

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 LABOR

February 25, 1991Hearing Room D 8:30 a.m.Tapes 40 - 43

MEMBERS PRESENT:Rep. Gene Derfler, Chair Rep. Kevin Mannix, Vice-Chair Rep. Sam Dominy Rep. Rod Johnson Rep. Bob Repine Rep. John Watt

MEMBERS EXCUSED:Rep. Edmunson

STAFF PRESENT: Victoria Dozler, Committee Administrator Johanna Klarin, Committee Assistant

MEASURES CONSIDERED: HB 2562 - Public Hearing HB 2518 - Public Hearing

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TAPE 40, SIDE A

CHAIR DERFLER: Opens the meeting at 8:30 a.m.

PUBLIC HEARING, HB 2562 (EXHIBITS A,B,C,D,E)

Witnesses:Olivia Clark, City of Salem. Connie Wiggins, City of Salem Linda Lynch, City of Eugene Fred CutHB ertson, City of Portland John Hoffman, City of Portland Tom Mattis, Workers' Compensation Division Gary Steward, Workers' Compensation Division Doug Brown, Workers' Compensation Division Maria Keltner, Association of Oregon Counties Fred Neil, Multnomah County Ross Dwinell, Oregon Self-Insurers Association

010 CHAIR DERFLER: Opens public hearing on HB 2562.

013 VICTORIA DOZLER: Describes the bill.

020 REP. MANNIX: Declares a possible conflict of interest.

027 OLIVIA CLARK, Intergovernmental Affairs Specialist, City of Salem: Testifies in favor of HB 2562 (Exhibit A).

-This requirement is unnecessary and duplication. She provides an example.

-Oregon law prohibits cities from deficit spending.

072 REP. MANNIX: The state is not required to post a bond, is it?

CLARK: Not to my knowledge.

077 CONNIE WIGGINS, Personnel Director, City of Salem: She describes Salem's self-insured program.

-We recognize the importance of a good safety program.

-She describes Salem's workers' compensation program and expenses involved.

116 CHAIR DERFLER: Are the reserves set up so that they are strictly for losses?

WIGGINS: Yes.

119 REP. MANNIX: Has the city of Salem ever gone bankrupt?

WIGGINS: No we have not.

REP. MANNIX: Do we have any history of large municipalities gone bankrupt in Oregon?

CLARK: Not to my knowledge.

124 REP. JOHNSON: What is magic about the 85,000 population level?

126 LINDA LYNCH, Intergovernmental Relations, City of Eugene: There is nothing magic about it. That was our comfort level in describing our experience relative to workers' compensation and self-insurance and to our own programs, without necessarily speaking for other smaller political units that may also be self-insured.

REP. JOHNSON: Do you have a problem with the Association of Oregon Counties being joined in this? What should determine the population level?

WIGGINS: The state performs an audit on each self-insured entity. It is difficult to pinpoint the appropriate population level.

152 REP. WATT: How many self-insured government agencies have gone bankrupt since 1950?

156 CLARK: I don't think any of them have.

157 REP. REPINE: Could you respond to the inquiry concerning the Association of Oregon Counties?

CLARK: We don't have any objection to that amendment.

162 REP. WATT: How many counties would that involve?

CLARK: I am hearing from the audience that it would be approximately five.

175 REP. MANNIX: I am trying to identify any entity, other than the Department of Insurance and Finance, which is going to come forward to say that they are opposed to this bill.

186 LYNCH: Discusses the following topics (Exhibit B):

-Why eliminate the surety bond?

-Who is ultimately responsible for paying claims?

230 CHAIR DERFLER: Have you explored the possibility of co-insuring each other?

LYNCH: Municipal governments are fairly complex. There would be some reluctance, it would take a serious review.

CHAIR DERFLER: If you are not willing to co-insure yourselves why would you expect the rest of the self-insureds to take that obligation?

LYNCH: I don't think we are asking other self-insureds to do that.

CHAIR DERFLER: If the City of Eugene would go broke, that loss would be spread across all the other self-insured in the state, isn't that correct?

LYNCH: The city would have to use its taxing capacity to pay those claims.

