

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 HUMAN RESOURCES

February 13, 1991 Hearing Room D 1:00 p.m. Tapes 31 - 33

MEMBERS PRESENT: Rep. Mary Alice Ford, Chair Rep. Beverly Stein, Vice-Chair Rep. Jerry Barnes Rep. Cedric Hayden (arrived 1:12) Rep. John Meek (arrived 1:11) Rep. Hedy Rijken (arrived 1:23) Rep. Jackie Taylor

STAFF PRESENT: Melanie Zermer, Committee Administrator Pamela Berger, Committee Assistant

MEASURES CONSIDERED: HB 2456 - Health Care Service Informational, PH HB 2467 - Excise Tax exemption for Nonprofit Hospitals Informational Hearing: Oregon Basic Health Care Act

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TAPE 31, SIDE A

010 CHAIR FORD: Calls the meeting to order at 1:00 p.m., as a subcommittee. - Informs staff to write to Steve Minnich, AFS, in regards to a "slave" food drive. - Discusses public hearing dates on DHR's budget (EXHIBIT B).

Informational Hearing - Oregon Basic Health Care Act Witness: Mike McCracken, Oregon Medical Association

020 MIKE McCracken, OREGON MEDICAL ASSOCIATION: Submits and explains the Oregon Basic Health Care Act (EXHIBIT A). - Discusses the Oregon Health Care Challenge (See: page 1, Exhibit A). - Discusses the numbers of Oregonians without health insurance (See: page 2, Exhibit A). - Oregon law does provide access to emergency room treatment for those who cannot afford it. 112 - At a later date will send profiles of those 400,000 who are not eligible for state assistant medical insurance.

(FULL COMMITTEE)

- Discusses the 120,000 Oregonians below the Federal Poverty Level (FPL) who cannot receive Medicaid (See: page 3, Exhibit A).

REPRESENTATIVE HAYDEN: Automobile medical insurance and workers compensation are available to Oregonians.

McCRACKEN: Discusses the 260,000 of those without insurance who are employed (with dependents) (See: page 4, Exhibit A). 211 - Employers pay the health care bills of the 400,000 uninsured Oregonians (See: page 5, Exhibit A).

REPRESENTATIVE STEIN: I read an article that indicated that cost shifting is the largest reason for increasing health care premiums.

McCRACKEN: Discusses that the Oregon Health Standards will expand access to care, covering nearly all Oregonians (See: page 6, Exhibit A). 252 - Explains that the Oregon Health Standard will assure health care for workers, the poor, and the sick (See: page 7, Exhibit A). - Many people without health insurance simply because they cannot afford to pay for it.

318 REPRESENTATIVE MEEK: SB 935 and SB 534 are not getting rid of the problem, just shifting costs.

395 REPRESENTATIVE BARNES: Where do the federally funded community health clinics fit in?

McCRACKEN: They don't. There is no plan for the state government to assume responsibility for funding them, except through Medicaid.

TAPE 32, SIDE A

McCRACKEN: A portion of the population was left out of our survey on insurance coverage. 020 - Explains that the Oregon Health Standard links programs together to gain access for everyone (See: page 8, Exhibit A). - The Health Services Commission is putting an emphasis on prevention. 078 - Explains that congress has been asked to approve the Oregon Health Standard (See: page 9, Exhibit A). 104 - Points out that Oregonians living in poverty will benefit from the Oregon Health Standard (See: page 10, Exhibit A). - The federal Medicaid program does not have a ceiling. - There is a choice of coverage in any of the programs offered, although SB 27 states "wherever possible it shall be managed care".

150 REPRESENTATIVE HAYDEN: Providers and hospitals indicated there is no reason to prevent over utilization of the system.

McCRACKEN: The proposal was to eliminate the cost shift as to achieve universal health care. Cost containment would be achieved through the basic benefit plan design.

REPRESENTATIVE HAYDEN: Would it be by limiting specific services provided currently?

- McCRACKEN: Yes.

REPRESENTATIVE STEIN: SB 935 not only was for the Insurance Pool Governing

Board (IPGB) to provide choices, but to develop a pool which will allow us to leverage the buying power of small businesses who purchase through the pool.

