

SENATE COMMITTEE ON HUMAN RESOURCES

Wednesday May 8, 1991 Hearing Room A 3:15 p.m. Tapes 87 -
88 MEMBERS PRESENT: Sen. Bill McCoy, Chair Sen. Cliff Trow,
Vice-Chair Sen. Shirley Gold Sen. Bill Kennemer Sen. Paul Phillips STAFF
PRESENT: Janice J. Fiegenger Committee Administrator Mike Meriwether,
Research Assistant Debbie Schieno, Committee Assistant MEASURES
CONSIDERED: SB 1194 - Establishes task force to coordinate with other
states and Federal Government efforts to develop and test national
health services plan. PH/VVS SJM18 - Memorializes Congress to enact
comprehensive National Health Plan. PH/VVS SB 987 - Establishes Human
Resource Commission to assess needs for human resource services. PH SB
744 - Establishes Human Resources Audits Division within Department of
Human Resources. PH/VVS SB 682 - Provides that admission to residential
facility, as defined, does not give owner, administrator or employee of
facility authority to manage, use or dispose of any property of
resident, or any authority or responsibility over personal affairs of
resident. WS WITNESSES: ELLEN PINNEY, OREGON HEALTH ACTION CAMPAIGN
CAREN CALDWELL, OREGON FAIR SHARE AMY KLARE, OREGON AFL-CIO SCOTT
MANCHESTER, NATIONAL ASSOC. OF SOCIAL WORKERS KEN JOHNSON, DEPARTMENT OF
HUMAN RESOURCES SEN. PAUL PHILLIPS, DISTRICT 4 JOHN RADFORD, EXECUTIVE
DEPARTMENT BILL MILES, SECRETARY OF STATE OFFICE - 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 Human Resources May 8, 1991- Page 2

TAPE 87, SIDE A

002 CHAIR McCOY: Calls the meeting to order at 3:15 p.m.

PUBLIC HEARING ON SENATE BTLL 1194 AND SJ1\I 18 008 MIKE MERIWETHER,
COMMITTEE RESEARCHER: Outlines Preliminary Staff Measure Summaries
(EXHIBITS A and B).

047 ELLEN PINNEY, OREGON HEALTH ACTION CAMPAIGN: Reads prepared
testimony in support of SB 1194 and SJM18 (EXEIIIBIT C). Submits document
"Rising Health Costs in America" (EXHIBIT D).

096 CAREN CALDWELL, OREGON FAIR SHARE, ASHLAND: Testifies in support
of SB 1194 and SJM18. Supports single payer system. This country has two
goals: 1. To contain the cost of health services. 2. To assure universal
access to health care. - Refers to EXHB IT D. Oregon would save 3.1
billion dollars by the year 2,000 with the single payer system. - Urges
committee to choose a cost effective, fair, and moral choice of
universal single payer system for health care. 176 SEN. KENNEMER: Are
you familiar with the Oregon basic health care plan of SB 27?

183 CALDWELL: SB 27 requires a certain amount of funding to be
adequate. Health Services Commission has identified what they consider
to be the right amount for the right benefits to be funded. We are
asking for 36 million dollars for the next biennium, which would be fair
and adequate. If it's any less, benefits will be cut for people
dependent upon that program. SEN. KENNEMER: At 36 million dollars, do
you think your standards of access and fairness would be largely
achieved? CALDWELL: For the population that would be covered by it. - A
problem would be if you tie benefits to funding, then each biennium it
must be re-funded again. People must remfight that fight, which puts
them in jeopardy. A single payer system would not present that problem,
we would save money instead. The cost containment is vital. 203 SEN.

KENNEMER: What do you think about a two tiered or three tiered system in a nation like ours? CALDWELL: I'm a religious person and a minister. I think it's immoral and health care is a right. 210 SEN. PHILLIPS: What preference do you base "a right" on? CALDWELL: It's a human right. Food, shelter, education and health care are some of the basic human rights.

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SEN. PHILLIPS: So you see it as a human right, not a right provided under the state or federal constitution.

