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 16, 1991Hearing Room C 3:00 p.m.Tapes 85 - 90

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

MEMBER EXCUSED: ?Sen./Rep. Name

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

MEASURES CONSIDERED: SB 794, SB 174, SB 1077, SB 1076

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 84, SIDE A

003 CHAIR SHOEMAKER: Called meeting to order at 3:15 pm

WORK SESSION ON SB 794 Witnesses: Lewis Littlehales, Insurance Division Pam Ruona, Senior and Disabled Services Division Hartzell Cobbs, Health Insurance Association of America

010 COOMBS: Explained SB 794-1, proposed by Long Term Care Financing Task Force and the Insurance Division (EXHIBIT A) and SB 794-3, proposed by the Health

Insurance Association of America (HIAA) (EXHIBIT B). > The discrepancy between them are in 3 areas: 1. Included in dash 1 and excluded in dash 3 is the inflation protection. 2. Included in dash 1 and excluded in dash 3 is the prohibition limited policies. 3. Included in dash 1 and excluded in dash 3 is the 9-month Alzheimers allowance without penalty. > A choice or a compromise needs to be made between the two.

071 LEWIS LITTLEHALES, INSURANCE DIVISION: Explained hand engrossed changes in the dash 1 and 3 amendments (EXHIBITS A & B).

103 CHAIR SHOEMAKER: A compromise might be to require that in addition to the various limited benefit policies offered by an insurer, that offer an unlimited benefit policy be offered. Further, that they be

required to disclose the benefits of the policy when they are discussing different policies with customer.

122 COOMBS: Introduced the proposed amendment (EXHIBIT C).

125 CHAIR SHOEMAKER: An additional provision is that the insured must select and the insurer must provide at least any 3 of the types of care coverage described in Subsection D (EXHIBIT C). > This addresses the problem of the insurer offering an extremely limited policy. > Asked for clarification on Subsection D (EXHIBIT C).

153 COOMBS: This would be found in SB 794-1 (EXHIBIT A, p. 11, line 18).

166 SENATOR HANNON: Does the dash 3 amendment leave the existing law in tact?

170 COOMBS: Regarding the menu of plans.

173 SENATOR HANNON: Could this be reviewed in 2 years after its been given the opportunity to work?

180 CHAIR SHOEMAKER: There are too many limited benefit policies that are being sold and not enough that cover the actual need. This compromise doesn't require that they sell it, but only that they offer and disclose it.

There was further discussion about the amendments to SB 794 (EXHIBIT C).

233 PAM RUONA, SENIOR AND DISABLED SERVICES DIVISION AND LONG TERM FINANCING TASK FORCE: The dash 1 amendment (EXHIBIT A) would reduce the options to 3 where the original statute required 4.

252 The committee discussed whether or not this proposed amendment limited the options to 3, Sen. Roberts suggested that the amendments requires that an option be given. The committee agreed that the insured was required to buy at least 3 covered services.

301 CHAIR SHOEMAKER: What does present law require in Section 4, (EXHIBIT A)?

304 RUONA: The original statute doesn't regulate limited benefit policies. If they call themselves a home health care policy, they can sell a home health care policy.

This issue created discussion for the task force members, they decided to prohibit the sale of limited benefit policies and require comprehensive ones.

320 CHAIR SHOEMAKER: Asked for clarification on Subsection D (EXHIBIT C).

325 RUONA: I means that only comprehensive policies can be sold to groups. A long term care insurance policy could not be limited. > The reason being, that group policies are generally less expensive.

362 HARTZELL COBBS, HEALTH INSURANCE ASSOCIATION OF AMERICA: Responding to (EXHIBIT C): The task force has now proposed 3 options. options. > The current language offers 2, why compromise to 3? > Offering 3 doesn't change the Adult Daily Living (ADL) problem, submitted and explained testimony to support this claim (EXHIBIT D). > Another problem is that

there is no actuarial data, there hasn't been enough time or enough homes to make accurate conclusions. > Recommended that the committee support SB 794-3.

430 SENATOR HANNON: How many options does the existing law require?

TAPE 86, SIDE A

011 COBBS: Existing law effective January 1992, wasn't changed in dash 3. > It requires nursing home coverage plus one from the list. This is found on the original SB 794 pg 7, section 5, subsection 2. > This requires that all policies as of January 1992 follow the direction of the Task Force. > It adds home health care to the nursing home part of it because actuarial data is available. > The amendment requires that a policy be offered as an option including all 6 sections. Insurance companies are not prepared to do the actuarial work.

039 SENATOR HANNON: Could the net effect be that a company might not be able to market a certain nursing home care plan because of the lack of ability to address it? > Are there companies that might not have plans available?

044 COBBS: The majority can only offer 2. The ones that offer more than 2 find that it is too expensive. Long term insurance policies are too expensive, they don't sell in Oregon.

