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report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS

May 2, 1991Hearing Room C 3:00 p.m.Tapes 72-73

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 846, SB 319, SB 174, SB 760 SB
577 - PUBLIC HEARING SB 1181 - PUBLIC HEARING SB 1141 - WORK
SESSION SB 29 - WORK SESSION SB 53 - WORK SESSION

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TAPE 72, SIDE A

000 CHAIR SHOEMAKER: Calls meeting to order at 3:15. Opens and closes hearings on SB 846, SB 319, SB 174 and SB 760

PUBLIC HEARING ON SB 577. Witness: Richard Schwartz, OFTEHP

035 RICHARD SCHWARTZ, EXECUTIVE DIRECTOR, OREGON FEDERATION OF TEACHERS EDUCATION AND HEALTH PROFESSIONALS: > This organization represents diverse membership in the private and public sector. > Have part-time people and people who work less than 17.5, but could be employed at any time for 2 or more employers. > Gives example from Portland Community College: 200 - 300 out of 900 teachers work for more than one employer including other colleges. > They could be employed less than the threshold number of hours, but accumulatively might work into a full-time position with a number of employers.

084 SENATOR ROBERTS: How does this bill resolve the question of different coverages?

090 SCHWARTZ: This bill only addresses the threshold question of the ability to be covered.

105 CHAIR SHOEMAKER: Will you continue to work with Rocky King of the Insurance Pool Governing Board?

111 SCHWARTZ: Correct.

117 CHAIR SHOEMAKER: Closes hearing on SB 577 and opens Public Hearing on SB 118 1.

PUBLIC HEARING ON SB 1181 Witnesses: Senator Kennemer, District 12. Amy Klare, AFL-CIO/HEALTH SERVICES COMMISSION

125 SENATOR KENNEMER, STATE SENATOR, DISTRICT 12: SB 1181 proposes that legislator's health care benefits be restricted like the current legislation proposes for the poor. > Recommends to the committee that legislators consider the Oregon Basic Health Care plan as a package for them for first hand experience at how it works. > Expresses his concerns about the proposed package for the poor and would like to test it before actually implementing it.

186 SENATOR ROBERTS: Comments about his (Sen. Roberts) lack of enthusiasm for SB 27. How much does insurance cost for legislators at this time?

190 SENATOR KENNEMER: Health insurance for legislators costs \$274 per month per family.

194 SENATOR ROBERTS: Maybe this money could be applied to \$31 million that SB 27 will cost.

198 SEN. KENNEMER: How much will OBHC cost per family? Is there a per person basis?

201 CHAIR SHOEMAKER: This hasn't been definitely determined.

203 SEN. KENNEMER: Suggests that it would be probably be substantially less than \$274 per month per family. > If not, it would be worse.

There was further discussion about the projected cost for both SB 27 and legislators personal health care plan and the adequacy of the OBHC plan.

237 AMY KLARE, AFL-CIO AND CONSUMER REPRESENTATIVE ON HEALTH SERVICES COMMISSION: Pleased with outcome of the Health Services priority list. > The Oregon basic plan emphasizes preventative services not offered in many private plans.

CHAIR SHOEMAKER: Closed public hearing on SB 1181 and opened work session on SB 1141.

WORK SESSION ON SB 1141

259 MOTION: SENATOR ROBERTS moved that amendments to SB 1141 be approved and printed in A-engrossed version.

268 VOTE: Hearing no objection, Chair Shoemaker so moved.

CHAIR SHOEMAKER: Closed work session on SB 1141 and opened work session on

SB 29.

WORK SESSION ON SB 29

289 BARBARA COOMBS: Explains changes on SB 29 that were adopted in concept at last work session (EXHIBIT A).

330 MOTION: CHAIR SHOEMAKER: moved SB 29-A5 amendments.

VOTE:Hearing no objections, Chair Shoemaker so moved.