CALDWELL: Yes. 229 AMY KLARE, OREGON AFL CIO: Testifies in support of SB 1194 and SJM18 and outlines (EXHIBITS E and F). 285 SEN. TROW: We need a national solution to this problem, but don't seem to be getting anywhere. What does national President Lane Kirkland see as prospects for us getting anything done in the near future? 298 KLARE: The prospects are very difficult. Powerful lobby groups back east do not support these reforms. Change is painful. AFL-CIO nationally has taken a position to have a single payer system proposal somewhere down the line, working on modest reforms as we go along. From a state level we need fundamental reform. 320 SEN. KENNEMER: Thanks Ms. Klare for testifying on his bill in a recent meeting. This bill would ask legislators to receive the same high quality health care that could be implemented under SB 27. Did you say if we fully funded that program, it would be an excellent program? 332 KLARE: I feel very good about the list of health care priorities. I won't be comfortable until I see the funding level. If we fund down past line 640, which is the Health Services basic recommendation, I would be proud to have that health care program and feel the legislators would be as well. Without that funding, people wouldn't want it. SEN. KENNEMER: My guess is we won't fund it at a responsible level. Legislators should share in the experience if it's such a terrific program we will all benefit. I don't feel it's such a good program, which might encourage improvement. KLARE: Thanks Sen. Kennemer for introducing legislation. 352 SCOTT MANCHESTER, NATIONAL ASSOCIATION OF SOCIAL WORKERS: Testifies in support of SB 1194 and SJM18. Chair McCoy: Closes public hearing on SB 1194 and SJM18.

WORK SESSION ON SENATE BILL 1194

411 MOTION: CHAIR McCOY moves SB 1194 to Ways & Means.

VOTE: In a roll call vote, the motion carries unanimously.

TAPE 88, SIDE A

PUBLIC HEARING ON SENATE BILL 744 016 SEN. PAUL PHILLIPS, DISTRICT 4: Testifies in support of SB 744 and gives history of the

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bill. Reviews proposed amendments to SB 744 (EXHIBIT G). 070 SEN. TROW:

This is a good idea. It would need to go to Ways and Means at some point for readjusting. 077 SEN. PHILLIPS: We would maximize the resources we have because those who may not be under a crucial crunch at one division could be used by the director as resources and work with the Executive Dept. This would result in better utilization of resources and better coordination. - This model is not unknown to state government. Points out the success with the audits functions within the Dept. of Transportation. 092 KEN JOHNSON, DEPT. HUMAN RESOURCES DIRECTOR OF INTERNAL AUDITS: Highlights prepared testimony on SB 744 (EXHIBIT H). 154 SEN. TROW: Is the Dept. of Human Resources in support of the bill? 158 JOHNSON: The Department is in favor of ways to improve and promote internal auditing in the department. If consolidation is one of the ways to do that, it would be supportive. In terms of the other audit arm, the informing tax auditors, the Department is not supportive at this time of moving it from the Employment Division to the Office of the Director. CHAIR MCCOY: The reason for that is most of the funding is federal funding. Do the auditors do that? JOHNSON: That is correct. They are located in the state branch offices. You would only be able to centralize the administrative arm, about 1 position. SEN. TROW: What if the bill was permissive and said that you may do this if it makes sense to consolidate. Would that be useful? JOHNSON: Any flexibility left in the bill would be useful. 178 JOHN RADFORD, ACCOUNTING DIVISION, EXECUTIVE DEPARTMENT: Has responsibility by statute to insure that operations throughout state government are well controlled. Executive Dept. has very few techniques and tools to employ monitoring of internal control structures and to insure they exist. - A year ago, a task force on internal auditing and control recommended: 1. an administrative rule which Exec. Dept. is about to issue regarding internal control. 2. an administrative rule on internal auditing requiring agencies maintain compliance with Institute of Internal Auditing standards, and suggested guidelines for the size of agencies to employ an internal audit staff. 200 - A year ago, Oregon Society of Certified Public Accountants recommended the possibility of Exec. Dept. having an internal audit arm within state government to determine control of operations and how well we see efficiencies. - Task Force on Internal Auditing and Internal Control recommended that an Internal Audit Council be formed for feedback. - By reorganizing and centralizing internal auditors, can efficiencies be achieved and can they be done more effectively?

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SEN. TROW: What is your answer to that question? RADFORD: Feels there will be some efficiencies gained. If audit resources are brought under one roof and reported to senior management in DHR, the findings will get more attention with positive results.

232 SEN. PHILLIPS: Refers to amendment language of "all audits." Is just trying to focus on consolidating an Internal Audits unit.

241 BILL MILES, DIRECTOR OF AUDITS FOR SECRETARY OF STATE: Supports internal audit within the state if they are staffed with well trained professionals, and reporting directly to or through someone immediately adjacent to the top administrator of the agency. The agency administrators need to have someone who is totally independent of the administrator, who can be the "eyes and ears" of that administrator. If

internal audit functions are properly staffed and independent of the organization, their work can be relied upon for agency audits, which helps work efficiency. Supports the consolidation of the internal audit function of various divisions of the department into one unit within the Department of Human Resources. 272 CHAIR McCOY: Sen. Phillips, will the department continue to hire the auditors from their personnel file?