259 REP. WATT: Why would there be reluctance to share in that responsibility?

261 WIGGINS: Insurance companies are reluctant to write coinsurance programs for four or five agencies.

275 REP. JOHNSON: This bond is not optional, the cities have no choice about it. The fact that cities cannot run off to Mexico with all the money makes your case?

LYNCH: That is correct. When the money is set aside for a reserve it is considered already spent, it is not available for any other use.

290 REP. MANNIX: I assume that the city of Salem, or some other city, cannot suddenly announce that they are bankrupt and closing their operations?

CLARK: If that would occur I believe you would have plenty of notice, well in advance.

297 REP. JOHNSON: Would you oppose putting something in the statute insisting upon a bond requirement if the city's financial situation would be heading towards a bankruptcy?

CLARK: I would be interested in seeing what that would look like. We are audited every year as a requirement for being self-insured in the first place.

308 REP. MANNIX: You are self-insured because you have been authorized to be self-insured. Your authority to be self-insured could be removed if your financial stability wasn't there.

CLARK: Thank you for stating it better than I did.

313 REP. WATT: What is the reasoning for the 85,000 number?

CLARK: It was simply the cities, Portland, Eugene and Salem, getting together and agreeing on this. We were most comfortable speaking for ourselves.

338 REP. DOMINY: Have you brought this concept to the Labor Management Committee?

CLARK: No we haven't.

350 FRED CUTHB ERTSON, Risk Manager, City of Portland: Testifies in favor of HB 2562 (Exhibit C). He concurs with comments made regarding the budgetary laws of the State of Oregon.

-He discusses the probability of the cities going bankrupt. -He discusses actuarial soundness. -He discusses surety bond acquisition and claims.

394 REP. MANNIX: Has the city of Portland ever gone bankrupt?

CUTHB ERTSON: Not to my knowledge.

REP. MANNIX: Would it help to add an emergency clause so this would go into effect before your next budget year?

CUTHB ERTSON: Yes, that would be good. Our bond comes up next June.

403 REP. JOHNSON: Would you suggest any other eligibility criteria than the 85,000 population level?

CUTHB ERTSON: I don't have a problem with other cities who are self-insured under that size.

TAPE 41, SIDE A

002 REP. JOHNSON: Are the safeguards that are already in place sufficient in order to waive this requirement?

CUTHB ERTSON: I believe so.

008 REP. MANNIX: Is the actuarial survey or study done because of the bonding or is it separate from that requirement?

CUTHB ERTSON: We passed a resolution in 1985 that it is prudent to have an actuarial study performed on our self-insured funds. It is a prudent management practice to have that done.

REP. MANNIX: If we are reducing or eliminating the bonding requirements we could insert actuarial study requirements for other subdivisions that may not have some stated policy to carry out such a study. Would you comment on that?

CUTHB ERTSON: I would feel uncomfortable not having the actuary look at the fund at least twice a year.

REP. MANNIX: Is this carried out in coordination with the Department of

Insurance and Finance, in terms of its review right now? Do they just take a look at the reserves and carry on their own review?

CUTHB ERTSON: I cannot answer that.

027 JOHN HOFFMAN, City of Portland: In addition to the actuarial studies that we have independently performed each year, there is the state reserve audit performed each year.

-Refers to the Resolution No. 33966 in Exhibit C.

042 REP. MANNIX: Suggests adding "provided that the political subdivision conducts an independent actuarial analysis every two years."

HOFFMAN: That would be perfectly acceptable.

047 REP. JOHNSON: There is a discrepancy here in that the first page says that anybody who can qualify for self-insurance would have already passed certain sufficient safeguards. Next you said that you would not feel comfortable unless there was an actual actuarial study done. I take it that it is not required to be self-insured if you have an actuarial study done?

CUTHB ERTSON: That is correct.

054 REP. REPINE: Does every self-insured entity have the requirement of an yearly audit by the state?

HOFFMAN: Yes, every employer.

REP. REPINE: What is the purpose for that?

HOFFMAN: It establishes the limits of the surety bond requirement and the experience rating modification.

REP. REPINE: Is that also the measuring stick to see how well, as a self-insured entity, you are operating?

