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.

SENATE COMMITTEE ON HEALTH INSURANCE AND BIOETHICS

May 14, 1991Hearing Room C 3:00 p.m.Tapes 83 - 84

MEMBERS PRESENT:Sen. Bob Shoemaker, Chair Sen. Joyce Cohen Sen. Jeannette Hamby Sen. Lenn Hannon Sen. Frank Roberts

MEMBER EXCUSED:

STAFF PRESENT: Barbara Coombs, Committee Administrator Guadalupe C. Ramirez, Committee Assistant

MEASURES CONSIDERED: SB 1077 - PUBLIC HEARING/WORK SESSION SB 760 - PUBLIC HEARING/WORK SESSION SB 19 - WORK SESSION SB 1181 - WORK SESSION

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TAPE 83, SIDE A

002 CHAIR SHOEMAKER: Calls meeting to order at 3:20 pm

WORK SESSION ON SB 19

010 CHAIR SHOEMAKER: SB 19 is an enabling act for the industry and employers and a majority of affected workers with the sign off of the Department of Insurance and Finance to come up with a 24 hour health health care program to replace that aspect of Worker's Compensation (WC) and the disability aspects if it can be done.

024 COOMBS: Introduces (EXHIBIT A), a hand engrossed SB 19 and a memo from SAIF.

036 CHAIR SHOEMAKER: Allowing more interested parties to pursue the problem may be in everyone's best interest. The problems may be taken care of without cost to the state.

039 SENATOR HANNON: What about language that would pertain to the plan being equal to existing workers compensation coverage requirements?

059 CHAIR SHOEMAKER: For further clarification on how to adjust the language to address Sen. Hannon's concerns, asked that Workers Compensation staff respond. > The bill refers to indemnity benefits on lines 7 and 11 Will this cover the disability aspects of WC or should it say disability income benefits.

082 TOM MATTIS, WORKERS COMPENSATION DIVISION: Will consult with other from SAIF on this question.

085 SENATOR HANNON: Indemnifying someone means holding them harmless. > He would like to see disability income benefits. > This language holds the employer harmless but doesn't provide income benefits for the injured worker.

095 CHAIR SHOEMAKER: An option should be available to provide health care or health care and disability benefits.

098 MATTIS: There is the need to assure that benefits are adequate.

103 CHAIR SHOEMAKER: Closed the work session on SB 19 Worker Session on SB 19 re-opens on page 5.

WORK SESSION ON SB 1181

107 CHAIR SHOEMAKER: SB 1181 restricts legislators health benefits to the benefits ranked by the HSC as funded by the legislative assembly.

MOTION:SEN. HAMBY moved SB 1181 to the floor {with a "do pass" recommendation}.

VOTE:In a roll call vote, the motion carried with all members present voting AYE. Senator Kennemer will carry the bill.

124 CHAIR SHOEMAKER: Closed work session on SB 1181 and opened the work session on SB 760.

WORK SESSION ON SB 760:

131 COOMBS: Introduces two sets of proposals: County Health Offices (EXHIBIT B) and OMAP (EXHIBIT C).

144 VICKY GATES, DEPARTMENT OF HUMAN RESOURCES: The difference between the two sets of amendments (EXHIBITS B & C) is Section 6. There is basic agreement on other areas of SB 760. > The language proposed responds to issues raised by local health departments. > Publicly supported programs should be included because some of these issues are faced by other programs such as migrant clinics and rural and community health clinics. > The proposed language includes "publicly supported programs". > DHRrequires that unless cause can be shown, the prepaid health plans would allow point of contact services or an arrangement between them and the community health department for immunizations, STD's and other communicable diseases. > The public health authority has clear responsibility in these areas and if someone comes in to their facility and was covered by a MCP, they could offer treatment and be paid for it. > It also requires that the county bill the PCO.

181 CHAIR SHOEMAKER: The PCO would be required to honor the bill, correct? > DHR's contract would continue to be with the MCO, correct?

185 GATES: Correct, but the key issue is if the person meets the

criteria of needing treatment of one of the communicable diseases mentioned previously, the community health network needs to be assured that the service will be paid for.

