

**Local Government Advisory Committee
to the Department of Human Services
Human Services Building, Room 473, Salem
March 11, 2005**

ATTENDING

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| Anne Peltier | Conference of Local Health Officials |
| Barry Kast | DHS – Health Services |
| Ben Boswell | Wallowa County Board of Directors |
| Bill Crowell | DHS – Office of Information Services |
| Bill Hall | Lincoln County Commissioner |
| Bill Wagner | Cascade West Council of Governments |
| Cindy Becker | DHS – Director’s Office |
| Clyde Saiki | DHS – Administrative Services |
| David Foster | Oregon Housing and Community Services |
| Eric Schmidt | Association of Oregon Counties |
| Gary Weeks | DHS – Director’s Office |
| Gillian Wesenberg | Douglas County Commission on Children and Families |
| Gina Firman | Assoc. of Oregon Community Mental Health Programs |
| Gordon Fultz | Association of Oregon Counties |
| Irene Fischer-Davidson | Clackamas County Human Services |
| James Toews | DHS – Seniors and People with Disabilities |
| Janet Carlson | Marion County BOC |
| Jim Neely | DHS – Children, Adults & Families |
| Joe Corsiglia | Columbia County Board of Commissioners |
| John Hartner | Oregon Assoc. of Community Corrections Directors |
| John Swanson | DHS – Financial Policy Analysis |
| Linda Fleming | CLHO |
| Linda Modrell | Benton County Board of Commissioners |
| Marilyn Kittelman | Douglas County Commissioner |
| Mary Shortall | Multnomah County ADS for OR Assoc. of AAA’s |
| Patty O’Sullivan | DHS – Office of Public Affairs |
| Robert Furlow | Douglas County Health & Social Services |
| Sharon Guidera | Association of Mental Health Program Directors |
| Tony Howell | League of Oregon Cities |
| Wendy M. VanElverdinghe | CADO |

WELCOME & INTRODUCTIONS/APPROVAL OF MINUTES

Linda Modrell called the meeting to order and roundtable introductions were made. The March 11, 2005 minutes were approved as written.

DIRECTOR'S REPORT

Gary Weeks reported that Phase I of the Ways & Means process is now complete. Phase II will consist of discussing the Governor's budget and program priorities and will give opportunity for public testimony. However, the Legislative Fiscal Office has not given DHS any specific timetable.

Weeks discussed a variety of bills including Senate Bills 501 to 505, which relate to management of health insurance, certificates of needs, trying to make the health insurance and medical costs, hospital costs, and physician costs more transparent. The bills could have a huge impact on medical costs down the road. There are at least two bills that would give the Tribes Public Health authority. DHS will pull together a meeting with the Tribes and CHLO to talk about tribal needs and public health.

Weeks mentioned that there is discussions about whether some parts of Public Health that relate to Homeland Security should be moved into the new department. DHS and the Governor's Office will be meeting to discuss outcomes and resources needed.

CHILDREN'S INITIATIVE CONTRACT PROCESS

Bob Nikkel reported that this Budget Note directs DHS to take all of the Children's Managed Care Funds and put them into a single managed care environment. The goal was to have everything in place for the managed care environment by July 1, 2005. DHS will not be able to meet this date due to details around rate setting that will prohibit us from giving reliable rate information to the Mental Health organizations. Our new goal is to have this done by October 1, 2005.

Gina Firman led a meeting yesterday to try to get many issues out on the table that have not been resolved. There are many detailed questions that we have not answered. Another meeting will be held soon to answer questions and alleviate concerns. One concern is whether the contract language that is being worked towards will allow us to resolve the kind of issues that have already come up.

INCREASED EFFICIENCY OF INTERCONNECTED SYSTEMS

Gordon Fultz reported that himself and Linda Modrell had been working with the Legislature on an ad hoc committee dealing with increased efficiencies, etc. One of the items being discussed is Mental Health. Counties are the Mental Health authority for the state and review all expenditures of mental health dollars in their county. The system is fragmented. Questions that came forth in the committee were - what can we do about the fragmented system and are there ways we can funnel resources through the mental health

authority in a way that allows them to build a continuum. The committee will continue to develop proposals that address efficiencies in interconnected systems.

MEDICARE MODERNIZATION ACT

James Toews and Tina Kitchin reported on the Medicare Modernization Act (MMA). MMA was signed a few years ago by President Bush and is the largest change to Medicare in its history. A summary of testimony that was presented to the Senate Special Committee on Aging by Tina Kitchin on March 3, 2005 was distributed. When most people talk about MMA, they are talking about the Part D benefit. Part D is where Medicare beneficiaries will receive a drug benefit as of January 1, 2006. Medicaid will no longer cover Part D eligible drug expenses for dual eligibles (those that are Medicare and Medicaid eligible) after January 1, 2006. DHS currently serves approximately 50,000 dual eligibles.

The drug benefit will be delivered with commercial plans that are not yet known, a network of pharmacies and the use of formularies. As of January 1, 2006, all dual eligibles must be in a plan that best meets their needs, have their current medications switched to match their formulary medication and know which pharmacy is going to be available to them.

An advisory committee is being formed for all key stakeholders who are impacted by MMA. There is also a series of workgroups being formed; one of which will focus on enrollment, that group will help develop a detailed plan on how to handle enrollments in the future.

FEDERAL ISSUES – PRESIDENT’S BUDGET

A copy of a high level summary that was compiled for the Governor, and subsequently forwarded to the Congressional Delegation staff, on the potential effects of the President’s budget was distributed. There are some critical things in the report such as the change on the cap on the tax rate for hospitals and providers. The tax would go from six percent to three percent. If this goes into effect it will dramatically cut the revenue DHS uses to support the OHP standard population of 24,000. Throughout the report there are other areas of significant concern. The committee may review this summary at their leisure and further discussion will be held at the April meeting of the LGAC.

David Foster reported on federal legislative items. The first item the would potentially affect us is that the Administration for years has proposed a 20 percent cut in the Community Services block grant. Most do not believe there will be a full cut of the program but that there may be significant cuts. The second item would potentially affect us was an attempt to consolidate a number of programs. The one with the biggest effect on us would be the consolidation of 18 Federal Economic and Community Development programs that would be merged between HUD and Commerce. In addition, the Community Development block grant program has traditionally been about a \$5 billion

program. If they combine the 18 programs, the total amount of funds would be about one-third less than before.

FUTURE AGENDA ITEMS

eXPRS

Family Support Council

Federal Budget

NACO newsletter

MMA update

County Contract/Agreement

NEXT MEETING

Date: April 8, 2005

Time: 9:00 – Noon

Location: Room 473, Human Services Building

Approved minutes are available on the LGAC web page:

<http://www.oregon.gov/DHS/aboutdhs/govrelations/localgov/meetings/lgac/main.shtml>

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