

SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS

April 25, 1991 Hearing Room C 3:00 p.m. Tapes 67- 68
MEMBERS PRESENT: Sen. Bob Shoemaker, Chair Sen. Joyce Cohen, Vice
Chair Sen. Jeannette Hamby Sen. Lenn Hannon Sen. Frank Roberts STAFF
PRESENT: Barbara Coombs, Committee Administrator Mark Sigel,
Committee Assistant MEASURES CONSIDERED: SB 19, SB 29, SB 53

These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in ~, uotation
marks report a speaker's exact words. For complete contents of the
proceedings, please refer to the tapes. -

TAPE 67, SIDE A

Witnesses: Dave White, General Services

000 CHAIR SHOEMAKER: Calls meeting to order at 3:15. Starts hearing
on SB 19. Submits (EXHIBIT A), SB 19 hand engrossed. 040 CHAIR
SHOEMAKER: I dispute the DIF fiscal impact that they would have to hire
2.5 FTE. 060 MOTION: Roberts moves to amend SB 19 as proposed in the
hand engrossed version. 070 VOTE: Committee unanimously votes to so
amend the bill.

079 CHAIR SHOEMAKER: Opens the public hearing on SB 19 as amended.

080 DAVE WHITE, ADMINISTRATOR OF THE RISK MANAGEMENT DIVISION, GENERAL
SERVICES: Id like to suggest one minor amendment to lines 20 and 21
where it provides that: "applications by public employers or workers to
consult the two boards." Those boards only relate to state employees so
you might want to further amend to remove public employee and replace it
with state employee or to delete the-lines as you see fit.

115 SENATOR ROBERTS: All we are trying to do here is to make this
language say that you should consult with the benefit board which covers
the particular state employees that you are considering here.

120 MOTION: Roberts moves to amend what is now sub paragraph 5 of SB
19 to have the SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS April
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provision restricted to state agencies and state employees and to have
the department consult with the appropriate benefit board for that
applicant.

115 VOTE: Committee unanimously votes to so amend the bill.

140 DIANE ROSENBAUM, OREGON STATE INDUSTRIAL COUNCIL AND OREGON AFL
CIO: 24 hour health insurance has a lot of promise but there are some
problems from the workers' point of view.

386 CHAIR SHOEMAKER: Diane, you are bringing up many potential reasons
this bill may not work. I feel that if we must anticipate every problem
before we try to make this new system work then we'll never get this
operational.

394 SENATOR ROBERTS: I wonder if there is any way of addressing the
concern that she raises to assure that a plan that was approved by the
department has to include provisions which are consistent with the

protections under workers' compensation. TAPE 68, SIDE A Witnesses:
Robert Moore, Oregon Workers' Compensation Attorneys

018 ROSENBAUM: One of my primary concerns is that the benefits addressed seem only to apply when the worker is employed at the original place of employment and I'm concerned what will happen when they leave there. 022 CHAIR SHOEMAKER: The great bulk of the claims are going to be dealt with fairly quickly. The medical costs are going to be paid by somebody, the time-loss is going to be covered, if there is some further partial disability that will be taken care of. The unnecessary cost now is determining, for a great bulk of cases, who has to pay. Does the workers' compensation insurer or the health insurer have to pay? SB 19 consolidates the system and eliminates the cost of determining who has to pay.

070 ROSENBAUM: I'd like to quote the interim task force committee: "Restructuring a system that adequately protects the health and safety of its citizens and results in a healthy and more protective workforce must be done slowly and deliberately."

079 CHAIR SHOEMAKER: I would like to find a way that we can have the cost of that slow and deliberate study be borne by the parties that are going to directly benefit from it. If we leave it to a legislative task force that is going to be a public expense. We believe the insurers, unions and employers have an incentive to come up with a plan that works - I want to come up with a vehicle that will get these groups started on developing such a plan. 100 SENATOR COHEN: I know you want to move this bill quickly Senator Shoemaker. However, I think we should amend the bill to split out the pieces of the workers' compensation side in order to protect workers for potential time loss. I don't see how you can assume that 24 hour medical care is going to supplant some of the other legitimate roles of the workers' compensation system.

133 ROSENBAUM: The other problem that just occurred to me is I'm not sure you what you are . SENATE COM - TREE ON HEALTH INSURANCE AND BIOETHICS April 25, 1991 Page 3

allowing that isn't already possible.

147 SENATOR COHEN: You are allowing all sorts of different configurations of medical care delivery: a worker can go to whatever chiropractor he or she wants, whenever he or she wants. Workers won't have to fight about those things any longer.

221 SENATOR ROBERTS: I question the feasibility of this bill also. What if a worker gets hurt on the job and then leaves the job 2 weeks later? Will the original employer have to cover that worker's injury forever? 240 CHAIR SHOEMAKER: I think the insurer can work the risk of that happening into the cost of the premium. 253 SENATOR ROBERTS:

I'm afraid that the cost of such a premium would be astronomical because the insurer would be so unsure of what he might get hooked on for 20 or 30 years of treatment. 257 CHAIR SHOEMAKER: If that is true then maybe we will never get a plan because that sort of a concern would discourage insurers from offering a plan - but maybe it wouldn't.

