

SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS

April 23, 1991                      Hearing Room C 3:00 p.m.                      Tapes CS - 66  
MEMBERS PRESENT: Sen. Bob Shoemaker, Chair Sen. Joyce Cohen, Vice  
Chair Sen. Jeannette Hamby Sen. Lenn Hannon Sen. Frank Roberts VISITING  
MEMBER: Senator Shirley Gold Representative Edmunson STAFF  
PRESENT: Barbara Coombs, Committee Administrator Mark Sigel,  
Committee Assistant MEASURES        SB 19 CONSIDERED:

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TAPE 65, SIDE A 000    CHAIR SHOEMAKER: Calls meeting to order at 3:08.

030    SENATOR SHIRLEY GOLD: Submits (EXHIBIT A) which explains that 24 hour health care insurance consolidates employees health benefits with workers' compensation benefits, eliminating the distinction between work-related and non-work related injuries and illnesses.

095    REPRESENTATIVE EDMUNSON: No state has yet enacted workers compensation reform that is substantive. The problems Oregon faces with workers' compensation are shared by many states nationwide. \$53 billion is spent per year on workers compensation. 205    CHAIR SHOEMAKER: Do you see the indemnity benefits as inevitably linked to the health care benefits or could we separate them? 223 EDMUNSON: Certainly. This policy could be accomplished incrementally. - Some estimates are that 60% of workers' compensation costs go to determining how or when the injury occurred rather than treating the injury. 265    CHAIR SHOEMAKER: As I understand it, the bulk of the expense is in providing people health care to get them back on the job. The disability costs are not that great in terms of the overall SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS April 23, 1991 - Page 2

costs of the workers' compensation system.

272    EDMUNSON: Correct. With the possible exception of temporary disability or time loss.

305    EDMUNSON: Clarifies that benefits and coverage under SB 19 will be as good as coverage under present workers's compensation programs.

338    CHAIR SHOEMAKER: You envision that insurers will develop proposals which include copayments and deductibles but which will be more attractive to employees than the current options that they have.

343    EDMUNSON: Yes.

347    CHAIR SHOEMAKER: Do you know if there are any companies out there who want to offer this type of coverage?

340    EDMUNSON: The Traveler's insurance company is considering offering this type of insurance. The Nationwide company is considering it. Liberty Mutual is considering it, but they are a bit more tentative.

393    SENATOR ROBERTS: This bill does not envision having the workers OK having their present workers' compensation insurance shifted to this new 24 hour insurance. You don't think this is necessary?

395 EDMUNSON: That is right. This committee should tighten the bill to address this concern.

430 SENATOR ROBERTS: Would there be a problem with a worker switching jobs and retaining their 24 hour health insurance?

445 EDMUNSON: Only if the worker switched to a job that did not provide health insurance.

TAPE 66, SIDE A

Witnesses: Duncan Wyse, Oregon Progress Board

032 CHAIR SHOEMAKER: Closes hearing on SB 19 and opens hearing on the Oregon Benchmarks program.

050 DUNCAN WYSE, OREGON PROGRESS BOARD: Submits (EXHIBITS B and C and D). Exhibit B is SB 636 which directs the Oregon Progress Board to prepare a report measuring Oregon's performance on social and economic benchmarks. Exhibit C is the portion of the Progress Board's report in progress which contains health care indicators. Exhibit D is the whole Benchmarks report. 172 BARBARA COOMBS: Whether or not individuals in certain age groups own or carry guns is one of the most powerful indicators of mortality and morbidity. Do you have any data on this in your report? ,.

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180 WYSE: That data is not in the report. 190 SENATOR ROBERTS: Do you measure the extent to which people use health services that are available to them?

215 WYSE: We had the percentage of Oregonians who have annual checkups in the original draft but we pulled that out because there was confusion over what should be in an annual checkup. Otherwise we don't have measures for the extent that people use available health services but we will work on developing them.

225 CHAIR SHOEMAKER: Does prenatal care get covered in your benchmarks report?

230 WYSE: Yes.

234 CHAIR SHOEMAKER: It would be interesting to have figures on what percentage of people over 65 have signed living wills or have filled out power of attorney forms.

305 CHAIR SHOEMAKER: It would also be good to have figures on percentage of Oregonians with access to assisted living.

340 CHAIR SHOEMAKER: Closes hearing on Oregon Benchmarlcs program and restarts hearing on SB 19.

TAPE 65, SIDE B

Witnesses: Tom Mattis, DIF

033 : CHAIR SHOEMAKER: This bill provides exemption from the workers' compensation chapter for those employers who obtain a 24 hour health insurance policy. How about self-insurance?