058 RUONA: The four options in Section 5 of SB 794 are required to be provided but it gives insurers discretion over providers.

The committee agreed to go with the dash 3 amendments changing the date that insurers have to implement the policies proposed by the Task Force. There was consensus about giving them more time.

091 CHAIR SHOEMAKER: The next difference between the dash 1 and the dash 3 is whether or not all policies must include inflation protection, they are now an option.

094 COBBS: Prefer that it be kept as an option because older people don't buy it.

105 CHAIR SHOEMAKER: Inflation protection causes the premium to be higher. The benefits are increased according to the inflation that has occurred between the time the policy is purchased and the time it is needed.

110 COBBS: The premium is $100 a month without the inflation factor and $175 with the inflation factor, the $175 doesn't increase. But each year the benefits in the policy would increase in most policies, 5%.

115 CHAIR SHOEMAKER: Are there any policies offered that are not level premiums where the premium rises with the inflation?

120 COBBS: Not to my knowledge.

132 RUONA: Commented about federal legislation currently being proposed to address inflation protection in long term care insurance policies.

147 CHAIR SHOEMAKER: Suggested that there is not enough support in the committee to make a decision on requiring inflation protection. > The other issue is the Alzheimer's grace period in which the dash 1

amendment proposes a nine month window.

161 COBBS: They are opposed to this because insurance companies send more than one notice out now before a policy is canceled. Explains their opposition further.

177 CHAIR SHOEMAKER: Suggested that another party receive the notice as well.

180 COBBS: Has no objection to that. There is a problem of individual rights.

192 CHAIR SHOEMAKER: Have the insurer name someone that could receive the notice.

193 COBBS: Agreed with that as an option but suggests that there may be problems if the individual didn't want anyone else to know they were not paying their premiums.

195 CHAIR SHOEMAKER: Suggests option that would allow for a sixty day window with another responsible party.

202 COBBS: Somewhat uncomfortable with this but agrees.

MOTION:CHAIR SHOEMAKER moved that the insurer would offer to the insured at the time of the policy sale, the opportunity to name an additional person to receive notice of delinquent premium and would advise them that the benefits of that are that it would protect against lapse of policy and that the termination of the policy for non-payment of premium could not occur until 30 days after that second notice was sent, if the second notice is agreed to by the insured.

246 SENATOR HANNON: Explained why he will oppose this amendment.

263 CHAIR SHOEMAKER: This legislation is pertaining to a particular population that is prone to Alzheimers and other disorders that lead to memory lapses.

268 SENATOR HAMBY: This legislation forces the industry to respond to a segment of the population.

VOTE: In a roll call vote, the motion carried, with Senator Hannon voting NAY.

MOTION:N: SENATOR HAMBY moved to adopt the dash three amendments, as amended to SB 794.

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

MOTION:SENATOR COHEN moved SB 794, 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 Hamby will carry the bill.

300 CHAIR SHOEMAKER: Opened the work session on SB 174.

WORK SESSION ON SB 174

311 CHAIR SHOEMAKER: There have been no amendments proposed to SB 174

which

transfers the Motor Vehicle Accident Fund (MVAF) to the Department of Human

Resources Division. It is contingent on implementation of SB 27.

MOTION:SENATOR COHEN moved SB 174 to the floor {with a "do pass" recommendation}.

VOTE: In a roll call vote, the motion carried with Senators Hamby and Hannon voting NAY. Senator Cohen will carry the bill.

328 CHAIR SHOEMAKER: Opened the work session on SB 1077.

PUBLIC HEARING ON 1077 Witnesses: Chad Cheriel, Office of Health Policy Ed Patterson, Oregon Association of Hospitals Scott Gallant, Oregon Medical Association Jana Fussell, Director of CN Process Lois Davis, Oregon Health Sciences University Kevin Earls, Associated Oregon Industries Steve Kelper, Legacy Health System

333 COOMBS: Introduced the proposed amendments SB 1077 and an section by section index (EXHIBIT E).

351 CHAIR SHOEMAKER: Made initial comments on this amendments. Dash 7 tightens up the Certificate of Need (CN) process, lowers the threshold and names a list of specific facilities and services that would be covered subject to the threshold. > The compromise departs from that and extends for two years the present CN process which is hospitals, nursing homes, major new equipment and one other category which is in hospital services in excess of > The main part of the bill deals with the Health Resources Commission.

401 CHAD CHERIEL, OFFICE OF HEALTH POLICY: Explains the SB 1077 proposed amendments from page 1 of (EXHIBIT E). The amendments are the result of the Oregon Medical Association (OMA) and the Oregon Association of Hospitals (OAH) proposals on the 5/14/91 hearing along with the contents of the dash 7 amendments. > Rather than rescinding the sunset, there is a proposed two year extension. > CN will be retained at status quo with the existing threshold million dollar for medical equipment and $500,000 for the creation of new services. > Also included is the waiver for exemptions from CN proposed by the Oregon Health Science University.

