

SENATE SPECIAL COMMITTEE ON THE  
OREGON HEALTH PLAN

July 23, 1993      Hearing Room 343  
3:00 p.m.      Tapes 13 - 14

MEMBERS PRESENT:            Sen. Bill Bradbury, Chair  
                              Sen. Joyce Cohen

Sen. Shirley Gold

Sen. Jeannette Hamby  
Sen. Paul Phillips  
Sen. Bob Shoemaker  
Sen. Gordon Smith  
Sen. Cliff Trow

MEMBERS EXCUSED:            Sen. Brady Adams

STAFF PRESENT:              Lisa Zavala, Administrator  
                              Dick Shoemaker, Administrator  
                              Pamella Andersen, Committee Clerk

MEASURES

CONSIDERED:                 HB 2440

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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.

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TAPE 13, SIDE A

004    CHAIR BRADBURY:    Calls the meeting to order. (3:20 p.m.)

WORK SESSION ON HB 2240

Witnesses:    Art Wilkinson, Legislative Fiscal Office  
                  Vicky Gates, Department of Human Resources  
                  Sandra Millius, Executive Director, Mental Health  
                  Association of Oregon  
                  Brian Delashmutt, Oregon Nurses Association & Oregon  
                  Counseling Association & Association of Marriage and  
                  Family Therapy  
                  Jim Scherzinger, Legislative Revenue Officer  
                  Mark Nelson, RJ Reynolds Tobacco Company

CHAIR BRADBURY: We have a series of amendments, (-A5, -A6, -A16), see (EXHIBIT A, B AND C).

\_ Elaborates on what the amendments do.

\_ (-A5) is the \$300,000 the House proposed to the Insurance Governing Board; they are for marketing and funding the marketing.

\_ The (-A6) are the appropriation language with blanks for

paying for the health plan.

045 CHAIR BRADBURY: The key questions are in the conceptual language; "it is the intention of the Legislative Assembly to achieve the goal of universal access to an adequate level of high quality health care at an affordable cost...".

\_ The employer mandate would be repealed if the 1995 legislature adopts an alternative to the employer mandate as a method to insure universal access to health care.

\_ We need to know what the employer mandate looks like, what is the benefit package, how are dependents taken care of, how to deal with hardship; all the issues need to be answered in an aggressive study to be done between now and 1995.

080 CHAIR BRADBURY: In addition, the legislation is calling for aggressive studies on other approaches with the particular focus on the possibilities of an individual mandate.

\_ There are other alternatives to achieve universal access and those should be studied during the interim.

\_ In the 1995 session they would adopt one of three choices, (employer mandate, individual mandate, single payer system) and that would take effect the same time we impose the employer mandate, if that was the option chosen.

100 CHAIR BRADBURY: The goal is universal access to health care to all citizens of the State of Oregon by July of 1997.

\_ The (-A16) amendments speak to the creation of the Health Plan Administrator; the definition of the Oregon Health Plan is in this language; some of the time line issues are addressed in Section 4(a).

\_ The basic request of the Administrator is to come to the Emergency Board after January 1 with a workplan to get the job done.

\_ Section 5 calls on the Administrator to submit to the next Legislative Assembly the "fleshing out" of the issues; we also need to deal with the issue of business hardship.

\_ We need to look at a schedule of targeted subsidies for both employers and employees based on the ability to pay, to deal with the employer mandate.

174 SEN. HAMBY: In Section 4(a) lines 26 - 30, I would like stronger or broader language to give consumers adequate information for shopping for health care.

SEN. COHEN: I would hope they add language rather than delete.

202 CHAIR BRADBURY: Section 7 calls on the Joint Legislative Audit committee to look at and evaluate the Oregon Health Care Plan.

\_ Section 8 is the appropriation, which is left blank at this point; Section 8 and 9 relate to funding for the Administrator rather than the Plan.

\_ Section 10 calls upon the Governor to appoint the Administrator in a very timely fashion.

\_ Section 11 calls upon the Governor to work with the congressional delegation to obtain exemptions from the ERISA Act.