HOFFMAN: It is not an operational audit.

REP. REPINE: What is the methodology to certify that your system is running effectively?

HOFFMAN: Compliance audits are performed on periodic basis.

REP. REPINE: What is the test that determines how one becomes or remains a self-insured entity, is this it?

087 TOM MATTIS, Manager of the Compliance Section, Workers' Compensation Division: Introduces Gary Steward, Manager of the Registration Unit, and Doug Brown, Self-Insured Specialist.

095 DOUG BROWN, Self-Insured Specialist, Workers' Compensation Division: Explains the process how an entity becomes self-insured.

-Employers must establish the financial ability to self-insure. This financial ability is a security deposit.

-Employers have to supply us with a yearly financial statement.

-Employers must establish a proof of claims processing ability.

-He describes the minimum security deposit requirement.

158 REP. MANNIX: Is it fair to say that the bonding requirement was put in at the time when we were concerned about the performance of the self-insureds over time and wanted to make sure that these funds were protected?

MATTIS: I guess it was passed to provide surety in case of a default.

REP. MANNIX: Refers to his earlier remarks about the state not having to post a bond; actually the state is required to insure through SAIF corporation.

MATTIS: That is correct.

REP. MANNIX: Does SAIF post a bond on itself or does it rely on its status and standing?

MATTIS: SAIF corporation is insured by SAIF corporation. I believe they have to put deposits with the Insurance Division to cover the liabilities that they sustain by being an insurance company.

183 REP. MANNIX: They have not posted any special bond?

MATTIS: No they have not.

185 CHAIR DERFLER: How many times have you gone into the bonded area for collection, for example in the past three or five years?

189 BROWN: There have been approximately 14 employers that have defaulted since 1980. Currently, in the last year, there have been four employers who have filed chapter 11 proceedings under the U.S. Bankruptcy Code. We are utilizing security deposits of those employers as well as seven others to pay their ongoing claim liabilities.

CHAIR DERFLER: What if there was not enough in the fund? Would it be then spread across the rest of the self-insureds?

BROWN: There is a self-insured employers loss adjustment reserve. This fund is utilized to pay those claims when the security deposit proves to be insufficient. The funds for the adjustment reserve come from all the self-insured employers. If that would be insufficient to cover the claims, all the self-insured employers would be assessed to maintain that reserve and pay the claims.

CHAIR DERFLER: Has that ever happened?

BROWN: We have approximately three employers' claims being paid from that reserve at this time.

214 REP. MANNIX: Were any of those employers political subdivisions?

BROWN: No they were not.

REP. MANNIX: Is this reserve set up so that you could, through administrative rule, sub-rate the private self-insureds from the political subdivision self-insureds?

232 STEWARD: He refers to the statute ORS 656.614.

239 REP. MANNIX: Would there be problem in authorizing the Director to set up separate reserves for those self-insureds who are political subdivisions and have not posted bonds.

STEWARD: I don't think so.

250 REP. JOHNSON: Suggests adding that if a political subdivision, who didn't have a bond, would go into default that all the other political subdivisions could be assessed to cover those defaults.

266 MATTIS: I think that would be a policy decision for the legislature to make.

-Representative Johnson and Mr. Mattis discuss the mechanics involved with this proposition.

304 BROWN: Describes further the self-insurance requirements for self-insured employers.

-Sufficient working capital needed. -Net worth position needs to be more than \$2 million.

323 REP. JOHNSON: Do you agree with Mr. CutHB ertson's opinion that if a political subdivision is solvent and secure they can be made self-insured? Would you be comfortable with them not having this bonding requirement?

BROWN: I look at it in terms what an employer can do under the law. A municipality can file under Chapter 9. I cannot say if the security deposit should or should not be there.

343 STEWARD: One of the primary requirements for self-insurance above the financial stability of an employer, is the deposit itself. The way the statute is written is that if the employer can meet the requirements, the deposit requirement and has financial stability, the Director must certify them as self-insured. Taking away the deposit requirement is a large portion of the responsibility they have to meet.

357 REP. JOHNSON: I feel the 85,000 figure is an arbitrary line. We need to create a test that is workable and meaningful. How can we craft an amendment to this bill to do just that?

