

SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS

April 2, 1991 Hearing Room C 3:00 p.m. Tapes 50 - 52 MEMBERS  
PRESENT: Sen. Bob Shoemaker, Chair Sen. Joyce Cohen, Vice-Chair Sen.  
Jeannette Hamby Sen. Lenn Hannon Sen. Frank Roberts MEMBER  
EXCUSED: Senator Hannon STAFF PRESENT: Barbara Coombs, Committee  
Administrator Mark Sigel, Committee Assistant

MEASURES SB 794 CONSIDERED: . . . . 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.

TAPE 50, SIDE A

Witnesses: Keith Skelton, Long Term Care Financing Task Force .

000 CHAIR SHOEMAKER: Calls meeting to order at 3:15.

043 KEITH SKELTON, LONG TERM CARE FINANCING TASK FORCE: Submits  
(EXHIBIT A) which explains that very few people get adequate long term  
care in Oregon. Long term care is not health care. Long term care is for  
people who need help with some of the basic activities of daily life  
such as walking, eating etc.

We want to be able to regulate long term care and we want to make it SO  
that people can get the long term care they need no matter what.

The average nursing home care costs \$25,000 per year.

Submits (EXHIBIT B) which is a brochure on Long Term Care put out by the  
Teachers Insurance and Annuity Association.

TAPE 51, SIDE A SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS  
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Witnesses: BRIAN BOE AND MARTIN MCBIRRNRY, AM" LIFE INSURANCE

035 MCBIRRNRY, AMERICAN EXPRESS LIFE ASSURANCE COMPANY: Submits (EXHIBIT  
C) which critiques provisions of SB 790. Says that the prohibition  
against offering limited long term care policies reduces consumer choice  
and prices many people out of the market. Additionally, home health care  
is not appropriate for everyone. 275 CHAIR SHOEMAKER: Requests that  
McBirrnry submit written testimony summarizing his comments on the  
economics and outcome of passage of SB 794.

. 305 DICK LADD, SENIOR AND DISABLED SERVICES DIVISION: Submits (EXHIBIT  
D) - which explains his support for SB 794. Comprehensive long term  
care policies are needed because the current limited care policies that  
seniors purchase can leave them out of luck if they purchase a home  
health care policy but actually need nursing home care.

357 CHAIR SHOEMAKER: I have a problem with the fact that the bill, on  
page 3, line 9, requires long term policies to cover one or more of  
different kinds of long term care. I thought this bill was supposed to  
require coverage of the full range of care.

390 LADD: My understanding of the bill was that it does require

comprehensive coverage also.

407 CHAIR SHOEMAKER: The committee administrator has pointed out that section 5 requires that benefits must be payable when the beneficiary requires any of the following types of care the bill then lists the different kinds of long term care. So my question is cleared up.

TAPE 50, SIDE B

Witnesses: Jim Swenson, Department of Insurance and Finance (DIF) Tom Erwin, Consumer Advocate Robert Smith, United Seniors Pam Edens, Alzheimers Advocacy Policy Committee Peter Wotten

022 JIM SWENSON, DIF: Commends the taslc force on the development of SB 794 . Recommends 2 amendments: This bill would prohibit a limited benefit policy or rider which doesn't provide the full range of benefits that the bill requires. I would like to suggest an amendment that would permit accelerated life insurance benefits which may be paid as long as that product is not being marketed as a long term care benefit.

I suggest a second amendment relating to section 4, subsection 5 which requires that an agent have a separate license to market long term care insurance. We no longer have separate licenses for different categories of business. We now have a single agent license to which you can add various types of businesses. I suggest a mere modification to state a separate agent license type would be required.

150 TOM ERWIN, OREGON INSURANCE CONSUMER ADVOCACY: Submits (EXHIBIT E) which N, OREGON INSURANCE CONSUMER ADVOCACY: Submits (EXHIBIT E) which explains that he supports SB 794 because it institutes adequate regulation of long term insurance necessary to protect consumers' rights regarding this type of insurance. SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS January 20, 1991- Page 3

225 SENATOR COHEN: I'm confused about who is going to pay how much for the high level of long term care that this bill will involve us in.

250 CHAIR SHOEMAKER: Let me venture a comment that what is being driven at here are policies that would provide that whatever the least expensive, most effective type of long term care is needed, will be provided under the policy. 275 ROBERT SMITH, UNITED SENIORS: Submits (EXHIBIT F, which explains that he supports SB 794 because it would help seniors get the most appropriate level of care in the least restrictive environment.