TAPE 85, SIDE B

006 CHERIEL: Continued with testimony. > The dash five and six amendments have been incorporated. > Made suggestions for more efficient operation within the area of CN.

032 SENATOR HANNON: Asked for clarification on Cheriel's last point.

036 CHERIEL: If exemptions are made or if the service definition is removed in the new service category, the CN will become less effective. > If you are referring to the revenue threshold, a 1965 law was established promoting the growth of managed care. Raising the threshold from 60% to 75% would keep more hospitals under the CN review. Closing the potential loopholes. > Dash 6 is Section 4 of the proposed amendment (EXHIBIT E, pg. 3a) incorporated under the Health Resources Commission (HRC) and suggests that it is an appropriate place to be.

086 SENATOR HAMBY: Would a highly expensive new treatment procedure be included in "technologies and services" from [EXHIBIT E, pg. 2 (2)]?

096 CHERIEL: This was left for the HSC to determine. It will be covered under the "services" part.

101 CHAIR SHOEMAKER: What about the dash 5 amendments?

104 CHERIEL: That would be found on page 4 (EXHIBIT E, Section 6). > Section 16 of page 6 is the threshold issue.

129 ED PATTERSON, OREGON ASSOCIATION OF HOSPITALS: > They agreed to the adoption of the proposal for the technology and services studies presented by OAH and OMA and; > that the current CN law would not be changed at all and that the sunset would be extended for two years instead of repealing it.

140 CHAIR SHOEMAKER: The data collection requirement was to be included within the bill and that the structure of the HRC will be revised as it is here.

145 PATTERSON: They support the structure proposed for the HSC but would like to see that it be elevated to the Governor's cabinet level.

167 There was further committee discussion about which agency would provide commission staff and support services.

192 SENATOR ROBERTS: How is this funded?

197 PATTERSON: Current staff and the Office of Health Policy would be where the FTE's would be allocated.

200 SENATOR ROBERTS: You are moving this out of that area, correct?

201 PATTERSON: The Executive Department will have more services to provide with the implementation of the proposed amendments.

206 There was further discussion about where the responsibility would lie and how effective that would be because of resources and expertise.

250 PATTERSON: Commenting about (4) of (EXHIBIT E) relating to the compensation of the consumer representative, this should apply to all of the members or none.

257 COOMBS: This is consistent with the HSC. All the other people are probably employed which would cover their time at commission meetings.

266 CHERIEL: Makes more comments about their concerns in shifting the responsibility of the commission.

287 There was committee discussion about (6) of (EXHIBIT E, pg. 3). The committee agreed that this language should be reworded for clarity.

344 PATTERSON: Responding to questions about how they felt about the dash 6, predicted that it would be acceptable by the hospitals. > Comments on (8)a (EXHIBIT E, pg. 4), and suggests that it is not necessary for the CN process.

372 SENATOR COHEN: Is that existing power within the CN process?

374 CHERIEL: This is not necessary language for the CN process.

399 PATTERSON: Concerned about the proposal dealing with the waiver and percentages. > This aspect is a big part of the CN law and suggested that it is too late to change it.

424 SENATOR HAMBY: How would the Office of Health Policy be able to collect data without an impetus to the agency? What would encourage health care providers to submit the data requested (EXHIBIT E, pg. 3, [6])?

TAPE 86, SIDE B

009 SCOTT GALLANT, OMA: They will do it without the impetus.

019 PATTERSON: Hospitals are already required to report a great deal of data.

024 CHERIEL: Past experience shows that it is difficult to get this type of data from any provider. The data system they now have, is aggregate information relating to finances and discharge. The data that is being considered now is different and without some sort of penalty requirement there won't be as much participation.

035 The committee continued to discuss whether or not to set a penalty for the providers as an incentive for participation and whether or not it was a necessary requirement for the gathering of the data needed.

070 SENATOR HANNON: This discussion has raised another concern about the make up of the commission which includes four doctors which seems to be somewhat weighted.

080 CHAIR SHOEMAKER: The quality of the doctors will determine the validity of the commission.

082 SENATOR ROBERTS: Because of the make up of the commission, it will be easier for health care providers to get away with not submitting the data requested.

088 GALLANT: The legislative order would be sufficient enough of a penalty for providers because they would be in effect, breaking the law. Doctors for the most part are law abiding.

101 CHERIEL: The threat of a penalty is usually sufficient to get the data.

102 GALLANT: This could be a way for the commission to make unfair requests to providers. > Clinic referrals are not appropriate to mandate at this point. > Clarified that the ambulatory care issue is out of the picture.