STEWARD: A good mechanisMto do that might be to open up the self-insured employers' adjustment reserve and build that up adequately to cover the potential losses of smaller cities.

381 MATTIS: The more the bill is broadened to include more entities, the greater will be the need to raise the amount of money in the loss adjustment reserve to cover the eventuality of a default by a self-insured employer.

389 REP. WATT: Do you take a position on this bill?

MATTIS: We do not take a position on this bill so long as we have the ability to cover the possibility of a default either through the surety bond or by raising the adjustment reserve to sufficient levels. Either way we are carrying out our obligation under the statute.

REP. WATT: With that in mind, if we do this, we create a self-insured program that has two different criteria. Is the added sum to the adjustment reserve going to be paid by the private people?

412 MATTIS: Under the current statute, the assessment to build those reserves would be applied to all self-insured employers.

421 STEWARD: We do have a separate adjustment reserve for self-insured employer groups in the state of Oregon. We have the self-insured employers' adjustment reserve and we have the self-insured employers group adjustment reserve.

431 REP. WATT: When you are talking about a build-up in the reserve fund, which reserve are you talking about?

STEWARD: We would be talking about a build-up possibly in the separate reserve, away from the group self-insurance, away from the private employers self-insurance.

TAPE 40, SIDE B

002 REP. MANNIX: Discusses the importance of the surety bond; it is a substantial financial requirement?

STEWARD: Yes you are correct. It is a substantial financial obstacle in many cases.

011 REP. MANNIX: So if we suddenly remove this hurdle, we may find that a lot of people may want to go self-insured but they may not have the economic capabilities. Is that one of the concerns?

STEWARD: It would be.

REP. MANNIX: Lets set up a separate adjustment reserve for political subdivisions. Lets take a look at the contributions that have been made in the past to that reserve and divide the current reserve proportionally.

-Suggests some initial requirement for people who are not already self-insured. The ones who have already met these requirements automatically can step into this package. We take a look at it in a few years and see what we can do for smaller subdivisions who were not self-insured and now want to get in on this and start building up the reserve adjustment fund for political subdivisions.

037 REP. MANNIX: Reiterates his suggestions.

050 BROWN: With regard to your suggestion, currently we are not assessing for that adjustment reserve. The amount that it is currently earning interest is sufficient to pay those claims which are being paid from that reserve.

-If the reserves were divided we would be looking at having to establish an assessment for both of those reserves at this point.

REP. MANNIX: Maybe we can keep a joint fund and figure something else out.

066 REP. DOMINY: Currently we have one self-insurance set of rules. If we divide this into categories, what would that do administratively?



075 MATTIS: We would have to go through a rule-making process. The workload would be rather small.

-No considerable impact on the agency.

REP. DOMINY: Setting up two reserves would be a larger cost, at least until we built up more reserves?

MATTIS: If we remove some of the surety bond requirements, it would be a greater cost to other employers.

REP. DOMINY: With regard to the proposal as it is now. Would there be an added cost for the other self-insureds?

MATTIS: Yes, we would have to raise the assessment for a period to build-up the reserve. I don't know what that number would be right now.

098 REP. MANNIX: Could the political subdivisions who want to opt out be made to carry the burden of the raised assessment so long as it is necessary to get the fund to the right level as a result of this elimination of the bonding requirement, as long as the assessment was less than what they would have spent now on the bond. Could we work out a formula?

-What comes to City of Portland, how much of an assessment are you talking about?

STEWARD: I don't know what that figure would be.

REP. MANNIX: You are going to lose the buffer of the surety bond for some of the people and that is going to cause you to re-evaluate what is in that reserve. Would you please calculate for us what the assessment would be as a result of losing that buffer?

MATTIS: We can provide you that information.

115 REP. MANNIX: Would that provide for a one-time ticket prize?

STEWARD: We can provide both the amount and the duration that it would take to raise it to what the level was and how we arrived in determining that level.

REP. MANNIX: Considering the balance of power in the legislative session, I am interested in a package that could go over to the Senate with the least possible noise.