\_ Section 12 is a key section where we state the Legislature, in 1995, will need to make a choice between the approach we currently have in law and another approach to get us to the place where we have universal access.

\_ Then there is an emergency clause.

254 CHAIR BRADBURY: I don't feel good about the way Section 12 is written.

SEN. COHEN: You can say that whichever plan will be phased in.

SEN. HAMBY: I would like a discussion at least by the next legislature as to the choice of plan.

CHAIR BRADBURY: We want the next legislature to be faced with concrete choices, and make them.

295 SEN. SHOEMAKER: On page 4, line 10, change "should be" to "shall be"; then that is coupled with the similar report on the employer mandate on line 12 and I think that then puts it before the assembly.

CHAIR BRADBURY: We will make that change.

310 SEN. PHILLIPS: Section 10; is there a purpose to putting an end date?

\_ Members discuss lengths of terms.

362 CHAIR BRADBURY: The HB 3684 language was "the Governor shall appoint based on a list of three nominees submitted by the President and the Speaker".

ADMIN. SHOEMAKER: Should the Administrator report one alternative or several to the employer mandate?

SEN. COHEN: I thought it was the Oregon Health Plan and one alternative.

CHAIR BRADBURY: It is important to keep the options open for the interim; it is important to get to the point where we have a clear understanding of what the mandate looks like and also to look at other alternatives.

SEN. COHEN: Line 1 page 36 says they shall implement the employer mandate or an alternative to be phased in.

CHAIR BRADBURY: The question is what is reported to the

legislature.

CHAIR BRADBURY: The issue is do we want an Interim Legislative Task Force to review a smorgaSB ord and make a decision presenting one other alternative other than the employer mandate?

SEN. TROW: Why don't we leave that up to them; if there isn't one that is viable it doesn't make sense; it is possible there could be more than one.

SEN. SHOEMAKER: We could insist they come up with the best alternative, even if they want to say it is not an adequate alternative, it would force them to the issue.

480 SEN. TROW: I agree; they should come up with a recommendation and report on the advisability or inadvisability of those alternatives.

SEN. SHOEMAKER: We could address that on page four, line twenty one.

TAPE 14, SIDE A

052 SEN. SHOEMAKER: "A recommendation of the best alternative to the employer mandate based on a comparison of alternative mechanisms for universal access including but not limited to an individual mandate financed through income tax, the current voluntary employer based programs of the Oregon Health Plan, other possible voluntary programs and a single payer system."

SEN. TROW: Is the only way to do an individual mandate through an income tax?

SEN. HAMBY: I hope we don't constrain, with language, any other proposal that might come up.

SEN. SHOEMAKER: "including but not limited to", then have a list.

076 SEN. COHEN: As you read it here, the individual mandate would have to be financed through the income tax.

CHAIR BRADBURY: Delete "financed through the income tax."

SEN. SHOEMAKER: We should also say the alternatives should be reported.

CHAIR BRADBURY: There is some key language that relates to including full operational development.

SEN. SHOEMAKER: We can have an additional paragraph that will instruct the administrator that when a decision has been made on the best alternative, to develop that fully.

ADMIN. SHOEMAKER: For a single payer system, you have a fairly worked out operational suggestion.

SEN. SHOEMAKER: The other possible voluntary programs are

under 3684.

120 CHAIR BRADBURY: Whichever alternative to current law the Health Care Administrator decides is the one to pursue, should be operationally fleshed out.

ADMIN. SHOEMAKER: Could that be included in (b)?

CHAIR BRADBURY: That is the right place for it.

SEN. SHOEMAKER: "shall include full operational development".

137 SEN. TROW: Does the Administrator report to the Governor; is the Governor responsible for implementing this?

CHAIR BRADBURY: Yes.

SEN. TROW: In Section 12 I would suggest "subject to the guidance of the 68th Legislative Assembly and contingent upon obtaining any necessary permission from the Federal Government, the Governor shall implement the employer mandate or alternative to be phased in."