139 CHERIEL: Concerned that if a new agency is created, CN program would die out. The CN should be separated from the other program so that it can continue.

154 CHAIR SHOEMAKER: If Ways and Means doesn't approve the funding, the extension of the sunset could still be kept. > Didn't think separating the CN would be beneficial. > Why is the appeals process being eliminated (EXHIBIT E, p. 8)?

174 JANA FUSSELL, DIRECTOR OF CN PROCESS: This is to the court of appeals like a regular contested hearing.

178 CHERIEL: The intent was not to make changes in the appeals boards.

181 FUSSELL: Some of the references to the CN appeals board still exist in the statute. > The appeals process is not being changed from what it is today.

187 CHAIR SHOEMAKER: Legislative counsel needs to deal with this if it is a repeal provision of the statute.

Senator Hannon asked to be excused at 4:53.

195 LOIS DAVIS, OREGON HEALTH SCIENCES UNIVERSITY: Discussed why they have suggested that the waiver threshold be changed. > Agree with the compromise as it mandates that the CN will be kept as it is.

235 KEVIN EARLS, ASSOCIATED OREGON INDUSTRIES: There is agreement that certificate of need doesn't work. > Expressed concern because the discussion of reducing the threshold had been dropped. > Asked that the Office of Health Policy (OHP) comment as to why the current permits they are giving are just under $1 million. They are in the $900,000 range. > Concern: Compromise has been reached with everyone except the consumer. > The committee to be established won't include the consumers. The committee will be loaded with the people which are to be regulated. The make up should be balanced more evenly. > Supports committee's direction to make changes, but it should be more balanced. > Threshold issue should also be re-examined.

317 STEVE KELPER, LEGACY HEALTH SYSTEM: If items covered by Patterson are remedied in another draft and if there is consensus about the language by OHP acknowledging multi-hospital systems and the need to be able to reconfigure the capacity of those systems, then they would agree with the proposal.

342 CHAIR SHOEMAKER: Could you and Cheriel come up with agreeable language.

345 SENATOR HAMBY: Proposed that the threshold on equipment be set at $750,000.

Senator Hamby was excused at 5:00 pm.

376 CHAIR SHOEMAKER: Closed public hearing on SB 1077 and opened the public

hearing on SB 1076.

PUBLIC HEARING ON SB 1076 Witnesses: Jim Swenson, Department of Insurance and Finance Judd Holtey, Rogue Valley Physicians Service Bruce Bishop, Kaiser Permanente Jack Friedman, Sisters of Providence Health Plans in Oregon John Powell, Blue Cross/Blue Shield Bruce Bishop, Kaiser Permanente Kevin Earls, Associated Oregon Industries Ellen Pinney, OHAC Mark Nelson, National Association of Social Workers Peggy Anet, League of Oregon Cities Ron Phillips, Select Care 383 COOMBS: Explained proposed amendments.

TAPE 87, SIDE A

002 JIM SWENSON, DEPARTMENT OF INSURANCE AND FINANCE: Gave general background and a section by section analysis on the proposed amendment for SB 1076 (EXHIBIT F).

062 SENATOR COHEN: Does the description of carrier include ERISA?

064 SWENSON: Only in that they are attempting to impose a benefit standard on ERISA plan. > Under the definition of ERISA, there is an organization referred to as a multiple employer welfare arrangement. The federal government has passed a law which gives states regulatory authority over multiple employer welfare arrangements. > This is included in the proposed amendments (EXHIBIT F, pg. 2, line 14) . > Continued with section by section analysis.

115 There was discussion about the rate band and how the carrier could select an average rate.

130 SWENSON: Continued with section by section analysis.

170 CHAIR SHOEMAKER: In response to questions asked by the committee, explained that the dash 3 is only being used as a base proposal and changes will be considered later.

179 SENATOR ROBERTS: Asked for clarification on language from the proposed language (EXHIBIT F, pg. 6, line 24). > Is it at the level which the legislature funded SB 27?

194 SWENSON: Yes.

203 SENATOR COHEN: What does "consistent with" (EXHIBIT F, pg. 8, line 9) mean in the insurance business?

210 SWENSON: Unsure that the insurance industry will be able to provide a benefit package that would be identical to the Medicaid package. > The package will be based on the ability of the insurance industry for ease in management.

216 CHAIR SHOEMAKER: Asked for an example where the insurance industry couldn't provide the same benefit as those proposed under SB 27?

220 SWENSON: Can't think of any right now but the concern has been expressed because contracts of insurance define a specific set of benefits. Gives examples. > Continued with section analysis beginning with Section 4 (EXHIBIT F, pg. 7).

306 SENATOR ROBERTS: What is meant by a "welfare arrangement" (EXHIBIT F, pg. 8, line 28)?

309 COOMBS: This language means that if the plan is implemented for a business, another business couldn't force the first company to sell the second company the policy because of guaranteed issue.