333 CHAIR SHOEMAKER: Accepts written testimony from Dan Field, Oregon Association of Hospitals (EXHIBIT B).

344 MOTION:CHAIR SHOEMAKER moved SB 29, as amended, to the floor with a {"do pass" recommendation}.

344 VOTE:In a roll call vote, the motion carried with Senators Hamby and Hannon voting NAY.

WORK SESSION ON SB 53 Witness: Jim Mc Intosh, Executive Department.

373 BARBARA COOMBS: Explains SB 53-A5 (EXHIBIT C).

409 SENATOR HANNON: Needed clarification on (EXHIBIT C, pg. 2, line 14), on the word "greater", if one pays 80% and one pays 75%, would it be not below the 80%?

TAPE 73, SIDE A

006 JIM MC INTOSH, EXECUTIVE DEPARTMENT: Agrees with Senator Hannon, the secondary plan would never pay less than the covered benefits by the primary or secondary plans.

011 SENATOR HANNON: Suggests that another sentence be put in: "amount not to exceed the maximum of the two combined".

020 MC INTOSH: Under the existing language, they don't pay over 100%. This is simply an alternative provision to pay less than 100%. Not exceeding 100% is already in the existing statute.

030 There was further discussion about changing this language between Senator Hannon and Mr. Mc Intosh.

043 SENATOR COHEN: Suggests that "and" from (EXHIBIT C, pg. 2, line 15) be changed to "or" in order to address Senator Hannon's concerns.

064 MOTION:SENATOR COHEN moved to amend SB 53 line 15 of page 2 and line 26 of page 3 to substitute the word "or" for the word "and" and to eliminate the plural at the end of the word "plans".

068 VOTE: After hearing no objection, Chair Shoemaker so moved.

075 MOTION:SENATOR HANNON moved SB 53-5, as further amended, to the floor with a {"do pass" recommendation}.

After committee discussion, members agreed that narrowing the applicability to state employees ensured that contracts were comprehensive and included beneficiary safeguards.

VOTE:In a roll call vote, the motion carried with all members present

voting AYE.

135 CHAIR SHOEMAKER: Adjourns meeting.

Submitted by: Reviewed by:

Guadalupe C. Ramirez Barbara Coombs Assistant Administrator

EXHIBIT LOG:

A - Proposed Amendments to SB 29 - 1 p. B - Testimony on SB
29 - Dan Field - 2 pp. C- Proposed Amendments to SB 53 - 4 pp.

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SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS

May 2, 1991Hearing Room C 6:00 p.m.Tapes 74 - 75

MEMBERS PRESENT:Sen. Bob Shoemaker, Chair Sen. Joyce Cohen,
Vice-Chair Sen. Jeannette Hamby Sen. Frank Roberts

MEMBER EXCUSED: Senator Hannon

STAFF PRESENT: Barbara Coombs, Committee Administrator Mark
Sigel, Committee Assistant

MEASURES CONSIDERED: SB 593 - PUBLIC HEARING

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TAPE 74, SIDE A

PUBLIC HEARING ON SB 593 Witnesses: Senator Jane Cease, District 10
Senator Ron Cease, District 10 Kathie Stocker, Citizen Denise Kendalan,
Citizen Jan Ellis, Citizen Anne Masterson-Lebwohl, Citizen Gloria
Bacharach, Citizen Jo Fowler, Citizen Colleen A. Maybury, HICS Claudia
Hutchison, SNAC Karen Pierson, APPCSD Corinne Spiegel, Citizen Kathleen
Smith, Citizen Claudia Budlong, Citizen Linda Vollman, PIAS Kim Leval,
Citizen Minnie B. Dacanay, Citizen Catherine a. Shauklas, NAFA Peggy
Lindquist, Citizen

Tim Bailey, KMSB John Powell, Blue Cross/Blue Shield Peggy Anet, League
of Oregon Cities Bruce Bishop, Kaiser Permanente

004 CHAIR SHOEMAKER: Calls meeting to order at 6:14.

010 SENATOR JANE CEASE, SENATE DISTRICT 10: Introduced SB 593 to end the
discrimination against adopted children, due the fact that they are
adopted.