McCRACKEN: Correct. 200 - Explains that Oregon businesses will provide health benefits for all workers (See: page 11, Exhibit A). 277 - Explains catastrophic care. 300 - Explains Oregon's High Risk Pool -- reaching thousands who need health insurance (See: page 12, Exhibit A). - Explains that in 1994, nearly all Oregon will have access to health care (See: page 13, Exhibit A).

PUBLIC HEARING: HB 2456 - Health Care Service Information Witness:  
Rep. Bill Dwyer, District 42

Staff submits a SMS on HB 2456 (EXHIBIT C).

391 REP. BILL DWYER, DISTRICT 42: Testifies in support of HB 2456. - Everybody knows costs of services provided to Medicaid clients, except the patient. - This bill would benefit the patient because it informs them of costs to the state for medical services and what services were provided. - During the 1989 session, the House Labor Committee conducted an audit on 10% of the medical practitioners (for unemployment compensation) in the Medford area for services rendered, and we recovered \$32 million.

TAPE 31, SIDE B

- This bill would keep providers responsible. - There are no penalties in this bill, if discrepancies are found. - The downside of this bill would be the additional paperwork this bill would create. - This provision is already under Workers Compensation law and does not apply to AFS. 037 - In response to REPRESENTATIVE STEIN, this bill applies to the 40% of medicaid patients that receive services from private physicians, not HMOs. - In response to REPRESENTATIVE BARNES, does not think that DHR has an internal policy regarding patient access to medical records.

REPRESENTATIVE HAYDEN: Maybe the agency should forward a copy of the bill to the patient, instead of burdening the provider.

DWYER: That would not address fraudulent billing and civil penalties.

CHAIR FORD: Does the agency determine fraud?

DWYER: The patient would need to file a complaint first.

CHAIR FORD: Reads section 1 (3). How is determination of error or fraud made?

DWYER: Suggests calling staff at Department of Insurance and Finance and SAIF, to find out how they make those kinds of determinations.

100 REPRESENTATIVE HAYDEN: This is no different than what third party indemnity carriers currently do.

DWYER: The State has a vested interest because the State pays for the services.

REPRESENTATIVE TAYLOR: As a provider in the pharmaceutical business, I

am willing to provide a copy of prescriptions paid by the state. All patients should be treated equally.

PUBLIC HEARING: HB 2467 - Excise Tax exemption for Nonprofit Hospitals  
Witnesses: Rep. Dwyer, District 42 Jack Strauss, Department of Revenue  
Ed Patterson, Oregon Association of Hospitals Bruce Bishop, Kaiser  
Permanente

Staff submits a SMS on HB 2467 (EXHIBIT F).

147 REP. BILL DWYER, DISTRICT 42: Testifies in support of HB 2467. - So many people suffer with illnesses and can't receive free treatment until the illness becomes life threatening.

212 REPRESENTATIVE HAYDEN: How does this differ from the Eugene clinic?

DWYER: I envision this to provide out-patient care, not screening care as you receive from the Eugene clinic where a person talks to a receptionist who determines need. - I am addressing sliding fee scales for the low income population.

REPRESENTATIVE HAYDEN: Suggests adding an amendment to stipulate this is for low income and indigent care.

DWYER: That was my intent. An amendment of the nature would be appropriate.

REPRESENTATIVE TAYLOR: I'm struggling with the requirement for non-profit hospitals to provide these services. Seaside Providence Hospital is already having a hard time keeping their doors open. We do have primary care clinics in the area. This would be a hardship on rural communities. Seaside Providence Hospital has 25% - 28% disallowed costs and uncompensated care.

270 DWYER: Discusses the need to treat individuals, before they have pain and suffering, and before they need services from an emergency room.

312 ED PATTERSON, OREGON ASSOCIATION OF HOSPITALS: Submits and summarizes written testimony in opposition to HB 2467 (EXHIBIT D).

358 CHAIR FORD: We want to avoid uncompensated care. Do you have any statistics from hospitals who also provide primary care?

PATTERSON: Will try to provide that information. - Currently, there is not much over-utilization of emergency rooms. - Feels that the over utilization that is occurring is because of the way payments from the insurance companies are made.

TAPE 32, SIDE B

PATERSON: Most emergency rooms are not equipped to deal with primary care; they are geared to deal with trauma.