190 SENATOR HANNON: Will these proposals prevent agencies from not getting paid for service provided?

202 GATES: Yes. This will assure that people don't fall through the cracks and so the county health department is not denied payment for legitimate services because someone is enrolled in a managed care plan.

220 TOM ENGLE, CHAIR, COALITION OF LOCAL HEALTH OFFICIALS: The problem is that a contract or agreement with all the different PCO's would have to be negotiated. > Simplest way to get paid for their services would be on a fee for service basis and billing OMAP.

233 SENATOR HANNON: The counties want to make sure that they are reimbursed but they don't want to deal with the PCO's, correct?

236 ENGLE: Their concern is that any provider that provides care for a communicable disease be paid for it.

247 SENATOR HANNON: Would this have fiscal impact on the budget which is currently in review by Ways and Means?

251 GATES: Section 2 of SB 760 has the most fiscal impact. Section 6 is possible within the budget. This issue would have more impact on county health departments.

265 CHAIR SHOEMAKER: Is there language within Section 6 that assures that the MCO will enter into contract.

268 GATES: It specifies that it would be required unless cause can be shown why it wouldn't be feasible.

278 CHAIR SHOEMAKER: In favor of managed care as the method of delivery.

290 GATES: They have made an exception for family planning on a fee for service basis. Section 6 (3), (EXHIBIT C, p. 4). > They want to support managed care, but counties have a role to play. > OMAP will be there with technical assistance to facilitate in the arrangement process.

309 ENGLE: In order to maintain the systems developed for maternity case management, they have proposed to move the public health nurse home visits up to top 2 sections. > The providers would maintain the case management responsibility with the public health nurses doing the home visits for high risk families.

326 GATES: Feel they have gone as far as they can in singling out areas to be treated differently than the normal managed care system.

339 CHAIR SHOEMAKER: Agrees with OMAP>

366 GATES: Difference in language (EXHIBIT C, p. 1), changed "shall" to "may". > The other difference is in line 11, they have language that recognizes the legislative funding.

386 ENGLE: Would like to keep the "shall" language to direct the groups to get together to work out agreements.

392 SENATOR HAMBY: Prefers the "shall".

408 CHAIR SHOEMAKER: Suggested "shall endeavor".

414 SENATOR ROBERTS: How would legislative funding levels affect this?

425 GATES: If the legislature will makes funds available for OMAP to have out-stationed workers at every health division, they would be willing to negotiate if needed. > If there isn't enough money, they would negotiate other types of outreach.

TAPE 84, SIDE A

020 CHAIR SHOEMAKER: Where should "subject to legislative funding levels" appear?

026 GATES: Should be at the beginning.

039 MOTION:CHAIR SHOEMAKER moved the OMAP amendments on line 9 to add "endeavor to" following "shall" and on line 10 to precede the sentence with the phrase "subject to legislative funding levels" and that this phrase not reappear on line 11.

VOTE: After hearing no objection, Chair Shoemaker so ordered.

045 COOMBS: Section 6 won't satisfy Legislative Council's drafting protocols.

051 MOTION:SENATOR HANNON moved the adoption of the OMAP amendments in concept to be put into LC form.

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

MOTION:SENATOR HANNON moved SB 760, as amended to the floor with a {"do pass recommendation"}.

VOTE:In a roll call vote, the motion carried with all members voting AYE. Senator Cohen will carry the bill.

WORK SESSION ON SB 19

083 TOM MATTIS, WORKERS COMPENSATION:

There was extensive discussion about the language pertaining to on the job coverage with SB 19 and after finding there was no consensus, Chair Shoemaker closed the work session on SB 19.

PUBLIC HEARING ON SB 1077 Witnesses: Ed Patterson, OAH Scott Gallant, OMA Doreen Grove, BUSINESS GROUP ON HEALTH Ed Nieubuurt, BUSINESS GROUP ON HEALTH Ellen Pinney, OHAC Kevin Earls, AOI Tim Goldfarb, UNIVERSITY HOSPITAL Jim Gardner, OHCA Chris O'Neil, ADDICTIONS TREATMENT ASSOCIATION Roger Oherbach, GOVERNOR'S SENIOR POLICY ADVISOR

269 ED PATTERSON, OREGON ASSOCIATION OF HOSPITALS > Their association board of trustees came to the conclusion that CN has not been cost effective. > Their proposal (EXHIBIT E) focusses state policy on real issues of accessing patient care, and the quality of patient care ie. how high volume vs. low volume impact quality. > Cost of the service being provided should be a significant issue. > Governor's senior policy

advisor has been approached with this proposal.