CHAIR BRADBURY: But the choice would be made during the next legislative session.

SEN. SMITH: Expresses concerns; we have to be careful on the language we choose when it comes to the implementation date.

190 SEN. SHOEMAKER: Section 12 might read "contingent only upon any removal of any federal barrier to implementation the health plan enacted by the legislature shall be phased in between July 1, 1995 and July 1, as the 68th Legislative Assembly shall determine."

SEN. SHOEMAKER: If no plan is adopted, we stay with the 1989 plan.

CHAIR BRADBURY: I am comfortable with 1995 - 1997.

SEN. SHOEMAKER: "Contingent only upon removal of any federal barriers to implementation, the health plan enacted by the Legislature shall be phased in between 7-7-95 and 7-1-97 as the 68th legislative assembly shall determine."

283 SEN. TROW: Does that language clearly indicate that only contingent upon removal of the federal barriers; it is explicit enough that we mean ERISA and waivers?

SEN. HAMBY: Whatever barriers.

SEN. SHOEMAKER: Yes.

307 CHAIR BRADBURY: Throughout the draft we use the words "universal access"; the question is do we want to say "universal access" or "universal coverage".

SEN. TROW: It's not going to be universal coverage; there still are people who won't qualify to be in the plan.

CHAIR BRADBURY: (-A17) are the mental health amendments.

\_ The 801 amendments and the phase-in's or pilot project proposals from the house are both included in the (A-17) amendments?

ADMIN. SHOEMAKER: There is some technical language the Oregon Medical Assistance Program, (OMAP), needs for implementation of the health plan that is from SB 801.

CHAIR BRADBURY: Walk us through the amendments to get an understanding of concept.

\_ We are talking about the same starting date as the house, January 1, 1995, but we are talking about running the phase in for a period of 18 months, until July 1, 1996, then we are calling for full integration, statewide, of mental health and chemical dependency services.

\_ That was the basic change from the house amendments and what these propose.

411 SEN. TROW: Art Wilkinson says all of 801 are in the (-A17) amendments, (EXHIBIT D).

420 ART WILKINSON, LEGISLATIVE FISCAL OFFICE: We asked (OMAP) to pull out of SB 801, those essential parts they needed to change the existing law to implement the House plan.

\_ The difference from the House plan is that it says when you shall apply for the federal waivers and then it adds language saying when the implementation will be, then it adds a section of kinds of help clients should have provided by OMAP; those differences are laid out on page two line twenty five, see Exhibit D.

TAPE 13, SIDE B

045 SEN. SHOEMAKER: The question is of the difference between the pilot projects and the phase-in and the difference in the timing.

ADMIN. SHOEMAKER: Describes amendments for Sen. Cohen.

SEN. SMITH: In the house, to include mental health was so unknown and fearful to them, it was a point of real importance to get a pilot project to read what it means and I think they want a test program.

080 VICKY GATES, DEPARTMENT OF HUMAN RESOURCES: The major reason for the difference in dates was the issue of when we bring the exempt populations into the plan.

\_ Under the demonstration language there was tremendous concern that the six month period starting in January wouldn't allow an adequate time frame to answer some of the questions that deal with the relationship between mental health services and physical medicine.

SEN. SHOEMAKER: In talking only about a pilot project we are not addressing the 1991 Legislature's determination to actually implement mental health and chemical dependency services.

137 SANDRA MILLIUS, EXECUTIVE DIRECTOR, MENTAL HEALTH ASSOCIATION OF OREGON: We think that the amendments before you are a reasonable solution to the issue; this is a funding decision for the next legislature.

150 BRIAN DELASHMUTT, OREGON NURSES ASSOCIATION & OREGON COUNSELING ASSOCIATION & ASSOCIATION OF MARRIAGE AND FAMILY THERAPY: There were four things we felt needed to occur; one is date certain on application, second, integration of mental health and health into one, a start of a phase-in rather than demonstration and date certain for integration and this amendment contains all of those components.

SEN. SMITH: Can you share your perceptions of the problem in the House?

