT: I agree, it's open to things other than reimbursement.

132 CHAIR DWYER: Roz, how come there is additional cost to the state if the state can get the same price from anyone?

138 ROZ SHIRAK, LEGISLATIVE FISCAL: The state would have to increase the number of premiums it pays.

150 CHAIR DWYER: What if someone was willing to meet the price?

152 ROZ: There is no one price.

167 SEN. ADAMS: Why can't an insurance company say, this is the maximum price I'm going to pay?

169 ROZ: Yes, they could probably experiment with a range.

178 SEN. ADAMS: Gives an example from mortgage market. Why can't insurance companies do that?

ROZ: They could.

SEN. ADAMS: Assuming they did that, there would be no financial impact.

ROZ: It would depend on that market clearing price.

192 CHAIR DWYER: There isn't a free market in this whole process.

196 SEN. KENNEMER: Sen. Adams approach might be well informed.

208 ROZ: I agree.

218 SEN. KENNEMER: The bill doesn't specify how you get to that price.

222 SEN. CEASE: What we have in this bill is more access and more pharmacies, but price is a problem.

248 SEN. KENNEMER: That's based on the assumption that we are going to use the same pricing system.

258 SEN. CEASE: You're going to have a bidding process based on the

economy of scale.

264 SEN. KENNEMER: There are also some mitigating circumstances. Isn't more access better social policy?

274 SEN. CEASE: If you get more access, you get more costs.

290 CHAIR DWYER: If somebody wants to lower the costs they're going to do it at some cost.

302 SEN. CEASE: If it's an access problem then understand the cost.

304 CHAIR DWYER: Where do we draw the line in terms of what's reasonable?

319 SEN ADAMS: There is a market mechanism to hold down costs and reduce costs out.

335 PEGGY ANET, LEAGUE OF OREGON CITIES: Testifies against the bill. Reads from prepared testimony (EXHIBIT K).

TAPE 48, SIDE A

016 CHAIR DWYER: Adjourns the meeting at 5:00 p.m.

Submitted by:

Reviewed by:

Willie Tiffany
Administrator

Richard Day-Reynolds Assistant

EXHIBIT LOG:

A - Testimony on SB 597 - Mike Dewey - 1 page B - Testimony on SB 597 - Mike Dewey - 4 pages C - Testimony on SB 597 - Mike Dewey - 2 pages D - Letter about SB 597 - Mike Dewey - 4 pages E - Testimony on SB 597 - Jim Davis - 2 pages F - Testimony on SB 597 - Harold King - 1 page G - Testimony on SB 597 - Marilyn Rader - 1 page H - Testimony on SB 597 - Dennis Finch - 1 page I - Testimony on SB 597 - JoDell Offord - 3 pages J - Testimony on SB 597 - Mykl Garrett - 1 page K - Testimony on SB 597 - Peggy Anet - 4 pages L - Witness Registration - Staff - 2 pages