130 MARIA KELTNER: Testifies on behalf of Bob Cantine, Director, Association of Oregon Counties (Exhibit D).

-The previous testimony would apply to counties as well concerning the accounting standards, the budgeting requirements and the other safeguards that are in place for self-insured counties.

-The counties agree to the provision that was mentioned requiring an actuarial study.

142 REP. JOHNSON: I would like to get Roseburg involved in this program. Any comments?

FRED NEIL, Intergovernmental Relations Officer, Multnomah County: The population figure of 85,000 as is proposed by Mr. Cantine's amendments to political subdivisions, would include Douglas county, it would not be low enough to include Roseburg. Concerning new jurisdictions wishing to become self-insured, we would recommend the bond requirement would remain applicable to them until they show, over a number of years, some surety. Their annual audits should show that they are fully funded to meet their anticipated claims.

-With regard to a separate adjustment reserve for political subdivisions, it is simply tapping the political subdivisions for some additional costs that we feel are unwarranted considering our substantial amount of reserves and their integrity. We preferred you would preserve the current law requirements on new political subdivisions.

185 REP. MANNIX: How many years do you need for the new political subdivisions to graduate?

NEIL: Three years should be adequate.

193 ROSS DWINELL, Chairman, Policy Subcommittee, Oregon Self-Insurers Association: Testifies in opposition of HB 2562 (Exhibit E).

-Our concern is equity and fairness. This bill would carve out special privileges for the public sector which are not afforded for the private sector.

-We are concerned that the state would raise our assessment to cover the fact there is not surety for the public entities.

232 REP. MANNIX: Lets leave the adjustment reserve alone for a moment. Lets avoid special assessments.

-Proposes a four-year waiting period. A public entity who would no longer have the surety bond deposit would share a liability pool equivalent to the average claims expenditures of all those political subdivisions in those previous four years.

DWINELL: I see where you are getting at.

REP. MANNIX: Reiterates his proposition.

DWINELL: The only concern we may have with those public bodies who are now self-insured, who will receive immediately the waiver of the surety bond requirement, is that we would not like to have our assessments increased to cover the \$2-\$5 million of surety that will no longer sit out there and guarantee those payments.

REP. MANNIX: Suggests that only the political subdivisions would hold the liability if any of them would go bankrupt.

DWINELL: That sounds as a reasonable compromise.

288 CHAIR DERFLER: Another possibility would be for them to insure each other?

DWINELL: Yes they could. I don't know what the cost would be.

301 CHAIR DERFLER: Recesses the meeting.

PUBLIC HEARING, HB 2518 (Exhibits F,G,H,I,J,K,L,M,N & O)

Witnesses:Linda Brelin Dell Isham, Oregon Association of Naturopathic Physicians Aris Campbell, Naturopathic Physician Karl Frederick, Associated Oregon Industries Mark Davison, Safeway BJ Callman Jo Ann Billings Andrew Perry, Naturopathic Physician Alex Serkalow, Naturopathic Physician

307 CHAIR DERFLER: Opens public hearing on HB 2518.

308 VICTORIA DOZLER: Summarizes HB 2518.

320 LINDA BRELIN: Testifies in favor of HB 2518 (Exhibit F).

-She feels her right to choose her physician is still too limited. She presents seven hundred signatures of citizens that agree with her.

-She describes her own personal case history.

-Naturopathic doctors need at least 90 days to provide adequate care for their patients.

387 REP. REPINE: The signatures that you presented; do they refer to chiropractic or naturopathic care?

BRELIN: They refer to both.

404 DELL ISHAM, Oregon Association of Naturopathic Physicians: Testifies in favor of the HB 2518 (Exhibit G).

-Discusses the background of HB 2518.

-Discusses the professional qualifications of naturopathic physicians.

-Naturopaths don't believe in a medical monopoly nor health care discrimination.

-Competition among care givers can stimulate innovation and reduce cost.

TAPE 41, SIDE B

033 -Outlines the philosophy behind naturopathic medicine.

-Describes the training of naturopathic doctors.

-Describes the licensing requirements in Oregon.

071 REP. DOMINY: Please give us an analysis of the differences between allopathic and naturopathic medicine with regard to diagnostic training.

