

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.

HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS

June 24, 1991
P.M.

Hearing Room E 1:30
Tape 109

MEMBERS PRESENT: Rep. John Schoon, Chair Rep. Hedy L. Rijken,
Vice-Chair Rep. Jerry Barnes Rep. Lisa Naito Rep. Carolyn Oakley Rep.
Beverly Stein Rep. Greg Walden

STAFF PRESENT: Terry Connolly, Committee Administrator Annetta
Mullins, Committee Assistant

MEASURES CONSIDERED: SB 551 WS

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TAPE 109, SIDE A

010 CHAIR SCHOON calls the meeting to order at 1:36 p.m. and opens the work session on SB 551 A-Eng.

SB 551 A-ENG. - REQUIRES DIRECTOR OF DEPARTMENT OF INSURANCE AND FINANCE TO EXCLUDE FROM APPLICATION OF MEDICAL FEE SCHEDULES AND HOSPITAL SERVICES THOSE SERVICES PERFORMED BY HOSPITAL PARTICIPATING IN CERTIFIED MANAGED CARE ORGANIZATIONS. Witnesses: Chris Davie, SAIF Corp. Gary Weeks, Department of Insurance and Finance

010 CHRIS DAVIE, SAIF Corporation: We were opposed to the original version of this bill because of the high cost estimate attached to it. We were invited to participate in the discussion that lead to the SB 551-A4 amendments (SEE EXHIBIT A OF COMMITTEE MINUTES DATED JUNE 20, 1991). Based on those amendments, we are prepared to accept the hospitals' good faith representations that these amendments will spur them to form managed care organizations and we believe the formation of managed care organizations are in the best long term interest of the system. Based on that we have withdrawn our objections to the bill.

040 REP. OAKLEY: Does the department have any idea of what the costs might be in the second or third years?

044 GARY WEEKS, Director, Department of Insurance and Finance: I don't have even a guess. My guess on the first year was pretty close. The second and third years depend entirely on how these incentives work in promoting hospitals to join MCO organizations. It depends also on how

fast we are able to bring up those that are in the pipeline. We have nine in the pipeline and I expect them to be approved in the next two to three months at the latest and others have expressed an interest in forming. It depends on how many MCOs there are and how many hospitals feel this is the kind of incentive that would encourage them to go to the MCO process.

057 REP. OAKLEY: Do you believe the Liberty Northwest estimate of \$10-12 million is possible.

060 MR. WEEKS: I think that would be reaching a long way to say we would ever get to those costs.

077 MOTION: REP. WALDEN moves that SB 551 A-Eng., as amended by the SB 551 -A4 amendments be sent to the Floor with a DO PASS recommendation.

080 REP. NAITO: I wasn't here and was not able to vote on this before. I would not have been able to support the original bill. I am somewhat nervous about this because we don't have the actual figures, but I do think the bill will move in the direction of increasing managed care for injured workers. I support the bill as amended.

088 REP. BARNES: I think we have to focus on the big picture to get more of our businesses and medical providers into the managed care organization. I am looking at three and four years and beyond and I think it will be good for everybody. I have a concern that it may hurt the injured worker, but I think if we can do everything we can to get these people back to work, it is going to save everybody a lot of money and head aches. I am supportive of it.

095 REP. STEIN: I don't think a vote against this bill is a vote against managed care organizations. However, I am still not convinced that after three months of experience the system has given us enough evidence to show this is going to make a difference. It was also heard from the Department of Insurance and Finance that the cost-to-charge ratio will be adjusted which I think will go a long with helping with a lot of the problems that have been expressed by the proponents of this bill. They are apparently not willing to wait and see if we can't work things out.

I am very concerned about the cost shift to the workers' compensation system. The sooner we quit shifting the costs around and realize the real cost of medical care, the faster we will get to a real solution to the problems of the medical system which I consider in complete disrepair. The people who pick up the costs are not going to know about the full impact of our cost shift unless we allow each system to pay its own way. This will shift costs into the workers' comp system.

I am also concerned that at no time this session did we allow injured workers to have a crack at changing the special session's workers' comp laws. Yet we are allowing one exception for the insurance and hospital industries to change workers' comp laws. On behalf of injured workers who did not have a chance to get in on any changes, I am very concerned about the impact of changes we made on them. I don't think it is good policy to be doing this right now.

I didn't support SB 1197 because it restricted access to injured workers, but it was done anyway because it saved money. Here we are going to spend money and not on injured workers.

My frustrations this session have been the lack of progress in doing anything on health care. I have seen the business community and the medical provider community appear to act in concert when their interests are not in concert. Businesses had better learn that their interest is in managed care organizations and they should be demanding on the

hospitals to create managed care systems. If they don't, they are going to end up paying for it and this is the way they are going to pay for it. For those reasons I will vote no.

130 VOTE: In a roll call vote, REPS. BARNES, NAITO, OAKLEY, WALDEN and CHAIR SCHOON vote AYE. REPS. STEIN and RIJKEN vote NO.

132 CHAIR SCHOON declares the motion passed. Speaker Campbell will lead discussion on the Floor.

125 CHAIR SCHOON: I have just received a letter from Attorney General Frohnmayer restating their position that they believe the per-gallon assessment shown in SB 1215 can be construed to be an assessment and not a tax. He does qualify it by saying, "However, our conclusion is not free from doubt."

149 CHAIR SCHOON declares the meeting adjourned at 1:48 p.m.

Respectfully submitted, Reviewed by,

Annetta MullinsTerry Connolly AssistantAdministrator

EXHIBIT SUMMARY

NONE