330 SWENSON: Continued with testimony beginning with Subsection 7a (EXHIBIT F, pg. 9, line 11).

TAPE 88, SIDE A

005 SWENSON: Continued testimony beginning with (6)a (EXHIBIT F, pg. 12, line 15).

051 SWENSON: Continued testimony beginning with (7) (EXHIBIT F, pg. 13, line 14).

146 SWENSON: Continued testimony beginning with Section 10 (EXHIBIT F, pg. 18).

313 CHAIR SHOEMAKER: Section 13 shouldn't eliminate the availability for one and two employee groups to be able to buy insurance through the Insurance Pool Governing Board?

316 SWENSON: No. If they are high risk, they wouldn't be able to obtain it through the Insurance Pool Governing Pool. It would be a supplement. > Remainder of the bill permits the tax credit to take place.

391 CHAIR SHOEMAKER: The proposed amendments will be explained and adopted as they are introduced.

403 COOMBS: Explained Option 3, an amendment to the SB 1076-3 (EXHIBIT G).

436 SENATOR COHEN: Asked for explanation.

TAPE 87, SIDE B

002 SWENSON: The dash 3 amendment was developed originally to ensure that once a group gets above 10 employees, managed care alternatives would be facilitated.

021 SENATOR ROBERTS: Why is this necessary?

022 SWENSON: The carriers concern was that they may be anti-selected against if the better risks went to the alternative carrier.

032 JUDD HOLTEY, VICE PRESIDENT, ROGUE VALLEY PHYSICIAN SERVICE: They are concerned that if they do take the risk with groups of 25 or fewer, guaranteed issue and renewal policy should be good enough for the group. Will lose some of the more healthier group.

051 CHAIR SHOEMAKER: You would like to delete this language so that you can make whatever requirements you think are appropriate regarding extent of participation of the plan.

053 HOLTEY: Yes, if they take a group, they want the entire group.

061 BRUCE BISHOP, KAISER PERMANENTE: They have no objection to the deletion of that sentence. Explained further.

076 JACK FRIEDMAN, SISTERS OF PROVIDENCE HEALTH PLANS IN OREGON: Support the deletion. Another policy issue is if you think small employers will be better served by one carrier because of being able to reduce its administrative cost by appealing to a larger population small group, it would cost them less in the future in administrative costs to appeal to groups of 10 to 25 rather 3 to 10.

092 MOTION:N:SENATOR COHEN moved the dash 10 amendments to SB 1076.

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

099 COOMBS: Option 5, (EXHIBIT G, pg. 2) would change the way of arriving at the midpoint range discussed earlier. Explained further.

118 SENATOR COHEN: Asked for clarification and who would responsible for implementing it.

119 SWENSON: The division would define what the broad geographic areas are and the carriers could elect to have different rates in each area. > The difference between the dash 3 and the proposed option 5 is that the dash 3 permits the carrier to elect what rate band they wish to operate within, the option 5 would retrospectively look at the business already on their books. > This would be based on their own rate under either of the two options.

163 JOHN POWELL, BLUE CROSS/BLUE SHIELD OF OREGON AND HEALTH INSURANCE ASSOCIATION OF AMERICA: A major problem is a rating system that is retrospective instead of prospective. Discussed the need for allowing this to be prospective. > The problem with using a mathematical average is that if a carrier should get a disproportionate share of high cost cases, the average of all the cases drives their midpoint more than if another method had been used.

183 SENATOR COHEN: Talking about premiums not risks or cases.

185 CHAIR SHOEMAKER: The carrier happens to end up with a disproportionate number of high risk groups which would be in the upper range of this rate band which would tend to force his mid-rate band up for the next time and vice versa. > The carrier that took the worst groups would be made less competitive by virtue of the application of this formula.

193 POWELL: They think it would be advisable to allow the carrier to establish this rate average and have to stay with it which would allow them to define that range as opposed to using an averaging system based on whoever knocked on their door.

199 CHAIR SHOEMAKER: The average between the high and the low is so arbitrary in the dash 3 amendments and manipulable that it doesn't seem like a fair way to go.

202 SWENSON: The carrier would have some choice in the range it wishes to operate.

210 There was further discussion about the rate band with discussion about both sides of the issue including the opting out aspect, penalties.

255 SENATOR COHEN: Need to be assured that the insurance companies will have standard to go by and be expected to comply with the regulation.

271 POWELL: The guarantee issue element is dealing with a different element in this law. > This element allows people to make a choice. Insurance companies are not going to risk losing profit by being manipulative in getting around regulations set by the legislature. They will lose more than they will gain. > The insurance industry is aware of the serious nature of this bill.

