

SENATE COMMITTEE ON HUMAN RESOURCES

Wednesday February 13, 1991      Hearing Room A 3:15 p.m. Tapes 24 - 25

MEMBERS PRESENT: Sen. Bill McCoy, Chair Sen. Cliff Trow, Vice-Chair  
Sen. Shirley Gold -      Sen. Bill Kenemer Sen. Paul Phillips STAFF  
PRESENT: Janice J. Fiegener, Committee Administrator Mike Meriwether,  
Research Assistant Michael Sims, Committee Assistant Andra Woodrum, Page  
MEASURES CONSIDERED:      SB 60 - Relating to medical assistance  
Introduction of LC drafts 2412 through 2418

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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 24, SIDE A 005 CHAIR McCOY: Calls the meeting to order at 3:18  
p.m.. 010 JEAN THORNE, DIRECTOR, OFFICE OF MEDICAL ASSISTANCE PROGRAMS  
(ONAP), DEPARTMENT OF HUMAN RESOURCES (EXHIBITS A, B): Details Exhibit  
A. -Medicaid pays health-care expenses for some, but not all, low-income  
persons. There is an income level set, depending upon the program, which  
will pay only for low-income people who are aged, blind, or disabled  
with families of dependent children. 053 CHAIR McCOY: Are these still  
Social Security programs? 056 THORNE: Yes. Title XIX is Medicare. We do  
not provide Medicaid Services, we pay the providers for delivering those  
services. -Continues detailing Exhibit A. -There are pieces of Medicaid  
administered in various parts of the Department of Human Resources.  
Medical screenings for children must be available, as well as any  
medically necessary services indicated by those screenings. Senate  
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Until April 1, 1990 the state had the option not to cover certain  
optional services. Under the budget-act change, the state does not have  
the option for someone who is Medicaid eligible and under age 21. It  
must not reduce or deny a required service because of diagnosis, type of  
illness or condition. The state must have payment rates that are  
consistent with efficiency, economy, and quality of care, and are  
sufficient to enlist enough providers so services are available to  
recipients. The primary test for most services is that in-patient  
hospital and nursing-home services have a special protection under  
Federal law. The rates must be sufficient to meet the reasonable costs  
of efficient and economically-operated facilities. 122 SEN. TROW: Could  
you give us details on hospital and nursinghome coverage changes? 123  
THORNE: The hospitals and nursing homes have special protection.  
Hospitals are asking that all of the state plans be invalidated back to  
1983. The issue is in court at this time. We do have a special legal  
requirement to the nursing homes and hospitals. We have concern with  
access to care, but there is not the same protection under the Federal  
law. 137 SEN. TROW: Is the suit for a specific amount of money? 138  
THORNE: No it is not for a specific amount of money, although it does  
return cost-based reimbursement. No one is advocating that more money be  
put into the system. 145 SEN. TROW: If there is settlement, is there an  
amount of money involved? 146 THORNE: If there is settlement, it is  
likely the settlement would be based upon the components of a reasonable  
reimbursement system. 153 SEN. TROW: This may be retrospective as well?  
- 154 THORNE: We feel comfortable that this is not retrospective  
relief. 159 SEN. McCOY: Was the cost-base change made under the  
direction of the Emergency Board or the Legislature? 164 THORNE: In  
1983, Medicaid programs had to piggyback a Medicare program. When  
Medicare went to a prospective payment system, states were given the

ability under Federal law to have an alternative payment methodology. They could not pay out more than would be paid under Medicare. At that time, the state went to Ways and Means for direction.

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-Continues detailing Exhibit A. 186 SEN. TROW: What would we have to do to get the rate to go up so we would get more Federal funds? 187 THORNE: The state would need a lower per capita income. For administrative costs it is generally a 50% match, although there are some items which may be a 75% or 90% match. -Continues detailing Exhibit A. -The primary group covered in Oregon is ADC recipients. If someone is ADC-eligible, then they are Medicaid-eligible. Another large group of cash-welfare eligibles are people who are aged, blind or disabled low-income people. They are eligible for the Federal program of Supplemental Security Income (SSI). Pregnant women and children have another special standing under Federal law. In 1987, it was optional to cover the people who were not ADC-cash eligible and the option has now grown into more of a mandate. 367 SEN. TROW: Do we pay for naturopathic services listed under optional services? 369 THORNE: Naturopaths received \$18,000 this biennium. Total state and Federal funds this biennium are projected as under \$600,000. It is very limited in terms of what is covered. 385 SEN. TROW: Regarding dental services, are children covered as well as adults? 390 THORNE: All of the services would be covered for children, although adults have limited emergency dental care. -Continues to detail Exhibit A. TAPE 25, SIDE A 043 SEN. TROW: To what extent is Medicaid available to those who are mentally ill? 045 THORNE: A good portion of those who are chronically mentally ill do qualify under SSI for being disabled. 046 SEN. TROW: How about Title XIX? 045 THORNE: If someone is SSI-eligible, s/he also qualifies for Medicaid.

