House Bill 2513

Sponsored by COMMITTEE ON HEALTH CARE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Prohibits use of funds from federal State Children's Health Insurance Program to pay for coverage of individual eligible for employer-sponsored insurance unless required employee contribution exceeds 20 percent of premium cost. Requires premium subsidy and establishes formula for amount of subsidy for individuals with high cost employer-sponsored insurance who qualify for State Children's Health Insurance Program.

A BILL FOR AN ACT

Relating to medical coverage; creating new provisions; and amending ORS 735.720, 735.724 and 735.726.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) Notwithstanding ORS 414.839, the Department of Human Services may not provide medical assistance that is funded in whole or in part with federal funds from Title XXI of the Social Security Act to an individual:

(a) Who is eligible for coverage under an employer-sponsored health benefit plan or policy of health insurance; and

(b) For whom the required employee contribution for the employer-sponsored plan or policy is 20 percent or less of the premium cost.

(2) The department shall provide a premium subsidy funded in whole or in part with federal funds from Title XXI of the Social Security Act to an individual:

(a) Whose family income is at or below 200 percent of the federal poverty guidelines;

(b) Who is eligible for coverage under an employer-sponsored health benefit plan or policy of health insurance; and

(c) For whom the required employee contribution for the employer-sponsored plan or policy is more than 20 percent of the premium cost.

(3) The premium subsidy provided under subsection (2) of this section shall be the lesser of:

(a) The premium cost that the state would pay under a prepaid managed care health services contract described in ORS 414.725; or

(b) The amount of the employee's required contribution toward the premium cost for the employer-sponsored plan or policy.

SECTION 2. ORS 735.720 is amended to read:

735.720. For purposes of ORS 735.720 to 735.740:

(1) "Carrier" has the meaning given that term in ORS 735.700.

(2) "Eligible individual" means an individual who:

(a) Is a resident of the State of Oregon;

(b) Is not eligible for Medicare;

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

(c) Either has been without health benefit plan coverage for a period of time established by the Office of Private Health Partnerships, or meets exception criteria established by the office;

(d)(A) Does not qualify for coverage under an employer-sponsored health benefit plan or policy of health insurance; or

(B) Qualifies for coverage under an employer-sponsored health benefit plan or policy of health insurance for which the employer pays less than 80 percent of the premium cost;

[*(d)*] **(e)** Except as otherwise provided by the office, has family income [*less than*] **at or below** 200 percent of the federal poverty level;

[*(e)*] **(f)** Has investments and savings less than the limit established by the office; and

[*(f)*] **(g)** Meets other eligibility criteria established by the office.

(3)(a) "Family" means:

(A) A single individual;

(B) An adult and the adult's spouse;

(C) An adult and the adult's spouse, all unmarried, dependent children under 23 years of age, including adopted children, children placed for adoption and children under the legal guardianship of the adult or the adult's spouse, and all dependent children of a dependent child; or

(D) An adult and the adult's unmarried, dependent children under 23 years of age, including adopted children, children placed for adoption and children under the legal guardianship of the adult, and all dependent children of a dependent child.

(b) A family includes a dependent elderly relative or a dependent adult child with a disability who meets the criteria established by the office and who lives in the home of the adult described in paragraph (a) of this subsection.

(4)(a) "Health benefit plan" means a policy or certificate of group or individual health insurance, as defined in ORS 731.162, providing payment or reimbursement for hospital, medical and surgical expenses. "Health benefit plan" includes a health care service contractor or health maintenance organization subscriber contract, the Oregon Medical Insurance Pool and any plan provided by a less than fully insured multiple employer welfare arrangement or by another benefit arrangement defined in the federal Employee Retirement Income Security Act of 1974, as amended.

(b) "Health benefit plan" does not include coverage for accident only, specific disease or condition only, credit, disability income, coverage of Medicare services pursuant to contracts with the federal government, Medicare supplement insurance, student accident and health insurance, long term care insurance, hospital indemnity only, dental only, vision only, coverage issued as a supplement to liability insurance, insurance arising out of a workers' compensation or similar law, automobile medical payment insurance, insurance under which the benefits are payable with or without regard to fault and that is legally required to be contained in any liability insurance policy or equivalent self-insurance or coverage obtained or provided in another state but not available in Oregon.