DELASHMUTT: Their problem was getting a handle on some numbers, such as costs, capacity and so forth.

\_ Commitment has been made for integration of mental health and we look at it in terms of the phase-in giving the ability to gather the data for the next legislative session to be able to make a judgement on how much it would cost.

DELASHMUTT: We hope that they will look at it being budget neutral with the \$4 million dollar figure and the 6 month project; we would hope they would see that as a positive sign.

MILLIUS: You have given a framework for the rest of it that would actually make a pilot work.

CHAIR BRADBURY: It requires affirmative action by both the House and the Senate to fund whatever we chose to do in the next session.

193 SEN. HAMBY: How would one conduct a 6 month pilot; what was the vision in the House?

GATES: The House was motivated by its concern for the lack of information and the actuarial work in this area; by extending a pilot to 25% of the population, they gave an adequate ability to test several geographic models.

230 GATES: Since this does not bind the House to a commitment they did not make they may recognize that this is a more effective way to implement a strategy that they took.

DELASHMUTT: Your staff has been provided some technical changes.

CHAIR BRADBURY: One change that stands out is to implement the mental health services on July 1, 1996, but we didn't do the same for chemical dependency; that needs to be in

section 8 as well.

265 CHAIR BRADBURY: The funding proposal I would offer is a 10 cent cigarette tax and the rest from the general fund.

293 JIM SCHERZINGER, LEGISLATIVE REVENUE OFFICER: The figures I have for a 10 cent cigarette tax beginning November 1, 1993 would be \$44.4 million.

350 SCHERZINGER: There is typically a floor tax as well of which you have to take an inventory and pay tax on that inventory; that is all included in this.

CHAIR BRADBURY: Is this drafted?

SCHERZINGER: I have not requested a draft, yet.

385 SEN. HAMBY: Is this tax on all tobacco related products?

SCHERZINGER: This was just cigarettes; other products, if you add on 10% increase in the rate, it would be another \$3.8 million.

SEN. TROW: How will the amount of tax we pay be compared to other states?

SCHERZINGER: I will get that information to you shortly.

424 SEN. HAMBY: Did the House discuss other tobacco products?

SCHERZINGER: There was no discussion on cigarette tax in the House.

SEN. PHILLIPS: Aren't some people out to raise that tax, as we are lagging behind, but in fact other tobacco products are higher priced already?

SCHERZINGER: I will get you the list of both cigarette taxes and other tobacco products.

465 CHAIR BRADBURY: There is the possibility of repeal based on tax reform, HB 2500, and another is having it sunset it in a number of years.

\_ It is a concern of the tobacco lobby, so we need to talk about this.

TAPE 14, SIDE B

035 MARK NELSON, RJ REYNOLDS TOBACCO COMPANY: The industry would take a tax increase if it included provisions stating that it would sunset if there was tax reform or would sunset in two to four years.

\_ If we need a bridge to start the health plan we are willing to do that, but if we are simply creating cash, we have a concern.

\_ If the intent is to make a social statement about tobacco, we don't think that is part of our discussion.

075 SEN. PHILLIPS: In 1989, when we passed this out it was not going to be a special tax, but out of the general fund.

NELSON: We have come to the table and we do have some conditions; this does help build a bridge and we have brought something to the table and I hope it will be recognized as such.

CHAIR BRADBURY: We will need to resolve those issues.

100 CHAIR BRADBURY: The (-A5) amendments, see Exhibit A, speak to \$300,000; who can speak to where that money comes from?

WILKINSON: That comes from the general fund.

110 CHAIR BRADBURY: Closes the work session on HB 2240.

\_ Adjourns the meeting. (5:00 p.m.)

Transcribed by,

Reviewed by,

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EXHIBIT LOG:

- A - HB 2240: (-A5) amendments submitted by staff, pp 1
- B - HB 2240: (-A6) amendments submitted by staff, pp 1
- C - HB 2240: (-A16) amendments submitted by staff, pp 7
- D - HB 2240: (-A17) amendments submitted by staff, pp 9