030 REPRESENTATIVE RON CEASE: Supports SB 593.

042 KATHIE STOCKER: NW ADOPTIVE FAMILIES ASSOCIATION: Submits (EXHIBIT

A) in support of SB 593.

083 DENISE KENDALAN: Supports SB 593 for the following reasons: > Adoption agencies require proof of medical insurance before placement. > Adoptive parents have saved insurance companies money because they are unable to use health insurance benefits for pregnancy. > Most birth mothers have no health insurance, usually receive state assistance. > The adoptive parents pay birth costs. > They are not asking to be subsidized or to receive public assistance.

108 JAN ELLIS: Supports SB 593.

110 ANNE MASTERSON-LEBWOHL: Submits written testimony in support of SB 593 (EXHIBIT B).

120 CHAIR SHOEMAKER: Insurance companies will probably oppose this bill because they object to the possibility of having to cover expensive medical costs for adopted children.

133 ELLIS: Majority of potential adoptive parents are looking for healthy children to adopt.

155 MASTERSON: They were unaware of the medical needs that their adopted child would have. > Insurance companies have no problem covering extra expenses for birth children.

188 GLORIA BACHARACH: Supports SB 593, submits written testimony from Jacqueline B. Lesch (EXHIBIT C).

236 JO FOWLER, ADOPTIVE PARENT: Supports SB 593. Although her children were covered by health insurance, they could've been less fortunate. > Insurance companies will pay for illnesses that may have been brought on by the mother herself, through lack of care during the pregnancy. Correlates the choices made by this type of a mother and an adoptive mother who chooses to adopt.

281 COLLEEN A. MAYBURY, HOLT INTERNATIONAL CHILDREN'S SERVICES: Supports SB 593. Testified about a family that had been denied insurance coverage for their adopted child and subsequently qualified for state paid medical assistance.

302 CLAUDIA HUTCHISON, SPECIAL NEEDS ADOPTION COALITION: Submits written testimony in support of SB 593 (EXHIBIT D). Because most families desire healthy, caucasian children, it is difficult to find people to adopt the others. > They need to assist potential adoptive parents in any way possible. > Having appropriate health insurance coverage shouldn't have to be another

qualification for potential adoptive families to meet. > The myth that adoptive children have more medical expenses must be dispelled (EXHIBIT D). > Senator Packwood has introduced legislation that would provide a tax deduction for families adopting special needs children.

380 SENATOR COHEN: The focus of this legislation is not on special needs children who have been wards of the state because they will have coverage.

401 HUTCHINSON: The point she is making is that because of the laws here in Oregon, potential adoptive parents are choosing not to pursue adoption because of the potential problem in obtaining health insurance.

430 KAREN PIERSON, MANAGER, ADOPTION AND PERMANENT PLANNING, CHILDREN'S SERVICES DIVISION: Submits and explains testimony in support of SB 593 (EXHIBIT E).

TAPE 75, SIDE A

030 CORINNE SPIEGEL, ADOPTIVE PARENT: Submits and explains testimony in support of SB 593 (EXHIBIT F). She decided to stay home to care for their adopted children. They lost the group health insurance and were denied coverage for their last adopted child through a private insurance company. > Other states have adopted this type of legislation, including Washington and California.

060 CHAIR SHOEMAKER: Do you know if Washington or California require individual policies to cover adoptive children including those with special needs?

062 SPIEGEL: Yes.

065 KATHLEEN SMITH: Submitted and explained testimony in support of SB 593 (EXHIBIT G). > Their adopted child was not covered until the first of the following month after taking custody, during which time, medical expenses were incurred.

083 CLAUDIA BUDLONG: Supports 593 and encourages the committee to vote in its favor.

086 LINDA VOLLMAN, PLAN INTERNATIONAL ADOPTION SERVICES: Reiterates that families who want to adopt generally want healthy newborns to adopt.

123 KIM LEVAL, SPRINGFIELD, OREGON: Submits and explains testimony in support of SB 593 (EXHIBIT G).

140 MINNIE B. DACANAY: Asked that the committee support SB 593.

148 ELIZABETH ANN GAGE, NAFA: No new information, but urges the committee to

vote in favor of SB 593.