361 SCOTT GALLANT, OREGON MEDICAL ASSOCIATION. In the proposed amendments (EXHIBIT E) continue only for new hospitals and nursing homes. > They borrowed from HB 3082 as well as SB 1077. Subsection 2 is from HB 308 2 > Expresses basis for the legislation about current concerns on access, cost of care. > There is a need to evaluate and analyze medical technology and services. > The Oregon Health Resources Commission is designed based on HSC concepts. > Its role would be to facilitate cooperation between public and private participants in health care to develop policies that encourage efficiency and effectiveness, and equity in health care delivery. > Those policies would emphasize health promotion, disease prevention improving current cost effectiveness. > The commission would consist of seven members. > Section 5 has two parts: the first taken from HB 3082 outlines the research and development functions of the commission. > Subsection 2 of Section 5 deals with high cost medical facilities and technologies and services or outcomes research. > Section 7 provides for an appropriation to exectuive department.

TAPE 83, SIDE B

007 GALLANT: Continued with testimony: This approach enables a commission to choose areas of particular concern for further study. > Any new approach is going to be based on national studies. This takes advantage of most recent information. > Submitted and explained article on physician ownership as an example (EXHIBIT F). > Recommended that these proposals be studied further.

050 DOREEN GROVE, PORTLAND AREA BUSINESS GROUP ON HEALTH, VICE PRESIDENT, HUMAN RESOURCES GROUP, US BANCORP. > SB 1077 attempts to control the increasing health care cost. > Health care industry has provided them with new technology but has failed to control the proliferation of costly tests, procedures and facilities. > No reason shown why Portland needs 11 MRI's compared to 12 in all of Canada. > The market system hasn't helped to keep cost down. > A new approach emphasizing regional planning is needed. > SB 1077 emphasizes regional planning and an alternative to CN. > There are problems with CN that need to be addressed and SB 1077-7 does so.

089 ED NIEUBUURT, EMPLOYEE BENEFITS MANAGER, TECHTRONICS. > They have come to the conclusion that the health industry has not monitored and controlled its own resource allocations adequately. > This results in businesses having to pay more for health care cost due to excess facilities and redundant capacity. > The CN process needs to be corrected but on the whole it has a useful limited effect on the proliferation of excessive use in the health care system. > Small or rural hospital exemption concerns: the way the categories are established, the exemptions don't necessarily apply to rural hospitals. > If the thrust of reform of the CN is toward regional planning, shouldn't exclude certain regions of the state. > Limited as it may be, SB 1077-7 proposes to address some concerns immediately.

138 SENATOR HANNON: How long has the CN process been in place?

140 NIEUBUURT: It started with federal legislation in the mid 60's.

142 SENATOR HANNON: The 11 MRI's in Portland exist because of the current CN process. > How will maintaining some regulatory control help other areas?

164 NIEUBUURT: The regional planning ground rules would make the process more effective.

200 ELLEN PINNEY, OREGON HEALTH ACTION CAMPAIGN: They are in favor of the dash 7 amendments (EXHIBIT E) for the following reasons: > They wanted consumer labor and non-provider business involvement as well as provider involvement and input about the technological facility and service needs for health care in Oregon. > The maintenance of oversight capacity such as CN is useful until a new, more effective proposal established. > The resource allocation proposal based not only on cost of technology and facility, but on effectiveness and appropriateness for the needs of the population, the dash 7 amendments address this. > The priority list will be utilized to define technology that is the most useful and appropriate. > SB 1077 defines service areas and capacity levels for service technology and facilities. > They would like to have some authority to collect the data needed. > Cost controlling measures are desirable > The group that is involved in the dash 7 amendments is fair representative group of business, labor, provider and consumer. > Referring (EXHIBIT E, p. 3 lines 1-3) they would suggest that the commission consult with other kinds of organizations as well. > Is in favor of the dash 6 amendments. > Insurance reform bills take into consideration measures to insure cost saving to consumers and providers. The legislature should make sure of this. > Dash 5 (EXHIBIT G) is significant to understand tax exemption.