279 SEN. PHILLIPS: Those 32 individuals would be consolidated within an internal audits unit within the Director's office, addressing both Executive Dept., DHR, and the Secretary of State's concern that this unit be functioned there. Later, if we have to cut 25 % out of the DHR, we may want to invest some money into an audits function getting into programs, etc. so we have better fiscal material to make some judgements. 295 CHAIR McCOY: Feels it should be in an independent office similar to Office of Management and Budget. 303 SEN. PHILLIPS: That is why I brought various audits divisions here today so you could see they do work independently, so policy makers have the best usable information. SEN. TROW: Sen. Phillips, are the -1 amendments yours? SEN. PHILLIPS: Yes, they came out of a meeting with DHR and Executive Dept. Suggests changing the -1 amendment language from "may" to "shall" consolidate an Internal Audits Unit within the DHR into an Internal Audits Office within the director's office. This would be clarifying language. SEN. TROW: Doesn't agree with the language change from "may" to "shall." SEN. PHILLIPS: "Shall" requires it go to Ways & Means, "may" removes that requirement, which will probably move it back to Emergency Board. There are people who can do the job, and we need to assist them in that direction. 345 CHAIR McCOY: The internal politics will get mixed up with the "may" and "shall." . 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 content of the proceedings, please refer to the tapes.

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351 SEN. TROW: Suggests using "shall" and ask that they study the issue and consider doing it.

SEN. PHILLIPS: Doesn't think anyone involved is opposed to this. Getting the policy statement in statute and giving them clear direction in the strongest possible language, and giving them the chance that they may consolidate an internal audit, that we will assist them to go ahead and get over the politics.

SEN. TROW: Suggests doing that now. 385 CHAIR McCOY: There are practical considerations to go into that. That agency has been going for a long time and has developed within itself some arms and legs that are vital. JOHNSON: The greater the flexibility allowed in the legislation regarding the consolidation into the office of the director would make it easier to deal with.

TAPE 87, SIDE B 007 SEN. TROW: If this bill passes, would you seriously study this, and not just ignore it, if it had permissive language? 010 JOHNSON: The director, Mr. Concannon, would take a good look at the internal audit function decision made by the legislature. 016 SEN. KENNEMER: Can't we send this to Ways and Means for response on the language? 025 SEN. PHILLIPS: Explains why it shouldn't go to Ways and Means.

CHAIR McCOY: Closes public hearing on SB 744.

WORK SESSION ON 744

041 SEN. PHILLIPS: Suggests amended language to SB 744.

060 CHAIR McCOY: Reads new language. The Director of the Depart. of Human Resources may consolidate an Internal Audits Unit within the Depart. of Human Resources into an Office of Internal Audits within the director's office, in order to achieve a higher level of independence and economy of management.

MOTION: SEN. PHILLIPS moves the -1 amendments to SB 744, as constituted.

SEN. TROW: Suggests conceptually sending this to Legislative Counsel.

VOTE: Hearing no objection, Chair McCoy so moves. 083 MOTION: SEN. PHILLIPS moves SB 744, as amended, to the Senate floor with a request to rescind the referral to Ways & Means based on conceptual language decisions by Leg. Counsel.

VOTE: In a roll call vote, the motion carries unanimously.

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Chair McCoy: Closes hearing on SB 987.

WORK SESSION ON SENATE BILL 682

124 JANICE FIEGENER: Outlines Preliminary Staff Measure Summary (EXHIBIT J). Reviews proposed amendments submitted by Committee (EXHIBIT K). - Judiciary has requested a subsequent referral. - The Mental Health Division has a concern that they are not written into the bill.

168 MOTION: SEN. TROW moves -1 amendments to SB 682, dated 5/8/91.

VOTE: Hearing no objections, Chair McCoy so moves. MOTION: SEN. TROW moves SB 682, as amended, to Judiciary with a do pass recommendation.

172 VOTE: In a roll call vote, the motion carries unanimously.

180 JANICE FIEGENER: Distributes budget reports regarding priorities and rankings to committee members. These will be going to Ways & Means.

Committee discussion follows.

238 CHAIR McCOY: Adjourns the meeting at 4:33 p.m.

Submitted by, Reviewed by, Debbie Schieno Janice Fiegener
Committee Assistant Committee Administrator

Transcribed by, Margie Neukomm

EXHIBIT LOG:

A- PRELIMINARY STAFF MEASURE SUMMARY ON SB 1194, 4 PAGES B- PRELIMINARY

STAFF MEASURE SUMMARY ON SJM18, 2 PAGES

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