034 EDMUNSON: I think that there is no reason why the bill shouldn't include self-insurers and I think their omission in the current bill is an oversight.

043 SENATOR HANNON: Would this address the type of situation where a person who is selfemployed, could they qualify under these provisions?

051 EDMUNSON: I don't think that this bill addresses that. I think that a self-employed person could take advantage of getting 24 hour insurance but would not have to.

062 SENATOR HANNON: This bill would create an incentive for the self-employed individual to have 24 hour health insurance coverage and disability coverage which they may not currently enjoy.

073 SENATOR ROBERTS: Are there any procedures for adjudicating that are inherent in our workers' compensation law that would not be available under this 24 hour health insurance policy? SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS April 23, 1991 - Page 4

082 EDMUNSON: The bill does not specifically address adjudication. The workers' compensation system has its own form of hearings and appeals and because this is an exemption for an entire chapter that form of hearings and appeals would not apply to this new type of insurance. However, in private health insurance as well as private disability plans, the contracts typically provide for some form of arbitration, mediation or resolution of disputes. The Director of DIF could require that some form of arbitration, mediation or hearings process to resolve disputes under a 24 hour health insurance system. 142 SENATOR ROBERTS: How is this workers' compensation issue dealt with in British Columbia? 148 EDMUNSON: The workers' compensation system is a separate system in BC. They were looking to Oregon for guidance on how to reform their troubled workers' compensation system. 185 SENATOR HANNON: Are there any cost comparison figures for what it would cost to provide coverage under the 24 hour system proposed here versus under the present system? 189 EDMUNSON: It is really supposition at this stage that there would be cost savings. We don't know what it would cost. That is why the bill is written as a voluntary thing. 210 SENATOR HANNON: Do we have a no fault workers' compensation system here in Oregon? 212 EDMUNSON: No. Not since May of 1990.

215 SENATOR HANNON: Would this bill create a no fault system?

216 EDMUNSON: It would create a no cause system. The cause of the accident would not be relevant. Fault could be relevant if there was litigation. For example, if it was litigated whether an employee caused their own injury, the issue of fault would be discussed.

230 CHAIR SHOEMAKER: On line 14 of the bill it says that both the health insurance policy and the indemnity policy will be paid by the employer although it does contemplate deductible and coinsurance. Under the Oregon Health Plan we want to make employees responsible for some of their health care costs to encourage responsible utilization. Would you accept changing SB 19 so that the employee would pay for part of this 24 hour health insurance coverage? 248 EDMUNSON: Yes. That would be

alright.

268 CHAIR SHOEMAKER: In order to protect against an employer doing this against the will of its work force do we need to do more than to simply provide that this would be approved by a majority of employees?

275 EDMUNSON: I defer to the labor and management community of that question but my understanding is that a majority of the workers would satisfy the organized work force as well as the unorganized work force.

294 EDMUNSON: I do not believe that this bill is prohibited by ERISA because this bill says that 24 hour insurance can be, but need not be, offered by insurers and employers. But, we should

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be aware that ERISA questions may occur.

350 SENATOR ROBERTS: Is ERISA equally applicable to governmental employees as private employees? 358 EDMUNSON: I don't know.

400 TOM MATTIS, DEPARTMENT OF INSURANCE AND FINANCE, WORKERS COMPENSATION DIVISION: Submits (EXHIBIT E) which explains the pros and cons of the bill, the economic impact and the effect on various parties as well as exploring the complexities of merging workers' compensation and other health care insurance systems. 452 SENATOR HANNON: Does California have a disability tax program? 460 MATTIS: I don't know. We can certainly find out for you.

TAPE 66, SIDE B Witnesses: Jim Macintosh, Executive Department

058 SENATOR ROBERTS: When you substitute this 24 hour coverage for workers' compensation you have suddenly removed a whole mass of rights and limitation under tort liability.

064 EDMUNSON: Yes, that's true.

096 SENATOR ROBERTS: So this bill would not necessarily reduce benefits of employees nor eliminate protections for employers? 101 EDMUNSON: That is right.

142 JIM MACINTOSH, EXECUTIVE DEPARTMENT: We don't oppose SB 19.

171 CHAIR SHOEMAKER: Adjourns hearing.

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

EXHIBITS A - SB 19 Testimony, Gold, 17 pages B - SB 636, Wyse, 5 pages  
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C - Portion of Oregon Benchmarks report, Wyse, 4 pages D - Oregon  
Benchmarks report, 75 pages E - SB 19 Testimony, Mattis, 8 pages

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