302 SENATOR COHEN: Are there enough natural sanctions in the new scheme of things?

304 BRUCE BISHOP, KAISER PERMANENTE: Agrees with Powell. > The proposed bill requires carriers to file an annual certification (EXHIBIT F, pg. 14, lines 2 - 6), to assure that the carrier complies with the act.

329 SWENSON: The concern with the language listed on lines 18 and 19 (EXHIBIT F, pg. 3), is that it should read "to be charged". > It defines the band but once the geographic average rate is defined, which is defined by the band, no individual small employer can have their rate adjusted upward by more than the increase in the geographic average band, plus 15%.

373 CHAIR SHOEMAKER: Is there a consensus to go with the free market approach which means that Option 5 (EXHIBIT G, pg. 2) is not adopted and change line 19 to: "to be".

383 BISHOP: This is not a free market approach because it is regulated.

393 The committee adopted "to be charged" into the dash proposed amendment (EXHIBIT F, pg. 3, line 19).

395 COOMBS: Explained Option 6, dash 13 (EXHIBIT G, pg. 3).

MOTION:CHAIR SHOEMAKER moved the dash 13 amendments into SB 1076.

VOTE:Hearing no objections, Chair Shoemaker so moved. Senators Hannon and Hamby were excused.

431 COOMBS: Explained Option 7, dash 14 (EXHIBIT G, pg. 3)

TAPE 88, SIDE B

031 SWENSON: There is a provision that permits the board to make some adjustments in the reinsuring premium if a carrier gets a disproportionate number of bad risks. There is protection from the carriers perspective already available.

MOTION:SENATOR COHEN moved the dash 14 amendments into SB 1076.

VOTE:Hearing no objection Chair Shoemaker so moved. Senators Hannon and Hamby were excused.

Chair Shoemaker was excused for a short time, Senator Cohen became the chair person.

045 COOMBS: Submitted and explained Option 9, dash 16 (EXHIBIT G, pg. 5). This proposes to instruct the Insurance Pool Governing Board that when the Standard Health Benefit plan is available, that they offer it.

05SWENSON: It would be appropriate to alleviate the premium because when it was initially enacted in 1987, was not and is still not very good.

066 SENATOR COHEN: What are we doing to eliminating the tax credit (EXHIBIT G, pg. 6, lines 8 - 9)?

068 COOMBS: They are eligible for the tax regardless of the amount that they pay.

087 KEVIN EARLS, ASSOCIATED OREGON INDUSTRIES: The tax credit and premium are somewhat linked to the statute. The linkage needs to be

maintained. Increasing the premium amount can't be done without increasing the tax credits.

093 SENATOR COHEN: Suggested that this tax credit part be added to another bill going to revenue committee. The premium amounts need to be linked with the tax credit in order to get a bigger tax credit. > The outdated premium and the tax credit might be something that should be

considered.

103 EARLS: Their concern is that a definite amount has not been established.

112 SENATOR COHEN: Are there any objections to adding "when feasible" which would require insurers to include the standard health benefit plan when it was feasible?

116 ELLEN PINNEY, OREGON HEALTH ACTION CAMPAIGN: It should be an obligation of the Insurance Pool Governing Board to provide the standard benefit plan.

126 SENATOR COHEN: Would SB 321 remedy this problem? Prefers to leave the "when feasible" and in 1994 when it all comes together it would be a requirement. > Insurers can't be required to provide something that doesn't exist.

152 PINNEY: Maybe putting a date in the mandate about "when feasible" would change.

162 CHAIR SHOEMAKER: SB 321 says that when a substantially similar plan can be developed, and provides access to all providers, then there is a release from the provider and service mandates. This is an incentive for the entire insurance industry. > This kind of policy regarding the Insurance Pool Governing Board (IPGB) and its plans that it is offering belongs there or somewhere else. > SB 1076 is intended to encourage the private industry to provide health insurance coverage. Wants to keep regulatory measures down.

251 COOMBS: Submitted and explained Option 11, (EXHIBIT G, pg. 7). SB 107 6-3 doesn't specify how the director will certify the basic plans, there are no standards by which to measure acceptability. > There is an exemption from the service and practitioner mandates as a trade off for a guaranteed issue of the basic plan.

264 SENATOR ROBERTS: This combines two things, the essential basic health doesn't seem to be related to what the legislature funded in the HSC.

267 COOMBS: Essential to basic health is HSC language.

269 CHAIR SHOEMAKER: They defined the first 9 categories as essential, the next as important.

281 SENATOR COHEN: Is the discussion of substantially similar for the basic plan?

288 CHAIR SHOEMAKER: The concept here is to have this plan provide essential health care services at least and that if you step up to this standard you are release from the service mandates. There will be another plan developed that is truly substantially similar in all

respects, probably a more sophisticated plan. That would carry with it a release from service mandates and a change of the provider mandate so there would be non- discrimination among providers. There wouldn't be provider mandates. > A substantial plan is needed.