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059 SEN. TROW: What would this cover for the mentally ill? Would this cover just the medical treatment? 060 THORNE: This would pay for medical treatment and services in the community mental-health system. Under Federal law, if the patient is in a state hospital Medicaid will pay for those under 22 years of age and those over 65 years of age. Anything in between would be state responsibility. 065 CHAIR McCOY: Would there be a limit to the fees? 067 THORNE: This issue is being studied at this time. 080 SEN. TROW: Can people in the prison facilities qualify for Medicaid? 081 THORNE: No, inmates are not eligible. There are certain parameters that cannot be covered because it is seen as being a state responsibility. 102 THORNE: Details the OMAP budget in Exhibit B. 110 SEN. TROW: What was the mandate of April 1, 1990? 111 THORNE: This was the Federal mandate to cover pregnant women and children under 6 years of age to 133% of poverty. Prior to this we were covering pregnant women and children under 4 years of age to 85% of poverty. The budget has basically two bottom lines. One is making the cuts, and the other is putting some things back in by using a hospital

tax. 199 SEN. TROW: Are all of the cuts made because we cannot come up with matching state general-funds? 202 THORNE: This is true. It is part of having to make the reductions under Measure 5. If the state money were available then the Federal money would follow. -Continues detailing Exhibit B. 225 JANICE J. FIEGENER, COMMITTEE ADMINISTRATOR: How are the Senior and Disabled Services Division cuts related to the medically-needy cuts? 230 THORNE: Senior Services will currently cover a patient in a nursing home, or home in the community-base waiver, who has income up to 300% of the SSI level, which is approximately \$1,100 per month. This does not mean all expenses will be paid for the patient. The patient uses their income to pay for part of their costs and SDS, under Medicaid, covers the

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balance. If the income eligibility level were reduced in Senior Services, as is being proposed, they would switch over to the medically-needy program and spend down under that program into Medicaid. 255 FIEGENER: Is this a policy decision and not because of Federal mandates? 256 THORNE: This is not a Federal mandate, it is a budgetary decision. -Continues detailing Exhibit B. 351 SEN. TROW: I'm questioning the hospital tax in that it can be used to get Medicaid match. We have never done this before? 359 THORNE: No. It is questionable if we could do this because the Federal government views this as similar to donated funds. 371 SEN. TROW: For the first time it is rather definite this can be done? 376 THORNE: That is correct. -Continues detailing Exhibit B. TAPB 24, SIDE B 019 SEN. TROW: How permanent is this budget? Does this relate to what we will do with Senate Bill 27 and the process which is under way? Is this a 1-year budget? 022 THORNE: This budget, assuming there is no SB 27, will carry out the current program during the next biennium. 041 SEN. TROW: Is this a tentative budget? 042 THORNE: This may be based upon what general funds are available in this program, or possibly look into other funding sources. The plans would put this budget into effect on July 1, 1992. This means at least one year under our current program. We would actually be running under two programs because the aged, blind and disabled will continue receiving a regular Medicaid program and the others would be receiving the SB 27 program. (Tape 24, Side B) PUBLIC HEARING ON SENATE BILL 60 Witnesses: Jean Thorne, OMAP, Department of Human Resources 105 THORNE (EXHIBIT C): Details Exhibit C.

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136 SEN. TROW: Is SB 27 likely to be implemented if there is no waiver? 137 THORNE: I think the language in SB 27 states that it is only implemented if there is a waiver. 154 CHAIR McCOY: Closes public hearing on SB 60. (Tape 24, Side B) WORK SESSION ON SB 60 160 MOTION: SEN. TROW moves SSB 60 to the floor with a "do pass" recommendation. 174 REP. PHILLIPS: I suggest waiting until Feb. 20, 1991, when we will see some of the reports coming out as SB 27. There may be other dynamics going on that we would want to take out of the bill. 183 SEN. TROW: I suggest we ask the Senate President to remove the subsequent referral to

Ways and Means. 190 MOTION: SEN. TROW moves that SB 60 be returned to the President's desk pursuant to SR8.50, and that a letter be attached recommending that the subsequent referral to Ways and Means be rescinded, by which motion his previous motion was effectively withdrawn. 197 REP. PHILLIPS: Why do we have such limited testimony on this bill? Was this a bill that would not generate a lot of input? 200 THORNE: We went through the transfer during the biennium. It was requested during the last session that we go before committees during the interim. 217 SEN. KENNEMER: This was an idea which was brought forward last session and the Legislature was not ready to move on the bill. 225 VOTE: In a roll-call vote, the motion passes unanimously. 246 MOTION: SEN. TROW moves to introduce LC drafts 2412, 2413, 2413-1, 2414, 2415, 2416, 2417 and 2418. VOTE: Hearing no objection, Chair McCoy so moves. 261 CHAIR MCCOY: Adjourns the meeting at 4:34 p.m.

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Committee Administrator

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EXHIBIT LOG: A - Testimony on SB 27 - Jean I. Thorne - 18 pages B - 1991-93 Governor's Budget - Jean I. Thorne - 4 pages C - Testimony on SB 60 - Jean I. Thorne - 2 pages D - Committee Bills LC 2412 - 2418 - 20 pages

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