369 KEVIN EARLS, ASSOCIATED OREGON INDUSTRIES, HEALTH CARE POLICY: Submitted and explained testimony (EXHIBIT H) in support of SB 107 7.

390 CHAIR SHOEMAKER: Could you review the dash 7 amendments and return with more testimony.

408 TIM GOLDFARB, DIRECTOR, UNIVERSITY HOSPITAL: > Supports the concept proposal as presented by SB 1077-7, with exception that the sunset of the current law be extended to 6/30/93. > Would like the committee to consider modifying the section ORS 442.342. Submitted the proposed change pertaining to the managed care threshold level.

TAPE 84, SIDE B

019 GOLDFARB: Continued with testimony. > Most hospitals exceed the current 60% threshold level in October 1991 after Capital pass through's are included in the DRG payments. > The increase in managed care does not slow the diffusion of technology and doesn't reduce the cost of health care. > If the committee extends the current law which is attempting to slow the rate of health care cost, asks that the threshold be changed from 60% to 75%.

049 CHAIR SHOEMAKER: Would be interested in Goldfarb's comments about the dash 7 amendments.

054 GOLDFARB: Supports the commission structure and their duties in the dash-7.

063 CHAIR SHOEMAKER: Dash 7 appears to be more specific in what it requires including the collection of data.

073 GOLDFARB: Is comfortable with the proposal with OAH/OMA because it explicitly asks that those physicians be expert in areas of outcomes, volume and cost. > Prefers the more specific charge as dictated in SB

1077-7.

088 JIM GARDNER, OREGON HEALTH CARE ASSOCIATION: Submitted and explained testimony (EXHIBIT I). > CN should be retained.

114 CHRIS O'NEIL, ADDICTIONS TREATMENT ASSOCIATION: In favor of the OAH and the OMA proposal introduced today. CN should continue. > Made reference to proposed language submitted by this agency on 5/9/91 which specifically applied to chemical dependency as part of ORS 743.556.

162 COOMBS: Suggested that LC be approached about referencing private organizations to impose standards in state law.

177 SENATOR HAMBY: Referring to (EXHIBIT E, p. 5, line 7), does this conform to current language?

184 CHAD CHERIEL, OFFICE OF HEALTH POLICY: This language was proposed by Sen. Kitzhaber and it is not current language. They have a 6 to 7 year data base from hospital discharge records.

193 SENATOR HAMBY: Is there any rationale to connect anticipated number with past utilization.

197 CHERIEL: The measurement process may not be accurate.

205 SENATOR HAMBY: Is this the case in estimated number of patients as well?

208 CHERIEL: They have a better grasp on estimated number of patients because they have longer historical data which would allow for tracking.

233 ROGER AUERBACH, GOVERNOR'S SENIOR POLICY ADVISOR: > The governor would like to see CN be modified. > Concerned that nothing be left in the system. > SB 1077 is a good compromise bill. The work that OAH/OMA did is commendable. > Would like to see this bill passed.

274 CHAIR SHOEMAKER: Adjourned meeting at 5:03 pm.

Submitted by: Reviewed by:

Guadalupe C. Ramirez Barbara Coombs AssistantAdministrator

EXHIBIT LOG:

A - Testimony on SB 19 - Staff - 1 p. B - Hand Engrossed SB 760 - Oregon Coalition of Local Health Clinics - 2 pp C - Hand Engrossed Amendments to SB 760 - Oregon Medical Assistance Program - 8 pp. D - Testimony on SB 760 - Engle, CLHO - 4 pp.
E - Proposed Amendments to SB 1077 - Staff - 9 pp.
F - Testimony on SB 1077 - Gallant - 10 pp. G - Proposed Amendments to SB 1077 - 2 pp. H - Testimony on SB 1077 - Earls - 1 p. I - Proposed Amendments to SB 1077 - Gardner - 1 p.