317 SENATOR ROBERTS: The ambiguity would be removed with a definition of the basic health plan as providing services substantially similar to a particular part of the bill.

325 FRIEDMAN: There are two different issues here. The reason that people aren't buying the basic plan (53.33 plan) is that the only carriers offering that in today's market place have to offer a plan with a $500 or $1000 deductible. > The insurance industry has been reluctant to automatically adopt the standard plan has nothing to do with the philosophy behind what that will include. > The problem is the ability of insurance companies to administer the plan. > Starting with a basic plan and transitioning over time into the standard plan proposed by the HSC, will ease the administration of the plan.

369 SENATOR ROBERTS: Need definition of what it is.

371 FRIEDMAN: Isn't that what we are waiting for from the legislature in the HSC.

374 SENATOR ROBERTS: They are working on the standard plan, not the basic one.

376 CHAIR SHOEMAKER: The insurance industry argues that they can't be assured that what they offer will conform to the Diagnostic Treatment pairs that appears on the list.

382 SENATOR ROBERTS: Ambiguity would be eliminated by referring to the published list.

401 CHAIR SHOEMAKER: The plan could be defined by precise reference to the list.

402 FRIEDMAN: Agreed

405 SENATOR ROBERTS: During the interim, could a basic plan be defined based on a portion of the list?

429 CHAIR SHOEMAKER: The basic plan does not need to be addressed at this point.

TAPE 88, SIDE A

009 MARK NELSON, NATIONAL ASSOCIATION OF SOCIAL WORKERS: The language "essential to basic health" refers to the listing by the commission would draw the line at some place over 300 million. > This would cut the cost to employers about half for the health insurance policies they are currently providing. > They are concerned with a dramatic reduction of service if it were adopted at this level.

026 CHAIR SHOEMAKER: What the committee is considering at this time is whether or not to require the SB 1076 plan to be the same as the SB 27 plan.

033 NELSON: If this is extended to small employers, they would prefer that the basic plan be defined as substantially similar to a level at

least to 580. They would prefer to 640.

038 PINNEY: Explained and introduced dash 17 amendments (EXHIBIT G, PP. 8 - 10). These amendments are pulled from the dash 4 amendments and expanded on. > Their suggestion is that the Standard Health Plan be defined as it is in the dash 17 amendments, (EXHIBIT G, pg. 9, lines 14 - 30).

059 SWENSON: Most private insurance plans would encompass much of HSC's proposals. > This is done by co-insurance and deductibles which help in cost reduction. > Suggested that the committee consider a standard plan, appropriate for all Oregonians. > Need to permit latitude to those who will be required to implement the program.

076 HOLTEY: Submitted and explained testimony (EXHIBIT H): Made particular reference to page 3 of this exhibit. Agreed with the remarks just made by Swenson.

094 BISHOP: Proposed that small group health insurance reform set a basic benefit package that all carriers be required to offer groups on a guaranteed issue basis. > This would result in a different product that what can be currently written based on the HSC prioritized list of health services even if there is a line drawn and funding appropriated. > Not a standard that can be made applicable in a small group health insurance market.

102 CHAIR SHOEMAKER: Why?

104 BISHOP: Because there isn't anything that will cover all the diagnostic and treatment codes that would be excluded from coverage based on where the line is drawn. > An insurance product generally describes the services to be covered. > The direction that the prioritized list takes, is very different from an insurance product. > Making the standard based on HSC list is futile, no one will write small group coverage.

125 CHAIR SHOEMAKER: Why doesn't this work within an insurance plan if what the HSC came up was studied extensively?

135 BISHOP: Not familiar with OMAP's proposal under SB 27. > Their other concern is that under the HMO, they are currently bound by federal law as to what kind of basic benefits packages they are allowed to offer. > If the standard requires that they provide something that will be in conflict with that law, they could be precluded from operating in this state.

147 SENATOR ROBERTS: What is the federal requirement?

148 BISHOP: The Federal Health Maintenance Organization Act sets basic benefit requirements for HMO's.

170 There was further discussion about the committee's concern about the extent of coverage that insurance companies should provide.

179 PEGGY ANET, LEAGUE OF OREGON CITIES: Some of the items that are fairly high on the ranking include dental and eye exams which are services that insurance companies don't provide these with a regular health plan. > If you add this language to the ranking, you're inserting different kinds of services that might not be available as part of the regular health plan. > This creates a problematic situation

like not be able to have sufficient dental coverage. > These are the kinds of problems they run into in trying to translate the list into a standard health insurance package.

194 CHAIR SHOEMAKER: The qualifier would meet that problem.

196 ANET: Those services would have to be incorporated into the health plan. > The difficulty would be as to how the package would be put together to make a package that an employer would want to purchase.