ISHAM: All that is outlined in the booklet Comparison of Naturopathic Medicine to Conventional Medicine (Exhibit H).

084 REP. DOMINY: How does your education compare to that of a M.D.?

086 ARIS CAMPBELL, Naturopathic Physician: Basic education is very similar to that of a major medical school. In some areas we have more education and in most areas we are equal.

ISHAM: More emphasis is placed on therapeutic nutrition.

100 REP. DOMINY: Could you elaborate on the issue of fraud within the naturopathic community?

ISHAM: We are very concerned being cost effective and ethical.

115 REP. WATT: Why were the naturopaths left out in SB 1197?

ISHAM: They didn't have a lobbyist.

CAMPBELL: Testifies in favor of HB 2518, (Exhibit I). It is time for conventional and naturopathic philosophies to work together for the fullest benefit of Oregonians.

162 REP. WATT: Your statement that "there are not many people with the background to compare conventional medicine with natural medicine", is that your personal statement or can we infer that from all naturopaths?

CAMPBELL: This is my opinion.

-These two traditions will work together.

179 REP. WATT: Why were naturopaths excluded from SB 1197?

CAMPBELL: Because of political and economic competitiveness.

188 REP. WATT: So you think it is competition?

CAMPBELL: I also think that it is because we didn't have a lobbyist.

191 REP. JOHNSON: This proposal would place you in a better position than the chiropractors currently are.

CAMPBELL: I don't see any reason why we should not be. He describes the scope of therapies that naturopaths offer.

REP. JOHNSON: Is there a history of abuse among the naturopathic doctors regarding workers' compensation.

CAMPBELL: Not that I am aware of. Peer pressure will keep people in line more than legislation.

225 ISHAM: The recently revealed investigation is the only one that I am aware of.

230 REP. JOHNSON: Do you have in place a self-policing body that regularly reviews its members and sanctions them if they are out of line?

CAMPBELL: It has been in the process for the past three years to pass legislation that would implement that.

246 ISHAM: The state board of naturopathic examiners has been in existence since the turn of the century. The board does a very good job of regulating and disciplining wherever necessary.

256 CHAIR DERFLER: What is the percentage of your income coming from worker's compensation?

CAMPBELL: For me it is a rather small amount. Our practices are very broad.

268 CHAIR DERFLER: How do naturopathic physicians fit into other areas such as automobile insurance and health maintenance organizations?

CAMPBELL: We work with automobile insurance claims and injuries. There is a provision in the new workers' compensation legislation to include us in the MCO's. I think that is excellent.

284 CHAIR DERFLER: We felt that all the disciplines should be back in the system.

CAMPBELL: If naturopathic physicians are not included as an attending physician then they would be perceived as something less than a doctor.

CHAIR DERFLER: Would functioning within the MCO's solve your problem?

CAMPBELL: Not completely. Naturopathic physicians need to have equal say so within that system as to what is an appropriate therapy. Part of our culture is being suppressed and squashed out because of economic reasons.

318 CHAIR DERFLER: The MCO's have the ability to make you attending physicians within the MCO's.

CAMPBELL: Is everybody going to be under MCO's within next year or so?

CHAIR DERFLER: We are moving to that direction.

329 ISHAM: I'll provide you information concerning comparative curriculums.

342 KARL FREDERICK, Vice President and Director of Legislation for Associated Oregon Industries (AOI): Introduces Mark Davison, Internal Chair of the AOI Workers' Compensation Committee.

-Mr. Frederick testifies in opposition of HB 2518 (Exhibit J). Oregon is 2.5 times more expensive than the national average in delivering medical care.

-Outlines the main points of SB 1197.

-We discourage any changes in the law at this point.

382 MARK DAVISON, Loss Control Claims Manager, Safeway: Provides an example of a patient with a foot injury.

-He discusses the concept of "a gatekeeper" to monitor and control the claims.

-All practitioners should be part of MCO's.

TAPE 42, SIDE A

014 -We want to see the MCO's evolve.

018 REP. MANNIX: We are talking about gatekeepers in terms of an attending physician. Do we address this on a physician and physician

group basis? How do you recommend we should approach this?