240 ROBERT C.A. MOORE, DAVE HIITL; OREGON WORKERS COMPENSATION ATTORNEYS and OREGON TRIAL LAWYERS ASSOCIATION: Submits (EXHIBIT B). We believe that the idea of a single care system is a good idea if it can be shown to save money and if it can be shown that the benefits that would accrue to injured workers will equal to or more than what they currently have and if an administrative framework can be put together to

run it. There are a lot of kinks to be worked out of this bill. The work on fleshing out this bill will have to be extensive in the extreme. We don't see how SB 19 will translate into work-a-day process. Fleshing out this bill have to be done by the Legislature. 360 CHAIR SHOEMAKER: Our private sector system does pretty well at solving problems and meeting needs in our society. We'll get a better product if private sector worlcer compensation experts put together the product rather than if legislators who aren't workers' compensation experts try to put that product together. 390 MOORE: Well, workers' compensation products are as complex and difficult to develop as are top grade fighter aircraft. It takes years of R & D and lots of money to develop top fighter aircraft and it is going to take lots of effort, time and money to develop a new system to replace workers' compensation. If the government goes to private industry and says come baclc with a system that will worn better than what we have and here is the money to do it with, then may be we will get the job done. 425 CHAIR SHOEMAKER: Government will not say here are the dollars to do it with. We do not have the dollars to do it with. We want the players to use their money to develop the product. 400 DAVID HITTLE: It seems you are trying to reduce costs while providing the same level of benefits. I don't think this bill will do that. I think that the provision exempting employers from ision exempting employers from having to provide workers' compensation benefits will leave workers getting less even if they get having to provide workers' compensation benefits will leave workers getting less even if they get 24 hour health insurance and indemnity coverage. Specifically, I think that the worker's access SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS April 2S, 1991 - Page 4

to vocational rehabilitation may be cut off through this bill.

TAPE 67, SIDE B

Witnesses: John Mangen, Standard Life Insurance

030 JOHN MANGEN, STANDARD LIFE INSURANCE: Our concern with this bill is pretty peripheral. We are not sure what affect this bill will have on our types of insurance plans. It's not clear to me from the bill whether this language is meant to include under health insurance a group employer sponsored long term disability policy. Under Oregon statutes health insurance includes disability insurance. Our concern is that the bill be clarified to exempt that type of program.

090 CHAIR SHOEMAKER: What is the committee's pleasure?

095 SENATOR ROBERTS: I'm not very happy with it.

100 CHAIR SHOEMAKER: Alright. Let's close the hearing on SB 19 and open a work session on SB 29.

110 COOMBS: Submits (EXHIBIT C), SB 29A-5. You have before you an amended version of SB 29A engrossed. I have engrossed, on your copies, several requested changes for the Portland School Board. These changes appear on page 2, line 12 and line 15. There are 2 more amendments that would appear on page 2. The first gives an insurer the right to refuse to reimburse for any service that is not mandated by the federal law and the second is the informed parental consent provision.

144 MOTION: Roberts moves the adoption of the 2 amendments outlined above. 150 VOTE: The committee unanimously adopts the amendments.

170 PEGGY ANET, LEAGUE OF OREGON CITIES: Submits (EXHIBIT D) which explains that she opposes the proposed amendment that relates to reimbursement for services provided by the schools.

253 CHAIR SHOEMAKER: I have been advised that about 95% of the services provided under this program are speech therapy services - so they wouldn't appear to run into the cap on mental health services.

255 ANET: They would run into a cap that exists for speech therapy. This is a cap that is common in terms of speech therapy that is \$20 per session with a cap on the total number of sessions allowed per year.

298 CHAIR SHOEMAKER: If a child is obtaining speech therapy from someone other than the school then the parent needs to be aware that the reimbursement for that service may run the child into the cap for speech therapy services.

306 ANEI: It seems to be assumed in the bill that if a parent has to pay out of pocket for a child's SENATE COMMITTEE ON HEALTH INSURANCE AND IIIIOEI~CS April 25, 1991- P~ge 5

therapy then the parent will not seek recovery for that loss. I am not sure that this assumption is valid. 370 CHAIR SHOEMAKER: Do you dispute that if the schools did not provide these services which we are talking about that the parents would seek them out? 375 ANEI: They wouldn't seen them out in every case. TAPE 68, SIDE B Witnesses: Karen Hafner, Portland Public Schools 017 ANET: There are services required under the bill now that are not necessarily medically necessary.

018 CHAIR SHOEMAKER: Then they wouldn't be covered. 019 ANET: That is not the way I read the bill as currently amended. 020 CHAIR SHOEMAKER: Well, that is what is intended... Let's look at the bill to see what it really says... Okay I see you point... Alright, how do we fix it. We want to do what you are talking about. Why don't we simply say: "The provision of a health insurance benefit plan which excludes coverage from medically necessary services which would otherwise eligible for reimbursement but for which no charge is normally made shall not exclude services rendered to the insured or dependent by a school district which are required to be provided by 20 USC sections 1400 to 1485." Does that language do the job? 040 ANET: I'm not sure. I can review you after this hearing to be certain.

078 KAREN HAFNER, PORTLAND PUBLIC SCHOOLS: We would be very comfortable with the bill as you have it amended now. 090 WILMA WELLES: We do not wish to bill the insurance companies except for any services that they would provide normally. 114 SENATOR ROBERTS: It might be possible to use the language of the individual educational programs for the developmentally disabled students (IEP) to take care of a lot of the concerns that Peggy Anet has. 119 HAFNER: That would be fine with us. 120 CHAIR SHOEMAKER: I would like to get that language in LC form and have it next hearing. 135 CHAIR SHOEMAKER: Adjourns hearing.

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

EXHIBITS A- SB 19 amended, Shoemaker, 1 page B - Testimony on SB 19, 2 pages C - SB 29-A5, Shoemaker, 1 page D - SB 29 Testimony, Anet, 29 pages

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