316 PAM EDENS, ALZHEIMER'S PUBLIC POLICY COMMITTEE: Submits (EXHIBIT G) which explains that SB 794 is a consumer protection bill and her committee supports it.

343 CHAIR SHOEMAKER: Asks if she can accept the proposed amendment to shorten the 9 months of window to 30 days of window. Why is the longer period needed? 354 EDENS: I can't accept that. The longer period is needed because it takes a long time to diagnose Alzheimers - a full month on average. And that's just the time that medical professionals need to diagnose the condition once they start seeing the patient. It frequently takes many months before the family realizes that there is something wrong with their family member and is able to get a doctor's appointment. 375 PETER WOTTEN, SENIOR HEALTH INSURANCE BENEFITS ASSISTANCE PROGRAM: Supports SB 794. It is a given that seniors should have better access to adult day care and assisted living care.

TAPE 51, SIDE B

Witnesses: Ruth Currie, Older Women's League Paco Mirabona, Associated Insurance Agents Hartzell Cobbs, Health Insurance of America

024 RUTH CURRIE, OLDER WOMEN'S LEAGUE: Submits (EXHIBIT H). Supports SB 794. We need alternatives to nursing home care. 060 PACO MARIBONA, ASSOCIATED AGENTS: Submits (EXHIBIT I). Explains that the bill would thwart the private sector initiatives to meet long term care insurance needs and would place an intolerable burden on state health programs.

182 CHAIR SHOEMAKER: Do you accept the fundamental premise of this bill that all long term policies cover the full range of care?

190 MIRABONA: Our membership is split on that question. If this legislation limits the options too much then there will be a smaller market for the product and it won't meet the needs of many folks.

228 JERRY HARTLEY, OREGON LIFE UNDERWRITERS ASSOCIATION: Submits

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(EXHIBIT J) which explains that SB 794 is too restrictive. It will drive the cost of long term care up.

315 CHAIR SHOEMAKER: Do you agree with the basic premise that any long term care policy must cover the full range of kinds of care?

304 HARTLEY: We support providing the services up to but not including adult day care and residential care.

340 CHAIR SHOEMAKER: We've got to find a way to reimburse family members for taking care of patient family members at home.

382 HARTZELL CORES, HEALTH INSURANCE ASSOCIATION OF AMERICA: This bill cuts into insurance consumers' rights to protect assets by purchasing limited insurance coverage. I agree with Senator Cohen's concerns that this bill promises massive care but it won't really be able to deliver that care.

TAPE 52, SIDE A

Witnesses: Lisa Adatto, Long Term Care Financing Task Force Everett Thorne, Oregon State Health Underwriters

024 CORES: Feels that section 5 is the main section of the bill. This section eliminates choice. Nursing homes are the best places geared up to provide for the people who need help with 3 activities of daily living.

110 LISA ADATTO, LONG TERM CARE FINANCING TASK FORCE: Submits this bill will make long term care cost more because it is asking insurers to cover more risk. I disagree with the testimony that without this bill people are forced to enter into nursing home cares when they need long term care.

195 CHAIR SHOEMAKER: Why won't it cost insurers less money to cover care for people at home rather than in a nursing home? 201 ADATTO: If

we require insurers to cover family care it will drive up the cost of policies because insurers will have to cover more risk.

295 EVERETT THORNE, OREGON STATE HEALTH UNDERWRITERS: Presents (EXHIBIT K). He believes that responsible insurance carriers are sure to find this bill untenable and withdraw their products from the market.

443 CHAIR SHOEMAKER: Adjourns the meeting at 5:38.

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Submitted by: Reviewed by: Mark Sigel Barbara Coombs  
Assistant Administrator

EXHIBIT A - 794 Testimony, Skelton, 2 pages B - An industry guide to long term care policies, Skelton, 31 pages C - 794 Testimony, McBirney, 1 page D - 794 Testimony, Ladd, 4 pages E - 794 Testimony, Erwin, 4 pages F - 794 Testimony, Smith, 1 page G - 794 Testimony, Edens, 3 pages H - 794 Testimony, Currie, 1 page I - 794 Testimony, Maribona, 2 pages J - 794 Testimony, Hartley, 6 pages K - 794 Testimony, Thorne, 4 pages L - 794 Testimony, Adatto, 3 pages

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