DAVISON: I cannot say anything about credentials. We chose medical doctors and osteopaths to be the gatekeepers. I recommend that you approach it in that way. In a managed care organization all practitioners are represented.

044 REP. DOMINY: Why should the medical doctors be the only gatekeepers in the system?

DAVISON: We picked a gatekeeper, not multiple gatekeepers. We want the MD's to manage the medical care. The naturopathic doctors can still do all the treatment, but they cannot authorize time loss and rate disability.

069 REP. DOMINY: How would you feel if we picked Albertsons to be the gatekeeper for all the stores in Oregon?

DAVISON: I don't understand the relationship of that analysis.

REP. DOMINY: Questions the concept of "a gatekeeper." Why is one group picked out and placed on the top to regulate the system?

DAVISON: Medical doctors have much broader training. There is a radical difference.

093 REP. MANNIX: You are selecting a particular provider within a group rather than selecting a group of providers.

DAVISON: Yes.

097 REP. WATT: Provides an analogy from the food industry.

DAVISON: That is not a good way to look at this issue. We chose the M.D.'s because of their broader range of talents.

REP. WATT: So you chose them based on the definition what an attending physician should be?

DAVISON: Yes, M.D.'s have broader training and experience.

115 REP. MANNIX: Please comment on why we have attending physicians and what an attending physicians do. Outlines the specialized functions that go beyond providing medical care.

DAVISON: He reiterates the attending physician's responsibilities.

135 REP. MANNIX: Naturopaths claim to have this broad capability also. Where do they fit in?

147 DAVISON: We didn't get into studying what the specific groups could or could not do. Our concern was controlling the claim. In the MCO organizations all the practitioners have the ability of being attending physicians. We are looking for that managed care concept.

REP. MANNIX: Are we taking off some of the pressure to make MCO's work to the extent that we start broadening the gatekeeper role again and allow more groups to come in and be gatekeepers. Maybe we should force everybody into a managed care organizations.

DAVISON: Some areas will not have MCO's.

REP. MANNIX: Suggests mandating that anyone who has been contracted into the MCO operation, naturopaths, chiropractors, registered nurses, should be given attending physician status automatically.

DAVISON: I am surprised that what you just said was not included in the original MCO rules because a managed care organization does the management function. I believe I would support that kind of regulation in the MCO rules.

200 REP. DOMINY: Why are the medical doctors surfaced to the top? I have never heard of a medical doctor referring anyone to a naturopath.

DAVISON: I don't know why. We chose M.D.'s from the groups that were available.

REP. DOMINY: Maybe the naturopaths should be on top because of less abuse within their group.

DAVISON: We only know the abusive cases that have been prosecuted.

233 CHAIR DERFLER: We have received a lot of correspondence. I feel strongly that once the MCO's are in place and functioning, our problems will go away with the care providers. Why haven't the MCO's been formed?

DAVISON: We didn't envision the scope of responsibilities they would have to perform.

CHAIR DERFLER: I don't quite understand why the rules were written the way they were.

DAVISON: I don't believe that the Department got over zealous. I think they were as concerned as we are about managed care.

CHAIR DERFLER: Would you agree that once the MCO's are functioning, the problems for the care providers would go away?

DAVISON: Yes. I wouldn't hesitate to sign a contract with a naturopathic MCO which agrees to managed care.

285 FREDERICK: I will furnish information relating to costs by provider type.

300 BJ CALLMAN: Testifies in favor of HB 2518 (Exhibit K).

-Presents her own medical history pertaining to this bill.

-She finds naturopathy very cost-effective.

-MD's are not qualified to make decisions on whether a person needs a referral to a naturopath because of their limited training in that discipline.

-Forcing people who have no confidence in MD's to use them as attending physicians creates tension and hostility between a doctor and patient.

TAPE 43, SIDE A

022 JO ANN BILLINGS: Testifies in favor of HB 2518 (Exhibit L).

-Emphasizes the importance of the heritage of naturopathic health care.

-She describes care provided to her daughter by a naturopathic physician.

062 VICTORIA DOZLER: Reads the following letter in opposition of HB 2518 sent by Grover Simmons, Independent Employer Association (Exhibit M).