150 CATHERINE ANNE SHAUKLAS, NAFA: Supports SB 593. They are in the process of adopting a child through the international system. The child has some medical problems and their insurance won't cover the medical expenses for three months after taking custody.

159 PEGGY LINDQUIST: Supports SB 593. Concerned with equal treatment of adopted children by insurance companies.

185 TIM BAILEY, KLAMATH MEDICAL SERVICES BUREAU: Submits and explains testimony in opposition to SB 593 (EXHIBIT H). > Testifies about the possibility of potential fraud.

217 SENATOR COHEN: Do you have evidence about the fraud you are talking about?

224 BAILEY: Not under our present policies. We have had cases of people registering children as dependents who are not legal dependents. > They would have to pay the premium for six months before receiving the benefits.

251 SENATOR COHEN: What is your normal waiting period and do you discriminate between adopted and birth children, assuming they have no pre-existing conditions?

258 BAILEY: With no pre-existing conditions, they would be covered. There would be no distinction between an adopted child and a birth child.

265 SENATOR ROBERTS: Can you explain why you require that a child with a pre-existing condition wait for 6 months before coverage is provided?

273 BAILEY: Compares health insurance coverage to car insurance coverage.

There is more discussion about pre-existing conditions and group versus individual health care plans.

311 JOHN POWELL, BLUE CROSS/BLUE SHIELD OF OREGON: Opposed to SB 593. Concerned with the definition of placement which means the assuming of the responsibility of a child. He interprets "assuming" to mean a state of mind.

333 CHAIR SHOEMAKER: Doesn't agree with this assumption. It probably means the taking of physical custody.

342 POWELL: Policy and individual policy is another matter. Group policies are more susceptible to adverse selection. Treatment of an adopted child is same as anyone else if they were not a member of the policy on the date it was originated or born into that family. He read language from the policy. > New entrants are treated the same and are required to apply and be underwritten.

389 CHAIR SHOEMAKER: SB 593 states that all individual and group health insurance policies shall provide that the benefits applicable for children in the family shall be paid for with respect to a newly born child of the insured from the moment of birth. This bill proposes to add to that "an adopted child from the date of placement". Is there a difference?

388 POWELL: The difference is that under the existing policy the adopted child would be treated like the child that is being added after the policy was taken out. > A newly born child is not being added in the same way, so a new born is covered from the moment of birth by statute.

417 CHAIR SHOEMAKER: There seems to be a distinction between an adopted child and an added child.

420 POWELL: They would be treated equally. An added child is not a child born during the policy period, rather a child being added to the policy who was not on the policy at the time it was taken out.

430 CHAIR SHOEMAKER: Would this be the same in the group and individual policies?

433 POWELL: In most larger group policies there are no such medical statements or underwriting. The problem of adverse selection is dealt with this way.

TAPE 74, SIDE B:

001 CHAIR SHOEMAKER: Read the new language from SB 593. Your policies already contain such provisions regarding adding children.

012 POWELL: The basic policy is that an added child would be treated the same as an adopted child under the existing policy.

015 CHAIR SHOEMAKER: The bill wouldn't change Blue Cross' policy correct?

016 POWELL: Lines 17 and 18 would affect Blue Cross in conjunction with existing law in (2), line 20. > It would require a different policy because they could not be underwritten. Coverage would go back and cover all pre-existing conditions.

032 SENATOR ROBERTS: Explains why the argument is that adopted children should be treated the same as birth children. > The evidence reveals that people aren't looking to adopt children with pre-existing medical problems. > There are equal number of children being born with medical problems than children that are adopted. There is no way of knowing the health of an unborn child, adopted or not.

057 POWELL: Misunderstood earlier statement.

062 CHAIR SHOEMAKER: Clarifies that the state is not asking that children who qualify for medical health coverage be taken off in order to be covered by private medical insurance.