REPRESENTATIVE BARNES: Ashland's hospital has a contract with a variety of types of community physicians and nurses who can deal with all

situations. If you can take care of an emergency, you can take care of anything.

PATTERSON: Emergency rooms equipment is expensive. - Cost of services reduce uncompensated care to hospitals.

050 BRUCE BISHOP, KAISER PERMANENTE: Testifies in opposition to HB 2467 because under current policy, state law requires non-profit and charitable hospitals to pay an excise tax exemption. - Taxability is really charitability. - Hospitals, to avoid paying taxes, must demonstrate that they are charitable organizations, under federal law. HB 2467 would change that standard (in ways that are not entirely clear to us) by requiring that hospitals to provide primary care services instead of charitable services. - We recommend maintaining current law.

064 JACK STRAUSS, DEPARTMENT OF REVENUE: Testifies on HB 2467. There is no reporting vehicle in this bill. - Suggests that amendment be added to the effect "the Health Division or DHR notify the Department of Revenue of any hospital described in the bill".

PUBLIC HEARING: HB 2456 - HEALTH CARE SERVICE INFORMATIONAL Witnesses: George Ostertag, DHR, Office of Medical Assistance Program Ray Beaman, Sacred Heart General Hospital Ed Patterson, Oregon Association of Hospitals Jim Carlson, Oregon Medical Association Nan Dewey, Oregon Dental Association

099 GEORGE OSTERTAG, DHR, OFFICE OF MEDICAL ASSISTANCE PROGRAM: Submits and reads written testimony in opposition to HB 2465 (EXHIBIT E). - There is a federal requirement that we survey approximately 700 people, per month, regarding receives received. We follow-up on any questions that result from the responses. - We have five medical provider auditors who work closely with the Department of Justice in suspected fraud cases. 130 - Continues reading written testimony.

240 ED PATTERSON, OREGON ASSOCIATION OF HOSPITALS: Testifies in opposition to HB 2456. Supports statement to be made by Beaman.

270 RAY BEAMAN, SACRED HEART GENERAL HOSPITAL: Submits and summarizes written testimony in opposition to HB 2456 (EXHIBIT G). - Concerned that this bill addresses a problem that does not exist.

333 REPRESENTATIVE MEEK: Concerned about patients knowing what services were rendered to them.

PATTERSON: We believe that any hospital would provide that information, upon request. Making it mandatory would be an additional cost for the hospitals.

REPRESENTATIVE MEEK: Concerned about not disclosing information.

BEAMAN: This vehicle is economically disastrous. All of our billings are on tape, not paper. Never in the 24 years I have worked at Sacred heart has a welfare patient requested billing information.

TAPE 33, SIDE A

- We have found that only 2% of our patients read their medical statements.

015 JIM CARLSON, OREGON MEDICAL ASSOCIATION: Testifies in opposition to HB 2456. - Current law requires the Department of Insurance and Finance (DIF) to furnish copies of bills under workers compensation. - Physicians indicate that copies of bills sent to patients (under the workers compensation law) are confusing to the patient even when "this is not a bill" is printed on statement, they still think they need to pay (and sometimes do). - There are 420,000 claims, per month, under the state Medicaid program. - Costs for postage alone would be approximately \$1.3 million a year. - OMA has staff (referred to as "the fraud squad") who routinely follow up on fraudulent complaints and take action, when necessary. - This is a well intention piece of legislation, although, it may not be the appropriate way to accomplish the sponsor's intent.

090 NAN DEWEY, OREGON DENTAL ASSOCIATION: Testifies in opposition to HB 245 6. Agrees with testimony presented by Carlson.

118 CHAIR FORD: Adjourns the meeting at 3:22 p.m.

Submitted by,

Reviewed by,

Pamela Berger

Melanie Zermer

EXHIBIT LOG: A - The Oregon Health Standard - McCracken - 14 pp. B - Future meeting information - Staff - 1 p. C - HB 2456 SMS - Staff - 1 p. D - HB 2467 Testimony - Patterson - 2 pp. E - HB 2456 Testimony - Ostertag - 2 pp. F - HB 2467 SMS - Staff - 1 p. G - HB 2456 Testimony - Beaman - 2 pp.