209 SWENSON: Agreed with Anet. Suggested that the committee give appropriate consideration to the HSC as it is funded. This doesn't tie them to the program but does require that they recognize the benefits that are being provided and funded.

221 CHAIR SHOEMAKER: The language of SB 935, is similar to the SB 27 plan which might be standard enough.

230 SWENSON: The definition of the basic health plan as now defined in SB 107 6 does acknowledge that there is to be a separate plan for HMO's.

248 RON PHILLIPS, SELECT CARE: Two basic health care plans to be reviewed by the director. One be in the form of an insurance plan and one in the form of a HMO plan. > Concerned that if HMO's are required to produce a plan meeting the federal requirement of the HMO act. Explained further.

279 CHAIR SHOEMAKER: Do you have any suggestions on how to deal with this?

280 PHILLIPS: Possibly a non-federally qualified type product. For example: a health care services contractor, meeting the basic health plan requirements, avoiding the federal regulations governing HMO's.

290 There was further discussion about how Phillips' proposal would work.

325 JOHN POWELL, BLUE CROSS/BLUE SHIELD: It is unwise to have a mandatory tie to those services at this time. This will take away from the insurance companies, the possibility of some compromise between a deductible and a service.

335 SENATOR ROBERTS: What standard should be used?

340 POWELL: Points out the difference between language giving the committee guidelines and referring to the exact list.

348 SENATOR ROBERTS: Suggested that language be proposed for consideration.

367 CHAIR SHOEMAKER: "The proposed basic health benefit plans will be reviewed by the Insurance Commissioner to determine whether 1) the plans substantially meet the general social values that underlie the priority ranking of benefits established by the Health Services Commission and; 2) whether the plans are substantially similar to the Medicaid reform program funded the sixty sixth legislative assembly. The Health Services Commission shall review and provide comments to the insurance comments to the Insurance Commissioner on the extent to which any basic health benefit plans submitted to the commissioner meets these criteria prior

to the plans approval". > Would add to this "it include deductible and co-payment structure that does not deter needed services or preventive care".

393 KEVIN EARLS, AOI: Concerned with the last point made. > The three issues that need to be considered at this point are: The co-pay, deductible and tax credit element. > A way needs to be determined to get it priced out.

416 CHAIR SHOEMAKER: Should this kind of criteria be used for defining the standard benefit plan.

420 EARLS: Shouldn't be concerned in refining perimeters at this point that deal with the elements described before, until they are considered together. > Funding level under SB 27 needs to be considered before this can be done.

TAPE 90, SIDE A

007 NELSON: Another definition of a basic health plan that is not clearly apparent, (EXHIBIT F, pg. 8, lines 9 - 10). The HMO act weighs out benefits It could be construed as another benefit package within the benefits health care plan. > Gives example.

022 CHAIR SHOEMAKER: Are you suggesting the federal HMO should be substituted for the criteria the state has been developing?

025 NELSON: No. The language that you are proposing to adopt is further limited by this language as it relates to the federal HMO's. Explains: the second plan shall be consistent with the requirements. There are specific benefit requirements within the HMO organization act.

041 CHAIR SHOEMAKER: This could be resolved by the director as the plan is being reviewed.

048 SWENSON: Reason that two basic plans are defined is to assure flexibility so that HMO's can be accommodated. Doesn't see the federal HMO serving as a cap.

063 There was further discussion on whether or not the federal HMO act would be a determinative aspect in this issue.

074 MOTION:SENATOR COHEN moved that the sample criteria language for the Small Group Reform Basic Benefit Plan be inserted into the dash 3, (EXHIBIT F, pg. 8, line 12), and to return to the deductible and co-payment structure.

VOTE: Hearing no objection, Chair Shoemaker so moved. Senators Hamby and Hannon were excused.

100 COOMBS: Proposed that Option 10 be considered (EXHIBIT G, pg. 11): This

language replaces the language releasing from both the service and provider mandates, this language replaces it with release from the service mandates only.

104 CHAIR SHOEMAKER: The provider mandates shouldn't simply be released, a way should be found where there would be non discrimination against any licensed provider for cost effective services that provider

is able to provide.

The Option 10 amendments will be discussed at a later meeting.

142 CHAIR SHOEMAKER: Adjourned meeting at 7:38 p.m.

Submitted by: Reviewed by:

Guadalupe C. Ramirez Barbara Coombs AssistantAdministrator

EXHIBIT LOG:

A - Amendments to SB 794 - Staff - 17 pp. B - Amendments to SB 794 - Staff - 16 pp. C - Amendments to SB 794 - Staff - 1 p. D - Testimony on SB 794 - Cobbs - 1 p. E - Amendments to SB 1077 - Cheriel - 9 pp. F- Amendments to SB 1076 - Swenson - 36 pp. G - Amendments to SB 1076 - Staff - 11 pp. H- Testimony on SB 1076 - Holtey - 3 pp.