[QUOTE]The Independent Employer Association, the Pacific Printing Industries Association, the Independent Adult Care Providers Association and the Independent Residential Care providers wish to be recorded as opposing House Bill 2518 which would change Oregon's workers' compensation system by including naturopathic physicians in the definition of an attending physician.

The Governor's Task Force on Workers' Compensation and the recent Special Session of the Legislature agreed to substantial reforms in workers' compensation. We believe these beneficial reforms should not be disturbed at this time. They should be allowed to operate for a long enough period to restore some balance and acceptability to the program. In our view, the definition of an attending physician should not be expanded to add naturopaths or any other group at this time.[QUOTE]

077 ANDREW PERRY, Naturopathic Physician, Private Practice in Salem: Provides testimony in favor of HB 2518 (Exhibit N).

-Naturopathic physicians receive excellent training in all areas germane to the primary management of work-related injuries.

-Naturopathic physicians are primary care physicians.

-Naturopathic physicians are well suited to be gatekeepers because naturopathic care is cost-effective.

-Naturopathic physicians provide a popular, emulated, comprehensive approach to natural medical care that cannot presently be obtained through other physicians.

-The new law has created many serious problems for patients who would like to seek, or are already under, naturopathic care.

-Naturopathic physicians have a biological and biomedical education of the same breadth and depth that prepares an M.D. to be a primary care physician.

-Outlines the functions naturopathic doctors perform in their role as a primary care physician.

237 REP DOMINY: Have you received referrals after the workers' compensation reform?

PERRY: The workers' compensation reform requires that a naturopathic physician may treat a person for thirty days from the date of injury without the authorization of an attending physician who is defined as an M.D. or a D.O. Many people don't seek care within that time frame.

265 REP. REPINE: Has your business changed due to the special session



legislation?

PERRY: I would estimate that 25% of my practice is workers' compensation cases. This is a slightly higher percentage than average due to my unique expertise in musculoskeletal medicine.

REP. REPINE: How many cases of that 25% are palliative type care?

PERRY: Approximately a half. I do tend to get many "end of the road" cases that have not found help elsewhere. Many of these cases had palliative care recommended by an M.D. That hasn't changed much by the new law.

308 ALEX SERKALOW, Naturopathic Physician, Private Practice: Presents testimony in favor of the HB 2518 (Exhibit O). He explains why naturopathic physicians should be reinstated as attending physician in the Oregon workers' compensation law.

-Naturopathic medicine does not increase insurance premiums.

-Treatments used by naturopathic physicians are generally less expensive than those of conventional medical doctors.

-M.D.'s as attending physicians, not being educated in the traditional medicine, physiotherapy, spinal manipulation, counseling, or other naturopathic therapeutics, would not be likely to make referrals to naturopathic physicians.

435 CHAIR DERFLER: Adjourns the meeting at 11:30 a.m.

Submitted by:      Reviewed by:

Johanna Klarin    Victoria Dozler Assistant                      Administrator

EXHIBIT LOG:

A	-	Testimony on HB 2562 - Olivia Clark - 7 pages
B	-	Testimony on HB 2562 - Linda Lynch - 2 pages
C	-	Testimony on HB 2562 - Fred CutHB ertson - 6 pages
D	-	Amendments to HB 2562 - Maria Keltner - 1 page.
E	-	Testimony on HB 2562 - Ross Dwinell - 2 pages
F	-	Testimony on HB 2518 - Linda Brelin - 38 pages.
G	-	Testimony on HB 2518 - Dell Isham - 2 pages.
H	-	Testimony on HB 2518 - Dell Isham - 49 pages.
I	-	Testimony on HB 2518 - Aris Campbell - 2 pages.
J	-	Testimony on HB 2518 - Karl Frederick - 1 page.
K	-	Testimony on HB 2518 - BJ Callman - 6 pages.
L	-	Testimony on HB 2518 - Jo Ann Billings - 1 page.
M	-	Testimony on HB 2518 - Grover Simmons - 1 page.
N	-	Testimony on HB 2518 - Andrew Perry - 3 pages.
O	-	Testimony on HB 2518 - Alex Serkalow - 4 pages.