068 PIERSON: Children who are approved for adoption assistance can get a medical card. > Mr. Powell is correct that private insurance is considered a prior resource. > The point that hasn't been covered is that if families have a medical card for their adopted child, they must see other physicians or they have problems getting coverage. > These are discriminatory problems for adoptive families.

083 CHAIR SHOEMAKER: Would AFS want to cut off medical assistance and have the children covered by the family's health insurance coverage?

087 PIERSON: The state would continue to pay what the family's insurance wouldn't cover, within the state's fee schedule.

096 CHAIR SHOEMAKER: What affect would there be on future number of adoptions if the laws forced parents to take complete responsibility for children with pre-existing medical problems?

108 PIERSON: If the child is eligible for adoption assistance and medical assistance, they approve those and continue the coverage, but all Medicaid considers health insurance as a prior resource. > There have been a number of incidences where people have felt they could not adopt because they couldn't get health insurance. > Over 300 children a year may have no health insurance because they don't qualify for state assistance.

127 SENATOR ROBERTS: What are the qualifications for adoption assistance?

130 PIERSON: Most needs of an adoptive child are not health needs.

140 SENATOR ROBERTS: Is there an unusual incidence of health needs for

children who receive adoption assistance?

142 PIERSON: The incidence is very low of high cost children. A few who are born with major medical problems are among the adoption assistance cases.

150 PEGGY ANET, ADMINISTRATOR, LEAGUE OF OREGON CITIES, EMPLOYEE BENEFIT SERVICES TRUST: Their program covers children as soon as they are placed in the home, there are no pre-existing conditions , no special underwriting is done for adopted children. > They are opposed to this bill because it is a new health insurance mandate which extends services to a distinctive population. > It doesn't appear that the statutory requirements under ORS 171.870 have actually been met. > Aside from the mandate issue, the policy question being addressed highlights difficulties occurred resulting from uneven application of mandated benefits in the Oregon insurance code. > Even if this bill does go through, it won't cover everyone as many people might think. > They have attempted to find other ways of dealing with mandated benefits and take a more comprehensive look at health insurance availability in the state.

182 CHAIR SHOEMAKER: Agrees that they haven't received the statutorily required analysis of the effect of this mandate on various things.

208 BRUCE BISHOP, GOVERNMENT RELATIONS MANAGER, KAISER PERMANENTE, NORTHWEST REGION: Submits and explains testimony in opposition to SB 593 (EXHIBIT I). We oppose this bill as another mandated benefit. > Their primary concern is the standard that would be applied in determining when custody has taken place.

233 CHAIR SHOEMAKER: Adjourned hearing.

Submitted for the record: > Testimony from David and Ann Alligood (EXHIBIT K) > Testimony from Tamara J. Holm (EXHIBIT L) > Testimony from Linda Meier (EXHIBIT M) > Testimony from Craig A. Pearsall (EXHIBIT N) > Testimony from Doug Rathkey (EXHIBIT O) > Testimony from Steve L. Thore, M.D. (EXHIBIT P) > Testimony from Samuel and Violet Tse (EXHIBIT Q) > Testimony from Gary Weeks, Department of Insurance and Finance, (EXHIBIT R) > Testimony from Tracie Lynn-Freni (EXHIBIT S) > Testimony from Nancy Bordeaux (EXHIBIT T)

Submitted by: Reviewed by:

Guadalupe C. Ramirez Barbara Coombs Assistant Administrator

EXHIBIT LOG:

A - Testimony on HB 593 - K. Stocker - 1 p. B - Testimony on HB 593 - Anne Masterson-Lebwohl - 1 p. C- Testimony on HB 593 - J. Lesch - 1 p. D - Testimony on HB 593 - Claudia Hutchison - 2 pp. E - Testimony on HB 593 - Karen Pierson - 2 pp. F - Testimony on HB 593 - Connie Spiegel - 1 p. G - Testimony on HB 593 - Kathleen Smith - 1 p. H - Testimony on HB 593 - Kim Leval - 1 p. I- Testimony on HB 593 - Timothy A. Bailey - 3 pp. J - Testimony on HB 593 - Bruce A. Bishop, Kaiser Permanente - 2 pp.