(5) "Income" means gross income in cash or kind available to the applicant or the applicant's family. Income does not include earned income of the applicant's children or income earned by a spouse if there is a legal separation.

(6) "Investment and savings" means cash, securities as defined in ORS 59.015, negotiable instruments as defined in ORS 73.0104 and such similar investments or savings as the office may establish that are available to the applicant or the applicant's family to contribute toward meeting the needs of an applicant or eligible individual.

(7) "Medicaid" means medical assistance provided under 42 U.S.C. section 1396a (section 1902

of the Social Security Act).

(8) "Resident" means an individual who meets the residency requirements established by rule by the office.

(9) "Subsidy" means payment or reimbursement to an eligible individual toward the purchase of a health benefit plan, and may include a net billing arrangement with carriers or a prospective or retrospective payment for health benefit plan premiums and eligible copayments or deductible expenses directly related to the eligible individual.

(10) "Third-party administrator" means any insurance company or other entity licensed under the Insurance Code to administer health insurance benefit programs.

SECTION 3. ORS 735.724 is amended to read:

735.724. (1) To enroll in the Family Health Insurance Assistance Program established in ORS 735.720 to 735.740, an applicant shall submit a written application to the Office of Private Health Partnerships or to the third-party administrator contracted by the office to administer the program pursuant to ORS 735.722 in the form and manner prescribed by the office. Except as provided in ORS 735.728, if the applicant qualifies as an eligible individual, the applicant shall either be enrolled in the program or placed on a waiting list for enrollment.

(2) After an eligible individual has enrolled in the program, the individual shall remain eligible for enrollment for the period of time established by the office.

(3) After an eligible individual has enrolled in the program, the office or third-party administrator shall issue subsidies in an amount determined pursuant to ORS 735.726 to either the eligible individual or to the carrier designated by the eligible individual, subject to the following restrictions:

(a) Subsidies may not be issued to an eligible individual unless all eligible children, if any, in the eligible individual's family are covered under a health benefit plan or Medicaid.

[*(b) Subsidies may not be used to subsidize premiums on a health benefit plan whose premiums are wholly paid by the eligible individual's employer without contribution from the employee.*]

[*(c)*] **(b)** Such other restrictions as the office may adopt.

(4) The office may issue subsidies to an eligible individual in advance of a purchase of a health benefit plan.

(5) To remain eligible for a subsidy, an eligible individual must enroll in a group health benefit plan if a plan is available to the eligible individual through the individual's employment and the employer makes a monetary contribution toward the cost of the plan, unless the office implements specific cost or benefit structure criteria that make enrollment in an individual health insurance plan more advantageous for the eligible individual.

(6) Notwithstanding ORS 735.720 (4)(b), if an eligible individual is enrolled in a group health benefit plan available to the eligible individual through the individual's employment and the employer requires enrollment in both a health benefit plan and a dental plan, the individual is eligible for a subsidy for both the health benefit plan and the dental plan.

SECTION 4. ORS 735.726 is amended to read:

735.726. (1) The Office of Private Health Partnerships shall determine the level of assistance to be granted under ORS 735.724 based on a sliding scale that considers:

(a) Family size;

(b) Family income;

(c) The number of members of a family who will receive health benefit plan coverage subsidized through the Family Health Insurance Assistance Program; and

(d) Such other factors as the office may establish.

(2) Notwithstanding the sliding scale established in subsection (1) of this section, [*the office may establish different assistance levels for otherwise similarly situated eligible individuals based on factors including but not limited to whether the individual is enrolled in an employer-sponsored group health benefit plan or an individual health benefit plan.*] **for individuals who qualify for coverage under an employer-sponsored health benefit plan or policy of health insurance, the level of assistance shall be the lesser of:**

(a) The cost of the premium for the basic benchmark plan established under ORS 735.733; or

(b) The amount of the employee's required contribution toward the premium cost.

SECTION 5. Section 1 of this 2009 Act and the amendments to ORS 735.720, 735.724 and 735.726 by sections 2 to 4 of this 2009 Act apply to applications submitted in accordance with ORS 414.047 or 735.724 on or after the effective date of this 2009 Act.